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March 30, 2007

VIA HAND DELIVERY

Hon. Jaclyn Brillling
Secretary
State of New York Public
Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 06-E-0894 - Proceeding on Motion of the Commission to Investigate the Electric Power Outages in Consolidated Edison Company of New York, Inc.'s Long Island City Network

Dear Secretary Brillling:

Pursuant to the Commission's Notice of Comment Schedule issued in the above-referenced proceeding on February 13, 2007, and updated by Judge Stein's Notice of March 14, 2007, enclosed are an original and ten (10) copies of the Reply Comments of the City of New York in response to the parties' comments on the Department of Public Service's February 9, 2007 Report on the Long Island City power outages.

Please have the extra copy of these Reply Comments time-stamped and returned to our messenger. Please call me if you have any questions.

Very truly yours,

COUCH WHITE, LLP

/s/ Robert M. Loughney

Robert M. Loughney

RML/MHB/dp

Enclosures

cc: Administrative Law Judge Eleanor Stein (Via Hand Delivery; w/enc.)
Kimberly Harriman, Esq. (Via Hand Delivery; w/enc.)
Active Parties (Via E-Mail; w/enc.)

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**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission to
Investigate the Electric Power Outages in
Consolidated Edison Company of New York,
Inc.'s Long Island City Electric Network**

Case 06-E-0894

**REPLY COMMENTS OF THE
CITY OF NEW YORK ON STAFF'S REPORT**

Dated: March 30, 2007

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PRELIMINARY STATEMENT

In accordance with the schedule established by Administrative Law Judge Eleanor Stein in Case 06-E-0894, Proceeding on Motion of the Commission to Investigate the Electric Power Outages in Consolidated Edison Company of New York, Inc.'s Long Island City Electric Network, the City of New York (the "City") hereby submits its Reply Comments ("Reply Comments") in response to Initial Comments made by parties in this proceeding to the report that the Department of Public Service Staff ("Staff") filed with the Commission on February 9, 2007 ("Staff Report").¹ The City has been an active participant in this proceeding since it was instituted on July 26, 2006.

As part of this proceeding, the City has conducted its own independent investigation into the causes of the power outages in the Long Island City electric network ("LIC Outage"). The City submitted its Initial Comments² in this proceeding on March 2, 2007, and also filed as an appendix to its Initial Comments a copy of its report entitled *Investigation by the City of New York into the Northwest Queens July 2006 Power Outages* ("City Report"). The City responds herein to the following: (i) the argument by TransGas and PULP that a deficiency of reactive power was a major contributor to the LIC Outage; (ii)

¹ *Department of Public Service Staff Report on its Investigation of the July 2006 Equipment Failures and Power Outages in Con Edison's Long Island City Network in Queens County, New York* (issued: February 9, 2007).

² The other parties filing Initial Comments on the Staff Report were: Con Edison, Attorney General of the State of New York ("Attorney General"), Assembly Committee on Corporations, Authorities and Commissions, Consumer Protection Board ("CPB"), Public Utility Law Project ("PULP"), Utility Workers Union of America, TransGas Energy Systems ("TransGas"), and Western Queens Power for the People Campaign. Citations to other parties' Initial Comments are preceded by the party's name, as abbreviated herein, and "Initial Comments" (e.g., Con Edison Initial Comments, p. __).

Con Edison's effort to justify its network shutdown procedures, monitoring of its secondary network and its Summer, 2006 preparation; (iii) CPB's request for implementation of a STAR program and for a monitoring role with respect to Con Edison's implementation of recommendations resulting from this proceeding; and (iv) the Attorney General's recommendations with respect to splitting large networks.

POINT I

THERE IS NO CREDIBLE EVIDENCE THAT A REACTIVE POWER DEFICIENCY CAUSED THE LIC OUTAGE

In their comments, both TransGas and PULP allege that a deficiency of reactive power (VARS) caused excessive current to flow in the secondary system of the Long Island City network.³ TransGas and PULP further speculate that this deficiency of reactive power caused the failure of the initial secondary cable and resulting fire, which then caused the outage of feeders 1Q17 and 1Q16.⁴ For the reasons set forth below, the Commission should reject this theory because it is based on flawed analyses and is not supported by the evidence collected during the discovery phase of this investigation.

