BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Consolidated Edison Company of New York, Inc.

Cases 25-S-0741

March 2026

Prepared Testimony of:

Staff Steam Rate Design Panel

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Q. Members of the Staff Steam Rate Design Panel, referred to as the Panel, please state your names, employer, and business address?

A. My name is Mingdi Huang, and I am employed by the New York State Department of Public Service, referred to as the Department, and my office is located at Three Empire State Plaza, Albany, New York, 12223. Jack Hamant and Sam Khalifa are also employed by the Department, and are located at 90 Church Street, New York, New York 10007.

Q. Mr. Huang, what is your position at the Department?

A. I am a Utility Engineering Specialist 2 in the Downstate Rates and Tariffs section of the Office of Rates and Tariffs, referred to as ORT.

Q. Please briefly state your educational background and professional experience.

A. I graduated from Cornell University in 2010 with a Bachelor of Science degree in Mechanical Engineering. I then attended Rensselaer Polytechnic Institute and graduated in 2015 with a Doctor of Philosophy in Mechanical Engineering. I joined the Department in February 2019 as a Utility Engineering

Specialist 1. I was promoted to Utility Engineering Specialist 2 in April 2024, and since then have supervised Utility Engineering Specialists 1 in their duties in the Department.

Q. Please describe your current duties in ORT.

A. My duties include the engineering analyses of electric, gas, steam, and water utility rates and tariff filings, as well as participation in various reviews of the activities of local gas distribution companies.

Q. Have you previously testified before the New York Public Service Commission, referred to as Commission?

A. Yes. I have testified in numerous rate proceedings, including on the subject of depreciation in Cases 19-G-0309 and 19-G-0310, regarding The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corp. d/b/a National Grid; rate design in Cases 19-G-0379 and 19-G-0381, regarding New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation; depreciation and electric net plant in Cases 21-G-0073 and 21-E-0074, regarding Orange and Rockland Utilities, Inc.;

net plant and depreciation in Cases 22-E-0064 and 22-G-0065, and municipal interference in Case 22-S-0659, regarding Consolidated Edison Company of New York, Inc., referred to as Con Edison or the Company; net plant and depreciation in Case 23-W-0111, regarding Veolia Water New York, Inc.; gas capital expenditures, net plant, and depreciation in Cases 23-E-0418 and 23-G-0419 and Cases 24-E-0461 and 24-G-0462, regarding Central Hudson Gas & Electric Corporation; and most recently, depreciation in Cases 25-E-0072 and 25-G-0073, regarding Con Edison.

Q. Mr. Hamant, what is your position at the Department?

A. I am a Utility Engineering Specialist 1 currently assigned to the Downstate Rates and Tariffs section in ORT.

Q. Please briefly state your educational background and professional experience.

A. I attended Union College and graduated in June of 2024 with a Bachelor of Science in Electrical Engineering. In the summer of 2023, I worked for New Jersey Transit as an Electrical

Engineering Intern. I began my current role as Utility Engineering Specialist 1 in September of 2024.

Q. Please describe your current duties in ORT.

A. My responsibilities include the engineering analysis of utility operations as they relate to the ratemaking process. This includes the review of utility proposed revenue allocation and rate design. I also participate in various reviews of the activities of utilities such as filings related to Public Service Law Section 70 and water companies' escrows.

Q. Have you previously testified before the Commission?

A. Yes. I testified in Cases 25-E-0072 and 25-G-0073, regarding Con Edison, as a member of the Staff Gas Reliability and Supply Panel.

Q. Mr. Khalifa, what is your position at the Department?

A. I am a Utility Engineering Specialist 1 in ORT.

Q. Please briefly state your educational background and professional experience.

A. I graduated from Rutgers University with a Bachelor of Mechanical Engineering in 2024. I

interned with the National Aeronautics and Space Administration's Educational Arm in New Jersey in 2022 and I worked as a Teaching Assistant for Rutgers University in the 2024-2025 academic year. I have been employed at the Department since October 2025.

