

STATE OF NEW YORK

Public Service Commission

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CON EDISON TO SET-ASIDE \$5M FOR FAILING RELIABILITY GOAL — Shareholders to Fund Credit to Customers —

Albany, NY—07/16/09—The New York State Public Service Commission (Commission) today directed Consolidated Edison Company of New York, Inc. to use \$5 million of shareholder funds to establish a credit for ratepayers as a result of the company not meeting a reliability goal under the terms of its current rate plan.

“Con Edison has one of the most reliable electric grids in the nation,” said Commission Chairman Garry Brown. “However, while natural events such as storms can cause unexpected power outages, there are certain times when outages can be prevented. It is incumbent upon the utilities operating in New York to ensure the system operates reliably; customers should expect nothing less.”

Con Edison operates under a Reliability Performance Mechanism (RPM) which requires negative revenue adjustments if the Company does not meet or exceed certain performance thresholds. The current RPM was adopted as part of Con Edison's rate plan in 2008 and its standards are divided into eight performance areas: system-wide reliability metrics; major outage metric; Remote Monitoring System (RMS) metric; restoration metric; a program standard for repairs to damaged poles; a program standard for the removal of temporary shunts; a program standard for the repairs of "no current" street lights and traffic signals; and a program standard for the replacement of over duty circuit breakers.

On March 31, 2009, Con Edison filed its annual report for 2008 on the company's performance under the electric service Reliability Performance Mechanism (RPM). The

company's report indicated that it met or exceeded the performance requirements in all but one area: it failed to meet the standard established for the length of time a network interruption occurs. As a result of its failure to meet this network interruption duration standard, the company must establish a \$5 million credit for ratepayers.

Main contributors to the company's network duration performance problems in 2008 were four outages linked to cable-related problems: a Queens outage on June 10 causing 582 customers to lose power for 10.1 hours; a Brooklyn outage on July 19 causing 1,822 customers to lose power for 13.3 hours; a Manhattan outage on August 8 causing 548 customers to lose power for 4.4 hours; and a Manhattan outage on September 6 causing 216 customers to lose power for 5.1 hours.

Con Edison initially sought exclusion of a June 8 event that left 849 people in Brooklyn without power for 17.5 hours. The company said the outage was the result of vandalism to multiple transformers which resulted in overloaded cable failures on a 93-degree day. The Commission, however, did not agree. Dealing with theft and improving security measures to prevent theft is a normal part of business; it is not beyond Con Edison's control, and therefore was included.

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 07-E-0523 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).