

STATE OF NEW YORK

Public Service Commission

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PSC LOOKS AT ENVIRONMENTAL REMEDIATION COSTS — Statewide Site Investigation and Remediation (SIR) Costs Examined —

Albany, NY—2/17/11—The New York State Public Service Commission (Commission) today commenced a proceeding to review and evaluate how electric and natural gas utilities were recovering costs and the utilities' cost control incentives related to ongoing environmental cleanup of polluted sites left over from the conversion of coal into gas which was then used to heat and light streets, homes and businesses during the 1800s and early 1900s.

The New York Department of Environmental Conservation (DEC) has to date identified 221 manufactured gas plant (MGP) sites across New York State. The investigation and clean-up of those sites is being addressed by the utility companies that either operated the plants or acquired responsibility of the sites from predecessor companies. Of those 221 sites, 207 are under order or agreement and 14 are awaiting such actions. Thirty-nine of those sites are either complete or require no further action. DEC estimates that there may be 300 of these sites in total.

To address concerns about rising costs of these remediation efforts, the Commission will ask utilities and all other parties to help develop a comprehensive record as to the current and future scope of the utility remediation programs in the state, the current cost controls utilized by utilities and opportunities to improve such controls, the appropriate allocation of responsibility for such costs, and methods to recover costs determined to be appropriately borne by ratepayers in a way that minimizes their impact.

In prior rate proceedings, the Commission examined remediation costs on a case-by-case basis and, in most cases, allowed utilities full recovery of prudently incurred costs. Such examinations included reviewing the number of sites, potential cost exposure, the timing of the clean-up, the financial situation of each utility, and each company's handling of site investigation, clean-up and third party and insurance recovery. However, the final analyses varied widely with each utility. Now, as these costs have escalated, a statewide review of these issues is in order.

To move the proceeding forward quickly, an administrative law judge has been appointed to ensure that recommendations on these pressing issues are presented to the Commission for determination before the end of the year.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and entering Case Number 11-M-0034 in the input box labeled "Search for Case/Matter Number." 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).