

REDACTED

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Consolidated Edison Company of New York, Inc.

Case 08-E-0539

September 2008

Prepared Exhibits of:

Honor Marie Kennedy
Retail Access Section

Office of Industry and Government
Relations
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

TESTIMONY OF HONOR MARIE KENNEDY
OFFICE OF INDUSTRY AND GOVERNMENT RELATIONS
NEW YORK STATE DEPARTMENT OF PUBLIC SERVICE

List of Exhibits

<u>Exhibit Title</u>	<u>Exhibit Page</u>
DPS-536	1
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New York Temporary State Commission on Lobbying and New York State Commission on Public Integrity; Client Semi-Annual Reports for January-June 2007, July-December 2007, January-June 2008	7
DPS-466	17

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to DPS Interrogatories – Set DPS35
Date of Response: 08/13/2008
Responding Witness: Customer Operations

Question No. :536

Subject: Market Match and Market Expo Programs - 1) Provide the Company's justification for the continuation of the Market Match and Market Expo programs as they currently exist. Include program goals, assessment instruments used to evaluate support for program continuation and summary of their findings, target audiences selected, and allocation of costs.

Response:

Market Match is available to all customers on our website www.PowerYourWay.com. It provides customers an easy to use email vehicle to request pricing from ESCOs serving their specific customer class. Since activity required to maintain the program is minimal (maintenance involves editing the site to include or delete the names of ESCOs as they enter/exit the market or change the customer classes that they serve), costs to maintain the program are insignificant. No goals were established for this program, and the Company has not assessed the value of continuing this program.

Market Expo is no longer an active program.

CONFIDENTIAL

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to DPS Interrogatories – Set DPS38
Date of Response: 08/18/2008
Responding Witness: Nachmais

Question No. :561

Subject: Company Labor – July Update - In the Company's preliminary update submitted July 25, 2008, Company Labor was updated by \$775,000 on line 6 a) and other O&M expense was updated by \$73,000 on line 22 b) of Exhibit AP-9 Preliminary Update, Schedule 11, to fund State Regulatory Affairs Department. According to information provided by Company personnel, this new organization was formed on August 1, 2008. The requested funding represents seven new positions to be added to the existing nine employees in the Energy Markets Policy Group. 1. Describe the functions of the existing Energy Markets Policy Group. Provide titles and salary levels of the existing employees. 2. Describe the functions of the new organization and explain why these functions can not be performed by the Company's existing workforce through re-organization and re-prioritization. 3. Provide Company guideline or documentation to support the augmentation of the new organization and the requested funding. 4. Provide the job titles and salary levels of the seven proposed new positions. 5. Provide the actual and planned hiring dates of the seven new positions. 6. For positions already filled, indicate whether the employees were hired from within or outside the Company.

Response:

Response is redacted.

Response is redacted.

Response is redacted.

CLIENT SEMI-ANNUAL REPORT: January – June 2007

Client Information:

Client Name: CONSOLIDATED EDISON, INC. & ITS SUBSIDIARIES

Business Address:

4 IRVING PLACE

NEW YORK, NY 10003

US

Phone (212) 460-2174

Chief Administrative Officer: FRANCES RESHESKE, SENIOR VICE PRESIDENT - PUBLIC AFFAIRS

Type of Lobbying: Both

Lobbyist Information:

HINMAN STRAUB PC

121 STATE STREET

ALBANY, NY 12207

(518) 436-0751

Level of Government Lobbied: State

Compensation: \$38,001.00

LANAHAN, KEVIN

4 IRVING PLACE, ROOM 1650-S

NEW YORK, NY 10003

(518) 434-1193

Level of Government Lobbied: State/Local

Compensation: \$2,561.00

STEPHEN IANELLO

C/O CONSOLIDATED EDISON, INC. & ITS SUBSIDIARIES

4 IRVING PLACE, ROOM 1650-S

NEW YORK, NY 10003

(212) 460-4682

Level of Government Lobbied: State

Compensation: \$983.00

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER, LLP

677 BROADWAY - 9TH FLOOR

ALBANY, NY 12207

(518) 449-8893

Level of Government Lobbied: State/Local

Compensation: \$50,000.00

Lobbying Expenses (reporting period only)

- A. Aggregate expenses less or equal to \$75: \$408
- B. Aggregate expenses for salaries of non-lobbying employees: \$2,808
- C. Itemized lobbying expenses:

Paid To: HINMAN STRAUB
Date: 1/8/2007
Purpose: IBT LEGIS SERVICES
Social Ad. Event
Amount: \$98.00

Paid To: HINMAN STRAUB
Date: 1/11/2007
Purpose: NYTSCL FILING FEE
Social Ad. Event
Amount: \$200.00

Paid To: HINMAN STRAUB
Date: 2/9/2007
Purpose: STATEWATCH LEGIS SERVICES
Social Ad. Event
Amount: \$89.00

Paid To: HINMAN STRAUB
Date: 2/9/2007
Purpose: LRS LEGIS SERVICES
Social Ad. Event
Amount: \$194.00

Paid To: HINMAN STRAUB
Date: 2/13/2007
Purpose: NY CCAP WIRE PUBLIC
Social Ad. Event
Amount: \$90.00

Paid To: WILSON, ELSER, ET AL
Date: 6/30/2007
Purpose: REIMBURSED EXPENSES
Social Ad. Event
Amount: \$1,800.00

D. Total Expenses (A+B+C): \$5,687

Subject(s) Lobbied:

BUDGET, REGULATORY & LEGISLATIVE ISSUES PERTAINING TO PUBLIC UTILITIES & ENERGY.