³ TransGas Initial Comments, p. 2; PULP Initial Comments, p. 10.

⁴ *Id.*

A. Ohm's Law

In its Initial Comments, TransGas states that “Ohm’s Law provides that voltage is inversely proportional to current (amperage) in an electrical circuit . . . ”⁵ This is a misstatement of Ohm’s Law. Ohm’s Law is defined as follows:

the strength of a . . . current is directly proportional to the potential difference [across the two terminal points] and inversely proportional to the resistance of the circuit.⁶

As set forth in this definition, the current in a conductor is directly proportional to the voltage drop across its terminals. Because this is a direct proportionality, the converse of TransGas’ statement is true; that is, the voltage drop across a conductor is **directly** proportional to the current flowing through the conductor.⁷ Inasmuch as TransGas’ argument is based on this misstatement of Ohm’s Law and misapplication of basic electrical engineering theory, its remaining positions must be seriously questioned.

B. Reactive Power

TransGas’ Initial Comments also state that “[a]lthough the taps on transformers that supply the secondary will attempt to boost the reactive supply by adjusting the tap-step, if a reactive deficiency is present, the tap changers can reach their tap changing

⁵ TransGas Initial Comments, p. 3.

⁶ Webster’s College Dictionary, eleventh edition, p. 862.

⁷ *Id.*

limit allowing secondary voltages to drop.”⁸ This statement is accurate when referring to the tap-changing equipment located on the transformers at the North Queens substation. However, the statement does not take into consideration what the starting position was or the movement that was actually occurring to the tap changers at the North Queens substation during the peak demand period of July 17, 2006. Data supplied by Con Edison as part of this investigation provides this information and indicates that the VAR supply was more than adequate to meet demand.⁹

By way of background, there were four transformers that were supplying load to the North Queens substation bus on July 17, 2006.¹⁰ Each of these transformers has a tap changer installed that regulates the North Queens 27 kV substation bus voltage. These tap changers can raise or lower the voltage as system conditions require. The tap changers have a total of 33 positions (16 raise, 1 neutral and 16 lower, sometimes referred to as +16, N, -16). The voltage would be raised as load increases to compensate for the *voltage drop* through the transformers due to the increased load current, or to compensate for a voltage drop on the supply feeders due to a lack of VAR support.

TransGas has alleged that the Long Island City network’s “access to reactive power through the transmission system was handicapped . . . because the Con Edison Dunwoodie-Rainey 345 kV transmission line . . . was out of service.”¹¹ The Company has

⁸ TransGas Initial Comments, p. 4.

⁹ Company Response to City Interrogatory 133 (dated: October 24, 2006).

¹⁰ *Id.*

stated that preceding 1525 hours on July 17, 2006, the tap changers at the North Queens substation were operating in the vicinity of tap position -9 to -5.¹² The raising of the taps is to be expected as load increased throughout the day. At approximately 1528 hours on July 17th, the data shows a change on three transformers to the -4 tap position and on one transformer to the -3 position.¹³ This demonstrates that the tap changers were functional and responsive to whatever changes were occurring on the system. On July 17, 2006, prior to the Long Island City event, the tap changers never reached their upper tap changing limit (in this case +16) and there were still a minimum of 19 tap positions available to raise the voltage.¹⁴ This data supports the conclusion that the supply feeder voltage was actually slightly higher than required, which disproves the TransGas contention.

Moreover, the fact that the transformer taps had to be moved to the -16 position to achieve an 8% voltage reduction further proves that there was not a deficiency of VARS on the system.¹⁵ Had there been a deficiency of VARS, these tap changers would not have been lowered to the -16 tap position. In other words, the data made available during discovery disproves TransGas' argument that there was a deficiency of reactive power that helped to cause the LIC Outage.

