BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
New York State Electric & Gas Corporation
for Electric Service

Case 15-E- ____

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Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
Rochester Gas and Electric Corporation
for Electric Service

Case 15-E- ____

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DIRECT TESTIMONY OF
EMERGENCY PREPAREDNESS / STORM PANEL

James S. Salmon
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May 20, 2015

DIRECT TESTIMONY OF EMERGENCY PREPAREDNESS / STORM PANEL

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I. INTRODUCTION

Q. Please state the names of the members on this Emergency Preparedness/Storm Panel ("Panel").

A. We are James S. Salmon and Judy A. Schroeder.

Q. Mr. Salmon, please state your title and business address.

A. I am the Director of Emergency Preparedness. My business address is 6 Werner Road, Clifton Park, New York 12065.

Q. Please summarize your educational background and work experience.

A. My Curriculum Vitae ("CV") is attached as Exhibit __ (EPSP-1).

Q. Have you previously testified in other proceedings before the New York State Public Service Commission ("PSC" or the "Commission") or any other state or federal regulatory agency or court?

A. No, I have not previously testified in other Commission proceedings or before any other regulatory agency or court.

Q. Ms. Schroeder, please state your title and business address.

A. I am the Director of Electric T&D Operations/Support. My business address is 73 Wright Circle, Auburn, New York 13021.

Q. Please summarize your educational background and work experience.

A. My CV is attached as Exhibit __ (EPSP-1).

Q. Have you previously testified in other proceedings before the Commission or any other state or federal regulatory agency or court?

A. No, I have not previously testified in other Commission proceedings or before any

other regulatory agency or court.

Q. What is the overall purpose of the Panel's testimony?

A. The Panel discusses:

1) New York State Electric & Gas Corporation's ("NYSEG") and Rochester Gas and Electric Corporation's ("RG&E" and together with NYSEG, the "Companies") emergency plans and Emergency Preparedness Department;
2) The Companies' recent experience with pre-storm staging costs;
3) The Companies' proposal for recovery of future pre-storm staging costs when a major weather event does not actually materialize;
4) The Companies' request for incremental expenditures related to weather services;
5) The Companies' request for incremental expenditures for technology improvements needed to ensure an emergency preparedness function, and to provide safe, efficient and effective restoration of services after major events; and
6) How Iberdrola USA Networks, Inc. ("IUSA Networks") plans to enhance its preparedness for dealing with all of the hazards that currently can and will affect the Companies' ability to serve customers (e.g., asset failures in high risk demographic areas and cyber and physical security threats).

II. SUMMARY AND IDENTIFICATION OF EXHIBITS

Q. Is this Panel sponsoring any Exhibits?

A. Yes. This Panel is sponsoring the following exhibits:

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1) Exhibit __ (EPSP-1) provides the CVs of the witnesses on this Panel;
2) Exhibit __ (EPSP-2) supports the estimated emergency preparedness program costs discussed in this testimony, including initiatives in a number of emergency preparedness activities, such as weather service enhancements, technology enhancements, and training; and
3) Exhibit __ (EPSP-3) provides an index of the Panel's workpapers. A copy of the workpapers will be provided to the New York State Department of Public Service Staff ("Staff").

Q. Can you describe the importance of emergency preparedness?

A. Emergency preparedness is an important element in providing safe and effective response to electric trouble and outages. The vast majority of the Companies' electricity delivery system is built overhead and, therefore, is subject to weather factors in our geographic area. It is important that the Companies have the tools, resources, and personnel necessary to prepare, plan, and stage for adverse events. It is also important for us to provide timely communications and situational awareness in order to ensure safe and efficient restoration operations. Superstorm Sandy and other recent storms have devastated communities, and electrical transmission and distribution systems, throughout the Northeast United States. The Companies and their customers are no exception. Given that our technologically advanced society is ever more dependent on a reliable and resilient energy system to ensure public safety and to power our economy, the Companies must have resources in place to allow us to respond as rapidly,

efficiently, and effectively as possible to emergency events. The Companies' proposed emergency preparedness expenditures are fully consistent with the Commission's and Staff's increased encouragement and expectation that the Companies have adequate resources.

