

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as
to the Rates, Charges, Rules and Regulations
of Orange and Rockland Utilities, Inc. for Gas
Service

Case 08-G-1398

DIRECT TESTIMONY AND
EXHIBITS
OF
GREGG C. COLLAR

Dated: March 27, 2009
Albany, New York

MINDY A. BOCKSTEIN
CHAIRPERSON and EXECUTIVE DIRECTOR
NYS CONSUMER PROTECTION BOARD
5 EMPIRE STATE PLAZA
SUITE 2101
ALBANY, NY 12223-1556
<http://www.nysconsumer.gov>

1 Q. Please state your name, job title and business address.

2 A. My name is Gregg Collar. I am a Utility Program Analyst for the New York
3 State Consumer Protection Board ("CPB"), Five Empire State Plaza, Suite
4 2101, Albany, New York, 12223.

5

6 Q. Mr. Collar, please briefly summarize your qualifications and educational
7 background.

8 A. I received a B.A. in Mathematics from Hartwick College in 1995. From
9 February 1998 through June 2000, I was employed by TeleTech in
10 Denver, Colorado where I held various positions of increasing
11 responsibility. In my last position with TeleTech, I worked in the Corporate
12 office as a National Resource Analyst where I was responsible for
13 developing call volume forecasts based upon my analysis of historical
14 data for multiple call centers across the country and producing monthly
15 reports for upper management. I was employed by ICG Communications,
16 also located in Denver, Colorado, from June 2000 to May 2002, where I
17 managed the completion of facility work and testing performed by
18 operations personnel to ensure timely order provisioning for medium and
19 large customers nationwide. From February 2003 to March 2005, I was
20 employed as a Network Technology Analyst for the New York State
21 Environmental Facilities Corporation.

1 Since May 2005, I have been employed by the CPB as a Utility Program
2 Analyst in the Utility Intervention and New Technologies Bureau. My
3 responsibilities include analyzing programs to assist low-income utility
4 customers and service quality performance programs for all New York
5 State utilities; identifying reforms that should be made to these initiatives
6 to enhance their effectiveness; representing the CPB in collaborative
7 proceedings, negotiations and other meetings regarding low-income
8 programs and other key issues; serving as the CPB's representative to the
9 New York Low-Income Forum on Energy; researching and drafting formal
10 documents advocating the CPB's position in Public Service Commission
11 ("PSC" or "Commission") proceedings; and serving as the CPB's
12 representative on the Board of Directors of the telecommunications
13 Targeted Accessibility Fund, which oversees public benefit programs
14 including Lifeline. I served as the CPB's representative in Case 01-M-
15 0075 regarding National Grid's low-income assistance program and Cases
16 05-E-0934 and 05-G-0935 relating to Central Hudson's low-income
17 program. By conducting research and drafting documents, I also
18 contributed to the CPB's work in Case 06-E-0894, which concerns the
19 electric power outage of Consolidated Edison of New York Inc's. ("Con
20 Edison") Long Island City Electric Network and Case 08-S-0153, which
21 concerns the investigation of the prudence of Con Edison regarding the

1 July 2007 steam pipe rupture. I have been an active participant in Case
2 07-M-0548, the proceeding regarding the Energy Efficiency Portfolio
3 Standard ("EEPS") established by the Commission. I served as the CPB
4 representative in the working group related to the establishment of
5 statewide and utility-specific natural gas efficiency goals and the working
6 group assigned to help customers overcome barriers to energy efficiency
7 with the potential use of an on-bill financing program. Currently, I am an
8 active participant in the EEPS Evaluation Advisory Group as well as the
9 EEPS Outreach and Education/Marketing Advisory Group.

10

11 Q. Mr. Collar, have you previously testified before the PSC?

12 A. Yes, I submitted testimony in Case 08-E-0539, Con Edison's most recent
13 electric rate proceeding.

14

15 Q. What is the purpose of your testimony in this proceeding?

16 A. My testimony concerns three issues presented in the pre-filed direct
17 testimony of Orange and Rockland Utilities, Inc. ("O&R" or "Company").
18 First, I recommend the continuation of the Customer Service Performance
19 Incentive ("CSPI"). Second, I will address O&R's proposal to continue its
20 low-income program for gas customers. While I agree that O&R should
21 continue to provide a low-income program, I recommend several

1 modifications to its current program. Finally, I will explain why the
2 Company should discontinue its Retail Access Promotion and Customer
3 Outreach and Education Program ("RA Outreach Program") and how any
4 outreach and education necessary for retail access should be
5 incorporated in its core customer outreach and education budget.
6

7 Q. Are you sponsoring any exhibits associated with your testimony?

8 A. Yes. I am sponsoring Exhibit__ (GCC-1) and Exhibit__ (GCC-2). The first
9 exhibit consists of the Company's responses to interrogatories to which I
10 refer in my testimony. The second exhibit consists of a report (without its
11 appendices) filed by the Company on December 30, 2008, in accordance
12 with a Commission order in Case 05-G-1494, that shows O&R's
13 expenditures on its Retail Access Outreach Program.
14

15 **CUSTOMER SERVICE PERFORMANCE INCENTIVE (CSPI)**

16 Q. Please describe the Company's CSPI.

17 A. O&R's CSPI was approved by the Commission on October 23, 2003, in
18 Case 02-G-1553, Orange and Rockland Utilities, Inc., Order Adopting the
19 Terms of a Joint Proposal and Clarifying a Provision. This mechanism
20 consists of customer satisfaction targets based on annual surveys of
21 residential and commercial/industrial customers and an annual PSC

