



Martin F. Heslin
Assistant General Counsel
Consolidated Edison Company of New York, Inc.
4 Irving Place, Room 1815-S, New York NY 10003
212-460-4705 Fax: 212-677-5850
Email: Heslinm@coned.com

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By Overnight Mail

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

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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 Brillling:

This letter responds to the January 23, 2008 letter, filed by counsel for the City of New York ("the City") seeking clarification of the Public Service Commission's "January 17, 2008 "Order Directing the Submission of an Implementation Plan" ("Order") in the referenced proceeding.

The Order directs Con Edison to file a plan for implementing the recommendations of the Audit Report dated October 24, 2007 in the referenced proceeding.¹ The City "seeks clarification as to whether the Company will be required to take further action on the parties' recommendations" in Case 06-E-0894 (Investigation of Long Island City Outages) and Case 06-E-1158 (Investigation of July and September 2006 Storm Outages in Westchester County). The City asks whether the Order requires Con Edison to analyze some 344 recommendation issued by Staff and other parties in those cases by using an analysis method described in the Audit Report.

Clarification of the Commission's Order on recommendation implementation is unwarranted. The Commission's "Order Implementing Outage Recommendations" ("Implementation Order") issued July 20, 2007 in Cases 06-E-0894 and 06-E-1158 already establishes the Commission's requirements for

¹ Case 06-M-1078, *Final Report – Independent Audit of Consolidated Edison Company Electric Emergency Outage Response Program for the New York State Department of Public Service*, October 24, 2007 ("Audit Report").

Con Edison's implementation of Staff's and parties' recommendations in those proceedings.²

The Implementation Order identified 135 Staff recommendations for Company actions "to improve the Company's performance" and "minimize the likelihood of similar events occurring in the future both in the Long Island City network and throughout the Company's service area."³ The Implementation Order stated that "all necessary prudent and effective steps must be undertaken to avoid the reoccurrence of electric distribution failures and the inadequate restoration performance that occurred in 2006" and "the Commission is generally satisfied with Con Edison's cooperation in implementing Staff's recommendations."⁴ The Implementation Order also contained a series of directives to Con Edison "to ensure that these improvements are sustained."⁵

The Implementation Order also addressed the 197 recommendations issued by parties to Case 06-E-0894.⁶ Of these, the Commission found that 39 are the same as a Staff recommendation that Con Edison is already implementing, 25 are being addressed in other proceedings, and 33 were rejected. The Commission stated that the remaining 99 recommendations merit further consideration" and directed Con Edison to "evaluate the recommendation[s] and implement as appropriate." The 99 recommendation included 75 City recommendations. The Order further "directed Con Edison to provide a report to Staff, not later than September 15, 2007, on the results of its evaluation, and the status of such implementation as it determines appropriate, of these party recommendations."⁷

On September 15, 2007, Con Edison provided to Staff its evaluation of each of the 99 specified party recommendations and the implementation status of those recommendations that it is acting on. The Company's report to Staff addressed not only the City's 75 recommendations included in the 99

² The Audit Report does not include a recommendation that the Company re-examine all Cases 06-E-0894 and 06-E-1158 recommendations using the analysis method discussed in the Audit Report. In addition, the Audit Report's comments on the Company's recommendation implementation process (pp. 47-49) are confounding and unfair. It does not acknowledge the depth and breadth of engineering refinements, process improvements, and communication enhancements that have taken place over the 18 months through the implementation of recommendations. It also fails to recognize that many of the recommendations were made after the Company had already evaluated and begun implementation of strategies as a result of its own internal analysis of lessons learned from outage events. The Company has made significant improvements that are now ingrained in operations.

³ Implementation Order, pp. 5, 9, Appendices A and B.

⁴ Implementation Order, pp. 9-10.

⁵ Implementation Order, pp. 10-22.

⁶ Implementation Order, Appendix D. No party, other than Staff, issued recommendations in Case 06-E-1158

⁷ Implementation Order, p. 22.

recommendations but also six additional recommendations of the City. Staff issued the Company's report to all parties to the proceedings.

In the interim, Con Edison has met twice with representatives of the City to present and discuss the Company's evaluation and implementation of the City's recommendations and to obtain the City's observations on the Company's actions, most recently on February 5, 2008. As a result of these meetings the Company is addressing specific concerns of the City, and the Company and the City have agreed to meet as necessary to continue this process.

Clarification of the recommendation implementation process in Cases 06-E-0894 and 06-E-1158 is not needed in Case 06-M-1078, the referenced proceeding. The Company is addressing and implementing the Cases 06-E-0894 and 06-E-1158 recommendations as directed by the Commission in those cases.

Very truly yours,


SG

Cc. Couch White, LLP