Q. Would the members of the Shared Services Panel please state your names and business addresses?

A. Our names are Saddie L. Smith, Kenneth Jack, Terrence J. Walsh, James Mueller, and Kris Ishibashi. Our business addresses are 4 Irving Place, New York, NY 10003 (for Smith, Walsh, and Ishibashi), 43-82 Vernon Blvd, Long Island City, New York 11101 (for Mueller), and 31-01 20th Avenue, Astoria, New York 11105 (for Jack).

Q. By whom are the panel members employed?

A. We are all employed by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company").

Q. Please explain your educational backgrounds, work experience, and current general responsibilities.

A. **(Smith)** I am currently the Vice President of Facilities for the Company. I have been employed by Con Edison since 1982, holding positions of increasing responsibility in a variety of support and operating positions including: Senior Attorney, Law Department; Director of Equal Employment Opportunity Affairs; Director of Facilities Management; Vice President, Electric Operations - Staten Island; and Secretary and Associate General Counsel.

Effective April 2008, I was elected to my current position, Vice President Facilities, with

responsibility for operating and maintaining over 40 facilities (office buildings and field operations locations/service centers) within the service territories of Con Edison and Orange & Rockland including: planning and project management; engineering services; environment, health and safety; and office services. I earned a Juris Doctorate from Columbia University in 1978 and a Bachelor's Degree in Classics from Bowdoin College in 1975.

(Jack) I have been employed by Con Edison since 1994. I received a Bachelor of Science degree in Mechanical Engineering from Polytechnic University in 1999. I started my career with Con Edison as an engineering aide and then entered its management intern program. After completing the intern program, I held a variety of management positions of increasing responsibility in Central Field Services including Field Engineer, Senior Engineer, Manager, and Section Manager of Regional Operations. In 2004, I transferred to Substation Operations where I was the section manager of Operations Planning. In 2006, I was promoted to the position of General Manager, Transportation Operations. I am responsible for all the garages throughout CECONY and O&R as well as Automotive Engineering and Fleet Administration.

(Walsh) I have been employed by Con Edison since 1980. I received a Bachelor of Science in Economics from Albany University in 1980. I have served as Director of Information Technology Planning in the Company's Information Resources Department for the past 7 years. Prior to my current position, I was Manager of Network Systems, Technical Specialist, and MVS System Programmer. My responsibilities include establishing hardware and software standards for the computing, networking and communications environments. In addition, my area is responsible for defining and implementing cyber security policy for the Company. Prior to that, I managed the Network Systems group.

(Mueller) I have been employed by Con Edison since 1975. I received a Bachelor of Arts degree from SUNY in 1974 and an MBA in Finance from Hofstra University in 1983. I was hired by Con Edison as a Customer Service Representative and held a variety of management positions of increasing responsibility in Customer Operations, including Branch Manager, Section Manager, Department Manager, and General Manager. In December 2003, I was assigned the position of Director of Human Resources Services and was then transferred to Director of The Learning Center in August 2006. I am responsible for all of the technical and skills

training at The Learning Center. I also am responsible for the oversight and preparation of the O&M and capital budgets for Human Resources.

(Ishibashi) I joined Con Edison in 1998. I graduated from Barnard College with a Bachelor's degree in Political Science in 1978 and Columbia Graduate School of Business with a Master's Degree in Finance in 1982. Prior to joining Con Edison, I worked for Davis Polk & Wardwell, J.P. Morgan, and MTA Metro-North Railroad. When I left the latter, I was Chief Information Officer. I joined Con Edison as a Director of Information Resources. Since 2006, I have been a Director in Purchasing.

Q. Have any of you previously submitted testimony in a proceeding before the New York State Public Service Commission ("PSC" or the "Commission")?

A. Panel member Mueller previously submitted testimony in Case 07-E-0523.

Q. Please summarize the Panel's testimony.

A. We describe numerous Shared Services efforts relative to corporate services needed to support electric and common programs. These programs will enhance the Company's operations, functionality and appearance. Throughout this testimony, we also discuss measures

that Shared Services is taking to mitigate costs now, in the rate year, and beyond.

First, we explain the need to modernize, upgrade, and improve various equipment and infrastructures associated with the various buildings coming under Facilities' responsibilities. Over the next four years, Facilities is planning to undertake nearly 200 projects, some small, others large, in the following areas: (1) compliance with environmental, health & safety and regulatory requirements ("compliance projects"), (2) upgrading or improving building infrastructure ("critical infrastructure projects"), (3) improving work space ("programmatic site improvements"), and (4) addressing user requests ("user requests"). We also discuss the Company's on-going efforts to harden facilities in the event of a hurricane, efforts to evaluate and repair its docks at the Astoria facility, Flush Facilities programs and the Security Operations Center. In total, Facilities is requesting $33.2 million in O&M in the rate year and $59.5 million in capital in 2009. As explained below for the Facilities capital forecast for 2009 is the same amount forecast in Case 07-E-0523 with some re-prioritizations of projects. The O&M has increased by approximately $16 million due to increases in rent and

a development regarding the potential relocation of Company facilities from West 28th Street.

Second, we explain the effect of the increases in vehicle fuel costs on the Company. For vehicle fuel, despite our extensive efforts to reduce consumption we are requesting an additional $1.9 million in the rate year due to significant increases in fuel prices.

Third, we address two new IT related programs Mainframe Operating and Maintenance Costs and the upgrade of the construction of a Network Operations Center ("NOC"). The request for IT capital in 2009 for IT programs is $10 million and O&M is $1 million.

Fourth, we describe the proposed Rate Year ("RY") 1 costs associated with planned additional hiring and training (both new hire and career path training); the Company's hiring plans over the next several years that are driving these additional hiring and training costs; the Company's HR Workforce Strategy and the costs associated with this program; the Company's Care Management program and the costs associated with this program; the Company's request for recovery of strike contingency expenses; and the costs associated with the HR payroll system.

Fifth, we provide information in support of specific program changes for the Purchasing Department.

We would also note that most Shared Services efforts are common to the Company's Electric, Gas and/or Steam businesses, and, in some cases, to O&R. The Accounting Panel provides for the allocated share of these costs to Con Edison's electric service.

FACILITIES PROGRAMS

Q. Have you prepared an exhibit entitled "CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., FACILITIES CAPITAL BUDGET PLAN," detailing your projected expenditures?

A. Yes, we have.

Q. Was this exhibit prepared under the Panel's direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ SSP-1

Q. What are the forecasted capital spending levels for facilities programs?

A. The Company plans to spend approximately $59.5 million in 2009, $60.8 million in 2010, $54 million in 2011, $43 million in 2012 and a forecasted $52.7 million in 2013 on capital projects. In 2007, Facilities spent approximately $35 million on such capital projects and in 2008, Facilities plans to spend approximately $51.5 million.

Q. Have you prepared other exhibits detailing the Facilities O&M programs you are describing in this

testimony entitled Irving Place, Regions, Future Substation Facilities Cost, and Security Operations Center.

A. Yes, we have.

MARK FOR IDENTIFICATION AS EXHIBIT __ SSP-2, SSP-3, SSP-4, and SSP-5

Q. Please discuss O&M spending.

A. As for O&M, the Company's Regions Facilities plans to spend approximately $19.7 million in 2009, $19.7 million in 2010 and $19.1 million in 2011. The historic year O&M spending level was $7.9 million for the Regional Facilities' buildings. For the Company's Irving Place facility, we project to spend approximately $11.6 million in 2009, $8.0 million in 2010 and $8.0 million in 2011, as compared to the historic year O&M spending level of $1 million. The total O&M funding requested for both the Regional Facilities' buildings and Irving Place for 2009 is $31.2 million, for 2010 is $27.7 million and for 2011 is $27.1 million.

Q. Please discuss the capital spending level as compared to the request made in Case 07-E-0523.

A. In Case 07-E-0523, the Company projected to spend $59.5 million in Facilities capital expenditures in 2009. We are requesting the same amount in this rate case for

2009, but the mix of projects has changed slightly. For example, we project to spend $8.0 million for Flatbush Ave. renovation project while $10 million for Hurricane Hardening has been deferred into future years as the Company continues to develop its Coastal Storm Plan. Thus, the capital request remains the same despite a slight decline in projects from the last rate case.

Q. Have there been any other changes in the projects proposed in the last rate case filing?

A. In order to make the best use of resources and funding, while addressing the changing needs of Facilities and emerging issues not foreseen at the time of the last Rate Case was submitted, projects have been reprioritized and shifted among years. Examples of these priority shifts include the Astoria Mobile Electric Generator ("MEG") electrical power project, which was identified to Facilities in late 2007 and the Irving Place 7th Floor Renovation project, which was originally scheduled to be completed in 2007, but was delayed into 2008 due to the unavailability of temporary space in the building and uncertainties concerning the lease extension at the Company's Brooklyn Queens Headquarters building at 30 Flatbush Ave.

We would also like to note that, when a project was delayed in a particular year, it was substituted with another Facilities project, either addressing a roof, HVAC system, transformer spill containment system or other "compliance" or "critical infrastructure" project. One example was the new Irving Place Cooling Tower Jib Cranes which were installed in 2007/2008 in order to hoist the system's new motors to the building's upper elevation. The new Jib Cranes project eliminated the need to use a crane to perform the motor lifts from the street level to the 20th floor.

Q. What is the O&M forecasted spending from the last Rate Case?

A. In Case 07-E-0523, the Company projected an O&M forecast change of $16.4 million for the Rate Year ending March 2010. Currently, for the same period, the rate year ending March 2010, the Company is requesting $32.4 million in total for Irving Place and the Regional Facilities' Buildings, which is $16 million above the amount requested one year ago.

Q. Can you explain the increase?

A. Yes. For the most part, the O&M projects remain the same although, as noted there may be a shifting of completion dates. The increase is attributable to Contractual Rent & Tax Increases due to two factors: a

projected move of the Company's operation at the West 28th Street Service Center to a leased property, which is discussed later in this testimony, and rent increases at the 30 Flatbush and Queens Boulevard facilities.

Q. Does the need to reprioritize these projects exist within the different facilities categories?

A. For the reasons just explained, yes. We would again emphasize that the Commission considered and approved many of these projects less than two months ago. Except for shifting of when a project will be completed, the projects are generally the same as they were in the Case 07-E-0523 for Facilities.

Q. Why is it necessary to modernize, upgrade, and improve the Company's facilities?

A. Most of these facilities are 15 to 20 years old. Certain locations, such as 4 Irving Place, Cleveland Street, Rye Service Centers and various auxiliary buildings at the 3rd Ave Yard site, were constructed over 60 years ago. These projects are all needed either to correct potentially unsafe conditions, to address environmental issues, to comply with local, state or federal regulatory requirements/building codes, to maintain the structural integrity of the Facilities buildings, and/or to improve a building's

overall condition. Also, equipment required to operate these facilities have reached the end of their useful lives and are no longer economical or practical to operate. For example, heating, ventilating and air-conditioning ("HVAC") equipment is, in many cases, close to 20 years old and needs to be gradually replaced with more efficient systems that utilize more environmentally friendly refrigerants. Similarly, exterior facades, sidewalks, drainage systems and paved areas at certain locations are aging and in some places, are in a state of disrepair. Exterior windows and doors need to be upgraded to meet present day energy standards. Finally, in light of security concerns, security fencing and access improvements are required.

Q. Please explain measures that Facilities is taking to mitigate costs associated with their programs.

A. Facilities identifies its projects via the Engineering Service Request ("ESR") process, which evaluates a particular problem and then provides a conceptual scope of work/budgetary order of magnitude cost estimate, and then prioritizes these projects by applying one of the "compliance", "critical infrastructure projects", "programmatic site improvements", or "user requests" definitions. This method allows Facilities to most

efficiently allocate its funding and personnel resources.

Compliance Projects

Q. Please explain the first category of projects, compliance projects.

A. Compliance projects are required to address potentially unsafe conditions and environmental issues as well as to comply with the latest local, state or federal regulatory requirements and building codes.

Local Law 26

Q. Is there one project that accounts for much of the spending in this category?

A. Yes. In terms of spending and time, the largest and most complicated regulatory requirement project involves compliance with NYC Department of Buildings Local Law 26 ("LL26"). LL26 requires full sprinklering, which is a water based fire suppression system, of office buildings 100 feet or more in height no later than July 1, 2019. Under this law, water based sprinkler systems are required in all office areas and other areas such as electrical closets, mechanical/fan rooms, computer/LAN/UPS rooms, and tower stages of buildings.

Q. Has the Company discussed LL26 in prior rate proceedings?

A. Yes. And the Commission in the last electric and gas cases has approved the Company's proposed compliance plans with LL26.

Q. To which Company facilities does LL26 apply?

A. LL26 applies to the Company's headquarters at 4 Irving Place as it is greater than 100 feet tall.

Q. What is the basis for this new requirement?

A. LL26 is based on recommendations made by the World Trade Center Building Code Task Force in February 2003 and signed into law by Mayor Bloomberg on June 24, 2004. LL26 implements this requirement through amendments to the NYC Building Code and Fire Prevention Code.

Q. What steps are necessary for the Company to timely satisfy these new requirements?

A. At the present time, the Company has determined that the most efficient means for meeting the LL26 requirement is to immediately implement a process for installing the required sprinkler system for a certain number of floors each year between now and 2019. The Company has developed a plan to install the required sprinkler systems in conjunction with the Company's conversion of floors at 4 Irving Place to open-office plan arrangements (which in and of itself would require sprinkler systems). We would note that a

few floors at 4 Irving Place have already undergone full renovations and have been sprinklered, except for various mechanical/electrical rooms. However, in order to meet LL26's 2019 deadline, the Company needs to accelerate its plans for open-office space arrangement. This, in turn, creates the need for additional space for temporary relocation of employees during the renovation.

Q. Please explain.

A. Currently, when the Company renovates a floor, it temporarily relocates the affected employees to another part of 4 Irving Place. This is because it is logistically difficult or practically impossible to maintain employees in their current work area during the renovation process. This is due to the physical arrangements of ceilings and other building infrastructure and the presence of environmentally sensitive materials (such as lead and asbestos) that need to be addressed.

Q. Please detail the issues associated with performing renovations while floors are occupied.

A. It would be neither safe nor practical or efficient to perform the required renovation and sprinkler installation during off-shifts, when personnel have vacated the space, and allow the affected personnel to

return to work during their normal work hours (thereby requiring a set-up and take-down of the work area on a daily basis). Most importantly, the safe removal of environmentally sensitive materials while the area is occupied is logistically extremely difficult. Having personnel completely vacate the space until the renovation (and any required abatement) is finished enables the Company to completely abate the environmentally sensitive materials in a safe and efficient manner.

Q. If the Company follows its current renovation schedule, will it be in compliance with the LL26 requirement by 2019?

A. No. At the current rate of floor renovations (i.e., less than one every two years), which was dictated, in part by available temporary space, the Company would not be in compliance with LL26 by the 2019 deadline. At the present time, office renovation and associated sprinklering projects have been mostly completed on six floors (i.e., the 2nd, 9th, 10th, 17th, 20th and 21st floors.) Twenty-two un-renovated/partially renovated floors and eight tower stages currently remain. If the Company does not accelerate the current schedule, we would fall short of compliance by seven to nine floors.

Q. How does the Company plan to accelerate this schedule in order to comply with LL26?

A. We are planning to accelerate the program (i.e., double the current rate of less than one renovation annually) by performing "gut renovations" of approximately one and one half floors every year.

Q. What impact does this acceleration have on the temporary relocation of employees?

A. In order to meet the needs of this accelerated program, some of the affected personnel would need to be temporarily relocated out of 4 Irving Place because there is insufficient temporary space currently in the building (i.e., currently less than one full floor of available temporary space).

Q. What are the costs associated with LL26 compliance?

A. There are both O&M and capital costs associated with this project. For O&M costs, Company-wide, the expenses associated with the temporary relocations of personnel are projected to be approximately $4.4 to $7.7 million/year, depending on the costs to make the space habitable for the type of work we do and market rental rates when the relocation is done. This estimated cost includes: renting off-site office space; preparing the space, i.e., furniture, computer and associated local area network relocation; placing items

into storage; and moving personnel and files off-site to temporary swing space.

Q. Has the Company done anything to mitigate the costs associated with these renovations?

A. Yes. The Company will renovate the 6th and 7th floors at its Flatbush Ave. location in 2009, and 28,000 square feet (from the 6th floor) will become available for temporary space in late 2009. This reduces the total amount of temporary space required outside of the Company from 100,000 square feet to 72,000 square feet and the total cost to rent and fit-up the space by approximately $6.7 million.

Q. Please explain the capital costs associated with LL26.

A. We project Company-wide common capital costs of approximately $13 million, $18 million, $15 million and $15 million, in the years 2009, 2010, 2011, 2012 and forecast $20 million in 2013. In 2013, it is anticipated that Facilities may need to accelerate the LL26 renovation program further. These costs are basically to gut each floor, fix the sprinkler system, remove and abate lead and asbestos, provide new furniture, carpeting, painting, etc.

Q. What benefits are associated with accelerating these renovations now?

A. Many buildings in the City must comply with LL26. As compliance time gets closer to the deadline, we believe that temporary space in other buildings will become more expensive and less available. In addition, contractors performing these types of renovations will become more in demand, which impacts their availability as well as their costs.

Q. Are there any additional projects at 4 Irving Place necessary to meet LL26 requirements?

A. Yes. There is one other project concerning the creation of an additional 10,000 gallon Fire Protection Water storage capacity at Irving Place at a cost of $3 million in 2009.

Q. Please explain the Fire Protection Water storage tank project.

A. The project involves the 25th, 27th floor & all Stages Sprinklering/22nd floor Salvage Tank Refurbishment and is needed to meet the 15,000-gallon Fire Protection water storage requirement, which effectively requires that there be 30 minutes of available sprinkler water flow. This project must be completed before the building is completely sprinklered. Presently, the existing Stage G storage tank is 5,000 gallons which equates to approximately 10 minutes of water flow. To achieve the 15,000 gallon/30 minute water flow

requirement, the existing Fire Protection and Salvage Water tanks that comprise the 20th Floor East Penthouse tank, will be tied together. New booster pumps will then be needed to supply adequate water pressure to the various floors immediately below the building storage tanks and also to the floors, tower and stages above the East Penthouse Tank.

As part of this project, the un-renovated 25th, 27th floors, and all stages of the Irving Place tower will be provided with the LL26 sprinklers and required heating/heat tracing. The 22nd floor Salvage Water Tank will be refurbished/restored to service, as this will take the place of the salvage water function now provided by the 20th Floor East Penthouse Tank.

Q. Was this project discussed in the Company's last electric filing?

A. Yes. This project was originally estimated at $650,000 but that estimate only included one new tank, booster pumps and minimal piping. Subsequently, we determined that the 10,000 gallon tank was extremely difficult to install in one piece in the building stage F area and would need to be fabricated in place, requiring multiple field welds and significantly increasing the project's cost. This construction-related issue, determined during the design stage of the project

caused facilities to reconsider the project and take mitigation measures to reduce the project cost, which eliminated the need for a new tank. However, the project did increase in cost primarily due to the additional pipe runs needed from the booster pumps to the tower and stage floors and the normal/emergency electric feeds required for these special service fire pumps; and the cost to refurbish the 22nd floor Salvage Water Tank. The cost to sprinkler the un-renovated 25th, 27th floors and all stages of the Irving Place tower was originally included in the building's 6th floor renovation project but was deferred and is now included in this project. This transfer in scope allowed Facilities to separate the "architectural" 6th floor renovation project from the "mechanical" tank/piping project and simplify the logistical construction planning of each.

Local Laws 10-11

Q. Are there any other major compliance projects associated with local laws?

A. Yes. There are projects needed to remain in compliance with Local Laws 10-11. Local Law 10-11 were also discussed in recent cases and similarly approved by the Commission.

Q. Please describe Local Law 11.

A. Local Law 11 ("LL11") was instituted in the early 1980's as LL10. The law, which was amended and renamed LL11 in 1998, requires the periodic inspection of the exterior facades of buildings in NYC greater than six stories in height; and upon completion of the inspection, a report must be filed by a Licensed Professional Engineer or Registered Architect with the New York City Department of Buildings ("DOB"). These inspections primarily act as a safety measure to protect the public from falling building materials and improve awareness of the importance of maintaining and restoring NYC's architecture.

Q. Has the Company recently completed a LL11 review cycle?

A. The Company's engineering department (through an outside consultant it hired) recently completed its report to the DOB on the LL11 Cycle 6 inspections, performed in 2006. This report identified façade repairs that must be completed within five years and prior to the Cycle 7 inspection which is scheduled for 2011.

Q. What façade repairs are necessary under the Cycle 6 inspection?

A. No unsafe conditions were reported during this inspection; however, several items identified as "safe with a repair and maintenance program" ("SWARMP") were

discovered. These items include cracked stone, replacing old masonry sealant, and sealing open masonry joints. In addition to normal façade and/or parapet repairs, the report recommends replacing the caulking on all the building windows.

Q. Why is window caulking replacement important?

A. Primarily, it is important for reasons of public safety. Window caulking that has either deteriorated or eroded creates areas that permit water infiltration into the building. This water travels behind the façade stone and masonry. During cold months of the year, this water can freeze, which then expands against the back of the stone/masonry, resulting in cracked, loosened stone, masonry and mortar. This broken stone, masonry, and loosened mortar has the potential to fall from the side of the building to the street below, creating a public safety concern.

Q. Is it difficult to replace the window caulking?

A. Yes. Environmental sampling of the caulking material has revealed that existing caulking is asbestos containing material ("ACM"). Therefore, special procedures are required to remove the existing ACM caulking. These procedures include, but are not limited to, internal plasticizing of adjacent windows to the current work area; erecting, maintaining and

dismantling work/waste decontamination enclosure systems; plasticization between the mobile work platform and building; air monitoring inside the building and at the exterior work platform; and plasticizing between the already required sidewalk bridging and building. We would also note that all plasticizing measures have to be removed and re-installed for each shift.

Q. Due to the complexity of the aforementioned procedure and any associated LL11 repairs, can the removal and replacement of the caulking be accomplished in one year?

A. Attempting to accomplish all the work in one year would be extremely intrusive to the building occupants and, due to the required sidewalk bridging surrounding the entire building, the neighborhood as well. Therefore, we are proposing that the work be accomplished as a program addressing one facade per year.

Q. What is the total cost of this program?

A. We prepared a cost estimate based on the Cycle 6 engineering inspection report/recommendations. The total O&M cost estimate is approximately $4 million or approximately $1 million per year for the next four years. This work will begin in the 2nd quarter of 2008 and span the next several years.

In accordance with Local Law 11 regulations, the Cycle 7 Inspection will begin after completion of the façade repairs identified in the previous Cycle 6 engineering inspection/report. This will not result in any reduction in funding request during the next several years. It is also highly possible that additional work will need to be performed after the Cycle 7 inspections are completed.

Additional Compliance Projects

Q. What other regulatory compliance projects need to be undertaken?

A. Additional examples of compliance projects that are capital in nature include:

- Flatbush Ave - 6th & 7th Floor Renovation (LL26 Temporary Space) for a capital cost of $8 million in 2009. This project calls for renovation of the two floors at the Brooklyn/Queens Headquarters building to provide for temporary personnel space associated with the LL26 office renovation projects at Irving Place. This project was originally listed as a "Programmatic Site Improvement" project but is now a "Compliance" project because of its association with the LL26 projects.