1 complaint rate target. Customer assessment score targets of 6.11 and
2 6.18 were established for residential (RCAS) and commercial/industrial
3 (CICAS) customer satisfaction surveys, respectively. For PSC complaints,
4 as approved by Commission order issued August 26, 2005, in Case 02-G-
5 1553, exclusions regarding duplicative rate consultant complaints and high
6 commodity prices complaints are applied in the calculation of the annual
7 complaint rate. Negative revenue adjustments are incurred at annual
8 complaint rate levels of 2.5 (minimum), 2.6 (intermediate) and 2.7 (high)
9 per 100,000 customers. In addition, potential negative adjustments for the
10 minimum and intermediate levels may be reduced in a particular year if
11 the Company achieves a complaint rate at or below 0.9 complaints per
12 100,000 customers in the preceding year.

13

14 Q. What negative revenue adjustments exist under the current CSPI?

15 A. Pursuant to the Commission's Order in Case 05-G-1494, if the RCAS falls
16 below the 6.11 target, a payment to customers of \$100,000 in Rate Year
17 ("RY") 1, \$125,000 in RY2, and \$150,000 in RY3 would be assessed. The
18 same adjustments are made if the CICAS falls below the 6.18 target. The
19 Order also provides that the Company may incur a maximum payment to
20 gas customers of \$200,000 for RY1, \$250,000 in RY2, and \$300,000 in
21 RY3 for failure to meet the annual complaint rate target.

1 Q. Does O&R propose to continue the CSPI?

2 A. No. O&R's witness Mr. Michael J. Thorpe stated on page 2 of his pre-filed
3 testimony that "O&R focuses on providing superior customer service and
4 does not require a CSPI to provide such service. Furthermore, penalties
5 are negative and are a poor substitute for constructive regulation."
6 However, if the Commission were to continue to impose a CSPI, Mr.
7 Thorpe proposes modifications be made to the existing CSPI.

8

9 Q. Please describe those modifications.

10 A. On pages 3-4 of his pre-filed testimony, Mr. Thorpe recommends that the
11 survey portions of the CSPI incorporate tiered penalties similar to those
12 related to the annual complaint rate targets. Additionally, Mr. Thorpe
13 proposes that the CSPI be modified to include positive financial incentives
14 should the Company's performance be "exceptional" based on the
15 complaint rate and for exceeding survey targets by significant margins.

16

17 Q. Should O&R's CSPI continue?

18 A. Yes. Because O&R is a monopoly provider of delivery service, it does not
19 need to provide satisfactory customer service in order to attract
20 customers. The CSPI, therefore, is necessary to ensure that O&R
21 provides levels of customer service deemed to be satisfactory and for

1 which O&R is provided just and reasonable rates. The Commission utilizes
2 customer service incentives in order to help align shareholder and
3 ratepayer interests by imposing earnings consequences on shareholders
4 for the quality of service provided by a utility to its customers. Presently,
5 such mechanisms are in effect at all of the major New York State energy
6 utilities.

7

8 Q. Do you agree with O&R's proposed modifications?

9 A. Not entirely. No New York State utility is awarded "incentives" for
10 providing such service; instead, the utilities are provided with sufficient
11 rate levels in order to facilitate such service to its customers. Providing
12 safe and reliable service is the main function of a utility. For this reason,
13 the CPB does not support the Company's proposal of a positive revenue
14 adjustment.

15 However, the CPB supports the Company's proposal of tiered revenue
16 adjustments, with higher thresholds than the current threshold, for the
17 survey portions of the CSPI. The CPB applauds the Company's
18 confidence in its ability to better provide customer service.

19

20 **LOW-INCOME PROGRAM**

21 Q. Are you familiar with the low-income program currently offered by O&R to

1 its gas customers?

2 A. Yes. The Commission approved O&R's current gas low-income program
3 in Case 05-G-1494. The program offers any O&R gas customer who
4 receives a grant under the Home Energy Assistance Program ("HEAP") a
5 monthly bill credit of \$7.00. The program, which was implemented on
6 November 1, 2006, is funded at \$475,000 per rate year for the three-year
7 period of the rate plan. The Commission order requires that to the extent
8 that expenditures over the three-year term are more or less than
9 \$1,425,000, O&R shall defer that amount.

10

11 Q. What is O&R's proposal regarding the low-income program?

12 A. The Company has proposed to continue the program. In her pre-filed
13 testimony (at page 18), O&R witness Jane J. Quin states: "Actual
14 experience under the program over Rate Years One and Two has
15 demonstrated that the current funding level of \$475,000 is in excess of the
16 current level needed to provide the monthly credit to all eligible customers,
17 which has been approximately \$400,000 per year." In response to
18 interrogatory DPS-56 (see Exhibit __ (GCC-1), p. 5 of 10), the actual
19 deferred gas low-income program balance as of October 31, 2008, was a
20 credit of \$66,769. However, Ms. Quin states (at page 18) that the
21 "expansion of HEAP eligible customers and the deteriorating economic

1 conditions will likely cause an increase in the number of customers
2 qualifying for benefits under the Company low-income program and
3 increase the necessary funding levels to the \$475,000 range.” Ms. Quin
4 further states (at page 19) that given the proposed increase for delivery
5 service filed by the Company in this case, O&R is open to increasing the
6 low-income credit and would convene a meeting with interested parties to
7 discuss the appropriate amount of the increase.

