

1 STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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4 Case 06-M-1078 - Proceeding on Motion of the Commission
5 to Audit the Performance of Consolidated Edison Company
of New York, Inc. In Response to Outage Emergencies.

6 Case 06-E-1158 - In the Matter of Staff's Investigation
7 of Consolidated Edison Company of New York, Inc.'s
Performance During and Following the July and September
8 Electric Utility Outages.

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10 Public Statement Hearing
Hellenic Center
11 22-51 29th Street
Astoria, New York

12 October 25, 2006
13 2:00 p.m.

14 PRESIDING:

15 ROBERT E. CURRY, JR., Commissioner

16 ELEANOR STEIN,
Administrative Law Judge

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23 Reported by: Jeanne O'Connell, R.P.R.
24 (518) 271-7904

1 JUDGE STEIN: Let's introduce ourselves. I am
2 Administrative Law Judge Eleanor Stein with the New York
3 Public Service Commission. I am the presiding judge in

4 this case that's doing the investigation of the Con
5 Edison Long Island City network outages.

6 COMMISSIONER CURRY: My name is Bob Curry. I am
7 a Commissioner of the New York State Public Service
8 Commission. I am here essentially to listen to what you
9 all have to say. I do not participate in a dialog
10 because there may come a point during the proceedings
11 where we will be asked as a Commission to function in a
12 judicial fashion on Con Edison's performance, etc. I am
13 just here to take in what you all have to say. Thank
14 you. Thank you all for coming.

15 JUDGE STEIN: I am going to formally call this
16 event. This is the public statement hearing on October
17 25, 2006 in case 06-E-0894, a proceeding on the motion
18 of the Commission to investigate the electric power
19 outages in Con Edison's Long Island City electric
20 network.

21 We appreciate your attendance here today and your
22 willingness to come and give your additional comments.
23 Both the staff of the Department of Public Service and
24 many of the parties did try to make a special effort to

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1 get the word out in this community that these hearings
2 were taking place. Press, publication, radio
3 announcements, fliers, contacting elected officials and
4 generally trying to get the word out.

5 And, in addition, the Commission has provided
6 interpreters to assist in interpreting for people who
7 would like to make a statement who would prefer to do it
8 in another--I know we have a Korean interpreter here
9 today and we expect to have several others, including

10 Spanish, Greek, Turkish and Arabic. I am not sure who's
11 here yet today.

12 We will also be having an additional educational
13 forum and public statement hearing at this location
14 tonight. The evening forum will be from seven to eight
15 p.m., so if there are people you know or family members
16 or people you think might be interested, please let them
17 know, and we will be doing a second public statement
18 hearing for people to put their views on the record from
19 eight to nine p.m., also here.

20 And next week, on Thursday, November 2nd--and
21 there is a notice up about this at the back table with
22 the address, it's in Woodside--we will again be doing an
23 afternoon forum and hearing at four p.m. and five p.m.
24 on the 2nd, and an evening forum at seven and an evening

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1 hearing at eight.

2 So, there is many opportunities for either you to
3 come and express yourself further or for other people
4 that you know or that you would like to encourage to
5 come and express themselves on the record. Our Office
6 of Consumer Services staff person, Ms. Wasser, is in the
7 back with all of this information. If you would like to
8 pick some up on your way out, that would be great.

9 I will just say a word. I know many of you heard
10 our staff people. Just to place on the record that this
11 proceeding was commenced by the Public Service
12 Commission on July 26, 2006 to direct its staff to
13 conduct an investigation into all of the circumstances
14 that underlay the outage that took place in this

15 community in July and August of this year.

16 And many of the issues that I heard people raise
17 this afternoon are exactly the ones that are being
18 considered in that case. Was Con Edison adequately
19 prepared, was it adequately staffed, was the network
20 sufficiently maintained and modernized to accommodate
21 very hot days and the stress of the kind that took place
22 in July, did the company respond appropriately, how did
23 it communicate with its customers. And also what were
24 the expenses it incurred associated with the outage and

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1 should those expenses be borne by its ratepayers or its
2 shareholders. Those are all issues in this proceeding.

