Comments 05-S-1376

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June 19, 2006

Hon. Jaclyn A. Brilling, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 05-S-1376
Proceeding on Motion of the Commission as
To the Rates, Charges, Rule & Regulations of
Consolidated Edison Company of New York, Inc.
For Steam Service

Dear Secretary Brilling:

Enclosed please find an original and five (5) copies of the County of Westchester's pre-filed direct testimony in Opposition to the Joint Proposal in the above-captioned proceeding. Copies of this testimony have been sent to Judge Epstein and all parties on the Active Party list by e-mail. A hard copy has been sent to Judge Epstein by copy of this letter.

Please do not hesitate to contact me if you have any questions.

Respectfully submitted,

Stewart M. Glass
Senior Assistant County Attorney

SMG:me
Encl.

cc: Hon. Rafael Epstein

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

CASE 05-S-1376

DIRECT TESTIMONY OF

FRANK W. RADIGAN

ON BEHALF OF

COUNTY OF WESTCHESTER

IN OPPOSITION TO JOINT PROPOSAL

June 19, 2006

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Frank W. Radigan. I am a principal in the Hudson River Energy Group, a consulting firm providing services regarding the electric utility industry and specializing in the fields of rates, planning and utility economics. My office address is 120 Washington Avenue, Albany, New York 12210.

Q. WOULD YOU PLEASE SUMMARIZE YOUR EDUCATION AND BUSINESS EXPERIENCE?

A. I received a Bachelor of Science degree in Chemical Engineering from Clarkson College of Technology in Potsdam, New York (now Clarkson University) in 1981. I received a Certificate in Regulatory Economics from the State University of New York at Albany in 1990. From 1981 through February 1997, I served on the Staff of the New York State Department of Public Service ("DPS") in the Rates and System Planning sections of the Power Division. My responsibilities included resource planning and the analysis of rates, depreciation rates and tariffs of electric, gas, water and steam utilities in the State and encompassed rate design and performing embedded and marginal cost of service studies as well as depreciation studies.

Before leaving the DPS, I was responsible for directing all engineering staff during major rate proceedings including those relating to integrated resource planning and environmental impact studies. In February 1997, I left the DPS and joined a firm called Louis Berger & Associates as a Senior Energy Consultant. In December 1998, I formed my own Company. In my 24 years of experience, I have testified as

an expert witness in utility rate proceedings on more than 40 occasions before various utility regulatory bodies, including this Commission, the Nevada Public Utility Commission, the New York State Department of Taxation and Finance, the Connecticut Department of Utility Control, the Rhode Island Public Utilities Commission, the Michigan Public Service Commission and the Federal Energy Regulatory Commission. A summary of my qualifications and experience is included in Exhibit___ (FWR–1).

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of the County of Westchester ("Westchester"). Consolidated Edison Company of New York, Inc. ("Con Edison" or "Company") serves all of the electric customers located in Westchester except for a relatively small number of customers in the north eastern side of Westchester who are served by New York State Electric & Gas Corporation.

Q. ARE THERE ANY CON EDISON STEAM CUSTOMERS IN WESTCHESTER COUNTY?

A. No, there are no steam customers in Westchester County. Con Edison serves about 3 million electric customers in the New York metropolitan area. Approximately 340,000 of those customers are located in Westchester. Westchester customers comprise approximately 12% of electric load. Coincidentally, as reported by the New York City Energy Policy Task Force, the City of New York and NYCHA use more than 10% of the total energy consumed in the entire City. In reply to a

Westchester discovery request, New York City also reported that they represent approximately 10% of the steam sales.

Q. SO WHY IS WESTCHESTER INTERESTED IN STEAM RATES?

A. It is uncontested that Con Edison's electric customers, both New York City customers and Westchester customers, have been subsidizing steam rates since at least 1975, which increases the electric rates of those customers. At various times, both the Commission and Con Edison have stated that the subsidy should be eliminated.

Con Edison, in compliance with a P. S. C. directive issued a report entitled "STEAM SYSTEM PLAN" dated April 15, 1998. in which it stated:

> "While this cost allocation policy *(referring to the policy adopted in Opinion 78-27)* may be justifiable in a fully regulated environment it is not sustainable in a competitive environment. When electric production is fully deregulated, the revenues that any plant receives from electricity will be determined by the competitive market. Thus, costs now being charged to electric customers that are in excess of the prevailing market price of electricity would have to be reallocated to steam." STEAM SYSTEM PLAN dated April 15,1998 p. 21

That plan, under a section entitled "Planning Objectives", listed as the first objective:

> "**Eliminating** the disproportionate cost allocation to electric ratepayers, (the "Subsidy") for the cost of steam-electric production." (*emphasis added*) STEAM SYSTEM PLAN dated April 15,1998 p. 21

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of this testimony is to demonstrate why the current subsidy of ERRP, and therefore the Steam System, by the Electric System should be reduced. To assure that Con Edison does not repeat, at the expense of the Electric System, the mistakes it made at ERRP at other facilities. That the allocation of the proceeds from the sale of the First Avenue properties, including Waterside, are fairly returned to the respective systems based on the historical payments in support of those facilities.

Q. PLEASE DISCUSS WHY THE ALLOCATION OF ERRP SHOULD BE REVISTED?

A. In the last rate case the Commission cited several reasons in its decision[1] to allow for the continued subsidization of the Steam System by the Electric System. Among them were:

1) that electric ratepayers will not incur any economic harm from the ERRP cost allocations.

2) ERRP makes economic sense for electric customers because they will share in the net gain on First Avenue properties.

With a full year of operating history Westchester can now show that Con Edison's method for allocating both the fixed and variable costs from ERRP is creating direct and measurable harm to electric ratepayers.

[1]CASE 03-S-1672 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service, Order Adopting the Terms of a Joint Proposal, issued and effective September 27, 2004 (Order on Joint Proposal.).

As will be explained in more detail below, the net gains from Waterside have been minimal and there appears to have been no added value, as promised by Con Edison, to the other First Avenue properties from including Waterside in the sale.

Q. PLEASE SUMMARIZE YOUR FINDINGS ON THE ECONOMICS OF ERRP?

A. In the first year of operations electric ratepayers paid for 94% of the fuel and operation and maintenance costs (excluding water and chemicals used for steam) at ERRP. The cost to electric ratepayers to support the plant totaled $335 million ($98 million in fixed costs and $237 million in fuel costs). The value of the plant to the electric system was only $229 million ($29 million in capacity value and $200 million value for the energy produced). In total the plant's costs exceeded its value by $106 million. Even after netting out the subsidy of $57 million that used to exist at Waterside before ERRP, contrary to expectations, electric ratepayers are very much worse off with ERRP than with Waterside. The single largest factor causing the excessive subsidy is the fact that the Electric System sells electricity into the market at a loss. This information is presented as Exhibit__(FWR-2)

Westchester objects to the following aspects of the Joint Proposal (JP) that was filed on June 2, 2006. Specifically, Westchester objects to Sections C.1, I.1 and I.2 and B.1 and the underlying assumptions that impact the allocation of costs between the steam and electric systems.

Section C.1 provides for the continuation of the current allocation of ERRP costs. The cost of ERRP is well above the original cost estimates as presented to the Commission. The vast majority of that increased cost is passed along to the Electric System as rent. On the expense side, the Electric System pays a disproportionate share of the plant's operating fuel costs, thereby providing a substantial subsidize to the Steam Department. Westchester believes that this allocation needs to be revised.

Section I.1 allows for Con Edison to prepare an investment grade evaluation of two Hudson Avenue Repowering/replacement options that were identified in the Steam Production Study. The Joint Proposal also provides for the continuation of the confidentiality provisions set forth in the 2004 Steam Rate Order regarding the Steam Production Study. The confidentiality provision of the 2004 Steam Rate Order provides for cost projections to be treated as confidential data, which shall not be disclosed to any party (including steam supplier representatives) other than the core members of the Task Force. In short, the Steam Production Study has not been approved by the Commission, nor have the underlying costs projections used to justify the recommendations been seen by other than the core Task Force members. In order to avoid the same type of excessive costs incurred at ERRP and the disproportionate allocation of those costs to the electric system, any new production studies should be conducted with full input from all interested parties, including Westchester. As such, this section of the JP must be revised.

Section I.2 requires that after completion of Phase I of the Steam Production Study, the Company will file with the Commission a Steam Resource Plan. In Con Edison's last steam rate case, Case 03-S-1372, the Company presented the results of its steam resource plan. That plan showed that the Company believed that the least cost option for increased steam capacity was a combined cycle facility at Hudson Avenue. Until such time that the results of that study can be given the full and open review that it requires, including exploration of alternative sources of supply, no decision that could impact future steam or electric rates should be allowed.

Section B.1 sets the revenue requirement for the Steam System which is based on the approval of the Company's proposed disposition (inter-department allocation and amortization period) of the proceeds from the sale of the First Avenue properties, including Waterside.

Q. PLEASE DISCUSS THE ALLOCATION OF COSTS FOR STEAM-ELECTRIC STATIONS?

A. Westchester believes that there are three methods by which the costs for ERRP could be allocated between the Electric and Steam systems 1) ERRP operates as a strictly steam asset absorbing all costs and collecting all revenues from the sale of electricity, 2) costs are shared proportionally between the steam and electric system, or 3) costs are allocated between the steam and electric system utilizing an incremental approach as discussed below.

In Case 99-S-1372 Con Edison offered testimony, Exhibit__(FWR-3), that detailed how fuel costs for ERRP and the other electric-steam stations was to be allocated between the electric and steam systems. In that testimony, Con Edison stated that the then current allocation method at the other steam-electric stations allocated fuel to steam production on an incremental basis. Historically, that allocation was determined by subtracting the fuel costs allocated to electric production from the total fuel costs. The fuel costs allocated to the electric system were determined by computing the amount of fuel that would have been consumed to produce the same amount of electricity at other plants in Con Edison's system (the "average heat rate").

For ERRP, Con Edison stated that it was also using the "incremental" approach. In fact, however, for ERRP Con Edison does not calculate the amount of fuel that would have been consumed to produce the same amount of electricity but instead assigns all fuel consumed in the gas turbines to the Electric System.

Con Edison stated that this "incremental" approach used the same logic for ERRP as applied to other steam-electric stations. However, as will be discussed in more detail below, the incremental method has been misconstrued as propounded by Con Edison for ERRP as it deviates considerably from the method used historically for other steam-electric stations. ERRP and the other steam-electric are all co-

generation plants, i.e. they produce electricity and steam at the same time, the incremental approach as historically applied should be used at all plants.

Westchester has examined the allocation method used for the other steam-electric stations and if that method, which was used historically for other steam-electric plants, was applied to ERRP it would decrease the subsidy by the electric system by $120 and increase steam rates by $120 million. While Westchester would prefer that the Steam System be self sufficient, and has argued so in the past, Westchester recognizes that the Commission stated that some level of Electric System subsidy of ERRP was acceptable and does not propose at this time that the full costs of the $120 million subsidy should be transferred back to the Steam System. Rather, Westchester proposes that the operation of ERRP should not result in a loss of variable costs (i.e. fuel costs). As such, Westchester believes that there is no reason for the electric system to pay for fuel costs that exceed the market value of electricity produced by ERRP. For the first year of ERRP's operations, this would amount to $37 million, which is discussed later in my testimony in more detail.

Q. WHAT DO WE KNOW ABOUT THE COSTS OF ERRP AFTER THE FIRST YEAR OF OPERATION?

A. The cost of ERRP substantially exceeds the original estimates as presented by Con Edison in the Article X case. In fact, Con Edison acknowledges that ERRP has cost approximately $800 million as opposed to the $406 million stated in the Article X proceeding. The majority of that increased cost is being passed along to

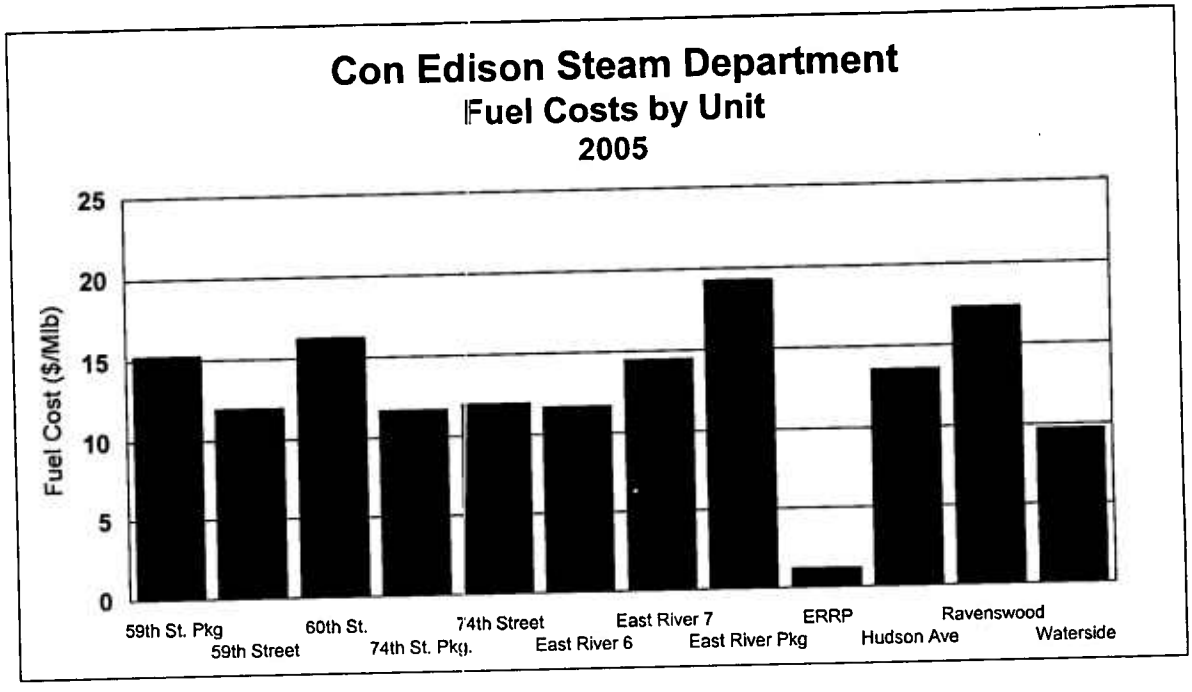
and charged back to the Electric System as rent. The rent being charged to the Electric System is $78.5 million per year. This charge includes the cost for depreciation, income tax, property tax and the return on the ERRP investment. In addition to this charge, the Electric System is also charged for the majority of the costs of the operation and maintenance of the plant, which amounted to an additional $19.5 million paid by the Electric System for the first year of operation. Thus, the total fixed charges to the Electric System for operating the plant for the first year was $98 million.

