Joseph Hally
Vice President Regulatory Affairs

September 30, 2024

Honorable Michelle L. Phillips, Secretary
State of New York Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, NY 12223

Re: Case 21-M-0541 - *Proceeding on Motion of the Commission to Conduct a Comprehensive Management and Operations Audit of Central Hudson Gas & Electric Corporatio*n – September 2024 Quarterly Update

Dear Secretary Phillips:

As directed by Ordering Clause 2 in the Commission's March 15, 2024, Order Approving Implementation Plan with Modification (Order) in the above referenced proceeding, Central Hudson Gas & Electric Corporation (Central Hudson or the Company) hereby submits its quarterly progress report.

The implementation plan approved in the Order addresses a total of thirty-seven recommendations. To date, the Company has completed implementation of twenty-two of those recommendations, recommendations which are under review by Staff. As of this filing, the Company considers another three recommendations complete. The Company continues to implement the remaining twelve recommendations. Enclosed please find the Company's quarterly progress report.

Central Hudson looks forward to continued work with DPS Staff throughout the implementation process.

Sincerely,

/s/ Joseph Hally

Joseph Hally
Vice President Regulatory Affairs

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Case 21-M-0541

Proceeding on Motion of the Commission to Conduct a
Comprehensive Management and Operations Audit of
Central Hudson Gas & Electric Corporation

Implementation Plan
Quarterly Update

September 30, 2024

Table of Contents

The Status column will be updated with each Implementation Plan Update as follows:

In Progress — Implementation plan established; work may have commenced
Complete — Implementation of the recommendation is complete
Closed — DPS Staff has acknowledged that implementation is complete

Rec. No.	Area	Recommendation	Status	Page
4.4	Info Systems	Implement a PPM tool for IT programs and projects (related to recommendation 7.2).	In Progress	26-29
4.5	Info Systems	A PMO should be in place for all major IT programs, and all other IT projects should have a project manager.	In Progress	30-32
4.6	Info Systems	Implement a Standardized Business Process Mapping and Improvement Capability.	In Progress	33-36
4.7	Info Systems	The Change Request Process should include more robust analysis of alternatives to help mitigate or eliminate the impact of the requested change.	Complete	See May 2024 Deliverables Filing
5.1	Electric Operations	The development of high skill roles in engineering should follow a consistent and structured development plan that provides goals and expected outcomes.	Complete	See May 2024 Deliverables Filing
5.2	Electric Operations	Drive additional refinements to the Electric Forecasts by synchronizing bottom-up and top down forecasts and the development of fleet EV locationally specific forecasts.	Complete	See May 2024 Deliverables Filing
5.3	Electric Operations	The Company should regularly audit DER data and performance specifications. The Company should also track DER outages caused by the Company to better understand approaches that can mitigate the cause of these outages.	Complete	See May 2024 Deliverables Filing
5.4	Electric Operations	A PMO and robust reporting should be in place for the Grid Modernization Program.	Complete	See May 2024 Deliverables Filing
5.5	Electric Operations	The VDER billing and credit process would benefit from clearly defined process maps and procedures documentation to support consistency and effective process management.	Complete	See May 2024 Deliverables Filing
6.1	Gas Operations	Basic criteria/policy for the scheduling of leak repairs identified in Response to IR-256, should be included in the O&M 300 procedure. Policy identified in IR-256 but not included in the O&M 300 procedure include: o Leaks with two previous repairs are not scheduled for a third repair but are rolled into a smaller main replacement project and are monitored until replacement is completed. o Rather than attempt to repair a leak on a main in poor condition, the leak will be rolled into a smaller main replacement project and monitored until replacement is completed. o Instead of making a repair to a leak prone service, the leaking service should be replaced in its entirety.	Complete	See May 2024 Deliverables Filing
6.2	Gas Operations	Establish repair timeline goals for Type 3 gas leaks.	Complete	See May 2024 Deliverables Filing
6.3	Gas Operations	When the existing contract, entitled Standard Specifications for Vendors Performing Code Rule 753 Functions Develop, with Protek Locating is rebid, a section should be added encouraging adoption of evolving industry best practices.	Complete	See May 2024 Deliverables Filing
6.4	Gas Operations	Initiate the tracking of underground electric facility markouts requests and damages. Develop appropriate electric markout instructions and guidance, similar to what exists for gas markouts.	Complete	37-39
7.1	Project & Work Management	Update the Project Management Manual to include clear Roles and Responsibilities (Responsible, Accountable, Consulted, and Informed (RACI) charts) of each key stakeholder and their functions throughout the project management lifecycle.	Complete	See May 2024 Deliverables Filing
7.2	Project & Work Management	Implement a PPM system that would allow for visibility of project status across the project portfolio, expanded WBS at the project-execution level, and expanded KPIs and earned value reporting.	In Progress	40-43
7.3	Project & Work Management	Establish clear guidelines for escalating variance from actual vs. budget project costs to the CARE Committee for all projects over $100,000.	Complete	See May 2024 Deliverables Filing
7.4	Project & Work Management	Implement an Estimating Management System to ensure a single system of record and that proper estimating standards can be easily updated, and proper change control enforced.	Complete	See May 2024 Deliverables Filing
8.1	Customer Operations	Implement performance benchmarking for customer service operations in the Contact Center, Meter Reading, Customer Field Services and for customer satisfaction, using JD Power or another benchmarking data source.	In Progress	44-46

Rec. No.	Area	Recommendation	Status	Page
8.2	Customer Operations	Manage the Contact Center's live agent communication channel such that the combination of Service Level, Call Abandonment Rate and Average Wait Time are optimized instead of just the Service Level. Incorporate a goal for an optimized level for all three metrics directly into the performance evaluations used in annual compensation reviews for the Manager Customer Experience and the Senior Director Customer Contact.	Complete	See May 2024 Deliverables Filing
8.3	Customer Operations	Begin reading meters on a monthly basis to better align billed consumption with fluctuating energy supply prices and reduce the issues created in SAP by pairing monthly bills with bimonthly reads.	Complete	47-49
8.4	Customer Operations	Part 1: Assign a CAS or Consumer Outreach management employee the direct responsibility for ensuring OTDA low income customer records are properly and completely matched with Central Hudson account records to the extent possible, and that record mismatches are systematically identified, reviewed and resolved. Document this responsibility in the written position description for the assigned employee.	Complete	See May 2024 Deliverables Filing
		Part 2: Develop exception reporting in SAP to identify all OTDA records with service addresses in Central Hudson's territory that cannot be matched with a Central Hudson account record in CIS.		
		Part 3: Develop and implement a performance metric and target for the assigned management employee to measure mismatched record resolution success. This could be the percentage of mismatched records found through exception reporting cleared in X number of days, the number of mismatched records for which customers were successfully enrolled in HEAP, or something similar.		
8.5	Customer Operations	Develop analysis and data to better classify and address the root causes of customer complaints.	Complete	See May 2024 Deliverables Filing
8.6	Customer Operations	Central Hudson should make the following changes to improve internal control over metrics reported to the NYSPSC:	Complete	50-53
		1) Bring the PIR Manual up to date.		
		2) Add descriptive information to the PIR so that it provides a verifiable audit trail between PI metrics and underlying source documents, including better descriptions of how metrics, in particular Contact Center metrics, are calculated.		
		3) Combine CSPI and PI instructions into a single manual, so that CSPI calculation methods and underlying source documents are documented as PI metrics are.		
		4) Ensure that PIRs and CSPIs are thoroughly reviewed by someone other than the preparer, that amounts are traced to source documents and errors are caught and corrected before the reports are sent to the NYSPSC.		
		5) One year after these changes are made, perform the internal audit that the PIR Manual states will be performed. Include both PI and CSPI metrics in the audit scope.		
8.7	Customer Operations	Update HEFPA procedural and employee training documentation dated from 2018 and 2019, associated with the legacy CIS, for applicable policy changes and changes due to implementation of the new CIS. Post these updated procedures on-line as a reference guide for Contact Center employees and trainees.	Complete	See June/July 2024 Deliverables Filing

Response to Recommendation 2.1
Recommendation: *Central Hudson should update its BCA analysis of AMI, taking into account the future conditions that will exist when AMI is implemented. It should provide this analysis to NYSDPS Staff in order to support an orderly implementation of AMI when technical requirements permit and when the Commission approves this project.*

Implementation Team	
Executive Sponsor:	Ryan Hawthorne
Team Members (indicate lead):	Andrew Salemo (lead) Tim Dowd Edgardo Campos Tom Su Joe Koberger Nicole Tancredi Kim Short Ryan Yakush

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

Central Hudson agrees with Overland that AMI is a gateway technology that supports the implementation of New York State initiatives as currently envisioned, including demand side management and more sophisticated responsive pricing. While Central Hudson is not currently situated to implement AMI, as Overland notes, it will work toward the completion of an updated BCA. Based on the existing technical factors identified and addressed below, Central Hudson has assigned a lower priority to this recommendation than Overland.

Central Hudson's most recently completed AMI cost estimate was included in its 2016 Distributed System Implementation Plan (DSIP), filed on June 30, 2016,[1] and indicated that the cost to implement AMI would be cost prohibitive given the characteristics of Central Hudson's operations and territory. With respect to operations, the DSIP AMI cost estimate found that the gap between benefits and costs was attributable to, among other things, Central Hudson's practice of bi-monthly meter reading and integrations with the mainframe-based Customer Information System.

As noted in the implementation response to Recommendation 8.3, Central Hudson submitted its Plan to Implement Monthly Meter Reading (Plan) on January 17, 2023 pursuant to the requirement of Ordering Clause 3 of the Commission's Order to Commence Proceeding and Show Cause issued and effective December 15, 2022 in Case 22-M-0645.[2] Implementation of monthly meter reading would reduce the aforementioned gap between benefits and costs

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[1] Case 16-M-0411 – In the Matter of Distributed System Implementation Plans.
[2] Case 22-M-0645 – Proceeding on Motion of the Commission Concerning Central Hudson Gas & Electric
   Corporation's Development and Deployment of Modifications to its Customer Information and Billing System and
    Resulting Impacts on Billing Accuracy, Timeliness, and Errors.

however, as noted in the Plan, Central Hudson's proposed implementation timeline does not anticipate full deployment of monthly meter reading until February 2026 due to the precedence of currently planned and in-progress SAP customer information system (CIS) development. Subsequent to this Plan, Central Hudson and the Department of Public Service entered into an Interim Agreement that, among other items, accelerated the implementation of monthly meter reading to be complete by the end of 2024.

