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Post-Sandy, ConEd evaluates undergrounding entire distribution network

Rosy Lum | Dec 16, 2012



In the aftermath of Hurricane Sandy, Consolidated Edison (NYSE:ED) (ConEd) is evaluating whether to underground the entirety of its distribution network, an undertaking that would cost \$40bn.

“Sandy got a very serious dialogue going,” a spokesperson for ConEd told Energy Central's TransmissionHub Dec. 13. “Over the next several months you'll start to see more and more discussion at the state and local level about what it will cost and what we could afford, what customers can bear. It's in the beginning stages and is informal at this point.”

ConEd is also speaking with the New York Public Service Commission (PSC) about increasing its \$2bn annual investment in electric, gas and steam infrastructure, he said.

Sandy took out one-third of ConEd's service territory, or about 1 million customers, quintupling the number of outages the company had seen in recent years from the worst storms, typically Nor'easters.

The majority of the utility's distribution cable is already underground – 94,000 miles of more than 130,000 miles total. To take the rest of the system underground – more than 37,000 miles of overhead lines and 49,000 transformers – would also require taking telecom and cable lines underground, for an additional \$20bn, bringing the total cost of undergrounding the infrastructure to \$60bn.

ConEd “two or three” years ago conducted a study to evaluate what the cost would be to underground the distribution network in Westchester County and Staten Island in New York, the spokesperson said.

“There was talk it could triple people's rates to put things underground,” the spokesperson said. “Back then nobody wanted to consider that. Today they may not either. It's pretty dramatic.”

However, the spokesperson noted, the Sandy recovery costs have provided a point of comparison between

preventive and reactive measures.

“If Sandy did anything, it narrowed the gap between the cost of recovery and prevention,” the spokesperson said.

New York Gov. Andrew Cuomo on Dec. 3 requested \$42bn from the federal government for Hurricane Sandy recovery.

“The economic toll is \$60bn just for New York – that doesn't include New Jersey,” the spokesperson said.

ConEd has so far committed to spend \$250m to reinforce its system for flood prevention, but has not yet identified exactly what measures it will take. “We'll be spelling that out over the next few weeks or so,” the spokesperson said.

The company has so far spent \$330m on Sandy recovery costs, and expects that number to rise to between \$350m and \$450m. “We're getting close to finishing the recovery part,” the spokesperson said.

ConEd has estimated it would cost \$800m for substation reinforcement – elevating equipment or building flood walls around substations that are near the waterfront. Ten substations are vulnerable to a major hurricane or storm, the spokesperson said.

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