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March 9, 2007

By Electronic Mail

Mr. James Gallagher
Director, Office of Electricity and Environment
State of New York Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 06-E-0894 – Proceeding on Motion of the Commission to
Investigate Electric Power Outages in Con Edison's Long Island City
Network

Dear Mr. Gallagher:

Recommendations 12, 14, 19, 26, 27, 28, 49, 79, 80, and 82 in Staff's Report in the referenced proceeding provide for Con Edison either to complete its implementation or to report on its implementation activity within 30 days of the Report's issuance date, February 9, 2007. Attachment "A" to this letter reviews the status of those recommendations. The implementation of seven of these recommendations (19, 26, 28, 49, 79, 80, and 82) has been completed. In addition, Attachment "B" to this letter provides information on four other recommendations (17, 54, 55, and 73) for which implementation actions have been completed.

Please call me if you would like to discuss further or have any questions.

Sincerely,

Enclosures

Report on 30-Day Actions for Staff LIC Recommendations

Recommendation 12

Con Edison should modify its automated call system to enable callers to bypass the interactive voice response message and be placed in queue within 15 seconds to reach a Customer Service Representative to report service problems or obtain information during future emergencies. Within 30 days after the issuance of this Staff Report, the Company should advise Staff of the additional procedures and protocols it has put in place to comply with the intent of this recommendation.

Recommendation 12 Status:

We are changing the programming of our automated calling system to comply with the intent of this recommendation. We anticipate that the changes will be implemented by the end of March. They are extensive as noted in the following.

Our greetings and menus are designed for the unique needs of customers in our service territory. The process of picking a language and identifying the call as an electric emergency takes about 30 seconds or more.

We plan on modifying our call flows to reflect the following options.

1. The first menu option is a choice of language (English or Spanish).
2. The next menu option is to report an electric outage, a gas leak, a steam emergency or other hazardous condition vs. another question.
3. The next choice is to identify the type of emergency, i.e. electric outage.
4. If the Outage Notification Incentive Mechanism is in effect, the caller will be provided with a selection to hear messages specific to their geographic areas. (The interactive voice response message is provided on the telephone switch in order to communicate the information required by the Outage Notification Incentive Mechanism, i.e. when there are outages of more than 20,000 customers.)
5. The next menu option will be to report an outage by self service or choose to be queued for a representative.

If the caller chooses to be queued for a representative, he or she will be given the estimated wait time, when it is more than 30 seconds. Depending on the wait time, we will once again offer the option to use self service.

After recording the initial outage report, we will advise callers how to bypass all but the initial language selection to obtain an update. When they call back and use the bypass, callers will be offered an update via self service (when available) or by a representative as before.

While we expect to be able to handle virtually all emergencies as described, there may be some extraordinarily large outages such as those experienced by other utilities who utilize high volume call overflow VRU services for additional capacity. In that eventuality the option to queue for a representative as an alternative to self service reporting will not be immediately available outside an exception basis.

Report on 30-Day Actions for Staff LIC Recommendations

As a result of benchmarking with other utilities with significant experience in handling large-scale outages, including Entergy and Florida Power & Light, we increased our self service lines to the equivalent of 300 agents at the ready for calls virtually around the clock and we have streamlined and enhanced our self-service applications to make it simpler and quicker for customers to report their outages.

These enhancements make it easy for customers to report their trouble or obtain information quickly (usually in less than 90 seconds). We plan to make further modifications in our system to continue to make it "user friendly".

Recommendation 14

Con Edison should develop an enhanced program to identify customers, as well as other consumers (e.g., those who pay utility costs in their rent or through master metering arrangements), who rely on life-support equipment, and raise their awareness of the importance of being included in the Company's records as using life-support equipment. The Company should report to Staff, within 30 days of the issuance of this Report, its actions and plans in this regard. It should also include its plans as part of its next rate filing.

Recommendation 14 Status:

Con Edison has developed the following program to reach out and encourage customers and other consumers who rely on life-support equipment to register with our Life Sustaining Equipment (LSE) program.

