

Audit Implementation Plan Updated

In the Matter of a Comprehensive Management and
Operations Audit of Consolidated Edison Company of New
York, Inc. and Orange and Rockland Utilities, Inc.
Case Number 21-M-0193

December 29, 2025



Consolidated Edison Company of New York, Inc. and
Orange and Rockland Utilities, Inc.
Case Number 21-M-0193

Contents

Introduction	2
List of Recommendations and Current Status	5
Implementation Plans	16
Chapter V: Electric Operations	16
Recommendation Number 12: V-3.....	16
Chapter VI: Gas Operations	18
Recommendation Numbers 13 and 14	18
Recommendation Number 15: VI-3.....	27
Chapter VII: Project Management and Work Management	33
Recommendation Number 19: VII-2.....	33
Recommendation Number 21: VII-4.....	38
Chapter VIII: Customer Operations.....	40
Recommendation Number 23: VIII-2.....	40
Recommendation Number 24: VIII-3.....	44
Recommendation Number 27: VIII-6.....	49
Recommendation Number 30: VIII-9.....	53
Recommendation Numbers 31, 32 and 34: VIII-10, 11 and 13.....	55
Recommendation Number 33: VIII-12.....	60
Recommendation Number 35: VIII-14.....	63
Chapter IX: Information Systems.....	70
Recommendation Number 38: IX-3.....	70

Introduction

In May 2021, the New York State Public Service Commission (“Commission” or “PSC”), in Case 21-M-0193, commenced the Comprehensive Management and Operations Audit (“the Audit”) of Consolidated Edison Company of New York, Inc.

“CECONY”) and Orange & Rockland Utilities, Inc. (“O&R”) (collectively “the Companies” or “we”) in accordance with Public Service Law §66(19). Through a competitive bidding process, the PSC selected NorthStar Consulting Group (“NorthStar”) to perform the audit on behalf of the PSC. Since its start in September 2021, the Companies, Staff, and NorthStar have worked collaboratively to facilitate this review of the Companies’ management and operations. Pursuant to PSL §66(19), audits are required to be performed at least once every five years for combination electric and gas utilities and *“[t]he audit shall include, but not be limited to, an investigation of the company’s construction program planning in relation to the needs of its customers for reliable service, an evaluation of the efficiency of the company’s operations, recommendations with respect to same, and the timing with respect to the implementation of such recommendations.”*

NorthStar completed its field work in July 2022 and submitted its Final Report on December 27, 2022, which was released via Commission order on February 16, 2023. In this order, the Commission directed the Companies to file a plan to implement the Final Report’s recommendations within 30 days. In response to this order, the Companies submit this implementation plan, in which the Companies set forth our plan to implement the recommendations identified in the Final Report.

CECONY and O&R have been deferring the audit charges, with interest, that have been paid to NorthStar. CECONY electric and gas have included their share of the costs in their current base rate filing.¹ CECONY steam has included its share of the costs in its current base rate filing.² O&R has included its share of the costs in its current base rate filing.³

The scope of the Audit included a comprehensive review of the Companies’ management processes and operations, including the following eight scope areas:

- Governance and Management
- Budgeting and Finance

¹ CASE 22-E-0064 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, and CASE 22-G-0065 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

² CASE 22-S-0659 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

³ CASE 24-E-0060 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service and CASE 24-G-0061 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Gas Service.

- Electric Operations
- Gas Operations
- Project Management and Work Management
- Customer Operations
- Information Systems
- Performance Management

The Companies provided NorthStar with full access to our employees, records, and systems over the discovery period, answering over 920 multi-part data requests and participating in approximately 167 interviews. The Companies appreciated the numerous opportunities to provide feedback and engage in productive dialogue with NorthStar and Staff.

NorthStar included 42 recommendations for the Companies in its Final Report. The Companies developed 34 plans to implement these recommendations, as some recommendations cover similar topics and will be addressed with related solutions best described in a single plan.

We believe NorthStar's Final Report reflects the Companies' commitment to safety, operational excellence, and the customer experience, as well as our strong governance and management practices and commitment to facilitating implementation of New York State's Climate Leadership & Community Protection Act. We embrace the opportunity for improvement that arises from an independent review of the Companies' management and operations and recognize the dedication NorthStar and Staff brought to this effort. Through the implementation of NorthStar's recommendations, the Companies will seek to enhance our management and operations while realizing benefits for our customers.

List of Recommendations and Current Status

The Status column will be updated in each filing of the Companies' quarterly Implementation Plan Updates. It will reflect one of the following statuses:

- In Progress: Implementation plan with milestones and team established
- Complete: Implementation of the recommendation is complete
- Closed: DPS Staff has agreed with the Companies that implementation is complete

Rec. #	Report Rec. #	Recommendation	Status
Ch. III – Governance and Management			
1	III-1	Increase the frequency of the Business Model Enterprise Risk presentations to the CEI Board if this risk remains the primary location of the state's policy objectives. Currently it is on a 3-year cycle, which is insufficient given the current pace of change.	Closed
2	III-2	Establish a process for moving risks from the emerging issues and trends watchlist to the level of corporate Risks.	Closed
3	III-3	Increase links between Enterprise Risk Management (ERM) and Strategic Planning and ensure that the cost implications of the recent long-range/strategic plans are considered in the ERM process.	Closed
4	III-4	Reassess the long-range strategic plan and related medium- and long- range rate impacts given the resolution of the current CECONY electric and gas rate cases.	Closed

Rec. #	Report Rec. #	Recommendation	Status
5	III-5	<p>Develop and implement a plan to build a more widely shared vision for anticipated levels of medium- and long-term system improvements, rate impacts and economic offsets related to the major utility transformation to meet CLCPA goals.</p> <ul style="list-style-type: none"> • CECONY and O&R's next Long Range Plans should include a discussion of the costs and benefits of expected changes to the utility business model resulting from the clean energy transition. • The costs of implementing CLCPA being discussed in ongoing proceedings with a variety of stakeholders are changing in real-time as new opportunities to reduce costs, such as incentives available through the recent Inflation Reduction Act, arise. • CECONY and O&R's Long Range Plans offer a unique channel to discuss the costs and benefits of expected changes resulting from the clean energy transition. There are also aspects of the clean energy transition that will help achieve CLCPA goals but which may occur regardless of whether CLCPA is implemented (e.g., electrification of transportation may occur anyway due to technology advancement). • Broadening the focus of this recommendation beyond CLCPA to encompass the clean energy transition would pick up important developments that would not be picked up if just focusing on CLCPA. 	Closed

Rec. #	Report Rec. #	Recommendation	Status
6	III-6	Update the Search link from the “conEdison” web site to direct inquiries directly to the Helpline stating “If you have questions, need advice, or wish to report an integrity-related concern, contact the Ethics Helpline at 1-855-FOR-ETHX (1-855-367-3849).”	Closed
7	III-7	Update the contact link, “Contact Con Edison” to state “If you have questions, need advice, or wish to report an integrity-related concern, contact the Ethics Helpline at 1-855-FOR-ETHX (1-855-367-3849).”	Closed
Ch. IV – Budgeting and Finance			
8	IV-1	Review and update the definitions and language associated with the capital project optimization process to reflect the strategic focus on CLCPA initiatives.	Closed
9	IV-2	Develop a process and approach to incorporate techniques and lessons learned from the BCO program into cost reduction and continuous improvement efforts aimed at offsetting rate increases associated with implementing CLCPA initiatives.	Closed
Ch. V – Electric Operations			
10	V-1	Should the sale of CEBs fail or be delayed beyond Q2-2023, perform the CECONY and O&R Energy Risk Management function solely with regulated utility employees and perform the CEB Energy Risk Management activities with CEB employees.	Closed
11	V-2	Should the sale of CEBs fail or be delayed beyond Q2-2023, isolate regulated utility sensitive information from non-regulated affiliates and eliminate any potential conduit of information transfer between regulated and non-regulated entities.	Closed

Rec. #	Report Rec. #	Recommendation	Status
12	V-3	Provide a detailed description of the assumptions, models, data sources and confidence levels used for demand forecast load modifiers in future Electric Long Range Plans.	Complete
Ch. VI – Gas Operations			
13	VI-1	<p>Plan and develop annual LPP replacement in a prioritized sequence based on removal of highest risk pipeline segments.</p> <ul style="list-style-type: none"> • Utilize LPP GIS data by segment to develop a replacement project profile. <p>- Desired LPP replacement project length - Pipeline material characteristics - Associated services to be replaced.</p> <ul style="list-style-type: none"> • Utilize a pipeline project portfolio optimization application to determine the maximum LPP replacement project risk reduction potential annually. <p>- CECONY and O&R use a Microsoft computer application to analyze all projects submitted for approval within the parameters of budget limits and priority (based on the nine strategic drivers) to obtain the maximum strategic value for each company and utility service type as applicable to each utility. One of the primary end products of this effort is a list of capital projects submitted for budget approval ranked in descending order of strategic value.</p> <p>- For LPP replacement, budget limits and annual LPP mileage targets are rough equivalents while risk ranking is the rough equivalent of strategic drivers.</p> <ul style="list-style-type: none"> • Adjust the LPP replacement prioritized plan to accommodate local and regulatory requirements. • Begin removal and eliminate obstacles or impediments to prioritized projects so that they can be implemented at the earliest date. 	In Progress

Rec. #	Report Rec. #	Recommendation	Status
14	VI-2	Report the aggregated LPP system-wide risk reduction to the DPS annually.	In Progress
15	VI-3	Formally manage LPP replacement projects greater than \$1 million in compliance with the Company’s Capital Project Playbook policies and procedures.	Complete
16	VI-4	Examine LPP replacement program and audit data to ensure its accuracy. Include each segment of LPP pipe replaced and its length in data reported to the DPS.	Closed
17	VI-5	CECONY should: 1) modify the emergency report message and decision trees to minimize the amount of time before the customer reaches a live agent, and clarify that the line is for emergencies only; 2) determine the root cause of the relatively high number of non-emergency calls to the gas emergency line; and 3) based on the root cause analysis, mitigate the high proportion of non-emergency calls to the gas emergency line.	Closed
Ch. VII – Project Management and Work Management			
18	VII-1	Provide DPS Staff with routine reports showing shifts in capital expenditures between projects and variances from rate case approved schedules. For major capital projects, the utilities should provide the following general information, but should work with DPS Staff on the specific content and frequency. The dollar amount used as the threshold for “major capital projects” should be determined in conjunction with the DPS Staff. All information should tie to other reported information. Explanations of deviations should be more detailed than information currently provided to DPS staff.	Closed

Rec. #	Report Rec. #	Recommendation	Status
19	VII-2	<p>Perform an assessment of estimating accuracy to identify potential improvements. Results should be provided to the DPS and should be sufficiently granular to identify lessons learned. Underlying assumptions used in the estimating process should be updated based on lessons learned to improve estimating accuracy.</p> <ul style="list-style-type: none"> • Maintain all estimates and associated contingency assumptions/amounts for all projects over \$500,000 at each stage of the estimating process. • Compare estimates and actual project costs and explain significant variances. • Assess the improvements to estimating accuracy resulting from the use of HeavyBid. The Companies have already indicated their intent to perform such a study. • Maintain all schedules estimates (start and completion dates, including estimated construction start and completion dates). • Identify improvement opportunities. 	Complete
20	VII-3	<p>Modify the Supply Chain definition of competitive procurement to require bids from at least three technically capable suppliers, with a preference for the receipt of actual bids from at least three technically capable suppliers.</p>	Closed
21	VII-4	<p>Conduct an Internal Audit of Construction/Contractor Activity Audit/Project Review within the next year or two. The scope should include modifications to the Field Activity Report and Daily Activity Report, in addition to the standard scope of work.</p>	Complete
Ch. VIII – Customer Operations			
22	VIII-1	<p>With the implementation of the new Oracle CC&B platform, modify the CECONY denial of service letters to clearly explain the reason for the denial, and mirror the language required by 16 NYCRR Part 11.3 (b) (2) and Part 13.2 (c) (2).</p>	Closed