8

9 Q. What is your position on the Company's proposal?

10 A. The CPB welcomes the Company's willingness to convene a
11 meeting with interested parties. However, I would like to respond to the
12 Company's proposal in my testimony.

13

14 Q. What is CPB's proposal?

15 A. The Company's low-income program provides a welcome bill reduction to
16 vulnerable individuals and families in the O&R service territory who have
17 been identified as most in need of financial assistance. According to
18 2005-2007 United States Census Bureau statistics, in Middletown, New
19 York, 14.8% of families are below the poverty level and 17.4% of
20 individuals are below the poverty level. In Spring Valley, the corresponding
21 numbers are 15.4% and 13.3%, respectively. (See factfinder.gov.) The

1 CPB recommends continuation of the program to provide low-income
2 customers a monthly bill credit. However, the CPB questions why the
3 Company did not spend all of the allocated \$475,000 in RY 2. The
4 \$475,000 funding level is based on approximately 5,600 customers
5 receiving the \$7.00 monthly bill credit. The Company's response to
6 interrogatory CPB-3 (see Exhibit __ (GCC-1), p. 1 of 10) is confusing. It
7 shows that there were significantly more low-income electric and gas
8 customers enrolled than the allotted 5,600 customer accounts receiving
9 the benefit. The response also states that O&R does not know how many
10 of these customers are HEAP-recipient O&R electric customers but not
11 also HEAP-recipient O&R gas customers. In fact, in 10 out of the 12
12 months of RY 2, the Company's response shows that there were more
13 than 7,000 electric and gas customers in O&R's low-income program.
14 Further, O&R's response to interrogatory DPS-56 indicates an increased
15 number of payments made by the Company in recent months. It is not
16 clear how the Company tracks whether it is approaching the 5,600 target
17 for HEAP-recipient gas customers if it cannot tell who is a gas customer
18 and who is an electric customer.

19

20 Q. Please continue.

21 A. The CPB proposes that the increased amount of the bill credit for low-

1 income customers should equal any increase to the minimum delivery
2 charge approved by the Commission in this rate case so that low-income
3 customers are held harmless. For example, O&R proposes to increase its
4 minimum charge from \$14.00 to \$18.22. If the Company's proposal is
5 approved by the Commission, then the CPB recommends an increase in
6 the monthly bill credit from \$7.00 to \$11.22. Alternatively, due to inflation
7 since the \$7.00 level was established and the worsening economic
8 situation, I propose that the bill credit increase by \$2.00 even if the
9 minimum delivery charge does not increase at all or increases by less
10 than that amount.

11 The CPB further proposes that in the event the parties negotiate a Joint
12 Proposal that contains a multi-year rate plan, the low-income program
13 should include measures to allow rolling over of unused funds to
14 subsequent years and crediting customers for any shortage in program
15 spending.

16

17 Q. What is the cost of your proposal to increase the low-income credit?

18 A. Assuming 5,600 participants and 12 billing periods in a year, a \$2 increase
19 would cost \$134,440; a \$4.22 increase would be a little more than twice
20 that, or \$283,584. The cost would no doubt be less than these amounts
21 due to turnover of participation.

1 Q. Do you propose any further modifications to the low-income program?

2 A. Yes, we propose two. First, the CPB is unaware of any current specific
3 reporting requirements in the rate plan or tariff on the Company's low-
4 income program. As discussed above, it is apparent that O&R does not
5 maintain specific information for its low-income gas customers so it is
6 difficult to determine if the program is meeting its objectives. Such
7 information would assist in a more complete evaluation of the low-income
8 program to determine whether it is meeting its financial objectives and
9 ensure that low-income assistance is being maximized, and provide
10 needed data for any future program modifications if necessary. The CPB
11 requests that these reports be issued to the interested parties on an
12 annual basis.

13 Second, the Company currently waives 50% of its \$69.00 reconnection
14 fee for any gas customer receiving a HEAP grant. We recommend that
15 O&R's low-income program be enhanced to better meet the needs of low-
16 income customers in its service territory. In view of the burden low-income
17 customers are experiencing from high energy prices and difficult economic
18 conditions, the CPB recommends a 100% waiver of the reconnection fee
19 rather than the current 50%.

20

21

1 **CUSTOMER OUTREACH AND EDUCATION**

2 Q. Please describe O&R's current customer outreach and education
3 program.

4 A. The Company has two customer outreach and education programs. One
5 is O&R's RA Outreach Program that informs customers of the option to
6 choose natural gas suppliers other than O&R and to explain how retail
7 choice works. During RY1 and RY2, the Company conducted a "Back to
8 Basics" outreach effort in which it emphasized certain retail choice
9 fundamentals, such as, O&R continues to deliver energy reliably, provides
10 the same high quality customer service for all customers, provides certain
11 tools to assist its customers in shopping for energy, and supports retail
12 competition.

13 Second, O&R has a core Customer Outreach and Education program
14 separate from its RA Outreach Program which focuses on energy
15 efficiency, low-income payment assistance programs, alternate billing and
16 payment options, customer services, and information not related to retail
17 access.

18

19 Q. What level of funding is currently allocated for these outreach programs?

20 A. In Case 05-G-1494, the Commission authorized the Company to spend up
21 to \$300,000 in each rate year for its RA Outreach Program and up to

1 \$150,000 in each rate year for its core Customer Outreach and Education
2 program.

