1 Q. Would the members of the Public and Customer
2 Information Panel please state their names and business
3 addresses?
4 A. Marilyn Caselli, Frances Resheske, Mary McCartney, and
5 Robert Sherman. Our business address is 4 Irving
6 Place, New York, New York 10003.
7 Q. By whom are the panel members employed?
8 A. We are employed by Consolidated Edison Company of New
9 York, Inc. ("Con Edison" or the "Company").
10 Q. In what capacity are the panel members employed and
11 what are their professional backgrounds and
12 qualifications?
13 A. **(Resheske)** I am the Senior Vice President for Public
14 Affairs. I have held this position since 2002. I
15 joined Con Edison as the Director of Public Affairs in
16 1999. Prior to working for Con Edison, I was employed
17 by Brooklyn Union Gas. I was the General Manager of
18 Government Relations and Community Development with
19 responsibility for government relations, economic
20 development and corporate philanthropy. Prior to
21 joining Brooklyn Union, I held several positions in
22 community relations and economic development for the
23 City of New York. I have a Bachelor's degree in
24 Government and Politics from St. John's University.

1 **(McCartney)** I am the director of Corporate
2 Communications. I have held this position since 1999.
3 Prior to working for Con Edison, I was the Chief
4 Customer Information Officer at New York City Transit
5 where I was responsible for all integrated marketing
6 and customer communication programs for six million
7 daily subway and bus riders. Before joining Transit, I
8 worked at a number of city and state agencies in
9 positions that dealt with public information and
10 customer service. I have a Bachelor's degree in History
11 from the University of Chicago.
12 **(Caselli)** I am Senior Vice President, Customer
13 Operations. I have been employed by Con Edison since
14 1974. From 1974 to 1989, I held positions of increasing
15 responsibility within the Company, rising to the
16 position of General Manager, Customer Operations for
17 Queens. In 1992, I took the position of General
18 Manager, Customer Operations for Brooklyn and then, in
19 1996, I took the position of General Manager, Gas
20 Operations for Queens. In October 1997, I was elected
21 to the position of Vice President, Customer Services
22 for Staten Island and in May 2005, I was promoted to my
23 current role of Senior Vice President, Customer
24 Operations. I hold a Bachelor of Science degree in
25 Business Administration from the State University of

1 New York.
2 **(Sherman)** I am Department Manager of Customer Outreach.
3 I have been employed by Con Edison since November 1975.
4 I began in the Central Credit and Collections
5 department. In 1985, I moved to the Brooklyn Division
6 where I managed a customer service branch. In 1991, I
7 became the Section Manager of the Brooklyn Call Center
8 and in late 1997, I became the Call Center Manager for
9 special projects and storm management and then a
10 Manager in the communication management group for the
11 Company's Virtual Call Center. I hold a Bachelor of
12 Arts degree in Political Science from New York
13 University and a Master of Science in Business
14 Economics from Pace University.
15 Q. Have any of you submitted testimony before the New York
16 State Public Service Commission?
17 A. Robert Sherman is the only member of the panel who has
18 testified previously before the Commission.
19 Q. What is the purpose of the Panel's testimony?
20 A. We will describe the Company's efforts to inform and
21 educate customers regarding Company programs and
22 activities through Outreach and Education ("O&E"). The
23 Panel will explain the need for advertising, as
24 distinguished from O&E and as a supplement to O&E, as
25 well as the cost of advertising. The Panel will

1 describe the general messages carried by Company
2 advertising, where such advertising is placed and why,
3 and why the message and the placement are important to
4 the Company's and the Commission's goals. We will also
5 describe the Company's proposed advertising program.
6 Q. What is the Company seeking as funding for these
7 activities?
8 A. The Company is seeking funding for O&E as well as media
9 advertising in the amount of $21.087 million. This is
10 comprised of $3.631 million for O&E and $17.456 million
11 for advertising. This funding request is equivalent to
12 historic year spending except with respect to the
13 Customer Outreach component: Power Your Way expenses
14 of $1.622 million in 2007 have been normalized out of
15 the historic year expenditures.
16 Q. Have you prepared, or had prepared under your
17 supervision, an exhibit that describes the Company's
18 proposed O&E and advertising expenses?
19 A. Yes. We have prepared an exhibit entitled "OUTREACH
20 AND EDUCATION AND ADVERTISING EXPENSES," Exhibit __
21 (PCIP-1).
22 MARK FOR IDENTIFICATION AS EXHIBIT __ (PCIP-1)
23 Q. Are any of the expenses associated with programs common
24 to electric and gas service?

1 A. The advertising expenses of Public Affairs are
2 associated with common programs. However, this exhibit
3 shows only the electric portion of these expenses. The
4 expenses of the Customer Outreach and Education section
5 are associated solely with electric service.
6 Q. Does this exhibit estimate the Company's expected level
7 of spending in the rate years beyond rate year 1?
8 A. Yes. We estimate the level of spending for O&E and
9 advertising in subsequent years to be the same as in
10 the rate year, $21.087 million, subject to adjustment
11 for inflation.
12 Q. Does the Panel's testimony have another purpose?
13 A. Yes. In its order in the Company's last electric rate
14 case, the Commission relied upon its 1977 policy on
15 advertising expenses to reduce the Company's request
16 for advertising funding. On advice of counsel, we
17 understand that the Commission has discretion whether
18 to apply this policy statement to the Company's request
19 in this proceeding or, if applied, how to apply it.
20 Q. Do you believe the policy statement should be applied
21 in this case?
22 A. No, we do not. The Company believes that the
23 Commission should evaluate the Company's proposed
24 advertising spending on its own merits and that this
25 30-year old policy either should not be applied to the

1 Company's present request or if applied, it should
2 reflect current and changed circumstances, for the
3 reasons that the Panel will explain.

4 **Outreach and Education**

5 Q. Please give a brief history of the Customer Outreach
6 and Education group ("Customer Outreach") within
7 Customer Operations at Con Edison.
8 A. Customer Outreach was formed in 1992, in accordance
9 with the Company's 1992 electric rate settlement
10 agreement. At that time, Staff believed that Con
11 Edison needed more focus on customer education about
12 utility customer rights and responsibilities and
13 programs and services offered by the utility. The
14 organization established as a result was staffed with a
15 central manager at Company headquarters and Customer
16 Outreach Advocates in each operating area. These
17 Advocates were intended to and do fulfill a community
18 liaison function; they are the Company's presence in
19 the community at events and are responsible for making
20 presentations and bringing back customers' concerns.
21 Q. What are the major functions and responsibilities of
22 Customer Outreach?
23 A. The major functions of Customer Outreach include
24 providing information to and educating customers about
25 issues important to them as electric and gas customers.

1 This includes increasing customers' awareness of their
2 rights and responsibilities as customers, safety
3 issues, and responsible and efficient use of energy,
4 and familiarizing them with programs and services that
5 Con Edison offers. The group also acts as a Company
6 liaison to customers and their representatives.
7 Q. What other functions does the Customer Outreach group
8 perform?
9 A. Customer Outreach oversees several customer-focused
10 efforts: outreach related to persons relying on
11 electrically operated life-sustaining equipment,
12 Emergency Customer Care, EnergyShare, CONCERN program,
13 as well as educational programs and a website not only
14 for school children but also for their teachers.
15 Customer Outreach manages employee education on the
16 topics contact personnel address with customers.
17 Q. Do you review the effectiveness of these programs and
18 make changes in response?
19 A. Yes. We describe our evaluation efforts below.
20 Q. Is Customer Outreach proposing any new programs?
21 A. Customer Outreach will continue to provide printed
22 materials that are required as well as other materials
23 to maintain the customer-related aspects of the
24 Company's website and the educational website, and to
25 interact with customers and others in our service

1 territory on utility service and energy-related issues
2 on a day-to-day basis as well as in events affecting
3 utility service. As programs and informational needs
4 change, we modify or create material to meet those
5 needs and realign our spending accordingly.
6 Q. Please compare the Company's O&E spending for programs
7 in the historic year to spending proposed for the rate
8 year.
9 A. We have re-aligned spending for the various O&E
10 functions described below and are shifting $572,000
11 from advertising in the historic year to O&E in the
12 rate year. These changes, begun in 2008, are designed
13 to increase customer satisfaction, use of Company
14 resources, and knowledge.
15 Customer Communications
16 Q. Does Customer Outreach provide customers with written
17 materials related to the Company's service?
18 A. Yes. Customer Outreach develops and utilizes a wide
19 array of brochures describing customer rights and
20 responsibilities, energy efficiency, safety, and our
21 many programs and services. The key programs and
22 services outlined in our brochures include the Rights
23 and Responsibilities of utility customers, Services for
24 Seniors and for Customers with Special Needs,
25 protections for customers using Life-Sustaining

1 Equipment, the Level Payment Plan, and the Direct
2 Payment Plan. The contents of these brochures are
3 revised or new brochures created from time to time to
4 reflect contemporary styles, readership requirements,
5 evolving safety information, and new programs or state-
6 wide initiatives. We have translated the majority of
7 major program and service brochures into several
8 languages, including English, Spanish, French/Creole,
9 Chinese, Korean, Hindi, Russian, and Polish.
10 Information about our programs, services, and
11 other important messages are also included in customer
12 bills. Customer Outreach ensures that educational
13 messaging through our bill messages and bill inserts
14 (including Customer News) is timely and responsive to
15 customer concerns. Customer News, a bimonthly customer
16 newsletter, is distributed to all 3.3 million customers
17 along with a number of other bill inserts throughout
18 the year. The primary goal of Customer News is to
19 inform customers about programs, policies and services
20 addressing their needs and concerns, especially about
21 cost savings and safety. The bill insert schedule is
22 managed by Outreach to meet customer education
23 requirements in key areas, including customer rights
24 and responsibilities, electric safety, and rate change
25 implementation.

