

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Consolidated Edison Company of New York, Inc.

Case 09-E-0428

August 2009

Prepared Testimony of:

Patrice O'Connor
Utility Consumer Program
Specialist IV
Office of Accounting and Finance
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

1 Q. Please state your name and business address.

2 A. My name is Patrice O'Connor. My business
3 address is 3 Empire State Plaza, Albany, New
4 York 12223.

5 Q. By whom and in what capacity are you employed?

6 A. I am employed by the New York State Department
7 of Public Service (Department) as a Utility
8 Consumer Program Specialist IV. I work full-
9 time as a project manager within the Management
10 Audit Unit in the Office of Accounting and
11 Finance.

12 Q. Please describe your educational background.

13 A. I received a Bachelor of Arts degree in
14 Sociology from the State University of New York
15 Plattsburgh in May 1980, and received a Masters
16 degree in Public Administration from the
17 Pennsylvania State University in August 1981.

18 Q. Please summarize your professional experience.

19 A. Prior to working for the Department, I performed
20 management audits of New York State agencies
21 while employed by the Legislative Commission on
22 Expenditure Review from December 1981 to April
23 1985. I was hired by the Department as an
24 Associate Utility Management Analyst in April

1 1985. I worked in the Utility Management Audit
2 Section in the Office of Utility Efficiency and
3 Productivity until February 1999. I then
4 transferred to the Office of Consumer Services.
5 I worked in the Office of Consumer Services in
6 the Consumer Advocacy and Education section from
7 February 1999 until October 2007. I joined the
8 Management Audit unit in the Office of
9 Accounting and Finance in November 2007.

10 Q. Have you performed or supervised management
11 studies of New York utilities?

12 A. Yes. While in the Office of Utility Efficiency
13 and Productivity, I managed consultant-performed
14 management audits of Central Hudson Gas and
15 Electric, AT&T Communications of New York, LILCO
16 Board of Directors, Equal Employment
17 Opportunity/Affirmative Action Self-Assessment
18 of New York Telephone and Statewide Executive
19 Compensation (all electric and gas utilities).
20 I also worked on two staff-performed audits,
21 Jamaica Water Supply Company's customer service
22 functions and a statewide study of utility work
23 management systems.

24 Q. Have you worked on any other management audits

1 or organizational reviews while at the
2 Department?

3 A. Yes. I worked on implementation of
4 recommendations made in the Department's
5 internal Organizational Assessment and resulting
6 reorganization from June 1994 to August 1996. I
7 also worked on several Internal Audits, Document
8 and Access Security Review and the Internal
9 Controls Program from September 1996 to April
10 1997.

11 Q. Are you sponsoring any exhibits?

12 A. Yes, I am sponsoring one exhibit.

13 Q. What is the purpose of your testimony in this
14 proceeding?

15 A. Section 66(19) of the Public Service Law (PSL)
16 requires that "upon the application of a gas or
17 electric corporation for a major change in rates
18 as defined in subdivision twelve of this
19 section, the commission shall review that
20 corporation's compliance with the directions and
21 recommendations made previously by the
22 commission, as a result of the most recently
23 completed management and operations audit. The
24 commission shall incorporate the findings of

1 such review in its opinion or order." The most
2 recently completed management audit of
3 Consolidated Edison of New York, Inc. (Con
4 Edison or the Company) is the "Independent Audit
5 of Consolidated Edison Company Electric
6 Emergency Outage Response Program," dated
7 October 24, 2007. The audit was performed by
8 Vantage Consulting, Inc. I will be testifying
9 on Con Edison's compliance with the directions
10 and recommendations made by the Commission, Case
11 06-M-1078 Proceeding on Motion of the Commission
12 to Audit the Performance of Consolidated Edison
13 Company of New York, Inc. in Response to Outage
14 Emergencies, Order Directing the Submission of
15 an Implementation Plan, issued January 17, 2008.
16 The Commission's Order directed the submission
17 of an implementation plan by Con Edison.

18 Q. What recommendations were made in the Vantage
19 Audit Report?

20 A. The Vantage Audit Report contains 62
21 recommendations that are listed in
22 Exhibit__(PKO-1).

23 Q. What were some of the more significant findings
24 made in the Vantage Report?

1 A. Vantage Consulting, Inc. concluded that the root
2 cause for many of Con Edison's emergency
3 management problems was that "Con Edison did not
4 fully understand the nature and magnitude of
5 shortcomings in emergency planning and response
6 during 2006." Vantage also identified three
7 specific consequences that flowed directly from
8 the root cause. They were: insufficient
9 management interest and focus; lack of a vision,
10 strategy and master plan for emergency
11 management; and, ineffective response to the
12 2006 recommendations regarding the Long Island
13 City and Westchester outages.