¹¹ TransGas Initial Comments, p. 4.

¹² Company Response to City Interrogatory 133 (dated: October 24, 2006).

¹³ *Id.*

¹⁴ Company Response to City Interrogatory 133 (dated: October 24, 2006).

¹⁵ *Id.*

C. Remote Monitoring System

In their comments, both TransGas and PULP state that the Remote Monitoring System (“RMS”) provided data that showed 193 monitors with low voltage readings.¹⁶ TransGas characterizes this as “widespread low voltage conditions” and PULP further defines the voltage as being below 126 volts.¹⁷ Con Edison’s specification defines the service voltage under normal conditions with all supply facilities available as being between 126 and 118 volts.¹⁸ As a result, the 126 volt level cited by TransGas and PULP is not “low voltage.”

In discussing low voltage conditions, it is more appropriate to focus on the lower end of the range, namely 118 volts. However, because the RMS provides the voltage at the transformer secondary, and not the customer’s service point, some margin must be provided to allow for the voltage drop from the transformer to the customer. This voltage drop is typically in the range of 2 to 3 volts. Thus, “low voltage” would require a voltage measurement of less than 121 volts at the transformer. Data obtained during the investigation of the LIC event demonstrates that 17 transformers reported a voltage below 121 volts (A phase), and 5 of these readings were questionable due to erratic readings.¹⁹ Therefore, considering that there are approximately 1,200 transformers in the Long Island

¹⁶ TransGas Initial Comments, p. 8; PULP Initial Comments, p. 8, f.n. 15.

¹⁷ *Id.*

¹⁸ Con Edison Specification EO-2065 entitled “Low Tension A.C. Service Voltage Limits” (Revision 4, dated: August, 1993).

¹⁹ Company Response to City Interrogatory 114 (dated: October 24, 2006).

City network, TransGas' conclusion that there were "widespread low voltage conditions" prior to the event simply is not supportable.

D. Reference to the City Report

PULP in its Initial Comments quotes the City Report as follows:

An analysis of the Long Island City situation regarding the voltage reduction effect, based on the available information, suggests that the voltage reduction applied by Con Edison from July 17 through July 23 most likely did not reduce the over-current in the affected areas and possibly contributed to additional problems caused by already low voltages in these areas.²⁰

This quote is used by PULP to support its contention that there was a deficiency of VARS. However, PULP has incorrectly interpreted the City's statement.

As an initial matter, this statement in the City Report must be read in the context of the complete section in which it is contained.²¹ The statement is intended to support recommendations examining the use of voltage reduction as a means to reduce current on the secondary system. While PULP correctly states "New York City has suggested that the voltage reduction may have increased current . . .", it must be pointed out that nowhere in this section of the City Report is there any discussion of this being a result of a deficiency of VARS.²² To the contrary, as noted above, the tap changers at the North Queens substation were able to adequately maintain the 27 kV voltage. Accordingly, the

²⁰ PULP Initial Comments, p. 11.

²¹ PULP Initial Comments, p. 10; *see also*, City Report, p. 81.

²² *Id.*

City Report does not raise any concern with regard to voltage due to pre-event transmission or generation outages or deficiencies because there is no evidence to support the link that TransGas and PULP seek to create.

E. Review of Con Edison’s Ability to Measure and Manage Reactive Power

In PULP’s Initial Comments, it recommends that: “[t]he Commission should direct Staff to conduct further investigation and improvement of Con Edison’s ability to measure and manage reactive power loads within its networks.”²³ Data provided by Con Edison as part of this investigation illustrates that voltage at the 27 kV bus at the North Queens substation was adequately maintained by the Company’s Voltage VAR Control (VVC) system prior to the Long Island City network event.²⁴ Moreover, and as previously stated, the tap changers had to be moved to their lowest position in order to establish voltage reduction, further indicating that there was no deficiency of reactive power. Accordingly, there is no basis for PULP’s recommendation that there is a need for investigation of the Company’s ability to measure reactive power.²⁵

²³ PULP Initial Comments, p. 18.

