Q. Please state your name and business address.

A. My name is Stuart Nachmias and my business address is 4 Irving Place, New York, New York.

Q. By whom are you employed and in what capacity?

A. I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison") and currently hold the position of Vice President, Energy Policy and Regulatory Affairs.

Q. Please describe your educational background.

A. I graduated from the State University of New York at Binghamton with a Bachelor of Arts degree in Economics and Psychology and earned a Master of Business Administration degree with a concentration in Finance from Baruch College. I also earned an Advanced Certificate in Energy Management from the New York Institute of Technology, and completed a Power Technologies Inc. ("PTI") Distribution Engineering program.

Q. Please discuss your professional background.

A. I have primarily worked for Con Edison since 1988. I began in the Company's management intern program, and worked in capital budgeting, customer sales and revenue forecasting and corporate planning. I worked to develop the state's plan for deregulation, including establishing the New York ISO. I also worked at Con

Edison Solutions from 1997 to 2000, initially in the wholesale power group and later marketing manager for large business customers. After leaving the Company from 2000-2001, I rejoined Con Edison in the Energy Markets Policy Group ("EMPG"), focused on competitive wholesale electric and gas markets. I have held positions of increasing responsibilities in this area, as well as a one year job rotation in customer operations, where I worked on customer complaints to executives and the Commission.

Q. Please describe your current responsibilities.

A. As Vice President of Energy Policy and Regulatory Affairs, I am responsible for development of energy policy and the management of state and federal regulatory matters. Responsibilities of the energy policy and regulatory affairs department include contributing to and advancing the Company's strategic objectives by keeping employees well-informed of energy issues, developing Company policy positions, and communicating and advocating policy positions among regulators and stakeholders. I was also the Company's project manager for the Management Audit conducted by the Liberty Consulting Group ("Liberty"), a process which began in early 2008.

Q. What is the purpose of your testimony?

A. I discuss Con Edison's compliance with the Commission's directions and recommendations relating to the recently completed management audit of the Company.

Q. Please describe the management audit.

A. In February 2008, the Commission, in Case 08-M-0152, ordered a comprehensive management audit of Con Edison in accordance with Public Service Law, Section 66(19). Through a competitive bidding process, the Commission selected Liberty to perform a comprehensive management audit of the Company's electric, natural gas, and steam businesses, with a specific focus on the Company's construction program planning processes and operational efficiency. The audit examined the following elements of the Company's construction program and planning process: Corporate Mission, Objectives, Goals and Planning; Long-Term Load Forecasting; Supply Procurement, Long-Term System Planning; Capital and O&M Budgeting; Program and Project Management; Work Management; and Performance and Results Management. The audit concluded in mid-2009 with issuance of the audit report on August 7, 2009. The audit report contains 119 conclusions and 92 recommendations. The audit report also discussed four barriers - cultural, regulatory, environmental, and financial - as impediments to the Company's sustainability and long-

term success.

Q. What directives did the Commission issue regarding the audit report?

A. On August 21, 2009, the Commission issued its "Order Directing the Submission of an Implementation Plan" ("Order"). The Order directed Con Edison to file a plan to address the findings and recommendations of the audit report, which the Company submitted as required on October 5, 2009. The Order also stated that the Plan should include an overall characterization of the relative priorities for each of the recommendations, implementation action steps, schedules with specific interim milestones, risk/cost/benefit analyses, and the designation of executive officer accountability. In addition, the Order provides for Con Edison to examine how the implementation of certain recommendations will address contractor cost issues raised in Cases 09-M-0243 and 09-M-0114. The Company must conduct public outreach to interested parties and its various customer classes about what reliability means and its relationship to affordability of Con Edison's rates. Con Edison must consult with Staff in developing its implementation plan, meet with Staff during the implementation period, and provide written updates on the Company's progress at least every four months. In

any rate proceeding filed on or after the date of the Order, the Company must file testimony to demonstrate the nature and extent of its achievement of the goals and objectives in its implementation plan until the plan is fully executed.

Q. And so does this testimony address this last requirement?

A. Yes.

Q. Please describe Con Edison's response to the Commission's Order.

A. As noted above, the Company filed its *Audit Implementation Plan* on October 5, 2009. Con Edison has established a senior executive team-led structure to evaluate and address each of the barriers and the 92 recommendations. Each of the recommendations and associated conclusions was assigned to one of 12 teams based on the nature of the issue presented. Each of the 12 teams is sponsored by one or more senior officers in the Company to oversee the recommendations assigned to their team. Two barriers teams were established as well, including a regulatory barriers team and a cultural barriers team. Overall executive oversight is assigned to two senior officers, who will see that recommendations are addressed in an integrated and holistic manner to achieve operating efficiency for

the benefit of customers. The executive oversight also links directly with Con Edison's Chief Executive Officer and its Board of Trustees. The Board of Trustees will continue to receive regular updates on implementation activities and status. The full Board and select Board committees will provide direction and guidance on team progress as appropriate during the implementation process.

The 12 teams assigned to the recommendations are as follows:

- Team 1 - Electric Long Range Plan
- Team 2 - Board Leadership
- Team 3 - Rate and Financial Strategy
- Team 4 - Work Management
- Team 5 - Cost Management
- Team 6 - Load Forecasting
- Team 7 - Gas Main Replacement
- Team 8 - Gas Capacity Planning
- Team 9 - Performance and Resource Management
- Team 10 - Asset Management
- Team 11 - Gas and Steam Planning
- Team 12 - Energy Supply

While the recommendations are important to overall management and process advancements across the Company,

teams 7, 8 and 11 specifically relate to gas activities. The Company is also developing a long range plan for the gas system that will be integrated with long range plans for the electric and steam systems also being developed.

Q. What are the key goals of the Company's Implementation Plan?

A. Con Edison considers the implementation effort as an opportunity to improve its business processes and work more efficiently and effectively in its operations for the benefit of customers. Each of the teams is actively engaged in implementation efforts that include an expanded focus on cost management awareness and practices. These efforts include linking capital expenditures to long term goals. An underlying goal of the implementation effort is the development and execution of a strategy for the long-term sustainability of the Company. This strategy will present long range visions and plans for the electric, gas, and steam systems that provide a framework for capital investments and technological change and balance customer affordability and reliability impacts.

