New York State
Public Service Commission

1997-1998

Annual Report

George E. Pataki,
Governor

Maureen O. Helmer
Commissioner

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The Commission Ensuring Reliable Service

Maureen O. Helmer
Chairman

Thomas J. Dunleavy
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Commissioner

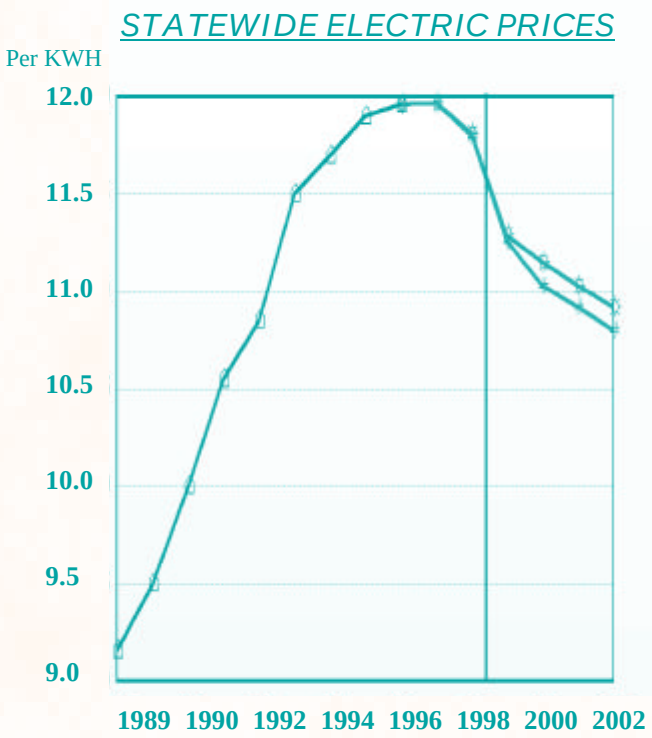
The New York State Public Service Commission is committed to protecting the rights of New Yorkers while ensuring access to reliable and low-cost utility services. Over the past year, the Commission has fostered competition in the electric industry to lower rates and provide more customer choice, attracted new energy providers to New York State, brought more choices to gas customers, created consumer outreach and education programs, implemented the "Call Before You Dig Program," handled 130,000 customer inquires and obtained $2.2 million in refunds from utilities to consumers.

The Public Service Commission continues to regulate the state's electric, gas, steam, telecommunications, and water utilities along with overseeing the cable industry. We remain dedicated to upholding the public's interest in Commission proceedings and setting service and operating standards for all utilities.

The Commission is charged by law with responsibility for setting rates and ensuring that adequate service is provided by New York's utilities. In addition, the Commission exercises jurisdiction over the siting of major gas and electric transmission facilities and has responsibility for ensuring the safety of natural gas and liquid petroleum pipelines.

The Commission consists of up to five members, each appointed by the Governor and confirmed by the State Senate for a term of six years. The Chairman, designated by the Governor, serves as Chairman of the Commission and the Chief Executive Officer of the Department.

Restructuring the Electric Industry



During the 1980's and early 1990's, New Yorkers witnessed increases in electric rates due in part to failed government policies. By 1995 New York's rates were 50-60 % above the national average.

In 1996, the New York State Public Service Commission announced its vision for opening the state's electric industry to competition, allowing customers to choose their supplier of electricity.

We determined that electricity prices in a competitive marketplace would be lower than under governmental regulation. The effect of lowering the electric rates would lead to:

- *increased economic development*
- *faster job growth in New York state*
- *innovation and cutting edge technologies that promote new services and benefit the customer*

The Commission approved six plans that will open each electric utility territory to competition and give customers the ability to choose new energy suppliers known as Energy Service Companies or "ESCOs."

In addition to being alternative suppliers of electricity, ESCOs may offer other energy-related services, such as energy management programs, or natural gas service. Customers may shop for the best combination of price and services, or aggregate into groups, but the delivery of electricity to homes and business will always remain the job of the local utility.

Regardless of which electricity supplier a customer chooses, the New York State Public Service Commission will ensure the utility maintains the regulated transmission and distribution system and restores service in the event of an outage. If a utility's customer service declines in areas such as meter reading, telephone answering, billing accuracy, customer satisfaction or complaints to the Commission, the utility faces financial penalties.

