

Orange and Rockland Utilities, Inc.  
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS1  
Date of Response: October 3, 2007  
Responding Witness: A. Regan

Question No. :7

Provide a detailed cost break-down and further explanation/justification of what additional and or incremental work is required and performed during periods of high load and elevated temperatures.

RESPONSE:

The onset of hot weather during the summer months results in additional stress to the electric delivery system, as well as significant efforts and costs to the Company to maintain system availability and respond to operating issues. The Company believes that with the implementation of an RDM, and the resultant sacrifice of the legitimate expectation for higher summer earnings, a strong positive incentive should be put in place that rightfully compensates the Company for the additional and extraordinary costs of reliably meeting the challenges of these high load periods.

During high temperature and high system stress days, the Company reacts to proactively avoid, as well as attend to, an elevated number of high temperature outages and equipment failures, as well customer service and power/voltage quality related complaints, and usually for an extended number of hours during these days. High load puts a strain on all electrical components especially conductor, mainline switches and equipment, primary connections and transformers. The Company's number of system incidents significantly increase during the summer months, and in particular, spike during extreme load periods that are typically highlighted by multiple 90° + days in succession. To illustrate this, the Company's statistics show that during a normal week outside of the summer months (i.e., September through May), the average number of system incidents per week is 39.6. During the summer months (i.e., June through August), the average number of system incidents per week increases to 81.4. To further illustrate the effects of a recent heat wave, during the week of July 30, 2006 through August 5, 2006, there were three consecutive days of 90° + weather, and the number of system incidents during this time period was 125.

This significant incremental work associated with high load and elevated temperature is applicable for any electric utility. However, the cost attendant with this incremental workload is exacerbated for O&R. The Company is predominantly a residential provider, and much of this activity occurs during late afternoon and early evening when residential load peaks. O&R electric construction personnel predominantly work from 8AM-4:30PM, with only three troubleshooters covering the service territory through 11:00 PM. The increased workload must be covered by crews that are working overtime. The

Company's labor agreement does not allow for the scheduling of construction crews around the clock to address this increased workload, and overtime is the only method currently available to the Company to satisfy the increased system demands and customers' needs.

To illustrate some of the tangible increased costs that the O&R incurs during summer and high load periods, in parallel with the information provided above on number of incidents, Company data shows that during a normal week outside of the summer months (i.e., September through May), the average weekly overtime costs for Overhead Electric Operations is approximately \$59,800. During the summer months (i.e., June through August), the average weekly overtime costs for Overhead Electric Operations increases to approximately \$111,000. To further illustrate the effects of a recent heat wave, during the week of July 30, 2006 through August 5, 2006, there were three consecutive days of 90° + weather, and the weekly overtime costs for Overhead Electric Operations during this time period was \$181,000. Some additional increased costs during high load periods include incremental overtime costs for departments such as Substation Operations, the Energy Control Center, Electrical Engineering and Customer Service to name a few. There are certainly increased material usage and costs during these periods as well.