Current SAP CIS development plans include final completion of the complex coding required for the system's credit and collection or "Dunning" functionality, as well as other SAP CIS system changes. Programming in the system's test environment for Dunning is in progress with the anticipation that such work will be completed in October 2024. Metrics have been developed for meter reading, billing, invoicing, payments, and contact center performance to evaluate readiness of Dunning functionality prior to rollout. Due to the sequencing of these projects, achieving levels aligned with these metrics will impact the implementation of any other initiative, such as AMI, that would require integration into the SAP CIS.

As noted above, the DSIP AMI cost estimate revealed communication difficulties with the full population of meters due to the geographic characteristics of Central Hudson's service territory. As a result, Central Hudson has been evaluating communication technology and is in the process of commencing a research and development (R&D) project with a vendor partner. This R&D project entails the installation of a small point to point communication network that will transmit metering information over the Network Strategy Tropos radio system to demonstrate the capabilities of the Tropos radio network and point to point communications, the usefulness of the data retrieved from the meters, and to serve as proof of concept for future installations. The project is expected to run for one year to evaluate performance during changing weather conditions and foliage cover.

Based on these existing technical factors, Central Hudson believes that it may be practical to target a completion date for the AMI BCA that would allow for its inclusion in the June 2025 DSIP filing. However, as noted in the workplan below an evaluation of required resources and their availability must be conducted in order to ensure that a BCA can be completed by June 2025, otherwise the Company may need to target the inclusion of the BCA in the 2027 DSIP.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Identify internal AMI BCA team and lead	December 2023	February 2024	Complete
Identify current and near-term internal initiatives that would impact resources required to conduct a	January 2024	February 2024	Complete

thorough AMI evaluation and benefit cost analysis			
Identify current and near-term internal initiatives that would impact an AMI implementation and their sequencing timeframe	January 2024	April 2024	Complete
Evaluate the need for third-party BCA preparation	April 2024	June 2024	Complete
Identify and assess current and future external conditions	April 2024	June 2024	Complete
Monitor completion of identified internal initiatives on a monthly basis to determine impact on resource availability and timing of AMI BCA	May 2024	March 2025	In Progress
Prepare and issue RFP and select consultant, as applicable	July 2024	September 2024	Complete
Compile operations and business requirements	September 2024	December 2024	
Evaluate progress on/status of identified current and near-term internal initiatives that would impact an AMI implementation	July 2024	September 2024	
Prepare AMI BCA	December 2024	March 2025	

- **Deliverable(s)**

  Updated AMI BCA.

- **Measures of Success/Results**

    The implementation of this recommendation will be considered complete with the availability of an updated AMI BCA.

- **Summary of Cost/Benefit**

    Incremental costs may be incurred to implement this recommendation if Central Hudson determines that a third-party is required to prepare the AMI BCA. Such costs are preliminarily estimated at $200,000 and will be addressed in Central Hudson's next rate filing. Actual costs will be tracked through Central Hudson's Financial Accounting System. Central Hudson will provide a cost analysis if the timing of such determination does not allow for inclusion in a rate filing, such that Central Hudson considers seeking recovery of such cost prior to the conclusion of the current rate plan.

- **Risk Analysis**

    The risks associated with implementation of this recommendation stem from the competition for resource assignment including: premature reassignment of resources to complete this project to the detriment of previously prioritized projects, and incomplete identification of environmental factors and operations/business requirements in the case of inadequate assignment of resources due to competing priorities.

December 2023 Update

A business team lead has been selected, and a new Executive Sponsor selected. Work plan and milestones have been re-baselined.

September 2024 Update

A team of Central Hudson employees has been devised, which is comprised of representatives from key stakeholder areas within the Company who will be involved or impacted by the implementation of AMI. Accordingly, the implementation team members noted in this recommendation have also been updated. A kick-off meeting was held in late September to begin an assessment on a full AMI implementation. This assessment will include process mapping, fit-gap analysis, system integration evaluation and high-level design, and planning of the implementation of AMI infrastructure and ancillary business process applications with a third-party system integrator in addition to internal resources, and documentation of various operational and business requirements associated with an implementation of AMI. It should be noted that the Company anticipates incurring capital expenditures related to the preliminary engineering of the AMI project in order to fully develop the AMI project implementation plan and associated cost estimates that will also be critical for the update to the AMI BCA.

A request for pricing (RFP) has been formally sent out to solicit costs associated with a third-party vendor to aid in the preparation of an updated AMI BCA due to availability limitations with regard to internal Central Hudson resources. As noted above, a team of internal subject matter experts will be utilized to perform the assessment for AMI implementation. The expected cost that will be incurred for the AMI BCA is approximately $130,000 according to the milestone schedule above.

Response to Recommendation 2.3	
Recommendation: *Central Hudson's organizational structure should be revisited, and the number of senior level leadership positions expanded to provide appropriate executive oversight to significant corporate functional areas.*	
Implementation Team	
Executive Sponsor:	Christopher Capone
Team Members (indicate lead):	Sharon McGinnis

Recommendation Adopted, Modified or Rejected: Modified

Implementation Priority: High

Description of Scope and Plan

The Governance and Human Resources Committee of the Board of Directors of Central Hudson (the "Committee") is responsible for the review of the overall effectiveness of the officer team, including the size and structure of the officer group, and the Committee continues to evaluate these matters to ensure the ongoing effectiveness of the executive management structure. The evaluation of officer responsibilities and performance relative to those responsibilities are typically reviewed in detail on an annual basis, in connection with leadership transitions (such as retirements) and as periodically necessary to assess evolving trends and business developments. When conducting such an evaluation, the Committee and the Board consider a number of factors including but not limited to the breadth of an officer's responsibilities, the officer's seniority and experience, input from the President and Chief Executive Officer, emerging developments and challenges in each functional area, potential synergies and overlaps of responsibilities, and the breadth, depth and expertise of the organizational structure of each functional area under the officer level.

The senior level leadership positions are assessed in order to verify that appropriate executive oversight is provided to significant corporate functional areas. As noted in the Final Audit Report, Central Hudson has performed several recent reorganizations to respond to typical succession matters and immediate business issues, as well as to enhance its commitment to address emerging and evolving regulatory policy goals and mandates. For example, subsequent to Overland's completion of discovery in this Audit, a current employee was appointed to the new position of Vice President of Regulatory Affairs effective January 1, 2023, reporting to the Senior Vice President of Human Resources and Regulatory Affairs. This appointment acknowledges the increasingly complex and interrelated nature of New York State's far-reaching energy and climate change policies and will provide Central Hudson with expanded oversight and cohesive support of significant initiatives across functional areas.

In accordance with its governance procedures, the Committee will conduct its annual evaluation of the size and structure of the Executive Team in November 2023. As part of that evaluation, and in keeping with past practice, the Committee will review the factors detailed above. The Board of Directors has received a copy of the Final Audit Report and a summary of each report recommendation and management's response to each recommendation as well as a copy of the

Company's written response to recommendation 2.3. Both the Chair of the Board of Directors and the Chair of the Committee have expressly stated that the Board and the Committee will evaluate and consider the relevant recommendations concerning governance matters, including specifically recommendation 2.3, in November 2023 as the Committee evaluates the Executive Team structure and each officer's area(s) of responsibility.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Part 1: Implement new executive position: Vice President of Regulatory Affairs	N/A	January 2023	Complete
Part 2: Continued review by the Committee of the factors detailed above during the annual evaluation of the size and structure of the Executive Team, including any relevant recommendations arising from the Final Audit Report (including specifically Recommendation 2.3).	November 2023	Ongoing	

- **Deliverable(s)**

  Central Hudson will provide the currently effective Executive Team organization chart, as well as the chart that was in effect in April 2022 prior to discovery.

  In accordance with the Commission's March 15, 2024 Order in this proceeding, Central Hudson will file a report in this proceeding each January that describes any changes made to the size and structure of the executive management team as a result of the Board's annual review each November.

- **Measures of Success/Results**

Implementation of Part 1 of this recommendation is complete, with Part 2 to continue annually, with inclusion of relevant recommendations from the Final Audit Report, including specifically recommendation 2.3, commencing with the 2023 review.

- **Summary of Cost/Benefit**

  There are no incremental costs, and the benefits are qualitative therefore no cost benefit analysis is needed.

- **Risk Analysis**

  There are no recognized risks to implementing this recommendation. The risks of not implementing this recommendation include the lack of appropriate oversight and support of significant initiatives across functional areas.

December 2023 Update

In accordance with its governance procedures, the Committee conducted its annual evaluation of the size and structure of the Executive Team in November 2023. As part of that evaluation, the Committee reviewed and discussed the factors detailed in the Description of Scope and Plan above, including Recommendation 2.3 set forth in the Final Audit Report. As a result of this review, and upon the recommendation of the President and Chief Executive Officer, the Board appointed a current employee to the new position of Vice President, Gas Engineering & Operations, and it restructured the current position of Senior Vice President, Customer Services and Gas Operations, to Senior Vice President of Customer Services. These changes will be effective as of January 1, 2024.

May 2024 Deliverables Filing

Organizational charts are provided in Attachment 2.3.

September 2024 Update

In accordance with Ordering Clause 4 of the Commission's March 15, 2024 Order in this proceeding, the Company shall provide an annual report in fulfillment of Recommendation 2.3. This report will be filed with the Secretary to the Commission on January 30, 2025, and January 30 of every year. As all other deliverables associated with this recommendation have previously been met, and the annual reporting obligation established, there are no quarterly updates to note. The Company will consider the implementation of this recommendation complete when it files its first annual report on January 30, 2025.

