

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as
to the Rates, Charges, Rules and Regulations
of Consolidated Edison Company of New
York, Inc. for Gas Service.

Case
06-G-1332

DIRECT TESTIMONY AND EXHIBIT
OF
DONNA M. DEVITO

Dated: March 16, 2007
Albany, New York

MINDY BOCKSTEIN
CHAIRPERSON AND EXECUTIVE DIRECTOR
NYS CONSUMER PROTECTION BOARD
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1 Q. Please state your name and address.

2 A. Donna M. De Vito, 5 Empire State Plaza, Suite 2101, Albany, NY 12223.

3

4 Q. By whom are you employed?

5 A. I have been employed by the Consumer Protection Board (CPB) since
6 April 2004 in the position of Utility Analyst.

7

8 Q. Describe your work experience.

9 A. I became employed by the New York State Department of Public Service
10 in 1977 in the Accounting Division, where I was primarily responsible for
11 analysis of utility compliance filings to Public Service Commission ("PSC")
12 orders and preparation of session items for special accounting petitions,
13 as required under the NYS Uniform System of Accounts and Public
14 Service Law. My other assignments related to research, evaluation, and
15 the development of policy changes and procedure revisions as necessary
16 or required. In 1993, I transferred to the Office of Utility Efficiency and
17 Productivity, and performed comprehensive utility management and
18 operations audits for NYS utility companies, which included the overall
19 management of the consultant contractors for the project audit areas and
20 process for completion, and the oversight of the analysis of utilities'
21 compliance and implementation of the Commission ordered audit

1 recommendations. As part of a DPS reorganization in 1998, my areas of
2 responsibility expanded in the Business Advocacy Group of the Office of
3 Consumer Education and Advocacy (OCEA). My responsibilities included:
4 the application and interpretation of all electric and gas rules and tariffs in
5 the areas of economic development incentives and customer service;
6 execution of procedures and policies related to all state and federal laws
7 and regulation as they pertain to electric and gas service quality and
8 competitive provider practices; implementation of the DPS economic
9 development policies for competitive businesses and residential market
10 issues; and analysis of consumer protection issues, billing and
11 disconnection of utility services, the impact of tariff rate incentives and
12 document qualification criteria for utility and state economic development
13 programs. My responsibilities also included dispute resolution between
14 commercial and industrial customers through both negotiation and
15 mediation, as applicable, in the areas of rates, electric and gas line
16 installations, franchise area infringement, gas interruption penalties, stray
17 voltage, customer deposit application, service classification, and all related
18 billing disputes. In 2003, when the Business Advocacy Group of OCEA
19 merged with the Office of Economic Development and Policy
20 Coordination, my job responsibilities remained the same. In April 2004, I
21 accepted a promotion to Utility Analyst with the CPB.

1

2 Q. Describe your current responsibilities at the Consumer Protection Board.

3 A. My responsibilities include evaluating the quality of service provided by
4 New York State utilities and recommending proposals, where necessary,
5 to improve the cost effective delivery of high quality customer service. I
6 am also responsible for analysis of the programs to assist low-income
7 utility customers and evaluation of proposals affecting the protections
8 provided to consumers. I participate in interagency organizations such as
9 the Low-income Forum (LIFE) and the HEAP Interagency Task Force to
10 maximize the effectiveness of low-income customer programs through
11 education and coordination, and to enhance existing programs.

12

13 Q. Have you previously submitted testimony before the PSC?

14 A. Yes. I submitted testimony in Case 95-W-1168, concerning United Water
15 New Rochelle's compliance with directives and recommendations made
16 by the Public Service Commission as a result of a management and
17 operations audit. I also submitted testimony in Case 04-E-0572,
18 Consolidated Edison Company of New York, Inc.'s (Con Edison) electric
19 rate proceeding; Case 04-G-1047, National Fuel Distribution Corporation
20 (NFG); Cases 05-E-0934 and 05-G-0935, Central Hudson Gas and
21 Electric Corporation (CH); Case 05-E-1222, New York State Electric and

1 Gas Corporation (NYSEG) and Case 05-G-1494, Orange and Rockland
2 Utilities, Inc. (O&R) and Cases 06-G-1185 and O6-G-1186, KeySpan
3 Energy Delivery New York (KEDNY) and KeySpan Energy Delivery Long
4 Island (KEDLI), respectively. In the Con Edison, NFG, CH, NYSEG, O&R,
5 KEDNY and KEDLI cases, I addressed customer service incentive
6 mechanisms, the application of threshold levels for specific measures and
7 the appropriate penalty to be assigned to each specific customer service
8 indicator. In the CH, NYSEG, O&R, and KEDNY and KEDLI proceedings,
9 I focused on aspects of the residential low-income assistance programs,
10 including the application criteria and measures, and enhancement
11 opportunities to ensure that the programs operate in a cost effective
12 manner and meet the needs of low-income consumers.