The value of the 288 MW of ERRP capacity in the wholesale market can be calculated using the strip auction prices of UCAP for New York City. Using the results of the capacity auction for the Summer 2005 capability period and the 2005-2006 Winter capability period, the value of this capacity in the wholesale electric market is only $29 million per year. Thus, electric ratepayers are losing $69 million per year just to have the plant in service. This calculation is shown on Exhibit__(FWR-2).

Q. WHAT ANALYSIS DID YOU PERFORM CONCERNING ERRP'S VALUE IN THE ENERGY MARKET

A. I first examined how the ERRP fuel costs allocated to the Steam System compared to the other steam-only and steam-electric stations that supply steam to the Steam System.[2] This data is provided in the graph below:

[2] Exhibit ____ (FWR-4) contains information, which forms the basis for this analysis, including information supplied by Con Edison in response to Westchester discovery requests concerning the monthly fuel costs that



In 2005 the Steam System had an average fuel cost of $10.04/Mlb. Most plants had costs in the $10-15/Mlb range. The steam electric stations, East River 6 and Waterside, had fuel costs of $9.74/Mlb and $11.67/Mlb respectively. In contrast, Con Edison allocated to the Steam System an ERRP fuel cost of $1.23/Mlb, with the rest of the costs paid by the Electric System.

Q. DOES A FULL YEAR OF ERRP OPERATION SHOW DIFFERENT RESULTS FROM THOSE SHOWN ABOVE?

A. No, they are relatively the same as shown in the chart below. Notably, East River 6 had a fuel cost of $13.25/Mlb, while Con Edison allocated to the Steam System an ERRP fuel cost of $0.96/Mlb, with the rest of the costs paid by the Electric System.

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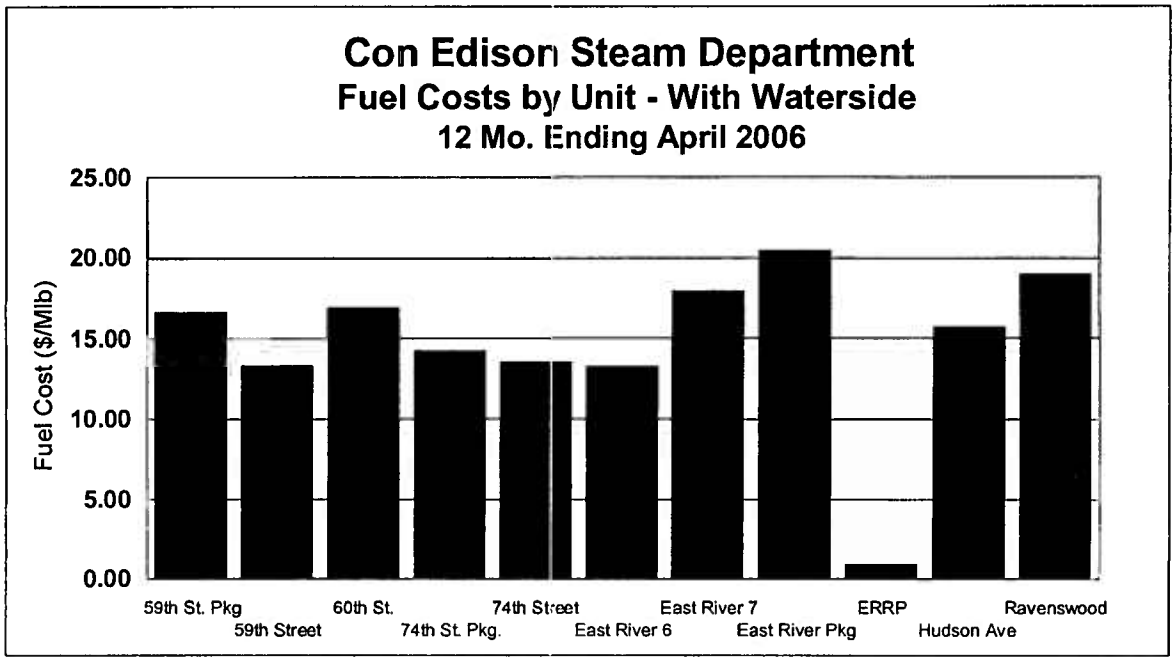
the Company charges to both the electric and steam systems for ERRP and information supplied by Con Edison on the market cost of energy for New York City, which it supplies monthly as part of its calculation



Q. WHY IS THERE SUCH A LARGE DIFFERENCE BETWEEN ERRP'S FUEL CHARGES TO THE STEAM SYSTEM AND THAT OF OTHER PLANT'S THAT PROVIDE STEAM?

A. As explained previously, it is because of the method that Con Edison developed to allocate costs between the steam and electric systems at ERRP. ERRP was designed to burn fuel at a higher heat rate than necessary to produce electricity, in order to provide "free" steam to the Steam System at substantial cost to the electric system.

Q. DO THE OTHER STEAM ELECTRIC STATIONS USE THIS METHOD?

A. No. Attached is Exhibit__(FWR-5), which is a Con Edison memorandum that was supplied as part of the workpapers in this case. The subject of the memorandum is

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of the monthly adjustment of the MSC.

the Recommended Charges for Sendout from Steam Electric Stations. As noted in the memorandum, for the other steam-electric stations, East River 6 and Waterside, the Company used a method that was consistent with the order of the Commission in Steam Rate Case No. 27276. As specified in that order, "the computation of steam heat rates treats steam sendout as incremental to the generation of electricity at the steam-electric stations. This process allocates heat input at these stations to electric generation based on the average electric system heat rate and assigns the remaining heat input to the steam sendout."

In layman's terms, heat is put into a plant to co-generate electricity and steam. The amount of energy needed to generate electricity is calculated based on experience at other units in the Con Edison electric system and any extra energy is considered incremental so as to produce steam. As shown on the chart above, while the use of the terms is similar the net results are dramatically different.

Q. DO WE KNOW THE DIFFERENCE IN UNIT HEAT RATES THAT CON EDISON ASSIGNS ERRP VERSUS THE OTHER STEAM ELECTRIC STATIONS?

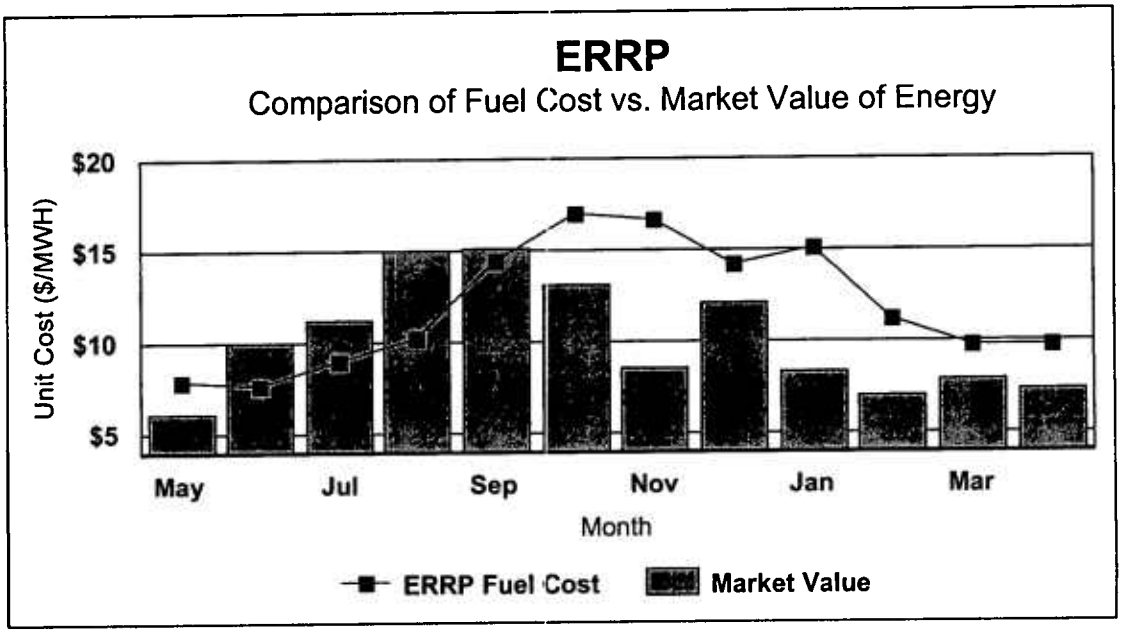
A. Yes, we know exactly. The Steam System's heat rate for ERRP was 90 BTU/lb of steam[3]. Based on a Con Edison analysis of the Commission's order in Case 27276, the utility uses a heat rate for East River 6 of 1,185 BTU/lb of steam and used a heat rate for Waterside of 1,110 BTU/lb of steam. Thus, for ERRP even though steam and electricity is co-generated, just like at East River 6 and the now retired

Waterside, Con Ed's charges the Steam System 92% less than it does other steam-electric stations. The ERRP heat rate data is provided as Exhibit__(FWR-6).

Q. DO WE KNOW IF THE CON EDISON METHOD FOR ALLOCATING ERRP'S FUEL COSTS HARMS THE ELECTRIC SYSTEM?

A. Yes. We know the amount of fuel costs allocated to the Electric System at ERRP and the value of the electricity produced at ERRP in the wholesale energy market. This information is summarized in Exhibit__(FWR-2) and shows that for the twelve months ended April 2006, the value of the electricity produced by ERRP was $200 million while the costs allocated to the Electric System was $237 million resulting in unjustified costs to the Electric System of $37 million. The selling of electric at a loss is not a fluke. For example, in December 2005 the plant operated at 110% of its rated electric output of 288 MW and lost $4.9 million by selling into the energy market. In November 2005, it cost $30 million to produce electricity at ERRP while the value in the energy market place was only $15 million. In other words it cost twice as much to produce as it was worth. Obviously, the Con Edison methodology is harming the electric ratepayer. The chart below shows ERRP's fuel cost versus the market value of the electricity (energy) for the first year of ERRP's operation.

[3] Exhibit E - produced in response to a Westchester Discovery request to Con Edison.



Q. WHAT DO YOU RECOMMEND?

Westchester believes that there is no reason for the electric system to pay for fuel costs that exceed the market value of electricity produced by ERRP. Accordingly, the fuel costs allocated to the Electric System should not exceed the value of the energy produced in the wholesale energy market[4] in a given time period, i.e. a year. For the first year of ERRP's operation, this recommendation would have resulted in a saving to the Electric System of $37 million.

Q WHAT IS YOUR RECOMMENDATION REGARDING I.1 AND I.2 OF THE JOINT PROPOSAL, RELATIVE TO FUTURE STEAM PRODUCTION STUDIES AND CAPACITY PROCUREMENT?

A. Considering the cost overruns at ERRP, the disproportionate operational subsidy that even exceeds the prior subsidy at Waterside, the availability of other sources to

provide steam, and the general diseconomies of running a steam system, if it is established that additional steam is required, Con Edison should seek to acquire any additional capacity from other sources rather than produce additional steam itself.

Q. PLEASE COMMENT ON THE GAINS FROM THE SALE OF THE FIRST AVENUE PROPERTIES, SPECIFICALLY WATERSIDE.

A. Con Edison's July 25, 2005 filing in Case 01-E-0377 – Sale of First Avenue Properties, the utility reported net proceeds of $113.5 million and proposed that the Steam System receive $46.1million of that amount. In the Company's filing in the instant case, and in the JP, the Company has proposed that the steam system receive $46.1 million and that those proceeds be amortized over a three year period. Con Edison's July 25, 2005.

One of the underlying assumptions utilized by Con Edison in arriving at the proposed steam rates as presented in the Joint Proposal is that the proceeds from the sale of the First Avenue properties, including Waterside, would be allocated between the Electric System and the Steam System in accordance with Con Edison's July 25, 2005 filing in Case 01-E-0377,. The Company stated in that filing that it believed allocating the proceeds from the sale of those properties based on the historic allocation of costs, which would result in an allocation of about 93.1 percent to electric and about 6.9 percent to steam, was inappropriate. Rather, the Company proposed that the net proceeds from the sale of the Waterside property

[4] The value of capacity in the wholesale energy market should not be considered in this calculation as it was already considered in the calculation of interdepartmental rents.

should be allocated to electric and steam customers in accordance with their respective allocation of ERRP capital costs. Using the Company's proposed methodology for allocating the net proceeds from the sale of Waterside results in an allocation of about $2.3 million to electric and $1.2 million to steam.

Westchester believes that the electric ratepayers should receive a share of the proceeds in direct proportion to its prior expenditures in support of those facilities. If the proceeds are allocated based on the historic allocation of costs it would result in an assignment of about $3.3 million to the Electric System and $0.2 million to the Steam System.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT _____ - FWR-1

Qualifications of

FRANK W. RADIGAN

Hudson River Energy Group
120 Washington Avenue
Albany, New York 12210
Telephone: (518) 436-1628
E-mail: fradigan@aol.com

EDUCATION

B.S., Chemical Engineering -- Clarkson University, Potsdam, New York (1981)

Certificate in Regulatory Economics -- State University of New York at Albany (1990)

SUMMARY OF PROFESSIONAL EXPERIENCE

1998–Present **Principal, Hudson River Energy Group, Albany, NY** -- Provide research, technical evaluation, due diligence, reporting, and expert witness testimony on electric, steam, gas and water utilities. Provide expertise in electric supply planning, economics, regulation, wholesale supply and industry restructuring issues. Perform analysis of rate adequacy, rate unbundling, cost-of-service studies, rate design, rate structure and multi-year rate agreements. Perform depreciation studies, conservation studies and proposes feasible conservation programs.

1997–1998 **Manager Energy Planning, Louis Berger & Associates, Albany, NY** – Advised clients on rate setting, rate design, rate unbundling and performance based ratemaking. Served a wide variety of clients in dealing with complexities of deregulation and restructuring, including OATT pricing, resource adequacy, asset valuation in divestiture auctions, transmission planning policies and power supply.