- The ongoing effort to renovate the 2nd floor East & Middle Mezzanine Offices of Van Nest S/C Bldg 1 at a cost of $3.5 million in capital during 2009. Per NYC DOB Building Code, interior bearing walls and bearing partitions must be constructed of non-combustible materials having a certain rating. The bearing walls of these Van Nest offices are not non-combustible materials and, therefore, must be replaced. As these walls support the office ceiling and HVAC systems, it is recommended to remove the offices in their entirety and build new. The space is approximately 15,000 square feet.
- Relocation of C&D ("Construction & Debris") and Storage Bin Area to avoid high tension transmission wires at Eastview at a cost of $0.5 million in capital during 2009. At the Eastview Service Center, there is a concern about safety during loading/unloading operations at the existing C & D and Storage area (i.e., equipment may come in close proximity to the existing 345 kV transmission wires located directly above the storage bins.) Administrative controls, such as warning signs and height indication wires, are currently used to ensure safe operations and compliance with Con

Edison's (25 ft) and OSHA (20 ft) safe distance (clearance) from the high-voltage transmission lines, but additional engineering controls are desirable. To address this concern operationally, we propose the relocation of existing storage bins in order to eliminate the possibility of overhead high-voltage lines contact and flashover hazard. This project relocates the existing storage containers, cable reels, and concrete poles to a newly constructed C&D area. The new concrete bin walls will be 4 ft high above ground. In addition, a 120 ft x 15 ft asphalt pavement will be required between the new storage bins/existing roadway.

- Installation of various Backflow Preventor Devices at a capital cost of $375,000/year in 2009 and 2010. In accordance with the NYC Plumbing Codes, New York Department of Health Regulations and DEP Regulations, domestic water service installations must be provided with backflow prevention devices. The type of device, whether a double check valve or reduced pressure zone device, depends on the degree of hazard at the particular facility. Each facility has been analyzed and the type of device identified will be installed to comply with the above regulations and codes.

Q. What are the projected costs of all of these compliance projects?

A. The estimated capital costs for this category of projects are $28.9 million in 2009, $19 million in 2010, $15.5 million in 2011, $15.6 million in 2012 and a forecasted $20.5 million in 2013. The 2009 costs are primarily for LL26 projects and other compliance related work discussed above while the 2010, 2011 and 2012 costs are almost exclusively for the continued need to address LL26 compliance.

Q. What additional compliance projects are expected to be undertaken that are O&M in nature?

A. The Company plans to undertake projects for the purpose of improving air quality at all of the Company's facilities.

Q. Please describe your plans for improving air quality.

A. The Company intends to inspect, clean and remove sensitive materials associated with air and water distribution equipment and systems in the buildings to mitigate the spread of potential infectious diseases and/or health dangers. This program involves several various sub-programs that systematically address the quality of indoor air by removing sensitive materials from building systems and improving the operation of any associated equipment. Programs include, but are

not limited to, cleaning HVAC duct and units; inspecting and repairing roof and piping systems to remove mold; and abating and replacing ACM insulation throughout the buildings. We are continuing to implement the indoor air quality program at Irving Place and the Regional Facilities' buildings at an annual cost of approximately $1.1 million for rate years ending 2010, 2011 and 2012. In 2008, the Company estimates the program will be $1.4 million for Irving Place and $0.1 million for the Regional Facilities.

Critical Infrastructure Projects

Q. Please explain critical infrastructure projects.

A. These are projects that have been initiated because they are deemed necessary to maintain the structural integrity of the Facilities' buildings, to allow them to operate as designed, or to protect critical equipment (e.g., failed roof, whereby bubbling is evident underneath the membrane, indicating that water has infiltrated the system and saturated the associated insulation/decking; corroded/thin-walled chilled water piping, as indicated during ultrasonic testing ("UT"), high maintenance HVAC systems; LAN Room AC Installations). The projects in this category are projected to be undertaken primarily in 2009 and 2010. Projects of this nature, despite planning, and

preventative maintenance, are generally identified when systems, equipment and components are at or close to failure. Projects that address replacement of critical infrastructure usually need to be completed in a quick time frame.

Q. How much are you planning to expend in capital costs for these types of projects?

A. We plan to spend $12.6 million in 2009, and $4.3 million in 2010 and $200,000 annually in the years 2011-2012 and a forecasted $200,000 in 2013. This category has approximately twenty projects associated with it, most of which were recently approved by the Commission in Case 07-E-0523.

Q. What are some examples of the capital projects included in this group?

A. Examples and descriptions of such capital projects are:

- West End Avenue - District Operator/East Control Room Renovation for $2.5 million in 2009. Along with renovating and modernizing the control room and associated heating, ventilation and air-conditioning systems, this project will install new digital "mimic" screens and replace the existing manually-operated system display boards installed in 1980.

- Davis Avenue and Flatbush Avenue - Roof Replacements - $1.6 million in 2009.
- Irving Pl. - HVAC Piping Replacement Program - $200,000/year for years 2009 through 2013. This project provides for the programmatic replacement of HVAC piping throughout Irving Place. The existing chilled and secondary cooling water systems are approximately forty years old. A metallurgical study of the most recently failed pipe section indicated 80 percent exterior corrosion and 20 percent interior corrosion. Representative samples of the building's piping system will be examined via Ultrasonic Testing in 2008 to determine the full extent of the system's deterioration and piping will be replaced accordingly.
- The Learning Center (TLC) - Critical LAN & Uninterrupted Power Supplies ("UPS") AC & Back-Up Power - $2.5 million in 2010. Not all critical Information Resources' equipment located at TLC is connected to the site's Emergency Diesel Generator ("EDG") or has cooling sufficient to dissipate its heat loads. This project installs new Air

Conditioning equipment in critical LAN & UPS rooms and connects these critical loads to the EDG.

- 3rd Ave Yard - Paving/Parking/Building 2, 3 & 4 Demolition/Wall Preservation - $3.0 million in 2009.
- Flatbush Ave. - UPS consolidation in Room 312 & the 7th Floor Telephone Room - $650,000 in 2010. Information Resources will install two 40KW UPS's to backup the switching network system. Each UPS will require a main distribution panel feeding several sub panels and will be fed from the main emergency distribution panel located on the 1st floor. This project installs the UPS's along with the associated power feeds, power outlets and HVAC upgrades needed to dissipate the additional heat loads in the rooms. As part of this project, LAN Room 312 and the 7th Floor UPS room will require installation of two new 3-ton AC units for each room.
- 30 Flatbush Ave - Rm 520 UPS Upgrade and LAN Room A/C for $580,000 in 2009. Additional electronic equipment has been located in this LAN room and new UPS equipment will be located in this space in the near future. In order to maintain proper room

temperature with the added heat load, this project provides for the installation of two new three-ton split dedicated Air Conditioning systems. This project also provides a new power feed to the new equipment. The power feed will supply the UPS's through a new step-down transformer.

Q. Please explain the O&M projects in this category.

A. The Company plans to undertake projects to upgrade existing floors and address building infrastructure restorations for all Company facilities. We will expend approximately $2 million in total for floor replacement and building infrastructure renovation as was similarly discussed and approved in Case 07-E-0523.

Q. Please explain the floor replacement program.

A. The Company intends to replace carpeting and resurface floors during the next several years. Normal wear and stretching of floor carpeting and severely worn tile or floor surfaces result in tripping hazards. In many cases, carpeting has worn beyond any economical or reasonable cleaning method resulting in extremely dirty carpets that contributes to unhealthy air quality. In addition, resealing certain floor surfaces, such as fan room floors, eliminates any water seepage or leakage to lower elevations during equipment failures. In 2008, we plan to implement this program with $765,000 for 4

Irving Place and $810,000 in the Regions. We will continue this program in RY1 - RY3 at an estimated cost of approximately $687,000 for Irving Place and $417,000 for the Regional Facilities' buildings in RY1.

Q. Please explain the Building Infrastructure Restoration project.

A. The Building Infrastructure Restoration project involves programs and sub-programs for the restoration of offices, roadways, equipment and systems that are approaching the generally accepted life expectancies and require upgrading to ensure continual operation. These various sub-programs include, but are not limited to, restoration of wall, ceiling and floor systems in areas of extreme traffic, such as main lobbies, entrances and corridors; repainting of office areas and related rooms due to deterioration; restoration of Cooling Towers; replacing steam, water and chill water valves for the buildings' HVAC and water systems; and, due to excessive deterioration of pavement in our facilities, increased repair of paved surfaces. In Case 07-E-0523, this program was funded for $1.4 million for Irving Place and $1.3 million for the Regions for the 2008, 2009 and 2010 rate years. We will continue to implement this program in RY1 - RY3 at an annual cost of approximately $0.7 million in 2009, $0.7 million in

2010 and $0.7 million in 2011 in the Regions. The Irving Place program is $1.3 million in 2009, $0.9 million in 2010 and $0.9 million in 2011.

Programmatic Site Improvements

Q. Please describe your third category of costs, Programmatic Site Improvements work.

A. These capital projects are performed annually to maintain and improve on overall conditions at the buildings and yards and are intended to upkeep the facilities. The program addresses efficiency improvements and/or equipment modernization or upgrades and projects that are evaluated/prioritized based on facility assessments. These projects generally involve yard paving/resurfacing, roof replacements identified in the Facilities' roof inspection program, HVAC systems nearing the end of their normally useful life, general office renovations, elevator upgrades, etc. Concerning roofs, Engineering has in place a roof inspection program, which assesses each building roof once every five years. The inspection reports, generated as a result of this effort, specify the extent of the repair work necessary or if a complete roof replacement is required. The roof project is then funded and scheduled accordingly.

In order to group, evaluate and prioritize other building systems and equipment, Facilities has established various programs to address: yard and road paving/resurfacing, loading platforms, sidewalks, fences/gates, garage doors, windows, office renovations, HVAC systems, lighting, electrical systems, security systems, emergency diesel generator, etc. Projects are listed in Programmatic Site Improvements Category either as a result of a completed ESR or as a placeholder based on engineering or historical knowledge of the systems and equipment (e.g., since the expected life of a freon-based HVAC system is approximately 20 years, units that are 15 years or older will be listed in the five year plan.) A completed ESR provides a scope of work and budgetary order of magnitude cost estimate required to address a particular system problem.

Q. Please provide some examples of this type of capital work.

A. There are currently over one hundred projects identified in the Programmatic Site Improvements category, which were presented to the Commission in Case 07-E-0523. Examples of such projects are:

- College Point Blvd (CPB) - 2nd Fl Renovation - $4 million over 2011 and 2012.

- Various Site Security Improvements (16th Street S/C, 28th Street S/C, TLC, 110th Street S/C, Irving Place MECC, TLC, Neptune Ave, CPB S/C, Davis Avenue, etc.) - $7.6 million in years 2009 through 2012 and forecasted $1 million in 2013.
- Irving Pl. - Window Replacement ~ $3 million in 2011 and ~ $6 million in 2012 and forecasted $3 million in 2013. In 2008 we are making improvements at Davis Ave. and 30 Flatbush for $1.6 million.
- TLC - Redesign training areas 123 - 125a - $3 million over 2011 and 2012 period.
- Van Nest S/C Bldg 1 - 1st fl Mezzanine Bathrooms/Locker rooms renovation - $300,000 in 2010, $500,000 in 2011 and $100,000 in 2012.
- Flatbush Ave. - Emergency Diesel Generator Upgrade - $500,000/year in 2010 and 2011.
- Cleveland St. S/C - Yazaki Absorption Unit Replacement - $400,000 in 2010.
- Bruckner Blvd. - Yazaki HVAC Replacement - $300,000 in 2010.
- Davis Ave. - Window & Lintel Replacements ~ $460,000 in 2010 and $300,000 in 2011.
- Irving Pl. - G Stairwell Washroom renovations ~ $600,000 in 2011.

- Irving Pl. - Air Handler Replacement 13SE - $300,000 in 2010.
- College Point Boulevard - Paving/Resurfacing Program Phase 2 ~ $250,000 in 2011.
- Astoria - Paving/Resurfacing Program ~ $600,000 in 2012
- Regional Storerooms, Bronx - Lighting Improvements ~ $100,000 in 2011.

Q. What are the projected costs for this category of projects?

A. The estimated capital costs for this category are $0.3 million in 2008, $2.1 million in 2009, $17.4 million in 2010, $24.8 million in 2011, $14 million in 2012 and a forecasted $12.3 million in 2013.

User Requests

Q. Please describe the final category, user requests.

A. Any projects that do not meet the criteria of the three categories explained above and are generally done at the request of the user are considered to be user requests. They are prioritized on a "first-come, first-served" basis and budgeted/engineered/scheduled subject to an engineering evaluation of the need for the project.

Q. Are these capital or O&M projects?

A. Generally, these are capital projects.

Q. Please provide examples of these types of projects.

A. There are currently almost thirty projects identified in the User Request category, similarly discussed in Case 07-E-0523. They are forecasted for 2013 at a cost of $9.7 million. Examples of such projects are:

- The Learning Center - Enclose gas pavilion for training
- College Point Blvd. S/C- New Heated Flush Truck Shed
- 16th St S/C - Enlarge Ave C gate for truck traffic
- The Learning Center - Employee/student notification system
- Irving Place - Additional Points for Alarm Panel in Control Room
- Irving Place - Additional Pressure Switches for Chilled & Secondary Water Pumps.

Facilities' Hurricane Hardening

Q. Please turn to facilities hardening and explain what you mean by "hardening."

A. Hardening are the steps that the Company is taking to strengthen and reinforce certain facilities in the event of a hurricane to increase the likelihood that critical facilities are able to operate, and that the

Company can continue its business as best as possible, during such an event.

Q. Please explain what steps have been undertaken in this area.

A. After the 2005 hurricanes in the Gulf region, the Company began studying the potential effects of various category hurricanes on its facilities. To date, several studies have been conducted in this effort.

Q. What facilities have been studied and what was involved in the assessment?

A. Concerning the hardening of the West End Avenue ("WEA") facility, the Company hired Thornton-Tomasetti ("TT") to perform a detailed structural evaluation of this building based on drawing research/field observations; computer modeling/analysis of the building's steel frame structure; manual calculations for the masonry walls, roof mounted equipment anchorage, and roof deck, including debris impact; and qualitative evaluation of windows, doors, louvers, roofing systems, and transformer bay enclosures. The building was evaluated for current code requirements for wind loading associated with hurricane categories 1, 2, 3 and 4. In addition, exploratory holes were also drilled into several of the Concrete Masonry Units ("CMU") walls to

confirm that they are un-grouted and un-reinforced. Based on this exploratory information and the TT study, it was determined that the WEA building will need to be hardened.

Concerning the hardening of other critical regional facility locations, the Company hired Altran Solutions to perform a screening evaluation of 4 Irving Place, Buildings 21 and 21A at Van Nest, 1 Davis Avenue, 30 Flatbush Avenue and Rye Headquarters. This effort involved assessing the buildings for suitability as a hurricane shelter (structural and flooding standpoint only) and assigning them a numeric rating. The screening criteria come from FEMA 361, the American Red Cross and additional information obtained from the state of Florida. The screening addressed the following: flooding due to storm surge, building age and type of construction; categorizing and rating the building elements (main load resisting system, roof, floors, walls, cladding, windows, and doors); debris hazards; and other similar types of items. The evaluation did not involve any formal analysis but did result in the identification of building components that would need hardening and developed related "order of magnitude" costs. The screening relied on past performance of various buildings during historical

hurricanes of all categories. As such, there was no distinction made of the hurricane category number in determining the rating. The Altran Solutions report that assessed the capability of the critical Con Edison buildings to resist major hurricanes concluded that all buildings were rated below acceptable for use as shelters. Thus, all of the buildings analyzed above will also need to be hardened.

Q. Please continue.

A. These two studies indicate that all of the above-mentioned buildings will need to be hardened to some extent. Using the recommendations provided in the Altran study and information currently known, the estimated costs to harden 4 Irving Place, Buildings 21 and 21A at Van Nest, 1 Davis Avenue, 30 Flatbush Avenue and Rye Headquarters is approximately $39 million. This includes measures such as replacing existing "unshuttered" windows with a hurricane resistant version; reinforcing windows with an anchored film; reinforcing exterior masonry walls; and replacing existing ballasted or lightweight metal decked roofs, anchoring poorly attached roof mounted equipment.

Q. Has the Company taken any steps to mitigate the cost of this effort?

A. Yes. Because of the substantial cost indicated above, Engineering and the Coastal Storm Committee refined the parameters utilized in the TT and Altran studies in order to possibly limit the extent of hardening required and therefore the cost. TT subsequently evaluated methods for hardening not all but select locations, such as 4 Irving Place, WEA and Buildings 21 and 21A at Van Nest under Category 3 and Category 1 conditions. In the cases of Irving Place and WEA, these buildings were analyzed so that certain floors/areas, as opposed to the entire buildings, could be utilized as shelters. Buildings 21 and 21A at Van Nest were analyzed as shelters and also to remain as operational facilities during a hurricane event. The analysis again indicated that significant and costly hardening modifications would be needed for Irving Place, WEA and Van Nest Buildings 21 & 21A so that they can be used as shelters and/or operating facilities during a hurricane.

Q. What is the cost included in the rate case submittal for the hardening of facilities and creation of the safe areas?

A. $36.125 million total cost with $6.125 million in 2010 and $10 million per year in 2011, 2012 and forecasted $10 million in 2013 (as described on pages 13 to 15 of

Exhibit __ (SSP-1)). In addition to the hardening modifications specified for Irving Place, WEA and Van Nest Buildings 21 & 21A the TT evaluation also discussed the need to upgrade roofing systems to protect the Irving Place Data Centers and WEA Bulk Power Room from water infiltration during a hurricane. Thus, the $10 million funding level provided for hardening modifications in the 2008 Rate Case will be used to replace roofing systems at these two locations at a cost of $3.3 million and other Hurricane Hardening projects will be deferred to future years (2010 through 2013). Based on our Facilities project matrix, "compliance" and "critical infrastructure" projects may be installed in lieu of Hurricane Hardening projects in 2008."

Astoria Dock Repairs

Q. Please explain this dock repair program.

A. In late 2007, as part of the Company's five-year waterfront inspection program and in order to determine the condition of its docks, Ocean and Coastal Consultants (OCC), identified various deteriorated and degraded conditions at the Astoria A-11 and A-12 docks. The OCC report recommends an over-sheeting bulkhead repair method costing approximately $2.0 million for A-11 Dock Area A Repairs. The OCC reports recommend for

the A-11 Dock Area D an over-sheeting bulkhead repair method costing approximately $5.3 million or a Rip Rap Revetment repair method costing approximately $3.9 million. For the A-12 Luyster Creek Bulkhead Repairs, an over-sheeting bulkhead repair method costing approximately $4.1 million or Rip Rap Revetment repair method costing approximately $2.5 million is recommended in the OCC reports. The exact method for A-11 and A-12 dock areas is yet to be determined and will be based on the future operating modes of the dock facility.

Manhattan Work Out Location (Service Center)

Q. Is there another project you would like to address?

A. Yes.

Q. Please explain.

A. There is a possibility that the Company may be required to relocate several of the functions and facilities currently housed at the Company's West 28th Street Work-Out Service Center because of a major mass transit project, New Jersey Transit's Access to the Region's Core ("ARC") Project.

Q. Please describe the ARC Project and how it would involve Con Edison's West 28th Street facility.

A. The ARC Project entails the construction of two new rail tunnels from Secaucus, New Jersey, crossing under

the Hudson River, to West 34th Street in Manhattan. Under the most recent plan, released by New Jersey Transit in March 2008, the tunnel would cross underneath Con Edison's West 28th Street facility. In addition, the following major project elements would be located on this facility: (1) a 150-foot diameter shaft, (2) a large fan plant building, and (3) a large staging area for removal of excavated tunnel materials. Con Edison's West 28th Street site would become the hub of the tunnel construction activity in Manhattan, with construction taking almost a decade.

Q. Please describe the West 28th Street work-out facility.

A. The West 28th street yard, which is located at 28th Street and 11 Avenue in Manhattan, right next to the West Side Highway, currently houses about 500 employees and 200 vehicles. Various company operations, including electric, gas, steam, environmental and emergency operations use this yard as their headquarters on a 24 by 7 basis. The yard's proximity to the West Side Highway is critical to the Company's ability to respond quickly to emergency situations.

Q. What is the status of the ARC Project?

A. The Company has been informed that tunnel construction will start in 2009 and the Company may need to vacate all or part of the site as early as January 1, 2009 to

make room for the tunnel and its associated systems (e.g., main construction access shaft) and construction staging area. The Company has expressed concern about the loss of this vital service center and its adverse impact on our customers. The Company has been working with New Jersey Transit, and will continue to do so, to find an alternate solution that does not adversely impact Con Edison's operations and customers. If the property were taken, the Company would seek compensation for its loss and its relocation costs.

Q. What steps has the Company done regarding this possible relocation?

A. In late 2007, the Company commissioned a broker to provide a preliminary estimate for the cost of purchasing land north of 28th Street in case we lost the ability to use our current location.

Q. Has the Company finalized a plan for the relocation of the 28th Street work-out center?

A. No. At this point, the Company is unsure of what will occur at this facility. Please note that the Company may need to acquire the necessary property, and construct an equivalent service building and garage, gas dispensing facility and flush facility. Although the Company may get partial or full reimbursement of these costs, as indicated above, we do not have an

estimate for any potential reimbursements at this time. We intend to update for this program at the update stage of this proceeding.

Pending a more permanent resolution of this situation, the Company may need to rent space for these operations during the rate year.

If we decide to rent property for surface parking and cable storage only, the O&M cost would be less than the rental of a size equivalent to the 28th Street property. However, we may need rate relief to rent a similar sized facility in Manhattan. Again, we will update for this matter at the update stage of this proceeding when more information may be available.

Q. Please explain any other projects?

A. I would also like to discuss the Company's cost to move from W. 125th Street to a proposed leased property at E. 124th Street. This move was necessary pending approval of the sale of 32-42 West 125th Street. On November 2, 2007, the Company filed a joint petition seeking Commission approval to sell the property located at West 125th Street. The O&M cost to rent property of an equivalent size would be $755,000 in 2009, $755,000 in 2010 and $755,000 in 2011 above the historic year O&M. This amount has been included in the Company's rate increase request for this case. On

April 24, 2008, the Commission denied the petition to sell the property in Case 07-M-1316. The Company will make the appropriate adjustment in the update phase of this case to remove the O&M cost.

Flush Facilities

Q. What are Flush Facilities and why are they important?

A. Cleaning underground electrical distribution structures to remove accumulated debris is a critical-path element in the vast majority of our work activities. Solid debris and sediment regularly deposit in Con Edison's underground electric distribution structures through street run-off, and in-leakage from other sources such as water and sewer mains. These accumulated materials can impede access to distribution system components during routine as well as emergency conditions, create hazardous walking/working surfaces for our employees, and adversely impact work quality overall. Structure cleaning must be accomplished before most work activities, including emergency restoration, routine maintenance, and inspections, can begin.

The Company has four flush facilities, which are essential resources that serve to manage the waste generated during structure cleaning, while enabling Con Edison to maximize the vactor truck fleet's availability to perform clean structures. These

facilities managed the approximately 11 million gallons of water and 13,000 tons of solids that comprised the flush waste generated by our vactor fleet during 2007. The 24/7 availability basis of these facilities, combined with their strategic location throughout the service territory, allowed for minimal vactor availability losses during unloading evolutions.

Q. What is the work scope planned for these facilities?

A. In effort to ensure continuous facility availability and operation, and to address the increasing wastestream throughputs that are presently stressing facility capacities, Con Edison is planning to upgrade the unloading areas at all four flush facilities, and replace the three wastewater treatment systems. Permanent structures will be erected to shelter the unloading areas and wastewater treatment systems, which are presently located outdoors. Sheltering the unloading areas will improve employee safety by preventing freezing of walking/working surfaces, and will also serve to reduce disposal costs by minimizing the amount of rainwater that would otherwise be captured at the facilities during run-off. Sheltering the three wastewater treatment systems from harsh environmental conditions will help to improve component service life and may ultimately reduce maintenance

costs by reducing the potential for weather-associated failures. The engineering phase in 2008 will be $3.25 million and construction phase will be $23.5 million over 2009 and 2010.