Response to Recommendation 2.5
Recommendation:
Central Hudson should perform a formal assessment of its ERM program using a recognized maturity model, such as those provided by COSO, RIMS, and the OECD. The assessment should include action plans to enhance the Company's ERM procedures and be shared with executive management and the Audit and Risk Committee of the Board.
Implementation Team

Executive Sponsor:	Stacey Renner
Team Members (indicate lead):	Melissa D'Antonio (lead)

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

While Central Hudson has an established and well deployed ERM program, it could benefit from a formal assessment using a recognized maturity model. Utilization of this type of tool will allow Central Hudson to determine the effectiveness of the current ERM processes. The maturity model results will be evaluated, and recommendations presented for approval by the Enterprise Risk Management Committee. The completed assessment will be shared with the Audit and Risk Committee of the Board of Directors.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Evaluate best practices for maturity assessments, including consideration of those used among Fortis and its subsidiaries for associate root cause, risk impact, and mitigation	May 2023	December 2023	Complete
Select method based on best practices, audit	July 2023	August 2023	Complete

recommendation, and associated cost			
Develop and present recommendation to ERMC	September 2023	December 2023	Complete
Setup and execution of recommendation	December 2023	July 2024	Complete
Completed assessment reviewed with ERMC and shared with the Audit and Risk Committee of the Board of Directors	July 2024	Oct/Nov 2024	In Progress

- **Deliverable(s)**

  Completed maturity assessment and action plan.

- **Measures of Success/Results**

  The implementation of this recommendation will be considered complete when the results of the maturity assessment have been reviewed with the ERMC and shared with the Audit and Risk Committee of the Board of Directors.

- **Summary of Cost/Benefit**

  There may be modest incremental costs associated with the procurement of a maturity model. Additionally, it is anticipated that the expansion of the ERM program through the implementation of Recommendations 2.4 and 2.5 will require one incremental full-time equivalent employee at an estimated annual cost of $106,383 (based on the average annual internal labor cost per employee based on the Rate Plan approved in Cases 20-E-0428 and 20-G-0429) which Central Hudson has included in its filing in Cases 23-E-0418 and 23-G-0419. Actual costs will be tracked through Central Hudson's Financial Accounting System. The benefits of implementing this recommendation are qualitative and include more timely and relevant risk reporting and increased risk management coordination.

- **Risk Analysis**

  There are no recognized risks to implementing this recommendation as the ERM is an established process. The risk of not implementing this recommendation includes the missed opportunity to improve the overall ERM process.

December 2023 Update

The Estimated Completion dates for two milestones have been shifted to December 2023 in alignment with the next ERMC meeting scheduled for December 6, 2023. This shift is due to ERM Workshop being rescheduled to late October and cancellation of the October ERMC meeting.

September 2024 Update

A Maturity Assessment of the ERM process was completed in July 2024, recommendation in progress and on track to be presented to the Enterprise Risk Committee at the October 29, 2024, meeting and Audit and Risk committee meeting November 1, 2024.

Response to Recommendation 2.7	
Recommendation: *Management should set Team Goal targets to require continuous improvement in all measurements of Company performance.*	
Implementation Team	
Executive Sponsor:	Lora Gescheidle
Team Members (indicate lead):	Edward Ortlieb (lead) Erin Yakush

Recommendation Adopted, Modified or Rejected: Modified

Implementation Priority: High

Description of Scope and Plan

The establishment of Team Goals is integrated with strategy development which follows a balanced scorecard framework. Team Goals identified for performance measurement of strategic objectives are set by management, and most Team Goals are also approved, with or without modification, by the Central Hudson Board of Directors. The approval by the Board of Directors is typically focused on the upcoming year only.

Multi-year Team Goal targets are influenced by a number of factors. Most are not simply based on past performance, but several of them are based on past results, with targets set to maintain or improve performance. Others are based on specific programs or projects with underlying improvement plans such as Scope 1 emissions targets (based on Central Hudson's Clean Energy Plan) and employee engagement targets (based on Central Hudson's Engagement Program).

Many Team Goal targets are based on targets established in Commission-approved Rate Plans which require maintaining or improving performance. The ability to achieve the agreed upon targets in the Rate Plan is accompanied by regulatory support in rates of the costs to achieve. For some Team Goal targets, failure to achieve based on Rate Plan requirements may result in negative revenue adjustments which provide motivation to maintain targeted performance. In all cases, the ability to achieve improved performance requires improvement plans and would likely have an associated cost. For any Team Goals based on Rate Plan requirements, any agreed upon performance improvements would include such improvement plans, and it is expected that the costs to achieve would be part of the Rate Plan. In such instances, the Team Goal targets would reflect the expected improvement results.

There also is a recognition that improvement in many performance measures comes with diminishing returns such that the costs to achieve higher levels of performance do not justify the incremental benefit.

Based on the above, Central Hudson does not believe it is appropriate to require continuous improvement in all measurements of performance. However, when setting multi-year Team Goals, Central Hudson will enhance the review process for Team Goal setting to consider continuous improvement criteria, potential cost of executing and achieving targeted improvement, and potential improvement benefits. Additionally, implementation of this recommendation will

need to be coordinated with, and may be informed by, the implementation of Recommendations 2.8 (performance benchmarking and identification and planned improvement of low-performing areas) and 8.1 (customer service operations benchmarking).

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Incorporate continuous improvement review in multi-year Team Goal setting process	January 2024	July 2024	Complete
Review and incorporate into multi-year Team Goal setting process, as applicable, implementation results from Recommendations 2.8 and 8.1	May 2024	December 2024	In Progress
The Company will conduct an interim meeting with Staff on the status of deliverables	Ongoing until Complete	Ongoing until Complete	
The Company shall meet with Staff at the conclusion of its implementation of Recommendations 2.8 and 8.1	January 2025	February 2025	

- **Deliverable(s)**

    Multi-year team goals effective after January 2024 with explanation for multi-year target track.

- **Measures of Success/Results**

    The implementation of this recommendation will be considered complete with the incorporation of a continuous improvement review in the multi-year Team Goal setting

process, including results from implementation of Recommendations 2.8 and 8.1, as applicable, with documentation explaining multi-year target track.

- **Summary of Cost/Benefit**

  Incremental costs and benefits are possible but are not quantifiable at this time as they would be identified during the continuous improvement review and through the development of improvement plans required to meet more stringent targets. Central Hudson will provide a cost analysis if the actual cost of an improvement plan is determined to be significant, such that Central Hudson may consider seeking recovery of these costs prior to the conclusion of the current rate plan.

- **Risk Analysis**

  The risk of implementing this recommendation includes the lack of associated robust improvement plans which could lead to reduced goal attainment. The risk of not implementing this recommendation includes the missed opportunity to potentially improve operations through attainment of increasing goals.

December Update 2023

On track consistent with Central Hudson's strategic planning process.

May 2024 Deliverables Filing

An assessment for continuous improvement related to setting of key multi-year Team Goals was performed and incorporated into the latest Business Plan which is expected to be approved by the Board of Directors in July 2024. This is addressed in Central Hudson's concurrent request for modification of the implementation plan dated July 2, 2024 and submitted to Mr. Jeff Hogan, Director of the Office of Accounting, Finance and Audits, and filed with the Secretary.

June and July 2024 Deliverables Filing

Pursuant to the revised timeline noted in the Implementation Plan Change Response letter issued on July 12, 2024 in response to the Company's request for modification, Attachment 2.2A Confidential provides the latest Business Plan which includes multi-year team goals incorporating continuous improvement and an accompanying narrative on pages 8 through 10.

September 2024 Update

Key areas including reliability (SAIFI, CAIDI), safety, and customer satisfaction are under review to identify opportunities for improvement based on benchmarking against peers.

Response to Recommendation 2.8
Recommendation: *Central Hudson should prepare formal performance assessments using industry benchmarking data provided by national organizations (i.e., EEI, AGA, and EPRI) or in participation with identified industry peers. Improvement plans should be developed for low-performing areas and, where applicable, related financial investments should be presented to regulators for funding approval.*
Implementation Team

Executive Sponsor:	Lora Gescheidle
Team Members (indicate lead):	Erin Yakush (lead) Edward Ortlieb Timothy Hayes (Electric) Joseph Tompkins (Electric) Kayla Dubois (Electric) Matthew Sefcik (Electric) Chiara Giammatteo (Gas) Matthew Cappelli (Gas) Brian Sweeney (Gas) Chris Gilbert (Innovation) Amanda Sucato (Customer Services)

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

Central Hudson agrees that a more formal benchmarking assessment could assist in the identification of areas for operational improvement. As a result, this assessment will be initiated by identifying relevant external benchmarks, comparing performance, identifying unique circumstances contributing to differences in performance, and developing improvement plans for identified operational areas. Implementation of this recommendation will need to be coordinated with, and may be informed by, the implementation of Recommendations 2.7 (continuous improvement in all measurements of performance) and 8.1 (customer service operations benchmarking).

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status

Identify benchmarking team	May 2023	June 2023	Complete
Develop benchmarking plan	July 2023	August 2023	Complete
Research available/relevant benchmarking data/studies	September 2023	November 2023	Complete
Prepare report of all benchmarking activity highlighting areas for potential improvement	November 2023	November 2023	AGA Best Practices/ Company Comparison complete; Internal memo describes focus areas based on AGA report along with Gas Dept KPI tracking scorecard
Deliver benchmarking results to internal stakeholders	December 2023	December 2023	Complete for Gas
Work with internal stakeholders to develop improvement plans for identified operational areas	December 2023	February 2024	Certain Gas Group KPIs were adjusted based on Benchmarking results; additional items under review
Coordinate participation in utility peer group annual benchmarking study to obtain pertinent benchmarking data including safety, reliability	March 2024	June 2024	Complete
Assess results of utility peer group benchmarking study and determine areas for improvement focusing on key Team Goals	July 2024	September 2024	Complete

Prepare report of Peer Panel benchmarking activity highlighting areas for potential improvement	September 2024	November 2024	In Progress
Deliver benchmarking results to internal stakeholders	November 2024	November 2024	
Work with internal stakeholders to develop improvement plans for areas for improvement focusing on Team Goals	December 2024	December 2024	

- **Deliverable(s)**

    o Formal Benchmarking Plan Document governing an ongoing program.
    o Report of all benchmarking activity highlighting areas for potential improvement
    o Improvement plans for identified operational areas

- **Measures of Success/Results**

    The implementation of this recommendation will be considered complete with development of the Benchmarking Plan to govern the ongoing program and the completion of the initial cycle of benchmarking activities, identification of areas for improvement, and preparation of operational improvement plans.

- **Summary of Cost/Benefit**

    Incremental costs and benefits are possible but are not quantifiable at this time as they would be identified during the benchmarking analysis and through the development of improvement plans. Central Hudson will provide a cost analysis if the actual cost of an improvement plan is determined to be significant, such that Central Hudson may consider seeking recovery of these costs prior to the conclusion of the current rate plan.