1981–1997 **Senior Valuation Engineer, New York State Public Service Commission, Albany, NY** – Starting as a Junior Engineer and working progressively through the ranks, served on the Staff of the New York State Department of Public Service in the Rates and System Planning Sections of the Power Division and in the Rates Section of the Gas and Water Division. Responsibilities included the analysis of rates, rate design and tariffs of electric, gas, water and steam utilities in the State and performing embedded and marginal cost of service studies. Before leaving the Commission, was responsible for directing all engineering staff during major rate proceedings.

FIELDS OF SPECIALIZATION

Electric power restructuring, wholesale and retail wheeling rates, analysis of load pockets and market power, divestiture, generation planning, power supply agreements and expert witness

testimony, retail access, cost of service studies, rate unbundling, rate design and depreciation studies. Wholesale power system modeling with GE-MAPS.

PROJECT HIGHLIGHTS

Wholesale Commodity Markets

Transmission Expansion Planning – Various Utilities -- Member of Transmission Expansion Advisory Committee in the New England Power Pool – the Committee is charged with the study of transmission expansion needs in the deregulated New England electric market. Ongoing

Locational Based Pricing – Reading Municipal Light Department -- Using GE multi-area production simulation model (MAPS), analyzed New England wholesale power market to cost differences between various generators and load centers. 2003

Merchant Plant Analysis – Confidential client – Using GE multi-area production simulation model (MAPS), analyzed New York City wholesale power market to determine economics of restructuring PURPA era contract to market priced contract. 2002

Market Price Forecasting – El Paso Merchant Energy – Analyzed New England power market using MAPS for purpose of pricing natural gas supply in order to ensure that plant was dispatched at 70% capacity factor as required under its gas supply contract. 2002

Market Price Analysis – Novo Windpower – Analyzed hourly market price data in New York for each load zone in State in order to optimize location of new wind power projects. 2002

Gas Aggregation – Village of Illion – Advised client on costs/benefits of aggregating residential gas customers for purpose of gas purchasing. 2002

Gas Procurement – Albany County, New York – Assisted client in analysis of economics of existing gas purchase contract; negotiated termination of contract; designing request for proposal for new natural gas supply. 2000

HQ Prudence Review – Selected by Vermont Public Service Board to perform prudence review power supply contract between Hydro Quebec and Central Vermont Public Service Corporation. 1998

Wholesale Power Supply – Prepared comprehensive RFP to optimize power supply for Solvay municipal utility by complementing existing low cost power supplies in order to entice new industrial load to locate within Village. 1997

Analysis of Load Pockets and Market Power – Performed analysis of load pockets and market power in New York State; determined physical and financial measures that could mitigate market power. 1996

Study of IPP Contracts and Impacts in New York Performed study to determine rate impacts of power purchase contracts entered into by investor owned utilities and independent power producers (IPPs); separately measured rate impacts resulting from statewide excess-capacity; determined level of non-optimal reserves for each utility. 1995

Power Purchase Contract Policies and Procedures – Directed NYSPSC Staff teams in formulation of short- and long-run avoided cost estimates (LRACs) using production simulation model (PROMOD); forecasted load and capacity requirements; developed utility buy-back rates; presented expert witness testimony on buy-back rate estimates and calculation methodologies, thereby implementing curtailment of IPPs as allowed under PURPA. 1990-1994

Integrated Resource Planning - Led NYSPSC Staff team's examination of each utility's IRP process and examination of impacts of processes and regulatory policies influencing the decision making process. 1994

Intrastate Wheeling Commission Transmission Analysis and Assessment – Chairman of NYSPSC Proceeding to examine plans for meeting future electricity needs in New York State. Addressed measures for estimating and allocating costs of wheeling, including embedded cost, short-run marginal cost and long run incremental cost methods. 1990

Rate Setting

Economic Development Rate – Massena Electric Department – For municipal electric utility, developed tariffs for economic development rates for new or expanded load.

Rate Case Cost of Service Study – Village of Hamilton, NY – For small municipal electric utility, prepared full cost of service study before the New York Public Service Commission. 2004

Rate Study – Pascoag Utility District – Reviewed the application of the Power Authority of the State of New York to increase rates to its wholesale power customers. 2003

Rate Study - Kennebunk Power and Light Department – Performed rate study of new multi-year wholesale power contract against existing rates to determine impact on overall revenue recovery and cash flows of utility. 2003

Rate Case Cost of Service Study – Village of Arcade, NY – For small municipal electric utility, assisted in the preparation full cost of service study before the New York Public Service Commission. 2003

Rate Case Cost of Service Study – Village of Philadelphia, NY – For small municipal electric utility, assisted in the preparation full cost of service study before the New York Public Service Commission. 2003

Rate Case Cost of Service Study – Village of Hamilton, NY – For small municipal electric utility, prepared full cost of service study before the New York Public Service Commission. 2004

Rate Case Cost of Service Study – Fillmore Gas Company – For small natural gas local distribution company, performing cost of service study for internal budget controls and formal rate case before the New York Public Service Commission. 2003

Rate Case Cost of Service Study – Rowlands Hollow Water Works – For small water company, performing cost of service study for internal budget controls and formal rate case before the New York Public Service Commission. 2003

Standby Rates – Independent Power Producers of New York – Analyzed reasonableness of proposed standby rates of Niagara Mohawk Power Corporation; proposed alternate rate designs; participated in settlement negotiations for new rates. 2002

Economic Development Rates – Pascoag Utility District – Designed new cost based economic development rates charged to large industrial customer contemplating locating within the municipality. 2002

Municipalization Study – Kennebunk Power and Light Department – Performed economic analysis of municipal utility serving remaining portions of Village not already served; performed valuation of the plant currently owned by Central Maine Power. 2001

Water Rate Study – Pascoag Utility District – Performed cost of service study for water utility; presented alternate methods of funding revenue requirement. 2001

Pole Attachment Rates – Middleborough Gas and Electric Department – Designed cost based pole attachment rates charged to CATV customers. 2000

ISO Service Tariff -- On behalf of three municipal utilities, analyzed cost basis and proposed rate design of ISO Service Tariffs. 2000

Pole Attachment Rates – City of Farmington, New Mexico municipal electric department – Designed cost based pole attachment rates for CATV customers. 1999

OATT Rates – On behalf of four municipal utilities in New England – Developed cost based annual revenue requirements for regional network transmission rates; represent utilities before ISO New England committees on transmission rate setting issues. 1998-2004

Consolidated Edison Restructuring – Member NYPSC Staff team – Negotiated major restructuring settlement with Consolidated Edison, which decreased utility's rates by $700 million over five years; implemented retail access program; performed rate unbundling; divestiture of utility generation and the allowance of the formation of a holding company; accelerated depreciation of generation; established customer education programs on restructuring; established service quality and service reliability incentive to ensure that provision of electric service will diminish as competitive market emerges. The agreement served as the template for restructuring in New York. 1997

Cost-of-service Review and Rate Unbundling – Performed rate unbundling of retail rates of Orange & Rockland Utilities, Inc. to facilitate delivery of New York Power Authority energy to customer located in Orange & Rockland's service territory. 1992

Vintage Year Salvage and Study - Managed joint study of staff from Rochester Gas and Electric Corporation and NYSPSC to determine feasibility of using vintage year salvage accounting for determining future salvage rates. 1985

Environmental Issues

Energy Conservation Study – Pascoag Utility District – Designed energy conservation rebate program based on cost benefit study of various alternatives. Program funded through State mandated collection of energy conservation monies from ratepayers. 2002

Clean Air Act Lawsuit – New York State Attorney General – Investigated modifications made at coal fired generating units of New York utilities to determine whether major modifications were made with obtaining pre-construction permits as required by the prevention of Significant Deterioration (PSD) provisions of the Act. 1999-2002.

Environmental Impact Study and Simulation Modeling Analysis – Analyzed potential environmental impacts of restructuring electric industry in NY using production simulation model PROMOD. 1996

Renewable Resources – Project Leader in NYSPSC proceeding regarding development and implementation of utility plans to promote use of renewable resources. 1995

Environmental and Economic Impacts Study – Directed study of pool-wide power plant dispatch with environmental adders to determine environmental and economic effects of dispatching electric power plants with monetized environmental adders. 1994

Clean Air Impact Study – Directed study of effects of the Clean Air Act of 1990. Measured statewide cost savings if catalytic reduction control facilities were elected to comply with 1990 Clean Air Act Amendments; installed components on units in metropolitan NY region. 1994

Environmental Externalities and Socioeconomic Impacts Study – Managed NYSPSC proceeding to determine whether to incorporate environmental costs into Long-Run Avoided Costs for the State's electric utilities. Study purposes: explore the socioeconomic impacts of electric production as compared with DSM; monetize environmental impacts of electricity. 1993

EXPERT WITNESS TESTIMONY

Case 05-S-1376 – Consolidated Edison – Steam Rates -- On behalf of County of Westchester testified to the reasonableness of he method of allocating costs between the utility's steam system and its electric system. 2006

Docket No. 06-48-000 – Braintree Electric Light Department – On behalf of the municipal utility presented an cost of service study used to calculate the annual revenue requirement for a generating station that was deemed to be required for reliability purposes.

Case 05-E-1222 – New York State Electric and Gas Corporation – On behalf of Nucor Steel, Auburn, Inc. examined the reasonableness of the utility's proposed average service lives, forecast net salvage figures, and proposal to switch from whole life to remaining life method. 2006

Docket No. 05-10004 – Sierra Pacific Power Company – On behalf of the Staff of the Nevada Public Utilities Commission testified on the reasonableness of the utility's proposed electric depreciation rates and expense levels. 2006

Docket No. 05-10006 – Sierra Pacific Power Company – On behalf of the Staff of the Nevada Public Utilities Commission testified on the reasonableness of the utility's proposed gas depreciation rates and expense levels. 2006

Docket No. ER06-17-000 – ISO New England, Inc. – On behalf of a group of municipal utilities in Massachusetts prepared an affidavit on the reasonableness of proposed changes to the Regional Network Service transmission revenue requirements rate setting formula. 2005

Case 04-E-0572 – Consolidated Edison – Electric Rate – On behalf of the County of Westchester testified to the reasonableness of the Company's revenue allocation amongst service classes and the company's fully allocated embedded cost of service study. 2004

Docket No. 04-02-14 – Aquarion Water Company – On behalf of the Connecticut Department of Utility Control examined the reasonableness of the utility's proposed depreciation rates, weather normalization proposal and certain operation and maintenance expense forecasts. 2004

Docket No. U-13691 – Detroit Thermal, LLC – On behalf of the Henry Ford Health Systems testified on the reasonableness of the utility's proposed default tariffs for steam service. 2004

Docket No. 04-3011 – Southwest Gas Corporation – On behalf of the Staff of the Nevada Public Utilities Commission testified on the reasonableness of the utility's proposed depreciation rates and expense levels. 2004

Docket No. ER03-563-030 -- Devon Power, LLC, *et al.* – On behalf of the Wellesley Municipal Light Plant filed a prepared affidavit with FERC with respect the proposal of ISO New England, Inc. to establish a locational Installed Capability market in New England.

Docket No. 03-10002 – Nevada Power Company – On behalf of the Staff of the Nevada Public Utilities Commission testified on the reasonableness of the utility's proposed depreciation rates and expense levels. 2004

Case 03-E-0765 – Rochester Gas and Electric Corporation - Before the New York Public Service Commission submitted testimony on rate design, rate unbundling, depreciation, commodity supply and reasonableness and ratemaking treatment of proceeds from the sale of a nuclear generating plant. 2003

New York State Department of Taxation and Finance Versus Brooklyn Navy Yard Cogeneration Partners – Testified on behalf of independent power producer in income tax case regarding tax payments associated with gas used to produce electricity. Testimony focused on ratemaking policies and practices in New York State. 2003

Docket No. 2930 – Narragansett Electric – Before the Rhode Island Public Utilities Commission submitted testimony on the reasonableness of the utility's proposed shared savings filing and its implications for the overall reasonableness of the Company's distribution rates. 2003

Docket No. 03-07-01 – Connecticut Light and Power Company – Before the Connecticut Department of Public Utility Control testified to the recovery of "federally mandated" wholesale power costs. 2003

Docket No. ER03-1274-000 – Boston Edison Company – Before the Federal Energy Regulatory Commission submitted affidavit on the reasonableness of the utility's proposed depreciation rates and expense levels. 2003

Case 210293 – Corning Incorporated – Before the New York Public Service Commission submitted an affidavit on certain actions of New York State Electric & Gas Corporation regarding the wholesale price of power in New York and the utility's billing practices as they relate to flex rate contracts. 2003

Case 332311 – Nucor Steel Auburn, Inc. – Before the New York State Public Service Commission submitted an affidavit on certain actions of New York State Electric & Gas Corporation regarding the wholesale price of power in New York and the utility's billing practices as they relate to flex rate contracts. 2003

Case 6455/03 – Prepared affidavit for consideration by the Supreme Court of the State of New York as to the purpose, need and fuel choice for the Jamaica Bay Energy Center (Jamaica Bay) as it related to good utility planning practice for meeting the energy needs of utility customers. 2003

Case 00-M-0504 – New York State Electric and Gas Corporation – Reviewed reasonableness of utility's fully allocated embedded cost of service study and proposed unbundled delivery rates. 2002

Docket No. TX96-4-001 – On behalf of the Suffolk County Electrical Agency proposed unbundled embedded cost rates for wheeling of wholesale power across distribution facilities. 2002

Case 00-E-1208 – Consolidated Edison: Electric Rate Restructuring – On behalf of Westchester County, addressed reasonableness of having differentiated delivery services rates for New York City and Westchester. 2001

Case 01-E-0359 – Petition of New York State Electric & Gas – Multi-Year Electric Price Protection Plan – Addressed reasonableness of Price Protection Plan (PPP); presented alternative rate plan that called for 20% decrease in utility's base rates. 2001

Case 01-E-0011 – Joint Petition of Co-Owners of Nine Mile Nuclear Station – Addressed the reasonableness of the proposed nuclear asset sale and the ratemaking treatment of the after gain sale proposed by NYSEG. 2001