13

14 Q. What is the purpose of your testimony?

15 A. I address three issues in my testimony. First, I address Con Edison's
16 proposal to continue its low-income gas customer rate program without
17 modification. I agree that the low-income rate program should continue.
18 However, I recommend an increase in funding and percentage discounts
19 to offset the impacts of any rate increase approved in this proceeding. I
20 also recommend several changes to enhance program oversight.
21 Second, I focus on Con Edison's proposal to continue its customer

1 satisfaction incentive program without change. I agree that this
2 measurement should remain; however, I recommend enhancement of Con
3 Edison's service quality program with four additional measures. Third, I
4 address the issue of reconnection fees for Con Edison's eligible low-
5 income customers and recommend that the Company waive collection for
6 those customers.

7

8 Q. Is there an Exhibit associated with your testimony?

9 A. Yes. I have attached Exhibit___(DMD), consisting of a copy of all
10 responses to information requests that I reference in this testimony.

11

12 **LOW-INCOME PROGRAM**

13 Q. Please summarize Con Edison's low-income residential customer gas rate
14 program.

15 A. The current low-income customer rate reduction program is available to
16 eligible customers in Service Classification (SC) 1 (non-heating), SC 3
17 (heating) and SC 9 (firm transportation subclass). (Case 03-G-1671,
18 Order Adopting Terms of Joint Proposal, September 27, 2004, Joint
19 Proposal, May 28, 2004, Appendix C, paragraphs A.2 and D) To qualify
20 for the program, the customer must be receiving assistance under
21 Supplemental Security Income, Medicaid, Food Stamps or other

1 government assistance programs identified in Con Edison's tariff. Eligible
2 SC 1 customers receive a 25 percent reduction of the full delivery rate for
3 monthly usage over three therms. The low-income rate applicable to
4 eligible SC 3 customers is a 25 percent reduction of the full delivery rate
5 for usage between four and 90 therms.

6 The Company's current rates provide annual funding of \$1.6 million
7 for this program. Any differences between this funding level and the
8 aggregate actual program spending through the end of the rate
9 agreement, will be credited or surcharged to all firm gas customers.

10

11 Q. What has the Company proposed?

12 A. Con Edison has proposed to continue the existing program at the current
13 level of funding without modification. (Testimony of Customer Operations
14 Panel – Gas, p. 19)

15

16 Q. Has the program achieved its objectives?

17 A. The current program is based on an annual expenditure target of \$1.6
18 million with total spending of \$4.8 million over three years. Measures of
19 program evaluation other than total spending, such as a target number of
20 participants, are not specified in the current program.

1 Based on data through January 2007, \$2.5 million has been spent
2 on this program, representing 52% of the amount provided in rates,
3 although 28 months (78%) of the program has expired. (Responses to
4 Information Requests CPB 63, 83) Pursuant to Con Edison's current rate
5 plan, the 25 percent rate reduction was increased to 30 percent, effective
6 October 1, 2006, since aggregate rate reductions provided to low-income
7 customers were less than expected. Even with this increased discount, it
8 appears that total spending on this program will be less than anticipated
9 for the three year period.

10 There are no specific reporting requirements provided in the current
11 rate plan or tariff. The Company also apparently does not maintain
12 specific information or records on uncollectible accounts, service
13 terminations, or residential reconnections by type of customer, and has
14 stated in response to multiple requests for information, that it is not
15 obligated to do so. (Responses to Information Requests CPB 65-68, 75,
16 76) Such information would be helpful in the evaluation of the low-income
17 program to determine whether it is meeting its financial objectives, and to
18 ensure that low-income assistance is maximized as well as provided
19 effectively. However, I can not determine without reservation if the low-
20 income program is meeting its objectives, due to the limited availability of
21 historical data.

1

2 Q. Do you agree with the Company's proposal?

3 A. Yes, but with modifications to program funding and additional program
4 oversight. I support the continuation of the existing low-income program
5 with a percentage reduction from delivery tariff rates because it offers
6 additional benefits to customers needing it the most.

7

8 Q. What changes do you propose?

9 A. The Company has proposed a substantial increase in gas delivery rates. I
10 recommend an increase in program funding, and percentage discounts, to
11 offset the impact of any rate increase approved in this proceeding. Under
12 my proposal, natural gas delivery bills for low-income customers would not
13 increase as a result of a PSC decision in this case.

14

15 Q. What reporting requirements should be established to assess and
16 evaluate the low-income rate program?

17 A. The Company should be required to maintain monthly data and submit
18 annual reports regarding low-income rate program spending and
19 participation data. Con Edison should also be required to report
20 information regarding the number and total dollar amount of uncollectible
21 accounts written off, and the number of service terminations and service

1 reconnections for residential customers. Such data should be reported
2 separately for customers receiving low-income assistance from the
3 Company, to better assess the effectiveness and impact of the low-income
4 rate program. This data should also be reported annually to all interested
5 parties.

6 The collection of the proposed data will allow a more complete
7 evaluation of the effectiveness of the rate discount in Con Edison's low-
8 income assistance program, help maximize the application of benefits to
9 meet demonstrated customer need, and provide data for future program
10 design modification if necessary. It will also provide information that could
11 be used to focus the Company's outreach and education efforts for low-
12 income customers, which may help maintain customers on the system
13 before loss of service.

