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December 11, 2009
By Email and Overnight Mail

Hon. Jaclyn A. Brillling
Secretary
New York State
Department of Public Service
Three Empire State Plaza
Albany, New York 12223

Re: Case 09-G-0380 - In the Matter of a Natural Gas
Explosion at 80-50 260th Street, Queens, New York
on April 24, 2009, Within the Natural Gas Service
Territory of Consolidated Edison Company of New
York, Inc.

Dear Secretary Brillling:

Enclosed for filing are the original and five copies of the *Comments of Consolidated Edison Company of New York, Inc. Regarding the November 2009 Report of the Department of Public Service Staff on the April 24, 2009 Gas Explosion at 80-50 260th Street, Queens, New York*. These comments are filed pursuant to the *Notice Publishing Staff's Report and Seeking Comments*, issued November 12, 2009 in this proceeding.

Very truly yours,

Enclosure

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**CASE 09-G-0380 - In the Matter of a Natural Gas Explosion at 80-50 260th Street,
Queens, New York on April 24, 2009, Within the Natural Gas Service
Territory of Consolidated Edison Company of New York, Inc.**

**COMMENTS OF CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
REGARDING THE NOVEMBER 2009 REPORT OF THE DEPARTMENT OF
PUBLIC SERVICE STAFF ON THE APRIL 24, 2009 GAS EXPLOSION
AT 80-50 260TH STREET, QUEENS, NEW YORK**

December 11, 2009

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Introduction

All of us at Con Edison extend our deepest sympathies to the Boodram family, and we express our sincere compassion for the Barth and Levin families as well as all of the affected residents of the Floral Park community.

This tragic incident is a painful reminder to all of us that protecting life and property must remain our top priority. We strive to protect the public by regularly conducting gas leak surveys, performing safety inspections, and maintaining and upgrading the gas distribution infrastructure. We also continually assess and revise the detailed procedures that govern the operation of the gas system and our response to emergencies. We have taken immediate steps and longer-range measures to address the issues identified in Staff's report and the Company's assessment of this event. Our specific actions improve procedures, operational performance, and accountability.

Immediately after the explosion, we implemented steps to improve our procedures to protect life and property. In the event of a gas leak like the one we confronted on April 24th, the revised emergency procedures will mobilize additional responders earlier to the scene, and will prompt the immediate inspection of nearby homes for gas and the evacuation of residents, as appropriate. These new measures will provide greater protection for our customers' lives and property during gas leak emergencies.

Shortly after the incident, we carefully reviewed our existing processes and developed improvements that are consistent with many of Staff's recommendations. As noted in Staff's report, many of these operational process improvements were implemented within weeks of the Floral Park incident. We concur with the recommendations contained in Staff's report. The changes described below address and in some instances exceed the intent of each recommendation.

A. Recommendation Implementation

Gas Operations has implemented several changes to our leak response procedures and process improvements that will substantially decrease the time it takes to get additional help to the location of a significant leak. These changes include streamlining emergency telephone gas call-handling scripts; enhancing the role of the gas dispatcher at our Emergency Response Center to improve leak investigation and "made safe" time; linking coincident gas and electric events for multi-commodity response; and requesting local fire department assistance to investigate and mitigate situations by evacuation and venting of structures when significant leak hazard conditions are reported or discovered during a response. Megaphones have been provided to first responders to assist with evacuation.

1. Leak Response Procedures

When potentially hazardous gas-in-air conditions are detected in subsurface structures, the revised leak investigation procedures require checking buildings connected to those structures on both sides of the street. These actions, facilitated by the prompt response of the Fire Department, will now take priority over determining the extent of gas migration.

2. Dispatch Policies and Identification of Subsurface Structures and Connected Buildings

To enhance the professionalism of the dispatch function, ensure accountability at the Gas Emergency Response Center (GERC), and better support the field crews responding to leaks, we have implemented several new initiatives and revised current operating procedures. To better support field crews, the GERC supervisors will now control the field response for significant leak conditions or incidents, and in those cases, the GERC dispatchers will review the maps of connected buildings and subsurface structures to have this information available for field personnel upon arrival.

