

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

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1 Q. What are the names of the members of the Electric  
2 Emergency Preparedness Panel ("Panel")?

3 A. George Greenwood and Bruce Walker.

4 Q. Has the Panel previously submitted testimony in this  
5 proceeding?

6 A. Yes.

7 Q. What is the purpose of the Panel's testimony?

8 A. Our testimony: (1) updates our initial testimony and  
9 exhibit to reflect new information; and (2) rebuts the  
10 testimony filed by Staff witness Kin Eng, which  
11 effectively rejects the four emergency preparedness  
12 programs we propose, reduces the revenue requirement by  
13 \$12,396,000, and would require the Company to file a  
14 comprehensive plan by January 1, 2008 to address  
15 incremental costs that reflect implementation of the  
16 findings and recommendations of the on-going management  
17 audit in this area.

18 Q. Can you briefly review those four proposed programs?

19 A. Yes. They are: the Electric Operations Emergency  
20 Management ("EOEM") Organization program to expand the  
21 organization and incorporate staff within each of the  
22 operating regions; the Incident Command Center ("ICC")  
23 program to design and develop dual-use space for both  
24 the EOEM staff during routine days and the Incident  
25 Command staff during emergency responses; the Coastal

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1 Storm Mitigation ("CSM") program to replace non-  
2 submersible 120/208 transformer vaults with submersible  
3 transformer vaults and to add flood disconnect switches  
4 to 265/460 and High Tension vaults that are in the  
5 category 1 flood zone; and the Control Center Emergency  
6 Screening ("CCES") program to provide additional  
7 personnel in each Control Center to evaluate and  
8 prioritize the increased volume of emergency calls  
9 received.

10 **UPDATE**

11 Q. Has the Panel updated its previous Exhibit?

12 A. Yes, Exhibit \_\_ (EEPP-1) has been updated.

13 MARK FOR IDENTIFICATION AS EXHIBIT\_\_\_ (EEPP-1 REV)

14 Q. Please explain your updated exhibit.

15 A. The cost for the CSM program requires adjustment  
16 because the number of flood switches needed has  
17 increased and the number of non-submersible vault  
18 locations has decreased. More specifically, upon  
19 further evaluation of the Sea, Lake and Overland Surges  
20 from Hurricanes ("SLOSH") model and the potentially  
21 impacted equipment in storm surge inundation zone 1, we  
22 have identified the 265/460 and high tension vaults  
23 that should be equipped with flood (load disconnect)  
24 switches. Accordingly, the number has increased to 291

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1 flood switches. In addition, upon further evaluation  
2 of the SLOSH model and the potentially impacted non-  
3 submersible 120/208 vault locations, we identified 143  
4 for replacement.

5 Q. Why did these numbers change?

6 A. As we further refine our Corporate Coastal Storm Plan,  
7 the SLOSH model, which identifies the delineation of  
8 storm surges anticipated with each category storm, is  
9 periodically reviewed against actual location  
10 conditions. Accordingly, a recent review refined the  
11 number of locations anticipated to be impacted by a  
12 category 1 storm surge.

13 Q. What is the result of these two changes?

14 A. The total proposed capital cost for this program was  
15 reduced from \$7 million for 2008 to \$6.4 million.

16 Q. Did you also update the costs associated with the  
17 Replacement Task Force program?

18 A. Yes. This update provides the labor and incidental  
19 costs associated with hiring 13 people to support the  
20 Replacement Task Force program. Our initial testimony  
21 explained that staffing would be required to support  
22 this program, that the required staffing was under

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1 development, and that the staffing requirements would  
2 be provided as part of the update testimony.

3 **REBUTTAL**

4 Q. Please comment on Mr. Eng's \$12,396,000 million  
5 adjustment entirely eliminating the four emergency  
6 response programs described in your initial testimony.

7 A. Mr. Eng does not oppose these programs on their merits.  
8 In fact, he recognizes the many benefits of these  
9 programs for customers. On page 3, lines 14-23 of his  
10 testimony, Mr. Eng states "The programs address  
11 equipment damage and timely recovery due to coastal  
12 storm surges, and a better process for emergency calls  
13 from customers. They are intended to improve the  
14 Company's storm and heat event readiness, protect  
15 equipment from coastal storm surges, better respond to  
16 customer outages, facilitate effective restoration, and  
17 improve on internal and external communications."  
18 Nevertheless, Mr. Eng argues at page 8, lines 8-9, that  
19 these programs should not be implemented because of  
20 "...the lack of an overall, comprehensive, emergency  
21 planning structure." He states "While Staff recognizes  
22 that there is coordination between these various

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1 organizations, a clear structure for emergency  
2 preparedness needs to be established before the Company  
3 moves forward with these programs."

