

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

Internet Address: <http://www.dps.state.ny.us>

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February 23, 2007

Mr. Louis L. Rana
President
Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, NY 10030

Re: Case 06-E-0894 - The Processing of Recommendations Delineated in
the Department of Public Service Staff's Investigative Report on
the Long Island City Network Outage in July 2006.

Dear Mr. Rana:

As per our discussion on February 9, 2006, there are three additional
recommendations from Staff's investigative report that should also have the highest
priority for implementation. These three recommendations are:

66. Con Edison should identify and implement measures to improve and increase participation in the various demand reduction and energy efficiency programs available throughout its service territory. The Company should provide Staff, within 90 days of issuance of this Report, with its plans for improving and increasing such participation.

67. Con Edison should develop a method(s) to understand and better identify demand reduction opportunities, including details on specific customer classes, locations, and timing, and to differentiate between voluntary load reductions and losses of load due to loss of service. The approach should have sufficient granularity to allow load reduction (or demand response) resources to be dispatched on a network-by-network basis and to develop an operating protocol that would allow the demand response resources under the control of the NYISO to also be dispatchable on a network basis within Zone J. The Company should provide Staff, within 90 days of this Report, with a report of the method(s) identified.

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.

Your letter to me dated February 19, 2006, indicated that the Company was already working on a response to recommendations 66 and 67. I would ask that you reach out to both the New York Independent System Operator and the demand response community for input in constructing your response, and give these recommendations priority treatment. Please review all three of these recommendations, and confirm that you will treat them as high priority, or should the Company believe that modification is necessary to either recommendation prior to its implementation, the Company should clearly identify such modification, and provide its rationale.

Your response to this letter is requested on or before February 28, 2007. If you need further clarification regarding this letter, please contact Michael Worden, Chief, Distribution Systems & Generation, at 518-486-2498.

I appreciate your cooperation and attention to this matter. Thank you.

Sincerely,

James T. Gallagher, Director
Office of Electricity and the Environment
Department of Public Service

cc: Patricia Acampora, Chairwoman
New York State Public Service Commission

Jaclyn Brillling, Secretary
New York State Public Service Commission