ORANGE AND ROCKLAND UTILITIES, INC.

CUSTOMER SERVICE PANEL
UPDATE/REBUTTAL – ELECTRIC & GAS

Q. Would the members of the Customer Service Panel (“Panel”) please state your names.

A. Donald Kennedy, Robert Melvin, Keith C. Scerbo and David Braunfotel.

Q. Have you previously submitted testimony in this proceeding?

A. Yes. In direct testimony, Messrs. Kennedy, Melvin and Scerbo testified as the Customer Service Panel. Since that time, the other member of the Panel, Karin Sullivan, has retired. She has been replaced on the Panel by David Braunfotel.

Q. Mr. Braunfotel, what is your business address and current position at Orange and Rockland Utilities, Inc. (“Orange and Rockland,” “O&R” or the “Company”)?

A. My business address is 390 West Route 59, Spring Valley, New York 10977. I am the Director of Customer Assistance at Orange and Rockland.

Q. Mr. Braunfotel, please describe your educational experience background and work experience.

A. I graduated from Ramapo College of New Jersey with a Bachelor’s Degree in Business Administration. I earned my M.B.A from Ramapo College in 2004. I have been employed by O&R since 1994, when I was hired as a Customer Service Representative. I was promoted to Customer Service Supervisor in 1996 and in 2001 I received a promotion to Senior Supervisor. In 2004, I assumed responsibility for the Customer Accounting Department, overseeing various billing and payment activities. In 2006, I was promoted to Unit Manager of Customer Accounting. I was promoted to Section Manager of the Customer Support Operation department effective July 1, 2010. On May 16, 2018, I was promoted to Director of Customer Assistance. In that role, I am responsible for the Company’s Call Center and Customer Accounting departments.

Q. What is the purpose of the Panel’s update/rebuttal testimony?

A. In this testimony, we update our direct testimony for the following items:

- The cost of replacing the Company’s Customer Information Management System (“CIMS”), with a more modern Customer Service System (“CSS”); and

- The cost of the Community Distributed Generation (“CDG”) and Value of Distributed Energy Resources (“VDER”) Billing Automation capital project.

We also provide testimony rebutting the following:

- Staff of the Department of Public Service (“Staff”) Consumer Services Panel’s (“CSP”) opposition to the Company’s investment in CIS enhancements;
- The CSP’s proposed changes to the Company’s Customer Service Performance Indicator (“CSPI”);

- Staff’s and the Public Utility Law Project’s (“PULP”) proposals to add a negative revenue adjustment (“NRA”) to the Company’s Terminations/Uncollectible Incentive Mechanism;
- The Utility Intervention Unit’s (“UIU”) and PULP’s proposals to modify the Company’s Terminations/Uncollectible Incentive Mechanism;
- PULP’s contention that customers who defaulted on Collection Arrangements should have been provided with affordable Deferred Payment Agreements (“DPAs”) by the Company;
- The allegations of Nobody Leaves Mid-Hudson (“NLMH”) that the Company’s shut-off and collection practices and procedures are inadequate; and
- Mr. Wyman’s cybersecurity concerns.

Update Testimony

Customer Information System

Q. Has the Company studied the costs of replacing CIMS independently, as well as with its corporate affiliate, Consolidated Edison Company of New York, Inc. (“CECONY”)?

A. Yes, the Company has completed this preliminary cost analysis and determined that if it were to plan, design and implement a new CSS independently, the project’s capital costs would be approximately $63 million. In contrast, the Company’s capital costs would be reduced to $34 million if it jointly implements a new CSS with CECONY.

