

CUSTOMER OPERATIONS PANEL - ELECTRIC

1 Q. Would the members of the Customer Operations Panel
2 please state their names and business addresses?

3 A. Andrew G. Wood, Richard McKnight, Lore de la Bastide,
4 Hollis Krieger, and Robert Sherman. The business
5 address of Messrs. Wood and Sherman and Ms. de la
6 Bastide and Ms. Krieger is 4 Irving Place, New York, NY
7 10003; the business address of Mr. McKnight is 30
8 Flatbush Avenue, Brooklyn, NY 11217.

9 Q. By whom are the Panel members employed?

10 A. We are employed by Consolidated Edison Company of New
11 York, Inc. ("Con Edison" or the "Company").

12 Q. In what capacity are the panel members employed and
13 what are their professional backgrounds and
14 qualifications?

15 A. **(Wood)** I am General Manager of Strategic Applications.
16 I have been employed by Con Edison since 1972. I have
17 held positions of increasing responsibility in Customer
18 Operations during the past 34 years. From 1972 to
19 1999, I held operating positions in all the functional
20 areas of Customer Operations. From 1999 to the
21 present, I have served as General Manager, Strategic
22 Applications, on Central Staff. My work experience is
23 as follows:

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- 1 • Telephone Account Representative, Bronx Customer
- 2 Service
- 3 • Supervisor, Bronx Customer Service
- 4 • Manager, Queens Customer and Commercial Services
- 5 • Division Manager, Central Operations, Queens
- 6 Customer & Commercial Services
- 7 • Division Manager, Branch Operations, Queens
- 8 Customer and Commercial Services
- 9 • Branch Manager, Flushing Branch, Queens Customer &
- 10 Commercial Services
- 11 • Section Manager, Customer Operations Central Staff
- 12 • Department Manager, Staten Island Customer
- 13 Operations

14 Before I joined Con Edison, I earned a Bachelor of
15 Science degree in Economics from Siena College in 1969.
16 From 1969 to 1971, I served as an officer in the United
17 States Army. I earned an M.B.A. in Business Management
18 from Fairleigh Dickinson University in 1986. I
19 attended Company-sponsored training, including the
20 Executive Management Development course at the Fuqua
21 School of Business, Duke University, Durham, N.C.

22 **(McKnight)** I am General Manager of the Customer
23 Assistance group in Customer Operations. I have been

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1 employed by Con Edison for 28 years and have held a
2 variety of positions within Customer Operations in
3 addition to a position early in my career in our
4 Accounting Research and Procedures section of our
5 Accounting Department. The Customer Operations
6 positions held prior to my current position include the
7 General Manager of Specialized Activities, Section
8 Manager of our Corporate Customer Group and Branch
9 Manager. I joined Con Edison as a Customer Service
10 Representative while earning my Bachelor of Science
11 degree in Accounting from Long Island University. I
12 also have an MBA in Executive Management from St.
13 John's University.

14 **(de la Bastide)** I am General Manager of the Specialized
15 Activities group in Customer Operations. I have been
16 employed by Con Edison for 24 years. I started with
17 the Company in 1983 as an intern in the Company's
18 Management Intern program. Early in my career, I held
19 Senior Analyst positions in various operating areas in
20 Con Edison, including Power Generation and
21 Construction. In 1993, I took a Senior Analyst
22 position in the Accounting Research and Procedures
23 section of our Accounting Department, and was later
24 promoted to Senior Accountant. In 1999, I was promoted

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1 to Section Manager, Central Credit and Collections,
2 Customer Operations. In 2001, I was promoted to
3 General Manager in Transportation Operations, Central
4 Field Services. In 2004, I came back to Customer
5 Operations as a General Manager in my current position.
6 Before I joined Con Edison I earned a Bachelor of
7 Science degree in Accounting from St. Peter's College,
8 Jersey City, New Jersey, 1983.

9 **(Krieger)** I am a Section Manager in Retail Choice
10 Design. I have been employed by Con Edison for 26
11 years. I started with the Company in 1980 as an Analyst
12 in the Office of the Executive Assistant where my role
13 involved the development and updating of Company
14 procedures. In 1981, I was promoted to the position of
15 Correspondence Supervisor in Queens Division Customer
16 Service. From 1981 to 1996, I held various positions
17 in Queens Division in Customer Operations and Energy
18 Services, including Unit Manager in Customer Relations,
19 District Manager in Energy Services, and Manager in Gas
20 Marketing. In 1997, I was re-assigned to the Service
21 Center organization. In 1998, I was again re-assigned
22 to Retail Choice Operations. In 2000, I was promoted
23 to the position of Section Manager in Retail Choice

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1 Operations. I worked in that capacity until January
2 2004 when I was reassigned to Retail Choice Design.
3 Before I joined Con Edison I earned a Bachelor of Arts
4 degree in English from Queens College of the City of
5 New York in 1974. From 1977 to 1980, I worked as an
6 Analyst for the New York City Department of Sanitation.
7 In 1981, I earned a Master of Arts degree in English
8 from Queens College. I attended Company-sponsored
9 training, including the Executive Management
10 Development course at the Fuqua School of Business,
11 Duke University, Durham, N.C.

12 **(Sherman)** I am Department Manager of Customer Outreach.
13 I have been employed by Con Edison since November 1975.
14 I began in the Central Credit and Collections
15 department. In 1985, I moved to the Brooklyn Division
16 where I managed a customer service branch. In 1991, I
17 became the Section Manager of the Brooklyn Call Center
18 and in late 1997, I became the Call Center Manager for
19 special projects and storm management and then a
20 Manager in the communication management group for the
21 Company's Virtual Call Center.

22 I hold a Bachelor of Arts degree in Political Science
23 from NYU and a Master of Science in Business Economics
24 from Pace University.

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1 Q. Have any of you submitted testimony before the New York
2 State Public Service Commission?

3 A. Panel members Wood and Krieger have submitted testimony
4 in previous cases.

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

6 A. We describe several customer-service related efforts,
7 specifically, the Company's proposal for installing an
8 advanced metering infrastructure ("AMI"), mandatory
9 hourly pricing expansion, call center applications,
10 systems development, continuation of the Company's low-
11 income program, the Company's storm mobilization plan,
12 improvements in field operations, service fees, bill
13 redesign, changes to the Company's retail access
14 program, its outreach and education programs, and
15 customer service performance mechanisms.

16 Q. Does the testimony discuss the costs of the programs?

17 A. The testimony describes the total costs of these
18 programs, except for the outreach costs which are
19 specific to electric. The Accounting Panel describes
20 the allocation of costs to electric customers.

21 ADVANCED METERING INFRASTRUCTURE

22 Q. What is the Company's proposal for implementing AMI?

23 A. The Company proposes to implement an AMI throughout its
24 service territory following completion of three pre-

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1 deployment demonstration projects that are scheduled to
2 begin in 2007. These demonstrations would be conducted
3 in Westchester County, the Bronx/Upper Manhattan, and
4 Queens.