Rec. #	Report Rec. #	Recommendation	Status
23	VIII-2	<p>Develop formal procedure documentation for the CECONY Low-Income Program. Procedures should include, but not be limited to, the schedule for updating annual discount amounts, actions to be taken in the event process breakdown occurs to ensure management visibility, timely resolution of issues (such as in the breakdown of quarterly process), and what to do when a customer record match is not found. Any issue should be noted in the quarterly report for the Commission.</p>	Complete
24	VIII-3	<p>Reprogram the CECONY low-income discount calculation to be similar to other New York Utilities. This includes the following:</p> <ul style="list-style-type: none"> • Upon enrollment, inform the customer they are enrolled in the low-income program and reason they are enrolled. • HEAP payment: <ul style="list-style-type: none"> - Should be applied as a payment line item, not part of an aggregate bill adjustment. - Should not trigger any tax credits to the customer. • Bills should specify: <ul style="list-style-type: none"> - Heating or non-heating. - Line items for each commodity low-income discount amounts. • Low-Income discount amounts: <ul style="list-style-type: none"> - Should be static from month to month and match the published discount amounts (no proration). - Should not trigger any tax credits to the customer. • Levelized Payment Plan: <ul style="list-style-type: none"> - Customers should be automatically enrolled and this should be reflected on the main section of the calculated bill. - Should be a specified line item. • As a customer is nearing the end of their benefit period, adding a bill message to alert the customer that they are at risk from being removed from program and informing them how to reapply before the benefit expires. 	Complete

Rec. #	Report Rec. #	Recommendation	Status
25	VIII-4	CECONY's Low-Income Program Tier logic resulted in customers receiving the incorrect discount. Further review of this issue is needed to understand the full impact and timespan over which this occurred. Customers that can be located should be credited the amount they are owed. Enhancement of testing and quality assurance practices is also needed.	Closed
26	VIII-5	Enhance quality practices within the CECONY and O&R Low-Income Program. Quality review of bills should occur monthly with at least one representative bill example for every Tier level and commodity.	Closed
27	VIII-6	CECONY's Low-Income Program needs a subsequent in-depth audit. An audit should also be done on the Program Fund to ensure only the expected low-income discount portion is applied against the fund and the tax credit is applied where originally charged.	Complete
28	VIII-7	The CECONY and DSS quarterly process breakdown stemmed from a lack of change management and ownership of the process. Formal project management and change management practices should be developed and followed to ensure regulatory requirements are implemented timely, all stakeholders are aware of their responsibility, and there is visibility of the change across organizations. Document retention should include but not be limited to business system design, technical design, and test case documentation.	Closed
29	VIII-8	Track meaningful changes to O&R and CECONY policies, procedures, training guides and similar documents identified in Archer as operative controls related to compliance with 16 NYCRR provisions.	Closed
30	VIII-9	Conduct an Internal Audit focused follow-up audit of CECONY LSE procedures in 2023.	Complete

Rec. #	Report Rec. #	Recommendation	Status
31	VIII-10	Conduct a workload analysis of the CECONY activities performed by the Personal Services Group, develop appropriate response time targets (working with the DPS Staff) and determine the appropriate staffing levels based on anticipated workload, activity/task duration and target completions timelines. Develop a more formal process for assigning work that balances time, age of the case, and priority.	Complete
32	VIII-11	Explore additional opportunities to cross train CECONY call center CSRs and other back office personnel to assist the Personal Service Group and Specialized Activities during times of high backlog.	Complete
33	VIII-12	<p>Work with DPS Staff to:</p> <ul style="list-style-type: none"> • Clarify the definition of backbill as it relates to long term estimates and whether estimated bills cancelled and rebilled with actuals are subject to the same requirements as backbills. • Determine how bills not rendered due to billing exceptions should be classified and whether they should be subject to backbilling restrictions. 	Complete
34	VIII-13	Develop a formal plan for reducing the CECONY EAG and Personal Services Group work backlog and establish reasonable standards for future completion timelines.	Complete
35	VIII-14	Change all CECONY associated policies and procedures to require a field investigation anytime a customer mentions the potential of a shared meter and flag the inquiry as a “shared meter inquiry” for tracking purposes. These inquiries should be completed in 30 days in compliance with the Shared Meter Law.	Complete

Rec. #	Report Rec. #	Recommendation	Status
Ch. IX – Information Systems			
36	IX-1	Create change management guidelines with recommended processes that are included in IT PMO documentation, including criteria for when they should be applied.	Closed
37	IX-2	Establish organizational change management as a functional specialty within the Company, potentially within the Project Management Office organization.	Closed
38	IX-3	Based on lessons learned from the piloting the Value Realization Management (VRM) process, develop (a) a process for identifying, measuring, and tracking actual benefits and savings achieved from an IT project, and (b) criteria specifying when a project plan should include this process.	Complete
39	IX-4	Prepare an updated estimate of projected savings and benefits from the AMI project that reflects actual results to date.	Closed
Ch. X – Performance Management			
40	X-1	Update both the Corporate KPI Guidelines and the employee evaluation goal setting guidelines to reflect current challenges and priorities (such as CLCPA).	Closed
41	X-2	Establish more specific guidelines for the employee evaluation goal setting process that reinforces the need for the employee goals to be quantitative, limited to a reasonable number of goals, reflective of the corporate KPIs, consistent in format/structure across the organization and tied to the overall objectives of the organization. Goals/targets should not be “do your job” requirements.	Closed

Rec. #	Report Rec. #	Recommendation	Status
42	X-3	<p>Update the EIP, ATIP, MVP and LTIP programs as follows:</p> <ul style="list-style-type: none"> • Increase transparency of the metrics. • Reduce complexity and limit the use of indices, except in the cases of well-understood regulatory requirements. • In the case of CECONY, decrease the number of metrics. • Develop greater ties to the long-range plans and CLCPA objectives. • Modify targets so that they are achievable but drive performance improvement. Well understood regulatory requirements such as reliability, safety, and customer service should be considered “table stakes”. • Consider the inclusion of grid modernization metrics. The Grid Modernization Laboratory Consortium of the DOE provides a potential source of metrics. • Include more leading indicators. • Reconsider the use of the capital and O&M project modifiers. At a minimum, redesign the metrics to provide greater transparency, drive continuous improvement, and promote appropriate project/program management and cost/schedule controls. These should not just serve to increase incentives. 	Closed

Implementation Plans

Chapter V: Electric Operations

Recommendation Number 12: V-3

Recommendation: Provide a detailed description of the assumptions, models, data sources and confidence levels used for demand forecast load modifiers in future Electric Long Range Plans.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Team Leads:

Executive Sponsor	Christina Ho –VP, Strategic Planning
Team Lead	Nelson Yip – Director, Strategic Planning

Scope:

The purpose of this implementation plan is to provide awareness and transparency on assumptions, models, data sources and confidence levels used for demand forecast load modifiers in Electric Long Range Plans (ELRPs).

Demand forecast load modifiers in ELRPs are informed by Energy Management’s long-term system-level forecast, as well as long-term pathways that are determined by Strategic Planning in accordance with market outlooks and policy targets.

Work Plan:

During the ELRP development process, Strategic Planning will develop pathways for use in the ELRP that consider industry trends, market outlooks, and policy targets. Strategic Planning also reviews Energy Management’s most recent long-term forecast to inform the final load modifiers that will be used in the ELRP.

The assumptions, models, data sources and confidence for the electric system summer and winter peak demand forecast load modifiers will be documented in the CECONY and O&R ELRPs, in accordance with their respective rate case cycles and associated ELRP re-write cycles. These load modifier descriptions will be confirmed in consultation with Energy Management and will be added to future versions of the ELRPs.

The requirement to include a detailed description of the assumptions, models, data sources and confidence levels used for demand forecast load modifiers in CECONY and O&R’s ELRPs will be incorporated into the Companies’ Utility Long-Range Planning Guideline. With this change, the assumptions will be inserted into future ELRP documents in alignment with future rate case submittals

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Update the Utility Long-Range Planning Guideline to require the inclusion of a description of the assumptions, models, data sources and confidence levels used for demand forecast load modifiers in ELRPs	In Progress	July 31, 2023	Complete

Benefit-Cost & Risk Analyses:

The Companies' costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Companies will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Companies may consider seeking recovery of such costs. Benefits include the ability to have a shared understanding of the implications of long-term programs and their impacts. There are no recognized risks to implementing this recommendation.

December 29, 2023 Update:

This recommendation is complete.

The Companies have provided the updated Utility Long-Range Planning Guideline as part of this filing. This recommendation is now pending Staff's review and closeout.

Chapter VI: Gas Operations

Recommendation Numbers 13 and 14: VI-1 and VI-2

Recommendation VI-1: Plan and develop annual LPP replacement in a prioritized sequence based on removal of highest risk pipeline segments.

- Utilize LPP GIS data by segment to develop a replacement project profile.
 - Desired LPP replacement project length
 - Pipeline material characteristics
 - Associated services to be replaced.
- Utilize a pipeline project portfolio optimization application to determine the maximum LPP replacement project risk reduction potential annually.
 - CECONY and O&R use a Microsoft computer application to analyze all projects submitted for approval within the parameters of budget limits and priority (based on the nine strategic drivers) to obtain the maximum strategic value for each company and utility service type as applicable to each utility. One of the primary end products of this effort is a list of capital projects submitted for budget approval ranked in descending order of strategic value.
 - For LPP replacement, budget limits and annual LPP mileage targets are rough equivalents while risk ranking is the rough equivalent of strategic drivers.
- Adjust the LPP replacement prioritized plan to accommodate local and regulatory requirements.
- Begin removal and eliminate obstacles or impediments to prioritized projects so that they can be implemented at the earliest date.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): High

Recommendation VI-2: Report the aggregated LPP system-wide risk reduction to the DPS annually.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsors	Amr Hassan – VP, Gas Operations, CECONY Won Choe – VP, Operations, O&R
Team Leads	Nickolas Hellen – Chief Engineer, Gas Engineering, CECONY Godwin Uwechue – Director, Gas Technical Services, O&R

Scope:

The Companies currently prioritize the replacement of leak prone pipe (LPP) using existing risk model tools. This implementation plan establishes a leak prone pipe replacement strategy and tools that will allow for the continued prioritized replacement of top ranked leak prone pipe at the segment level, using GIS data, and advance the program strategies to incorporate additional local and regulatory requirements. We will continue to utilize existing risk models to prioritize LPP replacement while we develop and test our new risk models.

Using the Companies' new risk models, each company will submit the total aggregated distribution leak prone pipe risk score to DPS. This will be submitted for the first time when available, after the new Distribution Integrity Management Plan (DIMP) risk model is published. The system-wide risk score will be re-submitted on an annual basis to Staff and updated in years when the DIMP Risk Models are run.

As part of Public Safety Law § 66-u on Gas Safety Reporting, the Companies will also provide a thorough description and explanation of the strategic planning and decision-making methodology used to determine and prioritize pipeline replacement projects. Each Company's distinct plan is outlined below:

CECONY

- Implement a probabilistic risk model to maintain the function currently provided by the Optimain DS model by November 2024. The new model will be used for re-evaluation of CECONY's DIMP program in compliance with §192.1015.
- Create and maintain a Top Ranked Pipe Replacement tracking dashboard. Use this dashboard to report on Top Ranked Pipe Replacement.
- The aggregate risk score will be dependent upon the new Risk Model which is slated for implementation by November 2024, and this risk score will be released in March 2025.

O&R

- Continue development and implementation of a new Main Replacement Risk tool. This new tool will align with O&R's DIMP guidelines.
- The new risk model is in the process of being finalized. It will be used to generate an aggregate risk score in March 2024.

A new probabilistic risk model will enable the continued development of a replacement project profile for each segment of leak prone pipe in CECONY and O&R's gas distribution systems.

The new model will also allow for continuity in CECONY's risk analyses and serve as a strategic driver assessment for leak prone pipe prioritization within the budget limits of each Company's leak prone pipe main replacement program. Budget limits are determined using the existing PI 360 assessment.

Both Companies will work to identify project obstacles (e.g., long permit and procurement delays) and develop strategies to overcome them. For CECONY, the Top Ranked Pipe Replacement tracking dashboard will be used to increase visibility of those obstacles and maintain focus on their removal. For O&R, the risk priority list generated by the new Main Replacement Risk tool will be used to maintain focus on the high priority projects that may experience project obstacles and help to manage their timely completion.