Q. Please describe your current duties in ORT.

A. My responsibilities include creating price-out models as well as reviewing and evaluating Embedded Cost of Service studies, referred to as the ECOS studies, revenue allocations, and rate design in rate proceedings.

Q. Have you previously testified before the Commission?

A. No, I have not previously testified before the Commission.

Overview

Q. What is the purpose of your testimony?

A. The purpose of this testimony is to address Con Edison's rate proposals for the Rate Year, or the 12 months ending October 31, 2027. We will discuss the following topics: (1) delivery revenues at current rates, referred to as price-out; (2) the ECOS Study; (3) the revenue

allocation; (4) the Rate Year rate design; (5) bill impacts; (6) the base cost of fuel; (7) the fuel total revenues and expenses; (8) the Company's Senior Rate Analyst 2H Full Time Equivalent, or FTE, request; and (9) the tariff provisions put forth in the testimony of the Company's Steam Rate Panel.

Q. In your testimony, will the Panel refer to, or otherwise rely upon, any information obtained during the discovery phase of this proceeding?

A. Yes, we refer to several responses to the information requests. Those responses are provided in Exhibit___(SSRDP-1). We will refer to these responses by the Department's designation, for example, DPS-123.

Q. Is the Panel sponsoring any other exhibits associated with your testimony?

A. Yes. We are sponsoring four additional exhibits. Exhibit___(SSRDP-2) contains Staff's sales and revenues for the Rate Year at current rates; Exhibit___(SSRDP-3) contains our revenue allocation; Exhibit___(SSRDP-4) contains our current and recommended rates; and Exhibit___(SSRDP-5) contains our calculated bill

impacts at various levels of consumption.

Steam Revenue Price-out

Q. Has the Panel reviewed the Company's forecasted Rate Year steam revenue at current rates?

A. Yes. Based on the Rate Year sales forecast of 15,167 million pounds, or MMlbs, the Company forecasted collecting $741.263 million in total steam revenue, as seen in the workpaper "Steam Revenue Analysis - Initial Filing 11142025", which was provided as part of the response to DPS1.

Q. What does the total steam revenue include?

A. The Company's total steam revenue includes base revenue, Statement of Fuel Adjustment revenue, referred to as FAC, and general revenue tax, referred to as GRT.

Q. What level of base revenue does the Company forecast for the Rate Year?

A. In its filing, the Company forecasted $661.175 million in base revenue as reflected in Exhibit___(SFP-2), page 2, column 1.

Q. Please describe the Company's price-out methodology.

A. The Company allocated the Rate Year sales

volumes to the volumetric delivery blocks and multiplied each volumetric block by the respective delivery rates. Each service class's demand sales volumes and annual bills were multiplied by the respective demand and customer charges.

Q. Does the Panel have any issues with the Company's price-out model?

A. Yes. The Company's price-out model, which uses load factors to calculate the all-time demand and the one-time demand, did not update these load factors, so both load factors were identical for the different demand types. In the supplement to the response to DPS-64, provided in Exhibit___(SSRDP-1), the Company provided an updated list of the demand load factors. The Panel used these updated factors to develop new demand sales in its own price-out model by dividing the total sales in each month by the load factors and then dividing by the number of hours in the billing period, which is the billing days multiplied by 24.

Q. Please further describe the Panel's price-out model.

A. Similar to the Company's model, we allocated the Rate Year sales volumes forecast to the volumetric delivery blocks and multiplied each volumetric block by its respective delivery rates. However, we use the Rate Year sales volumes from the forecast provided by Staff Witness Creaser instead of the Company's. Then, similar to Con Edison, each service class's demand sales volumes and annual bills were multiplied by the respective demand and customer charges with the demand updated to reflect the correct load factors as provided by the Company in its supplemental response to DPS-64.

Q. What does Staff Witness Creaser recommend for the Rate Year sales forecast?

A. Staff Witness Creaser recommends a sales forecast of 15,895 MMlbs, which is 278 MMlb higher than the Company's sales forecast.

Q. What were the results of pricing out Staff Witness Creaser's steam sales forecast using the Panel's revenue price-out model?