Docket No. EL00-62-005 – ISO New England Inc. – Submitted affidavit on reasonableness of ISO's proposed $4.75/kW/month Installed Capability Deficiency Charge. June 2001

Docket No. EL00-62-005 – ISO New England Inc. – Submitted affidavit on reasonableness of proposed Installed $0.17/kW/month Capability Deficiency Charge. January 2001

Docket No. 2861 – Pascoag Fire District: Standard Offer, Charge, Transition Charge and Transmission Charge – Testified on elements of individual charges, procedures for calculation and reasons for changes from previous filed rates. 2001

Case 96-E-0891 – New York State Electric & Gas: Retail Access Credit Phase – On behalf of a large industrial customer, testified on cost of service considerations regarding NYSEG's earnings performance under the terms of a multi-year rate plan and the appropriate level of Retail Access Credit for customers seeking alternate service from alternate suppliers. 2000

Docket No. ER99-978-000 – Boston Edison Company: Open Access Transmission Tariff – Testified on design, revenue requirement, and reasonableness of proposed formula rates

proposed by Boston Edison Company for calculating charges for local network transmission service under open access tariff. 1999

Docket Nos. OA97-237-000, et. al. – New England Power Pool: OATT – Testified on design, revenue requirement, and reasonableness of proposed formula rate for transmission service; testified to proposed rates, charges, terms and conditions for ancillary services. 1999

Docket No. 2688 – Pascoag Fire District: Electric Rates – Testified on elements of savings resulting from renegotiation of contract with wholesale power supplier and presented analysis that justified need for and amount of base rate increase. 1998

New York State Department of Taxation and Finance Versus Zapco Energy Tactics Corporation – Testified on behalf of independent power producer in income tax case regarding tax payments associated with electric interconnection equipment. Testimony focused on policies and practices faced in doing business in New York State. 1998

Docket No. 2516 – Pascoag Fire District: Utility Restructuring – Testified on manner and means for utility's restructuring in compliance with Rhode Island Utility Restructuring Act of 1996. Testimony presented a methodology for calculating stranded cost charge, unbundled rates, and new terms and conditions of electric services in deregulated environment. 1997

Case 94-E-0334 – Consolidated Edison: Electric Rates – Led Staff team in review of utility's multi-year rate filing seeking increased rates of $400 million. Directed team in review of resource planning, power purchase contract administration, and fuel and purchased power expenses and testified on reasonableness of company's actions regarding buy-out of contract with an independent power producer and renegotiation of contract with another independent power producer. Lead negotiations for multi-year settlement and performance-based ratemaking package that resulted in a three-year rate freeze. 1994

Case 93-G-0996 – Consolidated Edison: Gas Rates – Testified on reasonableness of utility's proposed depreciation rates. 1994

Case 93-S-0997 – Consolidated Edison: Steam Rates – Testified on reasonableness of utility's resource planning for steam utility system. 1994

Case 93-S-0997 and 93-G-0996 – Consolidated Edison: Steam Rates – Testified on reasonableness of multi-year rate plan proposed by the utility. 1994

Case 94-E-0098 – Niagara Mohawk: Electric Rates – Reviewed utility's management of its portfolio of power purchase contracts with independent power producers for the reasonableness of recovery of costs in retail rates. 1994

Case 93-E-0807 – Consolidated Edison: Electric Rates – Testified on rate recovery mechanism for costs associated with termination of five contracts with independent power producers. 1993

Case 92-E-0814 – Petition for Approval of Curtailment Procedures – Testified on methodology for estimating amount of power required to be curtailed and staff's estimate of curtailment. 1992

Case 90-S-0938 – Consolidated Edison: Steam Rates – Testified on reasonableness of utility's embedded cost of service study, and proposed revenue re-allocation and rate design. 1991

Case 91-E-0462 – Consolidated Edison: Electric Rates – Implementation of partial pass-through fuel adjustment incentive clause. 1991

Case 90-E-0647 – Rochester Gas and Electric: Electric Rates – Analysis and estimation of monthly fuel and purchased power costs for use in utility's performance based partial pass-through fuel adjustment clause. 1990

Case 29433 – Central Hudson Gas and Electric: Electric Rates – Analysis of utility's construction budgeting process, rate year electric plant in service forecast, lease revenue forecast, forecast and rate treatment of profits from sales of wholesale power and estimation of fuel and purchased power expenses for use in the utility's partial pass-through fuel adjustment clause. 1987

Case 29674 – Rochester Gas and Electric: Electric Rates – Review of utility's historic and forecast O&M expenditure levels, forecast and rate treatment of profits from wholesale power, and estimation of fuel and purchased power expenses, and price out of incremental revenues from increased retail sales. 1987

Case 29195 – Central Hudson Gas and Electric: Electric Rates – Review of utility's construction budgeting process, analysis of rate year electric plant in service, forecast and rate treatment of profits from sales of wholesale power, and estimation of fuel and purchased power expenses. 1986

Case 29046 – Orange and Rockland Utilities: Electric Rates – Testified on the reasonableness of the utility's proposed depreciation rates and expense levels. 1985

Case 28313 – Central Hudson Gas and Electric: Electric Rates – Review of utility's construction budgeting process; analysis of rate year electric plant in service forecast; review of rate year operations and maintenance expense forecast; forecast and rate treatment of profits from sales of wholesale power; estimation of fuel and purchased power expenses. 1984

Case 28316 – Rochester Gas and Electric: Steam Rates – Price out of steam sales including the review of historic sales growth, usage patterns and forecast number of customers. 1984

PRESENTATIONS

Multiple Intervenors Annual Conference – What Will Impact Market Prices? 1998, Syracuse, New York – Speaker on the impact that deregulation would have on market prices for large industrial customers.

IBC Conference – Successful Strategies for Negotiating Purchased Power Contracts, 1997, Washington, DC – Speaker on NY power purchase contract policies, ratepayer valuation, contract approval process and policy on recovery of buyout costs.

Gas Daily Conference – Fueling the Future: Gas' Role in Private Power Projects, 1992, Houston, Texas – Panel member addressing changing power supply requirements of electric utilities.

MEMBERSHIPS/ASSOCIATIONS

Member American Public Power Association, Northeast Public Power Association and New York State ISO.

EXHIBIT _____ - FWR-2

East River Repowering Project
Benefit/(Cost) Analysis of First Year of Operations

		<<<					>>>	<<< Value of ERRP in Wholesale Electric Market							>>>	<<< Benefit/(Cost) >>>		
Column # →	Month	Generation (kWh) 1	Fuel Cost ($000) 2	Unit Fuel Cost ($/MWH) 8	Operations & Maintenance Expense ($000) 3	Rent from Steam Department ($000) 4	Fixed Costs ($000) 5	Total Cost Of Operations ($000) 6	NYC Market Cost of Energy 7	NYC Sales (kWh) 8	Energy Value (c/kWh) 9	Energy Value ($000) 10	UCAP Strip Auction Results ($/kW/mo.) 11	ERRP Capacity (MW) 12	Capacity Value 13	Total Value of ERRP 14	Variable ($000) 15	Fixed ($000) 16	Total ($000) 17
Source		Response to COW-3	Response to COW-5	Col. 7/Col. 8	Response to COW-5	Company Exhibit	Col. 3 + Col. 4	Col. 2 + Col. 5	MSC Workpapers	MSC Workpapers	Col. 7/Col. 8	Col. 9 * Col. 1	ISO	ISO	Col. 11 * Col. 12	Col. 10 + Col. 13	Col. 10 - Col. 8	Col. 13 - Col. 5	Col. 14 - Col. 6
	May	113,101,570	$ 8,948	7.91	$ 1,552	$ 6,544	$ 8,096	$ 17,044	$123,068,763	2,009,284,400	6.13	$ 6,926	70.08	288	$ 3,364	$ 10,291	$ (2,020)	$ (4,732)	$ (6,753)
	Jun	126,017,300	$ 9,762	7.75	$ 1,485	$ 6,544	$ 8,029	$ 17,791	$239,089,790	2,364,311,600	10.11	$ 12,743	70.08	288	$ 3,364	$ 16,107	$ 2,981	$ (4,665)	$ (1,684)
	Jul	171,043,130	$ 15,537	9.08	$ 1,753	$ 6,544	$ 8,297	$ 23,834	$296,306,736	2,636,132,000	11.24	$ 19,226	70.08	288	$ 3,364	$ 22,589	$ 3,689	$ (4,933)	$ (1,245)
	Aug	166,454,010	$ 17,155	10.31	$ 1,703	$ 6,544	$ 8,247	$ 25,402	$392,722,422	2,616,076,200	15.01	$ 24,988	70.08	288	$ 3,364	$ 28,352	$ 7,833	$ (4,883)	$ 2,950
	Sep	153,612,858	$ 22,214	14.46	$ 1,794	$ 6,544	$ 8,338	$ 30,552	$356,504,847	2,351,562,800	15.16	$ 23,320	70.08	288	$ 3,364	$ 26,684	$ 1,106	$ (4,974)	$ (3,869)
	Oct	96,004,660	$ 16,739	17.06	$ 1,883	$ 6,544	$ 8,427	$ 25,166	$262,707,820	1,994,220,400	13.17	$ 12,911	70.08	288	$ 3,364	$ 16,274	$ (3,828)	$ (5,063)	$ (8,892)
	Nov	179,127,910	$ 29,949	16.72	$ 1,841	$ 6,544	$ 8,385	$ 38,334	$170,513,915	1,975,038,800	8.63	$ 15,457	30.66	288	$ 1,472	$ 16,929	$ (14,492)	$ (6,913)	$ (21,405)
	Dec	236,365,400	$ 33,758	14.28	$ 667	$ 6,544	$ 7,411	$ 41,169	$239,383,944	1,960,701,600	12.21	$ 28,858	30.66	288	$ 1,472	$ 30,330	$ (4,900)	$ (5,939)	$ (10,839)
	Jan	169,196,620	$ 28,606	15.12	$ 1,645	$ 6,544	$ 8,189	$ 36,795	$160,046,159	1,896,048,000	8.44	$ 15,970	30.66	288	$ 1,472	$ 17,442	$ (12,636)	$ (6,717)	$ (19,353)
	Feb	194,032,300	$ 21,793	11.23	$ 1,852	$ 6,544	$ 8,196	$ 29,989	$129,391,536	1,818,927,400	7.11	$ 13,803	30.66	288	$ 1,472	$ 15,274	$ (7,990)	$ (6,724)	$ (14,715)
	Mar	219,475,390	$ 21,544	9.82	$ 1,631	$ 6,544	$ 8,175	$ 29,719	$135,922,688	1,723,372,000	7.89	$ 17,310	30.66	288	$ 1,472	$ 18,782	$ (4,234)	$ (5,703)	$ (10,937)
	Apr	114,861,912	$ 11,275	9.82	$ 1,734	$ 6,544	$ 8,278	$ 19,553	$117,919,551	1,590,934,800	7.41	$ 8,514	30.66	288	$ 1,472	$ 9,985	$ (2,761)	$ (6,806)	$ (9,568)
12 Mo. 4/06		1,961,293,260	$ 237,280		$ 19,540	$ 78,529	$ 98,069	$ 335,349				$ 200,026			$ 29,013	$ 229,040	$ (37,254)	$ (69,058)	$ (106,309)

EXHIBIT _____ - FWR-3

Steam

RICK SHANSKY

Q. Please state your name and business address.

A. My name is Rick Shansky. My business address is 4 Irving Place, New York, New York 10003.

Q. By whom are you employed and in what capacity?

A. I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") as Section Manager, Planning and Forecasting, in Steam Operations.

Q. Please state briefly your education and professional background.

A. I graduated from Rensselaer Polytechnic Institute with a Bachelor of Science degree in Electrical Engineering in 1981. I also earned a Master of Science degree in Energy Management from New York Institute of Technology in 1988. I am licensed as a Professional Engineer in the State of New York.

From 1981 to 1984 I was employed by the Long Island Lighting Company in the Planning Department. I joined Con Edison in 1984 as an Associate Engineer in Generation Planning and have since been promoted to increasing levels of responsibility. Since 1995, I have been responsible for steam system planning including preparation of Con Edison's Steam System Plans in 1998 and 1999. I assumed my present position in August 1999 with the formation of the Steam Business

Unit.

Q. Have you previously testified before the New York State Public Service Commission ("PSC")?

A. Yes. I have appeared as a witness for Con Edison in Cases 92-E-0814, 93-E-1075, and 94-E-0334. I also appeared as a witness for the Member Electric Systems of the New York Power Pool in Case 93-E-0912.

Q. What is the purpose of your testimony?

A. My testimony will cover several areas. First, I will discuss the Steam System Plan ("Plan") and its benefits to ratepayers. Second, I will address the cost allocation methodology that the Company proposes for the repowered East River plant. Third, I will address other cost allocation issues. Fourth, I will discuss two planned gas conversions and then summarize the operating cost savings expected as a result of planned steam system improvements. Finally, I will present the forecasted capacity payments for purchases of steam from Brooklyn Navy Yard Cogeneration Partners, L.P. ("BNYCP").

Q. Please describe the Steam System Plan.

A. The Plan was filed with the PSC on April 15, 1998. It addressed the major issues facing Con Edison's steam system. Chief among these issues was the potential

that electric restructuring could cause a reallocation from electric to steam customers of an estimated $58 million annually in costs at the Waterside steam-electric plant ("Waterside Plant"). The Plan established a program for mitigating these costs through repowering and sale of property. On July 22, 1999 Con Edison submitted its Phase II Report which addressed in more detail the repowering of the East River steam-electric plant ("East River Plant") and the sale of several properties along First Avenue including the Waterside property.

Q. How will repowering the East River Plant benefit ratepayers?

A. Repowering will benefit ratepayers in several ways. First, adding steam generating capacity at the East River Plant will permit the retirement of the Waterside Plant and avoidance of its high operating costs. Second, proceeds from the subsequent sale of the Waterside property would become available to offset the remaining capital investment in the Waterside Plant which is currently included in electric rate base. Moreover, the lower production cost of the repowered East River Plant will permit it to provide both steam and electricity at lower prices than Waterside

currently does.

