Q. Would the members of the Customer Operations Panel please state their names and business addresses?

A. Andrew G. Wood, Richard McKnight and Rebecca Lynch. The business address of Mr. Wood and Ms. Lynch is 4 Irving Place, New York, NY 10003; the business address of Mr. McKnight is 30 Flatbush Avenue, Brooklyn, NY 11217.

Q. By whom are the Panel members employed?

A. We are employed by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company").

Q. In what capacity are the panel members employed and what are their professional backgrounds and qualifications?

A. (Wood) I am General Manager of Strategic Applications. I have been employed by Con Edison since 1972. I have held positions of increasing responsibility in Customer Operations during the past 36 years. From 1972 to 2008, I have held operating positions in all the functional areas of Customer Operations. From 1999 to the present, I have served as General Manager, Strategic Applications, on Central Staff. My work experience is as follows:

- Telephone Account Representative, Bronx Customer Service Supervisor, Bronx Customer Service
- Manager, Queens Customer and Commercial Services
- Division Manager, Central Operations, Queens Customer & Commercial Services
- Division Manager, Branch Operations, Queens Customer and Commercial Services
- Branch Manager, Flushing Branch, Queens Customer & Commercial Services
- Section Manager, Customer Operations Central Staff
- Department Manager, Staten Island Customer Operations

Before I joined Con Edison, I earned a Bachelor of Science degree in Economics from Siena College in 1969. From 1969 to 1971, I served as an officer in the United States Army. I earned an M.B.A. in Business Management from Fairleigh Dickinson University in 1986. I attended Company-sponsored training, including the Executive Management Development course at the Fuqua School of Business, Duke University, Durham, N.C.

(McKnight) I am General Manager of the Customer Assistance group in Customer Operations. I have been

employed by Con Edison for almost 30 years and have held a variety of positions within Customer Operations in addition to a position early in my career in our Accounting Research and Procedures section of our Accounting Department. The Customer Operations positions held prior to my current position include the General Manager of Specialized Activities, Section Manager of our Corporate Customer Group and Branch Manager. I joined Con Edison as a Customer Service Representative while earning my Bachelor of Science degree in Accounting from Long Island University. I also have an MBA in Executive Management from St. John's University.

(Lynch) I am the General Manager, Specialized Activities. I have been employed by Con Edison for 11 years. Joining the company in 1996, as a management intern, I served as Call Center Supervisor until 1998 when I transferred to Retail Choice Operations. I was promoted to Senior Specialist, Retail Choice Operations, in 2000. In 2002, I moved to the Corporate Customer Group, and was promoted to Section Manager, Customer Assistance in 2004. In 2006, I moved into the position of Project Lead, Bill

Redesign. In 2008, I was promoted to my current position. I have Bachelor of Business Administration and Master of Business Administration degrees from Pace University, New York, NY.

Q. Have you submitted testimony before the New York State Public Service Commission?

A. All of the panel members have submitted testimony in previous cases.

Q. What is the purpose of the Panel's testimony?

A. We describe a number of customer-service related efforts including multi-year capital projects that were approved but not fully funded under the Company's current one year electric rate plan, specifically, the Company's proposal for mandatory hourly pricing expansion and systems development and other efforts, specifically, installation of automated meter reading (AMR), replacement of the cycle meter reading handheld system, development of a cycle data warehouse, call center improvements, continuation of the Company's low-income program, bill redesign, credit and collections activities, the Company's retail access program and meter testing.

Q. Does the testimony discuss the costs of the programs?

A. The testimony describes the total costs of these programs. The Accounting Panel describes the allocation of costs to electric customers.

Q. Please explain how the Company seeks to mitigate the level of funding needed for Customer Operations activities.

A. The Company considers cost mitigation in all its Customer Operations activities and makes a constant effort to provide its services efficiently.

The Company strives to develop easy-to-use self-service options that are attractive for customers and give customers the choice in how they want to do business with the Company. Providing these services through these automated means reduces costs that would otherwise be incurred when these services are provided by representatives while providing a high quality experience for the customer. In the Call Center many self-service applications have been developed to assist customers. Similar functions are available to customers through the Company's Internet site. These applications give customers access to information about their accounts, such as meter reading date and bill amounts, and allow them to manage their accounts

by entering meter readings and paying bills. The Company also uses outbound automated calling to provide information to customers.

The Company has installed self-service kiosks in two of its Walk-in Centers and plans to install kiosks in other locations. These kiosks are similar to an ATM machine and provide customers an efficient way to pay their bills without having to transact business with a teller. In a location where the customer would have the opportunity to make payment to a payment agent, customers' use of the kiosks has allowed the Company to avoid payment agent fees.

The Company also strives to reduce costs associated with meter reading. An example is the Company's implementation of automated meter reading ("AMR") in Westchester. AMR reduces the resources needed to read meters and improves customers' satisfaction by eliminating the need for Company personnel to enter customer premises to read meters and reducing estimated readings.

PROGRAMS FUNDED UNDER CURRENT RATE PLANS

Q. The Commission approved a number of programs in the Company's recent electric rate case. Some of these

are common to the electric and gas departments. These programs are now in progress. Is the Company seeking any capital funding for these projects in this rate case?

A. Yes. We present in this testimony the capital costs associated with these approved programs for the second and subsequent rate years. This testimony will identify these programs.

Q. Do programs approved under the current electric rate plan need to be funded for O&M cost going forward?

A. Yes. A number of programs approved by the recent electric rate order will continue. The proposed funding levels for some such programs during the rate year commencing April 2008 are the same as the level reflected in current rates. Where there was no spending for these programs in the historical period, they are considered program changes for purposes of this filing and therefore coupled with a request for incremental funding when compared with spending in the historical period. Where spending for a program is projected to increase above current levels, we explain the reasons why. Details of these programs are included in the following program explanations.

MANDATORY HOURLY PRICING ("MHP") PROGRAM EXPANSION

Q. Did the Commission approve the Company's proposed expansion of the MHP program in its 2008 rate order?

A. Yes. Pursuant to the Commission's March 25, 2008 rate order in Case 07-E-0523 ("2008 electric rate order"), the Company will implement MHP in two phases for customers whose maximum demand is greater than 500 kW in any month during an annual period. The Commission approved the Company's proposal to reduce the threshold for MHP together with funding of $5.8 million in capital for 2008 and $283,000 for O&M expenses for the current rate year.

Q. How many customers will be involved in this program?

A. There are currently 1,570 customers with demand greater than 500 kW and up to and including 1500 kW.

Q. Is interval metering and the necessary communications infrastructure currently available to provide the Company with MHP billing determinants for the customers in this group?

A. No. The majority of customers with maximum demand of 1500 kW and below do not have interval metering equipment. Interval metering equipment and communications infrastructure must be installed for

1,360 customers. The Company will first install interval meters and communications infrastructure for those customers with maximum demand greater than 1000 kW. Thereafter, interval meters and communications infrastructure will be installed for customers whose maximum demand is greater than 500 kW but less than or equal to 1000 kW.

Q. Prior to being subject to MHP, will customers have access to usage data?

A. The Company will provide hourly meter data to customers with demand over 1000 kW and up to 1500 kW for 6 months and to customers with demand over 500 kW and up to 1000 kW for 12 months.

Q. Does the expansion of MHP require any changes to the Company's billing systems?

A. Yes. At present, we use a combination of systems and manual effort to bill customers served under the MHP program. The use of multiple systems and manual involvement in the billing process is supportable given the low volume of customers billed under MHP. As the volume of customers on MHP increases, manual involvement is no longer viable. In order to manage billing for the greater number of customers that will

be billed under MHP, a Meter Data Management System ("MDMS") and associated interfaces are required.

Q. Please explain how the MDMS will support billing for these customers.

A. The Company will be collecting hourly data from the meters used in the MHP program. The Company needs to store this much larger volume of data and use it for time-based billing. To manage the increased volume of meter data and provide the required information to all stakeholders, a single, robust system is better suited than the multiplicity of systems currently in use for MHP customers. The MDMS will enable a much more complex and robust billing environment to be developed within the Company. The MDMS provides a single repository of all meter-related data and will be interfaced to existing Con Edison systems to enable data to be provided for analysis, billing and other uses.

Q. What is involved in the implementation of MDMS technology?

A. The MDMS requires integration with meter data acquisition systems and will interface with other internal systems, including CIS, to enable complex

time-based rates to be applied to customer bills and provide access to monthly, daily, and hourly data. The Company must complete this work during 2009 as the MDMS will be required to support the provision of hourly meter data to customers with demands over 500 kW and up to and including 1000 Kw in the period prior to the application of MHP rates. The MDMS is vital to enabling this provision of data.

Q. Please describe the program plan for the deployment of MHP.

A. A dual track project plan has been developed to manage the process for the installation of the MHP meters in concert with the deployment of the MDMS. The goal for meter deployment for customers with demand greater than 1000 kW and up to and including 1500 kW is to have the meters set by March 31, 2009. The goal for customers with demand greater than 500 kW up to and including 1000 kW is to have the meters set by March 31, 2010.