Q. Please provide an overview of the Company's plans for implementing the audit report's recommendations.

A. Con Edison's 236-page *Audit Implementation Plan* contains a complete description of the Company's plans for implementing each recommendation. An overview of the Company's plans is provided in my exhibit, titled "Matrix of Recommendations," which is an information matrix for each recommendation. This matrix is also part of the Company's Audit Implementation Plan (Appendix B) filed with the Commission.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SN-1)

Q. Describe Exhibit __ (SN-1).

A. The twelve teams have examined the Audit Report's statements of relevant finding(s) and conclusion(s) and the associated recommendation(s). Exhibit __ (SN-1) reflects the teams' conclusions and planned approach regarding identified finding(s), conclusion(s), and recommendations; recommendations are assessed under one of the following four categories:

Accepted: Concurrence with Audit Report's statement of relevant finding(s) and conclusion(s); recommendation is appropriate based on preliminary cost benefit and risk assessment; implementation plan with milestones established and in progress subject to additional cost benefit and risk review.

Modified: Concurrence with Audit Report's statement of relevant finding(s) and conclusion(s); however, an alternative recommendation approach is planned; tentative implementation plan with milestones established and in progress subject to additional cost benefit and risk review.

Under Review: Concurrence with Audit Report's statement of relevant finding(s) and conclusion(s); recommendation appears appropriate; tentative implementation plan with milestones established and in progress subject to cost benefit and risk review.

Not Accepted: Audit report's identification of relevant finding(s) and conclusion(s) has been reviewed; implementation activity is not warranted at this time.

The Exhibit is organized by team and identifies "High Priority" recommendations. For each recommendation, the Exhibit also provides estimated start and completion dates; a brief statement of anticipated deliverables; results of cost-benefit and risk analysis, when available; an assessment category (as described above); and a status indicator. Status is categorized by the following categories:

In Progress: Actions are currently being taken. Completed: The Company's response to this recommendation and its findings are complete; no further action is required or expected. Pending: Response to this recommendation is dependent upon sequencing of other initiatives that must be completed first. Reevaluating: Actions are halted until further review is completed to justify continued action or suggest a change in course.

Q. Please discuss how the Company will examine the costs, benefits and risks associated with the recommendations.

A. Con Edison is committed to keeping customer value a central theme through qualitative and/or quantitative analyses of costs, benefits and risks. Con Edison will determine costs, benefits and risks to the business and, in turn, for customers. For many recommendations, costs and/or benefits will not be readily quantifiable, and in such cases the Company will require that qualitative measures indicate adequate benefits to warrant the implementation action.

Q. Has the Company reflected cost savings from recommendation implementation in its proposed revenue requirement in this proceeding?

A. As indicated above, the Company is still in the process

of evaluating the recommendations and, where appropriate, conducting cost/benefit analyses. Moreover, the audit recommendations in significant respect reflect a continuation or elaboration of ongoing efforts that the Company has used as a means of achieving ongoing efficiency. Thus, while the Company is pursuing the audit recommendations and will continue to file status reports as required, the impact of recommendation implementation on the costs in the Rate Year in this proceeding, given the timing and what the Company has been doing all along, is likely to be very limited, if at all identifiable or predictable. Company witness Muccilo, in discussing the Company's proposal for a three-year rate plan, addresses how actual savings resulting from implementing audit recommendations could be recognized in the rate process, starting with Rate Year 2.

Q. Does this conclude your testimony?

A. Yes, it does.

Matrix of Recommendations

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
1 Electric Long Range Plan	1	H	III - Corporate Planning - 1	Improve the planning process. *(Conclusions 1, 2, 3, 4, 5)*	4/09	7/10	Updated Corporate Instructions on Standardized Business Plans and processes	Will seek to ensure the Company has capabilities to anticipate the future needs of our ever changing environment, using a standard integrated format for work plans and budgets across the business units. This will lead to greater efficiency in the planning process.	Accepted	In progress
	2		III - Corporate Planning - 2	Take the ERM process associated with operating risks to the next level. *(Conclusion 7)*	9/09	4/10	Summary of Process Improvements	Initial cost estimate of the vendor to work with Con Edison on ERM is $200K. Additional software may be $400K. Benefit of implementing this recommendation is expected to be improved prioritization of efforts to mitigate the major risks of the Company. In addition, the Company will benefit from a reduction in its risk profile. Additional benefits include increased ability to monitor NERC/FERC compliance, improved coordination of emergency management plans tied to risks, and improved tracking of EH&S risks.	Accepted	In progress
	3	H	III - Corporate Planning - 3	Define the role of the Strategic Planning Unit. *(Conclusion 6)*	3/09	12/09	Updated Corporate Policy Instruction that states the role of Strategic Planning.	Initial benefits would be an improved planning process and standardization in assumptions / direction. Initial costs confined to benchmarking, research, and analysis which equate to full time personnel and the cost of any studies undertaken.	Accepted	In progress
	4		III - Corporate Planning - 4	Revisit the subjects investigated by the interdisciplinary teams. *(Conclusion 6)*	5/09	12/10	Document and refine the interdisciplinary team launch process.	Initial benefits include development of proactive strategies to address key implementation areas (e.g. achievement of renewable portfolio standards), development opportunities for employees, and cross-functional cooperation and thinking. Initial costs are project specific and primarily include full time staffing required on the team as well as targeted use of external services/products (e.g. research reports).	Accepted	In progress
	5	H	III - Corporate Planning - 5	Develop a comprehensive vision and 20-year master plan for the electric system. *(Conclusion 8, 9)*	3/09	12/10	A 20-year integrated plan for the electric system (Electric Long Range Plan or ELRP) that: o Defines the long-term vision and strategic goals of the electric system and clearly links programs and projects to the attainment of those measurable goals. o Evaluates customer bill and rate impact (affordability) and reliability in light of required system investment and various legislative, regulatory, and technology issues, and the impact of potential alternatives. o Develops the framework for more integrated transmission, substation, and distribution planning which incorporates innovative solutions to meet customer expectations. o Provides the linkage of our near-term plans and requests (i.e., rate case and other filings) to the 20-year integrated plan, by demonstrating that the near-term plans are the first steps in the longer program	Initial cost estimate of $2.2M (including internal and external labor). The ELRP is expected to provide a context for our programs, linking short term efforts with longer term system goals. Provide the framework for more integrated transmission, substation, and distribution planning which incorporates innovative solutions to meet customer expectations.	Accepted	In progress
	21	H	VII - Load Forecasting - 8	Aggressively move forward with the major study planned by Market Research on efficiency potentials and include a special focus on efficiencies that can be targeted to specific networks. *(Conclusion 28)*	11/08	12/09	Energy efficiency market potential study with review and evaluation focusing on system and network needs	The major benefit of these studies is that we receive intelligence around the DSM opportunities. To the extent these assumptions materialize and the need for capital infrastructure spending is reduced. A risk of these studies is that the potential of DSM could be overstated and our actual electric energy and demand is higher than anticipated. Another risk is that these studies understate the potential and we build infrastructure ahead of need.	Accepted	In progress

