

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of  
Orange and Rockland Utilities, Inc.

Case 07-E-0949

May 2008

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Prepared Supplemental Testimony of:

Staff Infrastructure Panel

Jason Pause  
Power System Operations Specialist 4  
Electric Distribution Systems

Hebert Joseph  
Power Transmission Planner 3  
Bulk Electric Systems

Kenneth Schultz  
Utility Engineer 3  
Electric Rates and Tariffs

Office of Electric, Gas and Water  
State of New York  
Department of Public Service  
Three Empire State Plaza  
Albany, New York 12223-1350

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

3 A. Jason Pause, Hebert Joseph, and Kenneth Schultz.  
4 We are all employed by the New York State  
5 Department of Public Service. Our business  
6 address is Three Empire State Plaza, Albany, New  
7 York 12223.

8 Q. Has this panel previously testified in this rate  
9 case?

10 A. Yes, we have.

11 **Overview**

12 Q. What is the scope of the panel's supplemental  
13 testimony?

14 A. Our panel's original testimony only discussed  
15 Orange and Rockland Utilities, Inc. (Orange and  
16 Rockland or the Company) proposed transmission  
17 and distribution (T&D) capital budget and  
18 electric plant additions for Rate Year 1. We  
19 will be addressing the Company's T&D capital  
20 budget and electric plant additions for Rate  
21 Years 2 and 3, along with several items included  
22 within the Company's November 15, 2007 update  
23 and subsequent rebuttal testimony filed on  
24 January 9, 2008. Our supplemental testimony

1           also recognizes the provisions of the Joint  
2           Proposal entered into in this case on April 18,  
3           2008.

4   Q.   Do you have any adjustments to the Company's T&D  
5           capital construction projects or plant in-  
6           service estimates within Rate Years 2 and 3?

7   A.   No.  We have evaluated each of the Company's  
8           proposed T&D capital construction projects, and  
9           associated plant in-service estimates, as  
10          proposed for Rate Years 2 and 3.  All of them  
11          have in-service dates on or before June 30,  
12          2011.  We concluded that these projects are  
13          warranted.

14   Q.   Please describe Orange and Rockland's proposed  
15          overall T&D capital budget and electric plant  
16          additions.

17   A.   Historically, Orange and Rockland has budgeted  
18          \$32.6 million, \$41.0 million, \$50.3 million, and  
19          \$64.2 million for the respective years of 2004  
20          through 2007, for total T&D capital  
21          expenditures.  The amount of capital dollars  
22          actually spent during those same years was \$26.3  
23          million for 2004, \$49.2 million for 2005, \$57.7  
24          million for 2006, and \$54.2 million for 2007.

1 On a cumulative basis, from 2004 through 2007,  
2 the Company spent \$187.4 million, which is in  
3 accordance with the budgeted amount of \$188.1  
4 million for that same time period. As indicated  
5 by the Company's November 15 update to its rate  
6 filing, Orange and Rockland proposes total T&D  
7 electric capital expenditures of approximately  
8 \$84 million from July 2008 through June 2009  
9 (Rate Year 1), \$72 million from July 2009  
10 through June 2010, and \$65 million from July  
11 2010 through June 2011. The Company's T&D  
12 budgets and expenditures have steadily increased  
13 since 2004 and are expected to reach a peak of  
14 approximately \$84 million in Rate Year 1, before  
15 starting to decrease in the following two Rate  
16 Years. This upward spending trend in capital  
17 T&D expenditures has been driven by the need to  
18 build new facilities to satisfy continued load  
19 growth experienced throughout the Company's  
20 service territory, in addition to the Company's  
21 overall plan to upgrade existing T&D facilities.

22 Q. Please explain the review process the panel used  
23 to determine if each project and/or program  
24 proposed by the Company is necessary.

