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Rory M. Christian, Chair

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## **PSC Cuts Revenues a Record \$22.6 Million for 6 Utilities Failing to Meet Customer Service Metrics**

### **Customer Service Financial Penalties 10 Times Higher Than 2021**

### **NYSEG Revenues Cut \$7 Million Due to Poor Reliability Performance**

**ALBANY** — The New York State Public Service Commission (Commission) reviewed the State’s major utilities in terms of their performance in a number of key areas in 2022, including electric reliability service, electric safety, gas safety, and customer service. As a result of the review, utility revenues collected from customers will be reduced by a total of nearly \$30 million for six utilities for failing to meet reliability and customer service targets. The financial penalties will be applied in the next rate case of each of the respective utilities, including the pending New York State Electric & Gas Corporation (NYSEG) / Rochester Gas and Electric Corporation (RG&E) rate case.

“The Commission’s rate design provides carrots and sticks based on utility performance,” **said Commission Chair Rory M. Christian**. “In 2022, almost a quarter of those utilities fell short of their legal requirements in certain areas. The Commission will aggressively work to ensure lagging utilities improve performance. Maintaining reliability and ensuring good customer service is required for utilities, and the Commission holds them accountable when they fail to meet our standards.”

**Electric Reliability:** Department of Public Service staff completed its annual review of the electric service reliability performance of the New York State electric utilities and presented its report for 2022 to the Commission. The Commission relies on two primary metrics to measure performance: the System Average Interruption Frequency Index (SAIFI or frequency) and the Customer Average Interruption Duration Index (CAIDI or duration). Excluding major storms, the statewide interruption frequency for 2022 is better than last year and the statewide five-year average. The statewide interruption duration, excluding major storms, was 1.9 hours. This is 5.4 minutes shorter than last year and 4.8 minutes shorter than the five-year average. The State experienced 34 separate storm events that qualified as major storms in 2022. Although this is four less major storms than experienced in 2021, the impact of the 34 major storms in 2022 was much more severe. Customers affected by major storms increased 31 percent when compared to 2021, and customer hours of interruption from major storms doubled when compared to 2021. The majority of these additional hours of interruption can be attributed to three separate winter storm events that impacted New York State in February, April, and December of 2022. Reliability Performance Mechanisms are company-wide performance targets established by the Commission in rate orders; companies are subjected to negative revenue adjustments (financial penalties) for failing to meet their reliability targets. NYSEG

failed to meet its reliability target for outage frequency in 2022. As a result, NYSEG incurred a negative revenue adjustment of \$7 million. All other electric utilities met their reliability targets in 2022.

**Electric Safety:** The Commission established electric safety standards to safeguard the public from exposure to stray voltage and to identify and eliminate potentially harmful conditions before serious safety hazards and/or reliability deficiencies develop. The standards include, among other requirements, stray voltage testing of streetlights and electric facilities that are accessible to the public. In 2022, manual stray voltage testing was performed on approximately one million utility facilities statewide, resulting in the identification of 133 stray voltage conditions; of which 102 (77 percent) were at potentially dangerous voltage levels of 4.5V or higher. The overall total of stray voltage findings decreased 46 percent from the 2021 level with the total number of findings above 4.5V decreasing by 39 percent, and the number of all stray voltage findings amounting to 0.00013 percent of all facilities tested. All utilities were in full compliance with all testing and inspection requirements in 2022.

**Gas Safety:** Department staff evaluated critical areas of gas safety, including damage prevention, emergency response, leak management, and non-compliance with safety regulations identified through staff's audit process. The data indicates that performance has substantially improved for the gas utilities across the State over the 20-year period staff has been reporting performance. With some exceptions, utility performance has either improved or remained consistent since the start of the COVID-19 pandemic in 2020. Overall, gas utilities maintained focus on the performance measures which ensured the same, if not a greater level of public safety.

The first measure, damage prevention, gauges the success of utilities in minimizing damages to buried natural gas facilities caused by excavation or demolition activities. In 2022, while still showing improvement from pre-COVID-19 pandemic levels, the performance in this measure decreased as compared to the previous year. The second measure, emergency response, reflects the utilities' ability to respond promptly to reports of leak, odor, and emergency notifications by examining the percentage of reports that were responded to within three response time intervals. In 2022, emergency response times, while remaining above acceptable target levels, did show a slight decline in performance compared to the previous two years, as vehicle traffic levels have started to return to pre-COVID-19 pandemic levels.

**Customer Service:** Most of the State's utilities have met or exceeded the standards of performance on measures for customer service established within their respective rate case proceedings, with the exceptions of the following utilities: Central Hudson Gas & Electric Corporation failed to meet all three of its metric targets, resulting in a negative adjustment of \$2.87 million. NYSEG and RG&E each failed to meet all four of their respective metric targets, resulting in negative adjustments of \$8.72 million and \$5.9 million, respectively. Consolidated Edison Company of New York failed to meet its call answer rate metric, resulting in a negative revenue adjustment of \$4 million. Liberty Utilities d/b/a St. Lawrence Gas and National Grid (upstate) each failed to meet their metric for the customer satisfaction survey resulting in a negative revenue adjustment of \$36,000 and \$1.05 million, respectively. The total negative revenue adjustments for failing customer service requirements in 2022 is a record \$22.5 million; nearly 10 times higher than the \$2.3 million in financial penalties assessed in 2021.

Meanwhile, the investigations regarding past and current billing issues at Central Hudson, NYSEG and RG&E remain ongoing. The reports being issued today will be considered and could inform the ongoing investigations.

The reports in these proceedings, 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 the following Case Numbers in the

input box labeled "Search by Case Number": Electric Reliability Performance (23-E-0119); Electric Safety (23-E-0110); Gas Safety (23-G-0224); and Customer Service (23-M-0040). 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. For more information, you may also visit your service provider's website.