SECURITY

Q. Please describe the Central Monitoring System.

A. In recent years, the Company has invested significant funds for the purchase, installation, and maintenance of technical countermeasures employed for the purpose of providing the appropriate level of security required for its facilities. This technical equipment includes security cameras, digital video recorders, card access systems and security alarms. In order to utilize this technology effectively, Con Edison has recently completed the construction of a centralized monitoring station where these measures are now monitored 24/7 by dedicated, trained security personnel. Other O&M costs associated with operating the Central Monitoring System includes two additional human resources and overheads, such as leases, equipment maintenance costs, and communication charges. The cost of this program change of $800,000, is the same allowed per Case 07-E-0523. The cost covers the hiring of two full-time employees, a technician and a supervisor for the contractor

operators of the Security Monitoring System (24/7) and miscellaneous costs to run the Operations Center.

CENTRAL FIELD SERVICES

Q. Please explain the program change requested for vehicle fuel costs.

A. In 2007, the Company expended $10.3 million for vehicle fuel that was used to run the Company's fleet of 4,100 vehicles. During that year, the Company's gasoline and diesel vehicles consumed a combined 3,605,275 gallons of fuel. In the rate year, based on January 2008 prices, the Company projects that it will spend $12.2 million for 3.6 million gallons of fuel. The Company will update this cost figure (utilizing Department of Energy projections) if fuel prices continue to rise.

Q. Can you explain why you require additional funding for vehicle fuel?

A. The Company's expenditures for vehicle fuel have been increasing over the past several years. The trends we've all seen relative to the price of oil translate into the prices the Company pays for its fuel as well.

Q. What specifically has happened to prices during these past few years?

A. The Company has seen price-per-gallon increases of 16 percent annually from 2003 through 2007. In 2003, the Company paid $1.62 per gallon. In 2004, the Company

paid $1.88 per gallon. In 2005, the Company paid $2.37 per gallon. In 2006, the price was $2.78, and in 2007, it was $2.90. For the first quarter of 2008, the Company paid an average of $3.44 per gallon for fuel.

Q. Have you prepared an exhibit detailing historic and projected expenditures for "Vehicle Fuel Costs"?

A. Yes, we have.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-6)

Q. Can you point to the main driver of those price increases?

A. There is not a single cause, however, on a "macro" scale - world events and economics have driven crude-oil prices. To a lesser extent, mandated reformulation of fuels for certain markets has also caused increases in prices. The U.S. EPA enacted requirements in 2006 that effectively required all new on-highway diesel vehicles to dramatically reduce harmful emissions. This was in-part accomplished by requiring ultra-low sulfur diesel (ULSD) fuel. This fuel has 15 parts per million (ppm) of sulfur instead of the 500 ppm previously allowed. This change requires additional steps in the refining process that increases the cost of the finished product. While not all vehicles are required to burn this fuel, the logistical complexity for fuel suppliers, retailers and private filling stations to

manage different formulations has prompted suppliers to effectively only offer the newer fuel. Additionally, the Department of Energy regulates the fleets of "fuel providers". We are obliged to use an increasing portion of alternate or renewable fuels annually. The Company has chosen biodiesel as part of the plan to meet Department of Energy regulations. This fuel comes at an additional premium.

Q. Please explain the "premium".

A. The blend of biodiesel selected by the Company to meet DOE requirements is 20% soy-based, known as "B20". The combined premiums for the changes to biodiesel and ultra-low sulfur are a one-time increase over the older formulations of $0.10-$0.20 per gallon. This amounts to a one-time increase of 3 percent. This is on top of the underlying commodies, increased of 16 percent annually.

Q. Can you describe the steps taken to project the Company's vehicle fuel expenditures?

A. The Company maintains detailed records and develops trends describing usage and price paid per gallon for all vehicle fuel. Additionally, we look at data from the Department of Energy. Specifically, the Energy Information Administration's Short-Term Energy Outlook

(EIA STEO). We periodically look at futures market data, but to a lesser extent.

Q. Is it your opinion that these steps adequately forecast future fuel prices?

A. The futures market for gasoline and diesel can only provide relatively short, forward-looking prices so it provides little actionable information. Although the EIA STEO is more useful, prices have risen so rapidly over the past few years, that its forward-looking projections have consistently understated the potential price for increases.

Q. That being said, is your exhibit consistent with the EIA STEO projections?

A. Yes, it is consistent with the EIA's STEO, dated April 8, 2008. We would note that the program change we are requesting, some $1.9 million, would permit the Company to recover in rates only the recent cost of fuel, *i.e.*, the costs as of January 31^{t}, 2008. This could be problematic based on the recent run-up in gas prices.

Q. Can any of these cost increases be mitigated by your purchase agreements?

A. The Company operates its own private-fill fuel stations at many of the service centers. Our vehicle fuel supply contracts allow us to buy fuel in bulk at prices closer to what would be seen in the wholesale market as

opposed to the retail market. The contracts are indexed for fixed discount from publicly available market-rates. We have examined hedging opportunities and level-billing structures, but over the long-run, market-rates still appear to be the best arrangement. While the Company uses hedging successfully in its purchase of natural gas, hedging for vehicle fuel would not provide any clear-cut savings. In fact, price volatility, plus payment for future puts, and the great potential for loss would put additional risks on these costs, which in turn could result in higher rates for our customers.

Q. Are there any ways you can mitigate consumption?

A. Behavioral management plays a role in conserving fuel. Employees who operate Company-owned vehicles are reminded periodically about ways to improve their fuel economy, including reducing the weight of unneeded material/tools, not idling the vehicles, proper tire inflation, carpooling when possible, etc. It is difficult, however, to numerically quantify the savings of such efforts.

Q. Are there other initiatives that might have a greater quantitative impact over the near-term?

A. For some time, we have been examining the possible benefits of using Compressed Natural-Gas ("CNG"),

hybrid vehicles and other technologies to reduce the amount of fuel used by mobile equipment as we construct and maintain our T&D system. We have purchased some hybrid vehicles to be used by employees, but there are no commercially available and cost-justified hybrid offerings for the trucks and other heavy equipment we use. These vehicles are the biggest users of vehicle fuel.

The Company's operations groups continue to evaluate the expansion of GPS-based dispatch systems to help assign work, as to reduce response time as well as fuel burned traveling. This GPS-based system is being piloted as a R&D project for vactor/flush trucks as described by Company witness Kressner in the R&D testimony. While this technology has great potential, it will take some time to implement. The Company is working to ensure the cost to install systems in more of our vehicles would be justified by other benefits before moving forward.

In the near-term, we realize savings by replacing equipment on a regular basis as it ages beyond economic repair. As we replace vehicles, our Transportation department applies a philosophy of matching the most fuel-efficient vehicle to the task it needs to perform. In some cases, we are able to downsize vehicles to more

fuel-efficient models. For a number of reasons, we expect these measures will make only incremental improvement in the near-term. Unfortunately, these measures continue to be outpaced by increasing fuel prices and a growing need for mobile equipment to perform work on our Transmission and Distribution system.

Q. Does CFS do anything to mitigate costs?

A. Yes. Central Field Services is a large organization comprising many areas, including vehicle garages, storerooms, trucking, cranes and rigging, and waste processing. During 2007, throughout our operations, we employed the following initiatives, and achieved cost avoidances in either capital or O&M.

- Cable Management - reduction of cable scrapped has resulted in net savings of $2.0 million. This was achieved by fabricating cable coils and shunts from potential scrap cable ($0.6) and avoiding additional cable purchases ($1.4) to fabricate the coils.
- Mobile Electric Generators (MEGS) - 12 additional MEGS purchased in 2007 bringing the fleet to 16. Since their purchase, there were 243 deployments of MEGS, of which 99 requests (or 40 percent) were

satisfied with the Con Edison's MEGS. This resulted in an overall cost avoidance of $140,000.

- Consolidation of Supply Rooms in Brooklyn - the Electric Operations supply room in Brooklyn was consolidated with the regional Stores room in Brooklyn. This has improved the supply chain process, eliminated double handling of materials, gained better control of inventory and eliminated redundancy in resources. Additionally, 1.5 employee positions have been reassigned based on these changes.
- Increase In-House Maintenance of Vehicles - by reducing vendor repairs and parts during 2007 (and keeping them "in-house"), a net cost avoidance of $689,000 was realized.

Q. Does CFS have any cost mitigations plans for 2008?

A. Yes, we plan to expand Waste Stream Processing. Currently, the PCB shed in Astoria can only process PCB contaminated hazardous waste. The proposed plan is to allow the facility to accept and process all hazardous waste streams that are generated within the Company. There is a potential savings of $325,000 once all permits and public notifications have been completed.

The company is awaiting permit approval from the NYSDEC.

INFORMATION RESOURCES

Q. Have you prepared an exhibit detailing your projected capital and O&M expenditures?

A. Yes, we have prepared two exhibits entitled Information Resources Capital and O&M.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-7)
and EXHIBIT __ (SSP-8)

Q. What IT programs are you discussing?

A. Our testimony addresses two new programs for consideration in this rate case; Mainframe Operating and Maintenance Costs and the construction of a Network Operations Center (NOC). In addition, our testimony also addresses five previously approved programs from the Case 07-E-0523 submission and discusses additional requests in the outer years.

Q. Please describe the Mainframe Operating and Maintenance Costs program.

A. The mainframe computing environment hosts critical applications for CECONY, including the Customer Information System and critical financial applications. The mainframe environment requires software licenses which are leased from a variety of software development companies. The software lease is required to provide

use of the software, upgrades to the software and support for the software. The lease charges are based on the capacity of the mainframe computer. Mainframe computers are historically upgraded every three years to account for growth in business applications and new data requirements. The software includes the operating system, database management systems and system tools and utilities.

Q. How many mainframes does Con Edison have and how often are they upgraded?

A. Con Edison maintains two mainframe computers, and they are historically upgraded every three years. The most recent will occur in 2008. The next mainframe upgrade is planned for 2011.

Q. What are the costs associated with this program?

A. Costs for this program include incremental increases in expenses for the use of the software and maintenance and support for the operating system, database management and monitoring tools, and system utilities which will occur across the rate years and directly tied to the mainframe upgrade. The incremental increases in costs paid annually will be $346,000 in 2010, $360,000 in 2011 and $376,000 in 2012.

Q. Why are the costs increasing over each rate year?

A. Mainframe software costs are driven by the Millions of Instructions Per Second ("MIPS") of the hardware. The mainframe environment requires software licenses which are leased from a variety of software development companies. Software lease charges are based on the capacity of the mainframe computer but each increase in computing capacity results in increased lease costs.

Q. Can you show examples of cost increases for the most recent mainframe upgrades?

A. Yes, in 2008, due to our most recent CPU upgrades, our latest contract with Computer Associates has increased by $182,000. Another example is our software vendor, Compuware, where we incurred a cost increase of $97,000 to support additional CPU capacity licenses.

Q. Are there ways that you can mitigate cost increases?

A. Information Resources has initiated programs to optimize its mainframe costs. One such program leverages IBM hardware and software products against non-IBM vendors suggesting suitable IBM replacement products. Through the usage of monitoring tools we have discovered duplicate functionality between software products as well as products not being utilized. For products of which there are no suitable IBM replacements, we have been utilizing contract negotiation best practices for price and duration of

contracts. A third party provider, Gartner Group, has also been retained to formulate more strategic negotiation tactics for better contract pricing. In addition, through performance tuning, we are attempting to improve the run time efficiencies of several of the largest production batch jobs. This includes running these projects during the off-hours minimizing the need for additional MIPS.

Q. What is a Network Operations Center ("NOC")?

A. A NOC is a central monitoring center used to monitor all aspects of the computing and communications environment including servers, networks, communication lines and business applications.

Q. Does this initiative contain any synergies with the recent project to implement a Security Operations Center?

A. Yes, physical security events will be communicated directly to the NOC for potential impact to IT environment. IT events affecting the Security Operations Center will be communicated as well.

Q. Please describe the Company's plan for the NOC.

A. The NOC is a physical control center structure which would be constructed in an existing data center. Support personnel from representative areas in the IT department would work in the NOC providing technical

expertise across various IT disciplines to provide better control, performance and reliability of the IT business systems and assets. The NOC would be equipped with new monitoring tools capable of providing predictive, condition based, proactive monitoring for applications, servers, networks, communications and facility infrastructure. The NOC would be staffed 24x7x365 and create an operations center with a centralized view of all IT assets.

Q. What benefits would the NOC provide?

A. The NOC will improve the availability and reliability of business applications by centralizing the monitoring responsibilities into a single physical and reporting location. The goal of the NOC is to reduce the outages of critical business systems including those which provide information on customer restoration, system maps and work management systems, through the use of proactive and predictive tools. Additionally, the NOC will enable improvements to scheduling and change management processes.

Q. What are the costs associated with this request?

A. The capital costs associated with the construction of the NOC and acquisition of new monitoring tools over a two-year period, 2009 and 2010 total $3.6 million. This is broken out in 2009 for $2.7 million and in 2010 for

$0.9 million. In 2008, we started the planning and design stage of this project including the creation of a project team and the search for the NOC location, and organizational reporting considerations.

Q. Are there any cost savings attributed to this project?

A. In rate years ending March 31, 2011-2012, a reduction of two full time employees, one in each year, saving in total approximately $200,000 of O&M costs.

Q. Are there programs from Case 07-E-0523 that you would like to discuss?

A. Yes, in the recently concluded electric rate case, the Company requested several IT-related programs. These were: (1) data warehousing and business intelligence project; (2) additional programmers to meet and support the needs of electric operations; (3) compliance management system; (4) cyber security assessment; and (5) other business blanket.

Q. Please briefly describe the Data Warehousing program approved in Case 07-E-0523.

A. The objective of the Data Warehousing and Business Intelligence project is to provide operations personnel and management with improved access and insight into operational information promoting efficiencies and productivity.

Q. What are Data Warehousing and Business Intelligence ("BI")?

A. The Data Warehouse/BI project will improve both strategic and operational decision-making by providing analytical information (historical and predictive) that can be managed by members of the business areas. For the program, the following major components will be developed:

- An Enterprise Data Warehouse architecture to address data quality, timeliness, availability and accessibility of information.
- A Metadata layer to enforce information consistency by allowing data within the data warehouse to be defined in business terms and using business rules.
- A framework that aligns operations and management strategy and communicate performance results and actions at all levels, and to respond to internal and external stimuli in real time.
- Business scorecards and dashboards, designed in cooperation with business users, which provide "at-a-glance" information.

Q. Is this a multi-year program and if so, what additional costs are associated with this request?

A. Yes, we are requesting capital funding for the years 2009 - 2012. The amounts are broken out as follows: in 2009, $2.3 million; in 2010, $2.1 million; in 2011, $1.8 million; and in 2012, $1.8 million. In 2008, we project to spend $1.9 million on this program. These are the amounts that we asked for in our last submission.

Q. Please briefly describe the request for additional programmers approved in Case 07-E-0523.

A. A request for additional computer programmers to meet and support the growing IT demands of the electric operations business systems. The Electric Operations organization has plans for several business systems during the next several years. These include a new mapping system and major enhancements to the Outage Management and Work Management systems. This will result in the need for additional programmer requirements to develop and support these initiatives.

Q. Is the additional programmer projects a multi-year program and if so what additional costs are associated with this request?

A. Yes, additional O&M funding is requested. The amounts are $700,000 in 2010, $600,000 in 2011, and $600,000 in 2012.

Q. Please briefly describe the compliance management system approved in Case 07-E-0523.

A. We would like to develop and install a compliance management system to track compliance for the many federal, state, local and regulatory requirements affecting the transmission and distribution of electric, gas and steam as well as financial, Sarbanes-Oxley and the Health Insurance Portability and Accountability Act (HIPAA). Examples of compliance requirements include the NERC Cyber Security Standards (CIP) and FERC Standards of Conduct Compliance. We are in the process of developing/purchasing the system and it will be installed and running in 2009.

Q. What costs were associated with this request?

A. $500,000 of capital funding is being requested in the 2009 Rate Year.

Q. Please briefly describe the cyber security assessment project approved in Case 07-E-0523.

A. We will engage an independent third party to assess the compliance readiness of the Company in meeting the NERC Cyber Security standards (CIP002-CIP009). These standards are now enforceable with financial penalties by FERC and the Company must be auditable compliant in the 2011 rate year. The use of a third party security company is best practice in the industry and required

to ensure that all aspects of the standard are addressed

Q. Is this a multi-year program and if so, what additional costs are associated with this request?

A. $200,000 in O&M funding is being requested only in rate year 2011. The Company is performing a test in 2008 with a projected cost of $162,000. We requested $200,000 in Case 07-E-0523.

Q. Please briefly describe the other business blanket project approved in Case 07-E-0523.

A. An Other Business Blanket request was made for multiple IT projects over the next four years to introduce new technologies to increase productivity; increase the speed and reliability of communications networks; improve reliability of computer servers and storage; provide new server farm facilities and enhancements to existing; and ensure the proper cyber security of the IT environment. These projects are critical to continue to provide the business areas with IT tools and systems to operate. The projects include cyber security initiatives and other initiatives to improve reliability, availability and performance of critical IT assets.

Q. Is this a multi-year program and, if so, what additional costs are associated with this request?

A. Yes, we are requesting capital funding for the years 2009 - 2012. The amounts are broken out in 2009 for $4.8 million; in 2010 for $5.5 million; in 2011 for $5.7 million; $6.7 million for 2012; and forecast of $13.7 million in 2013. In 2008, we are spending $10 million on this program. The amounts requested in this category are less than last time as we have decided to place a higher priority for the NOC project.

Q. Are there any new projects being requested in the year 2013?

A. Yes, we are requesting funding in 2013 for two new projects. The first project is for a New Fiber Run from Dunwoodie substation to 4 Irving Place. The second project is for a New Server Farm to support expected growth in IT systems and resources.

Q. Briefly describe the Fiber Run from Dunwoodie to 4 Irving Place.

A. Con Edison maintains a private communications network to deliver critical communications circuits to substations, control rooms and office buildings. The network consists of over 250 miles of fiber optic cable which has been installed over time since the late 1980's. A new span between Dunwoodie and 4 Irving Place will provide diversity and redundancy to these

communication requirements and also support new requirements for 3G substation communication and AMI.

Q. Briefly describe the new server farm project.

A. Con Edison maintains seven locations, which host servers running computer applications. The seven locations are dispersed geographically to provide disaster recovery capability so that in the event a local event renders one site unusable, each of the remaining 6 locations would carry the additional load. We are currently using a temporary location for one of the server farms at the Grasslands substation. The space will become unavailable in the next few years based on expected electric growth in the area

HUMAN RESOURCES

Q. Do you have a document that outlines the Company's projected hiring and training-related expenses?

A. Yes. The costs for hiring and training new employees are shown in an exhibit entitled "HUMAN RESOURCES RATE REQUEST, CORPORATE HIRING & CAREER PATH TRAINING PROGRAMS."

Q. Was this prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-10)

Q. What are the projected costs for the hiring and training programs for RY1?

A. As can be seen from Exhibit __ (SSP-10), we project the O&M expenses for hiring and training programs to be approximately $3.3 million in RY1 above the $11.1 million cost the Company incurred in the historic year for these programs. The higher level of funding is necessary to meet the additional level of hiring. However, the Company received $2.4 million in Case 07-E-0523 and as a result, only an additional $0.9 million is needed.

Q. What are some of the major issues that Con Edison faces in hiring and training an increased number of new employees?

A. A major issue is the resources required for the recruiting, testing, hiring, and training programs in 2009, when we plan to hire 1,500 new employees, and in 2010 through 2013, when we plan to hire an additional 1,100 new employees each year. Additionally, the Company will incur costs for hiring and training as a result of the projected increases in new employees and the additional employees hired by the Company during the past several years.

Q. What underlies the $11.1 million historic year cost for hiring and training employees?

A. The historic year's spending level of $11.1 million is broken down into five basic categories: approximately

$2.0 million in recruitment expenses; $2.2 million for The Learning Center ("TLC"), the Company's training center; $363,000 in Occupational Health for medical testing; $4.5 million for the Gold Program; and $2.1 million for career path training.

Q. What are the projected cost increases for these five areas for RY1?

A. As shown on Exhibit __ (SSP-10), the costs for these five areas are projected to increase in RY1 as follows: Recruitment ($380,000); The Learning Center training expenses ($120,000); Occupational Health ($56,000); Corporate Gold Program ($1,804,000); and Career Path Training ($989,000).

For the last rate case request the costs for these five areas in RY1 (2008) were as follows: Recruitment ($590,000); The Learning Center training expenses ($180,000); Occupational Health ($105,000); Corporate Gold Program ($539,000); and Career Path Training ($1,021,000).

The new request (2009) varies from the old request (2008) as follows: Recruitment (a decrease of $210,000); The Learning Center training expenses (a decrease of $60,000); Occupational Health (a decrease of $49,000); Corporate Gold Program (an increase of $1,265,000); and Career Path Training (a decrease of

$32,000). In total, the program change is $3.3 million.

Q. Please explain the basis for the increases projected in this case.

A. For Recruitment, the incremental costs represent an increase in the current staff of employees that currently handles hiring of new employees ($380,000); The TLC training is associated with new hire training, and the incremental cost is generally based on the need to retain additional instructors ($120,000).
For Occupational Health, the incremental costs represent an increase in the number of medical evaluations at an estimated cost of approximately $280 per new hire ($56,000).

Q. What initiatives have you undertaken to mitigate cost increases for the Corporate Hiring program?

A. For Recruitment, streamlining of the hiring process and negotiations with our background check vendor to reduce fees has contributed to a reduction in the cost per hire. For Occupational Health, a significant reduction in both the number of pre-employment X-rays and laboratory blood tests, and the negotiation of lower fees for testing have all contributed to a reduction in the cost per hire.

Q. Please explain the Company's hiring plans for the Gold program.

A. The Gold program is an 18-month program that employs recent college graduates and provides them with basic leadership development and technical skills training to fill anticipated openings and facilitate succession planning throughout the company. We hired 47 GOLD Associates in 2007. However, we plan to hire 72 GOLD Associates in June 2008 for Rate Year 1, at an additional cost of $1.8 million.

Q. Please explain career path training.

A. Career path training is part of the process in which an employee proceeds from an entry level title to the top title in a job family. The skills and knowledge an employee develops in order to achieve the higher titles in the job family is obtained through required training. This required training includes both classroom training and on the job training. The employee must successfully complete this training before being recommended for promotion to the next title. Promotion to the next title is contingent upon the employee qualifying on the required promotional tests associated with the title.

Q. What is the projected cost increases associated with this training?

A. The Company needs to increase its training staff to meet the career path requirements of new employees hired within the past several years and projected to be hired in coming years.

More specifically, the Company has hired a total of 2,600 new employees from January 2006 to December 2007 alone, and projects hiring an additional 3,700 new employees in the period 2009-2011. As a result, employees are proceeding along their career path, and additional support for training is needed to ensure that they continue along these paths in a timely and orderly fashion.

To meet these training requirements, a total of eleven additional instructors are needed, one each in overhead training, substation training, construction management, two for organization development, three for customer operations training and three for technical supervisor training. These positions will enable the Company to provide additional classes so that its employees move through their career path in the proper amount of time.

