



For Immediate Release: 03/15/19

John B. Rhodes, Chair

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19024/17-G-0316

**Con Edison Faces Possible Financial Penalty in Enforcement Action
— Investigation Started by Anonymous Tip Finds New York’s Largest Utility Failed to Adequately Train Gas Pipe Installers; Investigation Focusing on National Grid’s Downstate Gas Operations Continues —**

ALBANY — The New York State Public Service Commission (Commission), after a lengthy and detailed investigation by the staff of the Department of Public Service, ordered Consolidated Edison of New York, Inc. to explain why the Commission should not commence a penalty action after the utility failed to comply with the Commission’s gas safety rules related to gas infrastructure work in New York City. In addition, the investigation found that the company failed to inspect work completed by its contractors during construction and at sufficient intervals to ensure compliance, and that it allowed work to be completed by plastic fusers and plastic fusion inspectors who were not qualified to do the work.

“This Commission has zero tolerance for violations of its rigorous gas safety standards,” **said Commission Chair John B. Rhodes.** “We will hold utilities strictly accountable when they do not comply with our gas safety rules, designed specifically to protect life and property. In this instance, Staff’s investigation presented credible information warranting the Commission to require Con Edison to respond formally to the investigation’s findings.”

The Commission determined that the Department’s investigation presented credible information to warrant Commission action requiring Con Edison to formally respond to the investigation’s findings. As a result, Con Edison was ordered to respond within 45 days and explain why a penalty action should not be commenced and why a penalty should not be assessed against Con Edison for multiple and continuing failures to comply with gas safety rules. The Commission is also considering a prudence proceeding against Con Edison to ensure that all costs incurred to correct hundreds of construction deficiencies will not be borne by ratepayers. Today’s order starts an enforcement proceeding; it is not a final determination by the Commission concerning the allegations.

After Department of Public Service staff confirmed allegations received in a 2016 anonymous letter claiming utility contractors had cheated on operator qualification exams, Staff immediately directed gas companies to confirm the operator qualification of their workers and contractors and to reinspect the work completed by anyone whose qualifications were in question. Con Edison found evidence of cheating at two contractors, Network Infrastructure and Bond Brothers. In addition to finding violations of construction requirements during re-digs of the work completed by Network and Bond, in August 2017, Con Edison discovered that three plastic fusers and 21 plastic fusion inspectors had completed work with lapsed operator qualifications. Staff’s Con Edison investigation resulted in finding at least 644 regulatory violations.

Meanwhile, the Department staff continues to investigate National Grid's downstate gas operations. The anonymous tipster alleged specific violations had occurred during National Grid's Northern Queens Pipeline Project involving work by Network Infrastructure, a contractor working on behalf of National Grid.

The Commission may consider a potential enforcement action involving National Grid's actions in an upcoming session. The Department also recently issued for public comment and Commission review an operator qualification white paper, recommending changes in training and testing practices intended to improve contractor and utility worker performance. In the meantime, the two utilities have tested the gas systems to ensure their safety.

The Department's investigation was the direct result of a November 29, 2016 letter that alleged that Network employees had been given the answers to online operator qualification tests. In one instance, the letter alleged, high schoolers took the tests, and snapped cell phone pictures of test questions from which answer sheets were then created. The anonymous letter included copies of the answer sheets that had been circulated to workers. The allegations specified that Network was a contractor that worked on behalf of Con Edison and National Grid.

Whether the case against Con Edison is resolved by settlement or a penalty, such potential costs — including at least \$2 million Con Edison spent to re-dig work to correct any problems found — will be the responsibility of utility shareholders, not customers. The actions taken today were made possible by reforms to the Public Service Law put in place by Governor Cuomo in 2013. The reforms strengthened the Commission's enforcement mechanisms to ensure that major electric and gas utility companies are held accountable first and foremost to the safety of New Yorkers before utility failures cause any damage.

Con Edison provides gas service to approximately 1.1 million customers in Manhattan, the Bronx, parts of Queens, and Westchester County. It also provides electric service to approximately 3.4 million customers in New York City and Westchester County; and operates a steam distribution system that produces and delivers steam to approximately 1,700 customers in parts of Manhattan.

The order to show cause 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 17-G-0316 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.