A. The Panel's forecasted base delivery revenues are $669.121 million for the Rate Year, or approximately $8.110 million more than the

Company's base revenue forecast of $661.175 million. Exhibit___(SSRDP-2) contains a summary of the Panel's recommended forecasted sales and associated revenues. We have provided our price-out results to the Staff Accounting Panel.

Embedded Cost of Service Study

Q. Briefly describe the purpose of an ECOS study.

A. An ECOS study reflects the cost of providing utility services to each customer service class. It is based on an analysis of the rate base, operating expenses, and revenues for a prior 12-month period. There are three main steps in an ECOS study, they are functionalization of costs to operating function, classification of costs to operating function, and allocation of the functionalized costs to customer classes. Functionalization entails assigning costs to functions such as production, distribution, customer accounting, and customer service. Classification allows for further division into sub-functions such as production demand, production energy, distribution demand, distribution customer, services, and meters and installations. Allocation is the application of

classified costs to customer classes based on selected characteristics that impact utility costs such as class contribution to peak demand, steam sales, or the number of customers in a particular service class. The final output of the ECOS study is a summary of the individual customer class and the total system Rate of Return, referred to as the ROR. The customer class ROR indicates the level that class revenues align with the Company's costs to provide service to that particular customer class. A comparison of the service class RORs with the total system ROR provides a measure of how each service class contributes to the total revenues on a relative basis.

Q. Did the Panel examine the ECOS study submitted by the Steam Rate Panel in Exhibit____(SRP-1)?

A. Yes.

Q. What time period is covered by the ECOS study?

A. The Company's ECOS study reflects the expenses for calendar year 2024, with steam revenues reflecting 2024 customer usage but priced at the rates that went into effect on November 1, 2025. The revenues also include weather normalization

adjustment revenues, which is a change in approach from the ECOS study filed in the prior rate proceeding, Case 22-S-0659.

Q. What is the total system ROR, as determined by the ECOS study?

A. The total system ROR is 11.65 percent.

Q. Please explain the tolerance band that the Company applied to the results of the ECOS study?

A. The tolerance band is a percentage above and below the total system ROR. The purpose of the tolerance band is to account for potential inaccuracies in applying the results of the ECOS to the conditions in the Rate Year. If a the ROR for a service class is above or below the tolerance band, then that service class would be in surplus or deficient, respectively, and would thus have less or more of the incremental revenue requirement allocated to that class in the revenue allocation process. Con Edison proposes the use of a 10 percent tolerance band. Therefore, with a system ROR equal to 11.65 percent and applying a tolerance band of 10 percent, a customer class is considered in

surplus if its ROR is above 12.82 percent, and a customer class is considered deficient if its ROR is below 10.49 percent.

Q. Which service classes are in surplus or deficient, according to the results of the ECOS study?

A. As presented in the ECOS study, service classification (SC): 1 - General Service; SC 2 – Annual Power Service, Non-Demand; and SC 3 – Apartment House Service, Non-Demand are deficient. SC 2 - Annual Power Service, Demand and SC 3 – Apartment House Service, Demand are in surplus.

Q. What does the Company propose to do with the deficient or surplus service classes?

A. When solely considering the results of the ECOS study and without consideration of bill impacts at this stage, the Company proposes to increase the revenue allocation to those service classes by the amount of revenue required to bring them to the lower or upper tolerance band prior to applying the revenue increase requested in this proceeding. For example, revenue allocation to SC 1 would be increased by $11.4 million prior

to applying the revenue increase Con Edison requests in this proceeding. The $11.4 million deficiency of SC 1 is the amount of revenue increase, at current rates, required to bring SC 1's ROR to the lower level of the tolerance band. As the total deficiencies from the ECOS study are $15.3 million and the total surpluses are $4.7 million, the revenue allocation of the service classes in surplus and deficient are adjusted, as discussed prior, to make the net impact revenue neutral to the Company as shown in Table 1A in Exhibit___(SRP-1).