1 A. To determine that each of these proposed  
2 projects is necessary, we reviewed the  
3 justification provided by Company Witness Regan  
4 and the expenditure amounts proposed in Company  
5 Exhibit\_\_\_(E-6) and its November 15, 2007  
6 update. Additionally, we requested and reviewed  
7 current working estimates, detailed cost  
8 breakdowns, and project construction schedules.  
9 We met with the Company to review each project  
10 that is scheduled to be placed in service prior  
11 to and within each of the three Rate Years. A  
12 determination of whether or not each project met  
13 or improved the Company's reliability planning  
14 criteria within each specific area was also  
15 discussed and analyzed as part of this process.  
16 Lastly, we reviewed annual planning and budget  
17 reports, along with any associated documents,  
18 that would be provided to the Company's Board of  
19 Directors and its Capital Project Prioritization  
20 Committee for approvals, and we reviewed the  
21 annual reports for years 2004 through 2007, such  
22 as the Summer Peak System Operating Study, 2-  
23 year and 5-year Distribution Forecast Reports,  
24 5-year Distribution Contingency Analysis Report,

1 Capital Funding Requests, and 5-year Capital  
2 Budget Reports. Each of those reports was used  
3 by the Company to prioritize and determine the  
4 projects and programs included in the respective  
5 year's capital T&D budgets. As will be  
6 explained in more detail, our review found the  
7 T&D projects, as well as the overall direction  
8 of the Company's capital T&D investments, to be  
9 reasonable and necessary.

10 **Transmission Capital Projects**

11 Q. Please briefly describe the transmission line  
12 upgrades and new transmission substations Orange  
13 and Rockland has included in its capital  
14 construction budget for Rate Years 2 and 3.

15 A. We will describe six transmission projects.

16 **1. Transmission Line 31:** The Transmission Line  
17 31 project is part of a 69 kV transmission loop  
18 that feeds several 69kV and 34.5kV substations  
19 in the Company's Central Division. This three  
20 mile long transmission line extends from  
21 Hillburn Substation and terminates at Sloatsburg  
22 Substation. The 2007 Summer Peak System  
23 Operating Study indicated a contingency on Line  
24 313, the remote end of the transmission loop,

1 will load Line 31 above its emergency rating.  
2 The proposed improvement project is to re-  
3 conductor the limiting portion of Line 31 with a  
4 conductor that will match the thermal rating of  
5 the double circuit used for the remainder of the  
6 line. The increase in the thermal rating of the  
7 line will make the operation of Line 31 more  
8 reliable at system peak even during emergency  
9 conditions for the foreseeable future. This  
10 project is expected to be in service by December  
11 2009, at an estimated cost of \$ 1.527 million.

12 Q. Please continue.

13 A. **2. Sterling Forest L26 Transmission Tap:** The  
14 Sterling Forest Line 26 Transmission Tap will  
15 provide a third 69 kV source into the existing  
16 69 kV loop to support the real and reactive  
17 power needs of the Sterling Forest loop. The  
18 Sterling Forest loop originates at the Eastern  
19 Division's Hillburn Substation and terminates at  
20 the Central Division's Sugarloaf Substation. The  
21 loop feeds seven distribution substations in the  
22 area. A single contingency during peak loading  
23 on one end of the loop will significantly  
24 increase the loading of the remote end of this

1 transmission circuit. During this type of  
2 emergency condition, widespread low voltages  
3 could occur at several 69 kV busses in the area.  
4 Consequently, the Company proposes to install a  
5 175 MVA 138-69 kV transformer bank within the  
6 vicinity of the Sterling Forest Substation to be  
7 tapped off the existing 138 kV Line 26. This  
8 upgrade will allow the reliable operation of the  
9 transmission circuit in the area, especially  
10 during emergency conditions at peak for the  
11 foreseeable future. The proposed project is  
12 scheduled to be in service in September 2010 at  
13 an estimated cost of \$3.728 million.

