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July 26, 2017

John McAvoy
Chief Executive Officer, Con Edison
4 Irving Place
Rm 1600
New York, NY 10003

VIA E-MAIL AND REGULAR MAIL

Re: Case 17-E-0428 -- In the Matter of an Investigation Into the April 21, 2017
Metropolitan Transportation Authority Subway Power Outage and Consolidated Edison
Company of New York, Inc.'s Restoration Efforts.

Dear Mr. McAvoy,

As a follow-up to my letter of June 30, 2017 regarding the investigation into the April 21, 2017 MTA outage, I write now to put Con Edison on notice that the April 21, 2017 MTA outage incident will likely result in a prudence review, which is the regulatory review used to investigate and assess the reasonableness of utility actions and conduct to ensure that they perform their public service duties with care, diligence, precaution, good judgment and attentiveness as warranted under all the circumstances so as to ensure safe and adequate service at the lowest feasible cost while operating with all reasonable economies. Pursuant to Public Service Law §66, and consistent with well-established judicial precedent, the Public Service Commission is authorized to investigate the prudence of utility decisions under its “power to investigate the propriety of costs incurred by a utility” and its “duty to set just and reasonable utility rates.” See, e.g., Long Island Lighting Co. v. Public Serv. Comm’n., 134 A.D. 2d 135, 143 (3d Dept. 1987). “That duty translates into the task of establishing which utility costs should be shouldered by the utility's shareholders rather than its ratepaying customers.” Rochester Gas & Elec. Corp. v Public Serv. Commn., 51 NY2d 823, 825 (1980), appeal dismissed 450 U.S. 961.

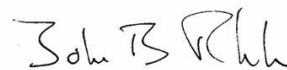
I further write to demand timely action and cooperation from Con Edison in identifying, repairing, and maintaining its electricity supply to the MTA. The April 21, 2017 outage resulted from a failure of Con Edison’s electricity supply to the Seventh Avenue subway station and led

to a loss of the subway signals. It was also determined that one of the secondary services to the MTA facility had been rerouted and Con Edison's failure to document the change in its records significantly delayed repair of the electrical systems after the outage occurred.

The initial results of the investigation indicate that there are significant actions that Con Edison should be taking now to improve system reliability and prevent future service failures. First, Con Edison needs to dedicate additional personnel and perform comprehensive inspections of all electric equipment that serves the MTA system including equipment in manholes, MTA's interlocking station equipment, and area substation equipment serving MTA's high voltage substations. Second, Con Edison needs to install new sensors and monitoring equipment throughout the system and an Advanced Metering Infrastructure (AMI) communications network. Third, Con Edison needs to replace all failure-prone aluminum conductors with resilient copper cable, install redundant electric supply options for MTA's signaling services and design and install or modernize Automatic Transfer Panels or related equipment. Fourth, Con Edison needs to establish a stockpile of emergency generators that can be used to deploy to emergencies in 30 minutes or less across all stations and establish quick connects and other equipment needed to deploy the generators. Fifth, Con Edison needs to perform an analysis of power supply and power quality events affecting MTA's signaling services. Sixth, Con Edison needs to establish a dedicated Operations Response Team and participate in MTA's crisis response team and drills. Seventh, Con Edison needs to assist in the performance of a power quality assessment. Finally, Con Edison needs to prepare a Project Management Plan to coordinate all its activities related to the MTA system and track its performance and expenditures in this remedial effort and provide monthly reports on its activities to the Public Service Commission. This is just a summary of what needs to be done. As you know, our technical staffs have been communicating extensively on the details of the scope of the remediation measures that are necessary. At the August 2, 2017 Session of the Public Service Commission, I will be proposing to the Commission that it issue an emergency order directing Con Edison to undertake these activities subject to the Commission's statutory enforcement authority.

My expectation is that Con Edison will provide the necessary resources and its full cooperation to myself, the Commission, the Staff of the Department of Public Service and the MTA in ensuring the remediation, maintenance and repair of the electricity services provided to the MTA.

Sincerely,



John B. Rhodes
Chairman
Chief Executive Officer

Cc.: Veronique Hakim
President, MTA New York City Transit
2 Broadway New York, NY 10004