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January 10, 2014

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*REGISTERED TO PRACTICE BEFORE U.S.
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*OF COUNSEL

Hon. Kathleen H. Burgess
Secretary to the Commission
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case Nos. 13-E-0030, 13-G-0031, and 13-S-0032

Dear Secretary Burgess:

Please find enclosed the Comments of the County of Westchester, New York, to the Consolidated Edison Company of New York's December 4, 2013 Storm Hardening and Resiliency Collaborative Report ("Report"). These Comments are timely filed in accordance with the December 12, 2013 Ruling Extending Schedule for Party Comments on the Con Edison Storm Hardening and Resiliency Collaborative Report issued by the Honorable Eleanor Stein, A.L.J., which provided for a January 10, 2014 comment date for statements on the Report.

Respectfully submitted,

/s/ Thomas L. Rudebusch
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CC: Parties of Record

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

CASE NO. 13-E-0030	PROCEEDING ON MOTION OF THE COMMISSION AS TO THE RATES, CHARGES, RULES AND REGULATIONS FOR ELECTRIC SERVICE)))))
CASE NO. 13-G-0031	PROCEEDING ON MOTION OF THE COMMISSION AS TO THE RATES, CHARGES, RULES AND REGULATIONS FOR GAS SERVICE)))))
CASE NO. 13-S-0032	PROCEEDING ON MOTION OF THE COMMISSION AS TO THE RATES, CHARGES, RULES AND REGULATIONS FOR STEAM SERVICE)))))

**COMMENTS OF THE COUNTY OF WESTCHESTER
ON THE STORM HARDENING AND RESILIENCY COLLABORATIVE
REPORT OF THE CONSOLIDATED EDISON COMPANY OF NEW YORK**

Pursuant to the December 12, 2013 Ruling on Comments on the Consolidated Edison Company of New York’s (“Con Ed” or “Company”) December 4, 2013 Storm Hardening and Resiliency Collaborative Report (“Report”), the County of Westchester (“Westchester”) hereby respectfully submits the following Comments on the Report.

Westchester appreciates the significant efforts devoted by the Company, the Staff of the Department of Public Service (“Staff”) and other interested parties in participating in the collaborative undertakings discussed in the Report. As a participant in all four of the working groups that were established for this Collaborative,¹ Westchester believes that the Collaborative was informative on resiliency-related issues, and was particularly useful with respect to explaining the design standards for the 2014 storm hardening projects. Westchester’s comments herein do not seek to devalue the efforts expended by the participants or to summarily forestall all the Phase 2 work initiatives proposed by the Company. Instead, Westchester highlights issues of concern with the Report and submits recommendations to ensure that any Phase 2 activities directed by the Commission will be fair, reasonable and successful.

First, Westchester is concerned that the Company has not proposed adequate coastal flood protection measures in Westchester. Report at 31, n.15. The Report lacks clear

¹ The four working groups (“WG”) in the Storm Hardening and Resiliency Collaborative are: WG 1 – Storm Hardening Design Standards and 2014 Project group; WG 2 – Alternative Resiliency Strategies group; WG 3 – Natural Gas System Resiliency group; and WG 4 – Risk Assessment/ Cost Value Analysis group.

assurances that Con Ed will consider the forthcoming Federal Emergency Management Administration (“FEMA”) flood maps for Westchester County. Westchester believes that the Company should be required to affirmatively commit to consider in its design standards any forthcoming FEMA flood maps, recent advisory base flood elevations,² and other relevant sources for Westchester flood plain areas.

Westchester appreciates the Company’s assertion that it is focusing on measures to protect the overhead system from wind storm damage and looks forward to further exploring the development of these measures in Phase 2. *Id.* at 31, n.15. The Company should also ensure that it undertakes appropriate storm hardening measures for Westchester (including with respect to flood protection) to ensure that its customers in Westchester County receive safe, reliable and quality service from the Company.

Second, with respect to the Company’s changes to its risk assessment model, Westchester appreciates that the Company provided the parties with an Excel file on December 6, 2013 to provide the input data used in calculating the numerical results in the “Con Ed Project Prioritization” section of the Report.³ However, Westchester notes that the Working Group 4 parties did not have a chance to collectively review and fully understand the December 6 Excel file. While Westchester appreciates Con Ed’s consideration of outage impacts and risks and the inclusion of various overhead projects in Westchester County within the top 20 priority projects, based on its comparison of the December 6 spreadsheets with the August 9, 2013 spreadsheet pertaining to Underground and Overhead Storm Risk Prioritization categories, it appears the number of Westchester assets that were previously ranked for Phase 1 priority have decreased in the prioritization. Westchester’s main concern is to ensure that any needed storm hardening projects in Westchester County are not inappropriately under-prioritized.⁴