3

4 Q. How much of the allotted funds for these programs did O&R use?

5 A. In accordance with the Commission order in Case 05-G-1494, the
6 Company filed a report on December 30, 2008, detailing the monies spent
7 in its RA Outreach Program. (Exhibit __ (GCC-2)). According to page 6 of
8 the report, the Company spent \$98,473 in RY2, leaving \$201,527 in
9 unexpended funds. In addition, O&R spent only \$107,762 in RY1, leaving
10 a difference of \$192,238. Together, this resulted in total unexpended
11 funds of \$393,765 for the past two rate years. O&R's response to
12 interrogatory DPS-89 (Exhibit__ (GCC-1), pp. 6-10) shows expenditures
13 for its core outreach and education activities also fell short of the \$150,000
14 allocated by the Commission. O&R's response shows it spent \$149,000
15 in RY1and \$124,600 in RY2.

16

17 Q. What is O&R's proposal regarding the necessary funding level for their
18 RA Outreach Program?

19 A. In her pre-filed testimony at page 13, Ms. Quin states that the Company
20 proposes to carry over to this case \$300,000 of unexpended funds from its
21 current RA Outreach Program. However, O&R's response to interrogatory

1 DPS-19 (Exhibit__ (GCC-1), p. 4 of 10) reconsiders the position taken in
2 Ms. Quin's testimony. The Company now proposes to pass back to
3 customers any funds from its current RA Outreach Program that are
4 unexpended as of October 31, 2009. O&R also proposes in its response
5 that its annual rate allowance for its RA Outreach Program be lowered
6 from \$300,000 to \$100,000.

7

8 Q. Do you concur with the Company's proposal?

9 A. The CPB supports O&R's revised position to pass back to customers the
10 \$300,000 in unexpended funds from its RA Outreach Program. However,
11 the CPB recommends that ratepayer funding for the Company's RA
12 Outreach Program be eliminated and any funds necessary to
13 promulgate this type of information on retail access should be included
14 in the \$150,000 budget allotted to O&R's core Customer Education and
15 Outreach program. The October 27, 2008, Commission Order in Case 07-
16 M-0458, which determined the future of retail access programs,
17 specifically states (as Ms. Quin notes in her testimony at page 12) that:
18 "utilities are also required to continue to provide objective outreach and
19 education information on the availability of retail access. Expenditures on
20 the dissemination of such objective information would fall within the ambit
21 of usual utility O&E budgets for customer education purposes." The CPB

1 believes that the rate allowance of \$150,000 is sufficient to further
2 educate customers on retail access in addition to the core outreach and
3 education activities.

4

5 Q. Does this conclude your testimony at this time?

6 A. Yes.

Exhibit__(GCC-1)

Company Name: O and R Utilities, Inc.
Case Description: ORU Gas Rate Case
Case: 08-G-1398

Response to CPB Interrogatories – Set CPB2
Responding Witness: Jane J. Quin

Question No. :3

A. Provide by month for the period January 2005 to December 2008 the number of customers enrolled in the Company's low income program. B. Provide by month for the period January 2005 to December 2008 the average monthly bill for the customers enrolled in the Company's low income program. C. Provide by month for the period January 2005 to December 2008 the average arrearage balance for customers enrolled in the low income program. For the same time frame, provide the average arrearage balance for all Service Classification No. 1 customers. D. How many HEAP eligible customers are in the Company's service territory? E. Is a HEAP recipient automatically enrolled in the low income program?

RESPONSE:

- A. Attachment A includes the customers (gas and electric) enrolled in the Company's low income program by month for the period January 2005 through December 2008.
- B. Attachment A includes the average monthly bill for the customers (gas and electric) enrolled in the Company's low income program by month for the period January 2005 through December 2008.
- C. Attachment A includes the average arrearage balance for customers (gas and electric) enrolled in the low-income program by month for the period January 2005 through December 2008. Attachment B includes the average arrearage balance for all residential customers, including gas and electric and full service and retail choice, by month for the period January 2005 through December 2008.
- D. The Company has no way of knowing how many HEAP-eligible customers are located within the service territory. The County Departments' of Social Services provide the Company with information on the customers who are actually receiving HEAP benefits, not the number of customers who may eligible for such benefits.
- E. Yes.

Orange and Rockland Utilities, Inc.
Request No.: CPB-3 (Consumer Protection Board)
New York Low Income Program 2005 - 2008

	<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>	<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>Oct-05</u>	<u>Nov-05</u>	<u>Dec-05</u>
NUMBER OF CUSTOME	5,649	5,687	5,699	5,701	5,699	5,662	5,617	5,535	5,455	5,365	5,279	5,217
AVG. BILL	\$284.26	\$277.10	\$256.07	\$218.39	\$185.79	\$172.05	\$214.97	\$235.70	\$229.50	\$225.48	\$251.00	\$308.74
AVG. ARREARS	\$272.44	\$363.18	\$412.85	\$386.74	\$371.58	\$312.51	\$276.27	\$277.13	\$284.12	\$298.56	\$311.37	\$369.17
NUMBER OF CUSTOME	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>May-06</u>	<u>Jun-06</u>	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>
AVG. BILL	6,739	6,779	6,804	6,775	6,713	6,653	6,559	6,460	6,364	6,243	6,169	6,088
AVG. ARREARS	\$349.79	\$309.97	\$305.72	\$241.42	\$208.80	\$206.09	\$232.43	\$236.75	\$211.09	\$167.33	\$256.00	\$294.14
NUMBER OF CUSTOME	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>
AVG. BILL	4,951	5,007	5,005	4,983	4,931	4,861	4,811	4,740	4,693	4,625	4,572	4,510
AVG. ARREARS	\$362.10	\$301.14	\$311.03	\$246.17	\$191.07	\$168.51	\$169.55	\$171.58	\$160.78	\$159.49	\$173.79	\$274.74
NUMBER OF CUSTOME	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>Oct-08</u>	<u>Nov-08</u>	<u>Dec-08</u>
AVG. BILL	7,235	7,338	7,363	7,389	7,391	7,363	7,314	7,266	7,226	7,131	7,071	7,002
AVG. ARREARS	\$306.19	\$291.86	\$296.45	\$239.55	\$203.29	\$180.82	\$219.39	\$223.29	\$178.88	\$164.10	\$214.31	\$269.71
	\$291.86	\$439.49	\$559.04	\$624.44	\$618.65	\$543.88	\$452.69	\$455.58	\$448.62	\$419.23	\$357.92	\$219.40