3 This case was initially instituted as a staff
4 investigation, and the lead investigation is being
5 carried out by Public Service Commission staff.
6 However, there are currently many other parties in the
7 proceeding, including the City of New York, members of
8 the State Assembly, the Attorney General's Office, the
9 Consumer Protection Board, the Public Utility Law
10 Project, and Western Queens Power for the People
11 Campaign. And there are others.

12 So, this has become a large proceeding with many,
13 many participants. And you can pick up more information
14 about it here and follow what's going on in the
15 proceeding on the Commission's website.

16 All of the documents in this proceeding are
17 published on the website as a matter of public record.
18 And the only other thing I will say, because we are here
19 to listen to you, not to ourselves, is that everything
20 you say today will be taken down by the court

21 stenographer and will become part of the official record
22 of this proceeding and will be considered by the Public
23 Service Commission when it makes its final decisions,
24 the staff report and the observations of the other

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1 parties.

2 That's what we are here to do today. So, do you
3 want to add anything?

4 COMMISSIONER CURRY: No. I basically said it.

5 JUDGE STEIN: If you would like to speak it would
6 be appreciated if you would fill out one of these cards
7 and I will have your name and can call you up to speak.
8 So far I only have one card. Is there only one person
9 that's here to speak so far? All right. Michael Davis.

10 MR. DAVIS: I am elected. My name is Michael
11 Davis. I live in Astoria. Private home. The accounts
12 that affected me for the blackout, actually, we were
13 without electricity for seven, eight, nine days. I lost
14 track of the days.

15 Listening to the fire engines for the first
16 couple of nights every 15 minutes going back and forth
17 it felt like I was in London during the Blitzkrieg.

18 To have a company turn around and say they were
19 unaware that we were in the dark for the first three
20 days, I just can't understand how that could be
21 possible. The credibility of that statement should
22 speak for itself.

23 It cost me--after six days, seven days, I
24 purchased a generator at a cost of \$800. The next day

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1 my wife was admitted to Mt. Sinai Hospital for five
2 days. After extensive tests, \$10,000 of bills, they
3 concluded it was heat exhaustion.

4 Con Edison then proceeded to repair the streets.
5 Cable feeders, secondary feeders were burnt up. In the
6 process they crushed my water main. I can't say they
7 did because they said they didn't do it. I called Con
8 Edison three times. After four days, in order to get
9 them to respond, to come out and look at the damage
10 before they covered it over, I had to go to my
11 Councilman's office and within the hour they responded.

12 They came and they looked and they said--they
13 didn't say nothing. They left, and the next day they
14 said to the Councilman's office that they didn't do it.

15 Took eight days to get a response from Con
16 Edison. A lady from the Queens community service, who
17 represented Con Edison, came. I asked for their last
18 names. They wouldn't give it. I asked for the
19 telephone numbers. They wouldn't give it. I asked for
20 contractor's name, "I am not going to help you". That's
21 --so, finally, they did cover it over.

22 Sidewalk, they just threw the cement on it.
23 Didn't cut it, square it off, nothing. Made a complaint
24 to them about that. Councilman Vallone and State

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1 Assemblyman Genaris interceded on my part and sent them
2 a letter. Mr. Banks, vice president of political
3 something. That was six weeks ago.

4 I sent them my pictures and a three page letter
5 entailing a description of my pictures and my accounts

6 that I had with his employees and to date haven't heard
7 anything. So, that's my request of the City Councilman
8 and request of the State Assemblyman. I think that
9 should speak words for itself.

10 As far as what I observed with Con Edison, I
11 think the Public Service Commission has created a
12 monster that's accountable to nobody, to the public, to
13 the elected officials, and hopefully they will be
14 accountable by you.

