

ORANGE AND ROCKLAND UTILITIES, INC.
ENVIRONMENT HEALTH & SAFETY PANEL
UPDATE / REBUTTAL TESTIMONY - ELECTRIC/GAS

1 Q. Please state your names.

2 A. Steven Prall and Maribeth McCormick

3 Q. Have you previously submitted testimony in this
4 proceeding?

5 A. Yes. We previously submitted direct testimony on
6 behalf of Orange and Rockland Utilities, Inc. ("Orange
7 and Rockland," "O&R" or "Company") as the Environment,
8 Health and Safety Panel.

9 Q. What is the purpose of your update and rebuttal
10 testimony?

11 A. We update Exhibit ___(EHS-1) to our direct testimony to
12 reflect revisions in the Company's projected site
13 investigation and remediation related expenditures
14 ("SIR costs") for its manufactured gas plant ("MGP")
15 investigation/remediation program (together with the
16 Superfund and underground storage tank ("UST")
17 programs, collectively referred to herein as the "SIR
18 Program"). We will also rebut certain recommendations
19 of the Department of Public Service Staff ("Staff")
20 set forth in the direct testimony of Staff's Site

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1 Investigation and Remediation Panel ("SIR Panel") and
2 Staff's Electric Infrastructure and Operations Panel
3 ("EIOP").

4 **UPDATE**

5 SIR Program Update

6 Q. Please summarize your update testimony regarding the
7 Company's SIR Program.

8 A. For the Rate Year (*i.e.*, calendar year 2019), the
9 total SIR costs for the Company's SIR Program are
10 projected to decrease by approximately \$4.3 million,
11 from \$11.9 million as cited in our direct testimony to
12 \$7.6 million. For each of the two years following the
13 Rate Year, the Company's SIR costs are currently
14 projected to decrease. For Rate Year 2 (*i.e.*,
15 calendar year 2020) the Company's SIR costs are
16 currently projected to decrease by approximately \$1.8
17 million, from \$15.2 million cited in our direct
18 testimony to \$13.4 million. For Rate Year 3 (*i.e.*,
19 calendar year 2021) the Company's SIR costs are
20 currently projected to decrease by approximately \$20.1

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1 million, from \$33.6 million cited in our direct
2 testimony to \$13.5 million. In addition, the updated
3 total projected SIR costs during the 15-month period
4 immediately prior to the Rate Year (October 1, 2017
5 through December 31, 2018 - the "Linking Period") are
6 currently estimated to be approximately \$10 million,
7 which is \$5 million lower than the \$15 million cited
8 in our direct testimony. Unless otherwise indicated,
9 all of the estimated costs specified in our update
10 testimony for the Company's SIR Program are rounded to
11 the nearest \$0.1 million.

12 Q. Please explain generally the reasons for these
13 changes.

14 A. The Company's projected SIR costs are based on
15 forecasted activities and spending levels for its MGP,
16 Superfund, and UST sites. As explained in our direct
17 testimony, the projections for MGP projects are
18 calculated by cost loading the projected schedule for
19 each of the MGP sites to generate project/program cost
20 forecasts. The Company re-evaluates and updates these

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1 projections periodically so that they reflect current
2 information as to the then anticipated timing, scope,
3 and costs of the required investigation and
4 remediation activities for these sites. This update
5 testimony is based on the information available as of
6 May 31, 2018, whereas our direct testimony was based
7 on information available as of December 31, 2017. The
8 projections provided as part of the Company's
9 preliminary update were based on information available
10 as of March 1, 2018. Consistent with this
11 information, we have updated Exhibit __ (EHS-1) to
12 show the summary of the projected MGP SIR costs for
13 the Linking Period, Rate Year and the two years
14 following the Rate Year (*i.e.*, calendar years 2020 and
15 2021).

16 MARK FOR IDENTIFICATION AS EXHIBIT __ (EHS-1 - UPDATED)

17 Q. Have you also updated Exhibit __ (EHS-2) to reflect
18 the Company's most recent SIR cost projections for the
19 Superfund and UST sites?

20 A. No, Exhibit __ (EHS-2) did not need to be updated

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1 because there were no changes to the projections
2 provided with our direct testimony.

3 Q. Are these projected costs subject to further change?

4 A. Yes. As explained in our direct testimony, projected
5 SIR costs are subject to change based on design and
6 construction related contingencies, which may include
7 regulatory review and approval schedules, regulatory
8 agency decisions, access and cooperation issues with
9 property owners, property owner development plans,
10 community concerns, permitting, and new information.
11 Delays in one project may result in acceleration or
12 substitution of other projects.

13

14 MGP Program Updates

15 Q. Please explain the primary reasons for the \$5 million
16 decrease in projected SIR costs for the Company's MGP
17 Program during the Linking Period.

18 A. The Haverstraw Gas Plant (Clove and Maple) Site
19 accounts for the most significant change to the SIR
20 cost projections provided in the direct testimony.