Q. Does the ECOS study contain an analysis of customer costs?

A. Yes, the ECOS study determines the monthly customer cost for each service class by dividing the annual customer operating costs, return on rate base, and income tax on the return allocated to each service class by the number of customers in that class and by 12, which represents the number of months in a year.

Q. How does the Company use these monthly customer costs?

A. The Company uses these monthly customer costs as

a comparison point for the increases or decreases to customer charges during rate design.

Q. How did the Panel use the ECOS study in this proceeding?

A. Since there are many assumptions used in the development of a study of this nature, we used the ECOS study as a tool to aid in the revenue allocation and rate design process.

Q. What is the Panel's position regarding the Company's ECOS study?

A. Overall, the ECOS study is reasonable, as was the inclusion of weather normalization revenues and the reflection of currently effective rates. The Panel recommends that the Commission adopt the results of the Company's 2024 ECOS study.

Revenue Allocation

Q. Please explain the Company's revenue allocation process.

A. As described in the testimony of the Steam Rate Panel on pages 16 to 20, there are several steps to the Company's revenue allocation process. First, the Rate Year pure base revenues were calculated, and one-third of the deficiencies

and surpluses from the ECOS study were integrated into the revenues. The incremental revenue requirement was then allocated to all SCs. A mitigation factor of 1.5 was then applied to ensure no SC received an excessive rate increase.

Q. How did the Company calculate the Rate Year pure base revenues?

A. The Company determined Rate Year base revenues at current rate levels for each service class using forecasted billing determinants, and then subtracted revenues associated with the base cost of fuel to get the pure base revenue at current rate levels for each service class.

Q. How were the revenue deficiencies and surpluses integrated from the ECOS into the revenue allocation?

A. There are two ways in which Con Edison allocated revenue to mitigate bill impacts. The first is with the revenue deficiencies and surpluses from the results of the ECOS study. After the service class deficiencies and surpluses were rendered revenue neutral as shown in Table 1A of Exhibit___(SRP-1), the total deficiencies and

surpluses for each SC was divided by three to reduce bill impacts in the Rate Year. This results in an increase to revenue allocation of $3,808,223 for SC 1, $431,341 for SC 2 Non-Demand, and $854,762 for SC 3 Non-Demand to be collected in the Rate Year for the deficiencies that exist for these service classes; and a reduction in revenue allocated to SC 2 Demand of $3,260,710 and to SC 3 Demand of $1,828,615 for the revenue surpluses that exist for these service classes.

Q. How did the Company allocate its incremental revenue requirement to the service classes?

A. The Company determined the pure base revenue requirement increase for each service class by multiplying the proposed Rate Year average pure base revenue increase percentage, 11.50 percent, by each service class's current pure base revenue. The result of this calculation was added to the deficiency and surplus revenue adjustment for each service class to get the total Rate Year revenue increase for each service class.

Q. Describe the second bill mitigation method the

Company used when addressing revenue allocation.

A. The Company determined a Rate Year average pure base revenue increase of 11.50 percent. To reduce the bill increase a service class can experience, Con Edison applies a cap to the revenue increase a service class can experience to 1.5 of the overall pure base revenue increase after application of the one third class-specific deficiency and surplus. Therefore, no service class can have more than a 17.25 percent increase to their allocation of pure base revenue.

Q. Explain how this mitigation factor affected revenue allocation for each service class.

A. Before this mitigation factor was applied, the pure base revenue increase was 24.40 percent for SC 1, 11.95 percent for SC 2 Non-Demand, 10.13 percent for SC 2 Demand, 12.64 percent for SC 3 Non-Demand, and 8.74 percent for SC 3 Demand. Of the service classes, only SC 1 had a revenue increase greater than 17.25 percent. Therefore, only SC 1’s pure base revenue increase was capped by the mitigation factor and re-distributed to the other service classes

resulting in pure base revenue increase of 17.25 percent for SC1, 12.40 percent for SC 2 Non-Demand, 10.57 percent for SC 2 Demand, 13.08 percent for SC 3 Non-Demand, and 9.19 percent for SC 3 Demand.