Person, State Agency, Municipality, or Legislative Body Lobbied:

NEW YORK STATE & NEW YORK CITY EXECUTIVE AND LEGISLATIVE BRANCHES OF GOVERNMENT.

Bill, Rule, Regulation or Rate Number Lobbied:

A606 A836 A862 A910 A1090 A1092 A1094 A1378 A1483 A1993 A1994 A2158 A2247
A2280 A2282 A2353 A2422 A2623 A2623 A2693 A2801 A2861 A2864 A2941 A3039 A3079
A3080 A3211 A3238 A3462 A3487 A3628 A3631 A3894 A4078 A4239 A4600 A4713 A47771
A5049 A5058 A5336 A6284 A 6402 A6632 A7406 A7429 A7430 A7438 A 7439 A7651 A7686
A7706 A7714 A7730 A8334 A8517 A8620 A 8621 A8622 A8623A A8624 A8625 A8668
A8690 A8697 A8739 A8841 A8940 A8990 A9001 A9019 19046 A9086A A9254 A9255 S1285
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S2103/A4303 S2104/A4304 S2105/A4305 S2106/A4306 S2107/A4307 S2108/A4308
S2109/A4309 S2110/A4310 S2007/A606 S4364/A7438 A43 A60 A184 A308 A349 A421 A606
A661A A728 A871 A984 A1022 A1061 A1095A A1108 A1135 A1141 A1164 A1264 A1265
A1268 A1305 A1422 A1714 A1862 A1969 A1993 A1994 A2158 A2243 A2282 A2296 A2349
A2425 A2528 A2566 A2623 A2624 A2666B A2668 A2713B A2716 A2720A A2721A A2723
A2800 A2854 A2855A A2941 A2965 A3020 A3039 A3076 A3079 A3194 A3211 A3274
A3289 A3293 A3462 A3487 A3536 A3628 A3629 A3739 A3750 A3832A A3897 A3937
A3947 A3982 A4239 A4276 A4438 A4448 A4600 A4636B A4858 A4859D A4860 A4940
A5049 A5058 A5125 A5222 A5299 A5365A A5368 A5369 A5435 A5596 A5653 A5818
A6045 A6139 A6210 A6414 A6433 A6501B A6616 A6621 A6632 A6643 A6686A A6735
A6970 A7118A A7144 A7145 A7298 A7334A A7357 A7365 A7406 A7429 A7435 A7439
A7585 A7624 A7651 A7706 A7730 A7779 A7800 A7812 A7816 A7874 A7877A A7909
A7976 A7978 A8030B A8090 A8111A A8132 A8171A A8264A A8275B A8315 A8334 A8516
A8517 A8539 A8587 A8588 A8612A A8619 A8620 A8621 A8622 A8623A A8624 A8625
A8634B A8666 A8689 A8690 A8697 A8739 A8834 A8876 A8940 A8961 A8962 A8989
A8990 A9001 A9006 A9019 A9021 A9022 A9023 A9045 A9046 A9052 A9125 A9131
A9138A A9168 A9173 A9245 A9247 A9248 A9254 A9255 A9268 S30 S43 S45 S120 S146
S160A S162 S183 S282 S377 S444 S683 S686 S688 S807 S915A S929 S1048 S1090 S1113A
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S2196 S2200 S2646 S2653 S2953 S3039 S3141 S3177A S3206 S3223A S3225A S3249 S3271
S3308 S3433 S3497 S3653 S3838 S3854B S3855 S3911 S3971 S3984 S4067 S4068 S4264
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S5826A S5828 S5866 S5878B S5908 S5945 S5950B S6009B S6055 S6068A S6075 S6076
S6077A S6078 S6082 S6099 S6124 S6178 S6179 S6190 S6240 S6247 S6265 S6267A S6305
S6309 S6316 S6323 S6325 S6366 S6378

Title and Identifying # of procurement contracts/documents: None Lobbied

Number or Subject matter of Gubernatorial/Municipal Executive Order: None Lobbied

Subject matter of and Tribes involved in Tribal State Compacts, etc.: None Lobbied

CLIENT SEMI-ANNUAL REPORT: July – December 2007

Client Information:

Client Name: CONSOLIDATED EDISON, INC. & ITS SUBSIDIARIES

Business Address:

4 IRVING PLACE

NEW YORK, NY 10003

US

Phone (212) 460-2174

Chief Administrative Officer: FRANCES RESHESKE, SENIOR VICE PRESIDENT - PUBLIC AFFAIRS

Type of Lobbying: Both

Lobbyist Information:

FRANCIS W. PEVERLY

C/O CONSOLIDATED EDISON, INC. & ITS SUBSIDIARIES

511 THEODORE FREMD AVENUE

RYE, NY 10580

(914) 925-6068

Level of Government Lobbied: Local

Compensation: \$168.00

HINMAN STRAUB PC
121 STATE STREET
ALBANY, NY 12207
(518) 436-0751
Level of Government Lobbied: State
Compensation: \$38,001.00

JOHN D. MCMAHON
ONE BLUE HILL PLAZA
ORANGE & ROCKLAND UTILITIES
PEARL RIVER, NY 10965
(845) 577-2500
Level of Government Lobbied: State
Compensation: \$409.00