4 Q. Do you agree that the concerns raised by Mr. Eng  
5 regarding organizational structure provide a basis for  
6 delaying implementation of these programs?

7 A. No, we do not, as we will explain later in our  
8 testimony.

9 Q. Do you agree with Mr. Eng's observations about Con  
10 Edison's emergency response organizational structure?

11 A. No, we do not. Con Edison has a clear structure for  
12 emergency preparedness as described in both corporate  
13 instructions and emergency response plans.

14 Q. Please explain.

15 A. I (Mr. Greenwood) am a Company vice president,  
16 responsible for a corporate organization called  
17 "Corporate Emergency Planning and Security." I (Mr.  
18 Walker) am the Director of an organization within  
19 Electric Operations called "Electric Operations  
20 Emergency Management."

21 Q. Please describe the responsibilities of Corporate  
22 Emergency Planning and Security.

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1 A. Corporate Emergency Planning and Security ("CEPS") is  
2 responsible for establishing corporate policies and  
3 developing corporate plans for emergencies that may  
4 significantly impact the corporation as a whole.  
5 Examples of CEPS' corporate emergency planning  
6 activities are:

- 7 • Mandating the use of and supporting the Incident  
8 Command Structure as the organizational  
9 framework for the Company's response to any  
10 emergency situation;
- 11 • Establishing and maintaining Con Edison's plan  
12 for corporate continuity in the event of a major  
13 catastrophe, including working with each  
14 corporate organization to maintain its  
15 individual disaster continuity plan;
- 16 • Coordinating with local, state, and federal  
17 authorities regarding preparation for and  
18 response during emergency events; and
- 19 • Coordinating development of annual Corporate  
20 Emergency Response Center drills, facilitating  
21 each exercise and tracking actions, when  
22 required, following a lessons learned debrief.

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1 Q. Please describe the responsibilities of Electric  
2 Operations Emergency Management.

3 A. Electric Operations Emergency Management ("EOEM")  
4 provides for efficiency and effectiveness in the  
5 planning, preparation and response to electric system  
6 emergencies and some standardization of the above in  
7 all the electric operating regions. EOEM is  
8 responsible for developing electric emergency response  
9 plans consistent with corporate policy (as set forth by  
10 CEPS). These emergencies include heat and storm  
11 events. The plans that are developed by EOEM are only  
12 applicable to electric operations, whereas the plans  
13 and policies set forth by CEPS are applicable to the  
14 entire corporation. The frequency of the electric  
15 distribution events and the customer impact  
16 necessitates the existence of electric operations'  
17 specific plans and a dedicated organization to  
18 coordinate and develop these plans. Con Edison's  
19 electric emergency planning and response are guided by  
20 three principles: 1) to reduce the probability of  
21 emergency-related outages, 2) to minimize the duration  
22 of such outages, and 3) to design and implement timely

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1 and responsive communication strategies. Examples of  
2 EOEM's emergency planning activities are:

3 • Continuing enhancement of the Comprehensive  
4 Emergency Response Program ("CERP") designed to  
5 provide a guideline for response to emergency  
6 events consistent with the three guiding  
7 principles;

8 • Ongoing interaction with response personnel to  
9 standardize the emergency response that is  
10 utilized throughout the four electric operating  
11 regions;

12 • Evaluating process improvement opportunities  
13 that can be employed to enhance the Company's  
14 emergency response; and

15 • Developing written processes and instructions to  
16 assist emergency response personnel with  
17 specific emergency duties.

18 Q. What do you understand to be the basis for Mr. Eng's  
19 conclusion that there is a lack of an overall,  
20 comprehensive, emergency planning structure?

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1 A. Mr. Eng bases his conclusion on his understanding of  
2 the Company's organizational and management structure  
3 as it relates to emergency planning.