14 Q. Please describe the third project.

15 A. **3. 400 MVA 345-138 kV Spare Transformer:** The 400  
16 MVA 345-138 kV spare transformer was ordered in  
17 2008 with the intention of storing it within the  
18 Company's service territory as it's only spare  
19 345-138 kV transformer. Should one of the  
20 Company's in-service units fail, use of a  
21 Company owned spare transformer, located with  
22 its service territory, will not only reduce the  
23 outage time of such an event but will  
24 significantly reduce the amount of time the

1 system is operated in a non-standard  
2 configuration. Further, having a spare  
3 transformer allows Orange and Rockland to  
4 participate in the Federal Energy Regulatory  
5 Commission's Spare Transformer Equipment  
6 Program. This program, which allows  
7 participating companies to share their spare  
8 transformers among themselves, is designed to  
9 increase the industry's inventory of spare  
10 electric transformers in order to ensure that  
11 the industry has sufficient capability to  
12 restore service in the event of coordinated,  
13 deliberate destruction of utility substations.  
14 The expected delivery date for this new spare  
15 transformer is the December 2010 at an estimated  
16 cost of \$4 million.

17 Q. Please continue.

18 A. **4. Transmission Lines 24 and 25:** Transmission  
19 Lines 24 and 25 are existing 69 kV lines that  
20 will be re-conducted with higher ampacity wire  
21 and the static wire will be replaced with fiber  
22 ground wire static from the Shoemaker Substation  
23 to the Sugarloaf Substation, a distance of  
24 approximately 12 miles. The shield wire has

1 failed in the past on several occasions and has  
2 been spliced and spot replaced, the phase  
3 conductors have experienced strand failures.  
4 The last failure experience by the Company was  
5 during a snow storm when the static wire failed  
6 across the top of the Sugarloaf Substation  
7 creating a bus fault that tripped out the entire  
8 Western division. The static wire and the phase  
9 wires were found to be severely weakened by  
10 rust. This proposed improvement project should  
11 increase the reliability as well as the capacity  
12 of this corridor by installing large conductors  
13 that will be able to be energized at 138 kV.  
14 This proposed project is schedule to be in  
15 service by December 2010, at an estimated cost  
16 of \$13.9 million.

17 Q. Please describe the next project.

18 A. **5. Transmission Feeds to the Proposed West**  
19 **Warwick Station:** The Warwick area is currently  
20 being served by the Wisner Substation, which has  
21 two 25 MVA transformers and is feed by two 69 kV  
22 lines. Should one of the Wisner transformers  
23 fail, the remaining transformer would not be  
24 able to supply the area load. To remedy this

1 situation, the Company proposes to build the  
2 Warwick Substation, which we will address later  
3 in this testimony, that will be fed by two 69 kV  
4 transmission lines. One 69 kV line will  
5 originate at the Sugarloaf Substation and the  
6 other will originate at the Wisner Substation.  
7 The new substation and transmission feed  
8 configuration will allow the Wisner Substation  
9 to sustain load in case of a contingency on  
10 either transformer bank. In addition, having  
11 transmission along this corridor will permit  
12 large load customers access to transmission  
13 service. The proposed in service date for the  
14 transmission feeds to the proposed West Warwick  
15 Substation is June 2011 at an estimate cost of  
16 \$4.6 million.

17 Q. Please describe the final transmission project.

18 A. **6. Line 55 and Line 551:** Line 55 is a 69 kV  
19 circuit emanating from the Lovett Substation and  
20 terminating at the Cedar Switching Substation.  
21 Line 551 is a 69 kV line that extends from the  
22 Cedar Switching Substation and ends at the West  
23 Nyack 69 kV Substation. Past Summer Peak System  
24 Operating Studies reveal that a contingency on

1 Line 561, the 138 kV circuit from Bowline  
2 Substation to Congers Substation, will load both  
3 Lines 55 and 551 beyond their emergency ratings.  
4 The situation is exacerbated with continued load  
5 growth in this particular area. Therefore, the  
6 Company proposes to re-conductor Line 55 and  
7 Line 551 with a high temperature, low-sag  
8 conductor, thus increasing the thermal ratings  
9 of both lines and making their operation more  
10 reliable at system peak and during emergency  
11 conditions for the foreseeable future. The  
12 proposed project is expected to be completed in  
13 June 2011 at an estimated cost of \$1.49 million.