**Orange and Rockland Utilities, Inc.
Residential - Active, Final and Other
New York Only - Gas and Electric**

Month	Arrears	# of Customers	Avg. Arrears
Jan 2005	\$8,603,213.55	186,658	\$46.09
Feb 2005	\$10,418,933.60	186,847	\$55.76
Mar 2005	\$10,975,001.80	187,092	\$58.66
Apr 2005	\$11,170,236.32	187,078	\$59.71
May 2005	\$10,442,586.86	187,282	\$55.76
June 2005	\$9,353,888.37	187,496	\$49.89
July 2005	\$8,803,423.20	187,695	\$46.90
Aug 2005	\$8,999,767.10	187,763	\$47.93
Sep 2005	\$9,488,165.58	187,765	\$50.53
Oct 2005	\$9,881,408.87	187,723	\$52.64
Nov 2005	\$9,255,680.28	187,949	\$49.25
Dec 2005	\$10,168,153.90	188,191	\$54.03
Jan 2006	\$11,049,463.57	188,350	\$58.66
Feb 2006	\$13,394,070.25	188,500	\$71.06
Mar 2006	\$14,738,261.95	188,521	\$78.18
Apr 2006	\$15,015,263.68	188,609	\$79.61
May 2006	\$12,853,628.16	188,765	\$68.09
Jun 2006	\$11,217,838.81	188,952	\$59.37
Jul 2006	\$10,514,200.55	189,065	\$55.61
Aug 2006	\$10,278,592.06	189,283	\$54.30
Sep 2006	\$10,498,727.80	189,231	\$55.48
Oct 2006	\$9,861,595.85	189,421	\$52.06
Nov 2006	\$8,856,037.13	189,460	\$46.74
Dec 2006	\$9,604,826.38	189,758	\$50.62
Jan 2007	\$9,382,621.15	190,095	\$49.36
Feb 2007	\$11,069,500.11	190,247	\$58.18
Mar 2007	\$12,540,658.04	190,220	\$65.93
Apr 2007	\$14,103,973.05	190,294	\$74.12
May 2007	\$13,515,740.18	190,458	\$70.96
Jun 2007	\$11,877,825.04	190,458	\$62.36
Jul 2007	\$10,367,918.20	190,605	\$54.39
Aug 2007	\$10,639,741.41	190,683	\$55.80
Sep 2007	\$10,690,181.16	190,654	\$56.07
Oct 2007	\$10,348,534.43	190,672	\$54.27
Nov 2007	\$9,666,974.55	190,696	\$50.69
Dec 2007	\$9,552,281.10	190,952	\$50.02
Jan 2008	\$11,378,854.92	191,017	\$59.57
Feb 2008	\$14,234,919.57	191,173	\$74.46
Mar 2008	\$15,314,240.29	191,259	\$80.07
Apr 2008	\$15,161,431.36	191,222	\$79.29
May 2008	\$14,525,081.08	191,358	\$75.91
Jun 2008	\$13,421,076.87	191,358	\$70.14
Jul 2008	\$12,091,608.64	191,605	\$63.11
Aug 2008	\$13,571,408.54	191,923	\$70.71
Sep 2008	\$14,252,809.88	192,024	\$74.22
Oct 2008	\$12,976,081.80	192,001	\$67.58
Nov 2008	\$11,191,686.29	192,126	\$58.25
Dec 2008	\$12,828,868.65	192,244	\$66.73

Company Name: O and R Utilities, Inc.
Case Description: ORU Gas Rate Case
Case: 08-G-1398

Response to DPS Interrogatories – Set DPS2
Responding Witness: Jane J. Quin/Accounting Panel

Question No. :19

Exhibit G-5, Schedule 5, page 2 includes the pass back of \$150,000 (credit) of outreach and education funds not utilized to customers in the rate year. The Unexpended outreach and education funds balance at the start of the rate year total approximately \$900,000 (see Exhibit G-2, Schedule 2, page 2).

Page 13 of witness Quin testimony states that the Company proposes to carry over to this case \$300,000 of unexpended funds from its current Retail Access Outreach Program to be used for retail access outreach and education. These funds would be added to the Company's \$100,000 outreach and education budget for use in disseminating objective information on retail access.

- a) Is it the Company's proposal to directly pass back to customers \$600,000 of the \$900,000 deferral? If so, please indicate over what time period.
- b) Is it the Company's proposal to use \$300,000 of the deferral to fund additional retail access outreach and education beyond current budget levels? If so, please indicate over what time period the \$300,000 would be spent.
- c) Witness Quin states that the budgeted \$100,000 per year for this activity approximates the Company's current level of spending under its RA Outreach Program. Please fully justify why the budgeted level of spending needs to be further supplemented by these unexpended funds.

