

Started at # 61 to avoid duplication w Ex. #51-60 in evidence is C. 09-5-

ConEd Cases 09-S-0029, 09-S-0794, 09-G-0795
List of Testimony, Exhibits

0029

prior to
6/9/10.

GLL/ALJ

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350	407	MISP-2	NYC Capital Commitment & Expenditures and ConEd Gas O&M Interference Forecast Update
351	408	MISP-6	Total Gas Interference O&M and Capital Forecast Update
352	409	MISP-1	Steam Interference O&M Forecast Excluding Lower Manhattan Updated
353	410	MISP-2	NYC Capital Commitment & Expenditures and ConEd Steam O&M Interference Forecast Update
354	411	MISP-4	Total Steam Interference O&M Forecast Update
355	412		Robert Muccilo Update/Rebuttal Testimony
356	413	RM-2	March 2010 Update - Multi-year Steam Rate Plan Update
357	414	RM-2	March 2010 Update - Multi-year Gas Rate Plan Update
358	415	RM-4	CPA responses to ConEd Information Request 1 and 2
359	416		Stuart Nachmias Rebuttal Testimony
360	417		Hector J. Reyes Updated Testimony
361	418	HJR-1	Gas Employee Welfare Expense Updated
362	419	HJR-1	Steam Employees Welfare Expense Updated
363	420		John E. Perkins Rebuttal Testimony
364	421	JEP-6	S&P's Global Credit Portal, Ratings Direct - ConEd (3/26/09)
365	422	JEP-7	Historical Capital Structure Profile at 12/31/09
366	423	JEP-8	Valuation Backdrop (Bank of America, Merrill Lynch)
367	424	JEP-9	Analyst Recommendations - S&P 500, S&P 500 Utilities, and Staff Proxy Group
368	425	JEP-10	Price to Tangible Book Value per Share
369	426		Randolph S. Price - Update/Rebuttal Testimony
370	427	RSP-3	Site Investigation and Remediation Expenditures - Updated Forecast RY 1 - RY 3
371	428	RSP-4	2009 Gas-Steam Rate Cases SIR Cost Projections for Linking Period and RY 1
			Part 13 - ConEd Update/Rebuttal - Steam Cases Only
372	429		Accounting Panel Update/Rebuttal Testimony (Scarpitta, Lee, Kane)
373	430	AP-8	Average Rate Base - Updated
374	431	AP-9	Steam Revenue Requirement - Updated
375	432	AP-10	Rate of Return Required for Rate Year - Updated
376	433	AP-14	Staff Adjustments
377	434	AP-15	Accepted Staff Adjustments
378	435	AP-16	Interrogatories - Responses by ConEd
379	436	AP-17	Interrogatories - Staff's Responses to ConEd
380	437		Vincent Badali - Rebuttal Testimony
381	438		Saumil Shukla - Rebuttal/Update Testimony
382	439		John Catuogno Update/Rebuttal Testimony

Item No.	Exhibit No.	Pre-Filed ID No.	Topic
383	440	JC-4	Steam Variance Forecast Revision
384	441	JC-5	Thermal Efficiency and losses: Review and Action Plan (5/09)
385	442	JC-6	Review, Assessment, and Action Plan Associated with the <i>Thermal Efficiency and Losses: Review and Action Plan</i> , prepared by ABS Consulting in May, 2009
386	443		Edward G. Ecock Rebuttal Testimony
387	444		Forecasting Panel Rebuttal Testimony (Torossian, Yaegel)
388	445	FP-3	Discovery Responses #32 and 33: Barney (3/16/10)
389	446		Steam Operations Panel Rebuttal/Update Testimony (Mullin, Horton, Westfall)
390	447	SOP-4	Central Engineering, Order of Magnitude Estimate (74th Street Upgrade)
Part 14 - ConEd Update/Rebuttal - Gas Case Only			
391	448		Accounting Panel - Update and Rebuttal Testimony (Scarpitta, Lee, Kane)
392	449	AP-8	Average Rate Base - Updated
393	450	AP-9	Gas Revenue Requirement - Updated
394	451	AP-10	Rate of Return Required for Rate Year - Updated
395	452	AP-14	Staff Adjustments
396	453	AP-15	Accepted Staff Adjustments
397	454	AP-16	Interrogatories - Responses by ConEd
398	455	AP-17	Interrogatories - Staff's Responses to ConEd
399	456		Joseph McGowan Rebuttal/Update Testimony
400	457	JM-1	DPS Staff Responses to ConEd #s 7 through 9
401	458		Customer Operations Panel Rebuttal Testimony (Wood, McKnight, Lynch, and Segur)
402	459		Gas Operations Panel Update/Rebuttal Testimony (Ciminiello, Gonzalez, Foppiano, Thaker)
403	460	GOP-1	2010 - 2014 Gas Capital Program Updated
404	461		Paul A. Olmsted Rebuttal Testimony
405	462	PAO-2	DPS Staff Responses to ConEd #58
406	463		Forecasting Panel Update/Rebuttal Testimony (Ostrowski, Yaegel)
407	464	FP-3	Forecasted Gas Delivery Volume and Base Revenue Update
408	465		Gas Rate Panel Testimony (Schain, Flishebaum)
Part 15 - Intervenor Rebuttal			
New York City			
409	604		Dr. Alan Rosenberg Rebuttal Testimony - Steam Only
410	466	AR-2	Case 6 - Cumulative Bill Increases
411	467	AR-3	DPS Staff and Westchester Responses to NYC Discovery Requests
Westchester			
412			Frank W. Radigan Rebuttal Testimony - Steam Only
413	468		Ronald J. Liberty and Frank W. Radigan Rebuttal Testimony - Steam and Gas Rates

Item No.	Exhibit No.	Pre-Filed ID No.	Topic
			NYSECC
414	469		David F. Bomke Rebuttal Testimony - Steam Only
415	470	DFB-19	DPS Staff Responses to ConEd #s 15 through 30 re: ERRP Allocation and Elasticity
416	471	DFB-20	DPS Staff Responses to NYC #s 1 through 8 re: ERRP Allocation
			CPA
417	472		John J. Dowling Rebuttal Testimony - Steam and Gas Rates
			Part 16 - JPs and Stipulation
	473		Steam Rates Joint Proposal
	474		Gas Rates Joint Proposal
	475		Stipulation Among ConEd, Staff, NYC, and NYECC
			Part 17 - Company Affidavits - Steam Case
	476		Richard A. Kane Affidavit (also covers Helen Lee)
	477		Grace Scarpitta Affidavit (also covers Helen Lee)
	478		Robert B. Hevert Affidavit
	479		Stuart Nachmias Affidavit
	480		John E. Jerkins Affidavit
	481		Charles D. Hutcheson Affidavit
	482		Frank C. Yaegel Affidavit
	483		Vasken Torossian Affidavit
	484		John Catuogno Affidavit
	485		Robert Muccilo Affidavit
	486		Saumil Shukla Affidavit
	487		Victor E. Mullin Affidavit
	488		Brian Horton Affidavit
	489		Lois Westfall Affidavit
	490		Vincent P. Badali Affidavit
	491		Hector Reyes Affidavit
	492		John de la Bastide Affidavit
	493		Paul M. Shafer Affidavit
	494		Edward G. Ecock Affidavit
	495		Randolph S. Price Affidavit
	496		Constantine Sanoulis Affidavit
	497		Paul Cherian Affidavit
	498		Joseph Bedell Jr. Affidavit
	499		Saddie L. Smith Affidavit
	500		Terrence Walsh Affidavit
	501		Michele Campanella Affidavit
	502		Mathew Ketschke Affidavit
	503		Kenneth P. Jack Jr. Affidavit
	504		Christine Colletti Affidavit

Item No.	Exhibit No.	Pre-Filed ID No.	Topic
	505	Maureen Nihill Affidavit	
	506	Donald F. Love Affidavit	
	507	Louis LaPietra Affidavit	
		Part 18 - Company Affidavits - Gas Case	
	508	Richard A. Kane Affidavit (also covers Helen Lee)	
	509	Grace Scarpitta Affidavit (also covers Helen Lee)	
	510	Robert B. Hevert Affidavit	
	511	Stuart Nachmias Affidavit	
	512	John E. Perkins Affidavit	
	513	Charles D. Hutcheson Affidavit	
	514	Frank C. Yaegel Affidavit	
	515	Joanna Ostrowska Affidavit	
	516	Paul A. Olmsted Affidavit	
	517	Robert Muccilo Affidavit	
	518	Edward C. Foppiano Affidavit	
	519	Frank Ciminiello Affidavit	
	520	Jyotin N. Thaker Affidavit	
	521	Liliana Gonzalez Affidavit	
	522	Andrew Wood Affidavit	
	523	Richard McKnight Affidavit	
	524	Rebecca Lynch Affidavit	
	525	Robin Segur Affidavit	
	526	Hector Reyes Affidavit	
	527	John de la Bastide Affidavit	
	528	Paul M. Shafer Affidavit	
	529	Edward G. Ecock Affidavit	
	530	Randolph S. Price Affidavit	
	531	Constantine Sanoulis Affidavit	
	532	Paul Cherian Affidavit	
	533	Joseph Bedell Jr. Affidavit	
	534	Saddie L. Smith Affidavit	
	535	Mathew Ketschke Affidavit	
	536	Terrence Walsh Affidavit	
	537	Kenneth P. Jack Jr. Affidavit	
	538	Michele Campanella Affidavit	
	539	Yan Flisenbaum Affidavit	
	540	Alan M. Schain Affidavit	
	541	Joseph McGowan Affidavit	
	542	(intentionally left blank - there is no exhibit 542)	

Item No.	Exhibit No.	Pre-Filed ID No.	Topic
			Part 19 - DPS Staff Affidavits - Steam Only
	543		Frederick W. Barney Affidavit
	544		Matthew F. Cinadr Affidavit
	545		Staff Steam Rates Panel (Richard F. George and Liliya A. Randt) Affidavit
	546		Nicola Jones/Liliya A. Randt Affidavit
	547		Staff Steam Operations Panel (Joseph F. Klesin, Carlos Ortiz, Liliya A. Randt) Affidavit
	548		Staff Steam R&D Panel (Nicola Jones and Joseph F. Klesin) Affidavit
			Part 20 - DPS Staff Affidavits - Steam and Gas
	549		Staff Accounting Panel (Kristee Adkins, Robert Burke, Tim Canty, Claude Daniel, Olena Lake, and Jerry Shang) Affidavit
	550		Kristine A. Prylo Affidavit
	551		Staff Policy Panel (Marco Padula, Robert Burke, Timothy Canty, Michael Salony, and Andrew Harvey) Affidavit
	552		Henry Leak III Affidavit
			Part 21 - DPS Staff Affidavits - Gas Only
	553		Staff Rates Panel (Anita Kliment and William D. Wade) Affidavit
	554		Gas Safety Panel (Joseph F. Klesin and Carlos Ortiz) Affidavit
	555		Gas Safety Panel (Christopher R. Stolicky) Affidavit
	556		Staff Consumer Policy Panel (Elizabeth Katz and Martin Insogna) Affidavit
	557		Staff Gas Capital Construction Panel (Andrew Riebel and Daniel Downs) Affidavit
			Part 22 - CPB Affidavits
	558		Tariq N. Niazi Affidavit
	559		Gregg Collar Affidavit
			Part 23 - New York City Affidavits
	560		Harvey Arnett Affidavit
	561		Dr. Alan Rosenberg Affidavit
			Part 24 - Westchester Affidavit
	562		Ronald J. Liberty Affidavit
			Part 25 - NYECC's Affidavit
	563		David F. Bomke Affidavit
			Part 26 - CPA's Affidavits
	564		John J. Dowling Affidavit
	565		Catherine M. Luthin Affidavit

Item No.	Exhibit No.	Pre-Filed ID No.	Topic
			Part 27 - All Other Exhibits
566			ConEd and Staff Responses to CPB Discovery Requests Concerning the Gas Rates JP (Supported in affidavits of ConEd and Staff)
567			ConEd and Staff Response to ALJ Jack's First Clarifying Question (re: Steam rates JP)
568			Staff's Discovery Response to Westchester on ERRP Allocation
569			10 Year Bill Impacts of JP Levelized and Non-levelized Revenue Increases and \$7.5 Million Change to Current ERRP Fuel Allocation, with and without New Hudson Avenue Boilers
570			Staff's Discovery Response to NYC regarding short term energy price impacts
571			Staff's Discovery Response to NYC regarding relationship of cost allocation and 350 MW of steam cooling
572			Staff's four discovery responses to NYC regarding ERRP Allocation
573			ConEd's discovery response to Westchester, providing updated information for steam/electric generating units and steam production expenses
574			ConEd's discovery response to Westchester, providing monthly information from 2009 and 2010 similar to that provided in Company workpapers in Case 07-S-1315
575			ConEd's discovery response to Westchester, providing gross monthly electric generation (MWh) for East River 10 and 20 (1 and 2) for May 2006 through April 2010
576			ConEd's discovery response to Westchester, providing monthly revenues for ERRP (5/05 through 4/10), broken down by energy, capacity, ancillary services, and total.
577			ConEd's discovery response to Westchester, providing monthly ERRP costs (5/06 through 4/10), broken down by steam, electric, and total
578			ConEd's discovery response to Westchester, concerning the in-service date for the 74th Street electric substation and past and projected allocations of the costs of the 59th Street steam plant and the 74th Street steam plant
579			ConEd's discovery response to Westchester regarding the allocation of ERRP Clean Air Act costs
580			ConEd's explanation of "other factors" as the term was used by Mr. Shukla
581			ConEd's discovery response to Westchester, updating Figure 21 in the August 2005 Steam Development Plan for 2005 through 2009 (re: Lost and Returning Business)
582			ConEd's discovery response to Westchester, regarding accuracy of the Company's calculation of Case "C" in Appendix H of the Joint Price Elasticity Working Group Report
583			ConEd's discovery response to Westchester regarding the total monthly costs for ERRP 10 and 20 from 5/05 through 12/09
584			ConEd's Steam Attraction and Retention Program presentation dated 3/31/09
585			ConEd's discovery response to NYC, regarding basis for assertion that steam customers leaving the system would convert 100% to gas-fired on-site boilers
586			Brattle Group Responses to Follow-up Staff Questions Related to Customer Switching Model
587			Segment of prepared direct testimony of Frank Radigan (2/29/08) in Case 07-S-1315
588			Segment of prepared direct testimony of Frank Radigan (2/27/08) in Case 05-S-1376
589			County of Westchester responses to NYC discovery requests
590			NYC response to Westchester discovery request regarding price elasticity study
591			NYC response to Westchester discovery request regarding role of Dr. Rosenberg in development of price elasticity report

Item No.	Exhibit No.	Pre-Filed ID No.	Topic
	592		NYC response to Westchester discovery request regarding whether Dr. Rosenberg offered his own model in the price elasticity working group
	593		NYC response to Westchester discovery request regarding circumstances in which price elasticity can be tested
	594		NYC response to Westchester discovery request regarding what variables must be examined in a price elasticity study
	595		NYC response to Westchester discovery request regarding SC2 and SC3 demand and non-demand customers being studied separately
	596		NYC response to Westchester discovery request regarding the Brattle Group analysis
	597		NYC response to Westchester discovery request regarding Dr. Rosenberg's expectations about price elasticity of steam sales
	598		NYC response to Westchester discovery request regarding Low Steam Sales forecast and Price Elasticity Study
	599		NYC response to Westchester discovery request regarding Price Elasticity Study
	600		NYC response to Westchester discovery request concerning proposed correction withdrawn by NYC
	601		NYC response to Westchester discovery request concerning accuracy of Price Elasticity Study
	602		NYC response to Westchester discovery request regarding analysis of Steam sales using heat elasticity of 1.1
	603 and 604		The direct and rebuttal testimony of Dr. Rosenberg, listed above as items prefled 299 and 409, respectively

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 61

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

- Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.
- Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.
- CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

ACCOUNTING PANEL -- STEAM

1 Q. Would the members of the Accounting Panel please state
2 your names and business address?

3 A. Grace Scarpitta, Helen L. Lee and Richard A. Kane.
4 Our business address is Consolidated Edison Company of
5 New York, Inc. ("Con Edison" or the "Company"), 4
6 Irving Place, New York, NY 10003.

7 Q. What are your current positions with Con Edison?

8 A. (Scarpitta) I am an Assistant Controller.

9 (Lee) I am the Department Manager of Regulatory
10 Accounting.

11 (Kane) I am the Department Manager of Regulatory
12 Filings.

13 Q. Please explain your educational background, work
14 experience, and current general responsibilities.

15 A. (Scarpitta) I graduated from Baruch College in May
16 1987, with a Bachelors Degree in Accounting. In 1977,
17 I began working for the Company in Customer
18 Operations. From 1978 to 1993, I worked in Plant
19 Accounting in increasing levels of responsibility up
20 to and including Assistant Manager. In 1994, I worked
21 in Accounting Research and Procedures ("ARP") and was
22 promoted to Manager of Payroll in 1998. In 2000, I
23 became a Section Manager in Energy Services and in

1 2001, I worked in Corporate Planning. I was promoted
 2 to Department Manager of ARP in 2003 and was promoted
 3 to Assistant Controller in 2004 responsible for
 4 General Accounts, ARP and Financial Reporting. In
 5 2006, I assumed the responsibilities of Revenue and
 6 Volume Forecasting, and Regulatory Accounting and
 7 Filings and retained responsibility for ARP. In 2008,
 8 I retained responsibility for Revenue and Volume
 9 forecasting and ARP and was given the responsibility
 10 of Property Records. In March 2008, I also assumed
 11 responsibility for a newly created section, Commodity
 12 and Derivative Accounting. In December 2008,
 13 Corporate Accounting was reorganized. In this
 14 reorganization, I retained the Revenue and Volume
 15 Forecasting section and assumed the responsibility of
 16 the Regulatory Accounting and Filings, Financial
 17 Forecasting and a newly formed section, Cost
 18 Accounting. For several years, I have been an active
 19 member of both the EEI and AGA committees on
 20 accounting principles.

21 (Lee) I graduated from Bernard M. Baruch College in
 22 June 1970 with a degree in Bachelor of Business
 23 Administration. From June 1970 to August 1984, I

1 worked in the General Accounts Section of the
2 Corporate Accounting Department in various capacities
3 up to Assistant Manager of the section. In August
4 1984, I was transferred to the Rate Matters Section as
5 Administrator and held positions in increasing levels
6 of responsibility including Department Manager. In
7 January 1998, I was assigned to Central Operations as
8 Department Manager, Finance and Budget, reporting to
9 the Senior Vice President on administrative, budgets
10 and financial matters. In July 1999, I returned to my
11 prior position in Corporate Accounting. The
12 regulatory function section was subsequently separated
13 into two groups, Regulatory Filings and Regulatory
14 Accounting. I currently manage the Regulatory
15 Accounting section but my section also contributes
16 toward the regulatory filing function. The primary
17 responsibility of the Regulatory Accounting section is
18 to ensure the accuracy of the Company's books and
19 records by verifying consistency between internal
20 accounting procedures and regulatory policies and
21 orders.

22 (Kane) In May 1976, I received a Bachelor of Science
23 degree in Accounting from Manhattan College. I worked

1 for Con Edison from August 1976 until January 1978 as
2 a staff accountant. I then joined Orange & Rockland
3 Utilities, Inc ("O&R") and became Supervisor -
4 Facility Accounting. In 1980, I became Manager -
5 Budgets. In 1989, I became Manager - General
6 Accounting and in 1996, the Accounts Payable Section
7 was added to my responsibilities. As a result of
8 O&R's merger with Con Edison, the two Accounting
9 Departments were combined. After the merger, I
10 continued to be responsible for overseeing O&R's
11 General Accounting Section and Financial Reporting
12 area until March 2003. At that time, I assumed my
13 current position as Department Manager of Regulatory
14 Filings. The primary responsibility of the section is
15 to coordinate as well as participate in rate filings
16 before regulatory agencies.

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

20 A. Yes, we have previously submitted testimony or
21 testified in various cases.

22 PURPOSE OF TESTIMONY

23 Q. Please summarize your testimony.

1 A. The Accounting Panel primarily explains and details:

2 • Historic financial statements and statistical
3 data, including balance sheets, income statements
4 and unappropriated retained earnings (Exhibit ____
5 (AP-1) to Exhibit ____ (AP-5));

6 • Revenues, Operation and Maintenance expenses and
7 Other Operating Deductions from the twelve months
8 ended June 30, 2009 to the rate year, the twelve
9 months ending September 30, 2011, are presented
10 in Exhibit ____ (AP-6); a summary of normalizing
11 adjustments to the historic test year, as well
12 as, various program changes is also presented in
13 Exhibit ____ (AP-6);

14 • The average rate base for the twelve months ended
15 June 30, 2009 to the rate year, the twelve months
16 ending September 30, 2011, including
17 normalization adjustments is presented in Exhibit
18 ____ (AP-8). The book cost of utility plant, the
19 accrued depreciation reserve and the construction
20 work in progress for electric utility plant for
21 the twelve months ended June 30, 2009 to the rate

1 year, the twelve months ending September 30,

2 2011, are presented in Exhibit ____ (AP-7);

- 3 • Various accounting changes, adjustments,
4 amortizations of deferred charges and the
5 resultant revenue requirement, which provides for
6 in sum a revenue requirement of \$128.768 million,
7 based upon an overall rate of return of 8.13
8 percent at proposed rates is presented in Exhibit
9 ____ (AP-9);

- 10 • The overall rate of return of 8.13 percent and
11 the capital structure for the rate year ending
12 September 30, 2011 presented in (Exhibit ____
13 (AP-10);

- 14 • Fund requirements and sources of funds for the
15 rate year ending September 30, 2011 (Exhibit ____
16 (AP-11); and

- 17 • Actual interest coverage on the SEC basis for the
18 calendar years 2005 through 2008, forecast for
19 2009 and the rate year ending September 30, 2011
20 (Exhibit ____ (AP-12)).

HISTORIC FINANCIAL AND STATISTICAL DATA

1
2 Q. To the best of your knowledge and belief, has the
3 Company maintained its books and accounts in
4 accordance with the Uniform System of Accounts
5 prescribed by the Commission and with accounting
6 orders of the Commission?

7 A. Yes, it has.

8 Q. Has the Panel prepared historic financial and
9 statistical data for the steam department?

10 A. Yes.

11 Q. Was the document entitled "CONSOLIDATED EDISON COMPANY
12 OF NEW YORK, INC. - FINANCIAL AND STATISTICAL DATA -
13 INDEX TO SCHEDULES", set forth as Exhibit ____ (AP-1),
14 prepared under your direction and supervision?

15 A. Yes, it was.

16 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-1)

17 Q. What information is contained in Exhibit ____ (AP-1)?

18 A. The Exhibit consists of an index and eight separate
19 schedules containing financial data and the results of
20 operations. The balance sheets are shown as of
21 December 31 for the years 2005 through 2008, and as of
22 June 30, 2009, while details of the income accounts
23 are shown for the years 2006 through 2008 and the

ACCOUNTING PANEL -- STEAM

1 twelve months ended June 30, 2009. The arrangement of
2 the schedules is as follows:

- 3 ▪ Balance Sheets are shown on Schedule 1.
- 4 ▪ Income Statements are shown on Schedule 2.
- 5 ▪ Unappropriated Retained Earnings are shown on
6 Schedule 3.
- 7 ▪ Steam Utility Operating Income, before and after
8 income taxes, is presented in Schedule 4.
- 9 ▪ Steam Operating Revenues by account classification
10 with revenues shown in dollar amounts and in
11 equivalent cents per MLBS sold are shown on Schedule
12 5.
- 13 ▪ MMLBS of steam supplied by Service Classification
14 and the revenues realized therefrom are shown on
15 Schedule 6. This schedule also reflects revenue in
16 equivalent cents per MLBS sold.
- 17 ▪ Steam Operation and Maintenance Expenses consisting
18 of eight pages are shown on Schedule 7. Page 1 is a
19 summary statement, which shows the operation and
20 maintenance expenses on a functional basis, both in
21 dollar amounts and equivalent cents per MLBS sold.
22 Pages 2 to 8 show the details of the various

ACCOUNTING PANEL -- STEAM

1 functional groups by account number, in dollar
2 amounts and in equivalent cents per MLBS sold,
3 except for pages 2 and 3, which show steam
4 production expenses in equivalent cents per MLBS
5 produced.

6 ■ Taxes Other Than Income Taxes - Steam is shown on
7 Schedule 8.

8 All of the information in Exhibit ____ (AP-1) comes
9 from the books and records of the Company; where
10 revenues or expenses are stated in cents per MLBS sold
11 or produced, these figures have been computed.

12 Q. Turning to Exhibit ____ (AP-1), Schedule 7, page 2,
13 Production Expenses - Steam, are generating stations
14 classified as electric plant also used in the
15 production of steam for delivery to the Company's
16 steam customers?

17 A. Yes. Steam was produced at East River.

18 Q. Please explain the accounting for electric production
19 expenses chargeable to steam operations.

20 A. The production of steam at this electric generating
21 station involves charges for the fuel used to produce
22 this steam, plus processing charges for water, labor,

ACCOUNTING PANEL -- STEAM

1 and chemicals. The charges for the fuel used to
2 produce steam are made directly to steam production
3 expense and are included in Account 703, Fuel, whereas
4 the processing charges for such steam are charged to
5 Steam Production Expenses, Station Supplies and
6 Expenses, Account 705.2, and credited to Electric
7 Production Expenses.

8 Q. How are the charges to the steam department determined
9 for steam produced at these electric stations?

10 A. Company witness Catuogno discusses in his testimony
11 the computations of quantities of fuel used to produce
12 steam for steam operations.

13 Q. Have you prepared an exhibit, which shows the
14 breakdown of steam production costs by station for the
15 twelve months ended June 30, 2009?

16 A. Yes. It is the document entitled "CONSOLIDATED EDISON
17 COMPANY OF NEW YORK, INC. - PRODUCTION EXPENSES -
18 STEAM - (INDIVIDUAL STATIONS) - TWELVE MONTHS ENDED
19 JUNE 30, 2009", set forth as Exhibit ____ (AP-2).

20 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-2)

21 Q. Please describe Exhibit ____ (AP-2).

22 A. This exhibit consists of two pages and shows the
23 allocation by station of steam production expenses in

1 the historic year, the twelve months ended June 30,
2 2009. The total amount of production expenses is also
3 shown on Exhibit ____ (AP-1), Schedule 7, page 2.
4 Included on the second page of Exhibit ____ (AP-2) are
5 the production costs as shown on page 1 expressed in
6 terms of equivalent cents per MLBS produced.

7 Q. Was the document entitled "CONSOLIDATED EDISON
8 COMPANY OF NEW YORK, INC. - CALCULATION OF FEDERAL AND
9 STATE INCOME TAXES - STEAM -FOR THE TWELVE MONTHS
10 ENDED JUNE 30, 2009" consisting of six pages, set
11 forth as Exhibit ____ (AP-3), prepared under your
12 direction and supervision?

13 A. Yes, it was.

14 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-3)

15 Q. Please describe Exhibit ____ (AP-3).

16 A. Pages 1 through 4 set forth the calculation of Federal
17 income tax for steam operations, including accruals,
18 deferrals and amortizations of deferrals. Pages 5 and
19 6 show the calculation of New York State income tax
20 for steam operations. These amounts are also included
21 on Exhibit ____ (AP-1), Schedule 2, page 4.

22 Q. Was the document entitled "CONSOLIDATED EDISON COMPANY
23 OF NEW YORK, INC. - BOOK COST OF UTILITY PLANT - STEAM

ACCOUNTING PANEL -- STEAM

1 - AS OF DECEMBER 31, 2005, 2006, 2007, 2008 AND JUNE
2 30, 2009", set forth as Exhibit ____ (AP-4), prepared
3 under your direction and supervision?

4 A. Yes, it was.

5 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-4)

6 Q. What is shown on Exhibit ____ (AP-4)?

7 A. This exhibit shows the book cost of Utility Plant -
8 Steam - by utility plant account at December 31, 2005,
9 2006, 2007, 2008 and June 30, 2009. The amounts shown
10 for Steam Plant in Service and Construction Work in
11 Progress are taken directly from the books and records
12 of the Company.

13 Q. Do the figures shown for steam plant in service on
14 Exhibit ____ (AP-4) represent the original cost of
15 existing property, which is used and useful as of the
16 dates indicated?

17 A. To the best of our knowledge and belief they do. The
18 plant accounts are maintained in balance with the
19 continuing property records, which show the original
20 cost of the existing property classified in accordance
21 with established continuing property record units.

22 Q. Was the document entitled "CONSOLIDATED EDISON COMPANY
23 OF NEW YORK, INC. - ACCUMULATED PROVISION FOR

1 DEPRECIATION OF STEAM PLANT IN SERVICE AS OF DECEMBER
2 31, 2005, 2006, 2007, 2008 AND JUNE 30, 2009", set
3 forth as Exhibit ____ (AP-5), prepared under your
4 direction and supervision?

5 A. Yes, it was.

6 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-5)

7 Q. Please describe this exhibit.

8 A. This exhibit shows the accumulated provision for
9 depreciation of Steam Plant in Service as of December
10 31, 2005, 2006, 2007, 2008 and June 30, 2009. The
11 amounts shown on this exhibit are taken from the books
12 and records of the Company. Company witness Hutcheson
13 addresses the accumulated provision for depreciation.

14 REVENUES AND OPERATING EXPENSE DATA

15 Q. I show you a document entitled "CONSOLIDATED EDISON
16 COMPANY OF NEW YORK, INC. - REVENUES AND OPERATING
17 EXPENSE DATA", set forth as Exhibit ____ (AP-6), and I
18 ask you if it was prepared under the Panel's direction
19 and supervision?

20 A. Yes, it was. The first page contains an index of the
21 10 schedules included in the exhibit.

22 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-6)

23 Q. Will you describe Schedule 1 of this exhibit?

1 A. Schedule 1, page 1 is a statement of Steam Operating
2 Income before income taxes by component for the
3 historic year ended June 30, 2009, and for the rate
4 year ending September 30, 2011. Column 1 shows the
5 data as recorded on the Company's books of account for
6 the 12 months ended June 30, 2009. Column 2 reflects
7 the changes made to normalize the historic year costs
8 and to provide for increased or decreased costs and
9 activity levels or other linkage to arrive at the rate
10 year estimate shown in column 3. The historic year
11 revenues and costs were developed from various
12 schedules from Exhibit ____ (AP-1). Total steam
13 operating revenues are shown on Exhibit ____ (AP-1)
14 whereas operation and maintenance expenses by cost
15 element as summarized on page 1 of Schedule 1, are
16 detailed in this exhibit on Schedule 1, page 3 and
17 were developed from various other schedules in the
18 exhibits we are presenting.

19 Q. How were sales revenues and associated fuel costs
20 developed for the rate year?

21 A. The Company's Forecasting Panel provided the sales
22 forecast. The changes from the historic year to the
23 rate year are explained in their testimony. Incurred

1 fuel costs were developed by Company witness Catuogno
2 and fuel costs were then adjusted to an accounting
3 basis.

4 Q. How were Other Operating Revenues, and Other Operating
5 Income Deductions, as shown on line 2 and lines 6 - 8
6 of Schedule 1 determined?

7 A. The historic year levels were developed from Exhibit
8 ____ (AP-1). We provided the forecasts for Other
9 Operating Revenues and Taxes Other than Income Taxes.
10 They are shown on Schedule 1, pages 2 and 4,
11 respectively. Company witness Hutcheson developed the
12 rate year level for Depreciation and Amortization
13 expense.

14 Q. Please explain the derivation of the operation and
15 maintenance expenses for the rate year shown on page 3
16 of Schedule 1.

17 A. Page 3 shows the derivation of the projected costs in
18 the rate year from the historic year costs. Various
19 Company witnesses, including this Panel, explain
20 normalizing adjustments and program changes. In
21 addition, we will explain labor escalation and general
22 escalation. The development of the labor escalation
23 is included in Exhibit ____ (AP-6) as Schedules 2 and

1 3. Schedule 4 summarizes the historic and rate year's
2 operation and maintenance expenses by Major Account
3 Group (MAG) function and the changes between the two
4 periods. Schedule 5 shows the historic year elements
5 of expense by MAG.

6 Q. Please continue with Schedule 6.

7 A. Schedule 6 shows a summary by function of the
8 operating and maintenance expenses for the historic
9 year and the changes in the forecast to the rate year
10 ending September 30, 2011. The normalizations and
11 program changes are also reflected in Schedules 7 and
12 8, respectively, by cost element. When a normalizing
13 adjustment or program change affects an individual
14 element of expense, this is shown as an addition or
15 subtraction from the historic year, at the historic
16 year price level.

17 Q. Please describe Schedules 9 and 10 of Exhibit ____ (AP-
18 6).

19 A. Schedule 9 shows the Company's steam operating and
20 maintenance expenses subject to escalation. Schedule
21 10 lists expenses the Company may update later in this
22 proceeding and the witnesses that we anticipate would
23 sponsor the updates. There may be others, and if so,

1 the Company will provide notification at the
2 appropriate time.

3 OTHER OPERATING REVENUES

4 Q. What does Exhibit ____ (AP-6), Schedule 1, page 2 show?

5 A. This schedule shows the details of Other Operating
6 Revenues both in the historic and rate years. The
7 historic year level of \$89,229,000 is forecasted to
8 decrease by \$4,340,000, for a rate year level of
9 \$84,889,000.

10 Q. How were lines 1 and 2, Interdepartmental Rents
11 revenue from the East River Repowering Project
12 ("ERRP") and other assets for the rate year developed?

13 A. These revenues represent carrying charges that the
14 steam department charges the electric department for
15 facilities it uses jointly with steam. Carrying
16 charges on shared facilities include components for
17 rate of return, depreciation and taxes. The carrying
18 charges are applied to the book cost of the facility.
19 For the rate year, revenue includes a \$73,435,000
20 charge to the electric department for the ERRP out of
21 the total annual carrying charges for the rate year of
22 \$110,503,000. Per the proceeding in Case 09-S-0029,
23 the issue of the allocation of ERRP project costs,

1 along with other steam issues, is being addressed.

2 However, in this filing our assumption on the
3 allocation to electric has not changed and is at two-
4 thirds of the total. Interdepartmental rent revenue
5 for the historic year for the joint usage of the
6 Hudson Avenue Tunnel continues in the rate year at an
7 increased level of \$0.4 million, which equates to a
8 rate year level of \$2.3 million.

9 Q. Please explain line 3, Revenue Offset Re: 74/59 St.
10 Transfer from Electric.

11 A. The 74/59th Street Stations are steam plants. Under
12 the 2006 rate plan, the operating costs of the two
13 stations were transferred to the steam department,
14 except for a portion of the operating costs that are
15 remaining with electric. However, as both stations
16 are used by the electric department in that they house
17 gas turbines used to support local electric networks
18 and that the Company intends to build a new electric
19 substation in an unused portion of the 74th Street
20 station to support networks in the vicinity of the
21 station, carrying charges are allocable to electric
22 operations. The projected total cost is estimated at

1 \$14.3 million of which \$6.5 million is allocated to
2 electric operations.

3 Q. Please continue with line 4.

4 A. Line 4 represents revenues received related to the
5 Fuel Management Program allocated to steam. The rate
6 year forecast of \$230,000 was provided by Company
7 witness Catuogno and is discussed in his testimony.

8 Q. Please continue.

9 A. Late Payment Charges, line 5, are estimated at \$1.4
10 million for the rate year and are based on the
11 historic period relationship between late payment
12 charges and sales revenues. We divided the historic
13 period late payment charges by the historic period
14 sales revenues to arrive at a factor. The factor is
15 applied to the rate year sales revenues to arrive at
16 the rate year level of late payment charges. Line 6,
17 Special Services Repair Program, represents the
18 current steam repair program and other special
19 services, such as investigations of leaks and turn-
20 ons/turn-offs. The Company estimates the rate year
21 level for such activity at \$509,000 based on a
22 historic three-year average. Line 7, Gas Hedging
23 Program ("GHP") Interest, represents the

1 reclassification of interest related to the Company's
2 hedging program from Other Operating Revenues to
3 interest income. To mitigate gas price volatility,
4 the Company hedges gas purchased to generate steam and
5 electricity. The Company assesses and charges
6 interest on funds advanced for hedges. The Company
7 bills the steam portion to its steam customers through
8 the FAC. The Company normalized the \$188,000 of Gas
9 Hedging Program interest revenues because they are
10 collected through the FAC. Line 8, Rents represents
11 rental income from Verizon Wireless related to the
12 lease of a cell tower at 506 East 75th Street. The
13 agreement is set to expire on April 30, 2010. We will
14 update rent income later in this proceeding if
15 necessary.

16 Q. Please continue with line 9.

17 A. Line 9 represents revenues received related to
18 reconnection fees. The Company's witnesses Badali and
19 the Steam Rate Panel propose to amend the Special
20 Services at Stipulated Rates provision of the tariffs
21 and charge customers for each temporary disconnection
22 of service performed by the Company at the customer's
23 request. The rate year forecast of \$250,000 is

1 calculated using a projection of 400 customers at the
2 charge of \$315 per disconnection and reconnection.

3 Q. Please describe the items included in the grouping
4 entitled Regulatory Accounting, lines 10 - 21.

5 A. These items reflect the accounting impacts of various
6 Commission decisions and legislative actions and with
7 the exception of SO2 allowances these items would not
8 be applicable to the rate year. The first, line 10,
9 Deferred MTA Surcharges on SIT represents the deferred
10 MTA Surcharge on deferred State Income Taxes that will
11 be recovered in the future as the timing differences
12 generating the deferred surcharges are reversed.

13 Q. Please continue with line 11.

14 A. The Company has five issues of auction rate tax exempt
15 debt (i.e., Series 1999A, Series 2001B, Series 2004A,
16 Series 2004B1, and Series 2004B2,) ("Auction Rate
17 Debt") totaling approximately \$636 million that were
18 used to finance utility infrastructure projects. The
19 debt is insured by Ambac Assurance Corporation and XL
20 Capital Assurance Inc. The sub-prime mortgage crisis
21 has resulted in increased scrutiny for bond insurers
22 and had caused the auction rate debt market to be very
23 unsettled at the time that parties were negotiating

1 the 2008 Rate Plan. Per the 2008 Rate Plan, the
2 Company is allowed to true-up its actual interest
3 costs related to the Auction Rate Debt to the amount
4 reflected in rates. Line 11 represents the accounting
5 entries related to this reconciliation. Line 12, Net
6 Unbilled Revenue - Steam represents accounting entries
7 related to the booking of unbilled T&D steam revenues.
8 As a result of the PSC's Order in Case 08-M-1150, the
9 Commission approved the Company's petition to adopt
10 the accrual method of revenue recognition for
11 accounting and regulatory purposes. The order became
12 effective March 2009. The net margin on unbilled
13 revenues is deferred for the future benefit of
14 customers.

15 Q. What is the accounting related to the Steam Incident
16 on line 13?

17 A. The Company established a reserve on its books of
18 account in the amount of \$4 million. This reserve is
19 in lieu of a penalty action and is to be used for
20 ratepayer benefit, with the disposition of such
21 regulatory liability to be subject to the Commission's
22 discretion in a steam rate proceeding, such as in a
23 manner that mitigates the rate impact of O&M and/or

1 capital expenditures made by Con Edison to implement
2 safety-enhancing actions required by the Action Plan
3 Order. The Action Plan Order is the Commission's
4 Order Directing the Company to Implement Staff
5 Recommendations or Show Cause, issued February 13,
6 2008 in Case 07-S-0984. The reserve was booked in
7 September 2008. This is not applicable to the rate
8 year.

9 With respect to line 14, SO2 Allowances, under the
10 current rate plan customers are receiving the benefit
11 of SO2 credits. For the rate year ending September
12 30, 2011, the Company proposes to continue to credit
13 customers for estimated proceeds from these sales of
14 SO2 allowances in the amount of \$281,000 as explained
15 by Company witness Price.

16 Q. Continuing with Regulatory Accounting, please explain
17 lines 15 through 21.

18 A. The 2006 Rate Plan, in effect October 2006 through
19 September 2008, provided for no overall change in
20 rates, except the shift for recovery of certain costs
21 between base rates and the Fuel Adjustment Clause
22 beginning in RY2, October 2007. The revenue
23 requirement calculation for RY1 provided for a

1 decrease of \$3.8 million and a corresponding increase
2 in RY2 of \$3.8 million, resulting in a zero impact
3 over the two years. The historic period ended June
4 30, 2009 includes the last three months of the expired
5 Rate Plan, i.e., July through September 2008. Line 15
6 represents the accounting entries for this period
7 related to the \$3.8 million of revenues.

8 Q. Please continue with line 16.

9 A. Under the 2008 Rate Plan, the Company is allowed to
10 defer \$4.9 million of Local Law 11 costs to be
11 incurred during RY1. The cost is to be amortized to
12 expense over three rate years, or \$1.633 million per
13 rate year. On its books, the Company defers the
14 revenue monthly (at \$136,111) and sets up a liability
15 to customers by debiting Other Operating Revenues and
16 crediting a Regulatory Liability account. When costs
17 are incurred the liability account is reduced and an
18 offsetting credit is made to Other Operating Revenues.
19 The debit of \$1.224 million in Other Operating
20 Revenues as of June 30, 2009 reflects the deferral of
21 revenues. The Steam Operations Panel anticipates that
22 the Local Law 11 costs will be incurred by the end of
23 the 2008 Rate Plan. Expenditures have recently begun

1 as in the period July through September 2009 some
2 \$422,000 were spent.

3 Q. Line 17 is entitled Steam Action Plan. Please
4 describe the item.

5 A. As a result of the July 17, 2007 steam pipe incident,
6 the Company instituted programs to implement its
7 December 17, 2007 Recommendations and Action Plan and
8 Staff recommendations pursuant to the Commission's
9 February 13, 2008 Order Directing The Company To
10 Implement Staff Recommendations Or Show Cause in Case
11 07-S-0894. Base rates established under the 2008 Rate
12 Plan in Case 07-S-1315 reflected \$3 million of steam
13 incident-related O&M expenses per year as a
14 placeholder for RYs 1 and 2 of the 2008 Rate Plan.
15 During the term of the 2008 Rate Plan, the Company is
16 reconciling actual costs of steam incident-related
17 programs to the \$3 million placeholder and line 16
18 represents the accounting entries related to that
19 reconciliation. In RY1, the Company had actual
20 expenditures of \$2,812,105, or \$187,895 less than the
21 \$3 million target.

22 We next discuss Line 18, Capital Expenditure
23 Reconciliation. The 2008 Rate Plan also established

1 capital targets of \$5.9 million in RY1, and \$10.7
2 million in RY2 for average net plant balances for
3 steam incident-related programs. Line 18 represents
4 the accounting entries for the carrying charges on the
5 reconciliation. Line 19, Rate Case Amortizations,
6 represents the amortization of various previously
7 deferred amounts that were to be amortized over the
8 term of the 2007 and 2008 Rate Plans. Line 20, Steam
9 Interest Collection, reflects interest collected from
10 customers on the under-collection of reconcilable
11 deferred fuel items such as the steam variance, water
12 and water chemicals which are recoverable through the
13 FAC for the period October 2007 through September
14 2008. Line 21 reflects the accounting entries booked
15 to reconcile actual steam interference expenses,
16 excluding labor, with the targets established in the
17 2006 and 2007 Steam Rate Plans.

18 DEPRECIATION AND AMORTIZATION

19 Q. Please explain Depreciation and Amortization shown on
20 Exhibit __ (AP-6), Schedule 1, page 1, 4a and 4b.

21 A. Depreciation expense using existing rates in effect is
22 projected for the rate year to be \$64,991,000. This
23 was provided to us by Company witness Hutcheson and is

1 fully discussed in his testimony. Page 4a shows the
2 linkage for depreciation expense between the end of
3 the historic period in June 2009 through September 30,
4 2010. Page 4b shows the depreciation for the rate year
5 ending September 30, 2011 by month.

6 TAXES OTHER THAN INCOME TAXES

7 Q. Please explain the line items on your Schedule 1, page
8 4, Taxes Other than Income Taxes.

9 A. The first item is Property Taxes consisting of New
10 York City real estate and special franchise for the
11 historic year applicable to steam operations of
12 \$67,869,000. The rate year forecast totaling
13 \$84,909,000 was provided to us by Company witness
14 Hutcheson and is described in his testimony. Line 2
15 represents the reconciliation of actual property taxes
16 as of June 30, 2009 to the levels established in base
17 rates in Case 07-S-1315 for the rate year ended
18 September 30, 2009 and for the period July 2008
19 through September 2008 pursuant to Case 05-S-1376.
20 The line item is not applicable to the rate year.

21 Q. How did you calculate Revenue Taxes for the rate year
22 on line 4?

- 1 A. Revenue taxes consist of taxes derived from base and
2 fuel rider revenues as well as other operating
3 revenues. Revenue taxes for the rate year are
4 projected to be \$14.738 million, which is comprised of
5 \$14.703 million from sales revenues, as provided by
6 the Forecasting Panel, and \$35,000 associated with
7 other operating revenues, i.e., late payment charges
8 and the special services repair program.
- 9 Q. Please describe the increase of \$890,000 in Payroll
10 Taxes, line 4.
- 11 A. The increase in payroll taxes is due principally to
12 the increase in base wages subject to FICA. Payroll
13 taxes of \$402,000 relating to additional human
14 resources requested in this filing is also included.
15 The Company will revise payroll taxes for known
16 changes, if any, in the FICA rate and base in the
17 update stage of this proceeding. Any change in
18 payroll taxes resulting from tax legislation in any
19 jurisdiction as well as any revisions for additional
20 human resources will also be reflected later in the
21 update stage of this proceeding.
- 22 Q. Please explain the MTA Mobility Tax, line 6.

1 A. As a result of New York State's and the nation's
 2 economy, the budget passed by the state government in
 3 2009 included a new Metropolitan Commuter
 4 Transportation tax effective March 1, 2009. According
 5 to Article 23 of the Ravitch MTA bailout plan, 0.34
 6 percent of payroll expense for every employer doing
 7 business within the metropolitan commuter
 8 transportation district will be taxed. The estimated
 9 MTA Mobility tax for steam for the rate year ending
 10 September 30, 2011, is \$216,000 using this
 11 methodology. This item will be updated later in the
 12 proceeding.

13 Q. Please explain the decrease in Sales and Compensating
 14 Use Tax, line 7.

15 A. The Company accrues the New York State and local use
 16 tax by summarizing charges from the accounts payable
 17 invoice system and materials and supplies
 18 requisitioned from inventory from the Materials
 19 Management System to determine the tax basis. Based
 20 on the coding assigned to the items, the tax is
 21 calculated and charged on these transactions to work
 22 orders and accounts on an automated basis. A
 23 liability account and work order accumulates the total

1 taxes charged to other Company accounts. Using
2 summarized data, the Tax Department prepares a
3 worksheet that calculates the total tax. To properly
4 record the capitalized and expensed portion, we
5 compare this calculation with the total sales tax
6 accrued in the liability account and work order. The
7 difference between the calculated tax liability and
8 the total of the balance in the accrued liability
9 account and work order is expensed or credited to the
10 electric, gas and steam services. Credits may arise
11 due to the non-taxability of items that were
12 originally taxed, prior period tax audit adjustments,
13 and corrections. The Company does not project any
14 difference between the tax liability and the contra
15 accounts for the rate year.

16 Q. Please continue with line 8, Subsidiary Capital Tax.

17 A. Subsidiary capital tax is the tax that New York City
18 imposes on Consolidated Edison, Inc.'s ("CEI")
19 ownership of Consolidated Edison Company of New York,
20 Inc. (the "Company"), because the Company is not
21 included in CEI's New York City corporate franchise
22 tax return. The forecast of the subsidiary capital
23 tax was based on the average historic growth in

1 capital from 2004 through 2008, and the allocation to
2 steam operations is \$359,000.

3 Q. Please describe All Other Taxes, line 9.

4 A. All other taxes represent minor taxes such as motor
5 vehicle taxes, state gasoline tax, state highway use
6 tax, Federal diesel and gasoline taxes, the New York
7 State tax on insurance premiums and hazardous waste.
8 The rate year was forecast is based on the historic
9 three year average for the twelve months ended June
10 30, 2007 through 2009.

11 NORMALIZING ADJUSTMENTS

12 Q. In Exhibit ____ (AP-6), Schedule 7, please describe
13 your normalizing adjustments.

14 A. With the exception of line 17, Employee Welfare
15 Expense, we will testify to all of the normalizations.
16 We begin with our normalization of Company labor for
17 the variable pay as shown on lines 2, 4, 6, 9, and 13.
18 The normalization as allocated to steam is \$148,000.
19 This amount was included in the historic period and
20 was based upon the Company achieving 110% of their
21 target award fund under the variable pay plan. The
22 rate year ending September 30, 2011 is to be based on
23 100% achievement of the target award fund. Company

1 witness de la Bastide discusses the Company's variable
2 pay plan.

3 Q. The next normalization on line 8 is entitled Steam
4 Incident. Please continue with your adjustments.

5 A. Line 8, Steam Incident, normalizes out of the historic
6 period \$6.889 million of expenses related to the July
7 2007 steam incident. The entries made were to remove
8 from steam plant in service costs associated with the
9 steam incident which were then expensed. This item is
10 not to be borne by customers. Line 12, Other
11 Compensation for Officers of \$539,000, includes Long-
12 Term Incentive Plan ("LTIP") compensation expense for
13 the Company's officers. In order to mitigate this
14 rate increase request, we are not seeking recovery of
15 LTIP for officers in this proceeding, without
16 prejudice to seeking the recovery of such costs in
17 future rate proceedings. Line 14, Executive Incentive
18 Plan, of \$386,000 removes from steam operating
19 expenses the cost of the Company's executive incentive
20 plan as the Company elected to not seek recovery of
21 these costs, without prejudice to seeking the recovery
22 of such costs in future rate proceedings.

1 Company witness Reyes addresses the Company's
2 executive compensation program.

3 Q. Please explain Line 18, Deferred Income Plan.

4 A. Deferred Income Plan reflects a normalization of
5 \$391,000. We are normalizing out of historic
6 expenses, the administrative fee related to the
7 administrative costs and losses on participants'
8 accounts under the Deferred Income Plan, as shown on
9 Company witness Reyes' Exhibit ____ (HJR-1). In the
10 historic year, the plan had a loss in earnings of some
11 \$8.4 million due to the global financial turmoil.
12 Assets of these plans are held in trust funds and are
13 being invested. The rate year costs to administer
14 these programs are projected to be offset by the
15 investment gains generated by the trust funds. For
16 purposes of forecasting the revenue requirement the
17 Company assumes no costs for the deferred income plan.
18 In the Company's current electric proceeding, the
19 Company also normalized out the loss in the historic
20 year and in Case 08-E-0539, a gain in the historic
21 year was similarly normalized in projecting the rate
22 year cost.

23 Q. Please continue with MGP/Superfund on line 15.

1 A. This reflects the normalization from the historic year
2 \$2.033 million of MGP/superfund costs from our O&M
3 expenses as we have a proposal that we will discuss
4 later in our testimony in our section regarding the
5 revenue requirement. There, after reviewing Company
6 witness Price's forecast of site investigation and
7 remediation costs, and taking into consideration the
8 rate year allowances from the 2008 Order and the
9 deferred balance as of September 30, 2009, we propose
10 to recover from customers over a three year period
11 \$9.037 million, or \$1.807 million per rate year.

12 Q. There are three items in the category of Rate Case
13 Accounting on lines 1, 10 and 16. Please continue.

14 A. Line 1, Rate Case Accounting - Water Treatment
15 represents the accounting entries recorded on the
16 Company's books relating to the reconciliation of
17 water treatment expense. Per the 2008 Steam Order the
18 Company was allowed \$2.46 million for water treatment
19 expenses. The amount is to be amortized over four
20 years, or \$615,000 per rate year. As such, the
21 Company has been reconciling actual costs to the
22 amount allowed under the Order on a levelized basis.
23 To date, the Company has incurred the total cost of

1 the program by the second quarter of 2009. Entries
2 were made deferring expenses in O&M and crediting a
3 Regulatory Asset account for the undercollection of
4 the cost. Entries will continue on the books with
5 reductions to the Regulatory Asset account and charges
6 to O&M expense to account for the annual amortization
7 of \$615,000 through September 30, 2012.

8 Line 10, Rate Case Accounting - Interference of \$1.166
9 million in the historic year represents the accounting
10 entries to true-up actual interference expense with
11 the targets established in the 2006 and the 2008 Rate
12 Plans for the rate years ended September 30, 2008 and
13 September 30, 2009, respectively. Entries were booked
14 September 2008 through February 2009, all in the
15 historic year. The \$1.166 million reconciliation
16 entry is primarily due to the final entry related to
17 the second rate year ended September 30, 2008 under
18 the 2006 Rate Plan which reflected an undercollection
19 of \$1.299 million, of which 90 percent was deferred
20 under the 2006 Rate Plan. These true-up entries are
21 not applicable to the rate year ending September 30,
22 2011.

1 Q. Please continue with your last normalizing adjustment
2 on line 16 entitled Rate Case Accounting -
3 Pensions/OPEBs.

4 A. This item reflects the undercollection of
5 pension/OPEBs costs in the amount of \$10.943 million
6 pursuant to the true-up provision of the 2006 and 2008
7 Rate Plans. Offsetting this was \$14,000 reflecting
8 the deferral of the tax benefit related to the
9 Medicare Subsidy, for a net normalization of \$10.929
10 million. This reconciliation is not necessary in the
11 rate year.

12 PROGRAM CHANGES

13 Q. What is the next subject matter you will discuss?

14 A. We will discuss various program changes as shown on
15 our Exhibit ____ (AP-5), Schedule 8.

16 Q. Company witness Price discusses program changes for
17 Environment, Health and Safety. Do you have any
18 further comments to add?

19 A. With regards to lines 1 and 13, Environmental, Health
20 and Safety, we provided the allocation to steam
21 operations of Company witness Price's program changes
22 for staffing and arboreal services.

1 Q. Please discuss your first program change on Schedule 8
2 of Exhibit __ (AP-6).

3 A. We will start with Interdepartmental Rent expense,
4 lines 3, 12 and 34. The \$706,000 increase shown for
5 Interdepartmental Rents is due to a \$61,000 increase
6 in the carrying costs resulting from increases in
7 property taxes and slight increases in capital
8 investment at East River Station and the Ravenswood
9 tunnel. Per line 34, MAG 49 - Administrative and
10 General Expense \$645,000 is attributable the increased
11 cost for common capital expenditures for such items as
12 computers, mobile equipment, communication equipment,
13 etc.

14 Q. Please discuss the program change for Uncollectibles,
15 line 19, under MAG 47.

16 A. In August 2009, the Company booked over \$3 million of
17 uncollectibles resulting from the bankruptcy of a
18 steam customer. Due to the current economic
19 conditions, we are proposing to set up a reserve of \$1
20 million for the duration of the Company's proposed
21 three year rate plan. The Company deems it necessary
22 to set up the reserve in the event more of such
23 bankruptcies occur.

ACCOUNTING PANEL -- STEAM

1 Q. Under MAG 49, Administrative and General there are
2 several program changes. Please describe those you
3 are sponsoring.

4 A. We will address several program changes under MAG 49,
5 Administrative and General, from line 27 through line
6 39. We begin with line 27, Consultants. The increase
7 is steam department's allocation for services provided
8 by PricewaterhouseCoopers ("PwC"), such as auditing,
9 research, and accounting advice. The forecast for the
10 rate year included an increase for PwC audit fees and
11 was based on a 3.5 percent increase from the 2010
12 proposed audit fees, which have been approved by the
13 Board of Directors. This rate of increase was
14 projected forward for the rate year.

15 The rate year for line 28, Disposal of Obsolete M&S,
16 was forecasted based on a three-year historic average.
17 The rate year forecast is a decrease of \$711 from the
18 historical amount, plus general escalation of \$69.

19 Q. Please continue.

20 A. Our next program change, line 30, Finance - Supply
21 Chain Project represents costs relating to contractor
22 and maintenance and support of this new system. The
23 allocation to steam is \$4,000.

1 The program changes on lines 29 and 31 represent an
2 allocation to steam of \$53,000 and \$57,000 for
3 incremental employee positions in the Auditing and Law
4 Departments, respectively.

5 Q. Please begin continue with the Auditing Department's
6 request.

7 A. The program change for Auditing represents an
8 allocation to steam of \$48,000 to address the hiring
9 of nine additional personnel and integration of
10 technologies for the Auditing Department. This amount
11 was obtained by applying an adjustment to the total
12 program change of \$1.147 million for affiliate work of
13 7.1 percent for O&R and 3 percent for non-utility
14 affiliates. To date, Auditing has hired one manager
15 and two auditors out of the nine open positions. The
16 balance of employees is expected to be hired by year
17 end 2009.

18 Q. Please continue.

19 A. As a result of a recent review of its operation,
20 Auditing has developed a reorganization plan to
21 address core audit functions and the risks and
22 compliance issues facing the Company, including the
23 recent arrests of Construction personnel and upcoming

1 compliance commitments to NERC and FERC, including the
2 NERC Critical Infrastructure Panel ("CIP") and the
3 FERC Electric Reliability Standards. The
4 reorganization entails:

- 5 1) The addition of nine incremental employee positions
6 in Auditing. These positions are expected to be
7 filled by the end of the fourth quarter of 2009; and
- 8 2) Integration of technologies including a new data
9 analytics tool, ACL Audit Exchange, to automate and
10 support the forensic analysis of data and an
11 upgraded version of the current audit management
12 system, TeamMate, that will be used to standardize
13 audit report templates and track audit activities
14 and follow-ups.

15 Q. What is the current structure and function of the
16 Auditing Department?

17 A. Auditing is responsible for conducting a comprehensive
18 program of internal audits in order to provide an
19 independent assessment of the adequacy and
20 effectiveness of the system of internal control that
21 governs the operations of CEI and its subsidiaries.
22 In addition, Auditing provides guidance and training
23 for business ethics and various compliance initiatives

1 including FERC compliance standards. Auditing is
2 comprised of five major sections:

- 3 1) Customer Operations, Finance and Procurement
4 Audits;
- 5 2) Environmental, Health and Safety ("EH&S"),
6 Operations and Information Technology Audits;
- 7 3) Business Ethics and Corporate Policy;
- 8 4) Ethics and Compliance Training; and
- 9 5) Orange and Rockland Office.

10 Q. What is the proposed new organization structure?

11 A. A new organization will be established by year end
12 2009 in Auditing and will be responsible for
13 investigations, ethics, compliance program development
14 and training, EH&S audits and Corporate policy. This
15 organization will be led by a Director. In addition,
16 three analysts will be hired to support the
17 integration of new technologies and compliance program
18 development and management. This organization will
19 develop and manage all FERC/NERC and Ethics compliance
20 programs and will maintain new audit technologies that
21 will allow auditors to analyze data and identify
22 anomalies and potential fraudulent activities. In
23 addition, they will conduct investigations into

1 misconduct and other violations, audit environmental
2 health and safety programs and maintain Corporate
3 Policy documents. Five new audit resources will be
4 devoted to these activities (three analysts and two
5 auditors).

6 Q. Please continue.

7 A. A new audit group focusing on construction projects,
8 contractor activity and Energy Services has also been
9 established. This group is led by a manager and
10 staffed by four auditors. This organization will
11 audit large-scale construction projects, contractor
12 service agreements and Energy Services projects. To
13 date we have hired one manager and two auditors.
14 Offers will go out shortly for a Director position and
15 two additional auditors with the remaining to be
16 completed by year end 2009.

17 Q. What benefits are expected from the proposed new
18 organization structure?

19 A. The organization changes and integration of technology
20 will allow Auditing to:

21 1) Address core audit functions and expand its charter
22 to include new audits focused on Contractor,
23 Construction and Energy Services - this change will

1 help Auditing expand its focus to identify potential
2 misconduct in these areas and protect ratepayers.

3 The additional staffing will allow Auditing to
4 address these areas while maintaining a focus on
5 core audit functions in Finance, Operations and
6 Environmental Health and Safety;

7 2) Align Audit Plan with enterprise risk management
8 issues;

9 3) Address and manage investigations;

10 4) Audit Corporate Safety Programs as they develop and
11 mature; and

12 5) Manage and address NERC / FERC and Ethics Compliance
13 Programs.

14 Q. The Law Department has a request for new positions.
15 Please explain this item.

16 A. The Law Department requests funding for twelve new
17 positions. The allocation to steam operations is
18 \$57,000. We will discuss the needs of the Law
19 Department in terms of:

- 20 • Record Retention (2);
- 21 • Office of the Secretary (1);
- 22 • General Litigation (1);

- 1 • Commercial Transactions, Corporate and Finance
- 2 (2);
- 3 • Commercial Litigation (1);
- 4 • Regulatory Services (3);
- 5 • Operations (1); and
- 6 • Legal Secretary (1).

7 These positions are all described and discussed in our
8 Exhibit ____ (AP-13), entitled, "Personnel Requested
9 for the Law Department."

10 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-13)

11 Q. Has the Law Department hired any of these twelve
12 requested personnel?

13 A. The Law Department has recently filled the Commercial
14 Litigation attorney position. We are currently
15 reviewing resume for the two Regulatory attorney
16 positions and the Labor & Employment Sr. Specialist
17 position and expect to fill all three positions before
18 the end of the year.

19 Q. What is the increase of \$264,000 on line 32, Financial
20 Services?

21 A. The increase of \$264,000 represents the steam portion
22 of an increase in miscellaneous financing costs, fees

1 and services for the Company's expected increase in
2 financing needs to support its increased capital and
3 operating costs as testified to by various witnesses
4 in this proceeding, as well as various fees paid to
5 the rating agencies.

6 Q. Please continue with line 35, Injuries and Damages.

7 A In accordance with prior Commission practice, the rate
8 year level of injuries and damages is equivalent to
9 the annual average of all claim disbursements for a
10 recent three-year period. For this filing, we used
11 July 2006 to June 2009, the three-year period ending
12 with the historic year. The allocation to steam is a
13 decrease of \$1,171,000. This three-year average will
14 be updated during the course of the proceeding to
15 reflect more recent actual experience.

16 The increase of \$479,000 on line 36, Insurance,
17 represents primarily increases in premiums for
18 property and a Workers Compensation Board assessment
19 charge. The information regarding actual premiums was
20 provided to us by the Company's insurance department.
21 Where the premium expires, we used general escalation
22 factors of 1.4 percent for 2010 and 1.7 percent for

1 2011 to project insurance costs for the rate year.
2 When we developed the forecasted amount, we also took
3 into consideration the allowed amounts that the
4 Company can recover from ratepayers for excess
5 liability insurance premiums resulting from a
6 provision in the Joint Proposal relating to the steam
7 incident adopted by the Commission in Case 08-S-0153
8 regarding excess liability insurance. Under that
9 provision, the Company can not seek recovery from
10 ratepayers for insurance premiums for excess liability
11 insurance premiums in excess of \$11,259,798 annually
12 (the premium in effect prior to the steam incident)
13 for policies covering the period beginning April 28,
14 2008 and ending April 27, 2010. In addition, the
15 Company can not seek recovery from ratepayers \$2
16 million of excess liability insurance premiums for
17 policies covering the period beginning April 28, 2010
18 and ending April 27, 2012.
19 To the extent necessary and appropriate, the Company
20 will update for the latest insurance premiums at the
21 appropriate point in this proceeding.
22 Q. Please discuss Pensions & OPEBs on line 37.

- 1 A. The estimated increase of \$12.333 million reflects the
 2 actuarially determined level of expenses for employee
 3 pensions and other post employment benefits ("OPEBs"),
 4 which was based on a study performed by the Company's
 5 actuary, buckconsultants during the second quarter of
 6 2009. The study was based on the Company's actual
 7 2008 experience and included 10-year projections.
 8 Assumptions used in the forecast of pensions and OPEBs
 9 were a discount rate of 5.75 percent and an expected
 10 return on plan assets of 8.50 percent, and a health
 11 care cost trend rate of 7.0 percent for 2009 with the
 12 rate decreasing gradually to 4.5 percent for 2012.
- 13 Q. Please sum up the estimate of employee pension/OPEBs
 14 expense allocable to steam.
- 15 A. The net amount of the actuarially determined level of
 16 expenses for employee pension/OPEBs and other payments
 17 net of capitalization allocable to steam for the
 18 historic year is \$10.189 million. The rate year
 19 allocation is \$22.522 million, reflecting an increase
 20 of \$12.333 million.
- 21 Q. Please continue with your next adjustment on line 38.
- 22 A. A&S Transfer Credit relates to capitalization of the
 23 administrative function in the Company as it relates

1 to capital spending described throughout this filing.

2 This filing reflects the Company's plans to spend some
3 \$85.8 million more in the rate year than is reflected
4 in the historic year and, as a result, more of the
5 administrative function, primarily salary related,
6 will be capitalized. This is estimated as a credit of
7 \$1.513 million.

8 Q. Please describe your change to Regulatory Commission
9 Expense, line 39.

10 A. The program change to Regulatory Commission Expense
11 consists of two parts. The first adjustment was to
12 reflect the annual PSC assessment. The rate year was
13 forecasted based on the latest PSC Assessment letter,
14 dated August 10, 2009, for the 2009-10 state fiscal
15 year ending March 31, 2010. The PSC's calculation of
16 the assessment is based on intrastate revenue from the
17 calendar year 2008 and the 2009-10 Enacted State
18 Budget for the Public Service Department. This
19 portion of the forecast for the rate year is a
20 decrease of \$662,000 from the historic year.

21 The second part of our program change for regulatory
22 commission expense is the use of a three-year average
23 of historic costs for all other costs. This portion

1 of the forecast for the rate year is an additional
2 decrease of \$24,000 from the historic year. The total
3 program change for Regulatory Commission Expense is
4 thus (\$686,000). The forecast does not include an
5 amount for the temporary PSL 18a Assessment effective
6 April 1, 2009 to March 31, 2014 in Regulatory
7 Commission Expense. Sales revenues and revenue taxes
8 also do not include the collection of this expense.
9 The Company did not reflect the large assessment in
10 the filing as it does not impact the revenue
11 requirement. The PSL 18a Assessment, excluding GRT,
12 can be found in the Forecasting Panel's sales revenues
13 in their Exhibit ____ (FP-2).

14 **GENERAL ESCALATION**

15 Q. Please describe the general escalation rate used.

16 A. The general escalation rate reflects cost increases
17 anticipated to occur as the result of inflation. The
18 general escalation factor is based on the projected
19 increase in the Gross Domestic Product ("GDP") price
20 deflator as forecast by Blue Chip.

21 Q. What are the forecasted rates of increase in the GDP
22 price deflator that were used to develop the general

1 escalation factor, what are their sources, and when
2 were they published?

3 A. The actual GDP deflator used was published as of
4 August 27, 2009 by the U.S. Department of Commerce and
5 the forecasts were from the Blue Chip Economic
6 Indicators, dated August 10, 2009. The quarter ending
7 September 30, 2011 was derived from the Blue Chip
8 quarterly rate forecast which was projected at 1.43
9 percent annually from the second quarter of 2009 to
10 the third quarter of 2011. Utilizing these forecasts,
11 we calculated the increase from the average of the
12 historic year through the average of the rate year to
13 be 3.21 percent. As with past practice in the
14 Company's rate cases, we will update the inflation
15 factors to reflect the latest available inflation
16 forecasts later in this proceeding.

17 LABOR ESCALATION

18 Q. Please explain the derivation of the 5.78 percent
19 labor factor used to escalate the historic year labor
20 expense level to the rate year.

21 A. As shown on Exhibit __ (AP-6), Schedule 2, page 1,
22 column 1, total Company salaries and wages for the

1 twelve months ended June 30, 2009 amounted to
2 \$1,302,612,000. Straight-time union labor includes
3 temporary summer employees. For the rate year, total
4 Company salaries and wages, as shown in column 3,
5 amount to \$1,377,849,000. The increase of \$75,237,000
6 in total Company labor dollars from the historic year
7 level to the rate year level represents a 5.78 percent
8 increase. Thus, we assumed the same factor to
9 escalate the historic Company labor amount for steam
10 operations to arrive at the rate year amount.

11 Q. Please describe the development of the total Company
12 rate year labor forecast.

13 A. As shown on Exhibit __ (AP-6), Schedule 3, starting
14 with the total number of employees on roll with pay
15 for the week ending June 30, 2009 of 14,453, we
16 assumed a 1 percent annual productivity reduction from
17 July 2009 to September 2011 to arrive at the average
18 number of employees during the rate year of 14,202.

19 Q. Please continue.

20 A. Schedule 2, page 4, shows the computation of the
21 average wages and salaries in the rate year for Weekly
22 and Management employees. For Weekly employees, we
23 assumed a general wage increase of 3.5 percent in June

1 2010 and June 2011 and the effect of the semi-annual
2 progression increases of 0.7 percent in October 2010
3 and 0.6 percent in February 2011 were also applied to
4 50 percent of total weekly employees. These rates are
5 all pursuant to the labor agreements with the unions
6 representing the weekly employees. For Management
7 employees, we assumed a 3.5 percent merit increase in
8 April 2010 and April 2011.

9 Q. Please continue.

10 A. Having developed the rate year average staffing levels
11 and average rates of pay, we then used these amounts
12 to develop the total Company rate year straight-time
13 wages and salaries as shown on Schedule 2, page 2.

14 Q. Please explain Schedule 2, page 3.

15 A. Page 3 shows the calculation of salaries and wages
16 other than straight-time payrolls. In the historic
17 year, actual weekly premium time and overtime payrolls
18 were \$30,206,000 and \$133,231,000, respectively. We
19 then increased these historical year payrolls by the
20 estimated contractual wage awards. Management
21 compensatory time is determined by starting with the
22 historic year level of \$37,331,000 and then applying

1 the average rate of increase, as previously
2 determined, to arrive at the rate year amount.

3 AVERAGE RATE BASE - PLANT

4 Q. Has the Accounting Panel prepared projections of plant
5 balances for the twelve months ending September 30,
6 2010 and September 30, 2011 appraising the impact of
7 the current construction and retirement programs on
8 the steam department's average rate base?

9 A. Yes, we have two schedules relating to plant that
10 affects average rate base.

11 Q. Was the four page tabulation, the first schedule
12 entitled "ESTIMATED NET PLANT - STEAM - TWELVE MONTH
13 AVERAGE ENDING SEPTEMBER 30, 2011," with a second page
14 entitled "ESTIMATED NET PLANT - STEAM - JUNE 30, 2009
15 - SEPTEMBER 30, 2010," prepared under your supervision
16 and direction?

17 A. Yes, it was.

18 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-7)

19 Q. What does this exhibit show?

20 A. The first two pages relate to the average net plant in
21 rate base. The next two pages relate to the average
22 construction work in progress balance in rate base.

23 Q. Please continue and describe the exhibit.

1 A. Page 1 of Schedule 1 shows the projected average net
2 plant for the twelve months ending September 30, 2011.
3 Page 2 of the exhibit shows the estimated monthly
4 balances from June 30, 2009 through September 30, 2010
5 that served as a basis for our rate year projections.
6 The first column shows the book cost of plant; the
7 second column shows the accumulated provision for
8 depreciation; and the third column shows the resulting
9 net plant. Schedule 2 shows the average estimated
10 balance for construction work in progress both
11 interest bearing and non-interest bearing. The
12 schedule shows the data for the same time periods as
13 Schedule 1.

14 Q. Please describe the development of the projections
15 contained in the exhibit.

16 A. Using estimated capital expenditures provided to us by
17 the various witnesses in this proceeding and the
18 Company's books and records for construction work in
19 progress balances through June 30, 2009, we developed
20 estimated transfers to plant in service, and
21 construction work in progress balances. We then added
22 the estimated transfer to plant in service to the
23 actual plant in service account balances at June 30,

1 2009 and deducted the book cost of plant for
2 retirement. In addition, we calculated the
3 accumulated provision for depreciation in order to
4 develop net plant balances. Included in this
5 calculation is the forecasted depreciation accruals
6 based on the depreciation rates using current rates,
7 and net removal costs provided by Company witness
8 Hutcheson. The details of the average net plant
9 balances are included in the first four lines of the
10 average rate base, Exhibit __ (AP-8), page 1, columns
11 1 through 3, for the rate year. The forecast used for
12 the projections were based on the Company's
13 preliminary Five Year Capital Budget. We will update
14 for the final Board-approved budget later in this
15 proceeding.

16 AVERAGE RATE BASE

17 Q. Turning to the average rate base, was the document
18 entitled, "CONSOLIDATED EDISON COMPANY OF NEW YORK,
19 INC. - RATE BASE - STEAM - AVERAGE TWELVE MONTHS ENDED
20 JUNE 30, 2009 AND AVERAGE TWELVE MONTHS ENDING
21 SEPTEMBER 30, 2011," consisting of two pages prepared
22 under your direction and supervision?

23 A. Yes, it was.

1 MARK YOUR IDENTIFICATION AS EXHIBIT __ (AP-8)

2 Q. Please describe this exhibit.

3 A. Page 1 shows the average rate base for the actual
4 twelve months ended June 30, 2009 in column 1; the
5 adjustment to the historic year to reflect conditions
6 in the rate year absent a rate filing in column 2; the
7 average rate base for the rate year absent a rate
8 filing in column 3; the adjustments to the average
9 rate base in rate year as a result of this filing in
10 column 4; and the fully adjusted average rate base for
11 the rate year upon which the proposed rate increase is
12 based in column 5. Page 2 details the items in
13 working capital as shown on page 1, line 10.

14 Q. Turning to page 1 of Exhibit __ (AP-8), please
15 describe the various items that are listed in the
16 first three columns.

17 A. Lines 1 through 3 show the average book cost at \$2.062
18 billion, accumulated provision for depreciation at
19 \$440 million and net plant balance at \$1.622 billion.
20 Line 4 shows the average balance for NIB-CWIP,
21 forecasted at \$48.1 million. Historic year levels on
22 lines 1 through 4 were developed from the books and
23 records of the Company. The rate year levels were

1 previously discussed. Lines 5 and 6 reflect the steam
2 portion of preferred stock expense and the unamortized
3 balance of debt discount, premium and expense as
4 additions to rate base with the rate year levels
5 forecasted at \$485,000 and \$14.3 million,
6 respectively. This rate base treatment was directed
7 by the Commission's Order on Rehearing in Electric
8 Case 27353. Line 7, Deferred Fuel, forecasted at \$5
9 million, represents the average balance of deferred
10 fuel, net of federal income tax. This amount
11 represents 30 days of recoverable fuel costs.

12 Deferred fuel is the amount of fuel, above the base
13 cost of fuel that will be recovered in the following
14 month.

15 Q. Please continue with your explanation of lines 8 and
16 9.

17 A. Line 8 shows the balance of customer advances for
18 construction in the negative amount of \$1.95 million.
19 These are funds provided by customers for the
20 construction of utility services on their premises.
21 Line 9, of (\$332,000), represents the average balance
22 of the Metropolitan Transportation Authority ("MTA")

1 surcharge paid but not yet collected from customers,
2 net of income taxes.

3 Q. Please continue with line 10.

4 A. Line 10 shows the level of working capital included in
5 rate base. We will explain the details of working
6 capital later in our testimony. Line 11, of \$69
7 million, reflects the required adjustment to bring
8 rate base equal to capitalization. The Company's
9 adjustment is currently a positive adjustment. This
10 is potentially due to several factors, such as the
11 Company's high accounts receivables due to the current
12 economic conditions, including fluctuating energy
13 costs, and the use of the FERC one-eighth formula as a
14 proxy for working capital in lieu of performing a
15 "lead lag study." The Commission in its 2009 Order in
16 Case 08-E-0539 upheld the Company's use of the FERC
17 formula.

18 Q. You previously indicated that line 11 of the Rate Base
19 Exhibit reflects a requirement to make rate base equal
20 to capitalization. Would this represent the Earnings
21 Base Capitalization or "EB/Cap" Adjustment the
22 Commission has adopted in numerous prior rate
23 proceedings?

1 A. Yes. This adjustment has been required by the
2 Commission to synchronize the total capitalization of
3 a utility with rate base and produce what is often
4 referred to as the "Earnings Base."

5 Q. Please continue with your explanation of rate base.

6 A. Lines 12 through 20 represent various steam deferrals
7 from prior rate cases: Deferred Storage and Handling,
8 Amortizations Prior to the 2000 Rate Settlement, Steam
9 Business Development, Steam Production Study, and ERRP
10 Esplanade, Steam Conversion and Fuel Switching, SO2
11 Credits, NYC Property Tax Discount, and NYC Gas
12 Utility Excise Tax. In general, these balances are
13 assumed to be zero in the rate year. Regarding
14 Amortizations made Prior to 2000 Rate Settlement the
15 balance represents the remaining balance of various
16 items previously deferred that have not been disposed
17 of in prior rate proceedings. We will discuss the
18 disposition of the balance later in our testimony on
19 revenue requirement. Line 13 reflects various items,
20 such as deferred NYC property taxes, SO2 allowances,
21 gain on sale of First Avenue Properties and WTC
22 expense that are being amortized pursuant to the 2006
23 and 2008 rate plans. These items are currently being

1 amortized or will be amortized before the rate year in
2 this proceeding and as a result, there will be no
3 balance remaining for these items in the rate year.

4 Q. Please explain the next grouping on lines 21 through
5 44, Rate Case Reconciliations - Net of Income Taxes.

6 A. In general, these items represent the estimated
7 average rate base impacts of the various
8 reconciliation provisions of the 2006 and 2008 Rate
9 Plans and any remaining balances from prior rate plans
10 that were not reflected in the 2006 Rate Plan. The
11 derivation and disposition of these items, as well as
12 the rate treatment for these items, are discussed
13 later in of our testimony.

14 Q. Please continue.

15 A. Lines 45 to 59 reflect the accumulated deferred
16 Federal and State income taxes for various items.
17 Line 45, of a negative \$191 million, represents the
18 taxes resulting from the normalization of Federal tax
19 depreciation. The average balance of accumulated
20 deferred taxes for the rate year was developed by
21 starting with the August 31, 2009 actual balance and
22 was increased each month, through the rate year, to
23 the extent of tax depreciation normalized for book

1 purposes offset in part by the flow-back of tax

2 depreciation previously deferred.

3 Q. Please continue with line 46.

4 A. Lines 46 and 47 reflect the amount of accumulated

5 deferred Federal income taxes on Prepaid Insurance

6 Expenses, with a forecasted amount of (\$263,000), and

7 Vested Vacation, of \$677,000. Line 48 represents

8 amortization of computer software with the rate year

9 forecast of (\$2.886) million; line 49 is the deferred

10 MTA taxes with a forecast of (\$1.966) million; line 50

11 represents customer deposits that will remain and is

12 forecasted at the historical level of \$763,000.

13 Q. Regarding line 51, Unbilled Revenues, in the amount of

14 \$5.329 million, please explain why taxes paid on

15 unbilled revenues are included in rate base.

16 A. The Commission, in its Statement of Policy on

17 Accounting and Ratemaking Procedures to Implement

18 Requirements of the Tax Reform Act of 1986 ("TRA-86"),

19 issued July 8, 1989 in Case 29465, directed utilities

20 to normalize the effect of unbilled revenues in

21 taxable income. In addition, per the Commission's

22 approval in Case 08-M-1150, the Company was authorized

23 to adopt the accrual method of revenue recognition for

1 accounting and regulatory purposes. The Order was
2 effective March 17, 2009. This enhancement to
3 earnings was deferred and we discuss the benefit to
4 customers later in our testimony on revenue
5 requirement.

6 Q. Please continue.

7 A. Line 52 reflects the accumulated deferred Federal
8 income taxes associated with Contribution in Aid of
9 Construction, of \$2 million, which are reflected in
10 taxable income and for which the Commission also
11 mandated tax normalization since TRA-86. Line 53
12 reports the deferred Federal income taxes of
13 Capitalized Interest in the amount of \$4.5 million.
14 The Commission, also in Case 29456, concluded that
15 utilities should normalize the income tax expense for
16 additional interest required to be capitalized for tax
17 purposes under TRA-86. Line 54, in the amount of
18 \$2.044 million, is the accumulated deferred Federal
19 tax related to the reclassification of capitalized
20 major maintenance projects during the years 1998
21 through 2002 as a result of an IRS audit.

22 Q. Please continue with your explanation of line 55.

1 A. Line 55, of a negative \$37.781 million, relates to
2 capitalized overheads (Section 263A of the IRS Code).
3 Line 56, of \$285,000, is the deferred Federal income
4 tax effect resulting from the payment of Call Premiums
5 when redeeming long-term debt issues prior to their
6 maturity dates. Call Premiums paid are a current
7 deduction for Federal income tax purposes, but
8 amortized over the remaining lives of the redeemed
9 issues, in accordance with prior Commission policy.
10 Line 59 is the accumulated deferred Federal income tax
11 related to the accelerated deduction of plant in
12 service costs computed under the Simplified Service
13 Cost Method for the years 2002 through 2005. It is
14 expected that there will not be any remaining balance
15 for the rate year.

16 Q. Please explain the last three items of the rate base.

17 A. Line 57, is the accumulated deferred Federal income
18 tax relating to the accelerated deduction of plant
19 service costs computed under the Simplified Service
20 Cost Method for the years 2002 through 2005. It is
21 expected that the balance will be zero for the rate
22 year. Line 58, Excess Deferred SIT, represents the
23 excess accumulated deferred State income tax balance

1 that was established at the statutory rate of 9.03
 2 percent as compared to the current rate of 8.63
 3 percent. It also includes a balance of the previously
 4 accrued excess deferred SIT taxes from years 2000 and
 5 2001, which were established under the statutory rate
 6 of 10.3 percent vs. 9.53 percent. It is projected
 7 that there will be a zero balance for this item in the
 8 rate year.

9 Line 59 reflects the deferred balance of New York
 10 State income taxes on various items, the forecast for
 11 the rate year is (\$29.657) million.

12 Q. Please turn to page 2 of Exhibit __ (AP-9) and explain
 13 the items of Working Capital.

14 A. Working capital is comprised of materials and
 15 supplies, including liquid fuel inventory, prepayments
 16 and cash working capital.

17 Q. How did you determine the average balance of liquid
 18 fuel inventory and other materials and supplies for
 19 the rate year as reflected in column 5 of page 2?

20 A. The information to calculate the rate year forecast of
 21 the average balance of liquid fuel inventory was
 22 provided to us by Company witness Catuogno. The
 23 forecasted cost of residual fuel oil was allocated to

1 Electric and Steam based upon the oil burn budget.

2 The average balance of liquid fuel allocated to steam
3 is then reduced to the extent that the balance is
4 financed by amounts owed by the Company to fuel
5 vendors. Based on the historic year, we determined
6 that 29.16 percent or (\$6,764,000) is financed by
7 accounts payable, leaving \$16,432,000 to be included
8 in rate base.

9 Q. Please continue with the materials and supplies
10 inventory.

11 A. To develop the rate year level for materials and
12 supplies, excluding fuel, we took the average balance
13 at June 30, 2009 and escalated it by the general
14 escalation rate of 3.21 percent, which we discussed
15 previously, to arrive at the total increase of
16 \$1,109,000 as shown in column 2.

17 Q. Please continue with an explanation and description of
18 the components in Prepayments.

19 A. Steam prepayments, lines 4 to 7, consists of the steam
20 department's allocation of insurance premiums,
21 property taxes, the PSC assessment, and other
22 miscellaneous items.

1 Q. How did you develop the level of prepaid insurance and
2 property taxes?

3 A. Prepaid insurance for the rate year was forecasted by
4 assuming that 23 percent of the insurance premiums are
5 prepaid based on historic year data. We then applied
6 this factor to our estimate for steam insurance
7 premiums in the rate year of \$3.3 million to arrive at
8 the rate year level for insurance prepayments of
9 \$759,000. This treatment is consistent with the
10 Commission's determination in the Company's prior rate
11 cases. Prepayment for New York City taxes was based
12 on the Company's actual level of steam property taxes
13 for fiscal year 2009/2010 and the estimated level for
14 fiscal year 2010/2011. Based on the forecast level of
15 expense and semi-annual payment in January and July,
16 prepayment for New York City taxes in the rate year is
17 estimated to be \$18,829,000.

18 Q. Please continue with the prepayment for the PSC
19 Assessment.

20 A. We developed the amount for the PSC assessment, line
21 6, by taking the latest known PSC assessment of
22 \$1,620,000 for the fiscal year ending September 2009
23 with escalation to the rate year and reflected

1 payments on a semi-annual basis in March and
2 September. As indicated above, if a revised
3 assessment is received during the course of this
4 proceeding, we will update the prepayment balance, as
5 appropriate.

6 Q. Please explain the last item of prepayment.

7 A. To develop prepayment applicable to "other"
8 miscellaneous items on line 7, we took the average
9 balance for the historic year of \$1,049,000 and
10 escalated this amount by the general escalation of
11 3.21 percent to arrive at the rate year level of
12 \$1,083,000.

13 Q. Please explain the next item of cash working capital.

14 A. The next item of working capital, line 18, is the
15 allowance for cash working capital. The historic year
16 calculation was described earlier in our testimony.
17 For the rate year, we started with operation and
18 maintenance expense of \$537,837,000. Based on the
19 methodology we previously described, the total cash
20 working capital allowance is \$51,904,000 as shown in
21 column 3, line 18.

1 Q. Please describe the adjustments to the average rate
2 base for the rate year as reflected on Exhibit __ (AP-
3 9), page 1, column 4.

4 A. The first adjustment of (\$20.107) million on line 11
5 for Excess Rate Base Over Capitalization reflects the
6 removal of non-cash prepaid pension expense. Lines 21
7 to 44 reflect the effect on average rate base of
8 amortizing over a three-year period the balances of
9 previously deferred items and reconciliations. Again,
10 these items and reconciliations will be discussed in
11 greater detail in the following section of our
12 testimony, wherein we discuss the basis for the
13 revenue requirement.

14 REVENUE REQUIREMENT AND ACCOUNTING ADJUSTMENTS

15 Q. Please describe the basis for the revenue requirement
16 in this case.

17 A. The rate year is the twelve months ending September
18 30, 2011, which is the first twelve months that rates
19 set in this proceeding will be in effect. The revenue
20 requirement is based upon our forecast of steam
21 operations for the twelve months ending September 30,
22 2011, and an overall rate of return requirement of
23 8.13 percent. The increase in the Company's revenue

1 requirement is \$128,768,000, inclusive of gross
2 receipts taxes.

3 Q. Have you prepared a rate of return exhibit?

4 A. Yes, we have.

5 Q. I show you a document, the first page of which is
6 entitled "OPERATING INCOME, RATE BASE AND RATE OF
7 RETURN FOR STEAM OPERATIONS SHOWING THE EFFECT OF THE
8 PROPOSED INCREASE IN RATES - TWELVE MONTHS ENDING
9 SEPTEMBER 30, 2011" and ask if it was prepared under
10 your direction and supervision?

11 A. Yes, it was.

12 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-9)

13 Q. Will you please describe Exhibit ____ (AP-9)?

14 A. Yes. Exhibit ____ (AP-9) consists of four schedules.
15 Schedule 1 summarizes the development of operating
16 income, average rate base and rate of return for the
17 rate year as adjusted for the rate increase. Column 1
18 shows operating income and rate of return unadjusted,
19 or as it would be reflected in the books of account,
20 for the rate year. The operating income before income
21 taxes is as shown on Exhibit (AP-6), Schedule 1, page
22 1, column 3. The New York State and Federal income
23 tax computations in this column are detailed on

1 Schedule 2, pages 1 and 2, respectively, and the
2 average rate base in this column is as reflected on
3 Exhibit (AP-8). Column 2 summarizes certain
4 adjustments to operating income that are detailed on
5 Schedule 3. The adjustments to average rate base in
6 this column are as reflected on Exhibit (AP-8), pages
7 1 and 2. Column 3 is the summation of columns 1 and
8 2. Column 4 shows the effect of the \$128,768,000 rate
9 increase. Column 5, which is a summation of columns 3
10 and 4, shows operating income, average rate base and
11 rate of return for the rate year after factoring in
12 the rate increase.

13 Q. What rate of return does Schedule 1 show?

14 A. The unadjusted rate of return in column 1 is 3.74
15 percent. After factoring in the adjustments to
16 operating income, rate base and the proposed rate
17 increase, the rate of return on average rate base is
18 8.13 percent.

19 Q. What was the Steam department's rate of return for the
20 actual twelve-month period ended June 30, 2009?

21 A. As shown on Exhibit (AP-1), Schedule 2, page 4, steam
22 operating income for the twelve-month period ended
23 June 30, 2009 was \$94,414,000. The steam department's

1 average rate base for the actual twelve-month period
2 ended June 30, 2009, as shown on Exhibit ____ (AP-8)
3 page 1, was \$1,528,600,000. Accordingly, the actual
4 rate of return for the historic year for steam was
5 6.18 percent, well under the allowed rate of return of
6 7.5 percent. As explained throughout this filing,
7 absent rate relief, the Company is projecting a much
8 lower return for the rate year.

9 Q. Will you please explain Schedule 2, page 1?

10 A. Schedule 2, page 1 details the New York State income
11 tax computation for each of the 5 columns shown on
12 Schedule 1. Column 1 of Schedule 2, page 1 is the
13 calculation of New York State income tax expense for
14 steam operations. Starting with book operating income
15 before income taxes as shown on line 1, we then set
16 forth on lines 2-43 the various required tax
17 adjustments to book operating income to determine
18 taxable income as shown on line 44. We then compute
19 the amount of New York State income tax payable on
20 line 45 using the statutory rate applicable to such
21 taxable income. From the New York State income tax
22 payable so calculated, we reflect on lines 46-47
23 normalizations for certain items reflected as

1 adjustments to taxable income and the amortization of
2 previously deferred excess SIT to arrive at New York
3 State income tax expense as shown on line 48. The
4 items detailed on column 2 of this schedule, which
5 reflect rate case adjustments, are more fully detailed
6 on Schedule 3, pages 1 and 2 of our exhibit and are
7 discussed later. Column 3 is the sum of columns 1 and
8 2. Column 4 is the additional New York State income
9 tax to be paid as a result of the additional revenue
10 requirement and column 5 is the sum of columns 3 and
11 4.

12 Q. Will you explain Schedule 2, page 2?

13 A. Schedule 2, page 2 details the Federal income tax
14 computation for each of the 5 columns shown on
15 Schedule 1. Column 1 of Schedule 2, page 2 is the
16 calculation of Federal income tax expense for steam
17 operations. Starting with book operating income
18 before income taxes as shown on line 1, we deducted on
19 line 2 the amount of New York State income tax
20 previously determined on Schedule 2, page 1, exclusive
21 of the amortization of previously deferred excess
22 State income tax, to arrive at book operating income
23 before Federal income tax on line 3. We then set

1 forth on lines 4-51 the various required tax
2 adjustments to book operating income to determine
3 taxable income as shown on line 52. We then compute
4 the amount of Federal income tax payable on line 53
5 using the statutory rate applicable to such taxable
6 income. From the Federal income tax payable so
7 calculated, we reflect on lines 54-56 normalizations
8 for certain items reflected as adjustments to taxable
9 income as well as amortizations for items normalized
10 in the rate year or in prior periods to arrive at
11 Federal income tax expense as shown on line 57. The
12 items detailed on column 2 of this schedule, which
13 reflect rate case adjustments, are more fully detailed
14 on Schedule 3, pages 1 and 2 of our exhibit and will
15 be discussed later. Column 3 is the sum of columns 1
16 and 2. Column 4 is the additional Federal income tax
17 to be paid as a result of the additional revenue
18 requirement and column 5 is the sum of columns 3 and
19 4.

20 Q. Please explain the adjustments to operating income as
21 shown on Schedule 3.

22 A. Schedule 3 details the adjustments to operating income
23 as shown on Schedule 1, column 2. In this section, we

1 are listing all of our proposals for recovery from or
2 refund to customers of regulatory assets and
3 liabilities. For adjustments 1 through 14, we are
4 requesting recovery of deferred assets. For
5 adjustments 15 through 27 we are refunding items to
6 customers. For convenience all of our proposals are
7 contained in the section Other Operating Revenues
8 rather than listing them under O&M. As such, these
9 adjustments (lines 1 - 14) show up as negative
10 amounts.

11 Q. Please describe the adjustments that you made to Other
12 Operating Revenues as shown on Schedule 3.

13 A. Our adjustments 3 through 14, inclusive, reflect items
14 for which there are deferred Regulatory Assets
15 pursuant to various rate plans on the books of account
16 that the Company is proposing to collect from
17 customers over a three-year period in the instant
18 proceeding. The first two items related to the World
19 Trade Center, where the Company is proposing longer
20 periods of collection are discussed below. Our
21 adjustments 15 through 27, inclusive, reflect items
22 for which there are deferred Regulatory Liabilities on
23 the books of account that the Company is proposing to

1 refund to customers over a three-year period in the
2 instant proceeding.

3 Q. Please discuss the items included in other operating
4 revenues that the Company is now proposing to collect
5 from customers.

6 A. Adjustment 1 of (\$3,459,000) relates to the collection
7 of \$20,032,000 of World Trade Center Incident
8 operation and maintenance expenditures deferred as of
9 August 31, 2009, (including interest through the
10 beginning of the new rate year in this proceeding less
11 recoveries authorized under the terms of the current
12 rate plan) netted against unbilled revenues of
13 \$2,736,000 and amortized over a five-year period. We
14 are proposing to net the request for these
15 expenditures with unbilled revenues and to extend the
16 current three-year amortization period to five years
17 in order to mitigate the rate increase.

18 Adjustment 2 of (\$433,000) relates to the collection
19 of \$12,112,000 of World Trade Center Incident capital
20 expenditures deferred as of August 31, 2009, over an
21 assumed 28-year recovery. Under the 2008 Rate Plan,
22 we are amortizing \$4,029,000 of World Trade Center
23 costs. So our proposal reflected in Adjustments 1 and

1 2 represent a decrease in the revenue requirement.
 2 Regarding Adjustments 3-6, in the Company's last steam
 3 Case 07-S-1315, the Company proposed the recovery of
 4 various items over a three-year period. While these
 5 items were approved for recovery in the 2008 Rate
 6 Plan, the Plan only covered a two-year period. One-
 7 third of these balances will remain to be recovered at
 8 the end of the plan. Adjustments 3 through 6 relate
 9 to these remaining balances and the Company proposes
 10 to recover them over a three-year period in this
 11 proceeding.

12 Q. Please continue.

13 A. Adjustment 7 relates to the recovery over a three-year
 14 period of \$1,581,000 of previously deferred
 15 Interference expenses. This amount consists of
 16 \$277,000 representing the remaining one-third balance
 17 due from customers from the 2008 Rate Plan, \$138,000
 18 of deferred expense from RY1 of the 2006 Rate Plan,
 19 and \$1,166,000 relating to the deferred under-
 20 collection of expenses in RY2 of the 2006 Rate Plan.
 21 Adjustment 8 relates to the recovery over a three-year
 22 period of previously deferred New York City property
 23 taxes. The actual undercollection of such property

1 taxes was \$3,231,000 during the first rate year of the
2 2006 Rate Plan, \$2,670,000 during the second rate year
3 of the 2006 Rate Plan, and \$5,602,000 for RY1 under
4 the 2008 Rate Plan. These amounts reflect the 90
5 percent/10 percent sharing between customers and
6 shareholders. Offsetting these undercollections, the
7 Company recovered \$3,162,000 under the 2008 rate plan,
8 resulting in a balance to recover of \$8,341,000. One-
9 fifth of this amount is equal to our adjustment of
10 (\$1,668,000).

11 Adjustment 9 in the amount of (\$1,816,000) relates to
12 the recovery over a three-year period of the estimated
13 level of deferred Pension/OPEB expenditures at
14 September 30, 2010 that are subject to reconciliation
15 under the Commission's Policy Statement.

16 Adjustment 10 of (\$91,000) relates to the recovery
17 over a three-year period of accrued interest income on
18 the deferral of MGP/Superfund Sites expenditures.

19 Adjustment 11 of (\$511,000) relates to the recovery of
20 So2 Allowances over three rate years. It includes
21 \$2,075,000 for RY1 of the current rate plan and
22 \$478,000 from prior years for a total balance of
23 \$2.553 million.

Adjustment 12 of (\$2,000) relates to the recovery of the remaining interest on a New York State income tax audit adjustment. Per Case 07-S-1315, \$2,000 was to be amortized leaving a balance of \$6,361 for disposition in this filing and Adjustment 12 reflects that recovery.

Adjustment 13 reflects the recovery of the estimated level of deferred SIR costs at September 30, 2011. At June 30, 2009, the actual shortfall of such costs applicable to steam operations totaled \$6,535,000 and is expected to increase to a total of \$9,037,000 by September 30, 2011, net of recoveries in rates. We are assuming a five-year recovery of this amount, or \$1,807,000 per year, to help mitigate the rate increase.

In the 2006 rate plan, an investment grade analysis was ordered to be performed at Hudson Avenue. The allowed amount was \$500,000. As of September 30, 2009, invoices totaling \$364,327 have been paid to the independent engineering firm conducting the study.

Adjustment 14 of (\$121,000) represents the recovery of these study costs over a three-year period.

1 Q. Please discuss the items included in other operating
2 revenues that the Company is now proposing to refund
3 to customers.

4 A. Adjustment 15 of \$57,000 relates to the refund of SIT
5 that resulted from the reduction in the level of gross
6 receipts taxes and the implementation of a New York
7 State income tax in the year 2000. Based upon a
8 letter dated November 5, 2007 from the PSC's office of
9 Accounting, Finance, and Economics, for the taxable
10 year ending December 31, 2006, the Company owed
11 customers \$244,000. Under the 2008 rate plan, the
12 Company refunded \$72,000. Therefore, the Company
13 needs to refund the remaining \$172,000 or \$57,000 over
14 three rate years.

15 In the Company's last steam case, Case 07-S-1315, the
16 Company proposed the refund of various items over a
17 three-year period. These items were approved for
18 refund in the 2008 Rate Plan. However, as the Plan
19 only covered a two-year period, one-third of these
20 balances remain to be refunded at the end of the plan.
21 Adjustments 16, 17, and 19 through 23 relate to these
22 remaining balances and the Company proposes to refund
23 them over a three-year period. Regarding Adjustment

1 19, in addition to the \$211,000 of Medicare Rx
2 Legislation savings remaining from the 2008 rate plan,
3 the Company has realized an additional \$19,000, for a
4 total of \$230,000 of savings that we propose to refund
5 over a three-year period.

6 Adjustment 18 regarding SO2 allowances also includes
7 the one-third portion remaining from the 2008 rate
8 plan amounting to \$1,147,00 for the principal and
9 \$124,000 for the interest. Additionally, the Company
10 has realized additional SO2 allowance proceeds to
11 return to customers of \$759,000. The Company has also
12 accrued an additional \$48,000 of interest due to
13 customers and estimates another \$46,000 of interest by
14 the start of the new rate plan on October 1, 2010. The
15 Company proposes to refund the total amount of
16 \$2,124,000 over a three-year period, or \$708,000 per
17 year.