Q. What are the costs associated with the additional training?

A. We estimate that approximately $989,000 above the historic year spending level is required for Career Path Training.

Q. What initiatives have you undertaken to mitigate cost increases for Career Path training?

A. The increase in the use of eLearning eliminates the need for additional instructor hours and training facilities to conduct training. In 2007, a total of 69,000 eLearning sessions were completed by employees. At an average session time of 20 minutes, we were able to save 23,000 instructor hours plus additional facility costs associated with classroom training. In addition, we have been able to reduce our material costs associated with cable and splicer training by negotiating educational discounts with our vendors. To date we have negotiated educational discounts of 25 percent and 15 percent with two of our vendors who provide splicing kits for electrical training.

Q. Have you provided additional detail for the cost associated with the Corporate Hiring & Career Path training program?

A. Yes. The costs for hiring and training new employees are shown in an exhibit entitled "CORPORATE HIRING & CAREER PATH TRAINING PROGRAMS."

Q. Was this prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-11)

Hiring Plans

Q. Please discuss the Company's hiring plans that are driving these increases in expenses?

A. As a result of attrition and increased staffing requirements to implement new programs discussed by other Company witnesses, there will be a substantial increase in the number of individuals hired and trained.

Q. Do you have a document that outlines the Company's hiring plans?

A. Yes. The hiring plans are shown in an exhibit entitled "HUMAN RESOURCES REQUEST."

Q. Was this prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-9)

Q. What are the reasons for the increased number of employees to be hired in RY1 and RY2?

A. There are two reasons.

First, for the last several years, the Company has been experiencing high attrition levels as its workforce ages and new employees opt not to stay with the Company. Employees are leaving at the rate of 1,000 employees annually (approximately 700 union and 300

management positions each year). Given its age, the attrition rate of Con Edison's workforce is expected to continue at this level for the foreseeable future. Approximately 33 percent of our employees are retirement eligible, and the Company will need to hire new employees to replace these employees as they leave. Additionally, 33 percent of our employees have less than five years of service which creates the need to provide more training to this less experienced group. In 2007, the Company hired 1,314 new employees to address both attrition and increases in Company labor required for the Company's expanding programs. Second, greater numbers of new employees will be required to implement the various programs described by other Company witnesses as part of this filing. For these two reasons, we are expecting to hire 3,700 new employees over the period 2009 through 2011. We expect to hire 3,000 employees to replace the employees who leave the Company due to attrition and 700 employees to help implement the programs discussed in the Company's filing.

Q. How does the Company's rate year hiring plans compare to the historic year?

A. The Company plans to hire approximately 200 more new employees in RY1 than the number of new employees hired in the historic year.

For the last rate case request the costs for these three areas in RY1 (2008) were as follows: Recruitment ($590,000); The Learning Center training expenses ($180,000); and Occupational Health ($105,000).

The new request (2009) varies from the old request (2008) as follows: Recruitment (a decrease of $210,000); The Learning Center training expenses (a decrease of $60,000); and Occupational Health (a decrease of $49,000).

HR Workforce Strategy

Q. Please discuss the Company's Human Resource Strategy and its associated expenses.

A. An element of the corporate strategy and mission statement is to strengthen human resources in the Company. A steering committee of senior officers was adopted and this steering committee, in turn, selected a Human Resource Strategy team of leaders from both line organizations and the Human Resource department. This team, working with the steering committee, reviewed existing Company policies and programs, programs to foster enhancements and initiate a Human Resource Strategy. The goal of the Human Resource

Strategy is to achieve superior business performance through talented employees, engaging work and continuous learning. The strategy consists of four key imperatives: Attraction, Development, Retention, and the Way We Work Environment. To implement the strategy, we project to spend $763,000 annually in RY1, RY2, and RY3.

To help meet the objectives of our HR Workforce Strategy Program, eight new positions are required to address various aspects of the four imperatives starting in RY1.

The first program is Workforce Planning, which is a process that will aid organizations in translating business strategy into critical capabilities. Two positions are required at a cost of $200,000 We have already hired a section manager who is beginning to address the scope and objectives of this program. We also plan to hire a Senior Analyst to develop the workforce planning model. The activities of these positions will focus on a process that allows organizations to address systematically the issues that are driving workforce change. Workforce planning provides managers with a strategic basis for making human resource decisions. The process will assist managers in anticipating change rather than being

surprised by events. This activity will consist of four planning steps 1) Supply Analysis 2) Demand Analysis 3) Gap Analysis 4) Solution Analysis & Evaluation. To carry out this analysis and solution proposal, we will require the addition of two management employees. The Analyst will be needed to carry out the analysis and another to manage the process.

The second program is Strategic Sourcing which will assist organizations in attracting and retaining talented employees through the design and implementation of competitive compensation packages. Additionally, salary activities have risen significantly with the amount of new hires and promotions that have taken place in the last several years. Additional resources are needed to ensure that salary decisions are made in a uniform fashion with minimal disruption to organizational processes. This individual will ensure that current salary decisions are consistent with established policies. They will conduct, analyze and participate in benchmarking, salary surveys. This resource will assist in our Strategic Sourcing Program. This program will require an additional position in Compensation. We plan to hire one Senior Specialist in April 2009 at a cost of $104,000.

The third program is "Raising the Bar" of our management workforce. By devoting attention to this key function of the supervisory population, we will ensure that new supervisors are equipped to address performance management issues in the development of their workforce. Many of our supervisors have less than 5 years experience in the supervisory role and it is essential that they develop the skills in managing performance issues. In addition, we have raised the bar in performance management for managers and general managers by introducing new competencies that are used to measure their performance. This program will require an additional position in our Performance Management group. We plan to hire a Specialist in April 2009 at a cost of $83,000.

The fourth program is Conflict Management which addresses improving understanding among the various generations of employees who will contribute to a better organizational culture, leading to improved decision making, teamwork initiatives, creativity, safety performance and overall process improvements. In the area of the Way We Work Environment, there are differences among the different generations, and these differences can contribute to work place tensions. The Company has instituted structured conflict resolution

program in employee services which is also another way of providing value as an employer. Looked at through the prism of risk, an employee not distracted by work place tension or conflict is more likely to work more productively, be more focused and is less likely to have an accident. To develop the conflict resolution program, we plan to devote more resources to this effort. Two Senior Specialists are required at a cost of $206,000.

Finally, the last program involves On-Boarding activities such as conducting employee surveys that address the developing HR issues of a new and changing workforce in a timely manner. Resources are needed to develop and expand the "on boarding" programs that will assist new and/or less experienced employees in improving how quickly they can learn, adapt and calibrate to our work habits, culture, commitment to environmental excellence, safety programs, dedication to developing our employees, branding initiatives and other areas. We plan to hire two Specialists in April 2009 at a cost of $170,000.

Q. Have you provided additional detail for the costs associated with the Workforce Strategy program?

A. Yes. The costs are shown in Exhibit __ (SSP-11), on the page entitled "HUMAN RESOURCES WORKFORCE STRATEGY SUMMARY."

Care Management Program

Q. Please discuss the Company's Care Management expenses.

A. The Care Management Program will assist employees in managing their sickness in a more informed manner. This additional medical advice is expected to help the employee in managing their health out into the future and ultimately they will improve their health. This managed care approach should help in the long run to decrease costs associated with various medical expenses that are incurred for all illnesses. The cost of this initiative will be $601,000. This cost will consist of retaining nurse case managers to assist employees in managing long term illnesses. This initiative may ultimately lead to healthy more attentive employees who have less medical expenses in the future.

Q. Have you provided additional detail for the costs associated with the Care Management program?

A. Yes. The costs for Care Management Program are shown in Exhibit __ (SSP_11), on the page entitled "CARE MANAGEMENT PROGRAMS."

Strike Contingency

Q. Please discuss the Company's strike contingency expenses.

A. The Company and its two local unions, IBEW Local 3 UWUA and Local 1-2 employees, have collective bargaining agreements that expire on June 27, 2009 and anticipated to expire on June 23, 2012, respectively. In the event of a labor stoppage, the Company has developed a planned approach to ensure the continued safe operation of its facilities and its services.

Q. Are there costs associated with these preparations?

A. Yes. Incremental costs for contingency planning are estimated at $1.4 million.

Q. Have you provided additional detail for the costs associated with the Strike Contingency program?

A. Additional detail can be found in the Exhibit entitled Human Resources O&M SSP - 11.

HR Payroll System

Q. Please describe the Company's new HR payroll system.

A. One of Human Resources' biggest challenges continues to be that we currently have multiple systems gathering Human Resource information that are not integrated and do not provide an effective method of accessing all relevant employee data. We are in the process of

improving core HR functions, benefits administration, time and labor reporting, and payroll functions. The new system, a PeopleSoft product, will facilitate efficiencies through improved access to data via one integrated system. The system is for both CECONY and O&R. The allocation is on a per headcount basis with O&R paying approximately 7.2% of cost based on current headcount.

Q. When was this project initiated?

A. The project was started in late 2006 and is expected to be implemented for system-wide use in September 2008.

Q. What is the projected cost of this new program?

A. This filing reflects approximately $2,005,000 of capital costs for the HR Payroll system in 2009.

Q. Are there maintenance costs associated with this project?

A. Yes, we requested and received a total of $650,000 annually for ongoing maintenance and system support in Case 07-E-0523. The need for these maintenance costs at this level during the rate period will continue. The Commission in Cases 04-E-0572 and 07-E-0523 has already approved most of the capital costs of this $36.8 million program.

Q. Have you provided additional detail for the cost associated with the HR Payroll System program?

A. Additional detail can be found in the Exhibit entitled Human Resources capital__ (SSP-12).

Q. Was this prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-12)

PURCHASING

Q. Please describe the Company's attempts to mitigate costs through its Purchasing programs.

A. On an on-going basis, there are a number of practices that we engage in to reduce operating and capital costs across the enterprise. First, we try to leverage the amount of spending associated with purchasing by buying jointly for the two companies wherever possible. A recent example is a 2008 procurement of poles and crossarms. By combining the purchases of the two companies, the resulting expected savings for both companies compared to the previous contracts is 12 percent.

In 2007, we worked with the distribution engineering functions of both companies to standardize specifications for pole and pad mounted transformers for overhead distribution to more closely match industry standards. Although this move did not result in dollar savings, it allowed us to lock in production slots to assure the required supply of these critical

components of our infrastructure at a time when demand for these items is surging.

We also actively search for more competition and work with our users to qualify suppliers. From January 2007 through March of 2008, we qualified approximately 200 new vendors. The previous contract for the HDPE (High-density polyethylene) conduit and bends was split between two vendors. One supplied the conduit; and another supplied the bends. In 2006, Purchasing worked with Engineering to approve two additional sources of supply. As a result of conducting this procurement on a competitive basis and adding two more potential suppliers, a savings of 13 percent or $1.4 million is expected over the life of the new contract.

We constantly seek opportunities to lower costs. Even when we bid a contract competitively, we negotiate with the bid winner in an effort to further reduce costs. On a construction contract awarded in 2007, negotiations were held with the low bidder, which resulted in a price reduction of 18 percent or $12 million over the three-year term of the contract.

We have recently determined that the savings that may be realized through distribution channels through competitive bidding could be enhanced by working with manufacturers of these products to obtain

manufacturer's discounts, regardless of the distributor. We are exploring these discounts for technology procurements.

For the HR/Payroll Project (mentioned above), once a qualified vendor was identified through a competitive process, Purchasing negotiated with the vendor to further reduce the price by over $1 million or approximately 7 percent. The Company also reduces operating costs by negotiating discount terms with its suppliers. These discounts are set-forth in the supplier contracts. Discounts taken on these contracts in 2007 and 2006 amounted to $1.1 million and $0.8 million respectively.

Q. What monitoring and oversight of contracts is performed?

A. We monitor contractor performance through our Contractor Oversight System ("COS") where Contractor performance, good or poor or any level in between, can be reported, documented, and addressed. We monitor vendor performance because vendor performance can affect not only our bottom line, but also employee and public safety.

This is a three step progressive process. It begins with a Contractor Field Observation Report, progresses to an Infraction Report and then to an Action Line, in

each case addressing repetitive contractor infractions. Contractor Evaluation Reports are also generated by using groups to document other performance criteria such as safety, quality of work, timeliness, administration, conduct of work. Based on the performance information, the COS produces a bid multiplier, which is used in the commercial evaluation of bids/proposals, is applied to a contractor's price, and can either reward or penalize a contractor by as much as 10 percent.

Q. What, if anything, is the Company doing to address increased prices relating to metals, such as copper?

A. The Company has developed a multi-faceted approach to deal with the volatile metals market. Purchasing monitors prices of key commodities to develop different courses of action as they plan contract strategies. Some contracts are created for shorter durations to allow market conditions to stabilize and to avoid locking in pricing at higher rates. Contracts have also been extended when a supplier was willing to hold pricing and commodity forecasts indicated a major increase in the near future. Purchasing introduced competition among vendors and worked with Engineering to change specifications to approve other product lines, which led to some lower pricing despite rising

commodity pricing and we have verifiable pricing clauses in many of our contracts referencing an Index and adjusting pricing up or down depending on market conditions.

Q. What other steps are being taken to mitigate costs?

A. In terms of capital projects, the single entry point ordering system will streamline the process of ordering materials and services. The system allows Purchasing to consolidate orders, which is expected to result in obtaining better pricing from vendors, and automate the payment process to take advantage of early payment discounts from vendors. This project was discussed in the Accounting Panel testimony of Case 07-E-0523.

Q. Have you prepared an exhibit detailing the Single Entry Point Ordering System you are describing in this testimony?

A. Yes, we have.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-13)

Q. Please continue.

A. The initial phase of this project was placed into production use during 2007, and focused on streamlining the manually intensive General Office Invoice payment process and the procurement of some materials. Phase 2 will consist of utilizing this procurement system for the Company's purchases of all services including

construction activities. An analysis is currently in progress on the current processes with the plan of continuing to streamline processes in conjunction with the deployment of Phase 2. The estimated O&M cost for this project in the rate year is $150,000. The capital cost is estimated at $4.1 million and $5.2 million for 2008, 2009, and $1.6 million for 2010-11, respectively. As a result of our experience with the first part of the project, an in depth analysis was conducted at the end of 2007. This resulted in a revision of both the benefits and costs of the project. The full benefits of the project are estimated to be $5.1 million annual cost avoidance and will be realized in 2012, with a capital/O&M ratio of 77 percent, 23 percent or $3.9 million/$1.2 million. Implementation will be phased in beginning in 2009. The project cost is higher than the original estimate by approximately $5 million for several reasons. The 2007 estimates did not anticipate process work, the estimates for complex technical interfaces were raised after an in depth study, and the cost of change management was raised after the experience with the first phase. Additional funds were added because the base vendor software package will be substantially upgraded in 2008 and a significant level

of expense will be required in 2010-11 to implement the upgrade at Con Edison.

Q. Were any mitigation or cost reduction strategies considered?

A. Yes. The option of phasing the project over a longer time horizon was considered but analysis showed that such as prospect would add to the project cost in the areas of project management and tax liability for out of town consultants.

Q. Does this conclude the Panel's testimony?

A. Yes, it does.

2009 ELECTRIC RATE CASE

SHARED SERVICES PANEL

CAPITAL AND O&M

EXHIBITS

FACILITIES

CAPITAL

O&M

IRVING PLACE

REGIONS

CENTRAL FIELD SERVICES

INFORMATION RESOURCES

CAPITAL

O&M

HUMAN RESOURCES

O&M

CAPITAL

PURCHASING

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. FACILITIES CAPITAL BUDGET PLAN; EXHIBIT (SSP - 1).

	2007 Actuals	2008 Budget	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	Workpaper number
2007 PROJECTS								
	4,673	1,230	-	-	-	-	-	
MULTI-YEAR PROJECTS								
Irv Pl - Emergency & Exit Lighting Upgrades	78		-					
Astoria - Water main replacement	1,869		-					
A-11 Dock Project - NRG Portion	251							
Flatbush Ave - Perimeter HVAC Program	145	200	-					
WEA - Fire Alarm System Upgrade (Central Eng)	80		-					
Irv Pl - Emergency Generator Upgrade (Central Eng)	3,621	2,000						
3rd Ave Yard - Main Building ($150K for new Conf Rm Audio-visual)	150							
3rd Ave Yard - Main Building ($30K for Security Intercom)	30							
3rd Ave Yard - Main Building ($2,700,000 orig funded for 2008)	11,988	6,000						
	18,212	8,200	-	-	-	-	-	
CATEGORY A - Safety; Environmental; Regulatory; Etc.								
Irv Pl - Steam Radiator Quick SO Valves	1							
Ast PCB Shed - Install Secondary Containment (Deferred pending DEC)	-							
Irv Pl - 17th Fl Computer Rm Fire Protection (Deferred)	-							
Rye HQ - FACP and Smoke Detectors Replacement	114							
Rye S/C - Boiler Damper/CO Monitor	60							
Irv Pl - Mailroom/Loading Dock Fire Door Replacement	30							
Van Nest 21A - Elect Pnl Corrections at GCC	47							
TLC - Reroute of Vent Pipe from Splice Lab Oil Bath	31							
Flatbush - Rear Loading Dock Heater Relocation	50							
WEA - GOSS Computer Rm Fire Protection	117	30						
Irv Pl - "F" Elevator Shaft Platforms for Future Elect/Mech Equipment	575							
Irv Pl - 21st fl Renovation/20th fl sprinkler	1,749	200						
Irv Pl - 7th fl Renovation for Security	474	2,160						
Irv Pl - 6th fl Renovation	23	9,000	-					
Irv Pl - LL 26 Fire Prot Tnk/25th, 27th fl & all Stages Sprinkler/Salvage Tnk/Crossover Pipe for Standpipe System	44	1,000	3,000					Comp 1
Irv Pl - 15th & 19th fl Renovations	-		13,000					Comp 2
Irv Pl - 3rd, 4th, 5th fl Renovations	-		-	18,100	15,000			
Irv Pl - 7th, 8th fl Renovations & sprinkler mech/elec spaces of 2, 9, 10th fls						15,000		
Irv Pl - LL26 Renovations							20,000	
Flatbush Ave - 6th & 7th Fl Renovation (LL26 Space)	-	1,000	8,000					Comp 3
Van Nest - SPCC Plan Containment for Pad Mounted Transformers	63	175						
Van Nest 1601 - Renovate for Gas Eng & Use as Temp Space	40	960						
Van Nest S/C Bldg 1 - Renovate 2nd fl East & Middle Mezz Offices	-	500	3,500					Comp 4
Van Nest - Cable Lab Safety/Alarm System High Voltage Testing Area	-	60						
Davis Ave - Lightning Arrestor		150						
Davis Ave - Cooling Tower Permanent Ladder System		45						
Flatbush - EDG Power Feeds to 419 Server Farm (IR Audit)	-	80						
Cleveland St - Block Heaters Electric Feeds		150						
TLC - Green Roof		1,425						
28th St S/C - Haz/Non-Haz/PILC Storage Area – Canopy Replacement	-	85						
Eastview - Relocation of C&D and Storage Bin Area	-		500					Comp 5
Eastview - Employee Parking Crosswalk Improvements (Deferred)	-		-	-		100		
Various Locations - Backflow Preventor Devices			375	375				
Various Locations - Emergency/Emerging Work	-	125	500	500	500	500	500	
(1) Victory Blvd - Reno for Relocation Underground/Apparatus Supers		83						
	3,418	17,228	28,875	18,975	15,500	15,600	20,500	
CATEGORY B - Critical Infrastructure								
Queens Boulevard - Elevator Modernization	19		-					
Kissina/Jamaica Renovation	716							
Rockaway/Foster Ave Renovation	1,615							
Astoria - WWT Facility Valves & Piping replacement	105							
TLC - 532 ton Chiller Replacement	715							
Van Nest S/C Bldg 21A - ERC/Gas Control Rm Renovation	581							
Davis Ave - Chiller/Absorber Unit	1,389							
Irv Pl - Cooling Tower Electrical Upgrades	259							
110th St S/C - HV2 Replacement	128							
Sherman Creel - Satellite WOL (budget increase by $300,000)	506							
Victory Blvd - Hot Water Heater Replacement	1							
Astoria Bldng 142 - HVAC Replacement	27							
Irv Pl - 1360-S Office HVAC Leak Correction	8							
Irv Pl - 1148-S Renovation/Upgrade	5							
Irv Pl - Rm 349 Carpet Replacement	189							
Irv Pl - Rm 1320 & 1350 Carpet Replacement	31							
Cleveland St S/C - Domestic Water Supply	19							
Astoria - Replacement of Steam Line to Building 82	741							
Rye HQ - LAN Rm 205 AC	56							
Exterior St - Dock Rehabilitation	190	310						
Irv Pl - Cooling Towers 2,3,4 Jib Crane Structural Supports	5	165						
Irv Pl - Elevator Cab 13 Controls Upgrade	102	25						
WEA - E. Control Room Lights/Ceiling/Renovations & AC	-	2,405	2,470					CI 1