RESPONSE:

- a) The Company has reconsidered its position and now would propose to pass back to customers any funds from its current Retail Access Outreach Program, unexpended as of October 31, 2009. If the parties are able to negotiate a three-year rate plan, the balance of these unexpended funds will be passed back in equal annual amounts over the three years. The Company will provide an estimate of the balance of these unexpended funds in its update. The Company also proposes that its annual rate allowance for customer outreach and education be lowered from \$300,000 to \$100,000. The Company will include this revised position in its update/rebuttal presentation.
- b) No, as discussed in the response to (a) above, the Company is not proposing to use \$300,000 of the deferral to fund additional retail access outreach and education beyond current budget levels.
- c) Please see the responses to (a) and (b) above.

Company Name: O and R Utilities, Inc.
Case Description: ORU Gas Rate Case
Case: 08-G-1398

Response to DPS Interrogatories – Set DPS7
Responding Witness: Accounting Panel

Question No. :56

Company witness Quin states that actual experience under the low income program has demonstrated that the current funding level is in excess of the current level needed to provide the monthly credit to all eligible customers. A. Please provide the actual deferred gas low income program balance as of October 31, 2008. B. Average deferred low income program costs net of income tax, set forth in Exhibit G2, Summary, reflects an average credit balance of \$26,000 for the twelve months ended October 31, 2010. Adjustments to rate base, however, eliminate this projected deferred balance. Please explain the basis of this adjustment.

RESPONSE:

- A) The actual deferred gas low income program balance as of October 31, 2008 is a credit of \$66,769.
- B) The average credit balance of \$26,000 assumed that not all funds set aside for the Low Income Program would be utilized. At this point the Company is forecasting that for the twelve months ended October 31, 2009, the level of unexpended funds included in the filing should be revised to zero. The downturn in the economy has significantly increased the number of payments made by the Company in recent months. It is expected that this trend will continue for the balance of this year. The actual deferred gas low income program balance as of December 31, 2008 is a credit of \$73,077. The projected spending for January 2009 to October 2009 is estimated at approximately \$500,000, resulting in a zero balance for the month ending October 31, 2009. The attached spreadsheet shows a monthly analysis of the account. The Company will adjust its forecast as part of the February update.

Company Name: O and R Utilities, Inc.
Case Description: ORU Gas Rate Case
Case: 08-G-1398

Response to DPS Interrogatories – Set DPS15
Responding Witness: Jane J. Quin

Question No. :89

a. For the rate years ending October 31, 2006, 2007 and 2008, respectively, provide the expenditures on core outreach and education activities: i.e., activities not related to retail choice, and state separately the amounts of such expenditures charged to electric and gas operations, respectively. b. Briefly describe the core outreach and education activities undertaken in each rate year. Explain in detail the reasons for any large variations, i.e., differences of greater than plus or minus 20 percent in the expenditures from year to year. c. The Joint Proposal adopted by the Commission in Case 05G1494 provided a budget of \$150,000 annually through gas rates for core customer outreach, see JP, p. 31. Explain the disposition of any difference between this allowance in gas rates and the amount charged to gas operations in part a above. d. Specifically state the amount requested in the Company's current gas rate filing for core outreach activities. Provide a citation to the appropriate testimony and or exhibits to support your response. e. Refer to your response to DPS19 and the Company's Feb 13, 09 update. The Company proposes an annual rate allowance of \$100,000 for retail access outreach. Describe the relationship between these funds and the amount described in part d above, and specifically state whether the amount requested in gas rates for retail access outreach is incremental to the amount requested for core outreach.

RESPONSE:

(a) As set forth in the attachment, expenditures on core outreach and education activities:

(\$000)

RY Ending October 31, 2006

Gas	96.0
Electric	232.2
Total	328.2

RY1 Ending October 31, 2007 (Case 05-G-1494)

Gas	149.0
Electric	198.5
Total	347.5

RY2 Ending October 31, 2008 (Case 05-G-1494)

Gas	124.6
Electric	217.2
Total	341.8

(b) In Rate Years 1 and 2, the Company undertook core outreach and education activities as outlined in plans filed annually with the Commission that included:

- Advertising on local radio, in area daily and weekly newspapers, the Internet, and telephone directories (CO safety, gas leak information, Dig Safely New York (“811”), energy efficiency, low-income payment assistance programs, gas infrastructure projects, alternate billing and payment options, online customer services)
- Direct mail (pipeline safety brochure along with letters to customers and public officials, dig safely letters to licensed contractors promoting excavator seminars, letters to low-income customers informing them of financial assistance programs, mailings to prospective customers about the benefits of natural gas)
- Customer newsletters (gas safety, 811, energy efficiency, payment assistance for low-income customers, alternate billing and payment options, gas infrastructure, online services)
- Major exhibits at such public events as the Rockland and Orange County home shows and sponsorships of Dig Safely Seminars (energy efficiency, gas conversion information and safety).
- Press releases (CO safety, “811”, gas infrastructure projects)

Additionally, in an effort to expand the Company’s reach, it developed a Mobile interface for parts of its Web site to allow customers to access more easily online services and information, including gas safety, from their cell phones or PDAs. O&R is the first company in the nation that we know of to have done this for its customers.

Also, to target more effectively its 811 communications, O&R became one of the first gas utilities to begin advertising in Home Depot locations with large 4’X4’ advertisements adhered to the floors of the entranceways of the stores.

