

STATE OF NEW YORK

Public Service Commission

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PSC ORDERS UTILITIES TO LOOK AT TIGHTENING BELTS

— Utilities Have 30 Days to Develop Austerity Plans in Light of Economic Downturn —

Albany, NY—05/14/09—The New York State Public Service Commission (Commission) today issued a notice that will require major electric and gas utilities in New York to file austerity plans with the Commission within 30 days. These plans will detail current and future corporate actions during this economic downturn to reduce or postpone discretionary costs and eliminate unnecessary spending. These utility plans must also show how the cost savings from these austerity plans will be shared with customers, and how soon these savings will be shared.

“The downturn in the national and state economy has dramatically affected many residents and businesses in New York State,” said Commission Chairman Garry Brown. “Unemployment has risen, and consumer confidence is low. To respond to these dramatic economic changes, households and businesses are implementing austerity measures to curtail discretionary spending. Utilities, as part of their obligation to serve customers, should be implementing austerity measures aimed at eliminating or deferring discretionary spending in a manner that does not impact safe and adequate service.”

The Commission recently imputed a revenue requirement austerity adjustment in Consolidated Edison Company of New York, Inc.’s electric rate case (Case 08-E-0539). The Commission believes cost reductions are achievable for other major electric and gas utilities. For this reason, the Commission is directing each such utility to provide, within 30 days, a report identifying costs that may be reduced for austerity purposes without impairing the ability to provide safe and adequate service.

Services provided by the State's major electric and gas utilities operating in monopoly markets are essential services to their customers. While the Commission is committed to the most efficient use of utility services; the reality is that consumption of utility services is not discretionary for most customers. When utility customers are experiencing the extraordinary economic realities we see today, these customers look to their utility service providers to demonstrate the same frugality as the customers themselves so that the ultimate costs that the public must bear are minimized.

The Commission's notice, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us. Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).