Lowering Rates and Promoting Competition

Central Hudson Gas and Electric Corporation (Central Hudson)

Rates and Savings

- Incentives expected to save consumers about $36 million, expand economic growth and save jobs .
- Base electric rates will be frozen at 1993 levels through June 30, 2001.
- Large industrial customers who retain Central Hudson may receive a 5 % annual rate reduction until mid-2001, or select an Energy Services Company (ESCO).

Retail Choice Timing

- September 1, 1998-Choice of electricity supplier becomes available to all customers on a first come, first- serve basis, up to 8 % of Central Hudson's total electric load.
- January 1, 1999-Choice available for up to another 8 % of Central Hudson's total electric load.
- January 1, 2000-Choice available for up to another 8 % of Central Hudson's total electric load.
- January 1, 2001, choice becomes available for up to another 4 percent, and on
- July 1, 2001-choice of electricity supplier will be available to all Central Hudson customers.

Consolidated Edison of New York Inc. (Con Edison)

Rates and Savings

- $1.6 billion in total savings over five years.
- $1.2 billion in rate reductions, including Gross Receipts Tax (GRT) reductions.
- 25 % immediate rate decrease for large industrial customers, fixed for five years.
- 10% rate decrease for all other customers phased in over five years.
- Customers who sign up with an ESCO in April 1998 and stay with the ESCO for at least ten months receive a credit on their June Con Ed bill.

Retail Choice Timing

- June 1, 1998-Choice of electricity supplier available to customers representing a total of 63,000 megawatts. Customers must sign up by April 30, 1998.
- April 1, 1999-Choice of electricity supplier available to customers representing an additional 500 MW of load.
- April 1, 2000-Choice of electricity supplier available to customers representing an additional 500 MW of load.
- All Customers will be able to choose an alternate electricity supplier by December 31, 2001 or 18 months after the establishment of an Independent System Operator, whichever is sooner.

Lowering Rates and Promoting Competition

New York State Electric & Gas Corporation (NYSEG)

Rates and Savings

- Electric supply and delivery rates are capped and the Commission will continue to regulate rates until 2003; Electricity prices for all customers after 2003 will be set by the competitive market.
- Annual 5% rate decreases for five years for industrial and large commercial customers.
- Rates for residential and small business customers will be frozen at the current levels, reduced by 1% in the third year of the plan, and decreased by 5% in the fifth year of the plan.

Retail Choice Timing

- August 1, 1998-Choice of electricity supplier will become available to all customers in the company's Lockport Division, the City of Norwich, and to all industrial customers that are not eligible for the annual 5% rate decreases.
- August 1, 1999-Choice of electricity supplier will be available to all remaining customers.

Niagara Mohawk Power Corporation (Niagara Mohawk)

Rates and Savings

- Overall rates decrease by an average of 4.3%.
- Rates for residential and commercial customers will decrease by an average of 3.2 % over three years.
- Rates of industrial customers will decrease by approximately 13%.
- Rates for electricity and delivery are set until September 1, 2001. In 2001 and 2002, prices for some of the electricity sold to customers will fluctuate with market prices in 1998.

Retail Choice Timing

- November 1, 1998-Choice of electricity supplier available for large industrial and commercial customers who use two or more megawatts of power.
- April 2, 1999-Choice of electricity supplier for residential customers
- May 1, 1999-Choice of electricity supplier available for all remaining industrial and commercial customers.
- August 1, 1999-Choice of electricity supplier available for all remaining non-residential customers.

Lowering Rates and Promoting Competition

Orange and Rockland Utilities, Inc. (O&R)

Rates and Savings

- Rates for sale and delivery of electricity will be set by the Commission until May 1, 1999. The Commission will continue to regulate delivery rates after that time. Prices for the generation portion of electricity after May 1, 1999 will be set by the competitive market.
- On December 1, 1997, residential rates were reduced 1 percent, and they will be reduced an additional 1% on December 1, 1998. These reductions add to average decreases of 4% for residential customers in 1995 and 1996.
- On December 1, 1997, large industrial customer rates were reduced by about 8.5%. This reduction adds to rate decreases ranging between 4 and 14% for commercial and industrial customers in 1995 and 1996.