15 The cost that you--all this millions of dollars
16 here and millions of dollars there that Con Edison is
17 paying, it isn't Con Edison that's going to pay. It's
18 us, the consumers, that are going to pay because next
19 year they are going to go to Albany and say we need X
20 amount of dollars and the Public Service Commission is
21 going to say okay. Otherwise, your bond rating is going
22 to go down and we won't be able to finance. Rather than
23 having that happen we will keep status quo.

24 Keep management in place that shouldn't be there.

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1 Forbes Magazine describes it as management crisis.

2 That's not me, that's Forbes Magazine.

3 One of the points I want to make, on the 6th,
4 they filed a 10Q report with Security and Exchange
5 Commission. In that report--this is two weeks after the
6 blackout--they forecast a peak demand increase of one
7 and a half percent per annum for five years. In my
8 layman's position, one and a half percent peak demand
9 growth for New York City I think is kind of on the low
10 side given the size of the TVs, given the size of the

11 appliances, buildings, corporations, everything else.

12 One and a half percent growth I think got us to
13 where we are today. And somebody should really
14 reconsider that and reconsider the management of Con
15 Edison, because I have seen from top general foremen,
16 all the way up to the vice president, all the way up to
17 Mr. Burke himself, taking a page, two page ads in the
18 paper congratulating themselves for the blackout, how good
19 a job they have done.

20 There is something wrong. That's all I have to
21 say.

22 JUDGE STEIN: Thank you very much.

23 COMMISSIONER CURRY: Mr. Davis, in the earlier
24 question and answer period you raised some observations

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1 that you had about the system, its reliability, its
2 contingencies, its growth. Would you care to repeat
3 them on the record?

4 MR. DAVIS: Yes, I would. Basic electrical
5 design by the National Electric Code, which utilities
6 don't have to follow but they are recommended to do so,
7 gives a feeder a safety factor of 25 percent of peak
8 demand. The feeder should be discontinued from service
9 at a hundred percent of capacity, leaving a 25 percent
10 safety factor.

11 Obviously, Con Edison is running their feeders
12 with no safety factors and there is no--or there wasn't
13 any protection afforded these cables because they
14 wouldn't have burnt up. The primary reason in
15 electrical design is to protect cable. If it overloads,
16 there should be an overload device to protect it from

17 going out at a hundred percent of rate and capacity,
18 still leaving a 20 percent safety factor before any
19 damage is done to the feeder. None of this has
20 happened.

21 Plus, substation operators are constantly
22 monitoring the amperage store, and if the feeders don't
23 automatically trip the substation operator is supposed
24 to take it off line. Obviously that didn't happen

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1 either.

2 So, somewhere along the line Con Edison--that's
3 to trust the safety and welfare. My wife almost died.
4 I am sure there was other people that did die.

5 The economic--my economic damage so far is
6 \$14,000, \$15,000, and I am a homeowner, and they are
7 talking about \$300 rebate, how great they are. The
8 \$300, they ain't paying for it. Again, the consumer is
9 going to pay for it and it shouldn't be.

10 You people at the Public Service Commission
11 created this problem, this monster, and you should take
12 it by the tail and say Con Edison is going to pay. Not
13 the consumer, the stockholder. They are the ones that
14 are getting the dividend increases every year. Those
15 are the ones that have taken the risk and the risk works
16 both ways.

17 If management does a bad job, the stockholders
18 suffer. They don't get rewarded. Thank you.

19 COMMISSIONER CURRY: Thank you.

20 JUDGE STEIN: Thank you. Charles Lenzo.

21 MR. LENZO: Yes, good afternoon. My name is

22 Charles Lenzo. I am a building manager for a
23 condominium complex. We manage over 759 units. All
24 units were affected at the blackout this July. And

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1 through my own findings and understanding of Con Ed and
2 utilities and everything else, I think our problem here
3 in the northern part of Queens and throughout the city
4 is not only Con Edison, the one utility company, but an
5 overall mass of confusion when we are hit with a major
6 problem.