14

15 **SERVICE QUALITY PROGRAM**

16 Q. Please summarize Con Edison's current service quality program for gas
17 service.

18 A. Con Edison's service quality program consists of a customer satisfaction
19 incentive (CSI) based on the level of satisfaction with the handling of calls
20 made to the Emergency Response Call Center as measured by semi-
21 annual surveys conducted by an outside vendor. (Case 03-G-1671, Joint

1 Proposal, Section G, Part 5) If the surveys indicate a satisfaction level
2 below 88.1%, Con Edison is required to provide a credit to customers.
3 The maximum credit of \$3.3 million would be provided if satisfaction is
4 87.5% or below. System-wide emergencies are not included in the survey
5 for this measurement. The Company has not incurred any penalties under
6 this mechanism during this or the prior rate plan. (Response to
7 Information Request CPB 56)

8

9 Q. Does the Company have any other measures of customer service quality?

10 A. No. In fact, the PSC does not maintain complaint statistics separately by
11 industry for dual service companies such as Con Edison, only for the utility
12 as a whole. (Response to CPB Information Request DPS 1)

13

14 Q. What has the Company proposed?

15 A. No modifications to the current CSI were addressed in the Company's pre-
16 filed testimony. The current CSI continues until modified or eliminated by
17 the Commission.

18

19 Q. Is the Company's program for evaluation of service quality reasonable?

20 A. In part. The use of an outside third-party consultant to measure customer
21 satisfaction helps ensure independence of the review and accuracy of the

1 CSI measurement. However, this survey measures only one aspect of the
2 Company's service quality. Additional measures of the quality of customer
3 service should be added.

4

5 Q. What do you propose?

6 A. I recommend that the CSI continue with the existing measurement
7 thresholds and potential bill credits. However, in order to broaden the
8 scope of review and oversight of overall quality of customer service, I
9 recommend the implementation of four additional measures: a telephone
10 answer response rate for emergency and call center calls, appointments
11 kept, billing accuracy, and meters read on cycle. The mechanism should
12 include performance thresholds and potential revenue adjustments
13 (penalties) if standards are not achieved. The specific standards and
14 revenue adjustments should be based on those in the rate plan for Con
15 Edison's electric service, but established in a collaborative proceeding to
16 take place as soon as possible.

17 I also recommend that the Department of Public Service maintain
18 monthly complaint statistics for gas operations separately from total
19 company statistics. This is particularly appropriate for a company the size
20 of Con Edison, to help the PSC identify issues requiring attention. It would
21 also facilitate comparison with gas-only utilities in New York State.

1

2 Q. Please explain why additional measures of customer service are
3 reasonable.

4 A. Con Edison has the highest complaint rate of utilities in New York State.

5 The addition of the four measures will increase oversight of the quality of
6 customer service provided to Con Edison's gas customers and broaden

7 the scope for assessment of the company's performance. The information

8 gathered from an accurate, timely and comprehensive customer service

9 performance mechanism can also identify operational areas in need of

10 improvement, and may minimize development of service problems and

11 interruptions. Also, the additional measurements for telephone answer

12 response, appointments kept, billing accuracy and meters read on cycle

13 will also provide overall consistency with the existing performance

14 measures for Con Edison's electric service. (Case 04-E-0572, Order

15 Adopting Three-Year Rate Plan, March 24, 2005) The Company's

16 experience with these performance measures for its electric service

17 operations should minimize implementation concerns and costs.

18

19

20

21

1 **RECONNECTION FEES**

2 Q. Please explain the Company's proposal regarding reconnection fees.

3 A. Con Edison does not currently charge a reconnection fee for gas
4 customers. It proposes to begin charging customers for gas service
5 reconnection if the service was disconnected for non-payment according
6 to provisions of the Public Service Law. The proposed fees will vary
7 based on service classification and the Company states that the total
8 revenue collected is expected to be minimal. The revenue amount from
9 reconnections was not projected and the Company proposes to defer any
10 revenue for the benefit of customers. The Company stated that it does not
11 maintain termination or reconnection data for residential customers.
12 (Response to CPB Information Requests 66 and 75)

13

14 Q. Do you agree with the Company's proposal?

15 A. Although I have not reviewed the proposed reconnection rates, I agree
16 with the principle that reconnection fees should be established, in general.
17 Customers can avoid the fee if they pay for the services they receive.

18 However, I recommend that the reconnection fee be waived for all
19 customers that meet the criteria established for the Company's low-
20 income rate program as outlined in its current tariff. Imposing a
21 reconnection fee after service termination for non-payment of current bills

1 would be unlikely to change the behavior of Con Edison's most financially
2 distressed customers, and could exacerbate their financial circumstances.
3 Further, the Company approved a waiver of reconnection charges for
4 certain electric service customers who met specific the low-income criteria
5 in C. 04-E-0572. The Company should be consistent in its application of
6 benefits to all ConEdison low-income customers. In addition, I
7 recommend that data be maintained to quantify the reconnection fees for
8 each service classification, to facilitate review of this new charge.

9

10 Q. Does that conclude your testimony?

11 A. Yes.