

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 Ratepayers—

Albany, NY—09/13/12—The New York State Public Service Commission (Commission) today directed Consolidated Edison Company of New York, Inc. (Con Edison) to establish a \$5 million credit for ratepayers from shareholder funds as a result of the company's failure to meet certain reliability goals under the terms of its current rate plan.

Con Edison operates under a Reliability Performance Mechanism (RPM) which requires negative revenue adjustments if it does not meet certain performance thresholds. Con Edison is subject to up to \$112 million annually in negative revenue adjustments if it fails to meet its RPM standards, which are divided into five performance areas: system-wide threshold standards, major outages, remote monitoring systems, restoration, and program standards for routine work activities. The current mechanism was adopted as part of Con Edison's 2010 rate plan.

On April 2, 2012, Con Edison filed its annual report for 2011 on the company's performance under the electric service RPM. The company's report indicated that it met the performance requirements in all five areas when taking into consideration exclusions for three of its RPM metrics – Network Outages per 1,000 Customers metric and Average Network Outage Duration metric due to Hurricane Irene, and the Radial Duration metric due to outages beyond its control.

Commission staff agreed that the outages related to Hurricane Irene be excluded, but did not agree to exclude the Radial Duration metric because the company did not demonstrate that its

failure was due to outages beyond its control. As a result, the company must establish a \$5 million credit for ratepayers from shareholder funds.

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.ny.gov and entering Case Number 09-E-0428 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).