The GERC has also started a program to monitor dispatch efficiency in order to ensure prompt and professional dispatch and to identify staff retraining needs. A matrix, formalizing dispatcher training, has been developed and implemented. A dispatcher daily startup checklist was put in place to ensure availability of support systems needed to assist field crews. The daily exception report of mechanic availability was expanded to include radio and GPS communication problems with field crews.

We are conducting an analysis of our dispatch policies and procedures, as well as strategic deployment of routine work assignments to optimize our response in emergencies. We are examining geographic assignment of short interval tasks to mechanics in order to maximize our flexibility to respond to emergency work. Additionally, we are reviewing dispatcher

workload and staffing to ensure emergencies are handled quickly and efficiently with minimal distractions. Upon completion of these reviews, we will submit to Staff a report of our analysis and results, and a description of recommended changes.

3. Equipment

We have developed a checklist of essential equipment to be carried in first responder vehicles. Mechanics and supervisors will use the checklist on a regular basis to verify that all vehicles are properly equipped. Existing rules have been reinforced with field crews regarding the use of a one-person manhole cover puller to vent manholes. Gas Quality Assurance (QA) will conduct periodic reviews to ensure compliance with both of the measures.

4. Combined Gas and Electric Events

We created a new computer application that monitors the locations of customer calls and notifies both GERC and the Electric Control Center of potentially related gas and electric service trouble reports. Potentially related trouble calls will trigger a stepped-up Company response and immediate notification to the Fire Department.

5. Contact with Field Personnel

Gas Operations, in order to enhance its existing 24/7 coverage, has instituted new field staffing schedules that increase manpower availability. These schedules provide additional field personnel coverage during shift changeovers and during afternoon and evening periods. In addition, we have increased our supervisory staffing levels to enhance support of field crews responding to leak calls. Existing rules have been reinforced with field crews regarding maintaining continuous radio communication with the GERC and supervision. Radio communications are further discussed in Section D 6.

6. Enhanced Call Center Scripts

We have reduced the time required to collect vital information from callers. In addition, the new scripts strongly emphasize the need to evacuate for a gas leak, and require acknowledgement from callers that they understand our evacuation message. We will also call 911 if the resident is unable to evacuate.

7. Electric and Gas Facilities Separation

Clearance issues involving electric and gas facilities are addressed when discovered during excavation activities. We have now implemented a process to document those locations where action has been taken.

8. Electric Facilities

When exposed electric conduit is found to be deteriorated, the preference will be to repair the condition by installing split duct around the section of exposed deteriorated electric conduit. We will continue to place phenolic board between electric and gas facilities in close proximity.

B. Con Edison's Post-Incident Response, Investigation and Analysis

1. Safety Inspections and Community Outreach

Following the explosion on April 24th, Con Edison conducted a mobile leak survey in a four-block radius from the site. In addition, we accelerated and completed in May 2009 the next walking survey originally scheduled for 2010. No leaks were found in this four-block radius during these surveys.

After the incident, the Company went door-to-door to 173 residences in the area and offered to perform a safety check of the building's outside gas service line and inside gas appliances and accessible gas piping. We also sent a letter informing these residents of this safety check and other ongoing measures to maintain safe gas system operation.

The Company has also provided assistance and support to families affected by this tragedy. We communicated frequently with the residents in the area, with their elected officials, and with the media. For example, we participated in a community forum on April 29, 2009 and a community board meeting on May 18, 2009 to address residents' questions and concerns. We also placed a customer outreach van at 260th Street and 81st Avenue with representatives to provide immediate local support.

2. Investigation

Prior to April 24, 2009, the Company had completed its annual mobile gas main leak survey and a walking leak survey of services on 260th Street between 80th and 81st Avenues. No leaks were found.

Our investigation concluded that the gas leak on 260th Street developed on April 24, 2009 shortly before the Company received the initial report of a gas odor in the street. An underground electric cable failed and damaged an underground gas main. Gas escaped from the damaged main and migrated into the house at 80-50 260th Street.

Our investigation concluded that high gas readings in subsurface structures should immediately trigger a door-to-door check by responders and, if gas readings are detected within buildings, evacuation of those buildings. These actions will now take priority over determining the extent of the gas migration.