Work Plan:

CECONY

A cross functional team began work in February 2022 to identify viable replacement software products for Optimain DS, with the goal of selecting a replacement product. CECONY currently plans to award a contract to a vendor to develop the replacement DIMP Risk Model by the end of the second quarter of 2023. To-date, the Company has completed the following steps:

- Identify available products for Request for Information
- Identify viable products that fit CECONY's needs
- Release request for proposal to viable product vendors
- Receive vendors bids
- Receive CECONY IT approval for bidders

CECONY Gas Engineering began work in May 2022 to enhance the planning, tracking, and reporting process for the "Top Ranked" segment of the Main Replacement Program. CECONY has created a dashboard for Top-Ranked projects identified by

Optimain DS and is working to identify obstacles and leverage the existing Gas Pipeline Safety Senior Management review meeting to report on:

- Top Ranked replacement progress
- Active project obstacles and obstacle alleviation plans

Next steps include:

- Award risk model contract.
- Metric reporting of Top Ranked project completion along with review of any project delay justifications at periodic (three times per year) Gas Pipeline Safety Management Senior Management Review meetings, starting in 2023. Progress of Top Ranked replacement completion will be tracked weekly in the Gas Work Status meeting.
- Document the process for planning and developing annual LPP replacement in a prioritized sequence based on removal of Top Ranked pipeline segments, including the use of the Gas Pipeline Safety Management Senior Management Review meetings as the forum in which to review project delays.
- Begin incorporating the new DIMP Risk Model results into CECONY's annual Capital Expenditures Report (Case 22-G-0065) to DPS.
- Generate and submit aggregate LPP risk score to DPS.

O&R

In 2020, O&R began developing a new DIMP risk model. The new model provides a more holistic analysis of the system risk level than its predecessor, utilizing many more data inputs. The risk is calculated on a segment-by-segment basis. The Company's DIMP consultant developed a Main Replacement Risk Tool, utilizing the results of the new DIMP risk model, to use for main replacement prioritization. The Company is nearing completion of verification/evaluation of the tool.

Next steps include:

- Verification testing and implementation of new risk tool
- Make necessary procedural updates to WP-6003 (*Evaluations for Main Replacement*), including the addition of a process to identify and address those high-priority main replacement projects which may encounter obstacles to timely completion.
- Begin incorporating the new MR Risk Tool results into O&R's Annual LPP Replacement Project Report (Case 21-G-0073) to DPS.
- Begin incorporating the MR Risk Tool projects into current 2023 MRP projects list
 - Generate and submit aggregate LPP risk score to DPS.

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Document the process for planning and developing annual LPP replacement in a prioritized sequence based on removal of highest risk pipeline segments, including review of project delays (CECONY)	In Progress	May 30, 2023	Complete
Update respective work procedure WP-6003 to document changes to the risk model and a process to address barriers to high-priority LPP replacement (O&R)	July 1, 2023	December 31, 2023	Complete
Based on risk model outputs, generate and submit PSC reports documenting the plan for ranked replacement of LPP segments (O&R)	January 2, 2024	February 28, 2024	Complete
Based on risk model outputs, generate and submit PSC reports documenting the plan for ranked replacement of LPP segments (CECONY)	January 2, 2025	February 28, 2026	Final Deliverable, VI-1, CECONY
Create and submit aggregate distribution system-wide risk score (O&R)	January 2, 2024	March 21, 2024	Complete
Create and submit aggregate distribution system-wide risk score (CECONY)	January 2, 2025	February 28, 2026	Final Deliverable, VI-2, CECONY

Benefit-Cost & Risk Analyses:

The Companies' costs associated with implementing this recommendation are not expected to include significant incremental costs, as both Companies had previously allocated funding to the development of new risk models. However, the Companies will update DPS Staff if the incremental costs associated with implementation of this

recommendation turn out to be significant, such that the Companies may consider seeking recovery of such costs.

The benefit of the new risk model implementation is continued compliance with state and federal distribution integrity management requirements and LPP replacement in a prioritized sequence based on removal of the top-ranked pipeline segments. For CECONY this process will assist with risk model continuity during the retirement of the current DIMP Risk model (Optimain DS) by the product vendor in 2023.

For CECONY, risks that could prevent this recommendation from happening are a delayed bid award and implementation timeline for the new DIMP Risk model. This could occur due to unavoidable delays in any stage of the project implementation plan, including Supply Chain procurement, contract negotiations, and IT implementation.

Similarly for O&R, delays in the testing and implementation phase of this plan pose the greatest risk to this implementation.

The CECONY risks if this plan is not implemented on time or correctly could be potential delays in, or less accurate prioritization of, top-ranked leak prone pipe replacement.

Compliance with DIMP requirements will continue to be a priority for both Companies.

December 29, 2023 Update:

In 2023, Gas Engineering implemented robust processes for the planning and developing of LPP replacement in a prioritized sequence based on removal of highest risk pipeline segments.

Highest risk pipeline segments identified by the Gas Distribution Risk Model are now published to a Tableau “Top Ranked Replacement” dashboard. This dashboard also incorporates project planning information such as current New York City Department of Transportation (DOT) permit restrictions for the project location. The Top Ranked Replacement dashboard is used by the Gas Engineering System Reliability team to prioritize the planning of projects in the “Top Ranked” replacement category of the Gas Infrastructure Replacement or Reduction (GIRR) Program in risk order. The project planning information incorporated into this dashboard also assists the System Reliability team with recognizing potential project delays in the early stages of project planning.

Top Ranked replacement projects that cannot be completed in risk priority sequence must now be formally approved for deferral through the newly developed GIRR Deferral Form. This Power App form requires the internal party requesting the deferral to provide

details on project information and deferral justification. All Top Ranked project deferrals must be approved by the Chief Engineer of Gas Engineering Distribution. Project information and deferral approvals/rejections from the GIRR Deferral Power App are summarized on a Power BI dashboard.

In July 2023, Gas Engineering began internally reporting on the two processes described above in the quarterly Gas Pipeline Safety Senior Management review. This quarterly review is a forum to provide program metrics and progress updates from key risk initiatives to top leadership within the Gas Operations organization. The quarterly Top Ranked pipe replacement update includes percent completion of the total Top Ranked pipe replacement goal. The Top Ranked replacement goal is an annual mileage goal set internally for the GIRR Program. The Senior Management Review Top Ranked pipe replacement update also includes metrics on Top Ranked project deferral requests and approvals, including a breakdown of justifications for all approved Top Ranked project deferral approvals from the Power BI Dashboard.

O&R has completed the update to work procedure WP-6003 to document changes to the risk model and a process to address barriers to high-priority LPP replacement. PSC reports documenting the plan for ranked replacement of LPP segments for O&R are in progress. Aggregate distribution system-wide risk score for O&R is also in progress.

March 29, 2024 Update:

O&R:

- Generated and submitted PSC reports documenting the plan for ranked replacement of LPP segments, based on risk model outputs.
- Created and submitted aggregate distribution system-wide risk score.

CECONY:

- On track to create and submit reports to document distribution system-wide risk scores and replacement plans for LPP segments by Q1 2025.

June 28, 2024 Update:

PSC reports documenting the plan for ranked replacement of LPP segments for O&R is complete.

Aggregate distribution system-wide risk score for O&R is complete.

CECONY:

The Risk Model project was kicked off in May 2024 and is currently in the "Blueprinting" phase, which will determine the project timeline.

September 27, 2024 Update:

O&R: The PSC reports that document O&R's **plan for ranked replacement of LPP segments** are complete, along with the **aggregate distribution system-wide risk score**.

CECONY: These two open recommendation deliverables for CECONY are both dependent on implementation of the new **DIMP Risk Model** and may not be completed by their target delivery dates. The Risk Model project was kicked off in May 2024. It is currently in the "Blueprinting" phase and is scheduled to be completed in April 2025. Accordingly, this data will be available to use for 2026 regulatory filings.

December 31, 2024 Update:

Deliverable - Based on risk model outputs, generate and submit PSC reports documenting the plan for ranked replacement of LPP segments (CECONY):

Gas Engineering has the ability to provide a risk model export from our current model (last updated in July 2023). This would be code-compliant, as the model is only required to be updated every 5 years.

CECONY's plan to provide a report from our new Probabilistic Risk Model was originally meant to be completed in early 2024, however the Project Timeline was pushed due to Supply Chain / IT delays. The project is now on track to be completed in August 2025. The original due date of February 28, 2025 was established to coincide with the annual due date of our Year-End Capital Expenditure Report, which is a requirement of the CECONYs' current gas rate plan (Case 22-G-0065, Joint Proposal, Appendix 12). The Company's intent was to include the Risk Model output with this year-end submittal. As a result, the Company will seek an extension until February 28, 2026 to coincide with the annual report.

Deliverable - Create and submit aggregate distribution system-wide risk score (CECONY):

Similar to the above – Gas Engineering has the ability to provide an aggregate risk score output from our current model (last updated in July 2023). This would be code-compliant, as the model is only required to be updated every 5 years.

CECONY's plan to provide a report from our new Probabilistic Risk Model was established to coincide with the Gas Safety Performance Measures Report, required by PSL 66u, which is due on 4/30 of each year. to be completed in early 2024, however

the Project Timeline was pushed due to Supply Chain / IT delays. The project is now on track to be completed in August 2025. The Company's intent was to include this report with the April 30, 2025 Gas Safety Performance Measures Report. As a result, the Company will seek an extension until April 30, 2026 to coincide with the annual report.

March 28, 2025 Update:

On March 26, 2025, pursuant to the Company's 2/4/2025 request for an extension, the Director of the Office of Accounting, Audits and Finance granted an extension until February 28, 2026 to complete this recommendation.

The new February 28, 2026 milestone aligns with the annual due date of the Company's Year-End Capital Expenditure Report, which is a Rate Plan requirement. Reports/Documentation for risk model outputs will be submitted with these year-end reporting in 2026.

June 26, 2025 Update:

CECONY is on track to satisfy the remaining deliverables and close Recommendations 13 and 14 by the February 28, 2026 delivery date.

September 26, 2025 Update:

CECONY is currently in the final stages of implementing the new risk model. The Company is on track to complete the remaining deliverables and to complete Recommendations 13 and 14 by the February 28, 2026 delivery date.

December 29 Update:

CECONY is currently in the final stages of implementing their new risk model. The Company is on track to satisfy the remaining deliverables and close Recommendations 13 and 14 by the February 28, 2026 delivery date.

Recommendation Number 15: VI-3

Recommendation: Formally manage LPP replacement projects greater than \$1 million in compliance with the Company’s Capital Project Playbook policies and procedures.

Accept/Accept with Modification/Reject: Accept with Modification

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsors	Amr Hassan – VP, Gas Operations, CECONY Won Choe – VP, Operations, O&R
Team Leads	Christine Cummings – Director, Gas Project Management & Customer Programs, CECONY Godwin Uwechue – Director, Gas Technical Services, O&R

Scope:

The Companies will each pilot an effort to manage certain planned leak-prone pipe (LPP) replacement/retirement projects in accordance with the Capital Projects Playbook’s (CPP’s) requirements for managing projects. Though the LPP program is already managed in accordance with the CPP as a program rather than as individual projects, this recommendation presents an opportunity to see if cost savings are achieved through more rigorous oversight of the highest cost leak prone pipe retirement and replacement projects. This plan outlines the Companies’ proposed effort to evaluate this recommendation on a smaller scale to better understand the potential benefits of full implementation. Thus, the recommendation is accepted with modification.

CECONY

Managing all leak prone pipe replacement projects estimated to be greater than \$1M in compliance with the CPP is expected to require significantly more staffing beyond those employees currently managing leak prone pipe replacement projects, with an initial estimate of 18 additional employees for CECONY. Since the benefits of such an effort are uncertain at this point, CECONY is conducting a pilot program in advance of full implementation.

CECONY will use a pilot in 2024 across all four geographic areas to measure the effectiveness of managing specific LPP projects in accordance with the CPP before

expanding this recommendation to more projects. The 2024 selection criteria used to identify target projects are tailored to be implementable with current staffing levels.

Specifically, in 2024, the two highest cost projects in each of the four geographical areas will be used for this initial pilot effort. Spreading the work equally across the areas allows for efficient use of existing resources and testing across all geographic areas. The evaluation of eight projects is expected to be manageable with current resource levels while still providing a sufficient sample size to properly assess the pilot program. CECONY will then evaluate expanding the selection criteria in subsequent years once it has fully evaluated the benefits of this pilot program.