14 Q. Has Orange and Rockland Utility adequately  
15 justified the need for the above projects?

16 A. Yes, based on our review, we have determined  
17 that each of these projects is needed and  
18 justified for Orange and Rockland to meet its  
19 transmission system planning criteria. We  
20 concluded that these substations and  
21 transmission line upgrades are a reasonable  
22 planned package of projects for Orange and  
23 Rockland to pursue in order to meet their  
24 projected needs.

1 Q. Do you believe that the Company can complete the  
2 proposed transmission and substation  
3 infrastructure projects according to their  
4 projected schedules?

5 A. Yes. Based on site visits and discussions with  
6 Company personnel, it is our understanding that  
7 these projects are on schedule. There is no  
8 known reason why the Company will not be able to  
9 complete the work as scheduled.

10 Q. What is your assessment of the cost estimates  
11 for the projects?

12 A. Based on our review, the cost estimates for  
13 these projects are reasonable. Staff had  
14 several conversation and discussions with the  
15 Company relating to the overall costs and  
16 justification for these projects. The Company's  
17 bidding process, use of employees and/or  
18 contractors, and actual equipment purchasing was  
19 discussed and analyzed as part of our review.  
20 Project by project cost break downs were also  
21 reviewed by Staff. Lastly, comparisons with  
22 historical costs of transmission projects  
23 previously undertaken by the Company were  
24 conducted. We also considered the fact that

1 overall construction project costs continue to  
2 rise with the increased costs of key electrical  
3 equipment and materials such as copper and  
4 steel. These are industry wide issues that have  
5 substantially increased project costs over  
6 recent years.

7 **Distribution Substation Capital Projects**

8 Q. Please briefly describe the distribution  
9 substation upgrades and new substations that  
10 Orange and Rockland has included in its capital  
11 construction budget through the second and third  
12 Rate Years ending June 30, 2011.

13 A. We will describe six distribution projects.

14 **1. Pocatello Substation:** The Pocatello  
15 Substation project includes the construction of  
16 a new 69-13.2 kV substation consisting of two 50  
17 MVA transformers and the capacity for eight new  
18 distribution circuits. The Company identified  
19 the need for this new substation due to heavy  
20 load growth in the area over the past 10 years,  
21 which was in the range of approximately 3.0%.  
22 This resulted in the need for additional near  
23 term capacity. The new substation will improve  
24 reliability in the surrounding area and add new

1 distribution circuits within the area reducing  
2 the demand on the surrounding substations. This  
3 construction project has an expected completion  
4 and in-service date of December 2009 at a  
5 projected cost of \$7.6 million.

6 Q. Please continue.

7 A. **2. Hartley Road Substation:** The Hartley Road  
8 Substation project includes the construction of  
9 a new 138-13.2 kV substation consisting of two  
10 50 MVA transformers and the capacity for eight  
11 new distribution circuits. The Company  
12 identified the need for this new substation due  
13 to substantial load growth, over 6.0%, in the  
14 Goshen area. This resulted in the need for  
15 additional near term capacity and additional  
16 distribution circuits. The existing South  
17 Goshen Substation does not meet the Company's  
18 distribution planning criteria, which is one of  
19 the Company's measurements for prioritizing and  
20 selecting projects. This new substation will  
21 improve reliability and alleviate many of the  
22 issues at the South Goshen Substation by adding  
23 new distribution circuits within the area,  
24 thereby reducing the demand on the surrounding

1 area. This new construction project has an  
2 expected completion and in-service date of  
3 December 2009 at a projected cost of \$7.4  
4 million.

