

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**CASE 06-M-1078 - Proceeding on Motion of the Commission to Audit the
Performance of Consolidated Edison Company of New York,
Inc. in Response to Outage Emergencies.**

**INTERIM REPORT OF CONSOLIDATED EDISON COMPANY OF NEW
YORK, INC. ON IMPLEMENTATION PLAN FOR
FINAL REPORT – INDEPENDENT AUDIT OF CONSOLIDATED EDISON
COMPANY ELECTRIC EMERGENCY OUTAGE RESPONSE PROGRAM FOR
THE NEW YORK STATE DEPARTMENT OF PUBLIC SERVICE**

Introduction

On September 8, 2006, the Public Service Commission (“Commission”) instituted a proceeding to conduct an independent audit of Consolidated Edison Company of New York, Inc.’s (“Con Edison” or “Company”) “operations, practices, and procedures related to emergency planning, response to outages, and restoration of service.”¹ The Commission’s order followed four large electric service outages during 2006 – three storm-related outages on Con Edison’s overhead system in Westchester County in January, July and September, and the outages in the Long Island City network in July. In January 2007, following a search process, the Commission approved the selection of Vantage Consulting, Inc. to conduct the audit under the management of the Department of Public Service (“DPS”) Staff. The audit began in February 2007. On October 25,

¹Case 06-M-1078, *Con Edison Emergency Response Audit, Order Instituting Proceeding and Directing Audit and Confirming Order*, issued September 8, 2006, and September 20, 2006, respectively

2007, the Secretary to the Commission issued the final audit report titled, *Final Report – Independent Audit of Consolidated Edison Company Electric Emergency Outage Response Program for the New York State Department of Public Service*, dated October 24, 2007 (“Audit Report”) and invited comments on the report.² Con Edison and interested parties filed comments on November 6, 2007, and Con Edison filed reply comments on December 3, 2007.

In its comments, Con Edison indicated that it has established an organization and process to review and appropriately implement the Audit Report recommendations, beginning with developing an Emergency Management Master Plan. Further, Con Edison stated that it would file its Emergency Management Master Plan by March 2008, and would file an interim progress report detailing the status of its work by January 15, 2008.

This is an interim report detailing the status of the Company’s progress regarding its development of a corporate emergency management strategy and evaluation and implementation of recommendations contained in the Audit Report. Collectively, these represent the key aspects of the Emergency Management Master Plan.

Audit Report Recommendation Implementation

Con Edison continually seeks to improve all aspects of emergency management. As the Audit Report (page 14) points out, the Company has employed a three-faceted approach to emergency management that strives to:

- Minimize the number and size of outages;
- Minimize the duration of outages when they do occur; and

² Case 06-M-1078, Con Edison Emergency Response Audit, “Notice Inviting Comments” (issued October 25, 2007).

- Communicate accurate and timely information to customers and all stakeholders.

Con Edison's comments on the Audit Report, filed November 6, 2007, discussed at length the variety of measures that Con Edison has established and funded to promote these goals including investments, technologies, research and development, planning, programs, procedures, and relationships with many partners in emergency response.

Con Edison recognizes the Audit Report as an opportunity to further enhance its overall emergency management program and looks forward to continued improvement of its program.

Organization and Process

The Company has established an Emergency Management Steering Committee of senior executives to oversee the development of the Emergency Management Master Plan and the implementation of the Audit Report's recommendations. To evaluate the findings and recommendations identified in the Audit Report, the Company has established 14 teams that report to the Vice President of Emergency Planning and Security who, in turn, coordinates team efforts with the Emergency Management Steering Committee. All the findings and recommendations in the Audit Report have been grouped into thematic categories to ensure that each is comprehensively reviewed and successfully addressed. Each team is charged with addressing recommendations specific to its thematic content area. The team content areas are:

- corporate strategy and master plan (III R1-7)
- emergency management organizational structure (III R 8-18)
- incident command system refinements (III R19-22)

- comprehensive emergency response program effectiveness (IV R1-9)
- emergency drill program expansion (V R1-4)
- trouble assessment process (V R5-6)
- workforce capability review (V R7-10)
- reliability and technical design criteria (V R11-20)
- customer communication (VI R1&5)
- call center capability testing (VI R2)
- estimated time of restoration methodology (VI R3-4)
- vegetation management program (VII R1-2)
- financial and operational metrics (VII R3-4)
- best practice benchmarking (VIII R1-2)

The corporate strategy and master plan team is charged with developing the overall Emergency Management Master Plan. The team has substantially outlined and defined the Emergency Management Vision and Policy Statements, Principles, and Goals that provide the corporate strategy for the Emergency Management Master Plan. This team continues to refine the corporate emergency management strategy and further develop its details.