In the meantime, the MDMS deployment is being planned to enable the MDMS to be calculating billing determinants by the fourth quarter of 2009, that is, for the first group of expansion customers. The

Company has already completed orientation sessions for internal business users and Information Technology employees to facilitate their participation in functional analysis and has begun the process of defining the functional requirements for the MDMS. We have also begun the analysis and design of the integration required between the field collection systems and our billing systems.

Q. What is the total capital cost of this program?

A. The total capital cost of this program is $7.53 million.

Q. What additional capital funding in addition to the $5.8 million previously approved is needed for this program?

A. The projected additional capital cost of $1.73 million represents the forecasted funding required for this program (meters and meter installation) and additional funding required for the MDMS. The Company requested funding for the MDMS in its last electric rate case under the Advanced Metering Infrastructure ("AMI") program with the purpose of using the MDMS for both the AMI program and the MHP program. Funding for implementation of the MDMS for the specific

requirements of the MHP program was approved in the 2008 electric rate order. The MDMS is critical for the implementation of MHP as described in more detail below. Due to this, full funding for the MDMS is being requested under this program.

Q. What is the projected O&M cost for this program?

A. The current rate plan provides for O&M of $283,000. We expect a cost increase of $33,000 in rate year 1, a further increase of $518,000 in rate year 2 and a third increase of $200,000 in rate year 3. That is, the O&M for this program in the third year is projected to be $1.03 million. It is expected that the O&M for these meters will remain at this level.

Q. Please describe these costs.

A. O&M funding is needed for communication costs. As meters are installed, communication will be established with each meter. A monthly communications charge will begin to be incurred by the Company once the meter is communicating regularly with the Company's data collection systems. These costs, as a total, will grow with the number of meters installed. In addition, license and maintenance costs for the MDMS software and hardware are included. The O&M also

includes $100,000 to be used to provide for the Outreach and Education activities related to educating customers regarding MHP as directed by the Commission in the 2008 electric rate order.

Q. Have you prepared, or had prepared under your supervision, exhibits that detail the Company's proposed investment in the deployment of MHP?

A. Yes. We have prepared an exhibit entitled "MANDATORY HOURLY PRICING", Exhibit __ (CO-1) and an exhibit entitled "MANDATORY HOURLY PRICING WORKSHEET", Exhibit __ (CO-2).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-1) and EXHIBIT __ (CO-2)

AUTOMATED METER READING ("AMR")

Q. Please summarize Con Edison's planned program for AMR.

A. The Company's plan involves several initiatives: complete the saturated installation of AMR in Westchester County; install AMR meters strategically for hard-to-read meters; and include AMR modules in meters to be installed in selected projects.

The Company refers to the deployment of AMR as "saturated AMR" when AMR technology is installed on every meter in a target area. The Company has reduced

the scale of our AMR project and will limit the saturated installation of AMR to Westchester County.

Q. Please describe the Company's plan for the saturated installation of AMR.

A. The Company commenced the deployment of AMR in Westchester County in 2003. Since that time saturated AMR has been deployed in the Peekskill and Rye meter reading branches. During 2008 to 2009, saturated AMR will be deployed in the Mount Vernon meter reading branch. During 2009 to 2010, the Company proposes to complete the installation of AMR meters in the Yonkers meter reading branch, which will complete the deployment of saturated AMR throughout Westchester County.

Q. What are the benefits of AMR?

A. Manual meter reading is one of the most labor-intensive tasks at Con Edison because it requires that each meter be physically visited in order for the meter reader to visually read the meter and record the reading. AMR considerably reduces the resources required to read meters. AMR also overcomes the difficulties associated with reading meters considered to be "hard-to-read," for example, where there is

restricted access due to their location or in cases where customers are unavailable to provide access to their meters. Customer convenience and the reduction in estimated readings are also key benefits of AMR deployment. It is also the case that AMR reduces the injuries associated with manual meter reading (slips, trips and falls) during inclement weather and the normal course of meter reading activities.

Q. Please describe the AMR technology that the Company is installing.

A. The selected AMR technology uses small, low-powered radio-frequency transmitters that are integrated into the meters. Generally, the existing electric meters currently located at the customer's premises are replaced with meters already equipped with AMR technology. Gas meters at customer locations are generally field retrofit to upgrade them so they are AMR capable. The transmitters allow the meters to be remotely read by walking by with a specially equipped hand held meter reading device or driving by in a vehicle specially equipped with a data collection device. The technology will also allow meters to be read using a fixed network of pole-mounted data

collectors and repeaters. This technology offers a very high degree of flexibility in meter reading. Using this approach, additional functionality can be enabled, and thousands of meters can be read more frequently than once each billing cycle depending upon billing requirements and other data needs.

Q. Considering the AMR benefits you just described, why does the Company propose to continue the installation of saturated AMR only in Westchester County?

A. The Company's cost of manual meter reading is highest in Westchester. In Westchester, customer homes are more widely dispersed than in other areas of our service territory, and, therefore, a greater amount of time is required to read each meter than in more densely populated parts of our service territory. Further, because the meter reading routes are geographically long, due to the lack of meter density, most of the meter readers require vehicles. Weather has a more severe impact in Westchester than in other areas of our service territory, for example more fallen trees, contributing to increased difficulty and expense of reading as well as increased potential for injury and vehicle accidents. Installation of

saturated AMR in Westchester County significantly mitigates these costs and improves overall reading performance and efficiency. The technology selected for Westchester can be adapted to provide increased functionality while leveraging the Company's existing investment for meter deployment in these areas.

Q. Has the Company conducted similar analysis of other areas in the Company's service territory?

A. Yes. We have conducted cost/benefit analyses of all other areas. At this time there is not a positive business case for progressing with the saturated deployment of AMR outside of Westchester. This analysis is based on the current cost of the required metering equipment. We continue to monitor the cost of this equipment and will re-assess the viability of further AMR saturation should the cost/benefit relationship change to allow a positive business case.

Q. Is Con Edison planning any other initiatives that involve AMR?

A. Yes. The Company plans to continue the installation of AMR at locations outside of Westchester that are hard to read and for specific projects.

Q. Please describe Con Edison's plans for AMR deployment at hard-to-read locations.

A. The Company plans to deploy AMR equipment at locations and meter reading routes where it is expensive, dangerous or otherwise inefficient to read meters in a conventional manner. These meters are regularly inaccessible on the meter reading day and generally require that a meter reader expend more than the average time to obtain readings, and the overall rate of meter reading is low. The installation of AMR equipment for these meters or routes will increase meter reading efficiency and provide an actual reading for the customer.

Q. Please describe Con Edison's plans for AMR deployment for meters to be installed in selected projects.

A. The Company plans to install AMR in selected projects where meter reading efficiencies can be gained through the use of AMR. An example is a new building requiring large numbers of electric meters. In such cases, the sheer volume of meters at the location may result in a meter reading route becoming too large to be read by a single meter reader. Where such projects exist, AMR will be used to avoid the need for

additional staffing. The Company expects to include AMR modules in about 35,000 electric and gas meters per year at these projects.

Q. What is the total capital cost of the AMR program?

A. The total capital cost of this program is $35.96 million.

Q. Please describe the capital funding that is needed for this project.

A. The Company's projected capital expenditures for the deployment of AMR meters in 2009 is $22.8 million, in 2010 is $7 million, in 2011 is $3 million, and in 2012 is $3 million. These costs are predominantly the costs of the AMR modules, meters and installation.

Q. What is the projected additional O&M cost for the AMR program?

A. We expect a cost increase of $210,000 in rate year 1 for vehicle-related costs. No further O&M increases are expected after rate year 1 and as AMR saturation comes to an end, we expect the O&M levels to be reduced after rate year 3.

Q. Does the Company expect to reduce Customer Field Representative ("CFR") staffing as a consequence of the installation of AMR?

A. Yes. The Company continues to reduce CFR staffing levels as a consequence of the installation of AMR. In rate year 1, costs for CFRs are forecast to be reduced by $880,000 over the historical year. In rate year 2, a further reduction of $846,000 is expected and in rate year 3, a further reduction of $691,000 is expected.

Q. Have you prepared, or had prepared under your supervision, exhibits that detail the AMR implementation?

A. Yes. We have prepared three exhibits. These are entitled "AUTOMATED METER READING", Exhibit __ (CO-3), "AUTOMATED METER READING WORKSHEET", Exhibit __ (CO-4) and "AUTOMATED METER READING SATURATION SAVINGS", Exhibit __ (CO-5).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-3), EXHIBIT __ (CO-4) and EXHIBIT __ (CO-5)

AMI FUNDING

Q. In the Order Relating to Electric and Gas Metering Services (issued Aug. 1, 2006) in the Competitive Metering proceeding, Case Nos. 94-E-0952, In the Matter of Competitive Opportunities Regarding Electric Service, et al., the Commission directed utilities to

file plans for the development and deployment of advanced electric and gas metering systems, including automated meter reading technology. What actions has the Company taken in response to this Order?