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1 This site accounts for a net decrease of \$4.6 million
2 compared to the overall net decrease of \$5 million.
3 Relatively small changes in projected SIR costs of
4 several other MGP sites were made to account for
5 changes in the anticipated schedule and/or scope of
6 the necessary investigation or remediation work for
7 those sites. There is a net decrease of \$0.4 million
8 for these smaller changes. The updated SIR cost
9 projections for each of the Company's MGP program
10 sites are provided for in Exhibit __ (EHS-1 -
11 Updated).

12 Q. Please explain the primary reasons for the \$4.3
13 million decrease in projected SIR costs for the
14 Company's MGP Program for the Rate Year.

15 A. The Genung Street - Middletown Site accounts for the
16 most significant change to the SIR cost projections
17 provided in the direct testimony. This site accounts
18 for a net decrease of \$4.9 million compared to the
19 overall net decrease of \$4.3 million. Relatively
20 small changes in projected SIR costs of several other

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1 MGP sites were made to account for changes in the
2 anticipated schedule and/or scope of the necessary
3 investigation or remediation work for those sites.
4 There is net increase of \$0.6 million for these
5 smaller changes. The updated SIR cost projections for
6 each of the Company's MGP program sites are provided
7 for in Exhibit __ (EHS-1 - Updated).

8 Q. Please explain the primary reasons for the \$1.8
9 million decrease in projected SIR costs for the
10 Company's MGP Program for Rate Year 2.

11 A. The following MGP sites account for the most
12 significant changes to the SIR cost projections
13 provided in the direct testimony for the Company's MGP
14 Program for Rate Year 2: Haverstraw Gas Plant (Clove
15 and Maple) Site (-\$7.0 million) and Genung Street -
16 Middletown Site (+\$5.1 million). Relatively small
17 changes in projected SIR costs of several other MGP
18 sites were made to account for changes in the
19 anticipated schedule and/or scope of the necessary
20 investigation or remediation work for those sites.

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1 The updated SIR cost projections for each of the
2 Company's MGP program sites are provided for in
3 Exhibit __ (EHS-1 - Updated).

4 Q. Please explain the primary reasons for the \$20.1
5 million decrease in projected SIR costs for the
6 Company's MGP Program during Rate Year 3.

7 A. The Haverstraw Gas Plant (Clove and Maple) Site
8 accounts for the most significant change to the SIR
9 cost projections provided in the direct testimony.
10 This site accounts for a net decrease of \$20.1
11 million. Relatively small changes in projected SIR
12 costs of several other MGP sites were made to account
13 for changes in the anticipated schedule and/or scope
14 of the necessary investigation or remediation work for
15 those sites. The updated SIR cost projections for
16 each of the Company's MGP program sites are provided
17 for in Exhibit __ (EHS-1 - Updated).

18 Q. Please discuss the primary reason for the \$4.6 million
19 decrease in projected SIR costs for the Haverstraw Gas
20 Plant (Clove and Maple) Site during the Linking

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1 Period, the projected \$7 million decrease in such
2 costs during Rate Year 2, and the projected \$20.1
3 million decrease in such costs during Rate Year 3.

4 A. The primary driver for the changes in the cost
5 projections for the Linking Period is a shift in the
6 construction schedule for implementation of the OU-1
7 remedy at the Clove & Maple Haverstraw site. When we
8 were preparing our direct testimony, the Company
9 anticipated completing the construction activities in
10 2018. However, because the awarding of contracts for
11 this work took longer than anticipated and was not
12 completed until March 2018, it became evident that
13 remedial construction would extend into 2019. As a
14 result, the Company shifted some of the costs for the
15 remediation of OU1 at the the Clove and Maple Ave.
16 site from 2018 into 2019. This also impacted the
17 projection provided in the preliminary update. We
18 also note that at the time that both the intial and
19 preliminary update projections were prepared for this
20 site, the projections were based on engineering

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1 estimates. However, the actual contract costs, as
2 awarded in March 2018 following the competitive
3 bidding process, are lower than the engineering
4 estimates and are now reflected in the latest
5 projection for the Linking Period. The decrease in
6 costs during Rate Year 2 and Rate Year 3 are due to a
7 delay in the anticipated work schedule for the
8 remediation of OU-2 because of property access and
9 redevelopment issues.

10 Q. Please discuss the primary reason for the projected
11 \$4.9 million decrease in SIR costs for the Genung
12 Street - Middletown Site during the Rate Year and the
13 projected \$5.1 million increase during Rate Year 2.

14 A. Based upon our experience with the contracting process
15 and the delayed remedial construction at the Clove and
16 Maple Ave., Haverstraw site, the Company shifted much
17 of the cost projection for the Genung Street -
18 Middletown Site remedial construction from the Rate
19 Year to Rate Year 2.

20

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1 **REBUTTAL**

2 Q. Have you reviewed the prepared testimony of Staff's
3 SIR Panel?

4 A. Yes.

5 Q. Does the Company agree with Staff's recommendation to
6 eliminate the amortization of Rate Year SIR costs as
7 set forth in the direct testimony of Staff's SIR
8 Panel?

