

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Joint Petition of IBERDROLA, S.A.,
Energy East Corporation, RGS Energy Group, Inc.,
Green Acquisition Capital, Inc.,
New York State Electric & Gas Corporation and
Rochester Gas and Electric Corporation for
Approval of the Acquisition of
Energy East Corporation by IBERDROLA, S.A.
-----X

Case 07-M-0906

**REBUTTAL TESTIMONY OF THE
SERVICE QUALITY PANEL**

**Patricia Nilsen
Theresa Van Brooker**

January 31, 2008

SERVICE QUALITY PANEL

1 Q. Please state the names of the members on this Service Quality Panel (the "Panel").

2 A. Our names are Patricia Nilsen and Theresa Van Brooker.

3 Q. Ms. Nilsen, please state your current position and business address.

4 A. My title is Manager of Public Affairs at New York State Electric & Gas
5 Corporation ("NYSEG"). My business address is Corporate Drive, Kirkwood
6 Industrial Park, Binghamton, New York 13909.

7 Q. Please summarize your educational background and work experience.

8 A. I graduated from Alfred University with a B.A. degree. I also received an M.A. in
9 English from Syracuse University and an M.S. in Adult Education from Elmira
10 College. I have been employed by NYSEG for sixteen years in multiple roles
11 including communications, customer service training, customer outreach,
12 complaint resolution and satisfaction measurement, and currently manage
13 advertising and customer communications. I also oversee NYSEG's customer
14 communications for special projects, including *Voice Your Choice*. In 2004, I
15 also assumed responsibility for Rochester Gas & Electric Corporation's
16 ("RG&E") customer service activities, which have included customer satisfaction
17 measurement, complaint resolution and outreach and education for special
18 projects and, in 2006, responsibility for advertising and customer communication.

19 Q. Have you previously testified in other proceedings before the New York State
20 Public Service Commission ("PSC" or the "Commission") or any other state or
21 federal regulatory agency or court?

SERVICE QUALITY PANEL

1 A. Yes. I submitted testimony in NYSEG's recent supply service proceeding, Case
2 07-E-0479.

3 Q. Ms. Van Brooker, please state your current position and business address.

4 A. My title is Director of Customer Service for NYSEG and RG&E. My business
5 address is 89 East Avenue, Rochester, New York 14649.

6 Q. Please summarize your educational background and work experience.

7 A. In 1999, I received an M.B.A. from the William E. Simon School of Business in
8 Rochester, New York. I received a B.S. degree from the State University of New
9 York, Empire State College in 1992. I have worked for RG&E for the past 25
10 years, most of that time in Customer Service. I have had multiple roles at RG&E.
11 Since the merger with Energy East, I have been part of the Customer Service
12 organization that supports both NYSEG and RG&E.

13 Q. Have you previously testified in other proceedings before the Commission or any
14 other state or federal regulatory agency or court?

15 A. Yes. I submitted testimony in RG&E's last two rate proceedings, Cases 02-E-
16 0198 and 02-G-0199, and Cases 03-E-0765 and 03-G-0766. I also testified in
17 NYSEG's most recent electric rate proceeding, Case 05-E-1222.

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

19 A. The purpose of this testimony is to respond to the direct testimony of the
20 Department of Public Service Staff ("Staff") Consumer Services Panel, which is
21 comprised of the testimony of Martin Insogna and Leonard Silverstein. In

SERVICE QUALITY PANEL

1 particular, we address issues related to the Consumer Services Panel's
2 recommendations to: 1) modify NYSEG's and RG&E's Customer Service
3 Performance Incentive metrics and increase the associated amounts at risk; 2)
4 modify NYSEG's and RG&E's low income programs; and 3) require NYSEG and
5 RG&E to develop and file an outreach and education plan.

6 Q. Does this Panel testimony address Staff interrogatory responses that are related to
7 the Staff's direct testimony?

8 A. Yes. We have reviewed several such responses by Staff and have specifically
9 addressed some of the responses in our rebuttal testimony. However, additional
10 analysis will be required as there was insufficient time to complete our review of
11 these responses in the time provided to submit this Panel testimony, and we
12 reserve the right to modify this Panel testimony at hearing to address any changes
13 to Staff's exhibits.