LANAHAN, KEVIN
4 IRVING PLACE, ROOM 1650-S
NEW YORK, NY 10003
(518) 434-1193
Level of Government Lobbied: State/Local
Compensation: \$506.00

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER, LLP
677 BROADWAY
ALBANY, NY 12207
(518) 449-8893
Level of Government Lobbied: State/Local
Compensation: \$50,000.00

Lobbying Expenses (reporting period only):

- A. Aggregate expenses less or equal to \$75: \$234
- B. Aggregate expenses for salaries of non-lobbying employees: \$2,850
- C. Itemized lobbying expenses:

Paid To: WILSON, ELSER, ET AL
Date: 12/31/2007
REIMBURSED EXPENSES: \$1,800.00

D. Total Expenses (A+B+C): \$4,884

Subject(s) Lobbied:

BUDGET, REGULATORY & LEGISLATIVE ISSUES PERTAINING TO PUBLIC UTILITIES & ENERGY.

Person, State Agency, Municipality, or Legislative Body Lobbied:

NEW YORK STATE & NEW YORK CITY EXECUTIVE AND LEGISLATIVE BRANCHES OF GOVERNMENT.

Bill, Rule, Regulation or Rate Number Lobbied:

A43 A60 A184 A308 A349 A421 A606 A661A A728 A871 A984 A1022 A1061 A1095A
A1108 A1135 A1141 A1164 A1264 A1265 A1268 A1305 A1422 A1714 A1862 A1969 A1993
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A2668 A2713B A2716 A2720A A2721A A2723 A2800 A2854 A2855A A2941 A2965 A3020
A3039 A3076 A3079 A3194 A3211 A3274 A3289 A3293 A3462 A3487 A3536 A3628 A3629
A3739 A3750 A3832A A3897 A3937 A3947 A3982 A4239 A4276 A4438 A4448 A4600
A4636B A4858 A4859D A4860 A4940 A5049 A5058 A5125 A5222 A5299 A5365A A5368
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A6621 A6632 A6643 A6686A A6735 A6970 A7118A A7144 A7145 A7298 A7334A A7357
A7365 A7406 A7429 A7435 A7439 A7585 A7624 A7651 A7706 A7730 A7779 A7800 A7812
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S2110/A4310 S2007/A606 S4364/A7438 A606 A836 A862 A910 A1090 A1092 A1094 A1378
A1483 A1993 A1994 A2158 A2247 A2280 A2282 A2353 A2422 A2623 A2623 A2693 A2801

A2861 A2864 A2941 A3039 A3079 A3080 A3211 A3238 A3462 A3487 A3628 A3631 A3894
A4078 A4239 A4600 A4713 A47771 A5049 A5058 A5336 A6284 A 6402 A6632 A7406
A7429 A7430 A7438 A 7439 A7651 A7686 A7706 A7714 A7730 A8334 A8517 A8620 A 8621
A8622 A8623A A8624 A8625 A8668 A8690 A8697 A8739 A8841 A8940 A8990 A9001
A9019 19046 A9086A A9254 A9255 S1285 S1305 S1605 S1723 S1910 S1979 S1994 S2007
S2080 S2153 S2829 S3249 S3433 S3971 S4129 S4264 S4361 S4364 S4366 S4435 S4439
S4696 S5004 S5085 S5388 S5708 S5826A S5908 S6055 S6075 S6167A S6178 S6179 S6325

Title and Identifying # of procurement contracts/documents: None Lobbied

Number or Subject matter of Gubernatorial/Municipal Executive Order: None Lobbied

Subject matter of and Tribes involved in Tribal State Compacts, etc.: None Lobbied

CLIENT SEMI-ANNUAL REPORT: January - June 2008

Client Information:

Client Name: CONSOLIDATED EDISON, INC. & ITS SUBSIDIARIES

Business Address:

4 IRVING PLACE

NEW YORK, NY 10003

US

Phone (212) 460-2174

Chief Administrative Officer: FRANCES RESHESKE, SENIOR VICE PRESIDENT - PUBLIC AFFAIRS

Type of Lobbying: Both

Lobbyist Information:

HINMAN STRAUB PC

121 STATE STREET

ALBANY, NY 12207

(518) 436-0751

Level of Government Lobbied: State

Compensation: \$38,001.00

KEVIN LANAHAN

4 IRVING PLACE, ROOM 1650-S

NEW YORK, NY 10003

(518) 434-1193

Level of Government Lobbied: State/Local

Compensation: \$3,409.00

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER, LLP
677 BROADWAY
ALBANY, NY 12207
(518) 449-8893
Level of Government Lobbied: State/Local
Compensation: \$73,119.00

Lobbying Expenses (reporting period only):

- A. Aggregate expenses less or equal to \$75: \$0
- B. Aggregate expenses for salaries of non-lobbying employees: \$28,000
- C. Itemized lobbying expenses:

Paid To: HINMAN STRAUB ADVISORS
Date: 6/30/2008
Purpose: REIMBURSED EXPENSES
Social Ad. Event
Amount: \$803.00

Paid To: WILSON, ELSER, ET AL
Date: 6/30/2008
Purpose: REIMBURSED EXPENSES
Social Ad. Event
Amount: \$2,640.00

D. Total Expenses (A+B+C): \$31,443

Subject(s) Lobbied:

BUDGET, REGULATORY & LEGISLATIVE ISSUES PERTAINING TO PUBLIC UTILITIES & ENERGY.