Q. Would the sale of the First Avenue properties produce other benefits for ratepayers?

A. Yes. As described in Company witness Schoenblum's testimony, a portion of the net gains from the sale of the First Avenue properties would be used to reduce steam revenue requirements. Mr. Schoenblum also recommends that a portion of the net gains be used to reduce the book cost of the repowered East River Plant. This use of the property sales proceeds recognizes the importance of the repowering project in facilitating the property sales.

Q. How will ratepayers receive the benefit of the reduced Plant cost?

A. The benefit will flow to electric and steam ratepayers in accordance with the allocation of the Plant's capital costs.

Q. Please describe the proposed cost allocation methodology for the repowered East River Plant.

A. The current allocation methodology at the steam-electric stations assigns only incremental costs to steam production; i.e., fuel, processing charges, and interdepartmental rents to recover steam-related capital costs. I propose that the same logic be

applied at the repowered East River Plant.

Q. Please explain how the methodology would be employed.

A. The allocations would be determined through an analysis of Plant operations. Costs that are incurred to support the gas turbines and steam turbine-generator are considered electric costs. Costs that support the sendout of steam are considered steam costs. Thus, steam costs would consist of: the capital cost of the heat recovery steam generator ("HRSG") used for direct steam sendout; the capital cost of the water treatment plant; the cost of water and chemicals related to steam sendout, and the cost of fuel used for supplemental firing of the two HRSGs. An exception would be the cost of fuel for supplemental firing incurred solely for increased electric production.

Q. How would the fuel consumed in the gas turbines be treated?

A. All of the fuel consumed in the gas turbines would be allocated to electric production since the gas turbines would have to be operated to produce electricity even if no steam were produced.

Q. Using the proposed allocation methodology, how would East River Repowering affect steam rates?

A. Although the Company proposes to add the net book cost

of the repowered East River Plant to steam rate base, the allocation of costs to electric customers would result in a net savings to steam customers as compared to the cost of steam from the Waterside Plant. I estimate the savings to steam customers to be $19 million per year. As shown in the exhibit entitled "Allocation of Costs for East River Repowering and Other Operating Costs" [Mark for identification as Exhibit 31 (RS-1)], these savings are comprised of a significant reduction in allocated fuel costs and a small increase in allocated fixed costs. While these cost changes would traditionally be recognized as changes in fuel rider and base rates, respectively, the Company proposes to recognize the net benefit of repowering East River through a reduction in the base cost of fuel as explained by Mr. Schoenblum.

Q. Do the savings for steam customers imply a corresponding increase in cost to electric customers?

A. No. Electric customers will benefit from the retirement of Waterside and the elimination of its costs. In addition, electric customers will receive a large portion of the benefits from the sale of the First Avenue properties.

Q. Are there other potential benefits associated with the

East River repowering project?

A. Con Edison is seeking to reduce the property tax expense for the repowered East River Plant by applying for a partial exemption from or abatement of Real Estate Taxes under the City's Industrial and Commercial Incentive Program (ICIP). Qualification and actual savings have not been determined to date; however, approval of the ICIP would further lower the cost of steam and electricity from the repowered East River Plant.

Q. Please explain the other cost allocation issues you wish to address.

A. I will propose a change in the accounting for oil storage and handling costs to reflect electric divestiture and the commencement of the New York Independent System Operator ("NYISO"). I will also discuss the allocation of fuel costs at the existing steam-electric units (Waterside and East River 6).

Q. Please explain the proposed change in storage and handling accounting.

A. In recent years oil storage and handling costs have been allocated on a system-wide basis between steam and electric production according to historic oil usage using a 70%/30% ratio. After the commencement of the

NYISO, Con Edison will no longer supply oil to the divested generating plants. Therefore, it is appropriate to allocate storage and handling costs between steam and electric production in a manner that recognizes the nature of operations at Con Edison's remaining plants. At the steam-only plants operated by the Company, all costs should be allocated to steam except those costs attributable to fuel supply for the in-City satellite gas turbines (59th Street, 74th Street and Hudson Avenue). At the Ravenswood steam plant, oil storage and handling costs will be charged directly by the plant's operator, KeySpan. At the Waterside and East River steam-electric plants, only incremental storage and handling costs (i.e., those related to the quantity of oil assigned to steam sendout) should be charged to steam in keeping with the prevailing cost allocation methodology. Costs related to oil supply infrastructure such as tanks, piping, etc. should be charged to electric production. Other storage and handling costs that cannot be ascribed to a particular plant should be allocated based on the quantity of oil assigned to steam and electric production, respectively. Company witness Look uses this methodology in his projection of storage and handling

costs.

Q. Please explain the allocation of fuel costs at the steam-electric units.

A. At Waterside Units 6,8, and 9 and East River Unit 6, fuel is allocated to steam production on an incremental basis. The allocation is determined by subtracting the fuel allocated to electric production from the total fuel cost. Historically, the electric fuel credit was evaluated by computing the fuel that would have been consumed to produce the same amount of electricity from other plants on Con Edison's system at an average heat rate.

Q. How should the electric credit now be determined?

A. With the divestiture of Con Edison's in-City electric plants, there is no longer a system from which to compute a heat rate. Therefore, I recommend that fuel be charged to steam production using the heat rates that were established for these units as of October 1, 1999. Mr. Look uses these heat rates in computing the cost of fuel for steam production.

Q. Please describe the planned gas conversions.

A. The Company's capital program provides for conversion of boilers at 59th Street and East River South to full gas burning capability. These conversions are planned

to reduce fuel costs and environmental impacts.

Q. Please describe the operating cost savings that are expected as a result of the gas conversions.

A. At the 59th Street plant, full gas conversion will significantly reduce the plant's reliance on oil with a corresponding reduction in costs associated with oil delivery including dredging the river, dock repairs, and heating the oil. At both 59th Street and East River South, gas conversion will permit substitution of less expensive fuel most of the year. Increased gas usage will also reduce NOx emissions at both plants. Gas conversion savings are estimated to be $2.7 million per year relative to Mr. Look's forecast of fuel costs.

Q. Does the Company plan any other steam system improvements that will reduce operating costs?

A. Yes. Fuel cost savings of approximately $0.9 million per year are expected from the steam variance reduction projects as described by Company witness Sanoulis.

Q. Please summarize the planned reductions in operating costs.

A. As shown in Exhibit 31, a total of $25.7 million per year in operating cost savings is expected by the year 2002 as a result of East River Repowering, gas conversions, steam variance reductions, and expected

reductions in storage and handling costs. Mr. Schoenblum used this estimate in determining the base cost of fuel reduction incorporated in the rate plan.

Q. Turning to the final area of your testimony, what is your estimate of the capacity charge associated with steam purchases from BNYCP?

A. For the 12 months ending September 30, 2001, the capacity charge is estimated to be $2.6 million based on the price set forth in the contract.

Q. Does this conclude your testimony?

A. Yes.

Consolidated Edison Company of New York, Inc.
Allocation of Costs for East River Repowering
and Other Operating Cost Savings

East River Repowering - Allocation of Costs
And Benefits to Steam Customers
($ Millions)

	East River Repowering		Waterside	Benefits to
	Electric Costs	Steam Costs	Steam Costs	Steam Customers
Recovery of Investment	$ -	$ 40 (1)	$ -	$ (40)
Interdepartmental Rents (2)	33	(33)	2	35
Fuel Costs	102	14	40	26
Non-Fuel Operating Costs	22	7	5	(2)
Total	157	28	47	19

Other Operating Cost Savings
By Year 2002
($ Millions)

	Savings
Gas Conversions	2.7
Variance Reductions (3)	0.9
Storage & Handling Reductions (4)	3.1
Total	6.7

Total Reduction in Operating Costs
By Year 2002
($ Millions)

	Savings
East River Repowering Benefits	19.0
Other Operating Cost Savings	6.7
Total	$ 25.7

Notes:
(1) Reflects an assumed net $260M capital cost investment after application of a portion of real estate proceeds.
(2) Reflects allocation of capital costs between electric (gas turbines, steam turbine and associated equipment, fuel supply, and electric interconnection) and steam (equipment for live steam sendout and steam main).
(3) Per Company witness Sanoulis.
(4) Reflects difference between $12M currently in fuel rider and $8.9M projection of Company witness Look.

EXHIBIT _____ - FWR-4

Company Name: Con Edison
Case Description: Request for Steam Rate Increase
Case: 05-S-1376

Response to Westchester Interrogatories – Set COW1
Date of Response: 06/13/2006

Question No. :2Rev3
As part of the workpapers of Irina Northup, Con Edison provided "Steam Fuel Costs [for] September 2005" and "Year to Date" through September 2005 for all of its steam facilities. Please provide the same information and in the same format for the rest of the months in 2005 and for each and every month such information is available in 2006. Westchester requests that this information be updated on a monthly basis as new information becomes available.

Response:

Please see attached.

Steam Fuel Costs

April 2005

Dollars	Waterside	East River 10 & 20	East River 6	74th Street Sta	East River 7	East River Pkg	Hudson Ave 70 - 80 Row	59th Street Sta	74th Street Pkg	Ravenswood Stm	59th Street Pkg	60th Street	TOTAL
Oil			$133,383.36	$3,375,355.39		$267.26	$1,892,529.30	$629,963.59	$669,936.03	$139,487.35	$143.63		$6,841,085.91
Gas	$2,848,170.18	$454,747.00	$1,410,231.49			$202,853.88		$191,776.15		$67,265.60	$1,143,437.91	$872,622.31	$7,191,104.52
OIL STORAGE			$19,037.10	$146,522.20		$9,498.18	$313,513.50	$144,643.07	$32,202.59	$29,298.24	$7,275.86		$701,990.74
Total	$2,848,170.18	$454,747.00	$1,562,651.95	$3,521,877.59	$0.00	$212,639.32	$2,206,042.80	$966,382.81	$702,138.62	$236,051.19	$1,150,857.40	$872,622.31	$14,734,181.17
MMBTU's													
Oil			20,644	531,680			294,913	97,244	105,572	21,859			1,071,912
Gas	331,412	50,428	164,094			23,604		22,315		7,827	133,050	101,538	834,268
													1,906,180
cents/mmbtu													
Oil			738.3	662.4			748.0	796.6	665.1	772.2			703.7
Gas	859.4	901.8	859.4			859.4		859.4		859.4	859.4	859.4	862.0
Station Cost cents/mmbtu	859.40	901.77	845.87	662.41		900.86	748.03	808.29	665.08	795.16	864.98	859.40	772.97
SSO (Mlbs)	298,569	296,964	155,897	352,815		8,714	184,140	85,737	71,818	9,466	85,937	63,338	1,613,395
$/Mlb	$9.54	$1.53	$10.02	$9.98		$24.40	$11.98	$11.27	$9.78	$24.94	$13.39	$13.78	$9.13

April 2005
YEAR TO DATE

Dollars	Waterside	East River 10 & 20	East River 6	74th Street Sta	East River 7	East River Pkg	Hudson Ave 70 - 80 Row	59th Street Sta	74th Street Pkg	Ravenswood Stm	59th Street Pkg	60th Street	TOTAL
Oil	$0.00	$0.00	$1,904,375.27	$19,973,087.90	$2,212,515.35	$4,313.34	$13,284,783.67	$7,734,622.27	$5,392,877.59	$4,006,614.50	$1,106,199.93	$0.00	$55,819,389.82
Gas	$31,430,977.47	$454,747.00	$4,233,805.77	$0.00	$2,171,576.31	$3,292,565.94	$0.00	$2,173,942.22	$0.00	$1,170,408.62	$3,770,668.24	$4,609,148.31	$53,307,837.88
OIL STORAGE	$0.00	$0.00	$78,189.95	$1,183,087.91	$0.00	$38,692.17	$1,029,217.33	$480,496.90	$259,845.22	$235,296.26	$24,111.91	$0.00	$3,329,137.65
													$112,256,365.35
MMBTU's													
Oil	0	0	301,495	3,141,447	351,160	0	2,069,426	1,200,110	851,340	630,047	172,301	0	8,717,326
Gas	3,580,457	50,428	477,556	0	258,681	350,864	0	247,486	0	130,711	432,068	508,804	6,037,055
													14,754,381
cents/mmbtu													
Oil			657.6	673.5	630.1	#DIV/0!	691.7	684.5	664.0	673.3			676.2
Gas	877.8	901.8	886.6		839.5	938.4		878.4		895.4	872.7	905.9	883.0
Station Cost cents/mmbtu	877.85	901.77	797.94	673.45	718.89	950.73	691.69	717.68	663.98	711.44	810.93	905.88	780.83
SSO (Mlbs)	3,225,637	296,964	657,426	2,123,880	361,971	211,692	1,266,301	1,009,811	579,143	388,578	384,959	320,877	10,827,239
$/Mlb	$9.74	$1.53	$9.46	$9.96	$12.11	$15.76	$11.30	$10.29	$9.76	$13.93	$12.73	$14.36	$10.37

Steam Fuel Costs

December 2005

Dollars	Waterside	East River 10 & 20	East River 6	74th Street Ste	East River 7	East River Pkg	Hudson Ave Annex	Hudson Ave 70 - 80 Row	59th Street Ste	74th Street Pkg	Ravenswood Stm	59th Street Pkg	60th Street	TOTAL
Oil			$373,835.72	$7,820,622.84	$279,442.56	$345,840.60		$4,346,664.53	$3,226,957.68	$1,433,713.54	$3,666,547.71	$568.15		$21,514,191.55
Gas		$1,349,968.97	$2,072,146.51		$2,045,352.24	$1,875,296.72			$810,733.86		$963,133.26	$3,011,807.20	$3,922,096.18	$16,050,534.94
OIL STORAGE			$19,231.93	$230,888.10		$9,569.87		$359,098.73	$221,914.35	$50,718.50	$32,184.85	$11,272.70		$934,879.03
Total		$1,349,968.97	$2,465,214.16	$8,051,510.94	$2,324,794.82	$2,230,707.39	$0.00	$4,705,763.26	$4,259,605.89	$1,484,432.04	$4,661,865.82	$3,023,648.05	$3,922,096.18	$38,499,605.52
MMBTU's														
Oil			41,255	788,633	31,074	38,331		432,411	321,700	144,589	372,357			2,170,350
Gas		97,234	150,340		149,125	136,058			58,821		69,878	218,515	284,559	1,164,530
														3,334,880
cents/mmbtu														1,034.4
Oil			952.8	1,020.9	899.3	927.2		1,068.3	1,072.1	1,026.7	998.7			
Gas		1,388.4	1,378.3		1,371.6	1,378.3			1,378.3		1,378.3	1,378.3	1,378.3	1,378.3
Station Cost cents/mmbtu		1,388.37	1,286.66	1,020.95	1,290.13	1,279.16		1,088.26	1,119.41	1,026.66	1,058.68	1,383.72	1,378.31	1,154.45
$SO (Mlbs)		965,904	161,684	549,282	101,226	104,065		266,674	277,052	98,628	251,620	141,434	194,957	3,112,546
$/mlb		$1.40	$15.25	$14.66	$22.97	$21.43		$17.65	$15.37	$15.05	$18.61	$21.38	$20.12	$12.37