A. The Company conducted an investigation of potential AMI solutions and in our last gas and electric rate cases sought funding to initiate pre-deployment projects in three areas followed by a system-wide deployment of AMI.

Q. What was the outcome of the Company's effort to secure Commission approval of this program and associated funding in those cases?

A. In Case Nos. 06-G-1332 and 07-E-0523, the Commission found that a determination to reflect in rates costs for AMI investments was premature since the Company's proposed programs were being considered in the AMI proceeding. In the gas rate case, the Company was authorized to defer the AMI costs being addressed in the AMI proceeding. In the electric rate case, the Commission provided for the Company to seek deferral of any reasonable AMI costs incurred during the rate year as a result of Commission determinations in the AMI proceeding.

Q. What is the Company's position with regard to AMI?

A. The Company supports the Commission's long-standing position "to provide customers with more information about their energy usage so that they have the ability to control their energy costs by responding to peak prices through the use of state-of-the-art technology" and that "the infrastructure needed to support real-time peak pricing programs must include advanced meters as well as expanded back-office information systems that can manage exponentially greater amounts of usage information, and bill customers using time-sensitive rates." Public Service Commission Press Release (Dec. 12, 2007), "*Commission Moves Con Edison, O&R Advanced Metering Plans Forward - State-of-the-Art Meter Technology Could Help Consumers Control Costs,* 07110/94-E-0952;00-E-0165;02-M-0514, p.1) Further, the City of New York advised that the implementation of a comprehensive AMI is "central to Mayor Bloomberg's PlaNYC." Case No. 07-E-0523, Recommended Decision (Jan. 8, 2008), p. 63. The Company is actively participating in the Commission's AMI proceeding and will proceed with an AMI pilot program as and when appropriate.

Q. What is the Company's position with regard to funding an AMI program?

A. The Company believes that funding for AMI initiatives should be commensurate with the initiation of AMI investments. Should the AMI proceeding will be decided before this rate proceeding is concluded, the rates in this case should provide for funding AMI initiatives.

Q. How does the Company propose that this be accomplished?

A. This can be accomplished in one of two ways. If the Company's specific AMI proposal is approved before new rates take effect in this case, the rates to be effective in the first rate year and thereafter should be adjusted to reflect the costs of the AMI programs. If the Company's specific AMI proposal is authorized after rates become effective in this case, the Commission should authorize the Company to implement a surcharge to its rates to collect AMI-related costs on a contemporaneous basis pending the inclusion of AMI costs in base rates the next time the Company makes a base rate filing.

CYCLE METER READING HANDHELD SYSTEM

Q. Is the Company proposing to replace the cycle meter reading handheld system?

A. Yes.

Q. Why is a new meter reading system needed?

A. We currently use a PC-based handheld application (referred to as the "PET system") to control our meter reading activities. The system was installed in 2002 and automated the flow of information for meter reading using a hand-held microcomputer. The Company has been advised by the vendor of the PET system that it will not support the system beyond 2012. Our plan is to replace this system with an application that will continue to provide for the effective control of our meter reading activities and timely billing for our customers' accounts and offer us the flexibility to expand as new technology becomes available.

Q. What operations are supported by the cycle meter reading handheld system?

A. The current system provides the ability to read conventional and AMR meters with a handheld device or a mobile collector installed in a vehicle and deliver these readings into the Company's Customer Service

System. This system also enables automated route restructuring at the local level for the purpose of maintaining efficient routes.

Q. What is the Company's plan for replacing the PET system?

A. Using the competitive bid and RFP process, the Company will investigate the market for systems designed to deliver correct and timely billing of customer account data. The Company will use the opportunity of the significant lead time for replacement to conduct a detailed analysis of the requirements of the system and to develop a competitive RFP process, which will enable us to maximize the operational benefits that can be secured at the most competitive market price for these benefits. The process will carefully consider our current operational needs and those expected to be experienced in the future. Initial indications are that the systems now available in the market will offer new functionality beyond the capability of our current system, and we will be looking to take maximum advantage of such developments as we pursue a replacement system. The Company has

the goal of purchasing and installing a new system in 2011.

Q. What is the projected capital cost of the new system?

A. The Company projects a capital cost of approximately $3.5 million, which will be incurred in 2011.

Q. What is the projected O&M cost of the new system?

A. It is expected that the Company will incur O&M costs, relating to system maintenance, of approximately $263,000 per year beginning in 2012.

Q. Have you prepared, or had prepared under your supervision, an exhibit that details the Company's proposed investment in the cycle meter reading handheld system?

A. Yes. We have prepared an exhibit, entitled "CYCLE METER READING HANDHELD SYSTEM", Exhibit __ (CO-6).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-6)

CYCLE METER READING DATA WAREHOUSE

Q. Is the Company developing a cycle meter reading data warehouse?

A. Yes.

Q. What is the function of the cycle data warehouse?

A. The cycle meter reading data warehouse is comprised of meter reading related data from operational databases

and the Customer Service System ("CSS") that will provide detailed information related to meter reading performance. The data warehouse is designed and built on business intelligence technology that allows for reporting in a variety of ways to a broad spectrum of users.

Q. What functionality will the cycle data warehouse deliver?

A. The data warehouse will have pre-designed and scheduled reports to provide CFR statistics, meter reading statistics and route analysis on a periodic (daily, monthly, etc.) basis. The ability to draw these reports as needed will allow users to easily interrogate such events as demand meters not read, irregular conditions and routes with abnormal elapsed time. The data warehouse will also have dashboards and scorecards that are information rich and visually accessible and provide actionable information with regard to the root causes of problems to enable corrective action. For example, trending of meters that the CFR did not reach on the assigned route and supporting information could identify possible causes, such as an increase of meters on existing routes or

decrease in performance and productivity of specific personnel. This information will enable the Company to decide between splitting routes or training and mentoring employees as the optimum solution. Managers will not need training in data manipulation or query formulation to exploit the new system's functionality.

Q. Why is the Company developing this warehouse at this time?

A. The current reports are mostly operational in nature and do not have the capability to answer more fundamental strategic questions such as: How are we doing? Why are we achieving these results? What actions should we be taking? The current technology is not conducive to either management by exception or strategic long-term planning. The data warehouse addresses these current constraints and provides a self-service model for the user to get information when and where required, thus reducing reliance on information technology personnel for ad hoc assistance. Importantly, the effective access to high level data, with drill-down capability, will allow senior management greater vision and oversight of these important areas of operation. This will allow

the Company to ensure these areas of operation are operating appropriately and to the benefit of all customers.

Q. What is the projected capital cost of the new system?

A. The Company projects a capital cost of approximately $400,000, to be incurred for programming costs over the years 2009 to 2012. It is anticipated that programming will be continued at a consistent pace over the project term until completion in 2012.

Q. What is the projected O&M cost of the new system?

A. There is no O&M expense associated with this system.

Q. Have you prepared, or had prepared under your supervision, an exhibit that details the Company's proposed investment in the development of a Cycle Data Warehouse?

A. Yes. We have prepared an exhibit, entitled "CYCLE DATA WAREHOUSE", Exhibit __ (CO-7).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-7)

CALL CENTER IMPROVEMENTS

Q. Are you proposing enhancements to the Company's Call Center?

A. Yes.

Q. Please describe these changes.

A. This program involves replacement of the Call Center's automatic call distribution ("ACD") system, replacement of the existing self service system options and implementation of business continuity initiatives, and replacement of the Call Center's workstations. The Company is also adding Customer Service Representatives ("CSRs").

Q. Why is the Company proposing to replace the existing ACD?

A. The existing telephone ACD system is the Call Center's most critical infrastructure asset and processes more than 15.6 million customer calls annually. All customer contacts made to the Call Center via telephone are processed and distributed to CSRs in our four Call Centers via the ACD telephone system. The ACD system provides an intelligent call routing engine that distributes customer calls to CSRs in accordance with call types and CSR skill sets. Additionally, the ACD telephone system offers tiered messaging capabilities, which provide customers with generic and emergency-related announcements. It is vital that appropriate messages be available to our customers during emergencies. The ACD system is connected to

multiple voice and data systems. The replacement effort must begin at least two years before the system's end of life to integrate all communication circuits and peripheral systems into the replacement environment. This system was installed in 1998 and will reach the end of its service life by 2013 as ACD manufacturers move to supporting only the technology on which the more recent systems are based. Such a lack of support will not only increase maintenance costs but limit the ability to integrate the ACD with other, more advanced, Call Center technology. While the Company recognizes that it is prudent to replace the system prior to a significant increase in operation risk due to this circumstance, it is fortunate that a reasonable lead time exists for replacement. The Company will conduct a thorough needs assessment and will be able to conduct a comprehensive RFP process to target the best solution for the Call Center's future needs that integrates effectively with other Call Center technology. As integration of such an important system is a long and complex process, the Company has set the goal of securing the required replacement solution by 2011 so

the system will have been through a robust testing protocol before the end of life of the current system. Such a strategy will protect the level of service to customers at all stages of this significant system change.