O&R

Similarly for O&R, managing all leak prone pipe replacement projects estimated at greater than \$1M in compliance with the CPP is expected to require significantly more resources than currently available. O&R currently has a LPP main replacement project management process that is consistent with the principles of the CPP and is utilized for mains on municipal and county roadways. Such projects under \$2M have historically been performed at competitive costs per foot. Projects over \$2M tend to be on state roads and involve considerably more project planning, a time-consuming and extensive permitting process, complex engineering drawings and designs/redesigns, and challenging scheduling. The latter set of projects (over \$2M and on state roads) are likely to benefit the most from a more robust project management process and the full-scale use of all tools available in the CPP.

O&R intends to use a staged approach to pilot this recommendation. The selection criteria will be applied to projects budgeted for 2024 and tailored to be achievable with current resource levels. O&R will evaluate the results of this one-year pilot to determine if the effort should be expanded to additional projects.

Using this multi-staged approach will enable the identification of any aspect of the CPP management that is delivering outsized value. For instance, if the schedule was determined to deliver the most benefit for the effort required, the Company could look to prioritize schedule rollout for an additional tier of large main replacement projects earlier in the multi-year implementation process.

Work Plan:

Work activities will include:

- Identify applicable projects

- Update project documentation to manage identified projects in alignment with all applicable components of the CPP. The team will provide documentation to DPS Staff of the following components of the CPP to demonstrate compliance:
 - Project Management Plan
 - Risk Registry
 - Schedule
- Establish schedule
- Manage and track project status throughout the year
- Evaluate savings following project completion and determine if the process should be scaled to more projects
- If scaling is appropriate, develop and document a process to do so

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Generate project initiation documentation in compliance with the CPP (CECONY)	January 2, 2024	March 31, 2024	Final deliverable – Project Management Plan Risk Registry, Schedule, CECONY Complete
Generate project initiation documentation in compliance with the CPP (O&R)	January 2, 2024	March 31, 2024	Final deliverable – Project Management Plan Risk Registry, Schedule, O&R Complete
Evaluate costs and benefits of 2024 pilot (CECONY)	October 1, 2024	February 16, 2025	Complete Final deliverable, CECONY
Evaluate costs and benefits of 2024 pilot (O&R)	October 1, 2024	February 16, 2025	Complete Final deliverable, O&R
If applicable, develop and document a process to scale (CECONY)	January 2, 2025	July 31, 2025	Final deliverable, CECONY (if applicable) Not Applicable
If applicable, develop and document a process to scale (O&R)	January 2, 2025	July 31, 2025	Final deliverable, O&R (if applicable) Complete

Benefit-Cost & Risk Analyses:

This recommendation is expected to be implemented in tiered stages due to the increased staffing requirements necessary to meet a \$1M threshold. The Company's costs associated with implementing the pilot program for this recommendation are not expected to include significant incremental costs. The financial review completed in

2025 on qualifying 2024 projects will be used to determine the extent of either Company's needs for additional staffing to scale the pilot program, at which time costs will be determined. The Company will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Company may consider seeking recovery of such costs.

Benefits include the potential savings that may be achieved by implementing the recommendations. These savings, if achieved, will be calculated by comparing the actual cost of each project with the estimate in the major categories of company labor, contractor costs, material costs, restoration costs (if separate from contractor costs, and other direct expenses). The variance in each category will be compared with the averages for historically similar projects and for the aggregate totals of the program not covered by this recommendation. These two baselines will be used to determine the resultant savings, which will represent the quantitative project benefits.

A risk of implementing this recommendation is a result that directs outsized attention to LPP projects in geographic areas in which LPP projects are more expensive, to the detriment of all other leak prone pipe replacement projects. The plan to mitigate this risk is to utilize the tiered stages and increase staffing appropriately to avoid diluting the attention paid to operationally critical projects in other geographic areas.

December 29, 2023 Update:

CECONY and O&R continue to generate project initiation documentation for compliance with the CPP.

CECONY and O&R will begin evaluating costs and benefits of the 2024 pilot in the fourth quarter of 2024.

If applicable, CECONY and/or O&R will begin developing and documenting a process to scale in the first quarter of 2025.

March 29, 2024 Update:

CECONY has selected eight projects for the 2024 pilot and has also generated project initiation documentation in accordance with the CPP.

O&R has implemented a one-year pilot program to evaluate managing Leak Prone Pipe projects that are greater than \$2M and on state roads using all the applicable tools associated with the Company's CPP.

June 28, 2024 Update:

CECONY has selected the eight projects for the 2024 pilot, and the project initiation documentation has been created.

O&R has implemented a one-year pilot program to evaluate managing Leak Prone Pipe projects that are greater than \$2M which are on state roads using all the applicable tools associated with the Company's CPP.

September 27, 2024 Update:

The Companies each continue to develop a pilot program to manage certain planned leak-prone pipe replacement/retirement projects in accordance with the CPP's requirements.

December 31, 2024 Update:

CECONY's eight projects have been monitored throughout 2024, and the final evaluation will occur in early 2025.

O&R continues to evaluate managing leak-prone pipe replacement/retirement projects in accordance with the CPP's requirements.

March 28, 2025 Update:

All eight projects for the 2024 CECONY pilot have been successfully completed. The analysis revealed that while more rigorous oversight was applied, it didn't lead to the expected cost savings.

O&R evaluated the results of the 2024 pilot and determined that the effort should be expanded to additional future projects. In general, numerous advantages were found in this approach, and O&R plans to continue doing this for large, complex LPP projects greater than \$2M.

June 26, 2025 Update:

O&R determined that scaling its pilot program is appropriate, and is on-track to develop and document a process to support this initiative. CECONY will not scale its pilot program at this time.

September 26, 2025 Update:

This recommendation is complete.

CECONY and ORU each conducted pilots to evaluate the benefits of isolating projects within a program and managing them through their respective CPP process.

Because CECONY's program is much larger than ORU's, it invests significantly more resources in building the infrastructure needed to manage at the programmatic level.

This scale, along with use of its various programmatic management tools, gives CECONY strong existing controls, transparency, and granularity.

Each company has carefully considered this recommendation and, given the meaningful differences in their scale and approach, arrived at different outcomes.

CECONY: After reviewing the most recent financial data, the Company observed no additional cost savings from utilizing the Capital Projects Playbook to manage these projects. The eight higher cost leak prone pipe projects chosen were compared to similar projects within each operating area, in both scope and pipe size installation. Cost Savings per linear foot were mixed, with more than half the projects generally at or above the average unit cost of similar projects in each operating area. These findings led us to the conclusion that applying the CPP did not yield consistent cost savings.

Within the last year, the Gas Project Management team redesigned / implemented tools (Work Plan and CworX dashboard) to assist in monitoring and controlling the GIRR Program. The team redesigned the Work Plan which provides insight into multiple layers of data for each individual project. The CworX dashboard assists in monitoring contractor pay items and quantities. Combined, these tools will provide improved insight at both the project and program level to promote a greater ability to monitor and control the multiple layers of data. As such, CECONY does not believe its pilot should be scaled to more projects.

O&R: O&R Gas reviewed the results from the 2024 O&R Gas pilot and found it appropriate to scale its pilot to other projects. O&R revised GSOM-114 (Gas Supervisor Operating Manual) "Department Guidance for Project Management Process for Capital Gas Projects/ Programs". The revised GSOM-114 fully incorporates the original NorthStar Report Recommendation to "[f]ormally manage LPP replacement projects greater than \$1 million in compliance with the Company's Capital Project Playbook policies and procedures"

December 29 Update:

This recommendation is complete and is pending Staff review and closeout.

Chapter VII: Project Management and Work Management

Recommendation Number 19: VII-2

Recommendation: Perform an assessment of estimating accuracy to identify potential improvements. Results should be provided to the DPS and should be sufficiently granular to identify lessons learned. Underlying assumptions used in the estimating process should be updated based on lessons learned to improve estimating accuracy.

- Maintain all estimates and associated contingency assumptions/amounts for all projects over \$500,000 at each stage of the estimating process.
- Compare estimates and actual project costs and explain significant variances.
- Assess the improvements to estimating accuracy resulting from the use of HeavyBid. The Companies have already indicated their intent to perform such a study.
- Maintain all schedules estimates (start and completion dates, including estimated construction start and completion dates).
- Identify improvement opportunities.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Angel Cardoza – VP, Substation Operations
Team Lead	Jason Ragona – General Manager, Substation Operations Planning

Scope:

The Companies will develop a standardized protocol to analyze the accuracy of capital project appropriation estimates at both CECONY and O&R on an ongoing basis. This protocol will identify estimates to be analyzed for accuracy, establish a process for performing the analysis, and assist organizations in identifying variances and root causes. The lessons learned from this analysis will assist in improving overall estimating accuracy. Both companies currently keep a record of all appropriation estimates over \$500,000, along with estimate assumptions, and will continue with this approach. Order of Magnitude and conceptual estimates are not subject to the scope of this implementation plan but will be documented when procedurally required. The Companies will continue to track the estimated and actual construction start and completion dates using existing work management systems and practices.

Both companies will establish criteria to use in the selection of projects and will identify the factors that have the greatest impact on the accuracy of estimates, by organization, so that those factors can be mitigated.

HeavyBid Assessment:

Bid-Check Estimating (BCE) prices construction work activities within CECONY and O&R, which is then used for developing estimates. BCE's portfolio of work includes, but is not limited to, the review of all construction contracts at bid-award over \$500K for the following programs: Outside Plant Electrical, Outside Plant Gas, Substations, Facilities, Power Generation Plant, Environmental, Tunnels and Docks.

BCE has utilized HeavyBid as its estimating software since 2019. The system's ease of use enables labor and equipment rates to be readily adjusted and Estimators to build new or modify existing production rates based on site-specific conditions.

BCE updates the labor, equipment, and material pricing within HeavyBid multiple times per year. HeavyBid's functionality allows these updates to be made with less effort than the Company's legacy estimating software and tools.

BCE will assess estimating accuracy improvements due to the use of HeavyBid for four of the programs listed above. Projects with large costs and/or significance will be used in the assessment. Approximately three to five projects per program will be analyzed to determine if the use of HeavyBid as compared to our legacy estimating programs/techniques has improved estimate accuracy.

For these projects, BCE will gather bids that were priced prior to HeavyBid. Major scopes and/or activities within the selected projects will be examined. BCE will escalate the labor, material and equipment rates that were used prior to HeavyBid and compare those against the updated, contemporaneous rates that are used in HeavyBid today. BCE will also determine the effects of crewing, productivity, and schedule adjustment functionality in the HeavyBid software.

Work Plan:

This work plan will be facilitated by the Company's Enterprise Project Management Office (EPMO). The EPMO is a project management center of excellence that designs and implements enterprise standards, tools, systems and processes, as well as provides enterprise governance and strategic direction for the management of projects and programs. Upon completion of this work plan, the EPMO will update the Company's Capital Projects Playbook (CPP) to include any protocols adopted.

- The Companies will review and document existing estimating analyses, tools and resources used by CECONY Electric Operations, Central Operations, Gas Operations and Orange & Rockland Utilities.
- On an annual basis, the Companies will generate a report of all projects substantially complete in the previous calendar year (physical construction is 90%+), by organization.
 - Report should be delineated by organization
 - Should consist of projects with total spend greater than \$3M
 - Note: This first report will consist of projects completed in 2022 & 2023
- Each estimating organization will perform an in-depth assessment of the top 5 projects with actual spend in excess of +/- 10% of the appropriation estimate.
- Identify drivers for the variances
- Findings will be documented in the lessons learned for the project

The assessment of HeavyBid accuracy will be captured under a separate report and analysis, as described in the scope above, and will assess components of Construction Contracts. BCE will generate a report listing the variances between similar work estimated with and without the use of HeavyBid.