Q. What operation and maintenance (“O&M”) costs would the Company incur if it jointly implements a new CSS with CECONY?

A. In its direct testimony, the Panel stated that there were zero O&M dollars associated with the Rate Year (“RY1”) (*i.e.*, calendar year 2019), RY2 (*i.e.*, calendar year 2020) and RY3 (*i.e.*, calendar year 2021) for the new CSS. Since the filing of the Panel’s direct testimony, the Company has completed the cost analysis of the CSS. Based upon this analysis, the Company has calculated that the estimated O&M expenditure associated with the CSS for RY1 is

$60,500, RY2 is $475,000 and RY3 is $390,000. As noted in the update/rebuttal testimony of the Company's Accounting Panel, the Company has revised its requested revenue requirement in this proceeding accordingly. These estimated O&M expenditures are required to cover cost elements that the Company cannot capitalize pursuant to current capital guidelines.

Q. What are the O&M elements of the CSS?

A. The O&M elements of the CSS are set forth below.

Element	RY1	RY2	RY3
Facilities	$60,500	$138,057	$138,057
Change Management Labor	$0	$298,319	$220,766
Miscellaneous	$0	$38,624	$31,177
Total	$60,500	$475,000	$390,000

Q. What is the revised capital cost for the CSS?

A. In its direct testimony, the Panel stated that the CSS had an estimated capital cost of $75 million with an in service date of July 1, 2023. The Company estimated the annual capital amounts were $3.0 million in 2018, $5.0 million in 2019, $14 million in 2020,

$16.0 million in 2021, $19.0 million in 2022, and $18.0 million in 2023. The Company has completed its analysis and determined that the current estimated capital cost to plan, design and implement a CSS for O&R as a stand-alone project, as compared with the capital cost as a joint project with CECONY. The capital cost for the Company for implementing a CSS as a joint project with CECONY is currently estimated at $34 million. This is $32 million less than the estimated capital cost (*i.e.*, $66 million) for the Company to plan, design and implement a new CSS independently. The Company's revised capital funding estimate at this time is $1.3 million for RY1, $9.5 million for RY2, and $8.1 for RY3, respectively. Included within these estimates are software licensing fees and related expenses associated with the new CSS, which are a component of the cost of the Company's recently signed licensing agreement with Oracle. The Company's Accounting Panel discusses the accounting and revenue requirement implications of the Oracle licensing agreement in its update and rebuttal testimony.

Q. Are the capital costs associated with CIMS, which was introduced in 1998, fully depreciated?

A. Yes.

Q. What are the financial benefits to the Company of replacing CIMS?

A. The Company estimates that it will incur $56.7 million of O&M savings in the 15-year period after the CSS is put into service in 2023. The net payback period on the Company’s $34 million capital investment for the CSS is eleven years. The payback period on the $34 million capital investment when including future avoided costs, in addition to O&M reductions, is nine years.

Q. What is the project timeline for the implementation of the CSS?

A. The timeline for CSS is set forth below with a projected in service date in the summer of 2023.

Q. Does the Company have a Business Plan for the CSS Project that it can share with Staff?

A. Yes. O&R is filing a preliminary Business Plan under trade secret protection in conjunction with this update and rebuttal testimony which we are sponsoring as Exhibit (CSP-4).

Q. Is the Company proposing any other updates to its capital requests as a result of changes since its initial base rate filing in January 2018?

A. Yes. The Company is also updating capital expenditures associated with the CDG and VDER billing automation proposal. Following the completion of the detailed design for this project, the updated capital expenditure is $1,043,077 for the Rate Year. The Company has included this updated project as an electric project. In its initial base rate filing, the Company incorrectly included this project as common in the plant model. The Company is also updating capital expenditures associated with the Innovative Time-of-Use ("TOU") Pricing project. The updated capital expenditure is $249,000 and $500,000 for RY1 and RY2, respectively.

Affordability Policy

Q. Does the Company have any updates to best available projections or any known changes to the Affordability Program?

A. No, the Company's best available projections for participants and cost remain the same. There are no known changes to the Company's Affordability Program.

Q. Does the Company agree with the Staff CSP's recommendations regarding the Affordability Program?

A. Yes, the Company agrees to complete an annual adjustment and recalculate discounts and budget levels using a three-year average of bills as the basis for discount calculations. Updated calculations and discount levels will be submitted in an annual tariff filing by August 31 of each year.

