EXHIBIT ___ (IIP-19)

ATTACHMENT NO. 1
(TO RESPONSE TO DPS-2 (5)

MARCH 26, 2007 PRESENTATION

CONFIDENTIAL

Extension of PSE&G Wheel

March 26, 2007

Agenda

- What is the Issue?
- What are the Options?
- Recommendation/Next Steps

What is the Issue?

- Issue
- Need for Service Extension

What is the Issue?

Issue

- 600 MW and 400 MW Contracts with PSE&G for wheeling power from Westchester to New York City expire on May 1, 2012.
- PSE&G Wheel has been utilized as another tie from Westchester to New York City.
- Expiration of these Contracts has significant reliability implications.

Intra-Service Area Tie

- Current New York City Import Limit
  - Dunwoodie South 3,700 MW
  - LIPA 300 MW
  - PSE&G Wheel 1,000 MW
  - Total 5,000 MW
- New York City locational capacity requirement will increase from the current 80% to 87%.
- New York City will be short of capacity.

What are the Options?

Options for Service Extension

- Two Broad Options
  - Do Not Renew Contracts
  - Renew Contracts/Service
    - Extension of current contracts with PSE&G
    - Roll-over of current service to OATT service
    - New service for delivering PJM power to New York City

Do Not Renew Contracts

- Critical import capability will be reduced while system load requirements continue to increase.
- New York City Zone will be deficient based on the LOLE reliability criteria.

Extension of Current Contracts

- Four parties, including PSE&G, must agree.
- Likely reinforcement costs.
- FERC approval may be questionable because FERC does not like the grandfathered contracts or their continuation.
- Must have a sunset date.
- Upon the sunset date, roll-over to OATT service may not be available.

Roll-over of Current Service to OATT Service

- We have been stressing the 1970's vintage of the service
- Obtain 1,000 MW firm PJM OATT service
- Lowest cost option
- More secure than present wheel
- Long-term service extendable on a five-year basis without reinforcement costs
- $24 million/year based on PJM's Schedule 7 Rate

What is the Recommendation?

Principles

- Roll-over 600 MW and 400 MW Contracts to firm PJM OATT service
- Negotiate for "congestion credits" equal to or better than existing service

Process

- Finalize the proposed terms for the rollover of the wheel into firm OATT service
- Con Edison and PJM agree with intent to proceed
- Seek Con Edison Board approval
- PJM and Con Edison meet with FERC Staff
- PJM and Con Edison meet with PSE&G
- Con Edison will make the roll-over request on the PJM OASIS

APPENDIX