18 Q. Please continue.

19 A. As discussed previously in our testimony on Other
20 Operating Revenues, the 2008 Rate Plan established
21 capital targets of \$5.9 million in RY1, and \$10.7
22 million in RY2 for average net plant balances for
23 steam incident-related programs. As of September 2009,

1 the Company underspent the target level and carrying
2 charges due customers were \$101,000. Adjustment 24
3 reflects the refund of \$101,000 over a three-year
4 period, or \$34,000 per year.

5 Adjustment 25 amounting to \$112,000 reflects the
6 refund of \$336,000 of interference underspending
7 during RY1 of the current rate plan over a three-year
8 period.

9 As discussed previously in our testimony on Other
10 Operating Revenues, per the 2008 Rate Plan, the
11 Company is allowed to true-up its actual interest
12 costs related to the Auction Rate Debt to the amount
13 reflected in rates. Adjustment 26 reflects the refund
14 of \$1,066,000 over a three-year period.

15 In 2004, the Company received a refund of \$8,887,538
16 from the IRS. In Case 05-M-0407, the PSC allowed the
17 Company to reduce the refund by the consultant's fee
18 of \$2,666,261 and to allocate the balance: 90%
19 customers/10% Company. The Commission further ordered
20 that the customers' share be allocated 80% to
21 Electric, 15% to Gas, and 5% to Steam. The total
22 amount apportioned to steam customers was \$280,000.
23 Under the 2006 rate plan, the steam customer received

1 \$148,000, leaving a balance of \$132,000. Adjustment
2 27 reflects the refund of \$132,000 over a three-year
3 period, or \$44,000 per year.

4 Q. Do you plan to update your adjustments related to
5 items subject to reconciliation during the term of the
6 current rate plan, at the appropriate point in this
7 proceeding?

8 A. Yes.

9 Q. Please continue and describe Schedule 4.

10 A. Schedule 4 summarizes by rate year and in total, those
11 items reflected on Schedules 2 and Schedule 3, and in
12 the calculation of the revenue requirement, that are
13 reflective of customer credits and debits.

14 Q. Please discuss the item, Deferred Excess New York
15 State Income Taxes under the heading "Customer Credits
16 - Deferred Tax Liabilities".

17 A. Deferred Excess New York State Income Taxes, reflects
18 an adjustment to reclassify excess deferred SIT
19 related to the New York State tax accrual necessitated
20 by the change in the statutory rate from 7.5% to 7.1%.
21 The total credit to Steam customers is \$49,000. The
22 amount of \$16,000 reflected on Schedule 2, page 1,

1 column 2, line 48, represents the annual credit to
2 customers.

3 RATE OF RETURN

4 Q. Has the Accounting Panel prepared a rate of return
5 required exhibit?

6 A. Yes. We will present the rate of return required in
7 the rate year and, in addition, the Fund Requirements
8 and Sources and Interest Coverage in the rate year.

9 Q. Was the document entitled "CONSOLIDATED EDISON COMPANY
10 OF NEW YORK, INC. - RATE OF RETURN REQUIRED FOR THE
11 RATE YEAR - TWELVE MONTHS ENDING SEPTEMBER 30, 2011,"
12 set forth as Exhibit ____ (AP-10), prepared under your
13 direction and supervision?

14 A. Yes, it was.

15 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-10)

16 Q. Please describe Exhibit ____ (AP-10), Schedule 1.

17 A. This exhibit shows the projected average capital
18 structure for the rate year, the twelve months ending
19 September 30, 2011, the average cost rate for each
20 component of the capital structure, and the related
21 cost of capital. The Company's overall weighted cost
22 of capital for the rate year is projected to be 8.13
23 percent.

1 Q. How did you derive the amount of average long-term
2 debt for the rate year?

3 A. To derive the average long-term debt for the rate year
4 ending September 30, 2011, we determined the amount of
5 long-term debt outstanding at the end of each month
6 from September 2010 through September 2011. We then
7 utilized these amounts to calculate the average of
8 long-term debt outstanding.

9 Q. How was the amount of long-term debt outstanding each
10 month determined?

11 A. We estimated changes in the outstanding amount of debt
12 from month to month during the linkage period from
13 June 30, 2009 to the beginning of the rate year based
14 on the funding requirements forecasted. This resulted
15 in the Company's forecasted issuances and scheduled
16 maturities as follows:

- 17 • The forecasted issuance of \$310 million 5.84 percent
18 Series 2009C debentures on December 1, 2009;
- 19 ▪ The forecasted issuance of \$300 million 5.35 percent
20 Series 2010A debentures on May 1, 2010;
- 21 ▪ The forecasted issuance of \$300 million 6.14 percent
22 Series 2010B debentures on May 1, 2010;

- 1 ▪ The forecasted issuance of \$370 million 5.35 percent
- 2 Series 2010C debentures on September 1, 2010;
- 3 ▪ The forecasted issuance of \$250 million 6.14 percent
- 4 Series 2010D debentures on December 1, 2010;
- 5 ▪ The forecasted issuance of \$350 million 5.88 percent
- 6 Series 2011A debentures on July 1, 2011;
- 7 ▪ The forecasted issuance of \$300 million 6.34 percent
- 8 Series 2011B debentures on September 1, 2011;
- 9 ▪ The maturity of the \$200 million 7.15 percent Series
- 10 1999B debentures on December 1, 2009;
- 11 ▪ The maturity of the \$325 million 8.125 percent
- 12 Series 2000A debentures on May 1, 2010; and
- 13 ▪ The maturity of the \$300 million 4.70 percent Series
- 14 2000B debentures on September 1, 2010.

15 The amount of average long-term debt for the rate year
16 ending September 31, 2011, after the above adjustments
17 are made, is \$10,162 million, the details of which are
18 shown in Schedule 2 of Exhibit ____ (AP-10).

19 Q. Please explain the cost rate assumed with respect to
20 the additional debt.

21 A. The additional debt is issued based on a combination
22 of 10-year and 30-year debentures. The 10-year

1 debentures are assumed to be issued at 5.35 percent
2 for 2010 and 5.88 percent for 2011. The 30-year
3 debentures are assumed to be issued at 5.84 percent
4 for 2009, 6.14 percent for 2010 and 6.34 percent for
5 2011, which reflect the current forecasted market
6 conditions for taxable debt issued for A-rated
7 utilities. This information on the forecasted
8 interest rates was provided to us by Company witness
9 Perkins and will be updated, if necessary, later in
10 this proceeding.

11 Q. Please explain Exhibit ____ (AP-10), Schedule 3, the
12 average cost of preferred stock for the rate year.

13 A. To determine the average amount of preferred stock for
14 the rate year ending September 30, 2011, we first
15 determined the amount of preferred stock outstanding
16 at the end of each month from September 2010 through
17 September 2011. We then utilized this amount to
18 calculate an average amount outstanding of \$213
19 million.

20 Q. Please explain how you derive the average customer
21 deposits, set forth on Exhibit ____ (AP-10), Schedule
22 1, for the rate year ending September 30, 2011.

1 A. With respect to customer deposits, we started with the
2 projected balance outstanding at September 30, 2010 of
3 \$268 million. The balance is expected to grow by
4 approximately 0.2% a month bringing the September 2011
5 balance to \$266 million. After determining the
6 monthly customer deposit balances during the rate
7 year, an average of \$264 million was calculated.

8 Q. Please explain the change in Common Equity during the
9 linkage period from June 30, 2009 to the beginning of
10 the rate year.

11 A. During the linkage period from June 30, 2009 to the
12 beginning of the rate year, Common Equity increased
13 \$502 million due to a net equity infusion of \$194
14 million as an investment by parent, net income for
15 common equity of \$1,133 million less common dividends
16 to parents during the linkage period of \$825 million.
17 This is done to maintain a 48 percent Equity Ratio.

18 Q. What is the average cost rate of CECONY's long-term
19 debt?

20 A. CECONY's long-term debt is comprised of tax-exempt
21 debt issued through NYSEERDA and debenture bonds. The
22 average annual cost rate of this debt is calculated by
23 dividing the average annual interest requirements for

1 all long-term debt issues, including the average
2 annual amortization of the net amount of any premiums
3 or discounts realized when the securities were sold
4 and the cost and expense of issuance, by the amount of
5 long-term debt outstanding. As shown on Schedule 2 of
6 Exhibit ____ (AP-10), the average cost of long-term
7 debt for the rate year is 5.74 percent, which is
8 determined by dividing the sum of the average annual
9 interest requirements and the amortization of debt
10 discount and expense, of \$583.6 million by the average
11 aggregate amount of long-term debt outstanding of
12 \$10,162 million.

13 Q. How did you determine the average cost rate of
14 CECONY's preferred stock?

15 A. On average, CECONY will have an estimated total of
16 approximately \$213 million in preferred stock
17 outstanding during the rate year. The average annual
18 cost of the preferred stock is calculated by dividing
19 the average annual dividend requirement of \$11.3
20 million, including the expense associated with the
21 amortization of expenses associated with the refunded
22 series, by the average amount of preferred stock
23 outstanding of \$213 million. As set forth on Schedule

1 3 of Exhibit ____ (AP-10), the average cost of
2 preferred stock for the rate year ending September 30,
3 2011 thus computed is 5.34 percent.

4 Q. What cost rate was assigned to customer deposits?

5 A. We expect the Commission will mandate a 2.45 percent
6 cost rate to be in effect January 2010. The
7 Commission reviews this rate annually and if the
8 actual rate varies from what was included in this
9 filing, we will update this rate at the appropriate
10 time.

11 Q. What cost rate has the Company reflected as the rate
12 of return for common equity?

13 A. We have utilized a return on common equity of 10.8
14 percent to calculate an overall rate of return of 8.13
15 percent, which we used in determining the revenue
16 requirement for the rate year. Company witness
17 Muccilo proposes a three year rate plan and in his
18 testimony he discusses a "stay out premium" for a
19 three year rate plan. Is it your decision or do you
20 participate in any decision making as to what CECONY's
21 dividend funding requirements to CEI will be?

22 A. No. The Board of Directors makes the dividend
23 decision for CEI. We are not members of the Board of

1 Directors nor are we participants in its meetings or
2 meetings of the Finance Committee of the Board.

3 Q. Does that mean that your assumption of an estimated
4 per annum dividend increase is not based upon any
5 projections that the Board of Trustees may have made?

6 A. That is correct.

7 FUND REQUIREMENTS AND SOURCES

8 Q. Was the document entitled "CONSOLIDATED EDISON COMPANY
9 OF NEW YORK, INC. - FUND REQUIREMENTS AND SOURCES -
10 TWELVE MONTHS ENDING SEPTEMBER 30, 2011," set forth as
11 Exhibit ____ (AP-11), prepared under your direction and
12 supervision?

13 A. Yes, it was.

14 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-11)

15 Q. What does Exhibit ____ (AP-11) reflect?

16 A. This exhibit reflects the Company's forecast of
17 capital fund requirements and sources of capital
18 funds, as well as certain financial statistics, for
19 the 12 months ending September 30, 2011. Exhibit ____
20 (AP-11) shows that capital funds required during the
21 rate year will exceed internal sources by \$928
22 million.

1 Q. Please describe the two items contained in this
2 exhibit under the heading "CAPITAL FUNDS REQUIRED".

3 A. The first item, requiring the largest amount of
4 capital funds, is Construction Expenditures of \$2,345
5 million. This amount is consistent with the Company's
6 five-year forecast of construction expenditures.

7 Q. Please continue.

8 A. The second item, Rate Case Amortization/Accruals, in
9 the amount of \$(18) million, represent the net
10 anticipated recovery of deferred items from this rate
11 proceeding. The third item, Working Capital, in the
12 amount of \$(34) million is the Company's estimate of
13 its incremental working capital requirements.

14 Q. Please describe the items contained in the exhibit
15 under the heading "INTERNAL SOURCES OF FUNDS".

16 A. The first item is retained earnings of \$367 million.
17 This estimate includes certain earnings and common
18 dividend assumptions. For the rate year, net income
19 for common stock is projected at \$1,049 million,
20 offset by projected common stock dividends of \$671
21 million and projected preferred stock dividend of \$11
22 million. The second item is depreciation. The third
23 item, deferred tax accruals, are funds provided

1 principally by the use of tax depreciation subject to
2 normalization. The fourth item, other expense,
3 includes AFUDC Debt and Equity from other operating
4 activities and other Operating Cash flow.

5 Q. Please describe the final section of Exhibit ____ (AP-
6 11).

7 A. The final section shows that at September 30, 2011,
8 the Company will have temporary cash investments
9 estimated in the amount of \$10 million.

10 Q. Please describe the components in the equity line in
11 the final section of Exhibit ____ (AP-11).

12 A. The estimate for retained earnings described above is
13 sufficient to maintain a 48 percent equity ratio in
14 2011. Therefore there are no new equity issuances.

15 INTEREST COVERAGE - S.E.C. BASIS PER BOOKS

16 Q. Was the document entitled "CONSOLIDATED EDISON COMPANY
17 OF NEW YORK, INC. - INTEREST COVERAGE - S.E.C. BASIS -
18 PER BOOKS," set forth as Exhibit ____ (AP-12), prepared
19 under your direction and supervision?

20 A. Yes, it was.

21 MARK FOR IDENTIFICATION AS EXHIBIT ____ (AP-12)

22 Q. Does your calculation of interest coverage only
23 include the interest paid on long-term debt?

1 A. No. As shown in Exhibit ____ (AP-12), the interest
2 coverage calculation also includes "other" interest.

3 Q. Please explain what is included in "other" interest.

4 A. "Other" interest is comprised of interest on the
5 following items: customer deposits, commercial paper,
6 customer overpayments and other miscellaneous items.

7 Q. Does the Company currently have lines of credit
8 available to it?

9 A. Yes. The Company, along with CEI and O&R, has
10 agreements with various banks for revolving credit
11 lines of \$2,250 million. However, assuming that CEI
12 and O&R have not used their assigned portions of this
13 credit, \$1,000 million and \$200 million, respectively,
14 the Company can utilize the entire \$2,250 million.

15 Q. Does this conclude the Accounting Panel's initial
16 testimony?

17 A. Yes, it does.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/09

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 62

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM RATE CASE EXHIBITS

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
FINANCIAL AND STATISTICAL DATA
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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2005, 2006, 2007, 2008 AND JUNE 30, 2009
(Thousands of Dollars)

Exhibit__ (AP - 1)
Schedule 1
Page 1 of 2

ACCOUNT NO.	ASSETS AND OTHER DEBITS	December 31,				June 30,
		2005	2006	2007	2008	2009
<u>UTILITY PLANT</u>						
101	Electric Plant In Service	\$ 12,728,747	\$ 13,817,368	\$ 14,955,170	\$ 16,380,618	\$16,970,581
101	Gas Plant In Service	2,678,427	2,843,732	2,992,462	3,265,800	3,400,645
101	Steam Plant In Service	1,610,888	1,678,569	1,740,329	1,836,113	1,867,014
118.1	Common Utility Plant In Service	1,414,252	1,507,215	1,595,605	1,643,387	1,703,326
105	Electric Plant Held For Future Use	3,914	42,976	51,284	58,666	62,476
107, 118.1	Construction Work In Progress	739,621	832,621	975,096	1,051,393	1,071,144
	Sub-Total	19,175,849	20,722,481	22,309,946	24,235,976	25,075,186
108	Accumulated Provision For Depreciation of Plant In Service	(4,084,150)	(4,207,833)	(4,307,396)	(4,514,904)	(5,154,165)
110	Accumulated Provision For Depreciation of Electric Plant Held For Future Use	-	-	(2,356)	(5,524)	-
111.1	Accumulated Prov. For Amortization and Depletion of Producing Natural Gas Land And Land Rights	-	-	-	-	-
119.1	Accumulated Provision For Depreciation and Amortization of Common Utility Plant	(441,647)	(464,110)	(479,129)	(501,174)	-
	Net	14,650,052	16,050,538	17,521,065	19,214,374	19,921,021
120, 120.5	Nuclear Fuel Assemblies - Net	-	-	-	-	-
117	Gas Stored Underground - Non-Current	1,239	1,239	1,239	1,239	1,239
	Total	14,651,291	16,051,777	17,522,304	19,215,613	19,922,260
<u>OTHER PROPERTY AND INVESTMENTS</u>						
121	Nonutility Property	31,738	30,778	29,268	29,337	29,266
122	Accumulated Provision for Depreciation - Non Utility	(14,118)	(15,685)	(17,258)	(18,838)	(19,635)
123.1	Investment In Subsidiary Companies	1,089	1,196	2,223	2,443	2,693
124	Other Investments	2,145	1,792	2,424	2,424	2,584
128	Other Special Funds	68,966	87,911	253,386	234,604	246,834
	Total	89,820	105,992	270,043	249,970	261,742
<u>CURRENT AND ACCRUED ASSETS</u>						
131	Cash	(36,095)	(56,610)	(80,053)	(78,958)	(40,944)
132	Interest Special Deposits	(344)	(216)	-	-	-
134	Other Special Deposits	2,022	3,028	3,022	3,074	3,081
135	Working Funds	11,477	12,456	11,993	10,012	13,290
136	Temporary Cash Investments	16,575	25,958	101,257	21,111	243,503
142	Customer Accounts Receivable	915,585	756,786	875,647	989,991	1,210,464
143	Other Accounts Receivable	222,789	346,345	260,350	104,063	113,261
144	Accumulated Provision For Uncollectible Accounts - Credit	(39,877)	(43,164)	(46,626)	(56,128)	(62,874)
146	Accounts Receivable from Associated Companies	213,776	137,729	96,160	228,534	44,040
150	Materials And Supplies	132,504	173,442	182,582	181,914	177,207
164.1	Gas Stored Underground - Current	168,865	183,023	158,947	250,003	127,416
164.2	Liquefied Natural Gas In Storage	14,173	9,737	10,942	11,359	9,524
165	Prepayments	1,890,236	83,804	80,753	538,427	74,532
171	Interest And Dividends Receivable	(33)	(145)	(225)	(259)	(331)
172	Rents Receivable	810	1,119	1,852	1,465	1,609
174	Miscellaneous Current and Accrued Assets	1,859	10,166	-	28,712	-
175, 176	Derivative Instruments	234,874	-	10,325	71,039	53,717
	Total	3,749,196	1,643,458	1,666,926	2,304,359	1,967,495
<u>DEFERRED DEBITS</u>						
181	Unamortized Debt Discount And Expense	162,289	150,410	140,741	65,061	67,432
182.2	Unrecovered Plant and Regulatory Study Costs	-	-	-	-	-
182.3	Other Regulatory Assets	2,004,233	4,285,302	4,462,226	8,078,570	7,866,393
183	Preliminary Survey and Investigation Charges	-	-	-	-	-
184	Clearing Accounts	-	-	-	-	(693)
186	Miscellaneous Deferred Debits	24,670	48,576	36,943	41,519	61,067
188	Investment In Research and Development	-	-	-	-	-
189	Unamortized Loss on Reacquired Debt	-	15,017	13,682	89,004	84,494
190	Accumulated Deferred Income Taxes	539,841	382,234	265,799	276,866	171,074
191	Unrecovered Purchased Gas Costs	-	-	-	-	-
	Total	2,731,033	4,881,539	4,919,391	8,551,020	8,249,767
	Grand Total	\$ 21,221,340	\$ 22,682,766	\$ 24,378,664	\$ 30,320,962	\$30,401,264

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2005, 2006, 2007, 2008 AND JUNE 30, 2009
(Thousands of Dollars)

Exhibit __ (AP-1)
Schedule 1
Page 2 of 2

ACCOUNT NO.	LIABILITIES AND OTHER CREDITS	December 31,				June 30,
		2005	2006	2007	2008	2009
PROPRIETARY CAPITAL						
	Capital Stock					
201	Common Stock Issued	\$ 588,720	\$ 588,720	\$ 588,720	\$ 588,720	\$ 588,720
204	Preferred Stock Issued	212,563	212,563	212,563	212,563	212,563
	Other Paid-In Capital					
207	Premium on Capital Stock	879,678	879,678	879,678	879,678	879,678
210	Gain on Resale/Cancel. of Reacquired Capital Stock	13,943	13,943	13,943	13,943	13,943
211	Misc. Paid-In Capital, Accumulated OCI	909,238	1,359,247	2,018,583	2,770,375	2,770,375
214	Capital Stock Expense	(54,437)	(58,118)	(60,033)	(60,033)	(60,033)
216	Unappropriated Retained Earnings	5,072,424	5,318,333	5,613,643	5,778,156	5,784,730
216.1	Unappropriated Undistributed Subsidiary Earnings	834	941	1,968	2,188	2,438
217	Reacquired Capital Stock	(962,092)	(962,092)	(962,092)	(962,092)	(962,092)
219	Accumulated Other Comprehensive Income	(11,102)	(8,704)	(8,657)	(19,496)	(18,916)
	Total	6,649,769	7,344,511	8,298,316	9,204,002	9,211,406
LONG-TERM DEBT						
221	Bonds	-	-	-	-	-
224	Other Long-Term Debt	6,072,783	7,273,224	7,471,867	8,990,900	9,465,900
225	Unamortized Premium on Debt	-	-	-	-	-
226	Unamortized Discount on Debt	(17,585)	(18,514)	(19,678)	(22,368)	(22,286)
	Total	6,055,198	7,254,710	7,452,189	8,968,532	9,443,614
OTHER NONCURRENT LIABILITIES						
227	Obligations Under Capital Leases - Noncurrent	29,757	26,237	21,655	16,621	13,914
228.2	Accumulated Prov. for Injuries and Damages Reserve	160,350	148,395	154,200	162,828	167,540
228.3	Accumulated Prov. for Pensions and Benefits Reserve	121,802	441,903	634,768	4,107,625	3,897,638
228.4	Accumulated Miscellaneous Operating Provisions	-	-	-	831	3,733
229	Accumulated Provision for Rate Refunds	-	-	-	-	-
	Total	311,909	616,535	810,623	4,287,905	4,082,825
CURRENT AND ACCRUED LIABILITIES						
231	Notes Payable	520,000	-	555,000	253,000	-
232	Accounts Payable	633,129	483,260	483,476	494,310	366,201
234	Accounts Payable to Associated Companies	245,380	100,674	28,200	62,695	33,280
235	Customer Deposits	214,905	213,668	234,107	250,222	253,335
236	Taxes Accrued	53,024	31,621	47,469	64,728	55,045
237	Interest Accrued	86,836	120,555	133,725	130,844	143,747
238	Dividends Declared	2,831	2,831	2,831	2,831	2,831
239	Matured Long-Term Debt	-	-	-	-	-
240	Matured Interest	2	2	-	-	-
241	Tax Collections Payable	15,492	13,579	17,696	17,536	6,857
242	Miscellaneous Current And Accrued Liabilities	900,333	927,128	956,659	977,023	849,422
243	Obligations Under Capital Leases - Current	3,100	3,520	4,582	5,034	-
245	Derivative Instruments	12,102	192,951	80,168	116,771	116,451
	Total	2,687,134	2,089,789	2,543,913	2,374,994	1,827,169
DEFERRED CREDITS						
252	Customer Advances For Construction	3,670	3,866	3,750	4,311	4,226
253	Other Deferred Credits	31,350	22,480	76,052	38,067	39,135
254	Other Regulatory Liabilities	1,606,834	1,199,101	718,166	466,753	736,160
255	Accumulated Deferred Investment Tax Credits	86,867	80,862	74,956	69,165	66,278
	Total	1,728,721	1,306,309	872,924	578,296	845,799
ACCUMULATED DEFERRED INCOME TAXES						
281	Accelerated Amortization	-	-	-	-	-
282	Liberalized Depreciation	2,894,607	3,008,239	3,198,974	3,685,701	3,765,593
283	Other	894,002	1,062,673	1,201,725	1,221,532	1,224,856
	Total	3,788,609	4,070,912	4,400,699	4,907,233	4,990,449
	Grand Total	\$ 21,221,340	\$ 22,682,766	\$ 24,378,664	\$ 30,320,962	\$ 30,401,262

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2006
(Thousands of Dollars)

EXHIBIT __ (AP-1)
SCHEDULE 2
PAGE 1 OF 4

Account No.	Utility Operating Income	Electric	Gas	Steam	Total
400	Operating Revenues	\$ 7,113,685	\$ 1,616,945	\$ 697,410	\$ 9,428,040
401	Operating Expenses				
402	Operation Expenses	4,313,298	1,057,586	420,438	5,791,322
	Maintenance Expense	353,685	57,455	32,594	443,734
		4,666,983	1,115,041	453,032	6,235,056
403	Depreciation Expense	414,272	80,461	50,423	545,156
404	Amortization & Depletion of Natural Gas Land & Land Rights	-	-	-	-
405	Amortization of Other Utility Plant	-	-	-	-
407	Amortization of Property Losses	-	-	-	-
	Amortization - Miscellaneous	-	-	-	-
408.1	Taxes Other Than Income Taxes	959,923	154,654	68,710	1,183,287
	Income Taxes				
409.1	Income Taxes	10,057	26,083	18,584	54,724
410.1, .2	Provision for Deferred Income Taxes	1,007,115	200,941	131,474	1,339,530
411.1, .2	Provision for Deferred Income Taxes - Credit	(776,881)	(145,468)	(111,210)	(1,033,559)
411.4, .5	Investment Tax Credit Adjustment - Net	(4,980)	(765)	(260)	(6,005)
411.6	Gains from Disposition of Utility Plant	-	-	-	-
411.7	Losses from Disposition of Utility Plant	-	-	-	-
	Total Operating Expenses	6,276,489	1,430,947	610,753	8,318,189
	Total Utility Operating Income	\$ 837,196	\$ 185,998	\$ 86,657	\$ 1,109,851
	<u>Other Income</u>				
415,416	Income from Merchandising, Jobbing & Contract Work				-
417	Revenues from Nonutility Operations				5,111
417.1	Expenses from Nonutility Operations				(1,576)
418	Non-Operating Rental Income				382
418.1	Equity in Earnings of Subsidiary Companies				179
419	Interest and Dividend Income				21,045
419.1	Allowance for Equity Funds Used During Construction				5,355
421	Miscellaneous Non-Operating Income				9,273
	Total Other Income				39,769
	Total Income				1,149,620
	<u>Other Income Deductions</u>				
425	Miscellaneous Amortizations				322
426	Miscellaneous Income Deductions				9,976
	Total Other Income Deductions				10,298
	<u>Taxes - Other Income & Deductions</u>				
408.2	Taxes Other Than Income Taxes				1,705
409.2, 410.2)	Income Taxes				(5,548)
411.2)					
	Total Taxes - Other Income & Deductions				(3,843)
	Income Before Interest Charges				1,143,165
	<u>Interest Charges</u>				
427	Interest on Long Term Debt				370,001
428	Amortization of Debt Discount & Expense				16,399
429	Amortization of Premium on Debt - Credit				-
431	Other Interest Expense				64,400
432	Allowance for Borrowed Funds Used During Construction				(5,246)
	Total Interest Charges				445,554
	Net Income				\$ 697,611

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2007
(Thousands of Dollars)

EXHIBIT __ (AP-1)
SCHEDULE 2
PAGE 2 OF 4

Account No.	Utility Operating Income	Electric	Gas	Steam	Total
400	Operating Revenues	\$ 7,503,891	\$ 1,763,978	\$ 763,311	\$ 10,031,180
401	Operating Expenses				
402	Operation Expenses	4,478,906	1,146,119	474,225	6,099,250
402	Maintenance Expense	320,911	53,842	32,056	406,809
		4,799,817	1,199,961	506,281	6,506,059
403	Depreciation Expense	448,063	85,137	60,169	593,369
404	Amortization & Depletion of Natural Gas Land & Land Rights				
405	Amortization of Other Utility Plant				
407	Amortization of Property Losses	-	-	-	-
408.1	Amortization - Miscellaneous	-	-	-	-
408.1	Taxes Other Than Income Taxes	1,018,305	166,576	77,902	1,262,783
409.1	Income Taxes				
410.1, .2	Income Taxes	(14,215)	59,131	21,355	66,271
411.1, .2	Provision for Deferred Income Taxes	1,014,464	220,678	72,023	1,307,165
411.4, .5	Provision for Deferred Income Taxes - Credit	(724,782)	(185,008)	(66,069)	(975,859)
411.6	Investment Tax Credit Adjustment - Net	(4,878)	(764)	(264)	(5,906)
411.7	Gains from Disposition of Utility Plant	-	-	-	-
411.7	Losses from Disposition of Utility Plant	-	-	-	-
	Total Operating Expenses	6,536,774	1,545,711	671,396	8,753,881
	Total Utility Operating Income	\$ 967,117	\$ 218,267	\$ 91,915	\$ 1,277,299
	<u>Other Income</u>				
415,416	Income from Merchandising , Jobbing & Contract Work				-
417	Revenues from Nonutility Operations				8,148
417.1	Expenses from Nonutility Operations				(6,449)
418	Non-Operating Rental Income				219
418.1	Equity in Earnings of Subsidiary Companies				1,099
419	Interest and Dividend Income				32,584
419.1	Allowance for Equity Funds Used During Construction				7,430
421	Miscellaneous Non-Operating Income				4,903
	Total Other Income				47,934
	Total Income				1,325,233
	<u>Other Income Deductions</u>				
425	Miscellaneous Amortizations				120
426	Miscellaneous Income Deductions				9,911
	Total Other Income Deductions				10,031
	<u>Taxes - Other Income & Deductions</u>				
408.2	Taxes Other Than Income Taxes				1,632
409.2, 410.2)					
411.2)	Income Taxes				192
	Total Taxes - Other Income & Deductions				1,824
	Income Before Interest Charges				1,313,378
	<u>Interest Charges</u>				
427	Interest on Long Term Debt				410,882
428	Amortization of Debt Discount & Expense				17,479
429	Amortization of Premium on Debt - Credit				-
431	Other Interest Expense				38,997
432	Allowance for Borrowed Funds Used During Construction				(8,840)
	Total Interest Charges				458,518
	Net Income				\$ 854,859

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2008
(Thousands of Dollars)

EXHIBIT __ (AP-1)
SCHEDULE 2
PAGE 3 OF 4

Account No.	Utility Operating Income	Electric	Gas	Steam	Total
400	Operating Revenues	\$ 7,948,135	\$ 1,843,509	\$ 781,461	\$ 10,573,105
401	Operating Expenses				
402	Operation Expenses	4,754,382	1,194,423	506,333	6,455,138
	Maintenance Expense	365,806	65,095	44,088	474,989
		5,120,188	1,259,518	550,421	6,930,127
403	Depreciation Expense	520,908	90,501	60,614	672,023
404	Amortization & Depletion of Natural Gas Land & Land Rights				
405	Amortization of Other Utility Plant				
407	Amortization of Property Losses	-	-	-	-
	Amortization - Miscellaneous				
408.1	Taxes Other Than Income Taxes	1,036,992	187,109	80,351	1,304,452
	Income Taxes				
409.1, .11	Income Taxes	(109,972)	93,347	(26,712)	(43,338)
410.1, .11	Provision for Deferred Income Taxes	1,320,838	264,149	113,572	1,698,559
411.1, .11	Provision for Deferred Income Taxes - Credit	(910,940)	(265,962)	(76,706)	(1,253,608)
411.4	Investment Tax Credit Adjustment - Net	(4,772)	(759)	(260)	(5,791)
411.6	Gains from Disposition of Utility Plant	-	-	-	-
411.7	Losses from Disposition of Utility Plant	-	-	-	-
	Total Operating Expenses	6,973,242	1,627,903	701,280	9,302,424
	Total Utility Operating Income	\$ 974,893	\$ 215,606	\$ 80,181	\$ 1,270,680
	<u>Other Income</u>				
415,416	Income from Merchandising, Jobbing & Contract Work				-
417	Revenues from Nonutility Operations				7,955
417.1	Expenses from Nonutility Operations				(5,293)
418	Non-Operating Rental Income				357
418.1	Equity in Earnings of Subsidiary Companies				508
419	Interest and Dividend Income				28,958
419.1	Allowance for Equity Funds Used During Construction				7,205
421	Miscellaneous Non-Operating Income				(12,084)
	Total Other Income				27,606
	Total Income				1,298,286
	<u>Other Income Deductions</u>				
425	Miscellaneous Amortizations				19
426	Miscellaneous Income Deductions				9,749
	Total Other Income Deductions				9,768
	<u>Taxes - Other Income & Deductions</u>				
408.2	Taxes Other Than Income Taxes				2,056
409.2,410.2)	Income Taxes				730
411.2)					
	Total Taxes - Other Income & Deductions				2,786
	Income Before Interest Charges				1,285,732
	<u>Interest Charges</u>				
427	Interest on Long Term Debt				457,952
428	Amortization of Debt Discount & Expense				15,336
429	Amortization of Premium on Debt - Credit				-
431	Other Interest Expense				25,244
432	Allowance for Borrowed Funds Used During Construction				(7,006)
	Total Interest Charges				491,526
	Net Income				\$ 794,206

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
INCOME STATEMENT
TWELVE MONTHS ENDED JUNE 30, 2009
(Thousands of Dollars)

EXHIBIT __ (AP-1)
SCHEDULE 2
PAGE 4 OF 4

Account No.	Utility Operating Income	Electric	Gas	Steam	Total
400	Operating Revenues	\$ 8,015,541	\$ 1,839,616	\$ 813,942	\$ 10,669,099
	Operating Expenses				
401	Operation Expenses	4,757,932	1,140,357	513,525	6,411,814
402	Maintenance Expense	357,188	67,584	46,298	471,070
		5,115,120	1,207,941	559,823	6,882,884
403	Depreciation Expense	559,358	94,446	58,879	712,682
404	Amortization & Depletion of Natural Gas Land & Land Rights				
405	Amortization of Other Utility Plant				
407	Amortization of Property Losses				
	Amortization - Miscellaneous				
408.1	Taxes Other Than Income Taxes	1,080,559	192,340	83,991	1,356,890
	Income Taxes				
409.1	Income Taxes	1,184	21,812	(20,011)	2,985
410.1, .2	Provision for Deferred Income Taxes	1,229,131	308,605	128,824	1,666,560
411.1, .2	Provision for Deferred Income Taxes - Credit	(929,805)	(224,005)	(91,715)	(1,245,525)
411.4, .5	Investment Tax Credit Adjustment - Net	(4,760)	(757)	(262)	(5,779)
411.6	Gains from Disposition of Utility Plant	-	-	-	-
411.7	Losses from Disposition of Utility Plant	-	-	-	-
	Total Operating Expenses	7,050,786	1,600,382	719,529	9,370,696
	Total Utility Operating Income	\$ 964,755	\$ 239,234	\$ 94,414	\$ 1,298,403
	<u>Other Income</u>				
415,416	Income from Merchandising, Jobbing & Contract Work				-
417	Revenues from Nonutility Operations				9,355
417.1	Expenses from Nonutility Operations				(7,133)
418	Non-Operating Rental Income				842
418.1	Equity in Earnings of Subsidiary Companies				436
419	Interest and Dividend Income				27,454
419.1	Allowance for Equity Funds Used During Construction				7,939
421	Miscellaneous Non-Operating Income				(8,931)
	Total Other Income				29,961
	Total Income				1,328,365
	<u>Other Income Deductions</u>				
425	Miscellaneous Amortizations				0
426	Miscellaneous Income Deductions				8,719
	Total Other Income Deductions				8,719
	<u>Taxes - Other Income & Deductions</u>				
408.2	Taxes Other Than Income Taxes				2,742
409.2, 410.2)					
411.2)	Income Taxes				1,691
	Total Taxes - Other Income & Deductions				4,433
	Income Before Interest Charges				1,315,213
	<u>Interest Charges</u>				
427	Interest on Long Term Debt				495,834
428	Amortization of Debt Discount & Expense				15,671
429	Amortization of Premium on Debt - Credit				0
431	Other Interest Expense				22,544
432	Allowance for Borrowed Funds Used During Construction				(5,567)
	Total Interest Charges				528,482
	Net Income				\$ 786,730

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STATEMENT OF UNAPPROPRIATED RETAINED EARNINGS
YEARS 2005, 2006, 2007, 2008 AND TWELVE MONTHS ENDED JUNE 30, 2009
(Thousands of Dollars)

Account No.		2005	2006	2007	2008	June 30, 2009
216, 216.1	Unappropriated Retained Earnings Beginning of Period	\$ 4,748,082	\$ 5,073,258	\$ 5,319,274	\$ 5,615,611	\$ 5,780,344
433	Balance Transferred from Income	705,238	697,611	854,860	794,206	338,486
439	Adjustments to Retained Earnings	-	-	-	-	-
		5,453,320	5,770,869	6,174,134	6,409,817	6,118,830
437	Dividends Declared - Preferred Stock	11,323	11,323	11,323	11,323	5,662
438	Dividends Declared - Common Stock	368,739	440,272	547,200	618,150	326,000
	Total	380,062	451,595	558,523	629,473	331,662
216, 216.1	Unappropriated Retained Earnings End of Period	<u>\$ 5,073,258</u>	<u>\$ 5,319,274</u>	<u>\$ 5,615,611</u>	<u>\$ 5,780,344</u>	<u>\$ 5,787,168</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
UTILITY OPERATING INCOME - STEAM
IN AMOUNT AND EQUIVALENT CENTS PER M. LBS.
SOLD (BEFORE AND AFTER INCOME TAXES)
YEARS 2006 TO 2008 INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009
(Thousands of Dollars)

	2006		2007		2008		Twelve Months Ended June 30, 2009	
	<u>Amount</u>	<u>Equivalent Cents Per M. Lbs. Sold</u>	<u>Amount</u>	<u>Equivalent Cents Per M. Lbs. Sold</u>	<u>Amount</u>	<u>Equivalent Cents Per M. Lbs. Sold</u>	<u>Amount</u>	<u>Equivalent Cents Per M. Lbs. Sold</u>
Operating Revenues	\$697,410	2,999.61	\$763,311	2,958.11	\$781,461	3,259.35	\$813,942	3,334.60
Operation and Maintenance								
Production Expenses	396,157	1,703.90	437,013	1,693.59	471,404	1,966.15	480,191	1,967.27
Distribution Expenses	22,887	98.44	23,937	92.77	35,984	150.08	39,294	160.98
Customer Accounts Expenses	1,399	6.02	1,348	5.22	1,392	5.80	1,217	4.99
Customer Service Expenses	475	2.04	1,702	6.60	1,345	5.61	1,378	5.64
Sales Promotion Expenses	-	0.00	-	0.00	-	0.00	-	0.00
Administrative and General Expenses	32,114	138.12	42,280	163.85	40,296	168.07	37,743	154.63
Total Operation and Maintenance	453,032	1,948.52	506,281	1,962.03	550,421	2,295.71	559,823	2,293.51
Depreciation	50,423	216.87	60,169	233.18	60,614	252.81	58,879	241.22
Amortization of Property Losses	0	0.00	-	0.00	-	0.00	-	0.00
Taxes Other Than Income Taxes	68,710	295.53	77,902	301.90	80,351	335.13	83,991	344.10
Total Operating Expenses Before Income Taxes	572,165	2,460.92	644,351	2,497.11	691,386	2,883.65	702,693	2,878.83
Operating Income Before Income Taxes	125,245	538.69	118,960	461.00	90,075	375.70	111,250	455.77
Income Taxes	18,584	79.93	21,355	82.76	(26,712)	(111.41)	(20,011)	(81.98)
Provision for Deferred Income Taxes	131,474	565.48	72,023	279.12	113,572	473.69	128,824	527.77
Provision for Deferred Income Taxes - Credit	(111,210)	(478.32)	(66,069)	(256.04)	(76,706)	(319.93)	(91,715)	(375.74)
Investment Tax Credit Adjustments - Net	(260)	(1.12)	(264)	(1.02)	(260)	(1.08)	(262)	(1.07)
Gains from Disposition of Utility Plant	0	0.00	0	0.00	0	0.00	-	0.00
Losses from Disposition of Utility Plant	0	0.00	0	0.00	0	0.00	-	0.00
Total Income Tax Expense	38,588	165.97	27,045	104.82	9,894	41.27	16,836	68.98
Operating Income After Income Taxes	\$86,657	372.72	\$91,915	356.18	\$80,181	334.43	\$94,413	386.79
Sales of Steam - MM. Lbs.	23,250		25,804		23,976		24,409	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
OPERATING REVENUES - STEAM
YEARS 2006 TO 2008 INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009
(Thousands of Dollars)

Account No.	2006		2007		2008		Twelve Months Ended June 30, 2009	
	Amount	Equivalent Cents Per M. Lbs. Sold	Amount	Equivalent Cents Per M. Lbs. Sold	Amount	Equivalent Cents Per M. Lbs. Sold	Amount	Equivalent Cents Per M. Lbs. Sold
<u>Sales Revenues</u>								
601 General Sales	\$ 532,572	2,290.63	\$ 583,423	2,260.97	\$ 603,400	2,516.69	\$ 647,941	2,654.52
604 Sales to Public Authorities	63,520	273.20	68,291	264.65	70,994	296.10	74,633	305.76
607 Interdepartmental Sales	1,637	7.04	1,763	6.83	2,088	8.71	2,139	8.76
Total Sales of Steam	597,729	2,570.87 *	653,476	2,532.45 *	676,482	2,821.50 *	724,713	2,969.04 *
<u>Miscellaneous Steam Revenues</u>								
611 Interdepartmental Rents	74,748	321.50	77,171	299.07	74,204	309.49	72,180	295.71
615 Miscellaneous Steam Revenues								
Revenue Offset Re: 74/59th St. Transfer from Electric	19,253	82.81	4,400	17.05	4,925	20.54	5,975	24.48
Late Payment Charges	735	3.16	907	3.52	1,070	4.46	1,465	6.00
Steam Rev/Fuel Management Program	1,369	5.89	1,412	5.47	1,029	4.29	1,217	4.98
Cablevision Lightpath, Inc. - Hudson Ave. Tunnel	5	0.02	-	0.00	-	0.00	-	0.00
Special Services Repair Program	515	2.22	409	1.58	492	2.05	528	2.16
Property Tax Prepayment	-	0.00	-	0.00	358	1.49	-	0.00
Rent/Steam Prop - 506 E. 75th Street	-	0.00	59	0.23	62	0.26	64	0.26
Regulatory Accounting								
Global Settlement Adjustment	4,667	20.07	-	0.00	-	0.00	-	0.00
Accrued Rate Relief	(10,654)	(45.82)	(2,114)	(8.19)	2,963	12.36	772	3.16
Rate Case Amortizations	6,420	27.61	29,785	115.43	24,876	103.75	14,182	58.10
Water and Water and Chem Costs Deferred	-	0.00	1,577	6.11	392	1.63	(5)	(0.02)
Local Law 11 & Steam Action Plan 07-S-1315	-	0.00	-	0.00	(721)	(3.01)	(1,325)	(5.43)
Medicare Tax Savings	(600)	(2.58)	-	0.00	-	0.00	-	0.00
NYS Tax Law Changes	108	0.46	1,140	4.42	706	2.95	993	4.07
GHP Interest Accrual Steam	-	0.00	(110)	(0.43)	(64)	(0.27)	(188)	(0.77)
Carrying Charge - East River 10/20	1,026	4.41	(5,672)	(21.98)	(1,273)	(5.31)	(495)	(2.03)
Capital Expenditures Reconciliation	(640)	(2.75)	-	0.00	(41)	(0.17)	(41)	(0.17)
Unbilled Revenue	-	0.00	-	0.00	-	0.00	(4,072)	(16.68)
Other	2,728	11.73	871	3.37	(3,998)	(16.68)	(2,021)	(8.28)
Total Miscellaneous Steam Revenues	99,680	428.73	109,835	425.65	104,979	437.83	89,229	365.54
Total Operating Revenues	\$ 697,409	2,999.61	\$ 763,311	2,958.11	\$ 781,461	3,259.35	\$ 813,942	3,334.60
*Includes Average Fuel Adjustment per MM. Lbs. Sold								
		1,007.08		863.88		801.63		790.43
Sales of Steam - MM. lbs	23,250		25,804		23,976		24,409	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STATEMENT SHOWING BY CLASSIFICATION OF SERVICE
MM. POUNDS OF STEAM SUPPLIED AND THE REVENUE REALIZED THEREFROM
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009
(Thousands of Dollars)

ACCT NO.	S.C. NUMBER	2006			2007			2008			TWELVE MONTHS ENDED JUNE 30, 2009			
		MM POUNDS	REVENUE	CENTS PER M POUNDS	MM POUNDS	REVENUE	CENTS PER M POUNDS	MM POUNDS	REVENUE	CENTS PER M POUNDS	MM POUNDS	REVENUE	CENTS PER M POUNDS	
		GENERAL SALES												
	1	GENERAL	486	\$ 17,544	3,610	557	\$ 19,321	3,469	504	\$ 20,985	4,164	542	\$ 21,049	3,884
	2	ANNUAL POWER	13,882	350,390	2,524	15,401	385,152	2,501	14,433	406,078	2,814	15,021	438,848	2,922
	3	APARTMENT HOUSE	6,431	164,638	2,560	7,161	178,950	2,499	6,244	175,901	2,817	6,028	175,519	2,912
601		TOTAL GENERAL SALES	20,799	532,572	2,561	23,119	583,423	2,524	21,181	602,964	2,847	21,590	635,416	2,943
604		SALES TO PUBLIC AUTHORITIES	2,385	63,520	2,663	2,611	68,291	2,616	2,462	71,246	2,894	2,501	77,676	3,106
607		INTERDEPARTMENTAL SALES	66	1,637	2,480	74	1,763	2,382	79	2,088	2,643	78	2,139	2,755
607		UNBILLED REVENUES	-	-	-	-	-	-	254	184	73	104	(4,158)	(3,997)
		TOTAL SALES OF STEAM	23,250	\$ 597,729	2,571	25,804	\$ 653,476	2,532	23,976	\$ 676,482	2,822	24,273	\$ 711,073	2,930

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF OPERATION AND MAINTENANCE EXPENSES - STEAM
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT ____ (AP-1)
SCHEDULE 7
PAGE 1 OF 8

(Thousands of Dollars)

	2006		2007		2008		Twelve Months Ended June 30, 2009	
	Amount	Equivalent Cents Per M. Lbs. Sold	Amount	Equivalent Cents Per M. Lbs. Sold	Amount	Equivalent Cents Per M. Lbs. Sold	Amount	Equivalent Cents Per M. Lbs. Sold
Operation and Maintenance Expenses								
Production Expenses	\$ 396,157	1,703.90	\$ 437,015	1,693.59	\$ 471,403	1,966.15	\$ 480,189	1,978.29
Distribution Expenses	22,887	98.44	23,937	92.76	35,983	150.08	39,293	161.88
Customer Accounts Expenses	1,399	6.02	1,348	5.22	1,392	5.81	1,217	5.01
Customer Service Expenses	475	2.04	1,422	5.51	1,345	5.61	1,377	5.67
Sales Promotion Expenses	-	-	-	-	-	-	-	-
Administrative and General Expenses	32,114	138.12	42,280	163.85	40,295	168.06	37,742	155.49
Total	\$ 453,032	1,948.52	\$ 506,002	1,960.93	\$ 550,418	2,295.71	\$ 559,818	2,308.34
 Sales of Steam - MM Lbs	 23,250		 25,804		 23,976		 24,273	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
PRODUCTION EXPENSES - STEAM
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT (AP-1)
SCHEDULE 7
PAGE 2 OF 8

(Thousands of Dollars)

Account No.		2006	2007	2008	Twelve Months Ended June 30, 2009
<u>Operation</u>					
701	Supervision and Engineering	\$ 7,259	\$ 8,102	\$ 8,289	\$ 8,331
702.1	Boiler Labor	11,492	11,248	11,489	11,470
702.2	Accessory Power Equipment Labor	-	-	-	-
702.3	Miscellaneous Station Labor	1,560	542	467	297
703	Fuel	210,980	264,581	284,207	307,079
704	Water	15,490	13,531	18,444	21,433
705.1	Lubricants	9	28	42	36
705.2	Station Supplies and Expenses	26,112	28,176	28,373	30,689
-	Accrued Wages	-	-	-	58
	Total	<u>272,902</u>	<u>326,208</u>	<u>351,311</u>	<u>379,393</u>
<u>Maintenance</u>					
706	Supervision and Engineering	4,546	5,908	5,811	5,910
707	Structures and Improvements	2,818	4,048	4,783	3,949
708.1	Fuel Storage, Handling and Weighing Equipment	27	17	6	8
708.2	Furnaces and Boilers	7,557	5,942	6,591	5,011
708.3	Boiler Apparatus	4,739	6,081	6,099	6,884
708.4	Steam Piping and Accessories	493	3	1	(22)
709.1	Accessory Power Equipment	387	37	(1)	(10)
709.2	Miscellaneous Station Equipment	1,458	1,018	649	752
-	Accrued Wages	-	-	-	25
	Total	<u>22,025</u>	<u>23,054</u>	<u>23,939</u>	<u>22,507</u>
710	Rents	2,239	2,235	2,272	2,337
711	Steam from Other Sources	99,007	85,566	93,895	75,965
712	Steam Transferred - Credit	(16)	(48)	(14)	(13)
	Total Production Expenses	<u>\$ 396,157</u>	<u>\$ 437,015</u>	<u>\$ 471,403</u>	<u>\$ 480,189</u>
	Steam Produced - Net MM Lbs.	27,273	30,238	27,921	27,819

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
PRODUCTION EXPENSES - STEAM - CENTS PER M LBS. GENERATED
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT (AP-1)
SCHEDULE 7
PAGE 3 OF 8

Account No.		2006	2007	2008	Twelve Months Ended June 30, 2009
<u>Operation</u>					
701	Supervision and Engineering	26.62	26.79	29.69	29.95
702.1	Boiler Labor	42.14	37.19	41.15	41.23
702.2	Accessory Power Equipment Labor	0.00	0.00	0.00	0.00
702.3	Miscellaneous Station Labor	5.72	1.79	1.67	1.07
703	Fuel	773.59	875.00	1,017.90	1,103.85
704	Water	56.80	44.75	66.06	77.04
705.1	Lubricants	0.03	0.09	0.15	0.13
705.2	Station Supplies and Expenses - Steam Stations	95.74	93.18	101.62	110.32
-	Accrued Wages	0.00	0.00	0.00	0.00
	Total	1,000.64	1,078.79	1,258.24	1,363.59
<u>Maintenance</u>					
706	Supervision and Engineering	16.67	19.54	20.80	21.24
707	Structures and Improvements	10.33	13.39	17.13	14.20
708.1	Coal Storage, Handling and Weighing Equipment	0.10	0.06	0.02	0.03
708.2	Furnaces and Boilers	27.71	19.65	23.61	18.01
708.3	Boiler Apparatus	17.38	20.11	21.84	24.75
708.4	Steam Piping and Accessories	1.81	0.01	0.00	(0.08)
709.1	Accessory Power Equipment	1.42	0.12	0.00	(0.04)
709.2	Miscellaneous Station Equipment	5.35	3.37	2.32	2.70
-	Accrued Wages	0.00	0.00	0.00	0.09
	Total	80.77	76.25	85.72	80.90
710	Rents	8.21	7.39	8.15	8.40
711	Steam from Other Sources	363.02	282.98	336.29	273.07
712	Steam Transferred - Credit	(0.06)	(0.16)	(0.05)	(0.05)
	Total Production Expenses	1,452.58	1,445.25	1,688.35	1,725.91
	Steam Produced - Net MM Lbs.	27,273	30,238	27,921	29,148

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
DISTRIBUTION EXPENSES - STEAM
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT (AP-1)
SCHEDULE 7
PAGE 4 OF 8

(Thousands of Dollars)

Account No.	2006	2007	2008	Twelve Months Ended June 30, 2009
<u>Operation</u>				
756 Supervision and Engineering	\$ 4,252	\$ 4,415	\$ 4,444	\$ 4,519
758.1 Distribution Maps and Records	-	-	-	-
761 Distribution Lines	5,900	8,402	9,244	8,928
762.1 Removing and Resetting Meters and Accessory Equipment	720	868	917	939
762.2 Other Services on Customer's Premises	1,174	949	874	727
- Accrued Wages	-	-	-	25
Total	12,046	14,634	15,479	15,138
<u>Maintenance</u>				
764 Supervision and Engineering	495	289	148	179
765 Structures and Improvements	1	0	4	4
769.1 Mains	8,174	6,870	17,577	20,967
769.2 Services	555	283	438	604
772 Meters and Accessory Equipment	1,344	1,561	1,982	2,026
- Accrued Wages	-	-	-	8
Total	10,569	9,003	20,149	23,788
776 Rents	272	300	355	367
Total Distribution Expenses	\$ 22,887	\$ 23,937	\$ 35,983	\$ 39,293
Steam Sold - MM Lbs	23,250	25,804	23,976	24,273

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
DISTRIBUTION EXPENSES - STEAM - EQUIVALENT CENTS PER M LBS. SOLD
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT (AP-1)
SCHEDULE 7
PAGE 5 OF 8

Account No.		2006	2007	2008	Twelve Months Ended June 30, 2009
<u>Operation</u>					
756	Supervision and Engineering	18.29	17.12	18.54	18.62
758.1	Distribution Maps and Records	0.00	0.00	0.00	0.00
761	Distribution Lines	25.39	32.56	38.56	36.78
762.1	Removing and Resetting Meters and Accessory Equipment	3.10	3.36	3.82	3.87
762.2	Other Services on Customer's Premises	5.05	3.67	3.65	3.00
-	Accrued Wages	0.00	0.00	0.00	0.10
	Total	51.83	56.71	64.57	62.37
<u>Maintenance</u>					
764	Supervision and Engineering	2.13	1.12	0.62	0.74
765	Structures and Improvements	0.00	0.00	0.02	0.02
769.1	Mains	35.15	26.61	73.30	86.38
769.2	Services	2.39	1.10	1.83	2.49
772	Meters and Accessory Equipment	5.78	6.05	8.27	8.35
-	Accrued Wages	0.00	0.00	0.00	0.03
	Total	45.45	34.88	84.04	98.01
776	Rents	1.17	1.16	1.48	1.51
	Total Distribution Expenses	98.45	92.75	150.09	161.89
	Steam Sold - MM Lbs	23,250	25,804	23,976	24,273

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
CUSTOMER ACCOUNTS EXPENSES - STEAM
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT ____ (AP-1)
SCHEDULE 7
PAGE 6 OF 8

(Thousands of Dollars)

Account No.	2006	2007	2008	Twelve Months Ended June 30, 2009
901 Supervision	\$ -	\$ -	\$ -	\$ -
902 Meter Reading	585	589	627	625
903 Customer Records and Collection Expenses	634	545	658	481
905 Miscellaneous Expenses	180	214	107	108
- Accrued Wages	-	-	-	3
Sub-Total	1,399	1,348	1,392	1,217
904 Uncollectible Accounts	-	-	-	-
Total	<u>\$ 1,399</u>	<u>\$ 1,348</u>	<u>\$ 1,392</u>	<u>\$ 1,217</u>

Equivalent Cents Per M Lbs. Sold

901 Supervision	0.00	0.00	0.00	0.00
902 Meter Reading	2.52	2.28	2.62	2.57
903 Customer Records and Collection Expenses	2.73	2.10	2.74	1.98
905 Miscellaneous Expenses	0.77	0.83	0.45	0.44
- Accrued Wages	0.00	0.00	0.00	0.01
Sub-Total	6.02	5.21	5.81	5.00
904 Uncollectible Accounts	0.00	0.00	0.00	0.00
Total	<u>6.02</u>	<u>5.21</u>	<u>5.81</u>	<u>5.00</u>
Steam Sold - MM Lbs	23,250	25,804	23,976	24,273

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
CUSTOMER SERVICE EXPENSES - STEAM
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT ____ (AP-1)
SCHEDULE 7
PAGE 7 OF 8

(Thousands of Dollars)

Account No.	2006	2007	2008	Twelve Months Ended June 30, 2009
<u>Customer Service</u>				
909 Supervision	\$ -	\$ -	\$ -	\$ -
910 Customer Assistance Expenses	248	531	691	698
911 Informational Advertising Expenses	-	-	-	-
912 Miscellaneous Customer Service Expenses	227	891	654	679
- Accrued Wages	-	-	-	-
Total	<u>\$ 475</u>	<u>\$ 1,422</u>	<u>\$ 1,345</u>	<u>\$ 1,377</u>
<u>Sales Promotion</u>				
915 Supervision	\$ -	\$ -	\$ -	\$ -
916 Demonstrating & Selling Expenses	-	-	-	-
917 Promotional Advertising	-	-	-	-
918 Miscellaneous	-	279	-	-
Total	<u>\$ -</u>	<u>\$ 279</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Equivalent Cents per M Lbs. Sold</u>				
<u>Customer Service</u>				
909 Supervision	0.00	0.00	0.00	0.00
910 Customer Assistance Expenses	1.07	2.06	2.87	2.88
911 Informational Advertising Expenses	0.00	0.00	0.00	0.00
912 Miscellaneous Customer Service Expenses	0.98	3.45	2.73	2.80
- Accrued Wages	0.00	0.00	0.00	(0.01)
Total	<u>2.05</u>	<u>5.51</u>	<u>5.60</u>	<u>5.67</u>
<u>Sales Promotion</u>				
915 Supervision	0.00	0.00	0.00	0.00
916 Demonstrating & Selling Expenses	0.00	0.00	0.00	0.00
917 Promotional Advertising	0.00	0.00	0.00	0.00
918 Miscellaneous	0.00	1.08	0.00	0.00
Total	<u>0.00</u>	<u>1.08</u>	<u>0.00</u>	<u>0.00</u>
Steam Sold - MM Lbs	23,250	25,804	23,976	24,273

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ADMINISTRATIVE AND GENERAL EXPENSES - STEAM
YEARS 2006 TO 2008, INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

EXHIBIT (AP-1)
SCHEDULE 7
PAGE 8 OF 8

(Thousands of Dollars)

Account No.	2006	2007	2008	Twelve Months Ended June 30, 2009
920 Administrative and General Salaries	\$ 6,858	\$ 6,568	\$ 6,913	\$ 7,184
921 Office Supplies and Expenses	1,714	1,698	2,238	2,392
923 Outside Services Employed	241	411	417	423
924 Property Insurance	1,026	1,459	1,104	1,445
925 Injuries and Damages	4,878	6,275	6,839	7,456
926.1 Employees Pensions	1,609	6,677	4,206	(740)
926.2 Employees Welfare Expenses	7,579	8,032	7,148	7,756
926.3 Pension and Welfare Administration	-	-	-	-
928 Regulatory Commission Expenses	1,996	2,348	2,377	2,440
930.1 Institutional or Goodwill Advertising Expense	54	59	59	64
930.2 Miscellaneous General Expenses	1,613	1,602	1,666	1,680
931.1 General Rents	9,966	10,750	11,562	11,875
931.2 Expenses of Data Processing Equipment	217	211	231	480
- Accrued Wages	-	-	-	-
Total	37,751	46,090	44,760	42,455
922 Administrative Expenses Transferred - Credit	(3,970)	(3,810)	(4,465)	(4,713)
926.1 Pensions Transferred to Construction - Credit	(1,667)	0	0	0
Total	<u>\$ 32,114</u>	<u>\$ 42,280</u>	<u>\$ 40,295</u>	<u>\$ 37,742</u>

Equivalent Cents Per M Lbs. Sold

920 Administrative and General Salaries	29.50	25.45	28.83	29.60
921 Office Supplies and Expenses	7.37	6.58	9.33	9.85
923 Outside Services Employed	1.04	1.59	1.74	1.74
924 Property Insurance	4.41	5.65	4.60	5.95
925 Injuries and Damages	20.98	24.32	28.52	30.72
926.1 Employees Pensions	6.92	25.88	17.54	(3.05)
926.2 Employees Welfare Expenses	32.60	31.13	29.81	31.95
926.3 Pension and Welfare Administration	0.00	0.00	0.00	0.00
928 Regulatory Commission Expenses	8.58	9.10	9.91	10.05
930.1 Institutional or Goodwill Advertising Expense	0.23	0.23	0.25	0.26
930.2 Miscellaneous General Expenses	6.94	6.21	6.95	6.92
931.1 General Rents	42.86	41.66	48.22	48.92
931.2 Expenses of Data Processing Equipment	0.93	0.82	0.96	1.98
- Accrued Wages	0.00	0.00	0.00	0.00
Total	162.36	178.62	186.66	174.89
922 Administrative Expenses Transferred - Credit	(17.08)	(14.77)	(18.62)	(19.42)
926.1 Pensions Transferred to Construction - Credit	(7.17)	0.00	0.00	0.00
Total	<u>138.11</u>	<u>163.85</u>	<u>168.04</u>	<u>155.47</u>
Steam Sold - MMLbs	23,250	25,804	23,976	24,273

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
TAXES OTHER THAN INCOME TAXES - STEAM
YEARS 2006 TO 2008 INCLUSIVE AND
TWELVE MONTHS ENDED JUNE 30, 2009

(Thousand of Dollars)

	2006	2007	2008	Twelve Months Ended June 30, 2009
<u>Local Taxes</u>				
Real Estate	\$ 46,097	\$ 60,986	\$ 62,990	\$ 67,869
Public Utilities Excise	13,993	15,401	15,516	16,863
Sales and Use	13	(11)	58	62
Motor Vehicle	13	13	14	15
Property Tax Reconciliation Deferral	4,505	(3,278)	(2,543)	(4,076)
Subsidiary Capital Tax	264	362	342	347
Total Local Taxes	64,885	73,473	76,377	81,080
<u>State Taxes</u>				
Franchise	-	55	-	-
Capital	-	-	-	-
Public Utilities Gross Income	682	1,193	630	(367)
Unemployment Insurance	69	51	74	60
Gasoline	-	-	(21)	-
Vehicle Registration and Highway Use	16	16	17	18
Disability Benefits Contributions	-	-	-	-
Sales and Use	(1)	(15)	32	42
Insurance Premium Tax	15	8	6	6
MTA Mobility Tax	-	-	-	52
Other	-	-	-	-
Total State Taxes	781	1,308	738	(189)
<u>Federal Taxes</u>				
Unemployment	33	31	31	30
Insurance Contributions	2,994	3,061	3,241	3,055
Excise - Diesel	-	-	-	-
Miscellaneous	17	31	(36)	12
Total Federal Taxes	3,044	3,123	3,236	3,097
Total Taxes Other Than Income Taxes	\$ 68,710	\$ 77,904	\$ 80,351	\$ 83,991

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/09
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 63

EXHIBIT __ (AP- 2)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
PRODUCTION EXPENSES - STEAM

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
PRODUCTION EXPENSES - STEAM
(INDIVIDUAL STATIONS)
TWELVE MONTHS ENDED JUNE 30, 2009
(Thousands of Dollars)

Acct. No.	Operation	Steam Stations											Electric Station			
		Hudson Ave	Ravens wood	East River South	East River Unit 7	East River Units 1 & 2	59th St.	59th St. Package Boilers	60th Street	74th St.	74th St. Package Boilers	Total	East River Unit 6	BNYCP	General	Grand Total
701	Supervision and Engineering	\$ 794	\$ -	\$ 806	\$ -	\$ -	\$ 942	\$ -	\$ 313	\$ 988	\$ 99	\$ 3,942	\$ -	\$ -	\$ 4,389	\$ 8,331
702.1	Boiler Labor	2,412	-	1,085	-	-	2,629	-	1,286	3,016	1,065	11,493	-	-	(21)	11,472
702.2	Accessory Power Equipment Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
702.3	Miscellaneous Station Labor	37	-	-	-	-	201	-	12	49	-	299	-	-	-	299
703	Fuel															
	Liquid - Alongside Station	41,682	23,365	1,740	2,456	-	43,752	4,230	-	37,217	20,442	174,884	704	-	16,418	192,006
	- Other	-	-	-	-	-	-	-	-	-	-	-	-	-	4,442	4,442
	Gas - Alongside Station	-	3,173	15,491	8,584	4,344	6,376	13,107	31,568	-	-	82,643	4,317	-	-	86,960
	- Prior Period Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	- Gas Facilities Use Charge	-	28	156	-	-	61	136	316	-	-	697	-	-	-	697
	- Brooklyn Yard COGEN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-Gas Purchases. - Bklyn Union Gas	-	-	-	-	-	-	-	-	-	-	-	35	-	-	35
	Fixed Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Steam Line Loss Penalty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	GHP Realized Gain Rider E Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	(97)	(97)
	Recoverable Fuel Charges Deferred - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	20	20
	Fuel Steam Unbilled	-	-	-	-	-	-	-	-	-	-	-	-	-	14,803	14,803
	Storage & Transportation Cost - Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	5,754	5,754
	Total Fuel	41,682	26,566	17,387	11,040	4,344	50,189	17,473	31,884	37,217	20,442	258,224	5,056	-	43,796	307,076
704	Water	1,024	-	787	-	11,605	4,286	468	1,443	2,688	549	22,850	-	-	(1,416)	21,434
705.1	Lubricants	36	-	-	-	-	-	-	-	-	-	36	-	-	-	36
705.2	Station Supplies and Expenses															
	- Steam Stations	4,163	5,195	1,813	445	1,955	3,677	1,134	2,740	6,660	1,501	29,283	62	-	-	29,345
705.2	Station Supplies and Expenses															
	- Electric Stations	0	-	-	-	-	-	-	-	-	-	-	-	-	1,343	1,343
-	Accrued Wages	-	-	-	-	-	-	-	-	-	-	-	-	-	58	58
	Total Operation	50,148	31,761	21,878	11,485	17,904	61,924	19,075	37,678	50,618	23,656	326,127	5,118	-	48,149	379,394
	Maintenance															
706	Supervision and Engineering	1,621	-	12	-	-	1,780	-	196	1,991	-	5,600	-	-	308	5,908
707	Structures and Improvements	531	-	108	-	-	1,548	-	662	1,027	74	3,950	-	-	-	3,950
708.1	Fuel Storage and Handling	-	-	-	-	-	-	-	8	-	-	8	-	-	-	8
708.2	Furnaces and Boilers	966	677	640	-	-	1,477	15	537	118	581	5,011	-	-	-	5,011
708.3	Boiler Apparatus	859	-	865	-	-	767	391	958	1,987	1,057	6,884	-	-	-	6,884
708.4	Steam Piping and Accessories	-	-	-	-	-	-	-	-	-	-	(22)	-	-	-	(22)
709.1	Accessory Power Equipment	-	-	-	-	-	-	-	-	-	-	(11)	-	-	-	(11)
709.2	Miscellaneous Station Equipment	98	-	129	-	-	78	47	144	172	86	754	-	-	-	754
-	Accrued Wages	-	-	-	-	-	-	-	-	-	-	-	-	-	25	25
	Total Maintenance	4,075	677	1,754	-	-	5,650	453	2,505	5,295	1,765	22,174	-	-	333	22,507
710	Rents	-	-	-	-	-	107	-	11	-	-	118	-	-	2,221	2,339
711	Steam from Other Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	75,965	75,965
712	Steam Transferred - Credit	-	(13)	-	-	-	-	-	-	-	-	(13)	-	-	-	(13)
	Total Production Expenses	\$ 54,223	\$ 32,425	\$ 23,632	\$ 11,485	\$ 17,904	\$ 67,681	\$ 19,528	\$ 40,194	\$ 55,913	\$ 25,421	\$ 348,406	\$ 5,118	\$ 75,965	\$ 50,703	\$ 480,192
	Steam Produced - Net MM Lbs.	1,825	1,082	1,350	775	8,157	2,626	1,264	2,846	1,996	920	22,642	390	4,787	-	27,819

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 PRODUCTION EXPENSES - STEAM - CENTS PER MLBS PRODUCED - NET
 (INDIVIDUAL STATIONS)
 TWELVE MONTHS ENDED JUNE 30, 2007

Account No.	Steam Stations												Electric Station	
	Hudson Ave	Ravenswood	East River South	East River Unit 7	East River Units 1 & 2	59th St HP	59th St Package Boilers	60th Street	74th St 74th St Package Boilers	74th St Total	East River Unit 6	BNYCP	General	Grand Total
701 Supervision and Engineering	43.51	-	59.69	-	-	35.88	11.83	49.49	10.76	17.41	-	-	-	29.95
702.1 Boiler Labor	132.18	-	80.35	-	-	100.13	-	48.60	151.09	115.76	-	-	-	41.24
702.2 Accessory Power Equipment Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
702.3 Miscellaneous Station Labor	2.03	-	-	-	-	7.66	0.45	2.45	-	1.32	-	-	-	1.07
Fuel	2,284.15	2,156.91	128.85	316.70	-	1,666.32	334.62	-	1,864.37	2,222.00	772.37	180.53	-	690.19
Gas - Alongside Station	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas - Alongside Station	293.18	1,147.15	1,106.91	53.25	242.83	1,036.86	1,192.93	364.99	1,107.02	312.59	15.97	-	-	15.97
Gas - Prior Period Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas Facilities Used Charge	2.59	11.55	-	-	2.32	10.76	11.94	-	-	3.08	-	-	-	2.51
- Gas Facilities Used Charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Brooklyn Yard COGEN	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Gas Purchases - Bklyn Union Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Steam Line Loss Penalty	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CHP Realized Gain Rider E Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable Fuel Charges Deferred - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel Steam Unbilled	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage & Transportation Cost - Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fuel	2,284.15	2,454.68	1,287.56	1,423.61	53.25	1,911.47	1,382.24	1,204.87	1,864.37	2,222.00	1,140.44	1,296.53	-	1,103.83
Water	56.11	-	58.28	-	142.27	163.23	37.02	54.53	134.65	59.68	100.92	-	-	77.05
Lubricants	1.97	-	-	-	-	-	-	-	-	0.16	-	-	-	0.13
Station Supplies and Expenses	228.13	480.01	134.26	57.38	23.97	140.04	89.71	103.54	333.63	163.16	129.33	-	-	105.49
Station Supplies and Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Wages	0.00	-	-	-	-	-	-	-	-	-	-	0.00	-	4.83
Total Operation	2,748.08	2,934.69	1,620.12	1,480.99	219.49	2,358.41	1,508.97	1,423.82	2,535.69	2,571.35	1,440.33	1,296.53	-	1,363.79
Maintenance	88.83	-	0.89	-	-	67.79	7.41	99.74	51.45	8.04	17.45	-	-	21.24
Supervision and Engineering	29.10	-	8.00	-	-	58.96	-	25.02	51.45	8.04	17.45	-	-	14.20
Structures and Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03
Fuel Storage and Handling	62.94	62.55	47.39	-	-	56.25	1.19	20.29	5.91	63.15	22.13	-	-	18.01
Boiler Apparatus	47.07	-	64.06	-	-	29.21	30.93	36.20	99.54	114.89	30.40	-	-	24.75
Furnaces and Boilers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Boiler Apparatus	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Steam Piping and Accessories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accessory Power Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Station Equipment	5.37	-	9.56	-	-	2.97	3.72	5.44	8.62	9.35	3.33	-	-	2.71
Accrued Wages	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09
Total Maintenance	223.31	62.55	129.89	-	-	215.18	35.84	94.66	265.25	191.85	97.93	-	-	80.91
Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Steam from Other Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Steam Transferred - Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Expenses	2,971.39	2,996.05	1,750.01	1,480.99	219.49	2,577.67	1,544.80	1,518.90	2,800.94	2,763.21	1,538.73	1,587.00	-	1,725.92

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 64

EXHIBIT __ (AP- 3)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
CALCULATION OF STATE & FEDERAL INCOME TAXES - STEAM

CONSOLIDATED EDISON OF COMPANY OF NEW YORK, INC.
CALCULATION OF FEDERAL INCOME TAXES - STEAM
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009

	<u>Amount</u>
OPERATING REVENUES PER BOOKS	813,942,284
OPERATING EXPENSES PER BOOKS	708,299,717
INTEREST CHARGES	44,850,202
BOOK INCOME BEFORE FIT	<u>60,792,366</u>

SECTION I - FLOW THROUGH ITEMS

ADDITIONS

Book Depreciation	58,315,452
Capitalized interest (Section 263A)	486,044
Injuries & Damages Reserve	698,599
Officers Compensation in Excess of \$1M (Restricted Stock)	109,000
TOTAL	<u>59,609,095</u>

DEDUCTIONS

Statutory Depreciation Deduction - Flow Through	44,034,000
Removal Costs - Flow Through	30,834,015
Amortization of Capitalized Interest - Flow Through	1,443,875
Westchester Property Tax Adjustment	-
Deduction for Dividends Paid on \$5 Cumulative Pref. Stk.	114,500
Medicare Part D Subsidy - Post Employment Benefits	1,003,304
TOTAL	<u>77,429,694</u>

PRETAX INCOME	42,971,767
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SECTION II - NORMALIZED ITEMS

ADDITIONS

Gain on Sale - 685 1st Avenue	(4,554,000)
Gain on Sale - 708 1st Avenue	(1,919,000)
Gain on Sale - Kips Bay Station	(18,479,000)
Gain on Sale - Waterside	911,163
Fuel Cost Deferred - Prior Period	26,609,039
Contributions in Aid of Construction	210,897
MTA Business Tax Surcharge	1,799,486
Deferred Income Plan	(629,597)
Retiree Health VEBA - Funding v. Expense	1,080,089
Retiree Group Life - Funding v. Expense	216,313
Advance Refunding Long Term Debt - Net	819,106
Vacation Pay Accrual	(118,000)
Capitalized Interest per Tax - Normalized	520,305
Restricted Stock Plan Performance Based	425
Deferred State Income Tax Not deducted on Federal Return	11,610,000
Odd W.T.C Incident Sys. Restor.	9,114,184
Medicare Rx Legislative Savings	(402,995)
Property Tax Reconciliation	(3,394,000)
Capital Expenditure Reconciliation -Steam	(467,416)
EPA SO2 Allowance Proceeds - Steam	(2,292,000)
Rate Case Interference Deferral	(1,313,158)
SBU/GHP Realized & Deferred Gain	(2,794,156)
ERRP Major Maintenance-Gas Turbines	(1,497,954)
Stock Plans	547,072
NYC Property Tax Discount	98,405
Steam Incident Reserve	4,101,430
Steam Incident Plant Disallowance	6,681,927
Deferral of Fuel Expense	5,754,000
Deferral of Other Operating Revenues	4,072,000
TOTAL	<u>36,284,566</u>

CONSOLIDATED EDISON OF COMPANY OF NEW YORK, INC.
CALCULATION OF FEDERAL INCOME TAXES - STEAM
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009

DEDUCTIONS	
Tax Depreciation - Norm. - MACRS	28,245,000
Provision for Deferred Compensation	203,239
Fuel Cost Deferred - Current Period	10,606,591
Unbilled Revenue	25,649,000
Loss on MACRS Retirement	2,435,000
Additional Pension Deduction (Add back)	(4,895,431)
Executive Incentive Plan	40,006
Amortization of Capitalized Interest - Normalized	1,211,203
Over-recovery of Steam Storage and Handling Cost	(2,452,791)
Interference Expense - Steam	(671,000)
Change of Accounting Section 263A	7,674,000
Property Tax Reconciliation (182.30)	1,153,877
Pension Deferral (182.30)	9,508,716
Accrued Rate Increase /Rate Relief	772,400
Amortization of Deferred Costs 03-S-1672	4,552,044
Steam A/C Revenue Accrual 03-S-1672	(268,000)
Steam Service Agreement Revenue Accrued 03-S-1672	(368,000)
ERRP Carrying Charges	(537,561)
Int on Audit Adj NYS Inc	4,638
Depreciation of Capitalized Maintenance - Tax Audit 98-02	297,000
Computer Software Capitalized on Book	4,325,000
Computer Software Book Amortization	(563,466)
Deferred MTA - All Years	2,097,510
H2O & H2O Chem Cost Deferreal - Steam	(204,927)
NYC Gas Utility Excise Tax	301,338
Auction Rate Debt Deferral	(616,724)
PSC Management Audit	1,042
Local Law 11	(815,716)
Steam Sales Variance Annual Adjustment	97,061
Water Treatment Expense	1,998,750
Sewer Charges	5,880
Amortized Deferred Costs	7,088,500
ERRP Fuel Savings	131,738
TOTAL	97,005,916
TAXABLE INCOME	(17,749,583)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 CALCULATION OF FEDERAL INCOME TAXES - STEAM
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2009

	<u>Amount</u>
<u>CURRENT FEDERAL INCOME EXPENSE</u>	
Current Federal Income Tax @ 35%	(6,212,000)
Rounding	
TOTAL CURRENT FIT ACCOUNT 409	<u>(6,212,000)</u>
 <u>DEFERRED FEDERAL INCOME TAX</u>	
Gain on Sale - 685 1st Avenue	1,594,000
Gain on Sale - 708 1st Avenue	672,000
Gain on Sale - Kips Bay Station	6,468,000
Gain on Sale - Waterside	(319,000)
Fuel Cost Deferred - Prior Period	(9,313,000)
Contributions in Aid of Construction	(74,000)
MTA Business Tax Surcharge	(630,000)
Deferred Income Plan	220,000
Retiree Health VEBA - Funding v. Expense	(378,000)
Retiree Group Life - Funding v. Expense	(76,000)
Advance Refunding Long Term Debt - Net	(286,000)
Vacation Pay Accrual	41,000
Capitalized Interest per Tax - Normalized	(182,000)
Provision for Deferred Compensation	71,000
Deferred State Income Tax Not deducted on Federal Return	(4,063,000)
Odd W.T.C Incident Sys. Restor.	(3,190,000)
Medicare Rx Legislative Savings	141,000
Property Tax Reconciliation	1,188,000
Capital Expenditure Reconciliation -Steam	163,000
EPA SO2 Allowance Proceeds -Steam	802,000
Rate Case Interference Deferral	1,438,000
SBU/GHP Realized & Deferred Gain	-
ERRP Major Maintenance-Gas Turbines	524,000
Stock Plans	(191,000)
NYC Property Tax Discount	(34,000)
Steam Incident Reserve	(1,435,000)
Steam Incident Plant Disallowance	(2,338,000)
Deferral of Fuel Expense	(2,014,000)
Deferral of Other Operating Revenues	(1,425,000)
Tax Depreciation - Norm. - MACRS	9,886,000
Fuel Cost Deferred - Current Period	3,712,000
Unbilled Revenue	8,977,000
Loss on MACRS Retirement	852,000
Additional Pension Deduction (Add back)	(1,713,000)
Executive Incentive Plan	14,000
Amortization of Capitalized Interest - Normalized	424,000
Over-recovery of Steam Storage and Handling Cost	(858,000)
Interference Expense - Steam	(235,000)
Change of Accounting Section 263A	2,686,000
Property Tax Reconciliation (182.30)	404,000
Pension Deferral (182.30)	3,328,000
Accrued Rate Increase / Rate Relief	270,000
Amortization of Deferred Costs 03-S-1672	1,576,000
Steam A/C Revenue Accrual 03-S-1672	(94,000)
Steam Service Agreement Revenue Accrued -03-S-1672	(129,000)
ERRP Carrying Charges	(172,000)
Int on Audit Adj NYS Inc	2,000
Depreciation of Capitalized Maintenance - Tax Audit 98-02	105,000
Computer Software Capitalized on Book	1,513,000
Computer Software Book Amortization	(198,000)
Deferred MTA - All Years	734,000
H2O & H2O Chem Cost Deferral - Steam	(72,000)
NYC Gas Utility Excise Tax	105,000
Auction Rate Debt Deferral	(216,000)
Local Law 11	(286,000)
Steam Sales Variance Annual Adjustment	34,000
Water Treatment Expense	699,000
Sewer Charges	2,000
Amortized Deferred Costs	2,481,000
ERRP Fuel Savings	46,000
	-
	<u>21,251,000</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 CALCULATION OF FEDERAL INCOME TAXES - STEAM
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2009

AMORTIZATION OF DEFERRED FIT

Def. FIT - ACRS	(760,000)
Def. FIT - MACRS	(552,000)
Def. FIT - ADR	(1,268,000)
Capitalized Overheads Section 263A (SSCM)	(1,031,000)
Loss on MACRS Retirements	(195,000)
Debt Expense - Advance Refunding Mortgage Bonds	
	<u>(3,806,000)</u>

ADJUSTMENTS

Journalization of Year End Topside Entry - 409 (Folio: 5-2046)	(2,572,000)
Journalization of Year End Topside Entry - 411 (Folio: 5-2046)	2,572,000
Reversal of estimated Over/Under Accrual (Folio 5-2434)	(403,000)
Accrual to Return - 409 (Folio 5-2435)	(1,203,844)
Accrual to Return - 410 (Folio 5-2435)	3,421,000
Accrual to Return - 411 (Folio 5-2435)	(1,556,000)
	-
	<u>258,156</u>

NET DEF. FIT ACCOUNT 410 & 411 17,441,156

AMORTIZATION OF ITC

(262,000)

TOTAL FEDERAL INCOME TAX EXPENSE

11,229,156

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
CALCULATION OF STATE INCOME TAXES - STEAM
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009

	Amount
BOOK INCOME BEFORE FIT	\$ 60,792,365.70
STATE INCOME TAX	5,741,138.00
BOOK INCOME BEFORE SIT	66,533,503.70
PERM. DIFFERENCES	
Medicare Part D Subsidy - Post Employment Benefits	(1,536,460.13)
Officers Compensation in Excess of \$1M	130,000.00
TOTAL	(1,406,460.13)
PRETAX INCOME	65,127,043.57
ADDITIONS	
Book Depreciation	89,213,414
Capitalized interest (Section 263A)	942,748
Injuries & Damages Reserve	858,416
Gain on Sale - 685 1st Avenue	(4,554,000)
Gain on Sale - 708 1st Avenue	(1,919,000)
Gain on Sale - Kips Bay Station	(18,479,000)
Gain on Sale - Waterside Property	911,163
Fuel Cost Deferred - Prior Period	43,589,724
Contributions in Aid of Construction	248,945
MTA Business Tax Surcharge	1,525,031
Deferred Income Plan	(677,582)
Retiree Health VEBA - Funding v. Expense	2,539,093
Retiree Group Life - Funding v. Expense	445,380
Vacation Pay Accrual	(43,000)
Capitalized Interest per Tax - Normalized	753,157
Restricted Stock Plan	(38,883)
Odd W.T.C Incident Sys. Restor.	10,238,286
Medicare Rx Legislative Savings	(402,995)
Property Tax Reconciliation	(3,394,000)
Capital Expenditure Reconciliation -Steam	(467,416)
EPA SO2 Allowance Proceeds - Steam	(2,292,000)
Rate Case Interference Deferral	(1,139,158)
SBU/GHP Realized & Deferred Gain	(1,568,225)
ERRP Major Maintenance-Gas Turbines	(5,127,146)
Stock Plans	589,719
NYC Property Tax Discount	98,405
Steam Incident Reserve	4,101,430
Steam Incident Plant Disallowance	6,681,927
Deferral of Fuel Expense	5,754,000
Deferral of Other Operating Revenues	4,072,000
TOTAL	132,460,433.10

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
CALCULATION OF STATE INCOME TAXES - STEAM
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009

DEDUCTIONS

NYS Depreciation	118,112,000
Removal Costs - Flow Through	41,266,966
Amortization of Capitalized Interest - Flow Through	2,169,030
Provision for Deferred Compensation	168,377
Fuel Cost Deferred - Current Period	23,437,827
Unbilled Revenue	25,649,000
Loss on MACRS Retirement	7,104,000
Additional Pension Deduction	(5,329,931)
Executive Incentive Plan	303,005
Amortization of Capitalized Interest - Normalized	1,912,277
Over-recovery of Steam Storage and Handling Cost	(2,695,037)
Interference Expense - Steam	(671,000)
Change of Accounting Section 263A	10,356,000
Property Tax Reconciliation (182.30)	2,581,276
Pension Deferral (182.30)	9,980,205
Accrued Rate Increase /Rate Relief	2,962,600
Amortization of Deferred Costs 03-S-1672	18,317,750
Steam A/C Revenue Accrual 03-S-1672	(268,000)
Steam Service Agreement Revenue Accrued 03-S-1672	(368,000)
ERRP Carrying Charges	(1,224,151)
Int on Audit Adj NYS Inc	4,638
Depreciation of Capitalized Maintenance - Tax Audit 98-02	443,000
Computer Software Capitalized on Book	4,638,000
Computer Software Book Amortization	(604,203)
Deferred MTA - All Years	2,475,510
H2O & H2O Chem Cost Deferreal - Steam	191,906
NYC Gas Utility Excise Tax	301,338
Auction Rate Debt Deferral	(616,724)
PSC Management Audit	1,042
Local Law 11	(815,716)
Steam Sales Variance Annual Adjustment	97,061
Water Treatment Expense	1,998,750
Sewer Charges	5,880
Amortized Deferred Costs	7,088,500
ERRP Fuel Savings	331,511
	<u>269,304,687.48</u>

TAXABLE INCOME OR (LOSS) (71,717,210.82)

CURRENT STATE INCOME TAX

Current State Income Tax (6,189,000.00)
(6,189,000.00)

Net State Deductions Normalized (136,844,254.39)

DEFERRED STATE INCOME TAX

Deferred State Income Tax 11,810,000.00
11,810,000.00

TOTAL CURRENT AND DEFERRED STATE INCOME TAX 5,621,000.00

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 65

EXHIBIT __ (AP- 4)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
BOOK COST OF UTILITY PLANT - STEAM

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 BOOK COST OF UTILITY PLANT - STEAM
AS OF DECEMBER 31, 2005, 2006, 2007, 2008 AND JUNE 30, 2009
 (Thousands of Dollars)

Account No.	December 31,				June 30, 2009
	2005	2006	2007	2008	
101 <u>Steam Plant in Service</u>					
<u>Production Plant</u>					
310 Land and Land Rights	\$ 10,099	\$ 10,099	\$ 10,099	\$ 10,147	\$ 10,147
311 Structures and Improvements	180,685	207,345	215,188	245,983	253,941
312 Boiler Plant Equipment	711,748	730,757	765,637	799,268	816,244
315 Accessory Power Equipment	97,360	101,412	103,503	106,092	108,747
316 Miscellaneous Station Equipment	38,247	38,271	42,943	34,485	34,528
Total	1,038,139	1,087,884	1,137,370	1,195,975	1,223,607
<u>Distribution Plant</u>					
351 Structures and Improvements	1,010	1,283	1,234	1,278	1,278
303 Capitalized Software	-	408	407	4,974	5,354
353 Mains	482,975	493,848	502,169	528,668	530,056
359 Services	54,288	56,245	57,055	59,591	60,029
360 Meters	10,138	11,176	11,944	12,632	13,694
361 Accessory Equipment on Customers' Premises	4,016	4,442	5,054	5,425	5,426
362 Installation of Meters & Accessory Equipment	20,322	23,283	25,096	27,570	27,570
Total	572,749	590,685	602,959	640,138	643,407
Total Steam Plant in Service	1,610,888	1,678,569	1,740,329	1,836,113	1,867,014
107 Construction Work in Progress - Steam	43,986	54,572	64,818	81,634	102,744
Grand Total	\$1,654,874	\$1,733,141	\$ 1,805,147	\$ 1,917,747	\$ 1,969,758

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 66

EXHIBIT __ (AP- 5)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ACCUMULATED PROVISION FOR DEPRECIATION OF STEAM PLANT IN SERVICE

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 ACCUMULATED PROVISION FOR DEPRECIATION OF STEAM PLANT IN SERVICE
AS OF DECEMBER 31, 2005, 2006, 2007, 2008 AND JUNE 30, 2009
 (Thousands of Dollars)

Account No.	December 31,				June 30,
	2005	2006	2007	2008	2009
108 <u>Steam Plant in Service</u>					
<u>Production Plant</u>					
310 Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -
310 Land and Land Rights-Leaseholds	5,730	5,928	6,127	6,325	6,424
311 Structures and Improvements	23,845	27,355	29,271	20,955	24,616
312 Boiler Plant Equipment	156,653	178,010	195,066	213,262	224,430
315 Accessory Power Equipment	20,477	22,446	24,479	26,923	28,266
316 Miscellaneous Station Equipment	5,683	6,538	6,898	7,522	7,827
Total	212,388	240,277	261,841	274,987	291,563
<u>Distribution Plant</u>					
351 Structures and Improvements	234	255	285	274	287
303 Capitalized Software	-	27	109	190	713
353 Mains	23,166	34,988	43,637	55,183	57,950
353 Desuperheating Equipment	-	-	5,856	6,158	6,417
359 Services	9,337	9,050	10,191	11,212	11,886
360 Meters	1,834	1,881	2,347	2,801	2,930
361 Accessory Equipment on Customers' Premises	796	889	885	997	1,057
362 Installations of Meters & Accessory Equipment	2,683	3,027	3,189	3,711	3,988
Total	38,050	50,117	66,499	80,526	85,228
 Total Steam Plant in Service	 \$ 250,438	 \$ 290,394	 \$ 328,340	 \$ 355,513	 \$ 376,791

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 67

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
REVENUES AND OPERATING EXPENSE DATA
INDEX TO SCHEDULES

Schedule No.		Number of Pages
1	Steam Operating Income for the Twelve Months Ended June 30, 2009 and Twelve Months Ending September 30, 2011, Other Operating Revenues, Operation and Maintenance Expenses and Taxes Other than Income Taxes - Twelve Months Ended June 30, 2009 Adjusted to the Twelve Months Ending September 30, 2011	4
2	Computation of Labor Factor to Bring the Twelve Months Ended June 30, 2009 to the Rate Year	4
3	Staffing Levels from June 2009 to September 2011	1
4	Summary of Steam Cost Elements - Twelve Months Ended June 30, 2009 and Twelve Months Ending September 30, 2011; and Twelve Months Ending September 30, 2011 vs. Twelve Months Ended June 30, 2009	3
5	Steam Cost Elements by Major Account Group - Twelve Months Ended June 30, 2009	7
6	Steam Cost Elements - Summary of Activities by Major Account Group - Twelve Months Ended June 30, 2009 and Twelve Months Ending September 30, 2011	1
7	Summary of Steam Normalizing Adjustments by Elements of Expense in the Rate Year	1
8	Summary of Steam Program Changes by Element of Expense in the Rate Year	1
9	Summary of Steam Cost Elements Subject to General Escalation	1
10	Summary of Steam Cost Elements - Witness and Potential Update	1

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM OPERATING INCOME
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009 AND TWELVE MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

LINE NO.		12 MONTHS ENDED JUNE 30, 2009 (Col. 1)	ADJUSTMENT TO NORMALIZE TEST YEAR & REFLECT CONDITIONS IN THE RATE YEAR (Col. 2)	12 MONTHS ENDING SEPTEMBER 30, 2011 (Col. 3)	LINE NO.
	<u>Operating Revenues</u>				
1	Sales Revenues	\$ 724,713	\$ (31,477)	\$ 693,236	1
2	Other Operating Revenues (Page 2)	89,229	(4,340)	84,889	2
3	Total Operating Revenues	813,942	(35,817)	778,125	3
	<u>Operation & Maintenance Expenses</u>				
4	Operation & Maintenance Expenses (Page 3)	559,820	(21,983)	537,837	4
5	Operating Revenues less Operation & Maintenance Expenses	254,122	(13,834)	240,289	5
	<u>Other Operating Income Deductions</u>				
6	Depreciation and Amortization (Pages 4a & 4b)	58,879	6,112	64,991	6
7	Taxes Other Than Income Taxes (Page 4)	83,991	20,325	104,316	7
8	Losses/(Gains) from Disposition of Utility Plant	-	-	-	8
9	Total Other Operating Income Deductions	142,870	26,437	169,307	9
10	Operating Income Before Income Taxes	\$ 111,252	\$ (40,271)	\$ 70,981	10

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
OTHER OPERATING REVENUES - STEAM
12 MONTHS ENDED JUNE 30, 2009
ADJUSTED TO THE 12 MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

Line No.	Item	12 Months Ended 6/30/09	Changes to Reflect Conditions in Rate Year	12 Months Ending 9/30/11	Line No.
	Interdepartmental Rents:				
1	East River Repowering Project (ERRP)	\$ 70,270	\$ 3,165	\$ 73,435	1
2	Hudson Avenue Tunnel	1,910	374	2,284	2
3	Revenue Offset Re: 74/59th St. Transfer from Electric	5,975	525	6,500	3
4	Steam Rev/Fuel Management Program	1,217	(987)	230	4
5	Late Payment Charges	1,465	(65)	1,400	5
6	Special Services Repair Program	528	(19)	509	6
7	GHP Interest	(188)	188	-	7
8	Rents	64	(64)	-	8
9	Reconnection Revenues	-	250	250	9
	Regulatory Accounting				
10	Deferred MTA Surcharge on SIT	993	(993)	-	10
11	Auction Rate Debt Reconciliation	(765)	765	-	11
12	Net Unbilled Revenue - Steam	(4,072)	4,072	-	12
13	Steam Incident	(4,000)	4,000	-	13
14	SO2 Allowances	2,431	(2,150)	281	14
15	Accrued Rate Relief	772	(772)	-	15
16	Local Law 11 - 07-s-1315	(1,224)	1,224	-	16
17	Steam Action Plan - 07-s-1315	(101)	101	-	17
18	Capital Expend Reconciliation	(112)	112	-	18
19	Rate Case Amortizations	14,182	(14,182)	-	19
20	Steam Interest Collection	(35)	35	-	20
21	Steam Interf. Deferral-05-s-1376	(81)	81	-	21
22	Total Other Operating Revenues	\$ 89,229	\$ (4,340)	\$ 84,889	22

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM OPERATION AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2009 AND SEPTEMBER 30, 2011
(Thousands of Dollars)

LINE NO.		12 MONTHS ENDED JUNE 30, 2009	SCHEDULE 7 NORMALIZING ADJMTS	SCHEDULE 8 PROGRAM CHANGES	5.78% LABOR ESCAL	SCHEDULE 9 GENERAL ESCAL	NET ADJUSTMENTS	12 MONTHS ENDING SEPTEMBER 30, 2011	LINE NO.
1	Fuel	\$ 378,801	\$ -	\$ (48,182)	\$ -	\$ -	\$ (48,182)	\$ 330,619	1
2	Other Fuel Charges	4,241	-	117	-	-	117	4,358	2
3	A&G Exp Cap	(2,178)	-	(1,513)	-	-	(1,513)	(3,691)	3
4	Asbestos Removal and Abatement	508	-	-	-	16	16	522	4
5	Other Compensation	736	(539)	-	-	-	(539)	197	5
6	Boiler Cleaning	1,399	-	-	-	45	45	1,444	6
7	Building Service	1,060	-	693	-	56	749	1,809	7
8	Collection Agency	-	-	-	-	-	-	-	8
9	Communication - Telephone	799	-	-	-	26	26	825	9
10	Company Labor	57,715	(148)	2,335	3,462	-	5,649	63,364	10
11	Consultants	1,483	-	35	-	49	84	1,567	11
12	Contract Labor	457	-	-	-	15	15	472	12
13	Corporate Fiscal Expense	283	-	-	-	9	9	292	13
14	Corrective Maintenance	8,574	-	-	-	211	211	6,785	14
15	Disposal of Obsolete M&S	3	-	(1)	-	0	(1)	2	15
16	East River Repowering Project (ERRP)	-	-	-	-	-	-	-	16
17	EDP Equipment Rentals & Maintenance	222	-	-	-	7	7	230	17
18	Electric and Gas Used	11,747	-	1,515	-	-	1,515	13,262	18
19	Employee Pensions/OPEBs - Net	10,189	-	12,333	-	-	12,333	22,522	19
20	Employee Welfare Expense - Net	6,006	417	568	-	-	985	6,991	20
21	Environmental Affairs	990	-	-	-	32	32	1,022	21
22	Environmental Programs	1,510	-	-	-	48	48	1,558	22
23	Executive Incentive Plan	386	(386)	-	-	-	(386)	-	23
24	Facilities Maintenance	1,968	-	-	-	63	63	2,031	24
25	Financial Services	433	-	264	-	-	264	697	25
26	Information Resources	2,548	-	142	-	86	228	2,776	26
27	Injuries and Damages	2,963	-	(1,171)	-	58	(1,113)	1,850	27
28	Institutional Dues and Subscriptions	56	-	-	-	2	2	58	28
29	Insurance Premiums	2,820	-	479	-	-	479	3,299	29
30	Interference	7,042	-	358	-	-	358	7,400	30
31	Major Maintenance Projects	-	-	-	-	-	-	-	31
32	Manhole Program	-	-	-	-	-	-	-	32
33	Manhour Expense	3,547	-	-	-	114	114	3,661	33
34	Materials and Supplies	2,375	-	-	-	76	76	2,451	34
35	MGP / Superfund	2,033	(2,033)	-	-	-	(2,033)	-	35
36	Other (Fossil)	4,340	-	-	-	139	139	4,479	36
37	Outside Legal Services	54	-	-	-	2	2	56	37
38	Plant Component Upgrade	137	-	-	-	4	4	141	38
39	Rate Case Acctg. - Water Treatment Deferral	(1,998)	2,613	-	-	20	2,633	635	39
40	Postage	14	-	-	-	0	0	14	40
41	Preventive Maintenance	1,651	-	-	-	53	53	1,704	41
42	Rate Case Acctg. - Interference	(1,166)	1,166	-	-	-	1,166	-	42
43	Rate Case Acctg. - Pensions/OPEBS	(10,929)	10,929	-	-	-	10,929	-	43
44	Ravenswood	5,577	-	-	-	179	179	5,756	44
45	Real Estate Expenses	153	-	-	-	5	5	158	45
46	Regulatory Commission Expenses	2,440	-	(686)	-	56	(630)	1,810	46
47	Rents	195	-	-	-	6	6	201	47
48	Rents - Interdepartmental	14,409	-	706	-	-	706	15,115	48
49	Research and Development	851	-	(56)	-	26	(30)	821	49
50	Steam Incident Action Plan	1,511	-	-	-	49	49	1,560	50
51	Scheduled Overhauls	-	-	-	-	-	-	-	51
52	Security	1,025	-	-	-	33	33	1,058	52
53	Sewer Charges	584	-	21	-	-	21	605	53
54	Shared Services	(799)	-	-	-	(26)	(26)	(825)	54
55	Steam Leaks	1,063	-	-	-	34	34	1,097	55
56	Steam Transfer Credit	(13)	-	-	-	(0)	(0)	(13)	56
57	Steam Incident Settlement	6,889	(6,889)	-	-	-	(6,889)	-	57
58	Uncollectible Reserve	-	-	1,000	-	-	1,000	1,000	58
59	Water	10,619	-	(678)	-	-	(678)	9,941	59
60	Water Chemicals	7,367	-	(459)	-	-	(459)	6,908	60
61	Trenching	1	-	-	-	-	-	1	61
62	Water Treatment	3,861	-	-	-	-	-	3,861	62
63	Other	3,269	-	7	-	105	112	3,381	63
Total Operation & Maintenance Expenses		\$ 559,820	\$ 5,130	\$ (32,173)	\$ 3,462	\$ 1,598	\$ (21,983)	\$ 537,837	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM DEPRECIATION AND AMORTIZATION EXPENSE
JULY 2009 - SEPTEMBER 2010
(Thousands of Dollars)