	2007 Actuals	2008 Budget	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	Workpaper number
125th St - Relocation of CSR and Walk-in Center Areas			4,625					
16th St - 2nd Fl Muster Rm/3nd Fl Lockers for Electric Ops FOD		60	-					
TLC - 315 ton Chiller/Cooling Tower/Piping Replacement	130	2,870	-					
Astoria - MEG Power System	-	1,250						
Van Nest S/C Building 1 - Compressor modifications/replacement	13	1,500	-					
Eastview S/C - Storeroom Platform Rebuild	-	1,100	-	-				
Flatbush - 7th Fl Roof Replacement	74		900					CI 2
Davis Ave - Roof Replacement (New Building)	-		715					CI 3
Irv Pl - HVAC Chiller Piping Replacement		50	200	200	200	200	200	CI 4
Flatbush - Rm 520 UPS Upgrade	-		150					CI 5
Flatbush - Rm 520 LAN Rm A/C (tied in Voice Recog/UPS upgrade projects)	-		430					
Flatbush - 3rd fl LAN Rm Closet Ventilation			10					
Irv Pl - Conversion of 875-S from LAN rm to office space for Tech Services			65					
Irv Pl - LAN rm 1820 exhaust/transfer fan			10					
3rd Ave Yd - Paving/Parking/Building 2,3,4 Demo/Wall Preservation	-		3,000					CI 6
Flatbush - LAN Rm UPS Consolidation - Rms 312 & 7th Fl Telephone Rms	-		-	650				CI 7
Astoria Building 136 - LAN Room AC & IR Office Evaluation	-		-	150				CI 8
Astoria - Guard House #5 Roof Replacement	-		-	90				
Van Nest 21 - 2nd Fl AC - 4 & Boiler Removal			-	225				
Eastview - Concrete Slab for New Lifts for Transportation			-	25				
Van Nest Building 1 - Air Curtain Replacement			-	150				
Rye S/C Server Farm - UPS Upgrade for Relocation of TLC ISP Connection			-	100				
Irv Pl - Cascade Chemical Feed System Upgrade			-	75				
Irv Pl - 18th Fl Windows Replacement			-	150				
TLC - Critical LAN & UPS AC & Back-up Power (Microturbine)	-		-	2,500				CI 9
28th St S/C - Roof Replacement (deferred)	-		-			-		
28th St - Flush WWT Shed Replacement (deferred pending DOB)	172		-					
	7,796	9,735	12,575	4,315	200	200	200	
CATEGORY C - Programs								
PAVING/RESURFACING/PARKING/LOADING PLATFORMS								
Davis & VB - Transportation Garage Floor Resurfacing			-	-	130			
Bronx Garage - Flooring Resurfacing	-		-	-	125			
CPB - Paving/Resurfacing Program			-	-	250			
Astoria - Paving/Resurfacing Program (Continued)	154		-	-	-	600		
Astoria - Transformer Shop Parking Lot Paving				-		100		
Neptune Ave S/C - Parking Area Resurfacing	-		-	-		100		
Eastview S/C - Employee parking lot expansion	-		-			3,000		Prog 1
Rye HQ - Parking area resurfacing (lots 2,4,5,8,12,13)	146		-		-	110	300	
Various OWS - Replacement of Pneumatic with Electric Driven Pumps	-		-	-	150			
Irv Place - Concrete Pads for Trash & Waste Containers	-		-	-	105			
Other locations (tbd)	-		-		-	-	500	
SIDEWALKS/GATES/FENCES/GARAGE DOORS			-					
Other locations (tbd)	-		-	-	-	-	200	
WINDOWS	-							
Irv Pl - Window Replacement	-		-	-	3,000	6,000	3,000	Prog 2
Davis Ave - Window & Lintel Replacements	-		-	460	300			
Other locations (tbd)	-				-	-	500	
OFFICE RENOVATIONS	-							
Irv Pl - Upgrade of Room 420			-		50			
Irv Pl - 1475 Office Renovation for Shared Services Admin Group	100							
Van Nest S/C Bldg 1601 - Facilities Office Renovation & Conf Rm	92	100						
Van Nest - Car Wash Building Conversion to Offices	-				700			prog 3
Van Nest Building 1 - Room 100 Reconfiguration of Workstations			-		35			
Bruckner - Conference Room								
Cleveland St - Testing Area for Draeger Gas Detectors	-		-		100			
Davis Ave - Call Center Renovation & Window Replacement	-		-	500				Prog 4
Victory Blvd - Renovation of Electric Ops Space	-		-	350				*Prog 5*
110th Street - Technology Upgrades to 2nd Fl Conf Rm			-	160				
110th St S/C - Conversion of Stores Areas to Office Space	-		-	100				
28th St - Elect Ops Move into Gas Area	-				100			
CPB - 2nd Fl Renovation	-		-		2,000	2,000		Prog 6
CPB - EQ Planners Office Renovation	-		-		30			Prog 7
CPB - 2nd Fl IH Ergonomic Improvements			-	350				
Astoria Building 97 - Office Renovation	247		-					
TLC - Cafeteria Sound System	-							
TLC - Redesign training areas 123 - 125a	-			-	1,500	1,500		Prog 8
Astoria - ChemLab Office renovation	-				300			Prog9
QB - C/M Office Renovation					-	100		
Rye HQ - New Office for Cafeteria Manager	-		-	30				Prog 10
Other locations (tbd)	-		-		-	-	3,000	
BATHROOM/LOCKER ROOM/KITCHEN RENOVATIONS	-							
Van Nest S/C Bldg 1 - Renovate 1st fl Mezz Bathrooms/Locker rooms	-		-	300	500	100		
Van Nest S/C Bldg 1 - Renovate Shop fl Bathrooms/Locker rooms	-		-	500	500			
Van Nest - Transportation Garage Slop Sink			-	-		15		
Cleveland St S/C - Locker room/bathroom renovation (men's/ladies)	-		-	-	500			
Rye S/C - 2nd fl bathroom renovation	-			150				
Rye S/C - 3nd fl bathroom renovations (Men's/Ladies)	-			300				
WEA - Washroom Upgrades	-		-	-	200			
110 th St S/C - Locker room & Bathroom Renovations			-	350				
Victory Blvd S/C - Ladies bathroom/locker room renovation	-		-	250				
Flatbush Ave - 3rd fl bathroom renovation	-			150				

	2007 Actuals	2008 Budget	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	Workpaper number
CPB S/C - 1st Fl Bathroom renovation	-		-	250				
TLC - Grease trap replacements	-			-		100		
Irv Pl - G Stairwell Washroom upgrades	2		-	-	600	-		
Astoria Building 136 - Expand men's & women's locker areas	-		-	-	200			
Other locations (tbd)	-		-		-	-	500	
HVAC	-							
Irv Pl - Air Handler Replacement 6SW	1	200	-					
Irv Pl - Air Handler Replacement 8SE			200					
Irv Pl - Air Handler Replacement 13SE	-		-	300				
Irv Pl - Air Handler Replacement 18NW	-		-	100				
Irv Pl - Air Handler Replacement PA - 2	-		-	450				
Irv Pl - Air Handler Replacement PA - 4	-			-		250		
Irv Pl - Air Handler Replacement 20NW & 20NE	-				150	-		
Irv Pl Data Center 2 - 10 ton Typhoon cooling units # 5 and # 6 Repl	-			400				
Irv Pl Data Center 1 - 10 ton Ed Pack cooling unit # 9 Replacement	-			200				
Irv Pl - Cooling Tower Condenser Water Valves Replacement	-		-	350				
Irv Pl - Cooling Towers 4 & 5 Rebuild	-		-	-		-		
Irv Pl - Cooling Tower Vibration Sensors Replacement			-	50				
Irv Pl - BMS Upgrades	-		50					
Irv Pl - Rm 228 HVAC/PET Device Room Improved Ventilation	-			15				
Irv Pl - 1452-S Pressure Control Box Installation			-	50				
Irv Pl - 1360S HVAC Condensate Pump (Office Leak)	8							
Irv Pl - *4th fl DataCenter HVAC to address temperature variations*				350				
Irv Pl - HVAC Noise Concern in Conf Rm 1328 (ruled expense- $30K)								
Cleveland St S/C - Yazaki Absorption Unit Replacement	-		-	400				
Neptune Ave - 2nd Fl AC Unit Replacement	-		-	100				
Van Nest - Main Boiler Replacement	-			-	4,000	-		
Van Nest Building 1 - HVAC Replacement for 3rd Fl Offices	-		-	150				
Van Nest - Planning Office HVAC	-		-	150				
Bruckner - Transportation Garage Heating System Upgrade			-	250				
Bruckner - Yazaki Replacement	-		-	300				
Van Nest 21/21A - BMS For HVAC Systems			-	100				
Fordham Road Customer Payment Center - Vestibule Air Curtain			-	50				
TLC - Pavilion Ventilation			-	100				
TLC - LAN Rm AC (various tbd)	-			300				
CPB - Meter & Test Area HVAC				150				
WEA - W. Control Rm Chiller Replace	-		-	800				
WEA - *SOCCS/UPS* Liebert AC replacement	-		-	750				
WEA - BMS Upgrades	-		-	400				
WEA & 16th St Cooling Tower Make-up Water Meters			-	-	10			
28th St - Bathroom Ventilation Improvements	-		-	50				Prog 11
28th St - Bay #7 Exhaust Fan	-		-	-	25			Prog 12
28th St - SSC Office HVAC				100				
Other locations (tbd)	-		-		-	-	1,000	
LIGHTING & ELECTRICAL UPGRADES	-							
Regional Storerooms Bronx - Lighting	-		-		100			
Irv Pl - Electrical Distribution Panel Upgrades	-		-	-	530			
Irv Pl - Cafeteria Neon Lighting Replacement			-		15			
Irv Pl - Board Room Lighting Replacement			300					
CPB Storerooms - Lighting upgrade	-		-		150			
TLC - Perimeter Lighting for Security Breach			50					
Other locations (tbd)	-		-		-	-	250	
ROOFS (tbd by roof inspection program)	-		-		-	-	2,000	
SECURITY	-		-					Prog 13
Van Nest - Turnstiles	115		-					
16th St S/C - Security relocation/consolidate	-		-	1500	-			
28th St S/C - Security (Deferred)			-		-	0		
110 th St S/C - Security			-	0	500			
Irv Pl - MECC Upgrades Associated with Corporate Security Audit			-	250				
TLC - Security Upgrades	-		-	1,000	-			
CPB - Security Upgrades			-	850	500			
Neptune Ave - Security Upgrades	-		-	-	1,000			
Davis Ave - Security (Includes Walk-in Center project)	-		1,500					
Cleveland St - Security Upgrades	-		-		500			
3rd Ave Yd - Security Upgrades (Security Program or Parent Project)	-							
Other locations (tbd)	-		-		-	-	1,000	
EDG UPGRADES	-							
TLC - EDG CERC & Business continuity upgrades	-		-	1,000	5,355			
Van Nest Shop - EDG Upgrade (i.e. backup)	-		-	600	-			
Flatbush Ave - EDG Upgrade	-		-	500	500			
VB - PST Office EDG Back-up			-	300	-			
Rye HQ - EDG Upgrade (Possible Relocation from VN)	-		-	750	-			
MISCELLANEOUS	-							
Eastview - Automation of Chemical Water Treatment System			-	30	-			
Irv Pl - Stage G FP Tank Level Control Wiring Upgrade	-		-	-	50			
	-		-					
	865	300	2,100	17,395	24,760	13,975	12,250	
CATEGORY D - User Requests								
Irv Pl - Pressure Switches for Chilled & Secondary Water Pumps	-			-	-	-	50	UR1
Irv Pl - Additional Points for Alarm Panel in Control Room	-			-		-	100	UR2

	2007 Actuals	2008 Budget	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast	2013 Forecast	Workpaper number
Irv PI - Alarm for Glycol Systems	-		-			-	150	
CPB - Meter/Test Area HVAC	-		-		-	-	150	
Irv PI - Alarm panel upgrades	-		-		-	-	100	
Flatbush Ave - Flood Control Improvements	-		-		-	-	300	
Victory Blvd - Main Bldg Exit ramp Rebuild	-		-		-	-	60	
CPB S/C - Addition LPG Storage	-		-		-	-	70	
16th St S/C - Enlarge Ave C gate for truck traffic	-		-		-	-	150	
TLC - Enclose gas pavilion for training	-		-		-	-	1,500	
CPB S/C- Flush Truck Shed	-		-		-	-	1,500	
CPB S/C - Fencing barrier installation	-		-		-	-	100	
Eastview S/C - Create new bay in switch area	-		-		-	-	300	
Rye HQ - Cafeteria Proposal for New Wall/Doors					-	-	25	
Cleveland St S/C - Garage building - New shape-up room	-				-	-	300	
Astoria - Front park area refurbishment	-				-	-	300	
Astoria - Yard salt bins installation	-				-	-	350	
Astoria Building 136 Cafeteria - Dining area refurbishment	-				-	-	500	
TLC - Arcade area lighting replacement	-				-	-	150	
TLC - Employee/student notification system	-				-	-	300	
TLC - Building 1 & 2 assembly area	-				-	-	500	
WEA - HALON System Alternative Evaluation	-		-		-	-	1,500	UR3
WEA - Renovate training area	-					-	350	
WEA - Kitchen Upgrade	-					-	100	
Van Nest - Building 1 Winter Shed	-					-	120	
Van Nest - Building 3 Garage Door	-				-	-	200	
Van Nest - Use of Paint Storage Bldg for Gasoline Storage Variance	-				-	-	175	
Van Nest 1601 HVAC - Additional Johnson Controls	-				-	-	80	
Bruckner Garage - Moisture/Condensation Issue	-				-	-	250	
	-		-	-	-	-	9,730	
TOTAL	34,964	36,693	43,550	40,685	40,460	29,775	42,680	
SPECIAL PROJECTS								
Hurricane Building Hardening Projects		10,000	-	6,125	10,000	10,000	10,000	HH
Astoria A-11 & A-12 Dock Restoration			2,000	2,500	3,500	3,500	-	
Facility Flush Improvements		3,250	12,000	11,450	-	-	-	
Rye Command Center		-	2,000	-	-	-	-	
Security Projects		1,562						
GRAND TOTAL		51,505	59,550	60,760	53,960	43,275	52,680	

2009 Electric Rate Case - Shared Services - Capital

Project/Program Title	Facilities - EH&S, Regulatory, Commitment Projects - Category A
Status	With Engineering
Estimated Service Date	Various

Work Description:

These are projects have been initiated to correct unsafe conditions, environmental issues, to comply with local, state or federal regulatory requirements or building code and to respond to various audit, Independent Monitor, Ombudsman commitments. Because of their critical nature, projects in this category are considered to be of essentially equal priority and should be engineered and installed in first.

Examples of such projects are:

- Irv Pl - LL 26 Fire Protection Tank/25th, 27th fl & all Stages Sprinklering/22nd fl Salvage Tank Refurbishment- $3,000,000

  This project is needed to meet the 15,000-gallon Fire Protection water storage requirements, which effectively requires that there be 30 minutes of available sprinkler water flow. Presently, the existing storage tank is 5,000 gallons which equates to approximately 10 minutes of water flow. To achieve the 15,000 gallon/30 minute water flow requirement, the existing Fire Protection and Salvage Water tanks that comprise the 20th Floor East Penthouse tank, will be tied together. New Booster pumps will now be needed to supply adequate water pressure to the various stage floors immediately below the building storage tanks and also to the floors, tower and stages above the East Penthouse Tank. This project must be completed before the building is completely sprinklered.

  As part of this project, the un-renovated 25th, 27th floors and all stages of the Irving Place tower will also be provided with the LL26 sprinklers/heating/heat tracing, as required, and the 22nd floor Salvage Water Tank will be refurbished/restored to service, as this will take the place of the salvage water function now provided by the 20th Floor East Penthouse. This project was originally estimated at $650,000 but that only included one new tank, booster pumps and minimal piping. The increased cost is primarily associated with the additional pipe runs from the booster pumps to the tower and stage floors and the normal/emergency electric feeds required for these pumps; and the cost to refurbish the 22nd floor Salvage Water Tank. The cost to sprinkler the un-renovated 25th, 27th floors and all stages of the Irving Place tower was originally included in the 6th floor renovation project but was deferred and is now included in this project.

  LL 26 projects described in Testimony

- Irv Pl - 15th & 19th fl Renovations LL26 Sprinkler - $13,000,000 reduced from $15,000,000.
- Irv Pl - 3rd, 4th, 5th fl Renovations - $33,100,000
- Irv Pl - 7th, 8th fl Renovations & sprinkler mech/elec spaces of 2, 9, 10th fls - $15,000,000

- Flatbush Ave - 6th & 7th Fl Renovation (LL26 Temporary Space) - $8,000,000

  This project calls for renovation of the two floors at the Brooklyn/Queens Headquarters building and is needed to provide for personnel temporary space associated with the LL26 office renovation projects at Irving Place. This project was originally listed as Category C but is now Category A because of its association with the LL26 projects.

2009 Electric Rate Case - Shared Services - Capital

Note that since Flatbush 6th/7th floors will be renovated in 2009, 28,000 sq ft (6th Fl) become available for temporary space by late 2009. This reduces the total amount of temporary space required for outside of the Company (i.e. rent) from 100,000 sq ft to 72,000 sq ft.

- Van Nest S/C Bldg 1 – Renovation of 2nd fl East & Middle Mezz Offices due to improper fire rated construction - $3,500,000.

  Per NYC DOB Building Code, interior bearing walls and bearing partitions must be constructed of non-combustible materials having a rating commensurate with its class rating. The bearing walls of these offices are not non-combustible materials and therefore must be replaced. As theses walls support the office ceiling and HVAC systems, it is recommended to remove the offices in their entirety and build new. The space is approximately 15,000 SF.

- Eastview - Relocation of C&D and Storage Bin Area to avoid high tension transmission wires - $500,000

  At Eastview S/C there is a concern about safety during loading/unloading operations at the existing C & D (Construction & Debris) and Storage area (i.e. equipment may come in close proximity to the existing 345 kV transmission wires located directly above the storage bins.) Administrative controls such as warning signs and height indication wires are used to insure safe operations and compliance with Con Edison's (25 ft) and OSHA (20 ft) safe distance (clearance) from the high-voltage transmission lines but engineering controls are desirable. Transmission Operations requested the relocation of existing storage bins to another place in order to eliminate the possibility of overhead high-voltage lines contact and flashover hazard. This project relocates the existing storage containers, cable reels, concrete poles to a newly constructed C&D area. The new concrete bin walls will be 4ft high above ground and sized as follows: C & D debris storage bin – 38 ft x 30 ft; Asphalt storage bin – 30 ft x 30 ft; Gravel storage bin – 20 ft x 30 ft; Sand (Backfill Material) storage bin – 30 ft x 30 ft. Concrete footings for storage bins wall will be constructed at least 4 ft below grade and there will be no impervious floor to allow rainwater to drain into underlying soil. In addition a 120 ft x 15 ft asphalt pavement will be required between the new storage bins/existing roadway.

- Various Locations Backflow Preventor Devices - $750,000

  In accordance with the NYC Plumbing Codes, New York Department of Health Regulations and DEP Regulations, domestic water service installations must be provided with backflow prevention devices. The type of device, whether a double check valve or reduced pressure zone device, depends on the degree of hazard at the particular facility. Each facility has been analyzed and the type of device identified.

Justification:

This projects are strictly associated with correcting unsafe conditions, environmental issues, complying with local, state or federal regulatory requirements or building code and responding to various audit, Independent Monitor, Ombudsman commitments and have received the departments highest priority.

Estimated Completion Date:

These projects will take place over the course of the rate case years. It is the intent of the Facilities Capital Improvement Program to address and mitigate issues and concerns associated with projects identified as Category A as early as possible & reasonable. The thrust of the program is thus in 2009 but continues into 2010, 2011 and 2012; projects currently identified as Category A in these latter years are associated with compliance with LL26 which requires full

2009 Electric Rate Case - Shared Services - Capital

sprinklering of 4 Irving Place (the Corporate Headquarters) by 2019 and is thus part of a multi-year program.

Status:

At the moment, the Category A projects are being engineered.

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 – 2013
17,228	$28,875	$18,975	$15,500	$15,600	$20,500	$99,450

2009 Electric Rate Case - Shared Services - Capital

Project/Program Title	Facilities – Critical Infrastructure - Category B
Status	With Engineering
Estimated Service Date	Various

Work Description:

These are projects have been initiated because they are deemed necessary to maintain the structural integrity of the building or to allow it to operate as designed or to protect critical equipment (e.g. failed roof, high maintenance HVAC or elevator equipment, deteriorated docks/piers, LAN Room AC Installations, etc.) Projects within this category would be evaluated and prioritized based on criticality to the facility and the corporation.

Examples of such projects are:

- WEA - E. Control Room Lights/Ceiling/Renovations & AC - $2,470,000
- 125th St - Relocation of CSR and Walk-in Center Areas - $4,625,000
- Flatbush - Roof Replacement - $900,000
- Davis Ave - Roof Replacement - $715,000
- Irv Pl - HVAC Piping Replacement Program - $200,000/year (multi-year)
- Flatbush Ave - Rm 520 LAN Rm A/C - $150,000
- Flatbush Ave - UPS Upgrade Room 520 - $430,000
- 3rd Ave Yd - Paving/Parking/Building 2,3,4 Demo/Wall Preservation - $3,000,000 This project was originally listed as Category C but is now Category B as it is associated with restoring truck & vehicle parking at the 3rd Ave yard facility.
- Flatbush - LAN Rm UPS Consolidation - Rms 312 & 7th Fl Telephone Rms - $650,000
- TLC - Critical LAN & UPS AC & Back-up Power - $2,500,000
- Irv Pl - Cooling Tower Electrical Upgrades - Completed in 2007
- Irv Pl - "F" Elevator Shaft Platforms for Future Elect - Completed in 2007
- Astoria - Replacement of Steam Line to Building 82 - Completed in 2007
- Exterior St - Dock Rehabilitation - Complete in 2007/2008

Justification:

These projects are strictly associated with correcting critical infrastructure issues in the various buildings of Facilities. Note that most of the buildings of Facilities are fifteen to twenty years old with certain locations such as Cleveland Street and Rye Service Centers constructed over sixty years ago. Equipment associated with operating these facilities, along with its infrastructures, has aged and reached a point where it is no longer economical or practical to continue to repair. Heating, ventilating and air-conditioning (HVAC) equipment, in most cases, is close to twenty years old and has outlived it useful life. This equipment should be gradually replaced with more efficient systems that utilize more environmentally friendly refrigerants. Interior offices, in certain cases, do not meet current space-use, NYC or Westchester Building Code or present day industry life-safety standards.
These address infrastructures issues in the Company headquarter buildings, work-out centers and yards and customer service centers that require almost an immediate response.

2009 Electric Rate Case - Shared Services - Capital

Estimated Completion Date:

These projects will take place over the course of the rate case years. It is the intent of the Facilities Capital Improvement Program to address and mitigate issues and concerns associated with projects identified as Category B as early as possible & reasonable, but after Category A projects are mostly addressed. The thrust of the program is thus in 2009 and 2010 but continues into 2011 and 2012; projects currently identified as Category B in these last two years are primarily associated with the Irving Place HVAC Piping Replacement Program.

Status:

At the moment, the Category B projects are being evaluated and engineered, where the scopes of work are defined.

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$9,735	$12,575	$4,315	$200	$200	$200	$17,490

2009 Electric Rate Case - Shared Services - Capital

Project/Program Title	Facilities - Programs - Category C
Status	With Engineering
Estimated Service Date	Various

Work Description:

These would be performed each year in order to maintain & improve on overall conditions at the facilities buildings & yards. The program may address efficiency improvements and/or equipment modernization or upgrades and projects are evaluated/prioritized based on facility assessments. These projects generally have to do with Yard Paving/Resurfacing, Roofs identified in the Roof Inspection Program, HVAC systems nearing the end of their normally useful life, general office renovations, elevator upgrades, etc.

Examples of such projects are:

- 3rd Ave Yard - Paving/Parking/Building 2,3,4 Demo/Wall Preservation – moved to Category B
- CPB - Paving/Resurfacing Program Phase 2 ~ $250,000
- Astoria - Paving/Resurfacing Program ~ $600,000
- Irv Pl - Window Replacement ~ $3,000,000 to $6,000,000/year (multi-year)
- Davis Ave - Window & Lintel Replacements ~ $300,000 to $460,000/year (multi-year)
- Flatbush Ave - 6th & 7th Fl Renovation for C/M – moved to Category A
- WEA - E. Control Room Lights/Ceiling/Renovations - moved to Category B
- Van Nest S/C Bldg 1 - Renovate 1st fl Mezz Bathrooms/Locker rooms -$ 100,000 to $500,000/year (multi-year)
- Irv Pl - G Stairwell Washroom upgrades ~ $600,000/year
- Irv Pl - Air Handler Replacement 13SE - $300,000
- Bruckner - Yazaki Replacement - $300,000
- TLC - 315 ton Chiller Replacement – to be completed 2008
- Cleveland St S/C - Yazaki Absorption Unit Replacement - $400,000
- WEA - Air Handler Replacement: AC-4 & AC-4A, DO AC (East CR) – part of East Control Room Renovation in project Category B.
- Regional Storerooms Bronx – Lighting -$100,000
- 16th St S/C - Security booth relocation/consolidate (Security Program) - $1,500,000
- Flatbush Ave – EDG Upgrade - $500,000/year (multi-year)
- Various Security Projects (dollars transferred from Security funding: $1,500,000 – 2009; $3,600,000 in 2010 & $2,500,000 in 2101). Typical projects cover Critical Headquarter Buildings and Service Centers)

Justification:

These projects are strictly associated with correcting critical infrastructure issues in the various buildings & yards of Facilities. Note that most of the buildings of Facilities are fifteen to twenty years old with certain locations such as Cleveland Street and Rye Service Centers constructed over sixty years ago. Equipment associated with operating these facilities, along with its infrastructures, has aged and reached a point where it is no longer economical or practical to continue to repair. Heating, ventilating and air-conditioning (HVAC) equipment, in most cases, is close to twenty years old and has outlived it useful life. This equipment should be gradually replaced with more efficient systems that utilize more environmentally friendly refrigerants. Interior offices, in certain cases, do not meet current space-use, NYC or Westchester Building Code or present day industry life-safety standards.
These projects will programmatically modernize, upgrade, and improve various equipment and infrastructures associated with the Company headquarter buildings, work-out centers and yards and customer service centers.