Q. What did Con Edison do next?

A. After the mitigation factors were applied, the resulting revenue increase percentage for each service class was multiplied by its pure base revenue at current rate levels to determine the pure base revenue increase.

Q. Does the Panel agree with the Company's revenue allocation methodology?

A. Yes. However, the Panel found that allocating the Staff Accounting Panel's recommended revenue requirement increase caused SC 3 Non-Demand's pure base revenue increase to also hit the cap allowed by the mitigation factor, necessitating the excess revenue increase to be re-distributed among the remaining service classes.

Q. What is the Panel's recommended Rate Year pure base revenue increase resulting from the revenue requirement presented in the testimony of the Staff Accounting Panel?

A. The Staff Accounting Panel's recommended revenue requirement increase of approximately $17.55 million results in an increase for SC 1 of 4.53 percent, SC 2 Rate I of 4.11 percent, SC 2 Rate II of 2.43 percent, SC 3 Rate I of 4.53 percent, and SC 3 Rate II of 1.20 percent. The Panel's revenue allocation is depicted in Exhibit___(SSRDP-3).

Rate Design

Q. Panel, please summarize the Company's proposed rate design.

A. The Company determined its proposed increase to the customer charges for SC 1, SC 2 Rate I, SC 3 Rate I, and SC 3 Rate II by applying the individual class percentage increases determined by the revenue allocation to the current customer charges excluding the fixed fuel charges, with the goal of moving the customer charges toward the monthly customer costs determined by its ECOS study. Then, after completing the rate design for SC 4, the revenue increases from the changes in SC 4 rates and the customer charge rates are removed from the pure base revenue increase allocated to each service

class that has an SC 4 component to its pure base revenue. This results in the adjusted pure base revenue increase for each service class. The Company proposes to increase the SC 1, SC 2 Rate I, SC 2 Rate II, SC 3 Rate I, and SC 3 Rate II usage and demand charges by a percentage equal to the adjusted pure base revenue increase divided by the usage and demand charge revenues at the present rate level.

Q. Why were the revenue increases resulting from SC 4's rate design removed from the base revenue increases for SC 1, SC 2, and SC 3?

A. SC 4 is the Back-up / Supplementary Service class for customers that receive standby service from Con Edison. Before allocating the incremental revenue requirement to each service class, revenues from the SC 4 subclasses were combined with the revenues of their equivalent non-standby service classes for consistency with the ECOS study, which included SC 4 revenues in the applicable non-standby classes. SC 4 Rate I was combined with SC 2 Rate I Non-Demand, SC 4 Rate II was combined with SC 3 Rate 1 Non-Demand, SC 4 Rate III was combined with SC 2

Rate II Demand, and SC 4 Rate IV was combined with SC 3 Rate II Demand. Thereafter, because the rate design methodology for SC 4 is performed independently from its otherwise applicable service classes, the revenue increases resulting from SC 4's rate increases were removed from the incremental revenue allocated to SCs 1, 2, and 3.

Q. What methodology did the Company use to determine SC 4's rate design?

A. The Company's methodology is consistent with the SC 4 rate design approved by the Commission in its Order in Case 99-S-1621, issued December 1, 2000. The SC 4 rates were designed to recover the same revenues that would be recovered if all eligible customers were billed at the applicable non-standby rate. Therefore, the customer charges for SC 4 were set equal to the customer charges of the otherwise applicable service class. Each class's required annual revenues will be collected through contract demand charges and winter usage changes. The summer usage charges will equal the base cost of fuel.

Q. What are the increases to the customer charges

proposed by the Company?

A. The Company proposes to increase the customer charge for SC 1 from $1,891 to $2,217; SC 2 Rate I from $5,375 to $6,041; SC 2 Rate II from $7,329 to $8,104; SC 3 Rate I from $4,360 to $4,930; and SC 3 Rate II from $3,589 to $3,919. The customer charges for SC 4 were increased in the same manner as their otherwise applicable service class. Thus, the customer charge for SC 4 Rate 1 has increased from $5,375 to $6,041; SC 4 Rate 2 from $4,360 to $4,930; SC 4 Rate 3 from $7,329 to $8,104; and SC 4 Rate 4 from $3,589 to $3,919. In a similar manner, the customer charges for SC 5 – Negotiated Agreement Service are based off the customer charges for SC 2 Rate 1 and would increase from $5,735 to $6,401.