Recently, Con Edison procured the services of Davies Consulting Inc. to evaluate the process and assist in the development and implementation of the corporate Emergency Management Master Plan. Thus, the corporate strategy, discussed later in this report, may be further enhanced as we develop the Emergency Management Master Plan.

The remaining teams (2-12) are actively reviewing the findings and associated recommendations and developing appropriate implementation plans. To support the review of their assigned Audit Report recommendations and associated findings, each team is charged with evaluating the present status of its thematic content area, reviewing the findings identified in the audit report, and evaluating the recommendation set forth in the Audit Report. Further, each team has been instructed to look for opportunities for process

improvement that may go beyond the recommendations of the Audit Report. The emergency management corporate strategy will provide guidance for the teams' efforts, and the teams' implementation plans will be validated against the corporate strategy. A summary of the work being performed by each team follows:

Team #1: Corporate Strategy (Recommendations III R1-7)

The Corporate Strategy and Master Plan Team is charged with developing the Company's overall Emergency Management Master Plan. The team has substantially developed the Corporate Emergency Management Strategy for the master plan including an Emergency Management Vision Statement and Emergency Management Policy Statement with supporting principles and goals. The Team will also develop objectives and action plans to implement the Audit Report recommendations and additional recommendations made by the teams that support the goals associated with each Emergency Management Policy Statement principle. The corporate strategy as presently developed by team 1 is discussed in more detail below.

Team #2: Organizational Structure (Recommendations III R 8-18)

The Organizational Structure Team will begin its review of the Emergency Management organizational structure once the corporate strategy is completed. The corporate strategy defines the scope of the Emergency Management Master Plan that must be supported and implemented by the Emergency Management organization.

Team #3: Incident Command System (ICS) Refinements

(Recommendations III R19-22)

The Incident Command System (ICS) Refinements Team is charged with ensuring a consistent application of ICS functions and positions, and approach in preparing Incident Actions Plans (IAPs). In addition, they are looking to identify previously qualified individuals, as well as train additional personnel from various organizations, to act as Incident Management Assist Teams (coach/facilitator). The team is also planning a new training course to address overall incident planning in order to promote a consistent process during incidents. Lastly, the team is evaluating resource typing against the National Incident Management Systems (NIMS) protocol.

Team #4: Comprehensive Emergency Response Program (CERP) Effectiveness (Recommendations IV R1-9)

The Comprehensive Emergency Response Program (CERP) Effectiveness Team is charged with increasing the operational usability of the CERP. As a result, the team is enhancing the CERP to further expand its use as an

operating tool. The team will recommend a process for developing procedures/guides for each function currently defined in the CERP to facilitate the implementation of the storm process.

Team #5: Emergency Drill Program Expansion (Recommendations V R1-4)

The Emergency Drill Program Expansion Team has been evaluating best practices, the post incident/drill lessons learned process, the participation of outside agencies in drills and exercises, and the communication of the Annual Drill Schedule.

Team #6 Trouble Assessment Process (Recommendations V R5-6)

The Trouble Assessment Team is reviewing the current-state damage assessment and trouble analysis processes in each of the Company's four regions and documenting the functional responsibilities of those involved. The goal is to have a standardized process for providing value added trouble assessment during storms. The team is also defining the training requirements for those individuals that have trouble assessment assignments in the ICS structure.

Team #7: Workforce Capability Review (Recommendations V R7-10)

The Workforce Capability Review Team has been reviewing the succession planning process for key field positions, evaluating the impact of overtime on the workforce as it relates to callout response rates, and reviewing the succession planning process for Engineering Designers and Technicians. The team has also looked at the career path and the relevance of the training for the work assigned.

Team #8: Reliability and Technical Design Criteria (Recommendations V R11-20)

The Reliability and Technical Design Criteria Team is charged with evaluating the technical and operational recommendations in the Audit Report. Many of these recommendations are similar to recommendations made in other reports on the Long Island City Network outage event. The team will identify those recommendations that are being addressed and additional actions that may be appropriate to address the Audit Report's recommendations.

Team # 9 Customer Communication (Recommendations VI R1&5)

The Customer Communication Team is managing initiatives based on the Audit Report's recommendations to expand advertising and outreach efforts advising customers to contact the Company if they have service problems and to continue to upgrade outage information on the corporate web site. The team will review existing external communication channels and will work to identify new opportunities to reinforce the customer outage-reporting message. At the same time, the team will

research/benchmark pertinent outage information on other utilities Web sites and conduct additional customer focus groups as new content and functionality are considered.