Rebuttal Testimony

Staff's Opposition to O&R's Investment in CIS Enhancements

Q. Does the Staff CSP oppose the Company's proposed enhancements to its current CIS?

A. Due to the uncertainty of the future of the Company's current CIS, the Staff CSP recommends (p. 13) that the Company only implement upgrades to the CIS that are necessary for system viability. Staff does not support the proposed projects that involve enhancements to the current CIS or its integration with other systems. Using this criterion, Staff opposes:

- The enhancements to the Company's New Business Management system (NUCON Enhancements) "because it involves linking with the current CIS";

- The Appointment Scheduling Feasibility Study because it will focus on upgrades to the CIS in order to establish an enterprise-wide system that will contain a centralized customer appointments repository;
- The Off-Cycle Enrollment Software because it requires modifications to the CIS in order to communicate and process customer enrollments, drops, rescinds, price changes, meter readings and other customer/marketer information:
- The Innovative TOU Pricing Software because it requires several modifications and enhancements to the CIS to provide an automated billing solution for new complex rate structures; and
- The CDG and VDER implementation proposal because it requires an expansion of the current CIS to provide a billing solution for CDG and VDER.

Q. Does the Company continue to support implementing any of these enhancements?

A. Yes. The Company continues to support those enhancements discussed below.

NUCON ENHANCEMENTS

Q. Please describe the proposed NUCON Enhancements, *i.e.*, the Priority Customer Repository.

A. The proposed NUCON Enhancements would establish a repository of profiles for large customers including key contacts and their information (*e.g.*, email addresses), a list of current and historic projects, circuit-level data, and any special regulatory or service class requirements (*e.g.*, interruptible gas customers) that will be linked to other system platforms. By storing this information in NUCON and linking it to other systems, the Company will be able to streamline existing work practices, provide an automated solution to existing manual processes, increase efficiencies in current processes, and improve the accuracy of its data. As noted in the

Panel's direct testimony, the primary limitation of the current NUCON system is that it does not allow the Company to store this type of large power and critical power customer information. The Priority Customer Repository would be a part of the NUCON platform and linked to other system platforms like the CIS.

Q. Why does Staff not support the proposed NUCON Enhancements?

A. As noted above, due to the uncertainty of the future of the Company's current CIS, the Staff CSP recommends (p. 13) that the Company only implement upgrades to the CIS that are necessary for system viability. The Staff CSP does not support the proposed projects, like the Priority Customer Repository, that involve enhancements to the current CIS or its integration with other systems.

Q. Does the Company agree with Staff's position regarding the NUCON Enhancements?

A. No. The purpose of the Priority Customer Repository is to improve operational excellence, foster safety by allowing for immediate information access to address off-hour emergency response, and enhance the customer experience by establishing a single repository to house all pertinent priority customer data. This information will have multiple benefits and will be available for the use of many organizations within the Company.

Q. Will the Priority Customer Repository help the Company to meet customer expectations?

A. Yes, considering the new CIS system will not be available until the summer of 2023 at the earliest, the Priority Customer Repository is critical to the Company’s efforts to meet expanding customer expectations and provide for a more efficient means to address customer inquiries and requests.

Q. Please explain why the manual process of storing priority customer data is inefficient.

A. The manual process is a slow and labor intensive process that is susceptible to human errors. This also can make the Company vulnerable when complying with

State regulated programs and deadlines, such as the Company’s Gas Interruptible Program. This program is currently in a repository outside of a Company system. The repository uses Microsoft Excel which is manually updated and tracked. Without automation, the Company risks not accurately tracking and reporting the Company’s critical customers (Code 1/Key accounts).