14 Q. Is this Panel sponsoring any exhibits?

15 A. Yes. Exhibit __ (SQP-1) contains a copy of the interrogatory responses and
16 workpapers referenced in this Panel's testimony. Exhibit __ (SQP-2), "NYSEG
17 and RG&E Customer Satisfaction Index Summary Performance," demonstrates
18 NYSEG's and RG&E's excellent service quality.

19 Q. Does the Panel have any preliminary comments concerning the Consumer
20 Services Panel's proposals?

SERVICE QUALITY PANEL

1 A. Yes. As more fully discussed later, NYSEG and RG&E have always been
2 committed to excellent customer service and do not need extra incentives to do so.
3 The Consumer Services Panel has arbitrarily assumed that the proposed
4 transaction would cause NYSEG and RG&E to deliver a diminished level of
5 service to customers. Staff appears to justify its recommendations on perceived
6 risks of the proposed transaction and based on an inappropriate comparison to the
7 National Grid/KeySpan merger. There is no basis for this assumption. As Dr.
8 Makhholm's testimony discusses in detail, Staff overstates the risks of the proposed
9 transaction and inappropriately compares it to the National Grid/KeySpan merger.
10 Staff also ignores the fact that the Commission in the National Grid/KeySpan
11 proceeding imposed service quality conditions due to the fact that Niagara
12 Mohawk's quality of service had declined since its merger with National Grid.
13 Iberdrola has extensive transmission and distribution experience (approximately
14 100 years), which we understand to be significantly more than National Grid's.
15 Moreover, in light of NYSEG's and RG&E's excellent customer service record,
16 which will not change, there is no need to change NYSEG's and RG&E's
17 customer service performance incentive metrics or associated revenue
18 adjustments. Unlike Niagara Mohawk, NYSEG and RG&E have consistently
19 provided high-quality customer service and their service quality has not declined
20 since the merger with Energy East. As we discuss in more detail later, Staff's
21 proposals are unnecessary and excessive, and in some instances redundant. For

SERVICE QUALITY PANEL

1 example, Staff is recommending that the maximum amount at risk for failure to
2 achieve customer service targets be increased by \$6.8 million per year at NYSEG
3 and \$3.2 million per year at RG&E. If approved, these amounts would be more
4 than double the maximum amounts NYSEG and RG&E currently have at risk
5 under their respective customer service performance incentive programs. These
6 proposed "maximum at risk" amounts are extreme, not necessary as an incentive
7 to the provision of adequate customer service, cannot be supported on the basis of
8 inadequate attention to good customer service at either company, and cannot be
9 supported as a risk of the proposed merger. Finally, the Consumer Services
10 Panel's low income program and outreach and education plan recommendations
11 are equally unsupported and unwarranted.

CUSTOMER SERVICE PERFORMANCE INCENTIVE

13 Q. Do you agree with the recommendation at page 7 of the Consumer Services
14 Panel's testimony that a Customer Service Performance Incentive ("CSPI") is
15 necessary for NYSEG and RG&E to have an incentive to provide satisfactory
16 customer service?

17 A. No. Both NYSEG and RG&E have always had a very strong commitment to
18 providing excellent customer service, as is evident from the companies' high
19 performance levels. This commitment will not change after the proposed
20 transaction, since both NYSEG and RG&E will continue to be locally managed
21 and customer service is and has always been a top priority of Iberdrola's. Even if

SERVICE QUALITY PANEL

1 the companies needed an incentive, which they do not, the existing service quality
2 measures and associated amounts at risk would provide it.

3 Q. Does the proposed transaction create any service quality issues?

4 A. No, it does not. The proposed transaction does not present any relevant service
5 quality issues.

6 Q. What are the Consumer Services Panel's CSPI recommendations?

7 A. The Consumer Services Panel proposes that NYSEG's and RG&E's service
8 quality measures should be modified and the amounts at risk for both companies
9 should be increased dramatically.