III. THE COMPANIES' EMERGENCY PLAN

Q. Do the Companies have an established electric Emergency Plan?

A. Yes, the Companies are required to maintain an electric Emergency Plan and file this plan annually with the Commission. NYSEG and RG&E file a joint Emergency Plan. The most recent plan – the *NYSEG/RG&E 2015 Electric Utility Emergency Plan* ("Emergency Plan") – was filed on December 12, 2014 and approved by the Commission at its March 25, 2015 session. Section 105.4 of the Commission's regulations requires the Companies to perform an annual drill of the Emergency Plan. In addition, the Companies have also instituted Emergency Operating Procedures designed to assist in implementing the Emergency Plan.

Q. Can you briefly describe what is included in the Emergency Plan?

A. The Emergency Plan is modeled after the National Incident Management System ("NIMS"). NIMS is a system mandated by the Department of Homeland Security to ensure a consistent nationwide approach to emergency events. The Emergency Plan is designed to coordinate responses for both local incidents through the Incident Command System and incidents of wider impact through the Area Command System.

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The Emergency Plan sets out the appropriate chain of command, staffing, and field resources to be activated when responding to incidents. The Emergency Plan also details the emergency preparedness planning, training, and evaluation undertaken by the Companies.

The Emergency Plan defines the Companies' framework for individual events and subsequent restoration and demobilization, as well as communication with customers, local and state government agencies, and the media before, during, and after emergency events. It also provides for the timely and adequate availability of facilities, vehicles, materials, and supplies needed to respond to an emergency.

Finally, the Emergency Plan provides for the Companies' self-evaluation of their response to emergencies and for amendment or modification of the Emergency Plan, as appropriate, following such self-evaluation.

Q. Are changes regularly made to the Emergency Plan?

A. Yes, the Emergency Plan is reviewed and modified as necessary to include refinements, lessons learned, and improvements based upon proven practice and experience. A number of significant events, including Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy have resulted in significant review of the Companies' Emergency Plan.

IV. EMERGENCY PREPAREDNESS DEPARTMENT

Q. Do the Companies currently have a full-time Emergency Preparedness Department?

A. Yes. IUSA Networks established an Emergency Preparedness Department in November 2013, which now has a Director of Emergency Preparedness, three Managers, and one Lead Analyst. The Emergency Preparedness Department oversees emergency preparedness for NYSEG, RG&E, and Central Maine Power.

Q. What are the responsibilities of the Emergency Preparedness Department?

A. The Emergency Preparedness Department provides the focus and leadership required to support and to sustain the Companies' emergency preparedness capability. Some of the key mandates for this group include: providing dedicated focus to ensure compliance with all regulations; ensuring alignment with business continuity; ensuring performance in line with any storm metrics approved by the Commission; and providing oversight for a sustainable emergency preparedness organization including policies, procedures, training, drills, audits, communications, external relations, and other activities. The Emergency Preparedness Department also serves as the primary point of contact for Staff during emergency events.

Q. Are there any other organizations within the Companies that assist with emergency preparedness oversight?

A. Yes. Shortly after Superstorm Sandy, the Companies created an internal Emergency Management Operating Council ("EMOC"). The primary purpose of the EMOC is to provide a forum to review, establish, and maintain organizational concepts and directions surrounding electric and natural gas emergency event management. The EMOC is comprised of key Company functional stakeholders

who provide a diverse forum for representation and oversight. EMOC members also provide insight and expertise on strategies in support of emergency preparation and response.

V. PRE-STORM STAGING COSTS

Q. What costs do the Companies incur to prepare for a weather related outage event?

A. In preparation for potential service interruptions due to weather, the Companies may incur a variety of expenses depending upon the event threat level. Typical pre-storm staging costs include: packing and/or staging of internal crews; planning for extension of the normal work schedule and overtime; and retaining external resources (line contractors, tree contractors, etc.). For large scale events, costs may also include staging provisions for food, lodging, fuel, and material acquisition.

Due to the growing frequency and intensity of weather threats, as well as increased expectations for timely restoration and greater competition amongst utilities for a limited supply of external skilled resources, it is frequently necessary to staff up and stage resources ahead of an actual weather event. The pre-storm staging activities must be done before the actual weather system fully manifests into a quantifiable threat.

