

REDACTED

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Consolidated Edison Company of New York, Inc.
Case 08-E-0539
September 2008

Prepared Testimony of:

Honor Marie Kennedy
Retail Access Section

Office of Industry and
Government Relations
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

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

3 A. Honor Marie Kennedy. I am employed by the New
4 York State Department of Public Service
5 (Department). My business address is Three
6 Empire State Plaza, Albany, New York 12223.

7 Q. Ms. Kennedy, what is your position at the
8 Department?

9 A. I am employed in the Retail Access Section in
10 the Office of Industry and Government Relations.

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

13 A. I have a Bachelor of American Studies degree,
14 with focused areas in Sociology, Linguistics and
15 Mass Communications, earned through studies at
16 the State University College at Fredonia and
17 American University. I also pursued graduate
18 studies through the Business Administration
19 Masters Program at Canisius College. Prior to
20 my employment with the Department, I was the
21 community office manager for the City of
22 Jamestown, New York's Planning Department for
23 its five-year Master Plan and was a staff member
24 for the New York State Assembly's House

1 Operations Committee with responsibilities
2 focused on constituent and public relations. I
3 joined the Department in 1982 as an Outreach and
4 Education Specialist for the Western New York
5 State Region and later became Supervisor of
6 Western Area Operations for the Consumer
7 Services Division. In 1990, I was appointed as
8 the Department's External Affairs Officer for
9 the newly created Office of External Affairs
10 which developed and/or coordinated legislative,
11 media and public communications initiatives. I
12 rejoined the Office of Consumer Education and
13 Advocacy as a Business Advocate within its
14 Business Advocacy Unit, and later, as a member
15 of the Market Oversight Group within its
16 Residential Advocacy Group. I was also
17 responsible for submetering matters for the
18 Office of Consumer Education and Advocacy.

19 In April 2008, I joined the newly created
20 Office of Industry and Government Relations in
21 the Retail Access Section. In addition to the
22 Retail Access Section, the Office of Industry
23 and Government Relations is also comprised of an
24 Economic Development Section and a Government

1 Relations Section. The Office is responsible
2 for the coordination of Department activities
3 with various local, state and federal agencies,
4 and, quasi-governmental organizations; creation
5 of opportunities to promote economic development
6 and business growth; and, oversight of the
7 relationships and expansion of the competitive
8 energy market in New York State. I am a
9 recipient of the Certificate of Accreditation,
10 having passed the exam administered by the
11 Public Relations Society of America. I have or
12 had numerous professional affiliations with
13 organizations in the fields of public relations,
14 consumer relations and marketing, such as New
15 York State Coordinator of the National Consumers
16 Education Coalition, member of NARUC's Staff
17 Subcommittee on Public Information, member of
18 the Marketing Committee for the United Way of
19 Northeastern New York, and Co-Communications
20 Chair the with the Capital Region Chapter of the
21 Public Relations Society of America.

22 Q. Please briefly describe your current
23 responsibilities with the Department.

24 A. My responsibilities are focused on the

1 relationships associated with the Energy
2 Services Company (ESCO) sector, including the
3 quality and delivery of consumer related
4 programs and services, representation of ESCO
5 issues in Department proceedings and involvement
6 with policy issues or strategies concerning New
7 York's energy markets.

8 Q. Have you previously testified before the New
9 York State Public Service Commission
10 (Commission)?

11 A. Yes. I have testified on energy efficiency
12 programs, consumer protections, low income and
13 special needs customers programs, outreach and
14 education, economic development, and competitive
15 retail market initiatives, such as uniform
16 business transactions, customer migration and
17 facilitation of opportunities for new market
18 entrants.