- Beginning in May 2007, and annually thereafter a letter is being sent to the managing agents/owners of master metered apartment buildings to publicize the program by displaying our LSE program brochure and a copy of the letter at their premises to make the occupants aware of this important program. It contains our telephone number 1-800-75 CONED and internet address to obtain the forms.
- The May/June Customer News, sent to all customers, will contain a LSE enrollment form and encourage notification and enrollment by people who are not customer.
- Con Edison has expanded its list of contacts for its annual mailing of LSE enrollment information to include over 8,000 doctors; visiting nurse services, adult care facilities, medical clinics, convalescent homes, emergency medical services, health care facilities, hospices, hospitals, medical & surgical service organizations, medical groups, LSE equipment related businesses, nursing and convalescent homes, retirement communities and homes, etc. This year's letter will be sent to over 11,000 recipients by the end of April.
- At each presentation, event or program in which they participate, the Company's Customer Outreach and Education staff provides information about the importance of registering LSE equipment by direct customers and occupants of master metered buildings.

Report on 30-Day Actions for Staff LIC Recommendations

- LSE enrollment will be encouraged at Con Edison's 2007 Asian American and Hispanic American Conferences for service providers throughout our service territory.
- We continue to make our LSE brochure available in a variety of languages besides English.

Recommendation 19

Con Edison should, within 30 days of the issuance of this Report, redesign its website so that access to the outage reporting feature is in a prominent location on its website home page.

Recommendation 19 Status:

The web site has been redesigned to provide a link on the home page (upper right adjacent to "quick links" menu) entitled "report an electric service problem. Clicking on this link opens the page for on-line reporting of an electric service problem entitled, "Report an Electric Service Problem/Check Status." The implementation of this recommendation has been completed.

Recommendation 26

Con Edison should reassess its denial of the claims for fuel reimbursement, and, within 30 days of the issuance of this Staff Report, reimburse these customers for the cost of the fuel used to run the generators, if such operations were at the request of the Company. The Company should immediately thereafter advise Staff of its compliance.

Recommendation 26 Status:

The Company has reimbursed the fuel costs of Memorial Sloan Kettering Cancer Center. Memorial is the only customer whose claim was initially denied although it claimed that it ran its generators at the direct request of the Company with the understanding that the Company would pay its fuel costs. The implementation of this recommendation has been completed.

Report on 30-Day Actions for Staff LIC Recommendations

Recommendation 27

Con Edison should, within 30 days of the issuance of this Report, contact any other customers whom it asked to run generation and who have not yet filed reimbursement claims. The Company should discuss with those customers what their fuel expenses were and, within 30 days thereafter, reimburse them for those expenses. The Company should by June 1, 2007, advise Staff of the results of its contacts with such customers.

Recommendation 27 Status:

The Company has identified a total of nine customers who used temporary, mobile generation units during the event and were asked by Con Edison to remain on generation pending completion of secondary repairs and were told that they would be reimbursed for fuel costs incurred. These customers have been contacted and asked to submit claims for fuel use. As of 3/7/07, four of the nine customers have submitted claims and reimbursements have been mailed. The Company will advise Staff by June 1, 2007 of the results of the contacts with the remaining five customers.

Recommendation 28

Con Edison should instruct its Representatives, within 30 days of the issuance of this Report, not to make assurances to consumers concerning payment of claims, except to the extent those Representatives are the decision-makers and will ensure that the claims decision they impart is carried out.

Recommendation 28 Status:

All customer service representatives have been instructed in this regard. Implementation of this recommendation has been completed.

Report on 30-Day Actions for Staff LIC Recommendations

Recommendation 49:

The Company should amend its requirements for its five-year inspection cycle to include a pressure test and dissolved gas-in-oil test for all transformers effective immediately.

Recommendation 49 Status:

The company amended its inspection procedure to include pressure testing, as well as sampling of dissolved gases, for network transformers beginning in mid 2005. The amended procedure has been sent to Staff. The implementation of this recommendation has been completed.

Recommendation 79

Con Edison should file its current five-year capital budget with Staff within 30 days of the issuance of this Report.

Recommendation 79 Status

Con Edison sent its current five-year capital budget to Staff on February 8, 2007. The implementation of this recommendation has been completed.