4 Q. Please explain the Company's organizational and  
5 management structure as it relates to emergency  
6 planning.

7 A. As explained above, CEPS has jurisdiction over the  
8 entire corporation and therefore policies and  
9 procedures set forth by CEPS are applicable to each  
10 organization within the Company. EOEM, however, only  
11 has jurisdiction over electric operations. Therefore,  
12 plans set forth by EOEM need to be consistent with the  
13 policies and procedures set forth by CEPS but are  
14 applicable only to electric operations. For example,  
15 one corporate policy set forth by CEPS is that the  
16 Company will utilize the Incident Command System when  
17 responding to emergencies. In that regard, Mr.  
18 Greenwood's statement that he oversees the Company's  
19 response to incidents refers to his organization's role  
20 in developing the policies that guide the  
21 implementation of the Incident Command Structure for  
22 all organizations. Additionally, Corporate Emergency  
23 Planning and Security coordinates corporate training in

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1 ICS and provides facilitators during emergency events  
2 to assist corporate organizations in implementing ICS.  
3 CEPS is a corporate organization that supports the  
4 needs of electric, gas, steam, transmission,  
5 substations as well as all the non-operating  
6 organizations through the establishment of consistent  
7 plans and policies for such matters as bird flu,  
8 pandemic, and business continuity.

9 EOEM is part of electric operations. It focuses on  
10 developing specific emergency response plans to address  
11 the intricacies of the electric distribution system  
12 using the plans and policies as set forth by CEPS. As  
13 mentioned above, the frequency of storm-related events  
14 necessitates the development of specific plans for  
15 electric operations and a dedicated organization to  
16 coordinate and develop these plans. EOEM also assists  
17 Electric Operations with electric emergency disciplines  
18 related to long-range planning, pre-event planning, and  
19 event mobilization, and in electric emergency events,  
20 response execution.

21 Q. Is Mr. Eng correct at page 8, lines 18-22, when he  
22 states that Distribution Engineering ("DE") is

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1 responsible for the Company's Comprehensive Emergency  
2 Response Plan?

3 A. No. EOEM is responsible for and in fact prepares  
4 Electric Operations' CERP in compliance with Part 105  
5 of the Commission's rules applicable to electric  
6 utilities. DE happens to file the CERP with Staff  
7 because DE is the organization within Electric  
8 Operations that makes regulatory filings related to  
9 electric operations, e.g., the Annual Report on  
10 Electric Service and Power Quality. We regret Mr.  
11 Eng's misunderstanding on this point, but it provides  
12 no support for his position.

13 Q. Are any of the four programs that Mr. Eng would  
14 eliminate from the Company's revenue requirement  
15 dependent on the structure of the Company's emergency  
16 planning and response organization?

17 A. No, they are not. As explained in our initial  
18 testimony and above, Con Edison's electric emergency  
19 planning and response are guided by three principles:  
20 1) to reduce the probability of emergency-related  
21 outages, 2) to minimize the duration of such outages,  
22 and 3) to design and implement timely and responsive  
23 communication strategies. Assuming for purposes of

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1           this argument that the Company's reporting structure in  
2           this area could be further clarified as Mr. Eng  
3           suggests, the Electric Emergency Preparedness program  
4           changes are all designed to assist in achieving the  
5           aforementioned guiding principles and need to be  
6           implemented irrespective of any corporate reporting  
7           issues. The increased staffing levels are needed to  
8           meet substantive objectives whether or not the existing  
9           corporate organizations are modified.

10    Q.    Please explain.

11    A.    Our plans are designed to enhance our ability to  
12           coordinate emergency assignments and training  
13           requirements, to investigate and implement best  
14           practices and technical enhancements, to respond to  
15           emergencies and to assist the Incident Command General  
16           Staff during such responses. We will also enhance  
17           system-wide implementation of Electric Emergency plans  
18           and overall response by providing dedicated personnel  
19           in each operating region to work with Electric  
20           Operations in preparation for and response to electric  
21           system emergencies. The fundamental drivers for  
22           emergency response in each of our regions are very  
23           similar. Accordingly, each of the regions needs to

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1           have adequate dedicated personnel who will focus on the  
2           details of the plans. Standardization will also  
3           facilitate implementing corporate objectives across the  
4           regions seamlessly over time.

