



New York City Comptroller
John C. Liu

NEWS RELEASE

PR12-07-089
Contact: Matthew Sweeney, (212) 669-3747

July 20, 2012
Page(s): 3

LIU: CON ED LOCKOUT IS IRRESPONSIBLE, RISKS NEW YORKERS' LIVES AND WELL-BEING

Liu Tells Consolidated Edison CEO that Company Is Not Prepared for a Major Power Outage

NEW YORK, NY – City Comptroller John C. Liu today called on Con Ed’s CEO Kevin Burke to “act immediately” to “end the company’s irresponsible and counterproductive lockout.” The lockout of more than 8,500 workers has left millions of Con Ed’s New York City customers in jeopardy with only unprepared skeleton crews to handle a potential large-scale outage.

“Con Ed is putting New Yorkers’ well-being and the City’s fiscal condition at risk until it ends its lockout and resumes negotiations,” Comptroller Liu said. “Right now, in the midst of this blistering summer, Con Ed is unprepared to respond to a serious blackout.”

Despite Con Ed’s assurances that its managers are able to handle the work of locked-out employees, customers have had to endure power outages, brownouts and reduced power through the recent heat wave and severe storm. The 2003 blackout was responsible for dozens of deaths and more than \$1 billion in estimated losses to the City. Last summer, hundreds of Con Ed workers were needed to restore power to 71,000 customers during a heat wave. Currently, 5,000 hastily trained managers are attempting to perform the work of 8,500 locked-out employees.

“The ongoing lockout could cause lasting harm to employee morale and productivity,” Comptroller Liu said. “Millions of New Yorkers rely on Con Ed to provide service, but if that service continues to erode it could result in further, long-term damage to the company’s reputation among its customers and investors.”

FULL TEXT OF COMPTROLLER’S LETTER TO CON ED CEO:

July 20, 2012

Mr. Kevin Burke
Chairman, President, and CEO
Consolidated Edison Inc.
4 Irving Place
New York, NY 10003

Dear Mr. Burke:

As the Chief Financial Officer of the City of New York and a trustee of the City's pension funds, I call on you to end immediately Con Ed's irresponsible lockout of approximately 8,500 unionized workers and to bargain in good faith with the workers and their representatives and swiftly reach a fair contract.

Con Ed's decision to lock out thousands of dedicated, trained workers in the dog days of summer needlessly jeopardizes the cornerstone of its business, which according to the company's own disclosures is the safety of its workforce and the public. As a consequence, the lockout not only imposes substantial economic risks on the City in the immediate term, but also threatens to impair the long-term value of our pension funds, which are substantial long-term Con Ed shareowners.

The company reportedly trained 5,000 managers to absorb the work of the 8,500 locked-out workers and claims that, together with contractors, it is able to fill its staffing needs for emergency calls and outages. Since Con Ed initiated the lockout on July 1, however, I understand that at least four replacement workers, including three managers, have been injured and the public has reportedly experienced blackouts, brownouts, and increased response times.

In addition, the City, which is already losing sorely needed tax revenue as a result of the lockout, risks even more serious economic consequences in the event of a major, prolonged outage. A 29-hour blackout that hit New York City in August 2003, for example, cost the City's economy about \$1.05 billion from lost economic activity and the destruction of perishable goods, according an estimate from then-Comptroller William C. Thompson, Jr.

Last year, in response to a four-day heat wave in late July, Con Ed needed to deploy hundreds of crews in the street working 12-hour shifts around the clock to restore power to the 71,000 customers who suffered outages; it is difficult to understand how the company's overextended replacement workers, many of whom lack adequate training, could mount a similar response to a major outage today.

Significantly, the ability of Con Ed's workers to respond productively and safely to last July's heat wave helped the company generate \$1.1 billion net income in 2011 while lowering its Occupational Safety and Health Administration Injury/Illness Incidence Rate to a best-ever 1.92. Con Ed's strong performance in 2011 led the board of directors to increase your total compensation by 6.7% for 2011, to \$11 million, following a 30% increase for 2010, even as the company now seeks substantial health and pension concessions from its workers.

Given Con Ed's solid financial condition, I am alarmed that management initiated a lockout that not only risks the safety of its overextended managers and the public in the immediate term, but also poses significant long-term risks to the company and its shareowners. Specifically, the lockout could cause lasting harm to worker morale and productivity, as well as to the company's reputation among customers and other stakeholders, which would negatively impact company performance over the long term and undermine the confidence of both investors and regulators.

As Con Ed's Chairman, President, and CEO, you have the authority to end the company's irresponsible and counterproductive lockout. I urge you to act immediately.

Sincerely,

John C. Liu

#