10 Q. What service quality measures are currently in place for NYSEG electric and gas?

11 A. The existing service quality measures for NYSEG electric and gas include: PSC
12 Complaints; Overall Customer Satisfaction; and Contact Satisfaction Index.

13 These measures are comprehensive enough, because they cover all customers and
14 adequately address interactions between customers and the company.

15 Q. What are the Consumer Services Panel's specific recommendations regarding
16 service quality measures for NYSEG?

17 A. As identified on Exhibit __ (CSP-1), the Consumer Services Panel proposes that
18 the following measures be added for NYSEG: Escalated Complaint Response
19 Time; Appointments Kept; Calls Answered; Billing Accuracy; and Estimated
20 Meter Reads.

21 Q. What service quality measures are currently in place for RG&E electric and gas?

SERVICE QUALITY PANEL

1 A. The existing service quality measures for RG&E electric and gas include: PSC
2 Complaints; Customer Interaction Service Index; Appointments Kept; Calls
3 Answered; Billing Accuracy; and Estimated Meter Reads.

4 Q. What are the Consumer Services Panel's specific recommendations regarding
5 service quality measures for RG&E?

6 A. As identified on Exhibit __ (CSP-1), the Consumer Services Panel proposes that
7 the following measures be added for RG&E: Escalated Complaint Response
8 Time and additional PSC Complaints metrics.

9 Q. Do you agree with the Consumer Services Panel's recommendations for NYSEG
10 and RG&E?

11 A. No. Staff's recommendations are unnecessary. Data shows that RG&E has
12 consistently exceeded all its current CSPI measures, other than the performance
13 standard that measures calls answered within thirty seconds ("Service Level").
14 NYSEG has consistently exceeded targets on all the proposed measures except for
15 Service Level and the Contact Satisfaction Index, which did not meet the
16 performance standards. Otherwise, the company has consistently met these
17 targets for several years. NYSEG's performance on customer satisfaction
18 indicators such as Appointments Kept, Billing Accuracy and Estimated Reads is
19 reflected in Overall Satisfaction, Contact Satisfaction and PSC Complaint Rates.
20 RG&E and NYSEG's excellent customer service is demonstrated in Exhibit __
21 (SQP-2) attached hereto. In particular, NYSEG's PSC complaint rate has

SERVICE QUALITY PANEL

1 remained less than 1 per 100,000 customers, even during 2006 after a new
2 customer information system and integrated voice response systems were
3 implemented and the complaints doubled. Maintaining less than 50 complaints
4 per year under normal conditions should be considered outstanding customer
5 satisfaction. In addition, estimated meter readings have remained low for both
6 companies, even below 6% at RG&E, a particularly impressive achievement
7 given that the majority of RG&E customers have an inside meter. Billing
8 accuracy has consistently remained above the PSC target at RG&E (the lowest
9 score in the 98th percentile) and well above 98% at NYSEG with the lone
10 exception of 1996.

11 Q. You mention RG&E Service Level (calls answered within thirty seconds) as an
12 exception. Please explain.

13 A. RG&E did not meet its Service Level Target in 2006 or 2007.

14 Q. What about NYSEG?

15 A. NYSEG did not meet its target for Contact Satisfaction in either of those same
16 years.

17 Q. Is there a reason why NYSEG and RG&E did not meet the referenced targets?

18 A. Yes, in both cases the inability to meet the measures is primarily due to the
19 implementation of new technology. Both NYSEG and RG&E recently
20 implemented a new Customer Information system, SAP CCS, and a new
21 Interactive Voice Response ("IVR") system. As is to be expected, both

SERVICE QUALITY PANEL

1 companies have experienced growing pains associated with the implementation of
2 these new technologies. It is not unusual for a utility implementing a new CIS to
3 experience a "period of inefficiency." Based on experience from other utilities,
4 we expect these "growing pains" to continue to diminish over time after the
5 completion of the proposed transaction. Representatives from RG&E and
6 NYSEG met with Staff before, during, and after the system implementations, and
7 the meetings continue quarterly. During these meetings, NYSEG and RG&E
8 discuss with Staff any issues impacting customer service and actions to improve
9 performance. Staff has indicated that it is pleased with the progress of these
10 meetings. In addition to the regularly scheduled meetings, specific issues are
11 addressed with Staff on an as needed basis.