	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Steam Plant Balance																
Steam Distribution	\$ 554,591	\$ 559,155	\$ 563,609	\$ 568,064	\$ 572,518	\$ 576,973	\$ 582,233	\$ 584,100	\$ 586,752	\$ 589,809	\$ 591,912	\$ 594,134	\$ 597,182	\$ 599,326	\$ 603,115	\$ 606,710
Steam Production	412,890	412,920	412,864	414,323	416,280	420,495	480,905	481,198	481,471	481,888	482,170	482,882	484,794	485,186	486,297	488,693
Total Steam Plant	967,481	972,075	976,473	982,387	988,798	997,468	1,063,529	1,065,298	1,068,223	1,071,677	1,074,081	1,077,016	1,081,976	1,084,512	1,089,412	1,095,403
Composite Depreciation Rates																
Steam Distribution (2.4948% annual)	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2076%	0.2079%	0.2079%	0.2079%
Steam Production (3.3132% annual)	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%
Steam Depreciation Expense																
Steam Distribution	1,153	1,162	1,172	1,181	1,190	1,200	1,211	1,214	1,220	1,226	1,231	1,235	1,242	1,246	1,254	1,264
Steam Production	1,140	1,140	1,140	1,144	1,149	1,161	1,328	1,329	1,329	1,330	1,331	1,333	1,339	1,340	1,343	1,343
74st Fully Recovered	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63
Leasehold	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Steam Depreciation	2,372	2,365	2,375	2,388	2,402	2,424	2,602	2,606	2,612	2,619	2,625	2,631	2,644	2,649	2,649	2,660
ERRP Plant Balance																
ERRP	802,590	802,590	802,590	802,590	802,590	802,630	810,138	810,138	810,138	810,138	810,167	810,175	810,184	810,192	810,199	810,205
Composite Depreciation Rates																
ERRP (3.8124% annual)	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%
ERRP Depreciation Expense																
ERRP	2,550	2,550	2,550	2,550	2,550	2,550	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574	2,574
Common - 9815 (EDP)	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Total ERRP	2,572	2,572	2,572	2,572	2,572	2,572	2,572	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596
Steam Depreciation	2,372	2,365	2,375	2,388	2,402	2,424	2,602	2,606	2,612	2,619	2,625	2,631	2,644	2,649	2,649	2,660
ERRP Depreciation	2,572	2,572	2,572	2,572	2,572	2,572	2,572	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596
Total Steam Depreciation	\$ 4,944	\$ 4,937	\$ 4,947	\$ 4,960	\$ 4,974	\$ 4,996	\$ 5,198	\$ 5,202	\$ 5,208	\$ 5,215	\$ 5,221	\$ 5,227	\$ 5,240	\$ 5,245	\$ 5,245	\$ 5,256

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM DEPRECIATION AND AMORTIZATION EXPENSE
OCTOBER 2010 - SEPTEMBER 2011
(Thousands of Dollars)

<u>Steam Plant Balance</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Totals</u>
Steam Distribution	\$ 610,622	\$ 614,007	\$ 618,946	\$ 620,179	\$ 622,418	\$ 625,004	\$ 626,773	\$ 628,644	\$ 631,222	\$ 633,010	\$ 636,208	\$ 639,239	\$ 7,506,273
Steam Production	490,005	491,967	530,773	530,815	530,843	530,930	530,974	531,044	533,248	533,289	533,773	533,776	6,301,436
Total Steam Plant	1,100,627	1,105,974	1,149,719	1,150,994	1,153,261	1,155,934	1,157,746	1,159,688	1,164,471	1,166,299	1,169,982	1,173,014	13,807,709
<u>Composite Depreciation Rates</u>													
Steam Distribution (2.4948% annual)	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	0.2079%	
Steam Production (3.3132% annual)	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	0.2761%	
<u>Steam Depreciation Expense</u>													
Steam Distribution	1,261	1,269	1,277	1,287	1,289	1,294	1,299	1,303	1,307	1,312	1,316	1,323	15,537
Steam Production	1,349	1,353	1,358	1,465	1,466	1,466	1,466	1,466	1,466	1,472	1,472	1,474	17,273
74st Fully Recovered	63	63	63	63	63	63	63	63	63	63	63	63	756
Leasehold	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Steam Depreciation	2,673	2,685	2,698	2,815	2,818	2,823	2,828	2,832	2,836	2,847	2,851	2,860	33,566
<u>ERRP Plant Balance</u>													
ERRP	811,081	817,673	818,788	818,788	818,788	818,788	818,788	818,788	819,043	819,085	819,125	819,156	9,817,890
<u>Composite Depreciation Rates</u>													
ERRP (3.8124% annual)	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	0.3177%	
<u>ERRP Depreciation Expense</u>													
ERRP	2,574	2,577	2,598	2,601	2,601	2,601	2,601	2,601	2,601	2,602	2,602	2,602	31,161
Common - 9815 (EDP)	22	22	22	22	22	22	22	22	22	22	22	22	264
Total ERRP	2,596	2,599	2,620	2,623	2,623	2,623	2,623	2,623	2,623	2,624	2,624	2,624	31,425
Steam Depreciation	2,673	2,685	2,698	2,815	2,818	2,823	2,828	2,832	2,836	2,847	2,851	2,860	33,566
ERRP Depreciation	2,596	2,599	2,620	2,623	2,623	2,623	2,623	2,623	2,623	2,624	2,624	2,624	31,425
Total Steam Depreciation at Current Rates	\$ 5,269	\$ 5,284	\$ 5,318	\$ 5,438	\$ 5,441	\$ 5,446	\$ 5,451	\$ 5,455	\$ 5,459	\$ 5,471	\$ 5,475	\$ 5,484	\$ 64,991

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
TAXES OTHER THAN INCOME TAXES - STEAM
12 MONTHS ENDED JUNE 30, 2009
ADJUSTED TO THE 12 MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

Line No.	Item	12 Months Ended 6/30/09	Changes to Reflect Conditions in Rate Year	12 Months Ending 9/30/11	Line No.
1	NYC Property Taxes	\$ 67,869	\$ 17,040	\$ 84,909	1
2	Property Tax Reconciliation	(4,076)	4,076	-	2
3	Total Property Taxes	63,794	21,115	84,909	3
4	Revenue Taxes	16,497	(1,759)	14,738	4
5	Payroll Taxes	3,145	890	4,035	5
6	MTA Mobility Tax	52	164	216	6
7	Sales & Compensating Use Tax	104	(104)	-	7
8	Subsidiary Capital Tax	348	11	359	8
9	All Other Taxes	50	9	59	9
10	Total Taxes Other	\$ 83,991	\$ 20,325	\$ 104,316	10

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
COMPUTATION OF LABOR FACTOR TO BRING
THE TWELVE MONTHS ENDED JUNE 30, 2009 TO THE RATE YEAR
(Thousands of Dollars)

	Twelve Months Ended June 30, 2009	Twelve Months Ending September 30, 2011			
		Without Productivity Savings	With Productivity Savings	Productivity Savings	
<u>Union Wages</u>					
Straight Time	\$ 572,533	\$ 611,554	\$ 600,904	\$ 10,650	
Premium Time	30,206	31,997	31,277	720	
Overtime	<u>133,231</u>	<u>141,132</u>	<u>137,957</u>	<u>3,175</u>	
Total Union	735,970	784,683	6.6% 770,138	4.6%	14,545
<u>Management Salaries</u>					
Straight Time	529,311	579,293	569,283	10,010	
Compensatory Time	<u>37,331</u>	<u>39,313</u>	<u>38,428</u>	<u>885</u>	
Total Management	566,642	618,606	9.2% 607,711	7.3%	10,895
Total Salaries and Wages	<u>\$ 1,302,612</u>	<u>\$ 1,403,289</u>	<u>\$ 1,377,849</u>	<u>\$ 25,440</u>	
Percentage Increase - Rate Year Over Twelve Months Ended June 30, 2009		<u>7.73%</u>	<u>5.78%</u>		

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STRAIGHT TIME WAGES AND SALARIES

	Without Productivity			With Productivity		
	Weekly	Management	Total	Weekly	Management	Total
<u>Number of Employees</u>						
Actual on Roll with Pay for June 2009	9,476	4,977	14,453	9,476	4,977	14,453
Estimated Average Number of Employees on Roll with Pay during the Rate Year	9,476	4,977	14,453	9,311	4,891	14,202
Average Weekly Straight Time Wages and Monthly Management Salary During Rate Year	\$ 1,257 /Week \$ 1,227 /Week without progression	\$ 9,150 /Month		\$ 1,257 /Week \$ 1,227 /Week without progression	\$ 9,150 /Month	
<u>Rate Year Straight Time Wages and Salaries (Thousands of Dollars)</u>						
<u>Weekly</u>		With Progression	Without Progression	Local 3	With Progression	Without Progression
Average Weekly Straight Time Wages	\$ 1,257	\$ 1,227	\$ 1,210	\$ 1,257	\$ 1,227	\$ 1,210
(X) 52 Weeks	52	52	52	52	52	52
	65,340	63,794	62,909	65,340	63,794	62,909
(X) No. of Employees	4,738	4,418	320	4,656	4,341	315
Total Weekly Straight Time Wages	\$ 309,581	\$ 281,842	\$ 20,131	\$ 304,190	\$ 276,898	\$ 19,816
sub-total			611,554			600,904
<u>Management</u>						
Average Monthly Straight Time Wages		\$ 9,150			\$ 9,150	
(X) 12 Months		12			12	
		109,806			109,806	
Variable pay 6.0%		6,588			6,588	
		116,394			116,394	
(X) No. of Employees		4,977			4,891	
Total Management Salaries			579,293			569,283
Total Straight Time Wages and Salaries			\$ 1,190,847			\$ 1,170,187

Note:

*Based on the latest 3 year average, approximately 50% of weekly employees received progressions

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
OTHER THAN STRAIGHT TIME WAGES AND SALARIES
(Thousands of Dollars)

Weekly

Premium Time

Actual Twelve Months Ended June 30, 2009	\$ 30,206	
(X) Rate Year Factor	<u>105.93%</u>	
Rate Year Amount - without productivity savings		<u>\$ 31,997</u>
Rate Year Amount - with productivity savings		<u>\$ 31,277</u>

Overtime

Actual Twelve Months Ended June 30, 2009	\$ 133,231	
(X) Rate Year Factor	<u>105.93%</u>	
Rate Year Amount - without productivity savings		<u>\$ 141,132</u>
Rate Year Amount - with productivity savings		<u>\$ 137,957</u>

Management

Compensatory Time

Actual Twelve Months Ended June 30, 2009	\$ 37,331	
(X) Rate Year Factor	<u>105.31%</u>	
Rate Year Amount - without productivity savings		<u>\$ 39,313</u>
Rate Year Amount - with productivity savings		<u>\$ 38,428</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
AVERAGE SALARY AND WAGES

<u>Weekly Employees</u>	<u>Per Week With progression</u>	<u>Per Week Without progression</u>	<u>Per Week Local 3</u>
Straight Time Average June 2009	\$ 1,171.65	\$ 1,171.65	\$ 1,171.65
Est. average for June 2010	1,184.21	1,175.07	1,173.11
 Estimated Average Straight Time for the Rate Year			
October-10 @ .7% progression	1,237.07	1,212.66	1,189.22
November-10	1,237.07	1,212.66	1,189.22
December-10	1,237.07	1,212.66	1,189.22
January-11	1,237.07	1,212.66	1,195.17
February-11 @ .6% progression	1,244.50	1,212.66	1,195.17
March-11	1,244.50	1,212.66	1,195.17
April-11	1,244.50	1,212.66	1,195.17
May-11	1,244.50	1,212.66	1,195.17
June-11 @ 3.5% wage award	1,288.05	1,255.10	1,243.46
July-11	1,288.05	1,255.10	1,243.46
August-11	1,288.05	1,255.10	1,243.46
September-11	1,288.05	1,255.10	1,243.46
Rate Year Straight Time Average	1,256.54	1,226.81	1,209.78
 <u>Labor Factor</u>			
Rate Year Average less June 2009	\$ 84.89	\$ 55.16	\$ 38.13
divided by June 2009	7.25%	4.71%	3.25%
Weighted Average			5.93%
 <u>Management Employees</u>			
	<u>Per Month</u>		
Straight Time Average for June 2009	\$ 8,689.00		
Estimated April 2010 - 3.5% merit	8,993.12		
 Estimated Average Straight Time for the Rate Year			
October-10	8,993.12		
November-10	8,993.12		
December-10	8,993.12		
January-11	8,993.12		
February-11	8,993.12		
March-11	8,993.12		
April-11 @ 3.5% merit	9,307.87		
May-11	9,307.87		
June-11	9,307.87		
July-11	9,307.87		
August-11	9,307.87		
September-11	9,307.87		
Rate Year Straight Time Average	9,150.49		
 <u>Labor Factor</u>			
Rate Year Average less June 2009	\$ 461.49		
divided by June 2009	5.31%		

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STAFFING LEVELS FROM JUNE 2009 TO SEPTMEBER 2011

	<u>%</u>	<u>Weekly</u>		<u>Management</u>	<u>Total</u>
		Local 1-2	Local 3		
Average with pay at June 2009		9,156	320	4,977	14,453
Forecast of Productivity - July to June 2010	1.00%	<u>(92)</u>	<u>(3)</u>	<u>(50)</u>	<u>(145)</u>
Average with pay at June 2010		9,064	317	4,927	14,308
Forecast of Productivity - July to Septmber 2010	0.25%	<u>(23)</u>	<u>(1)</u>	<u>(12)</u>	<u>(36)</u>
Average with pay at September 2010		9,041	316	4,915	14,272
Forecast of Productivity - October to September 2011	1.00%	<u>(90)</u>	<u>(3)</u>	<u>(49)</u>	<u>(142)</u>
Average with pay at September 2011		8,951	313	4,866	14,130
Average September 2010 and September 2011		<u>8,996</u>	<u>315</u>	<u>4,891</u>	<u>14,202</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STATEMENT OF STEAM COST ELEMENTS
TWELVE MONTHS ENDED JUNE 2009
(Thousands of Dollars)

LINE NO.		(42) PRODUCTION		(46) DISTRIBUTION		(56) CUSTOMER		(47) CUSTOMER		(48)	(49) ADMIN AND GENERAL	TOTAL	LINE NO.
		OPERATION	MAINTENANCE	OPERATION	MAINTENANCE	ACCOUNTING	SERVICE	GENERAL					
1	Fuel	\$ 378,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378,801	1	
2	Other Fuel Charges	4,241	-	-	-	-	-	-	-	-	4,241	2	
3	A&G Exp Cap	-	-	-	-	-	-	(2,178)	-	-	(2,178)	3	
4	Asbestos Removal and Abatement	-	336	-	170	-	-	-	-	-	506	4	
5	Other Copmensation	-	-	-	-	-	-	736	-	-	736	5	
6	Boiler Cleaning	1,399	-	-	-	-	-	-	-	-	1,399	6	
7	Building Service	1,188	10	130	-	2	9	(279)	-	-	1,060	7	
8	Collection Agency	-	-	-	-	-	-	-	-	-	-	8	
9	Communication - Telephone	384	-	268	1	34	19	93	-	-	799	9	
10	Company Labor	23,346	11,852	9,631	3,921	1,009	1,117	6,839	-	-	57,715	10	
11	Consultants	12	-	26	1	-	2	1,442	-	-	1,483	11	
12	Contract Labor	2	-	1	421	-	-	33	-	-	457	12	
13	Corporate Fiscal Expense	-	-	-	-	-	-	283	-	-	283	13	
14	Corrective Maintenance	1,092	5,392	-	90	-	-	-	-	-	6,574	14	
15	Disposal of Obsolete M&S	-	-	-	-	-	-	3	-	-	3	15	
16	EDP Equipment Rentals & Maintenance	21	-	35	4	3	22	137	-	-	222	16	
17	Electric and Gas Used	11,503	-	-	10	-	-	234	-	-	11,747	17	
18	Employee Pensions/OPEBs - Net	-	-	-	-	-	-	10,189	-	-	10,189	18	
19	Employee Welfare Expense - Net	-	-	-	-	-	-	6,006	-	-	6,006	19	
20	Environmental Affairs	702	-	235	42	-	-	11	-	-	990	20	
21	Environmental Programs	1,469	-	41	-	-	-	-	-	-	1,510	21	
22	Executive Incentive Plan	-	-	-	-	-	-	386	-	-	386	22	
23	Facilities Maintenance	-	1,968	-	-	-	-	-	-	-	1,968	23	
24	Financial Services	-	-	-	-	-	-	433	-	-	433	24	
25	Information Resources	1,237	-	386	-	-	-	925	-	-	2,548	25	
26	Injuries and Damages	-	-	-	-	-	-	2,963	-	-	2,963	26	
27	Institutional Dues and Subscriptions	-	-	-	-	-	-	56	-	-	56	27	
28	Insurance Premiums	-	-	-	-	-	-	2,820	-	-	2,820	28	
29	Interference	-	-	51	6,991	-	-	-	-	-	7,042	29	
30	Major Maintenance Projects	-	-	-	-	-	-	-	-	-	-	30	
31	Manhole Program	-	-	-	-	-	-	-	-	-	-	31	
32	Manhour Expense	146	496	1,474	1,301	132	1	(3)	-	-	3,547	32	
33	Materials and Supplies	813	166	326	1,096	-	-	(26)	-	-	2,375	33	
34	MGP / Superfund	-	-	-	-	-	-	2,033	-	-	2,033	34	
35	Other (Fossil)	1,956	58	497	1,829	-	-	-	-	-	4,340	35	
36	Outside Legal Services	-	-	-	-	-	-	54	-	-	54	36	
37	Plant Component Upgrade	(9)	146	-	-	-	-	-	-	-	137	37	
38	Rate Case Acctg.- Water Treatment Deferral	(1,998)	-	-	-	-	-	-	-	-	(1,998)	38	
39	Postage	-	-	-	-	1	4	9	-	-	14	39	
40	Preventive Maintenance	37	1,602	-	12	-	-	-	-	-	1,651	40	
41	Rate Case Acctg. - Interference	-	-	-	(1,166)	-	-	-	-	-	(1,166)	41	
42	Rate Case Acctg. - Pensions/OPEBS	-	-	-	-	-	-	(10,929)	-	-	(10,929)	42	
43	Ravenswood	5,095	482	-	-	-	-	-	-	-	5,577	43	
44	Real Estate Expenses	-	-	-	-	-	-	153	-	-	153	44	
45	Regulatory Commission Expenses	-	-	-	-	-	-	2,440	-	-	2,440	45	
46	Rents	117	-	52	-	-	-	26	-	-	195	46	
47	Rents - Interdepartmental	2,219	-	315	-	-	-	11,875	-	-	14,409	47	
48	Research and Development	106	-	598	-	-	-	147	-	-	851	48	
49	Steam Incident Action Plan	-	-	1,264	247	-	-	-	-	-	1,511	49	
50	Scheduled Overhauls	-	-	-	-	-	-	-	-	-	-	50	
51	Security	969	-	23	-	-	-	33	-	-	1,025	51	
52	Sewer Charges	584	-	-	-	-	-	-	-	-	584	52	
53	Shared Services	-	-	-	-	-	-	(799)	-	-	(799)	53	
54	Steam Leaks	-	-	-	1,063	-	-	-	-	-	1,063	54	
55	Steam Transfer Credit	(13)	-	-	-	-	-	-	-	-	(13)	55	
56	Steam Incident Settlement	-	-	-	6,889	-	-	-	-	-	6,889	56	
57	Uncollectible Reserve	-	-	-	-	-	-	-	-	-	-	57	
58	Water	10,619	-	-	-	-	-	-	-	-	10,619	58	
59	Water Chemicals	7,367	-	-	-	-	-	-	-	-	7,367	59	
60	Trenching	1	-	-	-	-	-	-	-	-	1	60	
61	Water Treatment	3,861	-	-	-	-	-	-	-	-	3,861	61	
62	Other	415	-	151	867	36	203	1,597	-	-	3,269	62	
Total Operation & Maintenance Expenses		\$ 457,682	\$ 22,508	\$ 15,504	\$ 23,789	\$ 1,217	\$ 1,377	\$ 37,742	\$ -	\$ -	\$ 559,820		

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STATEMENT OF STEAM COST ELEMENTS
TWELVE MONTHS ENDING SEPTEMBER 2011
(Thousands of Dollars)

LINE NO.	(42) PRODUCTION		(46) DISTRIBUTION		(47) CUSTOMER		(48)	(49) ADMIN AND GENERAL	TOTAL	LINE NO.
	OPERATION	MAINTENANCE	OPERATION	MAINTENANCE	ACCOUNTING	SERVICE				
1	Fuel	\$ 330,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,619	1
2	Other Fuel Charges	4,358	-	-	-	-	-	-	4,358	2
3	A&G Exp Cap	-	-	-	-	-	-	(3,691)	(3,691)	3
4	Asbestos Removal and Abatement	-	347	-	175	-	-	-	522	4
5	Other Copmpensation	-	-	-	-	-	-	736	736	5
6	Boiler Cleaning	1,444	-	-	-	-	-	-	1,444	6
7	Building Service	1,226	10	134	-	2	9	427	1,809	7
8	Collection Agency	-	-	-	-	-	-	-	-	8
9	Communication - Telephone	396	-	277	1	35	20	96	825	9
10	Company Labor	26,941	12,506	10,194	4,137	1,067	1,182	7,337	63,364	10
11	Consultants	35	-	33	1	-	2	1,496	1,567	11
12	Contract Labor	2	-	1	435	-	-	34	472	12
13	Corporate Fiscal Expense	-	-	-	-	-	-	292	292	13
14	Corrective Maintenance	1,127	5,565	-	93	-	-	-	6,785	14
15	Disposal of Obsolete M&S	-	-	-	-	-	-	3	3	15
16	EDP Equipment Rentals & Maintenance	22	-	36	4	3	23	142	230	16
17	Electric and Gas Used	13,018	-	-	10	-	-	234	13,262	17
18	Employee Pensions/OPEBs - Net	-	-	-	-	-	-	22,522	22,522	18
19	Employee Welfare Expense - Net	-	-	-	-	-	-	6,991	6,991	19
20	Environmental Affairs	725	-	243	43	-	-	11	1,022	20
21	Environmental Programs	1,516	-	42	-	-	-	-	1,558	21
22	Executive Incentive Plan	-	-	-	-	-	-	-	-	22
23	Facilities Maintenance	-	2,031	-	-	-	-	-	2,031	23
24	Financial Services	-	-	-	-	-	-	697	697	24
25	Information Resources	1,277	-	398	-	-	-	1,101	2,776	25
26	Injuries and Damages	-	-	-	-	-	-	1,850	1,850	26
27	Institutional Dues and Subscriptions	-	-	-	-	-	-	58	58	27
28	Insurance Premiums	-	-	-	-	-	-	3,299	3,299	28
29	Interference	-	-	51	7,349	-	-	-	7,400	29
30	Major Maintenance Projects	-	-	-	-	-	-	-	-	30
31	Manhole Program	-	-	-	-	-	-	-	-	31
32	Manhour Expense	151	512	1,521	1,343	136	1	(3)	3,661	32
33	Materials and Supplies	839	171	336	1,131	-	-	(27)	2,451	33
34	MGP / Superfund	(2,033)	-	-	-	-	-	2,033	-	34
35	Other (Fossil)	2,019	60	513	1,888	-	-	-	4,479	35
36	Outside Legal Services	-	-	-	-	-	-	56	56	36
37	Plant Component Upgrade	(9)	151	-	-	-	-	-	141	37
38	Rate Case Acctg.- Water Treatment Deferral	635	-	-	-	-	-	-	635	38
39	Postage	-	-	-	-	1	4	9	14	39
40	Preventive Maintenance	38	1,653	-	12	-	-	-	1,704	40
41	Rate Case Acctg. - Interference	-	-	-	-	-	-	-	-	41
42	Rate Case Acctg. - Pensions/OPEBS	-	-	-	-	-	-	-	-	42
43	Ravenswood	5,259	497	-	-	-	-	-	5,756	43
44	Real Estate Expenses	-	-	-	-	-	-	158	158	44
45	Regulatory Commission Expenses	-	-	-	-	-	-	1,810	1,810	45
46	Rents	121	-	54	-	-	-	27	201	46
47	Rents - Interdepartmental	2,276	-	319	-	-	-	12,520	15,115	47
48	Research and Development	109	-	559	-	-	-	152	821	48
49	Steam Incident Action Plan	-	-	1,305	255	-	-	-	1,560	49
50	Scheduled Overhauls	-	-	-	-	-	-	-	-	50
51	Security	1,000	-	24	-	-	-	34	1,058	51
52	Sewer Charges	605	-	-	-	-	-	-	605	52
53	Shared Services	-	-	-	-	-	-	(825)	(825)	53
54	Steam Leaks	-	-	-	1,097	-	-	-	1,097	54
55	Steam Transfer Credit	(13)	-	-	-	-	-	-	(13)	55
56	Steam Incident Settlement	-	-	-	-	-	-	-	-	56
57	Uncollectible Reserve	1,000	-	-	-	-	-	-	1,000	57
58	Water	9,941	-	-	-	-	-	-	9,941	58
59	Water Chemicals	6,908	-	-	-	-	-	-	6,908	59
60	Trenching	1	-	-	-	-	-	-	1	60
61	Water Treatment	3,861	-	-	-	-	-	-	3,861	61
62	Other	428	-	156	895	37	210	1,722	3,448	62
Total Operation & Maintenance Expenses										
	\$ 415,841	\$ 23,505	\$ 16,196	\$ 18,869	\$ 1,282	\$ 1,450	\$ 61,301	\$ 538,444		

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STATEMENT OF STEAM COST ELEMENTS
VARIATION TWELVE MONTHS ENDING SEPTEMBER 2011 vs. TWELVE MONTHS ENDED JUNE 2009
(Thousands of Dollars)

LINE NO.		(42) PRODUCTION		(52)		(46) DISTRIBUTION		(56)		(47) CUSTOMER		(48)		(49) ADMIN AND GENERAL	TOTAL	LINE NO.
		OPERATION	MAINTENANCE			OPERATION	MAINTENANCE			ACCOUNTING	SERVICE					
1	Fuel	\$ (48,182)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (48,182)	1
2	Other Fuel Charges	117	-	-	-	-	-	-	-	-	-	-	-	-	117	2
3	A&G Exp Cap	-	-	-	-	-	-	-	-	-	-	-	(1,513)	-	(1,513)	3
4	Asbestos Removal and Abatement	-	11	-	-	-	5	-	-	-	-	-	-	-	16	4
5	Other Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
6	Boiler Cleaning	45	-	-	-	-	-	-	-	-	-	-	-	-	45	6
7	Building Service	38	0	4	-	-	-	0	0	706	749	7	8	-	-	7
8	Collection Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
9	Communication - Telephone	12	-	9	0	1	1	3	26	9	9	13	-	-	-	9
10	Company Labor	3,595	654	563	216	58	65	498	5,649	10	11	12	-	-	-	10
11	Consultants	23	-	7	0	-	0	54	84	11	12	13	-	-	-	11
12	Contract Labor	0	-	0	14	-	-	1	15	12	13	14	-	-	-	12
13	Corporate Fiscal Expense	-	-	-	-	-	-	9	9	13	14	15	-	-	-	13
14	Corrective Maintenance	35	173	-	3	-	-	-	211	14	15	16	-	-	-	14
15	Disposal of Obsolete M&S	-	-	-	-	-	-	0	0	15	16	17	-	-	-	15
16	EDP Equipment Rentals & Maintenance	1	-	1	0	0	1	4	7	16	17	18	-	-	-	16
17	Electric and Gas Used	1,515	-	-	-	-	-	-	1,515	17	18	19	-	-	-	17
18	Employee Pensions/OPEBs - Net	-	-	-	-	-	-	12,333	12,333	18	19	20	-	-	-	18
19	Employee Welfare Expense - Net	-	-	-	-	-	-	985	985	19	20	21	-	-	-	19
20	Environmental Affairs	23	-	8	1	-	-	0	32	20	21	22	-	-	-	20
21	Environmental Programs	47	-	1	-	-	-	-	48	21	22	23	-	-	-	21
22	Executive Incentive Plan	-	-	-	-	-	-	(386)	(386)	22	23	24	-	-	-	22
23	Facilities Maintenance	-	63	-	-	-	-	-	63	23	24	25	-	-	-	23
24	Financial Services	-	-	-	-	-	-	264	264	24	25	26	-	-	-	24
25	Information Resources	40	-	12	-	-	-	176	228	25	26	27	-	-	-	25
26	Injuries and Damages	-	-	-	-	-	-	(1,113)	(1,113)	26	27	28	-	-	-	26
27	Institutional Dues and Subscriptions	-	-	-	-	-	-	2	2	27	28	29	-	-	-	27
28	Insurance Premiums	-	-	-	-	-	-	479	479	28	29	30	-	-	-	28
29	Interference	-	-	-	358	-	-	-	358	29	30	31	-	-	-	29
30	Major Maintenance Projects	-	-	-	-	-	-	-	-	30	31	32	-	-	-	30
31	Manhole Program	-	-	-	-	-	-	-	-	31	32	33	-	-	-	31
32	Manhour Expense	5	16	47	42	4	0	(0)	114	32	33	34	-	-	-	32
33	Materials and Supplies	26	5	10	35	-	-	(1)	76	33	34	35	-	-	-	33
34	MGP / Superfund	(2,033)	-	-	-	-	-	-	(2,033)	34	35	36	-	-	-	34
35	Other (Fossil)	63	2	16	59	-	-	-	139	35	36	37	-	-	-	35
36	Outside Legal Services	-	-	-	-	-	-	2	2	36	37	38	-	-	-	36
37	Plant Component Upgrade	(0)	5	-	-	-	-	-	4	37	38	39	-	-	-	37
38	Rate Case Acctg.- Water Treatment Deferral	2,633	-	-	-	-	-	-	2,633	38	39	40	-	-	-	38
39	Postage	-	-	-	-	-	-	0	0	39	40	41	-	-	-	39
40	Preventive Maintenance	1	51	-	0	-	-	-	53	40	41	42	-	-	-	40
41	Rate Case Acctg. - Interference	-	-	-	1,166	-	-	-	1,166	41	42	43	-	-	-	41
42	Rate Case Acctg. - Pensions/OPEBS	-	-	-	-	-	-	10,929	10,929	42	43	44	-	-	-	42
43	Ravenswood	164	15	-	-	-	-	-	179	43	44	45	-	-	-	43
44	Real Estate Expenses	-	-	-	-	-	-	5	5	44	45	46	-	-	-	44
45	Regulatory Commission Expenses	-	-	-	-	-	-	(630)	(630)	45	46	47	-	-	-	45
46	Rents	4	-	2	-	-	-	1	6	46	47	48	-	-	-	46
47	Rents - Interdepartmental	57	-	4	-	-	-	645	706	47	48	49	-	-	-	47
48	Research and Development	3	-	(39)	-	-	-	5	(30)	48	49	50	-	-	-	48
49	Steam Incident Action Plan	-	-	41	8	-	-	-	49	49	50	51	-	-	-	49
50	Scheduled Overhauls	-	-	-	-	-	-	-	-	50	51	52	-	-	-	50
51	Security	31	-	1	-	-	-	1	33	51	52	53	-	-	-	51
52	Sewer Charges	21	-	-	-	-	-	-	21	52	53	54	-	-	-	52
53	Shared Services	-	-	-	-	-	-	(26)	(26)	53	54	55	-	-	-	53
54	Steam Leaks	-	-	-	34	-	-	-	34	54	55	56	-	-	-	54
55	Steam Transfer Credit	(0)	-	-	-	-	-	-	(0)	55	56	57	-	-	-	55
56	Steam Incident Settlement	-	-	-	(6,889)	-	-	-	(6,889)	56	57	58	-	-	-	56
57	Uncollectible Reserve	1,000	-	-	-	-	-	-	1,000	57	58	59	-	-	-	57
58	Water	(678)	-	-	-	-	-	-	(678)	58	59	60	-	-	-	58
59	Water Chemicals	(459)	-	-	-	-	-	-	(459)	59	60	61	-	-	-	59
60	Trenching	-	-	-	-	-	-	-	-	60	61	62	-	-	-	60
61	Water Treatment	-	-	-	-	-	-	-	-	61	62	63	-	-	-	61
62	Other	13	-	5	28	1	7	125	179	62	63	64	-	-	-	62
Total Operation & Maintenance Expenses		\$ (41,841)	\$ 996	\$ 692	\$ (4,920)	\$ 65	\$ 73	\$ 23,559	\$ (21,376)							

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
TWELVE MONTHS ENDED JUNE 30, 2009 ACTUAL - STEAM COST ELEMENTS
PRODUCTION OPERATIONS - (42)

(Thousands of Dollars)

LINE NO.	ACCRUED WAGES (285.07)	OPER. SUPERV. & ENG. (701)	BOILER LABOR (702.10)	POWER EQUIP. LABOR (702.20)	MISC. STATION LABOR (702.30)	FUEL (703)	WATER (704)	LUBRICANTS (705.10)	STATION SUPPLIES & EXP. (705.20)	RENTS (710)	STEAM FROM OTHER SOURCES (711)	STEAM TRANSFERRED - CREDIT (712)	TOTAL	LINE NO.
1 Fuel	\$					302,837					75,964	\$	378,801	1
2 Other Fuel Charges						4,241							4,241	2
3 A&G Exp Cap													-	3
4 Asbestos Removal and Abatement													-	4
5 Other Compensation													-	5
6 Boiler Cleaning									1,399				1,399	6
7 Building Service		126							1,062				1,188	7
8 Collection Agency													-	8
9 Communication - Telephone		29			1				354				384	9
10 Company Labor	58	6,783	11,442		296		797		3,970				23,346	10
11 Consultants		8							4				12	11
12 Contract Labor									2				2	12
13 Corporate Fiscal Expense													-	13
14 Corrective Maintenance									1092				1,092	14
15 Disposal of Obsolete M&S													-	15
16 East River Repowering Project (ERRP)													-	16
17 EDP Equipment Rentals & Maintenance		2							19				21	17
18 Electric and Gas Used									11,503				11,503	18
19 Employee Pensions/OPEBs - Net													-	19
20 Employee Welfare Expense - Net													-	20
21 Environmental Affairs		691					6		5				702	21
22 Environmental Programs		639							830				1,469	22
23 Executive Incentive Plan													-	23
24 Facilities Maintenance													-	24
25 Financial Services													-	25
26 Information Resources									1,237				1,237	26
27 Injuries and Damages													-	27
28 Institutional Dues and Subscriptions													-	28
29 Insurance Premiums													-	29
30 Interference													-	30
31 Major Maintenance Projects													-	31
32 Manhole Program													-	32
33 Manhour Expense		(10)	12		1		7		136				146	33
34 Materials and Supplies		20					434	1	358				813	34
35 MGP / Superfund													-	35
36 Other (Fossil)		(46)	17				(61)	35	2,011				1,956	36
37 Outside Legal Services													-	37
38 Plant Component Upgrade									(9)				(9)	38
39 Rate Case Acctg.- Water Treatment Deferral							(1,998)						(1,998)	39
40 Postage													-	40
41 Preventive Maintenance									37				37	41
42 Rate Case Acctg. - Interference													-	42
43 Rate Case Acctg. - Pensions/OPEBS													-	43
44 Ravenswood									5095				5,095	44
45 Real Estate Expenses													-	45
46 Regulatory Commission Expenses													-	46
47 Rents										117			117	47
48 Rents - Interdepartmental										2,219			2,219	48
49 Research and Development									106				106	49
50 Steam Incident Action Plan													-	50
51 Scheduled Overhauls													-	51
52 Security									969				969	52
53 Sewer Charges							584						584	53
54 Shared Services													-	54
55 Steam Leaks													-	55
56 Steam Transfer Credit												(13)	(13)	56
57 Steam Incident Settlement													-	57
58 Uncollectible Reserve													-	58
59 Water							10,272		347				10,619	59
60 Water Chemicals							7,341		26				7,367	60
61 Trenching									1				1	61
62 Water Treatment							3,861						3,861	62
63 Other		92					189		134				415	63
Total Operation & Maintenance Expenses	\$ 58	\$ 8,334	\$ 11,471	\$ -	\$ 298	\$ 307,078	\$ 21,432	\$ 36	\$ 30,688	\$ 2,336	\$ 75,964	\$ (13)	\$ 457,682	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
TWELVE MONTHS ENDED JUNE 30, 2009 ACTUAL - STEAM COST ELEMENTS
PRODUCTION MAINTENANCE - (52)

LINE NO.		(Thousands of Dollars)									TOTAL	LINE NO.
		ACCRUED WAGES (298.07)	MTCE SUPERV & ENG. (706)	MTCE OF STRUCTURES (707)	MTCE OF FUEL STORAGE & WEIGHING EQUIP. (708.10)	MTCE OF FURNACES & BOILERS (708.20)	MTCE OF BOILER APPARATUS (708.30)	MTCE OF STEAM PIPING & ACCES. (708.40)	MTCE OF ACCES POWER EQUIP. (709.10)	MTCE OF MISC. STATION EQUIP. (709.20)		
1	Fuel	\$									\$	1
2	Other Fuel Charges										-	2
3	A&G Exp Cap										-	3
4	Asbestos Removal and Abatement			40		104	192				336	4
5	Other Compensation										-	5
6	Boiler Cleaning										-	6
7	Building Service		10								10	7
8	Collection Agency										-	8
9	Communication - Telephone										-	9
10	Company Labor	25	5,832	1,506	6	1,612	2,521			350	11,852	10
11	Consultants										-	11
12	Contract Labor										-	12
13	Corporate Fiscal Expense										-	13
14	Corrective Maintenance			187		1,967	3,034			204	5,392	14
15	Disposal of Obsolete M&S										-	15
16	East River Repowering Project (ERRP)										-	16
17	EDP Equipment Rentals & Maintenance										-	17
18	Electric and Gas Used										-	18
19	Employee Pensions/OPEBs - Net										-	19
20	Employee Welfare Expense - Net										-	20
21	Environmental Affairs										-	21
22	Environmental Programs										-	22
23	Executive Incentive Plan										-	23
24	Facilities Maintenance			1,933		40				-5	1,968	24
25	Financial Services										-	25
26	Information Resources										-	26
27	Injuries and Damages										-	27
28	Institutional Dues and Subscriptions										-	28
29	Insurance Premiums										-	29
30	Interference										-	30
31	Major Maintenance Projects										-	31
32	Manhole Program										-	32
33	Manhour Expense		7	170	1	88	210			20	496	33
34	Materials and Supplies		2	113		27	55			(31)	166	34
35	MGP / Superfund										-	35
36	Other (Fossil)		58								58	36
37	Outside Legal Services										-	37
38	Plant Component Upgrade					18	103			25	146	38
39	Rate Case Acctg. - Water Treatment Deferral										-	39
40	Postage										-	40
41	Preventive Maintenance					674	768	(22)	(10)	192	1,602	41
42	Rate Case Acctg. - Interference										-	42
43	Rate Case Acctg. - Pensions/OPEBS										-	43
44	Ravenswood					482					482	44
45	Real Estate Expenses										-	45
46	Regulatory Commission Expenses										-	46
47	Rents										-	47
48	Rents - Interdepartmental										-	48
49	Research and Development										-	49
50	Steam Incident Action Plan										-	50
51	Scheduled Overhauls										-	51
52	Security										-	52
53	Sewer Charges										-	53
54	Shared Services										-	54
55	Steam Leaks										-	55
56	Steam Transfer Credit										-	56
57	Steam Incident Settlement										-	57
58	Uncollectible Reserve										-	58
59	Water										-	59
60	Water Chemicals										-	60
61	Trenching										-	61
62	Water Treatment										-	62
63	Other										-	63
Total Operation & Maintenance Expenses		\$ 25	\$ 5,909	\$ 3,949	\$ 7	\$ 5,012	\$ 6,883	\$ (22)	\$ (10)	\$ 755	\$ 22,508	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
TWELVE MONTHS ENDED JUNE 30, 2009 ACTUAL - STEAM COST ELEMENTS
DISTRIBUTION OPERATIONS - (46)

LINE NO.		(Thousands of Dollars)					RENTS (776)	TOTAL	LINE NO.
		ACCRUED WAGES (369.07)	OPER. & SUPERV. ENG. (756)	OPER. OF DISTR. LINES (761)	REMOVE & RESET METERS & ACCES. EQUIP. (762.10)	SERV. ON CUSTOMER PREM. (762.20)			
1	Fuel	\$					\$	-	1
2	Other Fuel Charges							-	2
3	A&G Exp Cap							-	3
4	Asbestos Removal and Abatement							-	4
5	Other Copmensation							-	5
6	Boiler Cleaning							-	6
7	Building Service		130					130	7
8	Collection Agency							-	8
9	Communication - Telephone		266	2				268	9
10	Company Labor	25	3,544	5,135	343	584		9,631	10
11	Consultants		26					26	11
12	Contract Labor		1					1	12
13	Corporate Fiscal Expense							-	13
14	Corrective Maintenance							-	14
15	Disposal of Obsolete M&S							-	15
16	East River Repowering Project (ERRP)							-	16
17	EDP Equipment Rentals & Maintenance		35					35	17
18	Electric and Gas Used							-	18
19	Employee Pensions/OPEBs - Net							-	19
20	Employee Welfare Expense - Net							-	20
21	Environmental Affairs		235					235	21
22	Environmental Programs		41					41	22
23	Executive Incentive Plan							-	23
24	Facilities Maintenance							-	24
25	Financial Services							-	25
26	Information Resources			386				386	26
27	Injuries and Damages							-	27
28	Institutional Dues and Subscriptions							-	28
29	Insurance Premiums							-	29
30	Interference			51				51	30
31	Major Maintenance Projects							-	31
32	Manhole Program							-	32
33	Manhour Expense		17	1,209	88	160		1,474	33
34	Materials and Supplies		12	33	280	1		326	34
35	MGP / Superfund							-	35
36	Other (Fossil)		45	242	228	(18)		497	36
37	Outside Legal Services							-	37
38	Plant Component Upgrade							-	38
39	Rate Case Acctg.- Water Treatment Deferral							-	39
40	Postage							-	40
41	Preventive Maintenance							-	41
42	Rate Case Acctg. - Interference							-	42
43	Rate Case Acctg. - Pensions/OPEBS							-	43
44	Ravenswood							-	44
45	Real Estate Expenses							-	45
46	Regulatory Commission Expenses							-	46
47	Rents						52	52	47
48	Rents - Interdepartmental						315	315	48
49	Research and Development			598				598	49
50	Steam Incident Action Plan			1,264				1,264	50
51	Scheduled Overhauls							-	51
52	Security		23					23	52
53	Sewer Charges							-	53
54	Shared Services							-	54
55	Steam Leaks							-	55
56	Steam Transfer Credit							-	56
57	Steam Incident Settlement							-	57
58	Uncollectible Reserve							-	58
59	Water							-	59
60	Water Chemicals							-	60
61	Trenching							-	61
62	Water Treatment							-	62
63	Other		143	8				151	63
Total Operation & Maintenance Expenses		\$ 25	\$ 4,518	\$ 8,928	\$ 939	\$ 727	\$ 367	\$ 15,504	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 TWELVE MONTHS ENDED JUNE 30, 2009 ACTUAL - STEAM COST ELEMENTS
DISTRIBUTION MAINTENANCE - (56)
 (Thousands of Dollars)

LINE NO.	ACCRUED WAGES (375.07)	ACCRUED WAGES (482.07)	ACCRUED WAGES (493.07)	MTCE SUPERV. & ENG. (764)	MTCE OF STRUCTURES (765)	MTCE OF MAINS (769.10)	MTCE OF SERVICES (769.20)	MTCE OF METERS & ACCES. EQUIP. (772)	TOTAL	LINE NO.
1 Fuel	\$								\$ -	1
2 Other Fuel Charges									-	2
3 A&G Exp Cap									-	3
4 Asbestos Removal and Abatement						170			170	4
5 Other Compensation									-	5
6 Boiler Cleaning									-	6
7 Building Service									-	7
8 Collection Agency									-	8
9 Communication - Telephone				1					1	9
10 Company Labor	9			177		2,811	134	790	3,921	10
11 Consultants						1			1	11
12 Contract Labor						421			421	12
13 Corporate Fiscal Expense									-	13
14 Corrective Maintenance					1	89			90	14
15 Disposal of Obsolete M&S									-	15
16 East River Repowering Project (ERRP)						4			4	16
17 EDP Equipment Rentals & Maintenance						10			10	17
18 Electric and Gas Used									-	18
19 Employee Pensions/OPEBs - Net									-	19
20 Employee Welfare Expense - Net						42			42	20
21 Environmental Affairs									-	21
22 Environmental Programs									-	22
23 Executive Incentive Plan									-	23
24 Facilities Maintenance									-	24
25 Financial Services									-	25
26 Information Resources									-	26
27 Injuries and Damages									-	27
28 Institutional Dues and Subscriptions									-	28
29 Insurance Premiums									-	29
30 Interference						6,991			6,991	30
31 Major Maintenance Projects									-	31
32 Manhole Program				1		1,023	54	223	1,301	32
33 Manhour Expense					2	791	16	287	1,096	33
34 Materials and Supplies									-	34
35 MGP / Superfund									-	35
36 Other (Fossil)				1		1,102		726	1,829	36
37 Outside Legal Services									-	37
38 Plant Component Upgrade									-	38
39 Rate Case Acctg. - Water Treatment Deferral									-	39
40 Postage									-	40
41 Preventive Maintenance						12			12	41
42 Rate Case Acctg. - Interference						(1,166)			(1,166)	42
43 Rate Case Acctg. - Pensions/OPEBS									-	43
44 Ravenswood									-	44
45 Real Estate Expenses									-	45
46 Regulatory Commission Expenses									-	46
47 Rents									-	47
48 Rents - Interdepartmental									-	48
49 Research and Development									-	49
50 Steam Incident Action Plan						247			247	50
51 Scheduled Overhauls									-	51
52 Security									-	52
53 Sewer Charges									-	53
54 Shared Services						663	400		1,063	54
55 Steam Leaks									-	55
56 Steam Transfer Credit									-	56
57 Steam Incident Settlement						6,889			6,889	57
58 Uncollectible Reserve									-	58
59 Water									-	59
60 Water Chemicals									-	60
61 Trenching									-	61
62 Water Treatment						867			867	62
63 Other									-	63
Total Operation & Maintenance Expenses	\$ 9	\$ -	\$ -	\$ 180	\$ 3	\$ 20,967	\$ 604	\$ 2,026	\$ 23,789	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 TWELVE MONTHS ENDED JUNE 30, 2009 ACTUAL - STEAM COST ELEMENTS
CUSTOMER ACCOUNTING - (47)
 (Thousands of Dollars)

LINE NO.	ACCRUED WAGES (383.07)	SUPERV. (901)	METER READING EXP. (902)	CUSTOMER RECORDS & COLLECT. EXP. (903)	UNCOLLECTIBLE ACCOUNTS (904)	MISC. CUSTOMER ACCTS. EXP. (905)	TOTAL	LINE NO.
1 Fuel	\$						\$	1
2 Other Fuel Charges							-	2
3 A&G Exp Cap							-	3
4 Asbestos Removal and Abatement							-	4
5 Other Copmpensation							-	5
6 Boiler Cleaning							-	6
7 Building Service				1		1	2	7
8 Collection Agency							-	8
9 Communication - Telephone			31	2		1	34	9
10 Company Labor	3		462	459		85	1,009	10
11 Consultants							-	11
12 Contract Labor							-	12
13 Corporate Fiscal Expense							-	13
14 Corrective Maintenance							-	14
15 Disposal of Obsolete M&S							-	15
16 East River Repowering Project (ERRP)							-	16
17 EDP Equipment Rentals & Maintenance						3	3	17
18 Electric and Gas Used							-	18
19 Employee Pensions/OPEBs - Net							-	19
20 Employee Welfare Expense - Net							-	20
21 Environmental Affairs							-	21
22 Environmental Programs							-	22
23 Executive Incentive Plan							-	23
24 Facilities Maintenance							-	24
25 Financial Services							-	25
26 Information Resources							-	26
27 Injuries and Damages							-	27
28 Institutional Dues and Subscriptions							-	28
29 Insurance Premiums							-	29
30 Interference							-	30
31 Major Maintenance Projects							-	31
32 Manhole Program							-	32
33 Manhour Expense			132				132	33
34 Materials and Supplies							-	34
35 MGP / Superfund							-	35
36 Other (Fossil)							-	36
37 Outside Legal Services							-	37
38 Plant Component Upgrade							-	38
39 Rate Case Acctg.- Water Treatment Deferral							-	39
40 Postage						1	1	40
41 Preventive Maintenance							-	41
42 Rate Case Acctg. - Interference							-	42
43 Rate Case Acctg. - Pensions/OPEBS							-	43
44 Ravenswood							-	44
45 Real Estate Expenses							-	45
46 Regulatory Commission Expenses							-	46
47 Rents							-	47
48 Rents - Interdepartmental							-	48
49 Research and Development							-	49
50 Steam Incident Action Plan							-	50
51 Scheduled Overhauls							-	51
52 Security							-	52
53 Sewer Charges							-	53
54 Shared Services							-	54
55 Steam Leaks							-	55
56 Steam Transfer Credit							-	56
57 Steam Incident Settlement							-	57
58 Uncollectible Reserve							-	58
59 Water							-	59
60 Water Chemicals							-	60
61 Trenching							-	61
62 Water Treatment							-	62
63 Other				18		18	36	63
Total Operation & Maintenance Expenses	\$ 3	\$ -	\$ 625	\$ 480	\$ -	\$ 109	\$ 1,217	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 TWELVE MONTHS ENDED JUNE 30, 2009 ACTUAL - STEAM COST ELEMENTS
CUSTOMER SERVICE - (48)
 (Thousands of Dollars)

LINE NO.	ACCRUED WAGES (391.07)	SUPERV. (909)	CUSTOMER ASSISTANCE EXP. (910)	INFO. ADV. EXP. (911)	MISC. CUSTOMER SERVICE EXP. (912)	DEMO & SELLING EXP. (916)	PROM. ADVERTISING EXP. (917)	MISC. SALES PROMOTION EXP. (918)	TOTAL	LINE NO.
1									\$ -	1
2									-	2
3									-	3
4									-	4
5									-	5
6									-	6
7			6		3				9	7
8									-	8
9			10		9				19	9
10	3		590		524				1,117	10
11					2				2	11
12									-	12
13									-	13
14									-	14
15									-	15
16									-	16
17			2		20				22	17
18									-	18
19									-	19
20									-	20
21									-	21
22									-	22
23									-	23
24									-	24
25									-	25
26									-	26
27									-	27
28									-	28
29									-	29
30									-	30
31									-	31
32									-	32
33					1				1	33
34									-	34
35									-	35
36									-	36
37									-	37
38									-	38
39									-	39
40					4				4	40
41									-	41
42									-	42
43									-	43
44									-	44
45									-	45
46									-	46
47									-	47
48									-	48
49									-	49
50									-	50
51									-	51
52									-	52
53									-	53
54									-	54
55									-	55
56									-	56
57									-	57
58									-	58
59									-	59
60									-	60
61									-	61
62									-	62
63			90		113				203	63
Total Operation & Maintenance Expenses										
	\$ 3	\$ -	\$ 698	\$ -	\$ 676	\$ -	\$ -	\$ -	\$ 1,377	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
TWELVE MONTHS ENDED JUNE 30, 2009 ACTUAL - STEAM COST ELEMENTS
ADMINISTRATION AND GENERAL - (49)

(Thousands of Dollars)

LINE NO.	ADMIN. & GENERAL SALARIES (920)	OFFICE SUPPLIES & EXP. (921)	ADMIN. EXP. TRANSFER CREDIT (922)	OUTSIDE SERVICES EMPLOYED (923)	PROPERTY INSURANCE (924)	INJURIES & DAMAGES (925)	EMPL PENSIONS (926.10)	EMPL WELFARE EXP. (926.20)	REG. COMMIS EXP. (928)	ADV. EXP. (930.10)	MISC. GENERAL EXP. (930.20)	GENERAL RENTS (931.10)	EXP. OF DATA PROCESSING EQUIP. (931.20)	TOTAL	LINE NO.
1 Fuel	\$														1
2 Other Fuel Charges														\$ -	2
3 A&G Exp Cap			(2,178)											-	3
4 Asbestos Removal and Abatement														(2,178)	4
5 Other Copmensation	736													736	5
6 Boiler Clearing														-	6
7 Building Service		(383)		2							102			(279)	7
8 Collection Agency														-	8
9 Communication - Telephone		90				1					2			93	9
10 Company Labor	5,897	675				135					132			6,839	10
11 Consultants		130		366		866					80			1,442	11
12 Contract Labor		33												33	12
13 Corporate Fiscal Expense											283			283	13
14 Corrective Maintenance														-	14
15 Disposal of Obsolete M&S		3												3	15
16 East River Repowering Project (ERRP)														-	16
17 EDP Equipment Rentals & Maintenance		135									2			137	17
18 Electric and Gas Used		234												234	18
19 Employee Pensions/OPEBs - Net							10,189							10,189	19
20 Employee Welfare Expense - Net			(1,743)					7,749						6,006	20
21 Environmental Affairs		10									1			11	21
22 Environmental Programs														-	22
23 Executive Incentive Plan											386			386	23
24 Facilities Maintenance														-	24
25 Financial Services		45												433	25
26 Information Resources	431	14									388			925	26
27 Injuries and Damages						2,963							480	2,963	27
28 Institutional Dues and Subscriptions											56			56	28
29 Insurance Premiums		4			1,443	1,373								2,820	29
30 Interference														-	30
31 Major Maintenance Projects														-	31
32 Manhole Program														-	32
33 Manhour Expense		(4)												-	33
34 Materials and Supplies		6									1			(3)	34
35 MGP / Superfund											(32)			(26)	35
36 Other (Fossil)						2,033								2,033	36
37 Outside Legal Services				54										-	37
38 Plant Component Upgrade														54	38
39 Rate Case Acctg.- Water Treatment Deferral														-	39
40 Postage		9												9	40
41 Preventive Maintenance														-	41
42 Rate Case Acctg. - Interference														-	42
43 Rate Case Acctg. - Pensions/OPEBS							(10,929)							-	43
44 Ravenswood														(10,929)	44
45 Real Estate Expenses														-	45
46 Regulatory Commission Expenses											153			153	46
47 Rents		23							2,440					2,440	47
48 Rents - Interdepartmental											3			26	48
49 Research and Development	117	20										11,875		11,875	49
50 Steam Incident Action Plan											10			147	50
51 Scheduled Overhauls														-	51
52 Security		31				2								-	52
53 Sewer Charges														33	53
54 Shared Services			(791)											-	54
55 Steam Leaks											(8)			(799)	55
56 Steam Transfer Credit														-	56
57 Steam Incident Settlement														-	57
58 Uncollectible Reserve														-	58
59 Water														-	59
60 Water Chemicals														-	60
61 Trenching														-	61
62 Water Treatment														-	62
63 Other	1	1,325			1	82		7		64	117			1,597	63
Total Operation & Maintenance Expenses	\$ 7,182	\$ 2,400	\$ (4,712)	\$ 422	\$ 1,444	\$ 7,455	\$ (740)	\$ 7,756	\$ 2,440	\$ 64	\$ 1,676	\$ 11,875	\$ 480	\$ 37,742	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM COST ELEMENTS
SUMMARY OF ACTIVITIES BY MAG

(Thousands of Dollars)

<u>LINE NO.</u>	<u>MAG</u>	<u>DESCRIPTION</u>	<u>TWELVE MONTHS ENDED 6/30/2009</u>	<u>NORMALIZING ADJUSTMENTS</u>	<u>PROGRAM CHANGES</u>	<u>LABOR ESCALATION</u>	<u>GENERAL ESCALATION</u>	<u>TWELVE MONTHS ENDING 9/30/2011</u>	<u>LINE NO.</u>
		PRODUCTION EXPENSE							
1	42	OPERATION	\$457,682	\$ 2,548	\$ (45,399)	\$1,472	\$571	\$416,874	1
2	52	MAINTENANCE	22,508	(29)	0	683	342	23,505	2
		DISTRIBUTION EXPENSE							
3	46	OPERATION	15,504	(28)	(12)	557	175	16,196	3
4	56	MAINTENANCE	23,789	(5,733)	358	226	229	18,869	4
5	47	CUSTOMER ACCOUNTING	1,217	0	1,000	58	7	2,282	5
6	48	CUSTOMER SERVICE	1,377	0	0	65	8	1,450	6
7	49	ADMINISTRATIVE & GENERAL	37,742	8,372	11,880	401	333	58,728	7
8		TOTAL	\$559,820	\$5,130	(\$32,173)	\$3,462	\$1,665	\$537,904	8

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF STEAM NORMALIZATIONS BY ELEMENT OF EXPENSE IN THE RATE YEAR
(Thousands of Dollars)

EXHIBIT __ (AP-6)
SCHEDULE 7

LINE NO.	MAJOR ACCOUNT GROUP	OTHER COMPENSATION	COMPANY LABOR	EMPLOYEE WELFARE EXPENSES	EXECUTIVE INCENTIVE PLAN	MGP SUPER FUND	RATE CASE ACCTG - WATER TREATMENT	RATE CASE ACCTG - INTERF ERENCE	RATE CASE ACCTG - PENSIONS OPEB _a	STEAM INCIDENT	TOTAL	LINE NO.
1	PRODUCTION OPERATION (42)											
2	RCA-WATER TREATMENT						2,613				2,613	1
3	VARIABLE PAY		(65)								(65)	2
3	SUB-TOTAL	-	(65)	-	-	-	2,613	-	-	-	2,548	3
4	PRODUCTION MAINTENANCE (52)											
5	VARIABLE PAY		(29)								(29)	4
5	SUB-TOTAL	-	(29)	-	-	-	-	-	-	-	(29)	5
6	DISTRIBUTION OPERATION (46)											
7	VARIABLE PAY		(28)								(28)	6
7	SUB-TOTAL	-	(28)	-	-	-	-	-	-	-	(28)	7
8	DISTRIBUTION MAINTENANCE (56)											
9	STEAM INCIDENT									(6,889)	(6,889)	8
10	VARIABLE PAY		(10)								(10)	9
11	INTERFERENCE							1,166			1,166	10
11	SUB-TOTAL	-	(10)	-	-	-	-	1,166	-	(6,889)	(5,733)	11
12	ADMINISTRATIVE & GENERAL (49)											
13	OTHER COMPENSATION	(539)									(539)	12
14	VARIABLE PAY		(16)								(16)	13
15	EXECUTIVE INCENTIVE PLAN				(386)						(386)	14
16	MGP/SUPERFUND					(2,033)					(2,033)	15
17	PENSIONS & OPEB _a								10,929		10,929	16
18	EMPLOYEE WELFARE EXPENSE			25							25	17
19	DEFERRED INCOME PLAN			391							391	18
19	SUB-TOTAL	(539)	(16)	417	(386)	(2,033)	-	-	10,929	-	8,372	19
20	TOTAL	\$ (539)	\$ (148)	\$ 417	\$ (386)	\$ (2,033)	\$ 2,613	\$ 1,166	\$ 10,929	\$ (6,889)	\$ 5,130	20
21	SUMMARY											
22	PRODUCTION OPERATION (42)	\$ -	\$ (65)	\$ -	\$ -	\$ -	\$ 2,613	\$ -	\$ -	\$ -	\$ 2,548	21
23	PRODUCTION MAINTENANCE (52)	-	(29)	-	-	-	-	-	-	-	(29)	22
24	DISTRIBUTION OPERATION (46)	-	(28)	-	-	-	-	-	-	-	(28)	23
25	DISTRIBUTION MAINTENANCE (56)	-	(10)	-	-	-	-	1,166	-	(6,889)	(5,733)	24
26	CUSTOMER ACCOUNTS (47)	-	-	-	-	-	-	-	-	-	-	25
27	CUSTOMER SERVICE (48)	-	-	-	-	-	-	-	-	-	-	26
27	ADMINISTRATIVE & GENERAL (49)	(539)	(16)	417	(386)	(2,033)	-	-	10,929	-	8,372	27
28	TOTAL	\$ (539)	\$ (148)	\$ 417	\$ (386)	\$ (2,033)	\$ 2,613	\$ 1,166	\$ 10,929	\$ (6,889)	\$ 5,130	28

CONSOLIDATED EXXON COMPANY OF NEW YORK, INC.
SUMMARY OF STEAM PROGRAM CHANGES BY ELEMENT OF EXPENSE IN THE RATE YEAR
(Thousands of Dollars)

LINE NO.	MAJOR ACCOUNT GROUP	FUEL	OTHER FUEL	A&G EXPENSE	BUILDING	COMPANY LABOR	CONSU LIANTS	CORR MISC	DISPOSAL OF OBSOLETE M&S	ELEC & GAS M&S	EMP. PENSIONS	EMP. WELFARE EXPENSES	EMP. OTHER	FAC. MISC	FIN. SVCS	INFO RESOURCES	INJURIES AND DAMAGES	INSUR PREM	INTER FERENCE	REG. COMM EXP	RENTS - NET/DEPT	SEWER CHGS.	UNCOLL ECTIBLE	WATER CHGM	OTHER	TOTAL	LINE NO.			
1	PRODUCTION OPERATION (42)																										81	1		
2	ENVIRONMENTAL PROGRAMS					56	22			1,515												57			(578)	(459)	1,615	2		
3	ELECTRICITY & GAS USED																										57	3		
4	INTERDEPARTMENTAL RENTS																										(578)	4		
5	WATER																										(459)	5		
6	WATER CHEMICALS																										(45,182)	6		
7	FUEL	(48,182)																									2,245	7		
8	OTHER FUEL CHARGES		117			2,129																					21	8		
9	SEWER CHARGES																						21					9		
10	SUB-TOTAL	(48,182)	117			2,188	22			1,818												57		21	(578)	(459)	(45,396)	10		
11	PRODUCTION MAINTENANCE (52)																											11		
12	SUB-TOTAL																											11		
13	DISTRIBUTION OPERATION (49)																											12		
14	INTERDEPARTMENTAL RENTS																										4	13		
15	ENVIRONMENTAL PROGRAMS					34	6																				(95)	14		
16	RESEARCH AND DEVELOPMENT																										(95)	15		
17	SUB-TOTAL					34	6															4	(95)				(12)	16		
18	DISTRIBUTION MAINTENANCE (50)																											17		
19	INTERFERENCE - EXCLUDING WTC																										154	18		
20	INTERFERENCE - WTC (SOUTH OF HOUSTON ST.)																										194	19		
21	SUB-TOTAL																										358	20		
22	CUSTOMER ACCOUNTS (47)																											21		
23	UNCOLLECTIBLE																										1,000	22		
24	SUB-TOTAL																										1,000	20		
25	CUSTOMER SERVICE (48)																											21		
26	SUB-TOTAL																											21		
27	ADMINISTRATIVE & GENERAL (40)																											22		
28	SECURITY - CENTRAL MONITORING SYSTEM																										254	23		
29	FACILITIES - BETTERMENT PROGRAMS - REGIONS					254																					436	24		
30	FACILITIES - BETTERMENT PROGRAMS - IRVING PL					430																					9	25		
31	HR - STRIKE CONTINGENCY							2																			133	26		
32	IR - PROGRAMS																										5	27		
33	CONSULTANTS																										(1)	28		
34	DISPOSAL OF OBSOLETE M&S																										5	29		
35	AUDITING																										4	30		
36	FINANCE - SUPPLY CHAIN PROJECT																										57	31		
37	LAW - NEW POSITIONS																										284	32		
38	FINANCIAL SERVICES																										645	33		
39	EMPLOYEE WELFARE EXPENSES																										645	34		
40	INTERDEPARTMENTAL RENTS																										(1,171)	35		
41	INJURIES & DAMAGES																										479	36		
42	INSURANCE																										12,333	37		
43	PENSIONS & OPEB																										(1,513)	38		
44	ASS TRANSFER CREDIT																										(850)	39		
45	REGULATORY COMMISSION EXPENSE																										7	40		
46	SUB-TOTAL																											41		
47	TOTAL	(45,182)	117	(1,513)	603	2,335	35			(1)	1,515	12,333	568		264	142	(1,171)	479		358	(568)	708	(50)	21	1,000	(578)	(459)	7	132,173	41
48	PRODUCTION OPERATION (42)	(48,182)	117			2,100	22			1,515																		(45,396)	42	
49	PRODUCTION MAINTENANCE (52)																											43		
50	DISTRIBUTION OPERATION (49)																										(12)	44		
51	DISTRIBUTION MAINTENANCE (50)																										358	45		
52	CUSTOMER ACCOUNTS (47)																										1,000	46		
53	CUSTOMER SERVICE (48)																										7	47		
54	ADMINISTRATIVE & GENERAL (40)																										11,880	48		
55	TOTAL	(48,182)	117	(1,513)	603	2,335	35			(1)	1,515	12,333	568		264	142	(1,171)	479		358	(568)	708	(50)	21	1,000	(578)	(459)	7	132,173	49

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF STEAM COST ELEMENTS
SUBJECT TO GENERAL ESCALATION
(Thousands of Dollars)

LINE NO.		BASE	3.21% ESCALATION RATE	LINE NO.
1	Fuel	\$ (NA)	\$ (NA)	1
2	Other Fuel Charges	(NA)	(NA)	2
3	A&G Exp Cap	(NA)	(NA)	3
4	Asbestos Removal and Abatement	506	16	4
5	Other Compensation	(NA)	(NA)	5
6	Boiler Cleaning	1,399	45	6
7	Building Service	1,753	56	7
8	Communication - Telephone	799	26	8
9	Company Labor	(NA)	(NA)	9
10	Consultants	1,518	49	10
11	Contract Labor	457	15	11
12	Corporate Fiscal Expense	283	9	12
13	Corrective Maintenance	6,574	211	13
14	Disposal of Obsolete M&S	2	0	14
15	EDP Equipment Rentals & Maintenance	222	7	15
16	Electric and Gas Used	(NA)	(NA)	16
17	Employee Pensions/OPEBs - Net	(NA)	(NA)	17
18	Employee Welfare Expense - Net	(NA)	(NA)	18
19	Environmental Affairs	990	32	19
20	Environmental Programs	1,510	48	20
21	Executive Incentive Plan	(NA)	(NA)	21
22	Facilities Maintenance	1,968	63	22
23	Financial Services	(NA)	(NA)	23
24	Information Resources	2,690	86	24
25	Injuries and Damages	1,792	58	25
26	Institutional Dues and Subscriptions	56	2	26
27	Insurance Premiums	(NA)	(NA)	27
28	Interference	(NA)	(NA)	28
29	Major Maintenance Projects	0	0	29
30	Manhole Program	0	0	30
31	Manhour Expense	3,547	114	31
32	Materials and Supplies	2,375	76	32
33	MGP / Superfund	(NA)	(NA)	33
34	Other (Fossil)	4,340	139	34
35	Outside Legal Services	54	2	35
36	Plant Component Upgrade	137	4	36
37	Rate Case Acctg. - Water Treatment Deferral	615	20	37
38	Postage	14	0	38
39	Preventive Maintenance	1,651	53	39
40	Rate Case Acctg. - Interference	(NA)	(NA)	40
41	Rate Case Acctg. - Pensions/OPEBS	(NA)	(NA)	41
42	Ravenswood	5,577	179	42
43	Real Estate Expenses	153	5	43
44	Regulatory Commission Expenses	1,754	56	44
45	Rents	195	6	45
46	Rents - Interdepartmental	(NA)	(NA)	46
47	Research and Development	795	26	47
48	Steam Incident Action Plan	1,511	49	48
49	Scheduled Overhauls	0	0	49
50	Security	1,025	33	50
51	Sewer Charges	(NA)	(NA)	51
52	Shared Services	(799)	(26)	52
53	Steam Leaks	1,063	34	53
54	Steam Transfer Credit	(13)	(0)	54
55	Steam Incident Settlement	(NA)	(NA)	55
56	Uncollectible Reserve	(NA)	(NA)	56
57	Water	(NA)	(NA)	57
58	Water Chemicals	(NA)	(NA)	58
59	Trenching	(NA)	(NA)	59
60	Water Treatment	(NA)	(NA)	60
61	Other	3,276	105	61
		<u>\$ 49,789</u>	<u>\$ 1,598</u>	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF STEAM COST ELEMENTS
WITNESS AND POTENTIAL UPDATE

<u>Line No.</u>		<u>Witness</u>	<u>Potential Update</u>
1	Fuel	John Catuogno	Y
2	Other Fuel Charges	John Catuogno	Y
3	A&G Exp Cap	(NA)	
4	Asbestos Removal and Abatement	(NA)	
5	Boiler Cleaning	(NA)	Y
6	Building Service	(NA)	
7	Communication - Telephone	(NA)	
8	Company Labor	Various	Y
9	Consultants	(NA)	
10	Contract Labor	(NA)	
11	Corporate Fiscal Expense	(NA)	
12	Corrective Maintenance	(NA)	
13	Disposal of Obsolete M&S	(NA)	
14	EDP Equipment Rentals & Maintenance	(NA)	
15	Electric and Gas Used	(NA)	
16	Employee Pensions/OPEBs - Net	Accounting Panel	Y
17	Employee Welfare Expense - Net	Hector J. Reyes	Y
18	Environment, Health & Safety	(NA)	
19	Environmental Programs	(NA)	
20	Executive Incentive Plan	(NA)	
21	Facilities Maintenance	(NA)	
22	Financial Services	(NA)	
23	Information Resources	(NA)	
24	Injuries and Damages	Accounting Panel	Y
25	Institutional Dues and Subscriptions	(NA)	
26	Insurance Premiums	Accounting Panel	Y
27	Interference	MISP	Y
28	Manhole Program	(NA)	
29	Manhour Expense	(NA)	
30	Materials and Supplies	(NA)	
31	MGP / Superfund	Randolph S. Price	Y
32	Other (Fossil)	(NA)	
33	Outside Legal Services	(NA)	
34	Plant Component Upgrade	(NA)	
35	Postage	(NA)	
36	Preventive Maintenance	(NA)	
37	Rate Case Acctg. - Interference	(NA)	
38	Rate Case Acctg. - Pensions/OPEBS	(NA)	
39	Ravenswood	(NA)	
40	Real Estate Expenses	(NA)	
41	Regulatory Commission Expenses	Accounting Panel	Y
42	Rents	(NA)	
43	Rents - Interdepartmental	Accounting Panel	Y
44	Research and Development	Ecock	Y
45	Scheduled Overhauls	(NA)	
46	Security	(NA)	
47	Sewer Charges	(NA)	
48	Shared Services	Accounting Panel	Y
49	Steam Leaks	(NA)	
50	Steam Transfer Credit	(NA)	
51	Water	(NA)	
52	Water Chemicals	(NA)	
53	Trenching	(NA)	
54	Water Treatment	(N/A)	
55	Other	(NA)	
56	Property Taxes	Charles D. Hutcheson	Y
57	Payroll Taxes	Accounting Panel	Y
58	Rate Case Amortizations	Accounting Panel	Y

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EXHIBIT __ (AP- 7)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ESTIMATED NET PLANT - STEAM

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ESTIMATED NET PLANT - STEAM ** at CURRENT RATES
TWELVE MONTH AVERAGE ENDING SEPTEMBER 30, 2011
(\$000s)

	<u>BOOKCOST OF PLANT</u>	<u>ACCRUED DEPRECIATION</u>	<u>NET PLANT</u>
SEPTEMBER 30, 2010 *	1,001,330	210,388	790,941
OCTOBER 31, 2010	2,008,759	423,437	1,585,322
NOVEMBER 30, 2010	2,020,698	426,112	1,594,586
DECEMBER 31, 2010	2,065,558	428,821	1,636,736
JANUARY 31, 2011	2,066,833	432,631	1,634,203
FEBRUARY 29, 2011	2,069,100	436,443	1,632,657
MARCH 31, 2011	2,071,774	440,260	1,631,513
APRIL 30, 2011	2,073,586	444,083	1,629,503
MAY 31, 2011	2,075,528	447,909	1,627,619
JUNE 30, 2011	2,080,565	451,739	1,628,826
JULY 31, 2011	2,082,436	454,767	1,627,669
AUGUST 31, 2011	2,086,157	457,799	1,628,359
SEPTEMBER 30, 2011 *	1,044,611	230,420	814,191
TOTAL	24,746,935	5,284,809	19,462,126
AVERAGE	\$2,062,245	\$440,401	\$1,621,844

* ONE HALF OF ENDING BALANCE

**INCLUDES COMMON ALLOCATED

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ESTIMATED NET PLANT - STEAM ** at CURRENT RATES
JUNE 30, 2009 - SEPTEMBER 30, 2010
(\$000s)

	<u>BOOKCOST OF PLANT</u>	<u>ACCRUED DEPRECIATION</u>	<u>NET PLANT</u>
JUNE 30, 2009	1,867,013	376,790	1,490,223
JULY 31, 2009	1,871,607	379,459	1,492,148
AUGUST 31, 2009	1,876,115	382,034	1,494,080
SEPTEMBER 30, 2009	1,882,028	384,510	1,497,518
OCTOBER 31, 2009	1,888,440	386,999	1,501,441
NOVEMBER 30, 2009	1,897,149	389,502	1,507,647
DECEMBER 31, 2009	1,970,718	392,026	1,578,691
JANUARY 31, 2010	1,972,487	395,485	1,577,002
FEBRUARY 28, 2010	1,975,412	398,948	1,576,464
MARCH 31, 2010	1,978,867	402,417	1,576,450
APRIL 30, 2010	1,981,300	405,893	1,575,407
MAY 31, 2010	1,984,243	409,374	1,574,869
JUNE 30, 2010	1,989,212	412,862	1,576,350
JULY 31, 2010	1,991,755	415,493	1,576,262
AUGUST 31, 2010	1,996,662	418,130	1,578,533
SEPTEMBER 30, 2010	2,002,660	420,777	1,581,883

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ESTIMATED CONSTRUCTION WORK IN PROGRESS - STEAM
TWELVE MONTH AVERAGE ENDING SEPTEMBER 30, 2011
(\$000s)

	<u>TOTAL</u>	<u>INTEREST BEARING</u>	<u>NON-INTEREST BEARING</u>
SEPTEMBER 30, 2010 *	41,315	12,811	28,503
OCTOBER 31, 2010	85,301	27,248	58,053
NOVEMBER 30, 2010	82,659	29,207	53,452
DECEMBER 31, 2010	49,649	6,500	43,149
JANUARY 31, 2011	51,601	7,587	44,014
FEBRUARY 29, 2011	53,414	8,596	44,818
MARCH 31, 2011	55,771	9,909	45,863
APRIL 30, 2011	57,732	11,000	46,732
MAY 31, 2011	59,936	12,227	47,709
JUNE 30, 2011	60,027	13,593	46,434
JULY 31, 2011	62,031	14,770	47,262
AUGUST 31, 2011	63,429	15,863	47,566
SEPTEMBER 30, 2011 *	32,426	8,362	24,064
TOTAL	755,291	177,673	577,618
AVERAGE	\$62,941	\$14,806	\$48,135

* ONE HALF OF ENDING BALANCE

**INCLUDES COMMON ALLOCATED

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ESTIMATED CONSTRUCTION WORK IN PROGRESS - STEAM
JUNE 30, 2009 - SEPTEMBER 30, 2010
(\$000s)

	<u>TOTAL</u>	<u>INTEREST BEARING</u>	<u>NON-INTEREST BEARING</u>
JUNE 30, 2009	\$ 94,856	\$ 35,599	\$ 59,257
JULY 31, 2009	100,621	38,021	62,600
AUGUST 31, 2009	106,385	40,405	65,980
SEPTEMBER 30, 2009	110,634	42,789	67,845
OCTOBER 31, 2009	114,385	45,173	69,212
NOVEMBER 30, 2009	115,838	47,557	68,281
DECEMBER 31, 2009	55,119	13,820	41,299
JANUARY 31, 2010	58,606	15,075	43,531
FEBRUARY 28, 2010	61,832	16,240	45,592
MARCH 31, 2010	66,034	17,755	48,279
APRIL 30, 2010	69,500	19,015	50,485
MAY 31, 2010	73,070	20,432	52,638
JUNE 30, 2010	75,941	22,008	53,933
JULY 31, 2010	79,562	23,367	56,195
AUGUST 31, 2010	82,161	24,629	57,532
SEPTEMBER 30, 2010	\$ 82,629	\$ 25,623	\$ 57,006

Con Edison
Hearing Exhibits

STATE OF NEW YORK
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EXHIBIT __ (AP- 8)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
RATE BASE - STEAM

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC
RATE BASE - STEAM
AVERAGE TWELVE MONTHS ENDED JUNE 30, 2009 AND
AVERAGE TWELVE MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

Line No.	Average Actual Twelve Months Ended June 30, 2009 (Column 1)	Adjustments To Reflect Conditions In The Rate Year (Column 2)	Average Twelve Months Ending September 30, 2011 (Column 3)	Adjustments To Rate Base Twelve Months Ending September 30, 2011 (Column 4)	Rate Year Rate Base Fully Adjusted For Proposed Rate Increase (Column 5)
<u>Utility Plant:</u>					
1 Book Cost of Plant	\$ 1,826,484	\$ 235,761	\$ 2,062,245	\$ -	\$ 2,062,245
2 Accumulated Reserve for Depreciation	(356,673)	(83,728)	(440,401)	-	(440,401)
3 Net Plant	1,469,811	152,033	1,621,844	-	1,621,844
4 Non-Interest Bearing CWIP	43,866	4,269	48,135	-	48,135
5 Preferred Stock Expense	272	213	485	-	485
6 Unamortized Debt Discount/Premium/Expense	14,992	(717)	14,275	-	14,275
7 Deferred Fuel - Net of Income Taxes	5,002	-	5,002	-	5,002
8 Customer Advances for Construction	(1,889)	(61)	(1,950)	-	(1,950)
9 MTA Surtax - Net of Income Taxes	(511)	179	(332)	-	(332)
10 Working Capital	157,151	(32,128)	125,023	-	125,023
11 Excess Rate Base Over Capitalization	89,144	-	89,144	(20,107)	69,037
12 Deferred Storage and Handling - Net of Taxes	(7)	7	-	-	-
13 Expiring Amortization of Deferred Costs - Net of Taxes	(11,078)	11,078	-	-	-
14 Prior to the 2000 Rate Settlement	1,237	(1,237)	-	-	-
15 Steam Business Development - Net of Taxes	138	(138)	-	-	-
16 Steam Production Study - Net of Taxes	189	(189)	-	-	-
17 ERRP Esplanade, Steam Conversion and Fuel Switching - Net of Taxes	(2,227)	2,227	-	-	-
18 Sale of SO2 Credits - Net of Taxes	599	(599)	-	-	-
19 NYC Property Tax Discount	(103)	103	-	-	-
20 NYC Gas Utility Excise Tax	143	(143)	-	-	-
<u>Rate Case Reconciliations - Net of Income Taxes</u>					
21 Prior to the 2000 Rate Settlement	-	725	725	(121)	604
22 Business Development Plan Expenses	-	80	80	(13)	67
23 Production Study Expenses	-	112	112	(19)	93
24 Deferred Interference Expenses - 2000 Settlement Agreement	-	126	126	(21)	105
25 Interference Expenses	-	1,031	1,031	(172)	859
26 NYC Property Taxes - 2006 Settlement	-	5,440	5,440	(907)	4,533
27 Interest on MGP Superfund	-	164	164	(27)	137
28 SO2 Allowances	-	1,664	1,664	(277)	1,387
29 Interest on SIT Audit Adjustments	-	4	4	(1)	3
30 SIR Deferrals	-	5,893	5,893	(982)	4,911
31 Recovery of Hudson Avenue Deferral	-	220	220	(37)	183
32 Refund of Excess SIT Refund	-	(104)	(104)	17	(87)
33 NYC Property Taxes - 2000 Settlement	-	(72)	(72)	12	(60)
34 NYC Property Taxes - 2004 Settlement	-	(1,024)	(1,024)	171	(853)
35 SO2 Allowances from prior case - Principal and Interest	-	(1,283)	(1,283)	214	(1,069)
36 Medicare Rx Legislation	-	(139)	(139)	23	(116)
37 Interest on Capital Expenditures	-	(163)	(163)	27	(136)
38 Oil Overcharge Litigation Proceeds	-	(110)	(110)	18	(92)
39 Interest on Rate Case Deferrals	-	(68)	(68)	11	(57)
40 ADR Tax Amortization - Principal and Interest	-	(438)	(438)	73	(365)
41 Deferred Interest on Distribution Plant Reconciliation	-	(61)	(61)	10	(51)
42 Interference Underspending	-	(203)	(203)	34	(169)
43 Auction Rate debt	-	(643)	(643)	107	(536)
44 ITC Refunds	-	(79)	(79)	13	(66)
<u>Accumulated Deferred Income Taxes:</u>					
45 ADR / ACRS / MACRS Deductions	(180,992)	(10,337)	(191,329)	-	(191,329)
46 Prepaid Insurance Expenses	(240)	(23)	(263)	-	(263)
47 Vested Vacation	659	18	677	-	677
48 Amortization of Computer Software	(1,525)	(1,361)	(2,886)	-	(2,886)
49 Deferred MTA	(711)	(1,255)	(1,966)	-	(1,966)
50 Customer Deposits	763	-	763	-	763
51 Unbilled Revenues	5,329	-	5,329	-	5,329
52 Contributions In Aid of Construction	1,865	135	2,000	-	2,000
53 Capitalized Interest	5,406	(895)	4,511	-	4,511
54 Capitalized Major Maintenance - 1998 - 2002	2,390	(346)	2,044	-	2,044
55 Change of Accounting Section 263 A	(38,113)	332	(37,781)	-	(37,781)
56 Call Premium	(340)	625	285	-	285
57 FIN 48 - Simplified Service Cost Method - 2002 - 2005	(8,541)	8,541	-	-	-
58 Excess Deferred SIT	(271)	271	-	-	-
59 Deferred S.I.T.	(23,808)	(5,849)	(29,657)	-	(29,657)
60 Total Rate Base	\$ 1,528,600	\$ 135,825	\$ 1,664,425	\$ (21,954)	\$ 1,642,471

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC
 WORKING CAPITAL - STEAM
 AVERAGE TWELVE MONTHS ENDED JUNE 30, 2009 AND
AVERAGE TWELVE MONTHS ENDING SEPTEMBER 30, 2011
 (Thousands of Dollars)

Line No.	Average Actual Twelve Months Ended <u>June 30, 2009</u> (Column 1)	Adjustments To Reflect Conditions In <u>The Rate Year</u> (Column 2)	Average Actual Twelve Months Ending <u>September 30, 2011</u> (Column 3)	Adjustments To Rate Base Twelve Months Ending <u>September 30, 2011</u> (Column 4)	Rate Year Rate Base Fully Adjusted For Proposed <u>Rate Increase</u> (Column 5)
<u>INVENTORIES</u>					
1. Average Balance of Liquid Fuel	\$ 37,333	\$ (20,901)	\$ 16,432	\$ -	\$ 16,432
Average Balance of Materials & Supplies					
2. Excluding Liquid Fuel	34,537	1,109	35,646	-	35,646
3. Total Inventories	<u>71,870</u>	<u>(19,792)</u>	<u>52,078</u>	<u>-</u>	<u>52,078</u>
<u>PREPAYMENTS</u>					
4. Insurance	767	(8)	759	-	759
5. Property Taxes	26,417	(7,588)	18,829	-	18,829
6. PSC Assessment	863	(493)	370	-	370
7. Other	1,049	34	1,083	-	1,083
8. Total Prepayments	<u>29,096</u>	<u>(8,055)</u>	<u>21,041</u>	<u>-</u>	<u>21,041</u>
<u>CASH WORKING CAPITAL</u>					
9. Total Operation & Maintenance Expenses	559,823	(21,986)	537,837	-	537,837
10. Less: Purchased Power Expenses	75,965	(2,271)	73,694	-	73,694
11. Gas Portion Of Fuel	87,613	(6,721)	80,892	-	80,892
12. Purchased Oil Costs	124,229	40,626	164,855	-	164,855
13. Interdepartmental Rents	14,410	705	15,115	-	15,115
14. Uncollectible	-	1,000	1,000	-	1,000
15. Net	<u>257,606</u>	<u>(55,325)</u>	<u>202,281</u>	<u>-</u>	<u>202,281</u>
16. Cash Working Capital @ 1/8th	32,201	(6,917)	25,284	-	25,284
17. Cash Working Capital @ 1/12th on Recoverable Fuel Costs	23,984	2,636	26,620	-	26,620
18. Total Cash Working Capital	<u>56,185</u>	<u>(4,281)</u>	<u>51,904</u>	<u>-</u>	<u>51,904</u>
19. TOTAL WORKING CAPITAL	<u>\$ 157,151</u>	<u>\$ (32,128)</u>	<u>\$ 125,023</u>	<u>\$ -</u>	<u>\$ 125,023</u>

Con Edison
Hearing Exhibits

STATE OF NEW YORK
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Ex. 70

EXHIBIT __ (AP- 9)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
RATE BASE & RATE OF RETURN, INCOME TAXES, ADJUSTMENTS TO INCOME, AND CUSTOMER

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

OPERATING INCOME, RATE BASE AND RATE OF RETURN FOR STEAM OPERATIONS
SHOWING THE EFFECT OF THE PROPOSED INCREASE IN RATES
TWELVE MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

	Twelve Months Ending September 30, 2011 As Reflected in Exhibit (AP-6) (Column 1)	Rate Case Adjustments (Schedule 3) (Column 2)	Rate Year As Adjusted (Column 3)	Proposed Rate Increase (Column 4)	Rate Year As Adjusted For Proposed Rate Increase (Column 5)
OPERATING REVENUES					
SALES REVENUES	\$693,236	\$0	\$693,236	\$128,768	\$822,004
OTHER OPERATING REVENUES	<u>84,889</u>	<u>(8,377)</u>	<u>76,512</u>	<u>258</u>	<u>76,770</u>
TOTAL OPERATING REVENUES	<u>778,125</u>	<u>(8,377)</u>	<u>769,748</u>	<u>129,026</u>	<u>898,774</u>
OPERATING REVENUE DEDUCTIONS					
FUEL	330,619	0	330,619	0	330,619
OTHER FUEL CHARGES	4,358	0	4,358	0	4,358
OTHER OPERATION AND MAINTENANCE	202,860	0	202,860	0	202,860
DEPRECIATION AND AMORTIZATION	64,991	0	64,991	0	64,991
TAXES OTHER THAN INCOME TAXES	104,316	0	104,316	2,730	107,046
GAINS FROM DISPOSITION OF UTILITY PLANT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING REVENUE DEDUCTIONS	<u>707,144</u>	<u>0</u>	<u>707,144</u>	<u>2,730</u>	<u>709,874</u>
OPERATING INCOME BEFORE INCOME TAXES	70,981	(8,377)	62,604	126,296	188,900
NEW YORK STATE INCOME TAX (Schedule 2, Page 1)	1,581	(611)	970	8,967	9,937
FEDERAL INCOME TAX (Schedule 2, Page 2)	<u>7,099</u>	<u>(2,724)</u>	<u>4,375</u>	<u>41,065</u>	<u>45,440</u>
OPERATING INCOME AFTER INCOME TAXES	<u>\$62,301</u>	<u>(\$5,042)</u>	<u>\$57,259</u>	<u>\$76,264</u>	<u>\$133,523</u>
AVERAGE RATE BASE (Exhibit (AP-8))	<u>\$1,664,425</u>	<u>(\$21,954)</u>	<u>\$1,642,471</u>		<u>\$1,642,471</u>
RATE OF RETURN	<u>3.74%</u>		<u>3.49%</u>		<u>8.13%</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

NEW YORK STATE INCOME TAX - STEAM
TWELVE MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

Line No.		Twelve Months Ending September 30, 2011 As Reflected in Exhibit (AP-6) (Column 1)	Rate Case Adjustments (Schedule 3) (Column 2)	Rate Year As Adjusted (Column 3)	Proposed Rate Increase (Column 4)	Rate Year As Adjusted For Proposed Rate Increase (Column 5)
1	Book Operating Income Before Income Taxes	\$70,981	(\$8,377)	\$62,604	\$126,296	\$188,900
	<u>FLOW THROUGH ITEMS</u>					
	<u>Deduct: Non-Taxable Income and Additional Deductions</u>					
2	Interest Expense	47,637	0	47,637	0	47,637
3	Medicare Rx Legislation Savings	1,085	0	1,085	0	1,085
4	Total Deductions	48,722	0	48,722	0	48,722
	<u>NORMALIZED ITEMS</u>					
	<u>Add: Additional Income and Unallowable Deductions</u>					
5	Book Depreciation	64,991	0	64,991	0	64,991
6	Capitalized Interest	3,122	0	3,122	0	3,122
7	Fuel Cost Deferred From Prior Period	4,726	0	4,726	0	4,726
8	Contributions in Aid of Construction	173	0	173	0	173
9	Pension and OPEB Expense - Rate Year	24,338	0	24,338	0	24,338
10	Total Additions	97,350	0	97,350	0	97,350
	<u>Deduct: Non-Taxable Income and Additional Deductions</u>					
11	NYS Depreciation	88,372	0	88,372	0	88,372
12	Removal Costs	8,534	0	8,534	0	8,534
13	Amortization of Capitalized Interest	1,487	0	1,487	0	1,487
14	Capitalized Overheads	4,816	0	4,816	0	4,816
15	Fuel Costs Deferred from Current Period	9,963	0	9,963	0	9,963
16	Loss on MACRS Retirements	2,299	0	2,299	0	2,299
17	Pension and OPEB Funding	33,354	0	33,354	0	33,354
18	WTC Expenses	0	(3,459)	(3,459)	0	(3,459)
19	2000 Rate Settlement - Unamortized Balances	0	(400)	(400)	0	(400)
20	Business Development Plan Expenses	0	(45)	(45)	0	(45)
21	Production Study Expenses	0	(61)	(61)	0	(61)
22	Interference Expenses	0	(386)	(386)	0	(386)
23	NYC Property Taxes - 2006 Settlement	0	(1,668)	(1,668)	0	(1,668)
24	Pensions / OPEBs - 2006 Settlement	0	(1,816)	(1,816)	0	(1,816)
25	Interest on MGP Superfund	0	(91)	(91)	0	(91)
26	SO2 Allowances	0	(511)	(511)	0	(511)
27	Interest on SIT Audit Adjustments	0	(2)	(2)	0	(2)
28	SIR Deferrals	0	(1,807)	(1,807)	0	(1,807)
29	Hudson Avenue Deferral	0	(121)	(121)	0	(121)
30	Refund of Excess SIT Refund	0	57	57	0	57
31	NYC Property Taxes - 2000 Settlement	0	40	40	0	40
32	NYC Property Taxes - 2004 Settlement	0	565	565	0	565
33	SO2 Allowances from prior case - Principal and Interest	0	708	708	0	708
34	Medicare Rx Legislation	0	77	77	0	77
35	Interest on Capital Expenditures	0	90	90	0	90
36	Oil Overcharge Litigation Proceeds	0	61	61	0	61
37	Interest on Rate Case Deferrals	0	38	38	0	38
38	ADR Tax Amortization - Principal and Interest	0	242	242	0	242
39	Deferred Interest on Distribution Plant Reconciliation	0	34	34	0	34
40	Interference Underspending	0	112	112	0	112
41	Auction Rate debt	0	355	355	0	355
42	ITC refunds	0	44	44	0	44
43	Total Deductions	148,825	(7,944)	140,881	0	140,881
44	Taxable Income - New York State	(\$29,216)	(\$433)	(\$29,649)	\$126,296	\$96,647
	<u>Tax Computation</u>					
45	Current New York State Income Tax @ 7.10%	(\$2,074)	(\$31)	(\$2,105)	\$8,967	\$6,862
46	Deferred New York State Income Tax @ 7.10%	3,655	(564)	3,091	0	3,091
47	Amortization of Previously Deferred Excess SIT	0	(16)	(16)	0	(16)
48	Total New York State Income Tax	\$1,581	(\$611)	\$970	\$8,967	\$9,937

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FEDERAL INCOME TAX - STEAM
TWELVE MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

Line No.		Twelve Months Ending September 30, 2011 As Reflected in Exhibit (AP-6) (Column 1)	Rate Case Adjustments (Schedule 3) (Column 2)	Rate Year As Adjusted (Column 3)	Proposed Rate Increase (Column 4)	Rate Year As Adjusted For Proposed Rate Increase (Column 5)
1	Book Operating Income Before Income Taxes	\$70,981	(\$8,377)	\$62,604	\$126,296	\$188,900
2	New York State Income Tax, excluding amortization	1,581	(595)	986	8,967	9,953
3	Book Operating Income Before Federal Income Tax	69,400	(7,782)	61,618	117,329	178,947
FLOW THROUGH ITEMS						
Add: Additional Income and Unallowable Deductions						
4	Book Depreciation	64,991	0	64,991	0	64,991
5	Capitalized Interest	3,122	0	3,122	0	3,122
6	Total Additions	68,113	0	68,113	0	68,113
Deduct: Non-Taxable Income and Additional Deductions						
7	Interest Expense	47,637	0	47,637	0	47,637
8	Statutory Depreciation	47,471	0	47,471	0	47,471
9	Removal Costs	8,534	0	8,534	0	8,534
10	Amortization of Capitalized Interest	0	0	0	0	0
11	Medicare Rx Legislation Savings	1,085	0	1,085	0	1,085
12	Dividends Paid on \$5 Cumulative Preferred Stock	115	0	115	0	115
13	Total Deductions	104,842	0	104,842	0	104,842
NORMALIZED ITEMS						
Add: Additional Income and Unallowable Deductions						
14	Fuel Costs Deferred from Prior Period	4,726	0	4,726	0	4,726
15	Contributions in Aid of Construction	173	0	173	0	173
16	Pension and OPEB Expense - Rate Year	24,338	0	24,338	0	24,338
17	Deferred State Income Tax	3,655	(564)	3,091	0	3,091
18	Total Additions	32,892	(564)	32,328	0	32,328
Deduct: Non-Taxable Income and Additional Deductions						
19	Depreciation - ADR / ACRS / MACRS	8,833	0	8,833	0	8,833
20	Loss on ACRS/MACRS Retirements	1,668	0	1,668	0	1,668
21	Amortization of Capitalized Interest	1,487	0	1,487	0	1,487
22	Capitalized Overheads (263A)	4,816	0	4,816	0	4,816
23	Fuel Costs Deferred from Current Period	9,963	0	9,963	0	9,963
24	Pension and OPEB Funding	33,354	0	33,354	0	33,354
25	WTC O&M Expenses net of Unbilled Revenues	0	(3,459)	(3,459)	0	(3,459)
26	WTC Capital Expenses	0	(433)	(433)	0	(433)
27	2000 Rate Settlement - Unamortized Balances	0	(400)	(400)	0	(400)
28	Business Development Plan Expenses	0	(45)	(45)	0	(45)
29	Production Study Expenses	0	(61)	(61)	0	(61)
30	Interference Expenses	0	(386)	(386)	0	(386)
31	NYC Property Taxes - 2006 Settlement	0	(1,668)	(1,668)	0	(1,668)
32	Pensions / OPEBs - 2006 Settlement	0	(1,816)	(1,816)	0	(1,816)
33	Interest on MGP Superfund	0	(91)	(91)	0	(91)
34	SO2 Allowances	0	(511)	(511)	0	(511)
35	Interest on SIT Audit Adjustments	0	(2)	(2)	0	(2)
36	SIR Deferrals	0	(1,807)	(1,807)	0	(1,807)
37	Hudson Avenue Deferral	0	(121)	(121)	0	(121)
38	Refund of Excess SIT Refund	0	57	57	0	57
39	NYC Property Taxes - 2000 Settlement	0	40	40	0	40
40	NYC Property Taxes - 2004 Settlement	0	565	565	0	565
41	SO2 Allowances from prior case - Principal and Interest	0	708	708	0	708
42	Medicare Rx Legislation	0	77	77	0	77
43	Interest on Capital Expenditures	0	90	90	0	90
44	Oil Overcharge Litigation Proceeds	0	61	61	0	61
45	Interest on Rate Case Deferrals	0	38	38	0	38
46	ADR Tax Amortization - Principal and Interest	0	242	242	0	242
47	Deferred Interest on Distribution Plant Reconciliation	0	34	34	0	34
48	Interference Underspending	0	112	112	0	112
49	Auction Rate debt	0	355	355	0	355
50	ITC refunds	0	44	44	0	44
51	Total Deductions	60,121	(8,377)	51,744	0	51,744
52	Taxable Income - Federal	\$5,442	\$31	\$5,473	\$117,329	\$122,802
Tax Computation						
53	Current Federal Income Tax @ 35%	\$1,905	\$11	\$1,916	\$41,065	\$42,981
54	Deferred Federal Income Tax @ 35%	9,530	(2,735)	6,795	0	6,795
Amortization of Previously Deferred Federal Income Tax						
55	Depreciation/Loss on Retirements/Capitalized Overheads	(4,075)	0	(4,075)	0	(4,075)
56	Investment Tax Credit	(261)	0	(261)	0	(261)
57	Total Federal Income Tax	\$7,099	(\$2,724)	\$4,375	\$41,065	\$45,440

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

ADJUSTMENTS TO OPERATING INCOME - STEAM
TWELVE MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

	<u>Amount</u>
<u>OTHER OPERATING REVENUES</u>	
1. Recovery over a five-year period of WTC O&M expenses net of Unbilled Revenues	(\$3,459)
2. Recovery over a 28-year period of WTC capital expenses	(433)
3. Recovery over a three-year period of previously deferred items subject to reconciliation prior to the 2000 Rate Plan	(400)
4. Recovery over a three-year period of previously deferred Business Development Plan expenses	(45)
5. Recovery over a three-year period of previously deferred Production Study expenses	(61)
6. Recovery over a three-year period of previously deferred Interference expenses - 2000 Rate Plan	(70)
7. Recovery over a three-year period of previously deferred Interference expenses - 2004 Rate Plan	(316)
8. Recovery over a five-year period of previously deferred NYC Property taxes - 2006 Rate Plan	(1,668)
9. Recovery over a five-year period of previously deferred Pension / OPEB expenses - 2006 Rate Plan	(1,816)
10. Recovery over a three-year period of previously deferred interest on MGP Superfund expenses	(91)
11. Recovery over a three-year period of SO2 Allowances under Target	(511)
12. Recovery over a three-year period of the interest on SIT audit adjustments	(2)
13. Recovery over a five-year period of the shortfall in SIR Deferrals	(1,807)
14. Recovery over a three-year period of the Hudson Avenue Deferral	(121)
15. Refund over a three-year period Excess Refund of SIT	57
16. Refund over a three-year period of previously deferred NYC Property taxes - 2000 Rate Plan	40
17. Refund over a three-year period of previously deferred NYC Property taxes - 2004 Rate Plan	565
18. Refund over a three-year period of previously deferred SO2 Allowance Proceeds - Principal	635
- Interest	73
19. Refund over a three-year period of previously deferred Medicare Rx Legislation Savings	77
20. Refund over a three-year period of previously deferred Capital Expenditure Reconciliation expenses	90
21. Refund over a three-year period of previously deferred Oil Overcharge Litigation Proceeds	61
22. Refund over a three-year period of previously deferred interest on rate case deferrals	38
23. To refund previously deferred amounts over a three-year period: Correction of ADR tax amortization	242
24. Refund over a three-year period deferred Interest on Distribution Plant Reconciliation	34
25. Refund over a three-year period deferred interference underspending	112
26. Refund over a three-year period reconciliation of Auction Rate debt	355
27. Refund over a three-year period ITC refunds	<u>44</u>
Total Adjustments to Other Operating Revenues	<u>(\$8,377)</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

CUSTOMER DEBITS AND CREDITS - STEAM
(Thousands of Dollars)

	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>	<u>Total</u>
<u>Customer Debits</u>				
<u>Regulatory Assets</u>				
1 WTC O&M Expenses net of Unbilled Revenues	\$3,459	\$3,459	\$3,459	\$10,377
2 WTC Capital Expenses	433	433	433	1,299
3 2000 Rate Settlement - Unamortized Balances	400	400	400	1,200
4 Business Development Plan Expenses	45	45	45	135
5 Production Study Expenses	61	61	61	183
6 Interference Expenses - 2000 Rate Settlement	70	70	70	210
7 Interference Expenses	316	316	316	948
8 NYC Property Taxes - 2006 Settlement	1,668	1,668	1,668	5,004
9 Pensions / OPEBs - 2006 Settlement	1,816	1,816	1,816	5,448
10 Interest on MGP Superfund	91	91	91	273
11 SO2 Allowances	511	511	511	1,533
12 Interest on SIT Audit Adjustments	2	2	2	6
13 SIR Deferrals	1,807	1,807	1,807	5,421
14 Hudson Avenue Deferral	121	121	121	363
	<u>\$10,800</u>	<u>\$10,800</u>	<u>\$10,800</u>	<u>\$22,023</u>
<u>Customer Credits</u>				
<u>Regulatory Liabilities</u>				
1 Refund of Excess SIT Refund	\$57	\$57	\$57	\$171
2 NYC Property Taxes - 2000 Settlement	40	40	40	120
3 NYC Property Taxes - 2004 Settlement	565	565	565	1,695
4 SO2 Allowances from prior case - Principal and Interest	708	708	708	2,124
5 Medicare Rx Legislation	77	77	77	231
6 Interest on Capital Expenditures	90	90	90	270
7 Oil Overcharge Litigation Proceeds	61	61	61	183
8 Interest on Rate Case Deferrals	38	38	38	114
9 ADR Tax Amortization - Principal and Interest	242	242	242	726
10 Deferred Interest on Distribution Plant Reconciliation	34	34	34	102
11 Interference Underspending	112	112	112	336
12 Auction Rate debt	355	355	355	1,065
13 ITC refunds	44	44	44	132
	<u>\$2,423</u>	<u>\$2,423</u>	<u>\$2,423</u>	<u>\$7,269</u>
<u>Deferred Tax Liabilities</u>				
1 Deferred Excess New York State Income Tax	<u>\$16</u>	<u>\$16</u>	<u>\$16</u>	<u>\$48</u>
	<u>\$16</u>	<u>\$16</u>	<u>\$16</u>	<u>\$48</u>

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
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Ex. 71

EXHIBIT __ (AP- 10)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
CAPITAL STRUCTURE & COST OF CAPITAL

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
RATE OF RETURN REQUIRED FOR THE RATE YEAR
TWELVE MONTHS ENDING SEPTEMBER 30, 2011
(Thousands of Dollars)

	Actual Capital Structure June 30, 2009	Adjustments to Reflect Conditions in Rate Year	Average Capital Structure at September 30, 2011		Cost Rate	Cost of Capital
			Amount	Percent		
Long Term Debt	\$ 9,740,900	\$ 421,133	\$ 10,162,033 (1)	49.53%	5.74% (1)	2.84%
Preferred Stock	212,563	-	212,563 (2)	1.04%	5.34% (2)	0.06%
Customer Deposits	253,335	10,862	264,197	1.28%	2.45%	0.03%
Subtotal	10,206,798	431,996	10,638,794	51.85%		2.93%
Common Equity	8,998,844	878,890	9,877,734	48.15%	10.8%	5.20%
Total	\$ 19,205,642	\$ 1,310,886	\$ 20,516,528	100.00%		8.13%

(1) Per Schedule 2

(2) Per Schedule 3

EXHIBIT — (AP-10)
SCHEDULE 1

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
AVERAGE COST OF LONG TERM DEBT
September 30, 2011
(Thousands of Dollars)

Type of Issue	Due	Debt Outstanding 9/30/2011	Cost Rate	Average Balance 9/30/2011	Average Cost Annualized	Effective Cost Rate
<u>Debentures</u>						
1998 Series A	02/01/08	-	6.2500%	-	-	-
1998 Series B	02/01/28	105,000	7.1000%	105,000	7,455	-
1998 Series D	10/01/28	75,000	6.9000%	75,000	5,175	-
2000 Series A	05/01/10	-	8.1250%	-	-	-
2000 Series B	09/01/10	-	7.5000%	-	-	-
2002 Series A	07/01/12	300,000	5.6250%	300,000	16,875	-
2002 Series B	02/01/13	500,000	4.8750%	500,000	24,375	-
2003 Series A	04/01/33	175,000	5.8750%	175,000	10,281	-
2003 Series B	06/15/13	200,000	3.8500%	200,000	7,700	-
2003 Series C	06/15/33	200,000	5.1000%	200,000	10,200	-
2004 Series A	02/01/14	200,000	4.7000%	200,000	9,400	-
2004 Series B	02/01/34	200,000	5.7000%	200,000	11,400	-
2005 Series A	03/01/35	350,000	5.3000%	350,000	18,550	-
2005 Series B	07/01/35	125,000	5.2500%	125,000	6,563	-
2005 Series C	12/01/15	350,000	5.3750%	350,000	18,813	-
2006 Series A	03/15/36	400,000	5.8500%	400,000	23,400	-
2006 Series B	06/15/36	400,000	6.2050%	400,000	24,820	-
2006 Series C	09/15/16	400,000	5.5000%	400,000	22,000	-
2006 Series D	12/01/16	250,000	5.3000%	250,000	13,250	-
2006 Series E	12/01/36	250,000	5.7000%	250,000	14,250	-
2007 Series A	08/15/37	525,000	6.3000%	525,000	33,075	-
2008 Series A	04/01/18	600,000	5.8500%	600,000	35,100	-
2008 Series B	04/01/38	600,000	6.7500%	600,000	40,500	-
2008 Series C	12/01/18	600,000	7.1250%	600,000	42,750	-
2009 Series A	04/01/14	275,000	5.5500%	275,000	15,263	-
2009 Series B	04/01/19	475,000	6.6500%	475,000	31,588	-
2009 Series C	12/01/39	310,000	5.8400%	310,000	18,104	-
2010 Series A	05/01/20	300,000	5.3500%	300,000	16,050	-
2010 Series B	05/01/40	300,000	6.1400%	300,000	18,420	-
2010 Series C	09/01/20	370,000	5.3500%	354,583	18,970	-
2010 Series D	12/01/40	250,000	6.1400%	177,083	10,873	-
2011 Series A	07/01/21	350,000	5.9800%	43,750	2,616	-
2011 Series B	09/01/41	300,000	6.3400%	-	-	-
<u>Tax Exempt Debt Issue through New York State</u>						
1999 Series A	05/01/34	292,700	VAR (A)	292,700	11,532	-
2001 Series A	06/01/36	224,600	VAR (A)	224,600	10,556	-
2001 Series B	10/01/36	98,000	VAR (A)	98,000	3,861	-
2004 Series A	01/01/39	98,325	VAR (A)	98,325	3,874	-
2004 Series B1	05/01/32	127,225	VAR (A)	127,225	5,013	-
2004 Series B2	10/01/35	19,750	VAR (A)	19,750	778	-
2004 Series C	11/01/39	99,000	VAR (A)	99,000	2,228	-
2005 Series A	05/01/39	126,300	VAR (A)	126,300	2,842	-
Subtotal		10,820,900		\$ 10,126,317	\$ 568,498	
Amortization of Debt Discount & Expense					15,089	
Ending Balance of Unamortized Premium (Discount)				35,716		
TOTAL				\$ 10,162,033	\$ 583,588	5.74%

(A) Average variable rate

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
AVERAGE COST OF PREFERRED STOCK
30-Sep-11
(Thousands of Dollars)

<u>Issue</u>	<u>Cost Rate</u>	<u>Average Amount Outstanding</u>	<u>Average Dividends Annualized</u>	<u>Effective Cost Rate</u>
Cumulative Preferred Stock				
\$5	(A)	\$ 175,000	\$ 9,577	
Series C	4.650%	15,330	713	
Series D	4.650%	<u>22,233</u>	<u>1,034</u>	
Subtotal		\$ 212,563	\$ 11,324	5.33%
Amortization of Expenses				
Refunding of Series A & B			<u>20</u>	
Total		<u>\$ 212,563</u>	<u>\$ 11,344</u>	<u>5.34%</u>

Note: (A) \$5 per share on 1,915,319 outstanding shares

Con Edison
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STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

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Ex. 72

EXHIBIT __ (AP- 11)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
FUND REQUIREMENTS AND SOURCES

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 FUND REQUIREMENTS AND SOURCES
 TWELVE MONTHS ENDING SEPTEMBER 30, 2011
 (Millions of Dollars)

CAPITAL FUNDS REQUIRED

Construction Expenditures	\$ 2,345
Rate Cast Amortizations/Accruals	(18)
Working Capital	(34)
TOTAL FUNDS REQUIRED	<u>2,293</u>

INTERNAL SOURCE OF FUNDS

Retained Earnings	367
Depreciation	822
Deferred Tax Accruals	199
AFUDC	(23)
Other	-
TOTAL INTERNAL SOURCES OF FUNDS	<u>1,365</u>

INTERNAL FUNDS AVAILABLE/(REQUIRED) (928)

EXTERNAL SOURCES OF FUNDS

Net Equity Issuance	-
Commercial Paper	28
Bond Proceeds	900
TOTAL EXTERNAL SOURCES OF FUNDS	<u>928</u>

CAPITAL FUNDS REQUIRED LESS
 SOURCES OF FUNDS

-

TEMPORARY CASH INVESTMENTS AT 09/30/10

\$ 10

TEMPORARY CASH INVESTMENTS AT 09/30/11

\$ 10

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Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
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Ex. 73

EXHIBIT __ (AP- 12)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
INTEREST COVERAGE

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
INTEREST COVERAGE
S.E.C. BASIS - PER BOOKS
(Millions of Dollars)

	2004 ACTUAL	2005 ACTUAL	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	12 MONTHS ENDING SEPTEMBER 2011 ESTIMATE
NET INCOME	\$ 518	\$ 694	\$ 686	\$ 844	\$ 783	\$ 1,049
PREFERRED STOCK DIVIDEND	11	11	11	11	11	11
(INCOME) OR LOSS FROM EQUITY INVESTEEES	-	-	-	(2)	-	-
FEDERAL INCOME TAX	278	330	349	392	397	567
PRE-TAX INCOME FROM CONTINUING OPERATIONS	807	1,035	1,046	1,245	1,191	1,627
ADD: FIXED CHARGES						
Interest on long-term debt	317	333	370	411	458	571
Amortization of debt discount & expense	15	17	16	17	16	15
Other interest	34	21	65	39	25	15
Interest component of rentals	21	21	21	20	21	21
TOTAL FIXED CHARGES	387	392	472	487	520	622
EARNINGS AVAILABLE	\$ 1,194	\$ 1,427	\$ 1,518	\$ 1,732	\$ 1,711	\$ 2,249
INTEREST COVERAGE (TIMES)	3.09	3.64	3.22	3.56	3.29	3.62

EXHIBIT (AP-12)

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
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Ex. 74

EXHIBIT __ (AP- 13)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
PERSONNEL REQUESTED FOR THE LAW DEPARTMENT

PERSONNEL REQUESTED FOR THE LAW DEPARTMENT

A. RECORD RETENTION GROUP

The two requested employees (Sr. Specialist and Paralegal) will help form a records management team to develop and manage a records management program to enable the Company to comply with all records retention obligations and legal hold obligations. The records management team and the records management program represent a new Company initiative. This initiative will manage the Company's records retention obligations and manage compliance with the Company's legal hold obligations in a consistent and defensible manner. Our current program requires strengthening to address the increasing risks presented by the recently enacted Federal E-Discovery Rules and the evolving case law in the area. There is now a heightened attention among our legal adversaries to exploit any deficiencies in the legal hold process.