²⁴ Company Response to City Interrogatory 133 (dated: October 24, 2006); *see also*, Company Response to City Interrogatory 141 for a description of the VVC System (dated: October 24, 2006).

²⁵ Definitions for what constitutes low voltage already exist within Con Edison’s service voltage specification. As stated in the City Report, what is required is for Con Edison to “[e]stablish, along with Department of Public Service Staff, a value of service voltage that should be considered inadequate and therefore would be counted as a service outage” (City Report, Section 7.0, Recommendation 41c).

F. Reactive Power and LIC Outage

TransGas and PULP's Initial Comments assert that a condition of low voltage including insufficient reactive power initiated the LIC outage.²⁶ In PULP's Initial Comments, they state that "[o]n July 17, 2006, a day with near peak load, it does appear that there was a low voltage problem in the LIC network."²⁷ As demonstrated through discovery in this proceeding, this was not the case.²⁸ Rather, the voltage supplying the Long Island City network on July 17, 2006, as the event began, was sufficient to meet demand and there was no shortage of active power (MW) or reactive power (VARs).²⁹

TransGas and PULP both cite to reliability concerns caused by transmission line outages as potential contributors to a low voltage condition occurring on the Long Island City network.³⁰ Specifically, TransGas cites to testimony of Federal Energy Regulatory Commission ("FERC") Chairman Kelliher and New York Independent System Operator ("NYISO") CEO Mark Lynch wherein they discuss overall reliability concerns of the New York City load area caused by unplanned outages of two major subterranean transmission lines.³¹ TransGas and PULP are confused. FERC and NYISO were concerned with a

²⁶ TransGas Initial Comments, p. 2; PULP Initial Comments, pp. 11-12.

²⁷ PULP Initial Comments, p. 13.

²⁸ Company Response to City Interrogatory 133 (dated: October 24, 2006).

²⁹ *Id.*

³⁰ TransGas Initial Comments, p. 4; PULP Initial Comments, pp. 5-7.

reduction in active power import capability, not a shortage of reactive power. The loss of transmission line(s) servicing the New York City load area, and their associated active power import capability, could impact overall system reliability and, if severe enough, result in voltage reduction, initiation of demand reduction programs and potentially controlled, localized load shedding. However, the record in this case does not support a finding of any deficiency in active power (or reactive power) at the start of the Long Island City event on July 17, 2006.³²

Further evidence that there was sufficient reactive power serving the Long Island City network during the event is that the tap changers at the North Queens substation still had sufficient range to adjust for any anticipated voltage corrections due to any Long Island City network load increases or transmission system voltage excursions. In fact, and as explained above, the opposite occurred when the Company implemented 8% voltage reduction. On July 17, 2006, when the Company initiated an 8% voltage reduction the tap changers at the source substation had to be moved to the -16 position. Had there been any shortage of reactive power, these tap changers would have been close to the +16 position to correct for any shortage of VARS.

Finally, the Con Edison Investigation Committee Report reviews in great detail the secondary condition in the vicinity of the first secondary fire.³³ This review clearly indicates that there were local secondary contingency conditions which caused the load on

³¹ PULP Initial Comments, pp. 5-6.

³² Company Response to City Interrogatory 133 (dated: October 24, 2006).

³³ Con Edison's *Long Island City Network July 17 – 25, 2006: Incident Investigation Committee* (issued: February 12, 2007) ("Investigation Committee Report"), pp. 47-49.

the failed secondary cables to be above their ratings. This is a more plausible reason for the failure of these secondary cables than a shortage of reactive power. It is for these reasons that there is no support in the record to establish a correlation between a deficiency in reactive power or low voltage condition and the initial burning of the secondary cable that caused the first two primary feeders to fail.