5 Q. Why is the Company proposing to implement AMI?

6 A. AMI technology eliminates the need to visit or drive by
7 meters to obtain meter readings and offers a robust
8 communication means that enables frequent interaction
9 with meters, both scheduled and by exception. AMI also
10 enables additional functionality through use of a Meter
11 Data Management System ("MDMS"), which integrates data
12 from multiple AMI technologies, provides a single
13 repository for all meter related data, and can be
14 interfaced to existing Con Edison systems to provide
15 more frequent data for analysis, billing and other
16 uses. AMI enabled meters can readily support customer
17 participation in demand response and demand-side
18 management programs. AMI can also support time-based
19 tariff programs, such as critical peak pricing, and
20 facilitate customer price response.

21 Q. What are the goals for AMI?

22 A. Con Edison believes that AMI will provide a basis for
23 cost-saving changes in customer operations as well as
24 enabling benefits for customers, the environment, and

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1 society generally. As with AMR, the primary change in
2 utility operations will be the substitution of
3 automated reading of electric and gas meters for manual
4 meter reading.

5 For customers provided with AMI meters, AMI can allow
6 more detailed usage information for customers, their
7 energy consultants, and energy services companies. In
8 addition, Con Edison will have enhanced distribution
9 system information relating to power outages and
10 restoration, power quality, and meter tampering.

11 Q. What is the Company's plan for AMI implementation?

12 A. The Company has approximately 3.3 million electric
13 meters and approximately 1.1 million gas meters. The
14 Company proposes to install the AMI throughout its
15 service territory on both electric and gas services.
16 Under this proposal, all locations served by these
17 meters would have advanced meter functionality by 2014.
18 This assumes a seven-year system-wide deployment
19 schedule commencing in 2007. By 2011, it is
20 anticipated that about 2.3 million meters (both
21 electric and gas) will have advanced capability.

22 Q. Please describe how the Company has changed its plans
23 for AMR as part of its AMI proposal.

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- 1 A. The Company plans to upgrade the existing mobile AMR
2 installations in the Peekskill area and the recent AMR
3 installations in the Rye area by installing a "fixed
4 network" communication architecture, which will provide
5 a system that offers many of the functions that would
6 be available from AMI systems having full two-way
7 connectivity without having to replace or otherwise
8 modify the existing AMR meters. This work is being
9 performed during 2007.
- 10 Q. Please describe the work involved and the schedule for
11 the AMR upgrade and AMI installations.
- 12 A. In 2007, the Company plans to begin the propagation
13 analysis necessary for positioning and installing data
14 collection and communications equipment for the three
15 pre-deployment projects. The Company also plans to
16 evaluate and begin installing a MDMS in order to allow
17 for integration of meter data from a variety of
18 technology providers. The MDMS is also required to
19 enable much of the advanced functionality that would be
20 available due to more robust communication with each
21 meter.
- 22 Q. Please continue.
- 23 A. In Westchester County, where AMR meters have already
24 been installed as part of the Mobile AMR deployment,

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1 approximately 300,000 electric and gas meters will
2 communicate through the fixed network. In 2008,
3 approximately 200,000 electric and gas meters in Queens
4 and the Bronx/Upper Manhattan will be installed or
5 retrofit with AMI technology. During this pre-
6 deployment phase, selected communications technologies
7 will be evaluated. In subsequent years, meters will be
8 installed or retrofit in all areas of the Company at a
9 projected rate of over 800,000 per year.

10 If not for the implementation of AMI, the Company would
11 continue its AMR program.

12 Q. Please describe the funding that is needed for this
13 project.

14 A. The Company's projected capital expenditures for AMI in
15 2008 is \$72 million, in 2009 is \$126 million and 2010
16 is \$141 million. For O&M, we expect an annual cost of
17 approximately \$10.6 million.

18 Q. Have you prepared, or had prepared under your
19 supervision, an exhibit that details the Company's
20 proposed AMI investment?

21 A. Yes. We have prepared an exhibit, entitled "ADVANCED
22 METERING INFRASTRUCTURE," Exhibit____(CO-1).

23 MARK FOR IDENTIFICATION AS EXHIBIT ____ (CO-1)

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MANDATORY HOURLY PRICING EXPANSION

1
2 Q. Which customers are currently subject to Mandatory
3 Hourly Pricing ("MHP") in the Company's service
4 territory?

5 A. Currently, MHP is generally applicable to customers
6 with a maximum demand over 1500 kW in any month during
7 an annual period ending September 30 as more
8 specifically described in Rider M. The Company
9 implemented MHP for this group in compliance with the
10 Commission's September 23, 2005 Order issued in Case
11 No. 03-E-0641, *Proceeding on Motion of the Commission*
12 *Regarding Expedited Implementation of Mandatory Hourly*
13 *Pricing for Commodity Service* ("MHP Proceeding") which
14 directed the Company to implement MHP for its largest
15 customer classification taking service under mandatory
16 time-of-use ("MTOU") rates.

17 Q. How many customers is that?

18 A. There are approximately 740 customers.

19 Q. Billing under the MHP program requires interval data.
20 Did Con Edison have to provide interval metering for
21 this group?

22 A. No. As all members of the group were already served at
23 MTOU rates, interval meters and communications

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1 facilities were already in use to measure and transmit
2 information about their service.

3 Q. Is the Company now contemplating the implementation of
4 MHP to a larger customer population?

5 A. Yes. The Company proposes to expand the MHP program to
6 all customers whose maximum demand is greater than 500
7 kW in any month during an annual period ending
8 September 30.

9 Q. How many customers are in this group?

10 A. There are currently 1,570 customers with demand greater
11 than 500 kW and up to and including 1500 kW.

12 Q. Why is the Company proposing to implement MHP for this
13 expanded customer group?

14 A. The Company's purpose is to increase the number of
15 customers that will have access to both hourly price
16 and hourly usage information. The Company's proposal is
17 consistent with Commission policy, as stated on page 41
18 of its April order ("April MHP Order") that "It is in
19 the public interest to implement accurate price signals
20 which will reduce peak usage, in order to mitigate peak
21 period prices, increase peak period reliability,
22 encourage wholesale market power mitigation, and reduce
23 New York State's dependence on natural gas-fueled
24 generation." The Commission reaffirmed this policy in

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1 its April 20, 2007 order in Case No. 03-E-0640,
2 *Proceeding on Motion of the Commission to Investigate*
3 *Potential Electric Delivery Rate Disincentives Against*
4 *the Promotion of Energy Efficiency, Renewable*
5 *Technologies and Distributed Generation*, stating, "We
6 remain committed, however, to the continued
7 implementation of cost-based hourly pricing tariffs for
8 commodity service where appropriate, especially for
9 larger commercial and industrial energy users." And,
10 New York City's greenhouse gas reduction plan
11 explicitly supports the expansion of hourly pricing
12 across the City, recommending that 100% of medium and
13 large non-residential customers be on hourly pricing by
14 2015.