Q. Do the Companies recover pre-storm staging costs today?

A. Yes, in part. When a weather event materializes into a major storm, the Companies recover pre-storm staging costs as part of the charges against their major storm reserves. However, if a major storm does not result, the Companies

currently expense the pre-storm staging costs against Operations and Maintenance ("O&M") expense.

Q. Please describe the Companies' recent experience with pre-storm staging costs.

A. For the 12 months ending December 31, 2014 ("Test Year"), the Companies incurred approximately $800,000 at NYSEG (mostly related to a single event in February 2014 which never materialized into a major storm), and approximately $240,000 at RG&E related to pre-storm staging costs associated with non-major storm events. These costs were therefore charged against O&M expense in the Test Year. In 2013, each Company incurred more than $1 million in pre-storm staging costs that were ultimately not associated with a major storm.

Q. What conclusions can you draw from the Companies' recent experience with pre-storm staging costs?

A. The Companies' pre-storm staging costs charged to O&M expense can be somewhat unpredictable as they are dependent on the volatile and shifting weather conditions that the Companies have been experiencing.

Q. What is the Companies' proposal for recovering pre-storm staging costs?

A. The Companies request authorization to charge all pre-storm staging costs against their respective major storm reserves, regardless of whether a major storm actually materializes.

Q. Why is it appropriate for the Companies to recover pre-storm staging costs even if a storm never materializes?

A. Due to the frequency of weather threats, along with increased expectations for securing resources in advance of impending weather events to improve timely response and restoration, and greater competition amongst utilities for a limited supply of external resources, it is now often necessary and appropriate to staff up and stage resources ahead of an anticipated major weather event.

Q. Are other New York utilities authorized to recover pre-storm staging costs for storms that do not materialize?

A. Yes. In Consolidated Edison Company of New York, Inc.'s ("Con Edison") last electric rate case (Case 13-E-0030), the Commission authorized Con Edison to charge to its major storm reserve up to $3.0 million per calendar year for costs incurred to obtain the assistance of contractors and/or utility companies providing mutual assistance in reasonable anticipation that a storm will affect its electric operations to the degree of a major storm (as defined in 16 NYCRR Part 97) but which ultimately does not do so. In addition, the joint proposal filed in Central Hudson Gas & Electric Corporation's current electric rate case (Case 14-E-0318), which awaits Commission action, includes a similar provision.

Q. What are some examples of pre-storm staging costs the Companies propose to charge against their major storm reserves?

A. In addition to the costs needed to stage internal crews and to retain external resources, examples of pre-storm staging costs that the Companies propose to charge against their major storm reserves include:

- Base camp logistics, including activation costs. The Companies require the

ability to feed and lodge a large number of resources in response to an event that would overwhelm their typical logistics plan.

- Maintenance of locally staged equipment and remote resources that are not affected by the same weather threat facing the Companies. This practice allows the Companies to prepare for potential high impact events by having the ability to acquire additional contactors outside the immediate impacted areas, in addition to the more local resource pool, during emergency events.
- Retention payments under agreements with qualified contractors in order to obtain the right of first refusal for use of the contractor(s) resources in the event of a storm.

VI. WEATHER SERVICES

Q. Are enhanced weather services a necessary component of emergency preparedness planning?

A. Yes. Given the increased frequency of severe weather events and the greater emphasis on resource staging, it is important for the Companies to have more detailed weather data as they make staging decisions. Given the proliferation of smartphones and other mobile devices, it is now possible to access more advanced weather data from any location. Access to such enhanced weather services will assist the Companies' decision making.

Q. Have the Companies already started utilizing enhanced weather services?

A. Yes. The Companies are currently under contract with two weather service providers: 1) Atmos, a weather service provider that can provide accurate

forecasts for the Companies' service territories; and 2) Schneider Weather Services ("Schneider"), a weather services provider that offers a host of online weather information, such as real time and historical wind and lightning data.

Q. Why are the Companies utilizing fee-based weather services when other no-cost sources (such as the National Weather Service and The Weather Channel) are available?

A. The National Weather Service, The Weather Channel, and other no-cost sources provide excellent general information to the public. Their information is valuable to the Companies, as it is to the public, when assessing driving conditions and personal safety (e.g., heat stroke and frostbite). However, with regards to electric system threats, this general weather information is not as valuable since the Companies need more detailed and timely forecasts.