5    Q.    Please continue.

6    A.    The renovation of existing space to provide both a more  
7           efficient and effective Incident Command Area for  
8           coordination of emergency response in the  
9           Bronx/Westchester region and office space for emergency  
10          management personnel is both an efficient use of space  
11          and a benefit during the utilization of the Incident  
12          Command System during emergency responses. The use of  
13          the space facilitates the interaction of Command Staff  
14          personnel.

15          Consistent with the Company's outlined strategies, the  
16          additional personnel for the Control Center Emergency  
17          Screening group are intended to improve communication  
18          and minimize outage durations. This group would  
19          improve communications through direct interaction with  
20          customers to ascertain the root cause of trouble  
21          tickets generated by customer calls and through  
22          proactive feedback provided to customer service, who

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1 would be better informed to interact with customers  
2 calling regarding potential system conditions.

3 In addition to communicating directly with customers,  
4 the control center screening group will assist the  
5 control center in prioritizing and packaging field  
6 work. This will permit the Company to enhance its  
7 utilization of its resources for responding to real  
8 events. The control center screening group can  
9 proactively contact customers and prioritize  
10 outstanding work, thereby allowing operators to focus  
11 on the critical task of operating the system, thus  
12 reducing overall customer restoration times.

13 Q. Does Mr. Eng's concern about the organizational  
14 structure for emergency preparedness have any bearing  
15 on the propriety of our coastal storm mitigation  
16 proposals?

17 A. No, they do not. The coastal storm mitigation  
18 proposals directly relate to physical infrastructure  
19 installations that reduce the probability and minimize  
20 the duration of emergency-related outages. Each  
21 Electric Operating region has evaluated the need for  
22 transformer vault replacements with flood-resistant  
23 submersible transformers, and flood-disconnect switch

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1 installations to reduce the number of customers  
2 impacted and the duration of customer outages during a  
3 coastal storm that results in significant storm surge.  
4 These installations are needed regardless of the  
5 structure of Con Edison's emergency response  
6 organization.

7 Q. Please summarize Mr. Eng's recommendations relating to  
8 the pending management audit of the Company's emergency  
9 preparedness.

10 A. Mr. Eng anticipates that the management audit findings  
11 will impact the Company's Electric Emergency  
12 Preparedness program proposals. He indicates that the  
13 management audit is "scheduled to be finalized prior to  
14 the end of 2007..." and recommends the Company file "a  
15 comprehensive plan ... to address incremental costs in  
16 the emergency preparedness area" by January 1, 2008.

17 Q. Do you agree with this recommendation?

18 A. In part. Con Edison agrees that it should further  
19 develop its emergency preparedness business  
20 strategy/structure to the extent that the audit  
21 properly identifies areas for improvement. However, as  
22 explained above, there is no basis for concluding that  
23 the audit findings would indicate that any of the four

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1 programs that Mr. Eng seeks to eliminate from  
2 consideration in this proceeding would not be necessary  
3 or would require material revision. Nor does Mr. Eng  
4 offer any evidence to support his suggestion that any  
5 of these four specific programs will be addressed in  
6 the upcoming audit report.

7 Moreover, depending on the release date of the audit,  
8 and a reasonable time needed for the Company to  
9 evaluate the audit's findings, January 1, 2008 may not  
10 be a reasonable target date to address the audit's  
11 findings. Also, there is no certainty as to when the  
12 Commission would act on any report filed by the Company  
13 in response to the audit's recommendations.

14 For all of the foregoing reasons and the reasons  
15 provided in our direct testimony, the Commission should  
16 reject the Staff proposal to eliminate funding for  
17 these four emergency response programs. The programs  
18 are important and their implementation should not be  
19 delayed pending these future deliberations.

20 Q. Does this conclude your rebuttal and update testimony?

21 A. Yes.

Consolidated Edison Company of New York, Inc.  
 Electric Emergency Preparedness Panel  
 Capital 2008 -2010 and O&M RY1

REV

Capital Funding (\$000s)

PROGRAM	2008	2009	2010	TOTAL
Incident Command Center (ICC)	2,000	2,000	0	4,000
Coastal Storm Mitigation	6,400	6,400	6,400	19,200
TOTAL	8,400	8,400	6,400	23,200

O&M Funding (\$000s)

PROGRAM	RY1
Emergency Management Organization	3,363
Control Center Emergency Screening	613
TOTAL	3,976