Additionally, attendance at Dig Safely excavator seminars in 2008 was up 26% due in part to a series of targeted mailings to contractors conducted by the Company. “No Call” damages on the Company’s underground pipeline system in 2008 dropped 35% compared to the previous year.

Also in RY2, the Company launched a new section of its Web site called the Power of Green. The section features 100 energy efficiency tips that are animated to engage and educate customers more effectively. In 2008, the Company also began working on an energy efficiency blog which it expects to launch in RY3.

Recently, the Company redesigned its customer newsletter to stimulate an increase in readership of this important outreach and education vehicle.

(c) The Company treated any such difference like any other cost of service item.

(d) The budget of \$150,000 adopted by the Commission in Case 05-G-1494 is embedded in the test year and rolled forward in this Case (see Exhibit G-5, Schedule 11). Please see the attached worksheet.

(e) The \$100,000 proposed for retail access outreach is incremental to the \$150,000 budgeted for core outreach activities pursuant to (d) above. The retail access outreach funds would be used to educate customers, through print materials and website updates, on the availability of retail access and issues of interest or importance regarding retail choice, including the impact of retail choice on utility services, who to call in the event of an electric outage or gas emergency, how to enroll in retail choice, the timing of enrollments, switches and drops, customer's rights and responsibilities pursuant to the New York State Uniform Business Practices, etc.

Orange & Rockland Utilities, Inc.
Request - DPS Staff -89
Subject - Education and Outreach

Account #	Program	A0	C0	2	D0	T0
Test Year: July-Dec 2007						
909000-02-014G-85	Gas Safety Advertising			22.5		
909000-A0-546A-85	Web Site	12.6				
909000-D0-400F-85	NYP@home				4.9	
909000-D0-400Y-85	NYP@home				1.7	
909000-XX-014A-85	Consumer Advertising	2.2	14.8			1.2
909000-XX-023A-85	Mailings	0.1				
909000-XX-404D-85	Telephone Directory Ads		3.1			
909000-XX-406A-85	Consumer Research					
909000-XX-421A-85	Events		1.0			
921300-A0-021G-85	Graphics	3.7				
923200-T0-547A-85	Customer Satisfaction Survey					19.3
TOTAL		\$ 18.7	\$ 18.9	\$ 22.5	\$ 6.7	\$ 20.5
						\$ 87.2

2007 Common Expense Split for NY GAS -->Customer Splits

A0	24.03%
C0	29.25%
2	100%
D0	28.93%
T0	24.21%

2007 Common Expense Split for NY GAS -->A&G Splits

A0	22.40%
C0	29.25%
2	100%
D0	28.93%
T0	22.59%

Account #	Program	A0	C0	2	D0	T0
Test Year: Jan-Jun 2008						
909000-02-014G-85	Gas Safety Advertising			19.8		
909000-XX-404D-85	Telephone Directory Ads					
909000-XX-023A-85	Mailings					11.8
909000-T0-400F-85	NYP@home					
909000-XX-014A-85	Consumer Advertising	1.2	5.6	0.5	0.26	
909000-A0-546A-85	Web Site	2.3				
909000-A0-409A-85	Graphics	4.4				
909000-XX-421A-85	Events	2.4				2.4
909000-XX-406A-85	Consumer Research					
909000-T0-547A-85	Customer Satisfaction Survey					6.9
TOTAL		\$ 10.3	\$ 5.6	\$ 20.3	\$ 0.3	\$ 21.1
						\$ 57.6

2008 Common Expense Split for NY GAS -->Customer Splits

A0	24.03%
C0	29.25%
2	100%
D0	28.92%
T0	24.22%

TOTAL Test Year Expenditures	A0	C0	2	D0	T0	
	\$ 28.9	\$ 24.5	\$ 42.8	\$ 6.9	\$ 41.5	\$ 144.8

Exhibit __ (GCC-2)

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

-----X
**Case 05-G-1494 – Proceeding on Motion
of the Commission as to the Rates, Charges,
Rules and Regulations of Orange and
Rockland Utilities, Inc. for Gas Service.**
-----X

**RETAIL ACCESS PROMOTION AND CUSTOMER
OUTREACH AND EDUCATION PROGRAM –
RATE YEAR TWO STATUS REPORT**

BACKGROUND

In accordance with Appendix I of the Joint Proposal (“Joint Proposal”) adopted by the New York Public Service Commission (“NYSPSC”) in its Order issued October 20, 2006 in Case 05-G-1494, at the end of each Rate Year of its current three-year rate plan, Orange and Rockland Utilities, Inc. (“Orange and Rockland”, “O&R”, or the “Company”) is required to file a report with the NYSPSC detailing the monies spent pursuant to its Retail Access Promotion and Customer Outreach and Education Program (“Program”). This document constitutes the Company’s report on Program spending during Rate Year Two. The Company developed a plan for Program promotional spending of up to \$300,000 in Rate Year Two. O&R discussed its plan for Rate Year Two spending with interested energy service companies (“ESCOs”) and Staff during a collaborative conference on November 1, 2007, at the Inn in Central Valley, in Central Valley, New York. The Company received no objections to or other negative feedback regarding its proposal and began implementation of the Program thereafter.