- **Risk Analysis**

    There are no recognized risks associated with implementing this recommendation and acquiring benchmarking data. The risk of not implementing this recommendation includes the missed opportunity to potentially improve operations.

December 2023 Update

Central Hudson has established a Benchmarking Team comprised of subject matter experts in the Gas, Electric, Strategy, and Innovation areas of the business. A draft of a Benchmarking Plan has been developed which documents the general process and expectations of Benchmarking. The Gas and Electric areas have identified meaningful benchmarking focus items and have narrowed down the data and studies relevant to those items. A draft of the annual Gas Benchmarking Report (AGA Best Practices Results) documenting benchmarking results and identifying areas of potential improvement has been circulated for review and will be presented to upper management in the coming months. The Electric Benchmarking Report will be developed over the course of the next year. A Benchmarking Survey Repository is under development as a place to store completed surveys and use as a tool for knowledge sharing and identifying future focus items for benchmarking.

May 2024 Deliverables Filing

See Attachment 2.8A for the currently drafted version of the Company's formal Benchmarking Plan Document governing an ongoing program. The Plan aims to put structure in place and will continue to evolve as a fully functioning program is established.

The initial efforts of Central Hudson's benchmarking team have been directed toward gas operations, resulting in the development of a Gas Operations Benchmarking Report, provided as Attachment 2.8B, which identifies areas of focus and has informed several KPI adjustments. The Gas Business Scorecard showing KPIs has also been provided in Attachment 2.8C Confidential.

Additional efforts directed toward gas operations, as well as focus on electric operations, is addressed in Central Hudson's concurrent request for modification of the implementation plan dated July 2, 2024 and submitted to Mr. Jeff Hogan, Director of the Office of Accounting, Finance and Audits, and filed with the Secretary.

September 2024 Update

Pursuant to the revised work plan and milestones noted in the Implementation Plan Change Response letter issued on July 12, 2024 in response to the Company's request for modification, the Company has coordinated participation in utility peer group annual benchmarking study to obtain pertinent benchmarking data including safety and reliability and assessed results of utility peer group benchmarking study and determine areas for improvement focusing on key Team Goals. The Company is in the process of assessing opportunities based on the benchmarking results with the following preliminary target areas:

A. Reliability: SAIFI, CAIDI
B. Safety: Days Away Restricted Time (DART), All Injury Frequency Rate (AIFR), Preventable Motor Vehicle Accidents (PMVAs), Gas Safety
C. Customer: Customer Satisfaction (as determined pursuant to implementation of Recommendation 8.1)

Response to Recommendation 4.1	
Recommendation: *To support more accurate IT budget development, bottom-up forecasting should be used.*	
Implementation Team	
Executive Sponsor:	Frank LaRocca
Team Members (indicate lead):	Mohamed Ali (lead) Doug Ondreyko James Daniels Nicole Tancredi

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

To support the reduction of variances between project estimates and actuals, the Technology PMO will implement a two-phase solution:

Phase 1 will focus on an improved bottom-up forecasting methodology, as well as improved enforcement and monitoring of estimates versus actual costs.

- Bottom-up Forecasting:
    - A Work Breakdown Structure (WBS) process and example will be developed. The WBS process will explain how to create a structure to show the scope of the project and the process of dividing the project into manageable activities and deliverables. Activities will be sequenced, resources assigned, durations estimated, and cost estimates calculated.
    - This methodology will be executed during the Initiation Phase of projects to produce a conceptional schedule and cost estimate. The methodology will be executed again during the Planning Phase to produce a project schedule baseline and a definitive cost estimate and baseline.
    - Process documentation, templates, including a risk-based contingency allowance calculator, and training material will be developed. A staff training schedule will be developed and executed.

- Time Estimating and Time Reporting:
    - The logging of actual time spent on a project activity will be more strictly enforced for accuracy. Project Managers will communicate the requirement of reporting actual time spent on a project at each payroll period. The Project Manager will review the actual hours against the planned hours to confirm reporting is being done accurately and take corrective action as required.

Phase 2 will focus on investments in staffing Business Relationship Managers (BRM), and utilization of the Project and Portfolio Management (PPM) tool to be implemented as proposed in response to Recommendations 4.4 and 7.2, to support bottom-up project estimating and the employee time-reporting process.

- BRM: The Technology PMO will request the addition of four (4) Business Relationship Managers who will be responsible to partner with the twelve (12) business areas represented in the Technology Steering Committee to prepare detailed requirements, benefit cost analyses (BCA), and, ultimately, bottom-up estimates as well as other responsibilities to be outlined in Central Hudson's next rate filing.

- PPM Tool: This tool will be essential to managing intake, portfolio planning, estimating, and actual project performance.

With the implementation of Phase I and II of this plan, Central Hudson will be able to achieve bottom-up estimating and improve forecasting accuracy throughout the Technology portfolio.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Phase I: Create the process, templates, and training material	May 2023	September 2023	Complete.
Phase I: Build a Training Execution Plan	September 2023	October 2023	Complete
Phase I: Present Training Execution Plan to capital committee	September 2023	December 2023	Complete
Phase I: Execute Training Plan	October 2023	December 2023	Complete for 2023 and 2024
Phase II: Hire Business Relationship Manager (BRM) team to own the bottom-up estimating activity	July 2024	December 2024	In Progress
Phase II: BRM's Train and Execute	January 2025	December 2025	

Phase II: PPM Tool Discovery & Implementation	See Response to Recommendations 4.4 & 7.2	See Response to Recommendations 4.4 & 7.2	

- **Deliverable(s)**

    o The new Work Breakdown Structure (WBS) process
    o WBS training material
    o WBS training execution
    o Business Relationship Management staff / skill set
    o PPM tool (please refer to implementation plans for Recommendations 4.4 and 7.2)

- **Measures of Success/Results**

    Implementation of this recommendation will be considered complete with the integration of the new WBS process, BRM capabilities, and PPM tool into the development of the IT budget.

- **Summary of Cost/Benefit**

    It is anticipated that the full-rollout of bottom-up estimating practices will require four (4) incremental full-time Business Relationship Managers at an average annual budgeted salary of $425,532 (based on the average annual internal labor cost per employee of $106,383 based on the Rate Plan approved in Cases 20-E-0428 and 20-G-0429). These roles are planned to be added during the second half of 2024 and have been included in Central Hudson's filing in Cases 23-E-0418 and 23-G-0419 (Rate Case Filing). The Rate Case Filing also includes a reduction of $150,000 in contractor cost to reflect replacement. Actual costs will be tracked through Central Hudson's Financial Accounting System. Central Hudson will provide a cost analysis if the actual cost or timing of implementing this recommendation is determined to be significantly different, such that Central Hudson considers seeking recovery of such cost prior to the conclusion of the current rate plan.

    Incremental benefits of improved forecasting accuracy are anticipated but are not quantifiable at this time.

- **Risk Analysis**

    There are no recognized risks to implementing this recommendation. The risk of not implementing this recommendation includes the potential for continued portfolio volatility and the resulting need to adjust budget funding while a project is in flight.

December 2023 Update

The WBS process is in progress. The process, the template, example, and training execution plan have been completed. Training will be continual and will begin with leadership proposing projects for the 2024 prioritization effort.

May 2024 Deliverables Filing

The deliverables noted above are provided in the following attachments:

- The new Work Breakdown Structure (WBS) process and WBS training material are provided in Attachment 4.1A: Work Breakdown Structure (WBS) & Project Estimating Guideline, Attachment 4.1B: Technology Project Plan Guideline Template, Attachment 4.1C Confidential: Technology Project Plan Guideline Template Example, and Attachment 4.1D: IT PMO Project Budget Guideline Template.
- Support for the WBS training execution for calendar year 2023 is provided in Attachment 4.1E Confidential: WBS & Estimating Training Schedule 2023.

September 2024 Update

PMO Methodology training to PMO was completed in June of 2024 (trainings were held on June 24 and June 26, 2024). Onboarding / hiring of Business Relationship Managers (BRM) team has been partially delayed due to acceleration of critical Cybersecurity roles in 2024. Onboarding of the first BRM is in progress, with an accepted offer and expected start date in October of 2024. The implementation team, team members noted in this recommendation have also been updated. A new PMO Leader, was onboarded to reflect retirement of former Lead. The Manager of Application Services, was added to the implementation team as the Business Relationship Managers will reside in that operating group.

Response to Recommendation 4.3	
Recommendation:	
The IT group should conduct expanded user surveys of internal employees and workshops to support increased customer insights and asset management decisions.	
Implementation Team	
Executive Sponsor:	Frank LaRocca
Team Members (indicate lead):	Alexander Ellick (lead) Jonathan Warren

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Low

Description of Scope and Plan

There are two aspects to this recommendation: one which is getting feedback on request fulfillment and the other is general IT feedback and satisfaction surveys. Central Hudson proposes to address both aspects through Service Now and as discussed below.

Currently, Central Hudson utilizes Service Now to generate random, automated feedback surveys on incident resolution. This functionality is currently disabled for request fulfillment but will be enabled. This would randomly solicit requestors for feedback on the fulfillment of their requests which would be ingested into Service Now, resulting in feedback on both resolution and fulfillment.

Recognizing that IT interfaces with the business outside of Service Now, Central Hudson will generate "pulse surveys" using Service Now, to solicit the business for feedback on how users feel IT is meeting their expectations and providing candid feedback to the organization (agnostic of specific services). The results of these pulse surveys will be aggregated in a Service Now Dashboard and would include contextual data about a user's peripheral interactions with IT.

Furthermore, IT recognizes that the business may have interest in certain features or functionality that IT is not aware of due to limited feedback mechanisms. To address this, IT leadership representatives will engage with business groups at least twice a year to understand requirements and update the roadmap to ensure that IT is meeting their needs and expectations. This will supplement the existing capital forecasting exercises that are underway as well as provide a mechanism for the business to engage directly with IT and provide input on the roadmap.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status

Establish baseline of Time to Deliver metrics	February 2023	March 2023	Completed: A field calculation was deployed to Service Now production which averages the lifecycle time of request fulfillment.
Enable Request Fulfillment Survey	April 2023	May 2023	Completed: Request fulfillment surveys are now automatically generated with the same randomness configuration as Incident surveys.
Schedule workshops with business groups	May 2023	December 2023	Complete
Create dashboard reporting on results of Request Fulfillment Survey	April 2023	September 2023	Complete
Establish quarterly pulse surveys	August 2023	November 2023	Complete
Publish technology roadmap based on workshop feedback	August 2023	December 2023	Complete
Initiate annual review of dashboard results for planning process	November 2023	November 2024	In Progress

- **Deliverable(s)**

  - A dashboard visualizing the results of the Incident Resolution/Request Fulfillment Survey as well as the results of a quarterly pulse survey.
  - Technology roadmap based on workshop feedback
  - Annual summary of dashboard results for inclusion in prioritization of projects and initiatives as well as staffing needs.