22		VII - Load Forecasting - 9	Evaluate options to enable the consideration of current and future load curtailment initiatives, both at CECONY and NYISO, for dependable network demand reduction. *(Conclusion 29)*	6/09	12/11	Analysis of pilot results	Proposed pilot program cost is $22 million. Projected benefits of reducing energy consumption and demand, reducing environmental impact; and a reduction of capital infrastructure required to meet customer needs. Risk is that the programs do not deliver the full amount of DR, therefore maintaining the need for capital investment to meet customer needs or triggering the need to implement emergency measures to meet customer needs in the near term.	Accepted	In progress
34	H	VIII - System Planning - Electric - 11	Establish a base level of network reliability for new networks. *(Conclusion 24)*	9/09	12/09	Prepare white paper on ideal network reliability for new networks	Initial benefits would provide a consistent long term approach to network reliability goals based on the 'network reliability index' (NRI). Potential improvements in technology or performance (or degradation of performance) may require a change in this documented approach.	Accepted	In progress
39	H	XI - Budgeting - 1	Strongly link CECONY's long-term electric plan with annual budgets, rate plans and 5-year capital plans. *(Conclusion 4)*	3/09	3/10	The ELRP, as discussed in recommendation 5, will link annual budgets, rate plans, and the 5-year capital plan to the attainment of longer term system performance goals.	The ELRP will provide the necessary long term vision and context needed to support the shorter term projects and programs in our annual budgets, rate plans and 5-year capital plans.	Accepted	In progress
42	H	XI - Budgeting - 4	Prioritize CECONY capital projects and allocate funding using long-term economic analysis metrics as a significant decision factor. *(Conclusion 8)*	3/09	12/09	The ELRP, as discussed in recommendation 5, will show the expected benefits of our electric projects and programs, as detailed in annual budgets, rate plans, and 5-year capital plans, in terms of cost, performance and risk over the long-term horizon. Projects and programs will be prioritized by customer needs, corporate strategic objectives, and management of operating risks.	Projects and programs will be prioritized by customer needs, corporate strategic objectives, and management of operating risks. This optimization of capital projects should provide context as we balance cost, performance, and risk of the many capital projects and programs	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
2 Board Leadership	6	H	IV - Corporate Oversight - 1	Revise Board Committee Structure to better coordinate functions and to focus on infrastructure planning, oversight, and performance measurement. *(Conclusions 1 and 8)*	8/09	5/10	Adopt revised Committee structure and 2010 calendar. Create a dashboard for each Committee and Board of key operating and performance metrics, risks and projects.	Initial benefits include increased Board engagement and oversight.	Accepted	In progress
	7	H	IV - Corporate Oversight - 2	Continue efforts to identify board candidates with energy utility experience. *(Conclusion 2)*	9/09	12/09	Review director search process with Executive Search Firm and Lead Director.	Initial benefits include expertise that will enhance Board focus.	Accepted	In progress
	8	H	IV - Corporate Oversight - 3	Incorporate changes in management's form and schedule for infrastructure planning and budgeting into a more structured, resequenced, and more intensive regimen of board review. *(Conclusions 5 and 6)*	8/09	12/09	Revise management's form and schedule for infrastructure planning and budgeting Adopt revised Committee structure and 2010 calendar	Initial benefits could include increased Board involvement with planning and budget process.	Accepted	In progress
	43		XI - Budgeting - 5	Require changes in capital projects and programs of more than 20 percent from the annual budget to be approved by the board of trustees. *(Conclusion 6)*	8/09	11/10	Review results of revised Committee structure and budget process with Corporate Governance & Nominating Committee to determine whether to implement Conclusion 6 Draft delegation language to require approval by the Board or the Finance Committee, if required		Under review	In progress
	56	H	XII - Work Management - Resource Management - 4	Review the roles of management, the Board and/or its committees after serious events such as the 2008 electrical fatalities. *(Conclusion 6)*	8/09	12/09	Discuss roles and process with Board members	Potential benefits include increased Board involvement to improve existing processes.	Accepted	In progress