15 Q. Please continue.

16 A. We also note that when it directed utilities to
17 implement MHP, the Commission stated that benefits will
18 result regardless of whether the customer purchases
19 commodity from the utility, and must therefore be
20 billed at hourly prices, or purchases from an ESCO:
21 "The ESCOs of customers that would otherwise take
22 hourly pricing service from the utility, however, will
23 be assigned each customer's hourly load and will have
24 the obligation to purchase electricity from the

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- 1 wholesale market that matches that hourly load pattern
2 . . . through this process, even those customers that
3 take a fixed price offering from an ESCO will be
4 impelled to respond in some fashion to the use of
5 hourly price signals" (April MHP Order). Accordingly,
6 further expansion of hourly pricing is consistent with
7 the Company's overall goal to increase energy
8 efficiency. (Company witness Craft describes the
9 Company's proposed DSM programs.)
- 10 Q. What portion of the system peak load is represented by
11 these customer groups?
- 12 A. The customers over 1500 kW represent approximately 20%
13 of system peak load. The expanded customer group of
14 greater than 500 kW through 1500 kW represents an
15 increment of approximately 8% of system peak load.
- 16 Q. Would any customers be exempted from service under MHP
17 rates?
- 18 A. Yes. The current exemptions would apply to the
19 expanded group of customers.
- 20 Q. When does the Company plan to begin billing customers
21 in the expanded group under the MHP program?
- 22 A. It is anticipated that MHP billing will be applicable
23 to the over 1000 kW customer group beginning with bills
24 having a "from date" on or after January 1, 2009, and

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1 to the over 500 kW to 1000 kW group beginning with
2 bills having a "from date" on or after January 1, 2010.
3 Billing for the over 500 kW to 1000 kW group would
4 begin no earlier than 12 months after billing commences
5 for the over 1000 kW to 1500 kW group and is contingent
6 upon implementation of a meter data management system
7 ("MDMS") described more fully below. MHP pricing would
8 also apply to successor customers of MHP customers and
9 new customers whose monthly maximum demand is expected
10 to meet the MHP criteria during the first year of
11 service. The Company plans an extensive outreach and
12 education program so the affected customers may fully
13 understand and benefit from the implementation of MHP.

14 Q. Is interval metering and necessary communications
15 infrastructure currently available to provide the
16 Company with MHP billing determinants for the customers
17 in this group?

18 A. No. The majority of customers with maximum demand of
19 1500 kW and below do not have interval metering
20 equipment. Interval metering equipment and
21 communications infrastructure must be installed for
22 1,360 customers.

23 Q. What is the proposed time line for meter and
24 communications facilities installation?

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- 1 A. The Company will first install communication facilities
2 and interval meters for those customers with maximum
3 demand greater than 1000 kW. Thereafter, communication
4 facilities and interval meters will be installed for
5 those customers whose maximum demand are greater than
6 500 kW but less than or equal to 1000 kW.
- 7 Q. Please continue.
- 8 A. To manage billing for the greater number of customers
9 that will be billed under MHP, a MDMS and associated
10 interfaces will be required. A MDMS will be
11 implemented as part of the AMI project described above.
12 The Company plans to implement the MDMS prior to
13 installation of communication facilities and interval
14 meters for those customers whose maximum demand is
15 greater than 500 kW but less than or equal to 1000 kW.
- 16 Q. Does the Company anticipate that any customers will
17 refuse to provide the Company with access to install
18 the necessary metering?
- 19 A. We always hope customers will understand their
20 obligation to provide the Company with access to change
21 the metering. However, in our experience with the
22 mandatory residential time-of-use program, some
23 customers do not freely provide access.
- 24 Q. How are you planning to address this circumstance?

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1 A. The threat of a monetary penalty is sometimes a
2 sufficient incentive to encourage cooperation. For
3 this reason, the Company proposes to amend its tariff
4 to provide a special charge of \$1,000 that it would add
5 to the account of the customer or the meter access
6 controller in the event the Company is denied access to
7 its meter or meters measuring the service of an
8 eligible customer. The special charge would be
9 assessed each month until the Company is given access
10 to the meter or meters. The Company will file a tariff
11 amendment to establish this charge upon approval by the
12 Commission.

13 Q. Does the Company expect to earn any revenues from this
14 charge?

15 A. We expect that the number of cases where we would
16 actually have to impose the charge will be small and
17 therefore potential revenue would be de minimis.

18 Q. How will the Company's hedging program be affected by
19 the expansion of MHP?

20 A. As discussed by Company witness Holtman, the Company
21 proposes to cease applying its financial hedge results
22 to MHP customers once MHP billing commences. The
23 portion of its financial hedges previously available to
24 these customers would be applied to the Company's

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1 remaining residential and small commercial customers,
2 and hedge acquisition plans would be adjusted to
3 accommodate this reassignment of the hedges. The
4 Company will make conforming changes to the supply
5 mechanism to address hedging at the time we make tariff
6 changes associated with MHP.

7 Q. What is the projected cost of this program?

8 A. The projected cost of this program is a total of
9 approximately \$6.1 million in capital over the calendar
10 years 2008-09, primarily for meter and meter
11 installation costs, and for integration of the
12 Company's planned MDMS into the billing system for the
13 MHP program. The cost for the planned MDMS is not
14 included in this amount and is discussed in the AMI
15 testimony.

16 Q. Do you expect to experience any incremental O&M costs
17 associated with any of these projects?

18 A. Yes. There will be an annual incremental O&M cost of
19 approximately \$968,000, primarily for ongoing
20 communications costs.

21 Q. Did you prepare or have prepared under your supervision
22 an exhibit that details these costs?

23 A. Yes. These costs are detailed in a document entitled
24 "MANDATORY HOURLY PRICING."

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1 MARK FOR IDENTIFICATION AS EXHIBIT _____ (CO-2)

2 Q. Has the Company filed tariff amendments related to the
3 MHP expansion?

4 A. No. If the Commission approves the MHP expansion, the
5 Company will file tariff changes and mail copies to
6 parties in this case, no less than 90 days before the
7 effective date of the MHP change.

8 CALL CENTER APPLICATIONS

9 Q. Are you proposing enhancements to the Company's Call
10 Center?

11 A. Yes.

12 Q. Please describe these changes.

13 A. They include speech recognition functionality, changes
14 to the automated outbound calling system, addition of
15 uninterrupted power supplies ("UPS") for Call Center
16 equipment, and the addition of Customer Service
17 Representatives ("CSRs") at Company locations and the
18 deployment of CSRs at remote locations.

19 Q. What improvements is the Company proposing to make in
20 the area of speech recognition?

21 A. The Company plans to improve and increase speech
22 recognition functionality by expanding the available
23 vocabulary on the system and creating new applications
24 that will foster better communication between the

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1 customer and the system. Further, to provide our
2 customers with effective and user friendly speech
3 capabilities, the Company will invest in voice
4 application software and other voice programming and
5 scripting tools.

6 Q. What is the purpose for these changes?

7 A. It is important that the Company's speech recognition
8 system satisfy customer needs and expectations. We
9 expect that these changes will provide a better, more
10 functional speech recognition system to serve the needs
11 of our customers and that our customers' satisfaction
12 with the system will increase as a result of these
13 enhancements.