Q. What is the cost for this program?

A. The projected cost for the replacement of the ACD is $2.25 million in capital in 2011. At this time it is expected that a single vendor will supply the total system. The O&M cost of the system is $28,000 beginning in RY 3 when system maintenance costs are expected to begin to be applicable.

Q. Why is the Company replacing the existing self service system ("VRU")?

A. The Company's VRU is an automated interactive voice response system which provides customers with self-service options. Currently, there are approximately thirty-five VRU self-service applications available to customers, and we continue to see annual growth in the use of VRU self-service. The VRU system processes more than fifty percent of all inbound customer calls. The VRU also handles most outbound calls made to customers during outage events in order to provide

customers with the estimated time of service restoration and to allow customers to verify service restoration following an outage event. The existing VRU employs outdated technology that will not be supported by the existing vendor beyond 2013. With the existing VRU hardware of an age where replacement parts have become scarce, replacement of the VRU is critical to avoid hardware failures that could have an impact on system availability. Such failures would negatively affect the Call Center's ability to provide customers with quality customer service. Furthermore, the Company's existing self service VRU system utilizes a proprietary programming language - an uncommon language in the industry. This limits the development of software required for future self service applications and increases the difficulty of system upkeep as programmers capable of writing programs in this language become more difficult to source and secure. The new VRU self service system will be in operation by mid-2009.

Q. Please describe the additional work that is required as part of the VRU replacement.

A. The solution developed by the Company involves the replacement of the existing VRU system with a next generation interactive voice response ("IVR") system. The new system will better serve customers over a range of services. This new generation system will be complemented by virtual hold technology - a technology allowing the customer to select from among call back options if they want to speak with a CSR but do not wish to continue to hold for a CSR to be available.

Q. Please continue.

A. Currently, the system utilizes many self-service applications that were specifically developed by the Company over the years to meet the needs of our customers. These applications will need to be re-written and/or re-engineered; this constitutes a major part of the system replacement project. These self-service applications currently handle approximately 6.5 million calls per year. Such volume handled manually would require the equivalent of approximately 300 CSRs.

Q. What is the cost for this program?

A. The projected capital cost for the development of self service system applications is $2.87 million in 2010,

$1.97 million in 2011 and $1.13 million in 2012 for a total program capital cost of $5.96 million. The Company will begin incurring O&M costs of $170,000 associated with this program in rate year 2 and incremental O&M of $300,000 in rate year 3. This will bring the total O&M requirement to $470,000 per year in the third year.

Q. Please describe the business continuity initiatives.

A. The Call Center business continuity plan requires the Company to improve its means to provide continued service to our customers during the loss of Call Center infrastructure, including server computing resources and facilities. The current Call Center LAN server architecture is not redundant and lacks a robust disaster recovery implementation. Failure of a given server will prevent all users connected to the server, including CSRs, from accessing information that is necessary to handle and process customer inquires and emergency transactions. During most server outages, users remain out of service until the server problem is corrected. Typically, the restoration process requires at least six hours, which could hamper our ability to assist customers during an

emergency period when they need us to be available and have access to essential information. The proposed improvement includes the implementation and installation of a redundant server cluster environment with near real time recovery capabilities. Additionally, the proposed improvement design will include a robust storage area network ("SAN") to ensure files/data are backed up and stored to disk routinely for archiving and restoration purposes. In the proposed server recovery solution, a failed server will be immediately recovered by a redundant like and kind server. Most importantly, this mechanism will be transparent to server users. The proposed improvement will mitigate downtime through the implementation of server recovery and data replication technologies. This solution will also address existing points of failures that exist today in the computer network wiring infrastructure. Further, Call Center network performance analytics, system monitoring tools, and data warehousing technology will be implemented to consolidate information and refine data to enable proactive, rules based, responses to system performance. This will allow the Company to identify

areas of potential failure at the earliest possible time and take corrective steps to avoid such failure or limit its impact. Further, analysis will enable process review to improve system process for future operation.

Q. What is the cost for this program?

A. The projected capital cost for the business continuity initiatives is $1.58 million in 2010 and $844,000 in 2011 for a total program capital cost of $2.42 million. The O&M associated with this program will be $50,000 beginning in rate year 2 and will increase by $50,000 in rate year 3 for an O&M requirement of $100,000 in rate year 3.

Q. Why is the Company planning to upgrade the Call Center CSR workstations?

A. By 2012, this hardware will have reached the end of its useful life. In this context it is important that arrangements are made to replace this vital equipment.

Q. What is the cost for this program?

A. The projected capital cost for the replacement of the Call Center workstations and servers is $1.35 million, and it is expected that this cost will be incurred in

2012. There are no O&M costs associated with this program.

Q. The Commission approved the Company's hiring of 18 CSRs and a manager in the last electric rate case. Has the Company hired these CSRs?

A. Yes.

Q. What is the cost for this program in rate year 1?

A. The cost for staffing 18 customer service representatives and 1 management employee is $635,000. This cost was incurred as of the rate year beginning April 2008 and is not in the historic year.

Q. Have you prepared, or had prepared under your supervision, exhibits that details the Company's proposed investment in the Call Center?

A. Yes. We have prepared exhibits entitled "CALL CENTER ENHANCEMENTS", Exhibit __ (CO-8), "CALL CENTER WORKSHEET", Exhibit __ (CO-9) and "CALL CENTER - CSRs", Exhibit __ (CO-10).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-8), (CO-9) and (CO-10)

SYSTEMS DEVELOPMENT

Q. Please describe the changes the Company is planning to make to its customer service systems.

A. The Company plans to continue CSS Life Extension to enhance our existing Customer Service System ("CSS"), to develop applications for the automatic billing of customers currently billed outside of the Company's CSS, and to reinforce other Company customer service systems. The Commission approved funding of $1 million for this project for the current rate year in the 2008 electric rate order.

Q. Please describe the work that needs to be performed on CSS.

A. We continue to upgrade the programming language in which CSS was originally developed. We have been systematically reprogramming CSS to a more universally used and supported language. Some of the portions of CSS that we need to upgrade include the bill calculation facility, the activity file maintenance application, and other specific functions.

Q. Why is this work required?

A. This project is important to the Company to maintain a viable CSS with the required flexibility to support the current and future operating environment. The availability of programmers and technicians trained in the older programming language and system design

continues to diminish. This leaves the support for this key suite of systems vulnerable as the Company could be unable to create new applications or fix problems as they occur. Further, new programming is needed to more efficiently facilitate CSS' integration with other systems, and to create the ability to effectively make any necessary modifications. These changes are especially important as the nature of customer needs and billing are becoming more complex. The CSS must be able to interact effectively with systems that enable options in the competitive marketplace and real-time pricing and facilitate quality data presentation to Customer Service Representatives.

Q. What is the projected cost of this program?

A. The projected capital cost of this program is $1 million per year during the period 2009-2012.

Q. Have you prepared, or had prepared under your supervision, an exhibit that details the Company's proposed investment in the CSS?

A. Yes. We have prepared an exhibit, entitled "CSS LIFE EXTENSION", Exhibit __ (CO-11).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-11)

Q. Please describe the application that you propose to develop for accounts that are billed outside of the Company's Customer Service System ("CSS").

A. Currently, the Company utilizes a number of off-system billing processes outside of the CSS to bill customers taking service under certain rates and programs. Managing and billing these customer accounts involves manual processes and/or systems other than CSS. The Company proposes to utilize a common automated system to replace all of the off-system billing applications currently in use. Development of this system will support these billing activities and provide full automation of these processes, eliminating the use of manual processes for billing currently in use and will automate all billing protocols. The Commission considered and approved this program in Case No. 07-E-0523.

Q. What off-system billing applications currently in use will be replaced?

A. The Company plans to utilize the common automated system to replace all of the off-system billing applications currently in use. As planned, the first phase of system development will provide billing for

electric customers served under standby rates and those rates currently billed via the Economic Development Delivery System ("EDDS"). The EDDS rates include Power for Jobs ("PFJ"), New York City Public Utility Service ("NYCPUS"), County of Westchester Public Utility Service Authority ("COWPUSA"), World Trade Center ("WTC") and Substitute Energy. In the second phase of the system development, billing relating to New York Power Authority ("NYPA") rates will be addressed.

Q. What is the status of this project?

A. A comprehensive review of the billing and system processes involved in billing the involved rates has been completed. Next, a technical analysis will be conducted in preparation for system development.

Q. Please describe the benefits of utilizing a single automated system to bill these customers.

A. The migration from multiple satellite (non-CSS) billing systems to a common automated system will allow for the elimination of the heavily manual billing processes currently required in serving the customers under the involved rates. Using a common system will allow for greater cross training of system

users and support personnel to ensure greater reliability of the billing provided to customers. The common system will also enable the automation of quality control mechanisms and improvement of the database management and maintenance for the accounts of the customers involved. The system being developed will also enable greater flexibility in regard to the development and modification of the rates we are able to offer customers.