Q. Does the Panel recommend any changes to the Company's proposed rate design?

A. The Panel is generally in agreement with the Company's rate design methodology, except for SC 4.

Q. What issues does the Panel have with the Company's SC 4 rate design?

A. The Company stated in response to DPS-261,

provided in Exhibit___(SSRDP-1), that SC 4 rates are designed to reflect lower usage levels and contract demand rates. Consequently, though the usage rates for off-peak customers are higher than on-peak usage rates due to lower off-peak usage, the demand charges are lower, resulting in lower overall delivery charges. However, the Panel performed analysis on the information provided in the confidential attachment to the Company's response to DPS-261, which showed that this is not always true, and that there have been months where an on-peak customer taking service under SC 4 Rate 2 would have had a higher bill if they had been off-peak. Additionally, as also stated in the response to DPS-261, all current SC 4 customers are on-peak customers, which indicates that the off-peak option is not satisfactory or appealing to customers, invalidating the purpose of an off-peak option.

Q. What does the Panel recommend?

A. The Panel recommends that the Company be required to perform a study to investigate a rate design methodology consistent with the

Company's electric standby rates, where customers taking standby service pay on-peak rates for on-peak usage and off-peak rates for off-peak usage. The Company should present the results of this study, including the rates and associated bill impacts for current SC 4 customers, in its next steam rate case filing.

Q. Does the Panel recommend any adjustments to the Company's rate design methodology in this proceeding, including for SC 4?

A. The Panel does not have any adjustments other than basing our recommended service class rate increases on the forecast provided by Staff Witness Creaser and the incremental revenue requirement recommended by the Staff Accounting Panel.

Q. Panel, what are your recommended increases to the customer charges?

A. We recommend increasing the customer charge for SC 1 from $1,891 to $1,977; SC 2 Rate I from $5,375 to $5,596; SC 2 Rate II from $7,329 to $7,507; SC 3 Rate I from $4,360 to $4,558; and SC 3 Rate II from $3,589 to $3,830. SC 4's customer charges are increased by the same

amount as their otherwise applicable service class. Therefore, the customer charge for SC 4 Rate 1 would increase from $5,375 to $5,596; SC 4 Rate 2 from $4,360 to $4,558; SC 4 Rate 3 from $7,329 to $7,507; and SC 4 Rate 4 from $3,589 to $3,632. Finally, the customer charges for SC 5 would increase from $5,735 to $5,596.

Q. Panel, where can your recommended rates and associated bill impacts be found?

A. The Panel's recommended rates can be found in Exhibit___(SSRDP-4), and the Panel's bill impacts can be found in Exhibit___(SSRDP-5).

Base Cost of Fuel

Q. Panel, what is meant by the term base cost of fuel?

A. The Company is allowed to collect revenues to cover the cost of fuel used to generate the steam it sells to customers. Fuel costs vary from month to month, hence, a fixed base cost of fuel is reflected in base rates and, to the extent that the actual cost of fuel for a given month is different in the amount of revenue collected to cover the cost of fuel, fuel cost is reconciled and either surcharged or Sur-

credited to the customers through the Fuel Adjustment Charge, or FAC. Therefore, to minimize variations on customers' monthly bills due to the FAC, the base cost of fuel should be set as close as possible to the actual cost of fuel.

Q. Does the Company propose any changes to the current base cost of fuel?

A. Yes, the current base cost of fuel is $6.179 per Mlb, and the Steam Rate Design Panel proposes in its initial testimony to set the base cost of fuel at a level no higher than $8.179 per Mlb and no lower than $4.179 per Mlb, which represents a range of $4.00 per Mlb.