1 Q. Have you prepared, or had prepared under your
2 supervision, an exhibit that lists these publications?
3 A. Yes. We have prepared an exhibit entitled "CON EDISON
4 PUBLICATIONS FOR CUSTOMERS," Exhibit __ (PCIP-2).
5 MARK FOR IDENTIFICATION AS EXHIBIT __ (PCIP-2)
6 Q. How do you decide which medium to use for the Company's
7 messages?
8 A. We seek to identify the most effective method of
9 outreach at the least cost. Since the Company bill
10 represents the lowest cost way of reaching the majority
11 of our customers, the Company maximizes the information
12 provided this way. Many of the Company publications
13 mentioned above are provided as bill inserts. We also
14 assist with the dissemination of the Company's messages
15 by identifying advertising media that will reach the
16 largest number of people in a language that speaks most
17 clearly to them, such as community, ethnic, and "in-
18 language" newspapers.
19 Q. Please describe the functions and educational
20 information available for customers on the Company's
21 website.
22 A. The customer-focused web pages on www.coned.com include
23 both Customer Central and My Account. Customer Central
24 provides a one-stop resource for all customers to find
25 useful information both quickly and easily. At

1 Customer Central, visitors have access to such topics
2 as cold and hot weather tips, storms and severe weather
3 safety, understanding your bill, and selecting energy
4 efficient appliances. Customers also find links to
5 online tools to help them report power problems or to
6 check the status of a previously reported problem,
7 learn about online billing and automatic bill payment,
8 and choose an energy supplier. The My Account portion
9 of the site acts as a service center, where customers
10 can conveniently pay a bill online, view account
11 information, submit a meter reading, view past bills,
12 report power problems and much more. Customer Outreach
13 sees that educational messages and pertinent
14 information are available in the web content. We plan
15 to add new material to improve customer interest and
16 involvement in the website. One area we will work on
17 involves helping customers understand what we do in
18 restoring service. We plan on using animation and
19 video based web content to involve customers in this
20 process.
21 Liaison Function
22 Q. How does Customer Outreach see its liaison function
23 with customers?
24 A. We see it as an opportunity both to provide information
25 and to learn what customers need and want.

1 Q. How do you do that?
2 A. We meet regularly with community and organization
3 leaders and other key stakeholders and also host two
4 conferences a year, to which we invite community
5 leaders and advocates from a number of organizations
6 across the five boroughs and Westchester County. These
7 conferences provide a means for participants to bring
8 their concerns to the table, while we have the
9 opportunity to exhibit our programs and services and
10 convey important messages. The input we receive at
11 these meetings and events is used in two ways: within
12 the Company, to address these concerns on a substantive
13 basis and within Customer Outreach, to help make our
14 informational activities and educational efforts more
15 effective.
16 Q. Does the Company have any other goal in its
17 relationship with key community organizations?
18 A. Yes. We have grown our database to about 1,000
19 organizations that offer us an opportunity literally to
20 get our messages out to our customers through the
21 community organizations that serve them. We mail these
22 groups packages of materials each winter and summer.
23 The mailings contain seasonal educational materials,
24 programs and services brochures, and other information
25 that they can distribute to customers. We urge them to

1 give us feedback about our services. When we meet with
2 these groups, we bring back any concerns, questions and
3 inquiries that might not have reached us through other
4 channels.
5 Q. Do you conduct other activities that have a similar
6 interactive component?
7 A. Yes. Customer Outreach Advocates meet with customers
8 and customer groups to educate them and their members
9 about their rights and responsibilities as utility
10 customers, current utility programs, and other utility
11 related news and to learn how we can serve them better.
12 Customer advocates continually identify networking
13 opportunities, such as new community-based
14 organizations, that would be willing to spread our
15 messages.
16 In addition, the Advocates interact with customers
17 (residential, commercial, and non-direct customers
18 alike) as part of their participation in many events
19 throughout the five boroughs of New York City and the
20 county of Westchester. Through these interactions, we
21 bring the customer to the Company and the Company to
22 the customer.
23 Q. Please give some examples of the events in which the
24 Company actively participates.

1 A. Customer Outreach participates in community street
2 fairs, trade shows, home shows, and other neighborhood
3 events throughout the service territory. In 2007, we
4 participated in over 100 events. A very small sampling
5 of these events include: the Washington Heights
6 Children's Festival, the Staten Island Fair, a number
7 of Westchester Home Shows, the Greater NY Chamber
8 Business Fair, the Long Island City Business
9 Development Council Fair, Salute to Seniors, and the
10 Fordham Festival.
11 Q. Do you also interact with customers in research
12 situations?
13 A. Yes. Focus groups are used when a particular issue
14 warrants qualitative research and feedback such as
15 arose when we redesigned our bill or improved our
16 website. This direct customer feedback is a valuable
17 source of information that helps us to improve our
18 service.
19 Life Sustaining Equipment ("LSE") Program
20 Q. Please explain the Company's efforts related to its LSE
21 program.
22 A. The Company solicits customers to notify the Company
23 regarding their dependence on electrically-operated
24 equipment to sustain life. Following the 2006 Long
25 Island City outage, the Commission requested that Con

1 Edison improve its outreach and education to customers
2 and others who are LSE-dependent. LSE users who do not
3 have a Con Edison account because utilities are
4 included in their rent may not think to register their
5 needs with us. In response, Customer Outreach has
6 created a comprehensive initiative that targets a
7 number of audiences that can help us to raise awareness
8 of our LSE program. These audiences include the
9 managers of master-metered/elevator buildings;
10 physicians, the operators of medical facilities, and
11 medical equipment manufacturers ("medical-related
12 community"); community organizations, New York City
13 Housing Authority residents, and existing LSE
14 customers. The program focuses on providing electric
15 consumers who are not customers and those responsible
16 for their in-building electricity with a "survey"
17 brochure that asks that individuals who are LSE-
18 dependent be identified to us. We have also taken the
19 opportunity to send other important messages, such as
20 our "Power Problems" brochure, along with the LSE
21 Survey. We reached nearly 5,000 management agencies
22 for master metered/elevator buildings and provided the
23 LSE survey along with a letter encouraging building
24 management to share the information with residents.
25 Through the use of a marketing firm, we write to over

1 13,000 members of the medical-related community within
2 the service territory asking that they encourage
3 individuals who use LSE to enroll in the program. We
4 also include the LSE Survey in our summer and winter
5 mailings to approximately 1,000 community
6 organizations. An LSE print advertisement is also
7 placed in the NYCHA "Journal" a monthly publication,
8 reaching an additional 412,000 consumers of electric
9 service. LSE customers, including those who pay for
10 electricity with their rent, receive a magnet with
11 emergency preparation tips and the Con Edison LSE
12 emergency service telephone number.
13 Emergency Customer Care
14 Q. Please describe Emergency Customer Care.
15 A. During emergencies, Customer Outreach functions as a
16 presence in the community, by manning the customer
17 service vans we refer to as mobile Customer Information
18 Centers and providing a means of communications with
19 the Company. Customer Outreach also provides Con
20 Edison customer contact employees up-to-date
21 information during incidents on our system so that
22 customers can be informed in a timely manner.
23 Q. Please describe the function of the Company's mobile
24 Customer Information Centers.

1 A. These vans provide a location for Company personnel
2 from which to offer customers updated information
3 during an emergency. Company personnel operating out of
4 the van can intervene on customers' behalf with Company
5 departments and governmental agencies. The van
6 personnel may also provide updated customer and
7 incident information to the Company's Emergency
8 Management and Customer Operations departments. The
9 vans are equipped with flashing lights and a public
10 address system to gain visibility that may be needed
11 during an event. Customer Outreach staff assists
12 affected customers by identifying resources that can
13 help in meeting their needs, particularly where there
14 has been significant property damage and there are
15 risks to customer safety and/or security. We endeavor
16 to provide signage and any other related information in
17 the languages spoken in the affected area.
18 EnergyShare
19 Q. Please explain the involvement of Customer Outreach in
20 the Company's energy fund and how it assists low income
21 customers.
22 A. Customer Outreach oversees the Company's EnergyShare
23 fund, which provides grants to income-eligible
24 residential customers experiencing financial
25 difficulties and facing possible termination of

1 service. Funded by donations and matching
2 contributions from the Company and administered by
3 HeartShare - a not-for-profit organization - the
4 program awards one-time grants of up to $200 to help
5 qualifying homeowners or renters pay their Con Edison
6 bills. To date, more than 9,500 families have been
7 helped. Customer Outreach prepares bill inserts
8 soliciting donations to the fund.
9 CONCERN Program
10 Q. Does Customer Outreach target any other at-risk
11 customer groups in its Customer Outreach activities?
12 A. We provide special-needs customers with assistance
13 designed for their needs. Our CONCERN program is
14 designed to assist elderly and disabled customers with
15 information particularly relevant to them through a
16 special large-type newsletter called "Spotlight." The
17 newsletter, published semi-annually, informs CONCERN
18 participants about Con Edison programs such as direct
19 debit and energy conservation and efficiency, programs
20 offered by public and private agencies, and tips to
21 help readers improve their health and quality of life.
22 It also provides seasonally relevant information for
23 summer and winter. We publicize the CONCERN program in
24 our "Services for Seniors" and "Services for Customers
25 with Special Needs" brochures.