Q. Are there non-financial benefits to implementing the Priority Customer Repository?

A. Yes, there are several such benefits. First, by allowing for the immediate access to information to address off-hour emergencies, the Company can respond to emergency needs more accurately and efficiently. Second, the Priority Customer Repository will enhance the Company’s outage response to our large customers via an improved standby procedure. New Business Services provides 24/7 support to our large power customers and our internal operations workforce. The Priority Customer Repository will allow for an improved standby procedure which should result in fewer FTEs to respond to Large Power Customer issues. It also will be able to provide current site specific information, such as ownership of equipment, type of service and if a site has Distribute Generation or not.

Q. Please continue.

A. Currently if an existing Large Power Customer needs manual maintenance done at their existing premises, they will need to fill out a new application for service. With the Priority Customer Repository, the Company would not need a new application. The Large Power Customer would have a profile and history already existing in the Repository and the Company would leverage that data to produce a maintenance order without needing an application to be filled out.

Q. Why was NUCON selected as the platform to store the Priority Customer Repository?

A. NUCON is a flexible technology platform that was developed internally with current interfaces to Company systems including CIS. NUCON is the most effective and efficient choice. The repository will be built on an existing platform rather than deployment of new software.

OFF-CYCLE ENROLLMENT SOFTWARE

Q. Does the Company agree with Staff's recommendation to not support the Off-Cycle Enrollment system changes?

A. No. As part of this project, CIS is not the only system that would be enhanced. The Retail Access Information System and EDI are systems that are also used to communicate and process customer enrollments, drops, rescinds, price changes and other customer/marketer information. Funding will be used to upgrade these systems as well.

CDG AND VDER BILLING AUTOMATION

Q. Does the Company agree with Staff's recommendation to not support the CDG and VDER Billing Automation Project?

A. The Company does not agree with Staff's recommendation for three reasons. First, if the CIS is not upgraded to accommodate this type of billing the Company would have to use a highly inefficient, and labor intensive manual process susceptible to human error. Second, a manual process would put the timeliness of placing VDER credits on customer bills at risk. Third, the projected number of VDER and CDG projects will impact a large volume of customer bills which cannot be managed successfully by employing a manual process until the new CIS is in place. We would note that under the most optimistic scenario, the new CIS is currently projected to be available to the Company in the summer of 2023 (*i.e.*, at least four years from the commencement of the Rate Year).

Q. Please explain why the manual process for billing CDG and VDER projects is inefficient.

A. The manual billing process is highly inefficient due to the complexity and fluidity of the applicable data. Under the VDER tariff, there will be a tremendous amount of new information and data to record and track for each customer, all supportive of the rate the customer would receive (*e.g.*, rate vintage, location, historical output). Value Stack compensation is based on six potential components, two of which have customer-driven options and one that has a geographic-based component, effectively establishing a tariff that will need to be individualized to every Value Stack customer. CDG projects add layers of complexity, as CDG subscribers receive credits based on their allocated share of the CDG Host's generation. To further complicate matters, the list of CDG subscribers, as well as their respective allocated share of generation, can change monthly, which will necessarily change the compensation for the project. As a result, the Company will need to calculate and distribute on-bill credits to each subscriber account and reconcile and manage both the CDG Host bank and subscriber credit carryover bank, including the CDG Host's allocation of banked credits. Manually managing and reporting these numerous variables and relationships is inefficient and susceptible to human error.

Q. Why would the lack of an automated system introduce the risk of delay in customer billing?

A. Due to the complexities of the CDG and VDER programs described above, manually processing and tracking of the credits and components is very labor intensive. The VDER Order[1] requires the Company to place Value Stack credits on customer's bills within two months of the generation export. Based upon initial subscriber lists received by the Company, the Company estimates that each CDG project could have over 350 subscribers and with the daily processing of credits to align with each subscriber's billing period, there is a potential that any delay in manual processing would be quickly compounded.

Q. Please explain the anticipated volume of VDER and CDG projects, as well as the labor requirements associated with that volume.

