

Case No. 07-E-0523

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

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

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 organization and incorporate staff within each of the
2 operating regions; the Incident Command Center ("ICC")
3 program to design and develop dual-use space for both
4 the EOEM staff during routine days and the Incident
5 Command staff during emergency responses; the Coastal
6 Storm Mitigation ("CSM") program to replace non-
7 submersible 120/208 transformer vaults with submersible
8 transformer vaults and to add flood disconnect switches
9 to 265/460 and High Tension vaults that are in the
10 category 1 flood zone; and the Control Center Emergency
11 Screening ("CCES") program to provide additional
12 personnel in each Control Center to evaluate and
13 prioritize the increased volume of emergency calls
14 received.

15 **UPDATE**

16 Q. Has the Panel updated its previous Exhibit?

17 A. Yes, Exhibit __ (EPPP-1) has been updated.

18 MARK FOR IDENTIFICATION AS EXHIBIT____ (EPPP-1 REV)

19 Q. Please explain your updated exhibit.

20 A. The cost for the CSM program requires adjustment
21 because the number of flood switches needed has

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 increased and the number of non-submersible vault
2 locations has decreased. More specifically, upon
3 further evaluation of the Sea, Lake and Overland Surges
4 from Hurricanes ("SLOSH") model and the potentially
5 impacted equipment in storm surge inundation zone 1, we
6 have identified the 265/460 and high tension vaults
7 that should be equipped with flood (load disconnect)
8 switches. Accordingly, the number has increased to 291
9 flood switches. In addition, upon further evaluation
10 of the SLOSH model and the potentially impacted non-
11 submersible 120/208 vault locations, we identified 143
12 for replacement.

13 Q. Why did these numbers change?

14 A. As we further refine our Corporate Coastal Storm Plan,
15 the SLOSH model, which identifies the delineation of
16 storm surges anticipated with each category storm, is
17 periodically reviewed against actual location
18 conditions. Accordingly, a recent review refined the
19 number of locations anticipated to be impacted by a
20 category 1 storm surge.

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

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

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 Q. Did you also update the costs associated with the
2 Replacement Task Force program?

3 A. Yes. This update provides the labor and incidental
4 costs associated with hiring 13 people to support the
5 Replacement Task Force program. Our initial testimony
6 explained that staffing would be required to support
7 this program, that the required staffing was under
8 development, and that the staffing requirements would
9 be provided as part of the update testimony.

10 **REBUTTAL**

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

14 A. Mr. Eng does not oppose these programs on their merits.
15 In fact, he recognizes the many benefits of these
16 programs for customers. On page 3, lines 14-23 of his
17 testimony, Mr. Eng states "The programs address
18 equipment damage and timely recovery due to coastal
19 storm surges, and a better process for emergency calls
20 from customers. They are intended to improve the
21 Company's storm and heat event readiness, protect
22 equipment from coastal storm surges, better respond to

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 customer outages, facilitate effective restoration, and
2 improve on internal and external communications."

3 Nevertheless, Mr. Eng argues at page 8, lines 8-9, that
4 these programs should not be implemented because of
5 "...the lack of an overall, comprehensive, emergency
6 planning structure." He states "While Staff recognizes
7 that there is coordination between these various
8 organizations, a clear structure for emergency
9 preparedness needs to be established before the Company
10 moves forward with these programs."

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

14 A. No, we do not, as we will explain later in our
15 testimony.

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

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

21 Q. Please explain.

22 A. I (Mr. Greenwood) am a Company vice president,
23 responsible for a corporate organization called

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 "Corporate Emergency Planning and Security." I (Mr.
2 Walker) am the Director of an organization within
3 Electric Operations called "Electric Operations
4 Emergency Management."

5 Q. Please describe the responsibilities of Corporate
6 Emergency Planning and Security.

7 A. Corporate Emergency Planning and Security ("CEPS") is
8 responsible for establishing corporate policies and
9 developing corporate plans for emergencies that may
10 significantly impact the corporation as a whole.
11 Examples of CEPS' corporate emergency planning
12 activities are:

- 13 • Mandating the use of and supporting the Incident
14 Command Structure as the organizational
15 framework for the Company's response to any
16 emergency situation;
- 17 • Establishing and maintaining Con Edison's plan
18 for corporate continuity in the event of a major
19 catastrophe, including working with each
20 corporate organization to maintain its
21 individual disaster continuity plan;

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

- 1 • Coordinating with local, state, and federal
2 authorities regarding preparation for and
3 response during emergency events; and
4 • Coordinating development of annual Corporate
5 Emergency Response Center drills, facilitating
6 each exercise and tracking actions, when
7 required, following a lessons learned debrief.