19 Q. What is the scope of your testimony in this
20 proceeding?

21 A. I will address the continuation of several of
22 the Company's retail access program components
23 and the recently established State Regulatory
24 Affairs Department. In addition, I will propose

1 an initiative to revise the Consolidated Edison
2 Company of New York, Inc.'s (Con Edison or the
3 Company) electric SC-8 Multiple Dwellings -
4 Redistribution and SC-12 Multiple Dwelling Space
5 Heating Tariffs with a target four year goal of
6 installation of submetering systems to provide
7 for the individually metering of units in multi-
8 family residential buildings which are currently
9 master-metered. The purpose of the proposed
10 revisions is to provide a meter for individual
11 residential living units in multi-dwelling units
12 to further the State's "15 by 15" energy
13 efficiency initiative.

14 Q. Does your testimony refer to or otherwise rely
15 upon any information produced during the
16 discovery phase of this proceeding?

17 A. Yes. I will refer to and have relied upon the
18 Company's responses to numerous Staff
19 Information Requests (IR), which I am
20 sponsoring, collectively, as Exhibit __ (HMK-1).
21 Retail Access Program Components

22 Q. What aspects of the Company's retail access
23 program will you be providing comments on?

24 A. I will provide comments on the following:

1 Market Match and Market Expo, PowerMove ESCO
2 Referrals, Retail Access Information System, and
3 Power Your Way.

4 Market Match and Market Expo Programs

5 Q. Please describe the Company's Market Match
6 program.

7 A. In response to Staff IR DPS-536, Exhibit __
8 (HMK-1), Con Edison confirmed that it will
9 continue to maintain its Market Match program
10 without modification. The program is accessible
11 through the Company's website at
12 www.PowerYourWay.com. It provides a service to
13 interested consumers, that seek pricing and
14 other information from Energy Service Companies
15 (ESCOs) serving their specific customer class,
16 in making energy choices. The costs for this
17 service are minimal and include updating of the
18 existing website information, and inclusion of
19 information into other existing ESCOs and
20 consumer communications vehicles, such as the
21 ESCO newsletters and generic outreach brochures.
22 In addition, ESCOs responded that they were
23 "highly satisfied" with the Market Match program
24 in the Company's annual assessment of the ESCOs'

1 perceptions of its retail access programming
2 which was filed with the Department in its July
3 2007 Power Your Way semi-annual retail access
4 report.

5 Q. What is your position on the Market Match
6 program?

7 A. I conclude that the Market Match program should
8 be continued as it currently exists, as it is an
9 inexpensive avenue for customers to get
10 information on retail access and available ESCO
11 offerings.

12 Q. Please describe the status of the Company's
13 Market Expo program.

14 A. In response to DPS-536, the Company advised that
15 it has discontinued the Market Expo program.
16 Its decision was based on the low level of
17 attendance by ESCOs. In the above mentioned
18 July 2007 retail access report, ESCOs also
19 indicated that the Market Expos resulted in low
20 levels of customer participation and recommended
21 that the Company consider other venues to
22 further customer enrollment. Con Edison opted
23 instead to combine its gas and electric retail
24 energy venues and focus on trade shows as well

1 as housing fairs, where there has historically
2 been more participation by both ESCOs and
3 customers, such as the "Buildings NY Expo" held
4 at the Javits Convention Center, in Manhattan.

5 Q. Do you support this redirection?

6 A. Yes. I support the Company's redirection of
7 retail access efforts from the Market Expo to
8 other public events with higher customer
9 participation and greater exposure to ESCOs and
10 their product offerings.

11 Power Your Way Program

12 Q. Please describe the Company's position on the
13 Power Your Way program.

14 A. The Company's Public and Consumer Information
15 Panel describes in pre-filed testimony that the
16 2007 Power Your Way program expenses of \$1.622
17 million have been normalized out of the historic
18 year expenditures. These expenses are instead
19 included in the Company's general outreach
20 program.

21 Q. Do you support this approach?

22 A. Yes. I support the Company's business decision
23 to subsume the retail access program expenses
24 into its general outreach programming because

1 these efforts are informational.