Q. How does the Company propose the base cost of fuel be set in this proceeding?

A. The Company does not seem to offer a specific recommended methodology, but on page 30 of the Company's Steam Rate Panel initial testimony, the Company proposes to provide to the parties on or about September 1, 2026, its actual average cost of fuel for the 12 months ending July 31, 2026, as well as any updates to the Company's forecasted monthly fuel costs,

equivalent sales for the Rate Year, and its recommended updated base cost of fuel for the Rate Year.

Q. Does the Panel agree with the Company's proposal for setting the base cost of fuel?

A. No. While the base cost of fuel should be set toward the end of the proceeding, so to utilize the most up to date information, the Panel recommends adopting the method used by the Commission in Cases 09-S-0794, 13-S-0030, and 22-S-0659. Under this method, the base cost of fuel would be set equal to the average of the most recent forecast of the cost of fuel for the Rate Year and the average cost of fuel for the prior historic year, October 2025 through September 2026.

Q. Why is Panel's recommended methodology reasonable?

A. Our method would use the average of both the most up to date forecasted cost of fuel for the Rate Year and the prior historic year and would ensure that the most up-to-date data is used for setting the base cost of fuel for the Rate Year.

Fuel Revenues and Fuel Expense

Q. Did the Company forecast fuel and purchased power expense?

A. Yes. The Company's fuel and purchased power expense, as shown in the Workpaper "AP-S3, Schedule 6 Fuel and Purchased Steam" provided in response to DPS-1, provided in Exhibit___(SSRDP-1), is forecast to total of $169.73 million in the Rate Year.

Q. Does the Company's fuel and purchased power expense match the Company's fuel revenues?

A. No. The Company's fuel revenues total $163.27 million, which includes $100.09 million recovered through its base cost of power and $63.17 million recovered through its FAC. As stated above, the Company's fuel and purchased power expense is $169.73 million, or approximately $6.46 million higher than its fuel revenues. The Company states in the supplement to the response to DPS-166, provided in Exhibit___(SSRDP-1), that its purchased power expense should match its fuel revenues of $163.27 million.

Q. Does the Panel agree with the Company that revenue requirement should be reduced by $6.46

million in order for fuel revenues and purchased power expense to match?

A. Yes. Reducing the purchased power expense ensures that the revenues and expense equal each other and the delivery revenue requirement is not being over- or understated.

Q. Do you recommend any further adjustments related to fuel revenues or fuel costs?

A. Yes. Based on our sales forecast, our revenue price-out recovers $164.96 million through the base cost of fuel and FAC, or approximately $1.69 million more than the Company. As such, to keep the fuel revenues and expense equal, we recommend increasing the fuel revenues and purchased power expense by $1.69 million, and reducing the purchased power expense by an additional $6.46 million as discussed above, for an overall reduction of $4.77 million to the purchased power expense. This adjustment was provided to the Staff Accounting Panel.

Senior Rate Analyst 2H FTE

Q. What is the Senior Rate Analyst 2H FTE?

A. As stated in the response to DPS-313, provided in Exhibit___(SSRDP-1), the Senior Rate Analyst

would be responsible for performing technical analyses supporting revenue allocation and rate design, the interpretation of regulatory orders, the drafting of changes to the Company's tariff, and the design and development of rates and reconciliations. The Senior Rate Analyst will additionally support the Company in rate proceedings by preparing testimony, exhibits, workpapers, and responses to IRs.

Q. How many Senior Rate Analyst FTEs are reflected in the Company's labor expense?

A. As shown in the workpaper related to Company labor, Exhibit___(AP-S3), Schedule 6, provided in response to DPS-1 and shown in the attachment to the response to DPS-179, provided in Exhibit___(SSRDP-1), the Company's filing proposes two Senior Rate Analyst 2H FTEs.

Q. How many Senior Rate Analyst 2H FTEs were approved by the Commission in Con Edison's recent electric and gas rate cases?

A. In the 2026 Rate Order for the Company's electric and gas businesses, Appendix 9 page 5 of Schedule 1 of the Joint Proposal, only one Senior Rate Analyst 2H FTE was approved in the

electric and gas rate cases.

Q. Why is the number of Senior Rate Analyst 2H FTEs approved in the electric and gas cases relevant to the steam rate case?