8 Q. Please describe the responsibilities of Electric
9 Operations Emergency Management.

10 A. Electric Operations Emergency Management ("EOEM")
11 provides for efficiency and effectiveness in the
12 planning, preparation and response to electric system
13 emergencies and some standardization of the above in
14 all the electric operating regions. EOEM is
15 responsible for developing electric emergency response
16 plans consistent with corporate policy (as set forth by
17 CEPS). These emergencies include heat and storm
18 events. The plans that are developed by EOEM are only
19 applicable to electric operations, whereas the plans
20 and policies set forth by CEPS are applicable to the
21 entire corporation. The frequency of the electric
22 distribution events and the customer impact
23 necessitates the existence of electric operations'

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 specific plans and a dedicated organization to
2 coordinate and develop these plans. Con Edison's
3 electric emergency planning and response are guided by
4 three principles: 1) to reduce the probability of
5 emergency-related outages, 2) to minimize the duration
6 of such outages, and 3) to design and implement timely
7 and responsive communication strategies. Examples of
8 EOEM's emergency planning activities are:

- 9 • Continuing enhancement of the Comprehensive
10 Emergency Response Program ("CERP") designed to
11 provide a guideline for response to emergency
12 events consistent with the three guiding
13 principles;
- 14 • Ongoing interaction with response personnel to
15 standardize the emergency response that is
16 utilized throughout the four electric operating
17 regions;
- 18 • Evaluating process improvement opportunities
19 that can be employed to enhance the Company's
20 emergency response; and
- 21 • Developing written processes and instructions to
22 assist emergency response personnel with
23 specific emergency duties.

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

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

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

7 Q. Please explain the Company's organizational and
8 management structure as it relates to emergency
9 planning.

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

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 implementation of the Incident Command Structure for
2 all organizations. Additionally, Corporate Emergency
3 Planning and Security coordinates corporate training in
4 ICS and provides facilitators during emergency events
5 to assist corporate organizations in implementing ICS.
6 CEPS is a corporate organization that supports the
7 needs of electric, gas, steam, transmission,
8 substations as well as all the non-operating
9 organizations through the establishment of consistent
10 plans and policies for such matters as bird flu,
11 pandemic, and business continuity.
12 EOEM is part of electric operations. It focuses on
13 developing specific emergency response plans to address
14 the intricacies of the electric distribution system
15 using the plans and policies as set forth by CEPS. As
16 mentioned above, the frequency of storm-related events
17 necessitates the development of specific plans for
18 electric operations and a dedicated organization to
19 coordinate and develop these plans. EOEM also assists
20 Electric Operations with electric emergency disciplines
21 related to long-range planning, pre-event planning, and
22 event mobilization, and in electric emergency events,
23 response execution.

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 Q. Is Mr. Eng correct at page 8, lines 18-22, when he
2 states that Distribution Engineering ("DE") is
3 responsible for the Company's Comprehensive Emergency
4 Response Plan?

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

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

19 A. No, they are not. As explained in our initial
20 testimony and above, Con Edison's electric emergency
21 planning and response are guided by three principles:
22 1) to reduce the probability of emergency-related
23 outages, 2) to minimize the duration of such outages,

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

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

12 Q. Please explain.

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

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 emergency response in each of our regions are very
2 similar. Accordingly, each of the regions needs to
3 have adequate dedicated personnel who will focus on the
4 details of the plans. Standardization will also
5 facilitate implementing corporate objectives across the
6 regions seamlessly over time.

7 Q. Please continue.

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

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

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

1 proactive feedback provided to customer service, who
2 would be better informed to interact with customers
3 calling regarding potential system conditions.

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

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

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

ELECTRIC EMERGENCY PREPAREDNESS PANEL --UPDATE/REBUTTAL

ELECTRIC

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

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

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

18 Q. Do you agree with this recommendation?

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

ELECTRIC

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

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

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

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

22 A. Yes.

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

REV

<u>Capital Funding (\$000s)</u>				
<u>PROGRAM</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>TOTAL</u>
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)

<u>PROGRAM</u>	<u>RY1</u>
Emergency Management Organization	3,363
Control Center Emergency Screening	613
TOTAL	3,976