1 Q. Do you provide services for specific groups of
2 customers?
3 A. Yes. We reach out to non-English speaking customers
4 and newly arrived immigrants via the community events
5 we attend, our interactions with community-based
6 organizations, the multicultural conferences we host,
7 and with our "Now You're A New Yorker" brochure.
8 Children's Education Program
9 Q. Please describe the components of the Company's
10 children's education program.
11 A. The Company has a website through which we provide
12 children in our service area with important information
13 about energy and safety. The site is meant to be a
14 creative and entertaining way to learn about energy-
15 related concepts. The website is part of an extensive
16 effort to make schoolchildren in New York City and
17 Westchester County aware of the vast networks we
18 operate to deliver electricity, natural gas and steam.
19 This information can be used for school projects and
20 homework as well as in students' everyday lives. Among
21 other things, students can learn about safety and
22 energy efficiency as well as have access to an online
23 dictionary rich with energy conservation terms and ways
24 to make our world greener.
25 Q. What are some other features of the web site?

1 A. The "Unplugged" page tells students how much energy
2 household appliances use; a visit with "The Number
3 Cruncher" helps children understand how they can help
4 their household save money on energy bills; in the
5 conservation section, there are games related to such
6 topics as conservation, safety and energy history.
7 Q. Is there information for teachers?
8 A. Yes, teachers can download lesson plans for subjects
9 such as science, math and language arts. These plans
10 were reviewed by New York City educators and have been
11 very popular with teachers. Teachers have told us that
12 they are very impressed with our lesson plans and the
13 web site content.
14 Q. How do teachers and students learn about the web site?
15 A. The Company has an obligation under the Commission's
16 rules to "cooperate with school officials to develop
17 and present [electrical safety education] programs."
18 16 NYCRR §126.4. We see this as a step in a broader
19 program: by reaching students at school, we are
20 preparing future customers to manage their energy bills
21 and use our services safely.
22 In order to inform schools, teachers, and children
23 about the availability and usefulness of our website,
24 we undertake an extensive campaign in the schools. We
25 offer book covers, safety and conservation message

1 boards, locker calendars, book marks and knowledge
2 posters to over 750,000 school children throughout the
3 five boroughs and Westchester County.
4 Q. Do you provide any publications to children to
5 complement the web site?
6 A. Yes. We offer an educational comic book with age
7 appropriate "super heroes" that tells the safety and
8 conservation story. During the course of a year, we
9 get 20 to 30 inquiries a month from teachers for
10 information about our site and requests for additional
11 comic books.
12 Employee Education
13 Q. Please describe the efforts of Customer Outreach to
14 inform employees within Customer Operations about
15 customer programs and concerns.
16 A. Customer Outreach has developed a number of methods to
17 communicate important messages about customer programs
18 and services to employees. For example, modular touch-
19 screen units called "iStations," are located in our
20 Call Centers. These "information stations" convey
21 messages of vital importance to employees who have
22 direct contact with Con Edison customers. They are
23 particularly helpful in dissemination of high priority
24 alerts, such as severe weather forecasts and outage
25 information. In addition, they are an educational tool

1 for contact employees. Targeted messaging and content
2 can be displayed in an interactive, audio-visual format
3 that is readily available to Call Center employees.
4 Outreach has also created a Customer Operations
5 web portal. This web site provides a centralized
6 location for the storage of communications and other
7 important information regarding Customer Operations.
8 Employees can visit the portal for quick access to all
9 Customer Operations newsletters, policy bulletins and
10 procedures, storm and outage updates, customer
11 brochures, program updates, and discussion boards.
12 While the initial focus is primarily on the Call
13 Center, we are growing the use for areas such as field
14 operations.
15 We also prepare special communications on relevant
16 subjects for our field employees who do not have access
17 to the Internet.
18 Q. Do you plan to enhance employees' access to information
19 in any other way?
20 A. Yes. In 2008, we plan to further develop an
21 interactive training simulation computer application to
22 enable our Call Center representatives to sharpen and
23 maintain their skills. One of the simulation scenarios
24 under development concerns calls of an emergency or
25 crisis-related nature, such as a major outage or

1 service disruption. Our goal is to help
2 representatives provide accurate information in a
3 confident manner when both the CSR and the caller may
4 be under stress. Large-scale emergency scenarios are
5 not routine for the average CSR, and these simulations
6 help employees stay prepared by visually showing the
7 likely scenario for the caller at the premises.
8 Because the access is web-based, CSRs can be rapidly
9 refreshed with new information at appropriate times.
10 In 2009 and beyond, other simulations will be developed
11 and added to our library of scenarios that will help
12 CSRs keep their skills sharp.
13 Evaluation of O&E Effectiveness
14 Q. How does Customer Outreach measure the effectiveness of
15 its programs and initiatives?
16 A. Twice each year, we commission an evaluation survey to
17 measure the impact of our messaging campaigns and to
18 gather feedback about how customers want to hear about
19 important information. We use the information gathered
20 by these research methods to build upon and improve our
21 customer outreach efforts.
22 Q. What other indicators does the Company use to monitor
23 the quality of its O&E?
24 A. We use a variety of sources to both gauge and monitor
25 the quality of our performance. Surveys and focus

1 groups are conducted to solicit feedback about company
2 programs and to determine the need for change. The
3 surveys used by the Company to determine our standings
4 in customer satisfaction include J.D. Power and CRA.
5 These surveys serve as a means to continually evaluate
6 our efforts. We have also taken the opportunity to
7 benchmark with other utilities to gauge performance in
8 a variety of areas. This allows us to reach a broader
9 understanding of O&E across the country and provides
10 the opportunity to find new and innovative ways to
11 reach customers.
12 Q. Please continue.
13 A. A February 2008 J. D. Power and Associates survey of
14 electric utility customers ranked Con Edison as number
15 one in the Eastern Region for communications. This is
16 an improvement from the July 2007 J. D. Power
17 residential survey where we significantly trailed other
18 utilities in the Eastern Region. To measure the
19 perceptions of customers in the region, the survey took
20 into consideration the frequency of updates and notices
21 to customers, the variety of methods used to
22 communicate, the feedback mechanism in place and the
23 importance of topics and issues communicated. In
24 another finding conducted in March of 2008, our
25 research firm, CRA, conducted telephone interviews with

1 501 random Con Edison residential customers. These
2 surveys revealed significant improvements in
3 communications, including customers' recollection of
4 messaging which rose from 70 percent in 2007 to 83
5 percent in our 2008 winter season. Also, the average
6 rating of Con Edison's communication efforts has shown
7 substantial progress from a measurement of 6.72 in 2007
8 to 7.13 in 2008 on a ten-point scale. These studies
9 indicate that we are moving customer awareness and
10 attitudes in the desired direction.
11 Q. What do these various measurements indicate regarding
12 the quality of the Company's O&E efforts?
13 A. Overall, they indicate that the quality of the
14 Company's O&E has been effectively communicating
15 important messages to customers. We will continue our
16 focus on actively sharing information with customers,
17 while seeking feedback to improve our efforts.
18
19 **Advertising Expenses**
20 Q. What types of activities does the Company employ in
21 informing and educating customers regarding Company
22 activities and programs?
23 A. The Company uses a broad array of communications media
24 and methods to reach customers.
25 Q. Given that the Company has access to direct customers

1 through bill inserts and interacts directly with the
2 community and customers via meetings, events, etc., why
3 is it also necessary to advertise?
4 A. For the purpose of the discussion that follows, when we
5 refer to "customers," we mean both direct customers of
6 our service and all others who are impacted by our
7 service whether they live or work in our service
8 territory. The Company needs to communicate with a
9 large and diverse customer base. A combination of mass
10 media - print, radio and outdoor advertising - is the
11 most effective way to reach this audience everyday.
12 Bill inserts, community events and meetings alone -
13 while valuable communication tools - are not a
14 substitute for an effective mass media program to reach
15 over 3 million customers in our service territory.
16 The Company wants to be able to reach as many
17 customers within its service territory as practicable
18 to provide them with important information. The
19 meetings and Company publications described above are
20 an important part of our overall communications program
21 but if they were the only means we relied on, we would
22 have a limited impact. The meetings reach a fairly
23 small percentage of the customer base and the bill
24 inserts, though widely distributed, are effective only
25 to the extent that customers read them. In addition, a

1 significant number of people who commute into New York
2 City for work consume energy but are not direct Company
3 customers and do not receive bill inserts or other
4 material directed to customers. Advertising is an
5 important tool to reach a fairly broad audience of our
6 customers in as cost effective a means as possible.
7 Q. Please describe the specific subjects on which the
8 Company communicates to customers through advertising.
9 A. The Company communicates with customers on a number of
10 subjects, such as energy conservation and efficiency,
11 emergency preparedness, energy education,
12 infrastructure improvement and diversity, which
13 includes minority and women-owned business
14 opportunities and employee recruitment. The Company
15 communicates through advertising to both customers and
16 electric consumers who live or work in our service
17 territory who may not be our direct customers.
18 Q. What factors does the Company consider in initiating an
19 advertising campaign?
20 A. The most important factors the Company considers when
21 initiating an advertising campaign are: 1) creating an
22 effective message; 2) determining how to maintain a
23 sustained message that the customer will see or hear
24 more than once; 3) selecting the array of media that
25 will be used to reach the Company's diverse customer

1 base; and 4) costs in the advertising marketplace. For
2 advertising to be effective, conveying a message relies
3 on the key factors of creativity, placement and
4 frequency. The creative factor sets the tone and
5 defines the message. A really creative message
6 connects the customer to the message and will have an
7 impact that prompts its intended audience to take
8 action and/or provoke thought. The creative aspect of
9 how an advertisement is prepared is meant to spark
10 interest and be remembered. If the message connects
11 with the customer, it will be remembered and travel
12 beyond the primary audience through word of mouth.
13 Q. Please continue.
14 A. Frequency is the average number of times the message is
15 seen or heard. In order for advertising to be
16 effective, it needs to build multiple touch points that
17 reinforce a message. Sustained messaging is required
18 for certain types of information that the Company
19 communicates to customers. Specifically, a high level
20 of customer familiarity with messages is needed when
21 the Company is trying to influence customer behavior or
22 increase the level of customer awareness. Sustained
23 messaging requires that information is presented in
24 more than one venue and repeatedly. Mass media
25 advertising magnifies and projects messages farther and