A. Based upon the current queue and developer-requested in service dates, the Company is projecting up to 42 projects coming online by the end of 2019, with each

[1] Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources*, Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters (issued September 14, 2017)(p. 32)("Phase One VDER Order").

of these projects having the potential for over 350 subscribers. To bill subscribers and manage the credit carryovers, CDG Host bank, and reporting requirements associated with the CDG program, this volume of CDG projects would require approximately 30 additional FTEs. The Company would require these additional FTEs to manually process the credits, reporting and management of credit carryovers for any onsite and RNM value stack customers. These FTEs would be needed until the new CIS is available (*i.e.*, at least four years).

Q. Are there any other reasons that Staff's recommendation related to VDER billing automation should be rejected?

A. Yes. Staff's position is fundamentally inconsistent with the Commission's directive in its Phase One VDER Order. In the Phase One VDER Order, the Commission recognized (p. 31) that "both CDG and the Value Stack increase complexity for utility billing and crediting, as compared to on-site and RNM projects. This increased complexity stems from the need to apply credits from one project to multiple accounts, which may have different billing cycles, as well as the more detailed, complex, and granular calculations that must be performed for each project." As a result, the Commission concluded (p. 32) that "Automation will likely prove an important step for ensuring that bill credits are received in a timely and predictable manner while minimizing utility costs" and directed the utilities to submit plans to automate CDG and value stack billing. The Panel submitted O&R's automation proposal in its direct testimony in these proceedings. For this reason, in addition to those outlined above, Staff's recommendation that the Company not upgrade its CIMS to support CDG and VDER billing should be rejected.

TOU Pricing Software

Q. Does the Company agree with Staff's recommendation to not support the Innovative TOU Pricing Software?

A. No. This project will allow for required enhancements to the Company's billing system to build and support complex new rate structures as envisioned in the Commission’s Reforming the Energy Vision (“REV”) proceeding.[2] These rates include electric vehicle charging rates, innovative TOU pricing for mass market customers and rate structures in Phase Two of the VDER Proceeding. These rate options support the Commission’s goals and objectives, including the Clean Energy Standard and REV, and will help to provide customers with implementable, understandable choices for their energy use and production. The system enhancements will enable efficient implementation and ongoing administration of these new rate structures while avoiding the pitfalls of manual program administration including errors and untimely bills. The upgrades will allow the Company to provide a more satisfying experience for customers who want to become active participants in the modern electric grid.

Staff’s Proposals to Modify the CSPI

[2] Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision*.

Q. Does Staff make any recommendations with respect to continuation of the Company’s existing CSPI?

A. Yes. Staff recommends that the existing CSPI be continued with certain modifications. Staff recommends that the Customer Contact Satisfaction Survey measures and the Call Answer Rate (*i.e.*, percentage of calls answered within 30 seconds) be modified to make the targets more challenging. Specifically, Staff’s proposal would increase the performance targets for the Customer Contact Satisfaction Survey and Call Answer Rate.

Customer Contact Satisfaction Survey

Q. Has the Panel reviewed Staff’s proposed changes to the Customer Contact Satisfaction Survey performance targets?

A. Yes, we have reviewed Staff’s proposal.

Q. Do you agree with Staff’s recommendations?

A. We do not agree with the recommendations. Staff proposes to increase the Customer Contact Satisfaction Survey targets because the Company has met the existing targets for the past five years.

Specifically, Staff calculated its recommended Customer Contact Satisfaction Survey targets by taking the five-year average performance and subtracting two standard deviations. As a result of meeting existing targets, Staff concludes that the Company does not have an incentive to maintain its present level of service quality. Staff does not allege or demonstrate that it is necessary to make current performance measures stricter in order to provide customers with safe and adequate or high quality customer service. Other than O&R's better than targeted performance, Staff has not identified any changed circumstances that provide a basis for finding these thresholds have become unreasonable or deficient in any manner.

