

STATE OF NEW YORK

Public Service Commission

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13028/08-E-0827; 08-M-0152; 09-M-0764;
10-M-0551; 11-G-0580; 13-G-0009

PSC RECEIVES STATUS UPDATE ON UTILITY AUDITS

— Management and Operations Oversight Strengthened Under Governor Cuomo —

Albany, NY – 05/16/13 – The New York State Public Service Commission (Commission) today heard a report from staff of the Department of Public Service related to the implementation of recommendations from the comprehensive management audits of Consolidated Edison Company of New York, Inc., National Grid’s Upstate Electric Operations and National Grid’s gas operations, Central Hudson Gas and Electric, Iberdrola S.A., Iberdrola USA, New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation, and National Fuel Gas Distribution Company.

“Today’s report provides an overall status of recommendations and the audit implementation plan progress under the Commission’s vigorous management audit program of the state’s largest electric and gas utilities,” said Commission Chairman Garry Brown. “In response to the Moreland Commission’s recommendations to improve our management audit process, as well as requirements in Governor Cuomo’s 2013-2014 Budget to strengthen the Commission’s regulatory oversight of utilities, the Department has enhanced its management audit process and staffing resources to further identify improvements in utilities’ planning processes and operational efficiencies.”

Staff reported to the Commission that several utilities have been audited to date: Con Edison’s electric, gas and steam operations [08-M-0152]; National Grid’s upstate electric operations [08-E-0827]; Central Hudson’s electric and gas operations [09-M-0764]; and Iberdrola’s (which

includes NYSEG and RG&E) electric and gas operations [10-M-0551]. The audit of National Fuel Gas operations [11-G-0505] and National Grid's New York gas operations [13-G-0009] are currently in progress.

In each management audit, several areas were reviewed including: the corporate mission, objectives, goals and planning; long-term load forecasting; supply procurement; long-term system planning; capital and operations and maintenance budgeting; program and project planning and management; work management; and performance results measurement. In recent audits, reviews of affiliate transactions have been added to the scope of management audits, and the customer/benefit analysis for audit recommendations have been included.

For the National Grid gas companies' audit, the scope was expanded to include additional elements of an operations audit, including a review of the company's customer billing systems, an analysis of its storm-hardening processes, and a review of National Grid's information systems, consistent with recommendations made by the Moreland Commission.

The Department's report today, when issued, 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 08-E-0827, 08-M-0152, 09-M-0764, 10-M-0551, 11-G-0580, or 13-G-0009 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders 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.