14 Q. Did Vantage Consulting make any specific
15 findings or recommendations related to Con
16 Edison's emergency management organizational
17 structure or staffing?

18 A. Yes, there were several findings that addressed
19 organizational issues. Vantage found that
20 "functionally, there is no visible organizations
21 [sic] source of strategy, policies and
22 priorities regarding emergency preparedness, nor
23 is there a central point of emergency management
24 and oversight." Vantage also found that "the

1 Corporate Emergency Management organization is
2 not sufficiently sized to align with its
3 mandated responsibilities, suggesting that a
4 change in staffing or responsibilities is in
5 order." Vantage concluded that the Corporate
6 Emergency Management Group was understaffed and
7 suggested that the Electric Operations Emergency
8 Management Group was also understaffed and noted
9 that this group had a "spotty" staffing trend.

10 Q. Did Vantage make recommendations in regard to
11 these findings that would improve Con Edison's
12 emergency management organization?

13 A. Vantage made several recommendations regarding
14 Con Edison's emergency management organizational
15 structure and staff: 1) restructure the key
16 organizational functions in support of the Plan
17 and in accordance with sound design principles;
18 2) consider the creation of a central, core
19 group of emergency management professionals with
20 the management of that group responsible for
21 technical excellence in the field of emergency
22 planning and management as well as technical
23 direction and professional development of the EM
24 personnel; 3) add resources to the Corporate

1 Emergency Management Group or its successor in
2 any new structure, so that the resources align
3 with its substantial and broad responsibilities;
4 and, 4) develop a sound staffing plan and
5 supporting commitment as part of the new
6 recommended strategy development to ensure
7 staffing is adequate and justified and that
8 management commitments do not ebb and flow as
9 they have in the past.

10 Q. What directions and recommendations did the
11 Commission make in its January 17, 2008 Order?

12 A. In its Order, the Commission directed Con Edison
13 to develop an implementation plan to fully
14 address the findings and recommendations
15 contained in the Vantage Audit Report,
16 specifically: identify the implementation status
17 of recommendations that have been or will be
18 implemented that are necessary to have in place
19 prior to the start of the Summer 2008 Capability
20 Period; meet with Staff after the issuance of
21 the Order to discuss the development of the
22 implementation plan; as part of the
23 implementation plan, develop and implement a
24 plan for communicating with major stakeholders;

1 provide written updates on the Company's
2 progress at least every three months; analyze
3 and plan for implementation of enhanced and new
4 emergency management performance measures; and,
5 file testimony and related documents to create a
6 complete record to demonstrate the nature and
7 extent of its achievement of the goals and
8 objectives in its implementation plan in any
9 rate proceeding filed on or after the date of
10 the Order.

11 Q. Has Con Edison complied with all of the
12 directives in the Commission's January 17, 2008
13 Order?

14 A. Yes and I will summarize Con Edison's actions
15 with respect to each of the seven requirements
16 that I outlined.

17 **Develop and Execute an Implementation Plan**

18 On March 3, 2008, Con Edison filed the "Master
19 Implementation Plan of Consolidated Edison
20 Company of New York, Inc. for the Final Report—
21 Independent Audit of Consolidated Edison Company
22 Electric Outage Response Program" (MIP). The
23 MIP contains the Emergency Management Vision,
24 Policy Statement, Key Initiatives,

1 Communications Plan, Performance Measures,
2 Master Implementation Plan Schedule and Pre-
3 Summer Enhancements which address the 2008
4 Capability Period. In addition, the MIP
5 addresses the implementation of each of the 62
6 recommendations made in the Vantage Audit
7 Report. Con Edison grouped the recommendations
8 into 14 different "themes" which were addressed
9 by Con Edison teams comprised of Con Edison
10 staff who in turn report to an Emergency
11 Management Steering Committee. The MIP contains
12 tasks, milestone dates, cross references to the
13 Vantage Report recommendations, and identifies
14 deliverables.

15 **Status of Recommendations for the Summer 2008**

16 **Capability Period**

17 In its MIP, Con Edison identified eight specific
18 tasks which were completed by June 1, 2008. Con
19 Edison referred to these tasks as "Pre-Summer
20 Enhancements." These tasks addressed the
21 implementation of various recommendations made
22 in the Vantage Report in the areas of: emergency
23 response policy and organization; emergency
24 response performance; comprehensive emergency

1 response plan (CERP); and, communications.