2 PowerMove - New Service Customers

3 Q. Please explain the Company's PowerMove program.

4 A. The Company's ESCO referral program, PowerMove,
5 offers eligible electric and small residential
6 consumers, and all firm service gas consumers, a
7 7% discount for an introductory 65-day period
8 when they first enroll with an ESCO.

9 Q. How did the Commission address this program in
10 the Company's last rate proceeding.

11 A. In the Commission's March 25, 2008 order in Case
12 07-E-0523 (the 2008 Rate Order), the Company was
13 directed to file a report with Staff on the
14 financial implications of expanding this program
15 to consumers when they contact the Company to
16 arrange for new service. The Company filed the
17 report with Staff on May 23, 2008.

18 Q. Please summarize that report.

19 A. In the report, the Company advised that it would
20 take approximately seven months to implement the
21 expansion of the program to new service
22 customers after approval from Staff. It also
23 advised that this expansion would require the
24 addition of five new customer service

1 representatives (CSRs) to accommodate the
2 additional estimated incremental time spent with
3 customers - projected to be 16,040 additional
4 hours of personnel resources - training costs
5 for existing CSRs about the program change and
6 associated implementation system costs totaling
7 \$310,274. According to the Company, the costs
8 would be absorbed by the participating and
9 future ESCOs in the PowerMove program through
10 charges that would be deducted from the ESCOs'
11 monthly purchases of receivables disbursement.

12 Q. Has the report been issued for public comment?

13 A. Yes. Notice for public comment was issued on
14 July 2, 2008. Initial comments were due August
15 16 and reply comments were due on September 5.
16 In addition, a technical conference was held for
17 discussion of the report on July 30, 2008. The
18 Company advised at the technical conference that
19 85,422 accounts have been enrolled via PowerMove
20 since June 2006, with 60% making their own
21 choice of ESCO and 40% preferring to have an
22 ESCO randomly assigned for providing commodity
23 supply to their accounts.

24 Q. What is the next step in the processing of that

1 report?

2 A. Staff will be reporting back to the Commission
3 on the status of the Company's proposal to offer
4 the PowerMove program to new service customers
5 in the near future.

6 Non-ESCO Access to Customer Information via
7 Retail Access Information System

8 Q. Did the Commission address the issue of Non-ESCO
9 access to customer information via the Company's
10 retail access information system in the 2008
11 Rate Order?

12 A. Yes. The Commission's 2008 Rate Order directed
13 the Company to file an implementation plan and
14 timetable for providing interested customers,
15 and their authorized representatives, with
16 access to their account information in a manner
17 equivalent to the access to information that is
18 currently provided to ESCOs. The Company filed
19 a plan to provide such access to its Retail
20 Access Information System (RAIS) on May 9, 2008.
21 The plan was noticed for public comment on July
22 9, 2008; initial comments were filed on August
23 23 and reply comments were due on September 5,
24 2008. Parties were also afforded the

1 opportunity to discuss the plan at the July 30th
2 technical conference.

3 Q. Please describe the current ESCO and non-ESCO
4 access to customer data.

5 A. Currently, ESCOs who operate in the Company's
6 retail access program have access through a
7 specific Internet portal via Con Edison's
8 website. Customer data is secured by limiting
9 access to the information to operating ESCOs
10 with passwords. The Company reports in the May
11 9, 2008 plan that it has made two modifications
12 to the RAIS to allow non-ESCOs, including
13 authorized agents of customers and interested
14 customers, access to the customers' data. One
15 modification, which allows non-ESCOs to enter
16 the system without a password, was completed on
17 April 10, 2008. The other modification, which
18 was completed on June 30, 2008, allows customers
19 or their authorized agents to obtain available
20 information, on an account by account basis,
21 through the "Account Listing File," in the
22 "Download" section of the RAIS.