14 Q. What is the projected cost for speech recognition?

15 A. The projected capital cost is a total of approximately
16 \$500,000 during the period 2008 through 2010. There
17 will also be an incremental O&M cost of \$150,000
18 associated with speech recognition for maintenance and
19 consulting services.

20 Q. Please explain the Company's proposal to expand the
21 Call Center's automated outbound calling system.

22 A. The Call Center currently has an automated voice
23 response unit with 24 production outbound lines. The

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1 Company is proposing to increase automated outbound
2 calling system capacity to 72 outbound lines.

3 Q. What is the reason for this expansion?

4 A. The enhanced system will increase our capacity to
5 quickly reach customers during and after an electrical
6 outage to provide them with estimated time of service
7 restoration (during outages) and post outage service
8 restoration notifications, as that information becomes
9 available.

10 Q. What is the estimated cost of this project?

11 A. The projected capital cost for this project is a total
12 of approximately \$340,000 in 2009-2010.

13 Q. How does the Company propose to increase system
14 reliability in the Call Center area?

15 A. The Company plans to upgrade its power infrastructure
16 at its primary Call Center location - 30 Flatbush
17 Avenue. The upgrade will provide a generator-connected
18 uninterrupted power supply ("UPS") back-up power feed
19 to a communications room that houses critical Call
20 Center equipment. The back-up power feed will increase
21 the reliability of speech recognition, customer call
22 recording and quality monitoring services.

23 Q. What is the projected cost to implement the back-up
24 power upgrade?

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1 A. The projected capital cost to implement the back-up
2 power upgrade at 30 Flatbush Avenue is approximately
3 \$500,000 in 2008. To achieve this effort, the Company
4 plans to purchase a UPS, install power lines, and
5 rearrange existing facilities in the communications
6 room.

7 Q. Is the Company proposing to hire additional Customer
8 Service Representatives ("CSRs")?

9 A. Yes. In recent years, it has become difficult for the
10 Company to maintain full staffing of the Call Center
11 due to significantly higher attrition of CSRs. Newly
12 hired CSRs require extensive training that results in
13 their being away from their regular Call Center
14 assignment. Over the past few years, these training
15 requirements have resulted in a deficit of 36 CSRs to
16 Call Center Operations. The Company's proposal would
17 accommodate the need to train new employees while
18 providing for full staffing of the Call Center.

19 Q. What is the cost for this program?

20 A. The projected cost for staffing 36 customer service
21 representatives and 2 management employees who will
22 supervise them upon completion of their training is
23 \$1.3 million.

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1 Q. Is the Company proposing to develop the capability for
2 remote agent technology?

3 A. Yes. The Company is planning to invest in a
4 communications technology that will provide CSRs the
5 ability to perform their job from a remote (non-Call
6 Center) location.

7 Q. How is the Company planning to implement this remote
8 Call Center function?

9 A. The Company will take a phased approach to the roll-out
10 of remote agent technology. One hundred and fifty
11 remote positions will be enabled over a period of three
12 years.

13 Q. What benefit will remote agent technology provide?

14 A. This technology will complement our business continuity
15 plans as it will allow our workforce to perform their
16 job functions away from the workplace. This technology
17 offers flexibility in staffing and broadens the pool of
18 prospective employees that can be recruited for
19 positions in our Call Center.

20 Q. How will the Company oversee the quality of work by
21 remote agents?

22 A. The Call Center will expand its existing call recording
23 and quality monitoring system so that all remote calls

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1 are recorded and monitored for quality control
2 purposes.

3 Q. What is the projected cost to implement the remote
4 agent project?

5 A. The projected capital cost to implement the remote
6 agent project is a total of approximately \$500,000 in
7 2008-2010. The annual O&M costs associated with this
8 project are approximately \$100,000. These costs
9 include the purchase of laptops to be provided to CSRs
10 working remotely, remote communication services,
11 software and hardware to be installed in the Call
12 Center telephone switch, and additional hardware added
13 to the quality monitoring and recording system.

14 SYSTEMS DEVELOPMENT

15 Q. Please describe the changes the Company is planning to
16 make to its customer service systems.

17 A. The Company plans to enhance our existing Customer
18 Service System ("CSS"), to develop applications for the
19 automatic billing of customers currently billed outside
20 of the Company's CSS, and to reinforce other Company
21 customer service systems.

22 Q. Please describe the work that needs to be performed on
23 CSS.

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- 1 A. We continue to upgrade the programming language in
2 which CSS was originally developed. We have been
3 systematically reprograming CSS to a more universally
4 used and supported language. Some of the portions of
5 CSS that we are now planning to upgrade include the
6 bill calculation facility and the activity file
7 maintenance application. This project will help the
8 Company to maintain a viable CSS.
- 9 Q. What is the projected cost of this program?
- 10 A. The projected capital cost of this program is a total
11 of \$3 million during the 2008-2010 timeframe.
- 12 Q. Please describe the applications that you propose to
13 develop for accounts that are billed outside of the
14 Company's CSS.
- 15 A. Billing that occurs outside of CSS is referred to as
16 "off-system billing." Currently, the Company utilizes a
17 number of off-system billing processes to bill
18 customers taking service under certain rates and
19 programs. The Company proposes to utilize a common
20 automated system to replace the off-system billing
21 applications currently in use, including billing of
22 customers who take service under the Power For Jobs
23 rate program and billing under the PASNY and EDDS
24 tariffs.

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1 Q. Please describe the benefits of utilizing a single
2 automated system to bill these customers.

3 A. Since accounts will be billed using the same system, a
4 larger pool of employees can be utilized to perform
5 these functions as it will be a more uniform process
6 and easier to understand. Technical support for the
7 system will also be improved and more efficient. In
8 addition, use of the system will provide for automation
9 of quality control mechanisms and improved database
10 management of the involved accounts.

11 Q. What is the cost of this program?

12 A. The cost to develop the proposed system for the
13 automation of off-system billing is estimated to be a
14 total of \$5 million in capital spending over the 2008-
15 2010 period.

16 Q. Please describe your other proposals with respect to
17 the reinforcement of other Company customer service
18 systems.

19 A. The Company proposes to reinforce the systems that
20 support the Company's existing obligations to
21 accommodate customers that elect to take service from
22 ESCOs, including those that elect to return to full
23 service status. This will involve improvements to the
24 systems supporting enrollment activities (i.e., the

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1 Retail Access Information System, "RAIS," and the
2 Transportation Cost Information System, "TCIS").

3 Q. Why is it necessary to reinforce these systems?

4 A. System improvements are needed to manage the numbers of
5 customers moving back and forth from utility supply
6 service to ESCO supply service while continuing to
7 provide all the functionality that is currently
8 available. The movement of customers has significantly
9 increased as a result of initiatives such as the
10 Purchase of Receivables program and PowerMove, which
11 were implemented during the current gas and electric
12 rate plans. Since April 1, 2005, the Company has
13 processed a total of 592,038 switches with a total of
14 444,581 customers moving from utility supply service to
15 ESCO supply service and a total of 147,457 customers
16 returning to full service. In addition, in the past
17 year the Company has processed a total of 78,911
18 requests to switch from one ESCO to another.