Q. What types of detailed weather information can Atmos, Schneider, and other similar weather service providers provide that is not available from the free sources mentioned above?

A. Atmos, Schneider, and other similar weather service providers have maps of our specific franchise areas. We have also worked with Schneider to develop an energy event index to rank electric system threats based upon the following parameters: snowfall; ice accretion; wind-sustained; and wind-gusts. For these parameters, franchise specific forecasts are provided twice each day and quantify electric system threats in five specific threat levels per parameter. For example, the threat of ice accretion is defined as less than 1/10", greater than 1/10", greater

than 1/8", greater than 3/8", greater than 1/2", and greater than 1". This information is provided throughout our franchise areas, along with the associated timing of the weather event. Schneider will also issue alerts at other times of the day (24 hours a day) if needed. This level of information is not available from the free weather sources and is vital when the Companies are making resource acquisition and staging decisions.

Q. How much did the Companies spend on enhanced weather services in the Test Year?

A. The Companies spent approximately $95,000 on enhanced weather services in the Test Year. The Companies estimate that on a going forward basis, the cost for their existing enhanced weather services will decrease to approximately $90,000 annually.

Q. Are the Companies proposing to implement additional enhanced weather services at this time?

A. Yes. The Companies are seeking to contract with Schneider, or a similar weather service provider, to provide real-time forecast support, predictive forecasting and mobile applications.

Q. What is the estimated cost for these additional enhanced weather services?

A. The cost for these additional enhanced weather services is approximately $85,000 for both Companies, which results in a Rate Year cost of approximately $175,000 for enhanced weather services for both Companies (of which approximately $80,000 is incremental expense).

Q. Is NYSEG proposing any other weather service related expenditures at this time?

A. Yes. NYSEG proposes to supplement existing weather information and services by purchasing and installing weather stations for areas within its service territory that are poorly covered by third party stations.

Q. Why does NYSEG feel this is necessary?

A. Several areas within NYSEG's service territory are a great distance from the nearest weather station, which leads to inadequate information regarding weather conditions. The inadequate information hinders NYSEG's ability to best plan for weather events in these areas. By supplementing existing weather stations, NYSEG can close the gap in information and better analyze and prepare for events.

Q. What is the estimated cost for these stations?

A. The cost estimate for these stations is expected to be approximately $30,000 for 15 stations, which will be capitalized.

Q. Do you expect that the requested enhanced weather services will result in reduced pre-storm staging costs?

A. Yes. These enhanced weather services will allow the Companies to better predict when a weather event will materialize, which may enable the Companies to reduce pre-storm staging costs depending upon the specific weather event.

Q. What is the total Rate Year (i.e., the 12 months ending March 31, 2017) cost for all of the weather services discussed in your testimony?

A. The total Rate Year cost for all weather services is expected to be $205,000 for

both Companies, of which approximately $110,000 is incremental expense (consisting of approximately $80,000 in O&M and $30,000 in capital).

VII. TECHNOLOGY AND TRAINING IMPROVEMENTS

Q. What types of technology and training improvements are being sought to support emergency preparedness?

A. The Companies are researching investments in technology that can increase the speed of restorations, increase the accuracy of the data gathered, and improve communications with the public and key elected and emergency officials. Technology enhancements are being evaluated in a number of areas including: damage assessment; mobile field communications; external communications; and development of an all-hazards approach to emergency preparedness. In addition, we are proposing to expand the number of drills and to provide enhanced training specific to individual storm roles. Exhibit __ (EPSP-2) provides additional detail on these proposed initiatives.

Q. What specific technology improvements are the Companies proposing for damage assessment?

A. The Companies have developed a tool to more efficiently identify and report damage assessment in the field. This damage assessment tool allows us to gather and transmit data in real-time to planners in the office, thereby speeding up the time it takes to mobilize crews to damage locations and develop more timely and accurate Estimated Restoration Times ("ERTs"). Two additional features are being developed to enhance this tool. First, the tool will be integrated with the

Outage Management System. Second, the tool will be able to automatically calculate the percentage of damage assessment complete and optimization of damage assessment routes.

Q. What specific technology improvements are the Companies proposing for mobile field communications?

A. When events occur at a distance from a centralized office, it can be challenging to efficiently manage the event. Therefore, the Companies are proposing to purchase two Mobile Command Centers, which will allow event management personnel to work near the impacted area, thereby improving communications to field command staff.