POINT II

COMPANY’S DEFENSE OF CERTAIN OPERATING PROCEDURES

A. Network Shutdown

Con Edison’s Initial Comments state that its Contingency Operations procedure³⁴ provides adequate guidance for when a network shutdown is appropriate.³⁵ The City does not agree. While the City recognizes that a certain amount of flexibility must be left to managers and operators to respond to contingency events and to allow them to use their training and experience to respond to these unique events as they unfold, the recommended improvements to the Company’s operating procedure, along with recommended improvements to the Company’s processes for providing accurate and timely information to operators, will ensure that the operators are considering all relevant factors in making the decision on shutting down or maintaining a network. Thus, Con Edison should

³⁴ Specification EO-4095 entitled “Distribution System Operation under Contingency Conditions.”

³⁵ Con Edison Initial Comments, pp. 10-11.

investigate opportunities to improve its network shutdown procedures as well as the training provided to its managers and operating personnel.³⁶

For example, the City Report highlights the need for the following improvements to the Company's network shutdown procedure: (1) instruction on the application and use of voltage reduction under multiple contingency conditions and/or known low voltage conditions within their secondary cable networks;³⁷ (2) more granular guidance on when a network is considered to be under significant jeopardy with regard to creating extensive equipment and/or cable damage that may result in extended customer service outages should the network not be de-energized;³⁸ and (3) application of three-phase substation grounds to clear faulted feeders that are alive-on-backfeed while networks are operating under multiple feeder contingency conditions.³⁹

The Company's current operating procedure regarding a network shutdown also should be strengthened to outline specific factors managers and operators are to consider when a network system is operating in a multiple contingency condition and they are deciding whether to de-energize the network. While the City recognizes that a certain amount of flexibility must be left to managers and operators to respond to contingency

³⁶ In addition, as indicated within the Feeder Restoration and Transformer Cooling section of the City Report (City Report, p. 63), and elsewhere within the City Report, Con Edison guidelines for operating under emergency conditions need to be strengthened.

³⁷ City Report, Section 7.0, Recommendation 39b.

³⁸ City Report, Section 7.0, Recommendation 27e.

³⁹ City Report, Section 7.0, Recommendation 27a.

events, the Company's current policy is inadequate and should be revised to reflect specific factors that should be examined before a decision on shutting down a network is made.

At a minimum, the Company's network shutdown policy should be revised to include consideration of, *inter alia*, the condition of the secondary system (including escalating number of secondary events), expected system restoration time and resources required (e.g., number of primary feeders restored to service) if the network is de-energized, a comparison of estimated damage to the network if it remains in service versus a shutdown and a comparison of customer outages of maintaining the network versus shutting it down. The Company's operating procedures on a network shutdown can be adequately revised to provide a balance that will allow managers and operators the discretion they require to address the unique characteristics of a contingency event while also applying a uniform set of standards in making the decision.

Accordingly, the Company's procedures on network shutdown decisions should be strengthened to provide additional guidance and clarity on how the various inputs should be quantified and accounted for in making the shutdown decision in the areas outlined above. In addition, increased training needs to be performed to ensure managers and operators are able to correctly perform these functions during emergency and stressful times.

B. Monitoring Of Secondary Network

In Con Edison's Initial Comments, it states that "[t]he operators were continually monitoring conditions to the secondary network and at no point disregarded the

information they were receiving.”⁴⁰ The Company makes this statement despite significant evidence to the contrary. While the Company’s claim may have been true on an individual report, or ticket basis, it clearly was not the case from a global perspective.⁴¹

It is evident that Con Edison personnel concentrated their attention and resources on the expeditious restoration of the primary feeders that were out of service during the initial phases of the Long Island City network event. In so doing, the Company’s view of the deteriorating condition of the secondary network cable system was limited. As the Company’s records have indicated, throughout the event backlogs of work were created in the secondary area for customers reporting outages, low voltage conditions, flickering lights, and manhole events.⁴² Not until the evening hours of Wednesday, July 19, 2006, were the increasing volume of trouble tickets plotted on operating maps by engineering personnel and additional focus directed towards this area of the system.⁴³ On Thursday, July 20, 2006, as the realization that significantly more customers were out of service or being provided inadequate voltage, a night time survey was ordered that then confirmed this condition.⁴⁴ The night time survey resulted in an increase in the estimated number of customer outages from roughly 2,000 to approximately 25,000 customers.⁴⁵ Only at this point did the

⁴⁰ Con Edison Initial Comments, pp. 31-32.