1 faster than the other methods that the Company employs
2 to present information to customers. Our messages
3 compete with thousands of others everyday in this, the
4 world's "busiest" marketplace.
5 Q. How is advertising used to achieve a sustained message?
6 A. Advertising creates a sustained message by creating a
7 highly visible message that the customer will
8 experience more than once and in different venues.
9 Effective advertising requires that a message and theme
10 be established and repeated over time so that it
11 becomes familiar to the audience. Placing an
12 advertisement once has very little impact. Recurring
13 themes and messages in advertisements help to create
14 recall in customers. Increased exposure leads to
15 higher recall by customers of the messages they see and
16 hear. The more times they see or hear it, the easier
17 it is for them to recall the message. Higher recall
18 leads to higher awareness, and customers are more
19 likely to act on the messages they remember.
20 Q. Please continue.
21 A. Customer recall of information is particularly
22 important for some Company messages such as those that
23 involve energy conservation and efficiency and
24 emergency preparedness. If we were selling a specific
25 product, an advertisement might help the customer to

1 recall the specific product, and the customer might be
2 drawn to the specific product when they shop. In the
3 case of the Company's messages, we are trying to
4 influence societal behavior and lifestyle changes.
5 This requires a significant amount of recall because it
6 is not associated with a specific product. For
7 example, energy tips about closing refrigerator doors,
8 unplugging certain appliances and changing the schedule
9 of when dishes and clothes are washed need to be
10 embedded in the customer's consciousness. To achieve
11 this, messages need to be broadly disseminated in a
12 large number of media. Our goal is to maximize
13 exposure opportunities to increase recall.
14 Q. How does the Company determine the media that will be
15 used in an advertising campaign?
16 A. The Company uses print media, radio, and outdoor
17 advertising such as phone kiosks and subway
18 advertisements. The mix of media complements one
19 another in reaching a diverse audience. The Company
20 does not usually purchase television time because of
21 the cost. Due to the volume of media outlets in New
22 York City and Westchester and the diversity of
23 customers we serve, the Company cannot limit itself to
24 presenting our message in one or two publications or
25 radio stations. In New York City and Westchester,

1 there are eight major publications: therefore, the
2 Company will limit its effectiveness if its
3 advertisements appear in just one or two daily
4 newspapers. Likewise, when we utilize radio
5 advertising, the Company advertises on 18 radio
6 stations. In New York City and Westchester, we make
7 use of over 100 local community and ethnic
8 publications. Our use of this great variety of
9 publications is critical for communicating with our
10 diverse customers, including immigrant communities,
11 many of whom do not rely on the mainstream media for
12 their news and information. We advertise in Filipino,
13 Korean, Chinese, Russian, Spanish, Caribbean, and
14 Haitian publications, to name just a few.
15 Q. Have you prepared, or had prepared under your
16 supervision an exhibit that illustrates this?
17 A. Yes. We have prepared an exhibit entitled "PUBLICATIONS
18 MAP," Exhibit __ (PCIP-3).
19 MARK FOR IDENTIFICATION AS EXHIBIT __ (PCIP-3)
20 Q. Please describe the New York advertising market and the
21 costs of advertising in that market.
22 A. The New York market is considered the number one media
23 market in the world. Consequently, its media costs are
24 considerably higher than elsewhere. Media value is
25 generally determined by the amount of people it can

1 reach, its content and the markets it serves. For that
2 reason, in addition to print media, radio advertising
3 is critical in this market.
4 Q. Please explain how this affects the Company's
5 advertising costs.
6 A. For comparison of costs faced by New York utilities,
7 the metropolitan New York market is 17 times the size
8 of the Buffalo market. The cost of a full page
9 advertisement in the New York Times is $136,000 and the
10 New York Post is $53,000, while the cost of a full page
11 advertisement in the Buffalo News is $35,000 and
12 $11,000 for the Albany Times Union. If you ran an
13 advertisement in just the eight major publications in
14 our area, just once, it would cost over $300,000. But
15 delivering a sustained message requires advertising not
16 once but numerous times. On top of that, we are
17 advertising in over 100 community and ethnic
18 publications. In some instances, we are advertising in
19 both English and another language. At an average cost
20 of over $2,000 per advertisement in each of these
21 publications, running just one advertisement once can
22 cost from $200,000 to $300,000.
23 Q. Is a similar comparison applicable to advertising in
24 other media?
25 A. Yes. The cost of advertising on 18 New York radio

1 stations costs more than $100,000 per week. Just one
2 spot on one radio station costs $600 per broadcast. A
3 similar spot costs $52 per broadcast in Buffalo. The
4 cost of advertising on one billboard in New York is
5 $18,000 per month versus $2,500 per month in Buffalo.
6 Q. How does this high cost market affect your advertising
7 choices?
8 A. We make every effort to minimize the costs while
9 maintaining the frequency and diversity of media. We
10 currently do not use television advertising because of
11 the high costs. Nevertheless, with such a different
12 scale in costs, it is important to consider how we can
13 achieve a sustained message in a broad array of
14 publications. A sustained message for an important
15 program in our service territory can easily cost more
16 than a million dollars.
17 Q. Please explain how you maximize the effectiveness of
18 advertising expenses.
19 A. In designing these advertisements, the Company includes
20 information for more than one program. An
21 advertisement for energy saving tips also includes a
22 referral to use the Company's website. Once the
23 customer goes to the website, they are introduced to
24 other themes of emergency preparedness, bill paying and
25 so forth.

1 Q. How has the Commission treated advertising costs in the
2 past?
3 A. We are aware that in 1977, the Commission grappled with
4 the issue of how to address advertising expenses in
5 ratemaking by issuing a policy on the subject; that it
6 sought to ensure that advertising paid for by customers
7 had a legitimate business purpose and also that the
8 Commission and its staff would not be required to
9 conduct extensive reviews of advertisements to make
10 this determination; that in rate cases predating the
11 issuance of the policy, Staff had spent time evaluating
12 advertising subject matter to ensure that the cost of
13 advertising on controversial subjects and advertising
14 intended to defend the utility were not included in
15 costs used to determine revenue requirements; that some
16 simpler way of dealing with these costs was considered
17 necessary given that advertising expenses represented
18 only a small portion of utility costs; and that in
19 response, the Commission issued a Statement of Policy
20 on Advertising and Promotional Practices of Public
21 Utilities ("Policy Statement") and adopted a formulaic
22 approach for determining how much funding to provide to
23 a utility for advertising considered to be a legitimate
24 cost of doing business.

1 Q. How did the Commission categorize advertising for the
2 purpose of the Policy Statement?
3 A. The Commission referred to all advertising that is not
4 done for promotional sales purposes as "institutional
5 advertising." The Commission acknowledged that the
6 term "institutional advertising" is a "rather amorphous
7 phrase covering all advertising which is not sales
8 promotional in nature." The Policy Statement continued
9 the ban on rate recovery of the costs of advertising
10 with respect to utility opinions on "controversial
11 issues of public policy" or intended to sway public
12 opinion.
13 Nevertheless, the Commission found that "some
14 forms of utility institutional advertising clearly are
15 in the public interest." The cost of these
16 advertisements were deemed a "legitimate cost of doing
17 business" and recoverable in rates. These the
18 Commission referred to as being in the category of
19 "informational and other institutional advertising."
20 Having decided advertising expenses were
21 recoverable so long as the advertising was not
22 addressing controversial subjects or intended to sway
23 public opinion, the Commission concluded that utilities
24 should be provided an "allowance" for advertising and
25 described how such an allowance might be determined.

1 Q. Did the Commission offer examples of what advertising
2 subjects would render advertising costs to be
3 considered "legitimate costs of doing business"?
4 A. Yes. The Commission listed under informational and
5 other institutional advertising the following: "appeals
6 for the conservation of gas or electricity;
7 notification of emergency conditions and procedures;
8 instructions in the proper use of the equipment which
9 makes use of the utility's service; information about
10 new rates, new billing practices, or new inspection or
11 meter reading schedules; advice concerning hazards
12 associated with the utility's service; reports on
13 matters of interest to the public concerning the
14 utility's service - such as service difficulties and
15 progress in overcoming them, projections of new
16 capacity additions, plans for new or improved means of
17 providing service, and the like." The Policy Statement
18 added in a footnote that "advertising costs
19 attributable to a utility's efforts to upgrade the
20 residential and industrial potential of its franchised
21 territory and to improve the area's overall economic
22 conditions" were also recoverable. It points out that
23 "[a]dvertisements extolling the desirability of the
24 area as a location for job-creating industry" benefit
25 all utility customers.