Q. If the Company has exceeded a target for an existing performance measure during a past period, is it reasonable to require the Company to continue to perform at that higher level?

A. No, not unless the Commission has determined that the current performance targets are not adequate for the Company to provide safe and adequate and high quality customer service. Successfully achieving existing performance metrics will necessarily entail performance that exceeds existing thresholds by some amount, since it would not be reasonable to expect that work can be scheduled to meet the thresholds exactly and there is good reason to perform in a manner that minimizes the possibility that unanticipated events will cause the Company to miss annual targets. Based on this, the Panel disagrees with placing the Company at further risk by increasing this target.

The Company can best serve its customers and meet its overall service obligations by maintaining flexibility in allocating its resources within the context of reasonably established, fixed performance measures. Performance targets that are ratcheted up without any underlying analysis that the existing targets do not provide adequate service levels will negatively impact overall productivity and efficiency and could result in reduced performance in other service areas as the Company re-allocates resources to maintain the higher performance levels, particularly in years when exogenous factors, such as weather, require resource reallocations from other important service functions to achieve the higher target.

Q. Are there any other reasons why you oppose the Staff recommended changes?

A. Yes. Continually ratcheting up performance measures solely based on past high performance is unreasonable. There is no basis for penalizing the Company next year simply for not replicating performance above target levels achieved this year. Moreover, such a policy has two negative consequences. First, the prospect that higher-than-target performance will reset the penalty performance level establishes a disincentive to achieve target area performance at a higher level even when circumstances dictate such performance on a cost-effective basis.

Second, ratcheted performance measures will inevitably reach levels that cannot be reasonably achieved at current costs, and rates will have to reflect increased costs needed to reasonably achieve higher performance levels.

CALL ANSWER RATE

Q. Please describe Staff's proposal related to the Call Answer Rate.

A. Staff recommends to continue the existing Call Answer Rate performance mechanism, but to adjust the targets upwards. Staff suggests that these modifications are necessary because the Company performs only to the level necessary to avoid a negative revenue adjustment. As a result, Staff's recommended changes deviate from its standard method of determining targets. Specifically, Staff proposes to increase the current target from 57.5% to 60.3%. The second target proposed to be changed from 55% to 58% and the third proposed change from 52.5% to 55.7%. In addition to proposing to increase the call answer rate target, Staff also does not support additional call center staffing.

Q. Does the Panel agree with Staff's recommendation?

A. No. Staff has not justified modifying the current Call Answer Rate, which the Company spends considerable time and effort in achieving. Without incremental staff complying with this increased call answer rate target would be extremely challenging for the Company. To date, 2018 has been a very challenging year. Year-to-date, call volume to the Company's customer service representatives ("CSRs") during the day shift has increased 14% over the same period last year. The high call volume is attributed to an increase in billing exceptions as a result of estimated Meter Reading routes, high energy bills, the AMI project and shifting resources to answer customer calls. Overall call volume Year to Date over 2017 has increased by 41%. Internet and written correspondence year to date are slightly below the goal due to an increase in customer inquiries due to Winter Storms Riley and Quinn, the May thunderstorm, as well as concerns about estimated Meter Reading routes and high energy bills. Internet inquiries have increased by 122% and written correspondence has increased by 47% over the same period in 2017. These statistics demonstrate that, without additional staffing, Staff's proposed modifications cannot be achieved.

Modifications to the Terminations/Uncollectible Incentive Mechanism

Q. Do both the Staff CSP and PULP propose to add an NRA to the Company's Terminations/Uncollectible Incentive Mechanism?

A. Yes, they do. The Staff CSP proposes (p. 28) that if the Company's uncollectibles rise to $4.2 million or more and terminations rise to 8,300 customers or greater, a maximum NRA of $800,000 would be applied. Partial negative revenue adjustments are possible if targets are partially met. PULP witness Yates recommends (p. 44) NRA targets for uncollectibles of $3,479,017 and terminations of 8,189.