The team will update relevant policies and procedures to reflect these changes, including:

- CPP-02: Cost Estimating Guideline, which will require an annual estimating accuracy review
 - o Updated language to include the requirement to maintain all estimates and associated contingency assumptions/amounts for all projects over \$500,000 at each stage of the estimating process.
- CPP-04: Scheduling and Planning Guideline, which will be updated to ensure project start and completion dates, including estimated construction start and completion dates, are maintained
- Any other identified applicable procedures

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Update CPP-02, CPP-04, and other procedures as	August 1, 2023	December 15, 2023	Complete

needed, in accordance with the work plan			
Perform estimating accuracy review and generate report with findings and drivers	June 1, 2024	November 30, 2024	Complete
HeavyBid Estimate Accuracy Review and report	June 1, 2024	November 30, 2024	Complete

Benefit-Cost & Risk Analyses:

The Companies’ costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Companies will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Companies may consider seeking recovery of such costs. Benefits include a recurring assessment of estimating accuracy, which will provide quantitative insight into the Companies’ estimating practices and will yield lessons from identified estimating challenges and in turn may improve the accuracy of future estimates. There are no recognized risks to implementing this recommendation.

December 29, 2023 Update:

The Companies have completed appropriate updates to CPP-02 and CPP-04 in accordance with the work plan.

BCE selected the following programs to be part of this assessment, to determine if the use of HeavyBid as compared to our legacy estimating programs/techniques has improved estimating accuracy:

- a) Outside Plant Electrical
- b) Outside Plant Gas
- c) Substations
- d) Power Generation Plant, Steam Plant.

March 29, 2024 Update:

This recommendation is on track. FP&A is producing a list of all projects substantially complete in 2023 (physical construction is 90%+), by organization. BCE will analyze and then generate a report listing the variances between similar work estimated with and without the use of HeavyBid.

June 28, 2024 Update:

The Company has produced a list of Completed Projects. Next, BPMOs will identify targeted projects from the list, based on variance, for review with estimating groups.

Bid Check Estimating has the HeavyBid Estimate Accuracy report in draft.

September 27, 2024 Update:

The Company has identified projects (CPP applicable) that, based on variance, are appropriate for review with estimating groups.

December 31, 2024 Update:

This recommendation is complete.

Bid Check Estimating (BCE) assessed pricing of work activities from four (4) areas: electrical distribution and secondary feeders, transmission and distribution gas systems, substations, and steam power generation. The findings of this study establish that BCE's use of HeavyBid software has improved estimate accuracy in excess of 10%.

The annual review and assessment of estimating accuracy is complete.

The EPMO team in conjunction with each organization has performed an in-depth assessment of the projects with actual spend in excess of +/- 10% of the appropriation estimate to identify potential improvement opportunities.

The report highlights each project with actual spend in excess of +/- 10% of the appropriation estimate and includes the main drivers for the variances.

March 28, 2025 Update:

This recommendation is complete and is pending Staff review and closeout.

Recommendation Number 21: VII-4

Recommendation: Conduct an Internal Audit of Construction/ Contractor Activity Audit/Project Review within the next year or two. The scope should include modifications to the Field Activity Report and Daily Activity Report, in addition to the standard scope of work.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Edlyn Misquita – VP & General Auditor
Team Lead	Alan Sama – Director, Auditing

Scope:

The annual audit planning process produces an Audit Plan for approval by the Audit Committee of the Board. As part of the planning for the 2024 Audit Plan, which the Audit Committee will approve in October 2023, Auditing will propose an audit to assess CECONY Public Improvement construction and contractor activity that will include the standard scope of work for such an audit, as well as a new objective to review the Field Activity Report (FAR) and the Daily Activity Report (DAR) process.

Work Plan:

Similar to the six (6) Public Improvement (PI) audits Auditing performed from 2016 to 2021, Auditing will evaluate PI project management activities which may include the following objectives:

- Determine whether efficient processes exist to engineer and plan PI project work
- Review contract administration and monitoring of city contractors
- Review of invoice/payment review procedures including billing disputes and/or resolution of erroneous billing examples
- Review whether FAR/DARs are completed accurately and supported by documentation

Deliverables/Milestones:

Deliverable/ Milestone	Start Date	Delivery Date	Comments
Conduct a Public Improvement audit	October 1, 2024	December 31, 2024	Complete
Inform DPS Staff that the audit is complete	January 31, 2025	January 31, 2025	Complete

Benefit-Cost & Risk Analyses:

The Company's costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Company will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Company may consider seeking recovery of such costs. Benefits include providing assurance to management regarding the adequacy and effectiveness of the FAR/DAR process controls and the identification of opportunities for improvement. There are no recognized risks to implementing this recommendation.

December 29, 2023 Update:

The deadline to complete the Public Improvement audit is October 2024. The Company may, however, complete the audit earlier in 2024.

March 29, 2024 Update:

The Company remains on track to complete the Public Improvement audit by Q4 2024.

September 27, 2024 Update:

CECONY remains on track to complete its audit of Public Improvement project management activities by Q4 2024.

December 31, 2024 Update:

This recommendation is complete.

CECONY published its completed audit of Public Improvement project management activities on December 12, 2024.

March 28, 2025 Update:

This recommendation is complete and is pending Staff review and closeout.

Chapter VIII: Customer Operations

Recommendation Number 23: VIII-2

Recommendation: Develop formal procedure documentation for the CECONY Low-Income Program. Procedures should include, but not be limited to, the schedule for updating annual discount amounts, actions to be taken in the event process breakdown occurs to ensure management visibility, timely resolution of issues (such as in the breakdown of quarterly process), and what to do when a customer record match is not found. Any issue should be noted in the quarterly report for the Commission.

Accept/Accept with Modification/Reject: Accept with Modification

Implementation Priority (Low/Medium/High): High

Implementation Leads:

Executive Sponsor	Michael Murphy – VP, Customer Operations
Team Leads	Rebecca Roberts – General Manager, Regulatory Compliance Chris Grant – General Manager, Field Operations

Scope:

CECONY will create and implement a new Customer Service Procedure (CSP) for management of the Energy Affordability Program (EAP), including but not limited to updating discount amounts and execution of the quarterly file matching process with Human Resources Administration (HRA) and Westchester Department of Social Services (DSS). Employees involved in the EAP will be trained on the new CSP once it is approved by the Senior Vice President of Customer Operations.

Note that CECONY, unlike many other utilities in the state, does not rely on data from the NYS Office of Temporary and Disability Assistance (OTDA) to enroll customers in the EAP, so “what to do when a customer record match is not found,” is not addressed in this Implementation Plan and the recommendation is thus Accepted with Modification. (When the Company matches records with HRA and DSS, the Company initiates the data exchange with a list of its residential accounts, and therefore there are no issues with unidentifiable account numbers.) Any issues stemming from the timely resolution of matches between CECONY and HRA and/or DSS will be addressed in the EAP Working Group. Additionally, the Company will include as a footnote in its monthly EAP reports the date(s) that the most recent quarterly agency match results were processed by the Company.

Work Plan:

Form cross-functional team to develop CSP led by Customer Operations Quality Assurance. The team will include representatives from Credit and Field Operations (CFO), Operations and Application Support (O&AS), Customer Outreach, Regulatory and Performance Analysis, and CORE.

The team will undertake a discovery process to document all regulatory requirements and existing internal processes associated with the EAP. Using these discovery findings, the team will draft a CSP that includes, at a minimum, the following items:

- Program management, including internal processes to address issues that may arise
- Program eligibility
- Enrollment processes
 - HRA/DSS matching processes
 - Home Energy Assistance Program (HEAP)
 - Utility Guarantee/Direct Vendor (UG/DV)
 - Self-certification
- Removal processes
 - HRA/DSS matching processes
 - Re-certification timer
 - HEAP timer
 - UG/DV
- Policy regarding EAP customers participating in Retail Access
- Auto-enrollment in LPP
- EAP Outreach
- Updating EAP discounts and HEAP grant amounts in Customer Service System/Customer Care & Billing system (CSS/CC&B)
- Monthly EAP bill QA review
- Participation in the EAP Working Group, including raising issues regarding the agency matching process or other elements of the EAP as needed
- PSC Reporting – Monthly and Annually

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Final CSP	April 1, 2023	June 30, 2024	Complete

Benefit-Cost & Risk Analyses:

The Company's costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Company will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Company may consider seeking recovery of such costs.

Benefits include:

- Creation of formal controls for EAP-related regulatory requirements, which in turn strengthens the Company's ability to comply with PSC Orders,
- Increased awareness among employees regarding the scope of the EAP, processes necessary to operate the program, and regulatory requirements, and
- Improved schedule adherence.

Implementation of this recommendation does not involve any substantial risks. The risks of not implementing this recommendation include potential for future breakdowns of the agency data matching process, avoidable errors in updating discounts, miscommunication with customers about various aspects of the EAP, and employee confusion regarding EAP program requirements.

December 29, 2023 Update:

The Company requested an extension to the end of the second quarter of 2024 to complete this recommendation.

March 29, 2024 Update:

On January 8, 2024, The Director of the Office of Accounting, Audits and Finance approved an extension to the end of the second quarter of 2024 to complete this recommendation.

The Company is on track to create and implement a new Customer Service Procedure for management of the Energy Affordability Program.

June 28, 2024 Update:

This recommendation is complete.

CECONY has finalized the new EAP CSP and it has been approved by the Customer Operations General Managers and Vice President.

September 27, 2024 Update:

This recommendation is complete and pending Staff review and closeout.

Recommendation Number 24: VIII-3

Recommendation: Reprogram the CECONY low-income discount calculation to be similar to other New York Utilities. This includes the following:

- Upon enrollment, inform the customer they are enrolled in the low-income program and reason they are enrolled.
- HEAP payment:
 - Should be applied as a payment line item, not part of an aggregate bill adjustment.
 - Should not trigger any tax credits to the customer.
- Bills should specify:
 - Heating or non-heating.
 - Line items for each commodity low-income discount amounts.
- Low-Income discount amounts:
 - Should be static from month to month and match the published discount amounts (no proration).
 - Should not trigger any tax credits to the customer.
- Levelized Payment Plan:
 - Customers should be automatically enrolled and this should be reflected on the main section of the calculated bill.
 - Should be a specified line item.
- As a customer is nearing the end of their benefit period, adding a bill message to alert the customer that they are at risk from being removed from program and informing them how to reapply before the benefit expires.

Accept/Accept with Modification/Reject: Accept with Modification

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Michael Murphy – VP, Customer Operations
Team Leads	Rebecca Roberts – General Manager, Regulatory Compliance Chris Grant – General Manager, Field Operations

Scope:

The Company has already adopted some of the practices outlined in this recommendation, including sending letters when customers are enrolled in the Energy Affordability Program (EAP) explaining the reason for their enrollment, automatically enrolling EAP participants in the level payment plan (LPP) consistent with the terms outlined in the Company’s electric and gas tariffs, and reflecting the LPP on the main

section of the calculated bill as a specified line item. As a result of the audit process, the Company has identified improvements to the way that EAP customers are welcomed into the LPP and presented with their LPP amount on their first bill after auto-enrollment. These changes will be made to customer bills when the Company transitions to its new billing system, Customer Care & Billing (CC&B).

Additionally, the Company is working on operational changes that align with the recommendation regarding self-certifying customers that need to submit updated documentation in order to remain on the EAP. This work is incorporated into the Work Plan below in Item 2.

The Company will take further steps to consider the other changes recommended by the auditor after CC&B has launched. Specifically, Customer Operations will work with the CORE team starting in Q3 2023 to conduct a feasibility assessment of the changes described in Item 3 below. Any changes resulting from this feasibility assessment would be considered among the list of 'Day 2' items in CC&B and therefore would take place in 2024 at the earliest. This recommendation is accepted with modification due to the need for this feasibility assessment.

Note that automation of the notifications described in Item 2 and all of the potential CC&B work in Item 3 are subject to delay if the Company's transition to CC&B is delayed.

Work Plan:

Item 1 – Levelized Payment Plan: Confirmed that in CC&B, EAP customers will receive a “welcome to the level payment plan” message and LPP billing amounts will be displayed on their first bill under the LPP program.

Item 2 – Implement notifications for customers who self-certified to enroll in the EAP and are nearing the end of their enrollment period, reminding them that they need to submit updated documentation of their participation in public assistance in order to remain on the program. These customers will receive a letter at 60 and 30 days prior to their re-enrollment deadline informing them that they need to either submit documentation of their continued participation in a qualifying public assistance program, or apply for and receive a HEAP grant, in order to remain on the EAP for another 12 months. Customer Operations developed, tested and implemented a manual process to send these letters in December 2022 (60 day letters) and February 2023 (30 day letters). Customers that have cell phones on their account records will also receive a text notification at the 30-day mark. Implementation of the text reminders will be

completed by May 31, 2023. Automation of the 60 and 30-day letters as well as the 30-day text reminders will be put on the list of Day 2 items in CC&B.

