



Craig S. Ivey
President

June 10, 2014

Audrey Zibelman
Chair
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Dear Chair Zibelman,

This letter responds to your letter dated May 20, 2014 to John McAvoy regarding the increased volume of natural gas leak and odor calls following the tragic incident that occurred on March 12, 2014 in East Harlem, and Con Edison's (the Company's) plans to address this increase while continuing to uphold its commitment to provide safe and reliable service.

The safety of the public and our employees remains our top priority. As you requested, members of Con Edison's senior leadership team met with Department of Public Service (DPS, the Department) Staff on May 27th and with you as well as on May 28th. During those meetings the Company agreed to provide the "Logging and Analysis of Gas Emergency Reports" at the increased frequency requested. The Company addressed the increased volume of natural gas leak and odor calls and discussed its plan to manage leak backlog to meet DPS rate case requirements. In addition, we discussed several of the Company's initiatives to improve gas safety, including:

- working more closely with the City of New York in several areas, including with local emergency services to use the 911 emergency calling system for the public to report gas odors in order to reduce response time;
- developing enhanced proactive measures to educate the public about the importance of reporting natural gas leaks;
- reviewing an initiative to post the location of leaks using an interactive map on its website;

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- re-directing available resources to respond timely to all incoming leak and odor calls, as well as the assignment of additional customer service representatives, to handle all gas emergency calls expeditiously - 24 hours a day, seven days a week; and
- exploring the use of the Company's electric stray voltage detection vehicles to also scan for potential gas leaks

Importantly, as discussed at the meetings, Con Edison recognizes that these initiatives will cause the Company to exceed its gas budget, and the Company will overrun its budget to the extent necessary to meet the needs of the public, putting safety above all else. Moreover, the severely cold winter has also had electric budget impacts. In view of these impacts, the Company is seeking to moderate budget overruns to the extent practicable, for example, by deferring or reducing discretionary costs as well as identifying areas where additional efficiencies can be gained. But to reiterate our discussion - safety, reliability and customer service will not be compromised in order to achieve previously established budgets.

The information below provides more details of the items discussed at the meetings.

Initiatives with New York City

While Con Edison has a long history of collaborating with New York City agencies, the Company is taking steps to bolster these efforts by exploring improvements focused on:

- Emergency response to gas leaks. Con Edison and the City are discussing ways to achieve faster response times by utilizing FDNY to receive gas odor reports via 911.
- Enhanced coordination with the City on underground infrastructure replacement, upgrades, and repairs. The City recently convened a utility working group that brings together entities involved in underground work (including DOT and DEP). The goal of the working group is to better coordinate underground infrastructure replacements, upgrades and repairs in a way that reduces risk and gains efficiencies. The working group is also discussing the sharing and aggregation of Con Edison and municipal underground infrastructure maps.
- Street Defects. In an effort to enhance public safety, Con Edison and the City are discussing notification and response protocols for street depressions, cave-ins, and other street defects that may impact the Company's gas facilities.

Public Awareness

Con Edison will continue to be proactive in its efforts to educate the public about the importance of reporting natural gas leaks and odors. The Company has established a comprehensive and integrated multi-lingual public awareness campaign that is communicated through a variety of channels, such as print ads, bill inserts, local publications, radio, video, websites and social media. Since the East Harlem incident, Con Edison has complemented these efforts with the launch of its “Smell Gas, Act Fast” campaign, made enhancements to its homepage that features gas safety messages, and conducted market research of commercial and residential customers (including those in East Harlem) to better understand and address the obstacles that may deter members of the public from reporting gas leaks. The learnings from those focus groups will be incorporated in ongoing outreach efforts. Also, in an effort to increase transparency, the Company is reviewing an initiative to publish a map of active gas leaks on its website. We understand the Department may have some concerns regarding such publication, and the Company will continue to work with the DPS Staff and other stakeholders as we prepare to provide more information to the public.

Additional Gas Public Safety Initiatives

Con Edison surveys our 4,300 miles of gas mains at least once a year and more frequently during severe weather; and we survey our gas service lines at least once every 3 years. We are looking for ways to increase the number of gas leak patrols and have initiated a pilot project that will combine our gas leak testing equipment with our electric stray voltage equipment on the same vehicle. Currently, a fleet of vehicles scans our underground electric delivery system 12 times per year, checking for contact or stray voltage. The goal of our pilot project is to test for gas leaks and contact voltage at the same time. If successful, we plan to expand this effort to substantially increase the number of gas leak patrols we perform each year.

With respect to the replacement of cast iron and unprotected steel pipes, Con Edison has nearly doubled its replacement program in recent years, and will be replacing an average of 65 miles of cast iron and unprotected steel pipe each year for the next three years, and 70 miles per year thereafter. The Company invests over \$500 million annually in its gas system, including an average of \$215 million annually replacing gas mains. Moving forward, Con Edison

will work with the PSC and other stakeholders to evaluate the potential acceleration of our main replacement program.

In closing, our primary mission is to provide energy safely and reliably, and we take that critical responsibility very seriously. We look forward to continuing to work with the Department on efforts to further enhance gas safety and reliability.

Sincerely,




Craig S. Ivey
President

cc: John McAvoy, Con Edison
Raj Addepalli, DPS
Cindy McCarran, DPS