Team #10 Call Center Capability (Recommendation VI R2)

The Company has identified and implemented a variety of call center improvements and best practices in response to the 2006 outages. The Call Center Capability Team is developing a drill that will test Call Center improvements and the Company's ability to acquire, and make available, timely and accurate outage information to our customers through the use of toll-free routing, telephone automatic call distribution (ACD), and Interactive Voice Response (IVR) technologies and processes. The drill will also test the Call Center's ability to prevent customer busy signals, re-route customer call traffic, and communicate information to customers as required by the Outage Notification Incentive Mechanism (i.e. invoke County specific messages when necessary). Preliminary high volume call testing with a third-party vendor (Twenty First Century Communications) has demonstrated positive results in the system's ability to support a significant number of simultaneous emergency transactions.

Team # 11: Estimated Time of Restoration Methodology (Recommendations VI R3-4)

This team is examining these recommendations in the context of Con Edison's ongoing predictive modeling pilot project in the Bronx Westchester region. The basis for the model includes historical storm statistics, historical weather data and the development of resource estimates against storm job types.

Team # 12: Vegetation Management Program (Recommendations VII R1-2)

The Vegetation Management Program Team has adopted the recommendation to undertake a study to determine the actual health status of the forest in the Company's service territory. A third-party vendor (BioCompliance) has been contracted to perform an urban forest study of Westchester County. The study is in progress with an anticipated completion date during the second quarter of 2008.

The team is also formulating a strategy to determine the effectiveness of the current tree trimming and clearing program relative to other reliability programs. The Team has benchmarked with neighboring peer utilities and conducted literature searches of scientific and practical tree trimming issues to review the currently designed program relative to that of others.

Team #13 Financial and Operational Metrics (Recommendations VII R3-4)

The Financial and Operational Metrics team is evaluating Con Edison's

Capital and O&M expenditures by category, and identifying performance indicators for reliability and emergency response management and customer satisfaction against both targets and over time. This team will work with all other teams to help identify, and then eventually consolidate the estimated costs associated with any recommendations that arise.

Team #14: Benchmarking and Best Practices Team (Recommendations VIII R1-2)

The Benchmarking and Best Practices Team has initiated a comprehensive review to evaluate benchmarking and best practice processes utilized throughout the utility industry. As part of this evaluation, Con Edison has made inquiries throughout the United States through the Edison Electric Institute (EEI), the Institute for Nuclear Operations (INPO), and internationally through its Third Generation (3G) program. While this review is on-going, it has identified opportunities focused on identifying, evaluating and implementing best practices as part of the Emergency Management Master Plan.

Emergency Management Corporate Strategy

In order to provide guidance to the teams, a priority has been placed on the work of the corporate strategy and master plan team to develop a corporate emergency management strategy consisting of emergency management vision and policy statements, principles, and goals. Accordingly, the Company's corporate emergency management strategy has been substantially developed as described below.

In order to ensure that the emergency management corporate strategy comports with other corporate strategies, it was necessary to ensure vertical alignment throughout the Company beginning at the Corporate Mission Statement (see Appendix A). Thus, the corporate strategy and master plan team first developed an Emergency Management Vision Statement consistent with the Corporate Mission Statement. The Emergency Management Vision Statement is:

The Company strives to meet our customers' needs through effective emergency risk assessment, mitigation, preparedness, response and communications. Our goal is to achieve excellence as an industry leader in emergency management performance.

Once the vision statement was established, an Emergency Management Policy Statement, consistent with and derived from the vision statement, was developed. The policy statement includes well established emergency management principles that generally focus on risk assessment, mitigation, response and re-assessment. The Emergency Management Policy Statement is:

Aligned with our commitment to The Way We Work, the Company strives to utilize effective emergency management principles that enhance the Company's ability to provide safe and reliable energy services and its ability to communicate timely and accurate information to our customers and stakeholders by:

- *Conducting effective risk assessments for operating and business functions,*
- *Developing appropriate prevention or risk mitigation strategies,*
- *Implementing comprehensive emergency preparedness programs,*
- *Responding with appropriate resources to address the emergency,*

- *Communicating with customers and other stakeholders timely and accurate information using voice, Internet, media and other appropriate methods,*
- *Recovering from events expeditiously; and,*
- *Improving continuously.*

Additionally, the corporate strategy and master plan team has established (and continues to refine) a process flow diagram which further describes how the policy statement will be implemented (see Appendix B). The Emergency Management Policy Statement and the process flow diagram can be generically explained as follows:

- Con Edison will conduct assessments to identify and analyze risks using various input opportunities including external and internal lessons learned;
- Once the risks have been identified, opportunities to mitigate or prevent the risk will be identified and implemented where practicable;
- If the risk cannot be sufficiently mitigated or eliminated, appropriate plans and resulting preparedness strategies will be utilized to address the identified risks;
- Furthermore, when a drill or an event occurs, Con Edison will utilize appropriate response plans and recovery strategies to address the hazards and impact that result;
- Finally, the Company will utilize lessons-learned opportunities from drills and events to help refine the risk-assessment process, mitigation or prevention strategies, plans, and preparedness, response and recovery strategies.