12 Q. What were the specific circumstances at NYSEG?

13 A. NYSEG implemented its new systems in February 2006. Certain implementation
14 issues at NYSEG resulted in a drop in our contact satisfaction scores. NYSEG
15 has worked diligently to perform root cause analysis and execute actions to
16 improve these scores. These actions have included further changing the IVR
17 system – this improvement is based on contact satisfaction responses and other
18 customer input, not service level tracking. NYSEG's actions in this area have
19 resulted in consistent improvement in these scores over the past year. NYSEG is
20 confident that this trend will continue in 2008 and that NYSEG will meet the
21 desired level of contact satisfaction.

SERVICE QUALITY PANEL

1 Q. What were the specific circumstances at RG&E?

2 A. RG&E implemented CCS and the new IVR in October 2006, which resulted in
 3 lower than desired Service Levels due to the learning curve for staff on the new
 4 system. RG&E is confident that these issues are in the past and that it will meet
 5 its 2008 goal.

6 Q. How does NYSEG's and RG&E's performance compare to other utilities?

7 A. According to the Consumer Services Panel's response to I/E (DPS)-111, a copy of
 8 which is included in Exhibit __ (SQP-1), there are only two companies in New
 9 York State that have had a Service Level higher than 70% for 2007, as shown on
 10 the following chart:

Company	Average
Keyspan Long Island*	31.84
NYSEG	52.50
RGE	53.00
Con Ed	59.08
Central Hudson	61.00
O&R	65.00
Keyspan*	69.84
Ni Mo	80.03
National Fuel	82.42

11 *Percent of calls answered in 45 seconds as opposed to 30 seconds

12 Neither NYSEG's nor RG&E's "Calls Answered" is out of line when compared
 13 with other utilities. NYSEG and RG&E understand that customers are most
 14 concerned about the quality of the customer service contact, rather than the speed
 15 at which the companies answer calls.

SERVICE QUALITY PANEL

1 Q. Doesn't NYSEG already report on Staff's proposed metrics with the exception of
2 the Escalated Complaint Response Time?

3 A. Yes. NYSEG reports on these measures to Staff regularly as part of the monthly
4 CSPI report. The implementation of additional service quality metrics for items
5 that NYSEG already reports to the Commission and consistently meets is
6 unnecessary and will not lead to enhanced consumer benefits. Customers are
7 already benefiting from NYSEG's excellent performance, and NYSEG's
8 commitment to high-quality service will not change. There is no reason to impose
9 more formal requirements on NYSEG, and more importantly no reason to
10 increase the maximum amounts at risk for failure to achieve targets.

11 Q. Are there other aspects of the Consumer Services Panel's recommendations with
12 which you disagree?

13 A. Yes. Staff recommends that NYSEG and RG&E provide a detailed annual report
14 on methodology, results, and conclusions of the Contact Satisfaction Surveys.
15 Staff's proposal is unnecessary and administratively burdensome for the
16 companies and Staff. NYSEG and RG&E are motivated to meet the existing
17 contact satisfaction targets and implement action plans if targets are not met (as
18 can be seen by the actions being taken to improve the NYSEG contact satisfaction
19 scores). Detailed, formal reporting is unnecessarily burdensome and may delay
20 corrective action. Methodologies, results and corrective or additional actions are
21 regularly discussed at quarterly meetings with the Office of Consumer Services