5 Q. Please describe the third project.

6 A. **3. Corporate Drive Substation:** The Corporate  
7 Drive Substation project includes the  
8 construction of a new 69-13.2 kV substation  
9 consisting of three 35 MVA transformers and the  
10 capacity for eight new distribution circuits.  
11 The Company identified the need for the  
12 additional near-term capacity and distribution  
13 circuits, which will be provided by the new  
14 substation, due to load growth in the nearby  
15 corporate parks along with the significant  
16 expansion of a customer's facility. This new  
17 substation will improve reliability to the  
18 customer's facility along with the other  
19 commercial/industrial customers located within  
20 the adjacent corporate parks. This new  
21 construction project has an expected in-service  
22 date of May 2010 at a projected cost of \$9.8  
23 million.

24 Q. Please continue.

1 A. **4. Tappan Substation:** The Tappan Substation  
2 project includes the construction of a new 69-  
3 13.2 kV substation consisting of two 50 MVA  
4 transformers and the capacity for eight new  
5 distribution circuits. The Company identified  
6 the need for this new substation due to load  
7 growth in the Tappan and Northvale business  
8 district area resulting in the need for  
9 additional capacity and distribution circuits in  
10 the near term. The existing substations and  
11 distribution circuits feeding these areas are  
12 approaching their load relief limits. This new  
13 substation will add new distribution circuits  
14 within the area, thereby reducing the demand on  
15 the existing substations and associated  
16 circuits. This new construction project has an  
17 expected in-service date of May 2010 at a  
18 projected cost of \$8.7 million.

19 Q. Please describe the next project.

20 A. **5. New Hempstead Substation:** The New Hempstead  
21 Substation project includes upgrading the two  
22 existing 35 MVA transformers to two 50 MVA  
23 transformers with load tap changers and new  
24 distribution circuits. The load growth, which

1 is approximately 3.5% in this area, caused the  
2 need for additional near-term capacity and  
3 distribution circuits. This upgrade will also  
4 include a reconfiguration of the underground  
5 circuit exits to allow for more contingency  
6 diversity capabilities. The New Hempstead  
7 Substation upgrade project has a projected in-  
8 service date of May 2011 at a projected cost of  
9 \$8.0 million.

10 Q. Please describe the final distribution project.

11 A. **6. West Warwick Substation:** The West Warwick  
12 Substation project includes the construction of  
13 a new 69-13.2 kV substation consisting of two 50  
14 MVA transformers and the capacity for eight new  
15 distribution circuits. The Company identified  
16 the need for this new substation due to the  
17 continued and projected high load growth in the  
18 area. This resulted in the need for additional  
19 near term capacity and distribution circuits.  
20 The new substation will improve reliability in  
21 the surrounding area by allowing the connection  
22 of these new distribution circuits to make high  
23 capacity ties to the Westtown and Wisner  
24 substations. This new construction project has

1 an expected completion and in-service date of  
2 June 2011 at a cost of \$6.9 million.

3 Q. Has Orange and Rockland justified the need for  
4 the projects you just described?

5 A. Yes. Based on our review, we have determined  
6 that each of these projects is warranted and  
7 justified for Orange and Rockland to meet its  
8 reliability planning criteria, satisfy load  
9 growth and improve reliability. Thus, we  
10 concluded that these distribution substations  
11 projects are reasonable for Orange and Rockland  
12 to pursue.

13 Q. Do you believe that the Company can complete the  
14 proposed distribution substation infrastructure  
15 projects on their projected schedules?

16 A. Yes. Although the majority of these projects  
17 are in the beginning phases of design and the  
18 majority of the detailed construction schedules  
19 have yet to be developed, based on our  
20 conversations with the Company and reviewing  
21 similar substation construction projects already  
22 completed, the Company should be able to  
23 complete the work as currently scheduled.

24 Q. What is your assessment of the cost estimates

1 for the projects?