As discussed above, we modified our emergency response procedures within weeks of the explosion to require immediate mobilization of additional Company responders, immediate notification to the Fire Department of serious gas leaks, and immediate door-to-door gas-reading testing by emergency responders if high gas levels are detected in the street.

One of the requirements of the outside leak investigation procedure is to determine the extent of the gas leak migration pattern. The migration pattern determines the extent and

location of the greatest hazard. When significant gas accumulation is found in subsurface structures, our enhanced procedures trigger the immediate start of inside building investigation and appropriate evacuation and temporarily halt the migration pattern survey. The cooperation, coordination and support of local Fire Departments have facilitated this procedural enhancement. To ensure that the location of the greatest hazard has been identified, the first responder will resume the migration pattern investigation upon the arrival and deployment of additional responders.

3. Analysis

The Con Edison mechanic who responded to the leak entered a complex situation. Soon after arriving, the mechanic found high gas readings in sewers and correctly recognized that a serious leak was in progress and immediately called for additional assistance to vent street structures and inspect buildings. After entering the house at 80-46 260th Street, whose occupant first reported the odor of gas in the street, and finding no gas in the house atmosphere, the mechanic left the house and called the GERC repeating the need for additional company resources.

Before additional personnel arrived, the mechanic focused his efforts on identifying the extent of gas migration by investigating high gas readings in subsurface facilities along 260th Street. When additional personnel arrived, the mechanic directed them to test and vent the electric service box and to then begin checking buildings while the mechanic was reviewing electric maps on his laptop to determine which buildings were connected to this electric service box. After venting the electric service box, the crew and the mechanic were about to check connected buildings when the explosion occurred.

Staff's report criticizes the mechanic's choice of initially focusing on establishing the outside gas leakage migration pattern and states that the mechanic failed to follow several

provisions of the Company's gas leak investigation procedures that would have led him to check nearby buildings for gas entry and to vent manholes in the street.

The Company's gas leak investigation procedures provide guidance for trained and experienced emergency responders to address the wide range of conditions that may be encountered at a leak location. The procedure in place at the time of this incident did not prescribe a set order of actions for a leak investigation but allowed the responder to take actions that are appropriate given all the known circumstances at the time.

While there is no dispute that the mechanic entered only 80-46 260th Street, the Company's existing gas leak investigation procedure permitted, but did not dictate, that the mechanic continue interior building checks instead of surveying to determine the extent of gas migration in subsurface structures, and the location of the greatest hazard. The information obtained during the leak investigation on April 24th could have warranted inspections of additional homes earlier, even though such inspections were not specifically mandated.

The new gas leak investigation procedure requires that in similar circumstances a first responder, after alerting GERC to contact the FDNY, will immediately check homes for the presence of gas, evacuate as necessary, and use a megaphone to conduct a general evacuation if appropriate.

C. Commitment to Improvement

We have undertaken a number of corporate-wide initiatives to increase our focus on planning effectively, optimizing use of our assets, and expanding our leadership capabilities. Recognizing the need to continually reexamine our planning and operating processes, we will be better prepared to safely and reliably serve the needs of our customers now and in the future.

Our planning processes are being reviewed and modified to meet the evolving energy requirements of the communities we serve. To address these evolving needs, we are evaluating our short-term goals and linking them to longer-term strategies. We are also evaluating planned capital investments through an examination of cost, performance, and a structured assessment of the risks to operating our electric, gas, and steam system. Integral parts of the Company's efforts are the Long Range Plans for Gas, Electric and Steam. The Gas Long Range Plan is a strategic initiative to enhance our existing Gas Master Plan. These plans will include an overarching vision that will help us develop strategies to achieve our goals, including enhanced safety and reliability. The Gas, Electric, and Steam Long Range Plans will provide a more coordinated and integrated approach to managing our business.

As stated in the Liberty Management Audit report, the Company's Enterprise Risk Management (ERM) program is in an early growth stage that provides a sound platform for further improvement. We are examining ways to improve our ERM program so that it will be an effective tool to anticipate and minimize the risk of a gas distribution system event. We are striving to make the ERM program a more effective tool for prioritizing and addressing the vulnerabilities within identified gas operating risks and to develop actionable information to drive the project planning, resource allocation and budgeting processes.