Q. Why does this work need to be conducted at this time?

A. Billing of customers under these rates and programs using current methods requires a high degree of experience and expertise. The rates that are currently billed "off-system" are managed this way because they are very complex, and the existing core billing system (CSS) is not able to provide for this complexity. The billing of these rates is complicated due to a rate treatment that requires a series of calculations; our existing CSS does not have the flexibility to support the complex algorithms involved. In the past, the Company was able to rely on an extremely stable workforce and employees that billed these complicated accounts occupied their

positions for long periods. In that environment, it was possible for employees to gain the experience and knowledge needed to bill these accounts using the current methods and for the organization to retain these employees once they gained mastery of the billing methods. In our current environment, with a higher level of attrition of experienced employees and a more transient workforce replacing them, it has become extremely difficult to replicate the skills needed to manage these accounts using current methods and to retain the employees performing these functions. This makes it critical that we develop a system that will automate the billing of these accounts while we still retain experienced employees. The remaining experienced workforce is critical to the continued billing of these accounts until a new system is developed and will also serve to advise the new system designers on the intricate details of the rate construction and customer billing needs. It is therefore important to all stakeholders that the new system be developed at this time.

Q. What is the cost of this program?

A. The cost to develop the proposed system for the automation of off-system billing is estimated to be a total of $7 million in capital spending over the 2009-2012 period.

Q. Have you prepared, or had prepared under your supervision, exhibits that detail the Company's proposed investment in off-system billing?

A. Yes. We have prepared an exhibit entitled "OFF-SYSTEM BILLING", Exhibit __ (CO-12) and an exhibit entitled "OFF-SYSTEM BILLING WORKSHEET", Exhibit __ (CO-13).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-12) and EXHIBIT __ (CO-13)

Q. Please describe your other proposals with respect to the reinforcement of other Company customer service systems.

A. The Company proposes to reinforce the systems that support the Company's existing obligations to accommodate customers that elect to take service from ESCOs, including those that elect to return to full service status. This will involve improvements to the systems supporting enrollment activities (i.e., the Retail Access Information System, "RAIS", and the Transportation Cost Information System, "TCIS"). The

Commission considered and approved this program in Case No. 07-E-0523.

Q. What progress has been made on this work?

A. The Company has selected a consultant who began performing a strategy assessment of retail access systems during April 2008. The consultant is responsible for developing a work plan that will provide specific technology solutions to increase the performance and efficiency of the retail access systems, enhance customer communication tools, standardize programming languages, and enhance the EDI Phase III testing process. The strategy assessment will be completed by the end of July 2008. Immediately after completion of the strategy assessment and an acceptable work plan, the Company will begin system development work to implement the technology solutions in accordance with the work plan.

Q. Why is this work necessary?

A. Reinforcement of the systems supporting the competitive marketplace is needed to manage the Company's obligation to facilitate the enrollment of customers with ESCOs, the transfer of customers between ESCOs and back to utility service. The

movement of customers has significantly increased as a result of initiatives such as the Purchase of Receivables program and PowerMove, which were implemented during prior gas and electric rate plans. During 2007, the Company processed a total of 354,377 switches with a total of 259,928 customers moving from utility supply service to ESCO supply service and a total of 94,449 customers returning to full service. In addition, in the past year, the Company processed a total of 92,491 requests to switch from one ESCO to another. With the volume increased to involve so many customer accounts, the importance of these systems has grown.

Q. Please continue.

A. Due to the large numbers of customers switching to ESCOs, the Company's RAIS and TCIS systems have reached effective capacity. It is important to note that RAIS and TCIS were initially developed over 10 years ago, and since then additional systems and applications were developed to support the competitive marketplace. Specifically, the Company developed the Consolidated Utility Billing System ("CUBS"), in order to bill customers on behalf of ESCOs, and implemented

Electronic Data Interchange ("EDI") to standardize information exchanges between the Company and ESCOs. Both CUBS and EDI require interactions between RAIS and TCIS and the Company's Customer Information System, which has further stressed RAIS and TCIS. With over 30,000 customers switching monthly it is critical that systems supporting customer elections to switch service be reinforced so that customer service activities can be adequately supported. Due to these factors, reinforcement of RAIS and TCIS is necessary at this time so that the systems are able to continue to function as required.

Q. What specific systems enhancements will be completed as part of this program?

A. Specific aspects of RAIS and TCIS to be enhanced include updating and standardizing program languages to improve efficiency of maintaining the systems, and increasing capacity and efficiency of system processes to support the increased volumes of ESCO transactions and to provide for processing in a timely fashion. Customer information tools will also be enhanced, which will increase the information that is available to our Call Center to provide customers with

comprehensive information about their account with respect to ESCO provided supply. Improvements will also be made to the system's test environments to allow for more efficient mandated Phase III certification of ESCO's EDI communication.

Q. What is the cost of this project?

A. The cost of this program is estimated to be a total of $3 million in capital spending over the period 2009 to 2010.

Q. Have you prepared, or had prepared under your supervision, exhibits that detail the Company's proposed investment in the competitive market customer service systems?

A. Yes. We have prepared an exhibit entitled "COMPETITIVE MARKET CUSTOMER SERVICE SYSTEMS", Exhibit __ (CO-14) and an exhibit entitled "COMPETITIVE MARKET CUSTOMER SERVICE SYSTEMS WORKSHEET", Exhibit __ (CO-15).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-14) and EXHIBIT __ (CO-15)

LOW INCOME PROGRAM

Q. Does the Company currently have a Low Income Program for residential electric customers?

A. Yes, the Company has a Low Income Program that provides a reduced Customer Charge to customers receiving Public Assistance, Supplemental Security Income ("SSI") or Food Stamps or who are recipients of Home Energy Assistance Program ("HEAP") benefits in the last 12 months. Funding for this program was set at $17.4 million annually in the 2008 electric rate order.

Q. Is the Company proposing to continue this Low Income Program?

A. Yes. The Company proposes to continue the program at the same funding level as in the current Rate Plan, $17.4 million per year. With funding at this level, the Company will provide a Customer Charge reduction of $5.92 to the customer charge adopted in this case for low income residential customers taking service under Rate I of SC 1 (non-heating) and 7 (heating) who receive benefits under one of the assistance programs mentioned above. Customers already on the program would not have to reapply to receive the benefit of the reduced charge.

Q. How many customers would be expected to receive benefits under this program?

A. At the $17.4 million level, the $5.92 monthly reduction in the customer charge will be available to approximately 245,000 customers annually.

BILL REDESIGN

Q. Has the Company recently redesigned its bill?

A. Yes. The functionality of Con Edison's prior bill format had been maximized and could not accommodate any further expansions to bill content. Therefore, bill design changes were necessary.

Q. Why were these changes necessary?

A. For full service customers, the Company needed to provide an unbundled bill format as a result of the February 18, 2005 Order Directing Submission of Unbundled Bill Formats issued in Case No. 00-M-0504. This included being able to display delivery, supply and tax charges. The redesigned bill provides more information and a breakdown of competitive versus non-competitive charges to assist customers in making informed choices about energy supply alternatives.

Q. Has the Commission approved the bill redesign project?

A. Yes. In the 2008 electric rate order, the Commission approved incremental O&M costs of $1.1 million.

Q. Does the Company expect to incur additional incremental O&M costs as a result of full deployment of the new bill?

A. Yes.

Q. What is the cause of these incremental costs?

A. Incremental costs are due to the full deployment of the new bill using larger bill paper and envelopes and the use of environmentally friendly recycled paper. Specifically, based on an anticipated annual volume of the larger bill paper and envelopes, costs will increase by approximately $670,000. In addition, the use of environmentally friendly recycled paper and envelopes will result in approximately $420,000 of additional paper costs. Thus, a total incremental cost of $1.09 million per annum will be incurred.

Q. Please continue.

A. A critical initiative of this project has been to provide Call Center representatives with a facsimile version of the newly designed bill as issued to each customer so that the representative can successfully respond to customer inquiries. Specifically, customers often inquire about specific items that are shown on their bills. Prior to having access to an

image of the customer's bill, CSRs had difficulty satisfying these customer inquiries. With the facsimile bill, the CSR is looking at the exact same bill as the customer when responding to the customer's inquiry. This greatly improves our ability to satisfy these types of inquiries. To better support our customers, the Company will utilize a new service providing a more robust tool to electronically archive, and that will allow CSRs to view and retrieve, copies of customers' bills. The new service will enable us to more effectively and efficiently respond to customer inquiries, by providing representatives with a more rapid and direct manner to view facsimile bills as well as the ability to view multiple bills for a customer at the same time. It will also enable us to issue a duplicate bill for customers who request one. Further, this service will better support the Company's e*bill program by providing newly enrolled customers with a historical electronic bill history as well as electronic current bills. This new service will result in an increase in O&M expenses of approximately $460,000 per annum.