2 A. We had several discussions with the Company  
3 relating to the overall costs and justification  
4 for these projects. As we did with the  
5 transmission projects, we reviewed the Company's  
6 bidding process, use of employees and/or  
7 contractors, actual equipment purchasing,  
8 project by project cost break downs, and  
9 comparisons with historical costs of  
10 distribution projects previously undertaken by  
11 the Company. As we stated previously, we also  
12 considered the fact that overall construction  
13 project costs continue to rise with the  
14 increased costs of key electrical equipment and  
15 material such as copper and steel. Again, these  
16 are industry wide issues that have substantially  
17 increased project costs over recent years. From  
18 our review, we concluded that the cost estimates  
19 are reasonable.

20 Q. Do you support the plant additions for major  
21 transmission and distribution substation  
22 projects proposed by Orange and Rockland?

23 A. Yes, based on our analysis of the documentation  
24 provided in this proceeding, the Company has

1 provided adequate support for those projects.

2 **Rebuttal Testimony - January 9, 2008**

3 Q. What is your position regarding the closure of  
4 Lovett?

5 A. At the February hearings, the Company requested  
6 that it be allowed to defer all costs associated  
7 with the relocation of certain facilities,  
8 located at the Lovett generating station, upon  
9 its closure and demolition. On rebuttal  
10 testimony, the Company stated that Mirant  
11 informed the Company and the Commission of its  
12 intention to discontinue operation of Lovett in  
13 April 2008 and subsequently demolish the Lovett  
14 facility. The Lovett decommissioning will  
15 require that capital investments be made for  
16 Orange and Rockland to continue to provide safe  
17 and reliable electric service to its customers.  
18 On rebuttal testimony, the Company proposed  
19 several projects to maintain reliability of its  
20 system in the event of the Lovett closure. As  
21 mentioned by Staff at the February hearings, we  
22 met with the Company on numerous occasions to  
23 discuss infrastructure projects, including those  
24 related to Lovett's closure and its anticipated

- 1 demolition. Based on our review, the projects  
2 appear reasonable and necessary for the Company  
3 to meet its obligation to provide safe and  
4 adequate service, including the full  
5 reestablishment of the protective system and  
6 other important services that are located within  
7 the Mirant owned portion of the Lovett facility.
- 8 Q. The Joint Proposal includes an allowance for new  
9 positions that were not included in the original  
10 rate filing. Can you explain the basis for the  
11 allowance?
- 12 A. Yes. The Company provided an update on November  
13 15, 2007 that included the addition of eleven  
14 new employee positions to address increased  
15 workload and attrition. However, there was no  
16 testimony and supporting information or  
17 justification associated with these additional  
18 positions and O&M costs. Accordingly, we  
19 rejected the positions in our pre-filed  
20 testimony.
- 21 Q. Are any of those additional employee positions  
22 originally not supported, now being supported?
- 23 A. Yes. On January 11, 2008, Company witness Regan  
24 filed rebuttal testimony which included

1 supporting information for the additional  
2 positions identified in the Company's November  
3 15, 2007 update. Based on Staff's review of the  
4 Company's rebuttal testimony, multiple  
5 conversations with Company personnel, along with  
6 additional information provided, we have  
7 determined that the additional employee  
8 positions are appropriate for allowing and  
9 needed within the three Rate Years.

10 **Design / Drafting Technicians:** Due to the  
11 significant increase in capital construction  
12 projects over the past several years and  
13 continuing through the Rate Years, the Company  
14 has requested additional drafting technician  
15 positions to meet the drafting needs and  
16 requirements. In the early 1990's, the drafting  
17 department staffing level was at 11 employees.  
18 However, since 1996 the staffing level declined  
19 to 9 employees. Because of the increased level  
20 of capital construction projects, Staff supports  
21 the addition of two design / drafting  
22 technicians within this Rate Plan, one in Rate  
23 Year 1 and the other in Rate Year 2, at a total  
24 cost of approximately \$90,000 over the three

1 year Rate Plan.