Item 3 – Customer Operations and the CORE team will conduct a feasibility analysis of the following changes in CC&B starting in Q4 2023. If such changes are feasible and in the interest of customers, a scope will be developed and costs will be estimated. Customer Operations will submit a Project Change Request (PCR) to make configuration changes in CC&B. Any changes resulting from this feasibility assessment would be considered among the list of ‘Day 2’ items in CC&B and therefore would take place in 2024 at the earliest.

- HEAP payment:
 - Should be applied as a payment line item, not part of an aggregate bill adjustment
 - Should not trigger any tax credits to the customer
- Bills should specify:
 - Heating or non-heating
 - Line items for each commodity’s low-income discount amounts
- Low income discount amounts:
 - Should be static from month to month and match the published discount amounts (no proration)
 - Should not trigger any tax credits to the customer
- To be consistent with the notification process outlined in Item 2, customers that are enrolled in the EAP due to receipt of a HEAP grant should also receive an alert prior to the end of their 12 month EAP enrollment period. This alert would inform customers that they need to apply for and receive another HEAP grant, or submit documentation of participation in another qualifying program, prior to the end of their 12-month enrollment period.

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Implement notifications for EAP self-certifiers	In Progress	June 30, 2023	Complete
Feasibility analysis of further EAP changes in CC&B	July 1, 2023	June 30, 2024	Complete
CC&B changes implemented (if any) to	October 1, 2023	December 31, 2024	Complete

generate customer bills that incorporate changes			
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Benefit-Cost & Risk Analyses:

Benefits of implementing this recommendation include clearer communication with customers about enrollment and de-enrollment in the EAP and LPP; improved customer understanding of the benefits they receive on their utility bill; increased likelihood that customers will submit required documentation to remain on the program, avoiding a temporary loss of benefits; and consistency with other utilities on tax crediting and proration rules.

The Company’s costs associated with implementing Items 1 and 2 of this recommendation are not expected to include significant incremental costs. However, the Company will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Company may consider seeking recovery of such costs. There is an unknown level of effort to configure changes in CC&B, Item 3. Costs for Item 3 will be evaluated after the feasibility analysis described in the Work Plan is conducted.

Changing how the EAP discounts and HEAP grants are calculated, applied and displayed on the bill carries a nominal risk of execution errors. Not implementing this recommendation could lead to customer confusion regarding discount amounts, customers failing to submit the necessary documentation to remain on the EAP after 12 months, and consequential loss of benefits.

Note that automation of the notifications described in Item 2, and all of the potential CC&B work in Item 3, are subject to delay if the Company’s transition to CC&B is delayed.

December 29, 2023 Update:

CECONY created two new letters for EAP customers who enrolled via self-certification. Letters are sent to program participants 30 days and 60 days before their one-year anniversary, advising that if they still qualify for the EAP they should re-certify before their eligibility expires.

The Company’s feasibility analysis of further EAP changes to CC&B is ongoing.

March 29, 2024 Update:

On January 8, 2024, The Director of the Office of Accounting, Audits and Finance approved an extension to the end of the second quarter of 2024 to conduct a feasibility analysis of further EAP changes in the CC&B system.

The Company continues conducting a feasibility analysis of further EAP changes in the CC&B system.

June 28, 2024 Update:

The Company has completed the feasibility analysis and is in the process of implementing changes in CC&B to generate customer bills that incorporate the recommended changes.

September 27, 2024 Update:

The Company has completed its feasibility analysis of further EAP changes in the CC&B system. The Company is making progress on effectuating the system changes identified in the feasibility analysis and expects to complete all changes by December 31, 2024.

December 31, 2024 Update:

This recommendation is complete.

The Company implemented the recommended updates to its CC&B system on November 1, 2024. The Company recently integrated text message reminders for self-certifiers into the recertification process. An example text is provided.

March 28, 2025 Update:

This recommendation is complete and is pending Staff review and closeout.

Recommendation Number 27: VIII-6

Recommendation: CECONY’s Low-Income Program needs a subsequent in-depth audit. An audit should also be done on the Program Fund to ensure only the expected low-income discount portion is applied against the fund and the tax credit is applied where originally charged.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Edlyn Misquita – VP & General Auditor
Team Lead	Stephanie Shen – Director, Auditing

Scope:

The annual audit planning process produces an Audit Plan for approval by the Audit Committee of the Board. In accordance with its 2023 Audit Plan, Auditing will conduct an Energy Affordability Program (previously called Low Income Program) Review to evaluate the adequacy and effectiveness of controls and processes governing the appropriate application of low-income discounts.

Auditing will review CECONY’s Energy Affordability Program, through which eligible customers receive reduced rates on their monthly usage charges, and assess whether customer account annotation accurately identifies reduced rates; and

Included in the scope of this audit, Auditing will evaluate the Program Fund to review whether only the expected low-income discount portion is applied against the Fund and the tax credit is applied where originally charged.

Assumptions:

- CECONY’s Energy Affordability Program customers who receive Home Energy Assistance Program (HEAP) benefits receive their HEAP credits with sales tax applied.
- CECONY’s Energy Affordability Program Tier credits are applied based on prorated credit, gross receipt tax and sales tax charge.

Work Plan:

- To evaluate the controls and processes governing the application of low-income discount rates, including the New York State (NYS) electric and gas customer bill relief credits;
- To review the Energy Affordability Program to validate that procedures, processes or controls are in place so that customers who are eligible to receive low-income discount rates receive the correct discount on their monthly usage charges and that those discounts are accurately applied;
- To assess customer account annotation to accurately identify those customers receiving reduced rates; and
- To evaluate compliance with the recent NYS and Public Service Commission legislation to protect customers and address customer arrears through the Electric and Gas Bill Relief Program.

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Conduct audit – “Energy Affordability and Customer Bill Relief Programs Review”	September 1, 2023	December 31, 2023	Complete
		April 30, 2024	Complete
		June 30, 2025	
Inform DPS Staff that the audit is complete	January 31, 2024	January 31, 2024	Complete
		April 30, 2024	
		June 30, 2025	

Benefit-Cost & Risk Analyses:

The Company’s costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Company will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Company may consider seeking recovery of such costs. Benefits of this review include the validation of compliance with and adherence to state regulations, improvement of existing processes, and enhanced work quality. There are no recognized risks to implementing this recommendation.

December 29, 2023 Update:

Con Edison is complying with Recommendation 27 and has completed and published the audit of Customer Bill Relief Program Review on September 28, 2023. However, due to the postponement of the go-live of Customer Care and Billing (CC&B) system, the Company's new customer service system, to October 2023, the Company will complete the audit of Energy Affordability Program (EAP) Review by April 2024.

Con Edison requested an extension until April 30, 2024 to complete the EAP Review. This additional time will enable more data for the Company to sufficiently test the EAP, both pre- and post-CC&B system go-live.

March 29, 2024 Update:

In compliance with Recommendation 27, Auditing completed and published its evaluation of the Customer Bill Relief Program Review on September 28, 2023. The Company is also on target to complete its review of the *implemented* components of recommendations for the Energy Affordability Program (EAP) by April 2024. However, the Company's efforts to develop a new EAP Customer Service Procedure - which applies to Recommendations 23, 25, 26, and 28 - are ongoing, following an approved extension until June 30, 2024. As a result, EAP Review is currently limited to components of those recommendations that have already been implemented and the final delivery date for EAP Review is now incongruent with delivery dates for its constituent recommendations. The Company's feasibility assessment of EAP-driven changes to the new Customer Care and Billing System is also ongoing and implementation of any changes is not currently due until December 31, 2024. Con Edison can only finish auditing components of the remaining EAP recommendations and implement changes resulting from the Feasibility Analysis and evaluation of the Program Fund after all EAP-related recommendations are implemented. In addition, Con Edison needs six months of data related to the Customer Service Procedure to complete our review and audit.

Accordingly, Con Edison requested an extension on March 13, 2024, from the Director of OAAF until June 30, 2025 to complete Recommendation 27. This includes review of EAP recommendations that are yet to be implemented, completion of the feasibility analysis, and implementation of any related changes to Company systems and processes. This extension will enable Con Edison to complete the intended scope of the EAP Review.

June 28, 2024 Update:

Auditing's completed and published our review of the implemented components of recommendations for the Energy Affordability Program (EAP) on March 28, 2024. On April 15, 2024, The Director of the Office of Accounting, Audits and Finance approved an extension to the end of the second quarter of 2025 to complete the EAP Review, inclusive of the assessment of the implementation of the Feasibility Analysis, the Program Fund, and the remaining components of recommendations whose implementations are still in progress.

September 27, 2024 Update:

CECONY is on-track to complete the EAP Review, inclusive of the assessment of the implementation of the Feasibility Analysis, the Program Fund, and the remaining components of recommendations whose implementations are still in progress, by June 30, 2025 – the newly approved delivery date for this milestone.

March 28, 2025 Update:

CECONY is on-track to complete the EAP Review by the June 30, 2025 milestone.

June 26, 2025 Update:

This Recommendation 27 is complete.

Auditing reviewed the Energy Affordability Program (Low-Income Program). The scope of this audit included evaluating the Program Fund, whereby Auditing confirmed that only the expected low-income discount portion is applied against the Fund and the tax credit is applied where originally charged.

September 26, 2025 Update:

This recommendation is complete and is pending Staff review and closeout.

Recommendation Number 30: VIII-9

Recommendation: Conduct an Internal Audit focused follow-up audit of CECONY LSE procedures in 2023.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Edlyn Misquita – VP & General Auditor
Team Lead	Stephanie Shen – Director, Auditing

Scope:

The annual audit planning process produces an Audit Plan for approval by the Audit Committee of the Board. In accordance with its 2023 Audit Plan, Auditing will conduct a Life Sustaining Equipment (LSE) Review to evaluate the adequacy and effectiveness of controls and procedures in place for CECONY LSE customers. This Audit will build on prior LSE Reviews conducted by Auditing in 2016, 2019, and 2021.

Work Plan:

- To evaluate the established controls and procedures in place to provide utility services to customers who operate LSE;
- To assess whether LSE meter seals are affixed or replaced by authorized personnel to avoid the Turn Off in Error of utility services;
- To evaluate the accuracy of the Company’s various mapping tools for customers who operate LSE; and
- To assess whether proper processes are in place to initially accept, review, and approve LSE referrals before customers receive utility services via the online portal and to annually reconcile customers who operate LSE.

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Conduct audit – “Life Sustaining Equipment Review”	June 1, 2023	September 30, 2023	Complete
Inform DPS Staff that the audit is complete	January 31, 2024	January 31, 2024	Complete

Benefit-Cost & Risk Analyses:

The Company's costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Company will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Company may consider seeking recovery of such costs. Benefits are qualitative, as this review will help ensure compliance with and adherence to state regulations, improve existing processes, and enhance work quality. There are no recognized risks to implementing this recommendation.

December 29, 2023 Update:

CECONY completed its LSE Review to evaluate the adequacy and effectiveness of controls and procedures in place for CECONY LSE customers. The Company published the audit report on August 14, 2023.

March 29, 2024 Update:

This recommendation is complete and is pending Staff review and closeout.

Recommendation Numbers 31, 32 and 34: VIII-10, 11 and 13

Recommendation VIII-10: Conduct a workload analysis of the CECONY activities performed by the Personal Services Group, develop appropriate response time targets (working with the DPS Staff) and determine the appropriate staffing levels based on anticipated workload, activity/task duration and target completions timelines. Develop a more formal process for assigning work that balances time, age of the case, and priority.

Accept/Accept with Modification/Reject: Accept with Modification

Implementation Priority (Low/Medium/High): Medium

Recommendation VIII-11: Explore additional opportunities to cross train CECONY call center CSRs and other back office personnel to assist the Personal Service Group and Specialized Activities during times of high backlog.