D. Management Control and Oversight

We have had a number of programs, procedures, and practices in place to provide management controls and oversight and to identify and address problems before they result in incidents. We are continually reviewing these and have expanded and enhanced many aspects since the Floral Park incident.

1. Procedures

Con Edison maintains a comprehensive set of procedures governing the installation, operation, maintenance, and inspection of our gas system. To ensure continuous improvement, all gas procedures are reviewed / revised by Gas Engineering at least every five years. Specific subject matter experts review and revise, as needed, each of our more than 400 gas procedures for various reasons, including: changes in work practices; Quality Assurance reviews; internal and external audits; input from subject matter experts such as managers, supervisors, instructors and field mechanics; federal or state code changes; federal advisory bulletins; and changes in materials or equipment.

Gas Engineering identifies specific procedures which define the primary requirements for each operating discipline. Gas Operations field supervisors review changes to these procedures with their personnel. This review process is documented. The Gas Training Committee modifies training programs to reflect procedure changes.

2. Training

Gas Operations employees receive in depth training at the Company's state-of-the-art facility, The Learning Center. Recognizing the high quality of the facility and its programs, many utilities; municipal agencies such as FDNY, NYPD, and OEM; and outside contractors use The Learning Center to train their employees.

Gas training consists of extensive classroom instruction, leak response training on "Leak Street", shop instruction on essential tasks, and a hands-on lab with gas appliances and heating equipment. "Leak Street" is a full-scale street simulating a city block with buildings and underground structures.

In 2008, as a result of benchmarking efforts with Public Service Electric and Gas, Keyspan (National Grid) and Orange and Rockland, Gas Operations revamped the training and

promotional process for General Utility Workers (GUW) and Mechanics. The purpose of this revised program is to enhance the development process for new hires, entry level employees, and mechanics seeking promotion to realize their full potential in the gas operating organizations. Overall formal training has been increased by 30% over the past two years. The new hire GUW training was increased from 20 days to 26 days in 2008, and the promotional training for construction mechanics has been increased from 11 to 14 days. The Gas Distribution 10-day training program was divided into two five-day sessions approximately six months apart giving mechanics the opportunity to obtain experience in routine activities before training for leak investigations and other emergencies. At the completion of each step of the formal training process, employees are tested both on specific tasks and on knowledge and understanding of procedures. In order to move to the next level, employees must successfully complete a specified number of task repetitions in the field. The repetitions allow them to apply, in the field under the direction of experienced mechanics, skills learned during the formal training process. The training program reinforces the importance of accountability and responsibility and requires operating section managers and planners to hold structured meetings with these employees to establish standards of performance and to chart each employee's progress.

All of our gas field employees performing "covered tasks", as defined by the U.S. Department of Transportation, Office of Pipeline Safety, are subject to Operator Qualification requirements. Con Edison's Operator Qualification Plan exceeds regulatory requirements in terms of frequency and demonstration of knowledge and skill. Our employees are re-qualified every year on fusion of high density polyethylene pipe and every three years on all other tasks, exceeding regulatory mandates. In addition to the knowledge based criteria established by regulation, our requalification also requires the practical demonstration of proficiency.

Continuing education goes beyond requalification. We use numerous methods to keep our employees informed including job briefings and safety planning, tailboard talks, safety alerts, and all-hands meetings to share information and lessons learned.

3. Key Performance Indicators

Key Performance Indicators (KPIs) reinforce management oversight from planning to completion. The KPI system provides a set of hierarchical performance goals for all management levels, from the corporate level down to the lower management level. There are more than 2,500 KPIs that become increasingly more specific to the task of the individual employees and are linked to management compensation. Senior and local management review KPIs on a monthly basis; several gas operations KPIs are described below.