7 We all know the miscommunication that came in
8 between Con Edison, residents, commercial owners,
9 supermarket owners. There was obviously mass confusion.
10 311 responded in ways that were I think unprecedented in
11 the city. Something so massive and now it's broken
12 where there was a lot of word of mouth, people's
13 misinformation, and some real information and
14 misinformation all bottled up to one and thrown out
15 there in the media.

16 I believe that what happened this summer probably
17 will be precedent for something that's going to be
18 studied for many, many, many years and that whatever
19 happens in trying to collect from Con Ed, whatever
20 happened this summer, the upgrade, costs involved, in
21 blaming people and pointing of fingers, needs to also be
22 looked at, but the immediate things that have to be put
23 into perspective today are looking forward on tomorrow,
24 immediately tomorrow.

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1 I can tell you from fact that as hard as Con
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2 Edison has tried--and we do see that today with the men
3 in the streets, the foremen out there with blueprints
4 and everything else--that the consumer affair operators,
5 their customer service end, the operations are still
6 untrained.

7 It doesn't go only for Con Edison but all the
8 utilities in the area, to include the gas companies, the
9 telecommunication companies, and the water departments.
10 We have a lot of sophistication maybe in the back office
11 with engineering and all that. If it's not brought up
12 front to customer service a lot of that information,
13 vital information, is lost.

14 That happened during the blackout not only with
15 Con Edison but with telecommunication companies, which I
16 will go into after this. I believe that immediately,
17 just as Bloomberg has done with 311, the front end of
18 customer service needs to be re-engineered because to
19 this day when a person--could be an elderly person,
20 could be a professional, could be an electrician, a
21 plumber that calls into customer service and tries to
22 get service done, it's still a very lengthy process.
23 Unless you scream fire and have everyone show up, police
24 department, fire department, ambulance and everything,

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1 things get done slowly.

2 It may be just a flip of a switch, checking out a
3 manhole cover, a repair of a cable, it still takes too
4 long of a response time. I believe a lot of that has to
5 do with customer service and the immediate response from
6 the initial phone calls.

7 Complaint numbers are taken and not followed up
8 again with Con Ed, KeySpan, all the utility companies in
9 the general service area.

10 From my observations of Con Ed, we all know the
11 very initial part was bottled up. Looking forward again,
12 in trying to get things going forward in the future,
13 what we really need to be looked at is--although we rely
14 on technology to see where power is out and serving both
15 on computers and on lines, there has to be scouts that
16 literally go out in their trucks, pull out meters and
17 get a test from that point.

18 This is manual labor that goes into the cabling
19 and get actual readings, not computers and things like
20 that. They were relying on lights being on porches.
21 There may be lights on my porch, I have 359 units, but
22 there is three phases. We were living on one phase for
23 half the complex for more than five days. As they came
24 down they see lights and they thought we had lights, not

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1 knowing there is three phases there. News reporters are
2 reporting there are some lights.

3 So, I, again, see this from Con Edison, from the
4 phone company, the gas companies, all the utility
5 companies need either independent service, maybe service
6 from Public Service Commission, that sends scouts out to
7 investigate manually on their own what's going on, not
8 relying on that particular utility, not relying on
9 computer readouts, but bring back information to the
10 main offices, but actual on site scouts to see what's
11 actually going on within the areas. That would avoid a
12 lot of the problems.

13 Also, another thing I think was missed, may have
14 been talked about a teenie bit in the media, is, again,
15 communications, so vitally important to the year 2006.
16 Where we had Ma Bell many years ago, people screaming
17 and yelling it's anti-competitive, it's a big monopoly,
18 they broke her up. Now we have other smaller satellite
19 type of companies offering telephone service.

20 Through the blackout, I don't know if it was
21 mentioned, but Verizon, who took over Ma Bell and NYNEX
22 and all that, I think was one of the quickest utility
23 companies to respond to this problem and immediately
24 sent out back up generators to the main phone groups in

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1 our area, leaving phone service uninterrupted for a
2 second in northern Queens.