SERVICE QUALITY PANEL

1 ("OCS"). These meetings were instituted at the request of NYSEG and RG&E to
2 ensure adequate communication so that OCS staff members are aware of any
3 issues at NYSEG and RG&E and how the companies are addressing such matters.
4 These meetings were established as an opportunity to share service quality
5 information, and Staff appeared satisfied with the results. In addition, NYSEG
6 and RG&E have requested and held supplemental meetings with Staff on an as-
7 needed basis to discuss particular initiatives (such as the customer information
8 system replacement and *Voice Your Choice*). NYSEG and RG&E see no reason
9 to replace these effective informal meetings with time-consuming formal
10 reporting. Staff states itself that the only purpose behind these additional
11 reporting requirements is merely to "alert Staff to any degradation of customer
12 service, and allow Staff the opportunity to ensure that the company takes
13 appropriate measures to improve performance" in the Consumer Services Panel's
14 response to I/E (DPS-148). A copy of the response is included in Exhibit __
15 (SQP-1). As stated above, NYSEG's and RG&E's regular informal meetings with
16 Staff already effectively accomplish this goal.

17 Q. Do you agree with the Consumer Services Panel's recommendation to set RG&E's
18 complaint rate at the NYSEG complaint rate?

19 A. No. RG&E's complaint rate is only a couple of years old and does not need
20 revisiting in this proceeding. That rate was set by the Commission's *Order*
21 *Adopting a PSC Complaint Rate for Rochester Gas and Electric Corporation's*

SERVICE QUALITY PANEL

1 *Service Quality Performance Program*, issued May 17, 2005 in Cases 03-E-0765
2 and 03-G-0766. There is no support for Staff's recommendation to set the
3 complaint rate for RG&E at the same level as NYSEG. In the Consumer Services
4 Panel's response to I/E (DPS-111), Staff states that its justification for its proposal
5 is that "the merged companies could consolidate operations and should share the
6 same best practices and, therefore, should have the same set of performance
7 standards." A copy of the response is included in Exhibit __ (SQP-1). NYSEG
8 and RG&E are not actually merging and there are no plans to consolidate
9 operations. Additionally, the Commission has always established different
10 complaint targets for NYSEG and RG&E – as they do for the other utilities. The
11 composition of each company's service area, the type of complaints and the
12 methodology of tracking complaints should be considered when a rate is
13 established. RG&E's significant urban population should be treated differently
14 than the more rural population at NYSEG. The NYSEG complaint rate was reset
15 during a rate proceeding at the 5-year historical average. If the same
16 methodology is utilized for RG&E (5 year historical average), the rate would be
17 set at 1.4, as demonstrated in the following table:

2003	2004	2005	2006	2007	Average
2.0	1.6	1	1.1	1.3	1.4

SERVICE QUALITY PANEL

1 Q. Do you agree with the recommendation at page 14 of the Consumer Services
2 Panel testimony that an "Escalated Complaint Response Time" should be adopted
3 for NYSEG and RG&E?

4 A. No. The proposed metric will not lead to enhanced customer benefits. NYSEG
5 and RG&E have consistently been below the required PSC complaint rate. In
6 fact, NYSEG has had the lowest PSC complaint rate in the state for years.
7 Moreover, with excellent performance on this measure and the small number of
8 customers that would be impacted, we do not believe that the Escalated
9 Complaint Rate Response Time measure – a measure of how quickly
10 "paperwork" is sent to the Commission (independent of customer
11 communications) - is of any benefit to consumers. There is no justification for the
12 measure and associated revenue adjustment. Exhibit __ (SQP-2) shows NYSEG's
13 and RG&E's PSC complaint rate performance.

14 Q. Have other utilities been required to implement Escalated Complaint Response
15 Time measures?

16 A. No, as confirmed by the Consumer Services Panel's response to I/E (DPS-112). A
17 copy of the response is included in Exhibit ____ (SQP-1). Staff's use of this
18 proceeding to impose a CSPI on NYSEG and RG&E that no other utility has been
19 required to implement and that will provide no additional benefits to customers is
20 inappropriate and unnecessarily punitive.

