



**For Immediate Release:** 05/18/23

Rory M. Christian, Chair

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**23053 / 23-M-0103**

## **PSC Launches Management & Operations Audit of NYSEG and RG&E**

### **Billing Issues at Utilities Included in the Detailed Audit Examination**

#### **First Commission-Directed Audit of the Utilities in 5 Years**

**ALBANY** — The New York State Public Service Commission (Commission) today initiated a management and operations audit of New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E). The audit will examine NYSEG and RG&E's construction program planning, operational efficiency, customer privacy protections, and critical energy infrastructure protections. The scope also includes issues from previous management and operations audits that require follow-up review, developments since the previous audit, and identify any operational concerns that might exist.

“The Commission operates a robust management and operations audit program that includes regular comprehensive management and operations audits, focused operations audits, and statewide utility comparisons,” **said Commission Chair Rory M. Christian.** “This audit will shine a bright light on the ongoing billing issues and consumer complaints directed at NYSEG and RG&E and will help play a role in resolving those problems.”

Public Service Law provides the Commission the authority to conduct management and operations audits of natural gas and electric utilities. For large electric and natural gas utilities such as NYSEG and RG&E, the PSL requires such audits at least once every five years. In terms of next steps, the Commission directed Department of Public Service staff to issue a request for proposals (RFP) seeking an independent auditor to conduct the audit and to evaluate the proposals received in response to the RFP.

The most recent prior comprehensive management audit of NYSEG and RG&E began in 2016, with the resulting final report issued on February 7, 2019. The final report included 81 recommendations for improvement at NYSEG and RG&E. The companies completed implementing all recommendations from this audit in March 2023, however staff notes ongoing performance concerns regarding two gas planning recommendations related to implementing new geographic information and gas work management systems. The performance of these systems will be reviewed further in this audit.

The scope of this audit includes an assessment of the companies' information systems planning and implementation, improvements to electric load forecasting processes to support grid modernization

and Climate Leadership and Community Protection Act goals, elements of pipeline safety including leak-prone pipe replacement, contractor oversight, and coordination with municipalities.

Avangrid, Inc., the parent company of NYSEG and RG&E, is a diversified energy and utility company with operations in 24 states and with approximately \$40 billion in assets. Avangrid operates regulated utilities and electricity generation through two primary lines of business, Avangrid Networks and Avangrid Renewables. Avangrid Networks includes eight electric and natural gas utilities, including NYSEG and RG&E, serving 3.3 million customers in New York and New England.

NYSEG serves approximately 905,005 electric and 271,547 natural gas customers across more than forty percent of upstate New York. The service territory includes areas in the central, eastern, and western parts of the State. The larger cities located within this territory are Binghamton, Elmira, Auburn, Geneva, Ithaca, and Lockport. NYSEG's electric system consists of approximately 4,500 miles of transmission lines and 35,000 miles of distribution lines. NYSEG's natural gas system consists of approximately 20 miles of transmission pipeline and more than 8,150 miles of distribution pipeline.

RG&E serves approximately 388,737 electric and 321,651 natural gas customers in a region consisting of nine counties centered on the city of Rochester. The service area consists of a substantial suburban area and a large agricultural area. RG&E's electric system consists of approximately 1,084 miles of transmission lines and 8,959 miles of distribution lines. RG&E's natural gas system consists of approximately 105 miles of transmission pipeline and 10,600 miles of distribution pipeline.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 23-M-0103 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.