4. Gas Dispatching

To quickly locate and dispatch the closest available mechanic to a gas leak call, we use a computer-aided dispatching (CAD) system, fully implemented in all our operating areas since 2003, using GPS technology. Laptop computers installed in Company vehicles allow field mechanics to access electronic maps, records and data. Gas Dispatching is centralized at the GERC to facilitate communication and sharing of resources in the event of an emergency from the different operating areas. The dispatchers can see on screen the location of all routine and emergency jobs and the location and status of each potential responder. For emergency calls, the dispatcher can reassign a mechanic from routine work. Our analysis of dispatch time over the past two years for emergency versus routine work shows that emergencies are dispatched on average in just over four (4.2) minutes compared to 175 minutes for routine jobs. Over the past several years, computer technology, dispatcher training and better utilization of available resources has enabled Gas Operations to exceed the PSC goal of responding to 75% of all leak calls within 30 minutes. Our mechanics arrive at the location of a leak call within 30 minutes

more than 80% of the time. This response time is measured as a KPI and reviewed with senior and local management on a monthly basis.

5. System Safety and Reliability

Gas Operations has been continually improving the safety and reliability of the gas distribution system through initiatives designed to upgrade infrastructure and address problems before they turn into incidents and accidents. One measure of system improvement is the reduction in the number of new leaks annually, which was 55% lower in 2008 than it was in 1994. The initiative that has had the most significant impact on the reduction of new leaks was accelerated replacement of the infrastructure we have identified as being most vulnerable to developing leaks. Since 1970, we have replaced approximately 30% of our gas mains and approximately 60% of our gas services. Several years ago we began using a predictive computer modeling tool to prioritize main replacements. For steel services, targeted programs identify for replacement those services most vulnerable to leakage. These efforts address leak hazards which occur closest to residences and public buildings. Monitoring system leaks and the main replacement program are KPIs which are reviewed with senior and local management on a monthly basis.

A very early initiative was the development and integration of control systems (“smart regulator”) in the mid-1980s to optimize system pressures to match customer demand. We have further refined and improved this technology, which has since been adopted by other utilities in the gas industry. Major supply mains have also been upsized to increase capacity and lower system pressures. These initiatives have allowed us to reduce system pressures and limit the impact when a leak occurs.

Periodic leak surveys of non-business district mains and services are conducted more frequently than required by federal and state safety codes. We also conduct additional surveys

during frost conditions and before parades and special holiday events. Gas Operations continues to employ the state-of-the-art leak detection technology developed through the Company's active R&D program.

We recognize the need to continually refine and enhance the leak management initiatives and programs discussed above.

6. Communications

In May 2002, we implemented a state-of-the-art radio system at a cost of \$25 million to improve coverage across the entire service territory. The system, which was planned before 9/11, was the culmination of more than two years of design, budgeting, site leasing and construction. The 23 dedicated radio antenna sites enable communications between control centers and field crews, even in the event of a major disruption of phone, radio or electric service. The new system proved invaluable during the Northeast blackout of 2003, and would operate even in events as disruptive as those of 9/11.

Phones and radios we use must be intrinsically safe (i.e., not create a spark or heat source great enough to cause ignition in an explosive atmosphere). Coverage in both commercial buildings and basements is a challenge for all wireless communications systems, including public carrier systems that deploy hundreds of radio antenna sites. We continue to investigate new technology to improve reception in hard-to-reach locations throughout our service territory, such as basements. Gas Operations has initiated a pilot program in Westchester to test new radio technology with stronger signal strength that would provide better reception in basements.

During the investigation of the April 24, 2009 event, we determined that the radio used by Mechanic B would have operated from the basement of the location to which he was assigned at the time of the event. We have reinforced with all mechanics, and documented through an on-the-job training program, the requirement that radios must be carried at all times. To ensure

compliance with this requirement, we will conduct unannounced verifications that radios are being carried at all times and take corrective action as necessary.

7. Emergency Response Coordination

Over the past ten years, we have actively pursued and developed an excellent working relationship with the emergency officials in our service territory. We have incorporated the use of the Incident Command System (ICS), which is also utilized by the FDNY, for coordinated response to emergencies. We have provided the FDNY with gas detection devices to improve their assistance in gas leak calls and have provided gas hazards and response training as well. In addition, we conduct drills with emergency agencies in NYC and Westchester and share lessons learned following incidents in order to improve our coordinated response going forward.