SERVICE QUALITY PANEL

1 Q. What does the Consumer Services Panel recommend with regard to the amounts
2 at risk?

3 A. The Consumer Services Panel recommends an increase in the revenue
4 adjustments for the service quality metrics. Under Staff's proposal, the proposed
5 total amount at risk for NYSEG electric more than doubles. The proposed total
6 amount at risk for NYSEG gas is almost five times more than the current total
7 amount at risk. The proposed total amounts for RG&E electric and RG&E gas
8 are double the current total amount at risk, as shown in the following table:

	NYSEG		RG&E	
	Electric	Gas	Electric	Gas
Existing Amts at Risk	\$3,500,000	\$499,998	\$2,500,000	\$700,000
Staff Amt at Risk	\$8,400,000	\$2,400,000	\$5,000,000	\$1,400,000
Increased Amts at Risk	\$4,900,000	\$1,900,002	\$2,500,000	\$700,000

9 Q. Does the Consumer Services Panel provide any justification for the increased
10 amounts at risk?

11 A. The Consumer Services Panel appears to base its recommendation primarily on
12 the fact that the Commission imposed service quality conditions on the National
13 Grid/KeySpan merger and the belief that the proposed transaction carries financial
14 risks similar to those in the National Grid/KeySpan merger.

SERVICE QUALITY PANEL

1 Q. Does this position support the Consumer Services Panel's recommendations?

2 A. No, it does not. First, as addressed in the Mr. Meehan's testimony, the
3 comparison between the transactions is inappropriate. Second, as noted above,
4 NYSEG and RG&E have a history of excellent customer service. In direct
5 contrast, Staff raised concerns regarding Niagara Mohawk's service quality during
6 the National Grid/KeySpan merger based on the fact that Niagara Mohawk's
7 quality of service had declined since it was purchased by National Grid. As a
8 result, the Commission stated in its *Abbreviated Order Authorizing Acquisition*
9 *Subject to Conditions and Making Some Revenue Requirement Determinations for*
10 *KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island,*
11 issued August 23, 2007 in Case 06-M-0878, that it was imposing service quality
12 conditions because of National Grid's performance over the past few years.
13 NYSEG's and RG&E's performance does not present any cause for concern, and
14 certainly does not warrant comparison to National Grid a utility that Staff admits
15 required improvements in its service quality performance.

16 Q. Is there any other justification for the Consumer Services Panel's proposal to
17 increase the amounts at risk?

18 A. No. There are no changes in the customer base being serviced by either company
19 or any changes in operations as a result of the proposed transaction to warrant the
20 increase in the amounts at risk.

SERVICE QUALITY PANEL

1 Q. Do you believe implementing the recommended measures and increasing the
2 associated amounts at risk would cause NYSEG and RG&E to take different
3 actions within their customer service organization to ensure that service is not
4 diminished?

5 A. No. As we mentioned earlier, NYSEG and RG&E already have a strong
6 commitment in this area and adequate incentives to provide high quality customer
7 service, because they are currently held to appropriate standards with associated
8 revenue adjustments. If NYSEG and RG&E do not meet their current service
9 quality targets, they are also financially harmed by customer dissatisfaction and
10 increased workload. Meeting customer service expectations also allows NYSEG
11 and RG&E to run their businesses more efficiently, thereby managing costs and
12 resources.

13 Q. The Consumer Services Panel on page 6 asserts that the proposed acquisition has
14 no consumer benefits. Do you agree?

15 A. No. There are clear consumer benefits to the acquisition of Energy East by
16 Iberdrola as identified in the Joint Petition, Petitioners' initial testimony and the
17 rebuttal testimony of the Petitioners' Policy Panel. The benefits outlined therein
18 are far more valuable than Staff's proposal for enhancing CSPIs and dramatically
19 increasing their corresponding revenue adjustments. NYSEG and RG&E already
20 meet or exceed the CSPIs current in place with the exception of Service Level
21 (calls answered in thirty seconds), which is not a customer satisfaction

SERVICE QUALITY PANEL

1 performance target for the companies, and Escalated Response Time, which has
2 not been measured annually and does not directly benefit customers. Therefore
3 increasing revenue adjustments for those metrics is unnecessary and provides no
4 benefits to consumers. Additionally, Staff's new proposed CSPIs are largely
5 redundant paperwork requirements that also provide no direct benefits to
6 customers.

