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November 2, 2007

By Overnight Mail

Steven Blow, Esq.
Records Access Officer
New York State Department of Public Service
Three Empire State Plaza
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Records Access Officer

Re: 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.

Dear Mr. Blow:

Consolidated Edison Company of New York, Inc. (“Con Edison”) hereby submits its marginal cost study (“Study”) required by the 2005 Steam Business Development Plan. Con Edison requests that the Study be maintained in the confidential files of the Department of Public Service (“DPS”) and be provided only to directly interested members of the Public Service Commission and the DPS Staff, and not otherwise be disclosed or made publicly available.

The Study sets forth the marginal cost of steam, which is based in part upon an assessment of the projected cost of the production of steam for Con Edison. This information is derived from Con Edison’s records, is not known outside of Con Edison, and cannot readily be duplicated or developed by others. It has long been recognized that a utility (and its customers) would suffer substantial competitive injury if potential suppliers knew or were able to calculate a utility’s forecasted production costs.¹ In addition, knowledge of this data would be of substantial value to Con Edison’s competitors in that this information, which would not be otherwise available to the public or other companies, can be used to derive commercially valuable information concerning Con Edison’s cost to supply to steam to customers. The Steam Business Development Plan filed with the Commission on August 25, 2005, stated that the Con Edison steam system faces significant competition from on-site boilers and cogeneration facilities. Accordingly, disclosure of this information would impair the Company’s ability to retain its steam customers, which is one of the primary goals of the Steam Business Development Plan.

¹ Cases 93-E-0912 and 93-E-1075, Procedural Ruling and Protective Order, May 16, 1995.

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Also, because the Study sets forth the Company's marginal costs, it would disadvantage the Company in negotiating discounted rates to attract or retain customers, where the Company's goal is to retain or attract the customer with the minimum discount necessary, which benefits both the Company and its customers.

Finally, the Study contains steam consumption information for specific customers. The Commission has long maintained a policy against the disclosure of customer information.² And the Company has a long-standing business practice, embodied in a written business procedure and frequent reminders to Company personnel, to keep customer information confidential.

Thank you very much. Please contact the undersigned if you have any questions.

Very truly yours,



Richard B. Miller

Enclosure

cc (by email, without enclosure): Dakin Lecakes, Esq.

² Cases 93-G-0932, 95-G-1032, Long Island Lighting Gas Tariff Restructuring, Order Approving Staff Memorandum, issued March 21, 1996 ("LILCO is not required to provide a list of customers to Ocean or other marketers"); Case 90-C-0075, Privacy in Telecommunications, September 20, 1991, pp.17-18 ("Unless a subscriber grants informed consent . . . [e]xcept for directory listing information not subject to copyright protection, [subscriber-specific information] may not otherwise be made available except as required by law.")