1 Q. What aspect of the Policy Statement makes it
2 inappropriate today?
3 A. By creating categories of advertising and applying a
4 single formula to all expenses for advertising, the
5 Policy Statement places considerable constraints on
6 important initiatives.
7 Q. Please explain.
8 A. The Policy Statement lumps together all "informational
9 advertising" with this "intermediate" category of
10 "other institutional advertising" and thereby places a
11 seemingly arbitrary restriction on the amount that
12 could be recovered for both categories by the
13 application of a formula. The Policy Statement does
14 not capture the much greater demand for information
15 today on increasing numbers of issues reflecting the
16 increasing complexities of utility service in today's
17 competitive markets, advanced technologies, and energy
18 efficiency and climate-change environment.
19 Accordingly, applying the Policy Statement as the
20 Commission did in the Company's last electric case
21 would serve to deprive utilities like Con Edison the
22 discretion to propose, for Commission consideration,
23 the most effective advertising programs appropriate to
24 respond to Commission communications directives and
25 policies. This is inconsistent with the Commission's

1 recent increasing focus on the Company's communications
2 with its customers and the need to make improvements in
3 this area.
4 Q. You mentioned that the Policy Statement included a
5 formula for establishing an allowance for advertising
6 expenses. Please explain the allowance that was
7 provided.
8 A. The Policy Statement provides, "On the basis of past
9 practice, this allowance will, in all probability,
10 range between 1/10 and 1/25 of 1 percent of operating
11 revenues, in inverse relationship to the size of the
12 companies. It will be determined individually for each
13 company ... on the basis of various other factors
14 including size, geographical location, number of
15 customers, and costs of doing business in the area."
16 Q. Is the Policy Statement still relevant today?
17 A. As we mentioned, above, the world of 2008 is very
18 different than the world of more than thirty years ago.
19 One very important change is the deregulation of the
20 utility market in New York. While utility delivery
21 revenues have increased, the Company no longer has a
22 monopoly market on commodity supply so that its overall
23 level of revenues is less than it would have been
24 without deregulation (since the supply purchased by
25 retail choice customers from third parties is not part

1 of the Company's revenues). Furthermore, advertising
2 costs have increased at a much more rapid pace than
3 revenues and advertising needs to cover a much broader
4 media spectrum than in 1977.
5 Q. Please illustrate your comments about advertising
6 costs.
7 A. The same percentage of utility revenues does not buy as
8 much advertising today as it did 30 years ago. In 1977,
9 a full-page ad in the *New York Post* was $5,028, while
10 today it is $53,921, a 960 percent increase. A full-
11 page advertisement in the *New York Times* has increased
12 from $10,087 in 1977 to $136,000 today. In general,
13 advertising costs have increased by 8 percent annually,
14 significantly outpacing increases in the Company's
15 operating revenues, which increased by only 3.75
16 percent over the same period. We have already
17 described the difference in the costs to advertise in
18 New York City versus Buffalo. These comparisons
19 demonstrate that the narrow percentage range of the
20 Policy Statement ignores the actual range of
21 advertising costs in New York State.
22 Q. What other factors receive insufficient weight given
23 the percentage range for the allowance?
24 A. The allowance percentage does not consider several
25 factors: one, that today's society uses energy in many

1 more ways than in 1977, and this creates its own
2 challenges in crafting and disseminating information to
3 targeted audiences; two, that New York City's
4 population is significantly more diverse today than in
5 1977, and, therefore, reaching customers who obtain
6 most information from community publications has become
7 much more important; and, three, as indicated above,
8 due to the migration of customers to alternate energy
9 suppliers, the Company's revenues no longer include
10 commodity revenues from all customers.
11 Q. Have the Commission's requirements with respect to
12 advertising changed as well?
13 A. The Commission has required the Company to take a much
14 more intensive role in addressing both the public
15 generally and its customers about, among other topics,
16 the environment and energy conservation, reporting
17 service problems, and emergency preparedness.
18 Q. Is the media market the same as it was in 1977?
19 A. No. There has been significant fragmentation of media
20 over the last 30 years. Customers are faced with so
21 many options for how to obtain information that it is
22 more challenging to reach them. The typical customer
23 no longer just watches the six o'clock television news
24 and reads a daily newspaper. Cable television, new
25 radio satellite services, the internet, mobile media,

1 and increased outdoor advertising have changed the
2 media landscape significantly. On top of that, we face
3 the ethnically diverse population in our service
4 territory that relies on their own publications, radio
5 stations and cable and satellite television programs
6 for news. The challenge for reaching customers' "Share
7 of Attention" raises the bar for anyone trying to
8 advertise in the marketplace. Getting a message out in
9 such a fragmented market requires a much broader
10 advertising program than was required in 1977.
11 Q. Do you believe that the Company would have adequate
12 funding for all the advertising activities the
13 Commission deems required and the Company's other
14 legitimate business advertising if its expenses for
15 advertising are limited to a percentage in the range
16 that the Commission discussed would be generally
17 applicable to Con Edison in 1977?
18 A. For the reasons we explain below, we think that the
19 funding would be inadequate. Accordingly, we are
20 proposing an approach for the Commission's
21 consideration of advertising costs that we believe will
22 serve the Commission's agenda while providing funding
23 for programs that represent a legitimate cost of the
24 Company's business. We propose that the Commission
25 consider advertising in terms of the programs that the

1 advertising supports. We refer to such advertising as
2 "programmatic advertising."
3 Q. Please explain.
4 A. Clearly, programs that are important to the Commission
5 and to our customers should not fall under the limit
6 imposed by the policy statement's formula. For
7 example, if the Commission determines that more
8 communication is needed to tell our customers how to
9 prepare for emergencies, then that initiative and the
10 related dollars for advertising should not fall under
11 this constraint. Rather, funding for advertising for
12 the program should be established based on the need of
13 the program for which the communications were designed.
14 Q. What advertising is the Company planning that falls
15 into the programmatic advertising category described
16 above?
17 A. With the exception of approximately $316,000 that was
18 spent in the historic year and is proposed to be spent
19 in the rate year for general advertisements, such as
20 "Happy Holidays," and Public Affairs' portion of the
21 *Customer News*, all of the advertising that the Company
22 is planning to conduct in the rate year for which it
23 seeks funding in this case would fall into this
24 category.
25 Q. What level of funding is the Company seeking for

1 programmatic advertising?
2 A. The Company is seeking $17.14 million, which is
3 $572,000 less than the amount the Company expended on
4 such advertising in 2007, the historic year.
5 Q. Did all the funding for advertising in the historic
6 year come from Public Affairs' budget and will it all
7 come from Public Affairs' budget in the rate year?
8 A. Customer Outreach spent $1.322 million for advertising
9 in the historic year as shown on Table 2 of Exhibit __
10 (PCIP-1). The remaining funds were in Public Affairs'
11 budget. For the rate year, all money requested for
12 advertising is shown on Table 3 of Exhibit __ (PCIP-1).
13 Q. Please describe the programs that were included in the
14 2007 advertising program initiatives.
15 A. In 2007, the Company conducted advertising on energy
16 conservation and efficiency, emergency preparedness,
17 infrastructure upgrades, and diversity and minority
18 business opportunities.
19 Q. Have you prepared, or had prepared under your
20 supervision, an exhibit that provides samples of the
21 print advertisements placed as part of these
22 advertising campaigns?
23 A. Yes. We have prepared an exhibit entitled "2007
24 ADVERTISING CAMPAIGNS," Exhibit __ (PCIP-4).
25 MARK FOR IDENTIFICATION AS EXHIBIT __ (PCIP-4)

1 Energy Conservation

2 Q. Please describe the 2007 advertising for Energy
3 Conservation.

4 A. In 2007, the Company's electric spending for
5 advertising was approximately $9.4 million. With
6 these funds, our intent is to support its efforts on
7 energy conservation and efficiency and education. This
8 funding went for the "Energy Tips" campaign. The
9 campaign's messages, in print media, radio and outdoor
10 signage, urges customers and the public to think about
11 energy as a valuable commodity and to change their
12 behavior with respect to energy usage. Typical
13 messages included "*Decide what you want before you open*
14 *the fridge. You'll save energy and you might even save*
15 *calories;*" "*Leaving your AC on when you're out is like*
16 *tossing money out of the window. 25 cents an hour, to*
17 *be exact;*" "*Close doors to keep the heat outside. Open*
18 *them in the morning or evening to let cool air inside;*"
19 "*How can you save money, energy, water and time all at*
20 *once? Run your dishwasher only when it's full.*"

21 This campaign reflects the Company commitment to
22 address the problems of climate change and need for
23 greater energy conservation while also encouraging
24 customers to save money. The campaign also supports
25 the goals of New York State's "15 X 15" strategy as

1 well as New York City's PlaNYC. As nations and
2 companies across the globe struggle to address the
3 problem of climate change, one of the most essential
4 tasks is to educate the public. Advertising is widely
5 recognized as a tool for educating the public about
6 this topic. The Company campaign gives customers very
7 simple and straightforward advice on how they can
8 conserve energy and manage their bills.
9 Q. Please describe how the money was spent.
10 A. We ran energy conservation advertisements during part
11 of our pre-summer and summer programs as well as during
12 a fall program. We ran a set of print advertisements
13 with a consistent creative theme for nine weeks in the
14 summer months and five weeks in the fall and winter.
15 These advertisements were translated into Chinese,
16 Spanish, Korean and Russian and published in the major
17 publications as well as 130 local community, including
18 ethnic and "in-language," publications. The
19 translations were critical for reaching the diverse
20 population of our service territory. We ran a similar
21 series of radio advertisements with a consistent
22 creative theme on 18 different radio stations over 13
23 weeks in the spring and summer and 11 weeks in the fall
24 and winter. The radio advertisements were in English
25 and Spanish. We also placed advertisements on subway

1 cars and Metro-North platforms for 11 weeks in the
2 spring and summer and eight weeks in the fall and
3 winter and on phone kiosks for eight weeks in the
4 summer and eight weeks in the fall and winter.
5 Q. Do you plan to spend the same amount on Energy
6 Conservation in the rate year?
7 A. We propose to spend approximately $8.8 million, which
8 is approximately $572,000 less than in the historic
9 year. With these funds, our intent is to continue to
10 provide information to our customers and the public on
11 how they can reduce their energy consumption, eliminate
12 waste, save money and address climate change. Our plan
13 is to use the same blend of print, radio and outdoor
14 advertisements, with approximately the same placement
15 and frequency as in 2007, in order to maximize customer
16 exposure to the program.
17 Q. The Company recently proposed a comprehensive energy
18 efficiency program. Will that program be publicized
19 through this advertising?
20 A. Advertising in the energy efficiency program will be
21 focused on specific programs and sectors and the target
22 audiences for each. There will be coordination between
23 the broader campaign for energy conservation and
24 efficiency conducted by Public Affairs and the energy
25 efficiency and demand response programs. The energy