Q. Does the Company agree with these proposals?

A. The Company opposes these proposals. The implementation of an NRA to the Company's Terminations/Uncollectible Incentive Mechanism is wholly inappropriate. In most instances, the Company terminates a customer account because the customer either cannot or will not pay the charges associated with that account. Similarly, the level of uncollectibles is driven by customers' payment patterns, as well as the Company's aggressiveness in terminating customer accounts. The level of terminations and uncollectibles is driven mainly by underlying economic conditions, over which the Company has no control. Given the Company's inability to control the outcomes of this incentive mechanism, an NRA should not be added to it.

Q. Do Staff and PULP also propose to modify the positive revenue adjustment ("PRA") component of the Company's Terminations/Uncollectible Incentive Mechanism?

A. Yes, the Staff CSP proposes a maximum PRA of $800,000 if the Company achieves both of the following targets for the Rate Year: (i) uncollectibles level of no more than $1.7 million (as compared with $3.1 million under the current plan) and (ii) residential service terminations for nonpayment of no more than 6,900 customers (as compared with 7,500 under the current plan). PULP witness Yates proposes to set these targets at $2,375,788 and 6,872, respectively.

Q. Does the Company agree with these proposed changes?

A. No. The Home Energy Fair Practices Act ("HEFPA") allows for service terminations as a last resort. The Company offers its customers flexible payment terms and the ability to pay over time with a DPA. Limiting the number of terminations will severely hinder the collection process for accounts with no other options. In addition, decreasing the dollars associated with uncollectibles is punitive to the Company, because it has minimal control over the size of customers' bills, particularly to the extent they are affected by as weather and commodity costs. If account balances are left to grow over time due to delayed terminations, uncollectible balances will quickly exceed these arbitrary limits, resulting in improper NRAs to the Company.

Collection Practices

Q. Does the Company agree with Mr. Yates' contention (p. 33) that with the exception of customers who may have obtained a Collection Arrangement to catch up on a defaulted DPA, it is likely that most if not all customers who defaulted on Collection Arrangements should have been provided with affordable DPAs in the first place, saving them unnecessary late payment charges and lowering the risk of default on their payment arrangements?

A. No. Collection arrangements are short-term agreements for payments (usually less than 30 days) where DPAs are for longer periods (usually months or in some cases years). Collections arrangements are usually requested by customers who need just a few days until their next paycheck or other form of income. Collection Arrangements are rarely the source of customer complaints and Mr. Yates has not demonstrated otherwise. Adoption of his recommendation would not be in customers' best interests.

Q. Please respond to the allegations of Nobody Leaves Mid-Hudson ("NLMH") that the Company's shut-off and collection practices and procedures are inadequate.

A. NLMH offers the "testimony" of four of its members as to their alleged problems "opening an account or confirming their identity in order to be able to discuss their account." This "testimony" is of dubious value as two of the members are unidentified, one member discusses an alleged incident from **2003**, and the fourth member describes an incident involving her mother, but fails to indicate where or when this incident occurred.

Identification Requirements for Obtaining Residential Service

Q. Do you agree with the Staff CSP's recommendation that the Company's CSRs should receive additional training that applicants for service are not required to provide their social security numbers?

A. No. The Company's CSRs are trained appropriately on the requirements for establishing a new account. Asking customers to positively identify themselves when establishing a credit account will minimize instances of fraud. The Company has dealt with applicants who have attempted to put accounts into the names of deceased individuals or minor children. These balances are ultimately written off and added to the Company’s uncollectible balances (to the detriment of all other customers).

Q. Please address the recommendations of Staff, PULP and NLMH that the Company develop identification procedures that would not require applicants for residential service to visit an O&R location to show proof of identification.

A. As noted above, positive identification is a requirement for establishing any credit based account. If the customer is unwilling or unable to provide their social security number to be verified through an online service, such as Experian or Equifax, they have the option to either email, fax or bring in a photo identification for verification. This is a reasonable practice.

