



For Immediate Release: 08/13/20

John B. Rhodes, Chair

Contact:

James Denn | James.Denn@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYS DPS>

20064/19-E-0107, 19-E-0108

PSC Announces \$10.75 Million Settlement with Con Edison, O&R Over Utilities' Preparation and Responses for 2018 Winter Storms

Storms Left 293,000 Con Edison, O&R Customers in the Dark

Largest Settlement Ever for Failures to Follow Utility Emergency Response Plan

ALBANY — The New York State Public Service Commission (Commission) today adopted the terms of a joint settlement with Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities Inc. regarding the Commission's investigation into utility preparation and response to power outages during the 2018 back-to-back winter storms.

"Utilities have a duty to their customers to be prepared for a storm, to restore power as safely and as quickly as possible, and to keep customers accurately informed during any such event," **said Commission Chair John B. Rhodes.** "The terms of the joint settlement are consistent with the environmental, social, and economic policies of the Commission and the State and in the public interest. Our decision today clearly demonstrates that if a utility fails, in whole or in part, to meet this standard, the company's shareholders will be held accountable."

Under the terms of the agreement, the companies agree to settle alleged violations of their emergency response plans (ERPs) for a combined \$10.75 million in ratepayer benefit (\$9.5 million to Con Edison and \$1.25 million to O&R), with \$6.45 million in settlement funds and an additional \$4.3 million in mitigation measures taken in coordination with the Department of Public Service at the time of the storms. The companies, on May 20, 2019, also adopted the combined 144 storm plan recommendations made by the Department.

The \$6.45 million in settlement funds will be used for the companies' electric ratepayer benefit at their next rate cases, allowing for ratepayer input on the funds' use. Both companies admitted to certain violations of their ERPs and the associated Commission orders and regulation. The \$10.75 million settlement agreement, comprised of settlement funds and mitigation measures, is the largest ever of its kind for failure to adequately execute a utility emergency response plan.

During March of 2018, the companies experienced a series of severe weather events in their service territories. The first, Winter Storm Riley, occurred on March 2 and 3, 2018, resulting in approximately 143,300 customer outages in Con Edison's service territory and 52,500 customer outages in O&R's service territory. Four days later, on March 7, 2018, the companies' territories were struck again by a second severe storm, Winter Storm Quinn, which resulted in 66,000 customer outages for Con Edison and 31,500 customer outages for O&R.

On March 14, 2018, at the direction of Governor Andrew M. Cuomo, the Department began an investigation of the companies' preparation and response to Winter Storms Riley and Quinn. Department staff considered whether the companies properly prepared for, and responded to, the effects of the 2018 Winter Storms in compliance with their annually filed emergency response plans.

Today's settlement is unrelated to any ongoing investigations of Con Edison and other state utilities resulting from last week's Tropical Storm Isaias response.

The Department also conducted various public statement hearings across the State at which numerous customers and public officials provided both written and oral comments; conducted interviews with State, County, City, and Town officials; held meetings with and received comments from customers and other stakeholders; issued document requests; evaluated complaint data filed with the Department's Office of Consumer Services; and facilitated substantial public outreach to better understand issues and problems experienced during the 2018 Winter Storms.

As a result of the investigation, the Commission ordered Con Edison and O&R to implement a combined 144 recommendations contained within the Department's report and respond as to why the Commission should not seek penalties for 17 alleged violations of the companies' ERPs, Commission regulations and orders. Con Edison and O&R made appropriate changes to their ERPs, which the Commission approved in cases 18-E-0717 and 19-E-0742. The joint settlement agreement adopted today closes and settles the investigation.

Governor Cuomo's 2013-14 State Budget provided for significantly more stringent assessment and overview of utility activity requirements in New York. As a result of those changes, each year, electric utilities are now required to submit for Commission review and approval emergency response plans.

Today's decision 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 19-E-0107 (Con Edison) and 19-E-0108 (O&R) 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). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.