2009 Electric Rate Case - Shared Services - Capital

Estimated Completion Date:

The thrust of the Facilities Capital Improvement Program is to address Category A, then B projects and then to gradually move from a compliance and emergency response related work to one that programmatically improves the working conditions of the buildings and yards. Therefore, a bulk of the Category C projects takes place in 2010, 2011 and 2012 with the intent that the majority of the compliance and emergency response work is accomplished by 2010.

Status:

At the moment, the Category C projects are being evaluated and engineered, where the scopes of work are defined.

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 – 2013
$300	$2,100	$17,395	$24,760	$13,975	$12,250	$70,480

2009 Electric Rate Case - Shared Services - Capital

Project/Program Title	Facilities – User Requests - Category D
Status	With Engineering
Estimated Service Date	Various

Work Description:

Any projects which do not meet the criteria of category A, B or C and are strictly at the request of the user are deemed Category D. Each would be evaluated for need and prioritized on a "first-come-first-served" basis and budgeted/engineered/scheduled accordingly.

Examples of such projects are:

- Irv Pl – Additional Pressure Switches for Chilled & Secondary Water Pumps - $50,000
- Irv Pl - Additional Points for Alarm Panel in Control Room - $100,000
- 16th St S/C - Enlarge Ave C gate for truck traffic - $150,000
- CPB S/C- New Flush Truck Shed - $1,500,000
- TLC - Enclose gas pavilion for training - $1,500,000
- TLC - Employee/student notification system - $300,000
- Bruckner Garage - Moisture/Condensation Issue - $250,000

Justification:

These projects are essentially extras that the various Facilities user organizations would like in order to better improve their operation or overall conditions. As mentioned above, these will be addressed as capital funds become available and on a "first-come-first-served" basis. They will be budgeted/engineered/scheduled accordingly.

Estimated Completion Date:

The thrust of the Facilities Capital Improvement Program is to address Category A, then B projects and then to gradually move from a compliance and emergency response related work to one that programmatically improves the working conditions of the buildings and yards (i.e. Category C). A bulk of the Category C projects take place in 2010, 2011 and 2012 with the intent that the majority of the compliance and emergency response work is accomplished by 2010.

Category D will then follow if and when capital funds become available.

Status:

These projects are on hold until when and if capital funds become available.

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 – 2013
$0	$0	$0	$0	$0	$9,730	$9,730

2009 Electric Rate Case - Shared Services - Capital

Project/Program Title	Various - Hurricane Building Hardening Projects
Status	With Engineering
Estimated Service Date	Various – On-Going

Work Description:

Building Hurricane Hardening encompasses steps that the Company will take to strengthen and reinforce certain facilities in the event of a hurricane (various categories) to increase the likelihood that critical facilities be able to operate, so that the Company can continue its business as best as possible, during such an event. After the 2005 hurricanes in the Gulf region, the Company began studying the potential effect of hurricanes on its facilities. To date, several studies have been conducted in this effort.

1st Thornton-Tomasetti (TT) Study – West End Avenue (WEA)

The Company hired Thornton-Tomasetti (TT) to perform a detailed structural evaluation of WEA based on drawing research/field observations; computer modeling/analysis of the building's steel frame structure; manual calculations for the masonry walls, roof mounted equipment anchorage, and roof deck, including debris impact; and qualitative evaluation of windows, doors, louvers, roofing systems, and transformer bay enclosures. The building was evaluated for current code requirements for wind loading associated with hurricane categories 2, 3 and 4. In addition, exploratory holes were also drilled into several of the [Concrete Masonry Units] ("CMU") walls to confirm that they are un-grouted and un-reinforced. Based on this exploratory information and the TT study, it was determined that the WEA building would need to be hardened.

Altran Solutions Study – Ability of critical regional facility locations to serve as Shelters
The Company hired Altran Solutions to perform a screening evaluation of **4 Irving Place, Buildings 21 and 21A at Van Nest, 1 Davis Avenue, 30 Flatbush Avenue and Rye Headquarters.** This effort involved assessing the buildings for suitability as hurricane shelters (structural and flooding standpoint only) and assigning them numeric ratings. The screening criteria came from FEMA 361, the American Red Cross and additional information obtained from the state of Florida and addressed the following: flooding due to storm surge, building age and type of construction; categorizing and rating the building elements (main load resisting system, roof, floors, walls, cladding, windows, doors); debris hazards; et al. The evaluation did not involve any formal analysis but did result in the identification of building components that would need hardening and related "order of magnitude" costs. The screening relied on past performance of various buildings during historical hurricanes of all categories. As such, there was no distinction made of the hurricane category number in determining the rating. The Altran reports assessed the capability of the critical Con Edison buildings to resist major hurricanes and concluded that all buildings were rated below acceptable for use as shelters and would need to be hardened.

Using the recommendations provided in the Altran study and information currently known, the estimated costs to harden 4 Irving Place, Buildings 21 and 21A at Van Nest, 1 Davis Avenue, 30 Flatbush Avenue and Rye Headquarters would be approximately **$40,000,000.** This includes measures such as replacing existing "unshuttered" windows with a hurricane resistant version; reinforcing windows with an anchored film; reinforcing exterior masonry walls; and replacing existing ballasted or lightweight metal decked roofs, anchoring poorly attached roof mounted equipment.

2nd Thornton-Tomasetti (TT) Study – 4 Irving Place, WEA and Buildings 21 and 21A at Van Nest

Because of this substantial cost indicated above, Engineering and the Coastal Storm Committee refined the parameters utilized in the TT and Altran studies mentioned above in order to limit the extent of hardening required and therefore cost. TT was again hired and evaluated methods for hardening not all but select locations, such as 4 Irving Place, WEA and Buildings 21 and 21A at

Van Nest. In the cases of Irving Place and WEA, these buildings were analyzed so that certain floors/areas as opposed to the entire buildings could be utilized as shelters. Buildings 21 and 21A at Van Nest were analyzed as shelters and also to remain as operational facilities during a hurricane event.

These reports again indicated that significant and costly exterior hardening modifications would be needed for Van Nest Buildings 21 & 21A so that they can be used as shelters and operating facilities during a hurricane event. The modifications for creation of shelters at Irving Place and WEA appear to be slightly more feasible, although still very costly. A summary of the Capital Costs Estimates for these Hardening Sites is provided below:

- Van Nest 21/21A - $13,000,000 to $15,000,000 for exterior skin, impact resistant window/doors, interior and roof bracing, measures to secure roof-top equipment, EDG/HVAC enclosures. Hurricane resistant roof.
- Irving Place 3rd Floor Shelter for 350 Storm Riders - $4,000,000 to $5,000,000. New hardened interior walls around shelter perimeter. Impact resistant window/doors. Dedicated HVAC & EDG or harden existing EDG. Emergency lighting/exit signs, potable water & sanitation storage.
- Irving Place Data Centers & MECC Hardening - $4,000,000 to $5,000,000. Hurricane windows/steel support frames or hardened wall similar to shelter. Measures to protect electrical equipment in basement from flooding.
- WEA 2nd Floor Shelter for 15 persons – $5,000,000 to $6,000,000. Similar shelter measures as Irving Place. West exterior wall hardening of shelter area. Exterior/interior wall hardening measures to minimize damage to Bulk Power Control Room & supporting IR Rooms. Hurricane resistant roof, impact resistant window/doors.

3rd Thornton-Tomasetti (TT) Study – 4 Irving Place, WEA and Buildings 21 and 21A at Van Nest

Since 2nd TT study determined that the probability of the lower bound of a Cat 3 hurricane is in the ~ 300 year Return Period range (~7000 year for upper bound) and the upper bound of a Cat 1 (95 mph) is in the 50 to 100 year Return Period range, it was felt that the Company should have a better understanding of what it would take to hardened the above facilities to the criteria with a more reasonable probability of occurrence. In this final study TT assessed the vulnerability of relevant portions of Irving Place, WEA, Van Nest 21/21A using design wind loads (98 mpg - 3 second gust) of the recently adapted NYC Building Code Standard (mid Category 1 range) and windborne debris criteria from FEMA & ASTM.

These four buildings were designed to the building code in place at the time, which may/may not have properly considered wind loads, but certainly did not consider damage from windborne debris or take into account new information gained over the years (e.g. based on experience of building behavior during a hurricane - swirling winds at building corners cause damage in these areas). If was felt that since shelter criteria (160 mph winds) would not be used, the necessary modifications could be substantially less. It appears from the draft TT reports that the hardening scope, although slightly less, is still significant and costly. A summary of the Capital Costs Estimates for these Hardening Sites is provided below:

- Irving Place 3rd Floor Hardened Area for 350 Storm Riders - $3,500,000 to $4,500,000. New hardened interior walls around perimeter. Impact resistant window/doors. Dedicated HVAC & EDG or harden existing EDG. Emergency lighting/exit signs, potable water & sanitation storage.
- Irving Place Data Centers & MECC Hardening - $4,000,000 to $5,000,000. Impact resistant window/doors. Measures to protect electrical equipment in basement from flooding.
- WEA 2nd Floor Hardened Area for 15 persons – $3,000,000 to $4,000,000 includes hardened interior walls around perimeter; hardened west exterior walls by connecting to concrete floor. Emergency lighting/exit signs, potable water & sanitation storage.

2009 Electric Rate Case - Shared Services - Capital

Bulk Power Control Room & supporting IR Rooms - hardened exterior walls on 3rd & 4th floors. Install impact resistant windows & hurricane resistant roof.

- Van Nest 21/21A – harden exterior brick, interior bracing, install impact resistant window/doors & hurricane resistant roof, measures to secure roof-top equipment, EDG/HVAC enclosures. $13,000,000 to $14,000,000.

Justification:

As determined by the Coastal Storm Committee, several of the above critical Company locations may need to serve as shelter or both shelter and operating facility before, during and after a hurricane.

Estimated Completion Date:

The Company has not selected the work scope that it will proceed with concerning the hardening of its facilities. The results of the above studies will be presented to Senior Management for review.

Note - In 2008 two roof projects will be replaced at Irving Place: the Cooling Tower roof and the Cafeteria/Auditorium roof; both are located on the south side of Irving Place. The TT hurricane assessments determined that these roofs are vulnerable to hurricane force winds and that damage to them may allow significant amounts of water to enter the building. The water may eventually travel down floor/wall penetrations or service risers and reach the 19th floor CERC and 17th floor data centers, areas that the Company would want to protect from a hurricane event.

The Company has not selected the work scope that it will proceed with concerning the hardening of its facilities. The results of the above studies will be presented to Senior Management for review.

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$10,000	$0	$6,125	$10,000	$10,000	$10,000	$36,125

2009 Electric Rate Case - Shared Services - Capital

Project/Program Title	**Facilities –Astoria Site: A-11 Dock and A-12 Luyster Creek Bulkhead**
Status	**Waterfront Inspection Completed/with Engineering**
Estimated Service Date	**2009 - 2012**

Work Description:
The Astoria 5-years waterfront inspection program identified various deteriorations and degradations of the A-11 and A-12 docks ranging from **"Poor" to "Serious".**
Below are descriptions of the identified deteriorated conditions and recommended repairs:

Astoria A-11 & A-12 Dock Condition & Recommendations (Poor and Serious Conditions):

- **A-11 Dock Area C Coating Repair in Splash Zone - $50,000 (Immediate Corrective Action)**
  Present condition: The protective coating in the splash zone is flaking off throughout the steel pile bulkhead and up to ¼" of corrosion product covers the steel. ***It is recommended to install new protective coating within the splash zone on the sheet pile bulkhead.***

- **Astoria A-11 Dock, Area A Repairs - $1,545,000 (allow 1.25 factor for miscellaneous general conditions) ~ $1,930,000**
  Present condition: the timber cribbing and timber bulkhead are in poor to serious condition due to advanced deterioration of the cribbing within the tidal zone, complete loss of connection hardware between transverse and longitudinal cribbing members, and evidence of marine borer activity. The intake area for underwater pumping is in poor condition: large area of grating in the outer screen is missing and silt build-up at the bottom of concrete intake enclosure. The outer screen is completely missing in the tidal zone due to corrosion.
  Recommendation: the installation of over-sheeting with an anchored steel pile bulkhead for vehicle and equipment loading upland of the bulkhead in order to access the active pipeline and the dock area.

- **Astoria A-11 Dock, Area D Repairs - $4,269,000 (allow 1.25 factor for miscellaneous general conditions) ~ $5,340,000**
  Present condition: the timber cribbing and timber bulkhead are in poor to serious condition due to heavy deterioration of the cribbing timbers in the tidal zone, complete loss of connection hardware between transverse and longitudinal cribbing members, evidence of marine borer activity, loss of fill at the interface between the cribbing and each concrete mooring dolphin, and a completely failed timber fender system. Mooring bollards are in critical condition. Due to impact damage, the bollards will not safely support the mooring of any vessel. Concrete mooring dolphins are in poor condition due to spalling of the concrete at the corners; also concrete in the tidal zone is eroded and steel supports at the offshore face of each dolphin are deteriorated.
  Recommendation: demolition of the top portion of the cribbing structure, removal of the concrete mooring dolphins, and the installation of an anchored steel sheet pile bulkhead.

- **Astoria A-12 Luyster Creek Bulkhead Repairs - $3,277,000 (allow 1.25 factor for miscellaneous general conditions) ~ $4,100,000**
  Present condition: the timber cribbing is in poor to serious condition due to missing or heavy deteriorated timbers, evidence of fill loss, fallen concrete, complete loss of connection hardware between transverse and longitudinal timbers, and dilapidated vertical posts at the locations of some transverse timbers.
  Recommendation: the installation of over-sheeting of the existing cribbing with cantilevered steel sheet pile bulkhead.

Total Cost ~ $11,370,000 Say $11,500,000 (including $50,000 above)

2009 Electric Rate Case - Shared Services - Capital

Justification:
The corrective action repairs/recommendations will correct current conditions, prevent continuous deterioration of affected dock structures; and make these structures available for continuous Con Edison operations.

Estimated Completion Date:
This project can be completed in 2009 - 2012

Status:
With Engineering.

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$0	$2,000	$2,500	$3,500	$3,500	$0	$11,500

2009 Electric Rate Case - Shared Services - Capital

Project/Program Title	Program to Improve Flush Facility Functionality and Reliability (Cap)
Status	
Estimated Service Date	**2011**

Work Description:

- Enclose the Flush Truck Facility unloading areas, bins, and associated basins to provide weather protection and ensure proper facility operation.
- Enclose the wastewater treatment systems at the Brooklyn, Manhattan, and Queens Flush Truck Facilities in a building to provide complete weather protection for all components and ensure continuous system availability.
- Design and implement system redundancy through parallel installation of critical components including, but not limited to:
  - Transfer pump
  - Sand/Anthracite Filter
  - Particulate filter
  - Carbon filter backwash pump
  - Treated wastewater holdup tanks
  - Composite sampler
- Design and install water treatment controls to provide remote monitoring of all three facilities on a 24/7 basis.
- Investigate alternative technologies and state-of-the-art equipment for the wastewater treatment Systems to improve operation, minimize O&M costs, and ensure long-term availability.

Justification:
See ATTACHMENT
Estimated Completion Date:
2010 – Year End
Planning and Budgeting:

- Develop a detailed scope of work
- Prepare equipment/material specifications
- Develop detailed design drawings and construction specifications
- Prepare a bid package for Purchasing to solicit bids
- Review bids and select construction contractor
- Provide project management oversight
- Provide pre-operational testing/monitoring of new facilities and equipment

* Engineering/Design Costs	$ 2,700,000
* Buildings for unloading areas and associated facility components	$12,000,000
* Buildings to enclose the three wastewater treatment systems	$ 4,500,000
* Treatment system control systems and redundant design implementation	$ 7,000,000
* Start-up/pre-operational testing costs	$ 500,000
Total costs for 4 facilities:	$26,700,000

2009 Electric Rate Case - Shared Services - Capital

Status

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$3,250	$12,000	$11,450	$0	$0	$0	$23,450

ATTACHMENT
Functionality and Reliability Improvements at Flush Facilities

Con Edison's inspection improvements for underground electric structures and the installation of new vented covers have yielded an upward trend in annual flush waste generation. Flush waste consists of debris accumulations that have been removed from underground electric structures to facilitate performing work safely, and in accordance with all applicable specifications for quality. Entering more structures, more frequently has led to substantial increases in flush waste quantities (see table), challenging the physical assets designed to manage this material, while also yielding increased costs.

Solid debris and sediment regularly deposits in Con Edison's underground electric structures through street run-off, and in-leakage from sources such as water and sewer mains. Vactor trucks flush these materials from underground facilities prior to work, yielding a waste material that is transported to Con Edison's four Flush Facilities for management. Flush waste may generally be considered in terms of three waste streams upon unloading at the Flush Facilities: solid debris, sediment, and water.

At all four facilities, vactor trucks empty their contents into drying bins, which retain the relatively more coarse material while water and finer solids, or sediment, drain into sub-grade collection structures. Upon sufficient drainage, the drying bins are unloaded into lined containers for transport and disposal. At three of the four facilities, the sediment settles while water is pumped through wastewater treatment systems for discharge to the New York City sewer system in accordance with permit conditions. The solid debris and sediment accumulations are removed periodically for transport and disposal. At the remaining facility, water and sediment accumulate in a sub-grade collection structure prior to removal and transport for disposal.

The flush truck facilities and associated wastewater treatment systems are located entirely outdoors. The environment severely impacts facility and equipment operation, especially during extreme weather events such as heavy rains and sub-freezing temperatures. These conditions wear heavily upon the facility components. Overall facility maintenance costs continue to escalate, and each of the water treatment systems have already surpassed their practical design life.

The technology employed at these facilities is not as cost-effective as other methodologies that are available for this application. Considering the necessity of these facilities in the performance of day-to-day work, ensuring continuous operation and long-term availability is absolutely critical.

2009 Electric Rate Case - Shared Services - Capital

Waste Stream	Annual Flush Waste Generation 2003	2004	2005	2006	*2003-06 Increase*
Solid Debris (tons)	4538	5080	5683	6175	***36%***
Sediment (tons)	4857	5130	6032	7045	***45%***
Water (gallons)	8,337,229	9,668,357	11,164,803	12,183,336	***46%***

ISSUES:

1. Facilities are located outdoors, where they are regularly exposed to harsh environmental conditions that can adversely affect operations and personnel safety:

    - Low temperatures inhibit drainage from drying bins by freezing water in the solid debris, results in ice formation on walking surfaces in the unloading area, and inhibits movement of water to the wastewater treatment system.

    - Wastewater treatment components require extensive efforts to provide freeze protection and ensure continuous availability.

    - Water enters the sub-grade drainage structures during normal rainfall events, necessitating handling with the wastewater generated by normal operations. The costs associated with treating and/or removing rainfall water at all facilities on an annual basis is significant, and generally believed to be in excess of $400,000 annually.

    Enclosing all the dumping bins, solid debris storage areas, sedimentation basins, retention basin (Hell Gate) and the wastewater treatment systems would provide for more efficient and safe operation, while increasing facility longevity and reducing O&M costs.

2. The existing wastewater treatment systems are series design, without redundancy to provide operating flexibility in the event of component failure. Single component failure within a facility necessitates system shutdown, and ultimately limits vactor availability. Without wastewater treatment system availability, vactors cannot continue to unload at the facility, necessitating unloading at more distal locations, and increasing truck cycle time between flush evolutions.

3. The present wastewater treatment system controls are locally operated requiring dedicated operators at each location. Control system design improvements will promote cost savings through more efficient system operation, and remote/centralized monitoring capabilities on a 24/7 basis.

Project/Program Title	Emergency Incident Command Center and EM staff offices
Status	**Ongoing**
Estimated Service Date	**2009**

Work Description:

Emergency Management (EM) will work with Facilities Engineering to design an appropriate location for an Incident Command Center (ICC) and office space for its Overhead Emergency Management operations. It is anticipated that the existing EOEM office space (approximately 1,500 square feet) on the third floor of 511 Theodore Fremd Avenue can be renovated to house an Incident Command Center.

The Incident Command Center should be equipped to provide for any contingency. It should be constructed to IR and Facilities standards for reliability, including redundant power and network supplies, redundant AC, diesel backup power and should include:

- Separate power and diverse power feeds (two distribution feeders) with separate points of entry
- Backup generation with automatic transfer switch
- Redundant Uninterrupted Power Supply
- Redundant HVAC
- Separate and diverse telecommunications circuits (provider and route diversity) with separate points of entry
- Redundant server/telecommunications rooms located on opposite sides of facility
- Redundant fire suppression systems
- Redundant access control capabilities
- Security cameras
- UPS/backup power system
- Phones – phones should be set up to rollover automatically
- Cell Phones for team members that leave the command center
- Secure wireless network capability
- Satellite Phone
- Teleconferencing Equipment
- Dedicated computers
- Laptop connection(s)
- Printer – connected to a desktop and accessible to laptops
- Video teleconferencing
- Fax machine – connected to a dedicated phone line
- Photocopier – easily accessible to the command center
- TV with satellite connection – provides ability to monitor the news
- Key office supplies – pens, markers, flip charts, paper, etc
- LED Projector
- Status Board
- Sign in/out board
- Conference table
- Assigned work stations for each key function
- "ad hoc" stations
- Hardcopy backups of key site or reference information.

Justification:

The ICC will be available for the regional Incident Command and General Staff and afford space for each Command and General staff members operations. This will facilitate communication among the operations and planning sections and with the municipalities, media and executive staff.

The ICC is designed to be multifunctional and will remain "hot" in order to facilitate quick start-up of emergency response operations.

Estimated Completion Date:

2009

Status:

Ongoing

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 – 2013
$0	$2,000	$0	$0	$0	$0	$2,000

Facilities - Corporate Headquarters (Irving Place) ($000's) 2009 Electric Rate Case	Historic Year Actual 12/31/2007	 RYE 3/31/2009	1st Rate Year RYE * 3/31/2010	2nd Rate Year RYE * 3/31/2011	3rd Rate Year RYE * 3/31/2012	2010-2012 Incremental Total
Indoor Air Quality Improvement Programs						
Duct cleaning	0	343	503	503	503	1,509
Induction unit drip tray inspection	143	70	49	49	49	4
Roof inspection and repairs	18	242	200	237	270	689
Piping inspection and replacement program	0	568	62	62	62	186
ACM insulation abatement and replacement program (1 Shaft Only)[1]	0	207	110	110	110	330
	161	**1,430**	**924**	**961**	**994**	**2,718**
Local Law 10-11 Façade Repairs (4 Yr Program)	**355**	**1,025**	**1,004**	**1,004**	**1,004**	**2,657**
Flooring Upgrades Programs						
Replace carpeting on approximately two (2) floors annually	206	698	620	620	620	1,654
Seal/epoxy fan room floors	0	67	67	67	67	201
	206	**765**	**687**	**687**	**687**	**1,855**
Building Infrastructure Restoration Programs						
Cooling Towers Restoration Program	0	1,350	630	0	0	630
Valve replacement program (AHUs and PAs)	0	245	245	245	245	735
Lobby refurbishment						
restore marble	0	140	140	140	140	420
restore ceiling	0	130	70	70	70	210
replace turnstiles	0	0	0	250	250	500
Window cleaning	0	165	153	153	153	459
Install new window treatment systems along 15th St	0	0	20	0	0	20
Seal double hung windows	0	30	30	30	30	90
	0	**2,060**	**1,288**	**888**	**888**	**3,064**
MAC						
Floor renovations (Rent)	0	7,000	2,160	4,432	4,432	11,024
Floor renovations	226	5,960	5,495	0	0	5,269
	226	**12,960**	**7,655**	**4,432**	**4,432**	**16,293**
Facilities Totals	**948**	**18,240**	**11,558**	**7,972**	**8,005**	**26,587**
Less Historic Year 2007		**(948)**	**(948)**			**(948)**
Incremental 2009 Less Program Changes 2010				**(3,586)**		**(3,586)**
Incremental 2010 Less Program Changes 2011					**33**	**33**
Incremental	**948**	**17,292**	**10,610**	**7,024**	**7,057**	**24,691**

* RYE = Rate Year Ending

[1] Orig estimate/submittal did not include re-insulation and 3rd party monitoring

Project/Program Title	Indoor Air Quality Improvement Programs (4 Irving Place)
Status	
Estimated Service Date	

Work Description: Programs that systematically address the quality of indoor air such as removing hazardous materials and improving HVAC operating equipment. Programs include, but are not limited to, HVAC duct cleaning and induction unit drip tray cleaning/inspections; inspection and repairs of roof and piping systems; and abatement and replacement of ACM insulation throughout the building.