Recommendation 80

Con Edison should file a detailed five-year capital budget with the Commission within 30 days of the issuance of this Report, and subsequently by March 1 of each year until further notice.

Recommendation 80 Status:

Con Edison is filing a detailed current five-year capital budget with the Commission on March 12, 2007. The Company will file a detailed current five-year capital budget by March 1 of subsequent years until further notice. The implementation of this recommendation has been completed.

Report on 30-Day Actions for Staff LIC Recommendations

Recommendation 82:

Con Edison should modify the Central Information Group procedures so that they are in compliance with the Appendix B of the Safety Standard Order in Case 04- M-0159. The Company should provide Staff, within 30 days of the issuance of this Report, a revised version of the Company's procedures that identify when and how notifications should be made.

Recommendation 82 Status:

The Central Information Group procedure CG10-10 has been modified to state when and how notifications should be made to comply with Appendix B of the Safety Standards Order in Case 04- M-0159. The modified procedure includes revisions to reflect the DPS Staff's "Consolidated Edison PSC Electric Event Notification Requirements" issued under cover letter dated February 26, 2007. One change in CG10-10 is the inclusion of a "PSC Electric Notification Matrix" (Appendix D of CG10-10) which is designed to serve as the focal point for all PSC notification requirements. This matrix will be used as a daily tool by the CIG specialists to ensure notifications are made in a consistent manner with the requirements. The Company has provided the revised procedure CG10-10 to Staff

CIG also made changes in two other procedures mentioned in Staff's LIC report, CG2-2 and CG10-2. The main changes in these procedures reflect appropriate references to CG10-10 to ensure consistency in making notification requirements. The implementation of this recommendation has been completed.

Report on the Completion of Additional Staff LIC Recommendations

Recommendation 17:

Con Edison should, by June 1, 2007, include instructions on the handling of dry ice in the “Storm Preparations” section of its website. The Company should notify Staff when it has so modified its website.

Recommendation 17 Status:

Dry ice handling instructions has been added to the storm preparation section of the Company’s website. The implementation of this recommendation has been completed.

Recommendation 54:

The Company should provide a full report of its analysis and risk assessment with regard to adjusting the relay settings within the LIC Network to Staff by March 1, 2007, at which time Staff will assess whether adjusting relay settings to their upper limits is appropriate.

Recommendation 54 Status:

The Company provided its report to Staff on March 1, 2007. The implementation of this recommendation has been completed.

Recommendation 55:

The draft procedure EO-2147, should ensure that all future changes and modifications to networks and associated equipment are identified and shared with the relay engineers so that proposed settings and adjustments can be made as needed. The draft procedure should be finalized and submitted to Staff for review by June 1, 2007.

Recommendation 55 Status:

Procedure EO-2147 has been finalized and issued. The procedure establishes responsibility for notifying Central Engineering / Relay Protection Engineering of changes in the primary feeder configuration that could impact the feeder relay protection settings. Procedure EO-2147 has been sent to Staff. The implementation of this recommendation has been completed.

Report on the Completion of Additional Staff LIC Recommendations

Recommendation 73

Con Edison should provide Staff with weekly status reports on secondary main section work generated by the secondary main section inspection program in the Long Island City Network until all such work is complete. Such reporting should begin one week after the issuance of this Report.

Recommendation 73 Status:

All secondary work associated with the original LIC PVL analysis and recovery plan has been completed and reported on. See LIC Recovery - Weekly Status Report 02-9-07. All the secondary work associated with the second set of LIC PVL runs has been completed and reported on. See LIC Recovery - Weekly Status Report 02-16-07. The completed work is summarized below:

- 990 secondary main sections (original plan)
- 94 secondary main sections (second PVL run)
- 23,614 trench feet of conduit
- 173 structure enlargements
- 1,429 structure conductor upgrades
- 82 transformers replaced

With the completion of the secondary main inspection work associated with the LIC recovery plan and the reporting on this work, the reporting on secondary main section work generated by the LIC recovery plan secondary main section inspection program is completed.

The Company continues to inspect LIC network structures as provided in Staff recommendation 42. The Company's reporting on its implementation of Staff recommendation 42 will include weekly reports to Staff regarding those inspections and the secondary work associated with those inspections.