19 Q. Please continue.

20 A. Due to the large numbers of customers moving back and
21 forth from utility supply service to ESCO supply
22 service, the Company's systems supporting enrollment
23 activities are overtaxed. In addition, it is important
24 to note that these systems were initially developed

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1 over eight years ago, and since then additional systems
2 and applications were developed that interact with
3 these systems. Specifically, the Company developed the
4 Consolidated Utility Billing System ("CUBS") in order
5 to bill for ESCOs and implemented Electronic Data
6 Interchange ("EDI") to standardize information
7 exchanges between the Company and ESCOs. Both CUBS and
8 EDI require interactions between RAIS and TCIS and the
9 Company's Customer Information System, which has
10 further stressed RAIS and TCIS. Due to these factors,
11 reinforcement of RAIS and TCIS is necessary at this
12 time so that the systems are able to function in the
13 future.

14 Q. Please continue.

15 A. With well over 10,000 additional customers enrolling
16 monthly, it is critical that systems supporting
17 customer elections to switch service be reinforced so
18 that customer service activities can be adequately
19 supported. These systems are increasingly experiencing
20 difficulties in successfully switching customers from
21 utility supply service to ESCO supply service and
22 updating ESCO pricing information. In addition, due to
23 the high volume of customers that have switched,
24 database management, specifically archiving ability,

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1 needs to be updated. The reinforcement of these
2 systems is necessary to maintain an effective and
3 adaptable customer service system infrastructure that
4 can manage the high level of activity.

5 Q. What is the cost of this work?

6 A. We estimate the capital cost to be a total of \$4
7 million over a three-year period.

8 LOW INCOME PROGRAM

9 Q. Does the Company currently have a Low Income Program
10 for residential Electric Customers?

11 A. Yes, the Company has a Low Income Program that provides
12 a reduced Customer Charge to customers receiving Public
13 Assistance, Supplemental Security Income ("SSI") or
14 Food Stamps or who are recipients of Home Energy
15 Assistance Program ("HEAP") benefits in the last 12
16 months. Funding for this program was set at \$12.5
17 million annually in the existing electric Rate Plan.

18 Q. Is the Company proposing to continue this Low Income
19 Program?

20 A. Yes. The Company proposes to continue the program at
21 the same funding level as in the current Rate Plan,
22 \$12.5 million per year. As a result, the Company will
23 provide a Customer Charge reduction of \$4.25 to the
24 customer charge per month adopted in this case for low

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1 income residential customers taking service under Rate
2 I of SC 1 (non-heating) and 7 (heating) who receive
3 benefits under one of the assistance programs mentioned
4 above. Customers already on the program would not have
5 to reapply to receive the benefit of the reduced
6 charge.

7 Q. How many customers would be expected to receive
8 benefits under this program?

9 A. At the \$12.5 million level, the \$4.25 monthly reduction
10 in the customer charge will be available to
11 approximately 245,000 customers annually.

12 STORM MOBILIZATION PLAN

13 Q. Has the Company altered its approach to handling
14 storms?

15 A. Yes. As part of the changes described by both the
16 Infrastructure Investment Panel and the Electric
17 Emergency Preparedness Panel, Customer Operations will
18 dedicate more resources to storm response in the
19 future.

20 Q. What changes are you proposing to Call Center staffing
21 for storm mobilizations?

22 A. We have developed an Event Preparedness Plan that
23 provides an enhanced process for staffing the Call
24 Center in anticipation of storm events. Under this

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1 plan, staffing levels for the Call Center will be
2 adjusted when events are anticipated.

3 Q. How are staffing requirements determined under this
4 plan?

5 A. The Call Center's staffing requirement is determined
6 based upon the electric department's categorization of
7 the event and when/where the event is expected to
8 occur.

9 Q. Is staffing outside the Call Center also required?

10 A. Yes. Staffing is also required for the Company's
11 mobile Outreach Information Centers that are deployed
12 in such events. The plan addresses these resources as
13 well.

14 Q. Is the Call Center making any other changes under this
15 plan?

16 A. The Company plans to contract with a high volume call
17 answering vendor to supplement emergency call
18 processing during large scale events.

19 Q. What is the projected cost to implement the enhanced
20 Storm Mobilization program?

21 A. The projected cost to implement the enhanced Storm
22 Mobilization program is \$1.4 million in O&M expenses,
23 which is an increase of approximately \$1.1 million over
24 the historic year expenses. This funding supports the

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1 additional resources that we project will be assigned
2 when events are anticipated. The \$1.4 million is based
3 on an incremental cost of staffing the overtime
4 equivalent of 17 additional Customer contact employees,
5 during, before and after the event. These employees
6 will answer calls and staff field locations. The
7 number of 17 employees is based on the average level of
8 additional staffing needed for these events.

9 IMPROVEMENTS IN FIELD OPERATIONS

10 Q. Is the Company proposing any changes to its customer
11 service field forces?

12 A. Yes. The Company is proposing to increase Field
13 Operations staffing assigned to reading demand metered
14 accounts and fielding inactive accounts.

15 Q. How will these additional personnel contribute to more
16 accurate billing of demand metered accounts?

17 A. It is important that demand meters are read on or about
18 their regularly scheduled date. Access to these
19 accounts on the regularly scheduled date has become
20 increasingly difficult and multiple attempts at meter
21 reading are needed. Also, the number of demand meters
22 has been increasing. Additional CFRs are needed to
23 perform these meter readings.

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1 Q. Are additional CFRs needed to perform any other
2 activities?

3 A. Yes. The Company expects persons or businesses moving
4 into locations where the Company provided service to
5 the prior owner or tenant to notify the Company and to
6 apply for service. When the Company does not receive
7 such notification yet service is used at such premises,
8 the Company investigates to identify a new customer of
9 record and to resolve, as between old and new
10 occupants, liability for service taken. With
11 increasing numbers of customers using service without
12 properly notifying the Company, additional resources
13 are necessary to investigate and obtain customer
14 information for the proper establishment of accounts
15 and for appropriate billing of usage and demand on
16 these accounts.

17 Q. What additional staffing does the Company expect to
18 require for these purposes?

19 A. An increase of 15 Customer Field Representatives is
20 needed to address demand meter reading and the fielding
21 of meters where consumption is reported on inactive
22 accounts.

23 Q. What will these resources cost?

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1 A. The Company projects an O&M cost of approximately
2 \$476,000 in the rate year.

3 SERVICE FEES

4 Q. Are you proposing to revise the charge for
5 investigating tampered apparatus?

6 A. Yes. Based on updated costs, the charge for inspecting
7 the apparatus, locking and sealing any tampered meter,
8 billing, and associated administrative activities,
9 where evidence of tampered Company apparatus is found,
10 will be increased from \$293 to \$413.

