

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

Response to DPS Interrogatories – Set DPS15
Date of Response: 07/10/2008
Responding Witness: Infrastructure Investment Panel

Question No. :223

Subject: Process Improvement – RMS Response Group - 1. Provide an itemized breakdown of how the funding for each year was derived. 2. Provide the actual historical cost to-date, broken down in the same manner as part 1 of this question. 3. What work and progress has been made by the RMS Task force to-date towards maintaining 90% reporting rate for each network? 4. Describe the process for determining that this program will be cost efficient and the process and plans to verify cost effectiveness? 5. Identify the existing O&M elements of cost that would be reduced as result of implementing the proposed process improvement program. Provide the specific amount of reduction by O&M element of cost and a reference to where those reductions are reflected in the company's rate case filing.

Response:

1. Provide an itemized breakdown of how the funding for each year was derived.

14 union employees (splicers and general utility workers) at approximately \$130,000 per year (salary plus overheads - \$80.00 per hour x 1625 productive hours per year = \$130,000 x 14 employees = \$1,820,000)

2. Provide the actual historical cost to-date, broken down in the same manner as part 1 of this question.

This group is proposed and has not yet been created.

3. What work and progress has been made by the RMS Task force to-date towards maintaining 90% reporting rate for each network?

The RMS task force is proposed and has not yet been created. Historically, maintenance of the RMS system has been undertaken by installation and apparatus equipment (I&A) crews in the Electric Operations (EO) regions. These crews have improved network RMS reporting to the point where in March 2008, for the first time, all networks reported at or above 90%. Monthly performance in all networks has met or exceeded 90% in April, May and June 2008 also. I&A crews have

undertaken RMS maintenance as one of a variety of responsibilities related to the maintenance and improvement of the network system, such as new business work, transformer replacement (e.g., load relief, upgrades) and associated work (e.g., anode installation), transformer inspection and testing, oil minder installation, replacement of sump pumps, open network protector/blown fuse repairs, and PTO installations.

The RMS Task Force is being created principally in response to the Commission's intent that the Company achieve and maintain a high RMS reporting rate. The Commission's imposition of an RMS performance mechanism with a substantial \$10 million revenue adjustment is intended to focus the Company's attention on RMS performance. Consistent with the Commission's intent, the Company is establishing the RMS Task Force that will be dedicated to RMS maintenance. A dedicated workforce will possess greater specialized expertise in RMS maintenance resulting in higher quality diagnostic and repair work and producing higher overall RMS reporting rates. Reliance on a dedicated workforce will enable the Company to respond more quickly to malfunctioning units than reliance on I&A crews that also have additional important system maintenance responsibilities unrelated to RMS. At the same time, the transition of RMS maintenance work from I&A crews to the RMS Task Force crews will increase the availability of I&A resources for network system and public safety improvement work.

The RMS Task Force as currently envisioned with seven two-person crews may not be sufficient to maintain the RMS system at current reporting rates without the use of I&A crew resources from time-to-time, and therefore management of the RMS task force will draw on EO I&A crews as needed to address RMS maintenance work that the task force cannot timely handle.

4. Describe the process for determining that this program will be cost efficient and the process and plans to verify cost effectiveness?

The crews assigned to this group will prepare Daily Crew Activity Reports (DCARs) to record their daily activities, and their productivity in comparison to EO I&A crews that have performed similar work will be monitored and evaluated by supervision utilizing the Division Operations Control System (DOCS). In addition, the benefits of increased I&A crew resource allocation for network and public safety improvement projects will be considered.

5. Identify the existing O&M elements of cost that would be reduced as result of implementing the proposed process improvement program. Provide the specific amount of reduction by O&M element of cost and a reference to where those reductions are reflected in the Company's rate case filing.

I&A crews have undertaken RMS maintenance as one of a variety of responsibilities related to the maintenance and improvement of the network system, such as new business work, transformer replacement and associated work, and transformer inspection and testing. No O&M elements of cost would be reduced as a result of this

proposed program. EO I&A crews currently performing RMS maintenance work will be assigned to other activities.

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