Team	CE *No.*	High *Priority*	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
3 Rate & Financial Strategy	41	H	XI - Budgeting - 3	Work toward the re-establishment of multi-year electric rate cases. *(Conclusion 3)*	8/09	5/10	Efforts to seek multi-year rate arrangements	A multi-year rate plan reduces the risks associated with the rate-making process by reducing the frequency of the rate cycle, and provides for additional flexibility with respect to managing the business. Risks inherent in a multi-year arrangement can be mitigated by the terms of the arrangement, including triggers to re-open issues and deferral of unexpected costs.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
4 Work Management	32	H	VIII - System Planning - Electric - 9	Place all distribution tree trimming under a central corporate management function with accountability to corporate management. *(Conclusion 22)*	1/09	3/10	Consolidate all distribution line clearance activities under one management organization.	Qualitative benefits in the form of quality of workmanship, safety improvements, specification compliance and reliability improvements. Quantitative analysis will be provided in first quarter 2010.	Accepted	In progress
	33	H	VIII - System Planning - Electric - 10	Strengthen the distribution vegetation management inspection program with accountability. *(Conclusion 23)*	6/09	7/09	Implement Electric Operations Quality Assurance program that includes random field reviews of completed tree trimming work to ensure full compliance to the specification.	Qualitative benefits in the form of quality of workmanship, safety improvements, specification compliance and reliability improvements.	Accepted	Completed
	44	H	XI - Budgeting - 6	Establish formal informational feedback loops for project analysis and project prioritization. *(Conclusion 17)*	9/09	3/10	Update CI-291. Formalize process to evaluate merits of specific projects and overall portfolios.	Feedback loops may provide opportunities to evaluate and adjust specific projects and programs to ensure appropriate balance of cost and value. An annual review of the capital optimization portfolio will result in improved capital allocation decisions to achieve maximum value for set spend level.	Accepted	In progress
	51		XII - Work Management - Work Planning - 1	Establish fleet size criteria based on historical data on total vehicle usage hours versus total physical work performed in hours in the region for each vehicle class. *(Conclusion 6)*	4/09	6/10	Establish vehicle metrics in order to establish baseline of vehicle utilization. Define vehicle utilization policy and protocol. Create transparent business information for operating groups. (Due to limited availability of usage hours data, alternative metrics will be used as basis for evaluation),	We will seek to identify benefits of improved asset utilization, such benefits will be longer-term in nature. As metrics are established and asset utilization information clarified, forecasting and planning may more accurately correlate future components of the ELRP to the number and types of supporting assets. Capital assets may also be deferred through efficiencies.	Modified	In progress
	67	H	XII - Work Management - Performance Measurement - 5	Perform analysis on work items with unacceptable QA rejection rates to isolate performance problems. *(Conclusion 5)*	7/09	8/09	Significant and marked improvements have been demonstrated in 2007, 2008, and 2009 YTD Electric Operations QA performance. The alleged adverse trends cited in the Liberty audit report are due to changes in measuring techniques and personnel.	Qualitative benefits in the form of quality of workmanship and safety improvements.	Accepted	Completed
	71	H	XIII - Project Management - Electric - Electric Operations 1	Implement a work management system in Electric Operations. *(Conclusion 1, 4, 5, 16)*	5/09	12/09	Development of business case, implementation plan, and change management communication plan.	To be determined upon completion of Phase 0.	Under review	In progress
	72	H	XIII - Project Management - Electric - Electric Operations 2	Design and implement written project and program management procedures and expectations, including definitions of roles, responsibilities and expectations, cost control plans, and scope control procedures. *(Conclusion 2, 7, 9, 13, 14, 15, 18)*	8/09	12/09	Develop a project management specification for Electric Operations.	Initial benefits may include improved ownership/accountability of projects at a manageable level, improved focus on financials/schedule, better long-term planning, and improved knowledge transfer.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
5 Cost Management	9	H	IV - Corporate Oversight - 4	Increase emphasis on efficiency and effectiveness in operations auditing. *(Conclusion 10)*	6/09	12/09	Establish a new section in Auditing focused on construction projects, construction contractors and energy services; Obtain analytical audit extraction software; Integrate in the 2010 Audit Plan operations audits dealing with efficiency and effectiveness.	Establishment of the new section in Auditing along with the extraction and analytical tools will cost approximately $700,000. Allows Company to better monitor and respond to risks associated with fraudulent activities in these areas.	Accepted	In progress
	10	H	IV - Corporate Oversight - 5	Make consideration of Enterprise Risk Management a more structured part of audit planning. *(Conclusion 11)*	8/09	11/09	The 2010 Audit Plan will contain a cross reference to the applicable risk the audit will cover in the Enterprise Risk Management program.	Enhances the role of ERM by framing the audit plan with explicit reference to the ERM process, with the aim of enhancing resource allocation within auditing. Additionally, the audit could identify risks not considered in the ERM process, thereby assuring the proper attention by operations.	Accepted	In progress
	40	H	XI - Budgeting - 2	Establish consistent, company-wide economic value analysis methods and metrics for capital projects and programs. *(Conclusions 6 and 7)*	7/09	6/10	Implement portfolio management system to enable comparable analyses to determine prioritization of capital projects.	Cost of software is approximately $900,000. Benefits include portfolio alignment with corporate strategy and optimization goals.	Accepted	In progress
	45	H	XII - Work Management - Cost Management - 1	Implement a holistic approach to cost management that is designed and built around three key elements: (a) a guiding philosophy; (b) a formal, structured cost management plan; and (c) building blocks of comprehensive supporting capabilities *(Conclusions 4, 9)*	2/09	3/10	Formal Cost Management Program Document or Procedure	Con Edison is dedicating substantial resources to support its effort to enhance cost management practices. Consultant costs of $200,000 in addition to time of 20+ internal resources. Structured more proactive cost and budget variance analysis will result in more timely identification of cost containment and cost reduction opportunities. Benefits are associated with improved business processes, communication, consistency, and alignment. Risks are associated with continued use of technology platforms that adequately support the business's needs, however could be further improved.	Accepted	In progress
	46		XII - Work Management - Cost Management - 2	As skilled people represent the cornerstone of the holistic approach, expand the role of cost management professionals to encompass tasks and accountabilities important to holistic cost management. *(Conclusion 5)*	6/09	3/10	Evaluation of Roles and Responsibilities & revised Position Guides for Cost Management Personnel	Cost associated with developing formal training programs for cost management and line personnel. Developing a more highly skilled and trained cost management professional will result in savings through effective application of cost controls, reporting, analysis, and corrective action.	Accepted	In progress
	47	H	XII - Work Management - Cost Management - 3	Establish a cost support organization that is (a) placed consistent with the priority of cost management; (b) serves the cost management needs of all levels of management; (c) develops a force of skilled cost professionals and assures those skills are continuously improved; and (d) has overall accountability for the development and implementation of the cost management program. *(Conclusion 5)*	2/09	10/09	Recommendation for new organizational structure for Cost Management activities	As addressed in Recommendation 45.	Accepted	In progress
	48		XII - Work Management - Cost Management - 4	Provide training for managers, supervisors and cost support personnel in cost management techniques consistent with the holistic approach. *(Conclusions 1, 5, 6)*	6/09	3/10	Training and Curriculum for Cost Management and Line Personnel	As addressed in Recommendation 46.	Accepted	In progress
	49		XII - Work Management - Cost Management - 5	General Recommendation Implementation Guidance.	6/09	3/10	Formal Cost Management Program Document or Procedure	As addressed in Recommendation 45.	Accepted	In progress
	50		XII - Work Management - Cost Management - 6	Sample Cost Management Implementation Tactics.	2/09	3/10	Formal Cost Management Program Document or Procedure	As addressed in Recommendation 45.	Accepted	In progress
	52	H	XII - Work Management - *Work Planning* - 2	Perform in-depth reconciliation on cost estimates *with substantial overrun to better understand* the root causes of deviations. *(Conclusion 9)*	4/09	3/10	Analysis of projects with cost overruns and variance *reporting templates*	As addressed in Recommendation 45.	Accepted	In progress
	62	H	XII - Work Management - Resource Management - 10	Prepare an analysis of corporate overtime expenditures that includes root causes of the upward trends and strategies for attaining more economic levels. *(Conclusion 9)*	10/09	3/10	Analysis of overtime expenditures and guidance document as per Recommendation 61	As the policies and processes are further developed we will be better able to estimate dollar benefits related to these changes as a measure of effectiveness.	Accepted	In progress