Q. What other incremental costs will be experienced as a result of full deployment?

A. As the new bill generation system has moved from the development stage to full deployment, incremental equipment maintenance and software license fees have become applicable. Incremental O&M costs will be incurred for equipment maintenance in the approximate amounts of $128,000 for duplex printers and $15,000 for upgraded mail inserters and software license fees of approximately $133,000 for the Bill Composition Dialogue software and $34,000 for Publication software which supports the Dialogue product.

Q. What is the total incremental cost for the above items?

A. The Company expects to incur incremental O&M costs of $800,000 in the rate year beginning April 2009 in addition to the $1.1 million already approved. Therefore, for the paper costs, the facsimile bill and equipment maintenance and software license fees the Company is requesting $1.9 million in O&M funding for this project for the rate year.

Q. Have you prepared, or had prepared under your supervision, exhibits that detail the Company's proposed investment in bill redesign?

A. Yes. We have prepared an exhibit entitled "BILL REDESIGN", Exhibit __ (CO-16) and an exhibit entitled "BILL REDESIGN WORKSHEET", Exhibit __ (CO-17).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-16) and EXHIBIT __ (CO-17)

CREDIT AND COLLECTION ACTIVITIES

Q. Is the Company proposing any changes to its customer service field forces?

A. Yes. The Company is proposing to increase Field Operations staffing assigned to collections activities to address the increased volume of accounts that require field collection. The Company also requires additional administrative staff to support the replevin work generated as a consequence of the increased collections activities that will be performed. The Company will incur certain capital costs, discussed below, to support these efforts.

Q. Please explain the actions that the Company takes to collect on overdue bills prior to the accounts being scheduled for field collections action.

A. The Company takes a number of actions to resolve overdue bills. Customers receive a series of notices from the Company, including reminders, alerts and termination notices, in an effort to make them aware that their bills are overdue and effect payment. Termination notices sent to residential customers also offer deferred payment agreements as a way for the customer to resolve the arrears. Once customer accounts reach the stage where the next step would be field collection action, the Company endeavors to contact the customer by telephone in another attempt to resolve the arrears before the account is scheduled for field collection. Customers are also contacted by telephone when the initial field collection visit does not result in the resolution of the arrears or disconnection of the customer's meter.

Q. Has the volume of accounts requiring field collections increased?

A. Yes. The Company has experienced an increase in the number of accounts that require field collections activities. From 2004 to 2005, accounts requiring field collections activities increased by 2%. From 2005 to 2006, accounts requiring field collections

activities increased by 7%. The same 7% rate of increase was experienced from 2006 to 2007. It is expected that volumes will increase by a slightly higher rate of 9% during 2008 due to the current economic downturn.

Q. Has the Company seen an increase in accounts requiring field collection activities in the first quarter of 2008?

A. Yes. As compared to the first quarter of 2007, the Company has experienced a 14.6% increase in accounts requiring field collection activities in the first quarter of 2008.

Q. What has the Company done to address these increased volumes of accounts that require field collections activities?

A. The Company recently implemented a new work management system to control field collections work. This system schedules the work based on geographic proximity. This allows the collectors to be more efficient in addressing the higher volume of work by reducing travel time. Jobs reached per route increased from 24.52 in the first quarter of 2007 to 26.19 in the first quarter of 2008.

Q. Was the Company able to address the increases in work volume this way?

A. No. An increase in the staffing level was still necessary. During 2007, 24 Customer Field Representatives ("CFRs") were hired and assigned to field collection activities. This increased staffing has resulted in an increased number of collection matters being resolved.

Q. Did this meet the Company's needs for field collection activities?

A. No. The Company determined that additional staffing of 27 CFRs over the level in the historical period is needed in the rate year.

Q. What will these resources cost?

A. The Company projects an incremental O&M cost of approximately $1.2 million in the rate year and a capital cost in 2009 of $52,000 for handheld meter reading devices for the additional CFRs.

Q. Why are costs increasing in the replevin group?

A. The replevin group is responsible for obtaining court orders (writs of replevin) to recover Company equipment (Company meters) on accounts where Company field collections efforts have been unable to resolve

account arrears or to terminate service. As more collection activities are completed, the number of writs will increase. The Company will require an increase in its staff and related administrative costs associated with replevin activity.

Q. Why is prompt action by the replevin group important?

A. By completing the replevin action on these defaulting accounts in a prompt fashion, the potential for additional uncollectible consumption being generated is greatly reduced.

Q. What will these resources cost?

A. The Company projects an O&M cost of approximately $437,000 in the rate year for additional personnel and administrative costs.

Q. Have you prepared, or had prepared under your supervision, exhibits that detail the Company's proposed costs for credit and collection activities?

A. Yes. We have prepared an exhibit entitled "CREDIT AND COLLECTION ACTIVITIES", Exhibit __ (CO-18), an exhibit entitled "CREDIT AND COLLECTION - DOCUMENT GROWTH", Exhibit __ (CO-19), and an exhibit entitled "CREDIT AND COLLECTION CFR STAFFING", Exhibit __ (CO-20).

MARK FOR IDENTIFICATION AS EXHIBIT __ (CO-18), EXHIBIT __ (CO-19) and EXHIBIT __ (CO-20)

RETAIL ACCESS PROGRAMS

Q. As a result of the Company's 2004 and 2005 gas and electric rate plans, what programs did the Company initiate?

A. The Company initiated PowerMove, Market Match, and Purchase of Receivables ("POR") in support of retail access.

Q. Is the Company proposing any changes to any of these programs?

A. Yes. With respect to PowerMove, while the Company will continue the existing program without modification it is also in the process of reviewing a proposed expansion of the program.

Q. Please describe the expansion the Company is considering.

A. As directed in the Commission's order in Case No. 07-E-0523, the Company will be filing a report addressing an intervener's proposal that the Company expand its PowerMove program to include customers who contact the Company for new service. The report will address whether it is feasible to provide new customer

referrals to ESCOs, how HEFPA regulations will be met, and how the expansion would not present an impediment to the timely provision of service as required by law as well as how Con Edison would recover the cost for any expansion of the ESCO referral program. The Company is required to file the report by May 24, 2008.

Q. What are the Company's plans for Market Match?

A. The Company plans to continue the Market Match program without modification. The Company's new website features this program and provides easy access to information about individual ESCOs participating in the Company's service territory. Costs to continue this program are de minimis.

Q. Does the Company propose to continue its POR Program?

A. Yes, the Company will be continuing its POR program without modification.

Q. Does this conclude your testimony?

A. Yes.

Project/Program Title	Mandatory Hourly Pricing

Work Description:

The Company is expanding MHP to customers whose maximum demand is over 500 kW in any month during an annual period ending 9/30 (approx. 1,570 customers). The Company is proposing to implement this in phases. The first phase would be directed to the larger customers, over 1 MW to 1.5 MW (approx. 330 customers). The second phase would be directed to the customers over 500 kW to 1 MW (approx. 1,240 customers).

As only the first year of the multi year MHP program was approved in case 07-E-0523, funding is needed to provide for the total capital cost of the program and the meter communication costs which were in the latter years of the O&M submission. Staff has also required an expanded MHP customer education program.

Justification:

The Commission has approved and endorsed the importance of this program, and the program has been funded in the 2008/2009 Rate Plan. This program extends beyond the one year rate period and funding is needed to the address capital and O&M funding requirements to complete implementation of this program.

$283,000 of the O&M request has been approved in case 07-E-0523 but must be re-submitted in the financials as it is not in the historical year.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$1,725	$0	$0	$0	$1,725

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$0	$316	$834	$1,034	$1,034	$3,218

Mandatory Hourly Pricing Worksheet

		Costs				
Capital		2009	2010	2011	2012	Total
Professional Services	**Days**					
Project Management	60	$ 108,000	$ -	$ -	$ -	$ 108,000
Business Process & Requirements	190	$ 342,000	$ -	$ -	$ -	$ 342,000
System Integration	60	$ 108,000	$ -	$ -	$ -	$ 108,000
Travel Expenses		$ 83,700	$ -	$ -	$ -	$ 83,700
Systems						
System Warranty		$ 115,875	$ -	$ -	$ -	$ 115,875
Meters	**Number**					
Meters	573	$ 419,006	$ -	$ -	$ -	$ 419,006
Labor		$ 225,619	$ -	$ -	$ -	$ 225,619
Communication Point Installation		$ 322,313	$ -	$ -	$ -	$ 322,313
Capital Total		**$ 1,724,513**	**$ -**	**$ -**	**$ -**	**$ 1,724,513**

O&M	RY0*	RY1	RY2	RY3
Maintenance - Hardware		$ 40,000	$ 40,000	$ 40,000
Maintenance - Database		$ 63,000	$ 63,000	$ 63,000
Maintenance - Software		$ 22,500	$ 45,000	$ 45,000
Maintenance Support Resource Cost		$ -	$ 124,800	$ 124,800
Communications		$ 90,000	$ 286,000	$ 486,000
Outreach and Education		$ 100,000	$ 100,000	$ 100,000
Billing/Support Staff		$ -	$ 175,000	$ 175,000
O&M Total	**$ 283,000**	**$ 315,500**	**$ 833,800**	**$ 1,033,800**
Incremental		$ 32,500	$ 518,300	$ 200,000

RY0* = April 1, 2008 to March 31, 2009

Project/Program Title	Automated Meter Reading

Work Description:

The deployment of saturated Automated Meter Reading (AMR) that is expected to complete the saturation of Westchester County and installation of AMR for hard to read accounts. Deployment involves the installation of meters with low-powered radio transmitters which enables the meters to be read using walk by or drive by data collection. This program maintains AMR installation infrastructure through the first half of 2010; these resources will be used to complete the AMR deployment in Westchester.

