

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

**CASE 06-E-0894 - Proceeding on Motion of the Commission to Audit the  
Performance of Consolidated Edison Company of New York,  
Inc. in Response to Outage Emergencies.**

**COMMENTS OF CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
ON 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 Con Edison’s “operations, practices, and procedures related to emergency planning, response to outages, and restoration of service.”<sup>1</sup> 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

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<sup>1</sup>Case 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

Department of Public Service (“DPS”) Staff. The audit began in February 2007. On October 25, 2007, the Secretary to the Commission issued the final audit report and invited comments on the report. Con Edison and interested parties may file comments by November 6, 2007, and November 20, 2007, respectively. Reply comments may be filed by December 3, 2007.

These are the comments of Consolidated Edison Company of New York, Inc. (“Con Edison” or “the Company”) on the *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.

### **Recommendation Implementation**

The Company continually seeks to improve all aspects of emergency management, and it is in this spirit that the audit report’s recommendations are received. The Company recognizes this as an opportunity to enhance its overall emergency management preparedness and response and looks forward to continued improvement in these programs. The Company will work cooperatively with the DPS in this process.

The need for a more comprehensive master plan is a recurring theme of the report. The Company agrees that developing such a comprehensive plan offers an opportunity to bring more cohesion to the Company’s existing emergency management efforts, and to strengthen its ability to anticipate, mitigate, and respond to emergencies. The Company expects that many of the other recommendations will also help drive future service improvements.

Following the report's publication, the Company established an Emergency Management Steering Committee led by senior executives. The Steering Committee will oversee the review and, as appropriate, implementation of the report's recommendations. The Company established 14 teams that report to the Vice President of Emergency Planning and Security who will, in turn, coordinate team efforts with the Steering Committee. Each team is charged with addressing recommendations specific to its content area. The team content areas are:

- corporate strategy and master plan (III R1-7)
- emergency management organizational structure (III R 8-19)
- incident command system refinements (III R20-22)
- 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)
- 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 (VIII R1-2)
- financial and operational metrics (VII R3-4)
- best practice benchmarking (VIII R1-2)

These teams will review the recommendations and associated findings to determine how they fit into the master plan and to develop an implementation plan where appropriate. The Company will submit a copy of the updated emergency management master plan by March 2008. An interim progress report detailing the status of the team progress will be submitted by January 15, 2008.

During the review and implementation process, the Company will make sure that key aspects of its emergency management plan that have worked well will continue to be reinforced. The Company remains committed to keeping the Incident Command Structure (ICS) the cornerstone of the emergency response program. As recognized in the audit report:

*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.*

The Company's response and restoration efforts immediately following 9/11 affirmed the importance and effectiveness of Con Edison's emergency preparedness and response programs. The successes of the ICS process during that critical response effort reinforced the need to maintain the highest levels of emergency preparedness in the post-9/11 world. Internal evaluation, as well as direction offered in prior incident reviews, has enabled the Company to implement many positive changes to its emergency response efforts.

Emergency response is one aspect of emergency management. As the audit report points out, the Company's three-prong approach to emergency management strives to:

- Minimize the number and size of outages;
- Minimize the duration of outages when they do occur; and
- Communicate accurate and timely information to customers and all stakeholders.

### **Minimize the Number and Size of Outages**

Con Edison is committed to remaining the most reliable utility in the nation. The Company invested \$4 billion in electric transmission, substation, and distribution infrastructure from 2000 to 2005. Electric distribution represents \$2.8 billion, or 70 percent of the total capital investment. Con Edison has steadily increased infrastructure investments since 2000. These infrastructure investments are critical to service reliability.

Under the 2005 electric rate plan, currently in effect, the Company has continued to increase its investment in the infrastructure to further its focus on reliability. This increased investment demonstrates Con Edison's commitment to meeting growing customer demand, and enhancing reliability and safety. The pending electric rate case reflects the funding requirements for continuing these efforts.

In addition to the \$4 billion invested in capital improvements, Con Edison has spent \$1.9 billion in electric transmission and distribution operations and maintenance ("O&M") since 2000. Of that amount, \$1.2 billion was dedicated to electric distribution maintenance. Approximately 90 percent of electric distribution O&M spending is directly attributed to field maintenance activities.