65		XII - Work Management - Performance Measurement - 3	Implement a formal program for representatives from each region to share lessons learned in their respective fields. *(Conclusions 4, 9)*	10/09	3/10	Implementation of Lessons Learned discussions at Work Plan and other meetings	Sharing lessons learned will provide better information across business units to facilitate improved decision making in the future.	Accepted	In progress
68		XIII - Project Management - Electric - Central Operations - 1	Improve resource planning for design personnel and other essential project personnel. *(Conclusion 3)*	10/09	6/10	Staffing plan	Optimized design/engineering resources.	Accepted	In progress
69	H	XIII - Project Management - Electric - Central Operations - 2	Bring a corporate total holistic approach to cost management to the project and program management efforts. *(Conclusion 6)*	9/09	12/09	The Lessons Learned Template will be revised to include a cost management component to the process to be utilized in future projects.	The benefit of incorporating cost management practices into the lessons learned phase will be to provide better information for future decision making purposes.	Accepted	In progress
70		XIII - Project Management - Electric - Central Operations - 3	Strengthen Substation Operations program management processes by adding project management principles in a structured way. *(Conclusion 18)*	6/09	1/10	Program Management Teams will be developed identifying the key positions and associated roles and responsibilities . Current Working Estimates will be developed for each program and utilized for cost control.	Use of project management tools and principles for program management will allow for improved review and administration of these programs. It will also allow for improved cost control and containment. Increased focus on program management will positively impact schedule, quality, and cost criteria and general oversight of projects.	Accepted	In progress
73	H	XIII - Project Management - Electric - Electric Operations - 3	Implement a corporate total holistic approach to cost management. *(Conclusion 6)*	2/09	3/10	Formal Cost Management Program Document or Procedure	As addressed in Recommendation 45.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
6 Load Forecasting	14		VII - Load Forecasting - 1	Analyze, and redirect as appropriate, the level of effort and sophistication applied to various load forecasting tasks and products, to better balance costs with product and user needs. *(Conclusion 2)*	6/09	1/10	Develop methods for shifting resources to higher value tasks and products.	Initial benefit could be the ability to shift the focus of Load Forecasting personnel to functions that support the needs of the longer term planning horizon anticipated in the Electric Long Range Plan.	Accepted	In progress
	16		VII - Load Forecasting - 3	Conduct an R&VF review of certain aspects of its approach to forecasting. *(Conclusions 9, 13, 14)*	7/09	6/10	Provide the changes to our current gas forecasting process, if it is determined that changes are needed.	Initial cost estimates show no significant incremental costs. Changes are expected to be implemented and maintained with existing staffing levels but additional modeling and software costs could be incurred. Potential benefit includes identifying alternative methods of forecasting from the benchmarking effort which may be incorporated in the Company's volume forecasting process.	Accepted	In progress
	17	H	VII - Load Forecasting - 4	Evaluate the factors responsible for consistently under-estimating 5 and 10 year peak load forecasts; assure that any bias is removed from future forecasts. *(Conclusion 14)*	7/09	12/09	Identify key factors causing the bias, and incorporate appropriate change(s) in revised forecasting process for electric long range plan.	Early analysis shows no specific costs or savings identified at this time although consulting, modeling or software costs may be incurred. A potential benefit will be more accurate, but higher, longer term forecasts resulting in the identification of required capital expenditures sooner. A risk is that the implications of under and over forecasting can be significant.	Accepted	In progress
	18	H	VII - Load Forecasting - 5	Expand load forecasting activities and capabilities to encompass analysis of uncertainties using sensitivity analyses, probabilistic tools or other applicable techniques. *(Conclusion 18)*	6/09	1/10	Incorporate sensitivity and probabilistic approaches as appropriate into future load forecasts.	A potential benefit will be the development of more robust electricity demand forecasts, or forecasts for different future scenarios. These enhanced forecasts could be used to develop plans for the Company's electric system for different peak demand conditions. Software package costs are initially estimated at $7,500 for software and license, $1,000/year for licenses and any associated training.	Accepted	In progress
	19		VII - Load Forecasting - 6	Develop an improved approach to the documentation, testing, and communication of forecast criteria and assumptions. *(Conclusion 19)*	1/09	12/09	Prepare a document identifying the key assumptions in the preparation of the long-term forecasts and for use in Electric Long Range Plan.	A potential benefit of this recommendation will be greater awareness of the assumptions and drivers that Load Forecasting is using to produce electric peak demand forecasts.	Accepted	In progress
	20	H	VII - Load Forecasting - 7	Examine and implement as appropriate the efficiencies and quality improvements that might result from utilization of CECONY's load research program, modified as cost-effective, to support load forecasting. *(Conclusion 26)*	6/09	9/10	Assess the use of load research data, and develop, test and implement appropriate findings in future summer appliance saturation surveys and load forecasts.	A potential benefit will be the development of more robust electricity demand forecasts, or forecasts for different future scenarios. These forecasts could be used to develop plans for the Company's electric system for different peak demand conditions.	Accepted	In progress
	23	H	VII - Load Forecasting - 10	Establish a structured approach to the consideration of long-term eventualities that might significantly impact load forecasts, such as changes in trends, new technologies and new policies. *(Conclusion 30)*	6/09	11/09	Develop a range of load forecasts that consider pertinent long-term eventualities, for use in the Electric Long Range Plan (ELRP).	A potential benefit will be the development of more robust electricity demand forecasts, or forecasts for different future scenarios. These forecasts could be used to develop plans for the Company's electric system for different peak demand conditions.	Accepted	In progress
	79		XVI - Supply Procurement - Electric - 1	Consolidate duplicative Energy Management operations in the electric and gas hedging functions. *(Conclusion 2)*	8/09	4/10	Review gas and electric hedging group functions. Report findings and implement any changes to eliminate duplicative functions or consolidate.	Initial benefits suggest consolidation could result in improved performance and effectiveness of the hedging program.	Accepted	In progress
	80	H	XVI - Supply Procurement - Electric - 2	Develop a comprehensive portfolio management plan with quantified goals and objectives to optimize the electric resource portfolio and related hedging plans. *(Conclusions 3, 7, 14)*	2/09	6/10	Electricity Supply will develop and annually review and update a long term supply outlook.	Energy cost savings potential could be seen if the Company identifies improvements in its energy supply operations. In addition, more robust electricity supply outlook or forecasts could be used to develop plans for the Company's electric system for different future demand and supply conditions.	Accepted	In progress