Person, State Agency, Municipality, or Legislative Body Lobbied:

NEW YORK STATE & NEW YORK CITY EXECUTIVE AND LEGISLATIVE BRANCHES OF GOVERNMENT.

Bill, Rule, Regulation or Rate Number Lobbied:

A606 A836 A862 A910 A1090 A1092 A1094 A1378 A1483 A1993 A1994 A2158 A2247
A2280 A2282 A2353 A2422 A2623 A2623 A2693 A2801 A2861 A2864 A2941 A3039 A3079
A3080 A3211 A3238 A3462 A3487 A3628 A3631 A3894 A4078 A4239 A4600 A4713 A47771
A5049 A5058 A5336 A6284 A 6402 A6632 A7406 A7429 A7430 A7438 A 7439 A7651 A7686
A7706 A7714 A7730 A8334 A8517 A8620 A 8621 A8622 A8623A A8624 A8625 A8668
A8690 A8697 A8739 A8841 A8940 A8990 A9001 A9019 19046 A9086A A9254 A9255 S1285
S1305 S1605 S1723 S1910 S1979 S1994 S2007 S2080 S2153 S2829 S3249 S3433 S3971
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A2855A A2941 A2965 A3020 A3039 A3076 A3079 A3194 A3211 A3274 A3289 A3293
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A4239 A4276 A4438 A4448 A4600 A4636B A4858 A4859D A4860 A4940 A5049 A5058
A5125 A5222 A5299 A5365A A5368 A5369 A5435 A5596 A5653 A5818 A6045 A6139
A6210 A6414 A6433 A6501B A6616 A6621 A6632 A6643 A6686A A6735 A6970 A7118A
A7144 A7145 A7298 A7334A A7357 A7365 A7406 A7429 A7435 A7439 A7585 A7624
A7651 A7706 A7730 A7779 A7800 A7812 A7816 A7874 A7877A A7909 A7976 A7978
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A8587 A8588 A8612A A8619 A8620 A8621 A8622 A8623A A8624 A8625 A8634B A8666
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A9019 A9021 A9022 A9023 A9045 A9046 A9052 A9125 A9131 A9138A A9168 A9173
A9245 A9247 A9248 A9254 A9255 A9268 S30 S43 S45 S120 S146 S160A S162 S183 S282
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S.7171/A.11146 A.606/S.2007 A.8990/S.6075A A.10707/S.7670 A.5474 S.8667/A.11732

Title and Identifying # of procurement contracts/documents: None Lobbied

Number or Subject matter of Gubernatorial/Municipal Executive Order: None Lobbied

Subject matter of and Tribes involved in Tribal State Compacts, etc.: None Lobbied

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to DPS Interrogatories – Set DPS30
Date of Response: 08/05/2008
Responding Witness: Rate Panel

Question No. :466

Subject: Electric Load Research Program and Submetering 1. Provide all documents describing the scope and work plan of the Company's proposed electric load research program. 2. Has the Company conducted research and or compiled data regarding master-metered residential multi-family dwelling buildings which have utilized interval metering and or submetering systems? Did the research include: monitoring consumer behavior to pricing signals; the effect on total building consumption; and, installation costs and payback periods? Provide all documents pertaining to such research. 3. Provide statistics on the number of privately owned residential multi-family dwelling units within the Company's service territory that are direct metered, master-metered, and master-metered with submetering. 4. Provide statistics on the number of publicly owned residential multi-family dwelling units within the Company's service territory that are direct metered, master-metered, and master-metered with submetering. 5. Provide the same information requested in 3 and 4 above for multi-family dwelling units that are served by NYPA. 6. Does the Company offer incentives or loan programs to residential multi-family dwelling buildings to promote the installation of meters, including interval and submeters? If so, provide the details of these offerings.

Response:

1. See attached.

2. The Master-metered residential multi-family housing sector is one of many sectors that will be addressed in the RFP entitled "Assessing Energy Efficiency Potential/End-Use Across Commercial, Industrial and Residential Markets in New York City and Westchester County (July 2008)". This research project is projected to determine the energy efficiency market potential within Con Edison's service territory. The RFP for this market research project is attached.

3. Multiple dwellings are defined as buildings with more than 4 residential units.

Private direct metered units in multiple dwellings:	1,476,146
Private master metered building units not submetered:	295,119
Private master metered building units submetered:	28,595

4. Publicly owned buildings with Con Edison direct metered units:	35,730
Publicly owned master metered building units not submetered:	160,296

5. Same as above.

6. No, not at this time.

Request for Proposal
Assessing Energy Efficiency Potential/End-Use Allocation
Across
Commercial, Industrial and Residential Markets
In
New York City and Westchester County
(July 2008)

Introduction

Consolidated Edison Inc. is one of the nation's largest investor-owned energy companies, with almost \$13 billion in annual revenues and approximately \$28 billion in assets. Consolidated Edison Inc. provides a wide range of energy-related products and services to its customers through its two regulated subsidiaries: Consolidated Edison Company of New York, Inc. (CECONY), the sponsor of this project, providing electric, gas and steam service to New York City and Westchester County; and Orange and Rockland Utilities, Inc. providing electric and gas service to Orange County and Rockland County in New York State, parts of Bergen County in New Jersey and parts of Pike County in Pennsylvania. CECONY's gas franchise area includes all of Manhattan, the Bronx, Westchester and parts of Queens. Its steam territory is in Manhattan south of 96th Street.