- **Measures of Success/Results**

  Implementation of this recommendation will be considered complete when the dashboard is available to help drive prioritization of projects, initiatives, and features, as well as inform staffing needs based on current request fulfillment metrics measured against expected fulfillment timeframes from the business.

- **Summary of Cost/Benefit**

  While no incremental cost associated with delivering workshops or surveys has been identified, the team has extremely limited capacity.

  It is not possible to quantify the anticipated benefits that might be realized with implementation of this recommendation including:
  - Enhanced justification of staffing based on fulfillment metrics
  - Increased collaboration between IT groups and business areas
  - Increased general satisfaction with the tools and technology that business areas use, as well as increased alignment with intended use.

- **Risk Analysis**

  There are no recognized risks associated with the implementation of this recommendation. The risk of not implementing this recommendation includes the missed opportunity to gather customer insights to support asset management decisions.

December 2023 Update

The durations for all requests in the platform are now being measured to establish a baseline for each "Catalog Item". Post-Request Surveys are also now being issued to employees after a request has been fulfilled. A dashboard has been built that visualizes the satisfaction survey data by question as well as overall values. It also visualizes the average time to deliver a request and showcases the top 10 catalog items by delivery time. While not captured in this management audit finding, the Service Now team is working diligently to improve the catalog of available items to better reflect the types of work that are often requested. An IT Satisfaction Pulse Survey has been released and published. Its publishing was delayed by leadership because its scheduled release coincided with Fortis Inc.'s employee satisfaction survey. The IT Satisfaction Pulse Survey was released at the end of November 2023 and a dashboard visualizing the results has been created.

Capacity constraints within the Asset Management and Business overall prevented workshops from being held as envisioned but outreach to business groups has nonetheless occurred and their feedback solicited. The delays associated with a more ad hoc, individual requirements solicitation have delayed the creation of a formal IT Asset roadmap which is now targeted to be delivered by December. This roadmap will be a living document which will evolve as the business requirements shift. The asset management organization will continuously solicit business groups for hardware requirements and apply best-efforts to incorporate their requirements into the overall IT hardware asset plan.

May 2024 Deliverables Filing

A screenshot of the dashboard visualizing the results of the Incident Resolution/Request Fulfillment Survey is provided in Attachment 4.3A. The technology roadmaps based on workshop feedback are provided in Attachment 4.3B Confidential.

September 2024 Update

See below for update regarding the implementation of this recommendation:

Service Now
The Pulse Survey is being set to automatically get distributed at the end of each quarter and the dashboard has been integrated into a broader, centralized, IT metrics dashboard for review. There has not been any ask or expectation to adjust the language in the Pulse Survey or the other satisfaction surveys. Changes are being made to expand the Service Now catalog so that specific assets (such as different models of keyboard) are now more accessible in the Service Now portal. This work will continue as the ServiceNow team receives feedback from employees or the Asset Management team advises them of a new asset class.

Asset Management
The IT organization is committed to listening to its customers and continuously evolving its hardware portfolio to meet business needs. Based on feedback, the organization has standardized laptop models to simplify device management and offer greater consistency across teams. Additionally, IT has expanded its hardware offerings to larger phone models, 27-inch monitors, external speakers, and portable laptop stands, which are available upon request in Service Now. These enhancements provide users with more flexibility and an optimized, ergonomic workspace, ensuring hardware solutions align with the demands of today's hybrid work environments while delivering the performance and reliability businesses require to succeed.

Response to Recommendation 4.4	
Recommendation: *Central Hudson should implement a PPM tool for IT programs and projects (related to recommendation 7.2).*	
Implementation Team	
Executive Sponsors:	Frank LaRocca and Stacey Renner
Team Members (indicate lead):	Doug Ondreyko (Technology Lead) Joseph Pesante (Business Owner) James Daniels Heather Welch Christopher Rottkamp Jason Puckett Mohamed Ali

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

Central Hudson will identify and implement an enterprise Project and Portfolio Management (PPM) solution to foster standardization, strategic planning, qualitative portfolio prioritization, intake, resource-planning, and work management. This plan will involve two phases to ensure the right solution is selected, implemented, and properly supported at Central Hudson.

In Phase I, the Technology group will partner with other key business areas to perform an assessment, compile requirements, and identify an enterprise PPM software solution. The goal is to identify a suitable PPM solution in 2023.

Phase II will consist of the implementation of the selected PPM solution culminating in the delivery of policy updates and stakeholder training materials across the organization prior to initial utilization in May of 2025.

[The PPM solution is also addressed in Recommendation 7.2, with the same (shared) estimated costs which are not duplicative]

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status

Define stakeholder team	June 2023	August 2023	Complete
Compile all Business Requirements (must haves / nice to haves)	August 2023	September 2023	Complete for Minimum Viable Product (Phase 1)
Research potential solutions / vendors	September 2023	November 2023	Complete
Identify and select future-state PPM solution and vendor-implementer	January 2024	March 2024	Complete
Receive approval to hire & onboard PPM Administrator FTE to maintain the software and its adoption throughout the organization	February 2024	March 2024	Complete
Execute PPM Solution implementation project (all phases) • Design • Build • Test • Train • Implement • Hypercare	April 2024	May 2025	In Progress
Update organizational policies for PPM solution	April 2024	May 2025	In Progress
Monitor usage / adoption & optimize PPM solution	May 2025	December 2025	

- **Deliverable(s)**

    o PPM solution
    o Updated / refined project prioritization framework
    o PPM policy updates

- **Measures of Success/Results**

  Implementation of this recommendation will be considered complete once the PPM solution is available for use and organizational policies have been updated to reflect the PPM solution.

- **Summary of Cost/Benefit**

  Development of the business requirements for the PPM solution and required contracted implementer are required to identify the total incremental costs associated with implementation of the PPM solution which will be addressed in Central Hudson's next rate filing.

  The current estimate for the PPM software is a one-time $919,000 capital investment to implement and $186,383 of ongoing annual expense, which includes $80,000 for vendor software licenses and $106,383 in internal labor for the PPM Administrator position to support and maintain the PPM solution (based on the average annual internal labor cost per employee based on the Rate Plan approved in Cases 20-E-0428 and 20-G-0429). Central Hudson has included these costs in its filing in Cases 23-E-0418 and 23-G-0419. Central Hudson will track actual capital expenditures to the work order authorization approved by the Capital Asset Review and Evaluation (CARE) Committee, with on-going non-labor and labor costs tracked through the Financial Accounting System. Central Hudson will provide a cost analysis if the actual cost and timing of implementation is determined to be significantly different, such that Central Hudson may consider seeking recovery of these costs prior to the conclusion of the current rate plan.

  Comparing the current state to future state once a software solution has been selected will allow Central Hudson to quantify any savings associated with implementation of the PPM solution. Anticipated benefits include:

  - Improved portfolio planning, including objective, quantifiable prioritization and 5-year forecasting
  - Improved transparency into the various levels of cost estimates and their expected accuracy as projects mature through their lifecycle, and more consistent and transparent cost and schedule forecasts as the project progresses. (*supports Recommendation 4.1*)
  - Centralized reporting of portfolio performance (planned to actuals) (*supports Recommendation 4.1*)
  - Centralized repository for project-level work (WBS) and overall status
  - Reduction in manual spreadsheets leveraged by Financial Planning when performing headcount and capital planning initiatives

- **Risk Analysis**

  The risk associated with implementation of this recommendation includes the reallocation of resources (funding and employees) to complete this project in lieu of previously planned projects assigned to these same resources. Additionally, the estimated completion date for project execution is dependent on the software selected and vendor implementation timeline for a quality project delivery.

December 2023 Update

Central Hudson has assembled a team which has compiled business requirements and has researched potential solutions/vendors.

September 2024 Update

Central Hudson has selected a software solution and system implementor. Company needs assessment completed and roadmap of implementation developed. An initial working model was developed to meet the needs of budgetary prioritization. CH role of PPM product administrator has been filled and are working to support implementation.

Response to Recommendation 4.5	
Recommendation:	
A PMO should be in place for all major IT programs, and all other IT projects should have a project manager.	
Implementation Team	
Executive Sponsor:	Frank LaRocca
Team Members (indicate lead):	James Daniels (lead) Mohamed Ali

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: High

Description of Scope and Plan

Currently, Central Hudson has a PMO in place to support all major Technology programs and agrees that all other Technology projects should have a Project Manager, or a PMO Leadership approved project leader equivalent assigned. To accomplish this, Central Hudson will hire additional PMO Project Managers to ensure the organization is staffed to support the demands of the 5-year technology capital portfolio and manage policy/process updates to the core PMO project delivery framework.

Additionally, Central Hudson will update the Technology PMO Project Management methodology to insert a Project Governance review at the initiation of a project classified as 'Transformational' to determine the appropriate level of PMO governance and staffing for the respective engagement. PMO staffing for transformational initiatives may include additional roles or designations such as Project Coordinators, Risk Managers, Project Budget Manager, Change Manager, and/or multiple Project Managers depending on project size and scope impact.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Staffing Request #1: Initiate and receive approval to staff additional two (2) PMO Project Manager headcount required to support the 5-year Technology capital plan.	May 2023	December 2023	Complete

Update PMO Methodology to include guidance for PMO governance establishment at the initiation of Transformational projects.	May 2023	December 2023	Complete
Staffing Request #2: Initiate and receive approval to staff two (2) Project Managers and one (1) Transformational Program Manager starting in 2024 to support 2024-2028 capital portfolio. These resources will replace/convert contract roles to FTE.	March 2024	December 2024	In Progress

- **Deliverable(s)**

  - Two (2) Project Managers hired in 2023
  - Two (2) Project Managers and one (1) PMO Transformational Program Manager hired in 2024 (these resources will replace/convert contract roles to FTE)
  - Updated PMO Methodology to address Project Governance review at the initiation of a project classified as 'Transformational'

- **Measures of Success/Results**

  Implementation of this recommendation will be considered complete when every capital Technology project has a PMO Project Manager or a PMO Leadership approved project leader equivalent assigned and the updated PMO Methodology addressing 'Transformational' projects has been implemented.