The Emergency Management Policy Statement distills to seven principles: *Risk Assessment, Prevention and Mitigation, Planning and Preparedness, Response, Communication, Recovery, and Re-assessment*. Goals have been developed for each of the emergency management principles to further develop them. These goals are as follows:

- *Risk Assessment*

Goal: *Conduct risk assessments utilizing a process that evaluates the likelihood of an event, and its consequences and impact to customers, stakeholders and the public.*

- *Prevention and Mitigation*

Goal: *Employ prevention and mitigation strategies to eliminate or minimize the frequency and consequences of events that adversely impact the community.*

- *Planning and Preparedness*

Goal: *Ensure that response plans and preparedness initiatives are appropriate for the potential consequences of emergency events.*

- *Response*

Goal: *Perform an event assessment that ensures the utilization and response of the necessary resources to safely minimize hazards and restore service, in support of the community.*

- *Communication*

Goal: *Communicate timely information to customers, employees, and other stakeholders.*

- *Recovery*

Goal: *Establish the appropriate process to restore the impacted system to its normal state and to address the needs of the community.*

- *Re-assessment*

Goal: *Utilize lessons learned from internal events and drills while benchmarking with external organizations to improve the future implementation of emergency management principles.*

These goals help define the intent and the breadth of each of the seven emergency management policy principles. In order to support each goal, the corporate strategy and master plan team is currently developing objectives. Additionally, action plans to implement both the Audit Report recommendations and any additional recommendations made by the teams that support the objectives and goals associated with each Emergency Management Policy principle will be established and included in the Company's Emergency Management Master Plan.

Key aspects of the Company's emergency management process that have worked well will continue to be utilized and will be reinforced. For example, the Company remains committed to keeping the Incident Command System (ICS) as the cornerstone in its emergency response program for planning for, and responding to, emergencies.³

³ As recognized in the Audit Report (page 41):

Many years ago, Con Edison made a pivotal and forward-thinking decision to adopt the Incident Command System (ICS) as its fundamental organizational approach to incidents of all kinds. This was a pioneering effort among utilities, and Con Edison remains as one of the few electric utilities making this commitment. ... This approach to responding to emergencies puts the Company at the forefront of the industry, and firmly in tune with the other emergency response organizations.

Ongoing Initiatives

The Audit Report (page 72) recognized that Con Edison made a number of “particularly positive” improvements in its emergency management program to respond to issues that it identified during the 2006 outage events. These improvements are in the areas of customer service communication initiatives, outage management and damage assessment, mutual aid, training, and tree trimming. Con Edison is continuing its efforts to enhance its performance in these areas.

Mutual aid efforts bring external skills and resources to significant events to help restore power to reduce the duration of outages. The Company is leading the development of a national underground mutual assistance process. In 2006, the Company sponsored an underground mutual aid conference with 20 participating utilities from throughout the country. Since the conference, the Company initiated an underground resource survey, reaching out to over 40 utilities nationwide. As part of the corporate emergency management strategy, Con Edison will continue in this endeavor.

Con Edison continues to invest in its extensive overhead monitoring and automated switching capabilities, which have provided customers highly reliable service in the past. The Company continually explores new technologies and software to improve outage assessments and responses. These systems allow the Company to deploy existing resources to restore customers expeditiously. The Company continues to enhance its use of technology to improve reliability.

To improve customer communications, the Company added 250 new telephone lines and made process improvements to make it easier for customers to report outages. The Company continues to improve its web site for customer use in order to provide

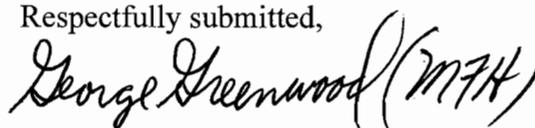
enhanced customer service. The Company's enhanced web site allows customers to report power outages online, to check the status of a reported outage, and to receive an estimated time of restoration. A section on the Company's web site called "Storm Central" section centralizes important customer outage information.