	82		XVI - Supply Procurement - Electric - 4	Identify, analyze and document all reasonable alternatives to its existing sources for both capacity and energy. Alternatives that are superior to the status quo electric resources should be implemented. *(Conclusions 8, 9, 11)*	2/09	6/10	Electricity Supply will develop and annually review and update a long term supply outlook.	Energy cost savings potential could be seen if the Company identifies improvements in its energy supply operations. In addition, more robust electricity supply outlook or forecasts could be used to develop plans for the Company's electric system for different future demand and supply conditions.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
7 Gas Main Replacement	35		IX - System Planning - Gas - 1	Maintain current information about CECONY's leak-prone pipe. *(Conclusion 6)*	4/09	2/10	Provide a final evaluation of the Company's cast iron and unprotected steel gas distribution system and develop the optimum annual replacement levels	Cost of study is $240,000. If necessary, additional capital required for main replacements would be required. Potential benefit to improve gas system performance by a reduction of incoming leaks in a measured fashion while avoiding a significant increase in customer rates. Risk that optimum level of main replacement may require re-prioritizing or deferring other capital work.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
8 Gas Capacity Planning	15		VII - Load Forecasting - 2	Find a better way to forecast growth in the peak gas load. *(Conclusion 8)*	7/09	4/10	Revise gas demand growth forecast methodology and model.	A potential benefit will be the development of more robust natural gas demand forecasts, or forecasts for different future scenarios. These enhanced forecasts could be used to develop plans for the Company's natural gas system for different peak demand conditions.	Accepted	In progress
	86		XVII - Supply Procurement - Gas - 2	Provide for more regular examination of Gas Supply's award of supply contracts by Internal Auditing. *(Conclusions 7, 8)*	8/09	11/09	Schedule an audit of gas procurement in the 2010 Audit Plan	Reduces the risk of overpayment or misappropriation of resources. Promotes compliance with controls and procedures as a result of the audits.	Accepted	In progress
	87		XVII - Supply Procurement - Gas - 3	Explore applying probability-of-occurrence analysis to its supply-capacity planning. *(Conclusion 13)*	8/09	4/10	Develop final conclusions and recommendations regarding application of applying probability-of-occurrence to the company's supply/capacity planning	A potential benefit will be the development of more robust natural gas supply forecasts and associated capacity requirements for different future scenarios.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
9 Performance Measurement	11	H	V - Incentive Compensation - 1	Increase the amount of stretch and put more pay at risk as part of a broad revamping of incentive compensation. *(Conclusions 7, 9, and 10)*	1/09	7/11	Review management compensation plan and develop 2010 and 2011 performance measures linked to compensation		Under review	In progress
	12	H	V - Incentive Compensation - 2	Before the study is done and implemented, reduce the emphasis on O&M expense and increase the weighting for capital expenditure performance and the operating performance measures. *(Conclusions 7 and 8)*	1/09	7/11	Introduce KPI measures for capital expenditure.		Under review	In progress
	13		VI - Performance Measures - 1	Develop a corporate-wide management information system. *(Conclusions 2, 4, 5, 6, 7)*	10/09	1/11	Determine the approach and scope of work for augmenting the Corporate Performance Indicator/Key Performance Indicator reporting system. Execute the implementation plan.		Under review	In progress
	53	H	XII - Work Management - Resource Management - 1	Perform comprehensive resource analysis for all business units on a quarterly or semi-annual basis. *(Conclusions 3, 5, 9, 11)*	9/09	4/10	Establish schedules with operating groups to review short and long term resource requirements for workforce planning.		Under review	In progress
	54		XII - Work Management - Resource Management - 2	Assess and monitor the productivity and cost impacts of carrying an extra trainee on some work crews on a continuous basis to achieve more efficient resource management. *(Conclusion 5)*	10/09	2/10	Determine annualized cost and productivity impact for use of extra trainee on a crew. Establish a uniform policy for determining the length of time for using the extra trainee on a crew.		Under review	In progress
	55	H	XII - Work Management - Resource Management - 3	Conduct a root cause analysis of the upward trend in OSHA target rate in Gas Operations and prepare and implement a corrective action program. *(Conclusion 7)*	7/09	6/10	Determine the root cause of the upward trend in OSHA target rate in Gas Operations. Develop and implement a strategies to improve Gas Operations OSHA rate.	The cost of implementing corrective action program cannot be determined until the root cause and targeted corrective action(s) have been identified. Benefits of performing the root cause analysis and implementing a corrective action plan include: improved employee morale; reduction in lost time as a result of work place injuries; and lower worker's compensation payouts (insurance, medical, etc.)	Accepted	In progress
	57		XII - Work Management - Resource Management - 5	Increase efforts to segregate safety from contractual issues in management / bargaining unit dialog. *(Conclusion 6)*	8/09	4/10	Improved bargaining unit participation in safety programs, development of union /management safety committees that effectively separate safety from other contractual issues.		Under review	In progress
	58	H	XII - Work Management - Resource Management - 6	Review safety targets with the objective of adapting "stretch," but attainable, levels that exceed historical averages. *(Conclusion 6)*	7/09	12/09	An established process to develop future goals that support the Company's commitment to safety excellence.	Improved safety performance contributes to injury reduction, improved worker morale, helps to maintain productivity, and potentially reduces costs associated with injuries.	Accepted	In progress
	59	H	XII - Work Management - Resource Management - 7	Strengthen enforcement of contractor compliance with their safety programs. *(Conclusion 8)*	9/09	12/10	A completed evaluation of current efforts to ensure contractor compliance with safety requirements. Identification of opportunities to enhance those efforts.	By reinforcing our contractor's commitment to safety, there is the potential for reduced contract-worker injury.	Accepted	In progress
	60		XII - Work Management - Resource Management - 8	Establish a corporate philosophy, policies and supporting guidelines for the balancing of in-house and contractor resources. *(Conclusion 12)*	9/09	4/10	A single philosophy and written guidelines for balancing in-house and contractor resources.	An expected benefit is optimization of allocation between in-house and contractor resources.	Accepted	In progress
	61	H	XII - Work Management - Resource Management - 9	Establish a corporate philosophy, policies and supporting guidelines to provide managers and supervisors with a framework to manage overtime. *(Conclusion 9)*	9/09	3/10	Develop a guidance document for managing overtime	As the policies and processes are further developed we will be better able to estimate dollar benefits related to these changes as a measure of effectiveness. We foresee little risk to Public Safety, reliability or customer service if the proposed overtime controls are thoughtfully developed and applied.	Accepted	In progress
	63		XII - Work Management - Performance Measurement - 1	Advance the continuous improvement efforts under The Way We Work program. *(Conclusions 1, 2)*	9/09	2/10	Develop a plan to advance the continuous improvement efforts under the Way We Work Program		Under review	In progress