Rochester Gas and Electric Corporation (RG&E)

Rates and Savings

- Rates for sale and delivery of electricity are set until mid-2002. The Commission will regulate the utility's rates for delivery after 2002. Prices for the generation of electricity after 2002 will be determined by the competitive market.
- 7.5% rate decrease phased in over five years for residential and small commercial customers
- 11.2% rate decrease phased in over five years for large industrial customers.
- 7.8% rate decrease phased in over five years for other commercial and industrial customers.

Customer Choice Timing

- July 1, 1998-10% of electricity consumed in RG&E's territory will be open to competition. In addition, new customers or new load will have the ability to choose an alternate supplier.
- July 1, 1999-20% of electricity consumed in RG&E's territory will be open to competition.
- July 1, 2000-30% of electricity consumed in RG&E's territory will be open to competition.
- July 1, 2001-All customers may choose an alternate electricity supplier.

'Building Blocks' for a Competitive Market

Generation Auctions

To create a more robust, wholesale competitive electricity marketplace, the approved electric restructuring orders require the divestiture of utility generating facilities.

The Commission called for a multi-round bidding process for over 13,000 MW of fossil (natural gas, oil and coal) and hydro generating facilities. The Commission subsequently approved auction plans for Orange and Rockland Utilities Inc. (O&R); New York State Electric & Gas Corporation (NYSEG); Niagara Mohawk Power Corporation (Niagara Mohawk); and Consolidated Edison Gas and Electric Corporation (Con Edison). The winning bidders will be announced in the latter part of 1998 and early 1999. Under Section 70 of the Public Service Law, the Commission must review and approve the transfer of utility assets.

Billing

Restructuring the electric industry brings customers a choice of providers and offerings. With these choices come different potential billing arrangements. The Commission approved recommendations allowing utility companies and ESCOs to render separate bills to end-use customers, or electric utilities and ESCOs may enter into other mutually agreeable billing arrangements in which either the utility or the ESCO may render one single bill to customers.

The Commission also directed the electric utilities to provide customers the most recent 24 months of their billing history information at no charge. Further revisions to existing regulations regarding the content of utility bills are being considered in separate proceedings.

'Building Blocks' for a Competitive Market

"New York has one of the most reliable power systems in the world, and New York State was a leader in forming its current integrated power pool system to ensure reliability."

System Reliability

The reliability of the state's power system is of primary concern to the Commission, especially given the unique challenges of ensuring uninterrupted service in a state that is geographically diverse and which contains one of the largest metropolitan areas in the country. New York state has one of the most reliable systems in the world, and the state was a leader in forming its current integrated power pool system to ensure reliability. The Commission intends to display that same leadership in ensuring reliability in a competitive market through the development of an Independent System Operator that will manage the state's electric transmission system.

- Independent System Operator

In order to have competitive generation services, open access to the transmission system is required. The Commission supports the development of an Independent System Operator (ISO), charged with providing open access while coordinating the daily operation, and ensuring the reliability, of the New York bulk power system.

- System Benefits Charge and Environmental Protections

The transition to competition in the electric industry must include the safe, clean and efficient provision of electricity. The Commission found that measures to preserve certain public policy initiatives, such as energy efficiency, research and development, environmental and low-income programs should be explored. The Commission approved the use of a non-bypassable System Benefits Charge (SBC) to fund certain public benefit programs during the transition to a competitive electric industry.

Environmental Disclosure

Department Staff and numerous interested parties collaboratively developed recommendations for an environmental disclosure mechanism, whereby customers would be informed of the mix of fuels used in electric generation, together with the emissions of that particular mix. The environmental disclosure total would be included in bills issued by all energy providers. The Commission is expected to act on these recommendations toward the end of 1998.

'Building Blocks' for a Competitive Market

Market Power

The Commission performed a detailed analysis of the potential for market power in New York's markets and concluded that New York's electric markets would be competitive, given mitigation measures that were needed for certain local areas called "load pockets." Load pockets are areas of the state where electric use exceeds the amount that can be brought into the area over transmission lines. As a result, the area must rely on local generation to reliably provide the needed electric supply.

The Commission acquired computer models called MAPS that are being used to simulate regional electricity markets as a gage of the potential for market power and to assess the expected effect of generation assets, sales and potential mergers on the competitiveness of the electric marketplace.