Justification:

The deployment of automated meter reading will be continued to secure the benefits of off site meter reading. These benefits include labor reductions, removal of hard-to-reads and meter reading associated injuries. Savings from AMR saturation are shown in the "AMR Saturation Savings" program.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$22,796	$7,003	$3,080	$3,080	$35,959

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$121	$331	$331	$121	$121	$904

AUTOMATED METER READING WORKSHEET

AMR Deployment 2009

Capital Components	Cost	
Meter Equipment	$	9,107,970
Mobile Data Collector	$	78,750
Labor	$	10,414,080
Administrative Cost	$	115,200
Saturation Program Total	$	19,715,999.63
Hard-to-Read Meters (New Locations)	$	1,300,000.00
Hard-to-Read Meters (Techology Replacement)	$	500,000.00
AMR - New Accounts	$	1,280,000.00
Strategic Program Total	$	3,080,000
AMR Program Total (Saturation and Strategic)	**$**	**22,796,000**

AMR Deployment 2010

Capital Components	Cost	
Meter Equipment	$	730,000
Mobile Data Collector		-
Labor	$	3,143,000
Administrative Cost	$	50,000
Saturation Program Total	$	3,923,000
Hard-to-Read Meters (New Locations)	$	1,300,000.00
Hard-to-Read Meters (Techology Replacement)	$	500,000.00
AMR - New Accounts	$	1,280,000.00
Strategic Program Total	$	3,080,000
AMR Program Total (Saturation and Strategic)	**$**	**7,003,000**

AMR Deployment 2011

Capital Components	Cost	
Saturation Program Total	$	-
Hard-to-Read Meters (New Locations)	$	1,300,000.00
Hard-to-Read Meters (Techology Replacement)	$	500,000.00
AMR - New Accounts	$	1,280,000.00
Strategic Program Total	$	3,080,000
AMR Program Total (Saturation and Strategic)	**$**	**3,080,000**

AMR Deployment 2012

Capital Components	Cost	
Saturation Program Total	$	-
Hard-to-Read Meters (New Locations)	$	1,300,000.00
Hard-to-Read Meters (Techology Replacement)	$	500,000.00
AMR - New Accounts	$	1,280,000.00
Strategic Program Total	$	3,080,000
AMR Program Total (Saturation and Strategic)	**$**	**3,080,000**

Project/Program Title	Automated Meter Reading Saturation Savings

Work Description:

The saturation deployment of Automated Meter Reading (AMR) equipment will result in a reduction in the number of Customer Field Representatives (CFRs) required to read meters in the area covered by AMR.

Justification:

The reduction in the numbers of CFRs needed to read meters is a key benefit of the AMR program.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$0	$0	$0	$0	$0

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total
($860)	($1,740)	($2,586)	($3,277)	($7,603)

Project/Program Title	Cycle Meter Reading Handheld System

Work Description:

Replacement of cycle meter reading system and handhelds. This will involve the purchase of approximately 540 handheld devices, 470 desk-based docking stations and compatible software. Annual maintenance for the handheld devices and docking stations will be included. Apart from the vendor's professional services for implementation, the Company's resources will be required to develop an interface for the new system to company systems. New internal hardware such as servers and desktop computers will also be purchased.

Justification:

It is critical that the cycle meter reading system be replaced since, as advised by the supplier of the current system, this system will not be supported beyond 2012.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$0	$0	$3,488	$0	$3,488

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$0	$0	$0	$0	$263	$263

Project/Program Title	Cycle Data Warehouse

Work Description:
Development of a data warehouse that stores and aggregates meter reading related data from a number of sources. The primary function of the warehouse is the integration of data from the Company's CSS and meter reading systems that will provide a platform for the generation of comprehensive meter reading reports.

Justification:
The warehouse has report capability that will greatly improve the information available to Field Operations management that will assist in developing operational improvements such as the rerouting of cycle meter reading routes.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$100	$100	$100	$100	$400

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$0	$0	$0	$0	$0	$0

Project/Program Title	Call Center Enhancements

Work Description:

This program involves replacement of the Call Center's automatic call distribution (ACD) system and the existing self service system; and implementation of business continuity initiatives. Next generation self-service technology will be implemented to replace the legacy self-service systems and enable a wide range of automated functionality that targets improved customer self-service. The business continuity program will enable redundant server architecture with recovery capabilities to increase the reliability of Call Center computing resources. In 2012 the Call Center's workstations will be replaced.

Justification:

The existing telephone ACD system will reach the end of its service life by 2013 and must be replaced in order to ensure continued operation of the Call Center. The replacement effort must begin at least two years before end of life to ensure that all peripheral systems are properly integrated into the replacement environment

The Company is replacing the existing self service system. Additional work is required to develop the self service options available to customers via this new system.

The Call Center business continuity plan also requires improvement to ensure the continued service to our customers via the Call Center in the event of the occurrence of various scenarios. Particular attention is being given to server hardening and redundancy to mitigate the occurrences of various system outages due to server failure.

As it is anticipated that the Call Center's workstations will have reached end of life state, they require replacement.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$0	$4,444	$5,063	$2,475	$11,982

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$0	$0	$220	$598	$589	$1,378

Call Center Worksheet

Capital	2009	2010	2011	2012	Total
		Costs			
ACD Replacement					
Accounts Payable	$ -	$ -	$ 450,000	$ -	$ 450,000
Company Labor	$ -	$ -	$ 225,000	$ -	$ 225,000
Hardware/Software	$ -	$ -	$ 1,575,000	$ -	$ 1,575,000
Self Service VRU					
Accounts Payable	$ -	$ 1,350,000	$ 1,023,750	$ 900,000	$ 3,273,750
Company Labor	$ -	$ 247,500	$ 160,875	$ 123,750	$ 532,125
Hardware/Software	$ -	$ 652,500	$ 277,875	$ 101,250	$ 1,031,625
Virtual Hold					
Accounts Payable	$ -	$ 123,750	$ 101,250	$ -	$ 225,000
Company Labor	$ -	$ 30,938	$ 25,313	$ -	$ 56,251
Hardware/Software	$ -	$ 464,062	$ 379,687	$ -	$ 843,749
Business Continuity					
Accounts Payable	$ -	$ 56,250	$ 42,188	$ -	$ 98,438
Company Labor	$ -	$ 225,000	$ 126,562	$ -	$ 351,562
Hardware/Software	$ -	$ 843,750	$ 675,000	$ -	$ 1,518,750
Performance Analytics and Reporting					
Accounts Payable	$ -	$ 270,000	$ -	$ -	$ 270,000
Company Labor	$ -	$ 45,000	$ -	$ -	$ 45,000
Hardware/Software	$ -	$ 135,000	$ -	$ -	$ 135,000
CSR Workstations					
Hardware/Software	$ -	$ -	$ -	$ 1,350,000	$ 1,350,000
Capital Total	**$ -**	**$ 4,443,750**	**$ 5,062,500**	**$ 2,475,000**	**$ 11,981,250**

O&M	RY1	RY2	RY3
ACD Replacement	$ -	$ -	$ 28,000
Self Service VRU	$ -	$ 80,000	$ 310,000
Virtual Hold	$ -	$ 90,000	$ 160,000
Performance Analytics and Analysis	$ -	$ 50,000	$ 100,000
O&M Total	**$ -**	**$ 220,000**	**$ 598,000**
Incremental	$ -	$ 220,000	$ 378,000

Project/Program Title	Call Center – CSRs

Work Description:

The increase of 18 Customer Service representatives and 1 Supervisor approved in Case 07-E-0523 requires funding.

Justification:

The 18 Customer Service Representatives and 1 Supervisor are needed to address under staffing in the Call Center due to attrition and the extensive training that new Customer Service Representatives must complete prior to being assigned to the Call Center.

These resources were approved in Case 07-E-0523.

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$0	$651	$651	$651	$651	$2,604

Project/Program Title	CSS Life Extension

Work Description:

The CSS Life Extension project incorporates changes to major processes of the billing system. These changes are to upgrade the programming language in which CSS was originally developed to a more universally used and supported language. Some of the portions of CSS that we are now planning to upgrade include the payment agreements facility and the activity file maintenance application. This project will help the Company to maintain a viable CSS.