In recent years, companies have been fined millions of dollars and received numerous types of evidentiary sanctions (such as default judgments, witness preclusion, adverse inference instructions to the jury) because of failures in records retention and meeting legal hold obligations. The litigation

landscape is now scarred with cases involving companies that have suffered substantial evidentiary and financial sanctions because of records retention failures and failures in complying with legal hold and discovery requirements.

The Senior Specialist will provide critical assistance to the Sr. Staff Attorney in establishing, updating, and monitoring records retention policies as well as in managing, executing, and monitoring legal holds and e-discovery productions in support of training.

Additional key responsibilities include the identification of relevant custodians and electronic databases that may have information subject to legal holds and the use of vendor applications to preserve and collect the electronic information subject to legal holds. The Sr. Specialist will also be responsible to support ongoing training efforts communicating records management policies and procedures as well as planning Company records strategy through periodic audits and oversight of records transfers. Currently, our Sr. Staff Attorney is reviewing candidates to fill this important position.

The **Paralegal** position will be used to provide direct and ongoing assistance to Company attorneys on specific cases where there are complex or difficult issues with respect to the identification, preservation, review, and collection of electronic information subject to legal holds. The preservation and collection of potentially relevant electronic information presents some of the most formidable e-discovery challenges confronting attorneys. This position will also provide attorney support for the processing and managing of legal holds through the Company's new legal hold software system, which was recently purchased and installed.

B. OFFICE OF THE SECRETARY

The Department is in the process of hiring an Executive Secretary to be shared jointly by the Executive Vice President and the Corporate Secretary's Office. The Executive Vice President has overall responsibility for the Law Department, Regulatory Services, Energy Efficiency Programs and Energy Policy and Regulatory Affairs. The Corporate Secretary is responsible for handling all matters relating to the Board of Trustees, including preparing agendas as well as the proxy statement and various SEC filings. Since

neither office currently has a secretary, the department has decided to share the position to reduce costs.

The Executive Vice President and the Corporate Secretary require this position to provide secretarial and administrative support to both officers. This would include answering calls from outside stakeholders, Board members and stockholders, maintaining the calendar for the Executive Vice President and the Corporate Secretary, and performing general secretarial and administrative tasks such as preparing, drafting and typing letters, memoranda, forms and reports; scheduling meetings and appointments; maintaining calendars and files; and performing other administrative responsibilities. The Corporate Secretary's office is responsible for all matters involving the Board of Trustees of the Company, including planning and conducting Board meetings, preparing minutes of Board meetings, complying with state and federal corporate and securities laws (including New York Stock Exchange and Securities and Exchange Commission), drafting and distributing the Company's proxy statement, planning the Company's annual stockholders' meeting, and

supplying information to the Company's independent auditors. The Corporate Secretary's office is also responsible for all communications with Board members and stockholders. Most recently, the Corporate Secretary's office was responsible for supplying documentation and witnesses relating to Board matters in response to requests concerning the management audit conducted of the Company. All of the matters handled by the Corporate Secretary's office require the utmost discretion due to the confidential nature of the information. Currently, these secretarial/administrative tasks have been performed by members of the Corporate Secretary's office. To manage all responsibilities of the Corporate Secretary's office, the staff members were required to perform other tasks related to preparation of Board materials and necessary legal documents for the Stock Exchange and the SEC on uncompensated overtime. Hiring a secretary to support Executive Vice President and the Office of the Secretary would allow secretarial/administrative tasks to be performed at a lower cost to the Company, and free up time of the lawyers and specialists to handle more complex legal matters.

The department has posted the position and expects to fill the position January 2010.

C. GENERAL LITIGATION GROUP

The General Litigation group is responsible for defending the Company in all claims and lawsuits related to personal injury and property damage, as well as pursuing claims or filing lawsuits where the Company suffers property damage caused by another entity. General Litigation's program change is for three employees, two of whom have already been hired. These employees are two investigators and a Litigation Support Manager.

As of December 31, 2008, approximately 2,600 lawsuits and 875 claims have been filed against the Company and are pending resolution. The Company receives approximately 1,000 new lawsuits and 1,600 new claims each year. There are substantial challenges posed in managing the pending caseload and addressing new matters. This includes processing and resolving claims in a fair and equitable manner and preparation to properly defend litigation against the Company. For example, extensive pre-trial discovery, coupled with the developing issues in electronic discovery continue to require timely and efficient response.

Two investigators were added in January 2009. Each investigator is assigned approximately 150-200 cases. Their responsibilities include reviewing legal documents, securing and researching internal and external records, conducting site inspections, securing photographs, preparing sketches, evaluating accident scenes, and indentifying and interviewing Company and outside witnesses. In addition, investigators prepare and serve subpoenas, prepare and schedule witnesses, and assist our attorneys at trial. This important position requires a full complement of employees so that the Company can be properly represented in these legal proceedings. By quickly filling vacant positions, we avoid interim measures to help us address immediate requirements and require that we postpone less urgent tasks in the short-term. Funding is not being requested at this time since contract employees were used during the time the positions were vacant.

A **Litigation Support Manager** is needed to assist with the implementation and on-going support of a new Litigation Management System. The Litigation Management System will provide the department with the ability to image and store pleadings, medical records,

site inspection documents and other related litigation documents for retrieval and efficient response to discovery requests. The Litigation Support Manager's responsibilities will include developing processes to combine a wide-range of disparate manual tasks currently used to gather and store documents and necessary information. Storage, retrieval and management of claim and litigation documents are critical to a quick and successful resolution of these matters. The Litigation Management System will enable a more thorough and complete document search than is currently possible using manual methods. This system is another tool the Company will use to ensure proper representation in its personal injury and property damage lawsuits. This position is expected to be filled by no later than the first quarter of 2011.

D. COMMERCIAL TRANSACTIONS

The Commercial Transactions, Corporate and Finance Group requests two positions: one **Associate Counsel** and one **Staff Attorney** position. Aside from its work related to SEC filings and compliance and debt and equity financings, this group negotiates, drafts, reviews, interprets and renders legal advice on a large variety and volume of contractual documents and

issues, and reviews and advises on procurement and commercial laws and regulations affecting the Company. We are requesting an **Associate Counsel** to replace the Associate General Counsel - Commercial Transactions who was promoted in September 2008. The Associate Counsel will handle hands-on work in the commercial transactions area in order to continue to meet the legal needs of the Company. This work includes, among other things, negotiating, drafting, and advising Company management on a variety of contractual matters and issues, including material and complex commercial transactions. Some examples of the work include work on purchase and sale agreements, energy efficiency agreements, and service and equipment contracts. The work also includes some tasks of the nature specified in the position immediately below. We have posted for this position and expect to make an offer of employment to a candidate in the near future.

A **Staff Attorney/Senior Staff Attorney** in this group is needed to replace an attorney who transferred to a non-legal position in a different department in the Company in September 2008. The work handled by this position involves both commercial transactional work and real estate matters, including negotiating,

drafting, reviewing and advising on licenses, leases, condemnation matters, the sale of property, work on utility facilities, arrangements between the Company and private customers, and credit support instruments. This attorney also was responsible for researching and advising on legal issues in the commercial and real estate areas. We have posted to fill the position with a person with a Staff Attorney title and will continue reviewing resumes.

The responsibilities associated with these positions are currently being handled by existing employees who balance these responsibilities by prioritizing tasks with the highest priority against those that are less critical and managing both on uncompensated overtime.

E. COMMERCIAL LITIGATION

The Commercial Litigation group is requesting one **Senior Staff Attorney**. This group represents the Company before state and federal courts and arbitration forums in disputes that arise out of commercial relationships. This work generally includes disputes relating to the purchase of good and services, construction projects, or real property ownership.

Many of the group's cases are complex, involve extensive discovery (including electronic discovery), and expedited trial schedules. Electronic discovery has dramatically increased the complexity of the discovery process and volume of documents that must be reviewed to prepare a case for summary judgment or trial. In one pending case, for example, there are approximately one million pages of discovery and there will likely be over thirty depositions. The addition of a Senior Staff Attorney will improve the group's ability to thoroughly prepare its cases and will also allow the more senior attorneys in the group to better utilize their time towards developing litigation strategy, preparing for depositions, and drafting motions. The group's attorneys are already working extended hours to keep up with their work loads. The group has relied upon a combination of temporary lawyers, outside counsel and uncompensated overtime by our in-house staff. Although temporary lawyers are suited for certain tasks, it takes time to train temporary lawyers and they may leave before the project has been completed. Certain sensitive activities like creating privileged logs (often involving thousands of documents) are best done by

lawyers familiar with the Company. Outside counsel support is better than temporary lawyers but tends to be expensive. And, in either situation, substantial direction and assistance from in-house counsel is usually required. Accordingly, while temporary lawyers and outside counsel are good mitigation measures that will continue to be used in appropriate circumstances, they are not a substitute for a reliable, well-trained, in-house lawyer who is versed in Con Edison's business and familiar with its people and procedures.

Finally, hiring a Senior Staff Attorney is consistent with the Company's succession planning. The group's experience has been that an attorney's knowledge of the Company and familiarity with the key operating managers improves the Company's chances of litigation success. A Senior Staff Attorney would be in a position to develop that skill set (which takes a few years) while working with more senior colleagues that have successfully developed these skills.

The Commercial Litigation group has extended an offer to an attorney which has been accepted. The start date is expected to be mid-November.

F. REGULATORY SERVICES

This group is responsible for the various filings and proceedings before the FERC, the PSC, and the DEC/DEP, among others. This group is requesting three positions - two **Associate Counsel** positions and one **paralegal** position. These three positions are all driven by increases in the number and complexity of the filings and proceedings before the FERC and the PSC.

The Companies have also experienced an increase in the workload related to the interconnection of generation and transmission projects: currently we are processing 25 and 9 requests for interconnections to the transmission and distribution systems, respectively (the distribution interconnections are by large projects in addition to the SIR projects). This compares to 9 transmission interconnections and zero large-generator distribution interconnections in 2006. The Companies are expanding their FERC compliance program, through substantial support by Regulatory Affairs. Regulatory Affairs is also devoting increased resources to the Companies' efforts to comply with NERC reliability standards, which became mandatory in 2008 and which are subjecting the

Companies to an increasing number of compliance audits. Regulatory Affairs is also increasingly devoting time to transmission siting matters that are arising under the Energy Policy Act of 2005 and to pending federal legislation relating to energy conservation and transmission siting.

The Company also requires additional attorneys to meet the increasing demands of regulatory practice before the New York Commission. The increased regulatory workload is driven by a trend away from multi-year rate plans for the Company's electric service, and the need to file and prosecute annual rate requests; in addition, the nature and complexity of these annual rate filings has been steadily increasing, with requests for ever-increasing detail in support of the Company's projected costs and expenses. In addition, there is increased need for regulatory support for new and ongoing proceedings relating to energy efficiency, demand response, renewables, mandatory hourly pricing, solar energy, and advanced metering infrastructure, as well as the integration of project funding through federal government stimulus payments; consideration of new service classifications (e.g., shore power); new approaches to submetering; and the proper integration

of FERC policies with New York regulatory programs (e.g., retail access and capacity release). There are also increasing demands from the New Jersey Board of Public Utilities in similar respects, which places demands on the regulatory attorney staff. Note - a portion of Regulatory Services costs and expenses are allocated to O&R to reflect the services provided that are specific to O&R's regulatory requirements.

The paralegal position is primarily required to administer FERC-jurisdictional contracts and tariffs. The Companies have numerous tariffs and hundreds of contracts on file with the FERC, which are subject to on-going posting and reporting requirements and a new electronic filing requirement to be implemented this year. A recently completed compliance review indicated the need for the reformatting and administration of those tariffs and contracts and for the development of software and implementation of procedures for the electronic filings. We anticipate the new paralegal to devote substantially all of his/her time to this effort.

We have posted the two attorney positions and the paralegal position. Our plan is to have all three

positions filled as soon as possible but no later than the first quarter of 2011.

G. OPERATIONS

The Operations group is requesting one **Senior Specialist** position and a Legal Secretary for the department. This group is responsible for the overall administrative activities of the department, including the coordination and recruitment of staff. The group also plans, prepares and administers personnel functions, wage and salary administration, capital, O&M and human resources budgets and performance evaluations; develops and coordinates new computer systems and applications; monitors and reports on the cost effectiveness of in-house legal services; and is responsible for the Law Library, administrative support staff, and information technology support. A Senior Specialist is required to provide assistance to the Department Manager with budget, administrative and HR support to the Law Department, Office of the Secretary, Regulatory Services, Energy Efficiency Programs and Energy Policy and Regulatory Affairs. The Law Department's Department Manager is currently responsible for a number of items, including among others, human resources and technology initiatives,

secretarial and administrative support, and budgeting for the Law Department, Office of the Secretary and Regulatory Services. Effective 2/1/09, Energy Efficiency Programs and Energy Policy and Regulatory Affairs were transferred into the Executive Vice President's organization and now fall under the responsibility of the Department Manager. The budget function also has increased dramatically, going from \$28 million to \$38 million. This new position is required to effectively manage the newly restructured organizations and to allow the Department Manager to focus on other responsibilities, including the management and administration of the departments' overall daily operations, its human resources and technology efforts. Currently, the work is being handled through uncompensated overtime of the department manager. We are posting for this position in the near future and expect to have the position filled by February 2010.

We are also requesting a Legal Secretary to provide support to the Law Department and Regulatory Services legal staff. The position is required to provide secretarial and administrative support to several attorneys who currently do not have assigned support.

Each of our secretaries provides secretarial and administrative support to four or more attorneys. Under our current secretarial staffing levels, four of our attorneys do not have secretarial assistance. We currently handle their work by re-distributing critical work and postponing less urgent tasks until time permits. Hiring a secretary would free our legal staff from performing administrative duties and allow them to focus on more cost-effective tasks.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 75

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

Direct Testimony and Schedules
Mr. Robert B. Hevert

Before the New York Public Service Commission

In the Matter of the Application of Consolidated Edison Company of New York to Increase
Rates for Steam Service in New York

Case No. 09-S-XXXX

Return on Equity

November 4, 2009

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I. INTRODUCTION AND QUALIFICATIONS

1 Q. PLEASE STATE YOUR NAME, AFFILIATION, AND BUSINESS ADDRESS.

2 A. My name is Robert B. Hevert. I am President of Concentric Energy Advisors, Inc.
3 ("Concentric"), located at 293 Boston Post Road West, Suite 500, Marlborough,
4 Massachusetts 01752.

5

6 Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

7 A. I am submitting this testimony on behalf of Consolidated Edison Company of New
8 York, Inc., a New York corporation ("CECONY" or the "Company") and wholly owned
9 subsidiary of Consolidated Edison, Inc. ("CEI").

10

11 Q. PLEASE DESCRIBE YOUR EXPERIENCE IN THE ENERGY AND UTILITY INDUSTRIES.

12 A. I received my Bachelors of Science degree in Finance from the University of Delaware,
13 and a Masters degree in Business Administration from the University of Massachusetts.
14 In addition, I hold the Chartered Financial Analyst designation. I have served as an
15 executive and manager with other consulting firms (REED Consulting Group and
16 Navigant Consulting, Inc.), and as a financial officer of Bay State Gas Company. I have
17 provided testimony regarding strategic and financial matters, including the cost of capital,
18 before several state utility regulatory agencies as well as the Federal Energy Regulatory
19 Commission ("FERC"), and have advised numerous energy and utility clients on a wide
20 range of financial and economic issues including both asset and corporate-based
21 transactions. Many of those assignments have included the determination of the cost of

1 capital for valuation purposes. A summary of my professional and educational
2 background is provided as Attachment A.

3
4 Q. PLEASE DESCRIBE CONCENTRIC'S ACTIVITIES IN ENERGY AND UTILITY ENGAGEMENTS.

5 A. Concentric provides financial and economic advisory services to a large number of energy
6 and utility clients across North America. Our regulatory economic and market analysis
7 services include: utility ratemaking and regulatory advisory services; energy market
8 assessments; market entry and exit analysis; corporate and business unit strategy
9 development; and energy contract negotiations. Our financial advisory activities include:
10 merger, acquisition, and divestiture assignments; due diligence and valuation assignments;
11 project and corporate finance services; and transaction support services. In addition, we
12 provide litigation support services on a wide range of financial economic issues for clients
13 throughout North America.

14
II. PURPOSE AND OVERVIEW OF TESTIMONY

15 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

16 A. The purpose of my direct testimony in this proceeding ("Direct Testimony") is to present
17 evidence and provide a recommendation regarding the Company's cost of equity
18 (sometimes referred to as the Return on Equity or "ROE" for rate-setting purposes) for
19 its gas utility operations, and to provide an assessment of the capital structure to be used
20 for ratemaking purposes, as proposed in the direct testimony of the Company
21 Accounting Panel. My analysis and recommendations are supported by the data
22 presented in Exhibit No. __ (RBH-1) through (RBH-8).

1 Finally, I note that the cost of equity, which is the return required by equity investors to
2 assume the risks of ownership, is a market-based concept. As discussed further in my
3 testimony, as opposed to the return on common equity, which is an accounting construct
4 that can be observed in historical data, the cost of equity is unobservable and must be
5 estimated based on observable capital market data. As a consequence, there may be
6 differences of opinion among analysts as to the data, assumptions and models used in the
7 estimation process. I further am aware that in prior proceedings, the New York Public
8 Service Commission ("Commission") has noted its preferences with respect to certain
9 methodologies. As such, my testimony has been developed to note and explain any areas
10 in which the approach taken may differ from the Commission's prior practices.
11

12 Q. WHAT ARE YOUR CONCLUSIONS REGARDING THE APPROPRIATE COST OF EQUITY FOR
13 THE COMPANY?

14 A. Based on the quantitative and qualitative analyses discussed throughout my Direct
15 Testimony, I conclude that an ROE of 10.80 percent is reasonable and appropriate. If
16 the Company's proposed four-year rate period is accepted by the Commission, I conclude
17 that a Return on Equity of 11.40 percent is reasonable. With respect to the Company's
18 capital structure, I conclude that the proposed capital structure, consisting of 48.15
19 percent common equity, 49.53 percent long-term debt, 1.04 percent preferred equity, and
20 1.28 percent customer deposits is reasonable.
21

1 Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE ANALYSIS THAT LED TO YOUR ROE
2 RECOMMENDATION.

3 A. As discussed in more detail in Section VI, in light of recent market conditions, and given
4 the fact that equity analysts and investors tend to use multiple methodologies in
5 developing their return requirements, it is extremely important to consider the results of
6 several analytical approaches in determining the Company's ROE. In order to develop
7 my ROE recommendation, I therefore applied two forms of the Discounted Cash Flow
8 ("DCF") model, and two forms of the Capital Asset Pricing Model ("CAPM"). While I
9 recognize that in prior proceedings, the Commission has applied specific weighting
10 factors to the DCF and CAPM models, for the reasons discussed later in my Direct
11 Testimony, it is my view that for the purpose of this proceeding the CAPM should be
12 afforded less weight than traditionally has been the case. Nonetheless, I have produced a
13 set of analyses reflecting the Commission's weighting factors, *i.e.*, two-thirds weight
14 applied to DCF results, and one-third weight applied to CAPM results.

15
16 In addition to the DCF and CAPM analyses, I also considered the effect of flotation costs
17 on the Company's cost of equity, and made a specific adjustment to my analytical results
18 to reflect those costs. Finally, I considered the effect of certain business risks, most
19 notably the Company's substantial capital expenditure plans.

20
21 Q. HOW IS THE REMAINDER OF YOUR DIRECT TESTIMONY ORGANIZED?

22 A. The remainder of my Direct Testimony is organized in seven sections: Section III
23 discusses the regulatory guidelines and financial considerations pertinent to the
24 development of the cost of capital; Section IV briefly discusses the current capital market

1 conditions and the effect of those conditions on the Company's cost of equity; Section V
2 explains my selection of a proxy group of comparable companies used to develop my
3 analytical results; Section VI explains my analysis and the analytical basis for the
4 recommendation of the appropriate ROE for CECONY; Section VII summarizes the
5 Company's business risks; Section VIII provides an assessment of the Company's
6 proposed capital structure; and Section IX summarizes my conclusions and
7 recommendations.
8

III. REGULATORY GUIDELINES AND FINANCIAL CONSIDERATIONS

9 Q. PLEASE DESCRIBE THE GUIDING PRINCIPLES TO BE USED IN ESTABLISHING THE COST OF
10 CAPITAL FOR A REGULATED UTILITY.

11 A. The United States Supreme Court's precedent-setting *Hope* and *Bluefield* cases established
12 the standards for determining the fairness or reasonableness of a utility's allowed ROE.
13 Among the standards established by the Court in those cases are: (1) consistency with
14 other businesses having similar or comparable risks; (2) adequacy of the return to support
15 credit quality and access to capital; and (3) that the means of arriving at a fair return are
16 not important, only that the end result leads to just and reasonable rates.¹
17

18 Based on those standards, the consequence of the Commission's order in this case should
19 be to provide the Company with the opportunity to earn an ROE that is: (i) adequate to
20 attract capital at reasonable terms, thereby enabling it to provide safe, reliable service; (ii)
21 sufficient to support the financial soundness of the Company's operations; and (iii)

¹ Bluefield Waterworks & Improvement Co., v. Public Service Commission of West Virginia, 262 U.S. 679 (1923); Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944).

1 commensurate with returns on equity investments in enterprises having comparable risks.
2 The allowed ROE should enable the Company to finance capital expenditures at
3 reasonable rates and maintain its financial flexibility over the period during which rates
4 are expected to remain in effect.
5

6 Q. WHY IS IT IMPORTANT FOR A UTILITY TO BE ALLOWED THE OPPORTUNITY TO EARN A
7 RETURN ADEQUATE TO ATTRACT EQUITY CAPITAL AT REASONABLE TERMS?

8 A. A return that is adequate to attract capital at reasonable terms enables the Company to
9 provide safe, reliable electric service while maintaining its financial integrity. While the
10 “capital attraction” and “financial integrity” standards are important principles in normal
11 economic conditions, the practical implications of those standards are even more
12 pronounced in the current financial environment. As discussed in more detail in Section
13 IV, continued equity market volatility, together with sustained increases in utility debt
14 credit spreads (that is, the difference in utility debt yields of varying credit ratings) have
15 intensified the importance of maintaining a strong financial profile.
16

17 Q. HOW DOES THE REGULATORY ENVIRONMENT IN WHICH A UTILITY OPERATES AFFECT ITS
18 ACCESS TO AND COST OF CAPITAL?

19 A. The regulatory environment can profoundly affect both the access to, and cost of capital
20 in several ways. First, the proportion and cost of borrowing are influenced by the rating
21 agencies’ assessment of the regulatory environment. As noted by Moody’s Investor
22 Services (“Moody’s”), “the predictability and supportiveness of the regulatory framework
23 in which a regulated utility operates is a key credit consideration and the one that

1 differentiates the industry from most other corporate sectors.”² Moody’s further noted
2 that:

3 For a regulated utility company, we consider the characteristics of the
4 regulatory environment in which it operates. These include how
5 developed the regulatory framework is; its track record for predictability
6 and stability in terms of decision making; and the strength of the
7 regulator’s authority over utility regulatory issues. A utility operating in a
8 stable, reliable, and highly predictable regulatory environment will be
9 scored higher on this factor than a utility operating in a regulatory
10 environment that exhibits a high degree of uncertainty or
11 unpredictability. Those utilities operating in a less developed regulatory
12 framework or one that is characterized by a high degree of political
13 intervention in the regulatory process will receive the lowest scores on
14 this factor.³
15

16 Standard & Poor’s (“S&P”) notes that regulatory commissions should eliminate, or at
17 least greatly reduce, the issue of rate-case lag, especially when a utility engages in a sizable
18 capital expenditure program.⁴ Moody’s agrees that timely cost recovery is an important
19 determinant of credit quality, stating that “[t]he ability to recover prudently incurred costs
20 in a timely manner is perhaps the single most important credit consideration for regulated
21 utilities, as the lack of timely recovery of such costs has caused financial stress for utilities
22 on several occasions”⁵ Indeed, in its recent credit rating downgrade of the Company
23 from A1 to A3, Moody’s noted that:

24 The two notch downgrade reflects the financial profiles of CEI,
25 CECONY and O&R which are considered weak for their previous
26 ratings and Moody’s expectation that the companies are unlikely to be
27 able to significantly strengthen their financial metrics in the near to
28 medium term.

29 ***

30 The downgrade also reflects Moody’s belief that CECONY and O&R
31 will continue to operate in challenging regulatory and operating

² Moody’s Global Infrastructure Finance, *Regulated Electric and Gas Utilities*, August 2009, at 6.

³ *Ibid.*

⁴ Standard and Poor’s, *Assessing Vertically Integrated Utilities’ Business Risk Drivers*, U.S. Utilities and Power Commentary, November 2006, at 10.

⁵ Moody’s, Global Infrastructure Finance, *Regulated Electric and Gas Utilities*, August 2009, at 7.

1 environments for the foreseeable future. Moody's believes that there will
2 be significant upward pressure on customers' utility bills due to high
3 levels of capital spending by the utilities and rising costs of procuring
4 electricity and gas in a carbon constrained world. In the context of a
5 weak economy, Moody's believes that recent and future regulatory
6 decisions are unlikely to permit any significant improvement in the
7 companies' financial metrics as regulators attempt to limit the impact of
8 rising cost pressures on ratepayers.⁶
9

10 It therefore is important to recognize that regulatory decisions regarding the authorized
11 ROE and capital structure have direct consequences for the subject utility's internal cash
12 flow generation (sometimes referred to as "Funds Flow from Operations", or "FFO").
13 Since credit ratings are intended to reflect the ability to meet financial obligations as they
14 come due, the ability to generate the cash flows required to meet those obligations (and
15 to provide an additional amount for unexpected events) is of critical importance to debt
16 investors. Two of the most important metrics used to assess that ability are the ratios of
17 FFO to debt, and FFO to interest expense, both of which are directly affected by
18 regulatory decisions regarding the appropriate rate of return, and capital structure.
19

20 Just as regulatory policy and decision have a direct bearing on the subject utility's financial
21 profile and, therefore, its cost of debt, equity investors also consider regulatory risks in
22 determining their required return (that is, the cost of equity). To that point, in a recent
23 report, Barclays Capital ("Barclays") categorized 49 regulatory jurisdictions (including
24 FERC) into five categories which stratify those jurisdictions from the lowest to highest
25 cost of capital. Among the factors considered in assigning jurisdictions to the various
26 categories are the level of authorized ROEs, and a "Subjective Investor Friendliness
27 Rating". The seven states in "Tier 5" (the "Highest Cost of Capital" states) include:

⁶ See, Rating Action: Moody's downgrades Consolidated Edison, Inc. and utility subs two notches, outlooks stable, Moody's Investors Services, June 29, 2009, at 1.

1 Arizona, Connecticut, Maryland, Montana, New Mexico, New York, and Rhode Island.⁷
2 In order to assess whether or not equity investors assign a higher cost of equity to utilities
3 that operate primarily in those jurisdictions, I calculated the Relative Market to Book ratio
4 for each of the companies in the Value Line universe of electric utilities. I then calculated
5 the average relative market-to-book ratio for the “Tier 5” companies, and found that, on
6 average, those companies trade at a 17.75 percent discount to the companies in Tiers 1
7 through 4. (See Exhibit No. __ (RBH-1)) While this is a fairly simple analysis, the results
8 support Barclay’s observation that utilities in jurisdictions with lower authorized returns
9 actually have a higher cost of capital.
10

11 Q. WHAT ARE YOUR CONCLUSIONS REGARDING REGULATORY GUIDELINES AND CAPITAL
12 MARKET EXPECTATIONS?

13 A. It is important for the ROE authorized in this proceeding to take into consideration the
14 capital market conditions with which the Company must contend, investors’ expectations
15 relative to both risks and returns, and the Company’s ability to maintain adequate levels
16 of internal cash flow generation. Finally, in light of the current capital market conditions
17 and the Company’s continuing and substantial capital investment plans, it is especially
18 important that the Company be afforded the opportunity to earn a reasonable return.
19

⁷ Barclay’s Capital Equity Research, *Utilities Sector View*, July 16, 2009, at 25.

IV. CURRENT CAPITAL MARKET ENVIRONMENT

1 Q. HOW DO ECONOMIC CONDITIONS INFLUENCE THE COST OF CAPITAL AND RETURN ON
2 COMMON EQUITY?

3 A. The market required cost of capital is a function of prevailing and expected market
4 conditions. Consistent with the *Hope* and *Bluefield* decisions, the authorized ROE for a
5 public utility should allow the company to attract investor capital at reasonable cost under
6 a variety of economic and financial market conditions. The ability to attract capital on
7 reasonable terms is especially important for utilities such as CECONY that plan to invest
8 considerable amounts of capital in investments designed to maintain system reliability.
9 As such, the Commission's order regarding both the ROE and the capital structure will
10 have a direct bearing on the Company's financial profile and, therefore, its ability to
11 attract capital at reasonable terms.

12
13 Q. HOW HAVE THE CURRENT CAPITAL MARKET CONDITIONS AFFECTED THE AVAILABILITY
14 AND COST OF CAPITAL?

15 A. The current state of the financial markets has led to a general decrease in the availability
16 of, and an increase in, the cost of both debt and equity capital for all market sectors,
17 including utilities. While the capital market conditions may have moderated somewhat
18 since early 2009, there is no indication that the risks and costs of attracting capital have
19 significantly diminished. As noted by Barclay's, "[i]n the long term, structural headwinds
20 should persist for regulated utilities, owing to risks associated with capital acquisition,
21 construction execution, and regulatory recovery in a rising rate-base environment."⁸
22 Similarly, in a letter to Assemblyman Kevin Cahill in Cases 08-E-0887 and 08-G-0888

⁸ *Ibid.*, at 5.

(the “Cahill Letter”), the Commission observed that “[r]ecent market volatility and uncertainty has lead to higher return requirements in order to provide capital.”⁹

Q. ARE THERE ANY OBSERVABLE BENCHMARKS TO EVALUATE CHANGES IN THE COST OF CAPITAL?

A. Yes. A directly observable measure of the increased cost of capital for utilities is credit spreads (*i.e.*, the difference between the yield on corporate debt and the yield on Treasury securities of comparable maturities over time). As shown in Table 1 (below), the credit spread between Baa and A-rated utility debt (Moody’s) increased significantly over the course of 2009. While those credit spreads recently have declined, they remain at levels well above their historical average. In fact, the current Baa-A credit spread is approximately the same level as it was during the peak of the last period of significant economic distress (*i.e.*, from mid-2002 to mid 2003). Even taking that period into consideration (*i.e.*, 2002-2003), the average credit spread currently is nearly three times the average over the 2002-2006 period. This credit market dynamic also was observed by the Commission in the Cahill Letter, which noted that “[i]nvestors are requiring a large premium to invest in these [Baa or BBB rated] instruments.”¹⁰

Table 1: Incremental Credit Spreads on A and Baa Rated Utility Bond Indices¹¹

	Average 2002 - 2006	Average 2007 - Present	Current (6 Month Avg.)
A-Rated Utility Bond Credit Spread	1.43%	1.85%	1.71%
Baa-Rated Utility Bond Credit Spread	1.76%	2.52%	2.64%
Difference In Credit Spreads	0.33%	0.67%	0.93%
Note: Credit spreads measured against 30 year Treasury Bond yield			

⁹ See, Letter to Assemblyman Kevin A. Cahill, June 30, 2009, New York Public Service Commission, Cases 08-E-0887 and 08-G-0888, at 2.

¹⁰ *Ibid.*

¹¹ Source: Bloomberg. Data represents the average for the noted periods.

1

2 Q. WHAT CONCLUSIONS CAN BE DRAWN FROM THAT DATA?

3 A. The principal conclusion is that the persistently high level of credit spreads is a ready and
4 observable measure of the benefit of maintaining a strong credit profile. Importantly, the
5 potential for increased debt costs arising from lower credit ratings has been quite tangible
6 in the utility segment; Fitch recently reported that in the second quarter of 2009, utility
7 debt downgrades exceeded upgrades by a factor of four.¹² This important and visible
8 market dynamic should be kept in mind in determining the Company's Rate of Return.

9

10 Q. WHAT DOES MARKET VOLATILITY TELL US ABOUT THE PERCEIVED LEVEL OF
11 INVESTMENT RISK AND THE RETURN REQUIREMENTS OF INVESTORS?

12 A. From an equity investor's perspective, increased volatility represents increased investment
13 risk. Since investors require higher returns as compensation for taking on higher levels of
14 risk, periods of marked increases in price and return volatility also are periods of
15 increased return requirements. In that regard, over the last eighteen months, market
16 volatility first increased and subsequently has remained high relative to historical averages.
17 To that point, the Chicago Board Options Exchange ("CBOE") Volatility Index (the
18 "VIX"), which is a widely recognized measure of market volatility, provides important
19 insight into investors' view of expected volatility and, therefore, their return requirements.

20

21 Since its inception in 1990, the VIX measured an average expected volatility of 20.26
22 percent. During the height of the economic and credit crisis, however, the VIX index
23 exceeded 80.00 percent, and the VXV (*i.e.*, the three-month volatility index) approached

¹² As measured by dollar volume, ratings changes reflect a change in an entire rating category. See Fitch Ratings, U.S. Corporate Bond Market: A review of Second-Quarter 2009 Rating and Issuance Activity, at 2, 4.

1 70.00 percent, demonstrating the extreme risk aversion that gripped market participants
2 during this period of unprecedented uncertainty. The 30-day average of the CBOE S&P
3 500 3-Month Volatility Index, (the "VXV"), indicates expected volatility of approximately
4 26.57 percent, indicating that the capital markets expect volatility to remain above its
5 historical average, at least in the near-term. Similarly, the anticipated market price for the
6 VIX in April 2010, as indicated by recent settlement prices of futures contracts associated
7 with the VIX index, is 28.66.¹³ Consequently, investors' return requirements would be
8 expected to be higher in order to compensate them for the risks and uncertainty
9 associated with elevated market volatility.

10
11 Q. DO YOUR PROXY GROUP COMPANIES EXHIBIT SIMILAR VOLATILITY AS THE GENERAL
12 MARKET?

13 A. Yes. Since 2000, the volatility of the total return of my proxy group (as discussed in
14 Section V) on average has been slightly higher than the total return of the S&P 500 Index.
15 The average 30-day coefficient of variation ("CV") of my proxy group was approximately
16 6.77 percent, while that of the S&P 500 was approximately 6.12 percent.¹⁴

17
18 Q. WHAT IS THE COEFFICIENT OF VARIATION AND WHY IS IT AN IMPORTANT MEASURE OF
19 VOLATILITY?

20 A. The CV is the ratio of the standard deviation divided by the mean. It is an important
21 measure because the standard deviation (which is a widely accepted measure of volatility)
22 is normalized with respect to the mean, or average, of the data series. To the extent that
23 the averages of two series, such as the operating revenues of two different companies, are

¹³ See Exhibit No. __ (RBH-5).

¹⁴ Source: SNL Financial. Data from January 3, 2000 through October 20, 2009.

1 measurably different, a comparison of the standard deviations would be of limited value.
2 By normalizing the standard deviation with respect to the average, the CV provides a
3 basis upon which the dispersions (or volatility) of two data series can be compared.
4

5 Q. HOW HAVE OTHER UTILITIES RESPONDED TO THESE FINANCIAL MARKET CONDITIONS?

6 A. Utilities continue to focus on strengthening their balance sheets, maintaining liquidity,
7 and searching for additional sources of capital. In order to do so, they have placed a high
8 priority on managing internal cash flows, containing both operating and capital costs, and
9 allocating capital to jurisdictions and operations with higher expected returns. For
10 example, utilities that operate in multiple regulatory jurisdictions have focused on
11 allocating capital to operating companies in jurisdictions that are expected to provide
12 more reasonable rates of return. As Mike Morris, Chairman, President, and Chief
13 Executive Officer of AEP noted in a 2009 conference call with financial analysts:

14 ...you can see that we continue to invest strongly in those jurisdictions
15 where the rates of return are reasonable and we continue to be very wise
16 about the capital invested in those jurisdictions where rates of return are
17 not as handsome. We think that's a very appropriate way to manage this
18 portfolio of assets...¹⁵
19

20 Q. WHAT CONCLUSIONS DO YOU DRAW FROM THESE ANALYSES?

21 A. First, it is important to recognize that the assessment of market conditions must be made
22 in the context of multiple indices since any single measure may provide incomplete or
23 misleading conclusions. It would be inappropriate, for example, to view the current level
24 of Treasury yields as indicative of a lower cost of capital when expected volatility remains
25 at elevated levels. Moreover, as a result of the extraordinary conditions recently
26 experienced in the capital markets, it is extremely important to assess the reasonableness

¹⁵ American Electric Power Company, Inc., First Quarter 2009 Earnings Call Transcript, April 24, 2009.

1 of financial model results in the context of observable market data. To the extent that
2 certain estimates are incompatible with such benchmarks, or inconsistent with basic
3 financial principles, it is appropriate to consider whether alternative estimation techniques
4 are likely to provide more meaningful and reliable results.
5

V. PROXY GROUP SELECTION

6 Q. PLEASE EXPLAIN WHY YOU HAVE USED A GROUP OF PROXY COMPANIES TO DETERMINE
7 THE COST OF EQUITY FOR CECONY.

8 A. First, it is important to bear in mind that the cost of equity for a given enterprise depends
9 on the risks attendant to the business in which the company is engaged. According to
10 financial theory, the aggregate risk of a given company is equal to the market value
11 weighted average of the constituent business units. In this proceeding, we are focused on
12 estimating the cost of equity for CECONY, a wholly owned subsidiary of CEI. Since the
13 cost of equity is a market-based concept, and given that CECONY is not publicly traded,
14 it is necessary to establish a group of companies that are both publicly traded and
15 comparable to CECONY in certain fundamental business and financial respects to serve
16 as its "proxy" in the cost of equity estimation process. As discussed later in my Direct
17 Testimony, the proxy companies used in my analyses all possess a set of operating and
18 risk characteristics that are substantially comparable to CECONY, and thus provide a
19 reasonable basis for the derivation and assessment of ROE estimates.
20

21 It is my understanding that since the issuance of the Recommended Decision in the
22 Generic Finance Case approximately 15 years ago, the Commission has endorsed the use

1 of proxy groups for the purposes of determining a utility's ROE.¹⁶ Because proxy
2 companies are used as the basis for estimating CECONY's cost of equity, the primary
3 objective of the screening process is to render a group of companies that are highly
4 comparable with respect to fundamental financial and business risks. As a practical
5 matter, while the determination of an appropriate ROE necessarily requires a degree of
6 informed judgment, the careful selection of a risk-appropriate comparison group serves
7 to mitigate the extent to which subjective assessments must be applied.

8
9 Q. DOES THE RIGOROUS SELECTION OF A PROXY GROUP SUGGEST THAT ANALYTICAL
10 RESULTS WILL BE TIGHTLY CLUSTERED AROUND AVERAGE (I.E., MEAN) RESULTS?

11 A. Not necessarily. As discussed in greater detail in Section VI, the DCF approach is based
12 on the theory that a stock's current price represents the present value of its future
13 expected cash flows. Notwithstanding the care taken to establish risk comparability,
14 market expectations with respect to future risks and growth opportunities will vary from
15 company to company. Therefore, even within a group of similarly situated companies, it
16 is common for analytical results to reflect a seemingly wide range. At issue, then, is how
17 to select an ROE estimate in the context of that range. As discussed throughout my
18 Direct Testimony, that determination necessarily must be based on the informed
19 judgment and experience of the analyst.

20
21 Q. PLEASE PROVIDE A SUMMARY PROFILE OF CECONY.

22 A. CECONY generates steam at one steam/electric generating station and five
23 steam-only generating stations and distributes steam to its customers through

¹⁶ Case 91-M-0509, Proceeding on Motion of the Commission to Consider Financial Regulatory Policies for New York State Utilities, Recommended Decision, issued July 19, 1994, at 57.

1 approximately 105 miles of transmission, distribution, and service piping. The Company
2 supplies steam to approximately 1769 New York customers and electric service to
3 approximately 3.26 million New York customers.¹⁷ CECONY's long-term issuer rating
4 issued by Standard and Poor's is A-; by Moody's Investor Services is A3; and by
5 FitchRatings is BBB+.

6
7 Q. HOW DID YOU SELECT THE COMPANIES INCLUDED IN YOUR PROXY GROUP?

8 A. The proxy group was selected based on the following criteria:

- 9 • I began with the group of 54 companies that currently are classified as Electric
10 Utilities by Value Line;
- 11 • I eliminated the companies that are not covered by at least two utility industry
12 equity analysts;
- 13 • I eliminated companies that did not have corporate credit ratings and/or senior
14 unsecured bond ratings of BBB+ to AA according to both Standard and Poor's
15 and Moody's;
- 16 • I eliminated companies that have a recent history of not paying dividends or do
17 not have positive earnings growth projections because such characteristics are
18 incompatible with the DCF model;
- 19 • To ensure that the proxy group consists of companies that are primarily regulated
20 utilities, I have excluded companies with less than 70.00 percent of total revenue
21 *and* net operating income derived from regulated utility operations; and

¹⁷ Consolidated Edison, Inc., SEC Form 10-K for the Period Ending 12/31/08, at 14 and Company provided information.

- 1 • I eliminated companies known to be party to a merger, acquisition, or other
2 transformational transaction.

3
4 Q. BASED ON YOUR CRITERIA WHAT WAS THE COMPOSITION OF YOUR PROXY GROUP?

5 A. The criteria discussed above resulted in a group of thirteen comparable companies:

6 **Table 3: Preliminary Proxy Group**

Company	Ticker
ALLETE	ALE
Alliant Energy, Inc.	LNT
Consolidated Edison, Inc.	ED
Dayton Power and Light	DPL
Duke Energy	DUK
NSTAR	NST
Pacific Gas and Electric	PCG
Portland General	POR
Progress Energy	PGN
Southern Company	SO
Vectren	VVC
Wisconsin Energy	WEC
Xcel Energy	XEL

7
8 Q. DID YOU INCLUDE CONSOLIDATED EDISON, INC. IN YOUR FINAL PROXY GROUP?

9 A. No, I did not. While the fact that the screening criteria indicate that CEI is fundamentally
10 comparable to the other proxy companies, in order to avoid the circular logic that
11 otherwise would arise, it has been my consistent practice to exclude the subject company
12 from the final proxy.

1 Q. PLEASE CHARACTERIZE THE CREDIT RATINGS OF YOUR PROXY GROUP COMPANIES.

2 A. The average credit rating of my proxy group falls slightly below an S&P rating of A-. The
3 median credit rating for the proxy group is BBB+. As noted previously, CECONY is
4 rated A- by Standard and Poor's, A3 by Moody's and BBB+ by FitchRatings.

5
6 Q. WHAT WOULD BE THE RESULT OF RELAXING YOUR CREDIT RATING SCREEN TO INCLUDE
7 ALL INVESTMENT GRADE UTILITIES?

8 A. Including utilities with credit ratings as low as BBB- would increase the number of
9 companies in my proxy group to a total of 26, excluding CEI.

10
11 Q. DO YOU BELIEVE THAT A TOTAL OF TWELVE COMPANIES CONSTITUTES A SUFFICIENTLY
12 LARGE PROXY GROUP?

13 A. Yes, I do. The analyses performed in estimating the ROE are more likely to be
14 representative of the subject utility's cost of equity to the extent that the proxy companies
15 are fundamentally comparable to the subject utility. Because all analysts use some form
16 of screening process to arrive at a proxy group, the group, by definition, is not randomly
17 drawn from a larger population. Consequently, there is no reason to place more reliance
18 on the quantitative results of a larger proxy group simply by virtue of the resulting larger
19 number of observations. In fact, a brief search indicates that several regulatory
20 commissions, including Arizona, Florida, Missouri, Minnesota, and New Hampshire,
21 recently have relied on proxy groups that are approximately the same size or smaller than
22 the twelve company group that I have relied upon for CECONY. While this list is not
23 based on an exhaustive search, it does demonstrate that it is not uncommon for
24 regulatory commissions to focus on the comparability of the proxy companies as

1 opposed to the size of the proxy group. To that point, the New Hampshire Public Utility
2 Commission noted that:

3 [T]he DCF is an economic theory for which a more comparable sample,
4 rather than a larger sample, produces results that are more likely to be
5 representative of the subject utility. The size of the sample is irrelevant
6 when, as here, the sample is not random.¹⁸
7

8 In essence, because I am using market-based data, my analytical results will not
9 necessarily be tightly clustered around a central point. Results that may be somewhat
10 dispersed, however, do not suggest that the screening approach is inappropriate, or the
11 results less meaningful than those produced by a larger group. In my view, including
12 companies whose fundamental comparability is tenuous, simply for the purpose of
13 expanding the number of observations, does not add relevant information to the analysis.
14

VI. COST OF EQUITY ESTIMATION

15 Q. PLEASE BRIEFLY DISCUSS THE ROE IN THE CONTEXT OF THE REGULATED RATE OF
16 RETURN.

17 A. Regulated utilities primarily use common stock and long-term debt to finance their
18 permanent property, plant and equipment. The rate of return (“ROR”) for a regulated
19 utility is based on its weighted average cost of capital, in which the cost rates of the
20 individual sources of capital are weighted by their respective book values. While the costs
21 of debt and preferred stock can be directly observed, the cost of equity is market-based
22 and, therefore, must be inferred from market-based information.
23

¹⁸ Re: Verizon New Hampshire, 232 P.U.R. 4th 24 (N.H. P.U.C., 2004).

1 Q. HOW IS THE REQUIRED ROE DETERMINED?

2 A. The required ROE is estimated by using one or more analytical techniques that rely on
3 market-based data to quantify investor expectations regarding required equity returns,
4 adjusted for certain incremental costs and risks. I then apply my informed judgment,
5 based on the results of those analyses, to determine where within the range of results the
6 cost of equity for the Company should fall. The resulting adjusted cost of equity serves
7 as the recommended ROE for ratemaking purposes. As a general proposition, the key
8 consideration in determining the cost of equity is that the methodologies employed
9 reasonably reflect investors' view of the financial markets in general, and the subject
10 company's common stock in particular. Finally, as noted earlier, while I do not
11 necessarily agree with the formulaic approach of affording two-thirds and one-third
12 weights to the respective DCF and CAPM results, I have produced and presented
13 analytical results based on that method.

14

15 Q. WHAT METHODS DID YOU USE TO DETERMINE THE COMPANY'S COST OF EQUITY?

16 A. I used the DCF model as the initial approach; I then considered the results of the CAPM
17 in assessing the reasonableness of the DCF results and developing my cost of equity
18 recommendation. With respect to the DCF model, I considered both the Constant
19 Growth and Multi-Period forms of the model. Similarly, I used both the traditional form
20 of the CAPM as well as the "Zero-Beta" form of that model. In both forms of the
21 CAPM, I incorporated two alternative (*ex-ante*) measures of the Market Risk Premium.

22

1 Q. WHY DO YOU BELIEVE IT IS IMPORTANT TO USE MORE THAN ONE ANALYTICAL
2 APPROACH?

3 A. As noted above, the market cost of equity is not directly observable and, therefore, must
4 be estimated based on both quantitative and qualitative information. As a result, a
5 number of models have been developed to estimate the market cost of equity. As a
6 general proposition, when faced with the task of estimating the market cost of equity,
7 analysts are inclined to gather and evaluate as much relevant data as reasonably can be
8 analyzed. For that reason, I use multiple approaches to estimate the market cost of equity
9 used in performing valuations in the context of our financial advisory and transaction
10 practices. Similarly, it has been my consistent practice to use multiple methodologies
11 when estimating the cost of equity for regulatory purposes.

12
13 In addition, and as a practical matter, all of the models available to estimate the market
14 cost of equity are subject to limiting assumptions or other methodological constraints.
15 Consequently, many finance texts recommend using multiple approaches when estimating
16 the market cost of equity. Copeland, Koller and Murrin,¹⁹ for example, suggest using the
17 CAPM and Arbitrage Pricing Theory model, while Brigham and Gapenski²⁰ recommend
18 the CAPM and DCF approaches.

19
20 Although we cannot directly observe the market cost of equity, we can observe the
21 methods frequently used by analysts to arrive at their return requirements and

¹⁹ Tom Copeland, Tim Koller and Jack Murrin, Valuation: Measuring and Managing the Value of Companies, 3rd ed. (New York: McKinsey & Company, Inc., 2000), at 214.

²⁰ Eugene Brigham, Louis Gapenski, Financial Management: Theory and Practice, 7th Ed. (Orlando: Dryden Press, 1994), at 341. See also *How do CFOs make capital budgeting and capital structure decisions?*, John Graham and Campbell Harvey, Duke University, Journal of Applied Corporate Finance, Volume 15, Number 1, Spring 2002.

1 expectations. While investors and analysts tend to use multiple approaches in developing
2 their estimate of return requirements, each methodology requires certain judgment with
3 respect to the reasonableness of assumptions and the validity of proxies in its application.
4 In my view, therefore, it is both prudent and appropriate to use multiple methodologies
5 in order to mitigate the effects of assumptions and inputs associated with relying
6 exclusively on any single approach. In essence, analysts and academics understand that
7 ROE models simply are tools to be used in the ROE estimation process and that strict
8 adherence to any single approach or the specific results of any single approach can lead to
9 flawed and irrelevant conclusions. That position is consistent with the *Hope* and *Bluefield*
10 finding that it is the analytical result, as opposed to the methodology that is controlling in
11 arriving at ROE determinations.

12
13 Thus a reasonable cost of equity estimate appropriately considers alternate methodologies
14 and the reasonableness of their individual and collective results. At the same time, it is
15 important to recognize that the recent capital market dislocation may have significant
16 effects on the models' inputs, producing anomalous or counter-intuitive results. In the
17 case of the CAPM, for example, long-term Treasury yields are well below historical
18 averages, reflecting both the continuing risk aversion on the part of investors and the
19 need for the Federal government to finance the expansionary fiscal programs enacted to
20 address recessionary economic conditions. While low Treasury yields may be viewed in
21 isolation as a sign of low capital costs, other data such as continued wide credit spreads
22 and historically high levels of expected equity market volatility indicate otherwise. In my
23 view, analytical approaches that render cost of equity estimates that are below the average

1 authorized returns under far more benign market conditions should be given limited
2 weight.

3
4 **Constant Growth DCF Model**

5 Q. ARE DCF MODELS WIDELY USED TO DETERMINE THE ROE FOR REGULATED UTILITIES?

6 A. Yes. DCF models are widely used in regulatory proceedings and have sound theoretical
7 bases, although neither the DCF model nor any other model can be applied without
8 considerable judgment in the selection of data and the interpretation of results. In its
9 simplest form, the DCF model expresses the market cost of equity as the sum of the
10 expected dividend yield and long-term growth rate.

11
12 Q. PLEASE DESCRIBE THE DCF APPROACH.

13 A. The DCF approach is based on the theory that a stock's current market price represents
14 the present value of all expected future cash flows. In its most general form, the DCF
15 model is expressed as follows:

$$P_0 = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_\infty}{(1+k)^\infty} \quad [1]$$

17 Where P_0 represents the current market stock price, $D_1 \dots D_\infty$ are all expected future
18 dividends, and k is the discount rate, or required return. Equation [1] is a standard
19 present value calculation that can be simplified and rearranged into the familiar form:

$$k = \frac{D(1+g)}{P_0} + g \quad [2]$$

Equation [2] is often referred to as the “Constant Growth DCF” model, in which the first term is the expected dividend yield at the market price of the stock and the second term is the expected long-term growth rate.

Q. WHAT ASSUMPTIONS ARE REQUIRED FOR THE CONSTANT GROWTH DCF MODEL?

A. The Constant Growth DCF model requires the following assumptions: (1) earnings, dividends and book value grow at the same, constant rate; (2) a stable dividend payout ratio; (3) a constant price-to-earnings multiple; and (4) a discount rate greater than the expected growth rate. To the extent that any quantification of these assumptions is uncertain, considered judgment and/or specific adjustments should be applied to the results.

Dividend Yield for the Constant Growth DCF Model

Q. WHAT MARKET DATA DID YOU USE TO CALCULATE THE DIVIDEND YIELD IN YOUR DCF MODEL?

A. The dividend yield in my DCF model is based on the proxy companies’ current annual dividend and average closing market prices for the companies’ shares over three months ended October 15, 2009.

Q. WHY DID YOU USE A THREE-MONTH AVERAGING PERIOD?

A. I believe it is important to use an average of recent trading days to calculate the term P_0 in the DCF model so that the calculated market cost of equity is not skewed by anomalous events that may affect stock prices on any given trading day. In that regard, the averaging period should be reasonably representative of expected capital market conditions over the

1 long-term. At the same time, it is important to reflect the extraordinary conditions that
2 have defined the capital markets over the recent past. In my view, the use of the three-
3 month averaging period reasonably balances those concerns. Furthermore, this averaging
4 period is consistent with the period considered by the Commission in prior proceedings.²¹
5

6 Q. PUTTING ASIDE THE ISSUE OF THE AVERAGING PERIOD, DID YOU MAKE ANY
7 ADJUSTMENTS TO THE DIVIDEND YIELD TO ACCOUNT FOR PERIODIC GROWTH IN
8 DIVIDENDS?

9 A. Yes. Since utility companies tend to increase their quarterly dividends at different times
10 throughout the year, it is reasonable to assume that dividend increases will be evenly
11 distributed over calendar quarters. Given that assumption, it is reasonable to apply one-
12 half of the expected annual dividend growth for purposes of calculating the expected
13 dividend yield component of the DCF model. This adjustment provides that the
14 expected dividend yield is, on average, representative of the coming twelve-month period,
15 and that it does not overstate the aggregated dividends to be paid during that time.
16 Accordingly, the DCF estimates provided in Exhibit No. __ (RBH-2) reflect one-half of
17 the expected growth in the dividend yield component of the model.
18

²¹ As noted in the Commission's Order Setting Electric Rates, Case 08-E-0539 at 125, issued April 24, 2009 the Commission determined that based on current market conditions, it was reasonable to rely on a three-month averaging period.

1 **Growth Rates for the Constant Growth DCF Model**

2 Q. IS IT IMPORTANT TO SELECT APPROPRIATE MEASURES OF LONG-TERM GROWTH IN
3 APPLYING THE DCF MODEL?

4 A. Yes. In its Constant Growth form, the DCF model (*i.e.*, Equation [2]) assumes a single
5 growth rate in perpetuity. Accordingly, in order to reduce the long-term growth rate to a
6 single measure, (as noted earlier) one must assume a constant payout ratio, and that
7 earnings per share, dividends per share and book value per share all grow at the same
8 constant rate. Over the long run, however, dividend growth can only be sustained by
9 earnings growth. Consequently, it is important to incorporate a variety of measures of
10 long-term earnings growth into the Constant Growth DCF model. This can be
11 accomplished by averaging those measures of long-term growth that tend to be least
12 influenced by capital allocation decisions that companies may make in response to near-
13 term changes in the business environment. Since such decisions may directly affect near-
14 term dividend payout ratios, estimates of earnings growth are more indicative of long-
15 term investor expectations than are dividend growth estimates. Therefore, for the
16 purposes of the Constant Growth form of the DCF model, growth in earnings per share
17 ("EPS") represents the appropriate measure of long-term growth.

18
19 **Results for Constant Growth DCF Model**

20 Q. PLEASE SUMMARIZE YOUR INPUTS TO THE CONSTANT GROWTH DCF MODEL.

21 A. I applied the DCF model to the proxy group of twelve companies using the following
22 inputs for the price and dividend terms:

- 23 1. The average daily closing prices for the three-months ended October 15, 2009 for
24 the term P_0 ; and

1 2. The annualized dividend per share as of October 15, 2009 for the term D_0 .

2
3 I then calculated the DCF results using the average of the following growth terms:

4 1. The Zacks consensus long-term earnings growth estimates; and

5 2. The Value Line earnings per share growth estimates.

6
7 Q. HOW DID YOU CALCULATE THE HIGH AND LOW RESULTS OF THE CONSTANT GROWTH
8 DCF MODEL?

9 A. I calculated the mean high DCF result using the maximum growth rate (*i.e.*, the maximum
10 of the Value Line and Zack's EPS growth rates) in combination with the dividend yield
11 for each of the proxy group companies. Thus, the mean high result reflects the average
12 maximum DCF result for the proxy group. I used a similar approach to calculate the
13 mean low results, using the minimum growth rate for each proxy group company.

14
15 Q. WHAT ARE THE RESULTS OF YOUR DCF ANALYSIS?

16 A. As noted in Exhibit No.____ (RBH-2), the unadjusted mean DCF result for my proxy
17 group is 11.17 percent, based on a three-month averaging period. The mean high DCF
18 result for the three-month averaging period is 12.04 percent.

19
20 **Multi-Period DCF Model**

21 Q. HAVE YOU CONSIDERED ALTERNATIVE FORMS OF THE DCF MODEL?

22 A. Yes, consistent with Commission precedent, I also considered the results of a multi-
23 period (three-stage) Discounted Cash Flow Model, sometimes referred to as a "Multi-
24 period Dividend Discount" model. The three-stage model, which is an extension of the

1 Constant Growth form, enables the analyst to specify specific growth rates over three
2 discreet stages. As with the Constant Growth form of the model, the multi-period form
3 defines the cost of equity as the discount rate that sets the current price equal to the
4 discounted value of future cash flows. Unlike the Constant Growth form, however, the
5 multi-period model must be solved in an iterative fashion.

6
7 Q. PLEASE GENERALLY DESCRIBE THE STRUCTURE OF YOUR MULTI-PERIOD MODEL.

8 A. As noted above, the model sets the subject company's stock price equal to the present
9 value of cash flows received over three "stages". In the first two stages "cash flows" are
10 defined as projected dividends. In the third stage, "cash flows" equal both dividends and
11 the expected price at which the stock will be sold at the end of the period. The expected
12 stock price is based on the "Gordon" model, which defines the price as the expected
13 dividend divided by the difference between the cost of equity (*i.e.*, the discount rate) and
14 the long-term expected growth rate. In essence, the terminal price is defined by the
15 Constant Growth DCF model. In each of the three stages, the dividend is projected as
16 the product of the project earnings per share, and the expected dividend payout ratio. A
17 summary description of the model is provided in Table 3, below.

Table 3: Multi-Stage DCF Structure

Stage	0	1	2	3
Cash Flow Component	Initial Stock Price	Expected Dividend	Expected Dividend	Expected Dividend + Terminal Value
Inputs	<ul style="list-style-type: none"> • Stock Price • Earnings Per Share (EPS) • Dividends Per Share (DPS) 	<ul style="list-style-type: none"> • Expected EPS • Expected DPS 	<ul style="list-style-type: none"> • Expected EPS • Expected DPS 	<ul style="list-style-type: none"> • Expected EPS • Expected DPS • Terminal Value
Assumptions	<ul style="list-style-type: none"> • 3-month stock price averaging period 	<ul style="list-style-type: none"> • EPS growth rate • Payout ratio 		<ul style="list-style-type: none"> • Long-term growth rate

Q. WHAT ARE THE SPECIFIC BENEFITS OF A THREE-STAGE MODEL?

A. Because the second stage allows for a transition from the first stage growth rate to the long-term growth rate, it avoids the often unrealistic assumption that growth will change immediately between the first and final stages. In my view, that additional flexibility is very important when, as is the case with electric utilities, there is an expected period of high capital expenditures in the near and intermediate terms. Because the model projects dividends as the product of earnings and the payout ratio, it adds the important ability to recognize that during periods of high capital expenditures, payout ratios may be somewhat lower than they otherwise would be.

It also is very important to note that while the model calculates the cost of equity based on expected dividends, it does not rely solely on Value Line for dividend growth rate projections. In my experience, a common and legitimate criticism of DCF models that rely on projected dividend growth rates (especially in the Constant Growth form of the

1 model) is that Value Line is the sole source of such projections.²² While the form of the
2 model I have used relies on Value Line for projected payout ratios, the potential bias
3 resulting from reliance on a single analyst is mitigated by the use of consensus earnings
4 forecasts. The model also enables the analyst to check for the reasonableness of the
5 inputs and results by reference to certain market-based metrics. The terminal price, for
6 example, can be divided by the expected EPS in the final year to calculate an average
7 Price/Earnings ("P/E") ratio. To the extent that the projected P/E ratio is inconsistent
8 with either historical or expected levels, it may be an indicator of incorrect or inconsistent
9 assumptions within the balance of the model.

10
11 Q. DO YOU BELIEVE THAT THE MULTI-PERIOD MODEL DESCRIBED ABOVE IS CONSISTENT
12 WITH THE INTENT OF THE TWO-STAGE MODEL RELIED UPON BY THE COMMISSION?

13 A. Yes, I do. It is my understanding that the general form of the model involves a short-
14 term stage based on dividend growth and a second stage based on a long-term growth
15 estimate.²³ Although my calculation of dividend growth does not rely on the Value Line
16 Dividend Per Share growth estimate, it does consider both consensus earnings
17 projections and Value Line's expected payout ratio. My long-run growth estimate, the
18 timing of which extends beyond the horizon of the Value Line and analyst projections, is
19 based on highly visible projections of long-term macroeconomic (in this case, Gross
20 Domestic Product, or "GDP") growth. In my view, both the construction of the model
21 and the underlying inputs and assumptions are consistent with, and enhance, the
22 application of the two-stage model.

²² See, for example, Harris and Marston, Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts, *Financial Management*, 21 (Summer 1992).

²³ New York Public Service Commission, Case 08-E-0539.

1
2 Q. PLEASE SUMMARIZE YOUR INPUTS TO THE MULTI-PERIOD DCF MODEL.

3 A. I applied the multi-period model to the proxy group described earlier in my testimony.

4 My assumptions with respect to the various model inputs are described in Table 4, below.

5 **Table 4: Multi-Stage DCF Model Assumption**

Stage	0	1	2	3
Stock Price	3 month average daily stock price as of October 15, 2009			
Earnings Growth	EPS as reported by Value Line	EPS growth as average of (1) Value Line, and (2) Zacks projected growth rates	Transition to Long-term GDP growth on geometric average basis	Long-term GDP growth
Payout Ratio		Value Line company-specific	Transition to industry average payout ratio (Value Line) on a geometric average basis	Industry average (Value Line)
Terminal Value				Expected dividend in final year divided by solved cost of equity less long-term growth rate

6
7 Q. HOW DID YOU CALCULATE THE LONG-TERM GDP GROWTH RATE?

8 A. The long-term growth rate of 5.95 percent is based on a GDP growth rate of 3.36
9 percent from 1929 through 2008 and an inflation rate of 2.50 percent. The GDP growth
10 rate is calculated as the compound growth rate in the chain weighted GDP for the period
11 from 1929 through 2008. This growth rate is consistent with the growth rate relied upon
12 by Staff in the multi-period model that was relied on in Case 08-E-0539. I calculated the
13 rate of inflation of 2.50 percent based on the average of the long-term projected growth

1 rate in the Consumer Price Index ("CPI") for all urban consumers, as reported by Blue
2 Chip Economic Indicators of 2.40 percent²⁴ and the compound annual growth rate in the
3 CPI of 2.61 percent projected by the Energy Information Administration ("EIA") in the
4 2009 Annual Energy Outlook.²⁵

5
6 Q. WHAT WERE YOUR SPECIFIC ASSUMPTIONS WITH RESPECT TO THE PAYOUT RATIO?

7 A. As noted in Table 4, for the first two periods I relied on the first year and long-term
8 projected payout ratios reported by Value Line²⁶ for each of the proxy group companies.
9 In the long term, I assumed that the payout ratios for the proxy group converge to the
10 long-term industry average payout ratio of 66.00 percent, as reported by Value Line.

11
12 Q. WHAT WERE THE RESULTS OF THIS ANALYSIS?

13 A. As shown in Exhibit No. __ (RBH-3), the results of this multi-stage DCF analysis suggest
14 an ROE of 11.01 percent for the three-month averaging period.

15
16 Q. ARE THE RESULTS OF YOUR ANALYSIS GENERALLY CONSISTENT WITH THE PROJECTED
17 MARKET VALUE OF THE PROXY COMPANIES AND THE ELECTRIC INDUSTRY?

18 A. Yes, they are. Based on the assumptions I discussed previously, the multi-period model
19 results in an average price-to-earnings multiple of 13.94, which is generally consistent
20 with price-to-earnings ("P/E") multiple of 13.50 that Value Line projects for the electric
21 industry for the long-term industry outlook. Furthermore, the results of the model are

²⁴ Blue Chip Economic Indicators Vol. 34, No. 10, October 10, 2009, at 14. The long-term average growth rate in CPI for the period from 2016 through 2020.

²⁵ EIA 2009 Annual Energy Outlook, Table A20. Macroeconomic Indicators, Update AEO2009 Reference April 2009.

²⁶ As reported in the Value Line Investment Survey as "All Div'ds to Net Prof".

generally consistent with the Value Line projected annual P/E ratio for the proxy group companies of 13.21 for 2012 through 2014. As noted earlier, since the terminal price is derivative of the model's prior calculations and assumptions, the terminal P/E ratio is an indicator of the reasonableness and consistency of the inputs and results.

Capital Asset Pricing Model Analysis

Q. PLEASE BRIEFLY DESCRIBE THE CAPITAL ASSET PRICING MODEL.

A. The CAPM is a risk premium approach that estimates the market cost of equity for a given security as a function of a risk-free return plus a risk premium (to compensate investors for the non-diversifiable or "systematic" risk of that security). As shown in Equation [3], the CAPM is defined by four components, each of which theoretically must be a forward-looking estimate:

$$k_e = r_f + \beta(r_m - r_f) \quad [3]$$

where:

k_e = the required market ROE

β = Beta of an individual security

r_f = the risk free rate of return

r_m = the required return on the market as a whole.

In this specification, the term $(r_m - r_f)$ represents the market risk premium. According to the theory underlying the CAPM, since unsystematic risk can be diversified away, investors should be concerned only with systematic or non-diversifiable risk. Non-diversifiable risk is measured by Beta, which is defined as:

$$\beta = \frac{\text{Covariance}(r_e, r_m)}{\text{Variance}(r_m)} \quad [4]$$

The variance of the market return, noted in Equation [4], is a measure of the uncertainty of the general market, and the covariance between the return on a specific security and the market reflects the extent to which the return on that security will respond to a given change in the market return.

Q. HOW HAS THE CAPM BEEN AFFECTED BY THE CURRENT ECONOMIC CONDITIONS?

A. The recent market has affected the CAPM model in two important ways. First, as noted above, the risk free rate, “ r_f ”, in the CAPM formula is represented by the interest rate on long-term U.S. Treasury securities. During the recent capital market contraction, investors reacted to the extraordinary levels of market volatility discussed earlier by investing in lowest-risk securities such as Treasury bonds. Consequently, the first term in the model (*i.e.*, the risk-free rate) is lower than it would have been absent the elevated degree of risk aversion that, at least in part, has resulted in historically low Treasury yields.

Second, the extraordinary loss in equity values experienced in 2008 actually reduced the market risk premium when measured on a historical basis. As sometimes applied in the CAPM, the market risk premium represents the difference in the arithmetic average total return on common stocks, and the income-only return on long-term Government bonds, as reported by Morningstar, Inc. (formerly, Ibbotson Associates). Consequently, the market losses experienced in 2008 actually resulted in a *decrease* in the historic risk premium from the prior year from 7.10 percent to 6.50 percent. In my view, the notion that the premium required by equity investors would decrease at the same time that equity

1 market volatility was at historically high levels is counter-intuitive, and supports the use of
2 a forward-looking (*ex-ante*) market risk premium estimate.

3
4 Q. WITH THOSE QUALIFICATIONS IN MIND, WHAT ASSUMPTIONS DID YOU USE IN YOUR
5 CAPM MODEL?

6 A. First, I used the three-month average yield on 30-year Treasury Bonds as my estimate of
7 the risk-free rate. In determining the security most relevant to the application of the
8 CAPM, it is important to select the term (or maturity) that best matches the life of the
9 underlying investment. As noted by Morningstar:

10 The horizon of the chosen Treasury security should match the horizon
11 of whatever is being valued... If an investor plans to hold stock in a
12 company for only five years, the yield on a five-year Treasury note would
13 not be appropriate since the company will continue to exist beyond those
14 five years.²⁷

15
16 Because utility companies represent long-duration investments, it is appropriate to use
17 yields on long-term Treasury bonds as the risk-free rate component of the CAPM. In my
18 view, the 30-year Treasury Bond is the appropriate security for that purpose.

19
20 As to the market risk premium, for the reasons discussed above, I did not use a historical
21 average; rather, I developed two forward-looking (*ex-ante*) estimates. Finally, for the Beta
22 term, I used Beta estimates from Value Line and Bloomberg, both of which adjust their
23 Beta estimates based on an average of the raw, historical Beta and 1.0. While their
24 techniques are slightly different, in both cases (*i.e.*, for both Value Line and Bloomberg),
25 the adjustment addresses the tendency of the CAPM to underestimate the cost of capital
26 for companies with “unadjusted” or “raw” Betas significantly less than 1.0. For relatively

²⁷ Morningstar Inc., 2009 Ibbotson Stocks, Bonds, Bills and Inflation, Valuation Yearbook, at 46.

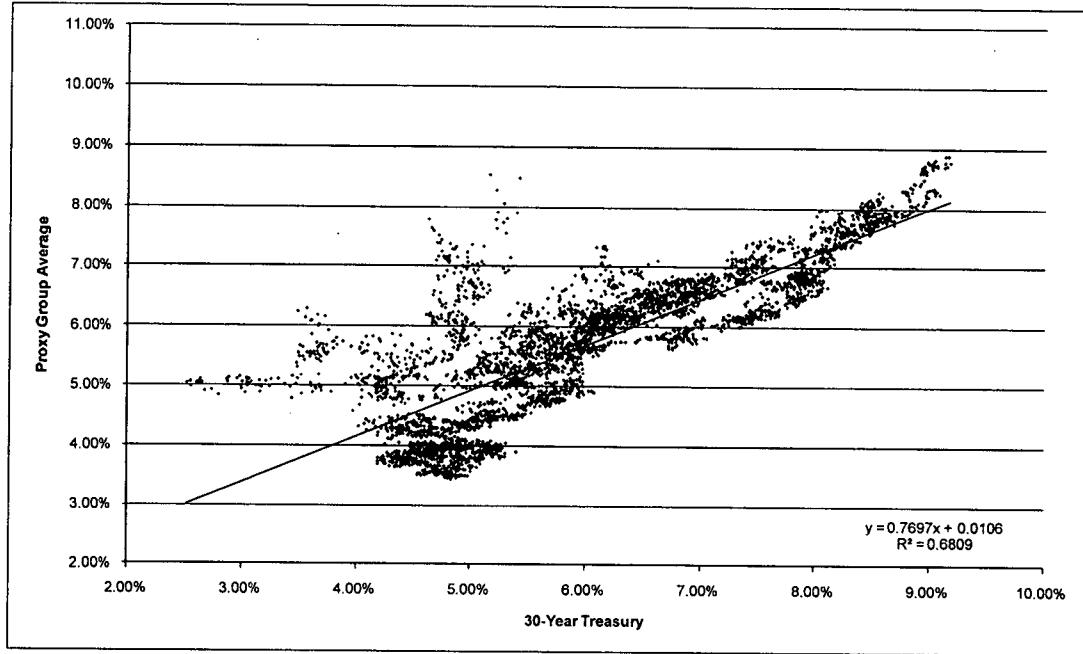
1 low raw Beta companies such as regulated utilities, failure to take such adjustments into
2 consideration will result in an understatement of required returns.

3
4 Q. HAS THE COMMISSION TYPICALLY RELIED ON THE YIELD ON 30-YEAR TREASURY BONDS
5 IN ESTIMATING THE RISK FREE RATE?

6 A. It is my understanding that the Commission has relied on the average of the yields on the
7 10-year and the 30-year Treasury in estimating the risk-free rate. However, as shown in
8 Charts 1 and 2 below, the relationship between the proxy group average dividend yield
9 and the 30-year Treasury bond yield is very similar to the relationship between the proxy
10 group dividend yield and the yield on the 10-year Treasury bond. Comparing the two
11 equations presented in Charts 1 and 2, the R^2 , which is a measure of the fit of the
12 regression line through the data set, is slightly higher on the relationship between the
13 proxy group average dividend yield and the 30-year Treasury yield, suggesting a slightly
14 better fit than the 10-year Treasury yield. Furthermore, the average depreciation rate for
15 CECONY for 2006 through 2008 was approximately 2.97 percent,²⁸ suggesting an
16 average useful life of 33.71 years. On balance, therefore, the 30-year Treasury yield is the
17 better measure of the risk-free rate for the purpose of the CAPM.

²⁸ Consolidated Edison, Inc., Consolidated Edison of New York, Inc., SEC Form 10-K For the Fiscal Year Ended December 31, 2008, at 83.

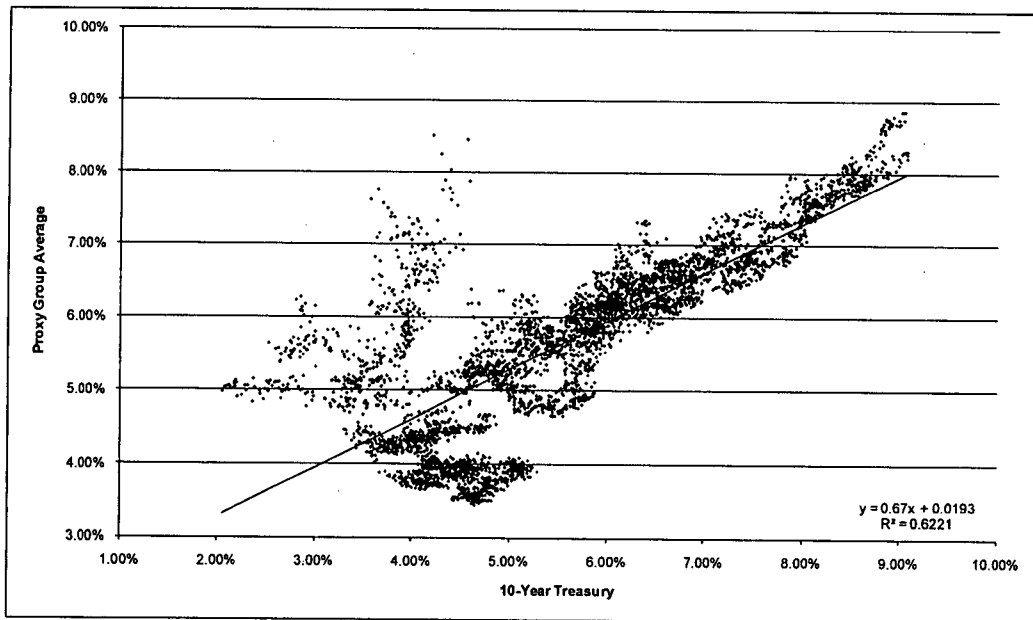
1 **Chart 1: Proxy Group Average Dividend Yield versus the 30-Year Treasury Bond Yield**



2

3

4 **Chart 2: Proxy Group Average Dividend Yield versus the 10-Year Treasury Bond Yield**



5

6

1 Q. PLEASE DESCRIBE THE APPROACHES USED TO ESTIMATE THE *EX-ANTE* MARKET RISK
2 PREMIUM.

3 A. The first approach assumes a constant Sharpe Ratio, which is the ratio of the risk
4 premium relative to the risk, or standard deviation of a given security or index of
5 securities. As shown in Exhibit No.____ (RBH-5), the constant Sharpe Ratio is the ratio of
6 historical risk premium of 6.50 percent and the historical market volatility of 20.46
7 percent.²⁹ The expected risk premium is then calculated as the product of the Sharpe
8 Ratio and the expected market volatility. For the purpose of that calculation, I used the
9 three-month volatility index (*i.e.*, the VXV) discussed earlier in my testimony, and the
10 settlement prices on the February, March, and April 2010 VIX futures contracts.

11
12 Q. PLEASE DESCRIBE YOUR SECOND APPROACH TO ESTIMATING THE MARKET RISK PREMIUM.

13 A. The second approach is a relatively simple calculation of the expected return on the S&P
14 500 Index, less the current 30-year Treasury bond yield. The expected return on the S&P
15 500 is calculated using the Constant Growth DCF model for the companies in the S&P
16 500 index for which long-term earnings projections are available (the companies with
17 such projections represent 92.57 percent of the index market capitalization).

18
19 Q. HOW DID YOU APPLY YOUR PROJECTED MARKET RISK PREMIUM ESTIMATES?

20 A. I relied on each of these projected risk premiums to recalculate the CAPM model using
21 both near and long-term projections of the 30-year Treasury bond yield as the risk free
22 rate. As noted in Exhibit No.____ (RBH-5), the use of projected market risk premia and

²⁹ The standard deviation is easily calculated from the Morningstar data. See also Morningstar Inc., 2009 Ibbotson Stocks, Bonds, Bills and Inflation, Valuation Yearbook, Large Company Stocks: Total Returns Table B-1, at 166-167.

1 risk free rates produces a range of results that substantially overlaps the range of results
2 produced by the other calculation methodologies.

3
4 Q. IS YOUR CALCULATION OF THE *EX-ANTE* MARKET RISK PREMIUM CONSISTENT WITH THE
5 METHODOLOGY RELIED UPON IN PREVIOUS CASES BEFORE THE COMMISSION?

6 A. I believe so. The Commission previously has relied upon the calculation of a projected
7 market risk premium, based on the difference between the estimated *ex-ante* required
8 market return for the S&P 500, as provided by Merrill Lynch and the risk-free rate. As a
9 practical matter, that approach is similar to the DCF-based *ex-ante* market risk premium
10 estimate discussed above (*see* also Exhibit No. __ (RBH-5)).³⁰

11
12 Q. DID YOU CONSIDER ANOTHER FORM OF THE CAPM IN YOUR ANALYSIS?

13 A. Yes. In prior proceedings, the Commission relied upon the “Zero-Beta” CAPM (the
14 form of which is sometimes referred to as the “Empirical CAPM”³¹) in estimating the
15 cost of equity. The Zero-Beta CAPM calculates the product of the adjusted Beta and the
16 market risk premium, and applying a weight of 75.00 percent to that result. The model
17 then applies a 25.00 percent weight to the market risk premium, without any effect of
18 Beta. The results of the two calculations are summed, along with the risk free rate, to
19 produce the Zero-Beta CAPM result:

20
$$k_e = r_f + 0.75\beta(r_m - r_f) + 0.25(r_m - r_f) \quad [5]$$

21 where:

22 k_e = the required market ROE

23 β = Adjusted Beta of an individual security

³⁰ *Ibid.*, at 129.

³¹ *See*, for example, Roger A. Morin, New Regulatory Finance, Public Utilities Reports, Inc., 2006, at 189.

1 r_f = the risk free rate of return

2 r_m = the required return on the market as a whole.

3
4 In essence, the Zero-Beta form of the CAPM addresses the tendency of the CAPM to
5 under-estimate the cost of equity for low-Beta companies such as regulated utilities. In
6 that regard, the Zero-Beta CAPM is not redundant to the use of adjusted Betas, rather it
7 recognizes the results of academic research indicating that the risk-return relationship is
8 different (in essence, flatter) than estimated by the CAPM, and that the CAPM under-
9 estimates the “alpha”, or the constant return term.³²

10
11 As with the CAPM, my application of the Zero-Beta CAPM includes *ex-ante* estimates of
12 the Market Risk Premium,³³ and the yield on 30-year Treasury securities as the risk-free
13 rate. The results of my market based CAPM, and Zero-Beta CAPM analyses are
14 provided in Table 5 (below), (*see* also Exhibit No. __ (RBH-5) and Exhibit No. __ (RBH-
15 6)).

16 **Table 5: CAPM Results**

	Results
Market Based CAPM	
Sharpe Ratio Derived MRP	10.28%
DCF (<i>Ex-Ante</i>) Derived MRP	9.14%
Zero-Beta CAPM	
Sharpe Ratio Derived MRP	11.02%
DCF (<i>Ex-Ante</i>) Derived MRP	9.73%

17
³² *Ibid.*, at 191.

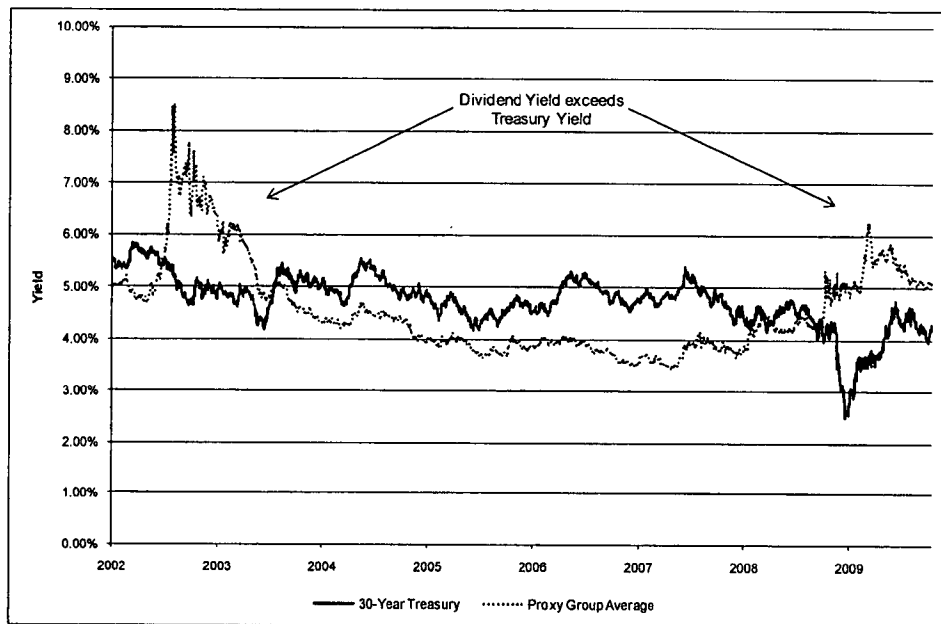
³³ *See*, for example, Order Setting Electric Rates, Case 08-E-0539, Issued and Effective April 24, 2009, New York Public Service Commission, at 127-129.

1 Q. IS IT YOUR VIEW THAT THE CAPM RESULTS SHOULD BE GIVEN SPECIFIC WEIGHTS IN
2 DETERMINING THE COMPANY'S COST OF EQUITY?

3 A. Not necessarily. While I have calculated the CAPM using the approaches and
4 assumptions discussed above, for several reasons I do not believe that a specific weight
5 should be given to those results. First, the CAPM results, in particular those based on the
6 *ex-ante* DCF estimate of the Market Risk Premium, are not sufficiently above the yields on
7 long-term utility debt and are well below the prevailing level of ROE authorizations.
8 That is, they suggest an unreasonably low equity risk premium. Consequently, the CAPM
9 results, using both the Sharpe Ratio and *ex-ante* DCF Market Risk Premium estimates
10 produce unreasonably low ROE estimates.

11
12 The Federal government's response to the economic recession, and the continuing level
13 of risk aversion on the part of investors has resulted in long-term Treasury yields that
14 remain well below their historical averages. At the same time, credit spreads remain high
15 relative to historical levels, and utility dividend yields have departed from their consistent
16 historical level relative to long-term Treasury yields. As to the second point, since 2002,
17 the proxy group dividend yields have maintained a fairly consistent discount relative to
18 long-term Treasury yields. As shown on Chart 3, that relationship prevailed but for two
19 periods; the credit contraction that occurred during mid-2002 into the summer of 2003,
20 and the current market. While the long-term difference between the 30-year Treasury
21 yield and the proxy group dividend yield averaged approximately 71 basis points
22 (excluding the inversion periods noted above), the 30-day average (as of October 15,
23 2009) difference is *negative* 91 basis points.

Chart 3: Historical Dividend Yields vs. Long-Term Treasury Yields³⁴



A recent article in The Wall Street Journal noted the same inversion between utility dividend yields and the ten-year Treasury yield. Specifically, the article stated:

And dividend yields have tended to track the yield on 10-year Treasuries closely. Since 1970, the spread of regulated utilities' dividend yields over Treasury yields has averaged 0.24 percentage point. Today, with utilities yielding about 5.65%, the spread is 10 times that, having peaked in March at 3.75 percentage points. You have to go all the way back to the early 1980s for the last time it reached such heights.

Regulated utilities' dividend yields decoupled from Treasury yields in December 2007, as the U.S recession began. After the initial flight to quality cut yields on Treasuries, particularly after Lehman Brothers collapsed in September 2008, the Federal Reserve's policy of buying up government debt has helped keep them low.³⁵

Given those substantial departures from long-term relationships, it is clear that the low level of Treasury yields do not reflect the higher level of risk aversion reflected in both proxy group dividend yields, and market volatility indices (*i.e.*, the VIX and VXV). Since

³⁴ Source: Bloomberg Professional Service.

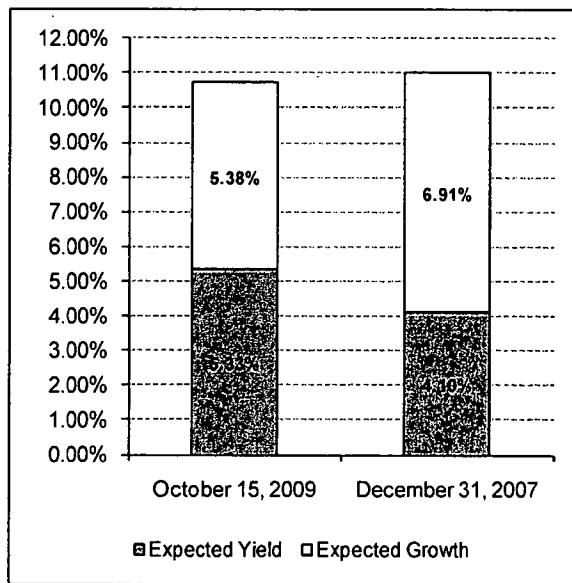
³⁵ The Wall Street Journal, *A Short Circuit in the Stock Market*, October 23, 2009, Liam Denning, at C10.