December 2005
YEAR TO DATE

Dollars	Waterside	East River 10 & 20	East River 6	74th Street Ste	East River 7	East River Pkg	Hudson Ave Annex	Hudson Ave 70 - 80 Row	59th Street Ste	74th Street Pkg	Ravenswood Stm	59th Street Pkg	60th Street	TOTAL
Oil	$0.00	$0.00	$2,764,325.54	$57,726,804.13	$2,491,957.93	$459,744.88	$0.00	$35,376,323.52	$21,036,976.44	$11,915,325.08	$12,580,624.28	$1,503,094.71	$0.00	$145,855,176.51
Gas	$31,430,977.47	$7,722,282.99	$13,105,356.91	$0.00	$4,216,928.55	$11,174,815.18	$0.00	$0.00	$6,067,015.02	$0.00	$3,572,536.72	$16,419,969.40	$17,756,792.94	$111,466,675.18
OIL STORAGE	$0.00	$0.00	$263,607.42	$2,864,709.69	$0.00	$130,675.51	$0.00	$3,353,314.48	$1,508,333.51	$629,254.03	$1,027,456.91	$75,841.46	$0.00	$9,863,193.01
														$267,205,044.70
MMBTU's														
Oil	0	0	401,458	7,417,894	382,234	50,285	0	4,588,315	2,737,046	1,590,524	1,593,336	213,924	0	18,975,016
Gas	3,580,457	734,348	1,236,986	0	407,806	991,622	0	0	619,608	0	340,576	1,583,611	1,633,663	11,128,697
														30,103,712
cents/mmbtu														
Oil		#DIV/0!	754.2	816.8	651.9	1,174.1	#DIV/0!	844.3	823.7	788.7	854.1			820.5
Gas	877.8	1,051.6	1,059.5		1,034.1	1,126.9	#DIV/0!		982.4		1,049.0	1,036.9	1,086.9	1,001.8
Station Cost cents/mmbtu	877.85	1,051.58	984.67	816.83	849.16	1,129.20	#DIV/0!	844.31	853.00	788.71	888.39	1,001.31	1,086.92	887.81
$SO (Mlbs)	3,225,637	6,286,642	1,382,653	5,060,056	463,197	609,534	0	2,844,593	2,394,647	1,071,394	994,236	1,178,883	1,093,024	26,604,496
$/mlb	$9.74	$1.23	$11.67	$11.97	$14.48	$19.30	#DIV/0!	$13.62	$11.96	$11.71	$17.28	$15.27	$16.25	$10.04

Steam Fuel Costs

April 2006

Dollars	East River 10 & 20	East River 6	74th Street Sta	East River 7	East River Pkg	Hudson Ave 70 - 80 Row	59th Street Sta	74th Street Pkg	Ravenswood Stm	59th Street Pkg	60th Street	TOTAL
Oil		$81,336.52	$2,586,673.80		$14,394.21	$1,894,349.17	$1,598,924.75	$1,296,957.84	$202,892.79	$69,416.80		$7,744,945.88
Gas	$68,975.22	$382,809.70		$1,584,222.52	$154,028.20		$479,109.65		$57,995.80	$401,457.89	$1,318,456.75	$4,447,055.73
OIL STORAGE		$17,010.71	$178,790.14		$1,340.38	$234,383.57	$105,180.73	$38,399.70	-$19,107.40	$8,066.40		$564,064.23
Total	$68,975.22	$481,156.93	$2,765,463.94	$1,584,222.52	$169,762.78	$2,128,732.74	$2,183,215.13	$1,335,357.54	$241,781.19	$478,941.09	$1,318,456.75	$12,756,065.84
MMBTU's												
Oil		9,031	286,905		1,612	209,361	178,302	144,518	22,476	7,725		859,930
Gas	7,565	42,924		177,637	17,271		53,722		6,503	45,015	147,837	498,474
												1,358,404
cents/mmbtu												
Oil		1,089.0	963.9			1,016.8	955.7	924.0	817.7			966.2
Gas	911.8	891.8			891.8		891.8		891.8	891.8	891.8	892.1
Station Cost cents/mmbtu	911.77	926.10	963.90		899.02	1,016.78	940.94	924.01	834.33	908.12	891.83	939.05
SSO (Mlbs)	499,687	43,844	209,108	99,521	9,043	131,466	174,539	91,918	7,205	33,015	95,408	1,394,754
$/Mlb	$0.14	$10.97	$13.23		$18.77	$16.19	$12.51	$14.53	$33.56	$14.51	$13.82	$9.15

April 2006
YEAR TO DATE

Dollars	East River 10 & 20	East River 6	74th Street Sta	East River 7	East River Pkg	Hudson Ave 70 - 80 Row	59th Street Sta	74th Street Pkg	Ravenswood Stm	59th Street Pkg	60th Street	TOTAL
Oil	$0.00	$1,005,547.51	$21,113,418.04	$1,066,882.54	$261,106.86	$11,964,744.15	$10,813,739.59	$5,976,562.07	$6,987,579.05	$597,281.05	$0.00	$59,786,960.86
Gas	$1,400,429.77	$3,036,062.76	$0.00	$7,708,534.70	$2,659,921.23	$0.00	$2,971,488.39	$0.00	$1,796,011.85	$5,078,135.43	$8,589,397.75	$31,239,981.88
OIL STORAGE	$0.00	$58,436.85	$815,586.43	$0.00	$4,514.07	$694,024.82	$536,117.48	$132,234.83	$99,489.53	$41,310.98	$0.00	$2,181,714.99
												$93,208,657.73
MMBTU's												
Oil	0	111,155	2,292,498	118,958	28,853	1,285,102	1,175,744	653,020	752,275	65,812	0	6,483,417
Gas	128,921	282,957	0	759,258	239,490	0	286,140	0	154,333	454,906	619,581	2,925,586
												9,409,003
cents/mmbtu												
Oil		957.2	947.8	896.9	920.6	985.0	965.3	935.5	942.1			955.8
Gas	1,086.3	1,073.0		1,015.3	1,110.7		1,038.5		1,163.7	1,116.3	1,063.5	1,067.8
Station Cost cents/mmbtu	1,086.27	1,040.33	947.83	999.24	1,090.22	985.04	979.65	935.47	979.81	1,097.85	1,063.52	990.63
SSO (Mlbs)	3,054,917	332,584	1,597,174	516,272	157,445	784,172	1,061,139	421,760	479,940	338,755	397,777	9,141,935
$/Mlb	$0.46	$12.33	$13.60	$17.00	$18.58	$16.14	$13.50	$14.48	$18.51	$16.88	$16.57	$10.20

Company Name: Con Edison
Case Description: Request for Steam Rate Increase
Case: 05-S-1376

Response to Westchester Interrogatories – Set COW1
Date of Response: 05/22/2006

Question No. :5R
Identify on a month by month basis the total costs for ERRP since it began commercial operations. Identify and provide on a month by month basis the total costs for the operation of ERRP that are charged to the electric system. Identify each component and the cost for each component (e.g. gas, kerosene, water, labor, etc.) that is charged to the electric system.

Response:

Please see attached.

ATTACHMENT COW 5
UPDATED MAY 2006

East River Repowering (ERRP)
($ in Thousands)

	2005										2006				
	April	May	June	July	August	September	October	November	December	Total	January	February	March	Arpil	Total
Total Station Costs:															
Total Fuel Costs	$ 5,685	$ 10,036	$ 10,857	$ 17,617	$ 18,397	$ 23,760	$ 17,438	$ 31,581	$ 35,606	$ 170,977	$ 29,587	$ 22,712	$ 22,485	$11,850	$86,634
Total Operating Expenses**	1,050	1,329	1,673	1,850	2,154	2,164	2,120	1,821	1,527	15,688	1,924	1,772	2,396	1,681	7,773
Total	$ 6,735	$ 11,365	$ 12,530	$ 19,467	$ 20,551	$ 25,924	$ 19,558	$ 33,402	$ 37,133	$ 186,665	$ 31,511	$ 24,484	$ 24,881	$13,531	$94,407
Total Electric Costs:															
Total Fuel Costs	$ 5,230	$ 9,440	$ 10,255	$ 16,021	$ 17,652	$ 22,710	$ 17,244	$ 30,447	$ 34,256	$ 163,255	$ 29,109	$ 22,296	$ 22,046	$11,781	$85,232
Total Operating Expenses**	894	1,060	992	1,269	1,206	1,298	1,378	1,343	369	9,809	1,142	1,149	1,129	1,228	4,648
Total Electric Costs	$ 6,124	10,500	$ 11,247	$ 17,290	$ 18,858	$ 24,008	$ 18,622	$ 31,790	$ 34,625	$ 173,064	$ 30,251	$ 23,445	$ 23,175	$13,009	$89,880
Electric Elements of Expense**															
Fuel Costs - Gas	$ 4,744	$ 8,948	$ 9,762	$ 15,537	$ 17,155	$ 22,214	$ 16,739	$ 29,949	$ 33,758	$ 158,806	$ 28,606	$ 21,793	$ 21,544	$11,275	$83,218
Fuel Costs - Fixed Facilities	486	492	493	484	497	496	505	498	498	4,449	503	503	502	506	2,014
Total Fuel Costs	5,230	9,440	10,255	16,021	17,652	22,710	17,244	30,447	34,256	163,255	29,109	22,296	22,046	11,781	85,232
Labor	163	220	172	337	287	324	400	334	331	2,568	316	361	351	442	1,470
Materials & Supplies	-	2	2	35	11	56	52	33	10	201	27	5	-	5	37
Consultants	-	-	18	-	4	9	5	1	4	41	10	2	4	2	18
Contract Labor	-	-	-	-	26	34	40	26	14	140	37	17	48	22	124
Security	-	34	34	34	24	26	24	24	28	228	28	28	28	28	112
Communications	2	3	2	3	3	2	3	3	3	24	3	3	3	2	11
Building Service	10	13	13	14	14	15	12	13	10	114	21	9	11	13	54
Other - Fossil															
Long Term Service Contract - GE	717	717	717	717	717	717	717	717	(111)	5,625 *	625	625	625	625	2,500
Gases	-	-	-	-	-	-	-	1	1	2	1	-	1	5	7
Waste Disposal	-	-	-	44	-	-	-	-	-	44	-	9	7	7	23
Building Materials	-	-	-	1	-	-	3	-	-	4	-	-	-	-	-
Hired Vehicles & Equip	-	-	-	-	6	-	-	-	2	8	2	5	-	1	8
Office Temporaries	-	-	-	6	1	2	2	-	-	11	5	3	5	4	17
Petty Cash	2	1	1	1	1	-	1	1	-	8	1	1	-	1	3
Rubbish Removal	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-
Other Accounts Payable	-	70	33	77	112	113	118	190	77	790	66	81	46	71	264
Total Electric Elements of Expense	$ 6,124	$ 10,500	$ 11,247	$ 17,290	$ 18,858	$ 24,008	$ 18,622	$ 31,790	$ 34,625	$ 173,064	$ 30,251	$ 23,445	$ 23,175	$13,009	$89,880

*December '05 includes retroactive adjustment due to revised contract negotiated with GE.
**Excludes charge for the carrying charges associated with ERRP.

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH APRIL 2005
EFFECTIVE MAY 12, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$36,418,168.21	$681,761.08	$37,099,929.29
Market Cost of Energy	$	$147,836,090.50	$19,717,905.82	$167,553,996.32
Ancillary Service Charges	$	$5,412,160.49	$842,521.89	$6,254,682.38
NTAC	$	$894,711.23	$139,281.50	$1,033,992.73
Prior period adjustment	$	($27,163.96)	$1,352.02	($25,811.94)
Total Actual Market Supply Charge	$	$190,533,966.47	$21,382,822.31	$211,916,788.78
Estimated Market Supply Charge	$	$186,608,860.15	$21,445,167.13	$208,054,027.28
Market Supply Charge Adjuster Amount	$	$3,925,106.32	($62,344.82)	$3,862,761.50
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($3,031,570.78)	$504,938.43	($2,526,632.35)
Market Supply Charge Reconciliation	**$**	**$893,535.54**	**$442,593.61**	**$1,336,129.15**
Estimated Sales to Full Service Customers May 2005 Trip 8 - June 2005 Trip 7	kWh	2,009,264,400	332,535,600	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**0.0445**	**0.1331**	
GIT Surcharge	cts/kWh	0.0004	0.0004	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**0.0449**	**0.1335**	

(1) Reconciliation of Adjustment Factors - MSC Mar '05 Trip 8 - Apr '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH MAY 2005
EFFECTIVE JUNE 13, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$61,330,142.35	$3,015,971.07	$64,346,113.42
Market Cost of Energy	$	$123,068,762.55	$18,119,506.38	$141,188,268.93
Ancillary Service Charges	$	$6,807,438.66	$1,078,408.08	$7,885,846.74
NTAC	$	$743,536.75	$117,788.21	$861,324.96
Prior period adjustment	$	($102,907.18)	$131.47	($102,775.71)
Total Actual Market Supply Charge	$	$191,846,973.13	$22,331,805.21	$214,178,778.34
Estimated Market Supply Charge	$	$195,664,732.46	$21,360,660.60	$217,025,393.06
Market Supply Charge Adjuster Amount	$	($3,817,759.33)	$971,144.61	($2,846,614.72)
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($910,061.91)	$197,172.24	($712,889.67)
Market Supply Charge Reconciliation	**$**	**($4,727,821.24)**	**$1,166,316.85**	**($3,559,504.39)**
Estimated Sales to Full Service Customers June 2005 Trip 8 - July 2005 Trip 7	kWh	2,364,311,600	388,088,400	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**(0.2000)**	**0.3010**	
GIT Surcharge	cts/kWh	0.0024	0.0024	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**(0.1976)**	**0.3034**	