The project addressed by this Request for Proposal (RFP) will analyze short and long term projections of energy efficiency potential in CECONY's electric franchise area (New York City/Westchester County) over the next 10 years, including the measurement of the potential stream of benefits to customers, CECONY and society. The project will provide customer segment and building simulation models (end-use analysis) that demonstrate energy and demand usage and the hourly impact of technical, economic and, most importantly, achievable electric energy efficiency potential. Projections of the technical, economic, achievable energy efficiency will be determined under a base case as well as high and low penetration scenarios. The likely energy efficiency measures and applicable technologies will be outlined and categorized in terms of relative importance and impact by customer segment and building type. With hourly load impacts and expected measures/technologies in place, projections of the technical, economic, achievable energy efficiency will be determined under a base case as well as high and low penetration scenarios.

Background

Over the past few years, there has been a major shift in the energy agenda for New York City and New York State. New York City announced PlaNYC 2030, which is targeting a 30 percent reduction in greenhouse gases by 2030. Similarly, New York State is calling for a 15 percent reduction in electricity usage by 2015 (15 x 15 initiative) that would result in a ramp-up of energy efficiency measures. The introduction of these broad program initiatives along with the resultant energy efficiency (regulatory) proceedings undertaken by the New York State Public Service Commission (NYSPPSC)¹ to expedite energy efficiency programs, establish

¹ See PSC Case 07-M-0548, Order Establishing Energy Efficiency Portfolio Standard and Approving programs (June 23, 2008) ("EEPS Order").

benchmarks and administration for the 15 x 15 initiative call for a comprehensive study of energy efficiency potential over the next decade focusing, in part, on the downstate or New York City and Westchester County markets.

The Last Ten Years

Energy efficiency efforts in New York State changed in 1998² with the NYSPSC Order establishing the non-bypassable System Benefits Charge (SBC). In brief, SBC is collected from customers by the 6 major investor - owned utilities operating in New York State. The NYSPSC designated NYSERDA as the statewide administrator for most of the program funds.

The SBC program offers a complement of measures called the Energy \$mart programs (See NYSERDA <http://www.getenergysmart.org/>) to improve the State's energy efficiency, reduce the energy burden of low income users and support research and development in energy efficiency, renewable energy technologies and environmental monitoring and protection. SBC continues with the approval on December 14, 2005 to extend the program for five years beginning July 1, 2006.

NYSERDA also administers a complementary and parallel set of energy efficiency initiatives (within the CECONY franchise area) funded under the System-Wide Program (SWP). The SWP was authorized in 2005 as part of CECONY's rate case plan and ratepayer supported. Essentially, the offerings are similar to the body of programs offered under the SBC umbrella, however, in certain cases, incremental incentives are available and certain technology measures expanded. When considering both SBC and SWP funding sources and programs, energy efficiency/Demand Savings totals reached in the neighborhood of 211 MW (installed) and another 110 MW in the pipeline through the first quarter of 2008.

Beginning in 2004, CECONY re-entered the energy efficiency market place with a Targeted DSM program (Phase 1) aimed at deferring distribution and transmission capital projects needed for load relief³ of new transmission and distribution infrastructure. Program development efforts (which included an extensive collaborative process with NYSPSC Staff and NYSERDA), the Energy Services Company (ESCO) community as well as the many stakeholders involved in energy and the environment, resulted in the issuance of a comprehensive RFP targeting load relief by network or load area.

The initial RFP resulted in acceptable bids for 47 MW of permanent load reduction in certain designated networks or load areas by a date certain. An energy management consulting firm was contracted to perform the requisite monitoring and verification (M&V) of the contracted DSM measures through, among other things, pre and post installation inspections of premises and measures installed.

With the success of the initial RFP, a second RFP (Phase 2) was issued in April, 2006 yielding 46 MW of acceptable bids for targeted load relief. A third RFP (Phase 3) was released in December, 2006 and resulted in capturing for 33 MW in targeted load relief. The fourth RFP was issued in August, 2007 and additional 69 MW of load reduction has been contracted for. Finally, a fifth RFP is anticipated and will call for approximately 39 MW of load reduction.

² CECONY developed and administered the Enlightened Energy Program from 1987-1998 capturing approximately 740 MW of efficiency gains via a cadre of residential and commercial programs

³ As with any energy efficiency program it was and is believed that the program also results in better asset utilization, mitigation of prices for capacity and energy in the wholesale electric markets, and lower emissions.

CECONY also administers the Distribution Load Relief Program (DLRP), the Direct Load Control Program (DLC) and participates in the New York State Independent System Operator's (NYISO) Installed Capacity Program (ICAP and Energy Demand Response Program (EDRP) - callable load programs. These programs allow qualifying customer incentives (energy and in certain programs capacity payments) in exchange for agreeing to a service interruption for a minimum of 4 hours.

The New York Power Authority (NYPA) also administers callable load programs. Together these programs, CECONY's, the NYISO's and NYPA's in the New York City and Westchester market areas have participation of approximately 600 - 700 MW (considering both the energy only and energy and capacity programs).

NYPA also maintains a number of energy efficiency programs targeting, among other things, refrigerator replacement in New York City Housing Authority (NYCHA) buildings and chiller replacements in government and institutional customer segments. NYPA employs a number of different approaches and offerings but appears to rely on mainly low interest loan programs to achieve its program goals.

