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John B. Rhodes, Chair

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Commission Initiates Enforcement Action Against Utilities for 2018 Storm Response

Shareholders Face Financial Penalties for Failing to Meet Storm Response Requirements

Commission Also Resolves Failures by NYSEG, RG&E During 2017 Windstorm with \$3.9 Million Settlement, Largest Ever for Failure to Follow Emergency Response Plan

Commission Announces New Office of Resilience and Emergency Preparedness to Enhance Oversight of Utility Storm Response

ALBANY — The New York State Public Service Commission (Commission) today announced completion of a detailed and thorough Department of Public Service (DPS) investigation into the preparation and response of the State’s major utilities to five major storms that swept through New York in 2018, each leaving more than 100,000 customers without electricity. As a result of the investigation, utilities’ shareholders could face potential storm-related financial penalties for failing to comply with their state-approved emergency plans. Today the Commission also approved a settlement that resolves storm response failures by NYSEG and RG&E in 2017, and further directed counsel to bring an enforcement proceeding in State Supreme Court to address recurring violations by these companies.

“When storms knock out power, it is the job of utilities to restore electricity to customers in a timely and safe manner,” **Commission Chair John B. Rhodes said.** “Utilities are responsible for pre-storm preparation, and the implementation of restoration efforts after a storm to assure safe and adequate electric service to the public. In recent years, the State has faced an increased frequency of severe weather events that have impacted utility infrastructure. It is mission-critical that our utilities are adequately prepared to meet and address these new realities and respond appropriately, including concretely improving plans and practices with each cycle. When a utility fails to meet its responsibilities and commitments, they must and will be held accountable.”

2018 Storm Investigation

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 Department’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 Andrew M. 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. Governor Andrew M. Cuomo announced the investigation shortly after storm restorations had been made.

The DPS investigation identified 43 potential violations and instances where Emergency Response Plans (ERP) were not followed. While each of the regulated major electric utilities in the state were allegedly found to be at fault, New York State Electric & Gas Corp. (NYSEG), Orange and Rockland Utilities, Inc. (O&R), and Consolidated Edison Company of New York, Inc. (Con Edison) were allegedly the poorest performers according to the DPS report.

Among the issues identified were issues with operations, such as planning, internal staffing, as well as crew acquisition and crew management. Of notable concern, DPS staff uncovered information that NYSEG and Con Edison have been steadily reducing the number of line workers, which has had a direct result in the utilities' poor initial responses and contributed overall to poor storm performance. Further, the investigation found that utility communications with customers and public officials were ineffective. In addition, slow road-clearing efforts was identified as impeding the delivery of the necessary resources and appropriate coordination with other partners, particularly municipal governments.

Enforcement Plan

The Commission today issued an order to show cause directing the companies to respond to the Staff's investigation and explain why they should not be found to have violated the emergency response plans, regulations, and orders. The order to show cause starts an enforcement proceeding; the PSC will review the record in the case before making a final determination regarding any potential penalties for Con Edison, NYSEG, RG&E, O&R, Central Hudson Gas & Electric Corporation and National Grid. The now-concluded investigation determined that PSEG Long Island did not deviate from its emergency response plan. The Commission may order the utilities to implement the recommendations to improve emergency preparedness and response contained in Staff's investigation report; many of the recommendations have already been adopted by the utilities.

Staff's findings of poor performance by NYSEG and RG&E follows a previous staff investigation of the company's response to a windstorm in 2017 that found similar failures. Because of concerns of recurring failures at NYSEG and RG&E, the PSC also directed the General Counsel to bring an enforcement proceeding in State Supreme Court to seek injunctive relief in the form of a court order that mandates improvements to emergency preparedness and response and improved internal controls to ensure improved processes are fully implemented.

NYSEG, RG&E Past Failures

The Commission today also adopted the terms of a joint settlement proposal signed by NYSEG, RG&E and DPS staff, and an investment joint proposal executed by NYSEG, RG&E, DPS staff, the NYS Utility Intervention Unit, the City of Rochester, and IBEW Local 10 to resolve utility failures related to a severe windstorm on March 8, 2017 in Western New York. The weather events impacted areas served by the companies, with peak outages of approximately 123,000 and 48,000 for RG&E and NYSEG, respectively.

The investigation into the 2017 storm identified several areas where the companies did not follow their emergency response plans, and identified areas where improvement was necessary. Under the

terms of today's settlement, the companies will pay \$3.9 million from shareholder funds, to be allocated \$2.8 million to RG&E electric and \$1.1 million to NYSEG electric, based on the outages experienced in each service territory. The settlement resolves the companies' liability for a penalty.

Under the terms of the settlement, the money will be used for more effective event response prioritization, greater electric system resiliency, enhanced storm response capabilities, faster restoration of critical facilities, improved communications between the companies and customers having life support equipment, and improved wires-down procedures. The \$3.9 million is the largest ever for failure to follow an emergency response plan.

Office of Resilience and Emergency Preparedness

Given past experiences of severe-weather events, and its impact on the electric system, the Commission has established the Office of Resilience and Emergency Preparedness, dedicated to ensuring that the State's utilities prepare for and respond appropriately to severe weather and other emergency events. The office is headed by Kevin Wisely, previously a Deputy Commissioner with the New York State Division of Homeland Security and Emergency Services.

Today's 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 Numbers 19-E-0105, 19-E-0106, 19-E-0107, 19-E-0108, 19-E-0109 and 19-E-0110 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.