Q. What specific technology improvements are the Companies proposing for external communications?

A. The Companies are researching technologies to provide more timely and detailed information to elected officials, emergency officials, and regulators. The development of a municipal dashboard will provide a self-service option for the most frequently asked questions. This dashboard would potentially contain: the ability to see the status of municipal reported emergencies; outage maps with ERTs; a tool to enter non-emergency issues; updated announcements regarding restoration progress; scheduled municipal official calls; and other pertinent storm related information.

Q. What improvements are the Companies proposing in regard to annual drills and training?

A. The Companies plan to supplement the large scale annual drill with divisional drills and emergency response role exercises. Providing additional hands-on training will enhance our preparedness status and allow us to develop further new employees' emergency response skills. Also, the Companies plan on further developing emergency response training in the form of classroom and web-based courses. Developing emergency response skills across all employees, even non-traditional emergency response employees, will ensure that we are adequately trained and staffed for significant events.

VIII. ALL-HAZARDS APPROACH TO EMERGENCY PREPAREDNESS

Q. Are there any additional items the Companies plan to pursue to enhance their emergency preparedness capabilities?

A. Yes. The Companies are developing, documenting, and implementing an all-hazards approach to emergency preparedness. Recent events across the nation have highlighted the fact that utilities need to be prepared to respond to emergency events beyond those caused by weather. Sabotage, cyber incidents, and global health related emergencies need to be considered and addressed in a fully developed emergency preparedness organization. Additionally, enhanced technologies, customers' desire for information, and customers' lowered tolerance for outages have created the need for increased preparedness. As a result, utilities across the country are expanding their ability to be prepared for and respond to all hazards. The Companies are defining, developing, and documenting how the

Companies will respond to non-weather related emergencies by building off existing emergency response structures and plans.

Q. What is all-hazards emergency preparedness?

A. According to the Department of Homeland Security, "emergency management must be able to respond to natural and manmade hazards, homeland security-related incidents, and other emergencies that may threaten the safety and well-being of citizens and communities. An all-hazards approach to emergency preparedness encourages effective and consistent response to any disaster or emergency, regardless of the cause."[1] Thus, the Companies' emergency plans and processes should address any type of hazard that the Companies may encounter.

Q. How is an all-hazards approach to emergency preparedness applied to planning?

A. A transition to an all-hazard emergency preparedness approach generally starts with a review of the utility's existing plans and response procedures, followed by the integration of those plans and response procedures into a single plan framework for the entire corporation. Consolidating hazard-specific plans together within a common framework allows for efficiency improvements within monitoring, declaration, activation, and incident management activities. Following the development of the common plan framework, utilities must then review and enhance all of the disparate hazard-specific plans to ensure they fit

[1] Department of Homeland Security/Office of Disaster Preparedness, *FY2006 EMPG Program Guidance*, 2005, p. 6

within the overall framework, and ensure they are consistent in approach, terminology, organizational structure, and plan structure across the entire corporation.

Q. Are there any additional tasks required for the Companies to complete an all-hazards approach to emergency preparedness?

A. Yes. A communication plan should be developed for the different hazards that NYSEG and RG&E may face since the communication strategy, messaging decks, and stakeholders will vary depending on the hazard type. For example, a utility's obligations related to engagement of law enforcement and notification of customers of a cyber-breach of its customer data would result in a vastly different communication strategy than the obligation to communicate quickly during a severe weather event. The communication plan brings together common elements applicable to all hazards and consolidates communication strategy development, data gathering and vetting, message development, and message dissemination. It also provides NYSEG and RG&E with an overview of the channels that the Companies will use, their stakeholders, and general message templates.

Q. What is the cost of developing and implementing an all-hazards approach to emergency preparedness?

A. As shown on Exhibit __ (EPSP-2), the total cost for both Companies is $925,000.

Q. What is the total Rate Year cost for all of the technology, training and program enhancements discussed in your testimony?

A. The total Rate Year cost for all technology, training, and program enhancements is estimated to be $1,945,000 for both Companies, of which approximately $1,772,000 is incremental (consisting of $1,652,000 of O&M and $120,000 of capital).

Q. Does this complete your testimony at this time?

A. Yes, it does.