1 the CAPM and Zero-Beta CAPM results are heavily influenced by the estimated risk-free
2 rate, I believe those models should be given little weight in determining the Company's
3 cost of equity.
4

5 Q. DOES THE MARKET DISLOCATION DISCUSSED PREVIOUSLY SUGGEST THAT THE CURRENT
6 DCF RESULTS ARE NOT REFLECTIVE OF THE COST OF EQUITY?

7 A. I do not believe so. Chart 4 (below) demonstrates that there is an inverse relationship
8 between the growth rates and dividend yields that are relied on in the Constant Growth
9 DCF model for my proxy group companies. As shown in Chart 4, in December 2007,
10 Value Line projected an overall proxy group required return on equity of approximately
11 11.01 percent, comprised of an expected dividend yield of 4.10 percent and an expected
12 growth rate of 6.91 percent. Since that time, the expected dividend yield and expected
13 growth rates have changed substantially to 5.33 percent and 5.38 percent, respectively.
14 However, the overall required ROE of the proxy group has changed only somewhat to
15 10.71 percent. It is important to note that proxy group required ROE of 10.71 percent as
16 of October 15, 2009 includes an estimated growth rate for ALLETE, Inc of -1.00
17 percent. Excluding ALLETE, Inc. from that calculation increases the required ROE to
18 11.27 percent, with 5.95 percent accorded to the expected growth rate and 5.31 percent
19 accorded to the expected dividend yield. Therefore, while the overall required return on
20 equity has remained relatively constant for the proxy group, the individual components of
21 that return have changed over time to reflect current market conditions.

Chart 4: Growth Rate and Yield Analysis³⁶



Flotation Cost Adjustment

Q. WHAT ARE FLOTATION COSTS?

A. Flotation costs are the costs associated with the sale of new issues of common stock. These costs include out-of-pocket expenditures for the preparation, filing, underwriting, and other costs of issuance of common stock.

Q. WHY IS IT IMPORTANT TO RECOGNIZE FLOTATION COSTS IN THE ALLOWED ROE?

A. In order to attract and retain new investors, a regulated utility must have the opportunity to earn a return that is both competitive and compensatory. To the extent that a company is denied the opportunity to recover prudently incurred flotation costs, actual returns will fall short of expected (or required) returns, thereby diminishing its ability to attract adequate capital on reasonable terms.

³⁶ Source: Value Line

1 Q. OVER WHAT PERIODS OF TIME ARE ISSUANCE AND FLOTATION COSTS RECOGNIZED?

2 A. The issuance costs associated with long-term debt reflect the incurrence of issuance costs
3 that can be assigned a definite life or period of applicability. These costs are amortized
4 over the life of the debt issuance, either to maturity or upon retirement of the debt.
5 Equity issuance or flotation costs, however, do not have a definite period of applicability,
6 but rather have an infinite life.

7
8 Q. IS THE NEED FOR A FLOTATION COST ADJUSTMENT RECOGNIZED BY THE ACADEMIC AND
9 FINANCIAL COMMUNITIES?

10 A. Yes. The need to reimburse investors for equity issuance costs in a rate-limiting cost-of-
11 service context is justified by the academic and financial communities in the same spirit
12 that investors are reimbursed for other costs of service. This treatment is consistent with
13 the philosophy of a fair rate of return. According to Dr. Shannon Pratt:

14 Flotation costs occur when new issues of stock or debt are sold to the
15 public. The firm usually incurs several kinds of flotation or transaction
16 costs, which reduce the actual proceeds received by the firm. Some of
17 these are direct out-of-pocket outlays, such as fees paid to underwriters,
18 legal expenses, and prospectus preparation costs. Because of this
19 reduction in proceeds, the firm's required returns on these proceeds
20 equate to a higher return to compensate for the additional costs.
21 Flotation costs can be accounted for either by amortizing the cost, thus
22 reducing the cash flow to discount, or by incorporating the cost into the
23 cost of capital. Because flotation costs are not typically applied to
24 operating cash flow, one must incorporate them into the cost of capital.³⁷
25

26 Q. HAS THE COMMISSION RECOGNIZED THE NEED TO ADJUST FOR FLOTATION COSTS IN
27 ESTABLISHING THE ROE?

28 A. Yes. In Case 08-E-0539, in developing their recommendation to the Commission, the
29 Administrative Law Judges recognized the need to adjust the Company's ROE to "permit

³⁷ Shannon P. Pratt, Cost of Capital Estimation and Applications, Second Edition, at 220-221.

1 rate recovery of the Company's likely equity issuance costs."³⁸ The Commission adopted
2 this recommendation.³⁹

3
4 Q. DO THE DCF AND CAPM METHODOLOGIES ALREADY INCORPORATE INVESTOR
5 EXPECTATIONS OF A RETURN THAT COMPENSATES FOR FLOTATION COSTS?

6 A. No. All the models used to estimate the appropriate market cost of equity assume no
7 "friction" or transaction costs, as these costs are not reflected in the market price (in the
8 case of the DCF model) or risk premium (in the case of the CAPM). Therefore, it is
9 appropriate to consider flotation costs in determining where within the range of
10 reasonable returns on equity CECONY's return should fall.

11
12 Q. IS THERE SUPPORT FOR THIS APPROACH?

13 A. Yes. Several economists have recognized that the flotation cost adjustment is made not
14 to reflect current or future financing costs, but rather to compensate investors for costs
15 incurred for all past issuances comprising the total equity portion of the Company's
16 capitalization. An article in The Journal of Finance, for example, noted that:

17 Under the conventional approach in other words, the flotation cost
18 adjustment is not made to reflect current or future financing costs, ... it
19 is made to compensate investors for costs incurred in preceding stock
20 issues.⁴⁰
21

³⁸ Case 08-E-0539, Rate Order, at 118.

³⁹ *Ibid.*, at 140-141.

⁴⁰ Cleveland S. Patterson, Flotation Cost Allowance in Rate of Return Regulation: Comment, The Journal of Finance, Vol. XXXVIII, No. 4, September 1983, at 1337 (clarification and emphasis added).

1 Q. ARE FLOTATION COSTS PART OF THE UTILITY'S INVESTED COSTS OR PART OF THE
2 UTILITY'S EXPENSES?

3 A. Flotation costs are part of the invested costs of the utility, which are properly reflected on
4 the balance sheet of the utility as "paid in capital." Flotation costs are not expenses and
5 are not reflected in the income statement. Rather, like investments in rate base or the
6 issuance costs of long-term debt, flotation costs are incurred over time. As a result, the
7 great majority of a utility's flotation costs are incurred prior to the test year, but remain
8 part of the cost structure that exists during the test year and beyond, and as such, should
9 be recognized for ratemaking purposes.

10
11 Q. HAVE YOU CALCULATED THE EFFECT OF FLOTATION COSTS ON THE ROE?

12 A. Yes. I modified the DCF calculation to provide a dividend yield that would reimburse
13 investors for issuance costs. Based on the weighted average of flotation costs set out on
14 Exhibit No.____ (RBH-7), a flotation cost of 1.38 percent is derived from the costs
15 incurred by CECONY's parent company, CEI, in the most recent four equity issuances.
16 Using the 1.38 percent flotation cost discussed above, I modified the DCF calculation to
17 provide a dividend yield that would reimburse investors for issuance costs. As shown in
18 Table 6, and Exhibit No.____ (RBH-7), based on that calculation, an adjustment of 0.06
19 percent (*i.e.*, six basis points) is reflective of flotation costs for CECONY.

20
21 Since the ROE estimates have been determined on the basis of the proxy companies, I
22 also calculated the average flotation cost, based on the most recent underwritten equity
23 issuance for each of the proxy companies, where available. That analysis indicates an
24 average flotation cost of approximately 2.67 percent, which results in an average flotation

cost adjustment of 12 basis points.⁴¹ Table 6 (below), provides the DCF results, adjusted for flotation costs, using first the CEI-specific costs, then the proxy group average flotation cost.

Table 6: DCF Results Adjusted for Flotation Costs

Averaging Period	Mean Low	Mean	Mean High
Constant Growth DCF - CEI Flotation Costs			
	10.36%	11.23%	12.10%
Constant Growth DCF - Proxy Group Average Flotation Costs			
	10.42%	11.29%	12.16%
Multi-Period DCF - CEI Flotation Costs			
		11.08%	
Multi-Period DCF - Proxy Group Average Flotation Costs			
		11.14%	

- Q. DID YOU ALSO PRODUCE RESULTS BASED ON THE COMMISSION'S TWO-THIRDS/ONE-THIRD WEIGHTING OF THE DCF AND CAPM RESULTS?
- A. Yes, I did. In light of the Commission's past reliance on a weighting of the multi-period DCF and the CAPM results at two-thirds, and one-third, respectively, I have presented the calculated result using that methodology. As discussed below, those results are generally consistent with my recommendation.⁴²

⁴¹ This calculation is presented in Exhibit No. __ (RBH-7).

⁴² Case 91-M-0509, Proceeding on Motion of the Commission to Consider Financial Regulatory Policies for New York State Utilities, at 27.

Weighted Average Results

Q. PLEASE DISCUSS YOUR CALCULATION OF THE WEIGHTED AVERAGE COST OF EQUITY ESTIMATE.

A. Consistent with the recommended decision in the Generic Finance Proceeding,⁴³ and Commission's final order in the Company's most recent rate proceeding,⁴⁴ I considered the weighted average of the results of the DCF and CAPM analyses. As shown in Table 7 (below), the weighted average of the DCF and CAPM analyses suggest a market cost of equity in the range of 10.80 percent, including flotation costs.

Table 9: Weighted Average Analytical Results⁴⁵

	Results
Average DCF	11.09%
Average CAPM	10.04%
Weighted Average	10.80%

VII. BUSINESS RISKS AND OPERATING PERFORMANCE

Q. DO THE MEAN DCF, AND CAPM RESULTS FOR THE PROXY GROUP PROVIDE AN APPROPRIATE ESTIMATE OF THE COST OF EQUITY FOR THE COMPANY?

A. No, the mean results do not necessarily provide an appropriate estimate of the Company's cost of equity. In my view, the Company's business and financial risks must be taken into consideration when determining where the Company's cost of equity falls within the range of results.

⁴³ *Ibid.*

⁴⁴ Case 08-E-0539, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, Rate Order (issued April 24, 2009), at 133.

⁴⁵ Including a flotation cost adjustment of 6 basis points, as applied by the Commission in Case 08-E-0539 at 140-141.

1
2 Q. WHAT IS THE PRIMARY BUSINESS RISK THAT CECONY CURRENTLY FACES?

3 A. The principal business risk facing CEI is the need for a very substantial level of capital
4 expenditures, which are far higher than historical levels of investment, and higher than
5 the average of the comparable group.
6

7 **Capital Expenditures**

8 Q. PLEASE SUMMARIZE THE COMPANY'S CAPITAL EXPENDITURE PLAN.

9 A. The Company's current projections for the gas, steam, and electric operations include
10 approximately \$6.6 billion⁴⁶ in capital investment for the Company for the three-year
11 period from 2009 through 2011.
12

13 Q. HOW IS THE COMPANY'S RISK PROFILE AFFECTED BY THE SUBSTANTIAL INCREASE IN ITS
14 PLANNED CAPITAL EXPENDITURES?

15 A. As with any utility faced with a substantial capital expenditure plan, the Company's risk
16 profile is adversely affected in two significant and related ways: (1) the heightened level of
17 investment increases the risk of under-recovery, or the delayed recovery of the invested
18 capital; and (2) an inadequate authorized return will put downward pressure on key credit
19 metrics.
20

⁴⁶ Source: Company forecast. Please note that this figure does not account for any reductions in the Company's projected capital investment plans due to the ongoing electric rate case (i.e., Case 09-E-0428).

1 Q. HAVE THE RISKS ASSOCIATED WITH ELEVATED CAPITAL EXPENDITURES BEEN
2 RECOGNIZED BY THE FINANCIAL COMMUNITY?

3 A. Yes, they have. Rating agencies, for example, have consistently focused on the
4 detrimental effect on cash flows and corresponding pressure on credit metrics resulting
5 from elevated capital expenditures. In effect, the additional pressure on cash flows exerts
6 corresponding pressure on credit metrics and, therefore, credit ratings. In fact, Standard
7 & Poor's commented on this concern in its August 2007 analysis of the electric utility
8 industry:

9 Utilities are aggressively investing in generation facilities to address rising
10 demand and replace retiring assets, in transmission plants to replace and
11 build out an aging grid, and in distribution systems that need to be
12 expanded and made more efficient.⁴⁷
13

14 More recently, Fitch Ratings noted that:

15 Jurisdictional regulatory practices will be a key of creditworthiness in the
16 sector. Utilities operating in states with regulatory mechanisms in place
17 that facilitate timely recovery of costs and a reasonable return on
18 investment in rates are more likely to come through this period of stress
19 with limited deterioration of credit quality. Conversely, the ratings of
20 utilities operating in states with relatively low authorized ROEs and
21 significant regulatory lag are more likely to suffer credit deterioration.⁴⁸
22

23 Equity investors also recognize the pressure on cash flows associated with relatively high
24 levels of capital expenditures, and the resulting effect on the cost of capital. As noted by
25 Wachovia Capital Markets:

26 The harsh reality is that the recession (or depression?) and concurrent
27 bank turmoil is all happening in the midst of a major long-term building
28 cycle for the industry, which in and of itself poses substantial financing
29 and regulatory risks.
30

⁴⁷ Standard & Poor's, *Electric Utilities Industry Survey*, August 9, 2007, at 6.

⁴⁸ FitchRatings, U.S. Utilities, Power and Gas 2009 Outlook, December 2008, at 12.

1 The debt markets remain open, but there is a great deal of concern about
2 maintaining credit quality as a move down the credit curve can result in
3 substantial costs given large spread differentials.⁴⁹
4

5 Q. WHAT ARE YOUR CONCLUSIONS REGARDING THE EFFECT OF THE COMPANY'S CAPITAL
6 SPENDING PLANS ON ITS RISK PROFILE?

7 A. First, it is clear that the Company has a substantial capital expenditure program. It also is
8 clear that the financial community recognizes the additional risks associated with
9 substantial capital expenditures and that those risks are reflected in market valuation
10 multiples. In my view, these factors suggest a high level of risk.
11

VIII. CAPITAL STRUCTURE

12 Q. WHAT IS THE COMPANY'S PROPOSED CAPITAL STRUCTURE?

13 A. The Company's test year capital structure consists of 48.15 percent common equity, 49.53
14 percent long-term debt, 1.04 percent Preferred Stock, and 1.28 percent customer
15 deposits. The Company has an actual, separate capital structure and the Company's
16 projected test year capital structure is discussed in detail in the direct testimony of The
17 Accounting Panel.
18

19 Q. PLEASE DISCUSS YOUR ANALYSIS OF THE CAPITAL STRUCTURES OF THE PROXY GROUP
20 COMPANIES.

21 A. In order to assess the reasonableness of the Company's proposed capital structure, I
22 reviewed the capitalization ratios of the individual utility operating companies owned and
23 operated by the respective proxy group companies for the past eight quarters. As shown

⁴⁹ Wachovia Capital Markets, LLC, Equity Research, *Takeaways from Platts Conference*, April 9, 2009, at 3.

1 in Exhibit No.____ (RBH-8), the Company's proposed equity ratio (48.15 percent) is well
2 below the mean equity ratio of the proxy group companies of 55.46 percent. The
3 Company's long-term debt ratio, preferred stock ratio, and customer deposit ratio of
4 49.53 percent, 1.04 percent, and 1.28 percent respectively are within the range of those
5 ratios for the proxy group companies. Thus, overall, the Company's proposed capital
6 structure ratios are reasonable compared to the proxy group.

7
8 Q. WILL THE CAPITAL STRUCTURE AND ROE AUTHORIZED IN THIS PROCEEDING AFFECT
9 THE COMPANY'S ACCESS TO CAPITAL AT REASONABLE RATES?

10 A. Yes, I believe so. As noted earlier, the level of earnings authorized by the Commission
11 directly affects the Company's ability to fund its operations with internally generated
12 funds; both bond-investors and rating agencies expect a significant portion of on-going
13 capital investments to be financed with internally generated funds. The need to generate
14 funds internally also is important in light of the constrained, volatile, and expensive
15 capital market conditions noted earlier.

16
17 It also is important to realize that because a utility's investment horizon is very long,
18 investors require the assurance of a sufficiently high return to satisfy the long-run
19 financing requirements of the assets it puts into service. Those assurances, which often
20 are measured by the relationship between internally generated cash flows and debt (or
21 interest expense), depend quite heavily on the capital structure. As a consequence, both
22 the ROE and capital structure are very important to both debt and equity investors.
23 Given the capital market conditions noted earlier in my Direct Testimony, the authorized
24 ROE and capital structure take on even greater significance.

1

2 Q. HOW HAS THE COMPANY'S CREDIT RATING BEEN AFFECTED BY ITS AUTHORIZED ROE
3 AND CAPITAL STRUCTURE?

4 A. As noted earlier, in June 2009 Moody's downgraded the Company by two notches from
5 A1 to A3. In the most recent ratings analysis, Moody's noted that:

6 The downgrade reflects the companies' weak financial profiles and our
7 expectation that the companies are unlikely to achieve significantly
8 stronger credit metrics in the foreseeable future, in light of the current
9 challenging regulatory and economic environments and continued high
10 capital spending.⁵⁰
11

12 Moody's specifically noted that:

13 We believe CEI's regulatory environment has become more challenging
14 in recent years. Our view reflects the steady decline in allowed ROEs,
15 particularly the decline in CECONY's allowed electric ROE from the
16 11.1% that existed through most of the 1990s and the early part of this
17 decade to the 9.1% authorized for the 2009 rate year ending March 31,
18 2009. While CECONY's allowed electric ROE was increased to 10% for
19 the 2010 rate year, allowed ROEs since the 2007 rate year have been
20 consistently lower than of earlier... We believe that this has had and will
21 continue to have a negative impact on CEI and CECONY's cash flow
22 generating abilities all else being equal.⁵¹
23

24 While Moody's does not consider it likely in the near-term, an upgrade in
25 CEI's rating would likely require evidence of a less challenging regulatory
26 environment combined with a strengthening of CEI's credit metrics.⁵²
27

28 Given the analyses presented above, it is clear that the decision reached by the
29 Commission in this case has the potential to both improve the credit rating agencies' view
30 of the regulatory environment in New York, as well as improve the credit metrics, which
31 are so important to the maintenance of the Company's already reduced credit rating.

⁵⁰ See, Moody's Global Infrastructure Analysis: Consolidated Edison, Inc., Moody's Investors Services, July 2009, at 1.

⁵¹ *Ibid.*, at 5.

⁵² *Ibid.*, at 10.

1 Without such measures, Moody's sees greater potential for further negative credit actions
2 than it does for positive actions.
3

IX. CONCLUSION AND RECOMMENDATION

4 Q. WHAT IS YOUR CONCLUSION REGARDING A FAIR RETURN ON BOOK EQUITY FOR
5 CECONY?

6 A. I believe that 10.80 percent is a reasonable estimate of the return required by equity
7 investors to invest in a company of CECONY's risk profile in the current capital market
8 environment. In the event that the Commission were to approve a four-year rate plan,
9 my recommended return would increase to 11.40 percent to reflect the additional risk
10 associated with fixing rates during that period. My recommended return on book equity
11 considers the results of the DCF and CAPM models, summarized in Table 8 (below), as
12 well as the costs associated with the issuance of common stock, and the specific risks to
13 which the Company remains exposed. Applying the Commission's weightings to the
14 average of the DCF model results of 11.09 percent and the average of the CAPM results
15 of 10.04 percent, results in an estimated cost of equity of 10.74 percent. Including a 6
16 basis point adjustment for flotation costs results in a cost of equity of 10.80⁵³ percent.
17 Therefore, I conclude that a return on the book common equity of 10.80 percent
18 reasonably represents the market cost of equity for CECONY.

⁵³ This approach is consistent with the weighted average methodology applied by the Commission in Case 08-E-0539 at 140-141.

Table 8: Summary of Analytical Results

	Mean Low	Mean	Mean High
Constant Growth DCF	10.30%	11.17%	12.04%
Multi-Period DCF	11.01%		
Average DCF	11.09%		
	Sharpe-Ratio Derived MRP	Average	S&P 500 <i>Ex-Ante</i> Derived MRP
Market Based CAPM	10.28%	9.71%	9.14%
Zero-Beta CAPM	11.02%	10.37%	9.73%
Average CAPM	10.04%		
CEI Flotation Cost	0.06%		
Proxy Group Flotation Cost	0.12%		
Weighted Average Cost of Equity (2/3 * DCF) +(1/3 * CAPM)			
Three-Month Average (including CEI Flotation Cost)		10.80%	

Credit Rating Adjustment

Q. ARE YOU FAMILIAR WITH THE COMMISSION'S PRACTICE OF ADJUSTING THE AWARDED ROE BASED ON THE CREDIT QUALITY OF THE PROXY GROUP?

A. Yes, I am. Historically, the Commission has made an adjustment to the Company's authorized ROE to account for differences between the Company's credit rating and the proxy group median credit rating.⁵⁴ This adjustment has been made to account for the supposition that the market will necessarily require a lower cost of equity for a higher rated entity, as compared to an entity of lower credit quality.

⁵⁴ See, for example, Case 08-E-0539, Rate Order, at 136.

1 Q. DOES YOUR RECOMMENDED RETURN ON BOOK EQUITY REFLECT THE DIFFERENCE IN
2 CREDIT RATING BETWEEN THE COMPANY AND YOUR PROXY GROUP?

3 A. Yes. As noted in Section V of my Direct Testimony, my credit screen specifically
4 chooses companies with at least a BBB+ credit rating. As also noted in that section, the
5 average credit rating of my proxy group is slightly below A-, while the median rating is
6 BBB+. That average credit rating is precisely the Company's average credit rating when
7 Standard and Poor's, Moody's and Fitch's long-term issuer credit ratings are considered.
8 In fact, the size of my proxy group would more than double if my credit rating screen
9 were relaxed to include companies rated BBB- and above. Moreover, because of the
10 recent downgrade by Moody's of two credit rating notches, the Company's credit rating is
11 now much closer to the proxy group credit rating than it otherwise would have been.
12 Because the credit rating of my proxy group matches that of the Company, it is not
13 necessary to make any *ex-post* adjustments to my recommended Return on Book Equity to
14 account for a difference. Furthermore, I am not aware of any theoretical basis for the
15 proposition that market required returns and credit ratings are directly related.

16
17 **Stay-Out Premium**

18 Q. WHAT ARE THE IMPLICATIONS FOR THE COMPANY'S COST OF EQUITY IF IT WERE TO
19 AGREE TO A FOUR-YEAR STAY-OUT PERIOD?

20 A. It is important to consider the potential effect that increases in the general level
21 of interest rates would have on the Company's stock price and its cost of equity. As
22 discussed in Section VI, there is a strong relationship between the proxy group average
23 dividend yield and the 30-year Treasury yield. Given the historically low level of long-
24 term Treasury rates, it is reasonable to assume that on balance, long-term rates are more

1 likely to increase than decrease during the term of the stay-out period. That represents a
2 significant element of risk for the Company.

3
4 Q. HOW HAS THE STAY-OUT PREMIUM BEEN CALCULATED IN PRIOR PROCEEDINGS BEFORE
5 THE COMMISSION?

6 A. It is my understanding that in prior proceedings, the premium has been calculated by
7 taking one-half of the difference between the five-year average yields on three and one-
8 year Treasury Notes. Staff has noted that such a calculation is meant to give guidance to
9 the Commission in arriving at an appropriate premium.⁵⁵

10
11 Q. WHAT ARE YOUR CONCERNS WITH THAT APPROACH?

12 A. My primary concern is that the methodology for calculating the premium appears
13 unrelated to the underlying risks that it is intended to mitigate. If a substantial element of
14 risk is the dilution of the earned return on equity resulting from unforeseen events, there
15 is no apparent relationship between that risk and the level of intermediate-term Treasury
16 yields. In that regard, it is unclear why the term difference between the one and three-
17 year yields would be more appropriate than the term difference between, for example, the
18 ten and 30-year Treasury yields. Moreover, the shape and slope of the yield curve is not
19 constant over time, such that a relatively flat slope at the short-end of the curve may
20 produce an inadequate premium relative to that which would be derived from the long-
21 end of the curve. Finally, it is unclear how the 50.00 percent adjustment factor relates to
22 the mitigation of company-specific risks.

23

⁵⁵ See Case 09-E-0428, Prepared Testimony of Staff Finance Panel, at 107, 108.

1 In addition, considering the recently unstable nature of the capital markets, it is unclear
2 why a five-year historical average difference between short-term interest rates would be
3 indicative of the incremental return requirements over the coming three years. For much
4 the same reason that the Market Risk Premium component of the Zero Beta CAPM is an
5 *ex-ante* measure, it stands to reason that the stay-out premium also should at least consider
6 forward-looking data. Moreover, if the risk associated with the stay-out period is that the
7 Company's cost of equity will increase as a result of changes in the level of interest rates,
8 then (as discussed above) the relevant security is the 30-year Treasury securities. In that
9 case, a more appropriate measure of risk may be the difference the current and projected
10 30-year Treasury yield.

11
12 Q. DID YOU CALCULATE THE STAY-OUT PREMIUM USING THE COMMISSION'S TRADITIONAL
13 APPROACH?

14 A. Yes, I did. Over the five year period ended October 15, 2009 the average yield on the
15 five-year Treasury Note was 3.70 percent, while the average yield on the one-year
16 Treasury Note was 3.17 percent. The difference between those two average yields is 0.53
17 percent; one-half of that amount equals 0.26 percent, or 26 basis points. Over the past
18 five years, however, the difference between the one and five-year yields has steadily
19 increased, such that the average difference over two years was 1.16 percent (116 basis
20 points), which is more than two times higher than the five-year average. The one-year
21 average difference was 155 basis points, suggesting a 78 basis point stay-out premium.

1 Q. DID YOU ALSO CALCULATE THE STAY-OUT PREMIUM BASED ON THE DIFFERENCE IN
2 CURRENT AND PROJECTED LONG-TERM TREASURY YIELDS?

3 A. Yes, I analyzed the difference between current and projected yields on 30-year Treasury
4 bonds. As of October 15, 2009 the current yield on the 30-year Treasury bond was 4.16
5 percent. For the projected Treasury bond yields, I relied on the 2013 Blue Chip Financial
6 Forecast for the project yield of 5.50 percent, which reasonably approximates the end
7 date for the rate plan. The difference between the current and projected yields is 134
8 basis points. One-half of that difference is 67 basis points.

9
10 Q. WHAT IS YOUR RECOMMENDATION AS TO THE APPROPRIATE LEVEL OF THE STAY-OUT
11 PREMIUM?

12 A. For the reasons noted above, I do not believe that one-half of the five-year average
13 difference between the one and five-year Treasury yields is the appropriate measure of
14 the incremental risks incurred by equity investors in the current market environment.
15 Even if the Commission chose to maintain that approach, consideration should be given
16 to the steady increase in term spreads (*i.e.*, the difference between the one and five-year
17 yields) over the past five years. In that case, the appropriate averaging period would be
18 one or two years, as opposed to five. In my view the potential for a substantial increase
19 in the level of long-term Treasury yields also should be given consideration in the
20 determination of the stay-out premium. Considering both the Commission's traditional
21 approach and the likelihood of increased long-term rates, I believe that a stay-out
22 premium of 60 basis points is reasonable and appropriate at this time.

23

1 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2 A. Yes, it does.

Robert B. Hevert, CFA
President

Mr. Hevert is an economic and financial consultant with broad experience in the energy industry. He has an extensive background in the areas of corporate strategic planning, energy market assessment, corporate finance, mergers, and acquisitions, asset-based transactions, asset and business unit valuation, market entry strategies, strategic alliances, project development, feasibility and due diligence analyses. Mr. Hevert has significant management experience with both operating and professional services companies.

REPRESENTATIVE PROJECT EXPERIENCE

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions throughout North America to provide services relating to the strategic evaluation, acquisition, sale or development of a variety of regulated and non-regulated enterprises. Specific services have included: developing strategic and financial analyses and managing multi-faceted due diligence reviews of proposed corporate M&A counter-parties; developing, screening and recommending potential M&A transactions and facilitating discussions between senior utility executives regarding transaction strategy and structure; performing valuation analyses and financial due diligence reviews of electric generation projects, retail marketing companies, and wholesale trading entities in support of significant M&A transactions.

Specific divestiture-related services have included advising both buy and sell-side clients in transactions for physical and contractual electric generation resources. Sell-side services have included: development and implementation of key aspects of asset divestiture programs such as marketing, offering memorandum development, development of transaction terms and conditions, bid process management, bid evaluation, negotiations, and regulatory approval process. Buy-side services have included comprehensive asset screening, selection, valuation and due diligence reviews. Both buy and sell-side services have included the use of sophisticated asset valuation techniques, and the development and delivery of fairness opinions.

Specific corporate finance experience while a Vice President with Bay State Gas included: negotiation, placement and closing of both private and public long-term debt, preferred and common equity; structured and project financing; corporate cash management; financial analysis, planning and forecasting; and various aspects of investor relations.

Representative non-confidential clients have included:

- Conectiv generation asset divestiture
- Eastern Utilities Associates (prior to acquisition by National Grid, PLC) generation asset divestiture
- Niagara Mohawk – sale of Niagara Mohawk Energy
- Potomac Electric Company generation asset divestiture

Representative confidential engagements have included:

- Buy-side valuation and assessment of merchant generation assets in Midwestern U.S.
- Buy-side due diligence and valuation of wholesale energy marketing companies in Eastern and Midwestern U.S.
- Buy-side due diligence of natural gas distribution assets in Northeastern U.S.
- Financial feasibility study of natural gas pipeline in upper Midwestern U.S.

- Financial valuation of natural gas pipeline in Southwestern U.S.

Regulatory Analysis and Ratemaking

On behalf of electric, natural gas and combination utilities throughout North America, provided services relating to energy industry restructuring including merchant function exit, residual energy supply obligations, and stranded cost assessment and recovery. Also performed rate of return and cost of service analyses for municipally owned gas and electric utilities. Specific services provided include: performing strategic review and development of merchant function exit strategies including analysis of provider of last resort obligations in both electric and gas markets; and developing value optimizing strategies for physical generation assets.

Representative engagements have included:

- Performing rate of return analyses for use in cost of service analyses on behalf of municipally owned gas and electric utilities in the Southeastern and Midwestern U.S.
- Developing merchant function exit strategies for Northeastern U.S. natural gas distribution companies
- Developing regulatory and ratemaking strategy for mergers including several Northeastern natural gas distribution companies

Litigation Support and Expert Testimony

Provided expert testimony and support of litigation in various regulatory proceedings on a variety of energy and economic issues including the proposed transfer of power purchase agreements, procurement of residual service electric supply, the legal separation of generation assets, and specific financing transactions. Services provided also included collaborating with counsel, business and technical staff to develop litigation strategies, preparing and reviewing discovery and briefing materials, preparing presentation materials and participating in technical sessions with regulators and intervenors.

Energy Market Assessment

Retained by numerous leading energy companies and financial institutions nationwide to manage or provide assessments of regional energy markets throughout the U.S. and Canada. Such assessments have included development of electric and natural gas price forecasts, analysis of generation project entry and exit scenarios, assessment of natural gas and electric transmission infrastructure, market structure and regulatory situation analysis, and assessment of competitive position. Market assessment engagements typically have been used as integral elements of business unit or asset-specific strategic plans or valuation analyses.

Representative engagements have included:

- Managing assessments of the NYPOOL, NEPOOL and PJM markets for major North American energy companies considering entering or expanding their presence in those markets
- Assessment of ECAR, MAPP, MAIN and SPP markets for a large U.S. integrated utility considering acquisition of additional electric generation assets
- Assessment of natural gas pipeline and storage capacity in the SERC and FRCC markets for a major international energy company

Resource Procurement, Contracting and Analysis

Assisted various clients in evaluating alternatives for acquiring fuel and power supplies, including the development and negotiation of energy contracts and tolling agreements. Assignments also have included developing generation resource optimization strategies. Provided advice and analyses of transition service power supply contracts in the context of both physical and contractual generation resource divestiture transactions.

Business Strategy and Operations

Retained by numerous leading North American energy companies and financial institutions nationwide to provide services relating to the development of strategic plans and planning processes for both regulated and non-regulated enterprises. Specific services provided include: developing and implementing electric generation strategies and business process redesign initiatives; developing market entry strategies for retail and wholesale businesses including assessment of asset-based marketing and trading strategies; and facilitating executive level strategic planning retreats. As Vice President, Energy Ventures, of Bay State was responsible for the company's strategic planning and business development processes, played an integral role in developing the company's non-regulated marketing affiliate, EnergyUSA, and managed the company's non-regulated investments, partnerships and strategic alliances.

Representative engagements have included:

- Developing and facilitating executive level strategic planning retreats for Northeastern natural gas distribution companies
- Developing organization and business process redesign plans for municipally owned gas/electric/water utility in the Southeastern U.S.
- Reviewing and revising corporate merchant generation business plans for Canadian and U.S. integrated utilities
- Advising client personnel in development of business unit level strategic plans for various natural gas distribution companies

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)

President

Navigant Consulting, Inc. (1997 – 2001)

Managing Director (2000 – 2001)

Director (1998 – 2000)

Vice President, REED Consulting Group (1997 – 1998)

REED Consulting Group (1997)

Vice President

Bay State Gas Company (1987 – 1997)

Vice President, Energy Ventures and Assistant Treasurer

Boston College (1986 – 1987)

Financial Analyst

General Telephone Company of the South (1984 – 1986)

Revenue Requirements Analyst

EDUCATION

M.B.A., University of Massachusetts at Amherst, 1984

B.S., University of Delaware, 1982

DESIGNATIONS AND PROFESSIONAL AFFILIATIONS

Chartered Financial Analyst, 1991
Association for Investment Management and Research
Boston Security Analyst Society

PUBLICATIONS/PRESENTATIONS

Has made numerous presentations throughout the United States and Canada on several topics, including:

- Generation Asset Valuation and the Use of Real Options
 - Retail and Wholesale Market Entry Strategies
 - The Use Strategic Alliances in Restructured Energy Markets
 - Gas Supply and Pipeline Infrastructure in the Northeast Energy Markets
 - Nuclear Asset Valuation and the Divestiture Process
-

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

ATTACHMENT A
EXPERT TESTIMONY OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Arkansas Public Service Commission				
CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Arkansas Gas	01/07	CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Arkansas Gas	Docket No. 06-161-U	Return on Equity
Colorado Public Utilities Commission				
Atmos Energy Corporation	07/09	Atmos Energy Colorado-Kansas Division	Docket No. 09AL-507G	Return on Equity (gas)
Xcel Energy	12/06	Public Service Company of Colorado	Docket No. 06S-656G	Return on Equity (gas)
Xcel Energy	04/06	Public Service Company of Colorado	Docket No. 06S-234EG	Return on Equity (electric)
Xcel Energy	08/05	Public Service Company of Colorado	Advice Letter No. 94-Steam	Return on Equity (steam)
Xcel Energy	05/05	Public Service Company of Colorado	Docket No. 05-264G	Return on Equity (gas)
Connecticut Department of Public Utility Control				
Southern Connecticut Gas Company	09/08	Southern Connecticut Gas Company	Docket No. 08-08-17	Return on Equity
Southern Connecticut Gas Company	12/07	Southern Connecticut Gas Company	Docket No. 05-03-17PH02	Return on Equity
Connecticut Natural Gas Corporation	12/07	Connecticut Natural Gas Corporation	Docket No. 06-03-04PH02	Return on Equity
Federal Energy Regulatory Commission				
Florida Gas Transmission Company, LLC	10/09	Florida Gas Transmission Company, LLC	Docket No. RP10-21-000	Return on Equity
Maritimes and Northeast Pipeline, LLC	07/09	Maritimes and Northeast Pipeline, LLC	Docket No. RP09-809-000	Return on Equity
Spectra Energy	02/08	Saltville Gas Storage	Docket No. RP08-257-000	Return on Equity
Panhandle Energy Pipelines	08/07	Panhandle Energy Pipelines	Docket No. PL07-2-000	Response to draft policy statement regarding inclusion of MLPs in proxy groups for determination of gas pipeline ROEs
Southwest Gas Storage Company	08/07	Southwest Gas Storage Company	Docket No. RP07-541-000	Return on Equity
Southwest Gas Storage Company	06/07	Southwest Gas Storage Company	Docket No. RP07-34-000	Return on Equity
Sea Robin Pipeline LLC	06/07	Sea Robin Pipeline L.L.C.	Docket No. RP07-513-000	Return on Equity
Transwestern Pipeline Company	09/06	Transwestern Pipeline Company	Docket No. RP06-614-000	Return on Equity
GPU International and Aquila	11/00	GPU International	Docket No. EC01-24-000	Market Power Study

ATTACHMENT A
EXPERT TESTIMONY OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Maine Public Utilities Commission				
Northern Utilities, Inc.	07/95	Northern Utilities	Maine PUC	Gas Distribution System Expansion
Massachusetts Department of Public Utilities				
National Grid	08/09	Massachusetts Electric Company	D.P.U. 09-39	Revenue Decoupling and Return on Equity
National Grid	08/09	Massachusetts Electric Company	D.P.U. 09-38	Return on Equity – Solar Generation
Bay State Gas Company	04/09	Bay State Gas Company	D.T.E. 09-30	Return on Equity
NSTAR Electric	09/04	NSTAR Electric	D.T.E. 04-85	Divestiture of Power Purchase Agreement
NSTAR Electric	08/04	NSTAR Electric	D.T.E. 04-78	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	D.T.E. 04-68	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	D.T.E. 04-61	Divestiture of Power Purchase Agreement
NSTAR Electric	06/04	NSTAR Electric	D.T.E. 04-60	Divestiture of Power Purchase Agreement
Unitil Corporation	01/04	Fitchburg Gas and Electric	D.T.E. 03-52	Integrated Resource Plan; Gas Demand Forecast
Bay State Gas Company	01/93	Bay State Gas Company	DPU 93-14	Long Term Debt Financing
Bay State Gas Company	01/91	Bay State Gas Company	DPU 91-25	Long Term Debt Financing
Minnesota Public Utilities Commission				
Minnesota Power a division of ALLETE, Inc.	11/09	Minnesota Power	Docket No. E015/GR-09-1151	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	11/08	CenterPoint Energy Minnesota Gas	Docket No. G-008/GR-08-1075	Return on Equity
Otter Tail Power Corporation	10/07	Otter Tail Power Company	Docket No. E017/GR-07-1178	Return on Equity
Xcel Energy	11/05	NSP-Minnesota	Docket No. E002/GR-05-1428	Return on Equity (electric)
Xcel Energy	09/04	NSP Minnesota	Docket No. G002/GR-04-1511	Cost of Capital (gas)

ATTACHMENT A
EXPERT TESTIMONY OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Mississippi Public Service Commission				
CenterPoint Energy Resources, Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Mississippi Gas	07/09	CenterPoint Energy Mississippi Gas	Docket No. 09-UN-334	Return on Equity
New Hampshire Public Utilities Commission				
Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	08/08	Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	Docket No. DG 07-072	Carrying Charge Rate on Cash Working Capital
New Jersey Board of Public Utilities				
Pepco Holdings, Inc.	09/06	Atlantic City Electric Company	Docket No. EMO6090638	Divestiture and Valuation of Electric Generating Assets
Pepco Holdings, Inc.	12/05	Atlantic City Electric Company	BPU Docket No. EM05121058	Market Value of Electric Generation Assets; Auction
Conectiv	06/03	Atlantic City Electric Company	BPU Docket No. EO03020091	Market Value of Electric Generation Assets; Auction Process
New Mexico Public Regulation Commission				
Public Service Company Of New Mexico	09/08	Public Service Company Of New Mexico	Case No. 08-00273-UT	Return on Equity (electric)
Xcel Energy	07/07	Southwestern Public Service Company	Case No. 07-00319-UT	Return on Equity (electric)
New York State Public Service Commission				
Niagara Mohawk Power Corporation	07/01	Niagara Mohawk Power Corporation	Case No. 01-E-1046	Power Purchase and Sale Agreement; Standard Offer Service Agreement
North Dakota Public Service Commission				
Otter Tail Power Company	11/08	Otter Tail Power Company	Docket No. 08-862	Return on Equity (electric)
Oklahoma Corporation Commission				
CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Oklahoma Gas	03/09	CenterPoint Energy Oklahoma Gas	Docket No. PUD200900055	Return on Equity

ATTACHMENT A
EXPERT TESTIMONY OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Rhode Island Public Utilities Commission				
National Grid RI – Gas	08/08	National Grid RI – Gas	Docket No. 3943	Revenue Decoupling and Return on Equity
South Dakota Public Utilities Commission				
Northern States Power Company	06/09	South Dakota Division of Northern States Power	Docket No. EL09-009	Return on Equity (electric)
Otter Tail Power Company	10/08	Otter Tail Power Company	Docket No. EL08-030	Return on Equity (electric)
Texas Public Utility Commission				
Texas-New Mexico Power Company	08/08	Texas-New Mexico Power Company	Docket No. 36025	Return on Equity (electric)
Xcel Energy	05/06	Southwestern Public Service	SOAH Docket No. 473-06-2536 Docket No. 32766	Return on Equity (electric)
Texas Railroad Commission				
CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Texas Gas	03/08	CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Texas Gas	Docket No. 9791	Return on Equity
Utah Public Service Commission				
Questar Gas Company	12/07	Questar Gas Company	Docket No. 07-057-13	Return on Equity
Vermont Public Service Board				
Green Mountain Power	04/06	Green Mountain Power	Docket Nos. 7175 and 7176	Return on Equity (electric)
Vermont Gas Systems, Inc.	12/05	Vermont Gas Systems	Docket Nos. 7109 and 7160	Return on Equity (gas)
Virginia State Corporation Commission				
Columbia Gas Of Virginia, Inc.	06/06	Columbia Gas Of Virginia, Inc.	Case No. PUE-2005-00098	Merger Synergies
Dominion Resources	10/01	Virginia Electric and Power Company	Case No. PUE000584	Corporate Structure and Electric Generation Strategy

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Relative Market to Book by Regulatory Jurisdiction Ranking

Company	Ticker	Price to Book Value	Relative Price to Book Value	Barclays' Tier
CH Energy Group	CHG	1.20	0.74	5.00
Consol. Edison	ED	1.17	0.72	5.00
Northeast Utilities	NU	1.31	0.80	5.00
Pepco Holdings	POM	1.23	0.76	5.00
Pinnacle West Capital	PNW	1.00	0.61	5.00
PNM Resources	PNM	0.66	0.41	5.00
Allegheny Energy	AYE	2.69	1.65	5.00
UIL Holdings	UIL	1.68	1.03	5.00
UniSource Energy	UNS	1.50	0.92	5.00
Tier Average		1.38	0.85	
Ameren Corp.	AEE	1.25	0.77	4.00
Gen. Vermont Pub. Serv.	CV	1.21	0.74	4.00
Cleco Corp.	CNL	1.36	0.83	4.00
Empire Dist. Elec.	EDE	1.30	0.80	4.00
Entergy Corp.	ETR	2.44	1.50	4.00
NV Energy Inc.	NVE	0.88	0.54	4.00
PPL Corp.	PPL	3.19	1.96	4.00
Public Serv. Enterprise	PEG	2.58	1.58	4.00
Avista Corp.	AVA	1.11	0.68	3.00
Dominion Resources	D	2.42	1.49	3.00
Exelon Corp.	EXC	4.39	2.70	3.00
G't Plains Energy	GXP	1.11	0.68	3.00
Hawaiian Elec.	HE	1.61	0.99	3.00
Integrus Energy	TEG	1.19	0.73	3.00
MGE Energy	MGEE	1.62	0.99	3.00
NSTAR	NST	1.97	1.21	3.00
Portland General	POR	1.05	0.64	3.00
SCANA Corp.	SCG	1.45	0.89	3.00
Vectren Corp.	VVC	1.64	1.01	3.00
Westar Energy	WR	1.10	0.68	3.00
Wisconsin Energy	WEC	1.57	0.96	3.00
ALLETE	ALE	1.55	0.95	2.00
Amer. Elec. Power	AEP	1.48	0.91	2.00
Black Hills	BKH	1.22	0.75	3.00
CenterPoint Energy	CNP	2.49	1.53	2.00
CMS Energy Corp.	CMS	1.23	0.76	2.00
DPL Inc.	DPL	3.01	1.85	2.00
DTE Energy	DTE	1.10	0.68	2.00
Edison Int'l	EIX	1.56	0.96	2.00
El Paso Electric	EE	1.33	0.82	2.00
FirstEnergy Corp.	FE	2.52	1.55	2.00
OGE Energy	OGE	1.52	0.93	2.00
Otter Tail Corp.	OTTR	1.71	1.05	2.00
PG&E Corp.	PCG	1.50	0.92	2.00
Sempra Energy	SRE	1.60	0.98	2.00
Southern Co.	SO	2.12	1.30	2.00
Xcel Energy Inc.	XEL	1.30	0.80	2.00
Alliant Energy	LNT	1.34	0.82	1.00
Duke Energy	DUK	1.06	0.65	1.00
FPL Group	FPL	2.06	1.26	1.00
IDACORP, Inc.	IDA	1.09	0.67	1.00
Progress Energy	PGN	1.30	0.80	1.00
TECO Energy	TE	1.73	1.06	1.00
Tier Average		1.68	1.03	
Overall Average		1.63	1.00	
Tier 5 Discount to Tiers 1 - 4			-17.75%	

Source: Value Line

Note: ITC Holdings Corp. and Constellation Energy Group were excluded from this analysis. ITC Holdings Corp. does not own electric distribution assets, and Constellation Energy Group is currently selling a portion of Constellation Energy Nuclear Group.

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3-MONTH CONSTANT GROWTH DCF

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
Company		Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Zacks EPS Growth	Value Line EPS Growth	Average Growth Rate	Low DCF ROE	Mean DCF ROE	High DCF ROE
Allete	ALE	\$1.76	\$32.99	5.33%	5.44%	4.00%	NA	4.00%	9.44%	9.44%	9.44%
Alliant Energy Corp.	LNT	\$1.50	\$26.78	5.60%	5.73%	4.50%	4.50%	4.50%	10.23%	10.23%	10.23%
DPL, Inc.	DPL	\$1.14	\$25.05	4.55%	4.70%	4.50%	8.50%	6.50%	9.15%	11.20%	13.24%
Duke Energy Corp.	DUK	\$0.96	\$15.48	6.20%	6.35%	4.50%	5.00%	4.75%	10.84%	11.10%	11.35%
NSTAR	NST	\$1.50	\$31.87	4.71%	4.87%	5.70%	8.00%	6.85%	10.54%	11.72%	12.89%
PG&E Corp	PCG	\$1.68	\$40.28	4.17%	4.32%	7.50%	6.50%	7.00%	10.81%	11.32%	11.83%
Portland General	POR	\$1.02	\$19.59	5.21%	5.34%	6.70%	3.50%	5.10%	8.80%	10.44%	12.08%
Progress Energy	PGN	\$2.48	\$38.94	6.37%	6.54%	4.50%	6.00%	5.25%	11.01%	11.79%	12.56%
Southern Co.	SO	\$1.75	\$31.64	5.53%	5.71%	8.50%	4.50%	6.50%	10.16%	12.21%	14.27%
Vectren Corp.	VVC	\$1.34	\$23.57	5.68%	5.85%	6.80%	5.00%	5.90%	10.83%	11.75%	12.68%
Wisconsin Energy	WEC	\$1.35	\$44.37	3.04%	3.17%	9.00%	8.00%	8.50%	11.16%	11.67%	12.18%
Xcel Energy, Inc.	XEL	\$0.98	\$19.58	5.00%	5.15%	5.50%	6.50%	6.00%	10.64%	11.15%	11.67%
PROXY GROUP MEAN				5.12%	5.26%	5.98%	6.00%	5.90%	10.30%	11.17%	12.04%
Flotation Adjustment Based on Proxy Group									0.12%	0.12%	0.12%
Adjusted Mean ROE									10.42%	11.29%	12.16%
Flotation Adjustment Based on ConEd's Issuances									0.06%	0.06%	0.06%
Adjusted Mean ROE									10.36%	11.23%	12.10%

Notes

[1] Source: Bloomberg

[2] Source: Bloomberg. Based on indicated number of months historical average.

[3] Equals Col. [1]/Col. [2]

[4] Equals (Col. [1] x (1+(0.5 x Col. [7])))/Col. [2]

[5] Source: Zacks

[6] Source: Value Line

[7] Equals Avg (Col. [5], [6])

[8] Equals (Col. [3] x (1 + (0.5 x Minimum (Col. [5], [6])))) + Minimum (Col. [5], [6])

[9] Equals Col. [4] + Col. [7]

[10] Equals (Col. [3] x (1 + (0.5 x Maximum (Col. [5], [6])))) + Maximum (Col. [5], [6])

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MULTI-PERIOD DCF MODEL - 3 MONTH AVERAGE PRICE

		Stock	Dividend	2009	EPS	GDP	Payout Ratio			Solver Cells			Near Term	Intermediate	Long Term	
Company	Ticker	Price	Yield	EPS	Growth	Growth	2009	2013	2023	Delta	k(e)	Solution	Growth	Growth	Growth	
ALLETE	ALE	\$ 32.99	5.33%	\$ 1.95	4.00%	5.95%	96.00%	74.00%	68.00%	\$ 0.00	9.82%	9.82%	4.00%	4.97%	5.95%	
Alliant Energy Corp.	LNT	\$ 26.78	5.60%	\$ 1.90	4.50%	5.95%	88.00%	64.00%	68.00%	\$ 0.00	10.61%	10.61%	4.50%	5.22%	5.95%	
DPL, Inc.	DPL	\$ 25.05	4.55%	\$ 2.10	6.50%	5.95%	54.00%	48.00%	68.00%	\$ 0.00	11.59%	11.59%	6.50%	6.22%	5.95%	
Duke Energy Corp.	DUK	\$ 15.48	6.20%	\$ 1.10	4.75%	5.95%	85.00%	78.00%	68.00%	\$ 0.00	10.84%	10.84%	4.75%	5.35%	5.95%	
NSTAR	NST	\$ 31.87	4.71%	\$ 2.35	6.85%	5.95%	55.00%	61.00%	68.00%	\$ 0.00	11.28%	11.28%	6.85%	6.40%	5.95%	
PG&E Corp	PCG	\$ 40.28	4.17%	\$ 3.20	7.00%	5.95%	53.00%	51.00%	68.00%	\$ 0.00	11.49%	11.49%	7.00%	6.47%	5.95%	
Portland General	POR	\$ 19.59	5.21%	\$ 1.35	5.10%	5.95%	70.00%	59.00%	68.00%	\$ 0.00	10.49%	10.49%	5.10%	5.52%	5.95%	
Progress Energy	PGN	\$ 38.94	6.37%	\$ 3.10	5.25%	5.95%	80.00%	72.00%	68.00%	\$ 0.00	11.49%	11.49%	5.25%	5.60%	5.95%	
Southern Co.	SO	\$ 31.64	5.53%	\$ 2.30	6.50%	5.95%	76.00%	70.00%	68.00%	\$ 0.00	11.29%	11.29%	6.50%	6.22%	5.95%	
Vectren Corp.	VVC	\$ 23.57	5.68%	\$ 1.70	5.90%	5.95%	78.00%	68.00%	66.00%	\$ (0.00)	11.07%	11.07%	5.90%	5.92%	5.95%	
Wisconsin Energy	WEC	\$ 44.37	3.04%	\$ 3.05	8.50%	5.95%	44.00%	48.00%	66.00%	\$ 0.00	11.09%	11.09%	8.50%	7.22%	5.95%	
Xcel Energy, Inc.	XEL	\$ 19.58	5.00%	\$ 1.50	6.00%	5.95%	64.00%	54.00%	66.00%	\$ 0.00	11.13%	11.13%	6.00%	5.97%	5.95%	
MEAN:		\$ 29.18	5.12%	\$ 2.13	5.90%	5.95%	71.08%	62.25%	66.00%				11.01%	5.90%	5.95%	
												CEI Flotation Adjustment		0.06%		
												Adjusted ROE		11.08%		
												Proxy Group Flotation Adjustment		0.12%		
												Adjusted ROE		11.14%		

Projected Annual Data/Earnings Per Share

Company	Ticker	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Terminal Growth
ALLETE	ALE	\$ 2.82	\$ 1.95	\$ 2.03	\$ 2.11	\$ 2.19	\$ 2.28	\$ 2.38	\$ 2.49	\$ 2.61	\$ 2.75	\$ 2.91	\$ 3.08	\$ 3.26	\$ 3.46	\$ 3.66	\$ 3.88	5.95%
Alliant Energy Corp.	LNT	\$ 2.54	\$ 1.90	\$ 1.99	\$ 2.07	\$ 2.17	\$ 2.27	\$ 2.37	\$ 2.49	\$ 2.62	\$ 2.76	\$ 2.92	\$ 3.10	\$ 3.28	\$ 3.48	\$ 3.68	\$ 3.90	5.95%
DPL, Inc.	DPL	\$ 2.12	\$ 2.10	\$ 2.24	\$ 2.38	\$ 2.54	\$ 2.70	\$ 2.87	\$ 3.06	\$ 3.25	\$ 3.45	\$ 3.65	\$ 3.87	\$ 4.10	\$ 4.34	\$ 4.60	\$ 4.88	5.95%
Duke Energy Corp.	DUK	\$ 1.01	\$ 1.10	\$ 1.15	\$ 1.21	\$ 1.26	\$ 1.32	\$ 1.39	\$ 1.46	\$ 1.54	\$ 1.63	\$ 1.72	\$ 1.82	\$ 1.93	\$ 2.04	\$ 2.17	\$ 2.29	5.95%
NSTAR	NST	\$ 2.22	\$ 2.35	\$ 2.51	\$ 2.68	\$ 2.87	\$ 3.06	\$ 3.27	\$ 3.48	\$ 3.71	\$ 3.94	\$ 4.18	\$ 4.43	\$ 4.69	\$ 4.97	\$ 5.26	\$ 5.58	5.95%
PG&E Corp	PCG	\$ 3.22	\$ 3.20	\$ 3.42	\$ 3.66	\$ 3.92	\$ 4.19	\$ 4.48	\$ 4.78	\$ 5.09	\$ 5.41	\$ 5.74	\$ 6.08	\$ 6.44	\$ 6.83	\$ 7.23	\$ 7.66	5.95%
Portland General	POR	\$ 1.39	\$ 1.35	\$ 1.42	\$ 1.49	\$ 1.57	\$ 1.65	\$ 1.73	\$ 1.83	\$ 1.93	\$ 2.04	\$ 2.16	\$ 2.28	\$ 2.42	\$ 2.56	\$ 2.72	\$ 2.88	5.95%
Progress Energy	PGN	\$ 2.96	\$ 3.10	\$ 3.26	\$ 3.43	\$ 3.61	\$ 3.80	\$ 4.01	\$ 4.23	\$ 4.46	\$ 4.72	\$ 5.00	\$ 5.29	\$ 5.61	\$ 5.94	\$ 6.29	\$ 6.67	5.95%
Southern Co.	SO	\$ 2.25	\$ 2.30	\$ 2.45	\$ 2.61	\$ 2.78	\$ 2.96	\$ 3.15	\$ 3.35	\$ 3.56	\$ 3.77	\$ 4.00	\$ 4.24	\$ 4.49	\$ 4.76	\$ 5.04	\$ 5.34	5.95%
Vectren Corp.	VVC	\$ 1.63	\$ 1.70	\$ 1.80	\$ 1.91	\$ 2.02	\$ 2.14	\$ 2.26	\$ 2.40	\$ 2.54	\$ 2.69	\$ 2.85	\$ 3.02	\$ 3.20	\$ 3.39	\$ 3.59	\$ 3.81	5.95%
Wisconsin Energy	WEC	\$ 3.03	\$ 3.05	\$ 3.31	\$ 3.59	\$ 3.90	\$ 4.23	\$ 4.57	\$ 4.92	\$ 5.27	\$ 5.63	\$ 5.99	\$ 6.35	\$ 6.72	\$ 7.12	\$ 7.55	\$ 8.00	5.95%
Xcel Energy, Inc.	XEL	\$ 1.46	\$ 1.50	\$ 1.59	\$ 1.69	\$ 1.79	\$ 1.89	\$ 2.01	\$ 2.13	\$ 2.25	\$ 2.39	\$ 2.53	\$ 2.68	\$ 2.84	\$ 3.01	\$ 3.19	\$ 3.38	5.95%

Projected Annual Data/Dividend Payout Ratio

Company	Ticker	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ALLETE	ALE	96.00%	90.50%	85.00%	79.50%	74.00%	72.40%	70.80%	69.20%	67.60%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Alliant Energy Corp.	LNT	88.00%	82.00%	76.00%	70.00%	64.00%	64.40%	64.80%	65.20%	65.60%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
DPL, Inc.	DPL	54.00%	52.50%	51.00%	49.50%	48.00%	51.60%	55.20%	58.80%	62.40%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Duke Energy Corp.	DUK	85.00%	83.25%	81.50%	79.75%	78.00%	75.60%	73.20%	70.80%	68.40%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
NSTAR	NST	65.00%	64.00%	63.00%	62.00%	61.00%	62.00%	63.00%	64.00%	65.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
PG&E Corp	PCG	53.00%	52.50%	52.00%	51.50%	51.00%	54.00%	57.00%	60.00%	63.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Portland General	POR	70.00%	67.25%	64.50%	61.75%	59.00%	60.40%	61.80%	63.20%	64.60%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Progress Energy	PGN	80.00%	78.00%	76.00%	74.00%	72.00%	70.80%	69.60%	68.40%	67.20%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Southern Co.	SO	76.00%	74.50%	73.00%	71.50%	70.00%	69.20%	68.40%	67.60%	66.80%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Vectren Corp.	VVC	78.00%	75.50%	73.00%	70.50%	68.00%	67.60%	67.20%	66.80%	66.40%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Wisconsin Energy	WEC	44.00%	45.00%	46.00%	47.00%	48.00%	51.60%	55.20%	58.80%	62.40%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
Xcel Energy, Inc.	XEL	64.00%	61.50%	59.00%	56.50%	54.00%	56.40%	58.80%	61.20%	63.60%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%

Projected Annual Data/Dividends Per Share & Terminal Market Value

Company	Ticker	Initial Outflow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Terminal Price
ALLETE	ALE	(32.99)	\$ 1.84	\$ 1.79	\$ 1.74	\$ 1.69	\$ 1.72	\$ 1.76	\$ 1.81	\$ 1.86	\$ 1.92	\$ 2.03	\$ 2.15	\$ 2.28	\$ 2.42	\$ 2.56	\$ 70.15
Alliant Energy Corp.	LNT	(26.78)	\$ 1.63	\$ 1.58	\$ 1.52	\$ 1.45	\$ 1.53	\$ 1.61	\$ 1.71	\$ 1.81	\$ 1.93	\$ 2.04	\$ 2.17	\$ 2.29	\$ 2.43	\$ 2.57	\$ 58.52
DPL, Inc.	DPL	(25.05)	\$ 1.17	\$ 1.21	\$ 1.26	\$ 1.30	\$ 1.48	\$ 1.69	\$ 1.91	\$ 2.15	\$ 2.41	\$ 2.55	\$ 2.71	\$ 2.87	\$ 3.04	\$ 3.22	\$ 60.44
Duke Energy Corp.	DUK	(15.48)	\$ 0.96	\$ 0.98	\$ 1.01	\$ 1.03	\$ 1.05	\$ 1.07	\$ 1.09	\$ 1.11	\$ 1.13	\$ 1.20	\$ 1.27	\$ 1.35	\$ 1.43	\$ 1.51	\$ 32.77
NSTAR	NST	(31.87)	\$ 1.61	\$ 1.69	\$ 1.78	\$ 1.87	\$ 2.03	\$ 2.19	\$ 2.37	\$ 2.56	\$ 2.76	\$ 2.92	\$ 3.09	\$ 3.28	\$ 3.47	\$ 3.68	\$ 73.15
PG&E Corp	PCG	(40.28)	\$ 1.80	\$ 1.91	\$ 2.02	\$ 2.14	\$ 2.42	\$ 2.72	\$ 3.05	\$ 3.41	\$ 3.79	\$ 4.01	\$ 4.25	\$ 4.51	\$ 4.77	\$ 5.06	\$ 96.63
Portland General	POR	(19.59)	\$ 0.95	\$ 0.98	\$ 0.97	\$ 0.97	\$ 1.05	\$ 1.13	\$ 1.22	\$ 1.32	\$ 1.42	\$ 1.51	\$ 1.60	\$ 1.69	\$ 1.79	\$ 1.90	\$ 44.32
Progress Energy	PGN	(38.94)	\$ 2.54	\$ 2.61	\$ 2.67	\$ 2.74	\$ 2.84	\$ 2.94	\$ 3.05	\$ 3.17	\$ 3.30	\$ 3.49	\$ 3.70	\$ 3.92	\$ 4.15	\$ 4.40	\$ 84.13
Southern Co.	SO	(31.64)	\$ 1.82	\$ 1.90	\$ 1.99	\$ 2.07	\$ 2.18	\$ 2.29	\$ 2.40	\$ 2.52	\$ 2.64	\$ 2.80	\$ 2.96	\$ 3.14	\$ 3.33	\$ 3.53	\$ 69.85
Vectren Corp.	VVC	(23.57)	\$ 1.36	\$ 1.39	\$ 1.42	\$ 1.45	\$ 1.53	\$ 1.61	\$ 1.70	\$ 1.79	\$ 1.88	\$ 1.99	\$ 2.11	\$ 2.24	\$ 2.37	\$ 2.51	\$ 51.99
Wisconsin Energy	WEC	(44.37)	\$ 1.49	\$ 1.65	\$ 1.83	\$ 2.03	\$ 2.38	\$ 2.71	\$ 3.10	\$ 3.51	\$ 3.95	\$ 4.19	\$ 4.44	\$ 4.70	\$ 4.98	\$ 5.28	\$ 108.83
Xcel Energy, Inc.	XEL	(19.58)	\$ 0.98	\$ 0.99	\$ 1.01	\$ 1.02	\$ 1.13	\$ 1.25	\$ 1.38	\$ 1.52	\$ 1.67	\$ 1.77	\$ 1.88	\$ 1.99	\$ 2.10	\$ 2.23	\$ 45.57

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 79

CAPITAL ASSET PRICING MODEL - 3-MONTH AVERAGE 30 YEAR TREASURY BOND YIELD

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
		Adjusted Betas			30-Yr. Treasury	Market Risk			
Company		Value Line	Bloomberg	Mean Beta	Yield	Premium	Low CAPM	CAPM k(e)	High CAPM
Allete	ALE	0.70	0.73	0.71	4.29%	6.50%	8.84%	8.93%	9.02%
Alliant Energy Corp.	LNT	0.70	0.81	0.75	4.29%	6.50%	8.84%	9.19%	9.54%
DPL, Inc.	DPL	0.60	0.66	0.63	4.29%	6.50%	8.19%	8.38%	8.58%
Duke Energy Corp.	DUK	0.65	0.73	0.69	4.29%	6.50%	8.52%	8.79%	9.07%
NSTAR	NST	0.65	0.68	0.67	4.29%	6.50%	8.52%	8.62%	8.73%
PG&E Corp	PCG	0.55	0.61	0.58	4.29%	6.50%	7.87%	8.07%	8.27%
Portland General	POR	0.75	0.74	0.74	4.29%	6.50%	9.09%	9.13%	9.17%
Progress Energy	PGN	0.65	0.69	0.67	4.29%	6.50%	8.52%	8.64%	8.76%
Southern Co.	SO	0.55	0.57	0.56	4.29%	6.50%	7.87%	7.94%	8.00%
Vectren Corp.	VVC	0.75	0.72	0.74	4.29%	6.50%	8.98%	9.07%	9.17%
Wisconsin Energy	WEC	0.65	0.65	0.65	4.29%	6.50%	8.52%	8.52%	8.53%
Xcel Energy, Inc.	XEL	0.65	0.66	0.66	4.29%	6.50%	8.52%	8.55%	8.59%
MEAN		0.65	0.69	0.67			8.52%	8.65%	8.78%

Notes

[1] Source: Value Line

[2] Source: Bloomberg

[3] Equals mean of Cols. [1], [2]

[4] Source: Bloomberg. Based on indicated number of months historical average.

[5] Source: Ibboston Associates

[6] Equals Col [4] + (Min (Cols [1], [2]) x Col [5])

[7] Equals Col. [4] +(Col. [3] x Col [5])

[8] Equals Col [4] + (Max (Cols [1], [2]) x Col [5])

CAPITAL ASSET PRICING MODEL - BLUE CHIP FORECASTED 30 YEAR TREASURY BOND YIELD

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
		Adjusted Betas							
Company		Value Line	Bloomberg	Mean Beta	30-Yr Treasury Forecast	Market Risk Premium	Low CAPM	CAPM k(e)	High CAPM
Allete	ALE	0.70	0.73	0.71	4.72%	6.50%	9.27%	9.35%	9.44%
Alliant Energy Corp.	LNT	0.70	0.81	0.75	4.72%	6.50%	9.27%	9.61%	9.96%
DPL, Inc.	DPL	0.60	0.66	0.63	4.72%	6.50%	8.62%	8.81%	9.00%
Duke Energy Corp.	DUK	0.65	0.73	0.69	4.72%	6.50%	8.94%	9.22%	9.49%
NSTAR	NST	0.65	0.68	0.67	4.72%	6.50%	8.94%	9.05%	9.16%
PG&E Corp	PCG	0.55	0.61	0.58	4.72%	6.50%	8.29%	8.49%	8.70%
Portland General	POR	0.75	0.74	0.74	4.72%	6.50%	9.51%	9.55%	9.59%
Progress Energy	PGN	0.65	0.69	0.67	4.72%	6.50%	8.94%	9.06%	9.18%
Southern Co.	SO	0.55	0.57	0.56	4.72%	6.50%	8.29%	8.36%	8.43%
Vectren Corp.	VVC	0.75	0.72	0.74	4.72%	6.50%	9.40%	9.50%	9.59%
Wisconsin Energy	WEC	0.65	0.65	0.65	4.72%	6.50%	8.94%	8.95%	8.95%
Xcel Energy, Inc.	XEL	0.65	0.66	0.66	4.72%	6.50%	8.94%	8.98%	9.01%
MEAN		0.65	0.69	0.67			8.95%	9.08%	9.21%

Notes

- [1] Source: Value Line
 [2] Source: Bloomberg
 [3] Equals mean of Cols. [1], [2]
 [4] Source: Blue Chip Financial Forecast, October 1, 2009
 [5] Source: Ibboston Associates
 [6] Equals Col [4] + (Min (Cols [1], [2]) x Col [5])
 [7] Equals Col. [4] + (Col. [3] x Col [5])
 [8] Equals Col [4] + (Max (Cols [1], [2]) x Col [5])

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 80

CAPM UTILIZING ALTERNATIVE MARKET RISK PREMIUM CALCULATIONS

	Market Risk Premium	
	Sharpe Ratio Derived	Ex-Ante Derived- Three Month Avg. Treasury
Market Risk Premium	8.93%	7.22%
Proxy Group Beta	0.67	0.67
Three Month Average 30 Year Treasury Bond Yield	4.29%	4.29%
CAPM Result	10.28%	9.14%

MARKET RISK PREMIUM UTILIZING EXPECTED MARKET SHARPE RATIO

	RP _h	Vol _h		
	6.50%	20.46%		
	VOL _e		Historical Market Sharpe Ratio	
	28.09%		31.77%	RP _e
				8.93%
$\frac{RP_h}{Vol_h} \times Vol_e = RP_e$				

RP_h = historical arithmetic average Risk Premium

Vol_h = historical market volatility

Vol_e = expected market volatility

Date	VXV	Feb 2010 VIX Futures	March 2010 VIX Futures	April 2010 VIX Futures
10/15/2009	24.22	27.1	27.05	27.55
10/14/2009	24.58	27.45	27.55	27.9
10/13/2009	25.09	27.5	27.55	27.85
10/12/2009	25.17	27.65	27.55	27.85
10/9/2009	25.08	27.9	27.85	28.15
10/8/2009	25.74	28.2	28.1	28.35
10/7/2009	26.12	28.45	28.35	28.8
10/6/2009	26.73	28.55	28.45	28.75
10/5/2009	27.61	29.15	28.95	29.25
10/2/2009	28.80	29.7	29.35	29.55
10/1/2009	28.33	29.7	29.5	29.7
9/30/2009	26.66	29	28.8	29.05
9/29/2009	26.48	28.85	28.7	28.95
9/28/2009	26.27	28.7	28.65	28.95
9/25/2009	27.21	29.25	29.2	29.5
9/24/2009	27.13	29.15	29.1	29.35
9/23/2009	26.09	28.6	28.45	28.65
9/22/2009	25.69	28.75	28.6	28.9
9/21/2009	26.23	28.7	28.6	28.7
9/18/2009	26.54	28.65	28.45	28.45
9/17/2009	25.94	28.45	28.2	28.25
9/16/2009	25.87	28.45	28.15	28.4
9/15/2009	26.33	28.7	28.5	28.35
9/14/2009	26.41	28.75	28.75	28.75
9/11/2009	26.56	28.95	28.85	
9/10/2009	26.51	28.65	28.65	
9/9/2009	27.29	29.1	28.9	
9/8/2009	28.21	29.35	29.05	
9/4/2009	28.48	29.6	29.3	
9/3/2009	29.60	30	29.65	
Overall Average	28.09			

ESTIMATED MARKET RISK PREMIUM DERIVED FROM

Estimated Weighted Index Dividend Yield	Weighted Index Long-Term Growth Rate	S&P 500 Estimated Required Market Return
1.83%	9.60%	11.51%
Percent of Index Capitalization Represented by Estimate		
92.57%		

3 Month Average 30 Year Treasury Bond Yield 4.29%

3 Month Average Implied Market Risk Premium 7.22%

Standard and Poor's 500 Index

Ticker	Name	Weight in the Index (%)	Long-Term Growth Estimate (%)	Cap-Weighted Long-Term Growth	Estimated 2009 Dividend Yield (%)	Cap-Weighted Dividend Yield	
MMM UN Equity	3M Co	0.54%	11.12%		0.06%	2.66%	0.01%
ABT UN Equity	Abbott Laboratories	0.80%	11.02%		0.09%	3.05%	0.02%
ANF UN Equity	Abercrombie & Fitch Co	0.03%	12.60%		0.00%	1.89%	0.00%
ADBE UN Equity	Adobe Systems Inc	0.19%	14.14%		0.03%	0.00%	0.00%
AMD UN Equity	Advanced Micro Devices Inc	0.04%	8.83%		0.00%	0.00%	0.00%
AES UN Equity	AES Corp/The	0.10%	11.00%		0.01%	0.00%	0.00%
AET UN Equity	Aetna Inc	0.11%	12.43%		0.01%	0.11%	0.00%
ACS UN Equity	Affiliated Computer Services Inc	0.05%	11.50%		0.01%	0.00%	0.00%
AFL UN Equity	Aflac Inc	0.21%	13.33%		0.03%	2.44%	0.01%
A UN Equity	Agilent Technologies Inc	0.10%	15.00%		0.01%	0.00%	0.00%
APD UN Equity	Air Products & Chemicals Inc	0.18%	7.51%		0.01%	2.20%	0.00%
ARG UN Equity	Airgas Inc	0.04%	9.80%		0.00%	1.27%	0.00%
AKS UN Equity	AK Steel Holding Corp	0.02%	No Long-Term Growth			0.93%	0.00%
AKAM UN Equity	Akamai Technologies Inc	0.04%	9.08%		0.00%	0.00%	0.00%
AA UN Equity	Alcoa Inc	0.14%	12.67%		0.02%	1.43%	0.00%
AYE UN Equity	Allegheny Energy Inc	0.04%	9.00%		0.00%	2.85%	0.00%
ATI UN Equity	Allegheny Technologies Inc	0.04%	No Long-Term Growth			1.85%	0.00%
AGN UN Equity	Allergan Inc/United States	0.18%	13.62%		0.02%	0.41%	0.00%
ALL UN Equity	Allstate Corp/The	0.17%	7.71%		0.01%	2.54%	0.00%
ALTR UN Equity	Altera Corp	0.06%	16.60%		0.01%	0.89%	0.00%
MO UN Equity	Altria Group Inc	0.38%	8.33%		0.03%	7.24%	0.03%
AMZN UN Equity	Amazon.com Inc	0.42%	22.19%		0.09%	0.00%	0.00%
AEE UN Equity	Amgen Corp	0.06%	4.00%		0.00%	6.04%	0.00%
AEP UN Equity	American Electric Power Co Inc	0.15%	5.00%		0.01%	5.32%	0.01%
AXP UN Equity	American Express Co	0.42%	12.50%		0.05%	2.03%	0.01%
AIG UN Equity	American International Group Inc	0.31%	13.50%		0.04%	0.00%	0.00%
AMT UN Equity	American Tower Corp	0.18%	17.47%		0.03%	0.00%	0.00%
AMP UN Equity	Ameriprise Financial Inc	0.09%	11.50%		0.01%	1.81%	0.00%
ABC UN Equity	AmerisourceBergen Corp	0.07%	12.22%		0.01%	1.02%	0.00%
AMGN UN Equity	Amgen Inc	0.63%	10.94%		0.07%	0.00%	0.00%
APH UN Equity	Amphenol Corp	0.07%	15.33%		0.01%	0.14%	0.00%
APC UN Equity	Anadarko Petroleum Corp	0.32%	5.83%		0.02%	0.55%	0.00%
ADI UN Equity	Analog Devices Inc	0.08%	13.00%		0.01%	2.84%	0.00%
AOC UN Equity	AON Corp	0.11%	10.40%		0.01%	1.46%	0.00%
APA UN Equity	Apache Corp	0.34%	7.50%		0.03%	0.59%	0.00%
AIV UN Equity	Apartment Investment & Management Co	0.02%	No Long-Term Growth			3.82%	0.00%
APOL UN Equity	Apollo Group Inc	0.11%	17.75%		0.02%	0.00%	0.00%
AAPL UN Equity	Apple Inc	1.71%	18.88%		0.32%	0.00%	0.00%
AMAT UN Equity	Applied Materials Inc	0.18%	10.80%		0.02%	1.74%	0.00%
ADM UN Equity	Archer-Daniels-Midland Co	0.19%	No Long-Term Growth			1.84%	0.00%
AIZ UN Equity	Assurant Inc	0.04%	8.75%		0.00%	1.88%	0.00%
T UN Equity	AT&T Inc	1.53%	5.32%		0.08%	6.38%	0.10%
ADSK UN Equity	Autodesk Inc	0.06%	13.00%		0.01%	0.00%	0.00%
ADP UN Equity	Automatic Data Processing Inc	0.21%	11.02%		0.02%	3.33%	0.01%
AN UN Equity	AutoNation Inc	0.04%	10.25%		0.00%	0.00%	0.00%
AZO UN Equity	AutoZone Inc	0.07%	11.94%		0.01%	0.00%	0.00%
AVB UN Equity	AvstonBay Communities Inc	0.06%	3.78%		0.00%	4.79%	0.00%
AVY UN Equity	Avery Dennison Corp	0.04%	6.00%		0.00%	2.87%	0.00%
AVP UN Equity	Avon Products Inc	0.15%	9.41%		0.01%	2.47%	0.00%
BHI UN Equity	Baker Hughes Inc	0.15%	13.00%		0.02%	1.22%	0.00%
BLL UN Equity	Ball Corp	0.05%	8.50%		0.00%	0.77%	0.00%
BAC UN Equity	Bank of America Corp	1.57%	8.75%		0.14%	0.22%	0.00%
BK UN Equity	Bank of New York Mellon Corp/The	0.34%	11.03%		0.04%	1.81%	0.01%
BAX UN Equity	Baxter International Inc	0.33%	11.71%		0.04%	1.90%	0.01%
BBT UN Equity	BB&T Corp	0.20%	7.50%		0.01%	4.11%	0.01%
BDX UN Equity	Becton Dickinson and Co	0.18%	11.80%		0.02%	2.11%	0.00%
BBBY UN Equity	Bed Bath & Beyond Inc	0.10%	11.94%		0.01%	0.00%	0.00%
BMS UN Equity	Bemis Co Inc	0.03%	7.00%		0.00%	3.36%	0.00%
BBY UN Equity	Best Buy Co Inc	0.17%	12.58%		0.02%	1.37%	0.00%
BIG UN Equity	Big Lots Inc	0.02%	14.29%		0.00%	0.00%	0.00%
BIIB UN Equity	Biogen Idec Inc	0.14%	8.51%		0.01%	0.00%	0.00%
BJS UN Equity	BJ Services Co	0.06%	6.00%		0.00%	0.93%	0.00%
BOK UN Equity	Black & Decker Corp	0.03%	0.33%		0.00%	1.52%	0.00%
BMC UN Equity	BMC Software Inc	0.07%	15.88%		0.01%	0.00%	0.00%
BA UN Equity	Boeing Co/The	0.38%	9.13%		0.03%	3.23%	0.01%
BXP UN Equity	Boston Properties Inc	0.09%	4.80%		0.00%	3.29%	0.00%
BSX UN Equity	Boston Scientific Corp	0.15%	14.78%		0.02%	0.00%	0.00%
BMJ UN Equity	Bristol-Myers Squibb Co	0.46%	6.53%		0.03%	5.34%	0.02%
BRCM UN Equity	Broadcom Corp	0.13%	16.67%		0.02%	0.00%	0.00%
BF/B UN Equity	Brown-Forman Corp	0.05%	6.50%		0.00%	2.34%	0.00%
BN UN Equity	Burlington Northern Santa Fe Corp	0.29%	12.00%		0.04%	1.85%	0.01%
CA UN Equity	CA Inc	0.12%	9.20%		0.01%	0.61%	0.00%
COG UN Equity	Cabot Oil & Gas Corp	0.04%	No Long-Term Growth			0.27%	0.00%
CAM UN Equity	Cameron International Corp	0.09%	No Long-Term Growth			0.00%	0.00%
CPB UN Equity	Campbell Soup Co	0.11%	7.56%		0.01%	3.21%	0.00%
COF UN Equity	Capital One Financial Corp	0.17%	10.73%		0.02%	1.14%	0.00%
CAH UN Equity	Cardinal Health Inc	0.10%	11.50%		0.01%	2.41%	0.00%
CFN UN Equity	CareFusion Corp	0.05%	5.18%		0.00%	0.00%	0.00%
CCL UN Equity	Carnival Corp	0.21%	12.89%		0.03%	0.00%	0.00%
CAT UN Equity	Caterpillar Inc	0.34%	7.80%		0.03%	3.05%	0.01%
CBG UN Equity	CB Richard Ellis Group Inc	0.03%	11.00%		0.00%	0.00%	0.00%
CBS UN Equity	CBS Corp	0.08%	3.53%		0.00%	1.95%	0.00%
CELG UN Equity	Celgene Corp	0.28%	24.80%		0.08%	0.00%	0.00%
CNP UN Equity	Centene Corp	0.05%	7.00%		0.00%	5.91%	0.00%
CTL UN Equity	CenturyTel Inc	0.10%	3.26%		0.00%	8.24%	0.01%
CEPH UN Equity	Capitol Inc	0.04%	12.25%		0.01%	0.00%	0.00%
CF UN Equity	CF Industries Holdings Inc	0.04%	No Long-Term Growth			0.38%	0.00%
CHRW UN Equity	CH Robinson Worldwide Inc	0.10%	14.44%		0.01%	1.38%	0.00%
SCHW UN Equity	Charles Schwab Corp/The	0.21%	14.17%		0.03%	1.31%	0.00%

CHK UN Equity	Chesapeake Energy Corp	0.19%	8.00%	0.01%	1.03%	0.00%
CVX UN Equity	Chevron Corp	1.54%	No Long-Term Growth		3.48%	0.00%
CB UN Equity	Chubb Corp	0.18%	7.34%	0.01%	2.70%	0.00%
CIEN UN Equity	Ciena Corp	0.01%	11.67%	0.00%	0.00%	0.00%
CI UN Equity	CIGNA Corp	0.08%	10.71%	0.01%	0.14%	0.00%
CINF UN Equity	Cincinnati Financial Corp	0.04%	No Long-Term Growth		5.96%	0.00%
CTAS UN Equity	Cintas Corp	0.05%	11.00%	0.00%	1.84%	0.00%
CSCO UN Equity	Cisco Systems Inc	1.41%	12.70%	0.18%	0.00%	0.00%
C UN Equity	Citigroup Inc	1.09%	2.67%	0.03%	0.17%	0.00%
CTXS UN Equity	Citrix Systems Inc	0.08%	11.62%	0.01%	0.00%	0.00%
CLX UN Equity	Clorox Co	0.08%	9.50%	0.01%	3.45%	0.00%
CME UN Equity	CME Group Inc	0.21%	12.50%	0.03%	1.49%	0.00%
CMS UN Equity	CMS Energy Corp	0.03%	6.50%	0.00%	3.64%	0.00%
COH UN Equity	Coach Inc	0.11%	15.44%	0.02%	0.89%	0.00%
KO UN Equity	Coca-Cola Co/The	1.27%	7.83%	0.10%	2.99%	0.04%
CCE UN Equity	Coca-Cola Enterprises Inc	0.10%	8.68%	0.10%	1.44%	0.00%
CTSH UN Equity	Cognizant Technology Solutions Corp	0.12%	16.67%	0.02%	0.00%	0.00%
CL UN Equity	Colgate-Palmolive Co	0.39%	10.20%	0.04%	2.19%	0.01%
CMCSA UN Equity	Comcast Corp	0.32%	10.11%	0.03%	1.75%	0.01%
CMA UN Equity	Comerica Inc	0.05%	5.42%	0.00%	0.65%	0.00%
CSC UN Equity	Computer Sciences Corp	0.08%	8.00%	0.01%	0.00%	0.00%
CPWR UN Equity	Compware Corp	0.02%	No Long-Term Growth		0.00%	0.00%
CAG UN Equity	ConAgra Foods Inc	0.10%	7.67%	0.01%	3.60%	0.00%
COP UN Equity	ConocoPhillips	0.77%	No Long-Term Growth		3.70%	0.00%
CNX UN Equity	Consol Energy Inc	0.09%	11.67%	0.01%	0.78%	0.00%
ED UN Equity	Consolidated Edison Inc	0.11%	4.75%	0.01%	5.74%	0.01%
STZ UN Equity	Constellation Brands Inc	0.03%	9.00%	0.00%	0.00%	0.00%
CEG UN Equity	Constellation Energy Group Inc	0.07%	12.50%	0.01%	3.65%	0.00%
CVG UN Equity	Convergys Corp	0.01%	10.00%	0.00%	0.00%	0.00%
GLW UN Equity	Corning Inc	0.24%	12.86%	0.03%	1.29%	0.00%
COST UN Equity	Costco Wholesale Corp	0.26%	12.44%	0.03%	1.26%	0.00%
CVH UN Equity	Coventry Health Care Inc	0.03%	8.28%	0.00%	0.00%	0.00%
BCR UN Equity	CR Bard Inc	0.08%	14.23%	0.01%	0.83%	0.00%
CSX UN Equity	CSX Corp	0.18%	12.92%	0.02%	1.71%	0.00%
CMI UN Equity	Cummins Inc	0.10%	4.00%	0.00%	1.43%	0.00%
CVS UN Equity	CVS Caremark Corp	0.55%	13.98%	0.08%	0.80%	0.00%
DHR UN Equity	Danaher Corp	0.22%	11.07%	0.02%	0.17%	0.00%
DRI UN Equity	Darden Restaurants Inc	0.05%	12.44%	0.01%	3.00%	0.00%
DVA UN Equity	DaVita Inc	0.06%	12.39%	0.01%	0.00%	0.00%
DF UN Equity	Dean Foods Co	0.04%	11.97%	0.00%	0.00%	0.00%
DE UN Equity	Deere & Co	0.19%	7.00%	0.01%	2.55%	0.00%
DELL UN Equity	Dell Inc	0.30%	10.11%	0.03%	0.00%	0.00%
DNR UN Equity	Denbury Resources Inc	0.04%	16.00%	0.01%	0.00%	0.00%
XRAY UN Equity	DENTSPLY International Inc	0.05%	13.00%	0.01%	0.55%	0.00%
DVN UN Equity	Devon Energy Corp	0.32%	5.60%	0.02%	0.89%	0.00%
DV UN Equity	DeVry Inc	0.04%	22.41%	0.01%	0.30%	0.00%
DO UN Equity	Diamond Offshore Drilling Inc	0.15%	25.00%	0.04%	7.55%	0.01%
DTV UN Equity	DIRECTV Group Inc/The	0.26%	16.26%	0.04%	0.00%	0.00%
DFS UN Equity	Discover Financial Services	0.09%	7.67%	0.01%	0.60%	0.00%
D UN Equity	Dominion Resources Inc/VA	0.20%	5.33%	0.01%	5.10%	0.01%
DOV UN Equity	Dover Corp	0.08%	14.00%	0.01%	2.55%	0.00%
DOW UN Equity	Dow Chemical Co/The	0.31%	10.80%	0.03%	3.33%	0.01%
DHI UN Equity	DR Horton Inc	0.04%	No Long-Term Growth		1.34%	0.00%
DPS UN Equity	Dr Pepper Snapple Group Inc	0.07%	7.50%	0.01%	0.00%	0.00%
DTE UN Equity	DTE Energy Co	0.06%	4.00%	0.00%	5.90%	0.00%
DUK UN Equity	Duke Energy Corp	0.21%	3.67%	0.01%	5.93%	0.01%
DNB UN Equity	Dun & Bradstreet Corp	0.04%	12.35%	0.00%	1.79%	0.00%
DYN UN Equity	Dynegy Inc	0.01%	6.50%	0.00%	0.00%	0.00%
ETFC UN Equity	E*Trade Financial Corp	0.03%	No Long-Term Growth		0.00%	0.00%
EMN UN Equity	Eastman Chemical Co	0.04%	11.50%	0.00%	3.12%	0.00%
EK UN Equity	Eastman Kodak Co	0.01%	10.00%	0.00%	0.00%	0.00%
ETN UN Equity	Eaton Corp	0.10%	7.25%	0.01%	3.33%	0.00%
EBAY UN Equity	eBay Inc	0.32%	12.19%	0.04%	0.00%	0.00%
ECL UN Equity	Ecolab Inc	0.11%	13.40%	0.01%	1.18%	0.00%
EIX UN Equity	Edison International	0.11%	6.00%	0.01%	3.75%	0.00%
DD UN Equity	EI Du Pont de Nemours & Co	0.31%	7.05%	0.02%	4.75%	0.01%
EP UN Equity	EI Paso Corp	0.08%	8.00%	0.01%	1.79%	0.00%
ERTS UN Equity	Electronic Arts Inc	0.07%	17.56%	0.01%	0.00%	0.00%
LLY UN Equity	Eli Lilly & Co	0.40%	4.34%	0.02%	5.72%	0.02%
EMC UN Equity	EMC Corp/Massachusetts	0.37%	13.00%	0.05%	0.00%	0.00%
EMR UN Equity	Emerson Electric Co	0.30%	11.30%	0.03%	3.51%	0.01%
ESV UN Equity	ENSICO International Inc	0.07%	No Long-Term Growth		0.21%	0.00%
ETR UN Equity	Entergy Corp	0.16%	6.33%	0.01%	3.82%	0.01%
EOG UN Equity	EOG Resources Inc	0.23%	7.20%	0.02%	0.58%	0.00%
EQT UN Equity	EQT Corp	0.06%	9.00%	0.01%	2.01%	0.00%
EFX UN Equity	Equifax Inc	0.04%	9.00%	0.00%	0.00%	0.00%
EQR UN Equity	Equity Residential	0.08%	3.17%	0.00%	5.61%	0.00%
EL UN Equity	Estee Lauder Cos Inc/The	0.05%	11.42%	0.01%	1.49%	0.00%
EXC UN Equity	Exelon Corp	0.33%	1.74%	0.01%	4.21%	0.01%
EXPE UN Equity	Expedia Inc	0.07%	14.75%	0.01%	0.00%	0.00%
EXPD UN Equity	Expeditors International of Washington I	0.07%	16.13%	0.01%	1.05%	0.00%
ESRX UN Equity	Express Scripts Inc	0.22%	17.51%	0.04%	0.00%	0.00%
XOM UN Equity	Exxon Mobil Corp	3.50%	No Long-Term Growth		2.28%	0.00%
FDO UN Equity	Family Dollar Stores Inc	0.04%	12.18%	0.00%	1.94%	0.00%
FAST UN Equity	Fastenal Co	0.06%	14.75%	0.01%	1.82%	0.00%
FII UN Equity	Federated Investors Inc	0.03%	9.33%	0.00%	3.64%	0.00%
FDX UN Equity	FedEx Corp	0.25%	11.80%	0.03%	0.49%	0.00%
FIS UN Equity	Fidelity National Information Services I	0.09%	13.37%	0.01%	0.82%	0.00%
FTB UN Equity	Fifth Third Bancorp	0.08%	5.75%	0.00%	0.38%	0.00%
FHN UN Equity	First Horizon National Corp	0.03%	7.40%	0.00%	0.00%	0.00%
FSR UN Equity	First Solar Inc	0.13%	33.14%	0.04%	0.00%	0.00%
FE UN Equity	FirstEnergy Corp	0.14%	5.00%	0.01%	4.70%	0.01%
FISV UN Equity	Fiserv Inc	0.08%	13.25%	0.01%	0.00%	0.00%
FLIR UN Equity	FLIR Systems Inc	0.04%	17.49%	0.01%	0.00%	0.00%
FLS UN Equity	Flowerserve Corp	0.06%	12.00%	0.01%	0.98%	0.00%
FLR UN Equity	Fluor Corp	0.09%	13.17%	0.01%	1.14%	0.00%
FMC UN Equity	FMC Corp	0.04%	7.20%	0.00%	0.82%	0.00%
FTI UN Equity	FMC Technologies Inc	0.07%	13.00%	0.01%	0.00%	0.00%
F UN Equity	Ford Motor Co	0.24%	3.00%	0.01%	0.00%	0.00%
FRX UN Equity	Forest Laboratories Inc	0.09%	0.94%	0.00%	0.00%	0.00%
FO UN Equity	Fortune Brands Inc	0.07%	6.57%	0.00%	2.09%	0.00%
FPL UN Equity	FPL Group Inc	0.22%	9.05%	0.02%	3.53%	0.01%
BEN UN Equity	Franklin Resources Inc	0.26%	9.71%	0.03%	0.81%	0.00%
FCX UN Equity	Freeport-McMoRan Copper & Gold Inc	0.33%	9.76%	0.00%	0.00%	0.00%
FTR UN Equity	Frontier Communications Corp	0.02%	1.00%	0.01%	13.42%	0.00%
GME UN Equity	GameStop Corp	0.05%	14.20%	0.01%	0.00%	0.00%
GCI UN Equity	Gannett Co Inc	0.03%	3.67%	0.00%	1.21%	0.00%
GPS UN Equity	Gap Inc/The	0.16%	10.35%	0.02%	1.45%	0.00%
GD UN Equity	General Dynamics Corp	0.26%	8.10%	0.02%	2.24%	0.01%
GE UN Equity	General Electric Co	1.78%	8.00%	0.14%	4.66%	0.08%
GIS UN Equity	General Mills Inc	0.21%	9.37%	0.02%	2.88%	0.01%
GPC UN Equity	Genuine Parts Co	0.06%	8.75%	0.01%	4.10%	0.00%
GNW UN Equity	Genworth Financial Inc	0.06%	10.00%	0.01%	0.00%	0.00%

GENZ UN Equity	Genzyme Corp	0.15%	19.67%	0.03%	0.00%	0.00%
GILD UN Equity	Glaxo Sciences Inc	0.42%	15.50%	0.07%	0.00%	0.00%
GS UN Equity	Goldman Sachs Group Inc/The	0.96%	9.95%	0.10%	0.74%	0.01%
GR UN Equity	Goodrich Corp	0.07%	12.50%	0.01%	1.78%	0.00%
GT UN Equity	Goodyear Tire & Rubber Co/The	0.04%	12.00%	0.01%	0.00%	0.00%
GOOG UN Equity	Google Inc	1.28%	21.83%	0.28%	0.00%	0.00%
HRB UN Equity	HAR Block Inc	0.07%	10.67%	0.01%	3.02%	0.00%
HAL UN Equity	Hilliburton Co	0.27%	0.50%	0.00%	1.21%	0.00%
HOG UN Equity	Harley-Davidson Inc	0.06%	9.40%	0.01%	1.44%	0.00%
HAR UN Equity	Harman International Industries Inc	0.03%	12.00%	0.00%	0.13%	0.00%
HRS UN Equity	Harris Corp	0.05%	8.25%	0.00%	1.99%	0.00%
HIG UN Equity	Hartford Financial Services Group Inc	0.11%	2.83%	0.00%	0.85%	0.00%
HAS UN Equity	Hisbri Inc	0.04%	9.00%	0.00%	2.78%	0.00%
HOP UN Equity	HCP Inc	0.09%	2.29%	0.00%	5.99%	0.01%
HCN UN Equity	Health Care REIT Inc	0.05%	6.56%	0.00%	6.07%	0.00%
HSY UN Equity	Hershey Co/The	0.07%	7.06%	0.00%	3.08%	0.00%
HES UN Equity	Hess Corp	0.20%	7.25%	0.01%	0.66%	0.00%
HPQ UN Equity	Hewlett-Packard Co	1.14%	13.00%	0.15%	0.66%	0.01%
HNZ UN Equity	HL Heinz Co	0.13%	7.62%	0.01%	4.13%	0.01%
HD UN Equity	Home Depot Inc	0.47%	10.91%	0.05%	3.30%	0.02%
HON UN Equity	Honeywell International Inc	0.28%	9.14%	0.03%	3.21%	0.01%
HRL UN Equity	Hormel Foods Corp	0.05%	11.00%	0.01%	2.13%	0.00%
HSP UN Equity	Hospira Inc	0.07%	13.51%	0.01%	0.00%	0.00%
HST UN Equity	Host Hotels & Resorts Inc	0.07%	No Long-Term Growth		1.79%	0.00%
HCBK UN Equity	Hudson City Bancorp Inc	0.07%	23.00%	0.02%	4.45%	0.00%
HUM UN Equity	Humana Inc	0.06%	11.29%	0.01%	0.00%	0.00%
HBAN UN Equity	Huntington Bancshares Inc/OH	0.03%	2.50%	0.00%	0.84%	0.00%
ITW UN Equity	Illinois Tool Works Inc	0.23%	10.83%	0.02%	2.73%	0.01%
RX UN Equity	IMS Health Inc	0.03%	8.08%	0.00%	0.80%	0.00%
TEG UN Equity	Inergys Energy Group Inc	0.03%	13.05%	0.00%	7.71%	0.00%
INTC UN Equity	Intel Corp	1.16%	10.92%	0.13%	2.70%	0.03%
ICE UN Equity	IntercontinentalExchange Inc	0.07%	14.17%	0.01%	0.00%	0.00%
IBM UN Equity	International Business Machines Corp	1.68%	10.38%	0.17%	1.62%	0.03%
IFF UN Equity	International Flavors & Fragrances Inc	0.03%	5.50%	0.00%	2.53%	0.00%
IGT UN Equity	International Game Technology	0.07%	13.84%	0.01%	0.96%	0.00%
IP UN Equity	International Paper Co	0.11%	6.00%	0.01%	1.09%	0.00%
IPG UN Equity	Interpublic Group of Cos Inc	0.03%	9.00%	0.00%	0.00%	0.00%
INTU UN Equity	Intel Inc	0.10%	14.80%	0.01%	0.00%	0.00%
ISRG UN Equity	Inuitive Surgical Inc	0.10%	20.17%	0.02%	0.00%	0.00%
IVZ UN Equity	Invesco Ltd	0.10%	10.75%	0.01%	1.82%	0.00%
IRM UN Equity	Iron Mountain Inc	0.05%	18.00%	0.01%	0.00%	0.00%
ITT UN Equity	ITT Corp	0.10%	13.60%	0.01%	1.45%	0.00%
JBL UN Equity	Jabil Circuit Inc	0.03%	18.33%	0.01%	1.84%	0.00%
JEC UN Equity	Jacobs Engineering Group Inc	0.06%	14.00%	0.01%	0.00%	0.00%
JNS UN Equity	Jenss Capital Group Inc	0.03%	9.20%	0.00%	0.26%	0.00%
JCP UN Equity	JC Penney Co Inc	0.09%	10.60%	0.01%	2.19%	0.00%
JDSU UN Equity	JDS Uniphase Corp	0.02%	12.17%	0.00%	0.00%	0.00%
SJM UN Equity	JM Smucker Co/The	0.06%	7.88%	0.01%	2.65%	0.00%
JNJ UN Equity	Johnson & Johnson	1.68%	7.43%	0.12%	3.21%	0.05%
JCI UN Equity	Johnson Controls Inc	0.16%	11.62%	0.02%	1.95%	0.00%
JPM UN Equity	JPMorgan Chase & Co	1.85%	10.80%	0.20%	0.42%	0.01%
JNPR UN Equity	Juniper Networks Inc	0.14%	16.46%	0.02%	0.00%	0.00%
KBH UN Equity	KB Home	0.01%	12.00%	0.00%	1.55%	0.00%
K UN Equity	Kellogg Co	0.19%	8.73%	0.02%	2.86%	0.01%
KEY UN Equity	Keycorp	0.06%	5.33%	0.00%	1.36%	0.00%
KMB UN Equity	Kimberly-Clark Corp	0.25%	8.81%	0.02%	4.03%	0.01%
KIM UN Equity	Kimco Realty Corp	0.05%	4.04%	0.00%	7.29%	0.00%
KG UN Equity	King Pharmaceuticals Inc	0.03%	5.36%	0.00%	0.00%	0.00%
KLAC UN Equity	Kia-Tencor Corp	0.06%	15.00%	0.01%	1.57%	0.00%
KSS UN Equity	Koh's Corp	0.18%	14.91%	0.03%	0.00%	0.00%
KFT UN Equity	Kraft Foods Inc	0.39%	8.12%	0.03%	4.46%	0.02%
KR UN Equity	Kroger Co/The	0.16%	9.82%	0.02%	1.54%	0.00%
LLL UN Equity	L-3 Communications Holdings Inc	0.09%	11.59%	0.01%	1.83%	0.00%
LH UN Equity	Laboratory Corp of America Holdings	0.07%	12.19%	0.01%	0.00%	0.00%
LM UN Equity	Largo Mason Inc	0.05%	7.33%	0.00%	0.35%	0.00%
LEG UN Equity	Leggett & Platt Inc	0.03%	12.50%	0.00%	5.01%	0.00%
LEN UN Equity	Lennar Corp	0.02%	12.00%	0.00%	1.06%	0.00%
LUK UN Equity	Loucadia National Corp	0.06%	No Long-Term Growth		0.00%	0.00%
LXK UN Equity	Luxmark International Inc	0.02%	6.67%	0.00%	0.00%	0.00%
LIFE UN Equity	Life Technologies Corp	0.09%	15.13%	0.01%	0.00%	0.00%
LNC UN Equity	Lincoln National Corp	0.08%	11.43%	0.01%	0.15%	0.00%
LLTC UN Equity	Linear Technology Corp	0.06%	14.75%	0.01%	3.29%	0.00%
LMT UN Equity	Lockheed Martin Corp	0.29%	10.19%	0.03%	3.13%	0.01%
L UN Equity	Loews Corp	0.16%	No Long-Term Growth		0.98%	0.00%
LO UN Equity	Lorillard Inc	0.13%	8.00%	0.01%	4.77%	0.01%
LOW UN Equity	Lowes Cos Inc	0.32%	11.85%	0.04%	1.64%	0.01%
LSI UN Equity	LSI Corp	0.04%	1.00%	0.00%	0.00%	0.00%
LTD UN Equity	Ltd Brands Inc	0.06%	11.93%	0.01%	3.18%	0.00%
MTB UN Equity	MAT Bank Corp	0.08%	4.73%	0.00%	4.17%	0.00%
M UN Equity	Macy's Inc	0.08%	9.60%	0.01%	0.99%	0.00%
MRO UN Equity	Marathon Oil Corp	0.25%	7.50%	0.02%	2.74%	0.01%
MAR UN Equity	Marriott International Inc/DE	0.10%	7.26%	0.01%	0.97%	0.00%
MMC UN Equity	Marsh & McLennan Cos Inc	0.13%	8.60%	0.01%	3.17%	0.00%
MI UN Equity	Marshall & Isley Corp	0.03%	8.33%	0.00%	0.51%	0.00%
MAS UN Equity	Masco Corp	0.05%	6.00%	0.00%	3.00%	0.00%
MEE UN Equity	Massey Energy Co	0.03%	13.67%	0.00%	0.73%	0.00%
MA UN Equity	Mastercard Inc	0.25%	18.94%	0.05%	0.27%	0.00%
MAT UN Equity	Mattel Inc	0.07%	9.00%	0.01%	3.83%	0.00%
MBI UN Equity	MBIA Inc	0.01%	10.00%	0.00%	0.00%	0.00%
MFE UN Equity	McAfee Inc	0.07%	14.23%	0.01%	0.00%	0.00%
MKC UN Equity	McCormick & Co Inc/MD	0.04%	9.00%	0.00%	2.81%	0.00%
MCO UN Equity	McDonald's Corp	0.63%	12.15%	0.08%	3.58%	0.02%
MHP UN Equity	McGraw-Hill Cos Inc/The	0.08%	5.10%	0.00%	3.04%	0.00%
MCK UN Equity	McKesson Corp	0.16%	12.11%	0.02%	0.78%	0.00%
MVW UN Equity	MeadWestvaco Corp	0.04%	10.50%	0.00%	3.68%	0.00%
MHS UN Equity	Medco Health Solutions Inc	0.27%	16.52%	0.04%	0.06%	0.00%
MDT UN Equity	Medtronic Inc	0.41%	10.76%	0.04%	2.07%	0.01%
WFR UN Equity	EMC Electronic Materials Inc	0.04%	15.29%	0.01%	0.00%	0.00%
MRK UN Equity	Merck & Co Inc/NJ	0.70%	4.97%	0.03%	4.57%	0.03%
MDP UN Equity	Meridith Corp	0.01%	11.00%	0.00%	2.79%	0.00%
MET UN Equity	MetLife Inc	0.31%	12.72%	0.04%	1.94%	0.01%
PCS UN Equity	MetroPCS Communications Inc	0.03%	24.74%	0.01%	0.00%	0.00%
MCHP UN Equity	Microchip Technology Inc	0.05%	10.50%	0.01%	5.15%	0.00%
MJ UN Equity	Micro Technology Inc	0.07%	9.25%	0.01%	0.00%	0.00%
MSFT UN Equity	Microsoft Corp	2.38%	10.61%	0.25%	1.97%	0.05%
MIL UN Equity	Willshire Corp	0.04%	12.90%	0.01%	0.00%	0.00%
MOLX UN Equity	Molex Inc	0.02%	11.42%	0.00%	2.77%	0.00%
TAP UN Equity	Molson Coors Brewing Co	0.08%	11.33%	0.01%	1.70%	0.00%
MON UN Equity	Monasanto Co	0.43%	13.50%	0.06%	1.34%	0.01%
MWW UN Equity	Monster Worldwide Inc	0.02%	19.29%	0.00%	0.00%	0.00%
MCO UN Equity	Moody's Corp	0.06%	10.35%	0.01%	1.67%	0.00%
MS UN Equity	Morgan Stanley	0.44%	9.29%	0.04%	0.87%	0.00%
MOT UN Equity	Motorola Inc	0.19%	7.50%	0.01%	0.26%	0.00%