11 Q. Please explain the reason for the increase in this
12 charge?

13 A. The increase in this charge is due to an increase in
14 labor costs.

15 BILL REDESIGN

16 Q. Does the Company expect to incur incremental costs as a
17 result of the redesign of the Company's bills?

18 A. Yes. Because bills are being printed on larger paper,
19 the Company will incur additional costs of \$1.1
20 million.

21 RETAIL ACCESS PROGRAMS

22 Q. Has the Commission recently indicated its intent to
23 review utility programs and practices that promote
24 retail access?

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- 1 A. Yes. On April 24, 2007, the Commission issued its
2 Order on Review of Retail Access Policies and Notice
3 Soliciting Comments in Case No. 07-M-0458. The Notice
4 both invites comments on the issues raised in the order
5 for consideration in a generic proceeding and
6 encourages parties to utility rate cases to submit
7 analyses of and propose modifications to the utility's
8 existing retail access programs and practices.
- 9 Q. Does the order state when the Commission will consider
10 such rate case submissions?
- 11 A. The order says that the Commission may defer decision
12 on a particular program or policy to the generic
13 proceeding. However, if a proposed program
14 modification would prevent subsidization of competitors
15 or benefit customers, the Commission may act on the
16 proposal without waiting for conclusion of the generic
17 proceeding.
- 18 Q. Is the Company submitting any proposals in this
19 proceeding in response to the order?
- 20 A. The order issued approximately one week before the
21 Company's rate submittal. Accordingly, the Company is
22 evaluating the order's requirements and will submit
23 supplemental testimony, if appropriate. The

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1 supplemental testimony will be filed no later than the
2 Company's update/rebuttal testimony.

3 Q. As a result of the adoption of the Company's current
4 gas and electric rate plans, the Company initiated
5 PowerMove, Market Match, and Purchase of Receivables in
6 support of retail access. Is the Company proposing any
7 changes to these programs?

8 A. With respect to PowerMove, the Company will continue
9 the existing program but expand its functionality to
10 allow ESCOs to enroll customers. This will give
11 customers another avenue for taking advantage of the
12 PowerAfove program by making it available to customers
13 when they initiate contact with participating ESCOs.
14 No capital cost is required to make this change.

15 Q. What are the Company's plans for Market Match?

16 A. The Company plans to continue the Market Match program
17 without modification. The Company's new web-site
18 features this program and provides easy access to
19 information about individual ESCOs participating in the
20 Company's service territory. Costs to continue this
21 program are de minimis.

22 Q. Does the Company propose to continue its POR Program?

23 A. Yes, with modifications that were proposed and will be
24 decided in the Company's gas rate case, Case 06-G-1332.

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1 Q. Why is the Company proposing to modify this program?

2 A. Based on our experience with the POR program over the
3 two years, we have identified two issues that need to
4 be addressed. They are the treatment of (1) sales tax
5 on the accounts of customers that become uncollectible
6 and (2) billed amounts that are disputed by customers.

7 Q. Please describe the sales tax issue.

8 A. When the Company determines that an account receivable
9 based on its charges has become uncollectible and
10 writes it off, the write-off is net of the sales tax.
11 The sales tax, which the Company has already prepaid to
12 the State, is recovered by netting the amount against
13 future tax payments. However, when the receivable
14 represents ESCO charges purchased by the Company, the
15 State taxing authority's rules do not permit the
16 Company to net the sales tax amount on the ESCO
17 commodity sale from the Company's sales tax remittances
18 because the sales tax liability is the ESCO's, not the
19 Company's.

20 To address this circumstance, the current Company-ESCO
21 billing services agreement allows the Company to net
22 from future remittances to the ESCO the sales tax it
23 purchased as part of the receivable. The Company
24 planned to implement this provision through an

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1 automated process. However, the Company determined
2 that implementation of an automated process to
3 accomplish the netting of sales tax amounts from
4 remittances to ESCOs and any subsequent adjustment of
5 the sales tax as a result of collection activities
6 would have been extremely complicated and expensive to
7 put into effect.

8 Accordingly, we need another means to prevent the
9 unpaid sales tax on the ESCO charges from increasing
10 the Company's uncollectible write-offs.

11 Q. How do you propose to remedy this disparate treatment
12 of sales taxes on accounts receivable that become
13 uncollectible?

14 A. Presently, the Company purchases the sales tax
15 receivable at face value. That is, it excludes the
16 amount of sales taxes billed to customers in respect of
17 ESCO charges from the amount subject to the discount on
18 the receivables purchased. We propose to purchase the
19 sales tax at the same discounted rate as the purchase
20 of the ESCO charges receivable. With this change, the
21 Company would recover the uncollectible sales taxes
22 through the discount rate. The cost to make this change
23 is de minimis.

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1 Q. Please describe the issue of disputed charges and how
2 you propose to resolve it.

3 A. Customers dispute the amounts they have been billed for
4 ESCO services for various reasons, such as their belief
5 that the charges are too high. When the Company bills
6 customers under the Consolidated Utility Billing System
7 ("CUBS") and purchases the resulting receivable, the
8 Company's reasonable expectation is that the customer
9 will pay the entire bill in a timely manner. When a
10 customer disputes the amount of the Company's charges,
11 the Company is required by the Public Service
12 Commission's rules to withhold collection action while
13 the Company addresses the customer's complaint. When
14 the complaint relates to the ESCO charges on the CUBS
15 bill, the Company refers the customer to the ESCO for
16 resolution of the complaint. However, an ESCO that has
17 already received payment for its charges under the POR
18 program has a significantly reduced incentive to
19 resolve these complaints expeditiously or otherwise.
20 If the ESCO does not resolve the complaint, the Company
21 is left to attempt collection. This unfairly shifts to
22 the Company the burden of collection of amounts that
23 might otherwise be resolved by the ESCO if it were at
24 financial risk for these amounts. For this reason, the

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1 Company proposes that a formal dispute resolution
2 process be incorporated into the Company's Billing
3 Services Agreement.

4 Q. Please explain what this process would involve.

5 A. Under this process a "dispute" would be defined as a
6 customer claim related to an amount billed and
7 purchased by Con Edison for ESCO charges. A formal
8 process would be established whereby ESCOs would
9 examine, investigate and seek to resolve all customer
10 disputes. This process would provide timeframes for
11 the acknowledgement (two days) and response to a
12 dispute (14 days if only an acknowledgement is
13 initially provided); a requirement that the ESCO report
14 to Con Edison on all disputes brought to the attention
15 of Con Edison; a method for reducing the ESCO charges
16 included in the customer account balance; a requirement
17 by the ESCO to participate with Con Edison in all
18 proceedings and legal actions related to the dispute;
19 and a charge to be assessed on the ESCO where the
20 dispute is not resolved in compliance with the
21 procedure. The Company plans to review this process
22 after one year with interested parties and modify it,
23 as appropriate.

24 Q. When do you plan to put these changes into effect?

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1 A. We plan to put these changes into effect at the
2 conclusion of the gas rate case. These changes are
3 applicable generally to the Company's retail access
4 program, rather than being specific to gas or electric
5 service, and putting them into effect one service at a
6 time is problematic. The changes will be implemented
7 through changes in the Billing Services Agreement,
8 which has not been subject to Commission review or
9 approval in the past.