1 efficiency O&E, as well as this advertising, will,
2 among other things, direct customers to the Con Edison
3 website, where there will be information about specific
4 energy efficiency and demand response programs.
5 Emergency Preparedness
6 Q. Please describe the Emergency Preparedness 2007
7 advertising campaign.
8 A. The Company spent approximately $1.8 million on
9 emergency preparedness advertising. This included
10 telling the public and customers how to contact us
11 during an emergency and how to use our enhanced website
12 application to report on and track service problems.
13 Emergency Preparedness is a category where the Company
14 was directed by the Commission to provide information
15 to our customers. In the Long Island City proceeding
16 (Case No. 06-E-0894), Directive 14 requires the Company
17 to have better communications with its customers. The
18 directive states that Con Edison should "Periodically
19 notify its customers, not less than annually beginning
20 September 15, 2007, through a variety of methods,
21 including bill inserts, advertisements, and public
22 service announcements, of the availability on its
23 website of information during an outage…." In the
24 Westchester outage proceeding, Staff's February 2007
25 Report concluded that the "Company's response to the

1 July and September storms once again pointed out the
2 need for increased and improved communication with
3 customers, public officials, and the news media." In
4 fact, the Staff report contained over 25
5 recommendations geared toward improving communication
6 in one form or another. The audit performed by Vantage
7 on the Company's recent outages (in Westchester and
8 Long Island City) found that the Company had made some
9 progress in its communications and its website but
10 concluded that greater improvements were necessary.
11 "[A] key component of the restoration process is for
12 customers to contact Con Edison. Customers are able to
13 contact Con Edison by calling 1-800-75-CONED. This
14 number has been heavily advertised throughout the Con
15 Edison territory - in the media, local billboard,
16 subway and bus posters, on Company vehicles and
17 customer bill inserts." Vantage's statement about the
18 significant presence reflects the increased spending
19 that the Company committed and made during 2007. Even
20 with this presence, the audit report states that Con
21 Edison "should make the need to report outages more
22 prominent in its advertising and customer outreach";
23 and the Company's website's effectiveness could be
24 expanded." As described above, these advertisements
25 were an important part of Con Edison's response to the

1 Commission's reports and the Vantage audit.
2 Q. Do you plan to continue this program at the same level
3 of spending in the rate year?
4 A. Yes. We plan to spend $1.8 million to continue this
5 program, which should be considered the communications
6 program for our emergency management efforts. This
7 program will continue to encourage customers to contact
8 us via the website or by calling our 800 number. We
9 will use the same budgeted amount to perform
10 advertising and to upgrade the website as needed.
11 Q. Please describe how the money was spent in 2007.
12 A. In 2007, the Company issued a new booklet for its
13 customers, "Power Problems? Let Us Know!" This booklet
14 was mailed to all customers. We ran a print
15 advertisement advising customers to look for the
16 booklet in the mail in more than 130 publications,
17 including the major daily, weekly, ethnic, and "in-
18 language" publications to coincide with mailing of the
19 booklet to customers. We also ran a print
20 advertisement entitled, "Knowledge is Power," that
21 directed customers to use our website to report service
22 problems and contact Con Edison during emergencies.
23 This advertisement was placed in the same publications
24 referred to above and ran for five weeks in the fall
25 and winter. A radio advertisement with the same

1 messages ran in English and Spanish for 11 weeks on 18
2 different radio stations. Our plan is to use the same
3 blend of print, radio and outdoor advertisements, with
4 approximately the same placement and frequency as in
5 2007, in order to maximize customer exposure to the
6 program.
7 Diversity Program
8 Q. Please describe the Diversity Program.
9 A. Another area that the Company focused its advertising
10 on in 2007 was Diversity, particularly: (a)
11 highlighting opportunities for minority and women-owned
12 businesses throughout our service area to do business
13 with Con Edison; and (b) emphasizing the diversity of
14 our workforce as a recruitment tool to attract
15 prospective employees to pursue careers at Con Edison.
16 Q. Why does Con Edison promote business opportunities for
17 certain businesses?
18 A. Con Edison has two purposes: to fulfill its obligations
19 as a federal contractor and to be a supporter of
20 businesses that contribute to our area's economic
21 development.
22 Q. Please explain.
23 A. As any organization that does business with the United
24 States government, Con Edison is required to provide a
25 Supplier Diversity plan outlining how the company will

1 comply with federal guidelines in this area. The
2 federal contractor must ensure that it reaches out to
3 women-owned businesses, veteran-owned businesses, small
4 disadvantaged businesses, service-disabled veteran-
5 owned businesses, and minority-owned businesses as
6 potential suppliers.
7 Beyond that, the Company helps to build
8 relationships with businesses in our area and
9 encourages economic development with its public message
10 that it welcomes all vendors.
11 The Company spent approximately $1.8 million on
12 this advertising program in 2007. The Company believes
13 this is an important part of our efforts to work with
14 local businesses in diverse communities that provide
15 products and services to Con Edison and to grow their
16 businesses. In doing this, the Company's advertising
17 is improving the economic conditions for the overall
18 service territory and expanding outreach into minority
19 communities. The Company has a significant commitment
20 to utilizing minority vendors and contractors in our
21 business, and we want to encourage other companies to
22 provide similar opportunities. We also have a
23 significant commitment to employing a diverse
24 workforce.
25 Q. What advertising was placed in 2007 for this program?

1 A. The Company ran 12 print advertisements that appeared
2 in 23 publications over nine weeks in African-American,
3 Hispanic, Asian and selected business publications.
4 Radio advertisements were aired over 21 weeks on 10
5 different radio stations.
6 Q. Do you intend to spend the same amount on this program
7 in the rate year?
8 A. Yes. This program should continue to help business
9 development in the service territory and to attract a
10 diverse workforce. Our plan is to use the same blend
11 of print and radio advertisements, with approximately
12 the same placement and frequency as in 2007, in order
13 to maximize customer exposure to the program.
14 Upgrading the Infrastructure
15 Q. Please describe the advertising program for Upgrading
16 the Infrastructure.
17 A. The final piece of the 2007 advertising program was
18 approximately $4.6 million explaining the Company's
19 activities to ensure reliable service and meet growing
20 demand. These messages answer the question "where is
21 the money going" and are important to help our
22 customers understand the need for maintaining and
23 upgrading our infrastructure. These messages are
24 consistent with the Policy Statement's definition of
25 advertising that is a legitimate cost of the utility's

1 business. The Commission included in the list of types
2 of advertising considered to be informational "reports
3 on matters of interest to the public concerning the
4 utility's service - such as service difficulties and
5 progress in overcoming them, projections of new
6 capacity additions, plans for new or improved means of
7 providing service, and the like."
8 Q. Why is it necessary to inform the customers about
9 upgrading the infrastructure?
10 A. The Company's work on its system is a matter of public
11 interest. The Company receives inquiries and
12 complaints from the public and our customers about
13 major construction projects that are necessary to
14 maintain and upgrade the electric infrastructure. The
15 advertising program is an effective tool to help keep
16 them aware of the vast work necessary to keep the
17 infrastructure working 24/7. In fact, the Company is
18 in the midst of its busiest building period in thirty
19 years. If Company forces are working in a local
20 neighborhood, it is important for residents and
21 businesses to understand why Con Edison may be doing
22 work in their streets or installing new substations.
23 Q. In your rate year advertising, will you provide more
24 specific information about infrastructure projects?

1 A. Yes, the intent is to continue to deliver the general
2 message as well as provide customers with information
3 on how the infrastructure programs are proceeding. The
4 advertising will provide information to allow our
5 customers to see that we are accountable for fulfilling
6 the programs that have been funded. We will closely
7 link the advertising with the website so that customers
8 can track our overall performance. Customers will also
9 be able to identify major projects in their local
10 communities. For example, we have established a
11 section of our website for the M-29 transmission line
12 project. The website provides weekly updates on where
13 the Company is working and plans to provide periodic
14 progress reports.
15 Q. Please describe how the money was spent in 2007.
16 A. This program included a combination of print and radio.
17 Prior to the summer, we ran a set of advertisements in
18 the major dailies and weeklies and community
19 publications for four weeks. These advertisements were
20 translated into multiple languages. For the same
21 period, we ran radio advertisements on 18 radio
22 stations. Following the summer, we ran a series of
23 advertisements for a four week period in the same print
24 media that were used during the spring. Our plan is to
25 use the same blend of print, radio and outdoor

1 advertisements, with approximately the same placement
2 and frequency as in 2007, in order to maximize customer
3 exposure to the program.
4 Q. What is your position should the Commission reject the
5 Company's proposed programmatic approach?
6 A. If the programmatic approach is not adopted, our
7 differences with the applicability of the Policy
8 Statement to current circumstances and to the
9 application of the Policy Statement to the Company's
10 advertising programs and expenses remain.
11 It bears emphasis that the Policy Statement does
12 not fix an allowance in the range between 1/10 and 1/25
13 of 1 percent of operating revenues. That is important
14 because the Company's presentation of its proposed
15 programs, the current costs of advertising in New York,
16 and the appropriate approach to advertising in today's
17 environment, among other factors, demonstrates that
18 application of a percentage in this range would deny
19 the Company funding necessary to properly implement
20 Commission policy and provide the Company recovery of a
21 reasonable level of legitimate business expenses.
22 Q. Does this conclude your testimony?
23 A. Yes.