MUR UN Equity	Murphy Oil Corp	0.12%	11.00%	0.01%	1.55%	0.00%
MYL UN Equity	Mytan Inc/PA	0.05%	17.54%	0.01%	0.15%	0.00%
NBR UN Equity	Nabors Industries Ltd	0.07%	6.33%	0.00%	0.00%	0.00%
NDAQ UN Equity	NASDAQ OMX Group Inc/The	0.04%	15.33%	0.01%	0.00%	0.00%
NOV UN Equity	National Oilwell Varco Inc	0.20%	7.00%	0.01%	0.00%	0.00%
NSM UN Equity	National Semiconductor Corp	0.03%	13.00%	0.00%	0.00%	0.00%
NTAP UN Equity	NetApp Inc	0.10%	16.10%	0.02%	2.23%	0.00%
NYT UN Equity	New York Times Co/The	0.01%	7.50%	0.00%	0.00%	0.00%
NWL UN Equity	Newell Rubbermaid Inc	0.04%	9.20%	0.00%	1.49%	0.00%
NEM UN Equity	Newmont Mining Corp	0.22%	13.43%	0.03%	0.86%	0.00%
NWSA UN Equity	News Corp	0.23%	6.06%	0.01%	1.00%	0.00%
GAS UN Equity	Nicor Inc	0.02%	4.15%	0.00%	4.88%	0.00%
NKE UN Equity	NIKE Inc	0.25%	11.56%	0.03%	1.53%	0.00%
NI UN Equity	NISource Inc	0.04%	3.67%	0.00%	6.63%	0.00%
NBL UN Equity	Noble Energy Inc	0.13%	6.00%	0.01%	0.93%	0.00%
JWN UN Equity	Nordstrom Inc	0.07%	12.04%	0.01%	1.86%	0.00%
NSC UN Equity	Norfolk Southern Corp	0.18%	12.33%	0.02%	2.79%	0.00%
NJ UN Equity	Northeast Utilities	0.04%	6.33%	0.00%	4.00%	0.00%
NTRS UN Equity	Northern Trust Corp	0.14%	11.03%	0.02%	1.88%	0.00%
NOC UN Equity	Northrop Grumman Corp	0.16%	8.76%	0.01%	3.35%	0.01%
NOVL UN Equity	Novell Inc	0.02%	11.87%	0.00%	0.00%	0.00%
NVLS UN Equity	Novellus Systems Inc	0.02%	12.00%	0.00%	0.00%	0.00%
NUE UN Equity	Nucor Corp	0.15%	5.00%	0.01%	0.00%	0.00%
NVDA UN Equity	Nvidia Corp	0.07%	12.83%	0.01%	3.03%	0.00%
NYX UN Equity	NYSE Euronext	0.08%	12.25%	0.01%	0.00%	0.00%
ORLY UN Equity	O'Reilly Automotive Inc	0.05%	19.31%	0.01%	3.87%	0.00%
OXY UN Equity	Occidental Petroleum Corp	0.67%	6.87%	0.04%	0.00%	0.00%
ODP UN Equity	Office Depot Inc	0.02%	11.00%	0.00%	1.56%	0.01%
OMC UN Equity	Omnicom Group Inc	0.12%	8.26%	0.01%	1.56%	0.00%
ORCL UN Equity	Oracle Corp	1.07%	12.63%	0.13%	0.96%	0.01%
OI UN Equity	Owens-Illinois Inc	0.07%	10.00%	0.01%	0.00%	0.00%
PCAR UN Equity	PACCAR Inc	0.14%	10.60%	0.01%	1.48%	0.00%
PTV UN Equity	Pactiv Corp	0.04%	10.90%	0.00%	0.00%	0.00%
PIL UN Equity	Pall Corp	0.04%	12.75%	0.01%	1.75%	0.00%
PH UN Equity	Parker Hannifin Corp	0.09%	No Long-Term Growth		1.93%	0.00%
POCO UN Equity	Patterson Cos Inc	0.03%	14.33%	0.00%	0.00%	0.00%
PAYX UN Equity	Paychex Inc	0.10%	11.15%	0.01%	4.29%	0.00%
BTU UN Equity	Peabody Energy Corp	0.11%	10.33%	0.01%	0.61%	0.00%
PBCT UN Equity	People's United Financial Inc	0.08%	9.75%	0.01%	3.86%	0.00%
POM UN Equity	Pepco Holdings Inc	0.03%	7.00%	0.00%	7.17%	0.00%
PBG UN Equity	Pepsi Bottling Group Inc	0.08%	6.75%	0.01%	1.87%	0.00%
PEP UN Equity	PepsiCo Inc/NC	0.98%	9.94%	0.10%	2.86%	0.03%
PKI UN Equity	PerkinElmer Inc	0.02%	9.50%	0.00%	1.34%	0.00%
PFE UN Equity	Pfizer Inc	1.13%	1.30%	0.02%	4.53%	0.05%
PCG UN Equity	PG&E Corp	0.16%	6.67%	0.01%	3.91%	0.01%
PM UN Equity	Philip Morris International Inc	0.97%	10.25%	0.10%	4.42%	0.04%
PNW UN Equity	Pinnacle West Capital Corp	0.03%	5.33%	0.00%	6.23%	0.00%
PXD UN Equity	Pioneer Natural Resources Co	0.05%	5.50%	0.00%	0.38%	0.00%
PBI UN Equity	Pitney Bowes Inc	0.05%	No Long-Term Growth		5.67%	0.00%
PCL UN Equity	Plum Creek Timber Co Inc	0.05%	5.00%	0.00%	5.11%	0.00%
PNC UN Equity	PNC Financial Services Group Inc	0.21%	8.35%	0.02%	2.10%	0.00%
RL UN Equity	Polo Ralph Lauren Corp	0.04%	13.60%	0.01%	0.28%	0.00%
PPG UN Equity	PPG Industries Inc	0.10%	3.44%	0.00%	3.42%	0.00%
PPL UN Equity	PPL Corp	0.12%	9.67%	0.01%	4.51%	0.01%
PX UN Equity	Praxair Inc	0.29%	9.31%	0.02%	1.91%	0.00%
PCP UN Equity	Precision Castparts Corp	0.14%	15.43%	0.02%	0.12%	0.00%
PFG UN Equity	Principal Financial Group Inc	0.09%	10.42%	0.01%	1.36%	0.00%
PG UN Equity	Procter & Gamble Co/The	1.87%	9.20%	0.15%	3.12%	0.05%
PGN UN Equity	Progress Energy Inc	0.11%	4.40%	0.00%	6.49%	0.01%
PGR UN Equity	Progressive Corp/The	0.12%	8.19%	0.01%	0.69%	0.00%
PLD UN Equity	ProLogis	0.05%	7.00%	0.00%	5.87%	0.00%
PRU UN Equity	Prudential Financial Inc	0.24%	11.00%	0.03%	1.12%	0.00%
PEG UN Equity	Public Service Enterprise Group Inc	0.16%	4.25%	0.01%	4.39%	0.00%
PSA UN Equity	Public Storage	0.13%	4.13%	0.01%	2.96%	0.00%
PHM UN Equity	Pulte Homes Inc	0.04%	11.50%	0.00%	0.00%	0.00%
QLGC UN Equity	QLogic Corp	0.02%	11.00%	0.00%	0.00%	0.00%
QCOM UN Equity	QUALCOMM Inc	0.71%	15.63%	0.11%	1.60%	0.01%
PWR UN Equity	Quanta Services Inc	0.04%	9.36%	0.00%	0.00%	0.00%
DOX UN Equity	Quest Diagnostics Inc/DE	0.10%	12.39%	0.01%	0.74%	0.00%
STR UN Equity	Questar Corp	0.07%	1.00%	0.00%	1.22%	0.00%
Q UN Equity	Qwest Communications International Inc	0.06%	No Long-Term Growth		8.67%	0.00%
RSH UN Equity	RadioShack Corp	0.02%	8.93%	0.00%	1.59%	0.00%
RRC UN Equity	Range Resources Corp	0.09%	11.25%	0.01%	0.28%	0.00%
RTN UN Equity	Raytheon Co	0.18%	10.57%	0.02%	2.65%	0.00%
RHT UN Equity	Red Hat Inc	0.05%	20.00%	0.01%	0.00%	0.00%
RF UN Equity	Regions Financial Corp	0.07%	3.75%	0.00%	1.92%	0.00%
RSG UN Equity	Republic Services Inc	0.10%	13.00%	0.01%	2.74%	0.00%
RAI UN Equity	Reynolds American Inc	0.14%	5.00%	0.01%	7.14%	0.01%
RHI UN Equity	Robert Half International Inc	0.04%	14.50%	0.01%	1.80%	0.00%
ROK UN Equity	Rockwell Automation Inc/DE	0.06%	8.50%	0.01%	2.71%	0.00%
COL UN Equity	Rockwell Collins Inc	0.08%	14.17%	0.01%	1.91%	0.00%
RDC UN Equity	Rowan Cos Inc	0.03%	19.50%	0.01%	0.00%	0.00%
RRD UN Equity	RR Donnelley & Sons Co	0.05%	No Long-Term Growth		0.00%	0.00%
R UN Equity	Ryder System Inc	0.02%	No Long-Term Growth		2.20%	0.00%
SWY UN Equity	Safeway Inc	0.10%	7.92%	0.01%	1.65%	0.00%
CRM UN Equity	Salesforce.com Inc	0.08%	30.59%	0.02%	0.00%	0.00%
SNOK UN Equity	SanDisk Corp	0.05%	11.25%	0.01%	0.00%	0.00%
SLE UN Equity	Sara Lee Corp	0.08%	8.92%	0.01%	4.06%	0.00%
SCG UN Equity	SCANA Corp	0.04%	4.91%	0.00%	5.34%	0.00%
SGP UN Equity	Schering-Plough Corp	0.48%	12.21%	0.06%	0.89%	0.00%
SLB UN Equity	Schlumberger Ltd	0.82%	8.03%	0.05%	1.22%	0.01%
SNI UN Equity	Scipps Networks Interactive Inc	0.05%	12.46%	0.01%	0.79%	0.00%
SEE UN Equity	Sealed Air Corp	0.03%	5.00%	0.00%	2.31%	0.00%
SHLD UN Equity	Sears Holdings Corp	0.08%	No Long-Term Growth		0.00%	0.00%
SRE UN Equity	Sempra Energy	0.13%	8.00%	0.01%	2.87%	0.00%
SHW UN Equity	Sherwin-Williams Co/The	0.07%	6.79%	0.00%	2.25%	0.00%
SIAM UN Equity	Sigma-Aldrich Corp	0.07%	8.49%	0.01%	1.03%	0.00%
SPG UN Equity	Simon Property Group Inc	0.20%	4.42%	0.01%	3.67%	0.00%
SLM UN Equity	SLM Corp	0.04%	13.50%	0.01%	0.00%	0.01%
SII UN Equity	Smith International Inc	0.07%	8.00%	0.01%	1.49%	0.00%
SNA UN Equity	Snap-On Inc	0.02%	15.00%	0.00%	0.00%	0.00%
SO UN Equity	Southern Co	0.26%	5.25%	0.01%	5.38%	0.01%
LUV UN Equity	Southwest Airlines Co	0.07%	11.75%	0.01%	0.20%	0.00%
SWN UN Equity	Southwestern Energy Co	0.17%	40.25%	0.07%	0.00%	0.00%
SE UN Equity	Spectra Energy Corp	0.13%	4.67%	0.01%	4.87%	0.01%
S UN Equity	Sprint Nextel Corp	0.10%	1.60%	0.00%	0.00%	0.00%
STJ UN Equity	St Jude Medical Inc	0.12%	13.93%	0.02%	0.00%	0.00%
SWK UN Equity	Stanley Works/The	0.04%	9.50%	0.00%	2.82%	0.00%
SPLS UN Equity	Staples Inc	0.17%	14.26%	0.02%	1.46%	0.00%
SBUX UN Equity	Starbucks Corp	0.15%	15.51%	0.02%	0.00%	0.00%
HOT UN Equity	Starwood Hotels & Resorts Worldwide Inc	0.06%	0.86%	0.00%	1.97%	0.00%
STT UN Equity	State Street Corp	0.27%	10.01%	0.03%	0.07%	0.00%
SRCL UN Equity	Stericycle Inc	0.04%	16.75%	0.01%	0.00%	0.00%

SYK UN Equity	Stryker Corp	0.18%	11.89%	0.02%	0.85%	0.00%
JAVA UN Equity	Sun Microsystems Inc	0.07%	9.67%	0.01%	0.00%	0.00%
SUN UN Equity	Sunoco Inc	0.04%	No Long-Term Growth		3.57%	0.00%
STI UN Equity	SunTrust Banks Inc	0.11%	6.57%	0.01%	0.96%	0.00%
SVU UN Equity	SUPERVALU Inc	0.03%	7.65%	0.00%	4.25%	0.00%
SYMC UN Equity	Symantec Corp	0.14%	9.94%	0.01%	0.00%	0.00%
SYU UN Equity	Sysco Corp	0.16%	9.00%	0.01%	3.73%	0.01%
TROW UN Equity	T Rowe Price Group Inc	0.12%	10.57%	0.01%	2.07%	0.00%
TGT UN Equity	Target Corp	0.38%	13.53%	0.05%	1.32%	0.01%
TE UN Equity	TECO Energy Inc	0.03%	5.50%	0.00%	5.83%	0.00%
TLAB UN Equity	Tellabs Inc	0.03%	8.50%	0.00%	0.00%	0.00%
THC UN Equity	Tenet Healthcare Corp	0.03%	8.57%	0.00%	0.00%	0.00%
TDC UN Equity	Teredata Corp	0.05%	8.50%	0.00%	0.00%	0.00%
TER UN Equity	Teredyne Inc	0.02%	14.20%	0.00%	0.00%	0.00%
TSO UN Equity	Tesoro Corp/Texas	0.02%	No Long-Term Growth		2.53%	0.00%
TXN UN Equity	Texas Instruments Inc	0.29%	11.50%	0.03%	1.92%	0.01%
TXI UN Equity	Texttron Inc	0.05%	11.19%	0.01%	0.40%	0.00%
TMO UN Equity	Thermo Fisher Scientific Inc	0.19%	11.36%	0.02%	0.00%	0.00%
TIF UN Equity	Tiffany & Co	0.05%	11.31%	0.01%	1.62%	0.00%
TWC UN Equity	Time Warner Cable Inc	0.15%	11.50%	0.02%	0.00%	0.00%
TWX UN Equity	Time Warner Inc	0.36%	9.26%	0.03%	2.46%	0.01%
TIE UN Equity	Titanium Metals Corp	0.02%	5.00%	0.00%	0.95%	0.00%
TJX UN Equity	TJX Cos Inc	0.16%	12.50%	0.02%	1.23%	0.00%
TMK UN Equity	Torchmark Corp	0.04%	8.00%	0.00%	1.20%	0.00%
TSS UN Equity	Total System Services Inc	0.03%	10.20%	0.00%	1.71%	0.00%
TRV UN Equity	Travelers Cos Inc/The	0.28%	4.44%	0.01%	2.49%	0.01%
TSN UN Equity	Tyson Foods Inc	0.04%	10.00%	0.00%	1.32%	0.00%
UNP UN Equity	Union Pacific Corp	0.32%	13.05%	0.04%	1.22%	0.00%
UPS UN Equity	United Parcel Service Inc	0.41%	12.00%	0.05%	3.12%	0.01%
X UN Equity	United States Steel Corp	0.07%	4.00%	0.00%	0.96%	0.00%
UTX UN Equity	United Technologies Corp	0.61%	9.57%	0.06%	2.33%	0.01%
UNH UN Equity	UnitedHealth Group Inc	0.29%	11.69%	0.03%	0.07%	0.00%
UNM UN Equity	Unum Group	0.07%	7.80%	0.01%	1.41%	0.00%
USB UN Equity	US Bancorp	0.46%	7.33%	0.03%	0.83%	0.00%
VLO UN Equity	Valero Energy Corp	0.11%	4.50%	0.01%	2.92%	0.00%
VAR UN Equity	Veran Medical Systems Inc	0.05%	14.67%	0.01%	0.00%	0.00%
VTR UN Equity	Ventas Inc	0.06%	4.35%	0.00%	5.03%	0.00%
VRSN UN Equity	VeriSign Inc	0.05%	14.29%	0.01%	0.00%	0.00%
VZ UN Equity	Verizon Communications Inc	0.83%	4.85%	0.04%	6.40%	0.05%
VFC UN Equity	VF Corp	0.09%	10.92%	0.01%	3.06%	0.00%
VIA UN Equity	Viacom Inc	0.16%	6.95%	0.01%	0.00%	0.00%
VNO UN Equity	Vornado Realty Trust	0.11%	6.15%	0.01%	3.50%	0.00%
VMC UN Equity	Vulcan Materials Co	0.07%	6.83%	0.00%	2.85%	0.00%
WMT UN Equity	Wal-Mart Stores Inc	1.96%	10.30%	0.20%	2.10%	0.04%
WAG UN Equity	Walgreen Co	0.40%	14.11%	0.36%	1.35%	0.01%
DIS UN Equity	Walt Disney Co/The	0.54%	6.43%	0.33%	1.30%	0.01%
WPO UN Equity	Washington Post Co/The	0.04%	No Long-Term Growth		0.00%	0.00%
WM UN Equity	Waste Management Inc	0.16%	10.33%	0.02%	3.59%	0.01%
WAT UN Equity	Waters Corp	0.05%	14.30%	0.01%	0.00%	0.00%
WPI UN Equity	Watson Pharmaceuticals Inc	0.04%	12.07%	0.00%	0.00%	0.00%
WLP UN Equity	WellPoint Inc	0.22%	11.69%	0.03%	0.00%	0.00%
WFC UN Equity	Wells Fargo & Co	1.47%	13.60%	0.20%	1.56%	0.02%
WDC UN Equity	Western Digital Corp	0.08%	7.83%	0.01%	0.00%	0.00%
WU UN Equity	Western Union Co/The	0.14%	12.20%	0.02%	0.20%	0.00%
WY UN Equity	Weyerhaeuser Co	0.08%	5.75%	0.00%	1.41%	0.00%
WHR UN Equity	Whirlpool Corp	0.05%	No Long-Term Growth		2.33%	0.00%
WFM UN Equity	Whole Foods Market Inc	0.05%	14.75%	0.01%	0.00%	0.00%
WMB UN Equity	Williams Cos Inc/The	0.12%	6.00%	0.01%	2.17%	0.00%
WIN UN Equity	Windstream Corp	0.04%	No Long-Term Growth		9.78%	0.00%
WEC UN Equity	Wisconsin Energy Corp	0.05%	7.92%	0.00%	2.86%	0.00%
GWV UN Equity	WW Grainger Inc	0.07%	11.59%	0.01%	1.88%	0.00%
WYN UN Equity	Wynham Worldwide Corp	0.03%	15.00%	0.00%	0.88%	0.00%
WYNN UN Equity	Wynn Resorts Ltd	0.08%	20.00%	0.02%	0.00%	0.00%
XEL UN Equity	Xcel Energy Inc	0.09%	5.30%	0.00%	4.98%	0.00%
XXR UN Equity	Xerox Corp	0.07%	No Long-Term Growth		2.21%	0.00%
XLNX UN Equity	XLinx Inc	0.07%	16.00%	0.01%	2.52%	0.00%
XL UN Equity	XL Capital Ltd	0.06%	No Long-Term Growth		2.17%	0.00%
XTO UN Equity	XTO Energy Inc	0.26%	10.80%	0.03%	1.11%	0.00%
YHOO UN Equity	Yahoo! Inc	0.23%	14.99%	0.03%	0.00%	0.00%
YUM UN Equity	Yum! Brands Inc	0.17%	11.68%	0.02%	2.24%	0.00%
ZMH UN Equity	Zimmer Holdings Inc	0.11%	10.30%	0.01%	0.00%	0.00%
ZION UN Equity	Zions Bancorporation	0.02%	9.29%	0.00%	0.53%	0.00%

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 81

ZERO-BETA CAPITAL ASSET PRICING MODEL

$$K_e = R_f + 0.75\beta(R_m - R_f) + 0.25(R_m - r_f)$$

K_e = the required market ROE

R_f = the risk free rate of return

R_m = the required return on the market as a whole.

β = Beta of Proxy Group

ZERO-BETA CAPITAL ASSET PRICING MODEL- SHARPE RATIO DERIVED RISK PREMIUM

Factor	Three Month Avg 30-Yr US Treasury
R_f = the risk free rate of return	4.29%
R_m = Sharpe Ratio Derived Risk Premium	8.93%
β = Beta of Proxy Group	0.67
K_e = the required market ROE	11.02%

ZERO-BETA CAPITAL ASSET PRICING MODEL- EX-ANTE RISK PREMIUM

Factor	Three Month Avg 30-Yr US Treasury
R_f = the risk free rate of return	4.29%
R_m = Ex-Ante Market Risk Premium [1]	7.22%
β = Beta of Proxy Group	0.67
K_e = the required market ROE	9.73%

R_f - Risk-free Calculation	Three Month Avg 30-Yr US Treasury
Avg 30-Yr US Treasury	4.29%

NOTES:

[1] Calculated by taking the S&P 500 Estimated Required Market Return and subtracting the risk-free rate calculated by the 3-month average 30-yr US Treasury yield.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
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Ex. 82

FLOTATION COST ADJUSTMENT

Flotation Costs (includes all of ConEd's equity stock issuances)

Date	Issuing Entity	Shares Issued	Offering Price	Underwriting Discount	Offering Expense	Net Proceeds Per Share	Total Flotation Costs	Gross Equity Issue before Costs	Net Proceeds	Flotation Cost Percentage
Open Market Issuances										
2/27/2009	Allite, Inc.	5,000,000	\$27.98	\$0.003		\$27.977	\$15,000	\$139,900,000	\$139,885,000	0.011%
6/20/2003	Alliant Energy Corp.	15,000,000	\$19.25	\$0.770	\$370,000	\$18.455	\$11,920,000	\$288,750,000	\$278,830,000	4.128%
1/16/1994	DPL, Inc.	3,200,000	\$20.38	\$0.600	\$200,000	\$19.713	\$2,120,000	\$65,200,000	\$63,080,000	3.252%
6/1/2007	Portland General	12,477,500	\$14.10	\$0.494	\$375,000	\$13.576	\$6,532,646	\$175,932,750	\$169,400,104	3.713%
11/18/2008	Progress Energy	14,375,000	\$37.50	\$1.125	\$300,000	\$36.354	\$16,471,875	\$539,062,500	\$522,590,625	3.056%
5/8/2009	Southern Co. [i] [ii]	20,000,000	\$28.91	\$0.360	\$375,000	\$28.531	\$7,575,000	\$578,200,000	\$570,625,000	1.310%
2/20/2007	Vectren Corp.	4,600,000	\$28.33	\$0.990	\$425,000	\$27.248	\$4,979,000	\$130,318,000	\$125,339,000	3.821%
9/9/2008	Xcel Energy, Inc. [i]	15,000,000	\$20.25	\$0.610	\$600,000	\$19.600	\$9,750,000	\$303,750,000	\$294,000,000	3.210%
Weighted Average Flotation Costs							\$59,363,521	\$2,221,113,250	\$2,161,749,729	2.673%
							FLOTATION COSTS			
										2.673%

Flotation Cost Adjustment - Three Month Constant Growth - Hevert Proxy Group

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Expected Dividend Yield Adjusted for Flotation Costs	Proj EPS Growth (Zacks)	Proj EPS Growth (Value Line)	Average Growth Estimate	DCF k(e)	Flotation Adjusted DCF k(e)
ALE	Allite	\$1.76	\$32.99	5.33%	5.44%	5.59%	4.00%	NA	4.00%	9.44%	9.59%
LNT	Alliant Energy Corp.	\$1.50	\$26.78	5.60%	5.73%	5.89%	4.50%	4.50%	4.50%	10.23%	10.39%
DPL	DPL, Inc.	\$1.14	\$25.05	4.55%	4.70%	4.83%	4.50%	4.50%	4.50%	11.20%	11.33%
DUK	Duke Energy Corp.	\$0.96	\$15.48	6.20%	6.35%	6.52%	4.50%	5.00%	4.75%	11.10%	11.27%
NST	NSTAR	\$1.50	\$31.87	4.71%	4.87%	5.00%	5.70%	8.00%	6.85%	11.72%	11.85%
PCG	PG&E Corp	\$1.68	\$40.28	4.17%	4.32%	4.44%	7.50%	6.50%	7.00%	11.32%	11.44%
POR	Portland General	\$1.02	\$19.59	5.21%	5.34%	5.49%	6.70%	3.50%	5.10%	10.44%	10.59%
PGN	Progress Energy	\$2.48	\$38.94	6.37%	6.54%	6.72%	4.50%	6.00%	5.25%	11.79%	11.97%
SO	Southern Co.	\$1.75	\$31.64	5.53%	5.71%	5.87%	8.50%	4.50%	6.50%	12.21%	12.37%
VVC	Vectren Corp.	\$1.34	\$23.57	5.68%	5.85%	6.01%	6.80%	5.00%	5.90%	11.75%	11.91%
WEC	Wisconsin Energy	\$1.35	\$44.37	3.04%	3.17%	3.26%	9.00%	8.00%	8.50%	11.67%	11.76%
XEL	Xcel Energy, Inc.	\$0.98	\$19.58	5.00%	5.15%	5.30%	5.50%	6.50%	6.00%	11.15%	11.30%
MEDIAN					5.39%				5.95%	11.26%	11.38%

FLOTATION ADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.38%
UNADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.26%
DIFFERENCE (FLOTATION COST ADJUSTMENT)	0.12%

Notes:

- [i] Underwriting discount was calculated as the market price minus the offering price. The discount was not explicitly given in the prospectus.
[ii] Offering price was calculated as the maximum aggregate offering price divided by shares issued. The price was not explicitly given in the prospectus.

Notes on Flotation Cost Adjustment Calculation:

- [1] Source: Bloomberg
[2] Source: Bloomberg
[3] = [1] / [2] or [Annualized Dividend] / [Price]
[4] = [3] x [1 + 5g] or [Dividend Yield] x [1 + (5 x average growth rate)]
[5] = [4] / [1 - 0.0267] or [Expected Dividend Yield] / [1 - Flotation Cost Percentage]
[6] Source: Zacks Research
[7] Source: Value Line
[8] Average of columns [6], [7], [8]
[9] = (Column [4] + Column [9])
[10] = (Column [5] + Column [9])
[11] Equals median Adjusted DCF, Column [11] - Median Unadjusted DCF, Column [10]

Flotation Costs (includes all of ConEd's equity stock issuances)

Date	Issuing Entity	Shares Issued	Offering Price	Underwriting Discount	Offering Expense	Net Proceeds Per Share	Total Flotation Costs	Gross Equity Issue before Costs	Net Proceeds	Flotation Cost Percentage
Open Market Issuances										
5/10/2007	Consolidated Edison, Inc. [i]	11,000,000	\$50.73	\$0.190	\$400,000	\$50.504	\$2,490,000	\$558,030,000	\$555,540,000	0.446%
9/20/2006	Consolidated Edison, Inc. [i]	9,715,000	\$45.96	\$0.360	\$400,000	\$45.559	\$3,897,400	\$446,501,400	\$442,604,000	0.873%
5/11/2004	Consolidated Edison, Inc.	14,000,000	\$37.74	\$1.132	\$400,000	\$36.579	\$16,250,800	\$528,360,000	\$512,109,200	3.076%
5/19/2003	Consolidated Edison, Inc.	8,700,000	\$39.80	\$0.345	\$350,000	\$39.415	\$3,351,500	\$348,260,000	\$342,908,500	0.968%
Weighted Average Flotation Costs							\$25,989,700	\$1,879,151,400	\$1,853,161,700	1.383%
							FLOTATION COSTS			1.383%

Flotation Cost Adjustment - Three Month Average Constant Growth - Hevert Proxy Group

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Expected Dividend Yield Adjusted for Flotation Costs	Proj EPS Growth (Zacks)	Proj EPS Growth (Value Line)	Average Growth Estimate	DCF k(e)	Flotation Adjusted DCF k(e)
ALE Alltel	\$1.76	\$32.99	5.33%	5.44%	5.52%	4.00%		4.00%	9.44%	9.52%
LNT Alliant Energy Corp.	\$1.50	\$26.78	5.60%	5.73%	5.81%	4.50%	4.50%	4.50%	10.23%	10.31%
DPL DPL, Inc.	\$1.14	\$25.05	4.55%	4.70%	4.76%	4.50%	8.50%	6.50%	11.20%	11.26%
DUK Duke Energy Corp.	\$0.96	\$15.48	6.20%	6.35%	6.44%	4.50%	5.00%	4.75%	11.10%	11.19%
NST NSTAR	\$1.50	\$31.87	4.71%	4.87%	4.94%	5.70%	8.00%	6.85%	11.72%	11.79%
PCG PG&E Corp	\$1.68	\$40.28	4.17%	4.32%	4.38%	7.50%	6.50%	7.00%	11.32%	11.38%
POR Portland General	\$1.02	\$19.59	5.21%	5.34%	5.42%	6.70%	3.50%	5.10%	10.44%	10.52%
PGN Progress Energy	\$2.48	\$38.94	6.37%	6.54%	6.63%	4.50%	6.00%	5.25%	11.79%	11.88%
SO Southern Co.	\$1.75	\$31.64	5.53%	5.71%	5.79%	8.50%	4.50%	6.50%	12.21%	12.29%
VVC Vectren Corp.	\$1.34	\$23.57	5.68%	5.85%	5.93%	6.80%	5.00%	5.90%	11.75%	11.83%
WEC Wisconsin Energy	\$1.35	\$44.37	3.04%	3.17%	3.22%	9.00%	8.00%	8.50%	11.67%	11.72%
XEL Xcel Energy, Inc.	\$0.98	\$19.58	5.00%	5.15%	5.23%	5.50%	6.50%	6.00%	11.15%	11.23%
MEDIAN				5.39%				5.95%	11.26%	11.32%

FLOTATION ADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.32%
UNADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.26%
DIFFERENCE (FLOTATION COST ADJUSTMENT)	0.06%

Notes:

- [i] Underwriting discount was calculated as the market price minus the offering price. The discount was not explicitly given in the prospectus.
[ii] Offering price was calculated as the maximum aggregate offering price divided by shares issued. The price was not explicitly given in the prospectus.

Notes on Flotation Cost Adjustment Calculation:

- [1] Source: Bloomberg
[2] Source: Bloomberg
[3] = [1] / [2] or [Annualized Dividend] / [Price]
[4] = [3] x [1 + .5g] or [Dividend Yield] x [1 + (.5 x average growth rate)]
[5] = [4] / [1 - 0.0138] or [Expected Dividend Yield] / [1 - Flotation Cost Percentage]
[6] Source: Zacks Research
[7] Source: Value Line
[8] Average of columns [6], [7], [8]
[9] = (Column [4] + Column [9])
[10] = (Column [5] + Column [9])
[11] Equals median Adjusted DCF, Column [11] - Median Unadjusted DCF, Column [10]

Con Edison
Hearing Exhibits

STATE OF NEW YORK DEPT. OF PUBLIC SERVICE	
DATE:	6/9/09
CASE NOS:	09-S-0794, 09-G-0795, and 09-S-0029
Ex.	83

Long Term Debt Ratio

Company Name	Ticker	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	Overall Average
ALLETE, Inc.	ALE	40.65%	41.39%	40.33%	39.34%	40.55%	37.24%	34.38%	35.83%	38.72%
Alliant Energy Corporation	LNT	40.20%	41.30%	41.54%	34.73%	37.18%	37.50%	38.86%	36.33%	38.45%
DPL Inc.	DPL	38.34%	38.40%	36.77%	33.56%	34.37%	37.84%	37.85%	36.48%	36.70%
Duke Energy Corporation	DUK	41.53%	41.82%	41.08%	40.46%	38.96%	37.31%	36.89%	37.85%	39.49%
NSTAR	NST	40.48%	40.83%	39.01%	39.42%	40.52%	40.82%	40.98%	33.75%	39.48%
PG&E Corporation	PCG	49.50%	50.53%	51.37%	48.24%	47.68%	48.74%	48.56%	48.27%	49.11%
Portland General Electric Company	POR	50.74%	48.22%	48.99%	49.01%	46.78%	48.38%	49.78%	48.62%	48.82%
Progress Energy, Inc.	PGN	47.31%	48.44%	48.35%	48.71%	51.27%	48.13%	47.93%	48.30%	48.55%
Southern Company	SO	48.60%	48.93%	47.78%	46.26%	47.11%	46.59%	45.21%	46.77%	47.16%
Vectren Corporation	VVC	49.71%	47.44%	45.79%	41.68%	46.29%	46.13%	43.97%	43.29%	45.54%
Wisconsin Energy Corporation	WEC	40.56%	40.66%	41.17%	33.43%	29.95%	29.96%	32.71%	36.49%	35.62%
Xcel Energy Inc.	XEL	46.11%	44.77%	45.90%	46.85%	44.62%	44.66%	43.15%	44.92%	45.12%
Proxy Group Average										42.73%

Source: SNL Financial

Equity Ratio

Company Name	Ticker	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	Overall Average
ALLETE, Inc.	ALE	59.33%	58.59%	59.64%	60.63%	59.42%	62.73%	65.58%	64.14%	61.26%
Alliant Energy Corporation	LNT	54.54%	53.32%	53.10%	59.49%	56.60%	56.22%	54.73%	57.85%	55.73%
DPL Inc.	DPL	59.81%	59.75%	61.45%	64.62%	63.76%	60.32%	60.33%	61.58%	61.45%
Duke Energy Corporation	DUK	58.03%	57.74%	58.49%	59.14%	60.63%	62.27%	62.69%	61.74%	60.09%
NSTAR	NST	58.14%	57.78%	59.55%	59.13%	57.99%	57.68%	57.52%	64.67%	59.06%
PG&E Corporation	PCG	48.39%	47.37%	46.45%	49.43%	50.06%	48.98%	49.10%	49.34%	48.64%
Portland General Electric C	POR	49.09%	51.58%	50.79%	50.79%	48.52%	51.21%	49.90%	51.18%	50.38%
Progress Energy, Inc.	PGN	50.39%	49.23%	49.29%	48.97%	46.46%	49.40%	49.58%	49.23%	49.07%
Southern Company	SO	46.99%	46.60%	47.57%	49.00%	48.09%	48.54%	49.30%	48.85%	48.12%
Vectren Corporation	VVC	49.72%	51.96%	53.60%	57.69%	53.13%	53.30%	55.45%	56.15%	53.87%
Wisconsin Energy Corporat	WEC	58.49%	58.42%	57.90%	65.52%	69.01%	69.03%	66.32%	62.59%	63.41%
Xcel Energy Inc.	XEL	53.52%	54.84%	53.70%	52.75%	54.96%	54.94%	56.44%	54.70%	54.48%
Proxy Group Average										55.46%

Source: SNL Financial

Preferred Equity Ratio

Company Name	Ticker	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	Overall Average
ALLETE, Inc.	ALE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Alliant Energy Corporation	LNT	5.03%	5.17%	5.18%	5.60%	6.01%	6.07%	6.18%	5.62%	5.61%
DPL Inc.	DPL	0.99%	0.99%	0.95%	0.98%	1.00%	0.99%	0.99%	1.06%	1.00%
Duke Energy Corporation	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NSTAR	NST	1.21%	1.22%	1.26%	1.27%	1.31%	1.32%	1.32%	1.40%	1.29%
PG&E Corporation	PCG	1.16%	1.17%	1.22%	1.32%	1.30%	1.30%	1.32%	1.37%	1.27%
Portland General Electric Company	POR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Progress Energy, Inc.	PGN	0.56%	0.57%	0.59%	0.59%	0.59%	0.65%	0.67%	0.67%	0.61%
Southern Company	SO	3.42%	3.48%	3.65%	3.74%	3.80%	3.87%	4.49%	3.38%	3.73%
Vectren Corporation	VVC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wisconsin Energy Corporation	WEC	0.65%	0.65%	0.66%	0.76%	0.76%	0.76%	0.74%	0.70%	0.71%
Xcel Energy Inc.	XEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proxy Group Average										1.18%

Source: SNL Financial

Customer Deposits Ratio

Company Name	Ticker	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	Overall Average
ALLETE, Inc.	ALE	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Alliant Energy Corporation	LNT	0.22%	0.22%	0.18%	0.19%	0.21%	0.22%	0.22%	0.21%	0.21%
DPL Inc.	DPL	0.86%	0.85%	0.83%	0.85%	0.86%	0.84%	0.83%	0.88%	0.85%
Duke Energy Corporation	DUK	0.43%	0.44%	0.43%	0.41%	0.41%	0.42%	0.42%	0.41%	0.42%
NSTAR	NST	0.17%	0.17%	0.18%	0.18%	0.18%	0.19%	0.18%	0.17%	0.18%
PG&E Corporation	PCG	0.95%	0.93%	0.95%	1.01%	0.95%	0.98%	1.02%	1.02%	0.98%
Portland General Electric Company	POR	0.17%	0.20%	0.22%	0.20%	4.70%	0.40%	0.32%	0.20%	0.80%
Progress Energy, Inc.	PGN	1.75%	1.76%	1.77%	1.73%	1.69%	1.82%	1.83%	1.80%	1.77%
Southern Company	SO	0.99%	0.99%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Vectren Corporation	VVC	0.57%	0.60%	0.61%	0.63%	0.58%	0.57%	0.58%	0.56%	0.59%
Wisconsin Energy Corporation	WEC	0.30%	0.27%	0.27%	0.30%	0.28%	0.24%	0.24%	0.22%	0.27%
Xcel Energy Inc.	XEL	0.37%	0.39%	0.40%	0.40%	0.42%	0.40%	0.41%	0.38%	0.40%
Proxy Group Average										0.62%

Source: SNL Financial

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/09

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 84

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

STUART NACHMIAS - STEAM

1 Q. Please state your name and business address.

2 A. My name is Stuart Nachmias and my business address is 4
3 Irving Place, New York, New York.

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

5 A. I am employed by Consolidated Edison Company of New
6 York, Inc. ("Con Edison") and currently hold the
7 position of Vice President, Energy Policy and
8 Regulatory Affairs.

9 Q. Please describe your educational background.

10 A. I graduated from the State University of New York at
11 Binghamton with a Bachelor of Arts degree in Economics
12 and Psychology and earned a Master of Business
13 Administration degree with a concentration in Finance
14 from Baruch College. I also earned an Advanced
15 Certificate in Energy Management from the New York
16 Institute of Technology, and completed a Power
17 Technologies Inc. ("PTI") Distribution Engineering
18 program.

19 Q. Please discuss your professional background.

20 A. I have primarily worked for Con Edison since 1988. I
21 began in the Company's management intern program, and
22 worked in capital budgeting, customer sales and revenue
23 forecasting and corporate planning. I worked to
24 develop the state's plan for deregulation, including
25 establishing the New York ISO. I also worked at Con

1 Edison Solutions from 1997 to 2000, initially in the
2 wholesale power group and later marketing manager for
3 large business customers. After leaving the Company
4 from 2000-2001, I rejoined Con Edison in the Energy
5 Markets Policy Group ("EMPG"), focused on competitive
6 wholesale electric and gas markets. I have held
7 positions of increasing responsibilities in this area,
8 as well as a one year job rotation in customer
9 operations, where I worked on customer complaints to
10 executives and the Commission.

11 Q. Please describe your current responsibilities.

12 A. As Vice President of Energy Policy and Regulatory
13 Affairs, I am responsible for development of energy
14 policy and the management of state and federal
15 regulatory matters. Responsibilities of the energy
16 policy and regulatory affairs department include
17 contributing to and advancing the Company's strategic
18 objectives by keeping employees well-informed of energy
19 issues, developing Company policy positions, and
20 communicating and advocating policy positions among
21 regulators and stakeholders. I was also the Company's
22 project manager for the Management Audit conducted by
23 the Liberty Consulting Group ("Liberty"), a process
24 that began in early 2008.

25 Q. What is the purpose of your testimony?

1 A. I discuss Con Edison's compliance with the Commission's
2 directions and recommendations relating to the recently
3 completed management audit of the Company.

4 Q. Please describe the management audit.

5 A. In February 2008, the Commission, in Case 08-M-0152,
6 ordered a comprehensive management audit of Con Edison
7 in accordance with Public Service Law, Section 66(19).
8 Through a competitive bidding process, the Commission
9 selected Liberty to perform a comprehensive management
10 audit of the Company's electric, natural gas, and steam
11 businesses, with a specific focus on the Company's
12 construction program planning processes and operational
13 efficiency. The audit examined the following elements
14 of the Company's construction program and planning
15 process: Corporate Mission, Objectives, Goals and
16 Planning; Long-Term Load Forecasting; Supply
17 Procurement, Long-Term System Planning; Capital and O&M
18 Budgeting; Program and Project Management; Work
19 Management; and Performance and Results Management.
20 The audit concluded in mid-2009 with issuance of the
21 audit report on August 7, 2009. The audit report
22 contains 119 conclusions and 92 recommendations. The
23 audit report also discussed four barriers - cultural,
24 regulatory, environmental, and financial - as
25 impediments to the Company's sustainability and long-

1 term success.

2 Q. What directives did the Commission issue regarding the
3 audit report?

4 A. On August 21, 2009, the Commission issued its "Order
5 Directing the Submission of an Implementation Plan"
6 ("Order"). The Order directed Con Edison to file a
7 plan to address the findings and recommendations of the
8 audit report, which the Company submitted as required
9 on October 5, 2009. The Order also stated that the
10 Plan should include an overall characterization of the
11 relative priorities for each of the recommendations,
12 implementation action steps, schedules with specific
13 interim milestones, risk/cost/benefit analyses, and the
14 designation of executive officer accountability. In
15 addition, the Order provides for Con Edison to examine
16 how the implementation of certain recommendations will
17 address contractor cost issues raised in Cases 09-M-
18 0243 and 09-M-0114. The Company must conduct public
19 outreach to interested parties and its various customer
20 classes about what reliability means and its
21 relationship to affordability of Con Edison's rates.
22 Con Edison must consult with Staff in developing its
23 implementation plan, meet with Staff during the
24 implementation period, and provide written updates on
25 the Company's progress at least every four months. In

1 any rate proceeding filed on or after the date of the
2 Order, the Company must file testimony to demonstrate
3 the nature and extent of its achievement of the goals
4 and objectives in its implementation plan until the
5 plan is fully executed.

6 Q. And so does this testimony address this last
7 requirement?

8 A. Yes.

9 Q. Please describe Con Edison's response to the
10 Commission's Order.

11 A. As noted above, the Company filed its *Audit*
12 *Implementation Plan* on October 5, 2009. Con Edison has
13 established a senior executive team-led structure to
14 evaluate and address each of the barriers and the 92
15 recommendations. Each of the recommendations and
16 associated conclusions was assigned to one of 12 teams
17 based on the nature of the issue presented. Each of
18 the 12 teams is sponsored by one or more senior
19 officers in the Company to oversee the recommendations
20 assigned to their team. Two barriers teams were
21 established as well, a regulatory barriers team and a
22 cultural barriers team. Overall executive oversight is
23 assigned to two senior officers, who will see that
24 recommendations are addressed in an integrated and
25 holistic manner to achieve operating efficiency for the

STUART NACHMIAS - STEAM

benefit of customers. The executive oversight also links directly with Con Edison's Chief Executive Officer and its Board of Trustees. The Board of Trustees will continue to receive regular updates on implementation activities and status. The full Board and select Board committees will provide direction and guidance on team progress as appropriate during the implementation process.

The 12 teams assigned to the recommendations are as follows:

- Team 1 - Electric Long Range Plan
- Team 2 - Board Leadership
- Team 3 - Rate and Financial Strategy
- Team 4 - Work Management
- Team 5 - Cost Management
- Team 6 - Load Forecasting
- Team 7 - Gas Main Replacement
- Team 8 - Gas Capacity Planning
- Team 9 - Performance and Resource Management
- Team 10 - Asset Management
- Team 11 - Gas and Steam Planning
- Team 12 - Energy Supply

While the recommendations are important to overall management and process advancements across the Company,

1 team 11 specifically relates to steam activities. The
2 Company is also developing a long range plan for the
3 steam system that will be integrated with long range
4 plans for the electric and gas systems also being
5 developed.

6 Q. What are the key goals of the Company's Implementation
7 Plan?

8 A. Con Edison considers the implementation effort as an
9 opportunity to improve its business processes and work
10 more efficiently and effectively in its operations for
11 the benefit of customers. Each of the teams is
12 actively engaged in implementation efforts that include
13 an expanded focus on cost management awareness and
14 practices. These efforts include linking capital
15 expenditures to long term goals. The key goal of the
16 implementation effort is the development and execution
17 of a strategy for the long-term sustainability of the
18 Company. This strategy will present a long range
19 visions and plans for the electric, gas, and steam
20 systems that provide a framework for capital
21 investments and technological change and balance
22 customer affordability and reliability impacts.

23 Q. Please provide an overview of the Company's plans for
24 implementing the audit report's recommendations.

1 A. Con Edison's 236-page *Audit Implementation Plan*
2 contains a complete description of the Company's plans
3 for implementing each recommendation. An overview of
4 the Company's plans is provided in my exhibit, titled
5 "Matrix of Recommendations," which is an information
6 matrix for each recommendation. This matrix is also
7 part of the Company's Audit Implementation Plan
8 (Appendix B) filed with the Commission.

9 MARK FOR IDENTIFICATION AS EXHIBIT __ (SN-1)

10 Q. Describe Exhibit __ (SN-1).

11 A. The twelve teams have examined the Audit Report's
12 statements of relevant finding(s) and conclusion(s) and
13 the associated recommendation(s). Exhibit __ (SN-1)
14 reflects the teams' conclusions and planned approach
15 regarding identified finding(s), conclusion(s), and
16 recommendations; recommendations are assessed under one
17 of the following four categories:

18 Accepted: Concurrence with Audit Report's
19 statement of relevant finding(s) and
20 conclusion(s); recommendation is appropriate based
21 on preliminary cost benefit and risk assessment;
22 implementation plan with milestones established
23 and in progress subject to additional cost benefit
24 and risk review.

STUART NACHMIAS - STEAM

1 Modified: Concurrence with Audit Report's
2 statement of relevant finding(s) and
3 conclusion(s); however, an alternative
4 recommendation approach is planned; tentative
5 implementation plan with milestones established
6 and in progress subject to additional cost benefit
7 and risk review.

8 Under Review: Concurrence with Audit Report's
9 statement of relevant finding(s) and
10 conclusion(s); recommendation appears appropriate;
11 tentative implementation plan with milestones
12 established and in progress subject to cost
13 benefit and risk review.

14 Not Accepted: Audit report's identification of
15 relevant finding(s) and conclusion(s) has been
16 reviewed; implementation activity is not warranted
17 at this time.

18 The Exhibit is organized by team and identifies "High
19 Priority" recommendations. For each recommendation,
20 the Exhibit also provides estimated start and
21 completion dates; a brief statement of anticipated
22 deliverables; results of cost-benefit and risk
23 analysis, when available; an assessment category (as
24 described above); and a status indicator. Status is
25 categorized by the following categories:

1 In Progress: Actions are currently being taken.

2 Completed: The Company's response to this
3 recommendation and its findings are complete; no
4 further action is required or expected.

5 Pending: Response to this recommendation is
6 dependent upon sequencing of other initiatives
7 that must be completed first.

8 Reevaluating: Actions are halted until further
9 review is completed to justify continued action or
10 suggest a change in course.

11 Q. Please discuss how the Company will examine the costs,
12 benefits and risks associated with the recommendations.

13 A. Con Edison is committed to keeping customer value a
14 central theme through qualitative and/or quantitative
15 analyses of costs, benefits and risks. Con Edison will
16 determine costs, benefits and risks to the business
17 and, in turn, for customers. For many recommendations,
18 cost and/or benefits will not be readily quantifiable,
19 and in such cases the Company will require that
20 qualitative measures indicate adequate benefits to
21 warrant the implementation action.

22 Q. Has the Company reflected cost savings from
23 recommendation implementation in its proposed revenue
24 requirement in this proceeding?

25 A. As indicated above, the Company is still in the process

1 of evaluating the recommendations and, where
2 appropriate, conducting cost/benefit analyses.
3 Moreover, the audit recommendations in significant
4 respect reflect a continuation or elaboration of
5 ongoing efforts that the Company has used as a means of
6 achieving ongoing efficiency. Thus, while the Company
7 is pursuing the audit recommendations and will continue
8 to file status reports as required, the impact of
9 recommendation implementation on the cost in the Rate
10 Year in this proceeding, given the timing and what the
11 Company has been doing all along, is likely to be very
12 limited if at all identifiable or predictable. Company
13 witness Muccilo, in discussing the Company's proposal
14 for a four-year rate plan, addresses how actual savings
15 resulting from implementing audit recommendations could
16 be recognized in the rate process, starting with Rate
17 Year 2.

18 Q. Does this conclude your testimony?

19 A. Yes, it does.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 85

Matrix of Recommendations

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
1 Electric Long Range Plan	1	H	III - Corporate Planning - 1	Improve the planning process. (Conclusions 1, 2, 3, 4, 5)	4/09	7/10	Updated Corporate Instructions on Standardized Business Plans and processes	Will seek to ensure the Company has capabilities to anticipate the future needs of our ever changing environment, using a standard integrated format for work plans and budgets across the business units. This will lead to greater efficiency in the planning process.	Accepted	In progress
	2		III - Corporate Planning - 2	Take the ERM process associated with operating risks to the next level. (Conclusion 7)	9/09	4/10	Summary of Process Improvements	Initial cost estimate of the vendor to work with Con Edison on ERM is \$200K. Additional software may be \$400K. Benefit of implementing this recommendation is expected to be improved prioritization of efforts to mitigate the major risks of the Company. In addition, the Company will benefit from a reduction in its risk profile. Additional benefits include increased ability to monitor NERC/FERC compliance, improved coordination of emergency management plans tied to risks, and improved tracking of EH&S risks.	Accepted	In progress
	3	H	III - Corporate Planning - 3	Define the role of the Strategic Planning Unit. (Conclusion 6)	3/09	12/09	Updated Corporate Policy Instruction that states the role of Strategic Planning.	Initial benefits would be an improved planning process and standardization in assumptions / direction. Initial costs confined to benchmarking, research, and analysis which equate to full time personnel and the cost of any studies undertaken.	Accepted	In progress
	4		III - Corporate Planning - 4	Revisit the subjects investigated by the Interdisciplinary teams. (Conclusion 6)	5/09	12/10	Document and refine the interdisciplinary team launch process.	Initial benefits include development of proactive strategies to address key implementation areas (e.g. achievement of renewable portfolio standards), development opportunities for employees, and cross-functional cooperation and thinking. Initial costs are project specific and primarily include full time staffing required on the team as well as targeted use of external services/products (e.g. research reports).	Accepted	In progress
	5	H	III - Corporate Planning - 5	Develop a comprehensive vision and 20-year master plan for the electric system. (Conclusion 8, 9)	3/09	12/10	A 20-year integrated plan for the electric system (Electric Long Range Plan or ELRP) that: o Defines the long-term vision and strategic goals of the electric system and clearly links programs and projects to the attainment of those measurable goals. o Evaluates customer bill and rate impact (affordability) and reliability in light of required system investment and various legislative, regulatory, and technology issues, and the impact of potential alternatives. o Develops the framework for more integrated transmission, substation, and distribution planning which incorporates innovative solutions to meet customer expectations. o Provides the linkage of our near-term plans and requests (i.e., rate case and other filings) to the 20-year integrated plan, by demonstrating that the near-term plans are the first steps in the longer program	Initial cost estimate of \$2.2M (including internal and external labor). The ELRP is expected to provide a context for our programs, linking short term efforts with longer term system goals. Provide the framework for more integrated transmission, substation, and distribution planning which incorporates innovative solutions to meet customer expectations.	Accepted	In progress
	21	H	VII - Load Forecasting - 8	Aggressively move forward with the major study planned by Market Research on efficiency potentials and include a special focus on efficiencies that can be targeted to specific networks. (Conclusion 28)	11/08	12/09	Energy efficiency market potential study with review and evaluation focusing on system and network needs	The major benefit of these studies is that we receive intelligence around the DSM opportunities. To the extent these assumptions materialize and the need for capital infrastructure spending is reduced. A risk of these studies is that the potential of DSM could be overstated and our actual electric energy and demand is higher than anticipated. Another risk is that these studies understate the potential and we build infrastructure ahead of need.	Accepted	In progress

22		VII - Load Forecasting - 9	Evaluate options to enable the consideration of current and future load curtailment initiatives, both at CECONY and NYISO, for dependable network demand reduction. (Conclusion 29)	6/09	12/11	Analysis of pilot results	Proposed pilot program cost is \$22 million. Projected benefits of reducing energy consumption and demand, reducing environmental impact; and a reduction of capital infrastructure required to meet customer needs. Risk is that the programs do not deliver the full amount of DR, therefore maintaining the need for capital investment to meet customer needs or triggering the need to implement emergency measures to meet customer needs in the near term.	Accepted	In progress
34	H	VIII - System Planning - Electric - 11	Establish a base level of network reliability for new networks. (Conclusion 24)	9/09	12/09	Prepare white paper on Ideal network reliability for new networks	Initial benefits would provide a consistent long term approach to network reliability goals based on the 'network reliability index' (NRI). Potential improvements in technology or performance (or degradation of performance) may require a change in this documented approach.	Accepted	In progress
39	H	XI - Budgeting - 1	Strongly link CECONY's long-term electric plan with annual budgets, rate plans and 5-year capital plans. (Conclusion 4)	3/09	3/10	The ELRP, as discussed in recommendation 5, will link annual budgets, rate plans, and the 5-year capital plan to the attainment of longer term system performance goals.	The ELRP will provide the necessary long term vision and context needed to support the shorter term projects and programs in our annual budgets, rate plans and 5-year capital plans.	Accepted	In progress
42	H	XI - Budgeting - 4	Prioritize CECONY capital projects and allocate funding using long-term economic analysis metrics as a significant decision factor. (Conclusion 8)	3/09	12/09	The ELRP, as discussed in recommendation 5, will show the expected benefits of our electric projects and programs, as detailed in annual budgets, rate plans, and 5-year capital plans, in terms of cost, performance and risk over the long-term horizon. Projects and programs will be prioritized by customer needs, corporate strategic objectives, and management of operating risks.	Projects and programs will be prioritized by customer needs, corporate strategic objectives, and management of operating risks. This optimization of capital projects should provide context as we balance cost, performance, and risk of the many capital projects and programs	Accepted	In progress

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2 Board Leadership	6	H	IV - Corporate Oversight - 1	Revise Board Committee Structure to better coordinate functions and to focus on infrastructure planning, oversight, and performance measurement. <i>(Conclusions 1 and 8)</i>	8/09	5/10	Adopt revised Committee structure and 2010 calendar. Create a dashboard for each Committee and Board of key operating and performance metrics, risks and projects.	Initial benefits include increased Board engagement and oversight.	Accepted	In progress
	7	H	IV - Corporate Oversight - 2	Continue efforts to identify board candidates with energy utility experience. <i>(Conclusion 2)</i>	9/09	12/09	Review director search process with Executive Search Firm and Lead Director.	Initial benefits include expertise that will enhance Board focus.	Accepted	In progress
	8	H	IV - Corporate Oversight - 3	Incorporate changes in management's form and schedule for infrastructure planning and budgeting into a more structured, resequenced, and more intensive regimen of board review. <i>(Conclusions 5 and 6)</i>	8/09	12/09	Revise management's form and schedule for infrastructure planning and budgeting Adopt revised Committee structure and 2010 calendar	Initial benefits could include increased Board involvement with planning and budget process.	Accepted	In progress
	43		XI - Budgeting - 5	Require changes in capital projects and programs of more than 20 percent from the annual budget to be approved by the board of trustees. <i>(Conclusion 6)</i>	8/09	11/10	Review results of revised Committee structure and budget process with Corporate Governance & Nominating Committee to determine whether to implement Conclusion 6 Draft delegation language to require approval by the Board or the Finance Committee, if required		Under review	In progress
	56	H	XII - Work Management - Resource Management - 4	Review the roles of management, the Board and/or its committees after serious events such as the 2008 electrical fatalities. <i>(Conclusion 6)</i>	8/09	12/09	Discuss roles and process with Board members	Potential benefits include increased Board involvement to improve existing processes.	Accepted	In progress

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3 Rate & Financial Strategy	41	H	XI - Budgeting - 3	Work toward the re-establishment of multi-year electric rate cases. (Conclusion 3)	8/09	5/10	Efforts to seek multi-year rate arrangements	A multi-year rate plan reduces the risks associated with the rate-making process by reducing the frequency of the rate cycle, and provides for additional flexibility with respect to managing the business. Risks inherent in a multi-year arrangement can be mitigated by the terms of the arrangement, including triggers to re-open issues and deferral of unexpected costs.	Accepted	In progress

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4 Work Management	32	H	VIII - System Planning - Electric - 9	Place all distribution tree trimming under a central corporate management function with accountability to corporate management. <i>(Conclusion 22)</i>	1/09	3/10	Consolidate all distribution line clearance activities under one management organization.	Qualitative benefits in the form of quality of workmanship, safety improvements, specification compliance and reliability improvements. Quantitative analysts will be provided in first quarter 2010.	Accepted	In progress
	33	H	VIII - System Planning - Electric - 10	Strengthen the distribution vegetation management inspection program with accountability. <i>(Conclusion 23)</i>	6/09	7/09	Implement Electric Operations Quality Assurance program that includes random field reviews of completed tree trimming work to ensure full compliance to the specification.	Qualitative benefits in the form of quality of workmanship, safety improvements, specification compliance and reliability improvements.	Accepted	Completed
	44	H	XI - Budgeting - 6	Establish formal informational feedback loops for project analysis and project prioritization. <i>(Conclusion 17)</i>	9/09	3/10	Update CI-291. Formalize process to evaluate merits of specific projects and overall portfolios.	Feedback loops may provide opportunities to evaluate and adjust specific projects and programs to ensure appropriate balance of cost and value. An annual review of the capital optimization portfolio will result in improved capital allocation decisions to achieve maximum value for set spend level.	Accepted	In progress
	51		XII - Work Management - Work Planning - 1	Establish fleet size criteria based on historical data on total vehicle usage hours versus total physical work performed in hours in the region for each vehicle class. <i>(Conclusion 6)</i>	4/09	6/10	Establish vehicle metrics in order to establish baseline of vehicle utilization. Define vehicle utilization policy and protocol. Create transparent business information for operating groups. (Due to limited availability of usage hours data, alternative metrics will be used as basis for evaluation).	We will seek to identify benefits of improved asset utilization, such benefits will be longer-term in nature. As metrics are established and asset utilization information clarified, forecasting and planning may more accurately correlate future components of the ELRP to the number and types of supporting assets. Capital assets may also be deferred through efficiencies.	Modified	In progress
	67	H	XII - Work Management - Performance Measurement - 5	Perform analysis on work items with unacceptable QA rejection rates to isolate performance problems. <i>(Conclusion 5)</i>	7/09	8/09	Significant and marked improvements have been demonstrated in 2007, 2008, and 2009 YTD Electric Operations QA performance. The alleged adverse trends cited in the Liberty audit report are due to changes in measuring techniques and personnel.	Qualitative benefits in the form of quality of workmanship and safety improvements.	Accepted	Completed
	71	H	XIII - Project Management - Electric - Electric Operations 1	Implement a work management system in Electric Operations. <i>(Conclusion 1, 4, 5, 16)</i>	5/09	12/09	Development of business case, implementation plan, and change management communication plan.	To be determined upon completion of Phase 0.	Under review	In progress
	72	H	XIII - Project Management - Electric - Electric Operations 2	Design and implement written project and program management procedures and expectations, including definitions of roles, responsibilities and expectations, cost control plans, and scope control procedures. <i>(Conclusion 2, 7, 9, 13, 14, 15, 18)</i>	8/09	12/09	Develop a project management specification for Electric Operations.	Initial benefits may include improved ownership/accountability of projects at a manageable level, improved focus on financials/schedule, better long-term planning, and improved knowledge transfer.	Accepted	In progress

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5 Cost Management	9	H	IV - Corporate Oversight - 4	Increase emphasis on efficiency and effectiveness in operations auditing. (Conclusion 10)	6/09	12/09	Establish a new section in Auditing focused on construction projects, construction contractors and energy services; Obtain analytical audit extraction software; Integrate in the 2010 Audit Plan operations audits dealing with efficiency and effectiveness.	Establishment of the new section in Auditing along with the extraction and analytical tools will cost approximately \$700,000. Allows Company to better monitor and respond to risks associated with fraudulent activities in these areas.	Accepted	In progress
	10	H	IV - Corporate Oversight - 5	Make consideration of Enterprise Risk Management a more structured part of audit planning. (Conclusion 11)	8/09	11/09	The 2010 Audit Plan will contain a cross reference to the applicable risk the audit will cover in the Enterprise Risk Management program.	Enhances the role of ERM by framing the audit plan with explicit reference to the ERM process, with the aim of enhancing resource allocation within auditing. Additionally, the audit could identify risks not considered in the ERM process, thereby assuring the proper attention by operations.	Accepted	In progress
	40	H	XI - Budgeting - 2	Establish consistent, company-wide economic value analysis methods and metrics for capital projects and programs. (Conclusions 6 and 7)	7/09	6/10	Implement portfolio management system to enable comparable analyses to determine prioritization of capital projects.	Cost of software is approximately \$900,000. Benefits include portfolio alignment with corporate strategy and optimization goals.	Accepted	In progress
	45	H	XII - Work Management - Cost Management - 1	Implement a holistic approach to cost management that is designed and built around three key elements: (a) a guiding philosophy; (b) a formal, structured cost management plan; and (c) building blocks of comprehensive supporting capabilities (Conclusions 4, 9)	2/09	3/10	Formal Cost Management Program Document or Procedure	Con Edison is dedicating substantial resources to support its effort to enhance cost management practices. Consultant costs of \$200,000 in addition to time of 20+ internal resources. Structured more proactive cost and budget variance analysis will result in more timely identification of cost containment and cost reduction opportunities. Benefits are associated with improved business processes, communication, consistency, and alignment. Risks are associated with continued use of technology platforms that adequately support the business's needs, however could be further improved.	Accepted	In progress
	46		XII - Work Management - Cost Management - 2	As skilled people represent the cornerstone of the holistic approach, expand the role of cost management professionals to encompass tasks and accountabilities important to holistic cost management. (Conclusion 5)	6/09	3/10	Evaluation of Roles and Responsibilities & revised Position Guides for Cost Management Personnel	Cost associated with developing formal training programs for cost management and line personnel. Developing a more highly skilled and trained cost management professional will result in savings through effective application of cost controls, reporting, analysis, and corrective action.	Accepted	In progress
	47	H	XII - Work Management - Cost Management - 3	Establish a cost support organization that is (a) placed consistent with the priority of cost management; (b) serves the cost management needs of all levels of management; (c) develops a force of skilled cost professionals and assures those skills are continuously improved; and (d) has overall accountability for the development and implementation of the cost management program. (Conclusion 5)	2/09	10/09	Recommendation for new organizational structure for Cost Management activities	As addressed in Recommendation 45.	Accepted	In progress
	48		XII - Work Management - Cost Management - 4	Provide training for managers, supervisors and cost support personnel in cost management techniques consistent with the holistic approach. (Conclusions 1, 5, 6)	6/09	3/10	Training and Curriculum for Cost Management and Line Personnel	As addressed in Recommendation 46.	Accepted	In progress
	49		XII - Work Management - Cost Management - 5	General Recommendation Implementation Guidance.	6/09	3/10	Formal Cost Management Program Document or Procedure	As addressed in Recommendation 45.	Accepted	In progress
	50		XII - Work Management - Cost Management - 6	Sample Cost Management Implementation Tactics.	2/09	3/10	Formal Cost Management Program Document or Procedure	As addressed in Recommendation 45.	Accepted	In progress
	52	H	XII - Work Management - Work Planning - 2	Perform in-depth reconciliation on cost estimates with substantial overrun to better understand the root causes of deviations. (Conclusion 9)	4/09	3/10	Analysis of projects with cost overruns and variance reporting templates	As addressed in Recommendation 45.	Accepted	In progress
	62	H	XII - Work Management - Resource Management - 10	Prepare an analysis of corporate overtime expenditures that includes root causes of the upward trends and strategies for attaining more economic levels. (Conclusion 9)	10/09	3/10	Analysis of overtime expenditures and guidance document as per Recommendation 61	As the policies and processes are further developed we will be better able to estimate dollar benefits related to these changes as a measure of effectiveness.	Accepted	In progress

65		XII - Work Management - Performance Measurement - 3	Implement a formal program for representatives from each region to share lessons learned in their respective fields. (Conclusions 4, 9)	10/09	3/10	Implementation of Lessons Learned discussions at Work Plan and other meetings	Sharing lessons learned will provide better information across business units to facilitate improved decision making in the future.	Accepted	In progress
68		XIII - Project Management - Electric - Central Operations 1	Improve resource planning for design personnel and other essential project personnel. (Conclusion 3)	10/09	6/10	Staffing plan	Optimized design/engineering resources.	Accepted	In progress
69	H	XIII - Project Management - Electric - Central Operations 2	Bring a corporate total holistic approach to cost management to the project and program management efforts. (Conclusion 6)	9/09	12/09	The Lessons Learned Template will be revised to include a cost management component to the process to be utilized in future projects.	The benefit of incorporating cost management practices into the lessons learned phase will be to provide better information for future decision making purposes.	Accepted	In progress
70		XIII - Project Management - Electric - Central Operations 3	Strengthen Substation Operations program management processes by adding project management principles in a structured way. (Conclusion 18)	6/09	1/10	Program Management Teams will be developed identifying the key positions and associated roles and responsibilities. Current Working Estimates will be developed for each program and utilized for cost control.	Use of project management tools and principles for program management will allow for improved review and administration of these programs. It will also allow for improved cost control and containment. Increased focus on program management will positively impact schedule, quality, and cost criteria and general oversight of projects.	Accepted	In progress
73	H	XIII - Project Management - Electric - Electric Operations 3	Implement a corporate total holistic approach to cost management. (Conclusion 6)	2/09	3/10	Formal Cost Management Program Document or Procedure	As addressed in Recommendation 45.	Accepted	In progress

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6 Load Forecasting	14		VII - Load Forecasting - 1	Analyze, and redirect as appropriate, the level of effort and sophistication applied to various load forecasting tasks and products, to better balance costs with product and user needs. (Conclusion 2)	6/09	1/10	Develop methods for shifting resources to higher value tasks and products.	Initial benefit could be the ability to shift the focus of Load Forecasting personnel to functions that support the needs of the longer term planning horizon anticipated in the Electric Long Range Plan.	Accepted	In progress
	15		VII - Load Forecasting - 3	Conduct an R&VF review of certain aspects of its approach to forecasting. (Conclusions 9, 13, 14)	7/09	6/10	Provide the changes to our current gas forecasting process, if it is determined that changes are needed.	Initial cost estimates show no significant incremental costs. Changes are expected to be implemented and maintained with existing staffing levels but additional modeling and software costs could be incurred. Potential benefit includes identifying alternative methods of forecasting from the benchmarking effort which may be incorporated in the Company's volume forecasting process.	Accepted	In progress
	17	H	VII - Load Forecasting - 4	Evaluate the factors responsible for consistently under-estimating 5 and 10 year peak load forecasts; assure that any bias is removed from future forecasts. (Conclusion 14)	7/09	12/09	Identify key factors causing the bias, and incorporate appropriate change(s) in revised forecasting process for electric long range plan.	Early analysis shows no specific costs or savings identified at this time although consulting, modeling or software costs may be incurred. A potential benefit will be more accurate, but higher, longer term forecasts resulting in the identification of required capital expenditures sooner. A risk is that the implications of under and over forecasting can be significant.	Accepted	In progress
	18	H	VII - Load Forecasting - 5	Expand load forecasting activities and capabilities to encompass analysis of uncertainties using sensitivity analyses, probabilistic tools or other applicable techniques. (Conclusion 18)	6/09	1/10	Incorporate sensitivity and probabilistic approaches as appropriate into future load forecasts.	A potential benefit will be the development of more robust electricity demand forecasts, or forecasts for different future scenarios. These enhanced forecasts could be used to develop plans for the Company's electric system for different peak demand conditions. Software package costs are initially estimated at \$7,500 for software and license, \$1,000/year for licenses and any associated training.	Accepted	In progress
	19		VII - Load Forecasting - 6	Develop an improved approach to the documentation, testing, and communication of forecast criteria and assumptions. (Conclusion 19)	1/09	12/09	Prepare a document identifying the key assumptions in the preparation of the long-term forecasts and for use in Electric Long Range Plan.	A potential benefit of this recommendation will be greater awareness of the assumptions and drivers that Load Forecasting is using to produce electric peak demand forecasts.	Accepted	In progress
	20	H	VII - Load Forecasting - 7	Examine and implement as appropriate the efficiencies and quality improvements that might result from utilization of CECONY's load research program, modified as cost-effective, to support load forecasting. (Conclusion 26)	6/09	9/10	Assess the use of load research data, and develop, test and implement appropriate findings in future summer appliance saturation surveys and load forecasts.	A potential benefit will be the development of more robust electricity demand forecasts, or forecasts for different future scenarios. These forecasts could be used to develop plans for the Company's electric system for different peak demand conditions.	Accepted	In progress
	23	H	VII - Load Forecasting - 10	Establish a structured approach to the consideration of long-term eventualities that might significantly impact load forecasts, such as changes in trends, new technologies and new policies. (Conclusion 30)	6/09	11/09	Develop a range of load forecasts that consider pertinent long-term eventualities, for use in the Electric Long Range Plan (ELRP).	A potential benefit will be the development of more robust electricity demand forecasts, or forecasts for different future scenarios. These forecasts could be used to develop plans for the Company's electric system for different peak demand conditions.	Accepted	In progress
	79		XVI - Supply Procurement - Electric - 1	Consolidate duplicative Energy Management operations in the electric and gas hedging functions. (Conclusion 2)	8/09	4/10	Review gas and electric hedging group functions. Report findings and implement any changes to eliminate duplicative functions or consolidate.	Initial benefits suggest consolidation could result in improved performance and effectiveness of the hedging program.	Accepted	In progress
	80	H	XVI - Supply Procurement - Electric - 2	Develop a comprehensive portfolio management plan with quantified goals and objectives to optimize the electric resource portfolio and related hedging plans. (Conclusions 3, 7, 14)	2/09	6/10	Electricity Supply will develop and annually review and update a long term supply outlook.	Energy cost savings potential could be seen if the Company identifies improvements in its energy supply operations. In addition, more robust electricity supply outlook or forecasts could be used to develop plans for the Company's electric system for different future demand and supply conditions.	Accepted	In progress
	82		XVI - Supply Procurement - Electric - 4	Identify, analyze and document all reasonable alternatives to its existing sources for both capacity and energy. Alternatives that are superior to the status quo electric resources should be implemented. (Conclusions 8, 9, 11)	2/09	6/10	Electricity Supply will develop and annually review and update a long term supply outlook.	Energy cost savings potential could be seen if the Company identifies improvements in its energy supply operations. In addition, more robust electricity supply outlook or forecasts could be used to develop plans for the Company's electric system for different future demand and supply conditions.	Accepted	In progress

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7 Gas Main Replacement	35		IX - System Planning - Gas - 1	Maintain current information about CECONY's leak: 4/09 prone pipe. (Conclusion 6)		2/10	Provide a final evaluation of the Company's cast iron and unprotected steel gas distribution system and develop the optimum annual replacement levels	Cost of study is \$240,000. If necessary, additional capital required for main replacements would be required. Potential benefit to improve gas system performance by a reduction of incoming leaks in a measured fashion while avoiding a significant increase in customer rates. Risk that optimum level of main replacement may require re-prioritizing or deferring other capital work.	Accepted	In progress

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8 Gas Capacity Planning	15		VII - Load Forecasting - 2	Find a better way to forecast growth in the peak gas load. (Conclusion 8)	7/09	4/10	Revise gas demand growth forecast methodology and model.	A potential benefit will be the development of more robust natural gas demand forecasts, or forecasts for different future scenarios. These enhanced forecasts could be used to develop plans for the Company's natural gas system for different peak demand conditions.	Accepted	In progress
	86		XVII - Supply Procurement - Gas - 2	Provide for more regular examination of Gas Supply's award of supply contracts by Internal Auditing. (Conclusions 7, 8)	8/09	11/09	Schedule an audit of gas procurement in the 2010 Audit Plan	Reduces the risk of overpayment or misappropriation of resources. Promotes compliance with controls and procedures as a result of the audits.	Accepted	In progress
	87		XVII - Supply Procurement - Gas - 3	Explore applying probability-of-occurrence analysis to its supply-capacity planning. (Conclusion 13)	8/09	4/10	Develop final conclusions and recommendations regarding application of applying probability-of-occurrence to the company's supply/capacity planning	A potential benefit will be the development of more robust natural gas supply forecasts and associated capacity requirements for different future scenarios.	Accepted	In progress

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9 Performance Measurement	11	H	V - Incentive Compensation - 1	Increase the amount of stretch and put more pay at risk as part of a broad revamping of incentive compensation. (Conclusions 7, 9, and 10)	1/09	7/11	Review management compensation plan and develop 2010 and 2011 performance measures linked to compensation		Under review	In progress
	12	H	V - Incentive Compensation - 2	Before the study is done and implemented, reduce the emphasis on O&M expense and increase the weighting for capital expenditure performance and the operating performance measures. (Conclusions 7 and 8)	1/09	7/11	Introduce KPI measures for capital expenditure.		Under review	In progress
	13		VI - Performance Measures - 1	Develop a corporate-wide management information system. (Conclusions 2, 4, 5, 6, 7)	10/09	1/11	Determine the approach and scope of work for augmenting the Corporate Performance Indicator/Key Performance Indicator reporting system. Execute the implementation plan.		Under review	In progress
	53	H	XII - Work Management - Resource Management - 1	Perform comprehensive resource analysis for all business units on a quarterly or semi-annual basis. (Conclusions 3, 5, 9, 11)	9/09	4/10	Establish schedules with operating groups to review short and long term resource requirements for workforce planning.		Under review	In progress
	54		XII - Work Management - Resource Management - 2	Assess and monitor the productivity and cost impacts of carrying an extra trainee on some work crews on a continuous basis to achieve more efficient resource management. (Conclusion 5)	10/09	2/10	Determine annualized cost and productivity impact for use of extra trainee on a crew. Establish a uniform policy for determining the length of time for using the extra trainee on a crew.		Under review	In progress
	55	H	XII - Work Management - Resource Management - 3	Conduct a root cause analysis of the upward trend in OSHA target rate in Gas Operations and prepare and implement a corrective action program. (Conclusion 7)	7/09	6/10	Determine the root cause of the upward trend in OSHA target rate in Gas Operations. Develop and implement a strategies to improve Gas Operations OSHA rate.	The cost of implementing corrective action program cannot be determined until the root cause and targeted corrective action(s) have been identified. Benefits of performing the root cause analysis and implementing a corrective action plan include: Improved employee morale; reduction in lost time as a result of work place injuries; and lower worker's compensation payouts (Insurance, medical, etc.)	Accepted	In progress
	57		XII - Work Management - Resource Management - 5	Increase efforts to segregate safety from contractual issues in management / bargaining unit dialog. (Conclusion 6)	8/09	4/10	Improved bargaining unit participation in safety programs, development of union /management safety committees that effectively separate safety from other contractual issues.		Under review	In progress
	58	H	XII - Work Management - Resource Management - 6	Review safety targets with the objective of adapting "stretch," but attainable, levels that exceed historical averages. (Conclusion 6)	7/09	12/09	An established process to develop future goals that support the Company's commitment to safety excellence.	Improved safety performance contributes to injury reduction, improved worker morale, helps to maintain productivity, and potentially reduces costs associated with injuries.	Accepted	In progress
	59	H	XII - Work Management - Resource Management - 7	Strengthen enforcement of contractor compliance with their safety programs. (Conclusion 8)	9/09	12/10	A completed evaluation of current efforts to ensure contractor compliance with safety requirements. Identification of opportunities to enhance those efforts.	By reinforcing our contractor's commitment to safety, there is the potential for reduced contract-worker injury.	Accepted	In progress
	60		XII - Work Management - Resource Management - 8	Establish a corporate philosophy, policies and supporting guidelines for the balancing of in-house and contractor resources. (Conclusion 12)	9/09	4/10	A single philosophy and written guidelines for balancing in-house and contractor resources.	An expected benefit is optimization of allocation between in-house and contractor resources.	Accepted	In progress
	61	H	XII - Work Management - Resource Management - 9	Establish a corporate philosophy, policies and supporting guidelines to provide managers and supervisors with a framework to manage overtime. (Conclusion 9)	9/09	3/10	Develop a guidance document for managing overtime	As the policies and processes are further developed we will be better able to estimate dollar benefits related to these changes as a measure of effectiveness. We foresee little risk to Public Safety, reliability or customer service if the proposed overtime controls are thoughtfully developed and applied.	Accepted	In progress
	63		XII - Work Management - Performance Measurement - 1	Advance the continuous improvement efforts under The Way We Work program. (Conclusions 1, 2)	9/09	2/10	Develop a plan to advance the continuous improvement efforts under the Way We Work Program		Under review	In progress

64	H	XII - Work Management - Performance Measurement - 2	Include pertinent productivity improvement goals in future KPIs at various management levels. (Conclusion 3)	9/09	12/09	Provide a measurable Productivity Initiative in the form of a department KPI at the VP level		Under review	In progress
66		XII - Work Management - Performance Measurement - 4	Participate more actively in external information sharing efforts. (Conclusion 10)	10/09	7/10	Evaluate the need for a central approach to involvement in benchmarking efforts. Develop a process for determining which efforts the Company should be involved in and who should be the proper representative. Determine how best to share throughout the company the information obtained from these efforts.		Under review	In progress
81	H	XVI - Supply Procurement - Electric - 3	Revise the performance measures (KPIs) for energy management to provide metrics and incentives that align with electric procurement objectives. (Conclusion 4)	5/10	11/10	KPI's reviewed as part of budget process.	Potential benefit is better alignment between procurement and the stated objections.	Accepted	Pending

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
10 Asset Optimization	24	H	VIII - System Planning - Electric - 1	Evaluate reliability programs to determine if they should be terminated earlier to release capital expenditures for more cost effective reliability programs. <i>(Conclusion 3)</i>	1/09	3/10	Efficient frontier curves for selected programs indicating cost and value. A recommendation on spend level.	Improved allocation of capital funds across various programs to strategically address reliability initiatives. The optimization of these programs will maintain or enhance reliability for less cost.	Accepted	In progress
	25		VIII - System Planning - Electric - 2	Analyze networks and the 138 kV system designed to N-1 standards to determine the extent that maintenance activities can be performed at load levels less than peak load; where appropriate, incorporate maintenance design requirements into relevant design standards <i>(Conclusion 6)</i>	8/09	2/10	Summary report of maintenance activities during specific load levels. Summary report on opportunities to add SCADA emergency ties on auto-loops.	After review there is a potential for improved opportunities to schedule work during non-peak periods without compromising reliability to customers. Improved reliability due to enhancements to selected auto-loops.	Accepted	In progress
	26		VIII - System Planning - Electric - 3	Clarify transmission planning criteria with regard to transfers used during second contingency analysis. <i>(Conclusion 8)</i>	6/09	11/09	Assessment of criteria	Operational clarity to stakeholders. Maintains compliance with regulatory reliability performance criteria	Accepted	In progress
	27		VIII - System Planning - Electric - 4	Perform a global review of all equipment ratings, input data, and time durations across the distribution and transmission areas to assure consistency and to justify and document differences. <i>(Conclusion 14)</i>	9/09	3/10	Report examining equipment ratings identifying modifications needed to promote consistency, and explaining rating differences where required.	Evaluation of current practices to ensure operational effectiveness.	Accepted	In progress
	28		VIII - System Planning - Electric - 5	Maintain the 2011 completion date for completion of network secondary topology updates and EPRI DEW software. <i>(Conclusion 16)</i>	7/07	12/11	Update load flow models to include customer secondary distributed load.	Potential reduction in capital expenditures on primary feeder and transformer reinforcement due to a more accurate load representation on specific assets. Model will support automated load distribution in place of the manual process currently used.	Accepted	In progress
	29	H	VIII - System Planning - Electric - 6	Perform a least cost system analysis that minimizes costs to customers with regard to implementation of 3G strategies. <i>(Conclusion 17)</i>	1/07	7/11	Assessment of 3G alternatives for load relief. Cost analysis for Flushing autoloop design. Risk assessment of network outage due to area station loss.	Substantiate cost savings associated with 3G designs. Increased utilization of assets; potential reliability improvements; improved operational flexibility.	Accepted	In progress
	30	H	VIII - System Planning - Electric - 7	Perform analyses to determine if peak demand can be reduced more economically than the addition of infrastructure. <i>(Conclusion 19)</i>	11/08	12/11	Summary report on opportunities to reduce peak and avoid capital expenditures	Proposed DR program cost is \$22 million to be collected as a surcharge. Studies proposed in 12/08 filing to cost approximately \$200k; program cost to be estimated after studies are completed. Studies for incremental voltage reduction to cost approximately \$200k; program cost to be estimated after studies are completed. Potential for peak demand reduction programs to be cost effective compared to infrastructure investment.	Accepted	In progress
	31		VIII - System Planning - Electric - 8	Actively pursue the economic use of SCADA controlled network mid-point feeder sectionalizing switches or circuit breakers to reduce system investment. <i>(Conclusion 20)</i>	10/06	1/10	Issue of specifications for deployment of SCADA operated switches	A more cost-effective solution to improve the NRI (Network Reliability Index), and the potential for increased asset utilization with new design concepts. The potential for avoidance of capital expenditures for specific primary feeder and transformer reinforcement work activity. Remote diagnostics and switching capabilities avoid field visits. More timely response to feeder outages resulting in improved reliability for less cost than aggressive component replacement.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
11 Gas and Steam Planning	36	H	IX - System Planning - Gas - 2	Evaluate potential changes in the business environment for each of the businesses; for the GBU, Strategic Planning should advise Gas Engineering regarding potential demands on the gas transmission and distribution systems occasioned by those changes. (Conclusion 16)	9/09	7/10	Identification of major factors which could shift current energy utilization more towards higher gas consumption on the distribution and/or transmission systems. Development of the plan to address the effects of these factors and update the Gas System Long Range Plan accordingly.	Potential for major system reinforcement to meet significant new load. Potential major design changes.	Accepted	In progress
	37		IX - System Planning - Gas - 3	Report to stakeholders and the NYPSC on any expansion of the transmission and distribution systems required to serve winter-period electric power generation. (Conclusion 18)	9/09	9/10	Identification of factors that will affect gas supplies to generators. Development of the plan to address the effects of these factors and update the Gas System Long Range Plan accordingly.	Potential for major system reinforcement to meet an increased in electric generation may require re-prioritizing or deferring other capital work	Accepted	In progress
	38	H	X - System Planning - Steam 1	Identify a Steam Master Plan and incorporate within it a greater emphasis on what is happening on and to its distribution system. (Conclusion 4)	8/09	4/10	The Steam Long Range Plan (SLRP) will detail short to long-term strategies with a greater emphasis on steam distribution.	The completion of the SLRP may provide benefits of an improved comprehensive planning process for Steam Operations and ultimately for Con Edison through integrated energy planning. Cost for this project will be evaluated in 4Q 2009. Risks include potentially accelerated capital work and potential major design changes.	Accepted	In progress
	74		XIV - Project Management - Gas - 1	Staff a project coordination/specialist group under the Chief Distribution Engineer to assist in the execution of distribution capital projects such as the main replacement program. (Conclusion 1)	8/09	12/09	The development and staffing of project managers/engineers to support the operations if cost beneficial. If it is determined to not be cost beneficial, then the implementation of project management principles to be utilized by construction managers.		Under review	In progress
	75	H	XIV - Project Management - Gas - 2	Improve and expand the current project scope documentation to add sections on risks and rewards and alternative methods. (Conclusion 2)	7/09	8/09	Improved budget budget justification and appropriation requests indicating more detailed risks, rewards and alternative methods	Improved decision making process.	Accepted	Completed
	76	H	XIV - Project Management - Gas - 3	Start benchmarking with other urban utilities and utilize what these other utilities are doing better to improve the CECONY program and project management of capital projects. (Conclusion 3)	8/09	11/09	Incorporate best practices from other urban utilities to improve on CECONY's existing program and project management of capital projects.	Benchmarking provides access to best practices from other companies at a minimal cost. The Company belongs to industry organizations and benchmarks through this framework and through many other avenues including for example through consultants working on Company assignments who typically have broad industry experience. Additional benchmarking efforts can provide benefits and will be balanced with the effort entailed.	Accepted	In progress
	77		XV - Project Management - Steam - 1	Identify projects requiring the application of project management techniques through a more formal, structured process. (Conclusion 1)	9/09	4/10	The development of a departmental operation procedure that institutes a more formal, structured process for project management in Steam Operations.	The benefit of this project is to develop a more formal, structured process for project management in Steam Operations, particularly in Steam Distribution. Increased focus on project management can positively impact schedule, quality, and cost criteria and general oversight of projects. Without such an enhanced process, there would be a risk of sub-optimal management of major capital projects, which could result in additional costs.	Accepted	In progress
	78		XV - Project Management - Steam - 2	Train steam distribution operations personnel in work and project management techniques. (Conclusion 3)	9/09	6/10	The development of a successful training program on project management in Steam Operations. Evidence of training effectiveness will be demonstrated through pervasive the regular use of project management principles in the department.	The benefit of this project is the expansion of formal project management training for those individuals in Steam Operations responsible for project management, particularly Steam Distribution. The cost of implementation would include the costs associated with training of employees. Formal training will ensure consistency and priority for this initiative.	Accepted	In progress

Team	CE No.	High Priority	Chapter Reference	Recommendation (w/referenced conclusions)	Start Date	Completion Date (Est.)	Deliverable(s)	Initial Cost, Benefit, and Risk Analysis	Assessment	Status
12 Energy Supply	83	H	XVI - Supply Procurement - Electric - 5	Internal Auditing should schedule more frequent audits of electric procurement decisions, documentation for entering into electric supply contracts, and daily purchase decisions. <i>(Conclusion 17)</i>	8/09	11/09	Schedule an audit of electric procurement in the 2010 Audit Plan	Reduces the risk of overpayment or misappropriation of resources. Promotes compliance with controls and procedures as a result of the audits.	Accepted	In progress
	84	H	XVI - Supply Procurement - Electric - 6	Document processes, procedures, and guidelines for electric supply and scheduling, and for the 20 percent purchase flexibility in electric hedging. <i>(Conclusion 20)</i>	1/09	9/09	New Physical Electricity Scheduling Manual and associated Process Guides. Guideline for 20 percent purchase flexibility.	Qualitative benefits include increased knowledge transfer, consistency in process, and flexibility and control of the hedging process.	Accepted	Completed
	85		XVII - Supply Procurement - Gas - 1	Make finding means for increasing interdepartmental coordination an Energy Management priority. <i>(Conclusion 3)</i>	8/09	12/09	Electricity Supply and Gas Supply will document actions they have identified that will improve coordination between the two departments.	Potential benefits will include consistency in applying methods and techniques and an exchange of best practices and use of new ideas by both departments.	Accepted	In progress
	88	H	XVII - Supply Procurement - Gas - 4	Expand Gas Supply's range of potential capacity alternatives as it considers firm customers' peak-day requirements for supply. <i>(Conclusions 14, 15)</i>	10/09	12/09	Identify potential natural gas pipeline capacity alternatives and determine whether they are viable candidates for Gas Supply to include in the long term natural gas supply plan.	Capacity alternatives, such as natural gas peaking supplies, can be a cost-effective component of the Company's natural gas supply plan.	Accepted	In progress
	89		XVII - Supply Procurement - Gas - 5	Conduct occasional Gas Supply tests to identify potential additional types of supply arrangements. <i>(Conclusion 18)</i>	9/09	12/09	Gas Supply will update their procurement guidelines to include a provision to encourage suppliers to propose alternative supply arrangements in future Requests-for Proposal.	Adding additional delivery points expands the range of suppliers who can participate in the Company's natural gas procurement activities. All benefits from these new arrangements are passed on to customers via the gas adjustment clause.	Accepted	In progress
	90		XVII - Supply Procurement - Gas - 6	Keep financial and credit information for gas suppliers current. <i>(Conclusion 21)</i>	9/09	9/09	Gas Supply will update their procurement guidelines to include a provision that they will request current credit information from the Energy Risk Management department for all active counterparties that will be invited to respond to future Requests-for Proposal.	Reduced risk of entering into transactions with counterparties whose credit rating is unacceptable to the Company	Accepted	Completed
	91		XVII - Supply Procurement - Gas - 7	Find specific, objective ways for Gas Supply to evaluate its own performance. <i>(Conclusion 28)</i>	8/09	1/10	Conduct benchmarking assessments with other utilities or utility organizations to identify best practices. Analyze information received and develop potential performance criteria. Propose and implement changes to performance criteria.	Implementing new best practices will improve Gas Supply's accountability.	Accepted	In progress
	92		XVII - Supply Procurement - Gas - 8	Solicit proposals for external asset management. <i>(Conclusions 29, 31)</i>	2/09	3/10	Conduct pilot in Summer 2010 Natural Gas Purchase Plan, for summer 2010 and Winter 2010/11.	Using an asset management agreement for certain Company storage contracts may provide financial benefits to customers, while retaining the reliability benefits of natural gas storage facilities.	Accepted	In progress

FLOTATION COST ADJUSTMENT

Flotation Costs (includes all of ConEd's equity stock issuances)

Date	Issuing Entity	Shares Issued	Offering Price	Underwriting Discount	Offering Expense	Net Proceeds Per Share	Total Flotation Costs	Gross Equity Issue before Costs	Net Proceeds	Flotation Cost Percentage
Open Market Issuances										
2/27/2009	Alliata, Inc.	5,000,000	\$27.98	\$0.003		\$27.977	\$15,000	\$139,900,000	\$139,885,000	0.011%
6/20/2003	Alliant Energy Corp.	15,000,000	\$19.25	\$0.770	\$370,000	\$18.455	\$11,920,000	\$288,750,000	\$278,830,000	4.128%
1/16/1994	DPL, Inc.	3,200,000	\$20.38	\$0.600	\$200,000	\$19.713	\$2,120,000	\$65,200,000	\$63,080,000	3.252%
6/1/2007	Portland General	12,477,500	\$14.10	\$0.494	\$375,000	\$13.576	\$6,532,648	\$175,932,750	\$169,400,104	3.713%
11/18/2008	Progress Energy	14,375,000	\$37.50	\$1.125	\$300,000	\$36.354	\$16,471,875	\$539,062,500	\$522,590,625	3.058%
5/8/2009	Southern Co. [i] [ii]	20,000,000	\$28.91	\$0.360	\$375,000	\$28.531	\$7,575,000	\$578,200,000	\$570,625,000	1.310%
2/20/2007	Vectren Corp.	4,800,000	\$28.33	\$0.990	\$425,000	\$27.248	\$4,979,000	\$130,318,000	\$125,339,000	3.821%
9/9/2008	Xcel Energy, Inc. [i]	15,000,000	\$20.25	\$0.610	\$600,000	\$19.600	\$9,750,000	\$303,750,000	\$294,000,000	3.210%
Weighted Average Flotation Costs							\$59,383,521	\$2,221,113,250	\$2,161,749,729	2.673%
							FLOTATION COSTS			2.673%

Flotation Cost Adjustment - Three Month Constant Growth - Hevert Proxy Group

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Expected Dividend Yield Adjusted for Flotation Costs	Proj EPS Growth (Zacks)	Proj EPS Growth (Value Line)	Average Growth Estimate	DCF k(e)	Flotation Adjusted DCF k(e)
ALE	Alliata	\$1.76	\$32.99	5.33%	5.44%	5.59%	4.00%	NA	4.00%	9.44%	9.59%
LNT	Alliant Energy Corp.	\$1.50	\$26.78	5.60%	5.73%	5.89%	4.50%	4.50%	4.50%	10.23%	10.39%
DPL	DPL, Inc.	\$1.14	\$25.05	4.55%	4.70%	4.83%	4.50%	8.50%	6.50%	11.20%	11.33%
DUK	Duke Energy Corp.	\$0.96	\$15.48	6.20%	6.35%	6.52%	4.50%	5.00%	4.75%	11.10%	11.27%
NST	NSTAR	\$1.50	\$31.87	4.71%	4.87%	5.00%	5.70%	8.00%	6.85%	11.72%	11.85%
PCG	PG&E Corp	\$1.68	\$40.28	4.17%	4.32%	4.44%	7.50%	6.50%	7.00%	11.32%	11.44%
POR	Portland General	\$1.02	\$19.59	5.21%	5.34%	5.49%	6.70%	3.50%	5.10%	10.44%	10.59%
PGN	Progress Energy	\$2.48	\$38.94	6.37%	6.54%	6.72%	4.50%	6.00%	5.25%	11.79%	11.97%
SO	Southern Co.	\$1.75	\$31.64	5.53%	5.71%	5.87%	8.50%	4.50%	6.50%	12.21%	12.37%
VVC	Vectren Corp.	\$1.34	\$23.57	5.68%	5.85%	6.01%	6.80%	5.00%	5.90%	11.75%	11.91%
WEC	Wisconsin Energy	\$1.35	\$44.37	3.04%	3.17%	3.26%	9.00%	8.00%	8.50%	11.67%	11.78%
XEL	Xcel Energy, Inc.	\$0.98	\$19.58	5.00%	5.15%	5.30%	5.50%	6.50%	6.00%	11.15%	11.30%
MEDIAN					5.39%				5.95%	11.26%	11.38%

FLOTATION ADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.38%
UNADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.28%
DIFFERENCE (FLOTATION COST ADJUSTMENT)	0.12%

Notes:

- [i] Underwriting discount was calculated as the market price minus the offering price. The discount was not explicitly given in the prospectus.
[ii] Offering price was calculated as the maximum aggregate offering price divided by shares issued. The price was not explicitly given in the prospectus.