A. As confirmed in the response to DPS-313, the Company allocates five percent of the cost for the Senior Rate Analyst 2H FTE to steam. Reflecting a second FTE in the Company's labor expense would either cause the labor expense to inaccurately increase by one unapproved FTE or require the approval of a new FTE with 95 percent of its labor allocated to electric and gas business.

Q. Does the Company have any corrections to the number of Senior Rate Analyst 2H FTEs requested?

A. Yes, as seen in the response to DPS-313, the Company mistakenly indicated two instead of one Senior Rate Analyst 2H FTE in its filing, to be consistent with what was approved in Con Edison's recent electric and gas rate cases.

Q. Does the Panel agree with this correction?

A. Yes, the Panel also recommends including only one Senior Rate Analyst 2H FTE in the Company's labor expense and has provided this

recommendation to the Staff Accounting Panel.

Proposed Tariff Changes

Q. Panel, what is the Company's proposal concerning the Special Monthly Adjustment, referred to as the SMA.

A. Currently, the Company's Fuel Adjustment Clause includes various charges and adjustments in addition to charges relating to the recovery of fuel costs not covered by the base cost of fuel. The Company proposes to separate the non-fuel items into two separate components of the SMA. The Company also proposes to include two new components in the SMA, one to recover carrying charges associated with interference costs and another to recover up to $5 million in costs related to additional Decarbonization Study and Implementation Plans.

Q. Does the Panel recommend adjustments to the Company's proposal?

A. Yes. First, consistent with the recommendations of the Staff Municipal Interference Panel and the Staff Climate Leadership and Community Protection Act and Decarbonization Panel, we recommend denying the proposed two new

components to the SMA related to the interference carrying charges and the additional Decarbonization Study and Implementation Plans. We also support the Staff Accounting Panel's recommendation that a portion of the steam revenue requirement related to steam main welds be recovered through a new, additional component to the SMA, as discussed in the testimony of the Staff Accounting Panel.

Q. Panel, what is Company's proposed air conditioning discount program?

A. Currently, the Company is offering a discount of $2 per Mlb during the summer months, but no customers are being served under the current discount program. The Company proposes changing the discount to a two-third reduction in usage charges not including the base cost of fuel. The discounted rates would only be applied to usage above the first block and in excess of 110 percent of the customer's usage for the same month from the 12-month period ending June 2025. The Company also proposes that the term of the discount be extended from two years to 10 years.

Q. Which customers will be affected by the

discounted air conditioning program?

A. The Company is planning to automatically enroll in the program all SCs 2 and 3 customers who have still chillers, which is approximately 200 customers.

Q. Describe the Company's proposed steam promotional discount rate.

A. To acquire more steam customers, the Company is proposing a steam promotional discount that is two-thirds of the usage charges not including the base cost of fuel and two-thirds of the demand charges. The discount will be applied to the usage charges for usage after the first rate block and to all demand charges. The discount will be applicable year-round. After a customer has been on the discounted rate for five years, the discount will be reduced by one-sixth each year, thereafter, such that customers will be charged the full rate on the 11th year.

Q. Which service classes will be eligible for the steam promotional rate?

A. The steam promotional rate is available to SCs 1, 2, and 3.

Q. Does the Panel recommend any modifications to

the Company's proposed air conditioning and promotional discount rates?

A. Yes, the Panel is concerned at the lack of technical analysis and market research supporting the discounted rates. As stated in the response to DPS-178, provided in Exhibit___(SSRDP-1), the Company did not perform any analysis comparing its proposal to an equivalent electric or gas service, it does not have an estimate of the number of customers that would take the promotional discount rate or the additional usage incentivized by the air conditioning rate, and has not consulted current or potential customers on the level of discount that would have them consider steam service over other commodities. Therefore, the Panel recommends denying both the discounted promotional rate program and the discounted air conditioning rate program until the Company performs an analysis demonstrating that its proposed discounts are at a level customers would find attractive and competitive compared to alternative electric or gas rates.

Q. Does this conclude your testimony at this time?

A. Yes.