

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on July 26, 2006

COMMISSIONER PRESENT:

William M. Flynn, Chairman

CASE 06-E-0894 – Proceeding on Motion of the Commission to Investigate the Electric Power Outages In Consolidated Edison Company of New York, Inc.'s Long Island City Electric Network.

ORDER INSTITUTING PROCEEDING AND  
DIRECTING STAFF INVESTIGATION

(Issued and Effective July 26, 2006)

SUMMARY

On July 17, 2006, Consolidated Edison Company of New York, Inc. (Con Edison) began experiencing problems with its distribution feeders concurrent with demands arising from high temperatures affecting New York City. These problems were most pronounced in the company's Long Island City electric network in Queens and resulted in the loss of numerous feeders and extensive customer outages.

The Public Service Commission has been closely monitoring Con Edison's response to these events and its restoration efforts. Department of Public Service Staff (Staff) has begun examining the circumstances surrounding these outages and other network feeder failures on Con Edison's distribution system.

By this Order, the Commission hereby institutes this proceeding to examine all issues associated with the failure of the feeders and the outages in the Long Island City electric network that commenced on July 17, 2006. Staff shall conduct a comprehensive examination of the circumstances surrounding the failure of the feeders

and the outages, the events that led to the failures and outages, Con Edison's response, communication and restoration efforts, the need for changes to Con Edison's practices and procedures to avoid similar failures and outages in the future, and the costs incurred by Con Edison related to the failures and outages. Additionally, a series of public statement hearings will be conducted to receive input from members of the public and other interested parties on issues related to these events and Con Edison's response.<sup>1</sup> Upon completion of this investigation, Staff shall report its findings and recommendations to the Commission.

### BACKGROUND

Con Edison's electric network system is designed such that reliable service is maintained if two feeders in any network are out of service simultaneously. Starting on July 15, 2006, New York City and much of New York State began experiencing temperatures above 90 degrees. While Con Edison's electric system was generally able to handle the increased electric load resulting from these high temperatures, some of its distribution feeders experienced problems.

Most significantly, Con Edison's Long Island City electric network, which serves the northwestern portion of Queens and approximately 115,000 customer accounts,<sup>2</sup> began experiencing customer outages on July 17, 2006. Electric service to that network is provided by 22 separate primary voltage (i.e., 27 kilovolt) feeders. For reasons that are unknown at this time, some of the feeders began to fail; at one point, 10 out of the 22 feeders were out of service. As an increasing number of feeders failed, Con Edison reduced voltage in that network by eight percent and asked large customers

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<sup>1</sup> Evidentiary hearings may also be conducted, as discussed below.

<sup>2</sup> A customer account could be a single-family home, a multi-story apartment building, a small commercial establishment, an office building, etc. As a rough approximation, 115,000 customer accounts would be equivalent to about 460,000 persons.

served by that network to reduce load. The company also manually disconnected portions of the network in order to prevent a complete network shutdown.

At the outset, the company focused on attempting to restore the primary feeder supply. It experienced unknown problems in restoring them to service. At the same time, roughly 2,600 customers reported service outages to the company. In order to determine the magnitude of the outages, Con Edison began to do block-by-block night surveys in the Long Island City network area and eventually determined that over 200 blocks had service disruptions. The company eventually discovered that extensive damage to parts of its secondary system had occurred.<sup>3</sup> On Friday morning, July 21, 2006, it estimated the total number of customer accounts without service to be about 25,000 (which is equivalent to approximately 100,000 persons).

Con Edison reports that it restored service to these customers on July 25, 2006. However, it also reports that there may be additional, sporadic customer outages and that some customers may experience low voltage conditions. Many of the company's repairs are temporary in nature (e.g., running wires aboveground in the street, hooking up customers to emergency generators) and permanent repairs will take an extended period of time.

### DISCUSSION AND CONCLUSION

The circumstances underlying the events described above warrant close examination. In investigating this matter, Staff's review will include, but is not limited to, the:

1. circumstances that led to the loss of the primary feeders;
2. reasonableness of the time in which Con Edison accurately ascertained the magnitude of the customer outages;

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<sup>3</sup> The secondary system comprises feeders carrying 120/208 volts of electricity through a network of underground cables and connects to the service lines that provide electric service to Con Edison's customers.