Notes on Flotation Cost Adjustment Calculation:

- [1] Source: Bloomberg
[2] Source: Bloomberg
[3] = [1] / [2] or [Annualized Dividend] / [Price]
[4] = [3] x [1 + .5g] or [Dividend Yield] x [1 + (.5 x average growth rate)]
[5] = [4] / [1 - 0.0267] or [Expected Dividend Yield] / [1 - Flotation Cost Percentage]
[6] Source: Zacks Research
[7] Source: Value Line
[8] Average of columns [6], [7], [8]
[9] = (Column [4] + Column [9])
[10] = (Column [5] + Column [9])
[11] Equals median Adjusted DCF, Column [11] - Median Unadjusted DCF, Column [10]

Flotation Costs (includes all of ConEd's equity stock issuances)

Date	Issuing Entity	Shares Issued	Offering Price	Underwriting Discount	Offering Expense	Net Proceeds Per Share	Total Flotation Costs	Gross Equity Issue before Costs	Net Proceeds	Flotation Cost Percentage
Open Market Issuances										
5/10/2007	Consolidated Edison, Inc. [i]	11,000,000	\$50.73	\$0.190	\$400,000	\$50.504	\$2,490,000	\$558,030,000	\$555,540,000	0.446%
9/20/2008	Consolidated Edison, Inc. [i]	9,715,000	\$45.96	\$0.360	\$400,000	\$45.559	\$3,897,400	\$446,501,400	\$442,604,000	0.873%
5/11/2004	Consolidated Edison, Inc.	14,000,000	\$37.74	\$1.132	\$400,000	\$36.579	\$18,250,800	\$528,360,000	\$512,109,200	3.076%
5/19/2003	Consolidated Edison, Inc.	8,700,000	\$39.80	\$0.345	\$350,000	\$39.415	\$3,351,500	\$346,280,000	\$342,908,500	0.968%
Weighted Average Flotation Costs							\$25,989,700	\$1,879,151,400	\$1,853,161,700	1.383%
							FLOTATION COSTS			1.383%

Flotation Cost Adjustment - Three Month Average Constant Growth - Hevert Proxy Group

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Adjusted for Flotation Costs	Proj EPS Growth (Zacks)	Proj EPS Growth (Value Line)	Average Growth Estimate	DCF k(e)	Flotation Adjusted DCF k(e)
ALE	Allite	\$1.76	\$32.99	5.33%	5.44%	5.52%	4.00%		4.00%	9.44%	9.52%
LNT	Alliant Energy Corp.	\$1.50	\$26.78	5.60%	5.73%	5.81%	4.50%	4.50%	4.50%	10.23%	10.31%
DPL	DPL, Inc.	\$1.14	\$25.05	4.55%	4.70%	4.78%	4.50%	8.50%	8.50%	11.20%	11.26%
DUK	Duke Energy Corp.	\$0.96	\$15.48	6.20%	6.35%	6.44%	4.50%	5.00%	4.75%	11.10%	11.19%
NST	NSTAR	\$1.50	\$31.67	4.71%	4.87%	4.94%	5.70%	8.00%	8.85%	11.72%	11.79%
PG&E	PG&E Corp	\$1.68	\$40.28	4.17%	4.32%	4.38%	7.50%	6.50%	7.00%	11.32%	11.38%
POR	Portland General	\$1.02	\$19.59	5.21%	5.34%	5.42%	6.70%	3.50%	5.10%	10.44%	10.52%
PGN	Progress Energy	\$2.48	\$38.94	6.37%	6.54%	6.63%	4.50%	6.00%	5.25%	11.79%	11.88%
SO	Southern Co.	\$1.75	\$31.64	5.53%	5.71%	5.79%	8.50%	4.50%	6.50%	12.21%	12.29%
VVC	Vectren Corp.	\$1.34	\$23.57	5.68%	5.85%	5.93%	6.80%	5.00%	5.90%	11.75%	11.83%
WEC	Wisconsin Energy	\$1.35	\$44.37	3.04%	3.17%	3.22%	9.00%	8.00%	8.50%	11.67%	11.72%
XEL	Xcel Energy, Inc.	\$0.98	\$19.58	5.00%	5.15%	5.23%	5.50%	6.50%	6.00%	11.15%	11.23%
MEDIAN					5.39%				5.95%	11.26%	11.32%

FLOTATION ADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.32%
UNADJUSTED MEDIAN CONSTANT GROWTH DCF RESULT	11.26%
DIFFERENCE (FLOTATION COST ADJUSTMENT)	0.06%

[11]

Notes:

- [i] Underwriting discount was calculated as the market price minus the offering price. The discount was not explicitly given in the prospectus.
[ii] Offering price was calculated as the maximum aggregate offering price divided by shares issued. The price was not explicitly given in the prospectus.

Notes on Flotation Cost Adjustment Calculation:

- [1] Source: Bloomberg
[2] Source: Bloomberg
[3] = [1] / [2] or [Annualized Dividend] / [Price]
[4] = [3] x [1 + .5g] or [Dividend Yield] x [1 + (.5 x average growth rate)]
[5] = [4] / [1 - 0.0138] or [Expected Dividend Yield] / [1 - Flotation Cost Percentage]
[6] Source: Zacks Research
[7] Source: Value Line
[8] Average of columns [6], [7], [8]
[9] = (Column [4] + Column [9])
[10] = (Column [5] + Column [9])
[11] Equals median Adjusted DCF, Column [11] - Median Unadjusted DCF, Column [10]

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 86

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

JOHN PERKINS - STEAM

1

2 Q. Please state your name and business address.

3 A. My name is John Perkins and my business address is 4

4 Irving Place, New York, NY 10003.

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

6 A. I am Director, Corporate Finance, for Consolidated

7 Edison Company of New York, Inc. ("Con Edison"

8 "CECONY" or the "Company").

9 Q. Briefly describe your educational background.

10 A. I graduated from MIT in 1972 and received B.S. degrees

11 in Economics and Civil Engineering. I received M.A.

12 and M.Phil. degrees in Economics from Yale University

13 in 1974 and 1975, respectively. I took several

14 additional graduate courses in Finance from New York

15 University.

16 Q. Please summarize your professional background.

17 A. I joined Con Edison in 1982. My previous positions

18 have been as Director, Financial Administration,

19 Director, Corporate Planning, Director, Financial

20 Services, and Manager, Financial Services. Prior to

21 joining Con Edison, I was employed by Chase

1 Econometrics/Interactive Data from 1980-1982 and by
2 the Graduate School of Business of Columbia University
3 (1976-1979), where I taught courses in economics and
4 transportation.

5 Q. Please describe your current responsibilities.

6 A. My responsibilities include preparing the cash
7 forecast and planning and executing financing for
8 Consolidated Edison, Inc. ("CEI"), and its
9 subsidiaries, including Con Edison and Orange and
10 Rockland Utilities, Inc. ("Orange & Rockland"). In
11 addition, I manage the relationships with credit
12 rating agencies and undertake various financial
13 analyses.

14 Q. Have you previously sponsored testimony before
15 regulatory bodies?

16 A. Yes. I have sponsored testimony in Con Edison steam
17 (05-S-1376 and 07-S-1315) and gas (06-G-1332) base
18 rate cases.

19 I have also sponsored testimony on capitalization and
20 cost of capital for Orange & Rockland in Cases 06-E-
21 1433, 05-G-1494, 07-E-0949, and 08-G-1398, in the

1 matter of the securitization of certain deferred
2 balances and testimony on capital structure and rates
3 of return for Rockland Electric Company ("RECO") (a New
4 Jersey public utility subsidiary of Orange & Rockland)
5 before the New Jersey Board of Public Utilities, and on
6 rates of return and capital structure for Pike County
7 Light & Power Company ("Pike") (a Pennsylvania public
8 utility subsidiary of Orange & Rockland) before the
9 Pennsylvania Public Utility Commission.

10 Q. What is the purpose of your testimony?

11 A. My testimony discusses (1) the current financial
12 market environment, (2) the historic and projected
13 capital structure of CECONY and the cost of capital,
14 the current credit ratings of CECONY, the methodology
15 used by the rating agencies to determine these
16 ratings, the rating agencies' comments as to the
17 strength of key financial ratios of CECONY, and the
18 potential impact of reduced ratings. Finally, I
19 discuss the rate treatment of Directors' and Officers'
20 insurance costs.

21

CURRENT FINANCIAL MARKET ENVIRONMENT

Q. Please describe the current state of the financial markets.

A. The markets have improved somewhat from their lows of late 2008 and early 2009. However, the pervasive indifference to risk that characterized investor behavior leading up to the crisis has not returned, nor is it likely to in the near future. As an example, Witness Hevert discusses the spread between interest rates for A and BBB rated utility debt and demonstrates that that spread is still well in excess of historic levels.

Q. Have the rating agencies commented on capital market access for utilities?

A. Yes. Moody's July 2009 Six-Month Update of the Electric Utility Industry states:

Yet we are often reminded that the past is not a reliable indicator of future performance. While challenged market access strikes us as unlikely, its effects could be substantial, not unlike the "tail risk" often discussed in hedging strategies, and possibly resulting in multiple

1 notch rating changes over a very short period of
2 time.

3
4 In fact, in the same article (on page 8) Moody's is
5 less than sanguine about the future:

6
7 A second big risk stems from the sector's heavy
8 reliance on unfettered access to the capital
9 markets as a component of its liquidity. The
10 capital markets have accepted this reliance over
11 many decades, and many utility issuers have been
12 all but untouched by the recent and ongoing
13 turmoil in the financial markets. Even so, the
14 reliance on third-party financing remains a
15 critical risk factor--especially as numerous bank
16 credit facilities expire over 2011-2012. The
17 increasing burden on our overall liquidity
18 analysis may eventually stop us from assuming the
19 sector has unfettered access to the capital
20 markets. The dramatic changes in credit
21 availability and the financial institutions
22 require some caution. We believe utilities will
23 see their available borrowing capacity decrease,
24 possibly by as much as 25%-30%; that tenors will
25 shorten, with two-year facilities more widespread
26 than five-year; and that pricing will be
27 substantially higher than today.

28
29 We believe the turmoil impacting the financial
30 institutions will remove about 30% of the utility
31 industry's current available credit which will
32 drop overall liquidity capacity to roughly \$77
33 billion from about \$110 billion--a drop of about
34 \$30 billion. That is a lot of credit capacity
35 coming out of the system.

36
37 Q. Does this Moody's report reiterate its view of
38 the centrality of the regulator to its credit

1 determinations for the industry?

2 A. Yes. On page 5, it states:

3 Because the regulatory benefit is so critical
4 to our ratings, it tends to represent the most
5 important risk factor. While we continue to
6 consider regulatory risk a lower risk today,
7 we believe there are potential longer-term
8 regulatory risks that could emerge on two
9 fronts: Regulatory support for timely recovery
10 could erode; and

11 Regulators could reduce the authorized returns on
12 investments, based on the perception that utilities
13 have lower business risks than other industrial
14 sectors and will find it easier to compete for
15 capital.
16

17 Theoretically, regulators could attack the standard
18 cost of capital arguments that assert competitive
19 ROEs and other returns are necessary to attract
20 capital. Our concern is that regulators could
21 attempt to modify their views on the appropriate
22 returns, since the sector's leverage is already
23 benefited by regulation.
24

25 Q. Are there other markets needed by United States
26 utilities where the effect of the crisis persists?

27 A. Yes. As described by Moody's above the bank loan
28 market has significantly deteriorated, a condition
29 which is likely to persist for some time. Prior to the
30 crisis utilities such as Con Edison were able to
31 arrange a 5-year revolving credit facility with

1 minimal upfront fees (amortized at a basis point or so
2 a year) and annual facility fees in single digit basis
3 points.

4 Today, 5-year facilities are not available and 2-year
5 facilities have facility fees and upfront fees many
6 multiples of what they were. The penalty for having a
7 lower credit rating has also increased.

8 Q. Why are bank revolving-credit facilities important to
9 the Company's financing plan?

10 A. There are four purposes for bank credit facilities in
11 the funding of a utility company like Con Edison.
12 First, the facility directly or indirectly provides
13 the liquidity that allows the Company to raise long-
14 term financing when desirable, not when it has to.
15 This aspect of the facility saves customers money
16 because it eliminates the need to pre-fund spending
17 and reduces the likelihood of funding at the worst
18 times in the market. Second, the facilities allow the
19 Company to issue letters of credit, necessary for it
20 to manage the portfolio of electricity and natural gas
21 purchases made in the wholesale and financial markets

1 on behalf of customers and to keep low-cost variable
2 rate tax-exempt bonds outstanding. Third, the
3 facility is the source of liquidity that assures
4 purchasers of our commercial paper that they will be
5 repaid. This "back up" function permits the Company to
6 access a low-cost source of funds for the day-to-day
7 operation of the business. Finally, the facilities
8 assure the rating agencies that the Company can meet
9 its obligations even if it loses access to the capital
10 markets for a period of time (and thus factors into
11 the credit ratings for the Company).

12

13

14 CAPITALIZATION AND COST OF CAPITAL

15 Q. What capital structure do you recommend should be used
16 in this proceeding?

17 A. I recommend the use of the stand-alone capitalization
18 of CECONY in this proceeding.

19 Q. Please describe the stand-alone capitalization.

20 A. Stand-alone capitalization refers to the actual
21 capital structure of CECONY.

- 1 Q. Does this initial capital structure plus projected
2 financings represent the expected actual investment of
3 capital in the Company?
- 4 A. It does.
- 5 Q. Has the Company prepared a rate of return required
6 exhibit?
- 7 A. Yes. The document entitled "CONSOLIDATED EDISON
8 COMPANY OF NEW YORK, INC. - RATE OF RETURN REQUIRED
9 FOR THE RATE YEAR - TWELVE MONTHS ENDING SEPTEMBER 30,
10 2011," set forth as Exhibit __ (AP-10).
- 11 Q. Did you provide the interest rate forecasts used as a
12 basis for the cost of debt in this Exhibit?
- 13 A. Yes.
- 14 Q What method have you used to develop interest rate
15 forecasts?
- 16 A. I used forecasts (based on the consensus of more than
17 fifty economists) of Treasury rates from the
18 publication Blue Chip Financial Forecasts, plus a
19 spread to Treasuries based on current spreads for a
20 new Con Edison issue as supplied by Citigroup, an
21 experienced underwriter of Con Edison debt. For the

1 period until the end of 2010, I applied the Treasury
2 rate forecasts from the November 2009 edition of the
3 Blue Chip Financial Forecasts. For 2011, I used the
4 forecasts from the June 2009 edition (the latest
5 available) of the Treasury rate longer-term forecast.

6
7 At the update stage of this proceeding, I will reflect
8 the most recent data available as well as any new debt
9 that the Company may have issued by that time.

10 Q. Do you have a recommendation for the treatment of
11 variable rate (variable rate demand notes and auction
12 rate notes) tax-exempt debt?

13 A. Yes. I recommend that the true-up of the debt costs
14 for these issues that was established in the 2008
15 electric rate case, and recommended by Staff in the
16 current electric rate case, be continued.

17 Q. If the Commission were to adopt a true-up, what should
18 be included in the true-up?

19 A. The difference between the rates actually prevailing
20 during the rate year and the interest costs set for
21 the tax-exempt debt in this case. The true-up would
22 also be applied to credit support costs such as

1 letters of credit or insurance. In addition, each of
2 the existing issues has associated unamortized
3 issuance costs (representing underwriting fees,
4 insurance premiums, and other costs from the time of
5 issuance). If CECONY decides that calling these
6 issues will reduce total costs or because of
7 government, legal or regulatory requirements to do so,
8 the issuance costs should be amortized over the
9 shorter of the remaining life of the refunded issues
10 or the life of the new issues. The actual cost of the
11 replacement debt issues (including issuance costs and
12 any credit support) and the new interest rate should
13 be trued-up as well.

14

15 CAPITAL NEEDS AND INVESTOR CONCERNS

16 Q. Please describe the financial challenges facing the
17 Company over the rate period.

18 A. The Company faces four inter-related financial
19 challenges (A) the capital intensive nature of its
20 business, (B) its unusually weak cash flows, (C) the
21 restrictions that regulation places on its ability to

1 respond to unfavorable developments in its
2 environment, and (D) its dependence on the market to
3 fund its capital needs.

4 Q. Please discuss the capital intensive nature of the
5 Company's business.

6 A. The Company's business requires significant capital
7 investment every year, its assets are long-lived and
8 the underlying technology, facilities and customer
9 base are mature.

10 Capital intensity is high for electric, gas and steam
11 utilities. According to a recent EEI report, the
12 electric utility industry is second only to railroads
13 in capital intensity. The Company's intensity is all
14 the greater because it serves an urban area. Its
15 capital intensity can be demonstrated by the fact that
16 its ratio of net plant per dollar of revenues is \$1.54
17 versus \$0.62 for the average S&P 500 company and \$.20
18 for the median company. Capital intensity creates
19 extra risk for investors because capital intensive
20 businesses have to recover much larger fixed costs
21 (interest and depreciation) before achieving a return.

1 CECONY also has extraordinarily long lives for its
2 assets. In fact, the United States Securities and
3 Exchange Commission ("SEC") recently questioned the
4 Company about the appropriateness of assuming such
5 long lives. Long-lived assets in the context of rate
6 regulation create two financial challenges for the
7 Company that are also risks for potential investors in
8 the Company's debt and shares. First, their
9 investment horizons for capital recovery must be much
10 longer. For debt investors, utility debt has much
11 longer average maturities than other companies.
12 Equity investors must wait for long-term repayment on
13 their investment. Second, there is a regulatory risk
14 in long-lived assets because U.S. rate regulation
15 limits returns to a fraction of historic tangible book
16 cost rather than replacement or current market value.
17 The Company's depreciation recoveries, which reflect
18 historic tangible net book values, are small relative
19 to its current capital costs, returning only 28% of
20 its capital expenditures in the form of depreciation.
21 Due to the long depreciation lives established in

1 rates, this dynamic is likely to continue for many
2 years. By way of comparison, the average S&P 500
3 company recovered 170% of its capital expenditures
4 through depreciation and amortization. This placed Con
5 Edison in the bottom 5% of companies in the S&P 500
6 that had meaningful recovery rates (placing 464th out
7 of 485 companies). It had the second-lowest recovery
8 rate among the 33 utilities in the S&P 500. The
9 average recovery rate for the S&P 500 utilities index
10 was 48%.

11 The Company's large installed base of aging equipment
12 requires an unrelenting investment in replacement
13 assets. In other industries a much larger portion of
14 investment can be dedicated to new business
15 (generating offsetting revenues) or new technology
16 (lowering costs). Mature assets raise operating costs
17 and increase operating risks, particularly in an
18 environment which requires the highest level of
19 reliability and imposes regulatory penalties for
20 failing to achieve it with no corresponding
21 opportunities to earn rewards for better performance.

1 The technology of the business is also mature,
2 affording little opportunity to significantly reduce
3 invested capital in the business through technological
4 innovation. The need for continuous investment to
5 maintain and improve the system with slight
6 opportunities for demand growth and limited
7 depreciation cash flow means that the Company must
8 seek rate increases and raise new capital to maintain
9 its operations. Replacement capital needs alone
10 substantially exceed the cash generated through
11 depreciation recoveries for the Company. Over the next
12 three years, CECONY will spend well more than six
13 billion dollars in capital investment to replace or
14 upgrade existing facilities versus two and a half
15 billion dollars in depreciation recovery.
16 Investors perceive dependence on regulatory rate
17 increases and continuous access to the market as
18 significant risks, as discussed in the Moody's quote
19 above.
20 Q. Please describe how (B) the Company's unusually weak
21 cash flows present a financial challenge.

- 1 A. The Company is, and will continue to be, challenged by
2 its unusually weak cash flows as compared both to
3 other businesses and other utilities. Three factors
4 produce this outcome: (1) the Company receives low
5 depreciation recoveries relative to its capital
6 expenditures, (2) the Company has high capital
7 expenditure requirements relative to the modest growth
8 in its revenues, and (3) regulatory treatment of the
9 Company produces delays in recovering operating
10 expenses. In addition to the large capital needs and
11 modest sales growth, recoveries of operations and
12 maintenance expenses have been deferred over long
13 periods, which would not be possible without
14 regulatory treatment under SFAS 71. The \$1.6 billion
15 historic incurred capital expenditures now subject to
16 Commission review present a financial challenge to the
17 Company and a risk for potential investors in the
18 Company's debt and shares because they represent
19 significant earnings and cash flow risk for the
20 Company.
- 21 Q. Please describe how (C) restrictions on the Company's

1 business imposed by the Commission present a financial
2 challenge?

3 A. The Company is subject to several restrictions that
4 limit its ability to react to unfavorable
5 circumstances. It must provide service as demanded,
6 even if doing so entails significant investment upon
7 unfavorable terms. It cannot refuse to provide service
8 to new or unprofitable customers. It also cannot reach
9 beyond its franchised area to serve attractive new
10 customers. The Company's assets are immovable; unlike
11 those of most companies they cannot be used in a
12 different location or business, their usefulness and
13 profitability are tied to providing utility service in
14 New York. Also, unlike other companies, CECONY has no
15 meaningful ability to retain the advantages of its
16 efforts to improve its efficiency and thus lower its
17 costs of doing business for the benefit of its share
18 investors, as the Commission's rate orders remove a
19 fixed percentage upfront. Any additional efficiencies
20 achieved by management are fully allocated to
21 customers each time rates are reset.

1 Q. Please describe how (D) the fact that the Company must
2 continually raise capital increases risk for existing
3 and prospective investors.

4 A. The Company must approach the markets for additional
5 new capital on a frequent and recurring basis. Each
6 time, investors will assess the risks they would bear
7 upon investing in the Company due to the challenges
8 identified above. Their assessment of these risks is,
9 and will be, priced in the market each of the numerous
10 times that the Company seeks new capital in the years
11 ahead. To the extent that analysis of risk leads the
12 market to reduce stock price or raise interest rates,
13 the existing investors are disadvantaged and other
14 potential investors are made more wary.

15 Q. What is the implication of the above mentioned large
16 capital needs?

17 A. To raise this capital at a reasonable cost, CECONY and
18 CEI must remain attractive investments to both debt
19 and equity investors. To remain attractive to these
20 investors, CECONY must receive fair and reasonable
21 treatment from its regulators.

1 Q. How much debt does the Company have outstanding and
2 what type?

3 A. As of September 30, 2009 CECONY had \$9,465,900,000 in
4 long-term debt of which \$8,380,000,000 was unsecured
5 taxable debentures and \$1,085,900,000 was tax-exempt
6 debentures. CECONY had \$427 million of commercial
7 paper outstanding as of the date, and no balances
8 outstanding under its revolving credit facility. It
9 had letters of credit outstanding in an amount of \$339
10 million. Of this amount \$228 million consisted of
11 letters of credit backing the two CECONY tax-exempt
12 bonds.

13 Q. Who owns the debt owed by the Company?

14 A. Thousands of investment managers, insurance companies,
15 pension plans, hedge funds, banks, trust companies and
16 individuals.

17 Q. How do bond investors evaluate CECONY?

18 A. For most investors, the credit ratings assigned by the
19 SEC-recognized credit rating agencies are the
20 threshold basis for evaluating individual corporate
21 credits such as CECONY.

1 Q. What are the current ratings on CECONY debt?

2 A. The long-term debt ratings are A3, A-, and A- by
3 Moody's, Standard and Poor's ("S&P"), and Fitch,
4 respectively. The short-term debt is rated P-2, A-2,
5 and F2, respectively.

6 Q. How much consideration do the rating agencies give to
7 CECONY's regulatory environment when determining
8 credit ratings?

9 A. Because CEI and its subsidiaries are focused on the
10 energy delivery business the rating agencies' risk
11 assessment centers on the Company's regulatory
12 treatment, as stated recently by S&P:

13 For example, for a regulated transmission and
14 distribution company, regulation may account for
15 30% to 40% of the business profile score because
16 regulation can be the single-most important
17 credit driver for this type of company.
18 *Standard & Poor's New Business Profile Scores*
19 *Assigned for U.S. Utility and Power Companies;*
20 *Financial Guidelines Revised, page 6.*
21

22 Q. What led to the recent downgrades of the Company by
23 the ratings agencies?

24 A. Moody's recently downgraded the Company due to both
25 weakened financial metrics as well as a challenging
26 rate environment, as stated below:

1 The two notch downgrade reflects the financial
2 profiles of CEI, CECONY and O&R which are
3 considered weak for their previous ratings and
4 Moody's expectation that the companies are
5 unlikely to be able to significantly strengthen
6 their financial metrics in the near to medium
7 term." said Allan McLean, Moody's Vice President
8 / Senior Credit Officer. The downgrade also
9 reflects Moody's belief that CECONY and O&R will
10 continue to operate in challenging regulatory and
11 operating environments for the foreseeable
12 future. In the context of a weak economy, Moody's
13 believes that recent and future regulatory
14 decisions are unlikely to permit any significant
15 improvement in the companies' financial metrics
16 as regulators attempt to limit the impact of
17 rising cost pressures on ratepayers.
18 *Rating Action: Consolidated Edison Company of New*
19 *York, Inc. (June 29, 2009), page 1*
20

21 Q. How does Moody's view the current regulatory
22 environment for CECONY?

23 A. Moody's described the environment as challenging:

24 Moody's believes that CECONY's regulatory
25 environment has become more challenging in recent
26 years. Our view reflects the steady decline in
27 allowed ROEs as evidenced by the decline in the
28 allowed ROE in CECONY's electric business from
29 the 11.1% that existed through most of the 1990s
30 and the early part of this decade to the 9.1%
31 authorized for the 2009 rate year. While CECONY's
32 allowed electric ROE has increased to 10% for the
33 2010 rate year, the lower level relative to
34 periods prior to the 2006 rate year, will have a
35 negative impact on CECONY's cash flow generating
36 abilities all else being equal.
37 *Credit Opinion: Consolidated Edison Company of*
38 *New York, Inc. (June 30, 2009), page 2*
39

1 They also reacted adversely to the \$60 million
2 austerity program imposed on the Company by the
3 Commission in CECONY's latest electric rate case:

4 Moody's also considers the PSC's requirement that
5 CECONY implement a \$60 million austerity program
6 in connection with its electric rate decision for
7 the year ending March 31, 2010 to be symptomatic
8 of a less constructive regulatory environment.
9 *Credit Opinion: Consolidated Edison Company of*
10 *New York, Inc. (June 30, 2009), page 3*
11
12
13
14

15 Q. What did Moody's say would cause a downgrade to occur?

16 A. Moody's stated:

17 CECONY's ratings could be negatively pressured if
18 there is more deterioration in its financial
19 profile. *Credit Opinion: Consolidated Edison*
20 *Company of New York, Inc. (June 30, 2009), page*
21 *5.*
22
23

24 In the same article Moody's stated that they do not
25 consider it likely that ratings could be upgraded in
26 the near-term.

27
28 While Moody's does not consider it likely in the
29 near-term, an upgrade in CECONY's rating would
30 likely require evidence of a less challenging
31 regulatory environment combined with a
32 strengthening of CECONY's credit metrics
33

1 Q. What does Fitch say about the financial ratios and
2 ratings?

3 A. In their "Fitch Comments on NYPSC Rate Decision for
4 Con Edison Co of New York" (23 Apr 2009) Fitch states:

5
6
7 The good news for investors is the announced
8 return on equity (ROE) of 10%, which on the
9 surface appears to offer a boost from the
10 9.1% allowed a year earlier in a punitive
11 rate order. However, the base rate increase
12 allowed will not enable CECONY to earn a 10%
13 ROE unless the company can succeed in
14 reducing expenses by \$60 million from the
15 company's projected level. In Fitch's
16 estimate, if the company cannot deliver the
17 expense cut, the ROE might only equate to
18 around 9.5%.

19
20 and

21 In addition to the base rate increase, the
22 PSC authorized a temporary increase of \$198
23 million in order to compensate CECONY for
24 new assessments that the State of New York
25 has imposed on utilities in the state to
26 address state budget deficiencies. The
27 assessment is so recently imposed that it
28 was not factored into CECONY's original
29 request or subsequent September 2008 revised
30 application. While it is helpful that CECONY
31 will be able to recover this new and
32 unexpected tax, the bad news is that the
33 utility will collect revenues for New York
34 State rather than base rates that compensate
35 investors.

1

2 Q. Why are allowed returns on equity and allowed equity
3 as a proportion of the capital structure important to
4 debt investors as well as equity investors?

5 A. Debt investors are concerned about the amount of
6 equity subordinate to them in the capital structure
7 and the returns available for stockholders for two
8 primary reasons. First, if a company is able to
9 attract new stock investment, it increases the debt
10 investors' likelihood of being paid interest and
11 principal when due. Second, returns for stock
12 investors provide a cushion when the business is
13 struggling. In difficult times, cash payments to this
14 part of the Company's capital can be suspended until
15 the business improves.

16 Q. Are bond ratings the correct indicator of the risks to
17 shareholders?

18 A. No. Shareholders, unlike bondholders, only have a
19 residual claim to the resources and income of the
20 Company, and thus face risks even in well-rated
21 companies. If returns are inadequate, the bondholder

1 may suffer a loss from a credit downgrade. The
2 stockholder will suffer the loss directly. Efforts by
3 the Commission to limit the upside potential of the
4 shareholder through the elimination of incentives and
5 other opportunities, combined with the removal of
6 true-ups and implementation of enhanced penalties
7 exacerbate the effect of lowered allowed returns.

8
9 Q. Please comment on recent events and how they have
10 reinforced the need for a strong financial condition
11 at CECONY.

12 A. The recent turmoil in the financial markets, which has
13 no source in the operations of the Company or of the
14 utility industry, is indicative of the volatility of
15 the cost and availability of capital. Long-term bond
16 spreads had widened by as much as 400 basis points for
17 very good credits and many hundreds more for poorer
18 credits. On the short end of the maturity spectrum,
19 access to commercial paper markets became difficult or
20 sometimes impossible for all but prime borrowers, a
21 status that has become more tenuous for CECONY due to
22 its A-2/P-2 (Standard and Poor's/ Moody's) rating for

1 commercial paper. At the height of the crisis, A-2/P-2
2 borrowers generally did not have access to commercial
3 paper borrowings. The few that did paid rates more
4 than 300 basis points above those paid by A-1/P-1
5 borrowers.

6 The seizing up of the commercial paper market was
7 relieved by the Federal government's effective
8 backstop for the highest rated (A-1/P-1) commercial
9 paper issuers. This backstop—together with reduced
10 issuance by asset-backed vehicles and corporations—has
11 allowed the commercial paper market to improve over
12 the past several months. Today even a relatively small
13 and less well-rated issuer, such as Orange & Rockland
14 again has access to commercial paper borrowing. There
15 is a significant risk on the horizon for the
16 commercial paper market. Several large investment
17 managers asked the SEC to prohibit money market funds
18 from investing in commercial paper rated A-2 or P-2.
19 If the SEC were to institute this prohibition,
20 CECONY's access to the commercial paper market could
21 be compromised.

1 If CECONY lost access to the commercial paper market
2 borrowing costs would increase as the Company relied
3 more upon long-term debt, which is more expensive. In
4 addition, the Company would more often issue debt on
5 less attractive terms because it lacked the
6 flexibility to postpone issuance. The recent past has
7 demonstrated how important maintaining a strong credit
8 rating and investor confidence can be.

9 Q. In the Company's 2007 electric rate case (Case 07-E-
10 0523) did the Staff Finance Panel make assertions
11 concerning the ability of the Company to maintain
12 its credit ratings in the face of that Panel's
13 recommendations?

14 A. Yes, they did. In their testimony (p. 66) they
15 asserted that the credit metrics would continue to
16 support an A rating. In fact, they speculated that
17 the addition of a regulatory decoupling mechanism
18 ("RDM") for the electric business might even lead to
19 an upgrade. Of course no such mechanism has been
20 granted to the highly weather-dependent steam
21 business.

1 Q. Were they correct in their assertion?

2 A. They were not. Standard and Poor's dropped the entire
3 CEI group by one notch and Fitch by two notches.
4 Moody's placed the entire CEI group on Negative
5 Outlook. So while CEI and the competitive businesses
6 have never reduced the utilities' credit quality, the
7 Commission's rate decisions for CECONY have
8 demonstrably hurt CEI and the competitive businesses'
9 credit quality.

10 Q. Did the Staff' Finance Panel make assertions
11 concerning the ability of the Company to maintain its
12 then-current credit ratings in the 2008 electric
13 case?

14 A. Yes, they stated (p. 45):

15 We believe that our capital structure
16 recommendations should be adequate to maintain
17 ratings for its senior unsecured debt
18 obligations within their respective "A"
19 categories.

20

21 Q. Were they correct in their assertion?

- 1 A. No. In June 2009, on the heels of the Commission's
2 rate order for CECONY's electric service, Moody's
3 dropped the ratings of the Company and its
4 affiliates by two notches.
- 5 Q. Is the Company in danger of further ratings
6 decreases, with correspondingly higher debt costs at
7 all times and reduced access to markets in time of
8 crisis?
- 9 A. Yes. Low allowed rates of return and a reduction in
10 the ability to actually earn those rates of return
11 place continued pressure on cash flow coverages of
12 interest and debt, already cited as weaknesses by
13 the credit rating agencies. In addition, the
14 agencies perceive such actions as signs of a
15 deteriorating regulatory environment and are less
16 tolerant of the Company's mediocre cash flow ratios.
- 17 Q. Please discuss how Moody's now views the New York
18 regulatory environment.

1 A. On pages 2 and 3 of Credit Opinion - Consolidated
2 Edison Company of New York, Inc." (June 30, 2009)
3 Moody's states:

4
5 Moody's believes that CECONY's regulatory
6 environment has become more challenging in recent
7 years. Our view reflects the steady decline in
8 allowed ROEs as evidenced by the decline in the
9 allowed ROE in CECONY's electric business from
10 the 11.1% that existed through most of the 1990s
11 and the early part of this decade to the 9.1%
12 authorized for the 2009 rate year. While CECONY's
13 allowed electric ROE has increased to 10% for the
14 2010 rate year, the lower level relative to
15 periods prior to the 2006 rate year, will have a
16 negative impact on CECONY's cash flow generating
17 abilities all else being equal.
18
19 Moody's views the PSC's ongoing audit of
20 approximately \$1.6 billion of CECONY's
21 electricity capital spending during the 2006-2008
22 rate years as evidence of a potentially more
23 challenging regulatory environment. Moody's notes
24 that while the PSC has approved the collection of
25 approximately \$237 million of revenue for the
26 rate year ended March 31, 2009 and \$254 million
27 for the current rate year in connection with
28 these expenditures, those revenues are subject to
29 refund in the event that the PSC concludes that
30 all or a portion of the capital spending was
31 imprudent. If any portion of these revenues is
32 ultimately clawed back, CECONY's financial
33 profile would be adversely impacted and, more
34 importantly, Moody's would view this as further
35 evidence of less constructive relations with the
36 company's key regulator. Should this occur,
37 Moody's expects that negative rating actions for
38 CECONY, CEI and O&R could follow.

1
2 Q. Has Moody's quantified its view of New York
3 regulation?

4 A. Yes. In its August 2009 rating methodology
5 publication "Regulated Electric and Gas Utilities"
6 it breaks down the ratings factors contributing to a
7 particular company. For each factor it assigns a
8 letter rating with the same scale as its corporate
9 debt ratings. Among the factors it analyzes is
10 Regulatory Supportiveness.

11 Q. What rating does it give to Regulatory
12 Supportiveness for CECONY?

13 A. It gives a Baa rating, which, along with the
14 relatively weak CECONY financial ratios, puts
15 pressure on the maintenance or improvement of
16 CECONY's debt ratings.

17 Q. Please explain why it is important for Con Edison to
18 maintain its current debt ratings.

1 A. First, the Company has a significant continuing
2 construction program which must be met in large part
3 by debt financing. As witness Hevert discusses, the
4 cost differences between companies with different
5 credit ratings remain wide. More important, the risk
6 remains that access to credit markets will be
7 restricted for lower quality credits.

8 In addition, a part of Con Edison's financing
9 program is made up of short-term borrowing through
10 its commercial paper program. Such borrowing is
11 highly sensitive to credit quality and credit market
12 conditions.

13 Q. Have there been any other impacts from the drop in
14 Con Edison's debt ratings besides increases in
15 financing costs?

16 A. Yes. Under current NYSERDA rules, Con Edison cannot
17 issue or remarket tax-exempt debt unless either the
18 Company or a credit support provider is rated at
19 least A, by S&P, A2 by Moody's, or A by Fitch, or
20 the debt is supported by a letter of credit or

1 insurance that has one of these ratings. Con Edison
2 does not qualify due to its current ratings. In
3 turn, the traditional bond insurers have suffered
4 drastic ratings reductions or are unable to insure
5 Con Edison debt. Letters of credit are very
6 difficult to arrange at reasonable prices, and make
7 tax-exempts uneconomic.

8 Q. Who owns the Company?

9 A. CECONY has one shareholder, CEI. CEI in turn is owned
10 by 72,000 registered shareholders. Registered
11 shareholders are the individuals or businesses whose
12 names are listed on the shareholder register of CEI.

13 Q. What are the characteristics of the registered
14 shareholders?

15 A. Institutional investors owned approximately 43% of
16 CEI's 275 million shares outstanding as of September
17 30, 2009, while individuals owned 57%. Institutional
18 investors often own shares for the benefit of others.
19 These investors purchase CEI shares for the benefit of
20 their investors who, in turn, may be pension funds and
21 individual investors. Since pension funds exist for

1 the benefit of the individual participants in their
2 plans, it makes sense to think of the ultimate
3 beneficiaries of share ownership in CEI and
4 derivatively in CECONY of being millions of
5 individuals who may own shares directly, invest in
6 U.S. stock mutual funds, or receive or expect benefits
7 from pension plans or life insurance policies.

8 Q. What do these people who own the Company provide to
9 it?

10 A. They provide the capital that the Company needs above
11 and beyond what debt investors are willing to provide.
12 Their capital allows the Company to use the goods,
13 wages, services and borrowings that bring safe,
14 reliable energy utility service to the Company's
15 customers. Without these share investors, the
16 Company's customers would have to pay currently for
17 all of the costs of the services they receive.
18 Instead, customers can delay payment effectively by
19 promising to pay these investors a greater amount in
20 the future. Therefore, instead of paying for a new
21 substation as it is constructed, for example,

1 customers can plan to pay for that asset over the
2 subsequent decades during the time they benefit from
3 its operation.

4 Q. What do these share investors expect in return for the
5 benefit customers receive from their capital
6 investment?

7 A. They expect compensation either in the form of a
8 periodic payment (or dividend) or in an increase in
9 the value of the business, or both.

10 Q. How do share investors in regulated utilities set
11 their expectations for compensation?

12 A. The return expectations of share investors in rate-
13 regulated energy utilities are grounded in the bargain
14 termed "the regulatory compact." The regulatory
15 compact's essence is that share investors forgo the
16 monopoly rents they would otherwise enjoy in return
17 for the institutionalization of their monopoly in an
18 exclusive franchise, and a fair and equitable return
19 on the capital they have invested.

1 Q. What standards exist to help share investors and
2 regulators determine whether a rate-regulated utility
3 offers a fair and equitable return?

4 A. The general standards for a fair and equitable
5 return for investors in utility shares are well-
6 established in the United States. The underlying
7 requirement for fair treatment for share
8 investors has been recognized for years. It dates
9 back to the Bluefield and Hope cases.

10 The key point is that in neither case is there a
11 specific limitation to looking only to the financial
12 health of utilities when looking at enterprises with
13 "similar risks." And, as has been pointed out many
14 times in prior New York rate proceedings, comparisons
15 to other utilities introduces an incurable circularity
16 to the assessment of an appropriate level of returns.

17 Q. How would a potential share investor evaluate the
18 return limitations on New York utilities as to their
19 magnitude, timing and probability?

20 A. There are four significant factors in an equity
21 investor's assessment of New York utility regulation:

1 (1) headline rate of return on equity, (2) the
2 likelihood of earning that return, (3) the symmetry of
3 potential earned equity returns, and (4) the
4 restrictions the regulator places on the scope of the
5 business. To make this assessment, a potential share
6 investor will start with the basic parameters of the
7 rate orders from the state.

8 Q. How is the first identified return consideration
9 addressed by New York rate orders?

10 A. The first factor, the level of returns on equity, is
11 important for an equity investor because it provides
12 the most visible indication in the rate order of the
13 regulator's willingness to balance the needs of
14 investors and customers.

15 Q. Can investors readily measure the degree to which a
16 regulatory regime fairly rewards share investors?

17 A. In New York, yes. The Commission has a clear and long-
18 standing policy of setting returns relative to the
19 historic tangible book value of the investors' shares.
20 Information about returns on share book values for
21 publicly-traded United States companies is readily

1 available to investors from public sources as a basis
2 for comparison.

3 Q. How does Con Edison compare to this universe of
4 alternative investments?

5 A. Con Edison does not fare well in the comparison. When
6 looking at historical performance over a five-year
7 period, CEI had a return on book equity that placed it
8 in the bottom 27% of S&P companies.

9 Q. Have you prepared an exhibit to show this?

10 A. Yes, please refer to my Exhibit ____ (JEP-1).

11 Q. Are companies typically valued by investors at their
12 tangible book value?

13 A. No. Exhibit ____ (JEP-2) shows the current market
14 to tangible book ratios for those S&P companies
15 with positive book equity. CEI's market to book
16 is in the bottom 8% of this universe for this
17 important measure of investor perception of
18 prospects, even after a massive financial crisis
19 which most severely affected the financial sector
20 and other industries

21 Q. How would an investor assess the second factor: the

1 likelihood of actually earning the headline equity
2 return?

3 A. The investor would analyze the adjustments made to
4 actual Company costs that are allowed to be recovered,
5 imputed productivity that may or may not be achieved,
6 and any arbitrary "austerity" adjustments.

7 To the extent that such adjustments to real costs are
8 made, the headline rate of return is unlikely to be
9 achieved.

10 Q. How would an investor assess the third factor: the
11 symmetry of potential returns?

12 A. There is ample opportunity through penalty-only
13 performance mechanisms, an absence of any meaningful
14 positive incentives, and one-way true-ups of costs--
15 burdens which have increasingly been imposed in New
16 York rate decisions--to realize significantly worse
17 returns than the headline authorized return. All of
18 these aspects of New York rate orders create asymmetry
19 in expected returns, which a rational potential share
20 investor would judge as reducing his or her expected
21 return. We have not found evidence that these burdens

1 are common in other jurisdictions in the country,
2 where the peers that are the basis for the
3 Commission's DCF and CAPM results operate.

4 Q. Have equity investor concerns about New York
5 regulation been quantified?

6 A. Yes. New York State regulation has been ranked as
7 43rd out of 48 in terms of support for equity
8 investors(Barclay's Capital "Utilities - Capital
9 Management", July 16, 2009).

10

11 SUMMARY

12 Q. Please summarize your testimony on the financial
13 challenges for the Company.

14 A. Witness Hevert has presented the Company's case
15 calculation of a required equity return for Com
16 Edison. My testimony concerns the financial
17 challenges and the need to maintain access to
18 financial markets at reasonable cost. There is a
19 perception on the part of both equity and debt

1 investors that the New York regulatory environment
2 has become a difficult one in which to operate. Such
3 a perception, if it continues, will make financing
4 needed expenditures more expensive in normal times
5 and less certain in times of financial crises.

6 **VI. DIRECTORS AND OFFICERS INSURANCE**

7 Q. What is Directors and Officers ("D&O") insurance?

8 A. D&O insurance protects, consistent with New York State
9 law, the Company and its directors and officers from
10 claims and litigation brought against them for good
11 faith decisions made by directors and officers in
12 their corporate capacities.

13 Q. Why does Con Edison need D&O insurance?

14 A. The Company has maintained D&O insurance since 1966 to
15 transfer significant potential risk of loss from the
16 Company to stable insurers. This insurance is
17 important to the Company's effort to recruit and
18 retain qualified officers and directors to manage the
19 Company. Potential officers and directors expect D&O
20 insurance to protect against the litigation exposure
21 that attends the responsibility of boards and

1 management of companies, especially large, public
2 utility companies.

3 Q. Is D&O insurance a customary business expense for U.S.
4 public companies?

5 A. Yes. D&O insurance is essentially universal among
6 U.S. public companies. The Commission did not disturb
7 the finding by administrative law judges in the
8 Company's last electric case that more than 99% of all
9 types of companies buy this insurance.

10 Q. Is the purchase of D&O insurance a legitimate business
11 expense of the Company?

12 A. Yes. D&O insurance protects the Company and its
13 ability to provide utility service to its customers,
14 by transferring the litigation risk to its officers
15 and directors for good faith decisions to a third-
16 party carrier. The Company also purchases this
17 insurance to attract and retain qualified individuals
18 to manage the Company. There is no doubt that our
19 customers benefit from a well-managed company. The
20 universality of corporate indemnification of directors
21 and offices, and of D&O insurance to redistribute the

1 risk of such indemnity to better bearers of the risk,
2 make this type of insurance a threshold requirement to
3 the Company's ability to attract and retain qualified
4 directors and officers.

5 Q. Are there other reasons supporting the purchase of D&O
6 insurance?

7 A. Yes. Shifting this risk insulates the financial
8 stability of the Company and its ability to provide
9 utility service to its customers. If the Company
10 lacked D&O insurance, the investment community would
11 view the Company as having greater risk which would
12 increase the Company's cost of capital. That cost
13 would be reflected in higher utility rates. Though a
14 key purpose of D&O insurance is to protect the Company
15 from litigation risk, in the long run the appropriate
16 coverage level of D&O insurance keeps utility rates at
17 a level lower than they otherwise would be.

18 Q. Does the Commission recognize D&O insurance as a
19 reasonable business expense?

20 A. While the Commission adjusted recovery of this expense
21 in the last electric rate case, which the Company has

1 challenged, as discussed below, the Commission does
2 accept that D&O insurance is a reasonable business
3 expense.

4 Q. Please describe the coverage under the Company's D&O
5 insurance.

6 A. The Company purchases \$300 million of total D&O
7 insurance, which is comprised of \$250 million of
8 standard ABC coverage supplemented by \$50 million of
9 stand-alone Side A coverage. The standard policy
10 coverage contains three coverage components. Coverage
11 A protects and defends individual officers and
12 directors for claims against them should the Company
13 fail to provide indemnification. In such a case a \$0
14 deductible applies. Coverage B of the policy
15 reimburses Con Edison for all amounts incurred to
16 indemnify our directors and officers as required or
17 permitted by applicable common or statutory law, or
18 under our charter or by-laws, in which case a \$5
19 million deductible applies. Coverage C of the
20 standard policy covers Con Edison for securities
21 claims against it. A \$5 million deductible also

1 applies to Coverage C.

2 Q. Please address the types of activities covered by D&O
3 insurance.

4 A. D&O insurance protects the Company and its directors
5 and officers from claims arising from decisions and
6 actions by the directors and officers. I emphasize
7 that, under New York State law and the Company's
8 bylaws, the Company can only indemnify an officer or
9 director for an act committed in "good faith."
10 Therefore, the Company would not, as a matter of law
11 and adherence to its own bylaws, indemnify an officer
12 or director for an act not committed in good faith.
13 In other words, no claim can even be made to an
14 insurance company by the Company for reimbursement for
15 indemnification of an act not committed in good faith.

16 Q. What claims are excluded from D&O coverage?

17 A. D&O policies typically exclude claims arising out of
18 deliberate, fraudulent, criminal or malicious acts,
19 claims in which the director or officer has gained a
20 personal profit to which the director or officer was
21 not legally entitled, and claims involving any profit

1 from illegal insider trading. The policies typically
2 do not cover dishonest, inappropriate, or willful
3 criminal acts committed by directors and officers.

4 Q. What claims does D&O insurance cover?

5 A. These policies cover the typical daily good faith
6 business decisions, made by officers and directors
7 related to management and operation of the business.

8 Q. Have you prepared or caused to be prepared under your
9 direction an exhibit entitled "Consolidated Edison
10 Company of New York, Inc. - Cost for Levels of D&O
11 Insurance" which shows the cost of the Company's
12 insurance?

13 A. Yes. It is attached as Exhibit__ (JEP-3)

14 Q. Please describe this exhibit.

15 A. The exhibit shows the specific cost for each level of
16 coverage. For example, the exhibit shows that the
17 first \$235 million of coverage above the applicable
18 deductible is the sum of the first five layers of
19 coverage or \$3,536,005.

20 Q. Please describe how companies determine the
21 appropriate amount of D&O insurance coverage.

1 A. The appropriate amount of D&O insurance coverage for
2 any company is a function of many factors such as the
3 riskiness of its operations, the location of its
4 operations, the volatility of its cash flows and share
5 price, its industry sector, and the D&O loss trends in
6 that industry. Another critical factor is whether a
7 Company is a public or private company. If the
8 company is public, the size of its market
9 capitalization is a factor. An individual company's
10 evaluation of these factors determines a prudent level
11 of coverage. That evaluation cannot be reduced to a
12 simple comparison of that company's coverage with the
13 average amount of coverage maintained by companies in
14 a particular industry or with a particular market
15 capitalization.

16 Q. What steps has Con Edison taken to determine its
17 appropriate amount of D&O insurance coverage?

18 A. To make decisions as to amounts of coverage, the
19 Company obtained the advice of professionals in the
20 field. In 2005 our D&O insurance program was reviewed
21 by outside counsel (Dickstein-Shapiro-Morin) with

1 insurance expertise. Based on that firm's review, Con
2 Edison increased its overall coverage to \$300 million,
3 the level of coverage it still has today. In
4 addition, we reconfirm with our insurance brokers
5 (Willis and Marsh) that our D&O insurance costs and
6 policies are reasonable and in line with similar
7 companies.

8 Q. Do Willis and Marsh provide written confirmation of
9 this advice?

10 A. Yes. I have attached as Exhibit __ (JEP-4) letters
11 from Willis and Marsh.

12 Q. Please describe these letters.

13 A. We asked Willis and Marsh, firms with expertise and
14 knowledge of these decisions by other companies, their
15 view of our amounts of coverage. They stated that in
16 view of the Company's size, market capitalization and
17 potential exposure to D&O claims, coverage of \$300
18 million is appropriate.

19 Q. What steps does the Company take to control the cost
20 of this insurance?

21 A. Prior to each renewal the Insurance Department and

- 1 Senior Management review with our broker: a) the
2 current D&O market conditions; b) lists of insurance
3 carriers, those with which the Company currently works
4 and those not, which may offer a competitive choice;
5 c) the financial stability and claims-paying
6 reputation of each of these insurance carriers; d) our
7 goals for the renewal; e) other possible program
8 structures; f) coverage specifics and g) and the
9 marketing process itself. Our goal is appropriate
10 coverage terms and conditions at a fair and equitable
11 market premium from table and secure insurers. We
12 work closely with carriers to secure the most
13 competitive pricing for each level of insurance.
- 14 Q. What other steps does Con Edison take to test the
15 reasonableness of the financial limits of its D&O
16 coverage?
- 17 A. Con Edison compares its coverage with other utilities
18 to test whether our amount of coverage is within the
19 range of coverage of other American utilities roughly
20 similar to Con Edison in size.
- 21 Q. Does the Company's survey support its level of

1 coverage?

2 A. Yes. In 2004, the Company first gathered confidential
3 information from other large utilities on their D&O
4 coverage limits and has since repeated this survey
5 periodically. The Company's survey of large utilities
6 has the benefit of capturing two of the several
7 factors indentified as more important in determining
8 the appropriate amount of coverage for a company,
9 namely industry sector and size. I caution that
10 although these factors are important to the
11 determination of the appropriate amount of coverage,
12 they are not the basis for setting our coverage
13 limits. The survey merely tests our amount of
14 coverage. We set our coverage limits instead in
15 consultation with the professional expertise of
16 insurance brokers and outside counsel specializing in
17 the field.

18 Q. What were the results of the Company's most recent
19 survey?

20 A. In our 2009 survey, Exhibit __ (JEP-5), we found that
21 half of the fourteen utility companies—with market

1 capitalization of approximately \$10 billion or more -
2 the Company's size - secured total D&O limits of \$300
3 million or more. Our 2009 survey shows that two
4 utilities increased their coverage limits to \$300
5 million or more since the previous survey in 2006.
6 The survey also shows that the trend for utilities has
7 been to increase D&O coverage. The average coverage
8 amount in our latest survey for the fourteen utilities
9 with current market capitalization of over \$10 billion
10 is \$271 million. The median limit in our 2009 survey
11 of the fourteen utilities with a market cap about \$10
12 billion amounts to \$275 million and the mode, or most
13 frequent, limit of the fourteen in this group was \$300
14 million. The average company in the survey increased
15 its coverage by 3.9% per year from 2004 to 2009, and
16 the utilities with approximately \$10 billion or more
17 in market capitalization increased their coverage
18 limits by 4.3% per year over the same period. Growing
19 the average, median and modal coverage limits from the
20 calendar year to the rate year at the compound annual
21 growth rate of 4.3% produces implied coverage limits

1 of \$286 million, \$290 million and \$316 million.

2 Q. Please explain why you provide these figures when you
3 testify that these calculations do not form the basis
4 for the Company's decision as to what amount of
5 coverage is appropriate.

6 A. The various algebraic comparisons, which do not form
7 the basis for the Company's decision on coverage
8 limits, do tell us that our decision comports
9 generally with our peer group.

10 Q. The Company did not conduct a D&O insurance survey
11 every year since 2004. Can you comment?

12 A. Yes. The Company does not believe that an annual
13 survey is necessary. Further, the Company is unaware
14 of any industry event(s) that would have indicated
15 that survey would have been a worthwhile use of
16 resources in either 2007 or 2008.

17 Q. Please summarize the result of the steps taken to
18 assess the Company's amount of D&O insurance.

19 A. Our experts recommended and reconfirmed the amount of
20 insurance for the Company, taking all of the
21 individual characteristics of Con Edison into

1 consideration. Next, our survey shows that our
2 coverage limits are very close to the average amount
3 for large utilities. The survey also shows that of
4 the utilities in our size range, half have \$300
5 million or more in coverage. We believe it reasonable
6 that the insurance coverage for the largest American
7 distribution utility, serving the largest, most urban
8 city in the United States, should be no lower than the
9 midpoint of other large utilities.

10 Q. You mention Con Edison's characteristics. Are there
11 others you have not listed?

12 A. Yes. We also take into account the following facts
13 about the Company: a higher portion of its assets are
14 proximate to the general public, its capital needs are
15 large and ongoing, its customers and Commission hold
16 it to unequalled standards, it serves the nation's
17 financial center and it has a significant base of
18 customers in high-rise buildings for whom reliable
19 electricity service is especially critical for daily
20 life.

21 Q. Can the appropriate amount of the Company's coverage

1 be properly determined based on an average of other
2 utilities' coverage limits?

3 A. No. Using an average assumes that operating
4 circumstances, location and the numerous other
5 differences among companies have no bearing on the
6 appropriate level of D&O coverage. Such an approach
7 contravenes a ratemaking process based on each
8 utility's characteristics. Use of an average fails to
9 reflect the real costs to the Company for any expense,
10 just as using an average here fails to capture the
11 Company's reasonable costs for D&O insurance.
12 Reducing the amount of D&O insurance to a numerical
13 formula represents too simplistic an approach to a
14 more complicated undertaking.

15 Q. Are other elements of the Company's rates set based on
16 average costs of other utilities?

17 A. No, they are not.

18 Q. The Towers Perrin D&O survey has attracted comment in
19 the Company's recent electric cases. Could you
20 address its usefulness?

21 A. Interest in this survey is probably unavoidable

1 because it appears to be the only public report on
2 U.S. corporate D&O insurance practices. The report,
3 however, provides little useful information for this
4 proceeding beyond the undisputed fact of the
5 universality of this insurance. In fact, in the most
6 recent survey, issued on September 9, 2009, of the
7 2,599 participants in the survey, only 12 were
8 publicly-traded utilities, and only 6 of the 2,599 had
9 more than 2,500 employees. As to asset size, at year
10 end 2008, Con Edison had assets of \$33.5 billion, in
11 contrast to the threshold amount of \$10 billion.
12 Towers Perrin provides no information on the types of
13 assets of the participants, which could be financial
14 or intangible in nature in contrast to the Company's
15 assets physically employed in energy generation,
16 transmission and distribution in densely populated
17 urban and suburban areas. Comparing the coverage
18 limits for phantom companies, with essentially no
19 known shared qualities with Con Edison, simply cannot
20 be the means to judge the coverage limits appropriate
21 for this particular company.

1 Q. Are there any other factors which contribute to the
2 limited utility of the Towers Perrin survey to this
3 case?

4 A. Yes. Towers Perrin lacks sufficiently clear cross
5 sections of the self-selected participants in the
6 survey to link any company's coverage limits to that
7 of Con Edison. We do not know, for example, whether a
8 participant is a public or private company, whether a
9 participant is in an industry with greater or lesser
10 D&O risk or whether a participant's cash flow or share
11 price is subject to volatility. Only one participant
12 falls into the survey category of between 10,001 and
13 25,000 employees. As noted above, only twelve of the
14 companies are publicly traded utilities.

15 Q. Did the Commission in Con Edison's last electric base
16 rate case permit full recovery of D&O insurance
17 expenses?

18 A. No, as I will discuss further below. The Commission
19 authorized recovery of half of the costs of what it
20 found to be the reasonable coverage level. The
21 Company has petitioned for rehearing on this issue, as

1 has Central Hudson in its case. For the reasons
2 stated in our petition, as well as my testimony here,
3 we believe the decisions are in error and that
4 reliance on them is misplaced.

5 Q. In the Company's last electric base rate case, the
6 Commission determined that D&O coverage for Con Edison
7 should be \$200 million. Do you agree with that
8 finding?

9 A. No. That finding appears to have been based on a
10 superficial comparison of our coverage limits with
11 information misapplied from a 2007 Towers Perrin
12 survey and our survey. The Commission otherwise
13 distinguishes the operations and capital costs of the
14 State's various utilities. Individual utilities
15 should be able to consider their own circumstances
16 when determining the coverage limit for an insurance
17 policy. As described above, based on professional
18 guidance, supported by appropriate benchmarking and
19 taking into account the particular nature of this
20 Company, the limits maintained by the Company are
21 appropriate and reasonable.

1 Q. The Company was permitted recovery of 50% of the cost
2 of D&O insurance that the Commission deemed reasonable
3 (i.e., the cost of \$200 million of coverage. Do you
4 agree with this determination?

5 A. No. In its order in the Company's last electric rate
6 case, the Commission continued to recognize D&O
7 insurance as reasonable business expense. Contrary to
8 that finding, the Commission accepted arguments that
9 such an expense should be divided between customers
10 and shareholders. Consistent with the absence of a
11 rational basis for such analysis, the Commission
12 stated "no particularly good way to distinguish or
13 quantify the benefits of D&O insurance to ratepayers
14 from the benefits to shareholders."

15 Q. Is there a basis in regulatory practice for this
16 approach?

17 A. No. We are unaware of any basis in regulatory
18 practice for creating this sort of distinction between
19 the beneficiaries of insurance a utility purchases to
20 protect itself, its balance sheet and its customers.
21 The Commission's suggestion (Order, pp. 91-92) that

1 customers should bear less than the full amount of the
2 cost of D&O insurance because shareholders, not
3 customers, elect directors and officers, leads to the
4 troubling premise that rates can only reflect the
5 costs of doing utility business if customers make the
6 decision to incur them. The flaw in this approach is
7 fundamental. Customers neither manage the Company nor
8 make its decisions. There is no rational basis for
9 customers to receive service at rates that do not
10 reflect all of the costs prudently incurred by the
11 Company in providing that service. Customers and
12 shareholders benefit equally from all costs incurred
13 by the Company in order to provide safe and reliable
14 service, maintain financial health, and retain and
15 attract talented directors and officers to make the
16 decisions necessary to continue the operation of the
17 business. The Commission could not articulate a basis
18 to differentiate between these benefits because the
19 interests of customers and shareholders are
20 inextricably intertwined in this respect.

21 Q. Does this conclude your testimony?

JOHN PERKINS - STEAM

1 A. Yes, it does.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 87

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
1 COLGATE-PALMOLIVE CO	123.04
2 AVON PRODUCTS INC	96.49
3 CAMPBELL SOUP CO	66.65
4 DELL INC	62.55
5 APOLLO GROUP INC-CL A	62.36
6 FREEPORT-MCMORAN COPPER	59.87
7 HERSHEY CO/THE	52.8
8 WINDSTREAM CORP	52.38
9 WATERS CORP	50.86
10 EXPRESS SCRIPTS INC	47.96
11 KELLOGG CO	47.94
12 CONSOL ENERGY INC	45.13
13 MEMC ELECTRONIC MATERIALS	44.81
14 COACH INC	42.21
15 SUNOCO INC	41.3
16 HJ HEINZ CO	41.27
17 CATERPILLAR INC	40.94
18 ROCKWELL AUTOMATION INC	40.76
19 ROCKWELL COLLINS INC.	40.18
20 FEDERATED INVESTORS INC-CL B	39.19
21 VENTAS INC	39.12
22 MCGRAW-HILL COMPANIES INC	37.61
23 TJX COMPANIES INC	37.28
24 ALLEGHENY TECHNOLOGIES INC	36.46
25 MICROSOFT CORP	35.78
26 ALTRIA GROUP INC	35.37
27 INTL BUSINESS MACHINES CORP	35.16
28 AMPHENOL CORP-CL A	34.52
29 PEPSICO INC	34.15
30 3M CO	34.06
31 WESTERN DIGITAL CORP	34
32 BLACK & DECKER CORP	33.98
33 SCHLUMBERGER LTD	33.79
34 NUCOR CORP	33.77
35 EXXON MOBIL CORP	33.69
36 UNITED STATES STEEL CORP	33.55
37 EQUIFAX INC	33.35
38 PAYCHEX INC	33.27
39 LOCKHEED MARTIN CORP	32.86
40 SHERWIN-WILLIAMS CO/THE	32.4
41 NORDSTROM INC	32.25
42 SYSCO CORP	32.21
43 HARLEY-DAVIDSON INC	32.11
44 DAVITA INC	32.08
45 AUTODESK INC	31.29
46 VARIAN MEDICAL SYSTEMS INC	30.78
47 TITANIUM METALS CORP	30.39
48 COCA-COLA CO/THE	30.29

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
49 ABERCROMBIE & FITCH CO-CL A	30.17
50 C.H. ROBINSON WORLDWIDE INC	30.04
51 AGILENT TECHNOLOGIES INC	29.63
52 EQT CORP	29.61
53 KIMBERLY-CLARK CORP	29.54
54 MERCK & CO. INC.	29.46
55 OCCIDENTAL PETROLEUM CORP	29.31
56 AMERICAN EXPRESS CO	29.23
57 FMC TECHNOLOGIES INC	29.07
58 RADIOSHACK CORP	28.91
59 JOHNSON & JOHNSON	28.33
60 BALL CORP	28.24
61 INTL FLAVORS & FRAGRANCES	28.16
62 CUMMINS INC	28.13
63 CHEVRON CORP	27.94
64 FLIR SYSTEMS INC	27.66
65 NATIONAL SEMICONDUCTOR CORP	27.63
66 PACCAR INC	27.56
67 XTO ENERGY INC	27.07
68 SCHWAB (CHARLES) CORP	27
69 BAKER HUGHES INC	26.97
70 COGNIZANT TECH SOLUTIONS-A	26.94
71 EOG RESOURCES INC	26.91
72 ORACLE CORP	26.89
73 ALTERA CORPORATION	26.87
74 BRISTOL-MYERS SQUIBB CO	26.79
75 INTL GAME TECHNOLOGY	26.25
76 AES CORP	26.06
77 GILEAD SCIENCES INC	25.89
78 MARATHON OIL CORP	25.78
79 NASDAQ OMX GROUP/THE	25.74
80 ANADARKO PETROLEUM CORP	25.63
81 DEERE & CO	25.48
82 LEXMARK INTERNATIONAL INC-A	25.45
83 TESORO CORP	25.18
84 DU PONT (E.I.) DE NEMOURS	24.97
85 INTERCONTINENTALEXCHANGE INC	24.97
86 ROBERT HALF INTL INC	24.92
87 BROWN-FORMAN CORP-CLASS B	24.79
88 BJ SERVICES CO	24.67
89 APPLE INC	24.63
90 DIAMOND OFFSHORE DRILLING	24.62
91 DARDEN RESTAURANTS INC	24.58
92 CABOT OIL & GAS CORP	24.52
93 MURPHY OIL CORP	24.51
94 P G & E CORP	24.42
95 MCCORMICK & CO-NON VTG SHRS	24.31
96 BEST BUY CO INC	24.17

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
97 ADOBE SYSTEMS INC	24.16
98 HALLIBURTON CO	23.94
99 NOBLE ENERGY INC	23.72
100 BAXTER INTERNATIONAL INC	23.56
101 PROCTER & GAMBLE CO/THE	23.5
102 EXPEDITORS INTL WASH INC	23.45
103 FASTENAL CO	23.38
104 ESTEE LAUDER COMPANIES-CL A	23.35
105 TEXAS INSTRUMENTS INC	23.12
106 CIGNA CORP	23.1
107 AUTOMATIC DATA PROCESSING	23.07
108 CISCO SYSTEMS INC	22.98
109 FOREST LABORATORIES INC	22.95
110 PRAXAIR INC	22.85
111 MARRIOTT INTERNATIONAL-CL A	22.84
112 LABORATORY CRP OF AMER HLDGS	22.77
113 EMERSON ELECTRIC CO	22.74
114 STANLEY WORKS/THE	22.7
115 T ROWE PRICE GROUP INC	22.7
116 UNITEDHEALTH GROUP INC	22.63
117 VALERO ENERGY CORP	22.62
118 NIKE INC -CL B	22.47
119 TOTAL SYSTEM SERVICES INC	22.44
120 MATTEL INC	22.42
121 SLM CORP	22.42
122 FIDELITY NATIONAL INFORMATIO	22.41
123 SMITH INTERNATIONAL INC	22.4
124 INTUIT INC	22.37
125 OMNICOM GROUP	22.35
126 EASTMAN CHEMICAL COMPANY	22.24
127 DEAN FOODS CO	22.21
128 ECOLAB INC	22.2
129 BED BATH & BEYOND INC	22.16
130 GOODRICH CORP	22.12
131 LIMITED BRANDS INC	22.08
132 CR BARD INC	22
133 COVENTRY HEALTH CARE INC	21.96
134 ABBOTT LABORATORIES	21.9
135 GOLDMAN SACHS GROUP INC	21.88
136 DENBURY RESOURCES INC	21.87
137 MEDTRONIC INC	21.86
138 UNITED TECHNOLOGIES CORP	21.8
139 CME GROUP INC	21.75
140 STARBUCKS CORP	21.59
141 GENERAL MILLS INC	21.55
142 GOOGLE INC-CL A	21.55
143 HONEYWELL INTERNATIONAL INC	21.34
144 PEABODY ENERGY CORP	21.32

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
145 SIGMA-ALDRICH	21.3
146 QUESTAR CORP	21.29
147 HESS CORP	21.22
148 BECTON DICKINSON AND CO	21.14
149 EATON CORP	21.01
150 UNITED PARCEL SERVICE-CL B	21
151 WAL-MART STORES INC	20.89
152 MCDONALD'S CORP	20.8
153 STRYKER CORP	20.71
154 US BANCORP	20.68
155 PEPSI BOTTLING GROUP INC	20.67
156 FRANKLIN RESOURCES INC	20.49
157 FLUOR CORP	20.44
158 QUALCOMM INC	20.4
159 DOW CHEMICAL	20.23
160 PROGRESSIVE CORP	20.22
161 EXELON CORP	20.07
162 WHIRLPOOL CORP	20.04
163 GAP INC/THE	20.03
164 GENERAL DYNAMICS CORP	20.03
165 ITT CORP	20.02
166 HOME DEPOT INC	19.97
167 FRONTIER COMMUNICATIONS CORP	19.96
168 PACTIV CORPORATION	19.94
169 SOUTHWESTERN ENERGY CO	19.94
170 ENSCO INTERNATIONAL INC	19.88
171 PPG INDUSTRIES INC	19.67
172 J.C. PENNEY CO INC	19.57
173 APACHE CORP	19.4
174 TARGET CORP	19.32
175 BOSTON PROPERTIES INC	19.2
176 ILLINOIS TOOL WORKS	19.19
177 CHESAPEAKE ENERGY CORP	19.12
178 PRECISION CASTPARTS CORP	19.08
179 ALLERGAN INC	19.05
180 FISERV INC	19.04
181 AETNA INC	18.92
182 PPL CORPORATION	18.81
183 KROGER CO	18.78
184 NABORS INDUSTRIES LTD	18.73
185 MICROCHIP TECHNOLOGY INC	18.72
186 ANALOG DEVICES INC	18.57
187 LOWE'S COS INC	18.52
188 WASTE MANAGEMENT INC	18.48
189 CAMERON INTERNATIONAL CORP	18.43
190 VF CORP	18.39
191 FAMILY DOLLAR STORES	18.35
192 FMC CORP	18.33

Exhibit__ (JEP-1)

Name	5 Year Average Return On Book Equity
193 PATTERSON COS INC	18.16
194 QUEST DIAGNOSTICS	18.15
195 AFLAC INC	18.1
196 NVIDIA CORP	18.09
197 WW GRAINGER INC	18.08
198 QLOGIC CORP	18
199 HOSPIRA INC	17.97
200 STAPLES INC	17.95
201 GENUINE PARTS CO	17.84
202 BMC SOFTWARE INC	17.76
203 WALGREEN CO	17.72
204 AVERY DENNISON CORP	17.65
205 STERICYCLE INC	17.61
206 INTEL CORP	17.43
207 DANAHER CORP	17.41
208 GENERAL ELECTRIC CO	17.39
209 REYNOLDS AMERICAN INC	17.33
210 MASTERCARD INC-CLASS A	17.24
211 ST JUDE MEDICAL INC	17.21
212 FORTUNE BRANDS INC	17.14
213 INTUITIVE SURGICAL INC	17.05
214 SEMPRA ENERGY	17.04
215 PARKER HANNIFIN CORP	17.03
216 CHUBB CORP	16.97
217 XILINX INC	16.91
218 AMGEN INC	16.9
219 APPLIED MATERIALS INC	16.9
220 HASBRO INC	16.9
221 NORTHERN TRUST CORP	16.87
222 SEALED AIR CORP	16.53
223 PFIZER INC	16.52
224 TEXTRON INC	16.52
225 HORMEL FOODS CORP	16.46
226 PIONEER NATURAL RESOURCES CO	16.45
227 KOHLS CORP	16.43
228 STARWOOD HOTELS & RESORTS	16.32
229 LOEWS CORP	16.23
230 AIR PRODUCTS & CHEMICALS INC	16.21
231 POLO RALPH LAUREN CORP	16.15
232 WELLS FARGO & CO	16.15
233 VERIZON COMMUNICATIONS INC	16.07
234 HARRIS CORP	16.05
235 BURLINGTON NORTHERN SANTA FE	15.98
236 CARDINAL HEALTH INC	15.98
237 ZIMMER HOLDINGS INC	15.97
238 AON CORP	15.9
239 JACOBS ENGINEERING GROUP INC	15.89
240 CONAGRA FOODS INC	15.86

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
241 TIFFANY & CO	15.86
242 SARA LEE CORP	15.77
243 VIACOM INC-CLASS B	15.71
244 DOVER CORP	15.59
245 DENTSPLY INTERNATIONAL INC	15.56
246 NATIONAL OILWELL VARCO INC	15.53
247 EDISON INTERNATIONAL	15.52
248 PNC FINANCIAL SERVICES GROUP	15.41
249 METLIFE INC	15.28
250 AIRGAS INC	15.25
251 MONSANTO CO	15.18
252 NORFOLK SOUTHERN CORP	15.14
253 TORCHMARK CORP	15.09
254 RANGE RESOURCES CORP	15.04
255 ARCHER-DANIELS-MIDLAND CO	15.02
256 BANK OF NEW YORK MELLON CORP	14.89
257 DOMINION RESOURCES INC/VA	14.85
258 PLUM CREEK TIMBER CO	14.81
259 EQUITY RESIDENTIAL	14.8
260 ROWAN COMPANIES INC	14.66
261 SOUTHERN CO	14.6
262 STATE STREET CORP	14.55
263 HEWLETT-PACKARD CO	14.52
264 GAMESTOP CORP-CLASS A	14.51
265 FLOWSERVE CORP	14.5
266 MORGAN STANLEY	14.5
267 HCP INC	14.44
268 VULCAN MATERIALS CO	14.42
269 RYDER SYSTEM INC	14.36
270 SAFEWAY INC	14.28
271 ASSURANT INC	14.26
272 CINTAS CORP	14.23
273 PUBLIC SERVICE ENTERPRISE GP	14.09
274 NICOR INC	14.01
275 BB&T CORP	13.86
276 AFFILIATED COMPUTER SVCS-A	13.84
277 O'REILLY AUTOMOTIVE INC	13.75
278 REPUBLIC SERVICES INC	13.73
279 CVS CAREMARK CORP	13.71
280 CITRIX SYSTEMS INC	13.55
281 PALL CORP	13.55
282 CSX CORP	13.52
283 MILLIPORE CORP	13.34
284 NETAPP INC	13.34
285 SIMON PROPERTY GROUP INC	13.33
286 COMERICA INC	13.29
287 XEROX CORP	13.23
288 CORNING INC	13.18

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
289 BANK OF AMERICA CORP	13.17
290 ENTERGY CORP	13.13
291 MEREDITH CORP	12.95
292 FPL GROUP INC	12.92
293 L-3 COMMUNICATIONS HOLDINGS	12.89
294 MARSH & MCLENNAN COS	12.81
295 FIRSTENERGY CORP	12.79
296 CARNIVAL CORP	12.78
297 ELI LILLY & CO	12.77
298 SEARS HOLDINGS CORP	12.73
299 KIMCO REALTY CORP	12.64
300 COSTCO WHOLESALE CORP	12.6
301 BEMIS COMPANY	12.57
302 DEVON ENERGY CORPORATION	12.57
303 CONOCOPHILLIPS	12.54
304 WHOLE FOODS MARKET INC	12.45
305 DEVRY INC	12.33
306 RAYTHEON COMPANY	12.29
307 SNAP-ON INC	12.21
308 TRAVELERS COS INC/THE	12.04
309 WALT DISNEY CO/THE	11.95
310 MCAFEE INC	11.91
311 FEDEX CORP	11.84
312 M & T BANK CORP	11.78
313 AVALONBAY COMMUNITIES INC	11.74
314 ALLSTATE CORP	11.73
315 PRINCIPAL FINANCIAL GROUP	11.73
316 VORNADO REALTY TRUST	11.71
317 COMPUTER SCIENCES CORP	11.69
318 YAHOO! INC	11.69
319 WISCONSIN ENERGY CORP	11.66
320 AMERICAN ELECTRIC POWER	11.57
321 SCANA CORP	11.5
322 CENTURYTEL INC	11.3
323 WELLPOINT INC	11.28
324 RED HAT INC	11.27
325 AT&T INC	11.23
326 MEDCO HEALTH SOLUTIONS INC	11.21
327 CAPITAL ONE FINANCIAL CORP	11.15
328 EBAY INC	11.15
329 CINCINNATI FINANCIAL CORP	11.1
330 MCKESSON CORP	10.95
331 COMPUWARE CORP	10.92
332 JOHNSON CONTROLS INC	10.78
333 EMC CORP/MASS	10.69
334 APARTMENT INVT & MGMT CO -A	10.47
335 INTEGRYS ENERGY GROUP INC	10.4
336 MONSTER WORLDWIDE INC	10.4

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
337 ALCOA INC	10.39
338 BIG LOTS INC	10.37
339 CONSOLIDATED EDISON INC	10.24
340 PRUDENTIAL FINANCIAL INC	10.24
341 UNION PACIFIC CORP	10.15
342 DTE ENERGY COMPANY	10.14
343 DIRECTV GROUP INC/THE	10.13
344 SUNTRUST BANKS INC	10.06
345 NEWELL RUBBERMAID INC	10.05
346 WILLIAMS COS INC	10.02
347 AMERISOURCEBERGEN CORP	10.01
348 LINCOLN NATIONAL CORP	9.99
349 KRAFT FOODS INC-CLASS A	9.9
350 WASHINGTON POST -CL B	9.82
351 HUNTINGTON BANCSHARES INC	9.63
352 PERKINELMER INC	9.58
353 H&R BLOCK INC	9.52
354 HUDSON CITY BANCORP INC	9.42
355 AMEREN CORPORATION	9.35
356 PEOPLE'S UNITED FINANCIAL	9.34
357 HOST HOTELS & RESORTS INC	9.2
358 ZIONS BANCORPORATION	9.15
359 FIRST HORIZON NATIONAL CORP	9.14
360 XCEL ENERGY INC	9.13
361 WYNN RESORTS LTD	8.87
362 HARTFORD FINANCIAL SVCS GRP	8.78
363 JM SMUCKER CO/THE	8.72
364 JPMORGAN CHASE & CO	8.7
365 BROADCOM CORP-CL A	8.69
366 MASCO CORP	8.58
367 DUKE ENERGY CORP	8.48
368 LEGGETT & PLATT INC	8.4
369 PEPCO HOLDINGS INC	8.38
370 PROLOGIS	8.35
371 PROGRESS ENERGY INC	8.34
372 HARMAN INTERNATIONAL	8.1
373 PUBLIC STORAGE	7.91
374 IRON MOUNTAIN INC	7.87
375 PINNACLE WEST CAPITAL	7.84
376 MOLSON COORS BREWING CO -B	7.53
377 CA INC	7.47
378 AMERIPRISE FINANCIAL INC	7.44
379 THERMO FISHER SCIENTIFIC INC	7.33
380 HEALTH CARE REIT INC	7.07
381 CENTERPOINT ENERGY INC	7.02
382 CONVERGYS CORP	6.95
383 KEYCORP	6.94
384 SOUTHWEST AIRLINES CO	6.82

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
385 KLA-TENCOR CORPORATION	6.51
386 NOVELL INC	6.42
387 FIFTH THIRD BANCORP	6.4
388 ALLEGHENY ENERGY INC	6.39
389 NEWS CORP-CL A	6.33
390 GENWORTH FINANCIAL INC-CL A	6.27
391 MARSHALL & ILSLEY CORP	6.11
392 CONSTELLATION ENERGY GROUP	6.08
393 NORTHEAST UTILITIES	5.96
394 BIOGEN IDEC INC	5.93
395 MOTOROLA INC	5.93
396 NISOURCE INC	5.89
397 JANUS CAPITAL GROUP INC	5.8
398 NOVELLUS SYSTEMS INC	5.78
399 CITIGROUP INC	5.75
400 LEGG MASON INC	5.73
401 NYSE EURONEXT	5.64
402 TECO ENERGY INC	5.36
403 NORTHROP GRUMMAN CORP	5.23
404 GENZYME CORP	5.04
405 UNUM GROUP	4.92
406 COMCAST CORP-CL A	4.67
407 MOLEX INC	4.53
408 QUANTA SERVICES INC	4.32
409 TYSON FOODS INC-CL A	4.28
410 INTERNATIONAL PAPER CO	3.95
411 WEYERHAEUSER CO	3.81
412 LEUCADIA NATIONAL CORP	3.13
413 RR DONNELLEY & SONS CO	2.72
414 MASSEY ENERGY CO	2.69
415 LIFE TECHNOLOGIES CORP	2.14
416 WATSON PHARMACEUTICALS INC	1.97
417 JUNIPER NETWORKS INC	1.83
418 NEW YORK TIMES CO -CL A	1.25
419 MEADWESTVACO CORP	1.24
420 DR HORTON INC	1.19
421 SCHERING-PLOUGH CORP	1.07
422 KING PHARMACEUTICALS INC	0.98
423 TERADYNE INC	0.73
424 REGIONS FINANCIAL CORP	0.29
425 TIME WARNER INC	0.25
426 CMS ENERGY CORP	-0.11
427 CONSTELLATION BRANDS INC-A	-0.24
428 DYNEGY INC-CL A	-0.49
429 VERISIGN INC	-0.74
430 AUTONATION INC	-1.37
431 SANDISK CORP	-1.56
432 NEWMONT MINING CORP	-1.63

Exhibit__(JEP-1)

Name	5 Year Average Return On Book Equity
433 BOSTON SCIENTIFIC CORP	-1.65
434 AMERICAN TOWER CORP-CL A	-1.68
435 CELGENE CORP	-1.85
436 LENNAR CORP-CL A	-1.87
437 E*TRADE FINANCIAL CORP	-1.94
438 OFFICE DEPOT INC	-2.66
439 ELECTRONIC ARTS INC	-2.95
440 XL CAPITAL LTD -CLASS A	-3.22
441 CEPHALON INC	-3.48
442 PULTE HOMES INC	-3.67
443 SUPERVALU INC	-4.12
444 MACY'S INC	-4.91
445 TELLABS INC	-5.01
446 EL PASO CORP	-5.16
447 JABIL CIRCUIT INC	-6.03
448 KB HOME	-6.92
449 INTERPUBLIC GROUP OF COS INC	-8.77
450 EASTMAN KODAK CO	-9.99
451 SUN MICROSYSTEMS INC	-10.37
452 MICRON TECHNOLOGY INC	-10.41
453 SYMANTEC CORP	-12.72
454 CB RICHARD ELLIS GROUP INC-A	-13.72
455 GANNETT CO	-14.72
456 SPRINT NEXTEL CORP	-18.26
457 MYLAN INC	-18.91
458 CIENA CORP	-19.01
459 JDS UNIPHASE CORP	-19.18
460 MBIA INC	-22.89
461 AMERICAN INTERNATIONAL GROUP	-27.2
462 LSI CORP	-32.26
463 TENET HEALTHCARE CORP	-58.99
Average	16.57
Median	16.15

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 88

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
1 HARRIS CORP	211.20
2 AMPHENOL CORP-CL A	118.34
3 CIGNA CORP	106.41
4 SHERWIN-WILLIAMS CO/THE	81.71
5 PARKER HANNIFIN CORP	78.70
6 WASTE MANAGEMENT INC	53.98
7 CONVERGYS CORP	44.88
8 MACY'S INC	41.75
9 H&R BLOCK INC	37.18
10 HOSPIRA INC	35.52
11 ABBOTT LABORATORIES	34.36
12 AVON PRODUCTS INC	32.91
13 ALLERGAN INC	31.20
14 NATIONAL SEMICONDUCTOR CORP	26.84
15 KIMBERLY-CLARK CORP	25.20
16 MCAFEE INC	25.14
17 DENTSPLY INTERNATIONAL INC	24.46
18 CONAGRA FOODS INC	24.00
19 MASTERCARD INC-CLASS A	23.84
20 AMAZON.COM INC	23.48
21 WATERS CORP	23.34
22 GOODRICH CORP	23.00
23 INTUIT INC	22.04
24 GAMESTOP CORP-CLASS A	21.16
25 ST JUDE MEDICAL INC	21.00
26 LORILLARD INC	20.78
27 APOLLO GROUP INC-CL A	20.76
28 3M CO	19.21
29 MONSTER WORLDWIDE INC	18.80
30 PEPSICO INC	18.77
31 DEVRY INC	18.73
32 FREEPORT-MCMORAN COPPER	17.65
33 GOODYEAR TIRE & RUBBER CO	17.57
34 ILLINOIS TOOL WORKS	16.88
35 SCRIPPS NETWORKS INTER-CL A	16.84
36 COVENTRY HEALTH CARE INC	16.34
37 BROWN-FORMAN CORP-CLASS B	16.08
38 DELL INC	16.06
39 COCA-COLA CO/THE	15.68
40 GENERAL ELECTRIC CO	15.17
41 STAPLES INC	14.75
42 PATTERSON COS INC	14.65
43 DU PONT (E.I.) DE NEMOURS	14.59
44 ELI LILLY & CO	14.47
45 LIMITED BRANDS INC	14.03
46 FMC TECHNOLOGIES INC	13.97
47 FLOWSERVE CORP	13.64
48 ROCKWELL COLLINS INC.	13.60

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
49 CITRIX SYSTEMS INC	13.20
50 SNAP-ON INC	12.97
51 NETAPP INC	12.94
52 CENTERPOINT ENERGY INC	12.85
53 AIRGAS INC	12.82
54 UNITED PARCEL SERVICE-CL B	12.78
55 PRAXAIR INC	12.77
56 C.H. ROBINSON WORLDWIDE INC	12.55
57 PAYCHEX INC	12.47
58 SALESFORCE.COM INC	12.28
59 MOLSON COORS BREWING CO -B	11.97
60 EMERSON ELECTRIC CO	11.89
61 ROCKWELL AUTOMATION INC	11.76
62 JOHNSON & JOHNSON	11.19
63 ESTEE LAUDER COMPANIES-CL A	11.09
64 HASBRO INC	11.00
65 PRINCIPAL FINANCIAL GROUP	11.00
66 CATERPILLAR INC	10.39
67 MICROSOFT CORP	9.95
68 CELGENE CORP	9.54
69 AMGEN INC	9.39
70 RED HAT INC	9.29
71 TEXTRON INC	9.23
72 BANK OF NEW YORK MELLON CORP	9.19
73 TERADATA CORP	9.17
74 LSI CORP	9.14
75 JOHNSON CONTROLS INC	9.11
76 INTUITIVE SURGICAL INC	9.05
77 VF CORP	8.99
78 MCKESSON CORP	8.95
79 AUTODESK INC	8.95
80 SYSCO CORP	8.90
81 EBAY INC	8.88
82 MEDTRONIC INC	8.78
83 ADOBE SYSTEMS INC	8.57
84 BEST BUY CO INC	8.56
85 AUTOMATIC DATA PROCESSING	8.52
86 CEPHALON INC	8.33
87 TJX COMPANIES INC	8.11
88 BAXTER INTERNATIONAL INC	7.97
89 GOOGLE INC-CL A	7.76
90 COACH INC	7.45
91 FLIR SYSTEMS INC	7.23
92 T ROWE PRICE GROUP INC	7.17
93 SCHLUMBERGER LTD	7.13
94 SMITH INTERNATIONAL INC	7.13
95 DARDEN RESTAURANTS INC	7.10
96 BRISTOL-MYERS SQUIBB CO	7.00

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
97 MONSANTO CO	6.97
98 FIRST SOLAR INC	6.97
99 WALT DISNEY CO/THE	6.73
100 STARBUCKS CORP	6.66
101 COGNIZANT TECH SOLUTIONS-A	6.64
102 SIGMA-ALDRICH	6.62
103 VARIAN MEDICAL SYSTEMS INC	6.57
104 EMC CORP/MASS	6.56
105 CR BARD INC	6.52
106 APPLE INC	6.49
107 PFIZER INC	6.48
108 MATTEL INC	6.45
109 SIMON PROPERTY GROUP INC	6.43
110 SOUTHWESTERN ENERGY CO	6.29
111 WHOLE FOODS MARKET INC	6.05
112 NORDSTROM INC	5.99
113 ZIMMER HOLDINGS INC	5.98
114 JUNIPER NETWORKS INC	5.92
115 MCDONALD'S CORP	5.91
116 SCHWAB (CHARLES) CORP	5.91
117 BROADCOM CORP-CL A	5.81
118 NATIONAL OILWELL VARCO INC	5.78
119 SUN MICROSYSTEMS INC	5.74
120 PRECISION CASTPARTS CORP	5.72
121 CISCO SYSTEMS INC	5.68
122 CONSOL ENERGY INC	5.66
123 PALL CORP	5.65
124 SPECTRA ENERGY CORP	5.54
125 FMC CORP	5.42
126 AGILENT TECHNOLOGIES INC	5.35
127 WATSON PHARMACEUTICALS INC	5.31
128 LEGGETT & PLATT INC	5.31
129 POLO RALPH LAUREN CORP	5.31
130 CAMERON INTERNATIONAL CORP	5.27
131 QUALCOMM INC	5.26
132 KROGER CO	5.25
133 EXPEDITORS INTL WASH INC	5.21
134 US BANCORP	5.21
135 TOTAL SYSTEM SERVICES INC	5.21
136 AES CORP	5.13
137 BIOGEN IDEC INC	5.11
138 NISOURCE INC	5.06
139 WASHINGTON POST -CL B	5.03
140 CAREFUSION CORP	5.01
141 AETNA INC	5.00
142 FIRSTENERGY CORP	5.00
143 FRANKLIN RESOURCES INC	4.95
144 MICROCHIP TECHNOLOGY INC	4.89

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
145 AMERICAN EXPRESS CO	4.79
146 AIR PRODUCTS & CHEMICALS INC	4.65
147 INTERNATIONAL PAPER CO	4.64
148 ROBERT HALF INTL INC	4.60
149 QLOGIC CORP	4.45
150 BECTON DICKINSON AND CO	4.43
151 STRYKER CORP	4.19
152 WW GRAINGER INC	4.18
153 CINTAS CORP	4.15
154 JACOBS ENGINEERING GROUP INC	4.10
155 DIAMOND OFFSHORE DRILLING	4.10
156 WYNN RESORTS LTD	4.09
157 HALLIBURTON CO	4.08
158 WELLS FARGO & CO	4.08
159 HORMEL FOODS CORP	4.03
160 AUTONATION INC	4.02
161 BEMIS COMPANY	4.00
162 WAL-MART STORES INC	3.95
163 CARDINAL HEALTH INC	3.93
164 MERCK & CO. INC.	3.93
165 DEERE & CO	3.90
166 STATE STREET CORP	3.86
167 NIKE INC -CL B	3.85
168 PEABODY ENERGY CORP	3.83
169 XILINX INC	3.82
170 EXELON CORP	3.74
171 AKAMAI TECHNOLOGIES	3.74
172 QUANTA SERVICES INC	3.73
173 TEXAS INSTRUMENTS INC	3.72
174 ANALOG DEVICES INC	3.66
175 NVIDIA CORP	3.59
176 COMPUWARE CORP	3.56
177 GAP INC/THE	3.50
178 MOTOROLA INC	3.43
179 KLA-TENCOR CORPORATION	3.42
180 DOMINION RESOURCES INC/VA	3.41
181 CUMMINS INC	3.41
182 PLUM CREEK TIMBER CO	3.37
183 BED BATH & BEYOND INC	3.37
184 RANGE RESOURCES CORP	3.35
185 FLUOR CORP	3.30
186 E*TRADE FINANCIAL CORP	3.30
187 GENZYME CORP	3.28
188 EASTMAN CHEMICAL COMPANY	3.27
189 O'REILLY AUTOMOTIVE INC	3.26
190 TIFFANY & CO	3.23
191 NOVELL INC	3.22
192 KING PHARMACEUTICALS INC	3.20

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
193 CF INDUSTRIES HOLDINGS INC	3.11
194 HARLEY-DAVIDSON INC	3.11
195 INTEL CORP	3.11
196 PPL CORPORATION	3.04
197 PNC FINANCIAL SERVICES GROUP	3.01
198 HUMANA INC	2.98
199 TERADYNE INC	2.97
200 WALGREEN CO	2.94
201 NUCOR CORP	2.94
202 YAHOO! INC	2.93
203 ELECTRONIC ARTS INC	2.86
204 NEWMONT MINING CORP	2.83
205 EQT CORP	2.83
206 RADIOSHACK CORP	2.78
207 FAMILY DOLLAR STORES	2.78
208 TARGET CORP	2.77
209 XEROX CORP	2.72
210 KOHLS CORP	2.72
211 BIG LOTS INC	2.71
212 APPLIED MATERIALS INC	2.67
213 WESTERN DIGITAL CORP	2.66
214 PROGRESSIVE CORP	2.65
215 HOME DEPOT INC	2.64
216 GENUINE PARTS CO	2.62
217 DEVON ENERGY CORPORATION	2.62
218 BAKER HUGHES INC	2.62
219 NORTHERN TRUST CORP	2.59
220 OCCIDENTAL PETROLEUM CORP	2.58
221 HARMAN INTERNATIONAL	2.56
222 M & T BANK CORP	2.55
223 LEXMARK INTERNATIONAL INC-A	2.55
224 COSTCO WHOLESALE CORP	2.54
225 MASSEY ENERGY CO	2.52
226 DOW CHEMICAL	2.51
227 PUBLIC STORAGE	2.48
228 CIENA CORP	2.46
229 BJ SERVICES CO	2.40
230 EOG RESOURCES INC	2.38
231 JDS UNIPHASE CORP	2.37
232 SLM CORP	2.36
233 BURLINGTON NORTHERN SANTA FE	2.34
234 FOREST LABORATORIES INC	2.34
235 JABIL CIRCUIT INC	2.32
236 VORNADO REALTY TRUST	2.25
237 ANADARKO PETROLEUM CORP	2.22
238 SAFEWAY INC	2.22
239 CONSTELLATION ENERGY GROUP	2.21
240 EL PASO CORP	2.20

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
241 QUESTAR CORP	2.18
242 LEUCADIA NATIONAL CORP	2.17
243 NOBLE ENERGY INC	2.14
244 CSX CORP	2.11
245 RYDER SYSTEM INC	2.09
246 FEDEX CORP	2.07
247 TYSON FOODS INC-CL A	2.07
248 DENBURY RESOURCES INC	2.07
249 BB&T CORP	2.05
250 TORCHMARK CORP	2.04
251 JPMORGAN CHASE & CO	2.04
252 GOLDMAN SACHS GROUP INC	2.03
253 PUBLIC SERVICE ENTERPRISE GP	2.01
254 APACHE CORP	2.00
255 AK STEEL HOLDING CORP	2.00
256 PROGRESS ENERGY INC	1.98
257 ENTERGY CORP	1.96
258 MURPHY OIL CORP	1.94
259 CHEVRON CORP	1.90
260 NOVELLUS SYSTEMS INC	1.88
261 MEADWESTVACO CORP	1.87
262 ALCOA INC	1.87
263 SOUTHERN CO	1.86
264 UNION PACIFIC CORP	1.84
265 SEARS HOLDINGS CORP	1.83
266 NORFOLK SOUTHERN CORP	1.80
267 WISCONSIN ENERGY CORP	1.79
268 FPL GROUP INC	1.79
269 CORNING INC	1.78
270 METLIFE INC	1.76
271 NICOR INC	1.74
272 HCP INC	1.74
273 ALLEGHENY TECHNOLOGIES INC	1.74
274 MOLEX INC	1.73
275 HEALTH CARE REIT INC	1.71
276 SEMPRA ENERGY	1.71
277 HESS CORP	1.66
278 WEYERHAEUSER CO	1.66
279 CARNIVAL CORP	1.66
280 ALLEGHENY ENERGY INC	1.64
281 ABERCROMBIE & FITCH CO-CL A	1.63
282 BANK OF AMERICA CORP	1.61
283 DTE ENERGY COMPANY	1.61
284 LINCOLN NATIONAL CORP	1.61
285 PRUDENTIAL FINANCIAL INC	1.60
286 SANDISK CORP	1.59
287 XTO ENERGY INC	1.58
288 ENSCO INTERNATIONAL INC	1.57

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
289 NABORS INDUSTRIES LTD	1.54
290 PIONEER NATURAL RESOURCES CO	1.54
291 TECO ENERGY INC	1.54
292 TITANIUM METALS CORP	1.53
293 ARCHER-DANIELS-MIDLAND CO	1.53
294 WILLIAMS COS INC	1.52
295 PEOPLE'S UNITED FINANCIAL	1.51
296 CONOCOPHILLIPS	1.50
297 P G & E CORP	1.48
298 TELLABS INC	1.46
299 TRAVELERS COS INC/THE	1.43
300 CAPITAL ONE FINANCIAL CORP	1.43
301 MICRON TECHNOLOGY INC	1.43
302 MEMC ELECTRONIC MATERIALS	1.43
303 UNITED STATES STEEL CORP	1.42
304 ALLSTATE CORP	1.40
305 ASSURANT INC	1.39
306 HUDSON CITY BANCORP INC	1.39
307 KB HOME	1.37
308 CHUBB CORP	1.37
309 OFFICE DEPOT INC	1.35
310 XL CAPITAL LTD -CLASS A	1.35
311 SCANA CORP	1.32
312 NORTHEAST UTILITIES	1.32
313 DISCOVER FINANCIAL SERVICES	1.32
314 DUKE ENERGY CORP	1.32
315 SUNOCO INC	1.31
316 MARATHON OIL CORP	1.28
317 DR HORTON INC	1.28
318 SOUTHWEST AIRLINES CO	1.27
319 AMERIPRISE FINANCIAL INC	1.24
320 XCEL ENERGY INC	1.24
321 INTEGRYS ENERGY GROUP INC	1.24
322 MORGAN STANLEY	1.24
323 LOEWS CORP	1.22
324 CONSOLIDATED EDISON INC	1.22
325 AMERICAN ELECTRIC POWER	1.18
326 FIRST HORIZONS NATIONAL CORP	1.17
327 PEPCO HOLDINGS INC	1.14
328 UNUM GROUP	1.13
329 EDISON INTERNATIONAL	1.10
330 ROWAN COMPANIES INC	1.07
331 FIFTH THIRD BANCORP	1.06
332 MBIA INC	1.01
333 CHESAPEAKE ENERGY CORP	1.00
334 CINCINNATI FINANCIAL CORP	0.99
335 PINNACLE WEST CAPITAL	0.97
336 HARTFORD FINANCIAL SVCS GRP	0.94

Exhibit__(JEP-2)

Name	Price To Tangible Book Value Per Share
337 AMEREN CORPORATION	0.90
338 PULTE HOMES INC	0.88
339 COMERICA INC	0.88
340 LENNAR CORP-CL A	0.80
341 CITIGROUP INC	0.79
342 HUNTINGTON BANCSHARES INC	0.77
343 TESORO CORP	0.75
344 SUNTRUST BANKS INC	0.70
345 GENWORTH FINANCIAL INC-CL A	0.68
346 VALERO ENERGY CORP	0.64
347 ZIONS BANCORPORATION	0.56
348 REGIONS FINANCIAL CORP	0.49
349 DYNEGY INC-CL A	0.49
350 KEYCORP	0.46
351 MARSHALL & ILSLEY CORP	0.41
Average	7.95
Median	3.56

Con Edison
Hearing Exhibits

STATE OF NEW YORK	
DEPT. OF PUBLIC SERVICE	
DATE:	6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029	
Ex.	89

Consolidated Edison Company of New York, Inc.
 Directors & Officers Insurance Costs
 Policy Year December 2, 2008 - December 2, 2009

First	\$35 Million	*	\$1,290,506
Next	\$25 Million	*	\$746,569
Next	\$25 Million	*	\$600,415
Next	\$25 Million	*	\$492,340
Next	\$25 Million	*	\$406,175
Next	\$25 Million	*	\$335,099
Next	\$25 Million	*	\$276,450
Next	\$15 Million	*	\$165,870
Next	\$25 Million	*	\$270,750
Next	\$25 Million	*	\$243,834
Next	\$25 Million	**	\$277,970
Next	\$25 Million	**	\$250,173
Total \$300 Million			\$5,356,151

* - Standard ABC Coverage

** - Side A Coverage

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/09

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 90

Willis

April 17, 2009

Telephone: 973-410-1022
Fax: 973-410-4600
Website: www.willis.com
Direct Line: 973-410-4847
E-mail: Seto_da@willis.com

Mr. Joseph Lynch,
Director of Insurance
Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003-3502

Re: Consolidated Edison, Inc.
Directors & Officers Liability
Policy Term: December 2, 2008 – December 2, 2009

Dear Joseph:

As your broker, it is Willis' opinion that your D&O insurance costs and Self-Insured Retentions are reflective of the market and are in line with what other companies pay for D&O insurance.

