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GOVERNOR ANDREW M. CUOMO

GOVERNOR CUOMO ANNOUNCES CON EDISON FACING \$25 MILLION IN PENALTIES FOR FAILURES RELATED TO 2019 POWER OUTAGES IN MANHATTAN AND BROOKLYN

Two Separate July 2019 Power Outages Left 100,000+ Customers Without Power and Air Conditioning for As Many as 2 Days

PSC Releases Detailed Investigative Report Calling on Con Edison to Improve to Avoid Similar Power Outages in Future

Loss of Operating Certificate Under Consideration

Governor Andrew M. Cuomo today announced that Con Edison now faces \$25 million in penalties and possible license revocation from the New York State Public Service Commission following an investigation into the utility's failed response during large-scale power outages in Manhattan and Brooklyn in July 2019. The utility has an opportunity to contest the penalties, but should the Commission confirm any of these apparent violations and if Con Edison is shown to have failed in providing safe and adequate service, the Commission will commence a proceeding to revoke or modify Con Edison's service territory certificate. The \$25 million in potential penalties is in addition to \$15 million in revenue reductions already applied to Con Edison by the Commission due to these same 2019 outages.

"Like so many New Yorkers, I was outraged when this blackout occurred," **Governor Cuomo said.** "Utilities are well-paid by consumers to keep the lights on, and Con Edison failed miserably to perform the essence of their agreement with customers. I immediately directed the PSC to conduct a thorough investigation of the outage to determine who was to blame. I will do everything I can to make sure New Yorkers are compensated."

Outages such as the ones that occurred in July 2019 in the Con Edison service territory, which were non-storm related, call into question the company's ability to ensure reliable service during severe inclement weather.

During the summer of 2019, Con Edison experienced two sizable outage events eight days apart. The first occurred on Saturday, July 13, 2019 at approximately 6:47 p.m. This four-hour and 50-minute outage caused approximately 73,000 customers to lose electric service on Manhattan's West Side from 5th Avenue to the Hudson River and from 31st Street to 71st Street. The second outage event began in Brooklyn on

Saturday, July 21, 2019, in the Flatbush system and resulted in the loss of electric service to approximately 33,000 customers over a two-day period.

The outages impacted commercial activities, residential buildings, transportation systems, and traffic control. Lights were out in many of New York City's popular nighttime destinations and public venues such as Madison Square Garden, Broadway theatres, Carnegie Hall, and restaurants. The subway system experienced widespread delays and limited service, as the Metropolitan Transportation Authority had to close various stations in Manhattan. While the underlying cause and conditions of these customer outages were different, the Manhattan and Brooklyn outage events led the Department of Public Service to question the company's performance during these events and the company's efforts to communicate critical outage information to customers, first responders, and elected officials.

Department staff began an investigation of the root causes of and the company's performance during the Manhattan and Brooklyn outage events. The Department's detailed 13-month investigation resulted in a report with 13 recommendations related to the Manhattan outage event and 27 recommendations as a result of the Brooklyn event.

Public Service Commission Chair John B. Rhodes said, "A utility's first and most important job is to ensure the safety and reliability of its delivery system. Based upon the results of our thorough investigation, it appears that Con Edison has failed in that task, and as a result, we will now consider ways to penalize the company for its apparent failures, while also directing them to make improvements to ensure repeats do not happen again."

As a result of this investigation, Con Edison is now directed to answer these charges relating to conduct prior to, during, and after the Manhattan and Brooklyn outages, and pursue civil penalties and/or administrative penalties for its failure to adhere to rules and procedures regarding outage prevention and restoration. Based on current state law, the maximum financial penalty Con Edison could face is more than \$25 million — one of the largest penalties ever issued by the PSC. The penalties, should they be levied, would be paid by the utility's shareholders, not from ratepayer funds borne by customers.

This review of Con Edison's performance during the 2019 Manhattan and Brooklyn Outages identified many opportunities for improvement that should be resolved by implementing and complying with the recommendations. To ensure the timely implementation of the recommendations, Con Edison is directed to respond within 30 days regarding both the implementation of the recommendations and to respond as to why the PSC should not pursue penalty actions against the utility.

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