Exploring Energy Efficiency

Given the need to comprehensively explore and quantify the market for energy efficiency, define and exploit the opportunities for that market and establish and extend programmatic solutions, a multi-level assessment addressing more than 300,000 commercial buildings and approximately 900,000 residential structures in the New York City and Westchester County market area is required.

Overall, the study will consider CECONY's entire service area and markets (along with the New York State Power Authority, which represents approximately 15 percent of sales and demand) existing sales and delivery volumes and peak day send-out which amount to approximately 63 billion kilowatt-hours and 12,807 MW kilowatts respectively in 2007. Growth in annual sales and delivery volumes and peak day send-out will be factored into the 10 year market assessment of energy efficiency potential.

Essentially, the study will isolate and evaluate end-use energy consumption encompassing electric (both energy and demand), gas and fuel oil and steam in accordance with service class, customer type, building category and business segment. In place or baseline energy usage and equipment profiles by segment will be established and compared with the most efficient, commercially available and best in class energy solutions to gauge the range of efficiency potential across all markets. This will largely address technical potential for energy efficiency.

The technical assessment will set the stage for measuring economic and achievable potential over the 10 year period in question. A number of key cost effectiveness tests or variations of such tests (Total Resource Cost - TRC), Rate Impact Measure (RIM) and Participant Cost (PCT)) will provide key threshold cross-over points. The tests are further described below under "Project Details."

Since the study is intended to capture energy efficiency potential over the next decade, natural turnover of equipment or market availability (including existing saturation data) and early and other discretionary retrofits decisions will be key decision points. Expected or anticipated changes to federal minimum efficiency ratings addressing equipment (e.g. The Energy Independence and Security Act of 2007) and state and local building codes and standards in conjunction with technology inroads should be factored into the overall analysis. Also, customer growth, equipment adoption rates and applicability must be integrated as well.

The new construction market must be accounted for and where possible estimated by segment when addressing technical, economic and achievable potential. Here, the interplay between building codes and standards, projected codes and standards, minimum equipment efficiency ratings and maximum efficiency upgrades must be built into the equation; that is, after expected segment growth and repositioning is assessed over the next 10 years.

Square footage additions by segment should be isolated and evaluated as part of the efficiency potential estimates. Existing and projected building permits, housing starts and information from proprietary sources such as Dodge Reports may be instrumental in measuring construction activity.

New legislation addressing climate change in the form of cap and trade/carbon taxes will impact the landscape for fuel and power prices and energy efficiency market potential. While New York State is a signatory to the Regional Greenhouse Gas Initiative (RGGI), national legislation is expected to override regional efforts and according to many studies have far reaching implications. To the extent new climate change legislation (e.g. Lieberman-Warner Climate Security Act) is passed, it may be instructive to allow for forecast adjustments over the period in question.

Project Details

The overall approach and methodology must address technical, economic and achievable potential (as noted above) and the range of measures within the commercial, industrial and residential sectors. Therefore, identification of key program measures, technologies, and protocols is central to the study and must be addressed as the part of the project proposal. For purposes of this project, the vendor should use the following definitions:

Technical Potential –

The methodology for estimating technical potential is based on changes in energy use on a measure basis. Since energy efficiency measures are typically end-use applications of energy savings technologies, end-use energy and demand serve as baselines to which the savings from energy efficiency and demand response measures can be applied. Starting at the end-use level, the maximum impacts of individual energy efficiency and demand response measures are evaluated by determining the potential impact upon CECONY's system from full implementation of a measure without regard to cost-effectiveness. The resulting savings are defined as technical potential.

Economic Potential –

To develop the total economic potential, each energy efficiency measure should be screened to determine if it passes various cost effectiveness tests. These tests shall include the Total Resource Cost, Participant Cost, Ratepayer Impact Measure and Utility Cost.

Achievable and Unachievable Potential –

The study must identify the market penetration methodology used to determine annual achievable potential over the next 10 years. Unachievable potential is defined as that portion of economic potential that is not expected to be ultimately achieved due to various barriers (that the study must also identify). The project will be required to identify the methodology used to assume a reduction in economic potential due to these barriers.

Data Collection

The study should address the market with a range of primary and secondary approaches. This would include facility audits and customer evaluations and supplementary surveys in conjunction with a range of secondary data sources. CECONY billing and interval meter data, segmentation and consumption extracts, real estate/property records, and business descriptors from Dun and Bradstreet and other proprietary sources should be employed and are expected to remain a central source of information.

Secondary sources would also extend to business and energy use identifiers derived from national and regional data sets (US Census, Energy Information Administration (EIA), US Environmental Protection Administration (EPA), American Council for Energy Efficient Economy (ACEEE), DOE –National Laboratories - e.g. Lawrence Berkeley National Laboratory, etc.) and the wealth of data offered by well recognized economic forecasting firms. Data drawn from (EIA) Commercial Building Energy Consumption (CBEC), Residential Energy Consumption Survey (RECS) and Manufacturers Energy Consumption Survey (MECS) may offer essential support.

Benchmarking with similarly situated market segments and buildings across the United States as well as comparisons drawn from recently completed engineering and parametric analyses will be encouraged. National, regional and utility based studies measuring energy efficiency potential should be considered in weighing requisite inputs and potential outcomes.