23 Q. Did the Company raise any concerns in its May 9,
24 2008 report?

1 A. Yes. In its May 9, 2008 report, the Company
2 raised: consumer protection and privacy concerns
3 regarding the provision of information to non-
4 ESCOs; adequacy of the application of existing
5 Electronic Data Interchange (EDI) and Uniform
6 Business Practices (UBP); and, potential costs
7 recovery implications if a new process is
8 established to allow additional access to non-
9 ESCOs.

10 During the technical conference, participants
11 raised questions in addition to the report
12 regarding the provision of customer data through
13 a delivery system to provide information on
14 multiple customers accounts in a time sensitive
15 manner; ability of non-ESCOs to retrieve
16 information on a daily basis as do ESCOs; and,
17 to enable non-ESCOs to download pertinent data
18 to aggregate the customer's account in order to
19 be able to effectively participate in the
20 competitive environment.

21 In its pre-filed testimony, the Company advised
22 that a strategy assessment to develop a work
23 plan to implement changes to the existing RAIS
24 and Transportation Cost Information System

1 (TCIS) was approved by the Commission in its
2 2008 Rate Order. The strategy assessment, with
3 work plan, was to be completed by a consultant
4 by July 2008 and would address how to develop
5 technology solutions to support the competitive
6 marketplace. As the competitive marketplace has
7 evolved during the last 10 years, the Company's
8 existing RAIS and TCIS systems have "reached
9 effective capacity" according to the Customer
10 Operations Panel testimony (Section 12, page
11 48).

12 Q What is your specific recommendation on this
13 issue?

14 A. I recommend that the parties continue to
15 identify delivery mechanism(s) to provide
16 electronic, time sensitive access to customer
17 data for customers and their authorized agents
18 which can be incorporated by the Company into
19 the RAIS. Furthermore, I recommend that the
20 parties continue collaborative discussions to
21 provide input into these modifications as the
22 Company enhances its RAIS and TCIS systems.

23 State Regulatory Affairs Department

24 Q. What is the company's proposal for its State

1 Regulatory Affairs Department (SRAD)?
2 A. As indicated on Schedule 11 of the Company's
3 pre-filed Exhibit AP-9 Preliminary Update, the
4 company is seeking funding for its newly
5 organized State Regulatory Affairs Department
6 (SRAD). The funding request includes \$775,000
7 for Company Labor and \$73,000 for Other O&M
8 Expense.

9 (Redacted)

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16 Q. What are the responsibilities for the SRAD and
17 the EMPG?
18 A. According to the Company's response to IR DPS-
19 561, Exhibit __ (HMK-1),
20 (Redacted)
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(Redacted)

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7 Q. What is Staff's position on the Company's SRAD
8 proposal?

9 A. While the Company advises that the creation of
10 SRAD is to provide a coordinated comprehensive
11 approach to responding to the changing dynamics
12 of the state energy policy, the Company has not
13 justified the need for (Redacted), nor has it
14 identified reductions in other areas where this
15 work is currently being performed. For example,
16 the Company's existing Public Affairs Group
17 includes a Government Relations Section, which,
18 according to the Company's website, is focused
19 on a wide range of responsibilities associated
20 with federal, state and local governmental
21 regulatory and legislative relations. Specific
22 responsibilities of this particular Government
23 Relations Section include: development and
24 advocacy for legislative

1 proposals and statutory matters; representation,
2 including testimony, of the Company's ratepayers
3 and shareholders interests in legislative or
4 regulatory hearings or proceedings; development
5 of relations with various stakeholder or trade
6 organizations; and, the development and
7 execution of Company strategies to governmental
8 initiatives or actions. While the work of the
9 Public Affairs Group might be similar to or
10 overlap the work of the SRAD,

11 (Redacted)

12
13 In addition, according to the reports filed with
14 the New York Temporary State Commission on
15 Lobbying, and later with the New York State
16 Commission on Public Integrity, the Company
17 continues to retain Albany and New York City
18 firms for representation at the state and local
19 government levels, as indicated on Exhibit __
20 (HMK-1). The Client Semi-Annual Reports which
21 were filed with the Lobbying Commission during
22 the 2007 show that the Company paid the firms a
23 total of over \$190,000. During the first half
24 of 2008 they paid \$93,968 to the same lobbying

1 firms.