Accept/Accept with Modification/Reject: Accept with Modification

Implementation Priority (Low/Medium/High): Medium

Recommendation VIII-13: Develop a formal plan for reducing the CECONY EAG and Personal Services Group work backlog and establish reasonable standards for future completion timelines.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Michael Murphy – VP, Customer Operations
Team Lead	Christine Osuji – General Manager, Customer Assistance

Scope:

CECONY Customer Operations will conduct a workload analysis of the volume of the various activities in the Personal Services Group, how they are prioritized and how many hours each activity takes. Once CECONY analyzes the workload, proper staffing and prioritization will be implemented to minimize backlogs going forward.

As observed in this audit, the Personal Services Group currently has a backlog of cases whereas the CECONY Executive Action Group does not have a backlog. CECONY has already taken steps to reduce the existing backlog and, in response to Recommendation 13, the Company will develop a plan to continue reducing the CECONY Personal Services Group backlog as part of its workload analysis.

Recommendation VIII-11 suggests that the Company should train main line CSRs to perform work routed to the Personal Services Group and Specialized Activities during times of high backlog. However, due to constraints in its collective bargaining contract the Company cannot ask CSRs to train for and perform the work of Senior CSRs, who handle the Personal Services Group and Specialized Activities workload, and thus CECONY accepts this recommendation with modification. For a CSR to assist, they would not only need to be trained properly but also promoted to a Senior CSR level. In light of these contractual constraints, the Company will utilize the aforementioned workload analysis to better understand its Senior CSR staffing needs. The Company will also continue its existing practice of regular meetings between Customer Assistance and Specialized Activities to discuss training and promotion of CSRs.

Work Plan:

Item 1 – Conduct a Workload Analysis and document in a report.

- a. Document Personal Services activities, including how much time each case takes on average, what normal volumes look like, etc.
- b. Work with management to identify appropriate response times and prioritizations for the various activities, assuming existing backlog is mitigated
- c. Develop a plan to mitigate the Personal Services backlog
- d. Determine appropriate staffing based on expected workload and timelines, factoring in near-term resource needs to reduce backlog
- e. Review response times and prioritizations with DPS Staff
- f. Discuss with Staff any differences between existing staffing levels and required staffing levels to meet reasonable timelines

Item 2 – Following the completion of the analysis outlined in Item 1, explore potential adjustments to the process for assigning Personal Services work that balances time, age, and priority. Develop a plan to implement identified process changes, if applicable.

Item 3 – Reduce existing backlog

CECONY is already working on reducing the Personal Services case backlog by offering employees more overtime work. Please see Implementation Plan VIII-14 for

additional information on this activity, as it is related to Recommendation VIII-14 regarding shared meter cases.

In parallel, the team will perform the workload analysis described in Item 1, which may identify operational improvements that will further accelerate completion of backlogged cases. For example, the Company is exploring additional ways to automate/close out cases, thereby eliminating the need for manual work/intervention (e.g., automatically closing out case referrals for “found okay” and “no access” scenarios).

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Complete Workload Analysis Report	July 1, 2023	October 31, 2023	Complete
Develop a plan to implement process changes (if any)	July 1, 2023	December 31, 2023	Complete
Work down Personal Services backlog	In Progress	December 31, 2025	Complete See Implementation Plan VIII-14

Benefit-Cost & Risk Analyses:

The Company’s costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Company will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Company may consider seeking recovery of such costs, particularly if the workload analysis yields work or resource needs that require significant incremental costs.

Potential benefits of a workload analysis include improved operational performance leading to shorter wait times and quicker resolution of customer concerns, better prioritization of cases, and staffing optimization.

Potential benefits of a formal plan to reduce backlog include a reduced backlog of activities performed by the Personal Services Group, which will allow for shorter wait times and quicker resolution to customer concerns that are presented to the group, as well as lower call volume from customers who are waiting on a resolution from the Personal Services Group.

The risk of conducting this workload analysis and implementing any identified enhancements include: 1) a temporary delay in working the backlog as resources are

used to conduct the workload analysis, and 2) once CC&B goes live, training and change management may delay or possibly improve the workload analysis on response time targets.

The risk of using overtime to reduce the backlog is that doing so will reduce the available overtime that may be needed for other important activities.

This plan could be affected if unforeseen events (e.g., storm, pandemic, etc.) divert resources from their usual work, or prevent field visits to customer premises.

December 29, 2023 Update:

CECONY completed the Personal Services workload analysis and presented same to the General Manager of Customer Assistance on October 30, 2023. CECONY also met with Staff on December 13, 2023.

CECONY conferred with Staff and developed a plan to implement process changes per Recommendation 31.

CECONY is on track to reduce the Personal Services backlog.

March 29, 2024 Update:

The Company continues to work down the existing Personal Service case backlog.

June 28, 2024 Update:

The Company continues to work down the existing Personal Service case backlog.

September 27, 2024 Update:

The Company continues monitoring the Personal Service backlog reduction, which may be at risk of not being complete by 12/31/24 due to the changeover to the new customer service system - which has caused delays in reducing backlogs and training new personnel. The Company will continue to prioritize the Personal Service backlog, which remains at risk.

December 31, 2024 Update:

On December 18, 2024, The Director of the Office of Accounting, Audits and Finance approved an extension to the end of the second quarter of 2025 to work down the Personal Services backlog and complete this recommendation.

The Company continues to prioritize Personal Service casework and has dedicated additional SCSRs to addressing Personal Services cases.

March 28, 2025 Update:

Despite an increase in the backlog of Personal Services cases as a result of the transition to the new customer care and billing system, the Company continues to prioritize and make progress towards full resolution of this backlog. To-date, the Company has reduced the backlog of Personal Services cases by approximately 20 percent.

June 26, 2025 Update:

On June 12, 2025, The Director of the Office of Accounting, Audits and Finance partially approved the Company's second request for an extension to work down the Personal Services backlog. The Company now has until December 31, 2025 to complete this Recommendation 35. Notably, the Company has reduced the backlog of cases by nearly 30 percent to date.

September 26, 2025 Update:

The Company continues to make progress and expects to complete this recommendation by December 31, 2025. To date, the Company has reduced the backlog of cases by nearly 55 percent.

December 29 Update:

The Company has completed working down its Personal Services backlog, reducing the number of cases from approximately 8,500 to 140, a 99.9% reduction. The Company considers the remaining level of backlog to be minimal, which as noted in the Audit Implementation Plan is acceptable due to variations in case volume throughout the year.

To mitigate potential future occurrences of backlogged cases, the Company has taken the following actions

- Developed comprehensive automated dashboards which track cases by generation, type, completions which allows for trend analysis and prompt action
- Cross trained 14 additional employees to work cases should generation rates increase
- Implemented process automation which expedites in office case processing time

Accordingly, this recommendation is complete.

Recommendation Number 33: VIII-12

Recommendation: Work with DPS Staff to:

- Clarify the definition of backbill as it relates to long term estimates and whether estimated bills cancelled and rebilled with actuals are subject to the same requirements as backbills.
- Determine how bills not rendered due to billing exceptions should be classified and whether they should be subject to backbilling restrictions.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Michael Murphy – VP, Customer Operations, CECONY Jannette Espino – VP, Customer Service, O&R
Team Leads	David Braunfotel – Director, Customer Assistance, O&R Rebecca Roberts – General Manager, Regulatory Compliance, CECONY Christine Osuji – General Manager, Customer Assistance, CECONY Matt Sexton – General Manager, Specialized Activities, CECONY

Scope:

The scope of this plan is to assess CECONY and O&R’s existing policies and procedures related to estimated bills, billing exceptions, and backbilling policies, and determine whether any adjustments are necessary to align with Commission regulations.

This project is indirectly related to the Companies’ transition to a new customer service system, called the Customer Care and Billing (CC&B) system, scheduled for 2023. Any changes to customer bills or billing logic identified as part of this project would need to be incorporated into CC&B after the system is implemented and stabilized (referred to as a “Phase 2 item”). Phase 2 items will be addressed in 2024 at the earliest and are subject to delay if the Companies’ transition to CC&B is delayed.

Work Plan:

Item 1 – Gather internal training and reference documents, procedures, billing logic, and reports that address estimated bills, billing exceptions, and backbilling policies. Compare the Companies’ practices for long-term estimated and unbilled accounts with the definitions and requirements set forth in 16 NYCRR Parts 11 and 13. Draft a report

that includes key findings and opportunities for improvement. The Companies will meet with DPS Staff to present the results of the analysis and discuss the findings.

Item 2 – Based on the report findings and the discussion with DPS Staff, CECONY Customer Operations and O&R Customer Service will revise procedures, training, etc. where necessary to clarify the definition of a backbill and the impact of backbilling rules on long-term estimated and unbilled processes on a prospective basis.

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Report that assesses alignment between Companies’ practices and regulations	October 1, 2023	June 30, 2024	Complete
Revise policies/procedures as necessary to address report findings	January 1, 2024	December 31, 2024	Final deliverable

Benefit-Cost & Risk Analyses:

The Companies’ costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Companies will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Companies may consider seeking recovery of such costs. The benefit of implementing this recommendation is a clear definition of a backbill. Changing billing practices (to the extent it is deemed necessary) carries a nominal risk of execution errors.

December 29, 2023 Update:

CECONY and O&R have requested an extension to the end of the second quarter of 2024 to develop a report that assesses alignment between the Companies’ backbilling practices and Commission regulations.

March 29, 2024 Update:

On January 8, 2024, The Director of the Office of Accounting, Audits and Finance approved an extension to the end of the second quarter of 2024 to develop a report that assesses alignment between the Companies’ backbilling practices and Commission regulations.

CECONY and O&R continue to develop a report that assesses alignment between the Companies' backbilling practices and applicable Commission regulations.

June 28, 2024 Update:

CECONY and O&R have finalized a report assessing alignment between Company practices and regulations and will assess potential revisions to policies and procedures to address report findings. The Companies met with Staff on June, 26th to review their findings.

September 27, 2024 Update:

The Companies provided Staff with a final report on August 22, 2024. The Companies' findings do not necessitate changes to its policies and procedures. We are currently pending Staff's confirmation that the implementation plan for Recommendation 33 is now complete.

June 26, 2025 Update:

On June 24, 2025, DPS Staff confirmed that all Company deliverables for this Recommendation 33 are satisfied. The work plan is complete and the Company has nothing additional to report.

September 26, 2025 Update:

This recommendation is complete and pending Staff review and closeout.

Recommendation Number 35: VIII-14

Recommendation: Change all CECONY associated policies and procedures to require a field investigation any time a customer mentions the potential of a shared meter and flag the inquiry as a “shared meter inquiry” for tracking purposes. These inquiries should be completed in 30 days in compliance with the Shared Meter Law.

Accept/Accept with Modification/Reject: Accept

Implementation Priority (Low/Medium/High): High

Implementation Leads:

Executive Sponsor	Michael Murphy – VP, Customer Operations
Team Leads	Rebecca Roberts – General Manager, Regulatory Compliance Christine Osuji – General Manager, Customer Assistance, CECONY Matt Sexton – General Manager, Specialized Activities, CECONY

Scope:

In response to this recommendation, the Company will clarify its policies and procedures to require a field investigation any time a customer mentions the potential of a shared meter, or provides information indicating that a shared meter may exist, and to flag the inquiry as shared meter for tracking purposes. Employees working shared meter cases will be trained on the revised policies and procedures.

Also, the Company will adjust its timeline for addressing shared meter inquiries such that a written determination will be sent to all required parties within 30 business days of the customer inquiry or receipt of information indicating that a shared meter may exist. While the Company has sufficient processes in place to track shared meter inquiries, investigate shared meter conditions in the field, and correspond with customers, landlords and other third parties regarding any found shared meter conditions, we do not currently have sufficient staff to fully investigate shared meter claims and issue written determinations within 30 business days of the initial customer inquiry. Achieving this goal requires the Company to increase senior customer service representative (SCSR) staffing and supervision in the Personal Services department and Executive Action Group, as explained in the Work Plan below.

The SCSRs needed to do this work cannot be hired outright, as they must be promoted from the pool of existing CSRs. (See Implementation Plan VIII-11 for more information

on why the Company cannot use CSRs to perform SCSR work.) Under this plan, Customer Assistance will backfill the 13 CSR positions that are vacated.