3. use of company and other resources in the restoration effort;
4. reliability of the Long Island City network;
5. nature and extent of Con Edison's expenditures for operating and maintaining the Long Island City network;
6. budgeted and actual capital improvements made to the Long Island City network;
7. company's plans for replacing old feeder cables and ensuring the reliability and safety of its primary and secondary electric distribution systems;
8. effectiveness of Con Edison's management of its electric distribution system before and during the failure of the feeders and customer outages and response to the failures and outages;
9. quantification of the costs incurred by Con Edison associated with the failures and outages;
10. need for improvement to Con Edison's plans, practices, procedures, and operations to avoid similar outages;
11. quality and quantity of Con Edison's communications with the public and State and local governmental entities;
12. quality and extent of Con Edison's communications and interactions with special needs customers; and
13. reasonableness of Con Edison's ability to provide estimates to the public and governmental officials of the expected time to restore service.

We expect Con Edison to cooperate fully with Staff's investigation and to provide Staff prompt and unfettered access to company personnel, documents, materials, and other information. We also expect Con Edison to immediately respond to all information requests posed by Staff and to ensure that Staff is given full and complete answers. Because of the importance of this investigation in evaluating the reliability of Con Edison's electric distribution system and its potential ramifications for preserving

public health, safety and welfare, the ten day requirements ordinarily available under 16 NYCRR §§5.3(c), (d), and (e) and 5.4(b), (c), and (d) are shortened to five business days. Because the benefits of obtaining complete and accurate information regarding these events, which include identifying actions, practices and procedures that could avoid similar future failures and outages, outweigh the potential costs incurred by Con Edison in assisting with Staff's investigation, Staff is authorized to conduct oral depositions, site inspections, and all other forms of discovery that it deems appropriate in order to obtain complete and accurate information from Con Edison. Additionally, if Staff identifies a need for evidentiary hearings as part of its investigation, the Office of Hearings and Administrative Dispute Resolution will set a schedule and parameters for such hearings.

To ensure a complete record for this investigation, a series of public statement hearings will be held to receive input from the members of the public and other interested persons on the above issues and other matters related to this proceeding. The Secretary will forthwith issue a notice setting forth the dates, times, and locations of the hearings. The Commission will also consider Con Edison's self-assessment of its preparation and system restoration performance related to the above-described events, which, as required by 16 NYCRR §105.4(c), the company must file by September 25, 2006. Upon the completion of its investigation, Staff shall report its findings, conclusions and recommendations to the Commission.

Given recent events, it is important for the Commission and Con Edison's customers to understand the immediate steps that Con Edison will take to preserve electric system reliability. Consequently, the Commission directs Con Edison to file within seven days its plans for ensuring the safe and reliable operation of the entirety of its electric distribution system, and, in particular, the Long Island City network, for the remainder of this summer.

In order to allow the Commission to evaluate the costs associated with the outage, Con Edison shall separately identify and account for all costs it has incurred and will incur related to its response to the outage, including, but not limited to, its restoration activities, emergency generators, generator fuel, removal and retirement of damaged

cables and equipment, capital expenditures for replacement of cables and equipment, customer damage claims, and contractor services. The segregated costs should include both direct and indirect costs and overheads of all company employees, contractors and mutual aid crews.

It is ordered:

1. A proceeding is instituted to investigate the events and issues described in the body of this Order.
2. The ten day requirements of 16 NYCRR §§5.3(c), (d), and (e) and 5.4(b), (c), and (d) are shortened to five business days
3. Department of Public Service Staff is authorized to conduct all forms of discovery it deems necessary and appropriate in order to obtain complete and accurate information regarding the events and issues described in the body of this Order.
4. Public statement hearings will be held at times and places to be determined by the Secretary.
5. Consolidated Edison Company of New York, Inc. shall file within seven days its plans for ensuring the safe and reliable operation of its electric distribution system, and, in particular, the Long Island City network, for the remainder of this summer.
6. Consolidated Edison Company of New York, Inc. shall separately identify and account for all costs associated with the failure of the feeders and the customer outages in the Long Island City electric network that started on July 17, 2006, as discussed in the body of this Order.
7. This proceeding is continued.

(SIGNED)

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Commissioner