2 According to the Company's response

3 (Redacted)

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10 Nor does it provide
11 information on the purpose for retaining the
12 firms to represent the Company's interests in
13 state and local government matters or regulatory
14 activities. The Company has not provided
15 sufficient information on each organization's
16 specific responsibilities, nor has it identified
17 how the work of each of these units will be
18 coordinated. The Company simply has not met the
19 burden of proof on its proposal.

20 Q. What is your recommendation regarding the
21 Company's funding request for the SRAD?

22 A. I recommend that the Company's proposed
23 incremental costs for SRAD, \$775,000 for labor
24 and \$73,000 for other O&M expenses, be

1 disallowed. It is my understanding that the
2 Accounting Panel has removed the revenue
3 requirement effect related to these expenses.
4 Submetering Proposal

5 Q. Do you have any recommendations on how the
6 Company can further meet the goals of New York
7 State's "15 by 15" initiative to reduce energy
8 consumption by 15% and achieve energy efficiency
9 savings by 2015?

10 A. Yes. I recommend that master-metered
11 residential buildings currently served under the
12 Company's SC-8 Multiple Dwellings -
13 Redistribution and SC-12 Multiple Dwelling Space
14 Heating Tariffs be required to submeter each
15 dwelling unit within four years from the date of
16 the Commission's decision and order on rates in
17 this proceeding. I further recommend that
18 buildings that are not submetered within four
19 years be billed at a different rate, possibly
20 the SC-1 Residential and Religious Tariff rate
21 which is higher than the SC-8 or SC-12 rates.

22 Q. How would this requirement help to further meet
23 the goals of New York State's "15 by 15"
24 initiative?

1 A. The installation of individual meters in living
2 units within multi-dwelling buildings is one of
3 the most energy efficient measures that a
4 property owner can take to reduce energy costs
5 while decreasing consumption through the efforts
6 of the residents. All multi-dwelling units
7 should be metered in order to accurately capture
8 individual usage for proper billing based on
9 actual consumption and to encourage the
10 application of energy efficiency measures to
11 meet the State's "15 by 15" energy initiative.
12 Further, the installation of submetering will
13 enable the individual living units to monitor
14 and reduce energy consumption and potentially
15 participate in Time of Use or real-time pricing
16 mechanisms.

17 Q. What is your understanding, if any, with respect
18 to the Commission Orders and regulations related
19 to master-metered residential buildings?

20 A. On advice of counsel, it is my understanding the
21 Commission's Orders and 16 NYCRR Part 96
22 requires that master-metered residential
23 buildings where the wiring was installed after
24 1977 be constructed so that each individual

1 living unit be metered, either via direct
2 metering or submetering.

3 Q. Are there any advantages of submetering over
4 direct metering?

5 A. Yes. One of the advantages of submetering is
6 that it is less costly to convert to submetering
7 than for the installation of individual direct
8 meters by the utility, in terms of wiring, labor
9 and construction needs. Many of the multi-
10 family residential units in the Company's
11 service territory are master-metered; however,
12 individual units are not individually metered.
13 Unmetered electric usage in these units provides
14 little or no incentive for energy efficiency
15 practices by the units' occupants.

16 Q. Do you have data on how many units would be
17 affected by your proposed submetering
18 requirement?

19 A. Based on the estimates provided by the Company
20 in its response to Staff IR DPS-466, Exhibit
21 (HMK-1), 455,000 individual residential units in
22 its service territory are unmetered, including
23 295,000 units which are in privately owned
24 multi-dwelling units and an additional 160,000

1 publicly owned multi-dwelling units which
2 receive electricity from the New York Power
3 Authority (NYPA).