10 Q. Is the Company proposing any other changes to these
11 programs?

12 A. Not at this time. If, however, the Company's current
13 Gas Rate proceeding is likely to result in any changes
14 to PYW or to any retail access program that also affect
15 electric customers and ESCOs, the Company will update
16 the record, as appropriate.

17 OUTREACH AND EDUCATION

18 Q. Please explain the purpose of the Company's outreach
19 efforts.

20 A. The Company's outreach efforts are intended to provide
21 education to customers about their rights and
22 responsibilities as utility customers, to inform them
23 about the many programs and services that we offer, to
24 help them manage their energy bills, to provide

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1 information about the ways they can contact Con Edison
2 and about the many options they have to pay their
3 bills. Customer Outreach also provides a presence in
4 the community representing the Company in many venues
5 including providing presentations to community groups.
6 Customer Outreach also identifies and represents
7 customer needs to the Company and/or municipal
8 officials during situations where emergency customer
9 care is warranted. We take a major role in providing
10 material to customers about energy matters and public
11 safety. We also provide materials to the
12 schoolchildren of our service area to help them
13 understand about energy and to drive home our various
14 safety messages via our kids' web site and our annual
15 safety and energy booklet for elementary and middle
16 school children.

17 Q. Please describe the Company's current outreach and
18 education efforts.

19 A. Over the years, the Company's outreach and education
20 efforts have included a wide range of vehicles to
21 deliver key messages. The Company seeks to meet the
22 needs of our diverse population of customers by
23 communicating via a wide variety of media such as bill
24 inserts, direct mailings, email and the Internet and

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1 media such as newspapers, radio, etc. This layered
2 approach is intended to help us reach all customers in
3 our service territory.

4 Q. What are your plans for increasing the overall level of
5 outreach and education?

6 A. We intend to intensify our efforts to reach customers
7 on a number of topics. We are faced with a challenge
8 to communicate with a customer base that is very
9 diverse in age, language and culture. This diverse
10 customer base benefits from getting information from a
11 wide variety of sources and we plan to expand the
12 vehicles used to provide information and communicate
13 more tailored messages. Most importantly, there is a
14 need to increase customers' awareness and understanding
15 of issues related to their electricity service
16 especially the Company's efforts to provide safe and
17 reliable energy delivery. Getting important and
18 pertinent messages to customers takes various forms
19 including bill inserts, direct mail, media messaging
20 and the Internet. We plan to more fully utilize
21 various media to more effectively communicate with our
22 customers.

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1 Q. Do you believe that the Company should educate
2 customers on new issues and are there issues that
3 require additional focus?

4 A. Yes.

5 Q. What are the areas in which utilities should focus and
6 which merit more attention?

7 A. These activities relate to AMI, general education on
8 MHP, general information to the public about demand
9 side management initiatives including load management,
10 energy efficiency and conservation, green initiatives
11 including green power, understanding the new customer
12 bill, e-payments and other payment options, power
13 problems/outages and associated restoration issues,
14 public safety, and the special needs of people using
15 life sustaining equipment.

16 Q. Please explain the purpose of your proposed additional
17 education and outreach efforts.

18 A. Con Edison customers need more and better information
19 about many of the issues surrounding their electric
20 service. We propose to take a more proactive and
21 aggressive approach to communicating with customers
22 about power problems, outages and other emergencies,
23 conservation, and all the other issues described above.
24 We must provide more and better information to our

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1 customers and public in different ways and at different
2 frequencies than we have in the past. This includes
3 providing customers with more educational materials via
4 the mail, improved content on the "customer central"
5 and "my account" sections of the corporate Web site,
6 better customer issue-focused educational campaigns in
7 local community and ethnic newspapers, and increased
8 outreach to schoolchildren about energy and safety.

9 Q. What outreach efforts do you intend to continue to use?

10 A. We expect to continue to use the customer newsletter,
11 "Customer News", which provides seasonal and timely
12 stories of interest to customers in their bill six
13 times each year. Another vehicle, "SPOTLIGHT," is sent
14 to senior and disabled customers and contains targeted
15 information at the beginning of the winter and summer
16 seasons. We also plan to continue to publish literature
17 in the form of pamphlets and booklets about a wide
18 range of subjects in multiple languages.

19 Q. Have customers expressed a preference about how they
20 like to get their information?

21 A. Yes. We conducted a survey in March 2007 to measure how
22 customers obtain information and the extent to which
23 customers retain the information and hold the beliefs
24 promoted by our 2006-2007 Winter Outreach and Education

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1 efforts. The market research firm, CRA, Inc., conducted
2 telephone interviews with a sampling of 500 Con Edison
3 customers, culled from random digit dialing to Con
4 Edison's service area. Customers responded to a survey
5 question about whether they liked a certain method for
6 receiving information from the Company about energy-
7 related issues. The positive response scores are as
8 follows: Bill inserts, 46 percent; Media advertisements
9 (Television, Internet, newspaper and radio) 43 percent;
10 and Mailings or letters, 39 percent. We have geared
11 our plans to better utilize these vehicles.

12 Q. Please continue.

13 A. In consideration of the survey results noted above and
14 in an effort to enhance customer awareness, the Company
15 proposes to:

- 16 • expand into web-based information campaigns,
- 17 • enhance our customer-focused web site,
- 18 • develop more educational literature in multiple
19 languages,
- 20 • provide special bill inserts and direct mail
21 pieces to cover such topics as weather-related
22 preparedness, safety, energy-efficiency and

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1 conservation tips, enrollment as a life sustaining
2 equipment ("LSE") user (especially reaching out to
3 buildings where individual residents do not pay
4 for their own electricity and tall buildings with
5 elevators), and preparation for and coping with
6 power problems, and

7 • get our messages out to our customers through
8 print media, the Internet and radio.

9 Q. Please describe your plan to expand into web-based
10 information campaigns.

11 A. We expect to spend approximately \$800,000 on web-based
12 information campaigns. As the use of the Internet
13 continues to grow, we need to be a presence in this
14 environment and use the medium to promote our
15 educational messages as well as use it to convey
16 important emergency information to customers. Internet-
17 based campaigns drive users, i.e., our customers, to
18 our web site and provide a clear channel to our
19 educational messages located on "customer central" and
20 "my account."

21 Q. Please explain your plans for enhancements to the
22 Company's customer focused web site.

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1 A. The Con Edison web site, and in particular the Customer
2 Central section, includes energy savings information,
3 appliance usage, customer literature, and can now be
4 used to report power problems. Customers can also check
5 their Con Edison account, pay their Con Edison bill,
6 and find useful energy-related Internet links to
7 organizations such as NYSERDA. Our plan allocates
8 resources to build further enhancements to Customer
9 Central that would provide additional information in
10 multiple languages about energy efficiency,
11 conservation, AMI, general information about new and
12 existing demand side management programs, general
13 education about MHP, green power, and reporting of
14 power problems, LSE issues and outages and restoration
15 times. Moreover, the Company will enhance
16 www.coned.com/kids to include information on many of
17 these initiatives.