7 Q. In general, do you agree with Staff's statement that Iberdrola's acquisition of
8 Energy East will require additional measures to ensure enhanced consumer
9 benefits?

10 A. No. Staff has arbitrarily assumed that the acquisition would somehow cause
11 RG&E and NYSEG to deliver a diminished level of service to their customers.
12 There is no basis for the assumption that NYSEG's and RG&E's commitment to
13 providing excellent customer service will change due to the acquisition by
14 Iberdrola. Neither RG&E nor NYSEG expect any operational changes to
15 customer services to take place as a result of the Iberdrola acquisition. Notably,
16 neither NYSEG's nor RG&E's service quality diminished after the merger with
17 Energy East, with the slight exception mentioned earlier that should only diminish
18 over time.

19 Q. Has Staff raised concerns regarding RG&E's and NYSEG's service quality during
20 other recent proceedings?

SERVICE QUALITY PANEL

1 A. No. Staff did not raise major service quality concerns or seek to increase the
2 revenue adjustments associated with CSPI in other recent proceedings. During
3 the Energy East merger proceeding and during the most recent NYSEG electric
4 rate case, only one aspect of NYSEG and/or RG&E's CSPI was changed and that
5 was NYSEG's target for PSC complaints.

6 Q. Staff is recommending an expansion of CSPI and increases in the associated
7 revenue adjustments for NYSEG and RG&E as a way to provide enhanced
8 consumer benefits. Do you believe that CSPIs and the proposed increases in the
9 associated revenue adjustments benefit customers?

10 A. No. NYSEG and RG&E customers already have the benefits of the companies'
11 current CSPI targets and their associated revenue adjustments. Additional
12 measures only create administrative work for the companies and Staff. NYSEG
13 and RG&E have in the past and continue to strive to provide outstanding
14 customer service independent of CSPI revenue adjustments. It is evident from
15 Exhibit __ (SQP-2) that although NYSEG was not assessed a revenue adjustment
16 on the measures reported, the Company seeks to exceed the Appointments Kept,
17 Billing Accuracy, and Estimated Meter Reads measures.

18 Q. Is there any redundancy between NYSEG's current measures with a monetary
19 revenue adjustment and the additional service quality metrics proposed by the
20 Consumer Services Panel?

SERVICE QUALITY PANEL

1 A. Yes. NYSEG's current measures with a monetary revenue adjustment are directly
2 related to the performance of many of the additional CSPI proposed at-risk
3 measures, which will create an unnecessary redundancy. For example, if a
4 company is not achieving its transactional-based performance targets, such as
5 billing accuracy and meter reading, it will first become apparent in the company's
6 contact satisfaction and soon thereafter in overall customer satisfaction surveys.

LOW INCOME PROGRAMS

7
8 Q. Do you agree with the Consumer Services Panel's recommendation on page 24
9 that NYSEG's Power Partner and Affordable Energy Programs should be
10 continued at current funding levels?

11 A. Yes. These programs, which combine bill reduction with energy assistance and
12 cover both electricity and natural gas customers, have been effective in assisting
13 low-income customers.

14 Q. Do you agree with the Consumer Services Panel's recommendation on page 24 to
15 continue RG&E's Non-Heating Gas Low Income Program?

16 A. Yes.

17 Q. The Consumer Services Panel, on page 24, is recommending that RG&E increase
18 the number of Residential Energy Customer Assistance Program ("RECAP")
19 participants and double program funding. Do you agree?

20 A. There is no justification for the Consumer Services Panel's proposal to double the
21 number of RECAP participants and increase the annual budget to \$1.1 million.

SERVICE QUALITY PANEL

1 The needs of RG&E customers are adequately being met through the existing
2 programs. If the Commission requires a new program, it should replace RECAP
3 (in a different proceeding) to maximize efficiencies and increase customer
4 satisfaction. In the Consumer Services Panel response to I/E (DPS-111), Staff
5 states that "to the extent additional incremental costs are incurred, the companies
6 are free to pursue rate relief *in an appropriate proceeding.*" (emphasis added). A
7 copy of the response is included in Exhibit __ (SQP-1). By this response, Staff
8 indirectly acknowledges that this proceeding is not the place to require increases
9 to the low income programs.