The majority of the outages during the violent Westchester storms were the result of fallen trees and branches. Because effective vegetation management has a positive impact on reliability, the Company launched an enhanced tree-trimming program in late 2006. The Company expects these enhanced efforts to reduce the number of outages in future storms by 20 percent. The Company's tree maintenance and line clearance program takes into consideration the health and well-being of the vegetation along the rights-of-way.

The Company concurs with the report's call for a comprehensive urban forest health study. The Company is sponsoring and funding an Urban Forest Assessment for Westchester with BioCompliance Consulting that covers numerous items, including those mentioned in the report. For example, since fallen trees contribute significantly to the overall damage during storms, it is important to evaluate why many of the fallen trees do not have significant root foundations.

Con Edison's Research and Development (R&D) efforts are an example of its comprehensive approach to developing new technologies for outage management and service reliability. Over the last few years, more than 100 R&D initiatives were started, focusing on five key areas: outage detection, distributed generation, fault-current limiting, outage prevention, and real-time failure analysis. Con Edison continues to seek opportunities to use R&D efforts to provide solutions to business issues.

Looking into the future, the Company recognizes the need to explore all technological avenues and examine new ways to support power delivery systems and load changes. The Company's 3G (Third Generation) initiative is strategically planning

for the future. As part of this effort, in 2004, Con Edison began benchmarking with utilities that manage electrical systems in dense urban communities.

### **Minimize the Duration of Outages When They Do Occur**

The Company's commitment to ICS, in addition to the emergency procedures and response plans, serves as the overall approach to emergency management. This commitment to integrate ICS principles in all facets of the operation demonstrates the focus and resolve set by senior management. To this end, an officer position was established in 2000 to spearhead corporate focus on emergency planning and response. This focused approach provides a framework for planning for, and responding to, emergencies.

Mutual aid efforts bring external skills and resources to significant events to help restore power to reduce outages. The Company is leading the development of a national underground mutual assistance process. In 2006, the Company sponsored an underground mutual aid forum with 20 participating utilities throughout the country to maximize mutual aid resources. Since the event, the Company initiated an underground resource survey, reaching out to over 40 utilities nationwide.

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 expeditiously restore customers. Approximately \$6 million has been

invested on STAR (System Trouble Analysis and Response) development alone. This system aggregates information during system events to maximize restoration efforts.

Since 2004, the Company has developed and installed new technology to upgrade its remote-monitoring systems. The Company has also developed new technology and procedures to improve its processes for determining the number of customers without power.

The previously outlined emergency response initiatives, the use of ICS processes and principles, expanded availability of appropriately trained underground mutual aid crews, and the effective use of technology such as remote monitoring and the STAR outage management system, contribute to Con Edison's ability to reduce the duration of events when they occur.

#### **Communicate Accurate and Timely Information to Customers and All Stakeholders**

To better communicate with customers, the Company added 250 new telephone lines to make it easier for customers to report outages and initiated a number of Web site improvements. The Company's enhanced Web site allows customers to report power outages on line, and check the status of a reported outage and receive an estimated time of restoration. A 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 sustains 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 will continue to enhance existing relationships and establish new ones.

### **Continuous Improvements: Next Steps**

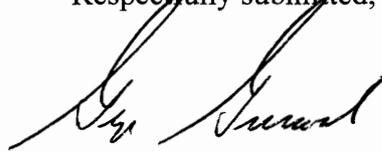
Over the past 13 months, Con Edison has received five external investigative reports analyzing the Company's operations during the Westchester storms and the Long Island City outage. These reports, and other assessments, presented the Company with 370 recommendations, 299 of which were implemented. The remaining recommendations require either long-term implementation or further evaluation.

Immediately following the DPS reports on the Long Island City and Westchester events, a Company vice president directed corporate teams to analyze the reports' recommendations. Every DPS recommendation was evaluated from a benefit analysis perspective, including cost where applicable. A matrix outlining all work and an implementation timetable were regularly updated to manage these efforts. All implementation commitments and requirements have been fulfilled in a timely manner. The Commission stated its general satisfaction with Con Edison's cooperation and progress in implementing Staff's recommendations.

The Company will continue to work cooperatively with the DPS to further the constructive feedback this new audit report provides. Con Edison remains committed to continuing to improve its operations and provide customers the highest level of emergency preparedness, response, and service.

Dated: November 6, 2007

Respectfully submitted,

A handwritten signature in black ink, appearing to read "George Greenwood", written in a cursive style.

George Greenwood  
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