Outreach and Education and Advertising Expenses

$ (000)	Historical Year	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5
Outreach and Education	$ 3,059	$ 3,631	$ 3,631	$ 3,631	$ 3,631	$ 3,631
Power Your Way	$ 1,622	$ -	$ -	$ -	$ -	$ -
Advertising	$ 18,028	$ 17,456	$ 17,456	$ 17,456	$ 17,456	$ 17,456
Total	$ 22,709	$ 21,087	$ 21,087	$ 21,087	$ 21,087	$ 21,087

EXHIBIT___(PCIP-1)
TABLE 1

Outreach and Education Expenses

$ (000)	Historical Year	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5
Customer Literature - Customer News, Bill Inserts, Brochures, Pamphlets, Spotlight Newsletter	$ 1,100	$ 1,100	$ 1,100	$ 1,100	$ 1,100	$ 1,100
Advocacy Today Conferences - community, ethnic, and other advocacy groups and organizations	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42
Chamber Shows, Seminars - small business	$ 40	$ 52	$ 52	$ 52	$ 52	$ 52
Fairs / Trade Shows / Home Shows / Neighborhood Events	$ 230	$ 247	$ 247	$ 247	$ 247	$ 247
Customer Central Web Site Enhancements & Improvements	$ 68	$ 230	$ 230	$ 230	$ 230	$ 230
Elementary and Middle School Education	$ 530	$ 590	$ 590	$ 590	$ 590	$ 590
Customer Opinion Surveys, Focus Groups, Evaluations	$ 240	$ 240	$ 240	$ 240	$ 240	$ 240
LSE Program Support	$ 41	$ 50	$ 50	$ 50	$ 50	$ 50
Administration - Transportation, Fulfillment and Storage	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Employee Education	$ 88	$ 400	$ 400	$ 400	$ 400	$ 400
Outreach and Education Total (Excluding Power Your Way)	$ 3,059	$ 3,631	$ 3,631	$ 3,631	$ 3,631	$ 3,631
Power Your Way	$ 1,622	0	0	0	0	0
Outreach and Education Total (Including Power Your Way)	$ 4,681	$ 3,631	$ 3,631	$ 3,631	$ 3,631	$ 3,631

Note: Excludes advertising of $1.322 million in the Historical Year and $750,000 in each of the Rate Years 1 - 5. All advertising dollars are shown in Table 3.

EXHIBIT ___(PCIP-1)

TABLE 2

Advertising Expenses

$ (000)	Historical Year	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4	Rate Year 5
Energy Tips	$ 9,392	8,820	8,820	8,820	8,820	8,820
Emergency Preparedness	$ 1,839	$ 1,839	$ 1,839	$ 1,839	$ 1,839	$ 1,839
Upgrading Infrastructure	$ 4,642	$ 4,642	$ 4,642	$ 4,642	$ 4,642	$ 4,642
Diversity	$ 1,839	$ 1,839	$ 1,839	$ 1,839	$ 1,839	$ 1,839
Subtotal - Programmatic Advertising	$ 17,712	$ 17,140	$ 17,140	$ 17,140	$ 17,140	$ 17,140
Other	$ 316	$ 316	$ 316	$ 316	$ 316	$ 316
Total	$ 18,028	$ 17,456	$ 17,456	$ 17,456	$ 17,456	$ 17,456

Note:Includes $1.322 million for Historical Year and $750,000 for Rate Year from Customer Outreach.

EXHIBIT___(PCIP-1)
TABLE 3

CON EDISON PUBLICATIONS FOR CUSTOMERS

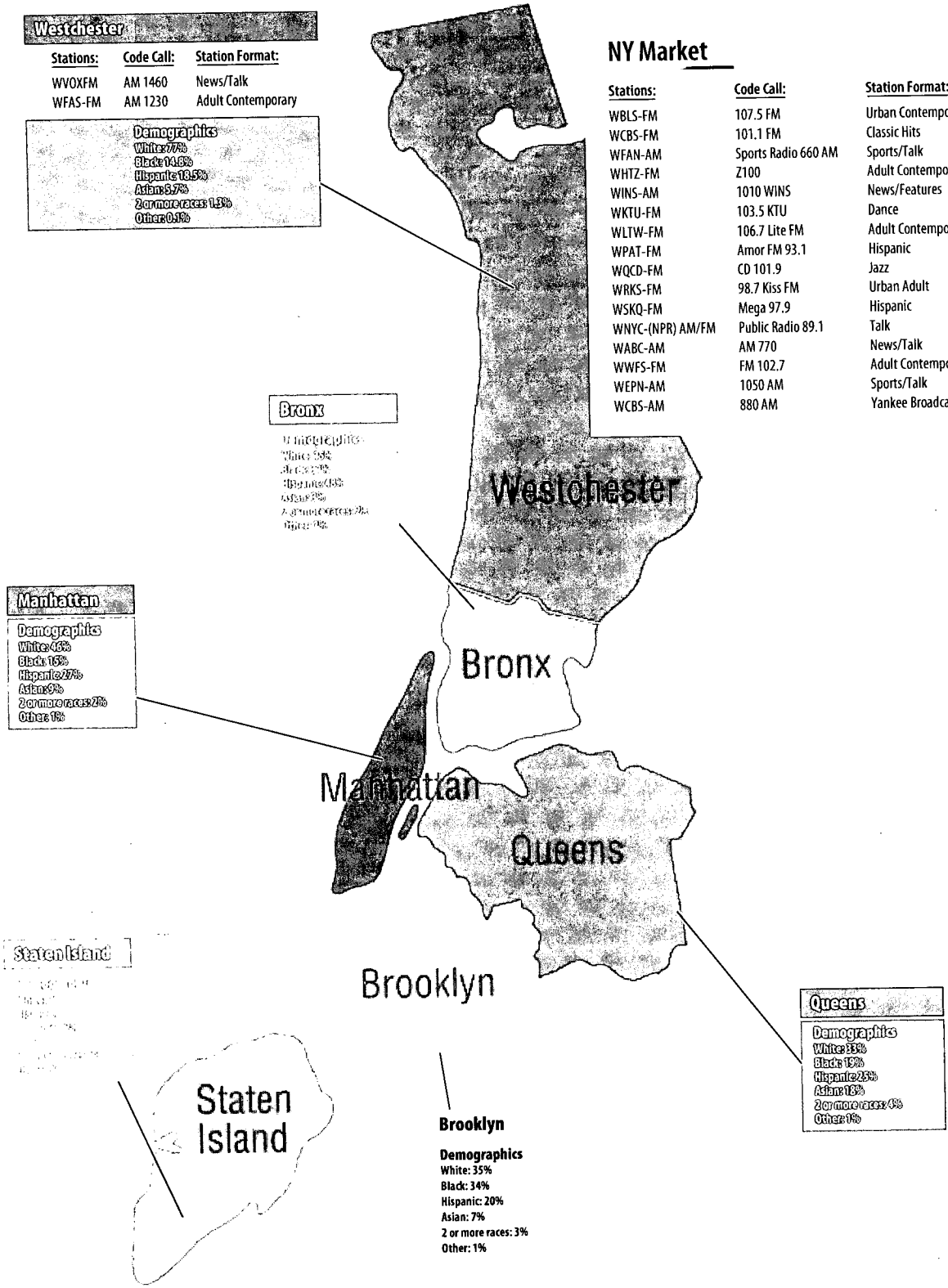
BILL INSERTS
Choose Clean Green Power
Customer News
Electric Safety: What You Need To Know
Pipeline Safety
Your Electric or Gas Service Classification
Your Rights and Responsibilities As A Customer Billed Under
Residential or Religious Rates
Your Rights and Responsibilities As A Nonresidential Customer

BROCHURES
About Meters and Your Con Edison Bill
About Shared Metering
A Message About Gas Safety
An Important Message During Cold Weather
Appliance Guide
A Safety Message For Our Steam Customers
Be Aware of Power Lines
Direct Payment Plan
EnergyShare
Everyday Energy-Saving Tips
Hyperthermia
Hypothermia
It's Easy To Do Business With Con Edison
Level Payment Plan
Life-Sustaining Equipment Survey
Now You're a New Yorker (Multi-lingual)
Power Problems? Let Us Know!
Power*Your*Way ESCO List
Prefer To Communicate in Spanish
Reading Your Meter Is Our Job
Services For Seniors and Customers With Special Needs
Time Of Use Rates
Updating Your Electrical Service

FLIERS AND PUBLICATIONS
Always Ask For ID (Beware Imposters)
In Case of a Storm-Flier and Card
Safety Tips For Kids
Storm Alert-Tips To Keep You Safe
Spotlight

EXHIBIT ___(PCIP-3)
MAP 2

Radio



Westchester

Stations:	Code Call:	Station Format:
WVOXFM	AM 1460	News/Talk
WFAS-FM	AM 1230	Adult Contemporary

Demographics
White: 77%
Black: 14.8%
Hispanic: 18.5%
Asian: 5.7%
2 or more races: 1.3%
Other: 0.1%

NY Market

Stations:	Code Call:	Station Format:
WBLS-FM	107.5 FM	Urban Contemporary
WCBS-FM	101.1 FM	Classic Hits
WFAN-AM	Sports Radio 660 AM	Sports/Talk
WHTZ-FM	Z100	Adult Contemporary
WINS-AM	1010 WINS	News/Features
WKTU-FM	103.5 KTU	Dance
WLTW-FM	106.7 Lite FM	Adult Contemporary
WPAT-FM	Amor FM 93.1	Hispanic
WQCD-FM	CD 101.9	Jazz
WRKS-FM	98.7 Kiss FM	Urban Adult
WSKQ-FM	Mega 97.9	Hispanic
WNYC-(NPR) AM/FM	Public Radio 89.1	Talk
WABC-AM	AM 770	News/Talk
WWFS-FM	FM 102.7	Adult Contemporary
WEPN-AM	1050 AM	Sports/Talk
WCBS-AM	880 AM	Yankee Broadcasts

