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John B. Rhodes, Chair

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NYSEG Agrees to Pay \$1.5 Million to Customers for TS Isaias Failures

Upstate Utility Admits to Three Violations for Failures Regarding Preparation and Restoration Efforts Related to August 2020 Storm

ALBANY — The New York State Public Service Commission (Commission) today adopted the terms of a \$1.5 million settlement with New York State Electric & Gas Corporation to resolve a penalty action against the utility for its alleged violations regarding its preparation and restoration efforts related to Tropical Storm Isaias (TS Isaias).

"With Tropical Storm Isaias in August, we once again experienced an unacceptable response from utility companies. As a result, we are doing everything we can to make sure New Yorkers are compensated," **Governor Andrew M. Cuomo said**. "While this \$1.5 million penalty is a step in the right direction, it is a drop in the bucket compared to the hardship New Yorkers endured as a result of the company's mismanagement and inadequate response to the storm. Having a franchise is not a God-given right and the penalty should be commensurate with the damage caused, but arbitrary caps on penalties continue to stand in the way. We will introduce legislation as part of the budget to remove those caps and clear the path towards franchise revocation. Now the Legislature needs to do its part – step up, pass this needed reform and give New York the tools it needs to hold these companies fully accountable."

"The Department conducted a thorough investigation of NYSEG's response to Tropical Storm Isaias and performed an evaluation of their consistency with its emergency response plan," **said Commission Chair John B. Rhodes**. "The investigation found that, while NYSEG's performance was better than its response to past storms, it nevertheless violated its own plans three times. As part of the settlement, NYSEG admitted to the three violations and agreed to provide customers with \$1.5 million in benefits, the maximum amount allowed under the statute."

On August 4, 2020, TS Isaias struck the State and caused nearly a million power outages, and of those outages, 183,000 were located in the NYSEG service territory — the majority of outages experienced by NYSEG were in its Brewster Division, which serves customers in Dutchess, Putnam, and Westchester counties. By 5:00 p.m. on August 8, 2020, more than 90 percent of customers in the NYSEG's Brewster Division were restored, with full restoration occurring just before 10:00 a.m. on August 10, 2020.

Initiated at the direction of Governor Andrew M. Cuomo, Department staff conducted an in-depth investigation into the preparation and response to TS Isaias by the State's major electric and

telecommunications utilities, including NYSEG. DPS, as part of its investigation, considered whether NYSEG properly prepared for, and responded appropriately to, the effects of TS Isaias, in compliance with their annually filed Emergency Response Plans (ERPs).

Promptly after TS Isaias, on August 19, 2020, Commission Chair Rhodes issued a letter to NYSEG, which outlined several initial after-action findings related to utility preparedness, response and recovery, and required certain corrective action items be submitted.

While NYSEG must continue to work with the Department, municipal leaders and its customers to improve its storm preparation and response, as part of this settlement, the Commission acknowledges NYSEG's generally improved storm performance in TS Isaias as compared to its previous performance in the 2018 Riley and Quinn winter storms. The Commission received only 35 total customer complaints regarding the NYSEG TS Isaias response.

As part of the settlement, NYSEG admitted to all three violations, and the company stipulated that their actions did not comply with rules and regulations. The company agreed to a penalty amount of \$1.5 million paid from shareholder funds for the admitted three violations. The funds will be used to provide ratepayer benefits in a manner to be determined by the Commission in the company's next electric rate case, allowing for ratepayer notice and comment on the funds use.

Today's decision may be obtained by going to the Commission Documents section of the Commission's website at www.dps.ny.gov and entering Case Number 20-E-0586 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.