DISCUSSION

During Rate Year Two, the Company continued its efforts on a "Back to Basics" campaign in which outreach and education materials were designed to reinforce the essential concepts of retail choice. Consistent with the Key Elements of the Program identified in Appendix I of the Joint Proposal, O&R sought to:

- Inform customers of their option to choose natural gas suppliers other than O&R;
- Educate customers on how costs of supply and delivery are treated separately;
- Provide customers with information on the ESCOs available for customers to choose from;
- Provide opportunities for customers to shop for energy choice and to evaluate ESCO options, including Internet applications, such as eBids, and introductory programs, such as PowerSwitch;
- Assure customers that if they switch suppliers, O&R will continue as their energy delivery company; and
- Inform customers that in the event of an emergency, O&R will continue to be responsible for service restoration and that system reliability, safety and customer service are unimpaired by switching.

Orange and Rockland's outreach and education spending for Rate Year Two also included continuing promotion of its current programs, PowerSwitch and ebids, and participation at trade shows and community events where Company representatives made presentations and answered questions regarding its retail choice program. O&R's spending for Rate Year Two on Retail Access Promotion and Outreach and Education totaled \$98,473.

KEY ELEMENTS OF RATE YEAR TWO PROGRAM:

A. **Back to Basics**

As part of its “Back to Basics” outreach effort, the Company had three separate bill inserts designed, printed and mailed to customers and utilized some of these designs in print advertising as well. The inserts emphasized certain retail choice fundamentals, such as: (i) O&R continues to deliver energy reliably for all customers, including retail choice customers; (ii) O&R provides the same high quality customer service for all customers, including retail choice customers; (iii) the Company provides certain tools, such as eBids, PowerSwitch and its ESCO catalog, to help its customers shop for energy; and (iv) O&R supports retail competition. These bill inserts and advertisements also reassured customers that the Company will continue to supply its customers with energy, even if their suppliers fails to do so, and that the Company continues to respond to all electric outages and gas emergencies for its customers. The Company spent \$ \$38,871 on the retail choice “Back to Basics” campaign. Copies of the bill inserts and print ads are attached at Appendix A.

B. **eBids and PowerSwitch**

The Company continued to promote its eBids, its on line shopping tool, and PowerSwitch, its ESCO referral program, in Rate Year Two. For eBids, the Company designed, printed and mailed two separate bill inserts to its customers. For PowerSwitch, the Company designed, printed and mailed to its customers three bill inserts. Additionally, the Company refreshed informational brochures on its eBids and PowerSwitch programs for distribution at trade shows, fairs, home shows, and other community events. The Company also prepared a Spanish- translated version of its eBids

informational brochure and refreshed its Spanish version of PowerSwitch. The translated brochures are consistent with the following principle supporting O&R's retail choice program: "All communications and programs will be produced and implemented in a manner that will help make the process of choice as easy and as understandable as possible for all customers, including non-English speaking customers and others with special needs". The Company spent \$45,546 on the eBids and PowerSwitch bill inserts and brochures, copies of which are attached at Appendix B.

C. Events.

The Company participated in numerous events throughout the year which served as an opportunity to educate its customers about retail choice and the Company's eBids and PowerSwitch programs. In addition to the Rockland County and Orange County Home Shows, representatives of the Customer Energy Services (formerly Retail Access and Energy Services) group sponsored a booth at a business Expo held by the Rockland Business Association and spoke at a dozen meetings of community and business groups throughout the service territory. Promotional materials and give-aways to interest customers in retail choice were developed and acquired for these events, including: (i) an eco-friendly, re-usable shopping bag with an e-bids promotion on one side and a PowerSwitch promotion on the other and (ii) an energy choice spinwheel that provided tips on how to enroll in retail access with answers to frequently asked questions. The Company spent \$8,297 on these materials, examples of which are included in Appendix C hereto.

D. **Miscellaneous:**

A representative of the Customer Energy Service group attended an Electric Distribution Company forum this year with other utilities discussing retail choice programs throughout the country. This forum provided an opportunity for the Company to keep abreast of retail access developments in other states and to help to develop solutions to certain retail choice challenges, including electronic data interchange ("EDI"), billing issues and customer outreach efforts. A staff member also attended the annual KEMA Conference at which retail access stakeholders discuss the latest developments in retail access and deregulation across the Nation.

In an effort to update Company employees on retail choice issues, procedures and participation so that they can provide accurate information to customers, Customer Energy Services conducted two lunch and learn sessions. Employees from various Company departments were provided with lunch and a presentation about retail access within the Orange and Rockland service territory and in New York State.

The Company also updated and reprinted its ESCO catalog, which provides retail choice information and ESCO contact information to interested customers, which is attached at Appendix D. The Company spent \$5,759 on these miscellaneous efforts in Rate Year Two.

ON-GOING EFFORTS

In January 2009, the Company will hold a meeting, either in-person or via teleconference, with interested parties and Staff to discuss retail choice outreach and education activities for the final rate year, including the appropriate scope of activities in

light of the NYPSC's Order Determining Future of Retail Access Programs in Case 07-M-0458, issued on October 27, 2008.

CONCLUSION

Pursuant to the Commission's Order in Case 05-G-1494, the Company was authorized to spend up to \$300,000 on retail access promotion and outreach and education during Rate Year Two. Of the \$300,000 authorized, the Company spent \$98,473 leaving a difference of \$201,527. In addition, the Company has a deferral from Rate Year One of \$192,238, resulting in total unexpended deferred funds of \$393,765. The Company proposes to discuss the appropriate allocation of these deferred funds in its current Gas Rate Proceeding, Case 08-G-1398.

Respectfully submitted,

ORANGE AND ROCKLAND UTILITIES, INC.

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