Stranded Costs

Stranded costs are costs that a utility has incurred to serve its customers and has an obligation to pay or has already paid (e.g. long term contracts or payments on a generation plant) but may not be able to recover from customers who no longer use the utility's service. Each of the approved restructuring orders includes some sharing of stranded costs by the utility. Stranded costs are different for each utility due to differing financial conditions and cost of generation supply. The Commission's goal and responsibility in the restructuring plans was to treat the utilities fairly while recognizing the need to reduce rates.

Many have argued that the utilities should absorb a larger portion of potential stranded costs in order to increase the level of rate reductions. However, another consideration is that the more the company is pushed toward financial distress, the more likely there will be costly ramifications to its customers and society as a whole. Such a strategy could put more jobs at risk, lessen cooperation from the utilities during this transition, and increase the likelihood of plant closings which would have negative property tax ramifications. Further, utilities would be more likely to initiate costly and time-consuming litigation.

To date, the Commission has been extremely successful in defending against litigation and has been able to work cooperatively to get the utilities to agree to auction their generating plants.

Educating the Public

The Commission recognizes the importance of customer input, both as a means to shape the new competitive environment and as a critical element in the effective functioning of a competitive marketplace. The Commission's recognition of the need for aggressive customer education programs has been underscored during each phase of the Department's outreach efforts.

Public input was solicited on the utilities' rate and restructuring plans through 47 educational forums prior to the Public Statement Hearings about the plans. To publicize these forums and hearings, staff mailed informational materials to more than 1, 000 residential, commercial, non-profit, legislative and industrial leaders, and placed information in the Hot News section of the Department's Web site.

In addition, a comprehensive public education effort using TV, radio and newspaper advertising was initiated to encourage customers to call for a free consumer guide. The Consumer Guide will give customers detailed information about competition in the energy industries.

1-888-ASK-PSC1
Toll Free Competition Information Line

280 *Consumers and representatives from small New York businesses, economic development, and advocacy groups attended the education forums.*

60 *Outreach events in 21 New York counties were held reaching an estimated 15,000 customers and consumer leaders.*

900 *Libraries in the New York State Library System, along with state legislators, and community business leaders received informational packages.*

Bringing Choices to Gas Customers

In March 1996, the Commission required all major gas utilities to implement programs that allow smaller customers, primarily residential and small commercial, to purchase natural gas supplies from non-utility suppliers, known as marketers.

By April 1998 approximately 90 gas marketers were enrolled to serve customers; 30,000 smaller customers, including 11,000 residential customers elected to purchase their gas from a marketer. While this represents less than one percent of gas consumers statewide, the rate of growth in the program is steadily increasing as improvements are made.

"By April 1998, approximately 90 gas marketers were enrolled to serve customers; 30,000 smaller customers, including 11,000 residential customers, elected to purchase their gas from a marketer."

Customers who obtain their gas supply from marketers receive gas delivered to their home or business by the local utility and pay delivery charges. Traditionally, the utility holds capacity (transportation) contracts used to move gas from the wellhead to the city gate. Several utilities now allow the marketer to acquire its own capacity. This option gives the marketer greater flexibility to purchase these services at market prices and pass along some savings to consumers.

Uniform Business Practices

Traditionally, each utility has used its own procedures, service terms and conditions when a customer seeks to transfer to the marketer's service. This lack of uniformity among utilities serves as a barrier to the marketers in acquiring new customers. The Commission is working to standardize procedures, service terms and conditions across all utility territories.

Customer Aggregation

On March 18, 1998, the Commission approved a National Fuel Gas tariff to establish a two-year pilot program that aggregates approximately 8,000 eligible, vouchered Public Assistance recipients in Erie and Chautauqua Counties. This pilot enables the counties to aggregate these customers and buy gas supply from a marketer on a competitive basis. National Fuel transports the county-owned gas to the end-users and bills the counties. The pilot, which began on April 1, 1998, is expected to bring the benefits of competition to a group of customers who might not necessarily be pursued by non-utility providers, and it is expected to reduce the bills of each participating customer.

Protecting Public Safety

Third party excavation by non-utility contractors is the leading cause of pipeline failures and damage to underground utility facilities. In response to this, damage prevention has been a major Commission focus in recent years.

In February 1997, a new set of regulations pertaining to Protection of Underground Facilities-16 NYCRR Part 753 (also known as the "One Call" or "Call Before You Dig" rules) became effective. These regulations completed a transfer of authority over an aspect of public and worker safety from the New York State Department of Labor to the Commission, as mandated by legislation passed in 1995.