Cybersecurity Concerns

Q. Does Mr. Wyman express cybersecurity concerns regarding the Company's operations in his direct testimony?

A. Yes. He expresses concerns related to the Company's computing operating environment. He alleges (p. 55) that "It is well established that Microsoft Windows is the most frequently compromised operating system in use today and that there are more secure operating systems available. Some, like OSX from Apple, require payment, others, like the many versions of Linux, are generally available free of charge or with reasonable service contracts."

Q. Does O&R agree with Mr. Wyman's allegations?

A. No. To begin, the Company considers cybersecurity to be an important component of the Company's day-to-day operations. Cybersecurity is one of the Company's highest risks and we have incorporated addressing this risk into every aspect of our business. Cybersecurity related attacks, ransomware, malware and the like could have safety and/or reliability consequences for our customers, employees and the general public.

Q. Please continue.

A. Cybersecurity related attacks have been seen in many operating systems, including those employing the open-source versions of Linux. Microsoft and other computing providers, like other Company vendors, are required to demonstrate their security protocols to the Company. Not only does the Company review its vendor’s controls, the Company is consistently searching to improve its cyber security process. Mr. Wyman’s suggestion of simply switching operating systems is not a viable means to ensure cybersecurity. In fact, an organization needs to take a multi-dimensional approach that includes cloud, mobile and IoT (internet of things) security.

Q. Does Microsoft provide security?

A. Yes. Microsoft provides a multi-layered platform throughout which security has been built in, from the operating system up through the cloud. In fact, Microsoft's Security has evolved significantly in the past few years. The Company has been advised that:

- Microsoft invests $1 billion annually across the board in security;
- Windows 10 is the most secure Windows ever and includes real-time and cloud delivered protection using Windows Defender Antivirus & ATP, Credential Guard, and Security Center;
- Microsoft makes extensive used of advanced, layered Machine Learning models that can reduce the time to detect and respond to attacks from days to milliseconds https://cloudblogs.microsoft.com/microsoftsecure/2018/06/07/machine-learning-vs-social-engineering/;

Q. Please comment on Mr. Wyman's allegations that other operating systems' have better security than Microsoft.

A. As OSX and Linux become more widely used, threats are targeting those systems. "Mac users can no longer afford to ignore the possibility of being compromised by malicious software. These threats will only grow more numerous and more sophisticated as time goes on”: https://www.csoonline.com/article/3267893/security/microsoft-windows-10-vs-apple-macos-18-security-features-compared.html

OSX and Linux Malware are demonstrably on the rise, OSX malware exploits have increase by 270% in the first two months of 2018:

- https://www.computerworld.com/article/3262225/apple-mac/warning-as-mac-malware-exploits-climb-270.html
- https://www.pcworld.com/article/3156931/linux/why-malware-should-be-a-concern-for-all-linux-users-and-what-to-do-about-it.html

Linux is vulnerable to Ultrasonic attacks:

o https://arstechnica.com/information-technology/2018/05/attackers-can-send-sounds-to-ddos-video-recorders-and-pcs/

Open Source software can have vulnerabilities – as exemplified by the massive Equifax breach that was the result of an open source exploit: https://www.zdnet.com/article/equifax-blames-open-source-software-for-its-record-breaking-security-breach/

In summary, Mr. Wyman has failed to demonstrate a compelling case for the Company "to limit the use of Microsoft Windows to as few employees, contractors, etc. as is possible."

Customer Engagement and Marketplace Platform ("CEMP")

Q. In their direct testimony, did the Staff CSP address the transition plan proposed for the Company's REV Demonstration project operating costs and resources?

A. No, the Staff CSP did not. The Company currently recovers the program operating and resource costs through the Energy Cost Adjustment surcharge. The Company proposes to recover these costs through base rates once the Demonstration Project timeline has expired.

Q. Does this conclude your rebuttal and update testimony?

A. Yes, it does.