- **Summary of Cost/Benefit**:

  It is anticipated that the installation of a PMO Project Manager or a PMO Leadership approved project leader equivalent for all non-major capital Technology projects will require five (5) incremental full-time employees (four PMO Project Managers and one Transformational Project Manager). Incremental costs will be incurred prior to 2025, at which time Central Hudson will realize a net benefit as three existing contract positions will be eliminated as follows:
  - Cost: $531,915 (based on the average annual internal labor cost per employee based on the Rate Plan approved in Cases 20-E-0428 and 20-G-0429; actual could be higher based on technical capabilities required)
    - 2023: $212,766 – (2) PMO Project Manager FTEs
    - 2024: $319,149 – (2) PMO Project Manager FTEs, (1) Transformational Program Manager
  - Offset: 2025 $780,000/year

After full complement of FTEs are hired/onboarded in 2024 and contractors are offset (calculation: avg PM contract rate: $125/hour x 3 contractors for 1 year)

Central Hudson included these incremental labor costs and benefits in Cases 23-E-0418 and 23-G-0419. Actual costs will be tracked through Central Hudson's Financial Accounting System. Central Hudson will provide a cost analysis if the actual cost or timing of implementing this recommendation is determined to be significantly different, such that Central Hudson considers seeking recovery of such cost prior to the conclusion of the current rate plan.

Incremental benefits of assigning a PMO Project Manager or a PMO Leadership approved project leader equivalent to every capital Technology project are anticipated but are not quantifiable at this time.

- **Risk Analysis**:

   There are no recognized risks to implementing this recommendation. The risk of not implementing this recommendation includes the potential for missed requirements, and the resulting impacts to cost, schedule, and scope.

December 2023 Update

The second, in person, interview for a Sr. PM position was completed on November 30, 2023. Additional first/phone interviews will occur in December 2023.

May 2024 Deliverables Filing

As of 4/30/2024, both PMO Project Managers anticipated to be hired in 2023 have been onboarded.

The update to the IT Section 6 Policy narrative to address Project Governance review at the initiation of a project classified as 'Transformational' is provided in Attachment 4.5 Confidential.

September 2024 Update

The implementation team, team members section, was updated to reflect necessary changes resulting from a recent retirement.

In relation to the milestone related to Staffing Request #2, the two (2) PMO Project Managers anticipated to be hired in 2024 were hired in the first half of 2024.

Response to Recommendation 4.6

Recommendation:
Central Hudson should implement a standardized business process mapping and improvement capability.

Implementation Team	
Executive Sponsor:	Frank LaRocca
Team Members (indicate lead):	Nicole Tancredi (lead)

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

Currently, business application documentation is created for brand new projects in an inconsistent manner. Project documentation can be generated by internal Central Hudson resources, by Central Hudson contractor resources, by System Integrators or by the software application vendor's Professional Services implementation team. This can result in inconsistencies and documentation gaps. By standardizing business process document templates across all projects, regardless of software application vendor, inconsistencies will be eliminated. By establishing governance over this documentation process as part of the existing Change Advisory Board (CAB) for production implementations, Central Hudson will ensure documentation is updated and maintained for both new projects as well as enhancement/support tickets.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Modify existing Business Process Design Template to standardize across all software applications	July 2023	September 2023	Complete
Create Standards for Business Process Mapping using MS Visio	July 2023	September 2023	Complete
Develop timeline and prioritized list for creation of	October 2023	December 2023	Complete

Business Process maps for existing software applications relative to capital projects and upgrade timelines			
Update Technology CAB Charter to include verification of Business Process Map documentation for new and enhancement projects (verification will be specific applications noted on timeline and prioritized list.	December 2024	December 2024	In Progress
Staffing Request (3 FTE): Initiate and receive approval to staff business application analyst roles who will have responsibility for the maintenance and updates of business application documentation and process mapping diagrams	July 2024 July 2025 July 2026		In progress

- **Deliverable(s)**

  Updated Information Technology Policies to include:
    - Business Process Design Template
    - Standards for Business Process Mapping
    - Timeline for creation of Business Process Mapping documents for existing software applications
    - Updated Technology CAB Charter

- **Measures of Success/Results**

  The implementation of this recommendation will be considered complete when Change Advisory Board approvals for software application updates to production receive documentation signoff.

- **Summary of Cost/Benefit**

  It is anticipated that the implementation of a standardized business process mapping and improvement capability will require three (3) incremental full-time Business Application System Analysts at an average annual budgeted salary of $106,383 per position (based on the average annual internal labor cost per employee based on the Rate Plan approved

in Cases 20-E-0428 and 20-G-0429). These roles are planned to be added in July 2024, July 2025 and July 2026 and will be addressed in Central Hudson's next rate filing. These roles will cover applications in Financial & Human Resources, Customer & Meter, and Outage & Engineering. An estimated fifty percent of their job responsibilities will include business process mapping and overall documentation to support the applications within these areas. Actual costs will be tracked through Central Hudson's Financial Accounting System.

Central Hudson will provide a cost analysis if the actual cost or timing of implementing this recommendation is determined to be significantly different, such that Central Hudson considers seeking recovery of such cost prior to the conclusion of the current rate plan. Incremental benefits of moving toward a more process-driven organization are anticipated but are not quantifiable at this time.

- **Risk Analysis**

    There are no recognized risks to implementing this recommendation, however, lack of staffing approvals for completion of this work to create business process documentation for existing business applications could create further risks. The risks of not implementing this recommendation to standardize business process mapping and documentation include the potential for missed requirements or project implementation delays in upgrades and implementations.

December 2023 Update

With respect to standardization, the IT Project Management Office – Business Requirements Document template has been updated to include a To-Be Business Design Requirements Diagram required section:

2.3 To-Be Business Design Requirements Diagram
This section provides a step-by-step diagram that depicts the To-Be Design Requirements.
Each application will be listed as a swim lane. Place each step that occurs in that application in its swim lane.
Insert Visio diagram or link to diagram:

Standards for Business Process Mapping have been created and incorporated into IT Policies and Procedures.

The timeline and prioritized list for Business Process maps for existing software applications are in progress as 2024 capital project prioritization is currently being finalized with the Technology Steering Committee.

May 2024 Deliverables Filing

The deliverables noted above are provided in the following attachments:

- Attachment 4.6A: Business Process Design/Requirements Template
- Attachment 4.6B Confidential: Standards for Business Process Mapping
- Attachment 4.6C Confidential: Business Process Mapping Timeline (in progress until headcount is added to achieve these dates)

September 2024 Update

In regard to the Staffing Request milestone shown above, the responsibility for the maintenance and updates of business application documentation and process mapping diagrams will now be assigned to the Business Relationship Manager positions. This is addressed in Central Hudson's concurrent request for modification of the implementation plan dated September 30, 2024 and submitted to Mr. Jeff Hogan, Director of the Office of Accounting, Finance and Audits, and filed with the Secretary. The first BRM position has been filled with a start date in October 2024.

After minor modification, the Business Process Mapping Timeline which was previously noted as in progress is now considered complete.

Response to Recommendation 6.4	
Recommendation:	
Initiate the tracking of underground electric facility markout requests and damages. Develop appropriate electric markout instructions and guidance, similar to what exists for gas markouts.	
Implementation Team	
Executive Sponsor:	Ryan Hawthorne
Team Members (indicate lead):	Andrew Salemo (lead - tracking) Andrew Conti (lead – contractor oversight)

Recommendation Adopted, Modified or Rejected: Adopt

Implementation Priority: Medium

Description of Scope and Plan

Central Hudson currently records all locate requests for both gas and electric through a system called "Dig Tix" along with photographic evidence confirming that requests for facilities to be marked out were completed. Although the Electric Department monitors damages to the electric underground infrastructure, the cost to repair is typically not deemed material and frequently the damage claim records are expunged. Due to the material impact of required repairs to gas infrastructure and the inherent safety concerns, the Gas Department currently records and tracks all damages caused as a result of excavations. Considering the potential safety impact in the overall damage prevention program, Electric T&D will prospectively begin tracking and monitoring all damages to underground electric facilities. These efforts will be facilitated by the addition of a contracted damage patroller who will identify potential deficiencies and aid in damage prevention.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Add language to Electric T&D Planners' goals to formally establish damage claim tracking as part of 30/60/90 reporting.	March 2023	March 2023	Complete
Establish a comprehensive Electric Underground	March 2023	June 2023	Complete

Damages Tracking Spreadsheet			
Establish an Electric Damage Summary Sheet similar to the Gas Department Excavation Damage Sheet	March 2023	June 2023	Complete
Coordinate and identify potential deficiencies and aid in damage prevention	April 2023	June 2024	Complete

- **Deliverable(s)**

  Central Hudson will provide:
    - A copy of the language to be added to Electric T&D Planners' goals,
    - A copy of the Electric Underground Damages Tracking sheet to be implemented beginning in May 2023, and

- **Measures of Success/Results**

  Once the formalized electric underground damages tracking process is implemented, it will be an on ongoing initiative each year where results can be compared and tracked for trending root causes that result in damage to underground electric facilities. This information can be used to help Central Hudson prevent future electric damages resulting from excavation.

- **Summary of Cost/Benefit**

  Central Hudson currently has a damage prevention program instituted within Gas Operations. It would be prudent to expand the contracted resources that perform excavation inspections across the system at known excavation locations to help identify potential deficiencies and aid in electric underground damage prevention. It is anticipated that an additional damage patroller will cost approximately $125,000 annually beginning July 1, 2024, based on the status of negotiations with the current contractor, which will be addressed in Central Hudson's next rate filing. Actual costs will be tracked through Central Hudson's Financial Accounting System. Central Hudson will provide a cost analysis if the actual cost of implementing this resource is determined to be significantly more or the damage patroller is onboarded sooner, such that Central Hudson may consider seeking recovery of this cost prior to the conclusion of the current rate plan. Benefits of implementing this recommendation include increased safety and efficacy resulting from the potential decrease in damages but are not quantifiable.

