

STATE OF NEW YORK

Public Service Commission

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11087/08-M-0152/08-E-0827/
09-M-0764/10-M-0551

PSC RECEIVES STATUS UPDATE ON UTILITY AUDITS — Overview of Audits and Implementation Plans by Utilities Highlighted —

Albany, NY—10/13/11—The New York State Public Service Commission (Commission) heard an oral report from staff of the Department of Public Service related to the implementation of recommendations from the comprehensive management audits of Consolidated Edison Company of New York, Inc., National Grid’s Upstate Electric Operations, and Central Hudson Gas and Electric. Staff also reported on the progress of the current management audit of Iberdrola S.A., Iberdrola USA, New York State Electric & Gas Corporation (NYSEG), and Rochester Gas and Electric Corporation (RG&E).

“Today’s report provides an overall status of recommendations and the audit implementation plan progress under the Commission’s vigorous management audit program of the state’s largest electric and gas utilities,” said Commission Chairman Garry Brown. “The auditing of a utility’s management and processes is an essential part of our regulatory process to identify improvements in utilities’ planning processes and operational efficiencies.”

Staff reported to the Commission that several utilities have been audited to date: Con Edison’s electric, gas, and steam operations audit in Case 08-M-0152 was completed in 2009; National Grid’s upstate electric operations audit in Case 08-E-0827 was completed in 2009; and, Central Hudson’s electric and gas operations audit recommendations in Case 09-M-0764 was completed in May of this year. Lastly, a management audit of Iberdrola which operates NYSEG and RG&E is currently in progress in Case 10-M-0551.

In each management audit, several areas were reviewed including: the corporate mission, objectives, goals and planning; long-term load forecasting; supply procurement; long-term system planning; capital and operations and maintenance budgeting; program and project planning and management; work management; and performance results measurement. Also, more recently, reviews of affiliate transactions have been added to the scope of management audits, and the inclusion of a cost/benefit analysis for audit recommendations.

Utilities are required to submit an implementation plan for the recommendations from the management audit within 45 days of the Commission release of the audit findings, and provide an update every four months thereafter until all recommendations are completed. The plans need to include the utility's rationale for the status, and an analysis of the costs and benefits of implementing the recommendation. Also, a roadmap of implementation steps must be provided, including any major milestones the utility must reach before the recommendation can be considered fully implemented.

Additional information concerning any of the above-referenced audits can be obtained by going to the Commission's Document section of the Commission's www.dps.state.ny.us Web site and entering the appropriate case number in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).