The Commission increased efforts to reduce third party damages by participating in "One-Call" training programs for excavators and working with utility operators to identify major construction projects and problem contractors. Several thousand "one call" booklets were distributed to people in the excavating and utility community.

The number of notices issued for violations of the code greatly increased as a result of the Commission's efforts. The Commission worked with the Attorney General's Office on ways to enforce "One Call." A process was established whereby the Commission could administratively assess the penalties, and it established procedures for payment. Violators who fail to pay will be turned over to the Attorney General's Office for appropriate action. Based on this agreement, the Commission assessed $27,000 in monetary penalties for code violations during 1997-1998.

Protecting Public Safety

Call Before You Dig
Safety Regulations

Advanced Notification

- 2 to 10 working days prior to ANY mechanized excavation work, notice must be provided to the One-Call Notification System, which will transmit the notice to involved members so they can mark the location of their facilities at the excavation site.

How is the Notification Made?
Call the following toll-free numbers depending on where the excavation work is located:

- Long Island and the New York City
  1-800-272-4480
- Elsewhere in New York State
  1-800-962-7962

What Does Excavation Include?

- Excavation is defined by state law as "movement or removal of earth, rock or other materials in or on the ground by use of mechanized equipment or by blasting, and includes, but is not limited to, auguring, backfilling, drilling, grading, plowing in, pulling in, trenching and tunneling. Tools manipulated only by human or animal power and the tilling of soil for agricultural purposes shall not be deemed excavation."

Who Must Join One-Call?

- All operators of underground facilities, including municipal systems, are required to be members of the One-Call Notification System serving their areas and to mark the location of their facilities near excavation work areas.

What is the Excavator Required To Do If There Are Marked Underground Facilities at the Work Site?

- Before using powered equipment near marked underground facilities, excavators are required to verify the location, depth, and direction of run of the facility by means of test holes dug by hand. After verification, a clearance of at least 4 inches must be maintained between powered equipment and the underground facility.

Improving Telephone Service

The Commission instituted a proceeding in December 1996 to determine the best way to provide additional telephone numbering resources in New York City, while minimizing disruption and number changes for consumers and businesses. Formal public statement hearings were conducted in all boroughs of New York City during July 1997. Meetings were also held to give further consideration to number pooling and number portability, both of which would make more efficient use of existing telephone numbers.

The Commission issued a decision in December 1997 ordering the implementation of a new area code for New York City and encouraging the exploration and development of innovative number conservation alternatives. The Commission authorized New York Telephone to implement area code relief in New York City through an area code overlay plan when existing number resources are exhausted. The plan involves assignments of new telephone numbers with a new area code, rather than reassignment of codes based upon geographical areas. This plan is designed to minimize consumer inconvenience.

The Commission also petitioned the Federal Communications Commission (FCC) for relief from its requirement that 10-digit dialing accompany an area code overlay plan. This would mean all calls within the area covered by the overlay plan would require the dialing of "1" plus the area code and seven-digit phone number. The Department seeks to maintain 7-digit dialing for calls to the same area code within the overlay area.

Service Quality of Bell Atlantic of New York

The Commission approved an innovative Performance-based Regulatory Plan (PRP) for New York Telephone (NYT) to protect consumers during the transition to a more competitive telecommunications industry. The plan began in September 1995, and runs through at least September 2000 with a possible extension through 2002.

One major aspect of the plan provides incentives to New York Telephone to improve its service quality over the term of the plan. Commitments on improving the complaint rates have been met and six of NYT's ten worst wire centers performed at or better than the specified target levels.

Improving Telephone Service

NYNEX/Bell Atlantic Merger

NYNEX and Bell Atlantic announced their intention to merge in April 1996. The Commission reviewed the matter and issued an Order in 1997 approving the merger. The merger was subject to the following conditions, designed to protect the public interest:

- NYNEX committed to hire between 750 and 1,000 new employees to address service problems;
- The company must invest an additional $1 billion in service-related infrastructure;
- The Customer Trouble Report Rate (CTRR) used to measure service quality performance will be supplemented by company-wide CTRR service levels to provide greater consumer protection against service quality degradation;
- The Commission may terminate the PRP at the 5th year checkpoint based on conditions identified in the agreement;
- The merged company will abide by the NYNEX restructuring plan;
- NYNEX will provide an accounting of its pension funds to preserve pension gains for New York ratepayers;
- The PRP, except as modified in the merger agreement, remains in force and effect;
- The merged company shall establish its headquarters in New York City.