2 **Line Technical Services:** The Line Technical  
3 Services group performs several important duties  
4 and responsibilities related to electrical  
5 distribution system design; including  
6 replacement work, rebuild projects, and other  
7 system improvement projects. The Company has  
8 requested two additional positions due to  
9 escalating workload, expanding capital budget  
10 project requirements, and the level of attrition  
11 being seen within the department. We believe  
12 that there is adequate support for adding a  
13 service layout estimator and one supervisor  
14 within Rate Year 2. The total cost for these  
15 positions is \$216,000 over the last two years of  
16 the Rate Plan.

17 **Mobile Workforce Initiatives:** Orange and  
18 Rockland is in the process of accelerating its  
19 deployment of mobile data terminals for use by  
20 all employees performing field work. With the  
21 increased number of mobile data terminals being  
22 used, comes the added responsibility for  
23 maintaining and coordinating the use of these  
24 units. The Company states in its rebuttal

1 testimony that expanding this program would  
2 provide benefits in addition to the already  
3 successful mobile workforce program. Some of  
4 these benefits include improved mapping mark-out  
5 accuracy, reducing response times by crews,  
6 improving accuracy of system design records,  
7 improves customer satisfaction, and reduces  
8 overall time and manpower required to complete  
9 all restoration and storm clean-up activities.  
10 The Company proposes, and we support, adding two  
11 additional positions (one in Rate Year 2 and one  
12 in Rate Year 3), computing hardware, software,  
13 and communication infrastructure to support its  
14 proposed program expansion. The labor costs  
15 needed to support this initiative are estimated  
16 to total \$158,000. The associated installation  
17 costs; hardware repair, replacement, and upgrade  
18 costs; and training and support costs are  
19 estimated to total \$358,000. The associated  
20 capital costs are estimated to total \$350,000.

21 **Systems Operations Specialist:** The System  
22 Operations group is responsible for several  
23 important electric operation systems along with  
24 the implementation of new technologies such as

1 the smart grid initiatives, distribution  
2 automation, and the emergency management system  
3 (EMS). With the addition of several new  
4 substations and associated remote terminal units  
5 interface work, this group's workload is growing  
6 on the same pace as the rest of the Company's  
7 construction and reliability programs and  
8 projects. To meet the added workload, the  
9 Company requested, and we support, two  
10 additional positions within Rate Year 2 at a  
11 total cost of \$239,370 in O&M expenses over the  
12 last two years of the Rate plan.

13 **Reliability Performance Mechanism (RPM)**

- 14 Q. Please describe the existing reliability  
15 performance mechanism parameters adopted by the  
16 Commission in Case 06-E-1433.
- 17 A. The Company's proposed annual RPM targets of  
18 1.36 times for the system average interruption  
19 frequency index (SAIFI) and 102 minutes for the  
20 customer average interruption duration index  
21 (CAIDI) were adopted by the Commission within  
22 the case. The Commission also increased the  
23 negative revenue adjustment associated with the  
24 RPM targets from 4 basis points per target to 10

1 basis points per target. The Order stated that  
2 given the small amounts at risk for Orange and  
3 Rockland, the Commission would be open to  
4 consideration of further increasing the amounts  
5 by which the Company is at risk in the future.

6 Q. Does Staff support any new changes to the  
7 existing reliability performance mechanism?

8 A. Yes. We support the Joint Proposal's negative  
9 revenue adjustments for failure to meet the RPM  
10 targets. They are: for SAIFI - 10 basis points  
11 for Rate Year 1, 15 basis points for Rate Year  
12 2, and 20 basis points for Rate Year 3; for  
13 CAIDI - 10 basis points for Rate Year 1, 10  
14 basis points for Rate Year 2, and 20 basis  
15 points for Rate Year 3. These increased revenue  
16 adjustments are reasonable based on the  
17 statements made by the Commission in the  
18 previous case as stated above, and supported  
19 with the fact that this Rate Plan incorporates  
20 substantial funding for infrastructure projects  
21 designed, in part, to enhance reliability  
22 throughout Orange and Rockland's electric  
23 service territory.

24 Q. Does this conclude your testimony?

1 A. Yes.