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January 23, 2008

ORIGINAL

VIA HAND DELIVERY

Hon. Jaclyn Brillig
Secretary
State of New York Public
Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: 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

Dear Secretary Brillig:

By Orders dated September 8, 2006 and September 20, 2006, the Public Service Commission (“Commission”) instituted the above captioned proceeding to investigate Consolidated Edison Company of New York, Inc.’s (“Con Edison” or “Company”) performance in response to electric outage emergencies and planning for service restoration.¹ In its Order instituting the proceeding, the Commission stated that the audit is to examine the “Company’s system-wide operations, practices, and procedures as they relate to emergency planning, response to outages, and restoration of service.”² Additionally, the Commission stated that the need for the “audit centered on our [Commission] concern with

¹ 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, “Order Instituting Proceeding and Directing Audit” and “Confirming Order,” (issued: September 8, 2006 and September 20, 2006, respectively).

² Case 06-M-1078, supra, “Order Instituting Proceeding and Directing Audit” (issued: September 8, 2006) p. 2.

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Con Edison's planning and recovery efforts associated with several outages that occurred in 2006."³ By Order dated January 17, 2007, the Commission approved the selection of Vantage Consulting, Inc. ("Vantage") to perform the audit.⁴ On October 24, 2007, Vantage completed its audit of the Company and submitted the Audit Report to the Department of Public Service Staff ("Staff").⁵ In response to a notice soliciting comments, the City of New York ("City") submitted initial comments on the Audit Report on November 20, 2006.⁶ On January 17, 2008, the Commission issued an Order directing Con Edison to submit an implementation plan in response to the Audit Report.⁷ The Implementation Order further required Con Edison to consult with Staff during the development of the implementation plan and required the Company to submit the plan to the Commission by March 3, 2008.

In response to the Commission's Implementation Order, the City seeks clarification as to whether the Company will be required to take further action on the parties' recommendations. In the Implementation Order, the Commission noted the City's support for the Audit Report's recommendation that Con Edison develop a better method of implementing the parties' recommendations, particularly with respect to "a bucketing

³ Case 06-M-1078, supra, "Order Directing the Submission of an Implementation Plan," (issued: January 17, 2008) ("Implementation Order"), p. 1.

⁴ Case 06-M-1078, supra, "Order Approving Consultant" (issued: January 17, 2007).

⁵ Implementation Order, p. 2.

⁶ Case 06-M-1078, supra, "Notice Inviting Comments."

⁷ Implementation Order, p. 15.

system where recommendations of similar subjects would be accumulated together and that these groupings would be then analyzed together to determine if they have similar root causes.”⁸ In supporting the Audit Report’s grouping of recommendations, the City intended this recommendation to be used in analyzing the City and the other parties’ recommendations. Accordingly, the City seeks clarification that this recommendation applies to the City and all of the parties’ recommendations.

As demonstrated in the Audit Report and the City’s initial comments in this proceeding, there have been at least 344 recommendations made by Con Edison and other interested parties in response to the Company’s 2006 power outages.⁹ The Audit Report highlights deficiencies in how the Company evaluates and implements recommendations that it has received.¹⁰ Specifically, the Audit Report recommends that the Company do a better job of grouping recommendations so that priorities can be established and “root causes” identified and addressed.¹¹ The Audit Report concludes that unless the Company’s approach to responding to the parties’ recommendations is modified, many worthwhile recommendations will not be fully considered or, more importantly, implemented.

In supporting the Audit Report’s recommendation for a comprehensive means for the Company to evaluate the parties’ recommendation, the City shared the Audit Report’s

⁸ Implementation Order, p. 13.

⁹ City Initial Comments, p. 13; Audit Report, p. 49.

¹⁰ Id.

¹¹ Id., p. 49.

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finding that unless an alternative mechanism is implemented, many reliable and worthwhile recommendations may not be considered or implemented. Inasmuch as the Audit Report's recommendation was directed to all of the parties' recommendations, the City's recommendations for its adoption were also directed to all of the parties' recommendations.

For all the reasons stated herein, the City seeks clarification that the Commission's Implementation Order regarding a "bucketing system" where recommendations of similar subjects would be accumulated together and that those groupings would be then analyzed together to determine if they have a similar root cause will apply to all of the parties' recommendations.

If you have any questions regarding this request for clarification, please contact me.

Very truly yours,

COUCH WHITE, LLP

Moshe H. Bonder

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MHB/dp

cc: Active Parties in Case 06-E-0894 (via e-mail)

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Case 06-E-0894
Investigation of Electric Power Outages in Con Edison's Long Island City Network

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