64	H	XII - Work Management - Performance Measurement - 2	Include pertinent productivity improvement goals in future KPIs at various management levels. *(Conclusion 3)*	9/09	12/09	Provide a measurable Productivity initiative in the form of a department KPI at the VP level		Under review	In progress
66		XII - Work Management - Performance Measurement - 4	Participate more actively in external information sharing efforts. *(Conclusion 10)*	10/09	7/10	Evaluate the need for a central approach to involvement in benchmarking efforts. Develop a process for determining which efforts the Company should be involved in and who should be the proper representative. Determine how best to share throughout the company the information obtained from these efforts.		Under review	In progress
81	H	XVI - Supply Procurement - Electric - 3	Revise the performance measures (KPIs) for energy management to provide metrics and incentives that align with electric procurement objectives. *(Conclusion 4)*	5/10	11/10	KPI's reviewed as part of budget process.	Potential benefit is better alignment between procurement and the stated objections.	Accepted	Pending

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
10 Asset Optimization	24	H	VIII - System Planning - Electric - 1	Evaluate reliability programs to determine if they should be terminated earlier to release capital expenditures for more cost effective reliability programs. *(Conclusion 3)*	1/09	3/10	Efficient frontier curves for selected programs indicating cost and value. A recommendation on spend level.	Improved allocation of capital funds across various programs to strategically address reliability initiatives. The optimization of these programs will maintain or enhance reliability for less cost.	Accepted	In progress
	25		VIII - System Planning - Electric - 2	Analyze networks and the 138 kV system designed to N-1 standards to determine the extent that maintenance activities can be performed at load levels less than peak load; where appropriate, incorporate maintenance design requirements into relevant design standards *(Conclusion 6)*	8/09	2/10	Summary report of maintenance activities during specific load levels. Summary report on opportunities to add SCADA emergency ties on auto-loops.	After review there is a potential for improved opportunities to schedule work during non-peak periods without compromising reliability to customers. Improved reliability due to enhancements to selected auto-loops.	Accepted	In progress
	26		VIII - System Planning - Electric - 3	Clarify transmission planning criteria with regard to transfers used during second contingency analysis. *(Conclusion 8)*	6/09	11/09	Assessment of criteria	Operational clarity to stakeholders. Maintains compliance with regulatory reliability performance criteria	Accepted	In progress
	27		VIII - System Planning - Electric - 4	Perform a global review of all equipment ratings, input data, and time durations across the distribution and transmission areas to assure consistency and to justify and document differences. *(Conclusion 14)*	9/09	3/10	Report examining equipment ratings identifying modifications needed to promote consistency, and explaining rating differences where required.	Evaluation of current practices to ensure operational effectiveness.	Accepted	In progress
	28		VIII - System Planning - Electric - 5	Maintain the 2011 completion date for completion of network secondary topology updates and EPRI DEW software. *(Conclusion 16)*	7/07	12/11	Update load flow models to include customer secondary distributed load.	Potential reduction in capital expenditures on primary feeder and transformer reinforcement due to a more accurate load representation on specific assets. Model will support automated load distribution in place of the manual process currently used.	Accepted	In progress
	29	H	VIII - System Planning - Electric - 6	Perform a least cost system analysis that minimizes costs to customers with regard to implementation of 3G strategies. *(Conclusion 17)*	1/07	7/11	Assessment of 3G alternatives for load relief. Cost analysis for Flushing autoloop design. Risk assessment of network outage due to area station loss.	Substantiate cost savings associated with 3G designs. Increased utilization of assets; potential reliability improvements; improved operational flexibility.	Accepted	In progress
	30	H	VIII - System Planning - Electric - 7	Perform analyses to determine if peak demand can be reduced more economically than the addition of infrastructure. *(Conclusion 19)*	11/08	12/11	Summary report on opportunities to reduce peak and avoid capital expenditures	Proposed DR program cost is $22 million to be collected as a surcharge. Studies proposed in 12/08 filing to cost approximately $200k; program cost to be estimated after studies are completed. Studies for incremental voltage reduction to cost approximately $200k; program cost to be estimated after studies are completed. Potential for peak demand reduction programs to be cost effective compared to infrastructure investment.	Accepted	In progress
	31		VIII - System Planning - Electric - 8	Actively pursue the economic use of SCADA controlled network mid-point feeder sectionalizing switches or circuit breakers to reduce system investment. *(Conclusion 20)*	10/06	1/10	Issue of specifications for deployment of SCADA operated switches	A more cost-effective solution to improve the NRI (Network Reliability Index), and the potential for increased asset utilization with new design concepts. The potential for avoidance of capital expenditures for specific primary feeder and transformer reinforcement work activity. Remote diagnostics and switching capabilities avoid field visits. More timely response to feeder outages resulting in improved reliability for less cost than aggressive component replacement.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
11 Gas and Steam Planning	36	H	IX - System Planning - Gas - 2	Evaluate potential changes in the business environment for each of the businesses; for the GBU, Strategic Planning should advise Gas Engineering regarding potential demands on the gas transmission and distribution systems occasioned by those changes. *(Conclusion 16)*	9/09	7/10	Identification of major factors which could shift current energy utilization more towards higher gas consumption on the distribution and/or transmission systems. Development of the plan to address the effects of these factors and update the Gas System Long Range Plan accordingly.	Potential for major system reinforcement to meet significant new load. Potential major design changes.	Accepted	In progress
	37		IX - System Planning - Gas - 3	Report to stakeholders and the NYPSC on any expansion of the transmission and distribution systems required to serve winter-period electric power generation. *(Conclusion 18)*	9/09	9/10	Identification of factors that will affect gas supplies to generators. Development of the plan to address the effects of these factors and update the Gas System Long Range Plan accordingly.	Potential for major system reinforcement to meet an increased in electric generation may require re-prioritizing or deferring other capital work	Accepted	In progress
	38	H	X - System Planning - Steam - 1	Identify a Steam Master Plan and incorporate within it a greater emphasis on what is happening on and to its distribution system. *(Conclusion 4)*	8/09	4/10	The Steam Long Range Plan (SLRP) will detail short to long-term strategies with a greater emphasis on steam distribution.	The completion of the SLRP may provide benefits of an improved comprehensive planning process for Steam Operations and ultimately for Con Edison through integrated energy planning. Cost for this project will be evaluated in 4Q 2009. Risks include potentially *accelerated capital work and potential major design changes.*	Accepted	In progress