18 Q. Please describe the development of educational
19 literature, which will be in multiple languages.

20 A. The Company plans to update and enhance a number of
21 brochures in order to keep information timely and up to
22 date. For example, topics for new brochures would
23 include additional information about power problems,
24 electrical safety in the home and businesses, appliance

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1 protection, and a brochure outlining responsibilities
2 when using electrical contractors.

3 Q. Please explain the direct mail portion of your program
4 and provide an example of a message that will receive
5 increased attention.

6 A. We are planning to spend \$2.8 million on direct mail
7 campaigns to customers during the rate year. One of
8 the campaigns will reinforce our messages to customers
9 about power problems and will be mailed to all Con
10 Edison customers. Other topics are expected to focus
11 on public safety and special needs individuals, such as
12 our efforts to reach out to people who depend on life
13 sustaining equipment. Direct mailings to the groups
14 involved in this subject include the equipment users
15 themselves (who may or may not be direct customers),
16 the manufacturers of the life sustaining equipment, the
17 doctors who prescribe its use, the medical emergency
18 organizations that help the customers, and building
19 owners who provide electricity on a master-metered
20 basis and owners of high-rise elevator-served
21 buildings.

22 Q. Please explain the increase in spending for Educational
23 Media Messaging.

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1 A. Media costs in New York City and the surrounding
2 counties are high. For example, a single one-issue
3 campaign of a quarter page advertisement in one of the
4 major daily papers and in appropriate local community
5 and ethnic papers, including design production costs
6 such as photo purchase and advertisement preparation,
7 can cost over \$600,000. We expect to expand our media
8 campaigns for both the summer and winter periods about
9 issues including power problems, public safety issues,
10 special needs programs, understanding the Con Edison
11 bill, AMI issues, payment options, how to contact Con
12 Edison and obtain account information and report
13 service problems, and education about conservation and
14 efficiency. We expect to expand the number and
15 frequency of this messaging in order to increase
16 customer awareness of these issues and provide
17 information to them about these and other seasonal
18 issues.

19 Q. Do you have any plans to educate employees?

20 A. Yes. Employee education is a key element in the
21 outreach effort. We want our employees well educated
22 and able to use their knowledge to assist customers. We
23 are planning to address issues such as empathizing with
24 customers during power outages, providing information

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1 about claims and providing accurate information and
2 advice about the AMI initiative.

3 Q. How much do you propose to spend for outreach and
4 education in the rate year?

5 A. In total, in the rate year, the Company proposes to
6 spend \$10.15 million on outreach and education
7 activities, an increase of \$6,610 million over the
8 historic year spending.

9 Q. Have you prepared or supervised the preparation of a
10 document listing the Company's proposed expenses for
11 general outreach and education programs?

12 A. Yes. We have prepared a one page exhibit, entitled
13 "GENERAL EDUCATION AND OUTREACH"

14 MARK FOR IDENTIFICATION AS EXHIBIT____(CO-3)

15 CUSTOMER SERVICE PERFORMANCE MECHANISMS

16 Q. What is the Company's proposal with respect to penalty
17 mechanisms for customer service?

18 A. For the reasons set forth in the Infrastructure
19 Investment Panel testimony, the Company proposes that
20 all existing penalty mechanisms not be renewed and
21 that no replacement or new mechanisms be instituted.

22 Q. Does this complete the Panel's testimony?

23 A. Yes.

Advanced Metering Infrastructure

Exhibit__CO-1

Capital Requirements - Calendar Year

		2008
Electric	\$	59,000,356
Gas	\$	13,515,842
Total	\$	72,516,198

		2009
Electric	\$	106,606,105
Gas	\$	19,828,364
Total	\$	126,434,469

		2010
Electric	\$	119,948,799
Gas	\$	21,315,347
Total	\$	141,264,146

O&M Requirements - Rate Year (incremental)

Element of Expense	RY1	RY2	RY3
Communications Costs	\$ 8,345,000	\$ 337,000	\$ -
Accounts Payable	\$ 1,986,000	\$ -	\$ -
Total	\$ 10,331,000	\$ 337,000	\$ -

MANDATORY HOURLY PRICING EXPANSION

Capital Requirements - Calendar Year

Element of Expense	2008	2009	2010
Metering Costs	\$ 4,590,000	\$ -	\$ -
System Development - Internal	\$ 843,750	\$ 281,250	\$ -
System Development - External	\$ 281,250	\$ -	\$ -
Billing System Testing	\$ 98,438	\$ -	\$ -
Total	\$ 5,813,438	\$ 281,250	\$ -

O&M Requirements - Rate Year (incremental)

Element of Expense	RY1	RY2	RY3
Telephone Line Rental	\$ 282,600	\$ 282,600	\$ -
Wide Area Network/Data Hosting	\$ -	\$ 28,260	\$ -
System Maintenance	\$ -	\$ 200,000	\$ -
MHP Billing	\$ -	\$ 175,000	\$ -
Total	\$ 282,600	\$ 685,860	\$ -

General Education and Outreach

		Rate Year 1	Jan - Dec 2006
Employee Education	Web based e-learning programs on handling power problem issues, etc.	\$125,000	\$0
Community Outreach - Events/Sponsorships	Events, sponsorships and participation fees e.g. for senior citizen fairs, advocacy group meetings and events, borough and county home improvement shows and fairs, local fairs and community events, etc.	\$250,000	\$175,000
Educational Message Reminder Items		\$200,000	\$165,000
Education and Awareness Literature and Publications	Customer News	\$590,000	\$485,000
	SPOTLIGHT	\$150,000	\$128,000
	Bill Inserts (10x annually)	\$300,000	\$230,000
	Children's Educational Publication on energy and safety	\$280,000	\$272,000
	Brochures/Pamphlets - 20 @ \$25,000	\$500,000	\$375,000
Web site improvements	Kids Website Enhancements (including safety films for schools) & Maintenance	\$300,000	\$80,000
	Customer Central Web Site Enhancements (including conservation films for web) & Improvements	\$300,000	\$100,000
Direct Mail	Direct mail to all 3.2 million customers and targeted mailings covering such topics as weather-related preparedness, safety, enrollment as a life sustaining equipment (LSE) user (especially reaching out to buildings where individual residents do not pay for their own electricity and tall buildings with elevators), preparation for and coping with power problems, AMI metering announcements and educating the public about mandatory hourly pricing.	\$2,800,000	\$0
Educational Media Messaging	Web Based Information Campaigns	\$800,000	\$0
	Educational and Awareness Messages in Community &		
	Ethnic papers, Major Dailies, Radio, Mass Transit	\$3,150,000	\$1,200,000
	Energy and safety outreach to elementary and middle school children consisting of a 4 month program during the school year (May/June & September/October) that includes safety messaging, energy awareness and the Kids Web Site messages	\$265,000	\$265,000
Market Research and Customer and Stakeholder Focus Groups	Focus groups ; Customer Opinion Surveys	\$140,000	\$65,000
Total		\$10,150,000	\$3,540,000