8. Public Awareness

Our Public Awareness Program involves educating the public to be aware of leak hazards and gas safety and goes well beyond the requirements of federal regulations. Customers receive an additional bill insert each year on gas safety; the six regular customer news inserts per year contain a gas safety message; and the public is given gas safety information through newspaper ads, radio announcements, community events, Con Ed Kids website, subway ads, and on-hold telephone messaging. These communications describe how to identify a gas leak, what to do when a gas leak occurs and information about Call Before You Dig (a law requiring a call for mark-out of subsurface facilities before excavating). For emergency officials, the Company runs drills, provides joint training sessions, and produced and distributed a gas emergency video.

9. Benchmarking

We have long participated in industry-wide benchmarking efforts at national and local levels in a proactive effort to identify and integrate best practices into our operation, such as the AGA Best Practices Benchmarking Programs for Gas Distribution and Gas Transmission.

Locally, we review the reported performance of other New York State (NYS) gas utilities through the Department of Public Service's Gas Safety Performance Measures Report. This annual report compares the Company to other NYS gas utilities in three specific areas pertaining to gas safety: damage prevention, emergency response, and leak management.

As necessary, CECONY also conducts ad-hoc benchmarking against utilities of similar size and structure. Examples of best practices adopted from other utilities through our benchmarking efforts include:

- Computer Aided Dispatch
- Computer main replacement modeling
- Gas Supervisory Control and Data Acquisition system
- Vehicle rear vision camera/monitors
- Training and promotional process improvements

10. Quality Assurance

The Corporate Quality Assurance (QA) Program is designed to maintain the safety and integrity of the electric, gas and steam systems by ensuring that work practices comply with the established sets of processes, policies, procedures, or requirements. Compliance is achieved through in-process and post-process inspections and reviews. Each business unit has its own QA department and program that conducts field inspections and performs quality assurance reviews to mitigate potential violations and improve work practices to ensure that all the work performed is in compliance with federal, state and city codes as well as internal operating procedures and specifications.

The Gas QA section is an independent group that reports to the Vice President of Gas Engineering. The group is responsible for conducting operational reviews, identifying potential

procedural violations, and improving work practices to ensure that the Company is in compliance with federal, state and city codes as well as internal operating procedures and specifications.

QA not only cites violations but also recommends corrective actions and follows up to verify they are implemented. QA monitors and tracks all open action items to maintain and monitor commitments. Management monitors implementation of the corrective actions identified by QA.

QA also responds to the scene of gas incidents, participates in the investigation, and assists in reviewing the response and actions taken. QA also acts as liaison to Staff and facilitates and coordinates information exchange.

In addition to reviews of normal operations and incidents, QA has implemented the Gas Operations Self-Assessment Program. This program requires the operating areas to critically review their own records and field activities to identify deficiencies in complying with codes and procedures. QA chairs regularly scheduled meetings to discuss the operating areas' findings and concerns. This program promotes operating area achievement of continuous improvement.

QA has established an open forum to discuss findings, concerns, and questions on work procedures/specifications. New ideas are discussed at regularly scheduled roundtable meetings with Gas Construction, Gas Distribution Services, Gas Engineering, Gas Environment Health and Safety, and Construction Management. QA distributes highlights from each meeting, tracks any open items, and conducts a follow-up on questions or issues developed from the meetings.

QA is expanding its review of gas leak emergency response, dispatch protocols, equipment availability and utilization, and proper use of communication devices.

11. Auditing

Corporate Auditing conducts a broad and comprehensive program of internal audits, including management/operational audits of the operating elements of the Company. The audits

focus on field policies, procedures, practices, organizational structures, utilization of resources and performance effectiveness. The audits also evaluate computer information systems along with related functions and activities to assess the adequacy of related controls. Recently, Auditing has modified its purpose and mandate and initiated a restructuring plan to better address the responsibilities of the department. These changes will ensure expanded audit coverage of Company operations, closer alignment with enterprise risk management programs, and improved focus on investigations, policy and compliance programs.

Auditing's restructuring plan includes: creating a new Director position responsible for investigations, ethics compliance and training, the Ethics Helpline, EH&S audits, FERC compliance, and corporate policies and procedures; and creating a new section responsible for Energy Services, and construction and contractor activities.