10 Q. Do you agree with the Consumer Services Panel's recommendation on page 25 to
11 create a new low income program for RG&E?

12 A. No. By retaining RECAP and establishing Power Partner at RG&E, the
13 Commission would create unnecessary redundancies. There would be numerous
14 issues associated with implementing the program, including having to decide
15 which program to place customers in first (or to place customers in the programs
16 simultaneously), how to reduce basic service charges (and whether such charges
17 would be reduced twice), and how to handle arrears reduction segments in both
18 programs. The duplicative nature of the programs would only lead to customer
19 and company confusion.

20 Q. The Consumer Services Panel also recommends on page 25 that RG&E's
21 proposed Power Partner program funding be "considered a positive benefit of the

SERVICE QUALITY PANEL

1 acquisition transaction and could be used to support a finding that approval of the
2 transaction is justified." Is this similar to NYSEG's program?

3 A. No. NYSEG's Power Partner program, after which the Consumer Services Panel
4 recommends RG&E model its program, is funded through rates. As asserted
5 earlier in the Consumer Services Panel's testimony, utility ratepayers benefit from
6 low-income customer assistance. Since ratepayers benefit from the low income
7 programs, they should have to contribute to it.

8 **OUTREACH AND EDUCATION PLANS**

9 Q. Do you agree with the Consumer Services Panel's recommendation on page 26
10 that outreach and education plans with an "identified budget" be developed for
11 NYSEG and RG&E annually and filed with the Director of the Office of
12 Consumer Services?

13 A. We agree that, from an internal planning perspective and to facilitate
14 communications with Staff, it is useful for the companies to continue the outreach
15 and education plan filing process. NYSEG and RG&E file overall outreach plan
16 goals, results, communication methods and messages with Staff annually and, in
17 addition, submit filings – including budgets - for specific initiatives, such as *Voice*
18 *Your Choice*. In addition, NYSEG and RG&E file plans and results upon request,
19 such as winter heating outreach. The overall outreach plans include details on
20 each area of outreach as determined by the company, Staff, and other utilities.
21 NYSEG and RG&E provide overall budget figures and detailed budgets for

SERVICE QUALITY PANEL

1 specific programs as necessary. When the Consumer Services Panel was asked in
2 an interrogatory to provide examples of detailed budgets and expectations to
3 illustrate the level of detail required/proposed by the Consumer Services Panel for
4 the outreach and education reports, the Consumer Services Panel responded "[f]or
5 examples, see RG&E's and NYSEG's past filings." Clearly, the Consumer
6 Services Panel believes that the content of NYSEG and RG&E's current overall
7 outreach and education plan filings are sufficient. A copy of the response to I/E
8 (DPS-116) is included in Exhibit __ (SQP-1).

9 Q. The Consumer Services Panel requests detailed budgets for individual outreach
10 initiatives. Do you agree with Staff that such budgets are useful?

11 A. No. We disagree with Staff on the need to provide detailed budgets for the
12 individual outreach initiatives. To do so would be administratively burdensome
13 and inaccurate, because many of NYSEG's and RG&E's outreach activities cross
14 over numerous outreach categories. For example, each company includes
15 promotion of budget billing services in numerous communication vehicles.
16 Budget billing promotions serve low-income customer outreach, winter heating
17 customer outreach, elderly customer outreach, and summer cooling customer
18 outreach. Budget billing is even mentioned for *Voice Your Choice*. It would be
19 difficult to determine which portion of the company's costs for budget billing
20 promotion would be allocated to the various outreach categories. Instead, we
21 propose that we provide an overall budget as we do for NYSEG and have done

SERVICE QUALITY PANEL

1 for RG&E in the past. If Staff has questions regarding the companies' outreach
2 and education, we suggest that Staff should continue to use informal means, such
3 as the quarterly meetings, or to contact the company directly for budget details.

4 Q. Does this complete your rebuttal testimony at this time?

5 A. Yes, it does.