Justification: Inspecting, cleaning and removal of hazardous materials associated with air and water distribution equipment and systems in the building will mitigate the spread of potential infectious diseases.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$161	$1,430	$924	$961	$994	$2,879

Project/Program Title	Local Law 11 Façade Repairs (4 Irving Place)
Status	
Estimated Service Date	

Work Description: Repair conditions identified as "safe with repair and maintenance program" (SWRMP) including re-caulk all building windows per Cycle 6 Local Law 11 inspection report filed with NYC Dept. of Buildings.

Justification: New York City Local Law 11 of 1998 requires that all buildings, 100 feet or taller, be inspected on a 5 year cycle by a licensed architect and an inspection report be filed on behalf of the building owner with NYC Dept. of Buildings. Cycle 6 Inspection was performed in 2006 and filed as per regulation in February 2007. All repairs must be completed prior to next cycle inspection in 2012.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$355	$1,025	$1,004	$1,004	$1,004	$3,012

Project/Program Title	**Flooring Upgrades Program (4 Irving Place)**
Status	
Estimated Service Date	

Work Description: Replace carpeting on approximately two (2) floors annually and resurface approximately fifty four (54) fan room concrete floors with epoxy sealer.

Justification: Normal wear and stretching of floor carpeting results with tripping hazards. In addition, the carpeting has worn beyond any economic or reasonable cleaning method resulting with extremely dirty carpets. Resurfacing the fan room floors will eliminate any water seepage or leakage to lower elevations during any possible equipment failures.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$206	$765	$687	$687	$687	$2,061

Project/Program Title	Building Infrastructure Restoration Programs (4 Irving Place)
Status	
Estimated Service Date	

Work Description: Replace the outer casings and windwalls on Cooling Towers 4 & 5. In addition, sandblast, repair defects and recoat the Cooling Tower's structural steel and piping. Other programs include restoration of equipment and systems that have surpassed the generally accepted life expectancies and require replacement or upgrading to ensure continual operation and/or existence. These various programs include, but are not limited to, restoration of wall, ceiling and turnstile systems in extreme traffic areas such as the main lobby/corridors; replacing main steam and chill water stop valves for the building's air handling units (54); and sealing/cleaning of building windows.

Justification: The Cooling Towers are integral pieces of equipment in the building's Central Air Conditioning System at 4 Irving Place. The Cooling Towers are located on the roof of the building. The outer casings and windwalls on Cooling Towers 4 & 5 are deteriorating resulting with pieces breaking off and extensive water leakage. These conditions pose a public safety, negatively impact system efficiency and waste water. In addition, the existing coating on the structural steel and associated piping for both cooling towers has deteriorated resulting with numerous corroded areas. These corroded areas may eventually result with complete metal failures. Estimate based on actual costs for the refurbishment of cooling towers 2 and 3 and Facilities Engineering estimate of additional repairs needed on Cooling Towers 4 & 5.
Other programs are required since much of the building infrastructure is over 50 years old and has reached the end of its useful life. Failures create additional maintenance problems.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$2,060	$1,288	$888	$888	$3,064

Project/Program Title	**MAC (4 Irving PL)**
Status	
Estimated Service Date	

Work Description: The Company has developed a plan to install required sprinkler systems in conjunction with the conversion of floors at 4 Irving Place to open-office plan arrangements (which in and of itself would require sprinkler systems). In order to meet LL26's 2019 deadline, the Company needs to accelerate its plans for open-office space arrangement. This, in turn, creates the need for additional space for temporary relocation of employees during the renovation. Currently, when the Company renovates a floor, it temporarily relocates the affected employees to another part of 4 Irving Place. This is because it is logistically difficult or practically impossible to maintain employees in their current work area during the renovation process. In order to meet the needs of this accelerated program, some of the affected personnel would need to be temporarily relocated out of 4 Irving Place because there is insufficient swing space currently in the building (i.e., currently less than one full floor of available swing space). Note that since Flatbush 6th/7th floors will be renovated in 2009, 28,000 sq ft (6th Fl) becomes available for temporary space by late 2009 or early 2010. This reduces the total amount of temporary space required out side of the Company from 100,000 sq ft to 72,000 sq ft.

Justification: This approach is due to the physical arrangements of ceilings and other building infrastructure and the presence of environmentally sensitive materials (such as lead and asbestos) that need to be addressed. It would be neither safe nor practical or efficient to perform the required renovation and sprinkler installation during off-shifts, when personnel have vacated the space, and allow the affected personnel to return to work during their normal work hours (thereby requiring a set-up and take-down of the work area on a daily basis). Most importantly, the safe removal of environmentally sensitive materials while the area is occupied is logistically extremely difficult. Having personnel completely vacate the space until the renovation (and any required abatement) is finished enables the Company to completely abate the environmentally sensitive materials in a safe and efficient manner.

Estimated Completion Date: 2019

Status: In the Engineering stage for the floors currently selected for renovation.

Funding ($000)

Actual 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$226	$12,960	$7,655	$4,432	$4,432	$16,519

Facilities Operation and Maintenance (Regions)

($000's)

2009 Electric Rate Case	Historic Year 12/31/2007	RYE 3/31/2009	RYE * 3/31/2010	RYE * 3/31/2011	RYE * 3/31/2012	2010-2012 Incremental Total
Indoor Air Quality Improvement Programs						
Duct Cleaning - Periodic inspection of duct interior by inserting video camera for the purpose of identifying conditions that require attention. Once identified repairs are then scheduled on a priority basis.	$0	$15	$50	$50	$50	$150
Air Conditioning Charcoal Filter Replacement	$0	$130	$70	$0	$70	$140
Use of more effiiecinet Carbon Filters to improve air quality at 16th Street						
HVAC balancing at The Learning Center	$0	$0	$60	$65	$65	$190
Program Total	$0	$145	$180	$115	$185	$480
Flooring Upgrades						
Carpeting - 6,000 SY annually includes furniture moving. Programatic approach to address aging carpet throughout the varous locations including funding to move furniture in occupied areas. Annual inspection to result in highest priority carpet replacement annually.	$964	$810	$417	$425	$425	$303
Program Total	$964	$810	$417	$425	$425	$303
Structural Inspections & Repairs						
Includes facades, sidewalks, parapets, brick repointing, re-caulking, waterproofing, roof repair, leaders and gutters. Repointing is a major expense especially at many of our older brick structures in Astoria and in the Bronx.						
Roof Inspection & repair (including parapets, leaders & gutters)	$112	$1,000	$842	$842	$842	$2,414
Facades and brick re-pointing at various locations.	$50	$1,000	$854	$854	$854	$2,512
Program Total	$162	$2,000	$1,696	$1,696	$1,696	$4,926
Building Infrastructure Restoration Programs						
Yard Resurfacing	$0	$90	$90	$90	$90	$270
Resources required at multiple locations to address resurfacing issues for extending the life span and making better use of our properties						
Painting and wall treatment repair/restoration	$0	$1,010	$500	$500	$500	$1,500
Programatic approach similar to carpet program where all locations are walked down annually and required painting is scheduled on a priority basis.						
Environmental - Asbestos (ACM)	$17	$200	$100	$100	$100	$283
Funding to cover asbestos survey investigations - (ACM)						
Program Total	$17	$1,300	$690	$690	$690	$2,053
Sherman Creek (new location)						
Additional guard (security officer) post required for the new location	$0	$100	$100	$100	$100	$300
Additional maintenance items required for new site: custodial contracts, repairs, materials and supplies.	$0	$71	$103	$103	$103	$309
Program Total	$0	$171	$203	$203	$203	$609
3rd Ave Yard (new building)						
Additional Emergency Action Plan Director (security officer) (required for all Class E buildings in the City of New York) for the new building at 3rd Avenue	$0	$57	$120	$120	$120	$360
Additional cleaning services	$0	$0	$31	$31	$31	$93
Program Total	$0	$57	$151	$151	$151	$453
Contractual Rent & Tax Increases						
Program Total	$6,750	$6,293	$16,317	$16,460	$15,760	$41,787
Grand Total Facilities Regions (O&M)	$7,893	$10,776	$19,654	$19,740	$19,110	$50,611
Less Historic Year 2007		(7,893)	(7,893)			(7,893)
Incremental 2009 Less Program Changes 2010				86		86
Incremental 2010 Less Program Changes 2011					(630)	(630)
Incremental	$7,893	$2,883	$11,761	$11,847	$11,217	$34,825

Note: RYE = Rate Year Ending

Project/Program Title	Indoor Air Quality Improvement Programs (Regions)
Status	
Estimated Service Date	

Work Description: Programs that systematically address the quality of indoor air such as removing hazardous materials and improving HVAC operating equipment. Programs include but are not limited to periodic inspection & cleaning of HVAC duct systems, charcoal/carbon filter replacement at 16th Street and HVAC balancing at The learning Center.

Justification: Inspecting, cleaning and removal of hazardous materials associated with air ductwork distribution systems in the buildings will mitigate the spread of potential infectious diseases. Charcoal/carbon filter replacement (a manufacturer specification) and HVAC balancing will prolong the life of the equipment and improve the air quality within the buildings.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$145	$180	$115	$185	$480

Project/Program Title	Flooring Upgrades Program (Regions)
Status	
Estimated Service Date	

Work Description: Carpeting upgrade – 6,000 square yards of carpeting replacement annually and also includes moving furniture so carpeting can be installed. A programmatic approach to address aging carpet throughout various locations plus the cost to move furniture while the work is in progress. Annual carpet inspection will prioritize carpet replacement.

Justification: Normal wear and stretching of floor carpeting creates tripping hazards. In addition, the carpeting has worn beyond any economic or reasonable cleaning method resulting with torn, rolled and extremely dirty carpets.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$964	$810	$417	$425	$425	$1,267

Project/Program Title	Structural Inspections and Repairs (Regions)
Status	
Estimated Service Date	

Work Description: Includes facades, parapets, brick re-pointing, re-caulking, waterproofing, roof repair, leaders and gutters. Re-pointing is a major expense especially at many of our older brick structures in Astoria and in the Bronx.

Justification: Work will prolong the life of the facilities' facades and roofs and prevent damage from water leaks.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$162	$2,000	$1,696	$1,696	$1,696	$5,088

Project/Program Title	Building Infrastructure Restoration Programs (Regions)
Status	
Estimated Service Date	

Work Description: Programs include the following at multiple locations: Yard re-surfacing, striping and drainage to address re-surfacing issues, repaint worn striping to more efficiently utilize space and prevent freezing pooled water conditions thereby extending the life span and making better use of our properties. Painting & wall treatment repair/restoration - programmatic approach similar to carpet program where all locations are inspected annually and required painting is scheduled on a priority basis. Environmental (Asbestos - ACM) funding to cover asbestos surveys and investigations.

Justification: Many of the building infrastructure is old and has reached the end of its useful life.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historic Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$17	$1,300	$690	$690	$690	$2,070

Project/Program Title	Sherman Creek (new location) (Regions)
Status	
Estimated Service Date	

Work Description: Sherman Creek is a three lot piece of property that once housed a generating station (now demolished) is currently being used by Electric Operations as a work out location for Cable Operations. There are several trailers on site that require the need for a guard post and maintenance items: custodial contracts, repairs, materials & supplies.

Justification: Guards required at this new locations for employee safety and to protect company property. Also, maintenance items required to maintain new site in a clean and efficient manner.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$171	$203	$203	$203	$609

Project/Program Title	3rd Avenue Yard (new building) (Regions)
Status	
Estimated Service Date	

Work Description: A new building located at 320 4th Avenue, Brooklyn, NY is required to have on duty Emergency Action Plan Directors (required at all Class "E" buildings by the New York City Fire Department). The Emergency Action Plan Directors (EAPD) will also act as security guards. Also, a custodial contract is needed to clean the building and will be required at the new site.

Justification: Guards are required at this new location by the New York City Fire Department, Title 3 of the Rules of the City of New York, EAP industry notice #9. Custodial contract is required to maintain the new site in a clean and efficient manner.

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$57	$151	$151	$151	$453

Project / Program Title	Contractual Rent & Tax Increases (Regions)
Status	
Estimated Service Date	

Work Description: Rent increases at the following locations: 30 Flatbush Ave., Queens Blvd., Foster Avenue and Jamaica. West 125th Street is scheduled to be sold and a new location is anticipated to be leased at 116 East 124th Street. Taxes have increase at 30 Flatbush Avenue and will continue to rise as property value increase in Brooklyn. The West 28th St yard is scheduled to be taken over by the Port Authority to accommodate a new tunnel and the West 28th St Yard will have to move to a new location.

Justification: Contractual / Regulatory

Estimated Completion Date: 2012

Status: Ongoing

Funding: ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$6,750	$6,293	$8,317	$8,460	$7,760	$24,537

Project/Program Title	Replacement Work Out Location for West 28 Street
Status	
Estimated Service Date	**2009**

Work Description:

West 28th Street Work-Out Service Center which is currently located at the site planned for portions of the new Transit Tunnel which will run from New Jersey to New York Penn Station. At this time the plans for this tunnel have not been finalized but the Company may need to vacate the site to make room for the tunnel and its associated systems (e.g. main ventilation tower) and construction laydown areas.

Justification:

The location of the West 28 Street Work Out Location is a critical to the support of Electric Operations for the West side of Manhattan. This site is the only WOL located on the west side of Manhattan. The Company needs to keep a West Side site to provide for response time in emergencies and the loss of productivity if crews forced to work out of east side location.

Estimated Completion Date:

Based on present projections by Port Authority of NY/NJ the site as a lay down yard would be needed in 2009.

Project/Program Title	Properties held for Future Use Sub-Stations Ops. (SSO)
Status	**Ongoing**
Estimated Service Date	

Work Description:

Cost associated with maintaining properties held for future substation use. In some cases, we have purchased tenanted locations and have to maintain the lease obligations until the lease expires.

Justification:

The strategic location of substations supports the Company effort to provide reliable electric power. Advance purchases of properties are required to meet the anticipated load growth on the Con Edison system. This allows for the orderly construction of additional substations, as required. Costs include: guard service (when required), maintenance of building (heating, lighting, plumbing, and structures), maintenance of yards (landscaping, exterminating, snow removal, sidewalks). The maintenance costs of following properties are included in our request: Gowanus (29th), Queens (Brinkerhoff), Midtown East, Hudson Yard, West Side, Nevins Street, Lower East Side.

Estimated Completion Date:

Status:

Ongoing

Funding ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 – 2012
$454	$1,166	$1,155	$1,155	$1,155	$3,465

Project/Program Title	Security Operations Center (Central Monitoring Station)
Status	Operational
Estimated Service Date	On-going

Work Description:

The center will be a value added asset to the Company by providing an all-inclusive security system integrating alarms, video transmission and recording, card access, etc. The SOC will also enhance our ability to provide maximum protection of our facilities and ensure that the company has a dedicated notification and response to physical security breaches. We estimate that the O&M costs to operate the SOC on an annual basis will be approximately $800,000 per year, broken down as follows:

SOC Operators (2 at 24/7)/Consultant	$510,000
Hire 2 full time employees (supervisor & tech)	180,000
Facility rent charge at Rye Service Center	74,000
Miscellaneous (IR charges, M&S, etc.)	36,000
Total	$800,000

Justification:

Estimated Completion Date:

On-going

Status:

On-going

Funding ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$800	$800	$800	$800	$2,400

Vehicle Fuel Costs

2007(12 Months)

	Diesel	Unleaded	Total
Gallons	1,798,639	1,806,636	3,605,275
Price/Gal.	2.955	2.782	2.868
Cost	$5,315,693.27	$5,025,681.87	$10,341,375.14

2008 (January)

	Diesel	Unleaded	Total
Gallons	173,716	161,111	334,827
Price/Gal.	3.677	3.137	3.417
Cost	$638,783.57	$505,461.61	$1,144,245.18

Assumption - fuel useage remains constant, price at January 2008 level

2010 (RYE - Forecast)

	Diesel	Unleaded	Total
Gallons	1,798,639	1,806,636	3,605,275
Price/Gal.	3.677	3.137	3.407
Cost	$6,613,904.54	$5,668,049.61	$12,281,954.16

Additional Funding Requested $1,940,579.02

Project/Program Title	Vehicle Fuel Costs
Status	**Future Costs**
Estimated Service Date	**On-going**

Work Description:

Funding required due to the cost (price) increases for vehicle fuel, both unleaded and bio-diesel.

Note: Calculations are for the total Company

Justification:

Utilizing 2007 fuel data and current pricing (January 2008)
Exhibit SSP - 6 – page 1 of 2 - shows calculations for both types of fuel.

Fuel data for all fuel dispensed to company vehicles.

Estimated Completion Date:

On-going

Funding ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$10,341	$12,282	$12,282	$12,282	$12,282	$36,846

Project/Program Title	Info Resources – NERC Compliance Management Framework
Status	N/A
Estimated Service Date	2009

Work Description:
NERC Cyber Security Standards compliance involves a large number of activities from many organizations. The same system is also used for compliance monitoring, remediation tracking and overall management of the compliance program for all NERC reliability standards as well.

Justification:
Con Edison is required to comply with many Federal, State and Local regulatory programs and mandates, including legislative actions. Failure to adequately comply with these requirements could result in financial penalties and failures to deliver critical electric, gas and steam services. A compliance management system is required to manage the compliance activities, documentation and tracking for these standards.

Estimated Completion Date:
2009

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$0	$500	$0	$0	$0	$0	$500

Project/Program Title	Data Warehousing and Business Intelligence
Status	
Service Date	2012

Work Description:

A Data Warehousing and Business Intelligence program will be implemented in key operational areas for Con Edison. The fundamental goal of the program will be to improve Con Edison's business intelligence to further achieve customer and management goals. The data warehouse /BI project will improve both strategic and operational decision-making by providing analytical information (historical and predictive) that can be managed by members of the business areas. For the program, the following major components will be developed:

- An Enterprise Data Warehouse architecture that to address data quality, timeliness, availability and accessibility of information.
- A Metadata layer to enforce information consistency by allowing data within the data warehouse to be defined in business terms and using business rules.
- A framework that aligns operations and management strategy and communicate performance results and actions at all levels, and to respond to internal and external stimuli in real time.
- Business scorecards and dashboards, designed in cooperation with business users, which provide "at-a-glance" information.

Justification:

The objective of the Data Warehousing and Business Intelligence program is to provide Con Edison operations personnel and management with better insight across operational groups, systems, with the help of data warehousing and business intelligence technologies, leading to:

- Improved understanding of our customers
- Business optimization through greater operational efficiencies and cost control
- Improved management reporting and the ability to "drill down" to details
- Improved harnessing of organizational knowledge
- Effective leveraging of information stored in transactional systems

The Data Warehousing and Business Intelligence program will enable the business to:

- View the organization from a customer, financial, business process and learning perspective (consistent with the concepts of a Balanced Scorecard)
- Increase productivity by providing self-help capabilities and enabling users to spend more time in decision-making
- Identify patterns and trends to predict performance
- Focus on targets and goals through improved visibility and measures and reduced time to action
- Share quality and timely information across the organization
- Measure critical success factors such as productivity, profitability, quality, safety, compliance, customer service/satisfaction and employee satisfaction
- Provide the ability to mine data – predict future performance based on past behavior

Completion Date:

2012

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$1,900	$2,300	$2,100	$1,800	$1,800	$0	$8,000

Project/Program Title	Data Center Renovation / Network Operations Center
Status	Planning In Progress
Service Date	2010

Work Description:

One of the goals of the data center renovation project is to construct facilities that would support a Network Operations Center. The NOC would be constructed in the data center in close proximity to critical corporate IT resources. The NOC facility would be staffed 24/7/365 by experienced systems analysts who would conduct enterprise-wide predictive, condition-based monitoring of IR systems, servers, networks, communications, and infrastructure in order to meet expectations for 24/7 availability of critical applications and supporting infrastructure. (Note: hardware and software requirements are included in Information Resources' budgets.)

The major objectives of the NOC implementation include:

- Design and implement a model that will achieve monitoring objectives through the efficient use of technology and personnel resources.
- Implement an enterprise monitoring software package that will enable real-time predictive and proactive monitoring capabilities.
- Centralize the monitoring of infrastructure, applications, telecommunications, facilities, Help Desk and mainframe operations.
- Consolidate routine operational maintenance activities.

A future phase of this project would include an alternate NOC back-up location.

Justification:

Information Resources currently performs decentralized monitoring of its telecommunications, mainframe and distributed systems, with limited monitoring of facilities related resources. The current decentralized monitoring model is not operating at optimal operational efficiency. Centralizing and consolidating operational staff into one physical location would enable Information Resources to focus on strategic initiatives that support business goals and Con Edison's commitment to electric, gas and steam customers.

Establishing a centralized monitoring model through a NOC will also:

- Reduce the risks and vulnerabilities associated with network outages by consolidating monitoring responsibilities under one organization.
- Reduce the likelihood of downtime of IT resources through proactive and predictive monitoring.
- Improve operational efficiency through enhanced controls and improved operating processes.
- Improve scheduling and change management strategies.
- Improve the coordination of third party circuit carriers, i.e., Verizon, response by evaluating current outages and prioritizing their repair.

Through consolidation and automation, it is expected that the NOC would realize an IR Human Resources savings of two (2) FTE's (equivalent annual savings of approximately $200,000).

Completion Date:

2010

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$0	$2,726	$909	$0	$0	$0	$3,635

Project/Program Title	Other Business - Blanket
Status	In Progress
Service Date	On-going

Replacement of Unsupported Technologies

Work Description:

The application portfolio and infrastructure technologies will remain current and supportable by Company resources. Security, functionality and reliability necessitate maintaining software and hardware components at version levels that are supported by vendors, manufacturers and market work force. Technologies that are unsupported are targeted for replacement or upgrade. Scheduled projects in this category include:

- Ramis
- SQL Windows
- Cobol Upgrade

Justification:

The project will provide for:

- Improve system reliability and availability
- Maintain secure computing environment
- Align skills with market workforce availability

Completion Date:

On-going

User Technology Plan

Work Descriptions

Create an environment where computer users are informed of available technology, how to use it and how to incorporate into business processes. Provide awareness about security and IT procedures, and provide self service processes to improve productivity. Provide access to assistance and information about the best ways to use technology including user guides and web sites. Improve access to procedures to allow more employees to access security and IT information. This will include

- Update computer security website
- Program of postmasters for common mistakes
- Develop and implement a web based computer security awareness quiz for all users

Completion Date:

On-going

CCTN Expansion

Work Description:

CCTN, Corporate Communications Transmission Network is the vehicle that enables the computing and storage for consolidation, disaster recovery, computing efficiencies and cost savings. The expansion scheduled for the years 2008 – 2011 include the following:

- Implement fiber connectivity between O&R and CECONY
- WiMax wireless CCTN implementation across the network

Justification:

- CCTN will continue to provide the Company with a high-speed, reliable and cost effective alternative to public carriers. Communications requirements for data, voice, protection, SCADA and video circuits will result in the installation and deployment of modern communication technologies to many Company facilities. CCTN will provide protection and data services to all critical substations necessitating capital projects to improve diversity and capacity to those locations. CCTN will far surpass the use of public carriers for communications in the next 3 years and will provide a corporate backbone for all communication services for the foreseeable future. All major CCTN nodes will possess diverse Points of Entry (POE) and redundant components including power sources to eliminate any single point of failure and provide redundancy and diversity. Substations will be interconnected to the core CCTN network with fiber runs to support high speed services. Wireless microwave will be considered when fiber is not feasible or justified. A new wireless technology called WiMax has created a new opportunity for high speed data networking.