9 A. Yes. The Company agrees to accept Staff's proposal to
10 expense SIR costs in the Rate Year.

11 Q. Does the Environment, Health and Safety Panel respond
12 to Staff's recommended adjustment related to the
13 Travelers Litigation as set forth in the direct
14 testimony of Staff's SIR Panel?

15 A. No. The Company's Insurance Litigation Panel will
16 respond to Staff's recommended adjustment in
17 connection with the Travelers Litigation.

18 Q. Do you agree with Staff's recommended adjustment
19 regarding the forecast Rate Year costs to reduce the
20 total Rate Year SIR expense by \$2.893 million, from

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1 \$14.815 millions to \$11.922 million as set forth in
2 the direct testimony of Staff's SIR Panel?

3 A. No. As previously discussed, the Company shifted some
4 of the costs for the remediation of OU1 at the Clove
5 and Maple Ave. Haverstraw site from the Linking Period
6 into the Rate Year due to a protracted contracting
7 process which impacted the SIR cost projections
8 provided in the preliminary update. The SIR cost
9 projections have been updated further as explained in
10 this testimony and the updated SIR cost projections
11 for each of the Company's MGP program sites are
12 provided for in Exhibit __ (EHS-1 - Updated).

13 Q. Have you also reviewed the prepared testimony of
14 Staff's EIOP?

15 A. Yes.

16 Q. Do you agree with Staff's recommendations regarding
17 the Company's Motor Vehicle Collision ("MVC")
18 Reduction program, set forth in the direct testimony
19 of Staff's EIOP?

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1 A. No, we do not. While we do agree with the Staff EIOP
2 that training "should increase employee awareness and
3 improve driver safety, thus reducing motor vehicle
4 collisions," we do not agree that the Company's IVMS
5 effort should be disallowed based on this fact.

6 Q. Please explain.

7 A. As the Company has continued its In-Vehicle Monitoring
8 Systems ("IVMS") pilot program, it has become
9 demonstrably clear that this program effectively
10 improves driver safety. With R&D support, the Company
11 implemented the first part of the IVMS pilot program
12 from August 2017 through February 2018. The second
13 part of this pilot program will continue until at
14 least August 2018. The second part of the pilot
15 provided access to telemetric data in May 2018, which
16 demonstrated a 22.6% reduction in preventable MVCs and
17 a 25.2% reduction in recordable MVCs for those Company
18 vehicles equipped with IVMS when compared to the rest
19 of the Company fleet. We would note that the Company
20 issued IVMS to the Company's 25 worst performing

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1 drivers, with the remaining 50 units issued
2 selectively to other at risk and new drivers.
3 From August 2017 to May 2018 for the 75 vehicles with
4 IVMS, there were seven collisions, four recordable and
5 three preventable. The 75 vehicles drove 494,311 miles
6 during this time frame. The remaining 450 vehicles in
7 the fleet experienced 40 recordable and 29 preventable
8 MVCs and drove 3,696,585 miles during the same
9 timeframe. The impact to driving safety based on miles
10 driven is shown below:

11

12 Miles per recordable MVC for balance of fleet	92,415
13 Miles per recordable MVC for IVMS equipped vehicles	123,578
14 Miles per preventable MVC for balance of fleet	127,468
15 Miles per preventable MVC for IVMS equipped vehicles	164,770

16

17 This demonstrates a 25.2% and 22.6% improvement in
18 recordable and preventable driver collisions,
19 respectively, for vehicles with IVMS as compared to
20 the remaining vehicles in the Company's fleet.

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1 While the Company believes that miles driven provides
2 the best indicator of risk exposure, many of our peers
3 look at number of vehicles, because a construction
4 vehicle on a work site all day provides exposure as
5 well. As set forth below, based on the number of MVCs
6 per 100 vehicles, demonstrates the significant
7 improvement associated with IVMS equipped vehicles.

8

9 Recordable MVC for balance of fleet per 100 vehicles 8.89

10 Recordable MVC per 100 IVMS equipped vehicles 5.33

11

12 Preventable MVC for balance of fleet per 100 vehicles 6.44

13 Preventable MVC per 100 IVMS equipped vehicles 4.00

14

15 This demonstrates a 40.0% and 37.9% improvement in
16 recordable and preventable driver collisions with IVMS
17 equipped vehicles as compared to the remaining
18 vehicles in the Company's fleet.

19 Q. Are these improvements in MVCs acceptable to O&R?

20 A. No, they are not. While they are a promising start,
21 there remains room for improvement. The safety of our

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1 workers and the public is of paramount importance to
2 the Company. Motor vehicle safety is one of areas
3 that can significantly impact both. While the IVMS
4 pilot program results demonstrate effectiveness, the
5 full implementation of the program, in conjunction
6 with the additional training program that Staff
7 supports will best drive us to a "Zero Harm"
8 environment, which is our goal.

9 Q. Does this conclude your update and rebuttal testimony?

10 A. Yes, it does.