Slamming— A Zero-Tolerance Policy

Some competing service providers have unfortunately misused the competitive telephone market to make changes in customer-selected telephone service without the customer's knowledge or consent. This activity is commonly known as "slamming." The State enacted a law to prohibit unauthorized changes and penalize those responsible. In response to the Commission's "zero-tolerance" policy on slamming, the Commission ordered 10 companies to file plans to reduce and eliminate slamming complaints.

Providing Reliable Communications

Under recent amendments to federal law, state regulators no longer exercise entry and rate jurisdiction over cellular providers. The Commission's authority, however, extends to establishing terms and conditions of service. The State enacted a law to suspend the requirement of the Public Service Law applicable to cellular telephone service and to authorize the Commission, after one year elapses, to re-institute any requirements necessary to protect the public interest. The law eliminates unnecessary regulatory requirements and provides additional growth opportunities for cellular providers in this state. In addition, elimination of state regulation of cellular service may provide additional opportunities for providers to offer customers more choices, lower prices and innovative market strategies.

Cable Television

The Commission has exercised authority over cable television companies since January 1996. By the end of that year, the Commission completed a study of the cable television industry and the state's cable television regulatory structure, including recommendations for statutory and regulatory changes. The results of that study, "Cable Regulation in New York State: A Proposed Framework for a Changing Marketplace" were accepted by the Commission in December 1996. It was the first major study of the industry and the state's regulatory environment since 1972. Among its chief recommendations, the final report suggested that the Commission conform state regulations to those on the federal level, streamline existing regulations to afford easy entry of new service providers into municipal markets, provide for timely completion of franchise renewals, and retain the dual state/municipal regulatory roles during the transition to competition in the cable television marketplace.

Working with the Community

The Federal Communications Commission adopted a plan for universal service support for schools and libraries, in accordance with the requirements of the Telecommunications Act of 1996. The Commission approved the use of the federal discount levels for New York's schools and libraries to take advantage of the program. Following are some features of the discount plan:

- Discounts are for telecommunications services, inside wiring, and internet connection;
- Funding is on a first-come, first-served basis and is established at $1.25 billion for year one.
- Intrastate discounts are available for all New York telecommunications companies.
- Monthly meetings with school and library representatives as well as industry leaders are held to evaluate and monitor the program.
- Technical assistance is provided to potential applicants.

As a result of these efforts, New York has one of the highest program participation rates in the country. In this regard, many of our school districts and libraries have developed technical plans that call for increased spending on inside wiring and network upgrades. Preliminary indications are that this increased spending will put New York's schools and libraries in a position to receive benefits from the fund that exceed the contribution to the fund from New York customers.

Working with the Community

As part of a restructuring plan to introduce electric competition into Orange & Rockland Utilities Inc.'s (O & R) utility territory, the Commission approved a low-income customer assistance pilot program funded by O&R for approximately 100 electricity customers a year for four years in the City of Port Jervis. The program will help customers make their residences more energy efficient, pay their bill, and obtain relief from arrears. The program establishes an expenditure cap per customer of $1,000. O & R will also allocate up to $185,000 to help develop a pilot program to organize low income customers into buying groups so they can buy energy at lower prices.

Business Advocacy

The Commission's Office of Business Advocacy was established to meet the evolving needs of the state's business community as the electric, gas and telecommunications industries move to a more competitive environment. Since opening its doors almost two years ago, the office has assisted hundreds of companies from Manhattan to Malone by advocating for business and for economic development in areas of energy and telecommunications services. The Office of Business Advocacy investigates ways to help secure competitive prices by:

- facilitating special rate contracts and business incentives;
- assisting economic development agencies in retaining businesses at risk and encouraging business to expand operations or locate new facilities in New York;
- intervening and providing dispute-resolution assistance on behalf of business customers who may be experiencing billing, collections, or customer service difficulties with utilities;
- educating the business community through speaking engagements, conferences, and trade shows, and;
- promoting business interests in policy development and proceedings involving the Commission.