3 The other competing phone companies, which is
4 RCN, Time Warner, who have been marketing New Yorkers
5 and us in Queens particularly, have taken phone service
6 from Verizon and given many of the unknowing service for
7 telephone and internet on the cable line.

8 So, probably the majority of them just lost cable
9 service for seven days without television. There are
10 others who are elderly or people that are
11 unknowledgeable had no phone service whatsoever.

12 Where Verizon customers had telephone service,
13 Time Warner, RCN people did not. They did not make any
14 attempts to back up any of their repeaters, which in
15 this instance if you look on the map probably needed
16 about three small generating systems to get power to
17 their repeaters in our area. They made no attempt to

18 put repeaters on and give those customers phone service
19 in an emergency that we had.

20 And, again, once power was restored to the area
21 there was no communication between Con Edison and the
22 phone companies that the power was out, so the service
23 person that went out to get the repeaters going again,
24 So people who had their power restored on Monday did not

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1 receive telephone service until a Wednesday, two days
2 later.

3 I think another fact that needs to be addressed
4 and specifically looked at for our area here, Ditmars
5 down to La Guardia airport is the way that the power
6 feeders are feeding our general area. This general
7 area, as our civic association have said, our
8 politicians have said, time and time again--they are not
9 screaming on television and being big cry babies.

10 This general area of Queens, northern Queens,
11 probably the reason we were first affected throughout
12 the five boroughs before anybody else, seen a day like
13 we have seen in July, is we are overly populated with
14 heavy industrial, can't call them residents, but heavy
15 industrial people on 19th Avenue and 18th Avenue, to
16 include power stations, Castle Oil, Steinway Piano,
17 Clark Lift, which is just closing up slowly, Rikers
18 Island and La Guardia airport.

19 I don't know if all the questions have been
20 looked at carefully and specifically enough to fully
21 establish the effects that all this industry and Rikers
22 and La Guardia have on this type of blackout.

23 VJ has informed us--informed me specifically that

24 the feeders that do run through our community also help

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1 out the network of Rikers and La Guardia. Okay? I
2 believe looking forward into the future within the next
3 five to ten years in the redesign, in the rebuild, that
4 Con Edison, Public Service Commission, the federal
5 government for the La Guardia airport, the state for
6 Rikers, need to seriously look into getting their own
7 feeder cables and totally segregate themselves and
8 ourselves from the power grid. We need to be separate
9 and independent from Rikers Island and the large
10 airport.

11 And before we could only put the blame to Con
12 Edison. There is I am sure plenty of blame to raise
13 there and look at the engineers and look at the signs of
14 the future. I think there is a lot of responsibility
15 that needs to be put in the lap of the engineers that
16 expanded the airport, expanded Rikers, and expanded the
17 waterway we have down here on--heading toward the East
18 River and the Bowery Bay.

19 We have a heavy amount of industry there. I
20 don't believe that the residential portion and the small
21 commercial portion in this area of Queens should be
22 attached to the grids. We need to be separated from
23 those grids and of course priorities should be set in
24 the case of initial failure.

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1 That's pretty much it. Thank you.

2 JUDGE STEIN: Thank you very much.

3 (Recess taken.)

4 JUDGE STEIN: Back on the record.

5 MR. DAVIS: In retrospect to what the gentleman
6 was talking about, expansion of the airports, expansion
7 of industries, again, Con Edison's forecast is only for
8 one and a half percent growth. And at that rate we
9 would have a much greater problem if somebody doesn't
10 get a hold of Con Edison to tell them maybe you are
11 making a mistake.

12 JUDGE STEIN: You are suggesting that the
13 forecast is too low?

14 MR. DAVIS: One and a half percent per year, I
15 would say so. That's what I am suggesting. I think
16 it's ludicrous to forecast that kind of growth after
17 having a blackout with undercapacity on cables.

18 End of statement.

19 JUDGE STEIN: Thank you. It being 3:00 and no
20 other speakers being present, this public statement
21 hearing is adjourned.

22 (Hearing is adjourned.)

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24