In addition, the vendor is expected to review the statewide 2003 Optimal Energy Study entitled “Energy Efficiency and Renewable Energy Resource Development Potential in New York State” to further augment CECONY’s internal data, territory specific surveys, demographics, building infrastructure, financial and other data.

A joint energy study undertaken by Electric Power Research Institute (EPRI) and Edison Energy Institute (EEI) (to be released in July 2008) analyzes potential energy efficiency savings for the US market by Census Region between 2008 and 2030. The Study should be considered a viable resource.

A 10 year assessment of callable load market potential was completed on behalf of CECONY and recently submitted to the NYSPSC. The study provides estimates of achievable callable load within CECONY’s franchise area assuming the introduction and expansion of various demand response programs targeting load shed and emergency generation opportunities.

Finally, Optimal Energy has completed a 2008 study for Orange and Rockland Utilities Inc. addressing energy efficiency potential. The study explored economic achievable potential from existing technologies and practices in all existing and new facilities over a ten year period.

Primary Research/Audits

Sampling plans should encompass a variation of Model Based Statistical Sampling (MBSS). Within each customer or market segment, up to 5 strata should be identified in accordance with building size and energy usage. The analysis will provide estimates of the statistical precision that can be expected if each sample is employed to estimate hourly load profiles within the segment and class. In addition and where possible, prior and existing load research and current billing information will be systematically combined to insure well defined sampling plans for the many segments/classes in question.

The audit requirements should include a representative sample of approximately 100-300 facilities (depending on the numbers of segments and cells included in the final study sample design) taking into account small and large offices, hospitals, hotels, nursing homes, assisted living facilities, schools, colleges, universities, restaurants, retail, entertainment, industrial/process/warehouse, government offices, government facilities, 5-25 residential buildings, and multi-family buildings with more than 25 units. Other segments may be considered as required and called for within allowable budgetary and time constraints. Certain markets will be captured with calibrated customer billing data and other secondary data sources.

At this juncture, the number of requisite audits (the 100-300 noted above, and also the type of audit called for –preliminary/walk-through, general and investment grade) is still preliminary. However, if the audit requirements are significantly downsized and the audits are substantially deemed preliminary or walk-through in nature or an entirely different approach is recommended, the vendor must demonstrate how alternative information sources combined with other methods can offer a viable substitute in terms of rigor, precision and confidence levels.

The data collection process (including audits along with key secondary sources) should capture key customer descriptors (building type, business segment, service class, retail access versus fully bundled), lighting, all mechanical equipment data (HVAC-heat pumps, motors, conveyance equipment, refrigeration, etc.), water heating, plug load, consumer appliances, data banks and servers, name plate information, input and output requirements, operating constraints, envelope considerations, facility operations and occupancy, energy management systems, emergency operations, generation, on-site generation, fuel usage, billing data, run time and interval data, hourly load data and load shapes, and seasonal information.

In short, the mix of bill data and statistical extracts as well as secondary information sources must be supported with some level of primary research (to be offered as part of the proposal) so that the result meets minimum threshold confidence levels; that is sufficient to estimate market (technical, economic, achievable) potential employing a mix of plausible measures and technologies.

To the extent, an existing body of New York City and Westchester County audit data or building information can be employed in this study; it should be identified in the project proposal. It is also expected that one or more building energy evaluation/simulation tools such as e-Quest, PowerDOE, BESTEST, EnergyPlus, FEDS, Trace 700, etc. will be utilized to support baseline evaluations and technical and economic/achievable potential.

The information gathering tasks may extend to parallel environmental considerations addressing carbon footprint and carbon emissions, water usage, waste disposal, recycling measures, indoor air quality, light levels, comfort, and worker productivity.

The capital decision-making process in conjunction with account management and ownership considerations, landlord-tenant issues, building occupants, reliability requirements, anticipated facility changes, equipment changes, technology upgrades, and regular or routine equipment change-outs should be accounted for.

Customer participation in NYISO and CECONY-sponsored demand response or callable load programs, CECONY Targeted DSM programs and NYSERDA-administered energy efficiency programs (Energy \$mart) should be evaluated when estimating market drivers and achievable potential. Moreover, recent upgrades, equipment changes, additions, and alternatives should be captured and assessed in the project findings.

In closing, the study must provide customer, class, segment and building simulation models that demonstrate energy and demand usage and the hourly impact of potential and probable energy efficiency measures. Daily, monthly, seasonal and annual energy and demand statistics should be correspondingly derived. Most importantly, short and long term projections over the next 10 years of energy efficiency potential should be offered (by segment) in light of the consequent financial implications on customer, ratepayer or system and society.

