

STATE OF NEW YORK

Public Service Commission

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PSC REDEFINES MAJOR OUTAGES FOR CON EDISON

-Revision Increases Risk of Company Financial Liability in an Outage-

Albany, NY—06/18/08—The New York State Public Service Commission (Commission) today lowered the customer interruption threshold for revenue adjustments associated with the “major outage” performance metric for Consolidated Edison Company of New York, Inc.’s (Con Edison) network (underground) and radial (predominantly overhead) electric systems. This metric applies to all outages, unless they are beyond the control of the company.

Under the terms and conditions of the Commission’s 2008 Rate Order, the definition of Con Edison’s major outage performance metric was required to be reevaluated. The rate order also provided for a \$10 million negative revenue adjustment for each major event with a cap at \$30 million per calendar year.

“Con Edison’s 2006 Long Island City network outages and Westchester County outages had a significant impact on customers, but did not meet the threshold of a major outage for triggering a revenue adjustment under the company’s Reliability Performance Mechanism,” said Commission Chairman Garry Brown. “These events warranted the Commission’s reevaluation of Con Edison’s major outage metric to improve our incentive program for electric system performance reliability.”

Currently, Con Edison’s Reliability Performance Mechanism provides for a network major outage metric defined as a shutdown of an entire network for three hours or more. A

network shutdown is defined as a loss of all supply feeders to any of the company's secondary networks. In contrast, major outage in one of Con Edison's radial systems is defined as the interruption of service to 70,000 customers in a load area (an individual substation supply area) for three hours or more.

Based upon an evaluation of the comments received by interested parties to modify the definition of a major outage, the Commission today determined that a network major outage will occur upon the interruption of service to 10 percent or more of Con Edison's customers in any network for a period of three hours or more.

Also, the Commission today determined a change is required in the threshold for identifying a radial major outage in Con Edison's electric system. With this change, a radial major outage will now be one event that results in the sustained interruption of service to 70,000 customers for three hours or more without regard as to whether the interruptions are confined to a specific load area.

The Commission's decision in Case 07-E-0523, when available, may be obtained from the Commission's www.dps.state.ny.us Web site by accessing the File Room section of the homepage. Many libraries offer free Internet access. The decision may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).