Completion Date:

On-going

Other XC Projects

Included in this section are smaller projects which are part of the 2009 – 2013 Five Year Budget. They are:

- Alternate Data Center
- Help Center Renovations
- Enterprise Software & Collaboration
- Server Room (IRIS)
- Telecom Central/Computer Cost Central
- TEMS Enhancements
- Server Farm Enhancements
- Data Leakage Prevention
- Desktop Host Intrusion
- CCTN – Fiber Run Dunwoodie S/S to 4 Irving Place (2013 - $3.5 Million)
- New Server Farm (2013 - $2.5 million)

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 – 2013
$9,957	$ 4,831	$5,484	$5,697	$6,708	$13,653	$36,373

Project/Program Title	Info Resources – Additional Programmers
Status	In Progress
Estimated Service Date	On-going

Work Description:
.Electric Operations is requesting various new programs as well as scope changes to existing Capital Projects as well as infrastructure support. This request is for additional labor in the form of programmers to meet the growing IT demands of Electric Operations.

Justification:
In order to maintain the quality and integrity of the Electric system additional I.R. programmers will need to be hired to support the various new Electric Capital projects.

Estimated Completion Date:
On-going

Status:
In Progress

Funding ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 – 2012
$0	$500	$1,200	$1,800	$2,400	$5,400

Project/Program Title	Info Resources – NERC Cyber Security Assessment
Priority Number	
Estimated Service Date	2011

Work Description:
Engage an Independent third party to assess the compliance readiness of the Company regarding the NERC Cyber Security standards.

Justification:
Compliance to NERC Cyber Security Standards is mandatory for bulk power assets and failure to comply can result in significant financial penalties against the Company. Additionally, failure to correctly apply cyber security protection against critical electric control systems could result in unauthorized access and potential malicious behavior.

Estimated Completion Date:
2011

Funding ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$162	$0	$200	$0	$200

Project/Program Title	Information Resources – Mainframe Operating and Maintenance Costs
Status	In Progress
Estimated Service Date	Ongoing

Work Description:
The Corporate Mainframe environment processes critical customer and business data. Fundamental to its effective operation is properly maintained hardware as well as a properly maintained and managed operating system, database management systems, and mainframe system tools and utilities. The mainframe software environment must be upgraded to meet vendor support specifications and to support new hardware implementations which are driven by business and utilization requirements. Mainframe software costs are driven by the MIPS (millions of instructions per second) or MSU (millions of service units) ratings of their respective mainframe processors. Accordingly, software and hardware maintenance support services increase on a yearly basis and/or when contract terms are renewed.

Justification:
To maintain the quality and availability of the mainframe environment for support of critical corporate data, hardware capacity upgrades and software maintenance for operating system, application development, database management systems and associated utilities, must be implemented and managed effectively.

Estimated Completion Date:
On-going

Status:
In Progress

Funding ($000)

Historical Year 2007	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$0	$346	$706	$1,082	$2,134

EXHIBIT___(SSP-9)

Consolidated Edison Company Of New York, Inc.

Human Resources Request

	2009		2010		2011		Total	
	Mgt	Wky	Mgt	Wky	Mgt	Wky	Mgt	Wky
ELECTRIC	**75**	**179**	**16**	**110**	**18**	**52**	**109**	**341**
Capital	5	62	2	104	2	46	9	212
O&M	70	117	14	6	16	6	100	129
CENTRAL OPERATIONS	**24**	**99**	**1**	**0**	**0**	**0**	**25**	**99**
Capital	2	1	0	0	0	0	2	1
O&M	22	98	1	0	0	0	23	98
CUSTOMER OPERATIONS	**19**	**0**	**6**	**(15)**	**1**	**(18)**	**26**	**(33)**
Capital	0	0	3	0	0	0	3	0
O&M	19	0	3	(15)	1	(18)	23	(33)
OTHER ORGANIZATIONS								
Facilities	**7**	**0**	**0**	**0**	**0**	**0**	**7**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	7	0	0	0	0	0	7	0
Emergency Management	**16**	**0**	**0**	**0**	**0**	**0**	**16**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	16	0	0	0	0	0	16	0
Human Resources	**50**	**0**	**0**	**0**	**0**	**0**	**50**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	50	0	0	0	0	0	50	0
Information Resources	**7**	**0**	**6**	**0**	**6**	**0**	**19**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	7	0	6	0	6	0	19	0
Research & Development	**0**	**0**	**1**	**0**	**1**	**0**	**2**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	0	0	1	0	1	0	2	0
Security	**2**	**0**	**0**	**0**	**0**	**0**	**2**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	2	0	0	0	0	0	2	0
Public Affairs	**14**	**0**	**0**	**0**	**0**	**0**	**14**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	14	0	0	0	0	0	14	0
Law	**10**	**0**	**0**	**0**	**0**	**0**	**10**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	10	0	0	0	0	0	10	0
Tax	**5**	**0**	**0**	**0**	**0**	**0**	**5**	**0**
Capital	0	0	0	0	0	0	0	0
O&M	5	0	0	0	0	0	5	0
Capital Total	7	63	5	104	2	46	14	213
O&M Total	222	215	25	(9)	24	(12)	271	194
TOTAL - NEW PROGRAMS - HIRES	**229**	**278**	**30**	**95**	**26**	**34**	**285**	**407**

EXHIBIT___(SSP-10)

Consolidated Edison Company of New York, Inc.

Human Resources Rate Request

Corporate Hiring & Career Path Training Programs (In $000's)

	[1] 2007	[2] Rate Year 1	[2 - 1] Variance
Corporate Hiring Program			
Recruitment:			
Salaries	$967	$967	$0
Office Temporaries	293	673	380
Background Checks	503	503	0
All Other	218	218	0
Subtotal	**$ 1,981**	**$ 2,361**	**$ 380**
The Learning Center:			
Salaries	$1,661	$1,661	$0
Part-Time Instructors	188	308	120
All Other	305	305	0
Subtotal	**$ 2,154**	**$ 2,274**	**$ 120**
Occupational Health:			
Medical Testing	$363	$419	$56
Subtotal	**$ 363**	**$ 419**	**$ 56**
Corporate Gold Program			
Salaries	$4,538	$6,342	$1,804
Subtotal	**$ 4,538**	**$ 6,342**	**$ 1,804**
Total (Corporate Hiring)	**$ 9,036**	**$ 11,396**	**$ 2,360**
Career Path Training Program *			
The Learning Center:			
Salaries	$1,956	$3,022	$1,066
Tri Annual Refresher Training	156	79	(77)
Total (Career Path Training)	**$ 2,112**	**$ 3,101**	**$ 989**
Grand Total	**$ 11,148**	**$ 14,497**	**$ 3,349**

*** Career path training costs denote only those areas where incremental funding is requested.**

Project/Program Title	Corporate Hiring & Career Path Training Program
Status	Ongoing
Estimated Service Date	Ongoing

Work Description:

Corporate Hiring Program

1. Our base year funding supports the hiring of 1,300 new employees. This funding level supports the recruitment, background and medical testing, and initial training. New programs included in the rate case will necessitate hiring 200 employees above this base level or 1,500 in rate year ending March 31, 2010. We anticipate hiring 1,100 employees for the rate years ending March 2011 and March 2012.

2. The Gold Program (Growth Opportunities for Leadership Development) is owned by the operating organizations and administered by program managers in Talent Management. The program is designed to provide newly-hired recent college graduates (Management Associates) the opportunity to develop into the company leaders of tomorrow. Associates are given the opportunity to perform rotational work assignments under the strict guidance of an assignment supervisor, mentor and a committee that provide feedback consistent with further development. Management Associates are expected to exhibit leadership qualities, demonstrate technical proficiency and an understanding of Company procedures and environmental, health and safety regulations. Participants are required to complete a specific training curriculum, prepare a lessons learned paper on a critical event and make oral presentations.

Career Path Training

Career path training includes seven (7) areas and incremental costs for rate year ending periods 2010 through 2012 as follows:

1. Increased Overhead Training: 2010 ($103,000), 2011 ($103,000), 2012 ($103,000)

2. Additional Substation Instructor: 2010 ($101,000), 2011 ($101,000), 2012 ($101,000)

3. Additional Construction Mgmt Instructor: 2010 ($103,000), 2011 ($103,000), 2012 (103,000)

4. Increased Customer Service Rep Training: 2010 ($252,000), 2011 ($252,000) 2012 ($252,000)

5. Additional Supervisory Technical Training: 2010 ($307,000), 2011 ($307,000), 2012 ($307,000)

6. Additional Leadership Instructors: 2010 ($200,000), 2011 ($200,000), 2012 ($200,000)

7. Tri-Annual Refresher Training: 2010 ($79,000), 2011 ($238,000), 2012 ($0)

Justification:

Corporate Hiring Program

Incremental hiring above the based level is required to supply required resources to operating areas in order to perform new and expanded programs as outlined in the rate case submissions.

Funding for seventy-two (72) additional Management Associates will increase our average base year funding level of 78 people to 109 in 2010 through 2012. The Associates are requested to fill anticipated openings and to facilitate succession planning throughout the company.

Our forecast for 72 Management Associates is broken down as 48 in the Engineering track, 19 in the Business track, and 5 in the Information Technology track.

Career Path Training

One additional Overhead Instructor is required to meet the anticipated training needs commensurate with the rate case requested hiring increases. In addition, increasing the number of employees for the titles of Line Constructor and Chief Line Constructor is particularly important for emergency response planning efforts. Two additional instructors, one Substation Instructor and one Construction Management Instructor, are required to meet the anticipated training needs commensurate with the rate case requested hiring increases. Three additional instructors are required for Customer Operations to meet the anticipated training needs for Customer Service Representatives. Three additional instructors are required to address the technical training needs of the new supervisory population.

Incremental training sessions for new hires and GOLD Associates, eLearning courses, courses offered in skills block training and an increase in Organizational Development (OD) work requires two additional Leadership instructors.

Beginning January 2010, the three year requirement for First Aid refresher training will be due for approximately 6,500 CECONY employees. In 2010 this will double the number of classes needed for this training. Initially, all field employees receive First Aid and CPR training certifications in an eight hour class. Subsequent to the initial class, annual CPR refresher training is required and First Aid Training is refreshed every three years. As per the American Red Cross Standards the ratio of students to instructors is 1 to 10 students.

For the past two years when only a four hour class was required, co -instructors conducted two classes in one training day, 20 students each for a total of 40 student completions. For 2010, two instructors will need a full day for every 20 students. The additional funding will be used to supplement the instructors with contractors to meet this additional training need.

Estimated Completion Date:

Incremental hiring requirements are anticipated for the twelve months ended March 2010 through March 2012. Our Corporate GOLD and career path training programs are ongoing development initiatives however, the tri-annual refresher training program occurs once every three (3) years.

Status:

Our corporate hiring and career path training program is an ongoing annual employee development initiative. The 1st aid refresher training program is also an ongoing initiative but is required once every three (3) years.

Funding ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$11,148	$14,076	$14,497	$13,704	$13,466	$41,667

Project/Program Title	Human Resource Workforce Strategy Summary
Status	Ongoing
Estimated Service Date	Ongoing

Work Description:

Workforce Planning - $200K
The activities associated with this process allow organizations to address systematically the issues that are driving workforce change. Workforce planning provides managers with a strategic basis for making human resource decisions. The process will assist managers in anticipating change rather than being surprised by events. This activity will consist of four planning steps 1) Supply Analysis 2) Demand Analysis 3) Gap Analysis 4) Solution Analysis & Evaluation. To carry out this analysis and solution proposal, we will require the addition of two management employees. One employee will be needed to carry out the analysis and another to manage the process.

Compensation Management - $104K
Salary activities have risen significantly with the amount of new hires and promotions that have taken place in the last several years. Additional resources are needed to ensure that salary decisions are made in a uniform fashion with minimal disruption to organizational processes. This individual will ensure that current salary decisions are consistent with established policies. They will conduct, analyze and participate in benchmarking, salary surveys.

Performance Management - $83K
The large number of new hires has resulted in significant demographic shifts in the supervisory population. As a result, the average years of experience among our supervisors has continued to decrease in recent years. With a less experienced supervisory population, the issues of performance management become more critical. To assist in this key development issue, we will commit more resources to work with the new supervisory population on how to evaluate, manage, and reward performance of their subordinates.

Conflict Management - $206K
Approximately 4,200 employees (31%) of the company's 13,700 employees had less than 5 years of service in 2007. This percentage will continue to rise in the future. With the acclimation of new employees into the organizations, we have seen real differences emerge among the generations of workers. To understand and address these issues and ensure that they do not disrupt operations, we will continue to develop a structured conflict resolution approach. We currently have one management employee whose primary responsibility is conflict management however we believe this is insufficient. Two additional management employees are required to work on the continued development of a structured conflict resolution approach.

Human Resource Activities - $170K
With the influx of new hires in the last several years, we have found that more and more Human Resource activities have developed such as promotional policies, excused time, discipline, job postings, etc. The questions and issues that develop around these activities are handled by Human Resource Generalists. In order to handle these in an orderly and timely manner, we forecast the need for two additional Human Resource Generalists.

Justification:

Workforce Planning
This process will aid organizations in translating business strategy into critical capabilities. The process enables organizations to drive workforce planning around the talent implications of the critical capability gaps.

Compensation Management
This additional resource will assist organizations in the implementation of salary decisions that maintain a fair and equitable treatment across all employees. Addressing this activity will ensure that decisions are addressed in a timely manner with minimal disruptions to operations.

Performance Management
By devoting attention to this key function of the supervisory population, we will ensure that new supervisors are equipped to address performance management issues in the development of their workforce.

Conflict Management
Improving understanding among the various generations of employees will contribute to a better organizational culture that will lead to improved decision making, teamwork initiatives, creativity and overall process improvements.

Human Resource Activities
Addressing the developing HR issues associated with a new and changing workforce in a timely manner will hasten the development of the employee population and also contribute to less dissatisfaction in the workforce and improve the view that Human Resources is a responsive organization.

Estimated Completion Date:

Ongoing

Status:

Ongoing

Funding ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$2,980	$2,980	$3,743	$3,743	$3,743	$ 11,229

Project/Program Title	Care Management Program
Status	Ongoing
Estimated Service Date	Second Quarter 2009

Work Description:
A nurse case manager from the Care Management Program will assist employees who in the past have had long-term absences. When they report additional sick absences they will reach out to the employee to offer assistance in their sick recovery and return to work. The Care Management Program offers you a nurse to provide you with education on your overall health and ways you can feel better every day. Your nurse can help you to talk to your doctor about your treatment and can also talk with you and your doctor about how he/she can support your care plan.

Justification:
The Care Management Program will assist employees in managing their sickness in a more informed manner. This additional medical advice should help the employee in managing their health out into the future and ultimately they will feel better about themselves. This managed care approach should help in the long run to decrease costs associated with various medical expenses that are incurred for all illnesses.

Estimated Completion Date:
Ongoing

Status:

Ongoing

Funding ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$149	$149	$750	$750	$750	$2,250

Project/Program Title	Strike Contingency
Status	Not yet started
Estimated Service Date	January 1, 2008

Work Description:

The existing Local 1-2 contract is for the period June 27, 2004 through June 28, 2008 and the existing Local 3 contract is for the period June 26, 2005 through June 27, 2009. Contractual negotiations planned for 12 months ended March 31, 2009 will require the Company to incur costs for consultants, hotels, food procurement and supplies, instructors, course materials, electronic data processing, reproduction and forms, telephone/communication and other miscellaneous items.

Justification:

This program is required for the company to conduct contract negotiations with both Local 1-2 and Local 3.

Estimated Completion Date:

Local 1-2 December 2008 and Local 3 December 2009.

Status:

The Local 1-2 & Local 3 Contingency Programs are ongoing initiatives that occur once every four (4) years.

Funding ($000)

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$1,200	$200	$0	$1,200	$1,400

Project/Program Title	HR – Enterprise Shared Services – Projects
Status	Ongoing
Estimated Service Date	Ongoing

Work Description:
Human Resources must upgrade and enhance various aspects of training to ensure that future training needs are met.

Justification:
ELearning course development. We continue to develop and deploy the use of eLearning methodologies to address the growing need to provide training on a 24/7 basis. Additionally, we continue to develop courses that are more interactive and utilize simulations within the content. Additional eLearning initiatives over the next several years will include the conversion of paper and pencil tests to an on line environment to improve reporting capabilities and reduce administration costs. Also, development of new tests will be enhanced by the system functionality of the new on line testing application.

Learning Center Infrastructure Improvements. In order to provide effective training to our employees, it is necessary to maintain an up-to-date educational facility. Technology is rapidly changing how people work. In addition, as equipment and process improvements take place in our operating areas, our training facilities and course curriculum must also change to insure that the training experience reflects the field environment. The requested funding will allow the Learning Center to upgrade the Facilities to modernize classroom space by increasing space utilization with modern designs.

Learning Center Registration System Upgrade. The current Registration system has fallen behind with our new corporate standard 2003 server/Windows XP desktop environment. We will not be able to support the integration of new applications/software as well as new eLearning technologies. This may hinder the processing of training data and the development of eLearning training modules, both of which are key corporate performance indicators. This upgrade will extend the life of the Registration System since it is not going to be replaced as part of the HR Peoplesoft implementation.

Incident Commander Simulator. This state of the art virtual reality training allows on scene Incident Commanders to gain experience and develop maturity that would otherwise take years of high risk, high cost training exercises and actual disasters to develop. It is an interactive system that also provides responders with an opportunity to develop skills in command, control, mitigation and emergency communication under extremely stressful yet safe conditions.

Estimated Completion Date:

Ongoing
Status:

Ongoing
Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 – 2013
$2,350	$1,300	$1,300	$1,050	$1,600	$1,300	$6,550

Project/Program Title	Human Resource System Payroll Support
Status	Ongoing
Estimated Service Date	2008

Work Description:
One of our biggest challenges continues to be that we have currently many systems gathering Human Resource information. The systems are not integrated and do not provide an effective method of accessing all relevant employee data. The integrated HR/Payroll system will improve our capabilities in performance management, career development, succession planning, and other Human Resource functions.

Justification:
Among the anticipated benefits of this system are to (1) provide a common systems platform for CECONY and O&R, (2) allow older, high maintenance legacy systems to be retired, (3) provide employees and managers with easy access to personal, compensation, payroll, and benefits information, (4) streamline HR, payroll, and time transaction processing by having them initiated and routed/approved electronically through employee and manager self-service applications, (5) provide a more integrated external recruitment and internal posting process.

Estimated Completion Date:

2009

Status:

This program is in the process of being developed and tested with implementation planned later in 2008.

Funding ($000)

Capital

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009-2013
$17,572	$2,005	$0	$0	$0	$0	$2,005

O&M

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$650	$650	$650	$650	$1,950

Project/Program Title	HR – Enterprise Shared Services – XMs
Status	Ongoing
Estimated Service Date	Ongoing

Work Description:

The Learning Center must upgrade their lab/test equipment and wiring and media technology during each of the next three rate years by $300,000.

Justification:

In order to provide effective training to our employees, it is necessary to maintain an up-to-date educational facility. Technology is rapidly changing how people work. In addition, as equipment and process improvements take place in our operating areas, our training facilities must also change to insure that the training experience reflects the field environment. The requested funding will allow the Learning Center to upgrade the wiring and media technology and lab and test equipment needed to deliver training effectively to our employees.

Estimated Completion Date:

Ongoing

Status:

Ongoing

Funding ($000)

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 – 2013
$300	$300	$300	$300	$300	$300	$1,500

Project/Program Title	Single Entry Point Ordering System Phase 2
Status	In progress
Estimated Service Date	End 2011

Work Description:
In 2005, a project was initiated to install a Single Point Entry procurement system for Con Edison materials. This enabled a single front end process for most of the Company's purchases of materials – including stock and non-stock materials. Phase 1 was approved in the 2004 rate case and was deployed during the third quarter of 2007.

During Phase 2, the system's scope will be extended to include procurement of CECONY services including maintenance services, consultants, and construction.

The project utilizes software which is a front end to financial and supply chain legacy systems. The vendor product on which the system is based is scheduled to be upgraded in 2008 according to an announcement from the developer of the software. As a result, the current version of the product that is presently installed at Con Edison will have to be upgraded accordingly. The effort associated with this will entail determining what new functionality Con Edison wishes to implement, re-engineering the system interfaces to A/P, FDA/Care, PCards, MMS, and Accruals. In order to ensure the most efficient processing of the information and system response time, the computer servers should be replaced along with the database software. The Computer Based Training modules will also be updated to reflect the new user interface and any changes in business processes.

Justification:
Con Edison's supply chain process is extremely complex utilizing a mix of mainframe-based technologies that were developed in the 1970's and various client server based systems that were developed more recently. This project will extend the web-based application that has already been implemented for materials. The extended system will enable the Company to evaluate and consolidate corporate expenditures so that the Company can leverage its expenditures to obtain better prices on the items it buys. It will also route customer spending to negotiated contracts with pre-negotiated pricing to better ensure that goods and services are purchased at the best value to the company. The estimated cost for Phase 2 is $10.9 million. Purchasing estimates that once the project is fully deployed, the Company will obtain significant procurement and process savings which are estimated to be approximately $5.1 million annually, of which 77% would affect capital and 23% or $1.17 million would be O&M.

In addition, because the Company's current purchasing systems are mainframe rather than web-based applications, practical application of these systems is difficult to learn and they do not easily provide system-wide information on purchasing activities. This project will streamline the process and modernize the tools/systems to enable employees to quickly learn the systems and to generate reports.

Estimated Completion Date:
End 2011

Status:
Through 2008 it is expected that approximately $4.1 million will have been expended on this project. Of the total project cost of approximately $10.9 million, $5.1 million was not included in the 2007 rate case submission. Since that submission, a consultant was hired to perform a detailed analysis. The results of that analysis were that additional vendor efforts and change management were required which would add to the cost of the project.

The project is in the five year budget, but it is not sufficiently funded. The total project cost is $10.9 million. $4.1 million will be used in 2008. The 2009 budget has initial funding of $1.3 million. Additional requests are as follows ($3.9 million in 2009, $1.1 million in 2010 and $475K in 2011.)

Funding ($000)

Capital

Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast Total 2009 - 2013
$2,800	$5,200	$1,100	$475	$0	$0	$6,775

O & M

Historical Year (2007)	Forecast RYE 2009	Forecast RYE 2010	Forecast RYE 2011	Forecast RYE 2012	Forecast Total 2010 - 2012
$0	$150	$150	$150	$150	$450

Alternatives

The possibility of stretching the implementation of the initial work that is planned to be completed in 2009 into 2010 was considered, but it would add approximately $.5 million to the project costs due to increased project management costs, higher staff costs, and tax costs for out-of-state contractors. It would also delay realization of benefits and will affect the financial attractiveness of the project.

The prospect of delaying the $1.6 million in the 2010-11 portion of the project was examined. Although this would not affect the realization of project benefits, it will increase the risk of running obsolete and potentially unsupported software. The vendor plans to upgrade the software later in 2008 and has a stated policy of maintaining the older release for two years. Our current plan assumes some slippage in the vendor's schedule.