

STATE OF NEW YORK

# Public Service Commission

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## **NYPSC Seeks Comment on Staff Proposal for Annual Statewide Testing, Inspection of Electric Facilities**

**– Sweeping Proposal Ties Utility Revenue Adjustments to Achieving Annual Targets –**

Albany, 7/28/04 – The New York State Public Service Commission today voted to issue for comment a comprehensive proposal developed by its staff to strengthen the safety of regulated electric utility systems in the state. As part of staff's proposed plan, all electric utilities in New York State would be required to test annually all of their publicly accessible transmission and distribution facilities for stray voltage and to thoroughly inspect their electric facilities every five years. Moreover, the proposed safety plan would establish strict compliance requirements and revenue adjustments for failure to achieve either of the testing and inspection targets.

In response to the tragic death of Ms. Jodie Lane resulting from contact with a Consolidated Edison Company of New York, Inc. electric service box on January 16, 2004, the Commission directed Department of Public Service staff to examine Consolidated Edison's current approach to safeguarding the public from exposure to stray voltage and to determine whether changes to that approach are necessary. The plan that will be released for comment is based on staff's investigation and on the results of stray voltage testing conducted by Consolidated Edison and other New York utilities.

"New Yorkers have a right to expect that utility services are provided in as safe a manner as is practically possible, and this Commission is committed to ensuring that is the case everywhere in our state – in the cities, towns, villages, and rural areas," Commission Chairman William M. Flynn said. "Staff's proposed requirements we are issuing for comment –the most sweeping stray voltage-related testing and inspection requirements ever recommended in New York State– will generate many comments, I am sure, but in the end, the safe delivery of electric service must remain the top priority of this Commission and the industry."

Staff's proposed safety plan contains a number of requirements governing regulated electric utilities, including the following.

1. All regulated electric transmission and distribution utilities, including municipal electric utilities under the Commission's jurisdiction, would immediately perform an initial round of stray voltage testing on electrical facilities to which the public is potentially exposed, regardless of whether they are served by underground or overhead systems. The testing would be performed on all manholes, service boxes, transformer vaults, pad mounted transformers, poles (both metallic and wooden poles with a riser, ground, or guy wire), and other facilities that conduct electricity and are readily accessible to the public. All testing would be completed within six months of the Commission's adoption of final safety requirements. (The Commission required Consolidated Edison to test over 290,000 of its underground and overhead structures, which was completed in February, resulting in the detection of stray voltage on 176 structures; those conditions were corrected with permanent repairs.)
2. Each utility would be required to test both street light poles that it owns and those to which it directly provides power for street lights. Such testing would be conducted when the street lights are activated. (Consolidated Edison has already completed such testing on over 240,000 street lights, resulting in stray voltage being detected on 1,265 street light poles; those conditions were made safe.)
3. All facilities testing positive for stray voltage would be guarded immediately and continuously until the utility has made the condition safe. Additionally, and after the condition is made safe, the utility would use its best efforts to effect a permanent repair of the facility as soon as possible; in no event would a temporary repair to the facility remain in place for more than 45 days.
4. Each utility would establish formal annual safety inspection programs for their transmission and distribution facilities based on guidelines established by the Commission. The inspection programs would be designed so that all of a utility's transmission and distribution facilities would be inspected at least once every five years. It is possible that some facilities would be subject to shorter inspection cycles.
5. Utilities would be allowed to give consideration to allowing inspections conducted during routine maintenance and other work not directly related to the inspection program to count as an inspection visit, provided that the inspection is performed using the same safety criteria and to the same extent as would otherwise be required. All field visits and inspection results would be adequately documented in safety inspection records.
6. To ensure that all electric utilities maintain the necessary focus on the safety of their electric systems, a generally applicable performance mechanism would be established. Under this mechanism, annual performance targets of 100% compliance for stray voltage testing and 95% for annual facility inspections would be set, with rate adjustments equivalent to between 50 and 100 basis points of a company's earnings imposed for failure to achieve each of the annual targets. A basis point is equivalent to one hundredth of a percentage point (0.01%). In the context of the Commission's proposal, if a utility's earned return on equity (ROE) is 10.5% and it fails to meet a 50-basis point target, funds would be set aside that would effectively decrease earned ROE to 10%. As an example,

for a utility with a \$5 billion electric rate base and a 45% equity ratio, a 50-basis point ROE adjustment would result in an earning's reduction of about \$11 million.

7. Upon completion, utilities would be required to report to the Commission on the results of their stray voltage testing and inspection programs. They would also be required to notify Department staff of all "shock" reports received, regardless of whether an injury was involved.
8. The National Electric Safety Code (NESC) is the national standard for the installation, construction, maintenance, and operation of electric utility facilities. To ensure that there is no confusion as to the minimum safety standards that would be acceptable in New York State, the Commission would formally require all utilities to adopt and fully comply with the NESC.
9. In New York City, Consolidated Edison would be required to eliminate its backlog of repairs necessary to provide power to nonfunctioning street lights within three months of the date of Commission adoption of the proposed safety plan. In the future, Consolidated Edison would be required to repair all such conditions within 45 days of their discovery. Moreover, Consolidated Edison would be required to remove all temporary cables that currently provide power to street lights by permanently repairing the power connections and ensure that new temporary cables do not remain in place for longer than 45 days.

The Commission will issue a written decision detailing today's vote to issue staff's proposed safety plan for comment. In issuing the plan for comment, the Commission will ask the regulated electric utility companies to submit cost estimates to implement the plan's requirements, especially the annual testing and inspection programs.

The decision in Commission Case 04-M-0159, when available, can be obtained from the Commission's Web site at <http://www.dps.state.ny.us> by accessing the Commission Documents section of the homepage. Many libraries offer free Internet access. The Commission's decision also can be obtained from the Commission's Files Office, 14<sup>th</sup> floor, 3 Empire State Plaza, Albany, NY 12223 (518-474-2500) and from the Commission's New York City offices at One Penn Plaza, New York, NY 10119 (212-290-4316).

Public comments on staff's proposed safety plan can be submitted to the Commission in a number of ways:

1. **Written statements:** Interested persons should mail their comments to the Honorable Jaclyn A. Brillling, Secretary, New York State Public Service Commission, Three Empire State Plaza, Albany, New York 12223. These letters should reference "Case 04-M-0159 – The Safety of Consolidated Edison's Electric Transmission and Distribution System."
2. **Toll-free Opinion Line:** Interested persons may call the Department's toll-free Opinion Line at 1-800-335-2120 to voice their opinion. This phone line is set up to receive comments about the proceeding from in-state callers, 24 hours a day. Callers should press "1" for "electric and gas" to leave comments on the proposed safety plan.

3. **Web site:** Comments may be submitted via the "PSC Comment Form" accessed through the "Contact Us" navigation button on the left-hand side of the homepage of the Commission's Consumer Web site. Many libraries offer free Internet access. The Web site address is <http://www.AskPSC.com> and comments are downloaded regularly.

The Commission will consider all statements and comments received when making a final decision about the proposed safety plan at a public meeting to be announced.