The Company is dedicated to being a reliable and innovative partner with public agencies. Con Edison has maintained programs to communicate with local government leaders and emergency organizations in New York City and Westchester County. The Company fosters and maintains relationships with the elected officials, administrators, and fire, police, and emergency services personnel from all 43 municipalities in Westchester County and the County's Department of Emergency Services. Similarly, in New York City, the Company communicates with the NYC Office of Emergency Management on a regular basis concerning a wide range of issues. The Company continues to enhance existing relationships and establish new ones.

The Company will continue to work cooperatively with the Department of Public Service to appropriately implement recommendations contained in the Audit Report. Con Edison remains committed to continuing to improve its operations and provide customers the highest level of emergency preparedness, response, and service.

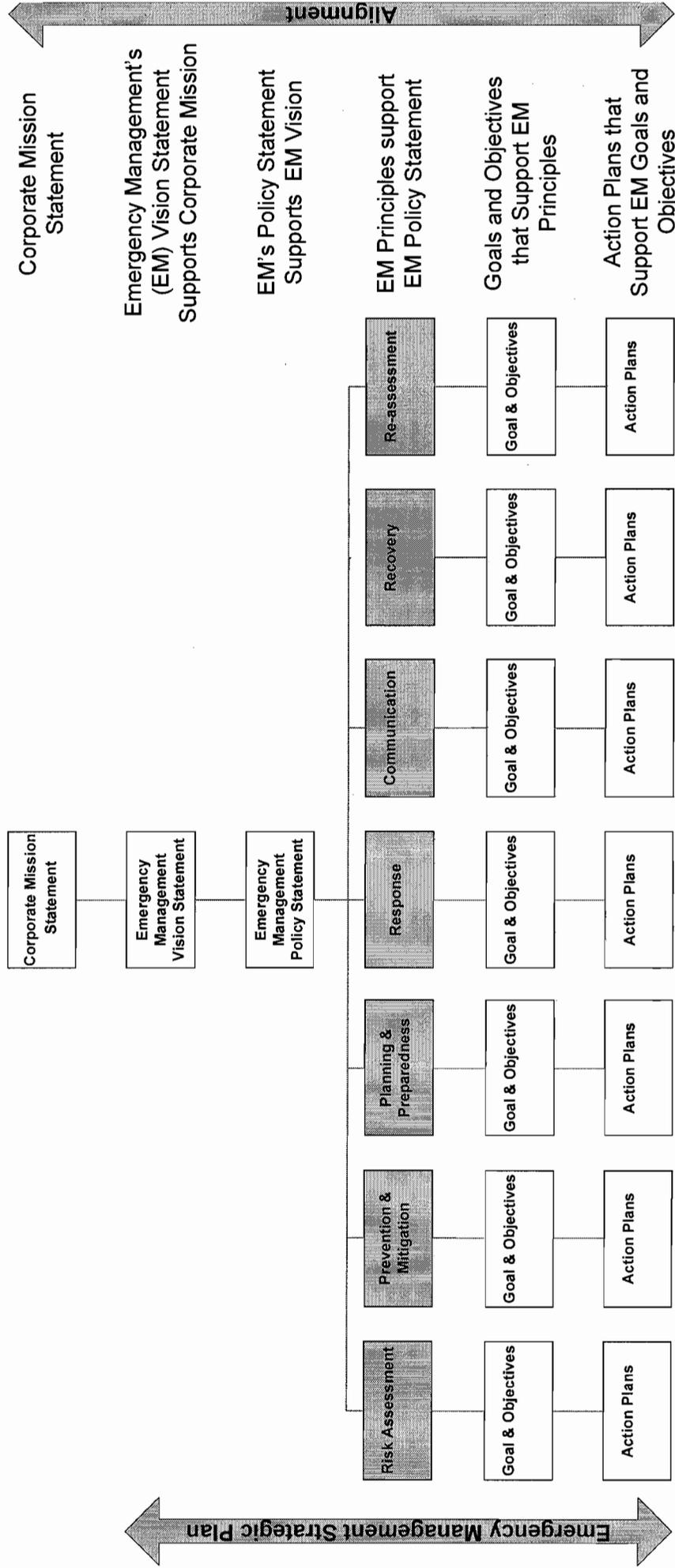
Dated: January 15, 2008

Respectfully submitted,



George Greenwood
Vice President
Emergency Planning and Security
Consolidated Edison Company of
New York, Inc.
4 Irving Place, Room 1642
New York, NY 10003

Emergency Management Strategic Plan and Alignment to Corporate Mission



Emergency Management Policy Statement - Process Flow Chart

DRAFT