- **Risk Analysis**

By not tracking and monitoring Electric Underground Damages, Central Hudson is unable to specifically identify and quantify risk. However, there are no recognized risks to implementing this recommendation. The risks of not implementing this recommendation include not avoiding potential safety incidents and not having data available that might allow for realization of future efficiency improvements.

December 2023 Update

The following language was added to Electric T&D Planners' goals: Track outstanding and completed damage claims within the district and distribute updated listing to Line Foremen, Director of Electric Distribution Operations and Facilities, and Supervisor of T&D Planning weekly.

The Electric Underground Damages Tracking Spreadsheet (Tracker) and Electric Damage Claim Summary Sheet (Summary Sheet) were developed and implemented in June 2023. The Tracker is updated by the Electric T&D Planners and tracks damage claims by district. The Summary Sheet supplements the Tracker, providing causes of damages to allow for identification of root causes to aid in identifying opportunity areas for providing additional education to contractors and members of the public.

May 2024 Deliverables Filing

The Electric Underground Damages Tracking sheet is provided in Attachment 6.4 Confidential.

June and July 2024 Deliverables Filing

Recovery for the additional damage patroller included in the implementation plan was disallowed in Cases 23-E-0418 and 23-G-0419. As such, in the near term the Company will utilize the existing workforce to educate third-party contractors to the extent possible with existing resources on the importance and requirements of protecting underground utilities for both the gas and electric businesses. At which time cost recovery for an external resource is reflected, the Company will coordinate the addition of a damage patroller. This is addressed in Central Hudson's concurrent request for modification of the implementation plan dated July 31, 2024 and submitted to Mr. Jeff Hogan, Director of the Office of Accounting, Finance and Audits, and filed with the Secretary.

September 2024 Update

On August 21, 2024, the Office of Accounting, Audits and Finance provided its Implementation Plan Deliverable Change Response letter approving the Company's modification to remove the final deliverable milestone of adding a damage patroller to assist in identifying potential deficiencies and aid in damage prevention, and instead use internal resources to educate third-party contractors about the importance and requirements of protecting underground gas and electric underground facilities. As such, the milestone noted above was modified, and the associated deliverable removed.

This completes the implementation of this recommendation.

Response to Recommendation 7.2

Recommendation:
Implement a Project Portfolio Management (PPM) system.

Implementation Team	
Executive Sponsors:	Frank LaRocca and Stacey Renner
Team Members (indicate lead):	Doug Ondreyko (Technology Lead) Joseph Pesante (Business Owner) James Daniels Heather Welch Christopher Rottkamp Jason Puckett Mohamed Ali

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

Central Hudson will identify and implement an enterprise Project and Portfolio Management (PPM) solution to foster standardization, strategic planning, qualitative portfolio prioritization, intake, resource-planning, and work management. This plan will involve two phases to ensure the right solution is selected, implemented, and properly supported at Central Hudson.

In Phase I, the Technology group will partner with other key business areas to perform an assessment, compile requirements, and find an enterprise PPM software solution. The goal is to identify a suitable PPM solution in 2023.

Phase II will consist of the implementation of the selected PPM solution culminating in the delivery of policy updates and stakeholder training materials across the organization prior to initial utilization in May of 2025.

[The PPM solution is also addressed in Recommendation 4.4, with the same (shared) estimated costs which are not duplicative]

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Define stakeholder team	June 2023	August 2023	Complete

Compile all Business Requirements (must haves/nice to haves)	August 2023	September 2023	Complete for Minimum Viable Product (Phase 1)
Research potential solutions/vendors	September 2023	November 2023	Complete
Identify and select future state PPM solution and vendor implementer	January 2024	March 2024	Complete
Receive approval to hire & onboard PPM Administrator FTE to maintain the software and its adoption throughout the organization	February 2024	March 2024	Complete
Execute PPM Solution implementation project (all phases) • Design • Build • Test • Train • Implement • Hypercare	April 2024	May 2025	In Progress
Update organizational policies for PPM	April 2024	May 2025	In Progress
Monitor usage/adoption & optimize PPM solution	May 2025	December 2025	

- **Deliverable(s)**

    o PPM solution
    o Updated/refined project prioritization framework
    o PPM policy updates

- **Measures of Success/Results**

Implementation of this recommendation will be considered complete once the PPM solution is available for use and organizational policies have been updated to reflect the PPM solution.

- **Summary of Cost/Benefit**

  Development of the business requirements for the PPM solution and required implementer are required to identify the total incremental costs associated with implementation of the PPM solution which will be addressed in Central Hudson's next rate filing.

  The current estimate for the PPM software is a one-time $919,000 capital investment to implement and $186,383 of ongoing annual expense, which includes $80,000 for vendor software licenses and $106,383 in internal labor for the PPM Administrator position to support and maintain the PPM solution (based on the average annual internal labor cost per employee based on the Rate Plan approved in Cases 20-E-0428 and 20-G-0429). Central Hudson has included these costs in its filing in Cases 23-E-0418 and 23-G-0419. Central Hudson will track actual capital expenditures to the work order authorization approved by the Capital Asset Review and Evaluation (CARE) Committee, with on-going non-labor and labor costs tracked through the Financial Accounting System. Central Hudson will provide a cost analysis if the actual cost and timing of implementation is determined to be significantly different, such that Central Hudson may consider seeking recovery of these costs prior to the conclusion of the current rate plan.

  Comparing the current state to future state once a software solution has been selected will allow Central Hudson to quantify any savings associated with implementation of the PPM solution. Anticipated benefits include:

  - Improved portfolio planning, including objective, quantifiable prioritization and 5-year forecasting
  - Improved transparency into the various levels of cost estimates and their expected accuracy as projects mature through their lifecycle, and more consistent and transparent cost and schedule forecasts as the project progresses. (*supports Recommendation 4.1*)
  - Centralized reporting of portfolio performance (planned to actuals) (*supports Recommendation 4.1*)
  - Centralized repository for project-level work (WBS) and overall status
  - Reduction in manual spreadsheets leveraged by Financial Planning when performing headcount and capital planning initiatives

- **Risk Analysis**

  The risk associated with implementation of this recommendation includes the reallocation of resources (funding and employees) to complete this project in lieu of previously planned projects assigned to these same resources. Additionally, the estimated completion date for project execution is dependent on the software selected and vendor implementation timeline for a quality project delivery.

December 2023 Update

Central Hudson has assembled a team which has compiled business requirements and has researched potential solutions/vendors.

September 2024 Update

Central Hudson has selected a software solution and system implementor. Company needs assessment completed and roadmap of implementation developed. An initial working model was developed to meet the needs of budgetary prioritization. CH role of PPM product administrator has been filled and are working to support implementation.

Response to Recommendation 8.1			
Recommendation:			
Central Hudson should implement performance benchmarking for customer service operations in the Contact Center, Meter Reading, Customer Field Services and for customer satisfaction, using JD Power or another benchmarking data source.			
Implementation Team			
Executive Sponsor:		VP Customer Services and VP Regulatory Affairs	
Team Members (indicate lead):		Eileen Lomoriello (lead) Amanda Sucato	

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: High

Description of Scope and Plan

Central Hudson will work with JD Power or another third-party with benchmarking data to identify available services that will allow for benchmarking against other utilities. Central Hudson will review these service offerings and initiate the process to contract, obtain data, and incorporate performance data for the preferred selection.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Conduct review with JD Power or other vendor to identify service options	March 2023	March 2023	Complete
Identify preferred service(s)	April 2023	June 2023	Complete
If applicable, execute contract for selected service(s)	September 2023	July 2024	Complete

Analyze and incorporate, as applicable, benchmarking results into performance objectives	July 2024	November 2024	In Progress

- **Deliverable(s)**

  - Contract with JD Power for one or more services, including digital read out and dashboards associated with benchmarking studies.
  - Analysis of benchmarking results and impact on performance objectives.

- **Measures of Success/Results**

  The implementation of this recommendation will be considered complete when:
  - Clear and measurable benchmark data of other utilities is available, and
  - There is alignment of benchmark data to actionable items that can be incorporated into performance objectives.

- **Summary of Cost/Benefit**

  Results of the review to identify service options indicated alignment to the Utility Digital Evaluation Study and Customer Service Excellence Program offerings from JD Power. These offerings entail an incremental cost of approximately $164,000 annually which Central Hudson has included in its filing in Cases 23-E-0418 and 23-G-0419.

  Actual costs will be tracked through Central Hudson's Financial Accounting System. Central Hudson will provide a cost analysis if the actual cost or timing of implementing this recommendation is determined to be significantly different, such that Central Hudson considers seeking recovery of such cost prior to the conclusion of the current rate plan. It is not possible to quantify the benefits of improved customer service that might be realized with implementation of this recommendation.

- **Risk Analysis**

  There are no recognized risks to implementing this recommendation and acquiring benchmarking data. The risk of not implementing this recommendation includes the missed opportunity to potentially improve operations.

December 2023 Update

Work continues on establishing the scope with respect to the Utility Digital Evaluation Study and the Customer Service Excellence Program as well as preparing a contract for these services.

It is anticipated that the execution of the contract will be completed by January 31, 2024, and the engagement with JD Power will begin.

May 2024 Deliverables Filing:

Central Hudson's continued work with JD Power for a subscription to the 2023-2026 Residential Electric Study and Brand Appeal Study, including an internal legal review of a Syndicated License and Service Agreement currently underway, is addressed in Central Hudson's concurrent request for modification of the implementation plan dated July 2, 2024 and submitted to Mr. Jeff Hogan, Director of the Office of Accounting, Finance and Audits, and filed with the Secretary.

June and July 2024 Deliverables Filing:

Please refer to Confidential Attachment 8.1A for copy of contract with JD Power.

September 2024 Update:

The implementation team was updated to reflect necessary changes.

Pursuant to the executed contract, the Company has begun receiving data from JD Power. To date the Company has received the U.S Electric Utility Residential Customer Satisfaction Study. The Company has met with JD Power to review results and is currently analyzing the data contained within the Study to determine how best to incorporate the benchmarking results into performance objectives.

The Company on a monthly basis submits the Customer Service Performance Indicator (CSPI) in Case 15-M-0566. These metrics include contact center performance, accuracy of bills, and customer service to name a few. The Company will be looking to develop communication to customers on key metrics that provide customers with transparency into meeting expectations with customer service, reliability, and affordability.