⁴¹ Company’s Investigation Committee Report, pp. 88-89.

⁴² *Con Edison’s Comprehensive Report on the Power Outages in Northwest Queens in July 2006* (issued: October 12, 2006) (“October 12th Report”), p. 4-34.

⁴³ *Id.*

⁴⁴ *Id.*

Company begin to deploy additional personnel and resources to address the true magnitude of the problems on the secondary system in a significant way. Accordingly, the Company's contention that its monitoring of the secondary system was adequate is contradicted by the evidence developed during discovery, and its response was seriously hampered by this lack of accurate information.

C. 2006 Summer Preparations

Con Edison's Initial Comments state that "all 57 networks were put on a state of high readiness" in anticipation of pending heat waves.⁴⁶ This statement is contradicted by the record developed during the course of this investigation and as documented in the City Report.⁴⁷ The Long Island City network cannot be described as being in a high state of readiness prior to the event. Con Edison reported that as of 1200 hours on July 17, 2006, there were 86 transformers within the network that were not supporting the secondary grid.⁴⁸ This number of non-operating transformers represents more than 7% of the roughly 1,200 transformers within the Long Island City network. The non-operating transformers were the equivalent to having one and one-half feeders out of service before the event even began on July 17, 2006. What is even more telling is that only twenty-seven of these transformers were listed as being banks-off the system (i.e., units dropped off of their respective

⁴⁵ October 12th Report, p. 4-70.

⁴⁶ Con Edison Initial Comments, p. 7

⁴⁷ City Report, pp. 107-108.

⁴⁸ October 12th Report, p. 3-6.

feeders).⁴⁹ The remaining transformers are listed as sixteen transformers with presumed blown fuses in their network protectors, and forty-three transformers that had their associated network protectors open.⁵⁰ These fifty-nine transformers should all have been repaired or closed in advance of the 2006 summer load period, or prior to a state of “high readiness.” Had these fifty-nine transformers been repaired or closed, it would of reduced the equivalent of 1.5 feeders out of service to a lower level.

Furthermore, as detailed in the City Report, the RMS had a significantly poor reporting level (79.5% compared to its designated reporting rate of 95%), the WOLF program was not functioning properly in the Brooklyn/Queens control center, the voltage reduction capability at the source substation was known to not be functioning, the new Ground & Test devices at the North Queens substation was not yet ready for use to expedite feeder processing, and the PQNode installation was not completed on a timely basis to permit the use of the Reactance To Fault application to reduce primary fault location times.⁵¹ Based on this series of problems, it is clear that Con Edison’s claim that the Long Island City network was in a “state of high readiness” on July 17, 2006 is unsupportable.

⁴⁹ Company Response to City Interrogatory 211 (dated: November 15, 2006).

⁵⁰ *Id.*

⁵¹ City Report, p. 108.

POINT III

REPLY TO THE CPB COMMENTS

A. The STAR Program Should Not Be Implemented Right Away But Should Continue To Be Developed

In its Initial Comments, CPB suggests that the Commission should provide a “date by which the Company’s operating regions must implement the STAR program.”⁵² The City cautions against establishing a hard deadline at this time. As stated in the Staff Report, STAR was primarily designed for application in radial systems.⁵³ To date, the STAR program has not been shown to be a proven tool for managing customer counts in an underground network system.⁵⁴

In the Staff Report, Staff provides a table showing a comparison of predicted customers out of service between the STAR program and the Outage Management System and states that: “[a]lthough the [STAR] program did not produce the same number of metered customer outages as provided by the Company surveys, Staff believes its use would at least have identified the severity of metered customer outages much sooner than relying solely on customer calls.”⁵⁵ While Staff’s statement is generally accurate, it must be emphasized that on July 25, 2006, the STAR program had estimated customer outages at 4,036 while the Outage Management System was reporting no customers without service

⁵² CPB Initial Comments, pp. 7-8.