The Project's Final Report should encompass but is not limited to the following key components:

Project Summary – By Segment or Market

- Sample Selection
- Customer Participation
- Survey Process
- Facilities Surveyed
- Summary of the Databases
- Database Verification/Database Conclusions
-

Energy Efficiency Analysis/Methodology

- Statistical Software
- Building Simulation Models
- Cost/Savings Analysis
- Financial Analysis
- Secondary Data Collection and review of secondary sources (e.g., Optimal)
- Benchmarking Results
- Summary of Energy Efficiency Measures

Key Findings by Segment or Market

- Energy Efficiency Measures (By Segment)
- Rate Class, Customer/Business Segment, Building Type
- NYPA-NYC/NYS Government Buildings/NYCHA
- Floor Space/Market Size, Market Availability
- Peak Load Curves
- Energy Utilization Indices
- Market Shares-Equipment/End-Use
- End-Use Consumption (kWhr, MMBTUs, etc.)
- Expected Equipment Turn-over, Retrofit (Existing Market)
- New Construction Market
- Annual Market Adoption/Penetration – Achievable Potential
- 10 Year - Technical, Economic (Avoided Cost Scenarios/Climate Change), Achievable Potential

Customer Decision-Making by Segment

- Customer/Building Characteristics
- Facility Changes or Upgrades
- Reliability Requirements
- Customer Participation in Energy Efficiency/Demand Response
- Customer Attitudes/Barriers to Entry
- Market Drivers
- Ownership Considerations
- Landlord-Tenant Issues
- Environmental Factors including carbon mitigation

System Impact – T&D Operations

- Peak Load Impact– Network/Substation Area
- Peak Load Impact – Segment
- Sales Impact/Consumption-Segment
- Long Term Market Effects.

Vendor Proposal

To be considered, proposals must contain, at a minimum, the following information:

1. Name, address and telephone number of vendor (and name, address, telephone number, and email address of the contact person for the vendor in connection with its proposal), legal status of the vendor (corporation, partnership, limited liability company, etc.), date formed, jurisdiction of organization, and identification of relevant Affiliates. If a project team submits the proposal, the same information as above should be provided with respect to each member of the project team.
2. A summary description of the vendor's business and history, including its pertinent experience related to issues contained in this Request for Proposal.
3. Disclosure of any instances in the last five years where the vendor, any of its officers, directors, partners, or other Affiliates or its proposed guarantor, if any, defaulted or was deemed to be in non-compliance with any obligation related to the provision of work similar to that of this project, or was the subject of a civil proceeding for conversion, theft, fraud, business fraud, misrepresentation, false statements, unfair or deceptive business practices, anti-competitive acts or omissions, or collusive bidding or other procurement- or sale-related irregularities.
4. Disclosure of any instances in the last five years where the vendor, any of its officers, directors, partners, or other Affiliates, or its proposed guarantor (if any) was investigated in connection with, charged with, indicted for, or convicted of (i) any felony, or (ii) any crime related theft, fraud, business fraud, misrepresentation, false statements, unfair or deceptive business practices, anti-competitive acts or omissions, or collusive bidding or other procurement- or sale-related irregularities.

5. The proposal should specify the data and methodology used to determine the estimated summer peak demand reduction and annual kWh savings attributable to each electric end-use in each customer segment.
6. The vendor proposal should offer a detailed project schedule, project breakdown into phases, provide milestones and due dates.
7. The proposal should identify any subcontractor participation and explain the reasons for using the subcontractor. The vendor and all major subcontractors may be asked to sign standard confidentiality agreements.

In developing the proposal, the vendor should also consider the following:

- The vendor will be expected to have frequent contact with the CECONY project manager to provide status information throughout the project.
- CECONY is requesting a fixed price turnkey project that includes all costs including expected out of pocket and travel, if any.

Except for disclosure to the Staff of the New York State Department of Public Service (“Staff”), after CECONY has requested Staff to provide such protections against further disclosure by Staff as may be available and appropriate, any confidential and/or proprietary information or documents in a proposal, which a vendor specifies in writing as “confidential” and/or “proprietary,” will be kept confidential and will not be disclosed by CECONY to third parties unless and to the extent required by applicable law, regulation or legal process or such information is generally available to the public, was rightfully obtained from other sources or was previously know to CECONY.

Please provide the technical proposal to Armen Nishanian Nishanianar@coned.com and the commercial proposal to Deborah Vallarelli Vallarellid@coned.com by the close of business on August 4.

Evaluation Criteria

The main evaluation criteria for selection of the winning vendor from the qualified proposals received are favorable pricing and CECONY’s assessment of the likelihood of successful performance based on the potential vendor’s experience, expertise and proposed project plan.

Project Major Milestones

The proposal should include milestones and a detailed schedule with due dates linked to the various stages of the project, so that the projects’ progress can be tracked. Semi-monthly status reports should be incorporated in the proposal. The proposal should offer a list of projects/references that demonstrates competency and understanding of the requirements at hand.

Task	Date
Receive RFP	July 8
Provide Proposal	August 4
Project Awarded	August 15
Submit sampling plan	August 22
Data Collection Methodology	August 22
Proposed Audit Instrument	September 5
List of Measures to be analyzed	September 15
	September 15
Interim Results	December 15
Draft Final Report	January 15
Presentation CECONY	February 15

Miscellaneous

All costs and expenses associated with developing and submitting a proposal in response to this RFP and any related activity following the submission of any such proposal shall be borne by the vendor. While CECONY has endeavored to supply useful information in this RFP, CECONY makes no representation or warranty, express or implied, as to the accuracy or completeness of any information contained herein or otherwise provided to any vendor by or on behalf of CECONY. CECONY shall have no liability relating to or arising from any such information or the use thereof. Vendors are encouraged to conduct their own investigation and analysis of any and all information contained herein or otherwise provided by or on behalf of CECONY. This RFP is not an offer or commitment and is not capable of being accepted to form a binding agreement. CECONY reserves the right, in its sole discretion, to withdraw or modify this RFP at any time, to reject any or all proposals for any reason, and to enter into further discussions or negotiations with any one or more vendors.