Bronx

Manhattan

Demographics
White: 46%
Black: 15%
Hispanic: 27%
Asian: 9%
2 or more races: 2%
Other: 1%

Queens

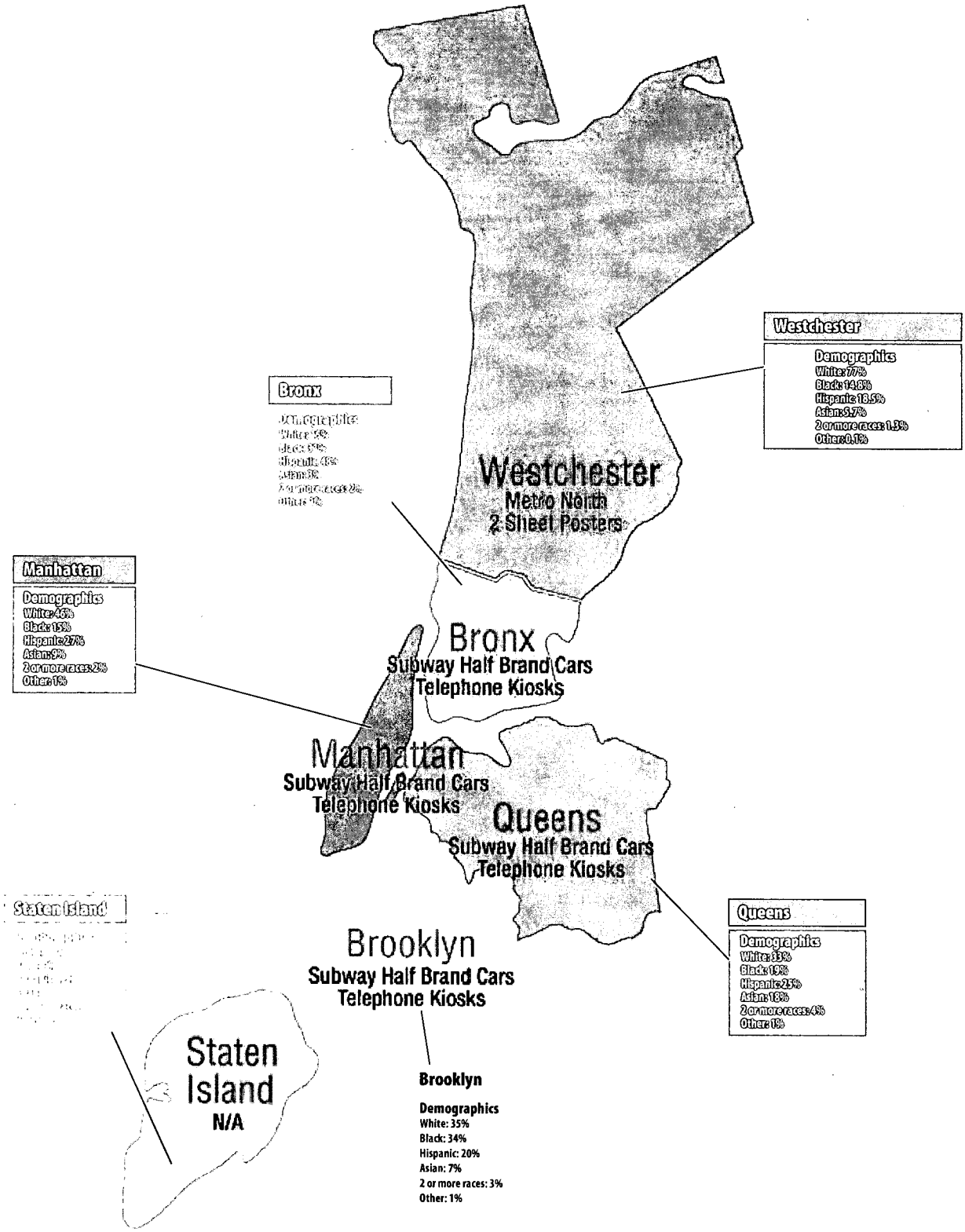
Demographics
White: 33%
Black: 19%
Hispanic: 25%
Asian: 18%
2 or more races: 4%
Other: 1%

Brooklyn

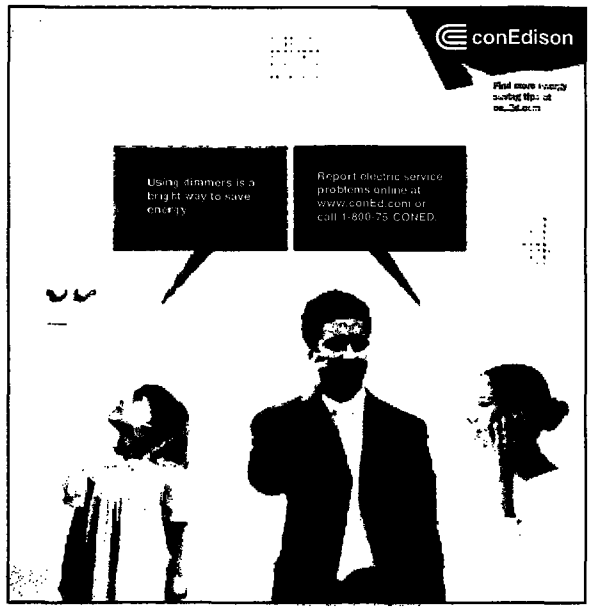
Demographics
White: 35%
Black: 34%
Hispanic: 20%
Asian: 7%
2 or more races: 3%
Other: 1%

EXHIBIT ___(PCIP-3)
MAP 3

Out of Home



SAMPLES OF
CON EDISON ENERGY ADVERTISING 2007



Cost:
$1.9 million
Public Affairs*
Radio

Fall/Winter 2007

Topics: CE Web site improvements for customers; energy tips; report electric service problems to CE online or by phone; visit Web site or call EnergyLine. Campaign: seven radio spots; transit; phone kiosks.

Cost:
$6.2 million
Public Affairs*
$1.3 million
Customer Outreach
Total:
$7.5 million
Radio

Summer 2007 Public Affairs and Customer Outreach

Public Affairs Topics: energy tips, customer service improvements; report electric service problems online or by phone; visit conEd.com or call toll-free phone for information. Campaign: five print ads (English + in-language); five radio spots (English/Spanish); transit; commuter rails; phone kiosks.

Customer Outreach Topics: paperless e-bill payment option; cooling tips (including Energy Star A/C Cash Rebate Program at www.getenergysmart.org); visit conEd.com or call toll-free EnergyLine for information. Campaign: three print ads (English + in-language).

EXHIBIT ___(PCIP-4)
GRAPHIC 1

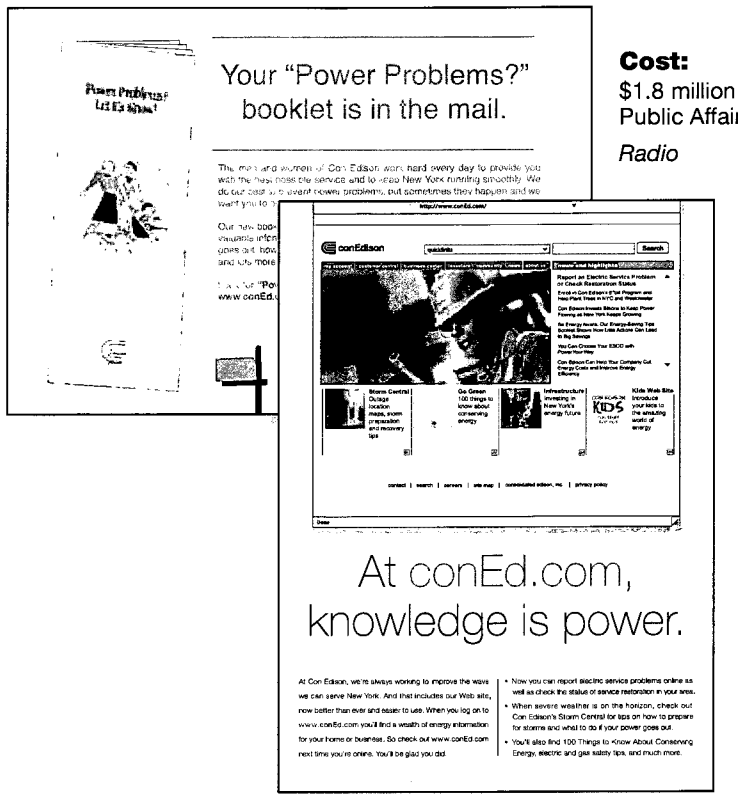
*Public Affairs costs reflect Electric's allocation of advertising costs.

SAMPLES OF
CON EDISON ENERGY ADVERTISING 2007

Cost:
$1.8 million
Public Affairs*

Diversity

Diversity campaigns highlight Con Edison's partnerships with Minority- and Women-Owned Businesses throughout our service area; and emphasize the diversity of our workforce in recruiting prospective employees to pursue careers at Con Edison. 12 print ads; 8 radio spots. Print ads appeared in selected general market business publications, and in African-American, Hispanic and Asian publications; radio spots aired on selected general market and on urban ethnic radio stations.



Cost:
$1.8 million
Public Affairs*
Radio

Emergency Preparedness

Power Problems booklet (printed in multiple languages) and Web Site improvements ads provide information on what to do in case of an outage, preparing for storms; safety tips, etc. Campaign: Power Problems - one print ad; Web Site Improvements - print ad, radio spot.

*Public Affairs costs reflect Electric's allocation of advertising costs.

EXHIBIT ___(PCIP-4)
GRAPHIC 3