2 **Meet with DPS Staff after Issuance of the Order**

3 Con Edison met with Staff multiple times both
4 before and after the issuance of the January 17,
5 2008 Order to discuss the development of the
6 MIP.

7 **Communications Plan**

8 In its March 3, 2008 filing of the MIP, Con
9 Edison outlined a detailed Communications Plan
10 for communicating the MIP to the Company's major
11 stakeholders, employees, customers, Staff, local
12 and state elected officials, municipal offices
13 of emergency management and the media. Con
14 Edison's internal communications plan included:
15 a corporate-wide e-mail to all employees
16 discussing the Corporate Emergency Management
17 Vision and Policy Statement as well as a summary
18 of the MIP; the Corporate Emergency Management
19 Strategy (CEMS) was posted on the Con Edison
20 intranet site with the new emergency management
21 organizational structure; a headline article was
22 included in the March/April 2008 employee
23 newsletter; and, Con Edison held CEMS
24 discussions at a strategic issues seminar and

1 staff meetings.
2 External communications actions included: a
3 customer newsletter explaining the new emergency
4 management plan; an energy education campaign
5 including print/radio ads regarding the need for
6 customers to contact Con Edison during
7 emergencies; tailored meetings with State and
8 local organizations explaining the CEMS plan;
9 community meetings to explain the CEMS plan; a
10 link to the CEMS was posted on the Company's web
11 site coned.com in March 2008; a meeting was held
12 with New York City agencies and the Mayor's
13 office to explain the new plan; and, meetings
14 were held with Westchester County executives in
15 April 2008.

16 **Written Update to the Commission on the MIP**
17 Con Edison submitted the MIP to the Commission
18 on March 3, 2008. Con Edison provided the first
19 quarterly report with an updated status of the
20 recommendations to the Commission on June 2,
21 2008, and each quarter thereafter. The most
22 recent quarterly update was submitted on June 3,
23 2009. Con Edison will continue to submit
24 updates on a quarterly basis until all of the

1 recommendations from the audit report are
2 completed. The next update is due in September
3 2009.

4 **Plan for implementation of enhanced and new**
5 **emergency management performance measures**

6 In its June 3, 2009 quarterly update to the MIP,
7 Con Edison reported that it has completed Key
8 Performance Indicators (KPIs) for Emergency
9 Management. Staff is reviewing these KPIs so
10 the corresponding recommendations will remain
11 open.

12 **File Testimony**

13 Con Edison filed testimony in this case relating
14 to the status of the MIP as part of the Shared
15 Services Panel--Electric which satisfies the
16 requirements of PSL Section 66(19).

17 Q. What is the status of Con Edison's
18 implementation of the recommendations made in
19 the Audit Report?

20 A. As of June 3, 2009, Con Edison has completed 46
21 of the 62 recommendations made in the Audit
22 Report. For the remaining 16 recommendations,
23 the target completion dates for most of the
24 recommendations fall within 2009, but several of

1 the recommendations will not be completed until
2 2010-2011. Staff will continue to monitor Con
3 Edison's progress and will review Con Edison's
4 quarterly reports on the status of
5 implementation. Also, additional review of the
6 recommendations will be required in any future
7 rate proceedings until implementation of all the
8 recommendations is complete.

9 Q. Can you identify each of the 46 recommendations
10 that Con Edison has completed?

11 A. Yes. The recommendations that were implemented
12 are bolded in Exhibit__(PKO-1).

13 Q. How did you determine that Con Edison had
14 completed these 46 recommendations?

15 A. I met with Con Edison staff each quarter of 2008
16 and 2009 to discuss the status of the
17 recommendations, to gather information on what
18 Con Edison had done to implement the
19 recommendations, and to identify documentation
20 which would support the implementation of the
21 recommendations. I made numerous requests to
22 Con Edison for specific documents and I reviewed
23 these documents in support of the implementation
24 of the recommendations. I also spoke to

1 Department Staff who were involved in monitoring
2 the implementation of certain recommendations.
3 I attended and observed a heat drill that Con
4 Edison performed in preparation for the 2008
5 Summer Capability Period and concluded that the
6 performance of that heat drill, as well as three
7 others in other Con Edison regions, fulfilled
8 the requirements for implementation of that
9 related recommendation.

10 Q. Does this conclude your testimony at this time?

11 A. Yes.