In the coming year, Auditing will be conducting audits of compliance with the recommendations contained in Staff's Floral Park report and additional gas operational and management oversight audits including:

- Gas Control Center Communications: Assess effectiveness of communications between Gas Emergency Response Center and gas field operations, particularly during emergencies;
- Call Center: Assess handling of customer calls including leak notifications and other customer inquiries and complaints;
- Event Notification: Assess gas event notification policies and procedures;
- Gassing-In Procedure: Assess compliance with policies and procedures used when restoring gas service to a premise.

12. Personal Responsibility

The Company has always placed a great emphasis on accountability and responsibility. To achieve that goal, we established the Standards of Business Conduct to provide clear guidance for personal integrity in the conduct of our business. The Standards include “The Way We Work” principles, which embody the corporate value to seek and accept responsibility.

The concepts and principles of personal accountability extend to all levels within the Company to ensure that processes and procedures are properly designed and updated, effectively implemented, and appropriately enforced. In connection with this event, the Company reviewed our actions in light of the applicable procedures, the dispatch and leak response processes, resources, employee performance and management oversight. We determined that the processes and procedures in place at the time required enhancements to expedite overall response to emergencies, improve performance, and better guide dispatchers, first responders and supervisors. To ensure that our dispatchers, responders and supervisors understand what is expected, we immediately conducted training on the improved processes and procedures.

The Company has a variety of programs and numerous avenues to reinforce the importance of accountability. The programs include the procedural review process, KPIs and performance reviews that are linked to employee compensation, appropriate feedback to improve performance, and use of lessons learned. We use performance management measures to remediate behavior that does not conform to Company expectations and standards. Case studies highlighting situations that required corrective action are communicated monthly to all employees to reinforce our values.

The avenues to encourage and empower employees to provide candid feedback and suggested improvements include the Time Out program, the Ethics Helpline, and the Corporate Ombudsman. The Company has actively promoted the Time Out program for the past ten years.

The Time Out program promotes safe work practices and adherence to specifications by empowering any employee to immediately stop a job if the employee has concerns regarding any assigned task. Each Time Out is resolved by a supervisor or subject matter expert and is reviewed for implications outside the organization where it occurred, and appropriate steps are taken to prevent recurrence. The Ethics Helpline, established in 1993, and the Corporate Ombudsman, established in 1998, provide mechanisms for employees to anonymously report and raise any work related issues and concerns.

All of the programs and initiatives described above are part of the Company's efforts to continuously improve, and proactively identify and address problems before they result in incidents.

Conclusion

We recognize the need for continued effort to improve accountability at all levels, to identify risks, and to promote a culture that encourages continuous improvement.¹ Our investigation and Staff's report have led to substantial changes and enhancements into the way we respond to gas leak incidents. The modified procedures and training now in place with our first responders, dispatchers, supervisors, customer service representatives, and other personnel

¹ These efforts are consistent with the Company's commitment in its Electric Rate Case Joint Proposal to achieve greater corporate effectiveness and responsiveness to our customers as follows:

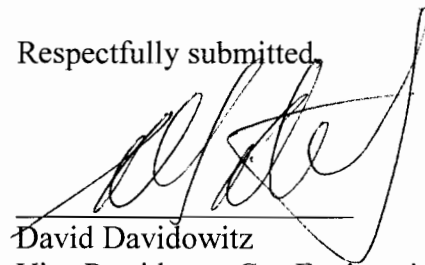
The Company will continue efforts to identify changes to improve the overall culture of the enterprise, specifically to increase the Company's effectiveness and accountability to the Commission, customers, appropriate customer groups or representatives, community leaders, investors and other stakeholders. The Company will focus specifically on identifying opportunities to advance the Company's prospects for operating and project excellence, including efforts stemming from the Liberty Audit, focused cost control, and planning. The Company effort to implement culture change and achieve desired traits of business excellence will continue to focus on management, departmental and executive leadership and accountability. The Company will seek to continue to employ assessment techniques including individual and organizational performance targets designed to identify areas for improvement and deficiencies in individual and organizations performance and to take appropriate measures to address them.

will enhance our ability to protect life and property during gas leak emergencies. We are committed to providing our customers the highest level of service, and are determined to do our utmost to keep the public safe.

All of us at Con Edison extend our sympathy and compassion to those affected by this tragic event.

December 11, 2009

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David Davidowitz', written over a horizontal line.

David Davidowitz
Vice President – Gas Engineering