	74		XIV - Project Management - Gas - 1	Staff a project coordination/specialist group under the Chief Distribution Engineer to assist in the execution of distribution capital projects such as the main replacement program. *(Conclusion 1)*	8/09	12/09	The development and staffing of project managers/engineers to support the operations if cost beneficial. If it is determined to not be cost beneficial, then the implementation of project management principles to be utilized by construction managers.		Under review	In progress
	75	H	XIV - Project Management - Gas - 2	Improve and expand the current project scope documentation to add sections on risks and rewards and alternative methods. *(Conclusion 2)*	7/09	8/09	Improved budget budget justification and appropriation requests indicating more detailed risks, rewards and alternative methods	Improved decision making process.	Accepted	Completed
	76	H	XIV - Project Management - Gas - 3	Start benchmarking with other urban utilities and utilize what these other utilities are doing better to improve the CECONY program and project management of capital projects. *(Conclusion 3)*	8/09	11/09	Incorporate best practices from other urban utilities to improve on CECONY's existing program and project management of capital projects.	Benchmarking provides access to best practices from other companies at a minimal cost. The Company belongs to industry organizations and benchmarks through this framework and through many other avenues including for example through consultants working on Company assignments who typically have broad industry experience. Additional benchmarking efforts can provide benefits and will be balanced with the effort entailed.	Accepted	In progress
	77		XV - Project Management - Steam - 1	Identify projects requiring the application of project management techniques through a more formal, structured process. *(Conclusion 1)*	9/09	4/10	The development of a departmental operation procedure that institutes a more formal, structured process for project management in Steam Operations.	The benefit of this project is to develop a more formal, structured process for project management in Steam Operations, particularly in Steam Distribution. Increased focus on project management can positively impact schedule, quality, and cost criteria and general oversight of projects. Without such an enhanced process, there would be a risk of sub-optimal management of major capital projects, which could result in additional costs.	Accepted	In progress
	78		XV - Project Management - Steam - 2	Train steam distribution operations personnel in work and project management techniques. *(Conclusion 3)*	9/09	6/10	The development of a successful training program on project management in Steam Operations. Evidence of training effectiveness will be demonstrated through pervasive the regular use of project management principles in the department.	The benefit of this project is the expansion of formal project management training for those individuals in Steam Operations responsible for project management, particularly Steam Distribution. The cost of implementation would include the costs associated with training of employees. Formal training will ensure consistency and priority for this initiative.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
12 Energy Supply	83	H	XVI - Supply Procurement - Electric - 5	Internal Auditing should schedule more frequent audits of electric procurement decisions, documentation for entering into electric supply contracts, and daily purchase decisions. *(Conclusion 17)*	8/09	11/09	Schedule an audit of electric procurement in the 2010 Audit Plan	Reduces the risk of overpayment or misappropriation of resources. Promotes compliance with controls and procedures as a result of the audits.	Accepted	In progress
	84	H	XVI - Supply Procurement - Electric - 6	Document processes, procedures, and guidelines for electric supply and scheduling, and for the 20 percent purchase flexibility in electric hedging. *(Conclusion 20)*	1/09	9/09	New Physical Electricity Scheduling Manual and associated Process Guides. Guideline for 20 percent purchase flexibility.	Qualitative benefits include increased knowledge transfer, consistency in process, and flexibility and control of the hedging process.	Accepted	Completed
	85		XVII - Supply Procurement - Gas - 1	Make finding means for increasing interdepartmental coordination an Energy Management priority. *(Conclusion 3)*	8/09	12/09	Electricity Supply and Gas Supply will document actions they have identified that will improve coordination between the two departments.	Potential benefits will include consistency in applying methods and techniques and an exchange of best practices and use of new ideas by both departments.	Accepted	In progress
	88	H	XVII - Supply Procurement - Gas - 4	Expand Gas Supply's range of potential capacity alternatives as it considers firm customers' peak-day requirements for supply. *(Conclusions 14, 15)*	10/09	12/09	Identify potential natural gas pipeline capacity alternatives and determine whether they are viable candidates for Gas Supply to include in the long term natural gas supply plan.	Capacity alternatives, such as natural gas peaking supplies, can be a cost-effective component of the Company's natural gas supply plan.	Accepted	In progress
	89		XVII - Supply Procurement - Gas - 5	Conduct occasional Gas Supply tests to identify potential additional types of supply arrangements. *(Conclusion 18)*	9/09	12/09	Gas Supply will update their procurement guidelines to include a provision to encourage suppliers to propose alternative supply arrangements in future Requests-for Proposal.	Adding additional delivery points expands the range of suppliers who can participate in the Company's natural gas procurement activities. All benefits from these new arrangements are passed on to customers via the gas adjustment clause.	Accepted	In progress
	90		XVII - Supply Procurement - Gas - 6	Keep financial and credit information for gas suppliers current. *(Conclusion 21)*	9/09	9/09	Gas Supply will update their procurement guidelines to include a provision that they will request current credit information from the Energy Risk Management department for all active counterparties that will be invited to respond to future Requests-for Proposal.	Reduced risk of entering into transactions with counterparties whose credit rating is unacceptable to the Company	Accepted	Completed
	91		XVII - Supply Procurement - Gas - 7	Find specific, objective ways for Gas Supply to evaluate its own performance. *(Conclusion 28)*	8/09	1/10	Conduct benchmarking assessments with other utilities or utility organizations to identify best practices. Analyze information received and develop potential performance criteria. Propose and implement changes to performance criteria.	Implementing new best practices will improve Gas Supply's accountability.	Accepted	In progress
	92		XVII - Supply Procurement - Gas - 8	Solicit proposals for external asset management. *(Conclusions 29, 31)*	2/09	3/10	Conduct pilot in Summer 2010 Natural Gas Purchase Plan, for summer 2010 and Winter 2010/11.	Using an asset management agreement for certain Company storage contracts may provide financial benefits to customers, while retaining the reliability benefits of natural gas storage facilities.	Accepted	In progress