For more information contact the Business Advocacy Office: 3 Empire State Plaza, Albany NY 12223
(518) 473-8175 or 1-877-661-9223 (toll-free)
(518) 402-5620 (fax)
mjs@dps.state.ny.us (email)

Protecting the Consumer

In November 1997, the Commission adopted changes to its rules governing the provision of telephone service. The changes adapt the rules to a competitive market while continuing to afford customers necessary consumer protections. The changes allow companies to require proof of identity from potential customers, allow companies to request advance payments in lieu of security deposits in certain circumstances, and allow termination of service on Friday if the company is open the following day. The rules also clearly state that customers be given two opportunities to pay amounts owed under a deferred payment agreement and allow companies to replace the annual mailing of the summary of the rules with a message on the bill that the summary is available upon request. In an effort to avoid improper charges from appearing on phone bills, the new rules require that phone bills state the name and phone number of any company imposing charges on the bill.

"In an effort to avoid improper charges from appearing on phone bills, the new rules require that phone bills state the name and phone number of any company imposing charges on the bill."

Resale Bringing More Choices to Customers

Resale allows competitors to purchase incumbent telephone companies' services at wholesale and resell them to retail customers. In 1996, the Commission established the following wholesale pricing rates for resellers:

Using Operator Services	
New York Telephone Company	19.1%
Frontier Telephone Corporation	17.0%

Not Using Operator Services	
New York Telephone Company	21.7%
Frontier Telephone Corporation	19.6%

In 1997, the Commission ordered the remaining incumbent local telephone companies (other than NYT and FTC) to identify the effective wholesale discounts they intend to charge resellers of their services.

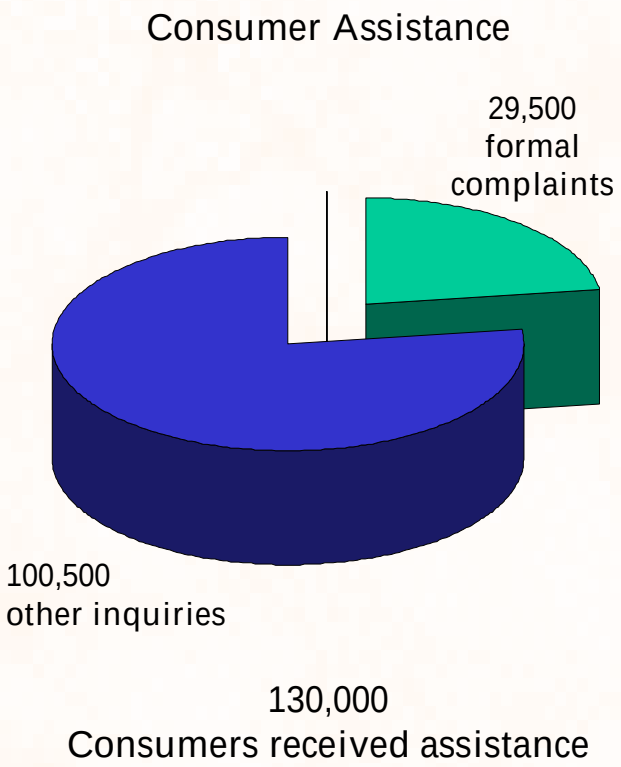
Obtaining Refunds for Customers

Jamaica Water Supply Company (Jamaica) provided metered water service for many years to approximately 90,000 customers in the southern section of Queens County and to roughly 28,000 customers in the Towns of Hempstead and North Hempstead in Nassau County. It also provided public and private fire protection service within those areas. In May 1996, Jamaica exited the water supply business, transferring its Queens assets to New York City and its Nassau assets to the Water Authority of Western Nassau County.

"As a result of a Commission Order in 1998, over $7.6 million was refunded to Jamaica's customers. Of that amount, approximately $4.5 million was refunded to Queens County customers and $3.1 million was refunded to Nassau County customers."

At the time of the transfers, there was an incomplete accounting of certain items relating to pensions, water meter leases and numerous other items. Funds were set aside in an interest-bearing escrow account while the final accounting and reconciliations were undertaken. The issue of the appropriate level of refunds to Jamaica's customers was a vigorously debated issue with numerous parties, including New York City, Nassau County, local consumer groups and staff. A resolution was reached and parties entered into a settlement agreement. As a result of a Commission Order in 1998, over $7.6 million was refunded to Jamaica's customers. Of that amount, approximately $4.5 million was refunded to Queens County customers and $3.1 million was refunded to Nassau County customers.

