

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Orange and Rockland Utilities, Inc.
Case 07-E-0949
December 2007

Prepared Testimony of:

Martin Insogna
Utility Consumer Program
Specialist 4
Office of Consumer Services
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

1 Q. Please state your name, employer, and business
2 address.

3 A. Martin Insogna. I am employed by the New York
4 State Department of Public Service. My business
5 address is Three Empire State Plaza, Albany, NY
6 12223.

7 Q. Mr. Insogna, what is your position at the
8 Department?

9 A. I am employed as a Utility Consumer Program
10 Specialist 4 in the Office of Consumer Services.

11 Q. Please describe your educational background and
12 professional experience.

13 A. I hold a Bachelor's Degree in philosophy and
14 economics from Colgate University. Prior to
15 joining the Department, I was employed in a wide
16 range of customer service fields, including as a
17 representative of the then-New York Telephone
18 Company. I joined the Consumer Services
19 Division of the Department in 1990 as a Consumer
20 Services Specialist, investigating and resolving
21 utility consumer complaints. I was thereafter
22 accepted into a traineeship with the Office of
23 Energy Efficiency and Environment, with
24 responsibility for policy and operational

1 considerations involving utility energy
2 efficiency and emerging environmental issues. I
3 was then promoted to the title of Utility Rate
4 Analyst, and was transferred to the Electric
5 Division, with responsibility for review and
6 analysis of utility rate and rate-related
7 filings. When the Department was reorganized in
8 1999, I was assigned to the Retail Competition
9 section of the Office of Electricity and
10 Environment, with responsibility for a wide
11 variety of initiatives related to the
12 introduction of retail access. In January 2000,
13 I was promoted to the title of Associate Policy
14 and Compliance Analyst and transferred to the
15 Residential Advocacy Section of the Office of
16 Consumer Education and Advocacy. The Department
17 of Civil Service subsequently reclassified the
18 title of Associate Policy and Compliance Analyst
19 to my current title. In December 2003, the
20 Department was again reorganized, and the Office
21 of Consumer Services assumed responsibility for
22 consumer advocacy functions within the
23 Department.

24 Q. Please briefly describe your current

1 responsibilities with the Department.

2 A. I oversee utility compliance with Public Service
3 Law and Commission regulations regarding
4 consumer protections and access to service;
5 monitor and analyze utility customer service
6 quality performance and responsiveness to
7 customer needs; promote access to affordable
8 utility services for low-income and other
9 special needs customers; and represent
10 residential and small business customer
11 interests in utility rate cases and other
12 Commission proceedings.

13 Q. Have you previously testified before the
14 Commission?

15 A. Yes. I have previously testified in proceedings
16 concerning Orange and Rockland Utilities, Inc.
17 ("Orange and Rockland" or the "Company"), New
18 York State Electric and Gas, Niagara Mohawk,
19 Rochester Gas and Electric, KeySpan Energy
20 Delivery New York and KeySpan Energy Delivery
21 Long Island, and Con Edison. Subjects of my
22 previous testimony have included energy
23 efficiency programs, system benefits charge
24 implementation, rate design, consumer

1 protections, service quality, low income
2 customer needs, outreach and education, and
3 utility commodity supply pricing.

4 Q. What is the scope of your testimony in this
5 proceeding?

6 A. I will address the continuation of a Customer
7 Service Performance Incentive (or "CSPI") for
8 Orange and Rockland.

9 Q. What is the purpose of a customer service
10 performance incentive?

11 A. Customer service performance incentives help to
12 align shareholder and ratepayer interests by
13 providing earnings consequences to shareholders
14 for the quality of service provided to a
15 utility's customers. Presently, CSPIs are in
16 effect at all of the major energy utilities that
17 link earnings directly to companies' performance
18 on specific measures of customer service.

19 Q. Please describe Orange and Rockland's current
20 Customer Service Performance Incentive.

21 A. Orange and Rockland's customer service
22 performance mechanism applicable to its electric
23 rate plan, was recently continued in Commission
24 decision in Case 06-E-1433 et al, Order Setting

1 Permanent Rates, Reconciling Overpayments During
2 Temporary Rate Period, and Establishing
3 Disposition of Property Tax Refunds (issued
4 October 17, 2007)("2007 Order"). Orange and
5 Rockland is subject to a maximum downward
6 adjustment of up to \$1.1 million Under its CSPI.
7 The mechanism consists of targets for annual
8 surveys of residential and commercial/industrial
9 customers, and an annual PSC complaint rate.
10 For PSC complaints, payments to ratepayers are
11 incurred at complaint rate levels of 2.5, 2.6
12 and 2.7 complaints per 100,000 customers or
13 higher. Payments for the minimum and
14 intermediate levels are reduced in any year in
15 which the complaint rate for the preceding year
16 is 0.9 or less, although, the maximum payment is
17 unchanged. Certain exclusions are made
18 applicable to certain types of complaints for
19 purposes of this performance mechanism. The
20 exclusions include complaints regarding
21 commodity supply process or the operation of the
22 company's Market Supply Charge (MSC), and
23 duplicative complaints registered by
24 consultants, where no company deficiency is

1 found. Orange and Rockland files a report by
2 March 1 of each year that details its
3 performance in the previous year, including any
4 of the exclusions claimed.

5 Q. Does the Company propose to continue the CSPI?

6 A. No. The Company proposes that the CSPI be
7 discontinued, asserting that Orange and Rockland
8 focuses on providing superior customer service,
9 thus the CSPI is unnecessary. Additionally,
10 Orange and Rockland views negative revenue
11 incentives as a poor substitution for
12 constructive regulation.

13 Q. Do you propose to continue Orange and Rockland's
14 CSPI?

15 A. Yes. As long as delivery service remains a
16 monopoly, there are virtually no consequences to
17 the Company for failing to provide good customer
18 service. CSPIs help to align shareholder and
19 ratepayer interests by providing earnings
20 consequences to shareholders for the quality of
21 service provided to a utility's customers.
22 CSPIs are in effect at all of the major energy
23 utilities that link earnings directly to
24 companies' performance on specific measures of

1 customer service. I recommend continuation of
2 Orange and Rockland's CSPI until further
3 modified or discontinued by the Commission.

4 Q. Does this conclude your testimony at this time?

5 A. Yes, it does.