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GOVERNOR ANDREW M. CUOMO

GOVERNOR CUOMO ANNOUNCES \$10.5 MILLION SETTLEMENT WITH TWO UTILITIES OVER FAILURE TO ADEQUATELY PREPARE FOR 2018 WINTER STORMS

Last Year's Storms Left More than 300,000 NYSEG, RG&E Customers in the Dark

Largest Settlement Ever for Failure to Follow Utility Emergency Response Plan

NYSEG and RG&E Required to Develop More Robust Storm Response Program, Enhance Communication and Coordination with Municipal and County Governments, and Strengthen Support for People on Life-Saving Equipment

NYSEG Will Hire 20 New Employees and Dedicate at Least 175 More Workers to Help with Storm Restoration Responsibilities; Third-Party Expert to Assess Company's Storm Response Training Programs

Consent Order to be Filed with Supreme Court to Settle Enforcement Litigation

Governor Andrew M. Cuomo today announced a \$10.5 million settlement with two upstate utilities, New York State Electric & Gas Corp. and Rochester Gas & Electric Corp., following the companies' failure to adequately prepare for and restore service after storms in 2018 swept through their service territories and left more than 300,000 homes and businesses without power, in the dark and in the cold. Following the outages, Governor Cuomo directed the Department of Public Service to investigate the utilities' preparations and response to the storms. The \$10.5 million settlement is the largest ever in New York State for a utility failing to follow procedures related to an emergency response. A consent order will require NYSEG and RG&E to develop a more robust storm response program, enhance communication and coordination with municipal and county governments, and strengthen support for people on life-saving equipment.

"It is beyond unacceptable to leave hundreds of thousands of customers in the dark for as long as these utilities did last year," **Governor Cuomo said.** "This settlement makes crystal clear that utilities in New York have an obligation to prepare for severe weather and to develop robust storm response programs, and if they fail to adequately do that job we will hold them accountable and force them to change how they do business."

As part of the settlement announced today, NYSEG acknowledges and admits to 18 violations of its state-approved emergency response plans, and RG&E acknowledges and admits three violations.

To compensate customers, company shareholders will pay \$10.5 million: \$9 million from NYSEG and \$1.5 million from RG&E. The money will be used to provide customer benefits at the direction of the Public Service Commission. In addition, the companies will do the following:

- In the near term, NYSEG will hire and maintain 20 additional employees with storm restoration responsibilities; additionally, PSC staff and NYSEG will review long-term staffing needs and requirements;
- NYSEG will maintain at least 175 damage assessment trained employees, excluding employees who perform restoration work during an emergency event;
- NYSEG and RG&E's Emergency Response Organization will form a group to develop a Storm Response Exercise program to include in-the-field activities and non-table-top storm response exercises, including testing their enhanced life-support equipment customer contact and tracking procedures, as well as communication and coordination with which will include municipal and county governments;
- NYSEG agrees to retain a third-party consultant, subject to consultation with Commission staff, to audit and assess the companies' storm response training and training exercise programs and NYSEG agrees that shareholders will bear any incremental costs for the term of engagement for the consultant.

Department of Public Service CEO John B. Rhodes said, "The primary task of a utility is to supply safe and adequate electricity to customers. A key component of that is for the utility to be prepared for a storm and to restore power as safely and as quickly as possible, and we will hold them accountable to do just that."

In recent years, the State has faced an increased frequency of severe weather events that have impacted utility infrastructure. It is mission-critical that utilities are adequately prepared to meet and address these new realities and respond appropriately, including concretely improving plans and practices with each cycle.

The Commission issued an order on April 18, 2019 commencing an administrative enforcement proceeding against NYSEG and RG&E that would consider penalties against the company for alleged failures to adequately prepare for storms that hit their service territories in 2018. Today's settlement will be reviewed and acted upon by the Commission at a future session.

The Commission also directed Department staff to file an enforcement action in State Supreme Court to compel the utility to comply with storm preparedness and response requirements, and a proposed consent order is to be filed in State Supreme Court to settle the Commission's enforcement litigation.

The 2018 winter and spring storms essentially affected customers throughout New York State in all major electric utility service territories. Winter Storms Riley and Quinn, which hit the mid-Hudson region five days apart in March, had peak outages of approximately 500,000 and 162,000, respectively, resulting in some customers being without power for more than a week. In addition to storms Riley and Quinn, the Commission's investigation focused on three other storms in 2018: a windstorm in Western New York in April; a windstorm in the Plattsburgh and Glens Falls areas in early May; and a severe thunderstorm in the mid-Hudson region in mid-May.

Governor Cuomo's 2013-14 State Budget provided for significantly more stringent assessment and overview of utility activity requirements in New York. The Commission is now required to approve electric emergency response plans filed annually by electric corporations every December, and specifies areas covered in the emergency response plans.

The investigation of the 2018 utility storm response covered all of the State's utilities and identified 43 potential violations and instances where emergency response plans were not followed by various utilities across the state. The investigation results were issued in an April 2019 report, and utilities have already taken steps to adopt recommendations for improved performance. Enforcement proceedings stemming from the investigation report continue into various utilities, including Orange and Rockland Utilities, Inc. and Consolidated Edison Company of New York, Inc.