Justification:

In order to continue to utilize the Company's existing CSS, the Company must upgrade the programming language in which CSS was originally developed. This project will help the Company to maintain a viable CSS and to respond to the constantly evolving customer and business needs.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$1,000	$1,000	$1,000	$1,000	$4,000

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$0	$0	$0	$0	$0	$0

Project/Program Title	Off System Billing

Work Description:

Currently, the Company utilizes a number of off-system billing processes (outside of the Customer Service System, CSS) to bill customers taking service under certain rates and programs including the following:

- Economic Development Customers: Power For Jobs (PFJ) rate program, NYCPUS, COWPUSA, World Trade Center and Substitute Energy
- Electric standby service customers
- NYPA

Managing and billing these customers involves manual processes and/or systems other than CSS. This project proposes to utilize a common automated system to support off-system billing applications currently in use. Development of this system will support these billing activities and provide full automation of these processes, eliminating the use of manual processes for billing currently in use and will automate all billing protocols.

Justification:

Migration of Con Edison's multiple (non-CSS) satellite billing systems to a common automated system would provide the following benefits:

- Elimination of manual processes involved in managing and billing customers taking service under these programs.
- Enables cross training for users and system support personnel.
- Enables automation of quality control mechanisms and improved database management and maintenance for the involved accounts.
- More flexible system that will assist in the development/modification of rates.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$1,620	$1,380	2,000	$2,000	$7,000

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total
$0	$0	$0	$0	$0

Off System Billing Worksheet

Labor	2009	2010	2011	2012
System Programming	$1,345,000	$1,080,000	$1,525,000	$1,650,000
System Analysis	$275,000	$300,000	$325,000	$350,000
Infrastructure				
Hardware	$0	$0	$150,000	$0
Total	**$1,620,000**	**$1,380,000**	**$2,000,000**	**$2,000,000**

Project/Program Title	Competitive Market Customer Service Systems

Work Description:

Reinforcement of the systems supporting the competitive marketplace is needed to manage the Company's obligation to enroll customers with Energy Services Companies (ESCOs), move customers between ESCOs and move customers back to utility service. Work will involve improvements to the systems supporting various activities related to Retail Choice such as customer enrollment and processing of information required to be sent to energy suppliers. The primary systems involved are the Retail Access Information System (RAIS) and the Transportation Customer Information System (TCIS). Specific work items to be addressed include the following:

- Updating and standardizing program languages to improve efficiency of maintaining the systems.
- Increasing capacity and efficiency of system processes to ensure the increased volumes of ESCO transactions can be supported and are processed in a timely fashion.
- Improvement of customer information tools that will increase the information that is available to our Call Center to provide customers with comprehensive information about their account with respect to ESCO provided supply.
- Improvement of the test environment to allow for more efficient mandated Phase III certification of ESCOs EDI communication. This improvement will assist us in meeting the PSC required timeframe for testing.
- Upgrades to the websites affiliated with RAIS and TCIS that ESCOs utilize to access customer information, and for TCIS to help manage the supply of gas to customers.

Funding of this program was approved in Case 07-E-0523.

Justification:

Due to the large numbers of customers switching to ESCOs, the Company's RAIS and TCIS systems are reaching effective capacity. In addition, it is important to note that RAIS and TCIS were initially developed over 10 years ago, and since then additional systems and applications were developed to support the competitive marketplace. Specifically, the Company developed the Consolidated Utility Billing System (CUBS) and implemented Electronic Data Interchange (EDI). Both CUBS and EDI require interactions between RAIS and TCIS and the Company's Customer Information System, which has further stressed RAIS and TCIS. Due to these factors, improvements to RAIS and TCIS are necessary at this time.

Funding of this program was approved in Case 07-E-0523.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$1,375	$1,625	$0	$0	$3,000

Competitive Market Customer Service System Worksheet

Element of Expense	Request 2009	Request 2010	Request 2011	Request 2008 - 2011
Update and Standardize Programming Languages	$ 500,000	$ 440,000	$ -	$ 1,340,000
Increase Capacity and Improve Efficiency of System Processes	$ 475,000	$ 560,000	$ -	$ 1,485,000
Customer Information Enhancements	$ 200,000	$ 600,000	$ -	$ 850,000
Improving the EDI Test Environment	$ 100,000	$ 25,000	$ -	$ 175,000
Upgrades to TCIS and RAIS websites for ESCOs	$ 100,000		$ -	$ 150,000
Total	**$ 1,375,000**	**$ 1,625,000**	**$ -**	**$ 4,000,000**

Project/Program Title	Bill Redesign

Work Description:

Maintenance contracts for key pieces of equipment have been secured and funding for bill archive and retrieval functions is needed. Transition is also being made to use of recycled paper for the bill and envelope.

Justification:

The additional costs cover new maintenance contracts and the archival and retrieval of each customer's bill. Also some incremental costs have occurred due to the use of bill paper and envelopes made from recycled paper.

$1.1 million of this funding was approved in Case 07-E-0523.

Capital Funding ($000)

Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$0	$0	$0	$0	$0

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$1,483	$3,337	$3,337	$3,337	$3,337	$13,348

Bill Redesign Worksheet

Item	Historical Year	Rate Year 1	Incremental Amount
Envelopes	$800,806	$ 1,492,816	$692,010
Paper	$681,921	$ 1,076,803	$394,882
System/software maintenance	$0	$307,975	$307,975
Customer Bill Archival and Retrieval Costs	$0	$459,000	$459,000
Total O&M Expenditures	**$1,482,727**	**3,336,594**	**$1,853,867**

Project/Program Title	Credit and Collection Activities

Work Description:

27 Customer Field Representatives (CFRs) are required to accelerate collection activities. Additional handheld meter reading devices will be needed for the additional staff. 2 additional replevin related administration staff will be required and processing costs will also be incurred as a consequence of the increased collection activities.

Justification:

The number of accounts requiring collections actions continues to increase. Funding is needed to address these increases and expedite the fielding of such accounts.

Capital Funding ($000)

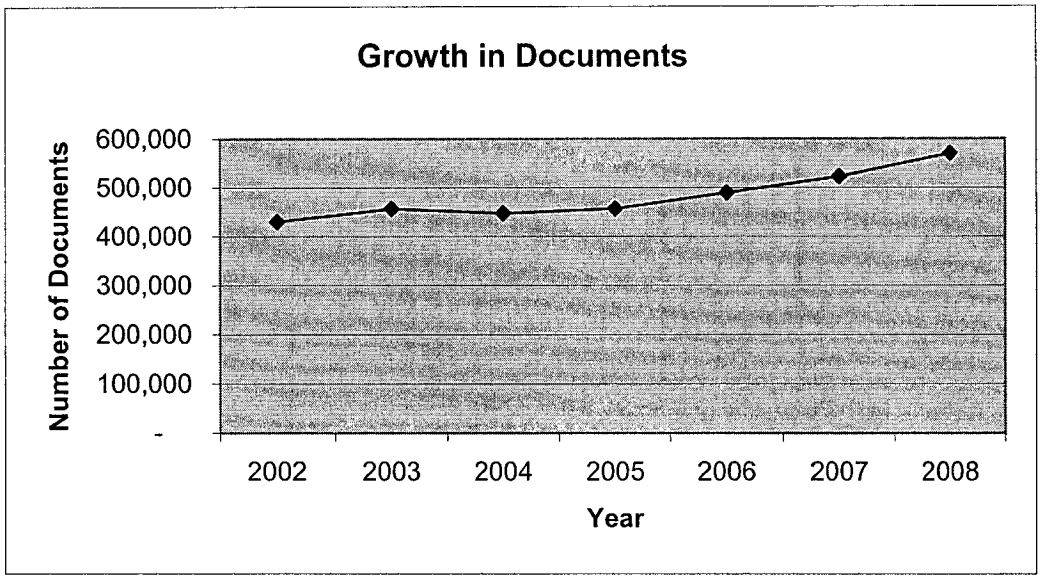
Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast Total
$52	$0	$0	$0	$52

O&M Funding ($000)

Historical Year (2007)	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast RYE 2013	Forecast Total
$293	$2,041	$2,041	$2,041	$2,041	$8,164

Credit and Collection - Document Growth

Growth of Documents		
	Documents	% (+ -)
2002	429,945	
2003	457,059	6%
2004	447,636	-2%
2005	456,661	2%
2006	489,469	7%
2007	523,042	7%
2008	570,116	9%



Credit and Collections Staffing Requirement

Forecasted documents for Rate Year 1 (April 2009 to March 2010)	**572,166**
Field calls required to complete expected Rate Year 1 documents	**683,658**
Average documents reached per route	**29.5**
Required routes to complete the expected number of documents	**23,177**
CFRs required for the expected number of routes	**203**
Current Staffing Levels	**176**
Required Additional Staffing	**27**

Notes:
The forcasted documents for rate year 1 are based on the amount of documents experienced from January 2007 to March 2008 (being 656,152) reduced to a 12 month average and with a 9% growth factor added.
The number of field calls required to complete a document is 1.195 based on that experienced from January 2008 to March 2008.
The average number of documents reached per route is 29.5 and is based on that experienced from January 2007 to March 2008.
The required staffing levels are based on 252 work days per year, an average of 1.84 staff per route and a 20% staff outage rate.