Complaint Processing: Helping Consumers



DPS staff works with consumers on an array of complaints about utility service, including slamming, cramming, disconnection of service, alleged overcharges, delayed installation or repair and demands for deposits.

From April 1, 1997 to March 31, 1998 , Commission staff assisted 130,000 consumers throughout the state with questions, complaints and requests for information regarding utility services. Of this total, the Commission's consumer assistance staff handled 83,500 inquiries, while the remaining 46,500 were handled by the Commission's automated telephone response unit. As a result of all of these contacts, staff instituted 29,500 formal complaint analyzes on behalf of utility customers. Staff's assistance helped New Yorkers receive just under $2.2 million in credits or refunds from complaint investigations.

Home Energy Fair Practices Act (HEFPA)
The Home Energy Fair Practices Act (HEFPA), Public Service Law Article 2, establishes extensive requirements for the provision of residential gas and electric service. The Commission determined in its orders establishing competition in the natural gas industry that competitive natural gas marketers, while not subject to the full HEFPA rules and regulations, must provide certain specific customer protections. Further, the Commission determined that gas distribution companies responsible for delivery of gas to customers are required to comply with HEFPA. The Public Utility Law Project challenged the Commission's decision. The New York State Supreme Court, Albany County, dismissed the PULP complaint, endorsing the Commission's conclusion that HEFPA does not apply to natural gas marketers. PULP has since appealed to the Appellate Division, Third Department.

Assisting in Storm Restoration

A major two-day snowstorm in March of 1997 dropped heavy snowfall on the service territories of Consolidated Edison Corporation ; New York State Electric & Gas Corporation; Niagara Mohawk Power Corp. (Niagara Mohawk); Orange and Rockland Utilities, Inc. and the most affected of the utilities, Central Hudson Gas & Electric Corporation. The storm caused significant damage to the utilities' electric transmission and distribution lines, interrupting electric service to over 300,000 of their customers. With the assistance of utility crews from as far away as Virginia and Ohio, service restorations were completed by April.

The Commission reviewed the effects of the storm and evaluated the utilities' responses to the storm. Overall the Commission determined the utilities responded effectively in light of the storm's snowfall over a widespread territory. However, staff determined that improvements could be made for handling similar situations in the future. Staff recommended that utilities make more realistic projections of the time required to fully restore service and work more closely to enhance the effectiveness of mutual assistance crews. The Commission recommended that utilities conduct "post-storm" meetings with affected customers and key community leaders to identify areas for improvement.

January 1998 Ice Storm

A massive ice storm hit the northeast regions of New York in January of 1998 leaving many counties in upstate New York without power. The heavy freezing rain and subsequent icing caused damage to transmission and distribution facilities of New York State Electric & Gas Corporation, Niagara Mohawk Power Corp, Bell Atlantic, and numerous small private and municipal utilities. During the five-day duration of the storm, weather and road conditions prevented utilities from making progress in restoring service.

The Commission report on this storm concluded that the utilities had preformed well in restoring service under such adverse conditions. It recommended for future emergencies of this severity to take advantage of "lessons learned" but overall found no significant deficiencies.

Commission Contact Information

Office Locations:

3 Empire State Plaza
Albany, NY
12223-1350

Ellicott Square Building
295 Main Street
Buffalo, NY 14203

One Penn Plaza
New York, NY 10119

Toll Free Hotlines:

Gas/Electric Shutoff	800 342-3355
Service Billing Complaints	800 342-3377
Cable TV Complaints	800 342-3330
Energy Service Company	888 697-7728
Hearing-Impaired, Speech-Impaired	800 662-1220

Main Office Phone Numbers:

Accounting and Finance	(518) 474- 4508
Communications	(518) 474-1668
Consumer Education and Advocacy	(518) 474-1540
Consumer Services	(518) 474-3280
Electricity and Environment	(518) 473-7248
Albany Executive Offices	(518) 473-4544
NYC Executive Offices	(212) 290-4416
External Affairs	(518) 474-7080
Gas & Water	(518) 473-8959
General Counsel	(518) 474-2510
Hearing and Alternative Dispute Resolution	(518) 474-4520
Regulatory Economics	(518) 474-1721
Secretary	(518) 474-6530
Filing Services Unit	(518) 474-2500
Filing Services Unit (NYC)	(212) 290-4366