(1) Reconciliation of Adjustment Factors - MSC Apr '05 Trip 8 - May '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH JUNE 2005
EFFECTIVE JULY 13, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$60,496,122.39	$2,932,703.20	$63,428,825.59
Market Cost of Energy	$	$239,089,790.23	$34,945,397.89	$274,035,188.12
Ancillary Service Charges	$	$8,313,241.35	$1,355,934.38	$9,669,175.73
NTAC	$	$1,522,878.81	$248,389.73	$1,771,268.54
Prior period adjustment	$	($803,357.94)	($9,909.22)	($813,267.16)
Total Actual Market Supply Charge	$	$308,618,674.84	$39,472,515.98	$348,091,190.82
Estimated Market Supply Charge	$	$271,942,496.76	$29,511,344.05	$301,453,840.81
Market Supply Charge Adjuster Amount	$	$36,676,178.08	$9,961,171.93	$46,637,350.01
plus prior period reconciliation Adjustment Factor - MSC (1)	$	$233,153.84	$123,238.44	$356,392.28
Market Supply Charge Reconciliation	**$**	**$36,909,331.92**	**$10,084,410.37**	**$46,993,742.29**
Estimated Sales to Full Service Customers July 2005 Trip 8 - August 2005 Trip 7	kWh	2,636,132,000	439,868,000	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**1.4001**	**2.2926**	
GIT Surcharge	cts/kWh	0.0000	0.0000	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**1.4001**	**2.2926**	

(1) Reconciliation of Adjustment Factors - MSC May '05 Trip 8 - Jun '05 Trip 7

Consolidated Edison Company of New York, Inc.
Aug
ADJUSTMENT FACTOR - MSC - COST MONTH JULY 2005
EFFECTIVE AUGUST 11, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$58,900,926.90	$1,761,591.00	$60,662,517.90
Market Cost of Energy	$	$296,306,735.84	$42,778,296.26	$339,085,032.10
Ancillary Service Charges	$	$11,978,623.20	$1,964,297.12	$13,942,920.32
NTAC	$	$1,343,554.21	$220,320.79	$1,563,875.00
Prior period adjustment/ Certain other transmission-related charges and credits	$	($40,220.86)	$87,538.16	$47,317.30
Total Actual Market Supply Charge	$	$368,489,619.29	$46,812,043.33	$415,301,662.62
Estimated Market Supply Charge	$	$366,389,325.35	$40,099,033.57	$406,488,358.92
Market Supply Charge Adjuster Amount	$	$2,100,293.94	$6,713,009.76	$8,813,303.70
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($330,678.11)	$64,139.61	($266,538.50)
Market Supply Charge Reconciliation	**$**	**$1,769,615.83**	**$6,777,149.37**	**$8,546,765.20**
Estimated Sales to Full Service Customers August 2005 Trip 8 - September 2005 Trip 7	kWh	2,616,078,200	436,521,800	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**0.0676**	**1.5525**	
GIT Surcharge	cts/kWh	0.0001	0.0001	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**0.0677**	**1.5526**	

(1) Reconciliation of Adjustment Factors - MSC Jun '05 Trip 8 - Jul '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH AUGUST 2005
EFFECTIVE SEPTEMBER 12, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$56,609,800.79	$1,381,822.45	$57,991,623.24
Market Cost of Energy	$	$392,722,421.70	$54,356,095.76	$447,078,517.46
Ancillary Service Charges	$	$13,729,473.15	$2,245,820.21	$15,975,293.36
NTAC	$	$752,344.01	$123,065.86	$875,409.87
Prior period adjustment/ Certain other transmission-related charges and credits	$	($1,758,386.10)	$22,193.77	($1,736,192.33)
Total Actual Market Supply Charge	$	$462,055,653.55	$58,128,998.05	$520,184,651.60
Estimated Market Supply Charge	$	$355,810,005.94	$39,223,855.57	$395,033,861.51
Market Supply Charge Adjuster Amount	$	$106,245,647.61	$18,905,142.48	$125,150,790.09
plus prior period reconciliation Adjustment Factor - MSC (1)	$	$1,913,672.18	$463,892.39	$2,377,564.57
Market Supply Charge Reconciliation	**$**	**$108,159,319.79**	**$19,369,034.87**	**$127,528,354.66**
Estimated Sales to Full Service Customers September 2005 Trip 8 - October 2005 Trip 7	kWh	2,361,562,800	387,637,200	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**4.5800**	**4.9967**	
GIT Surcharge	cts/kWh	(0.0001)	(0.0001)	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**4.5799**	**4.9966**	

(1) Reconciliation of Adjustment Factors - MSC Jul '05 Trip 8 - Aug '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH SEPTEMBER 2005
EFFECTIVE OCTOBER 12, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$57,033,524.96	$1,769,765.17	$58,803,290.13
Market Cost of Energy	$	$358,504,846.92	$45,243,236.59	$403,748,083.51
Ancillary Service Charges	$	$14,683,702.20	$2,317,794.84	$17,001,497.04
NTAC	$	$247,766.84	$39,109.53	$286,876.37
Prior period adjustment/ Certain other transmission-related charges and credits	$	$1,058,068.36	$262,539.19	$1,320,607.55
Total Actual Market Supply Charge	$	$431,527,909.28	$49,632,445.32	$481,160,354.60
Estimated Market Supply Charge	$	$274,017,562.00	$28,449,293.68	$302,466,855.68
Market Supply Charge Adjuster Amount	$	$157,510,347.28	$21,183,151.64	$178,693,498.92
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($1,239,421.38)	($141,296.40)	($1,380,717.78)
Market Supply Charge Reconciliation	**$**	**$156,270,925.90**	**$21,041,855.24**	**$177,312,781.14**
Estimated Sales to Full Service Customers October 2005 Trip 8 - November 2005 Trip 7	kWh	1,994,220,400	316,579,600	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**7.8362**	**6.6466**	
GIT Surcharge	cts/kWh	0.0000	0.0000	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**7.8362**	**6.6466**	

(1) Reconciliation of Adjustment Factors - MSC Aug '05 Trip 8 - Sep '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH OCTOBER 2005
EFFECTIVE NOVEMBER 9, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$56,351,116.71	$1,599,572.86	$57,950,689.57
Market Cost of Energy	$	$262,707,820.22	$39,395,644.84	$302,103,465.06
Ancillary Service Charges	$	$9,660,157.55	$1,603,853.91	$11,264,011.46
NTAC	$	$59,999.05	$9,961.50	$69,960.55
Prior period adjustment/ Certain other transmission-related charges and credits	$	$1,439,289.25	$430,064.62	$1,869,353.87
Total Actual Market Supply Charge	$	$330,218,382.78	$43,039,097.73	$373,257,480.51
Estimated Market Supply Charge	$	$227,198,908.82	$24,616,823.18	$251,815,732.00
Market Supply Charge Adjuster Amount	$	$103,019,473.96	$18,422,274.55	$121,441,748.51
plus prior period reconciliation Adjustment Factor - MSC (1)	$	$1,669,904.62	$995,487.41	$2,665,392.03
Market Supply Charge Reconciliation	**$**	**$104,689,378.58**	**$19,417,761.96**	**$124,107,140.54**
Estimated Sales to Full Service Customers November 2005 Trip 8 - December 2005 Trip 7	kWh	1,976,038,800	305,761,200	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**5.2979**	**6.3506**	
GIT Surcharge	cts/kWh	(0.0001)	(0.0001)	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**5.2978**	**6.3505**	

(1) Reconciliation of Adjustment Factors - MSC Sep '05 Trip 8 - Oct '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH NOVEMBER 2005
EFFECTIVE DECEMBER 13, 2005

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$31,998,005.57	$1,149,256.90	$33,147,262.47
Market Cost of Energy	$	$170,513,914.77	$25,301,504.16	$195,815,418.93
Ancillary Service Charges	$	$8,261,024.20	$1,363,687.75	$9,624,711.95
NTAC	$	$752,174.58	$124,165.14	$876,339.72
Prior period adjustment/ Certain other transmission-related charges and credits	$	$244,812.29	$50,353.26	$295,165.55
Total Actual Market Supply Charge	$	$211,769,931.41	$27,988,967.21	$239,758,898.62
Estimated Market Supply Charge	$	$254,940,475.32	$33,106,596.64	$288,047,071.96
Market Supply Charge Adjuster Amount	$	($43,170,543.91)	($5,117,629.43)	($48,288,173.34)
plus prior period reconciliation Adjustment Factor - MSC (1)	$	$11,445,110.33	$1,212,887.72	$12,657,998.05
Market Supply Charge Reconciliation	**$**	**($31,725,433.58)**	**($3,904,741.71)**	**($35,630,175.29)**
Estimated Sales to Full Service Customers December 2005 Trip 8 - January 2006 Trip 7	kWh	1,960,701,600	324,498,400	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**(1.6181)**	**(1.2033)**	
GIT Surcharge	cts/kWh	0.0000	0.0000	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**(1.6181)**	**(1.2033)**	

(1) Reconciliation of Adjustment Factors - MSC Oct '05 Trip 8 - Nov '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH DECEMBER 2005
EFFECTIVE JANUARY 12, 2006

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$31,332,117.79	$909,129.73	$32,241,247.52
Market Cost of Energy	$	$239,383,944.17	$37,626,719.49	$277,010,663.66
Ancillary Service Charges	$	$8,573,883.57	$1,469,644.08	$10,043,527.65
NTAC	$	$1,383,815.08	$237,198.89	$1,621,013.97
Prior period adjustment/ Certain other transmission-related charges and credits	$	$980,746.38	$168,109.13	$1,148,855.51
Total Actual Market Supply Charge	$	$281,654,506.99	$40,410,801.32	$322,065,308.31
Estimated Market Supply Charge	$	$296,873,366.42	$40,589,609.07	$337,462,975.49
Market Supply Charge Adjuster Amount	$	($15,218,859.43)	($178,807.75)	($15,397,667.18)
plus prior period reconciliation Adjustment Factor - MSC (1)	$	$7,514,024.05	$495,251.39	$8,009,275.44
Market Supply Charge Reconciliation	**$**	**($7,704,835.38)**	**$316,443.64**	**($7,388,391.74)**
Estimated Sales to Full Service Customers January 2006 Trip 8 - February 2006 Trip 7	kWh	1,896,048,000	321,552,000	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**(0.4064)**	**0.0984**	
GIT Surcharge	cts/kWh	0.0000	0.0000	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**(0.4064)**	**0.0984**	

(1) Reconciliation of Adjustment Factors - MSC Nov '05 Trip 8 - Dec '05 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH JANUARY 2006
EFFECTIVE FEBRUARY 13, 2006

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$32,258,195.99	$2,032,087.98	$34,290,283.97
Market Cost of Energy	$	$160,046,158.71	$25,887,753.80	$185,933,912.51
Ancillary Service Charges	$	$7,525,844.89	$1,280,759.19	$8,806,604.08
NTAC	$	$959,902.89	$163,357.67	$1,123,260.56
Prior period adjustment/ Certain other transmission-related charges and credits	$	$375,980.51	$71,659.89	$447,640.40
Total Actual Market Supply Charge	$	$201,166,082.99	$29,435,618.53	$230,601,701.52
Estimated Market Supply Charge	$	$363,416,451.97	$46,455,978.64	$409,872,430.61
Market Supply Charge Adjuster Amount	$	($162,250,368.98)	($17,020,360.11)	($179,270,729.09)
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($7,561,627.60)	($1,239,483.20)	($8,801,110.80)
Market Supply Charge Reconciliation	**$**	**($169,811,996.58)**	**($18,259,843.31)**	**($188,071,839.89)**
Estimated Sales to Full Service Customers February 2006 Trip 8 - March 2006 Trip 7	kWh	1,818,927,400	318,472,600	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**(9.3358)**	**(5.7336)**	
GIT Surcharge	cts/kWh	0.0000	0.0000	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**(9.3358)**	**(5.7336)**	

(1) Reconciliation of Adjustment Factors - MSC Dec '05 Trip 8 - Jan '06 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH FEBRUARY 2006
EFFECTIVE MARCH 15, 2006

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$29,322,484.09	$1,759,895.42	$31,082,379.51
Market Cost of Energy	$	$129,391,536.22	$21,026,576.49	$150,418,112.71
Ancillary Service Charges	$	$7,024,984.37	$1,205,656.18	$8,230,640.55
NTAC	$	$1,651,893.00	$283,504.54	$1,935,397.54
Prior period adjustment/ Certain other transmission-related charges and credits	$	($85,114.07)	($9,305.37)	($94,419.44)
Total Actual Market Supply Charge	$	$167,305,783.61	$24,266,327.26	$191,572,110.87
Estimated Market Supply Charge	$	$235,102,947.13	$32,890,768.50	$267,993,715.63
Market Supply Charge Adjuster Amount	$	($67,797,163.52)	($8,624,441.24)	($76,421,604.76)
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($121,604.88)	$75,209.86	($46,395.02)
Market Supply Charge Reconciliation	**$**	**($67,918,768.40)**	**($8,549,231.38)**	**($76,467,999.78)**
Estimated Sales to Full Service Customers March 2006 Trip 8 - April 2006 Trip 7	kWh	1,723,372,000	294,628,000	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**(3.9410)**	**(2.9017)**	
GIT Surcharge	cts/kWh	0.0000	0.0000	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**(3.9410)**	**(2.9017)**	

(1) Reconciliation of Adjustment Factors - MSC Jan '06 Trip 8 - Feb '06 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH MARCH 2006
EFFECTIVE APRIL 13, 2006

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$28,022,406.83	$814,483.08	$28,836,889.91
Market Cost of Energy	$	$135,922,688.27	$20,597,072.36	$156,519,760.63
Ancillary Service Charges	$	$6,450,418.91	$1,090,772.94	$7,541,191.85
NTAC	$	$837,217.81	$141,574.45	$978,792.26
Prior period adjustment/ Certain other transmission-related charges and credits	$	$184,926.11	$31,271.21	$216,197.32
Total Actual Market Supply Charge	$	$171,417,657.93	$22,675,174.04	$194,092,831.97
Estimated Market Supply Charge	$	$244,751,224.24	$32,300,215.05	$277,051,439.29
Market Supply Charge Adjuster Amount	$	($73,333,566.31)	($9,625,041.01)	($82,958,607.32)
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($6,114,425.79)	($1,120,189.28)	($7,234,615.07)
Market Supply Charge Reconciliation	**$**	**($79,447,992.10)**	**($10,745,230.29)**	**($90,193,222.39)**
Estimated Sales to Full Service Customers April 2006 Trip 8 - May 2006 Trip 7	kWh	1,590,934,800	265,465,200	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**(4.9938)**	**(4.0477)**	
GIT Surcharge	cts/kWh	0.0000	0.0000	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**(4.9938)**	**(4.0477)**	

(1) Reconciliation of Adjustment Factors - MSC Feb '06 Trip 8 - Mar '06 Trip 7

Consolidated Edison Company of New York, Inc.