4 Q. Please describe the cost effectiveness of
5 submetering?

6 A. According to the National Submetering and
7 Utility Allocation Association (NSUAA), the
8 average costs for the installation of an
9 individual submeter, including a breaker box and
10 electric meter with an automated meter reading
11 (AMR) system, is approximately \$395 (including
12 \$225 for meter unit, \$95 for permits and
13 electrician labor, and \$75 for the AMR system).
14 NSUAA studies have found that after the initial
15 meter reading and monthly billing, residents in
16 an individual submetered unit will reduce their
17 electric consumption from 15 to 30 percent,
18 dependent on usage patterns. The average payback
19 on the installation of a submetering system is
20 six months. Costs will vary and recovery time
21 for the initial investment will be dependent on
22 the total number of units in a multi-dwelling
23 building with the larger number units resulting
24 in a more expeditious payback.

1 Q. Are you aware of any studies that indicate
2 benefits of submetering to individual tenants?
3 A. Yes. Research administered through New York
4 State Energy Research and Development Authority
5 (NYSERDA) in 2004 on the Comprehensive Energy
6 Management (CEM) Program, a component of its New
7 York Energy \$mart™ Program, indicates that
8 participating residential and low income
9 multifamily dwellings have experienced between
10 22% to 55% in energy savings through
11 installation of energy efficiency measures,
12 including submetering
13 (www.nyserda.org/pdfs/combined%20Report.pdf).
14 The CEM program provided incentives to building
15 owners to upgrade or replace existing equipment
16 with more technologically advanced products,
17 including installation of submetering systems,
18 resulting in greater energy efficiencies and
19 reductions in electric consumption. Similar to
20 NSUAA findings, NYSERDA data demonstrates that
21 the average cost of the installation of a
22 submetering system per individual dwelling unit
23 is \$550 and decreases as the total number of
24 units in a building increases.

1 Q. What are other benefits that could be realized
2 through submetering?

3 A. The benefit of energy efficiency through the use
4 of time sensitive electricity pricing and
5 advanced metering systems which monitor usage
6 during peak and off peak periods and sends
7 signals to individual units regarding the costs
8 of energy at specific times. According to
9 NYSERDA studies, tenants in master-metered
10 buildings that are not submetered use from 18%
11 to 26% more electricity than those with
12 submetering systems
13 (www.nyserda.org/programs/Applied%20Energy%20Gro
14 [up.pdf](#)). Submetering, combined with time
15 sensitive pricing, reduces both consumption and
16 peak load demands.

17 Q. Please detail your specific recommendation.

18 A. I recommend that the Company's SC-8 and SC-12
19 tariff be amended to require the installation of
20 submeters in each individual living unit of
21 residential multi-dwelling buildings, within
22 four years of the Commission's Order in this
23 case. The Company should submit a proposal
24 within sixty days of a Commission Order

1 regarding: an outreach effort to inform
2 customers served via the SC-8 and SC-12 Tariffs
3 of this modification; and, a methodology for
4 monitoring implementation of this change.

5 Q. How do you propose handling situations where it
6 may be cost prohibitive to submeter a building?

7 A. Building owners should take advantage of funds
8 that may be available for energy efficiency
9 efforts, such as funds through NYSERDA programs.
10 In addition, although the Energy Efficiency
11 Portfolio Case on ongoing, if the utilities are
12 provided funds for energy efficiency, some of
13 those funds could be used to defray the costs of
14 submetering. Building owners should also look
15 into local, state and federal tax benefits for
16 installation of capital improvements and energy
17 efficiency measures. Con Edison's plan for
18 implementation should include a proposal for
19 handling situations where the cost to submeter a
20 building is cost prohibitive which could include
21 criteria for building specific waivers.

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

23 A. Yes, it does.