Consistent with the Billing Reporting Requirements Stipulation in Case 23-E-0418 and 23-G-0419, the Company will enhance the frequency and volume of data shared with Stakeholders. In the near term, the Billing Reporting Requirements Stipulation reflects enhanced customer service reporting requirements around estimated meter reading and estimated bills, CDG customer bills, and collections related matters. Finally, subject to implementation of the Company's Interactive Voice Response (IVR) Modernization Project, the Company will comply with various enhanced billing reporting requirements regarding call hold times, calls abandoned, and average and maximum call handling times.

Monthly PI meetings with Senior Management, including President and CEO are held to discuss key metrics and measurement of performance improvements. These metrics are presented by senior level management for discussion.

Response to Recommendation 8.3	
Recommendation: *Central Hudson should read meters monthly to reduce problems caused by estimates, to align energy consumption correctly with energy supply prices applicable to the month energy is actually consumed and to reduce the issues created in SAP by pairing monthly billing with bimonthly meter reads.*	
Implementation Team	
Executive Sponsor:	VP Customer Services and VP Regulatory Affairs
Team Members (indicate lead):	William Brandt (lead) James Daniels Jeff Doane Sean Manna Mike McKeehan Jerry Nappi Tom Su Nicole Tancredi

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: High

Description of Scope and Plan

Since the inception of monthly billing in July 2016, wherein the majority of customer meters are read bimonthly, but customers are billed monthly using estimates for non-read months, Central Hudson customers have consistently expressed dissatisfaction with bi-monthly meter reading estimates, indicating that they are a source of frustration and confusion. As a result, Central Hudson agrees with this recommendation and believes that converting to actual monthly meter reads is a valuable step in reducing customer discontent and reducing issues created by the paring of monthly billing with bimonthly meter reads.

On January 17, 2023, Central Hudson submitted its Plan to Implement Monthly Meter Reading pursuant to the requirement of Ordering Clause 3 of the Commission's Order to Commence Proceeding and Show Cause issued and effective December 15, 2022 in Case 22-M-0645.[1] On July 20, 2023, Central Hudson submitted a revised Monthly Metering Reading Plan (Revised Plan) to DPS Staff which significantly accelerated the timeline for implementing monthly meter reading as it was determined that no SAP programming changes were required to support the transition. The transition to monthly meter reading and the accelerated timeline were adopted by the Commission in its August 18, 2023 Order Adopting Terms of Interim Agreement in Case 22-M-0645.

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[1] Case 22-M-0645 – Proceeding on Motion of the Commission Concerning Central Hudson Gas & Electric Corporation's Development and Deployment of Modifications to its Customer Information and Billing System and Resulting Impacts on Billing Accuracy, Timeliness, and Errors.

The Revised Plan is comprised of a small proof of concept, a slightly larger pilot, and then broad implementation conducted in phases to allow ramping of resources and stabilization in business areas.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Development and testing of monthly meter reading structure	August 2023	September 2023	Complete
Proof of concept for small group of customers (approximately 1,000) over 2 full billing cycles	October 2023	November 2023	Complete
Pilot monthly meter reading for approximately 10,000 customers over 2 full billing cycles	December 2023	January 2024	Complete
Phase 1 roll out to approximately one-third of customers	March 2024	April 2024	Complete
Roll out for remaining phases	May 2024	December 2024	Complete

- **Deliverable(s)**

    Elimination of bimonthly billing estimates with complete conversion to monthly meter reading.

- **Measures of Success/Results**

    Implementation of this recommendation will be considered complete when all customers are positioned to receive actual monthly meter reads (recognizing that estimates may still be required in certain situations, such as for no-access issues).

- **Summary of Cost/Benefit**

    Central Hudson's analysis indicates that, based on the accelerated implementation timing, the transition to monthly meter reading will result in annual incremental revenue requirements of approximately $4.1 million once the meter reading program has reached full scale deployment. This incremental cost is comprised of return on and of capital expenditures, as well as one-time and on-going operating and maintenance costs, the recovery of which Central Hudson included in its filing in Cases 23-E-0418 and 23-G-0419. Actual costs will be tracked through Central Hudson's Financial Accounting System. As noted in the Plan, Central Hudson believes that this transition to monthly meter reading would help remedy customer dissatisfaction and potentially reduce customer complaints. While there may be associated expense savings, including labor, there is not enough information to quantify benefits at this time.

- **Risk Analysis**

    The risk of implementing this recommendation involves the utilization of resources that are then unavailable to direct toward other initiatives, including the deployment of AMI as addressed in Recommendation 2.1. The risk of not implementing this recommendation includes the missed opportunity to improve customer billing and satisfaction.

December 2023 Update

The proof of concept has been completed and comprised approximately 1,400 customers. The meters for these customers are being read monthly and there have been at least two consecutive reads so far for each of these customers.

The pilot commenced on December 4, 2023 and includes approximately 9,000 customers.

September 2024 Update

On September 17, 2024, the Company announced that it has successfully transitioned customers in all five of its operating districts to monthly meter reading, more than one month ahead of schedule. The Company had agreed to complete the implementation of monthly meter reading for the vast majority of customers by October 31, 2024, as discussed within the Company's Updated Monthly Meter Reading Plan filed on June 20, 2024, in Case 22-M-0645.

This completes the implementation of this recommendation.

Response to Recommendation 8.6

Recommendation:
Central Hudson should make the following changes to improve internal control over metrics reported to the NYSPSC: 1) *Bring the PIR Manual up to date.* 2) *Add descriptive information to the PIR so that it provides a verifiable audit trail between PI metrics and underlying source documents, including better descriptions of how metrics, in particular Contact Center metrics, are calculated.* 3) *Combine CSPI and PI instructions into a single manual, so that CSPI calculation methods and underlying source documents are documented as PI metrics are.* 4) *Ensure that PIRs and CSPIs are thoroughly reviewed by someone other than the preparer, that amounts are traced to source documents and errors are caught and corrected before the reports are sent to the NYSPSC.* 5) *One year after these changes are made, perform the internal audit that the PIR Manual states will be performed. Include both PI and CSPI metrics in the audit scope.*

Implementation Team	
Executive Sponsor:	VP Customer Services and VP Regulatory Affairs
Team Members (indicate lead):	Amanda Sucato (lead)

Recommendation Adopted, Modified or Rejected: Adopted

Implementation Priority: Medium

Description of Scope and Plan

Central Hudson agrees that the changes recommended by Overland will support the submission of more accurate and reliable metrics. To address this recommendation, a comprehensive review of the PIR Manual (Manual) was performed in February 2023. Corrections and updates were made to the manual including reference to appropriate source data, enhanced descriptions of calculations, and inclusion of CSPI instructions with the same detail and format. This updated Manual was submitted to DPS Staff in March 2023. An audit of the PIR and CSPI reports will be performed one year after this submission to ensure that the updates to the Manual result in accurate calculations of the metrics.

Proposal to Implement Recommendation:

- **Work Plan and Milestones** (including estimated start date and completion date)

Activity/Milestone	Estimated Start Date	Estimated Completion Date	Regular Update Status
Review and update PIR Manual, including the	February 2023	February 2023	Complete

addition of links between metrics and source documents			
Add/enhance descriptions of PIR calculations	February 2023	February 2023	Complete
Incorporate CSPI into PI Manual	February 2023	February 2023	Complete
Procedure for pre-filing review/approval of recurring reports before filing	February 2023	February 2024	Complete
Perform audit of PIR and CSPI reports	February 2024	August 2024	Complete

- **Deliverable(s)**

    o Updated PIR and CSPI Manual
    o A pre-filing review/approval procedure for recurring reports
    o Results from PIR and CSPI reports audit

- **Measures of Success/Results**

    Implementation of this recommendation will be considered complete when a combined, and updated, PIR and CSPI Manual is submitted to DPS Staff, a pre-filing procedure is implemented, and an audit of the PIR and CSPI reports is completed one year after the submission of the updated Manual.

- **Summary of Cost/Benefit**

    There are no incremental costs associated with implementing this recommendation. Benefits of implementation are qualitative and include improved documentation, internal control, and reliability of reported metrics.

- **Risk Analysis**

    There are no recognized risks to implementing this recommendation. The risk of not implementing this recommendation includes missed opportunities to improve documentation, internal control, and reliability of reported metrics.

December 2023 Update

A copy of the of the combined PIR and CSPI Manual was provided to DPS Staff in March 2024 in response to an information request in Case 23-M-0040. The pre-filing procedure is currently being finalized to reflect team changes.

May 2024 Deliverables Filing:

The deliverables noted above are provided in the following attachments:

- Attachment 8.6A Confidential: Updated PIR and CSPI Manual
- Attachment 8.6B Confidential: Pre-filing review/approval procedure for recurring reports

The audit of PIR and CSPI reports is in progress. This is addressed in Central Hudson's concurrent request for modification of the implementation plan dated July 2, 2024 and submitted to Mr. Jeff Hogan, Director of the Office of Accounting, Finance and Audits, and filed with the Secretary.

September 2024 Update

On July 12, 2024, the Office of Accounting, Audits and Finance provided its Implementation Plan Change Response letter approving the Company's modification request to extend the timeline of the completion date from March to August 2024 for the Performance Indicator Report and Customer Service Performance Indicators (CSPI) Audit as the CSPI report was filed in mid-February and additional time was needed to adequately review and document the audit results beyond the original March deadline.

As such, the milestone noted above was modified, and a copy of the audit memo issuance email has been provided as Attachment 8.6C. Please note that certain information, such as employee names and emails, have been redacted for relevancy. The confidential audit would be provided on premises for Staff review upon request.

This completes the implementation of this recommendation.

From:
To:

Subject: Audit Memo Issuance - 2024-E Performance Indicator Report Metrics - Interim Memo
Date: Thursday, September 5, 2024 1:04:41 PM
Attachments: AA-1a PIR Audit Memo.pdf

Good Afternoon –

Attached please find the Internal Audit Memo for the Performance Indicator Report Metrics audit. We appreciate all of the help and support we were given throughout the course of the audit. Please feel free to reach out to   with any questions or concerns.

Thanks,

Central Hudson Gas & Electric
Auditor -Internal Audit
284 South Avenue
Poughkeepsie, NY 12601