Given the shared meter timeline and the planned launch of the Company's new billing system (referred to as the Customer Care and Billing system or CC&B) in September 2023, the Company has revised its training for field-based SCSRs who perform shared meter work. Instead of requiring field SCSRs to complete a 14-week billing training and two-week field training – as has been the Company's practice – the Company will adjust the upfront training time to three weeks by focusing solely on field investigations. Additional training on billing will be provided to these field SCSRs after the launch of CC&B. This bifurcated training approach will allow the Company to train field SCSRs and get them working shared meter cases sooner.

The Company must wait until CC&B is launched and CC&B-based billing training is developed to train new SCSRs performing inside billing work for shared meter cases (in both Personal Services and the Executive Action Group). The revised training is expected by the end of 2023. As such, the Company plans to train its new inside SCSRs in Q1 2024.

A key dependency for this plan is the transition to CC&B-based training needed for SCSRs, which impacts the timeline of the Company's efforts to achieve the goals laid out in this recommendation. Additionally, any overall delay to the launch of the Company's new billing system is likely to delay the SCSR training process.

Work Plan:

Item 1 – Update training guides, CSPs and knowledge management system to clarify policies and procedures to require a field investigation any time a customer mentions the potential of a shared meter, or provides information indicating that a shared meter may exist, and to flag the inquiry as shared meter for tracking purposes. Employees involved in shared meter cases will be trained on the revised policies and procedures.

Item 2 – To ensure all future written determinations are provided to customers within the 30-business-day timeframe, the Company will add 11 SCSRs to the Personal Services department and 2 SCSRs to the Executive Action Group. Seven of the incremental Personal Service SCSRs will start performing field work in August 2023. The remaining four SCSRs for Personal Services and the two SCSRs for Executive Action Group will be promoted and begin doing inside billing work in April 2024. Collectively, the new SCSRs will be dedicated to managing the shared meter workflow, including field investigations, billing adjustments, communicating with customers regarding cases, scheduling appointments, etc.

NorthStar’s final audit report demonstrates that the Personal Services department is experiencing delays “attributable to backlogs, work prioritization and resource issues” (p. 61) and that shared meter cases in particular are taking an unacceptably long time based on NorthStar’s interpretation of the Public Service Law (p. 74). Given these circumstances and considering that CSRs will be more likely to initiate shared meter cases after being trained as described in Item 1 above, the Company must add incremental resources to accelerate the shared meter timeline from a roughly three-month process to 30 business days.

This compressed timeline and increased sensitivity to possible shared meter conditions is expected to result in a roughly 33% increase in shared meter field appointments each year. Additionally, to begin scheduling shared meter appointments very soon after a customer (or other entity) raises the issue, Personal Services must work down its 6,000-case backlog to near-zero. (Note that a minimal level of backlog is acceptable due to variations in case volume throughout the year.) The Company expects half of the backlog to be resolved by existing employees working overtime, and the other half to be addressed by incremental SCSRs.⁴ Personal Services will need to utilize 4,500 hours of overtime for existing employees in 2023 and 2024. The Company arrived at this estimate by dividing the backlog in half (3,000 cases) and multiplying the result by an average rate of 1.5 hours per case.

The Company will reduce the Personal Services team by approximately 7 SCSRs through attrition once the backlog is minimized. The Company will provide DPS Staff with a workpaper containing a detailed breakdown of the case volume and resource needs that were factored into this Implementation Plan.

Finally, the Personal Services department has hired one full-time supervisor to begin supervising the incremental shared meter SCSRs in August 2023. The incremental SCSRs in the Executive Action Group will be supervised by existing management employees.

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Resource needs workpaper	In Progress	March 24, 2023	Complete

⁴ Working down the Personal Services backlog is also the subject of Recommendation VIII-13 but is addressed in this plan due to the impact it has on the Company’s efforts to accelerate the shared meter timeline.

Complete Field SCSR training (7 FTEs)	In Progress	August 1, 2023	Complete
Update training guides, CSPs and knowledge management system	October 1, 2023	December 31, 2023	Complete
Complete Inside SCSR training (6 FTEs)	January 1, 2024	April 1, 2024	Complete
Work down Personal Services backlog	In Progress	December 31, 2025	Complete

Benefit-Cost Analyses & Risk Analysis:

Benefits of implementing this recommendation include compliance with the Public Service Law and timely responses to customers, landlords, owners, and other tenants no more than 30 business days after the initial complaint/inquiry about a potential shared meter situation.

The Company will incur costs to work down the Personal Services backlog, promote CSRs to SCSRs, and supervise the new SCSRs, for which the Company formally requests authorization via this Implementation Plan. Upon Commission approval of this Implementation Plan, the Company will proceed with hiring and training the approved resources and defer these costs to be recovered in a future base rate proceeding.

O&M Costs: (Dollars in Thousands)

	2023	2024	2025
Overtime costs to reduce backlog	\$150.5	\$232	\$0
7 Field SCSRs Personal Services	\$292	\$700	\$700
4 Inside SCSRs Personal Services	\$0	\$300	\$400
2 SCSRs Executive Action Group	\$0	\$150	\$200
1 Supervisor	\$45.8	\$110	\$110
Total	\$488.3	\$1,492	\$1,410

The objectives of this recommendation could be at risk in the following circumstances: 1) customers repeatedly call with shared meter complaints, requiring the Company to perform multiple field visits and compressing the timeline for other cases, or 2) prioritization of shared meter appointments and associated casework may be delayed during unforeseen events (e.g., storm, pandemic, etc.).

The risk of using overtime to reduce the backlog is that doing so will reduce the available overtime that may be needed for other important activities.

December 29, 2023 Update:

The Resource needs workpaper required for this recommendation was sent to DPS in the Company's June 26, 2023, response to DPS-1-1.

In August 2023, CECONY completed shared meter field training for seven (7) Senior Customer Service Representatives (SCSRs). In December 2023, CECONY completed work to update shared meter training guides and CSPs.

CECONY is on track to complete inside shared meter training for six (6) SCSRs by April 2024, and to work down the Personal Services backlog by the end of 2024.

March 29, 2024 Update:

The Company continues to work down the existing Personal Services case backlog.

The Company remains on track to complete inside shared meter training for six (6) Senior Customer Service Representatives

June 28, 2024 Update:

The Company expects to complete inside SCSR training for 6 FTEs by July 31, 2024

The Company continues to prioritize reducing the Personal Service backlog and will advise Staff if the Company's changeover to the new customer service system will negatively impact the timely completion of this deliverable.

September 27, 2024 Update:

The Company completed its inside SCSR training on July 12, 2024. The Company continues to monitor the Personal Service backlog reduction, which may be impacted by changeover to the new customer service system. As the Company has previously reported, this changeover has caused delays in working down backlogs and training

new personnel. Though the Company continues to prioritize the Personal Service backlog, deliverable is at risk of not being completed by 12/31/2024.

December 31, 2024 Update:

On December 18, 2024, The Director of the Office of Accounting, Audits and Finance approved an extension to the end of the second quarter of 2025 to work down the Personal Services backlog and complete this recommendation.

The Company continues to prioritize Personal Service casework and has dedicated additional SCSRs to addressing Personal Services cases.

March 28, 2025 Update:

Despite an increase in the backlog of Personal Services cases as a result of the transition to the new customer care and billing system, the Company continues to prioritize and make progress towards full resolution of this backlog. To-date, the Company has reduced the backlog of Personal Services cases by approximately 20 percent.

June 26, 2025 Update:

On June 12, 2025, The Director of the Office of Accounting, Audits and Finance partially approved the Company's second request for an extension to work down the Personal Services backlog. The Company now has until December 31, 2025 to complete this Recommendation 35. Notably, the Company has reduced the backlog of cases by nearly 30 percent to date.

September 26, 2025 Update:

The Company continues to make progress and expects to complete this recommendation by December 31, 2025. To date, the Company has reduced the backlog of cases by nearly 55 percent.

December 29 Update:

The Company has completed working down its Personal Services backlog, reducing the number of cases from approximately 8,500 to 140, a 99.9% reduction. The Company considers the remaining level of backlog to be minimal, which as noted in the Audit Implementation Plan is acceptable due to variations in case volume throughout the year.

To mitigate potential future occurrences of backlogged cases, the Company has taken the following actions

- Developed comprehensive automated dashboards which track cases by generation, type, completions which allows for trend analysis and prompt action
- Cross trained 14 additional employees to work cases should generation rates increase

- Implemented process automation which expedites in office case processing time

Accordingly, this recommendation is complete.

Chapter IX: Information Systems

Recommendation Number 38: IX-3

Recommendation: Based on lessons learned from the piloting the Value Realization Management (VRM) process, develop (a) a process for identifying, measuring, and tracking actual benefits and savings achieved from an IT project, and (b) criteria specifying when a project plan should include this process.

Accept/Accept with Modification/Reject: Accept with Modification

Implementation Priority (Low/Medium/High): Medium

Implementation Leads:

Executive Sponsor	Jeannine Haggerty – VP, IT Solutions Delivery
Team Lead	Glenn Hofmann – Sr System Analyst, Office of the Chief Information Officer

Scope:

The Value Realization Management (VRM) initiative for CORE will be completed at a to-be-determined date following project go-live. At that time, the CORE team will develop a “VRM Playbook.” Once the “VRM Playbook” is finalized, the Companies will have the lessons learned needed to determine if this process should be implemented going forward and for what projects. For this reason, the Companies have accepted this recommendation with modification.

The CORE project defines VRM as “measuring business value to ensure maximum return on investment.” It is an approach conducted in three phases designed to identify, track, and then report on value metrics. Some of the expected benefits of CORE’s VRM initiative include:

- Early and frequent communication to team members on value metrics
- Ability to forecast expected missed targets in advance, which can provide the opportunity to enhance value from the project and to proactively find alternate areas of value to offset the missed target
- Clear traceability on metrics and associated historical data

Work Plan:

Once the CORE Business team has gathered the lessons learned from the VRM initiative and creates the “VRM Playbook,” the Companies will:

- Review the information from the lessons learned and the “VRM Playbook”

- Assess the value generated by the VRM process and determine if the process should be adopted for other IT projects
- If it is determined that the VRM process should be adopted, FP&A and IT will work together to determine the approach for doing so

Deliverables/Milestones:

Deliverable/Milestone	Start Date	Delivery Date	Comments
Assess the value generated by the VRM process and determine if it should be adopted more widely	April 1, 2024	January 31, 2025	Final deliverable
Develop an approach for wider adoption of the VRM process (if applicable)	February 1, 2025	April 30, 2025	Complete

Benefit-Cost & Risk Analyses:

The Companies’ costs associated with implementing this recommendation are not expected to include significant incremental costs. However, the Companies will update DPS Staff if the incremental costs associated with implementation of this recommendation turn out to be significant, such that the Companies may consider seeking recovery of such costs. Benefits cannot be assessed until lessons learned from the CORE VRM initiative are available. There are no currently recognized risks to implementing this recommendation.

December 29, 2023 Update:

This recommendation is pending, as the earliest start date is February 1, 2024.

March 29, 2024 Update:

The start of this recommendation is pending until April 1, 2024.

June 28, 2024 Update:

The assessment began in April of 2024 and a determination has not been made yet. This recommendation, if determined to be implemented, is due by April 30, 2025.

September 27, 2024 Update:

The Companies began assessing this recommendation in April of 2024. The Companies have not determined whether the VRM process should be adopted more widely. Should

the Companies determine that wider adoption is appropriate, the approach to such adoption is due by April 30, 2025.

December 31, 2024 Update:

Continuing to review the CORE VRM Guide to make a generalized IT project VRM guide if we choose to adopt it for IT.

March 28, 2025 Update:

The Companies continue to review the CORE Value Realization Management (VRM) process to determine whether the observed value/benefit justifies adopting the VRM process more widely.

June 26, 2025 Update:

This recommendation is complete.

Our approach for wider adoption of the VRM process will be to update IT's Software Development Lifecycle (SDLC) Guide and the IT Capital Project Management Procedure to describe how the VRM process was applied to our new billing system project. IT will recommend that future transformational projects requiring Board approval consider implementing a similar VRM process.

September 26, 2025 Update:

This recommendation is complete and pending Staff review and closeout.

December 29, 2025 Update:

This recommendation is complete and pending Staff review and closeout. Included with this filing is the final language for the Software Development Lifecycle (SDLC) Guide and the IT Capital Project Management Procedure.