ADJUSTMENT FACTOR - MSC - COST MONTH APRIL 2006
EFFECTIVE MAY 11, 2006

	Units	New York City Zone	Westchester Zone	Total
Market Cost of Capacity	$	$27,188,529.35	$643,235.79	$27,831,765.14
Market Cost of Energy	$	$117,919,551.14	$17,568,167.81	$135,487,718.95
Ancillary Service Charges	$	$7,494,379.70	$1,193,609.76	$8,687,989.46
NTAC	$	$944,676.59	$150,456.11	$1,095,132.70
Prior period adjustment/ Certain other transmission-related charges and credits	$	($25,617.35)	$79,981.03	$54,363.68
Total Actual Market Supply Charge	$	$153,521,519.43	$19,635,450.50	$173,156,969.93
Estimated Market Supply Charge	$	$205,614,665.97	$25,496,035.69	$231,110,701.66
Market Supply Charge Adjuster Amount	$	($52,093,146.54)	($5,860,585.19)	($57,953,731.73)
plus prior period reconciliation Adjustment Factor - MSC (1)	$	($1,151,832.92)	($350,257.71)	($1,502,090.63)
Market Supply Charge Reconciliation	**$**	**($53,244,979.46)**	**($6,210,842.90)**	**($59,455,822.36)**
Estimated Sales to Full Service Customers - who are not served under Rider M May 2006 Trip 8 - June 2006 Trip 7	kWh	1,677,491,800	279,908,200	
Adjustment Factors - MSC (Residential)	**cts/kWh**	**(3.1741)**	**(2.2189)**	
GIT Surcharge	cts/kWh	(0.0001)	(0.0001)	
Adjustment Factors - MSC (Non-Residential)	**cts/kWh**	**(3.1742)**	**(2.2190)**	

(1) Reconciliation of Adjustment Factors - MSC Mar '06 Trip 8 - Apr '06 Trip 7

CONFIDENTIAL CON EDISON

EXHIBIT _____ - FWR-5

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a conEdison, inc. company

Memorandum
April 12, 2005

To: Ronald Bozgo
Vice President
Steam Operations

Edward J. Rasmussen
Vice President and Controller

From: Warren Jordan
Section Manager
SBU - EH&S

Subject: Steam Charges for Combination Steam-Electric Stations

Consistent with the order of the Public Service Commission in Steam Rate Case No. 27276, the attached table of Recommended Charges for Sendout from Steam Electric Stations, sets forth the fuel and processing charges to be applied to steam sendout from the steam-electric stations for the period April 1, 2005 through March 31, 2006.

As specified in the reference PSC Order, the computation of steam heat rates treats steam sendout as incremental to the generation of electricity at the steam-electric stations. This process allocates heat input at these stations to electric generation based on the average electric system heat rate and assigns the remaining heat input to the steam sendout. Now that the Company no longer tracks the electric system heat rate, the attached table continues the use of steam heat rates that were in effect since April 1999, for Waterside and East River Generating Stations. This is consistent with the PSC order in Rate Case 99-S-1621.

With regard to processing charges, only incremental labor, water treatment chemicals and water costs are charged to steam sendout. At the Waterside Station, an amount equal to 50% of the annual boiler labor charge is also assigned to steam sendout, reflecting the fact that this station would not always require manning for electric sendout except during the peak load and contingency periods. The processing charges do not include charges for station supplies and expenses for boiler maintenance since these costs would otherwise be incurred by the electric system. All processing charge calculations have been performed consistent with those performed in previous years.

Corporate Accounting has reviewed the results and has concurred. Consistent with the procedure used in prior years, you are requested to indicate your concurrence with these charges that will be applied for the period April 1, 2005 through March 31, 2006.

Also attached is a table for the Steam-Only Station Heat Rates and Processing Charges and Steam-Electric Station Heat Rates and Processing Charges, which are used for the purpose of commitment and dispatch. The calculations for this table have also been performed consistent with those performed in previous years.

Attachment

cc: Marc Huestis
Mordchai Preiserowicz
Charles Conroy
Warren Jordan
Charles Dombroski
James Keating
Rick Shansky
John Varvi
Kevin Fitzmartin
Susan Rapp-DeMilta
Constantine Sanoulis
John Catuogno
Michael O'Donnell
Tom Thatcher
Edilyn Misquita

Approved:

Ronald Bozgo
Vice President

Edward JJ Rasmussen
Vice President and Controller

RECOMMENDED CHARGES FOR SENDOUT FROM STEAM ELECTRIC STATIONS

EFFECTIVE BEGINNING APRIL 1, 2005, TO MARCH 31, 2006

	WATERSIDE	EAST RIVER 6
STEAM HEAT RATES - (BTU/LB)		
TOPPER EXHAUST	1110	1185
LIVE	-	1525
PROCESSING CHARGES - (C/MLB)		(1)
STATION SUPPLIES AND EXPENSE	-	-
BOILER MAINTENANCE	-	-
FEEDWATER TREATMENT CHEMICALS	10.87	13.19
STEAM LABOR	19.29	6.86
WATER COST FOR SENDOUT	25.64	25.64
FOR WATER TREATMENT	2.88	2.17
FOR BOILER BLOWDOWN	0.45	0.40
TOTAL	59.13	48.26
ROUNDED TO	59.10	48.30

(1) The same Processing Charges also apply to East River 7 when it operates as a Steam-Only unit.

STEAM ONLY STATION HEAT RATES & PROCESSING CHARGES

EFFECTIVE BEGINNING APRIL 1, 2005 TO MARCH 31, 2006

STATION	Hudson Avenue 70-80 Row	Ravenswood Steam Plant	East River South Steam	59th Street Package	59th Street Annex	74th Street High Pressure	74th Street Package	60th Street Package	
Steam-Only Sendout (MLB) 2004 Annual	2,746,535	1,091,293	408,593	930,051	2,692,843	4,650,363	1,000,590	819,572	
Heat Rate (BTU/LB) 2004 Annual	1,620	1,856	1,631	1,522	1,387	1,451	1,475	1,560	
ROUNDED HEAT RATE (BTU/LB)	1,620	1,855	1,630	1,520	1,385	1,450	1,475	1,560	<-- For C&D use
Note (Labor cost not included for Commitment & Dispatch)									
Ratio (Live/Total sendout)	1.00	1.00	1.00	0.26	0.74	0.82	0.18	1.00	
Total Water Cost (From Water Report)	$753,458 [LP]	$340,700 [Rav "A"]	$149,898 [SSS Only]	$1,092,881 [Annex + Pkg]	$1,092,881 [Annex + Pkg]	$1,723,036 [HP + Pkg]	$1,723,036 [HP + Pkg]	$248,106 [60 Only]	
Water Cost (Actual)	$753,458	$340,700	$149,898	$280,559	$812,322	$1,417,945	$305,091	$248,106	
New Rate	25.64	25.64	25.64	25.64	25.64	25.64	25.64	25.64	
Old rate	24.36	24.36	24.36	24.36	24.36	24.36	24.36	24.36	
Chemical Cost									
Phosphate	$0	$13,585	$0	$0	$0	$0	$0	$0	
Caustic	$0	$40,219	$0	$0	$0	$0	$0	$0	
Acid	$0	$0	$0	$0	$0	$0	$0	$0	
Salt	$12,831	$0	$32,551	$7,610	$22,034	$122,325	$26,320	$18,936	
Other	$351,117	$43,810	$12,289	$44,852	$129,864	$36,642	$7,884	$14,245	
TOTAL CHEMICAL COST	$363,948	$97,614	$44,840	$52,462	$151,898	$158,967	$34,204	$33,181	
Unit Costs ($/MLB)									
Water	$0.288	$0.329	$0.386	$0.318	$0.318	$0.321	$0.321	$0.319	
Chemicals	$0.133	$0.089	$0.110	$0.056	$0.056	$0.034	$0.034	$0.040	
TOTAL UNIT COSTS	$0.421	$0.418	$0.496	$0.374	$0.374	$0.355	$0.355	$0.359	
ROUNDED TO ($/MLB)	0.421	0.418	0.496	0.374	0.374	0.355	0.355	0.359	<-- For C&D use
(Use for Dispatch)									
Water Ratio	1.12	1.28	1.51	1.24	1.24	1.23	1.23	1.24	

STEAM ELECTRIC STATION HEAT RATES & PROCESSING CHARGES

EFFECTIVE BEGINNING APRIL 1, 2005 TO MARCH 31, 2006

STATION	WATERSIDE	EAST RIVER 6	EAST RIVER 7*	
STEAM HEAT RATES - (BTU/LB)				
TOPPER EXHAUST	1110	1185	-	<-- For C&D use
LIVE HEAT RATE (BTU/LB)	-	1525	1587	<-- For C&D use
PROCESSING CHARGES - (C/MLB)				
FEEDWATER TREATMENT CHEMICALS	10.87	13.19	13.19	
Note (Labor cost not included for Commitment & Dispatch)				
WATER COST FOR SENDOUT	25.64	25.64	25.64	
FOR WATER TREATMENT	2.88	2.17	2.17	
FOR BOILER BLOWDOWN	0.45	0.40	0.40	
TOTAL C/MLB	39.84	41.40	41.40	
DISPATCH W/O LABOR ($/MLB)	0.398	0.414	0.414	<-- For C&D use

*East River 7 operates either as a Steam-Only or Electric-Only unit. The data under East River 7 on this sheet is for Steam-Only operation.

EXHIBIT _____ - FWR-6

Company Name: Con Edison
Case Description: Request for Steam Rate Increase
Case: 05-S-1376

Response to Westchester Interrogatories – Set COW1
Date of Response: 06/13/2006

Question No. :1Rev3
In response to DPS Question No. 216 Con Edison provided information for each month from March 2005 through November 2005. DPS Question No. 216 requested that the information be updated on a monthly basis as new information becomes available. Please provide information for December 2005 and January 2006. Westchester requests that this information be updated on a monthly basis as new information becomes available.

Response:

Please see attached.

East River 1 & 2 Heat Rate Analysis - From March 2005

Question 216

			Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
			Pre-Commercial	Commercial												
Steam Sendout - Total for 10 & 20																
CTG	Mlb		269,940	288,340	523,284	641,735	929,092	869,594	617,978	452,964	779,751	965,904	817,891	807,210	930,129	499,687
Duct Burner	Mlb	Not available	n/a	n/a	n/a	n/a	n/a	n/a								
Total Sendout	Mlb		269,940	288,340	523,284	641,735	929,092	869,594	617,978	452,964	779,751	965,904	817,891	807,210	930,129	499,687
Note: Official Steam Sendout is taken at the mains and not available on a unit basis.																
Fuel Usage - Total Quantity																
Kerosene	Gallons		271,697	690,979	557,213	1,100,294	0	0	0	0	0	0	0	0	0	0
Gas	Dth		609,140	607,739	1,179,236	1,373,853	2,100,805	2,007,853	1,840,117	1,107,998	1,993,466	2,560,459	2,142,286	2,133,991	2,439,244	1,312,532
Note: Official Fuel is not available by unit.																
Fuel Usage - Stm/Electric																
CTG Electric - Kerosene	Gallons		271,697	690,979	557,213	1,100,294	0	0	0	0	0	0	0	0	0	0
CTG Electric - Gas	Dth		566,970	557,311	1,108,807	1,294,972	1,909,071	1,926,322	1,758,724	1,095,623	1,923,476	2,460,507	2,111,581	2,092,248	2,390,342	1,304,982
Duct Burner Steam - Gas	Dth		42,170	50,428	70,429	78,881	191,534	81,531	81,393	12,375	69,990	99,952	30,705	41,743	48,902	7,550
Note: Only Duct Burner fuel is charged to Steam.																
Heat Values of Fuel																
Kerosene	Btu/Gal		129,354	131,066	135,004	132,952	132,952	132,952	132,952	132,952	132,952	132,952	132,952	132,952	132,952	132,952
Fuel Usage - Stm/Electric																
Electric - Kerosene	MMBTU's		35,145.1	90,563.9	75,226.0	146,286.3	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0
Electric - Gas	MMBTU's		566,970.0	557,311.0	1,108,807.0	1,294,972.0	1,909,071.0	1,926,322.0	1,758,724.0	1,095,623.0	1,923,476.0	2,460,507.0	2,111,581.0	2,092,248.0	2,390,342.0	1,304,982.0
Steam - DB Gas	MMBTU's		42,170.0	50,428.0	70,429.0	78,881.0	191,534.0	81,531.0	81,393.0	12,375.0	69,990.0	99,952.0	30,705.0	41,743.0	48,902.0	7,550.0
Total	MMBTU's		644,285.1	698,302.9	1,254,462.0	1,520,139.3	2,100,805.0	2,007,853.0	1,840,117.0	1,107,998.0	1,993,466.0	2,560,459.0	2,142,286.0	2,133,991.0	2,439,244.0	1,312,532.0
Heat Rates																
Steam Heat Rate - Official	Btu/lb	DB Fuel/Total Sendout	156.2	176.1	134.8	122.9	206.2	91.8	99.5	27.3	89.8	103.5	37.5	51.7	52.6	15.1
Overall Unit Steam Heat Rate	Btu/lb	Total Fuel /Total Sendout	2,386.8	2,438.7	2,397.3	2,368.8	2,260.9	2,257.0	2,249.6	2,446.1	2,558.5	2,650.8	2,619.3	2,643.7	2,622.5	2,626.7