Further transparency is needed as to how Con Ed will determine which risk reduction measure to undertake, i.e., whether to employ the strategy of reducing the number of customers affected by an outage, reducing the duration of the outage or reducing the likelihood of the outage occurring. *Id.* at 68. Without adequate information pertaining to the inputs into the Risk Assessment and Prioritization Model and the resulting re-rankings, Working Group 4 members may not be able to meaningfully contribute to, or evaluate, the group’s activities. As such, Westchester recommends that the Company be required to provide further information (subject to any appropriate non-disclosure requirements as necessary) to allow parties to

² The most recent Advisory Base Flood Elevations (“ABFE”) for Westchester (updated June 20, 2013) can be accessed at: <http://fema.maps.arcgis.com/home/webmap/viewer.html?webmap=2f0a884bfb434d76af8c15c26541a545>. A technical report supporting the data for the ABFE that was published March 2013 (updated August 2013) can be accessed at: http://184.72.33.183/Public/Public_Documents/NJ_NY_ABFE_Report.pdf.

³ See, e.g., Westchester’s October 21, 2013 comments on the October 15, 2013 Draft Collaborative Report (where Westchester asserted its concern about the lack of transparency on how projects were re-ranked).

⁴ Westchester also takes issue with Con Ed’s assertion that “[w]hen an inundation model for Westchester County is developed by concerned stakeholders, resulting asset flooding probabilities can be incorporated into the risk Assessment and Prioritization Model as needed.” Report at 67. Westchester believes that the requirement to provide safe, adequate and non-discriminatory service (including the appropriate prioritization of capital investments) remains a Con Ed obligation. Westchester is willing to work with the Company where appropriate.

understand the basis for these proposed changes, as well as the cost and reliability impacts of the proposed reprioritization (particularly to Westchester County) prior to making any determination on the proposed reprioritization.

Third, Westchester is concerned with the proposal to “[a]ttempt to develop a formal economic cost/value model that can be applied to the storm hardening projects that were examined in the working group’s risk assessment and prioritization model developed during Phase 1 and to the alternative resiliency strategies being developed by Working Group 2.” *Id.* at 84. *See also id.* at 9, 23, 65, 118-119 (contemplating an economic cost/value model for Phase 2). Westchester’s concern in this regard relates to the potential use of determinants that could under-prioritize Westchester projects and in turn impact the quality of service Westchester’s ratepayers receive. Given that an economic cost/value model could significantly change how capital investment decisions are made, Westchester is also concerned that the survey instrument described on page 120 of the Report may not be an adequate basis for making such novel changes to the manner in which the Company prioritizes its projects. Con Ed itself recognizes that the economic cost/value model development should be considered based “on a cogent demonstration of its ability to provide additional insights into the relative value of storm hardening programs.” *Id.* at 65. As such, Westchester supports a cautious approach to utilizing a formal economic cost/value model and believes that Con Ed should bear the burden of its investment decisions under any revised risk prioritization or economic cost/value model. To that end, Westchester respectfully submits that the Commission should direct that the Company must first make a formal filing with the Commission for any revised model that it proposes to adopt, and provide interested parties the opportunity to comment on such a proposal.

Finally, the Report proposes recovery of any incremental costs associated with Phase 2 initiatives via a surcharge mechanism. *See id.* at 14, 82, 120 (seeking cost recovery by way of deferral, surcharge, or other method as may be approved by the Commission). As it relates to the Collaborative, the December 31, 2013 Joint Proposal asks that the Commission accept the forecasted storm hardening expenditures reflected in the proposed electric, gas and steam delivery rates for Rate Year (“RY1”), proposes specific procedures for the projected expenditures for RY2 and RY3 (including the opportunity to file comments on recommended storm hardening projects and programs for 2015 and 2016), and recommends that the Commission authorize the Company to recover the incremental costs associated with any “new or additional initiatives that the Commission may encourage or otherwise direct,” with respect to the Collaborative. Joint Proposal at 51-52. Westchester does not oppose or seek to upset the balance reached in the Joint Proposal. However, Westchester’s ultimate position on a surcharge would depend on factors such as the specific surcharge mechanism proposed, the specific projects and costs at issue, the timeline for such a mechanism, and the process used to implement such a cost recovery mechanism. Westchester respectfully requests that the Commission should ensure that its approval of a surcharge mechanism for recovery of incremental costs associated with any Phase 2 collaborative initiatives contains appropriate consumer protections and safeguards.

Accordingly, Westchester respectfully requests that the Commission consider the foregoing Comments as it evaluates the Company's Report and provides guidance to the parties.

THE COUNTY OF WESTCHESTER, NEW YORK

Dated: January 10, 2014

/s/ Christopher J. Inzero

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