⁵³ Staff Report, p. 25.

⁵⁴ *See id.*

⁵⁵ *Id.*, at 26.

(which in fact was the situation).⁵⁶ The STAR program also can show where the outage is occurring and how it might progress within a non-network system.

Given that this feature and the customer outage count in the STAR program have not been adequately tested for underground networks, it is recommended that additional testing be conducted before the program's widespread installation throughout the Company's network systems. An alternative approach to immediate implementation of the STAR program may be to require Con Edison to develop a thorough and mutually agreed upon test schedule and plan for the STAR program (or an entirely new alternative network system) in order to assess its capabilities and establish a realistic date for its system-wide implementation in network systems.

B. Increased Transparency Regarding The Implementation Of The Recommendations From This Proceeding Is Recommended

In its comments, CPB recognizes that the Staff Report states that Con Edison is to “provide a report on the status of the Company's compliance with individual recommendations” and that “[i]nterested parties should also be provided a copy of this information, as well as other status reports ordered by the Commission in this proceeding.”⁵⁷ The City strongly supports CPB's position and would expand it to require that Con Edison's status reports be posted on either the Con Edison or Commission websites. Given the

⁵⁶ *Id.*

⁵⁷ CPB Initial Comments, p. 5.

Company's failure to fully implement the recommendations arising from the Washington Heights event, the widest distribution of the status reports to active parties and the public will aid in ensuring that Con Edison is complying with the recommendations that follow from the Long Island City event. Moreover, increased ongoing participation by the active parties and the public in the implementation of these recommendations will provide additional transparency and assurances that the Company is complying with any recommendations ordered by the Commission.

POINT IV

THE ATTORNEY GENERAL'S RECOMMENDATION FOR THE SPLITTING OF ALL LARGE NETWORKS SHOULD BE REJECTED

In the Attorney General's Initial Comments, he recommends that "networks of large size or poor performance records . . . should be examined to determine whether to reduce the size . . ." ⁵⁸ First, this statement mistakes the Con Edison jeopardy ranking system for a performance measure, which it is not. The jeopardy model creates a ranking of the Company's 57 networks based upon a probabilistic estimate of their relative probability of failure. ⁵⁹ In actuality, the Long Island City network has performed more reliably than the system as a whole as measured by the System Average Interruption Frequency Index ("SAIFI") and Customer Average Interruption Duration Index ("CAIDI"). ⁶⁰

⁵⁸ Attorney General Initial Comments, p. 28.

⁵⁹ City Report, p. 97.

⁶⁰ City Report, p. 91; Staff Report, p. 17.

The Attorney General's further recommendation that all large networks be examined for reduction in size would create an entirely new basis for system reinforcement that is not currently included in rates. The City's recommendation to split the LIC network is based both on its size and the severe stress that it experienced during the 2006 event. The stress that the LIC network experienced during the multiple contingencies is the primary reason for the City's recommendation to split the network. While the City supports the splitting of large networks, such as Long Island City, where factual and engineering analyses support such a course of action, not all large networks would benefit from splitting. Moreover, network splitting may require the acquisition of new land and construction of new substations, the extension of new feeders to the network to be divided, and the installation of new sub-transmission feeders to supply the new substations. The cost of these major undertakings may not be justified by the improvements in reliability, if any, that might be realized.

CONCLUSION

For the reasons set forth in the City's Initial Comments, the City Report and herein, the Commission should review Con Edison's operating practices and procedures thoroughly and adopt the conclusions and recommendations set forth in the City Report to help to reduce the possibility that an event similar to the Long Island City power outages will occur again or, if it occurs, is responded to more effectively and promptly.

Dated: March 30, 2007
Albany, New York

Respectfully submitted,

/s/ Moshe H. Bonder

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