Our opinion is based on information from about 63 companies/clients – comprising of 25 utilities/clients, 29 energy companies/clients and 9 Fortune 500 companies/clients - all comparable to Con Edison in size based on revenues.

In view of Consolidated Edison's market capitalization and potential exposure to D&O Claims/litigation, we are also of the opinion that its current \$300 million corporate D&O insurance program, coverage terms and conditions, and limits are appropriate and prudent.

Please feel free to call me if you have any questions.

Sincerely,



Danny Seto
Vice President
Willis HRH Executive Risks

Cathy Cummins
Managing Director

MARSH



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Marsh USA Inc.
1166 Avenue of the Americas
New York, NY 10036-2774
212 345 8707 Fax 212 345 1587
www.marsh.com

April 17, 2009

Mr. Joseph Lynch
Director, Risk Management
Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003

RE: Directors and Officers Liability Insurance

Dear Mr. Lynch

We have reviewed the summary of Con Edison's Corporate D & O Insurance Program submitted. It is our opinion that your current D&O costs and Self-Insured Retention are reflective of the market and in line with what other similar companies pay for D & O Insurance. In view of your size, market cap and potential exposure to D & O claims/litigation we are also of the opinion that your current \$300 million program is an appropriate limit of liability.

Should you have any questions, please do not hesitate to call.

Sincerely,

Cathy Cummins
Managing Director

CLC/me

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/09

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 91

D&O Limits & Market Caps of Other Large Utilities - 2009

Utility Respondent	Limit (\$, in millions)	Market Cap (\$, in billions)	Limit as a % of Market Cap
Utility U	140	2.8	5.00%
Utility J	200	4.9	4.08%
Utility L	185	5.0	3.70%
Utility P	125	3.7	3.38%
Utility G	300	9.7	3.09%
Utility B	340	12.6	2.70%
Utility M	210	8.3	2.53%
Utility R	250	11.6	2.16%
Utility W	200	9.5	2.11%
Utility F	350	20.8	1.68%
Utility A	300	18.0	1.67%
Utility I	225	13.7	1.64%
Utility C	300	18.5	1.62%
Utility Q	250	15.6	1.60%
Utility T	175	11.6	1.51%
Utility V	200	13.7	1.46%
Utility S	175	12.8	1.37%
Utility E	300	22.4	1.34%
Utility D	400	31.1	1.29%
Utility K	225	23.3	0.97%
Utility N	*	*	
Utility O	*	*	
Utility H	200	**	
Con Edison	300	10.2	2.94%

* Acquired

** Private Company

SUMMARY - FOUR D&O LIMIT SURVEYS
2004 - 2005 - 2006 - 2009

Utility Respondent	2004	2005	2006	2007	2008	2009	CAGR
	(in millions)						
A	\$350	\$350	\$350			\$300	-3.0%
B	\$325	\$325	\$325			\$340	0.9%
C	\$300	\$300	\$300			\$300	0.0%
D	\$300	\$350	\$350			\$400	5.9%
E	\$300	\$300	\$300			\$300	0.0%
F	\$250	\$250	\$250			\$350	7.0%
G	\$250	\$280	\$280			\$300	3.7%
I	\$225	\$225	\$225			\$225	0.0%
J	\$200	\$200	\$200			\$200	0.0%
K	\$170	\$170	\$170			\$225	5.8%
L	\$165	\$185	\$185			\$185	2.3%
M	\$160	\$160	\$160			\$210	5.6%
P	\$150	\$150	\$125			\$125	-3.6%
Q	\$150	\$150	\$150			\$250	10.8%
R	\$150	\$200	\$200			\$250	10.8%
S	\$100	\$175	\$175			\$175	11.8%
T	\$100	\$150	\$150			\$175	11.8%
U	\$100	\$100	\$100			\$140	7.0%
V	\$100	\$150	\$200			\$200	14.9%
H	\$250	\$325	*			*	
N	\$150	\$150	\$150			**	
O	\$150	\$150	\$150			**	
W	-	-	-			\$200	

Average for all '04/'09 Participants	202					245	3.9%
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Average for 2004/9 Participants with Market Caps of \$10 bn or more	219					271	4.3%
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Con Edison	\$250	\$300	\$300			\$300	3.7%
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* - Information not provided due to confidentiality concerns.

** - Acquired.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 92

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

CHARLES D. HUTCHESON - STEAM

1 Q. Please state your name and business address.

2 A. My name is Charles D. Hutcheson. My business address
3 is 4 Irving Place, New York, New York.

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

5 A. I am employed by Consolidated Edison Company of New
6 York, Inc. (the "Company" or "Con Edison") as Manager
7 of the Property Tax and Depreciation group. My duties
8 include the overall supervision and responsibility for
9 the property tax and book depreciation functions for
10 the regulated companies of Consolidated Edison, Inc.

11 Q. Please briefly outline your educational background and
12 business experience.

13 A. I graduated from Hofstra University in 1978 with the
14 degree of Bachelor of Business Administration in
15 Accounting. I have been employed by Con Edison since
16 1979 and have held various positions of increasing
17 responsibility within the Finance area. My first
18 assignment with the Company was in the Depreciation
19 Section, where I spent my first 15 years of employment
20 attaining the position of Senior Accountant. In 1993,
21 I moved to the Rates and Budget Section. In 1996, I
22 transferred to the Financial Restructuring Team, where
23 my duties were to assist in the development of Con
24 Edison's rate plan filed in the New York State Public

CHARLES D. HUTCHESON - STEAM

1 Service Commission's ("Commission") Competitive
2 Opportunities Proceeding. I moved to the Tax
3 Department in 1997 as a Senior Tax Accountant in the
4 Federal Tax Section. In September 1999, I was promoted
5 to Manager, Property Taxes, responsible for the
6 property tax compliance function and the Company's
7 efforts to hold down property taxes. In December 2001,
8 I once again began working on depreciation matters when
9 the Tax Department assumed responsibility for the book
10 depreciation function. My current depreciation
11 responsibilities include analyzing and interpreting the
12 results of the Company's statistical plant mortality
13 and net salvage studies.

14 Q. Are you a member of any professional societies?

15 A. Yes. I am a member of the Society of Depreciation
16 Professionals. The group was formed to recognize the
17 field of depreciation and those individuals
18 contributing to the field. It also promotes the
19 professional development of those practicing in the
20 field of depreciation and serves as a forum to collect
21 and exchange information and ideas related to
22 depreciation. Membership is not restricted to the
23 utility industry as the Society is represented by those
24 in the fields of government, education, and industry.

CHARLES D. HUTCHESON - STEAM

1 Q. Have you previously testified before any regulatory
2 commission?

3 A. I have submitted testimony and testified on the subject
4 of depreciation and/or property taxes in numerous cases
5 for Con Edison and Orange and Rockland Utilities, Inc.
6 before this Commission; before the New Jersey Board of
7 Public Utilities (on behalf of Rockland Electric
8 Company); and before the Pennsylvania Public Utility
9 Commission (on behalf of Pike County Light and Power
10 Company).

11 Q. What is the purpose of your testimony in this
12 proceeding?

13 A. My testimony covers two areas -- depreciation and
14 property taxes.

15 Concerning depreciation, the testimony:

- 16 • Presents a recommendation to keep Steam Plant
17 depreciation rates unchanged in order to help
18 mitigate the Company's overall rate request;
- 19 • Identifies the Accumulated Provision for
20 Depreciation per Books at December 31, 2008 and
21 the computed reserve based on a book and proposed
22 rate basis for Steam Plant; and
- 23 • Details my conclusions regarding the variations
24 between the book and computed depreciation reserve

CHARLES D. HUTCHESON - STEAM

1 for Steam Plant.

2 The property tax portion of the testimony:

- 3 • Presents general background information on
4 property taxes;
5 • Describes the level of property taxes experienced
6 recently by the Company;
7 • Explains the methodology and certain assumptions
8 used to forecast property taxes; and
9 • Discusses the Company's efforts to pay no more
10 than its fair share of property taxes.

11 Q. What are the changes in expense level for the rate year
12 for depreciation and property taxes?

13 A. Other than increases in depreciation because of net
14 plant growth, there is no impact in the rate year for
15 depreciation rate changes since I have not proposed
16 changes to any rates. My property tax forecast is
17 \$17.8 million higher than the level currently included
18 in rates.

19 DEPRECIATION

20 Q. Have you reviewed the adequacy of the Accumulated
21 Provision for Depreciation per Books and the factors
22 that determine annual depreciation expense for Steam
23 Plant?

24 A. Yes, I have. The Company prepares annual studies that

CHARLES D. HUTCHESON - STEAM

1 test the Accumulated Provision for Depreciation per
2 Books. In addition, the Company prepares plant
3 mortality and net salvage studies to determine the
4 appropriate average service lives, net salvage factors,
5 and life tables for each depreciable asset account or
6 sub-account.

7 Q. Based on these studies, are you recommending any
8 changes to depreciation rates and life tables related
9 to Steam Plant?

10 A. No. After a thorough review of the studies, which in
11 some cases indicate the need to change depreciation
12 parameters, the Company has elected to propose no
13 changes to average service lives, life tables, or net
14 salvage factors at this time.

15 Q. Why?

16 A. The Company has taken various steps in this filing to
17 mitigate the rate request. The Company decided to
18 propose keeping depreciation rates unchanged at this
19 time to help to hold down the overall rate request.

20 Q. What did your analysis show?

21 A. The statistical life studies I reviewed for this case
22 indicated that minor changes to lives and life tables
23 could have been considered for this case. As to net
24 salvage factors, my review of the study data indicated

1 that trends toward increased negative net salvage
2 factors for many of the accounts have continued, as I
3 have noted in past steam cases. Limiting or, in this
4 case, eliminating depreciation rate changes that are
5 supported by the underlying studies will result in a
6 future reserve variation that will at some point need
7 to be addressed, and the Company will consider such
8 action in a future rate proceeding if warranted.

9 Q. Have you prepared an exhibit that summarizes your
10 proposals?

11 A. Yes. I prepared an exhibit entitled "CONSOLIDATED
12 EDISON COMPANY OF NEW YORK, INC., EXISTING AND PROPOSED
13 DEPRECIATION RATES FOR STEAM PLANT AT DECEMBER 31,
14 2008."

15 MARK FOR IDENTIFICATION AS EXHIBIT ____ (CH-1)

16 Q. Please describe this exhibit.

17 A. The exhibit summarizes the annual provision for
18 depreciation on a "BOOK AND PROPOSED BASIS" and
19 includes a comparison of the Accumulated Provision for
20 Depreciation per Books at December 31, 2008 to the
21 reserve for depreciation computed under those same
22 depreciation rates.

23 Q. What is the basis for your selection of depreciation
24 parameters in this proceeding?

CHARLES D. HUTCHESON - STEAM

1 A. I reviewed and analyzed the historical data comprising
2 the Company's mortality and net salvage studies but did
3 not recognize any changes because of the Company's
4 decision to not make any depreciation changes. These
5 studies are normally the primary means for determining
6 an appropriate average service life, h-curve, and net
7 salvage factor employing actuarial methods based on
8 past experience. The data is organized into various
9 groupings, referred to as rolling or shrinking bands,
10 which aid in the analysis of the extensive historical
11 information available. In those instances where
12 certain accounts do not have sufficient retirement
13 results to produce statistically reliable mortality or
14 net salvage data, I relied on existing depreciation
15 parameters.

16 Q. Are there other factors you use to determine
17 depreciation proposals?

18 A. Yes. I consider factors that could have an impact on
19 capital recovery, including, for example, the influence
20 of technology and obsolescence changes.

21 Q. What part does the average service life play in the
22 determination of depreciation rates?

23 A. The estimated average service life determines the
24 period over which the original cost of plant will be

CHARLES D. HUTCHESON - STEAM

1 recovered and is also used to determine the dollar
2 amount to be recovered on an annual basis.

3 Q. What is the effect on annual depreciation expense of a
4 change to an average service life?

5 A. The depreciation expense accrual varies inversely with
6 its underlying average service life -- the longer the
7 service life, the lower the annual depreciation rate,
8 and therefore, the lower annual depreciation expense.
9 The converse is also true -- the shorter the service
10 life, the higher the annual depreciation rate,
11 resulting in a higher level of depreciation expense.

12 Q. Please generally describe life tables.

13 A. Life tables or "h-curves" are survivor curves
14 representing typical patterns of retirement dispersion.
15 An h-curve, along with an average service life and a
16 net salvage factor, is used to compute a theoretical
17 reserve for depreciation. Changes to h-curves do not
18 impact annual depreciation expense but do affect
19 computed reserves, which are used to help determine
20 whether the Company's depreciation reserve is adequate.

21 Q. Do you have an exhibit containing the data you relied
22 on to select the average service lives and life tables
23 you are proposing?

24 A. Yes. For accounts where I have performed studies, I

CHARLES D. HUTCHESON - STEAM

1 have an exhibit entitled "CONSOLIDATED EDISON COMPANY
2 OF NEW YORK, INC., STEAM PLANT, SUMMARY OF AVERAGE
3 SERVICE LIVES, EQUIVALENT "h" CURVES AND OTHER
4 STATISTICAL DATA INDICATED BY PLANT MORTALITY STUDIES
5 BASED ON EXPERIENCE THROUGH DECEMBER 31, 2008." The
6 exhibit includes computer generated average service
7 lives, equivalent h-curves, and other statistical data
8 indicated by the rolling and shrinking band analysis of
9 the Company's mortality experience with respect to
10 Steam Plant from 1943, or the earliest available date,
11 through 2008.

12 Q. Was this exhibit prepared under your direction and
13 supervision?

14 A. Yes, it was.

15 MARK FOR IDENTIFICATION AS EXHIBIT ____ (CH-2)

16 Q. From what source were the data on this Exhibit
17 obtained?

18 A. In 1964, the Company adopted the Commission's computer
19 programs that employ actuarial methods for the
20 development of life tables and average service lives
21 based on our utility plant mortality experience.
22 Subsequently, the Company modified its program to
23 incorporate the latest revisions in accordance with the
24 Commission's report entitled "Computer Supported

CHARLES D. HUTCHESON - STEAM

1 Property Mortality Studies," dated August 1971. The
2 data used in the computer programs is obtained from the
3 Company's books and records.

4 Q. What part does salvage play in the determination of
5 depreciation rates?

6 A. In addition to providing for recovery of the original
7 cost of plant over its estimated average service life,
8 the Company's annual depreciation rates include an
9 estimated net salvage factor. The purpose of this
10 estimated net salvage factor is to reflect, over the
11 life of the plant, anticipated salvage less the
12 expected cost of removal upon retirement, in whole or
13 on a piecemeal basis, of the assets included in each
14 primary plant account.

15 Q. Do you have an exhibit containing the data you relied
16 on to determine the proper net salvage factor to be
17 used in developing depreciation rates?

18 A. Yes, I do. I have included an exhibit entitled
19 "CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., STEAM
20 PLANT, SUMMARY OF HISTORICAL NET SALVAGE." For each of
21 the Company's depreciable steam accounts for which net
22 salvage factors are determined according to a
23 statistical study, the exhibit contains the historical
24 net salvage in dollar amount and as a percent of the

CHARLES D. HUTCHESON - STEAM

1 book cost of plant retired. The book cost of plant
2 retired, cost of removal, and salvage is shown for the
3 most recent 25 years for the actual retirements in the
4 indicated calendar years. The exhibit also provides
5 totals for the full experience band ending in 2008,
6 rolling bands five years in width, and a computation of
7 the net salvage as a percent of the book cost retired
8 for the full experience band, each rolling band, and
9 each shrinking band.

10 Q. Was the exhibit prepared under your direction and
11 supervision?

12 A. Yes, it was.

13 MARK FOR IDENTIFICATION AS EXHIBIT ____ (CH-3)

14 Q. What is the impact of depreciation in this case?

15 A. As summarized on Exhibit ____ (CH-1), the amount of the
16 annual provision for depreciation expense for the
17 Company's total Steam Plant as of December 31, 2008 is
18 \$57.0 million under both existing and proposed rates.

19 Q. Do those amounts represent the level of depreciation
20 expense expected for the rate year?

21 A. No. These amounts do not reflect changes in forecasted
22 plant balances.

23 Q. Please explain the purpose of the Accumulated Provision
24 for Depreciation.

CHARLES D. HUTCHESON - STEAM

1 A. The Accumulated Provision for Depreciation, also
2 referred to as the "reserve per books" or simply the
3 "reserve," is an asset account that reflects the
4 portion of the cost of existing plant that has been
5 expensed, according to the Company's accounting
6 records. The original book cost of plant less the
7 reserve comprises net plant. The reserve may be
8 compared to a "theoretical" or "computed" reserve to
9 test its adequacy. A computed reserve is calculated on
10 a book basis using depreciation parameters currently
11 approved by the Commission and may also be calculated
12 on a proposed basis if required.

13 Q. Please continue.

14 A. The variation between the book and theoretical reserve
15 can be expressed in total dollars and as a percentage
16 of the theoretical reserve. Results of such a study
17 can result in either a positive variation (excess
18 reserve) or a negative variation (deficient reserve).

19 Q. Please review your findings on the difference between
20 the Accumulated Provision for Depreciation per Books
21 and the computed reserve for depreciation.

22 A. Exhibit ____ (CH-1) shows that for total Steam Plant at
23 December 31, 2008, the Accumulated Provision for
24 Depreciation per Books amounted to approximately \$355.5

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1 million. The computed reserve, summarized under the
2 heading "BOOK AND PROPOSED BASIS" was calculated on the
3 average service lives, net salvage percentages, and
4 life tables currently in use by the Company and as
5 proposed in this case and in total amounted to
6 approximately \$375.3 million. The exhibit also
7 indicates that for total Steam Plant the Accumulated
8 Provision for Depreciation per Books is approximately
9 \$19.8 million, or 5.3 percent less than the computed
10 reserve based upon the "BOOK AND PROPOSED BASIS."

11 Q. What have you concluded from these amounts?

12 A. With respect to these percentages, it is my opinion
13 that the variation between the Accumulated Provision
14 for Depreciation per Books and the computed reserve
15 calculated under the book and proposed basis is within
16 a 10 percent variation range that might be considered
17 reasonable as a test of adequacy of the book reserve.
18 Therefore, I recommend that the Commission approve
19 continuance of the existing depreciation rates I have
20 proposed to compute the annual provision for
21 depreciation as well as the computed reserve for
22 depreciation and recommend that the Commission take no
23 action to amortize any portion of the reserve variation
24 since it is within the 10 percent range considered

1 acceptable as a test of adequacy.

2 PROPERTY TAXES

3 Q. Please discuss property taxes.

4 A. The property taxes Con Edison pays are based on the
5 "value" of property and include taxes on land and the
6 structures and/or equipment erected or affixed to the
7 land, known as real estate taxes. In New York State,
8 utilities also pay property taxes on utility equipment
9 located on or under the public streets and highways,
10 known as special franchise taxes.
11 In New York State, public utility property is valued
12 under a method known as the "cost approach." The New
13 York City Assessor and the New York State Office of
14 Real Property Services ("ORPS") determine value by
15 using a Reproduction Cost New Less Depreciation
16 ("RCNLD") methodology for utility property. RCNLD
17 calculates what it would cost to reproduce property at
18 current construction costs, subtracts an allowance for
19 depreciation and obsolescence, if any, and adds in the
20 value of land to arrive at a "value" for the entire
21 property. RCNLD is used only to value certain of the
22 Company's structures and all of its equipment. The
23 value of land is determined by comparable sales data.
24 Q. Please provide some background on the level of property

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1 taxes paid by the Company.

2 A. During calendar 2008, \$63.0 million in property taxes
3 allocable to steam service were charged to the
4 Company's income statement, excluding property taxes
5 that are reconciled pursuant to the Company's current
6 steam rate plan. That amount was reduced by \$2.5
7 million to reconcile property taxes to the amount
8 allowed in rates. For calendar 2009, I have forecasted
9 steam property taxes to be \$72.6 million and for the
10 rate year ending September 2011, I have forecasted
11 steam property taxes to be \$84.9 million.

12 Q. Please explain how you arrived at the New York City
13 forecasted amount of property taxes.

14 A. To arrive at those amounts, I used the Company's
15 2009/10 final real estate and special franchise
16 assessed values as a starting point. I then computed
17 the estimated change in assessment by adding estimated
18 net plant changes I received from the Accounting
19 Panel's plant forecast. I next applied tax rates that
20 are assumed to be final, provided to me by Staff at the
21 New York City Council for the 2009/10 fiscal year, to
22 the assessed values. The Council Staff has informed me
23 that the tax rates they have supplied are the assumed
24 final rates for fiscal year 2009/10, but they have not

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1 been formally adopted yet by the City Council. For
2 subsequent periods, I based my estimate of tax rate
3 changes for New York City for each tax class by looking
4 at the average of tax rate changes between fiscal year
5 2004/05 and 2009/10, as well as the individual annual
6 rate changes for those six fiscal years of history for
7 each class, so that I could develop percentage changes
8 for five individual fiscal years. I used judgment as
9 to whether the overall five-year average should be
10 increased or decreased based on recent trends indicated
11 by the individual years within the computation as well
12 as other information that I believed could influence
13 those trends, such as consideration of the current
14 economy and how that might influence tax rates.

15 Q. What was the five-year average for each class?

16 A. The five-year averages for class 3 and class 4 were
17 0.30% and -2.04%, respectively.

18 Q. What rates did you use for fiscal years after 2009/10?

19 A. I elected to escalate the class 3 and class 4 rates by
20 2 percent annually.

21 Q. Please explain why use of a 2 percent escalation rate
22 is appropriate.

23 A. Based on the data analyzed, I believe a 2 percent
24 escalation reasonably considers what the five-year

1 average yielded and what the most recent individual
2 years are indicating. That is, the five-year average
3 should be used as a starting point for the future, and
4 then adjusted where there is a reasonable indication
5 that the rate year will deviate materially from the
6 five-year average.

7 Q. Please continue.

8 A. I placed greater weight in the more recent two years of
9 data for each of the classes than in the earlier years.
10 The two most recent years generally align with the
11 downturn in the economy and it is reasonable to assume,
12 show the effect on property tax rates. For instance,
13 the percent change for class 3 from fiscal year 2007/08
14 to fiscal year 2008/09 was 4.85 percent, and for class
15 4 it was 1.81 percent. Similarly, the most recent
16 rates received from the City Council Staff for use in
17 fiscal year 2009/10 indicated the class 3 rate
18 increased by 4.98 percent when compared to fiscal year
19 2008/09 while the class 4 rate again yielded a 1.81
20 percent increase. I concluded that the recent activity
21 indicated by those last two percentages for each of the
22 tax classes gave a clearer indication of where rates
23 have headed recently and where they may be heading in
24 the near future, in light of recent and current

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1 economic circumstances, as compared to those at the
2 beginning of the five-year historical period.

3 Q. Please continue.

4 A. I also did not think the very small average increase
5 shown for class 3 (0.30%) or the negative escalation
6 for class 4 (-2.04%) was reasonable so soon after the
7 large increase in the 2008/09 fiscal year, when the
8 City increased its tax rates by 7.5 percent in the
9 middle of fiscal year 2008/09, effective January 1,
10 2009.

11 Generally, I see no basis for assuming that the City
12 will be able to cut rates during the current economic
13 situation, and therefore concluded that past rate cuts
14 are not likely to repeat any time soon given the
15 erosion of other revenue sources available to the City.
16 Accordingly, it is unreasonable to use a negative or
17 zero percent escalation for the upcoming rate year.
18 Selection of an escalation rate is difficult,
19 especially when historical information going back only
20 five years may not be a good indicator of what might be
21 expected in the near future.

22 I note that my recommendation regarding the forecasted
23 change in tax rates for classes 3 and 4 is less than
24 half of the most recent increases for class 3 (which

1 reflects the majority of the Company's property) and
2 generally in line with the recent increases for class
3 4, which I considered in the context of the
4 reconciliation mechanism the Company is proposing in
5 this proceeding.

6 Q. Has the Commission previously accepted the Company's
7 use of judgment in determining future property tax
8 rates?

9 A. In Case 08-E-0539, the Commission rejected Staff's
10 property tax expense forecast, which was based on a
11 five-year historic average, stating (at 104) that "the
12 best estimate should be employed when forecasting
13 future property tax expense" and adopted the ALJs'
14 recommendation. As noted in the RD (201-02), the
15 Company's forecast of property tax expense in that
16 proceeding included several "judgmental adjustments"
17 regarding potential tax rate increases. And, indeed,
18 the ALJs recognized that Staff and other parties would
19 advocate judgment if taxes were expected to decrease;
20 "there is little reason to believe DPS Staff or other
21 parties would not recommend judgmental adjustments if
22 they saw changed circumstances leading them to view the
23 conclusion that tax rates would drop in the rate year
24 as reasonable. Moreover, the flexibility to depart

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1 from historic averages when tax rates can reasonably be
2 predicted to fall is hardly an approach the Commission
3 should decline to follow if the interests of ratepayers
4 are to be protected."

5 Q. Has the Commission commented on taxes increasing as a
6 result of the poor economy?

7 A. Yes. In its Order in Case 08-E-0539, the Commission
8 stated (at 104) that "Current expectations are that
9 there is and will continue to be pressure on taxing
10 authorities to increase revenues through new or higher
11 taxes to replace revenues lost as a result of the
12 economic downturn."

13 Q. Have you made an additional adjustment to your forecast
14 for year-to-year changes in the base assessed value
15 because of changes in outside influences?

16 A. Yes. My New York City property tax forecast for fiscal
17 years 2010/11 and beyond includes changes to the base
18 assessment for estimated changes to the Handy-Whitman
19 Index ("HWI"), an index often used to compute market
20 values in certain municipalities including New York
21 City. The HWI is also used by ORPS to compute special
22 franchise assessments.

23 Q. How did you estimate that change?

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1 A. For the Company's steam special franchise property, I
2 used the HWI as of January 1, 2009 as the basis to
3 escalate special franchise assessments for fiscal year
4 2010/11, similar to the way ORPS uses the HWI. For
5 non-special franchise property, I used the preliminary
6 HWI index as of July 1, 2009, the latest HWI available,
7 and estimated what the January 1, 2010 index will be
8 based on the methodology used by the New York City
9 assessors.

10 Q. How did you escalate fiscal years subsequent to
11 2010/11?

12 A. I averaged the five most recent fiscal years from
13 2006/07 through 2010/11. I used the resulting average
14 as the annual escalation for all subsequent years.

15 Q. Has the City relied more heavily on property taxes for
16 revenues?

17 A. Over time, the percentage of property taxes vs. the
18 total City budget has varied. However, for fiscal year
19 2008/09, property taxes comprised 23 percent of the
20 City's total budget. In 2009/10, property taxes
21 represented 27 percent of the City's total budget. In
22 terms of dollars, the budget remained flat, amounting
23 to \$59.17 billion in 2008/09 and \$59.48 billion in
24 2009/10. However, the property tax levy increased

1 almost 17 percent, from \$13.78 billion to \$16.07
2 billion.

3 Q. Does your forecast reflect tax benefits?

4 A. The forecast has been reduced for an existing ICIP
5 benefit on the East River Repowering Project ("ERRP"),
6 which will receive full ICIP benefits through fiscal
7 year 2011/12, at which time the benefits will begin to
8 phase-down at 20 percent each year for the following
9 four fiscal years. The forecast also assumes current
10 tax benefits for economic obsolescence on the Company's
11 steam special franchise property will continue
12 throughout the forecast period at the assessment level
13 approved for fiscal year 2009/10. I will discuss each
14 of the benefits in more detail later in my testimony.

15 Q. Will the Company provide updates for property taxes?

16 A. The Company intends to update property taxes as part of
17 its formal update at the update stage of this
18 proceeding and proposes to provide updated property tax
19 information throughout this case if new information
20 becomes available from the City or ORPS. It is the
21 Company's recommendation to calculate the revenue
22 requirement in this case reflecting the latest
23 available information on property taxes, subject to

1 full reconciliation as discussed by Company witness
2 Muccilo.

3 Q. Please summarize the Company's efforts to minimize
4 property taxes.

5 A. The Company has undertaken a number of initiatives
6 designed to result in the Company paying no more than
7 its fair share of property taxes, including:

- 8 • Challenging tax assessments and attempting to
9 settle open tax certiorari cases;
- 10 • Seeking to change computational methodologies used
11 by New York City;
- 12 • Applying for available tax benefits on the
13 Company's special franchise property;
- 14 • Pursuing tax abatements under the Industrial and
15 Commercial Incentive Program; and
- 16 • Pursuing various tax initiatives to reduce the
17 Company's overall tax liability.

18 The Company has been and remains very concerned with
19 high property taxes in its service territory and the
20 impact of these taxes on customer bills. We have
21 voiced and demonstrated our concern through the pursuit
22 of litigation and legislation for decades.

23 Q. Please discuss those ongoing efforts to keep property
24 taxes to a reasonable minimum.

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1 A. Property tax amounts are a function of a tax rate
2 multiplied by an assessed value. Our most basic effort
3 is to focus on the fairness of assessments as well as
4 pursuing reductions available through exemptions and
5 obsolescence.

6 Q. How do you determine which properties are over-valued?

7 A. Annually, we review our property assessments to
8 determine if they fall within a range of reasonableness
9 when calculated under RCNLD. If the actual assessments
10 substantially vary from our RCNLD calculations, we file
11 complaints with the applicable taxing authorities. We
12 attempt to settle these complaints when we believe that
13 a settlement is a more cost effective way of reducing
14 our tax burden than prolonged litigation, the outcome
15 of which is uncertain. We resort to litigation only
16 when our efforts to reach what we believe to be a fair
17 compromise fail.

18 Q. Do you pursue property tax abatements?

19 A. Yes. We have applied for abatements, which may limit
20 property taxes for several years on qualified property,
21 when we believe we are eligible to do so. For example,
22 as I indicated earlier, under New York City's ICIP, our
23 steam customers currently benefit from an exemption on
24 the ERRP that has provided \$163 million of tax benefits

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1 to date through 2009/10 and is estimated to provide
2 \$286 million of benefits over its entire exemption
3 period, assuming no changes in tax rates. Those
4 benefits will continue through June 2016.

5 Q. Does the Company apply for ICIP abatements on all
6 facilities?

7 A. Yes, for all potentially qualifying facilities. The
8 ICIP is a limited program and unfortunately, the
9 program was replaced in 2008 by a similar program that
10 specifically excludes public utilities, except for
11 those grandfathered under the old program. The Company
12 made extensive lobbying efforts to oppose the
13 legislation that ended the ICIP program but was not
14 successful in that effort. However, the Company worked
15 vigorously to submit applications for the Hudson Avenue
16 Replacement Project ("HARP"), which were submitted on
17 the day the ICIP laws were replaced but those benefits
18 are uncertain at this time.

19 Q. Please describe other recent efforts to hold the line
20 on property taxes?

21 A. We have filed with ORPS to lower our steam special
22 franchise liability by requesting annual reductions to
23 recognize economic obsolescence in our steam system.
24 The Company was approved for this benefit because a

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1 large portion of our steam system is economically
2 obsolete because there is insufficient usage (i.e.,
3 steam sales) to produce a reasonable return on
4 investment at rates that permit the system to remain
5 competitive with alternative sources of energy. ORPS
6 has approved an obsolescence reduction each year since
7 we were first able to apply for it dating back to
8 fiscal year 2002/03.

9 Q. Please continue.

10 A. The benefit is an allowance based on annual
11 performance, and we therefore reapply for it each year.
12 We intend to continue to apply for it as long as it is
13 warranted. For 2009/10, the Company's steam special
14 franchise assessment was reduced by a factor of 25
15 percent, resulting in an estimated \$9 million reduction
16 in steam property taxes. It is important to note that
17 this benefit will continue only as long as ORPS
18 continues to rule that the Company's steam business
19 remains economically obsolete. We do not know how much
20 longer ORPS will continue to make this finding.

21 Q. Please describe other pending actions on property taxes
22 not related to special franchise facilities.

23 A. In New York City, proceedings are pending in the
24 Supreme Courts of various counties challenging certain

1 of the Company's real estate property tax assessments
2 for the years 1994/95 through 2009/10. A portion of
3 these claims relate to steam plant properties, the
4 majority of which are the generating plants. In 2007,
5 after two appeals, the Courts ruled in favor of the
6 Company regarding a suit challenging assessments at the
7 Arthur Kill generating station. We hope to use the
8 principles from that challenge to settle the other
9 currently pending proceedings. For instance, we are
10 actively trying to settle all of our New York City
11 litigation covering all fiscal years back to 1994/95.

12 Q. What other property tax initiatives have been pursued
13 to control property taxes?

14 A. The Company also filed an administrative complaint
15 against ORPS challenging the tentative assessments on
16 our New York City special franchise facilities for the
17 2009/10 fiscal year for all of our services. ORPS
18 opposed our challenge and the State Board ruled in
19 ORPS' favor. In response, we filed suit against the
20 final assessed values.

21 In addition, the Company has pursued other activities
22 in an attempt to ease our property tax burden in the
23 longer term.

24 Q. Please discuss these other activities.

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1 A. We have been pursuing a strategy in New York City to
2 merge the utility class, class 3, which contains most
3 of the Company's property, with class 4, the general
4 class that includes all property except utility
5 property and homes and condominiums, with the objective
6 of lowering our tax liability. We have approached
7 various officials and legislators in City and State
8 government, in addition to seeking support from other
9 interested business groups. We have drafted
10 legislation and have a bill submitted in the Assembly -
11 bill number A8926 sponsored by Assemblyman Bing. This
12 initiative, if successful, will provide a benefit to
13 the City by lowering utility bills to attract and keep
14 business while having no overall effect on the City's
15 total property tax levy.

16 If successful in this effort, the Company and our
17 customers could benefit by way of significant tax
18 reductions in the short-term since the current class 3
19 tax rates are much higher than the current class 4 tax
20 rates and a composite rate resulting from a merger
21 would lower our tax liability. In addition, we would
22 have the benefit of protection from being part of a
23 much larger class. For instance, the Company currently
24 comprises nearly 80 percent of the entire utility

1 class, so if the utility class is allocated a larger
2 share of the overall tax levy, the Company is
3 responsible for 80 percent of it. However, if a merger
4 of the classes was accomplished, any increase in the
5 levy allocated to the new merged class would result in
6 a much smaller liability to the Company because there
7 are many more taxpayers to share in the tax burden.
8 Additionally, the Company could also benefit from
9 transition assessments, which we currently do not
10 receive in the utility class. Transition assessments
11 allow large increases to be phased-in over a five-year
12 period to soften the impact of a sudden spike in
13 values.

14 Q. Can you provide some background on earlier efforts by
15 the Company to reduce its property tax burden?

16 A. The Company has been active in attempts to pay only its
17 fair share of property taxes in both the City and
18 Westchester County for many years, albeit only the City
19 activities are relevant to the Company's steam plant.
20 For example, the Company has been involved in efforts
21 to reduce special franchise taxes and has often
22 challenged these assessments and, in fact arrived at a
23 settlement of outstanding litigation covering fiscal
24 years 1995/96 through 2000/01 on all of our special

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franchise facilities that benefited fiscal years 2000/01 through 2004/05. That settlement resulted in reductions to the Company's gas special franchise facilities that directly led to the granting of economic obsolescence in steam plant, and later in electric plant, because we were able to secure separate assessments for electric, gas, and steam facilities. Prior to that, the Company was assessed on a Company-wide basis for all facilities, and its earnings on a Company-wide basis precluded the Company from realizing economic obsolescence benefits. Steam's lower earnings, assessed separately, allowed this benefit to be realized.

The Company entered into an even earlier special franchise settlement covering proceedings spanning fiscal years 1975/76 through 1987/88 which, among other things, reduced the 1988/89 through 1990/91 assessments by 18 percent each year. The assessment reductions were the result of modifications to ORPS' assessment calculations to allow for a greater depreciation allowance that resulted in refunds and ongoing assessment improvements that continue to be in place today. In addition, the settlement approved certain

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1 forward-looking "cost modifiers" to further lower the
2 Company's tax liability.

3 Over the years we have applied for and often been
4 granted various reductions for these modifiers, which
5 are attempts to seek reductions for a myriad of
6 opportunities. For instance, we had sought reductions
7 for the capitalized cost of paving, joint clamps,
8 interference, and 25-cycle system costs to name a few.

9 Q. Can you describe non-assessment challenges?

10 A. As far back as 1988, the then chairmen of Con Edison,
11 Brooklyn Union, and New York Telephone wrote a letter
12 to Mayor Koch complaining about the discriminatory
13 taxation policy of the City of New York. Since that
14 time, the Company has met on numerous occasions with
15 senior-level officials of the City to discuss the
16 inherent problems with the classification system.
17 Another of the Company's attempts included a position
18 paper submitted in 1994 to the City Finance
19 Commissioner that requested recognition of electric
20 generating facilities as "industrial properties" as a
21 matter of law under the ICIP program. The City, in its
22 continued opposition to reducing utility property
23 taxes, rejected our efforts to get ICIP relief and
24 forced other similarly situated applicants to sue to

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1 obtain benefits. That suit was successful, and we
2 believe our early efforts helped to pave the way for
3 the successful ICIP applications in the recent past.

4 Q. Do you have any final comments on the Company's
5 efforts?

6 A. In addition to the specific efforts described above,
7 the Company has met both informally and formally over
8 the years with various officials in the City to discuss
9 property tax issues. These issues have included, but
10 are not limited to, the taxability of movable machinery
11 and equipment; transformer vault fees (a non property
12 tax fee on equipment that is already subject to
13 property taxes); economic obsolescence on steam power
14 plants; personal property vs. real property; the
15 classification system; underwater property; ICIP
16 applicability to utility property; the taxability of
17 Hudson Avenue Boiler 10/100; the RCNLD methodology; and
18 the timing of 626 credits.

19 Q. How has the Company reported on its efforts to reduce
20 property taxes?

21 A. The Company annually files a report, known as the "PSC
22 Showing," with DPS Senior Staff detailing all of the
23 Company's efforts to hold the line on property taxes
24 for the calendar year.

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1 Q. Do you have an exhibit containing such reports?

2 A. Yes, I have included an exhibit entitled "CONSOLIDATED
3 EDISON COMPANY OF NEW YORK, INC., ANNUAL PSC SHOWING ON
4 PROPERTY TAXES FOR THE YEARS 2002 THROUGH 2008."

5 MARK FOR IDENTIFICATION AS EXHIBIT ____ (CH-4)

6 Q. Despite these efforts, the Company's property tax
7 expense continues to rise. Why is that?

8 A. Property taxes are used to finance local governments
9 and public schools. The funds raised via the property
10 tax levy are a major revenue source for New York City.
11 In the current economic climate, there is increasing
12 pressure on the City to either raise property taxes or
13 cut services.

14 Q. Does the Company have any control over changes in tax
15 rates?

16 A. The Company has no control over changes in tax rates.
17 The Company can and does challenge tax laws. As
18 indicated above, favorable changes in tax law are
19 dependent upon convincing legislators that a change in
20 the current tax structure is required.

21 Q. What about changes in assessments?

22 A. Assessments increase when plant is added or market
23 value increases. Since most of the Company's property

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1 is valued under a cost approach, property taxes
2 increase when the Company adds infrastructure.

3 Q. Are property taxes currently reconciled in the
4 Company's current steam rates?

5 A. Yes, property taxes are reconciled on a 90/10 basis,
6 meaning any variation between actual property taxes and
7 the level allowed in rates is shared between the
8 Company and our customers. If property taxes are more
9 or less than the amount allowed in rates, 10 percent of
10 that variation is the responsibility of the Company and
11 90 percent of it is the responsibility of customers.
12 Company witness Muccilo discusses the Company's
13 proposal to fully reconcile property taxes.

14 Q. Does that conclude your testimony?

15 A. Yes, it does.

Con Edison
Hearing Exhibits

STATE OF NEW YORK	
DEPT. OF PUBLIC SERVICE	
DATE:	6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029	
Ex.	93

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

**EXISTING AND PROPOSED DEPRECIATION RATES FOR STEAM PLANT
AT DECEMBER 31, 2008**

NOVEMBER 2009

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
EXISTING AND PROPOSED DEPRECIATION RATES FOR STEAM PLANT
AT DECEMBER 31, 2008

BOOK AND PROPOSED BASIS										
PSC ACCT.	ACCOUNT TITLE	CO. ACCT.	BOOK COST	ACCUMULATED PROVISION FOR DEPREC.	LIFE TABLE	AVERAGE SERVICE LIFE	NET SALVAGE	ANNUAL DEPREC. RATE	ANNUAL DEPREC. EXPENSE	COMPUTED RESERVE FOR DEPREC.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<u>PRODUCTION PLANT</u>										
310	LAND AND LAND RIGHTS	9710								
	FULLY RECOVERED		708,828	-					-	-
	ALL OTHER		2,997,549	-					-	-
	TOTAL		3,706,377	-					-	-
310	LAND & LAND RIGHTS - LEASEHOLDS	9712								
	FULLY RECOVERED		1,732,261	1,732,261	(A)				-	1,732,261
	ALL OTHER		4,708,308	4,592,617	(A)			Amort.	198,327	4,592,617
	TOTAL		6,440,569	6,324,878					198,327	6,324,878
311	STRUCTURES AND IMPROVEMENTS	9714								
	FULLY RECOVERED		13,914,690	2,289,619	(A)	-	-	0.90%	125,232	2,289,619
	ERRP		154,718,300	13,564,727	h 1.00	50	(45)	2.90%	4,486,831	8,558,429
	ALL OTHER		77,350,454	5,100,898	h 1.00	50	(45)	2.90%	2,243,163	16,846,434
	TOTAL		245,983,444	20,955,244					6,855,226	27,694,482
312	BOILER PLANT EQUIPMENT	9716								
	FULLY RECOVERED		58,793,225	55,378,070	(A)	-	-	1.00%	587,932	55,378,069
	ERRP		453,536,366	77,632,787	h 2.50	30	(40)	4.67%	21,180,148	69,399,957
	ALL OTHER		286,938,233	80,250,817	h 1.00	40	(40)	3.50%	10,042,838	71,516,195
	TOTAL		799,267,824	213,261,674					31,810,919	196,294,221
315	ACCESSORY POWER EQUIPMENT	9718								
	FULLY RECOVERED		10,977,227	11,005,638	(A)	-	-	0.38%	41,713	11,005,638
	ERRP		69,601,697	7,485,264	h 1.75	40	(15)	2.88%	2,004,529	5,530,435
	ALL OTHER		25,513,291	8,432,476	h 1.75	40	(15)	2.88%	734,783	9,130,070
	TOTAL		106,092,215	26,923,378					2,781,025	25,666,143
316	MISC. STATION EQUIPMENT	9720								
	FULLY RECOVERED		2,773,869	2,780,330	(A)	-	-	0.10%	2,774	2,780,330
	ERRP		24,003,275	2,634,746	h 2.50	50	(5)	2.10%	504,069	1,560,118
	ALL OTHER		7,707,688	2,106,742	h 2.50	50	(5)	2.10%	161,861	1,844,414
	TOTAL		34,484,831	7,521,818					668,704	6,184,862
TOTAL PRODUCTION PLANT			1,195,975,261	274,986,992					42,314,201	262,164,586

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
EXISTING AND PROPOSED DEPRECIATION RATES FOR STEAM PLANT
AT DECEMBER 31, 2008

BOOK AND PROPOSED BASIS										
PSC ACCT.	ACCOUNT TITLE	CO. ACCT.	BOOK COST	ACCUMULATED PROVISION FOR DEPREC.	LIFE TABLE	AVERAGE SERVICE LIFE	NET SALVAGE	ANNUAL DEPREC. RATE	ANNUAL DEPREC. EXPENSE	COMPUTED RESERVE FOR DEPREC.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
DISTRIBUTION PLANT										
303	CAPITALIZED SOFTWARE	9733	4,973,889	190,108	(A) (B)	5	-	Amort.	81,475	190,108
351	STRUCTURES AND IMPROVEMENTS	9732	1,277,501	273,959	h 5.00	50	-	2.00%	25,550	311,520
353	MAINS									
	MAINS - ALL OTHER	9734	422,985,874	48,038,415	h 0.75	70	(50)	2.14%	9,051,898	84,241,524
	MAINS - ERRP	9734	84,336,741	7,144,828	h 0.75	70	(50)	2.14%	1,804,806	3,455,912
	DESUPER. EQ. - ALL OTHER	9735	16,865,637	5,627,065	h 1.50	50	(40)	2.80%	472,238	4,891,197
	DESUPERHEATING EQ. - ERRP	9735	4,479,286	530,856	h 1.50	50	(40)	2.80%	125,420	332,363
	TOTAL MAINS		528,667,538	61,341,164					11,454,362	92,920,996
359	SERVICES	9736	59,590,768	11,212,139	h 0.50	50	(65)	3.30%	1,966,495	12,372,725
360	METERS	9738	12,632,125	2,800,531	h 1.75	30	-	3.33%	420,650	3,083,677
361	ACCESS. EQ. ON CUST. PREMISES	9740	5,425,836	997,140	h 0.75	50	(10)	2.20%	119,368	857,456
362	INST. OF METERS & ACCESS. EQ.	9742	27,570,107	3,710,766	h 0.75	55	(25)	2.27%	625,841	3,402,472
	TOTAL DISTRIBUTION PLANT		640,137,764	80,525,807					14,693,742	113,138,954
	TOTAL STEAM PLANT		1,836,113,025	355,512,798					57,007,942	375,303,540
	TOTAL RESERVE VARIATION (COMPUTED)									(19,790,741)
	RESERVE VARIATION (PERCENTAGE)									-5.27%

(A) ACCUMULATED PROVISION FOR DEPRECIATION PER BOOKS USED FOR COMPUTED RESERVE

(B) AMORTIZATION IN ACCORDANCE WITH THE SOFTWARE ACCOUNTING GUIDELINE

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 94

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM PLANT

**SUMMARY OF AVERAGE SERVICE LIVES, EQUIVALENT "h" CURVES AND OTHER
STATISTICAL DATA INDICATED BY PLANT MORTALITY STUDIES BASED ON
EXPERIENCE THROUGH DECEMBER 31, 2008**

NOVEMBER 2009

ACCOUNT 9714. Structures and Improvements PSC CASE 0

STUDY NO. 087143

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1943 TO 1952		0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1944 TO 1953		259.97	0.000463	384.08	1.11	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1945 TO 1954		283.38	0.000437	352.35	1.04	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1946 TO 1955		298.14	0.000396	334.91	1.00	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1947 TO 1956		283.25	0.000349	352.51	1.12	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1948 TO 1957		196.00	0.000588	386.49	1.22	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1949 TO 1958		163.56	0.000627	384.87	1.23	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1950 TO 1959		148.83	0.000628	386.68	1.21	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1951 TO 1960		153.02	0.000644	392.44	1.15	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1952 TO 1961		158.77	0.000661	395.23	1.13	0.00	0.000000	0.00	0.00	167.91	0.000598	146.81	2.34
1953 TO 1962		110.12	0.001139	347.34	1.67	89.43	0.001146	246.57	2.47	109.59	0.000620	161.96	3.01
1954 TO 1963		122.95	0.001131	372.91	1.36	86.86	0.001133	235.45	2.48	65.79	0.001102	167.96	3.15
1955 TO 1964		73.26	0.005774	346.05	1.69	69.21	0.005818	285.36	2.00	68.55	0.001116	169.95	3.15
1956 TO 1965		74.77	0.004873	349.76	1.64	72.92	0.004910	317.46	1.78	0.00	0.000000	0.00	0.00
1957 TO 1966		76.09	0.004841	355.51	1.57	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1958 TO 1967		73.22	0.005172	419.99	0.88	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1959 TO 1968		68.05	0.005169	409.26	0.97	0.00	0.000000	0.00	0.00	59.09	0.005243	205.61	1.97
1960 TO 1969		63.67	0.005731	382.46	1.25	59.10	0.005770	290.20	1.59	68.09	0.005244	281.25	1.22
1961 TO 1970		64.59	0.005506	386.27	1.20	59.95	0.005543	294.39	1.53	55.80	0.005806	212.36	2.02
1962 TO 1971		65.68	0.003654	396.64	1.10	62.51	0.003679	322.37	1.35	57.19	0.005580	219.44	1.96
1963 TO 1972		71.32	0.003586	438.16	0.71	0.00	0.000000	0.00	0.00	58.67	0.003702	225.82	1.86
1964 TO 1973		72.31	0.003645	426.64	0.82	0.00	0.000000	0.00	0.00	63.02	0.003632	229.31	1.67
1965 TO 1974		110.07	0.001992	452.87	0.58	99.44	0.002006	342.43	1.09	64.08	0.003679	219.25	1.75
1966 TO 1975		107.06	0.002097	435.75	0.73	96.02	0.002111	325.45	1.25	70.44	0.001994	188.11	2.30
1967 TO 1976		102.85	0.002048	416.62	0.91	87.53	0.002060	283.91	1.63	69.99	0.002096	187.88	2.29
1968 TO 1977		111.08	0.001332	339.85	1.77	96.79	0.001339	249.50	2.46	68.87	0.002034	186.58	2.31
1969 TO 1978		135.99	0.000821	334.95	1.84	98.66	0.000806	210.31	3.35	83.56	0.001341	186.08	3.08
1970 TO 1979		222.54	0.000391	345.77	1.70	124.77	0.000382	211.99	3.36	86.85	0.000795	168.69	4.01
1971 TO 1980		242.87	0.000385	347.71	1.68	135.36	0.000382	215.35	3.25	100.96	0.000373	165.91	4.52
1972 TO 1981		233.35	0.000450	370.90	1.39	142.50	0.000451	231.93	2.68	105.07	0.000375	167.04	4.49
1973 TO 1982		233.17	0.000427	370.32	1.40	148.77	0.000429	236.94	2.59	104.13	0.000445	170.47	3.80
1974 TO 1983		239.64	0.000373	365.33	1.46	143.77	0.000373	227.80	2.81	107.05	0.000425	171.42	3.74
1975 TO 1984		252.22	0.000351	374.48	1.35	149.40	0.000352	231.27	2.68	112.38	0.000372	174.86	3.80
1976 TO 1985		313.00	0.000348	319.01	0.95	175.11	0.000350	246.41	2.29	113.96	0.000350	175.06	3.69
1977 TO 1986		0.00	0.000000	0.00	0.00	243.66	0.000313	237.83	2.06	119.16	0.000350	177.49	3.38
1978 TO 1987		69.25	0.003316	373.27	1.36	65.84	0.003323	265.05	1.77	125.64	0.000313	178.68	3.03
1979 TO 1988		68.10	0.003274	388.37	1.20	65.28	0.003287	290.28	1.53	0.00	0.000000	0.00	0.00
1980 TO 1989		68.45	0.003162	390.77	1.16	66.33	0.003178	311.34	1.42	0.00	0.000000	0.00	0.00
1981 TO 1990		67.70	0.002943	399.54	1.07	66.96	0.002960	363.64	1.17	0.00	0.000000	0.00	0.00
1982 TO 1991		69.19	0.002581	396.74	1.10	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1983 TO 1992		69.39	0.002541	401.34	1.06	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1984 TO 1993		34.46	0.005899	712.32	-1.73	34.05	0.005871	415.57	-1.45	0.00	0.000000	0.00	0.00
1985 TO 1994		34.74	0.005672	689.46	-1.49	34.53	0.005655	421.36	-1.22	33.72	0.005894	378.09	-1.29
1986 TO 1995		35.40	0.005614	668.12	-1.27	35.36	0.005609	422.84	-0.98	34.15	0.005676	376.31	-1.10
1987 TO 1996		36.14	0.005580	643.41	-1.05	36.20	0.005585	426.75	-0.77	34.91	0.005630	376.73	-0.88
										35.75	0.005609	376.17	-0.68

ACCOUNT 9714. Structures and Improvements PSC CASE 0

STUDY NO. 087143

SUMMARY OF ROLLING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988 TO 1997		18.33	0.012400	673.93	-1.30	17.85	0.012366	602.15	-2.60	0.00	0.000000	0.00	0.00
1989 TO 1998		18.19	0.011966	651.34	-1.14	17.56	0.011929	602.93	-2.60	0.00	0.000000	0.00	0.00
1990 TO 1999		17.70	0.012036	647.01	-1.09	17.07	0.011999	612.36	-2.60	0.00	0.000000	0.00	0.00
1991 TO 2000		17.42	0.011679	634.38	-0.96	16.69	0.011638	614.19	-2.60	0.00	0.000000	0.00	0.00
1992 TO 2001		17.12	0.011643	621.99	-0.83	16.26	0.011595	617.99	-2.60	0.00	0.000000	0.00	0.00
1993 TO 2002		16.84	0.011662	602.63	-0.69	15.87	0.011610	614.31	-2.60	0.00	0.000000	0.00	0.00
1994 TO 2003		23.19	0.012025	489.33	0.27	22.69	0.012050	473.82	-0.46	0.00	0.000000	0.00	0.00
1995 TO 2004		22.99	0.012219	476.37	0.35	22.39	0.012249	471.14	-0.31	0.00	0.000000	0.00	0.00
1996 TO 2005		22.60	0.012291	466.74	0.46	21.94	0.012326	467.09	-0.12	0.00	0.000000	0.00	0.00
1997 TO 2006		22.63	0.012766	444.16	0.63	22.12	0.012813	449.73	0.24	0.00	0.000000	0.00	0.00
1998 TO 2007		147.05	0.000665	396.12	1.11	0.00	0.000000	0.00	0.00	155.53	0.000662	207.99	1.65
1999 TO 2008		129.88	0.000741	410.76	0.97	0.00	0.000000	0.00	0.00	110.75	0.000723	199.99	1.89

SUMMARY OF SHRINKING BANDS

YEAR	YEAR	FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
		AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
2008	TO 2008	70.80	0.006640	417.36	0.90	0.00	0.000000	0.00	0.00	66.38	0.006653	255.36	0.29
2007	TO 2008	97.90	0.003986	417.25	0.91	0.00	0.000000	0.00	0.00	87.22	0.003990	206.95	1.20
2006	TO 2008	105.20	0.002915	415.87	0.92	0.00	0.000000	0.00	0.00	93.52	0.002905	201.56	1.35
2005	TO 2008	95.77	0.001856	402.54	1.05	0.00	0.000000	0.00	0.00	87.05	0.001821	208.51	1.41
2004	TO 2008	108.02	0.000828	401.27	1.06	0.00	0.000000	0.00	0.00	94.73	0.000752	197.93	1.68
2003	TO 2008	117.21	0.000747	403.11	1.05	0.00	0.000000	0.00	0.00	99.55	0.000680	191.36	1.85
2002	TO 2008	124.93	0.000703	399.84	1.07	0.00	0.000000	0.00	0.00	104.19	0.000650	189.56	1.98
2001	TO 2008	122.51	0.000707	388.15	1.20	0.00	0.000000	0.00	0.00	107.50	0.000678	198.60	1.94
2000	TO 2008	121.65	0.000755	386.78	1.22	0.00	0.000000	0.00	0.00	111.62	0.000730	203.81	1.82
1999	TO 2008	129.88	0.000741	410.76	0.97	0.00	0.000000	0.00	0.00	110.75	0.000723	199.99	1.89
1998	TO 2008	129.18	0.000704	405.25	1.02	0.00	0.000000	0.00	0.00	116.84	0.000686	204.97	1.78
1997	TO 2008	26.09	0.011078	427.37	0.79	26.06	0.011127	424.10	0.68	0.00	0.000000	0.00	0.00
1996	TO 2008	27.66	0.010172	435.58	0.72	27.68	0.010217	428.15	0.61	0.00	0.000000	0.00	0.00
1995	TO 2008	29.27	0.009577	438.98	0.69	29.34	0.009618	424.31	0.57	0.00	0.000000	0.00	0.00
1994	TO 2008	30.77	0.009139	440.34	0.67	30.90	0.009178	422.32	0.55	0.00	0.000000	0.00	0.00
1993	TO 2008	24.97	0.008664	510.64	0.08	25.01	0.008686	477.86	-0.31	0.00	0.000000	0.00	0.00
1992	TO 2008	26.23	0.008287	512.74	0.06	26.34	0.008308	472.60	-0.31	0.00	0.000000	0.00	0.00
1991	TO 2008	27.45	0.007983	515.40	0.04	27.63	0.008003	464.99	-0.29	0.00	0.000000	0.00	0.00
1990	TO 2008	28.54	0.007777	516.82	0.03	28.77	0.007797	457.05	-0.27	0.00	0.000000	0.00	0.00
1989	TO 2008	29.70	0.007552	516.91	0.03	29.98	0.007570	448.58	-0.25	0.00	0.000000	0.00	0.00
1988	TO 2008	30.60	0.007394	521.18	0.00	30.92	0.007412	444.71	-0.24	0.00	0.000000	0.00	0.00
1987	TO 2008	29.59	0.007307	501.84	0.16	29.78	0.007328	448.32	-0.07	0.00	0.000000	0.00	0.00
1986	TO 2008	30.41	0.007163	504.72	0.13	30.64	0.007181	442.30	-0.11	0.00	0.000000	0.00	0.00
1985	TO 2008	31.29	0.007033	506.56	0.12	31.54	0.007049	432.77	-0.12	0.00	0.000000	0.00	0.00
1984	TO 2008	32.20	0.006915	507.72	0.11	32.48	0.006928	426.39	-0.11	0.00	0.000000	0.00	0.00
1983	TO 2008	33.10	0.006767	506.02	0.12	33.41	0.006777	417.60	-0.09	0.00	0.000000	0.00	0.00
1982	TO 2008	34.01	0.006654	507.20	0.13	34.34	0.006663	409.15	-0.05	0.00	0.000000	0.00	0.00
1981	TO 2008	34.73	0.006550	505.30	0.13	35.06	0.006557	403.57	-0.03	0.00	0.000000	0.00	0.00
1980	TO 2008	35.59	0.006448	504.33	0.14	35.93	0.006453	393.77	0.01	0.00	0.000000	0.00	0.00
1979	TO 2008	36.44	0.006356	500.89	0.16	36.79	0.006359	387.35	0.05	0.00	0.000000	0.00	0.00
1978	TO 2008	37.26	0.005779	500.52	0.18	37.63	0.005776	378.73	0.10	0.00	0.000000	0.00	0.00
1977	TO 2008	38.05	0.005702	498.03	0.20	38.42	0.005697	373.50	0.15	0.00	0.000000	0.00	0.00
1976	TO 2008	38.78	0.005616	493.78	0.23	39.17	0.005609	366.36	0.21	0.00	0.000000	0.00	0.00
1975	TO 2008	39.51	0.005538	489.73	0.26	39.92	0.005529	359.51	0.27	0.00	0.000000	0.00	0.00
1974	TO 2008	40.24	0.005187	485.88	0.29	40.65	0.005174	353.02	0.32	0.00	0.000000	0.00	0.00
1973	TO 2008	40.77	0.005087	486.85	0.29	41.13	0.005071	348.93	0.34	0.00	0.000000	0.00	0.00
1972	TO 2008	41.36	0.005023	484.76	0.30	41.65	0.005005	344.56	0.37	0.00	0.000000	0.00	0.00
1971	TO 2008	41.94	0.004967	482.88	0.31	42.15	0.004946	340.43	0.40	0.00	0.000000	0.00	0.00
1970	TO 2008	42.47	0.004744	481.49	0.33	42.61	0.004718	336.74	0.42	0.00	0.000000	0.00	0.00
1969	TO 2008	42.70	0.004688	478.92	0.36	42.79	0.004660	335.37	0.45	0.00	0.000000	0.00	0.00
1968	TO 2008	42.87	0.004659	477.04	0.37	42.87	0.004633	334.73	0.46	0.00	0.000000	0.00	0.00
1967	TO 2008	42.77	0.004621	482.85	0.33	42.67	0.004594	336.33	0.42	0.00	0.000000	0.00	0.00
1966	TO 2008	43.27	0.004584	479.51	0.34	43.09	0.004555	333.01	0.45	0.00	0.000000	0.00	0.00
1965	TO 2008	43.78	0.004522	478.55	0.36	43.52	0.004490	329.75	0.48	0.00	0.000000	0.00	0.00
1964	TO 2008	43.32	0.004473	476.64	0.38	43.02	0.004448	335.87	0.48	0.00	0.000000	0.00	0.00

ACCOUNT 9714. Structures and Improvements PSC CASE 0

STUDY NO. 087143

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	43.69	0.004432	474.98	0.38	43.31	0.004404	331.35	0.49	0.00	0.000000	0.00	0.00
1962	TO 2008	44.00	0.004395	471.62	0.42	43.57	0.004366	329.32	0.52	0.00	0.000000	0.00	0.00
1961	TO 2008	44.46	0.004361	469.01	0.44	43.97	0.004330	326.38	0.55	0.00	0.000000	0.00	0.00
1960	TO 2008	44.87	0.004327	466.86	0.46	44.33	0.004295	323.72	0.58	0.00	0.000000	0.00	0.00
1959	TO 2008	45.22	0.004296	463.25	0.48	44.62	0.004263	321.61	0.61	0.00	0.000000	0.00	0.00
1958	TO 2008	45.54	0.004262	462.20	0.50	44.89	0.004230	319.69	0.63	0.00	0.000000	0.00	0.00
1957	TO 2008	45.85	0.004229	459.14	0.52	45.15	0.004196	317.84	0.66	0.00	0.000000	0.00	0.00
1956	TO 2008	46.25	0.004198	457.32	0.54	45.50	0.004164	315.36	0.69	0.00	0.000000	0.00	0.00
1955	TO 2008	46.63	0.004170	453.59	0.57	45.84	0.004135	313.02	0.72	0.00	0.000000	0.00	0.00
1954	TO 2008	47.00	0.004145	452.13	0.59	46.18	0.004110	310.72	0.75	0.00	0.000000	0.00	0.00
1953	TO 2008	47.28	0.004119	449.48	0.61	46.44	0.004084	309.00	0.78	0.00	0.000000	0.00	0.00
1952	TO 2008	47.53	0.004095	447.05	0.63	46.66	0.004059	307.54	0.80	0.00	0.000000	0.00	0.00
1951	TO 2008	47.80	0.004040	444.55	0.64	46.85	0.004003	306.32	0.81	0.00	0.000000	0.00	0.00
1950	TO 2008	48.06	0.004024	444.24	0.66	47.03	0.003985	305.13	0.83	0.00	0.000000	0.00	0.00
1949	TO 2008	48.33	0.004007	441.78	0.68	47.22	0.003967	303.87	0.84	0.00	0.000000	0.00	0.00
1948	TO 2008	48.58	0.003991	439.48	0.69	47.41	0.003950	300.59	0.86	0.00	0.000000	0.00	0.00
1947	TO 2008	48.82	0.003975	437.34	0.71	47.57	0.003933	299.53	0.87	0.00	0.000000	0.00	0.00
1946	TO 2008	49.05	0.003954	435.28	0.72	47.74	0.003911	298.48	0.89	0.00	0.000000	0.00	0.00
1945	TO 2008	49.28	0.003938	433.25	0.74	47.92	0.003894	297.40	0.90	0.00	0.000000	0.00	0.00
1944	TO 2008	49.50	0.003920	431.31	0.76	48.09	0.003875	296.33	0.92	0.00	0.000000	0.00	0.00
1943	TO 2008	49.71	0.003903	429.53	0.78	48.25	0.003858	295.33	0.93	0.00	0.000000	0.00	0.00

SUMMARY OF ROLLING ENDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1943 TO 1952		111.03	0.000725	352.62	1.61	109.04	0.000732	337.94	1.68	0.00	0.000000	0.00	0.00
1944 TO 1953		86.62	0.000971	336.53	1.81	78.64	0.000981	280.39	2.17	0.00	0.000000	0.00	0.00
1945 TO 1954		92.40	0.000849	341.44	1.75	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1946 TO 1955		87.01	0.000756	348.81	1.65	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1947 TO 1956		79.67	0.000961	368.38	1.41	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1948 TO 1957		79.31	0.000935	377.63	1.31	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1949 TO 1958		68.48	0.001128	371.66	1.38	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1950 TO 1959		57.36	0.001377	368.73	1.41	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1951 TO 1960		53.45	0.001725	358.30	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1952 TO 1961		51.23	0.002074	344.55	1.69	50.58	0.002091	323.23	1.78	46.82	0.002101	227.45	2.12
1953 TO 1962		48.88	0.003477	326.32	1.93	45.02	0.003383	209.93	3.00	40.99	0.003248	186.63	2.54
1954 TO 1963		44.63	0.004232	328.28	1.91	42.20	0.004096	209.72	2.78	39.96	0.004036	188.94	2.61
1955 TO 1964		38.96	0.006067	322.15	1.98	38.50	0.005943	214.30	2.53	37.16	0.005922	197.79	2.51
1956 TO 1965		39.90	0.005166	322.02	1.97	39.17	0.005038	215.73	2.50	38.03	0.005001	195.88	2.55
1957 TO 1966		41.52	0.004768	321.53	2.02	40.57	0.004641	210.75	2.60	39.70	0.004610	190.17	2.72
1958 TO 1967		31.66	0.006173	459.56	0.51	30.40	0.006178	314.15	0.81	29.70	0.006017	247.47	1.20
1959 TO 1968		29.49	0.006219	432.35	0.75	28.91	0.006233	326.86	0.86	28.55	0.006128	257.44	1.19
1960 TO 1969		30.41	0.007286	419.25	0.86	29.81	0.007286	303.57	0.97	29.49	0.007205	249.20	1.23
1961 TO 1970		30.96	0.007358	437.71	0.70	30.21	0.007375	316.08	0.86	29.86	0.007305	249.51	1.15
1962 TO 1971		29.99	0.007346	438.44	0.70	29.32	0.007332	308.67	0.78	29.28	0.007160	244.20	1.10
1963 TO 1972		28.84	0.007317	424.79	0.81	28.41	0.007325	322.09	0.81	28.46	0.007261	258.30	1.06
1964 TO 1973		30.59	0.007066	433.11	0.75	30.08	0.007092	334.08	0.84	29.94	0.007027	252.13	1.12
1965 TO 1974		34.62	0.006475	446.32	0.64	33.90	0.006508	334.84	0.90	32.71	0.006425	236.92	1.19
1966 TO 1975		33.70	0.005882	419.84	0.88	33.44	0.005902	318.46	1.07	32.41	0.005754	232.97	1.24
1967 TO 1976		33.99	0.005622	416.32	0.91	33.84	0.005650	332.46	1.08	32.64	0.005533	237.47	1.24
1968 TO 1977		43.98	0.003578	319.49	2.02	44.74	0.003551	233.56	2.60	43.87	0.003549	199.47	2.67
1969 TO 1978		34.24	0.006775	311.08	2.13	38.85	0.006338	202.04	2.42	39.06	0.006048	175.36	2.24
1970 TO 1979		33.78	0.007300	306.41	2.19	38.86	0.006818	199.44	2.51	39.37	0.006493	171.46	2.29
1971 TO 1980		33.43	0.006817	303.62	2.23	38.63	0.006346	198.03	2.60	38.96	0.006099	175.80	2.37
1972 TO 1981		34.39	0.006320	303.86	2.23	39.34	0.005941	199.52	2.74	39.53	0.005861	180.87	2.58
1973 TO 1982		36.28	0.006056	310.13	2.16	40.83	0.005742	199.58	2.82	41.05	0.005686	179.07	2.68
1974 TO 1983		36.22	0.004838	310.63	2.16	40.52	0.004480	203.62	2.80	40.54	0.004447	188.72	2.67
1975 TO 1984		35.39	0.004750	306.61	2.20	39.09	0.004411	208.51	2.64	39.16	0.004416	197.91	2.60
1976 TO 1985		35.83	0.004703	308.38	2.16	38.71	0.004446	215.71	2.52	38.72	0.004473	213.04	2.52
1977 TO 1986		33.94	0.004863	299.04	2.29	37.69	0.004471	210.93	2.66	37.72	0.004495	208.11	2.64
1978 TO 1987		32.73	0.005047	297.87	2.34	36.65	0.004570	208.70	2.66	36.66	0.004597	208.69	2.66
1979 TO 1988		43.35	0.002749	310.26	2.14	44.40	0.002597	215.08	2.93	44.52	0.002598	201.01	2.94
1980 TO 1989		46.38	0.002160	322.36	2.00	45.85	0.002092	232.27	2.60	45.85	0.002098	214.82	2.65
1981 TO 1990		42.68	0.002686	317.47	2.05	42.97	0.002654	243.17	2.50	0.00	0.000000	0.00	0.00
1982 TO 1991		42.63	0.002596	315.48	2.08	43.02	0.002567	245.23	2.53	0.00	0.000000	0.00	0.00
1983 TO 1992		42.39	0.002532	319.67	2.02	42.54	0.002520	257.41	2.37	0.00	0.000000	0.00	0.00
1984 TO 1993		32.78	0.003680	389.00	1.18	32.59	0.003671	317.61	1.26	0.00	0.000000	0.00	0.00
1985 TO 1994		33.66	0.003579	393.66	1.12	33.35	0.003569	316.37	1.23	0.00	0.000000	0.00	0.00
1986 TO 1995		34.37	0.003333	400.09	1.05	33.95	0.003327	322.56	1.17	0.00	0.000000	0.00	0.00
1987 TO 1996		36.27	0.003192	492.16	0.25	35.15	0.003198	368.45	0.58	0.00	0.000000	0.00	0.00

ACCOUNT 9716. Boiler Plant Equipment PSC CASE 0 STUDY NO. 087163

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988	TO 1997	22.18	0.007600	800.44	-2.60	21.30	0.007517	434.37	-1.90	0.00	0.000000	0.00	0.00
1989	TO 1998	22.77	0.007373	871.71	-2.60	21.61	0.007279	432.61	-2.10	0.00	0.000000	0.00	0.00
1990	TO 1999	23.08	0.007419	916.30	-2.60	21.77	0.007336	438.61	-2.20	0.00	0.000000	0.00	0.00
1991	TO 2000	0.00	0.000000	0.00	0.00	22.85	0.007062	435.49	-2.60	0.00	0.000000	0.00	0.00
1992	TO 2001	0.00	0.000000	0.00	0.00	21.32	0.006972	459.22	-2.60	0.00	0.000000	0.00	0.00
1993	TO 2002	0.00	0.000000	0.00	0.00	22.79	0.006587	458.61	-2.60	0.00	0.000000	0.00	0.00
1994	TO 2003	0.00	0.000000	0.00	0.00	27.15	0.005993	395.96	-1.29	0.00	0.000000	0.00	0.00
1995	TO 2004	0.00	0.000000	0.00	0.00	27.71	0.005979	402.40	-1.28	0.00	0.000000	0.00	0.00
1996	TO 2005	0.00	0.000000	0.00	0.00	27.11	0.005956	418.71	-1.35	0.00	0.000000	0.00	0.00
1997	TO 2006	31.03	0.005856	807.22	-2.60	28.78	0.005846	415.29	-0.75	0.00	0.000000	0.00	0.00
1998	TO 2007	54.12	0.001955	398.19	1.09	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999	TO 2008	54.42	0.001859	399.66	1.07	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
2008	TO 2008	83.17	0.001290	404.61	1.03	0.00	0.000000	0.00	0.00	76.88	0.001281	198.37	1.80
2007	TO 2008	61.93	0.001560	386.72	1.20	0.00	0.000000	0.00	0.00	59.21	0.001521	210.28	1.63
2006	TO 2008	63.80	0.001247	378.52	1.29	0.00	0.000000	0.00	0.00	62.08	0.001244	231.14	1.63
2005	TO 2008	55.48	0.001311	402.82	1.05	0.00	0.000000	0.00	0.00	57.25	0.001292	262.88	1.07
2004	TO 2008	58.07	0.001088	400.40	1.06	0.00	0.000000	0.00	0.00	62.10	0.001075	285.85	0.90
2003	TO 2008	49.58	0.002146	408.42	0.98	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2002	TO 2008	51.70	0.001994	405.23	1.02	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2001	TO 2008	50.19	0.002107	403.45	1.03	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2000	TO 2008	53.08	0.001956	400.35	1.06	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999	TO 2008	54.42	0.001859	399.66	1.07	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1998	TO 2008	56.04	0.001796	397.02	1.09	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1997	TO 2008	35.10	0.004874	653.81	-1.13	33.12	0.004879	397.03	-0.12	0.00	0.000000	0.00	0.00
1996	TO 2008	36.46	0.004660	736.37	-2.02	33.50	0.004658	389.54	-0.21	0.00	0.000000	0.00	0.00
1995	TO 2008	37.95	0.004450	731.31	-1.95	34.64	0.004449	385.37	-0.13	0.00	0.000000	0.00	0.00
1994	TO 2008	39.02	0.004186	706.09	-1.67	35.50	0.004183	376.09	-0.02	0.00	0.000000	0.00	0.00
1993	TO 2008	33.88	0.004288	819.07	-2.60	31.30	0.004285	416.99	-0.57	0.00	0.000000	0.00	0.00
1992	TO 2008	34.68	0.004084	782.79	-2.60	32.09	0.004083	416.07	-0.46	0.00	0.000000	0.00	0.00
1991	TO 2008	35.46	0.003983	723.28	-1.86	32.95	0.003983	405.20	-0.29	0.00	0.000000	0.00	0.00
1990	TO 2008	34.53	0.003960	635.61	-0.96	32.81	0.003963	403.85	-0.11	0.00	0.000000	0.00	0.00
1989	TO 2008	35.34	0.003825	623.97	-0.86	33.53	0.003829	401.15	-0.04	0.00	0.000000	0.00	0.00
1988	TO 2008	35.79	0.003732	604.84	-0.70	34.03	0.003736	398.19	0.04	0.00	0.000000	0.00	0.00
1987	TO 2008	35.57	0.003678	572.08	-0.41	34.01	0.003680	386.66	0.19	0.00	0.000000	0.00	0.00
1986	TO 2008	34.93	0.003654	528.17	-0.05	33.69	0.003648	366.57	0.39	0.00	0.000000	0.00	0.00
1985	TO 2008	35.29	0.003615	520.03	0.01	34.06	0.003611	365.53	0.43	0.00	0.000000	0.00	0.00
1984	TO 2008	35.43	0.003541	509.42	0.09	34.26	0.003537	363.45	0.48	0.00	0.000000	0.00	0.00
1983	TO 2008	35.94	0.003487	507.83	0.11	34.71	0.003484	361.55	0.51	0.00	0.000000	0.00	0.00
1982	TO 2008	36.44	0.003426	503.62	0.15	35.17	0.003423	359.67	0.55	0.00	0.000000	0.00	0.00
1981	TO 2008	36.92	0.003357	499.77	0.17	35.59	0.003354	355.44	0.58	0.00	0.000000	0.00	0.00
1980	TO 2008	37.26	0.003303	495.21	0.21	35.91	0.003301	355.03	0.61	0.00	0.000000	0.00	0.00
1979	TO 2008	37.05	0.003260	479.11	0.34	35.81	0.003252	344.92	0.71	0.00	0.000000	0.00	0.00
1978	TO 2008	33.74	0.003307	440.09	0.68	33.19	0.003273	329.92	0.87	0.00	0.000000	0.00	0.00
1977	TO 2008	34.19	0.003233	440.13	0.68	33.60	0.003201	328.88	0.88	0.00	0.000000	0.00	0.00
1976	TO 2008	34.60	0.003032	440.73	0.68	33.97	0.002997	328.22	0.90	0.00	0.000000	0.00	0.00
1975	TO 2008	34.68	0.003019	436.86	0.72	34.09	0.002983	324.14	0.93	0.00	0.000000	0.00	0.00
1974	TO 2008	35.05	0.002919	435.06	0.72	34.44	0.002883	323.76	0.95	0.00	0.000000	0.00	0.00
1973	TO 2008	35.35	0.002827	437.07	0.72	34.69	0.002790	321.41	0.96	0.00	0.000000	0.00	0.00
1972	TO 2008	35.03	0.002965	429.62	0.78	34.46	0.002928	320.62	1.00	0.00	0.000000	0.00	0.00
1971	TO 2008	34.96	0.002927	427.58	0.80	34.42	0.002884	318.16	1.01	0.00	0.000000	0.00	0.00
1970	TO 2008	35.27	0.002852	429.53	0.79	34.67	0.002808	315.82	1.02	0.00	0.000000	0.00	0.00
1969	TO 2008	35.39	0.002865	425.31	0.81	34.78	0.002820	314.79	1.03	0.00	0.000000	0.00	0.00
1968	TO 2008	34.97	0.002861	421.73	0.85	34.46	0.002821	317.72	1.05	0.00	0.000000	0.00	0.00
1967	TO 2008	34.10	0.002931	435.42	0.71	33.58	0.002898	329.06	0.91	0.00	0.000000	0.00	0.00
1966	TO 2008	34.41	0.002913	437.39	0.71	33.83	0.002879	326.61	0.92	0.00	0.000000	0.00	0.00
1965	TO 2008	34.69	0.002888	436.78	0.71	34.06	0.002853	324.42	0.93	0.00	0.000000	0.00	0.00
1964	TO 2008	34.31	0.002874	432.76	0.75	33.76	0.002840	327.28	0.95	0.00	0.000000	0.00	0.00

ACCOUNT 9716. Boiler Plant Equipment PSC CASE 0 STUDY NO. 087163

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	34.18	0.002852	431.58	0.76	33.64	0.002818	325.47	0.95	0.00	0.000000	0.00	0.00
1962	TO 2008	34.26	0.002837	427.59	0.79	33.72	0.002797	321.74	0.98	0.00	0.000000	0.00	0.00
1961	TO 2008	34.40	0.002823	425.90	0.80	33.84	0.002780	320.60	1.00	0.00	0.000000	0.00	0.00
1960	TO 2008	34.51	0.002785	424.54	0.82	33.94	0.002742	319.66	1.01	0.00	0.000000	0.00	0.00
1959	TO 2008	34.50	0.002743	424.61	0.82	33.93	0.002701	319.74	1.01	0.00	0.000000	0.00	0.00
1958	TO 2008	34.60	0.002729	423.45	0.82	34.01	0.002689	319.00	1.02	0.00	0.000000	0.00	0.00
1957	TO 2008	34.77	0.002716	424.16	0.82	34.16	0.002676	317.63	1.03	0.00	0.000000	0.00	0.00
1956	TO 2008	34.87	0.002691	425.91	0.82	34.23	0.002651	317.00	1.03	0.00	0.000000	0.00	0.00
1955	TO 2008	35.00	0.002673	424.24	0.83	34.34	0.002632	318.88	1.04	0.00	0.000000	0.00	0.00
1954	TO 2008	35.20	0.002660	424.75	0.83	34.50	0.002618	317.38	1.05	0.00	0.000000	0.00	0.00
1953	TO 2008	35.31	0.002646	423.37	0.84	34.60	0.002603	316.47	1.06	0.00	0.000000	0.00	0.00
1952	TO 2008	35.41	0.002635	422.19	0.84	34.68	0.002593	315.73	1.07	0.00	0.000000	0.00	0.00
1951	TO 2008	35.54	0.002613	423.47	0.85	34.77	0.002569	314.91	1.08	0.00	0.000000	0.00	0.00
1950	TO 2008	35.68	0.002608	421.82	0.85	34.87	0.002563	311.14	1.09	0.00	0.000000	0.00	0.00
1949	TO 2008	35.81	0.002604	420.24	0.85	34.97	0.002557	310.28	1.09	0.00	0.000000	0.00	0.00
1948	TO 2008	35.94	0.002598	421.57	0.86	35.06	0.002550	309.51	1.10	0.00	0.000000	0.00	0.00
1947	TO 2008	36.06	0.002594	420.17	0.86	35.14	0.002545	308.78	1.11	0.00	0.000000	0.00	0.00
1946	TO 2008	36.17	0.002589	418.85	0.87	35.22	0.002538	308.08	1.12	0.00	0.000000	0.00	0.00
1945	TO 2008	36.28	0.002585	420.40	0.87	35.29	0.002533	307.43	1.12	0.00	0.000000	0.00	0.00
1944	TO 2008	36.38	0.002580	419.24	0.88	35.36	0.002527	306.80	1.13	0.00	0.000000	0.00	0.00
1943	TO 2008	36.46	0.002573	418.22	0.89	35.43	0.002520	306.23	1.14	0.00	0.000000	0.00	0.00

SUMMARY OF ROLLING BANDS

FIRST DEGREE						SECOND DEGREE					THIRD DEGREE				
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE		
1943	TO 1952	62.00	0.002209	339.50	1.77	47.15	0.002227	232.26	2.60	0.00	0.000000	0.00	0.00		
1944	TO 1953	67.20	0.001954	362.34	1.49	59.67	0.001982	285.72	1.92	0.00	0.000000	0.00	0.00		
1945	TO 1954	72.56	0.001820	392.10	1.15	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00		
1946	TO 1955	76.91	0.001678	401.14	1.06	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00		
1947	TO 1956	76.03	0.001460	384.73	1.23	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00		
1948	TO 1957	78.83	0.001406	385.03	1.23	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00		
1949	TO 1958	99.02	0.000858	382.25	1.26	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00		
1950	TO 1959	87.81	0.000928	383.22	1.25	0.00	0.000000	0.00	0.00	77.55	0.000825	166.98	2.73		
1951	TO 1960	67.44	0.002155	366.98	1.42	0.00	0.000000	0.00	0.00	69.19	0.000875	175.61	2.43		
1952	TO 1961	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	88.10	0.002186	184.44	1.72		
1953	TO 1962	0.00	0.000000	0.00	0.00	31.20	0.009340	245.18	0.48	0.00	0.000000	0.00	0.00		
1954	TO 1963	0.00	0.000000	0.00	0.00	32.23	0.008993	240.43	0.57	0.00	0.000000	0.00	0.00		
1955	TO 1964	0.00	0.000000	0.00	0.00	32.43	0.009518	235.88	0.66	0.00	0.000000	0.00	0.00		
1956	TO 1965	0.00	0.000000	0.00	0.00	32.74	0.009229	233.63	0.70	0.00	0.000000	0.00	0.00		
1957	TO 1966	0.00	0.000000	0.00	0.00	32.24	0.008907	237.28	0.47	0.00	0.000000	0.00	0.00		
1958	TO 1967	0.00	0.000000	0.00	0.00	30.62	0.010202	246.54	0.10	0.00	0.000000	0.00	0.00		
1959	TO 1968	0.00	0.000000	0.00	0.00	30.17	0.012192	253.60	-0.19	0.00	0.000000	0.00	0.00		
1960	TO 1969	0.00	0.000000	0.00	0.00	29.01	0.010572	263.75	-0.48	0.00	0.000000	0.00	0.00		
1961	TO 1970	0.00	0.000000	0.00	0.00	29.81	0.009543	263.30	-0.47	0.00	0.000000	0.00	0.00		
1962	TO 1971	63.27	0.001852	359.58	1.50	27.93	0.008345	273.92	-1.31	0.00	0.000000	0.00	0.00		
1963	TO 1972	61.46	0.001928	353.91	1.59	56.39	0.001857	252.70	2.14	0.00	0.000000	0.00	0.00		
1964	TO 1973	67.08	0.001860	360.01	1.51	55.79	0.001934	253.61	2.14	0.00	0.000000	0.00	0.00		
1965	TO 1974	74.86	0.001634	366.69	1.44	60.94	0.001872	266.66	2.02	0.00	0.000000	0.00	0.00		
1966	TO 1975	61.79	0.002048	329.37	1.90	66.65	0.001645	267.82	2.00	0.00	0.000000	0.00	0.00		
1967	TO 1976	60.15	0.002108	321.69	2.01	56.66	0.002032	228.54	2.66	55.69	0.002050	207.40	2.83		
1968	TO 1977	57.07	0.002451	325.07	1.96	55.60	0.002025	209.52	3.04	54.12	0.001991	167.22	3.71		
1969	TO 1978	46.21	0.003864	295.40	2.37	53.93	0.002419	225.31	2.69	52.25	0.002379	171.30	3.24		
1970	TO 1979	42.24	0.004339	292.35	2.43	48.24	0.003746	204.17	3.35	48.74	0.003735	173.38	3.68		
1971	TO 1980	42.73	0.004267	296.07	2.38	45.18	0.004058	200.32	3.10	46.75	0.003963	165.76	3.36		
1972	TO 1981	41.52	0.004166	297.45	2.35	45.18	0.004029	204.72	2.98	46.11	0.004008	176.74	3.15		
1973	TO 1982	42.19	0.004102	299.83	2.32	43.64	0.003957	214.26	2.79	43.83	0.003986	201.90	2.83		
1974	TO 1983	41.95	0.004582	299.15	2.34	44.06	0.003926	216.73	2.78	0.00	0.000000	0.00	0.00		
1975	TO 1984	42.28	0.004671	296.80	2.36	43.78	0.004462	220.42	2.78	0.00	0.000000	0.00	0.00		
1976	TO 1985	43.37	0.004678	298.57	2.33	43.86	0.004580	222.28	2.75	0.00	0.000000	0.00	0.00		
1977	TO 1986	40.40	0.005256	280.94	2.58	44.42	0.004627	228.50	2.68	0.00	0.000000	0.00	0.00		
1978	TO 1987	39.15	0.006013	272.01	2.77	42.73	0.005060	211.79	2.87	0.00	0.000000	0.00	0.00		
1979	TO 1988	43.04	0.004226	282.30	2.59	42.20	0.005681	202.60	2.99	0.00	0.000000	0.00	0.00		
1980	TO 1989	46.76	0.003213	285.50	2.53	43.76	0.003746	204.52	2.57	44.43	0.003765	196.94	2.67		
1981	TO 1990	44.51	0.003660	279.68	2.63	46.42	0.002821	205.73	2.70	47.24	0.002829	193.71	2.85		
1982	TO 1991	45.87	0.003711	277.95	2.66	45.36	0.003433	210.54	2.95	0.00	0.000000	0.00	0.00		
1983	TO 1992	46.12	0.003782	278.64	2.65	46.96	0.003463	203.35	3.21	0.00	0.000000	0.00	0.00		
1984	TO 1993	41.44	0.004509	281.13	2.62	46.91	0.003536	203.59	3.17	0.00	0.000000	0.00	0.00		
1985	TO 1994	41.38	0.004640	283.94	2.57	41.57	0.004189	215.29	2.56	0.00	0.000000	0.00	0.00		
1986	TO 1995	41.85	0.005094	287.94	2.48	41.84	0.004298	211.50	2.65	0.00	0.000000	0.00	0.00		
1987	TO 1996	45.85	0.004287	321.71	1.99	42.24	0.004775	211.88	2.66	0.00	0.000000	0.00	0.00		
						43.75	0.004167	234.26	2.21	0.00	0.000000	0.00	0.00		

SUMMARY OF ROLLING BANDS

YEAR	YFAR	FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
		AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988 TO 1997		43.56	0.004722	368.43	1.39	41.30	0.004686	267.54	1.62	0.00	0.000000	0.00	0.00
1989 TO 1998		45.86	0.004507	369.62	1.37	43.47	0.004492	270.28	1.68	0.00	0.000000	0.00	0.00
1990 TO 1999		38.60	0.005465	340.65	1.73	38.07	0.005474	285.01	1.78	0.00	0.000000	0.00	0.00
1991 TO 2000		40.48	0.004754	354.51	1.57	39.65	0.004752	283.76	1.68	0.00	0.000000	0.00	0.00
1992 TO 2001		41.01	0.004527	359.67	1.49	40.16	0.004536	295.05	1.61	0.00	0.000000	0.00	0.00
1993 TO 2002		32.43	0.005730	488.82	0.27	31.68	0.005751	383.52	0.42	31.64	0.005786	365.06	0.43
1994 TO 2003		38.28	0.004951	565.61	-0.38	37.38	0.004979	458.84	-0.07	0.00	0.000000	0.00	0.00
1995 TO 2004		38.73	0.004527	621.02	-0.85	37.19	0.004551	453.07	-0.26	0.00	0.000000	0.00	0.00
1996 TO 2005		35.73	0.004317	846.55	-2.60	35.25	0.004342	693.68	-2.60	34.38	0.004367	466.88	-1.29
1997 TO 2006		36.83	0.004137	891.91	-2.60	0.00	0.000000	0.00	0.00	35.30	0.004184	440.49	-1.26
1998 TO 2007		0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	40.72	0.003745	308.18	-0.36
1999 TO 2008		0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	41.43	0.003581	302.93	-0.36

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SUMMARY OF SHRINKING BANDS

FIRST DEGREE					SECOND DEGREE					THIRD DEGREE				
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	
2008	TO 2008	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	
2007	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	93.39	0.002054	168.65	2.57	
2006	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	97.80	0.001334	179.45	2.57	
2005	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	60.13	0.002193	217.04	0.71	
2004	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	65.67	0.002017	203.29	1.10	
2003	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	70.61	0.001721	194.74	1.38	
2002	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	41.39	0.004015	283.86	-1.25	
2001	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	45.80	0.003731	260.91	-0.53	
2000	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	49.05	0.003499	247.72	-0.13	
1999	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	41.43	0.003581	302.93	-0.36	
1998	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	44.31	0.003402	287.77	-0.07	
1997	TO 2008	43.94	0.003439	740.80	-2.07	0.00	0.000000	0.00	0.00	41.46	0.003458	336.48	-0.33	
1996	TO 2008	45.60	0.003230	729.10	-1.91	0.00	0.000000	0.00	0.00	42.68	0.003249	329.20	-0.23	
1995	TO 2008	47.41	0.003148	697.04	-1.58	0.00	0.000000	0.00	0.00	43.99	0.003164	314.83	-0.05	
1994	TO 2008	49.37	0.003019	661.33	-1.21	0.00	0.000000	0.00	0.00	45.63	0.003034	305.74	0.11	
1993	TO 2008	42.58	0.003302	550.77	-0.25	0.00	0.000000	0.00	0.00	40.53	0.003325	317.07	0.33	
1992	TO 2008	44.05	0.003184	548.24	-0.23	0.00	0.000000	0.00	0.00	41.69	0.003208	313.03	0.40	
1991	TO 2008	45.28	0.003103	531.13	-0.08	0.00	0.000000	0.00	0.00	42.63	0.003128	306.11	0.53	
1990	TO 2008	44.17	0.002998	503.79	0.14	0.00	0.000000	0.00	0.00	42.75	0.003027	326.34	0.52	
1989	TO 2008	44.92	0.002889	499.82	0.17	0.00	0.000000	0.00	0.00	43.53	0.002918	329.65	0.54	
1988	TO 2008	45.11	0.002828	495.46	0.21	44.85	0.002844	471.53	0.27	43.33	0.002857	319.67	0.63	
1987	TO 2008	43.85	0.002896	454.97	0.57	42.22	0.002904	351.70	0.85	41.97	0.002920	318.11	0.90	
1986	TO 2008	42.39	0.003103	411.62	0.96	40.64	0.003081	306.36	1.17	0.00	0.000000	0.00	0.00	
1985	TO 2008	42.81	0.002965	407.64	1.00	41.02	0.002942	303.54	1.21	0.00	0.000000	0.00	0.00	
1984	TO 2008	43.67	0.002882	404.20	1.02	41.75	0.002860	300.61	1.24	0.00	0.000000	0.00	0.00	
1983	TO 2008	44.23	0.002778	401.34	1.05	42.27	0.002756	299.24	1.28	0.00	0.000000	0.00	0.00	
1982	TO 2008	44.94	0.002635	399.39	1.07	42.89	0.002612	297.24	1.31	0.00	0.000000	0.00	0.00	
1981	TO 2008	44.93	0.002564	397.27	1.08	42.93	0.002541	297.03	1.32	0.00	0.000000	0.00	0.00	
1980	TO 2008	45.42	0.002506	397.44	1.08	43.33	0.002484	296.59	1.32	0.00	0.000000	0.00	0.00	
1979	TO 2008	44.41	0.002661	388.42	1.19	42.45	0.002624	288.60	1.39	0.00	0.000000	0.00	0.00	
1978	TO 2008	42.95	0.002642	369.00	1.40	41.41	0.002590	281.33	1.52	0.00	0.000000	0.00	0.00	
1977	TO 2008	43.07	0.002583	368.03	1.40	41.54	0.002533	282.83	1.52	0.00	0.000000	0.00	0.00	
1976	TO 2008	43.23	0.002521	366.61	1.43	41.72	0.002467	279.22	1.56	0.00	0.000000	0.00	0.00	
1975	TO 2008	43.26	0.002495	361.74	1.48	41.81	0.002437	276.24	1.60	0.00	0.000000	0.00	0.00	
1974	TO 2008	43.75	0.002452	359.98	1.49	42.28	0.002395	275.57	1.63	0.00	0.000000	0.00	0.00	
1973	TO 2008	44.20	0.002385	360.90	1.49	42.66	0.002327	275.43	1.64	0.00	0.000000	0.00	0.00	
1972	TO 2008	44.47	0.002362	358.69	1.50	42.89	0.002305	273.93	1.66	0.00	0.000000	0.00	0.00	
1971	TO 2008	44.87	0.002339	359.92	1.51	43.23	0.002282	271.81	1.68	0.00	0.000000	0.00	0.00	
1970	TO 2008	45.09	0.002293	358.15	1.52	43.43	0.002235	270.54	1.70	0.00	0.000000	0.00	0.00	
1969	TO 2008	45.35	0.002258	358.32	1.53	43.66	0.002200	269.13	1.71	0.00	0.000000	0.00	0.00	
1968	TO 2008	45.13	0.002215	357.84	1.53	43.47	0.002155	270.27	1.70	0.00	0.000000	0.00	0.00	
1967	TO 2008	45.44	0.002194	357.61	1.53	43.72	0.002133	268.75	1.72	0.00	0.000000	0.00	0.00	
1966	TO 2008	45.45	0.002166	357.54	1.53	43.73	0.002107	270.95	1.72	0.00	0.000000	0.00	0.00	
1965	TO 2008	45.61	0.002157	358.44	1.51	43.82	0.002096	268.17	1.71	0.00	0.000000	0.00	0.00	
1964	TO 2008	45.69	0.002126	357.83	1.52	43.90	0.002065	269.96	1.72	0.00	0.000000	0.00	0.00	

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SUMMARY OF SHRINKING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	45.77	0.002093	357.21	1.53	43.98	0.002031	267.18	1.74	0.00	0.000000	0.00	0.00
1962	TO 2008	45.99	0.002070	357.69	1.53	44.16	0.002006	266.10	1.75	0.00	0.000000	0.00	0.00
1961	TO 2008	43.63	0.002355	415.97	0.91	40.83	0.002208	273.09	1.26	0.00	0.000000	0.00	0.00
1960	TO 2008	43.53	0.002353	414.69	0.92	40.87	0.002217	272.80	1.27	0.00	0.000000	0.00	0.00
1959	TO 2008	43.65	0.002344	413.56	0.93	40.98	0.002210	272.06	1.29	0.00	0.000000	0.00	0.00
1958	TO 2008	43.81	0.002333	411.97	0.94	41.15	0.002201	273.39	1.31	0.00	0.000000	0.00	0.00
1957	TO 2008	44.03	0.002301	409.93	0.96	41.36	0.002168	272.01	1.33	0.00	0.000000	0.00	0.00
1956	TO 2008	44.20	0.002272	410.63	0.97	41.54	0.002140	270.82	1.35	0.00	0.000000	0.00	0.00
1955	TO 2008	44.38	0.002253	408.92	0.98	41.70	0.002120	269.78	1.37	0.00	0.000000	0.00	0.00
1954	TO 2008	44.52	0.002246	407.72	0.98	41.78	0.002112	269.24	1.38	0.00	0.000000	0.00	0.00
1953	TO 2008	44.66	0.002231	406.42	0.99	41.88	0.002096	268.60	1.39	0.00	0.000000	0.00	0.00
1952	TO 2008	44.80	0.002226	407.40	1.00	41.98	0.002090	267.98	1.40	0.00	0.000000	0.00	0.00
1951	TO 2008	44.76	0.002217	407.69	0.99	41.91	0.002081	268.42	1.39	0.00	0.000000	0.00	0.00
1950	TO 2008	44.81	0.002210	407.32	0.99	41.92	0.002074	268.39	1.39	0.00	0.000000	0.00	0.00
1949	TO 2008	44.93	0.002206	406.23	1.00	41.98	0.002069	268.00	1.40	0.00	0.000000	0.00	0.00
1948	TO 2008	44.82	0.002192	407.22	1.00	41.88	0.002058	268.61	1.39	0.00	0.000000	0.00	0.00
1947	TO 2008	44.93	0.002189	406.21	1.01	41.94	0.002053	268.21	1.40	0.00	0.000000	0.00	0.00
1946	TO 2008	45.00	0.002185	405.57	1.01	41.97	0.002050	268.03	1.40	0.00	0.000000	0.00	0.00
1945	TO 2008	45.10	0.002180	404.68	1.02	42.03	0.002043	267.64	1.41	0.00	0.000000	0.00	0.00
1944	TO 2008	45.19	0.002175	403.85	1.03	42.09	0.002037	267.25	1.42	0.00	0.000000	0.00	0.00
1943	TO 2008	45.27	0.002169	403.10	1.04	42.15	0.002030	266.89	1.43	0.00	0.000000	0.00	0.00

ACCOUNT 9720. Miscellaneous Station Equip PSC CASE 0

STUDY NO. 087203

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1943	TO 1952	82.52	0.001536	371.42	1.37	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1944	TO 1953	79.00	0.001478	369.00	1.40	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1945	TO 1954	83.84	0.001382	382.29	1.25	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1946	TO 1955	90.60	0.001332	401.20	1.06	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1947	TO 1956	107.33	0.001263	416.95	0.91	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1948	TO 1957	126.01	0.001548	468.60	0.45	0.00	0.000000	0.00	0.00	286.53	0.001169	127.91	2.21
1949	TO 1958	373.26	0.001073	267.50	0.67	0.00	0.000000	0.00	0.00	69.22	0.001428	163.97	2.34
1950	TO 1959	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	63.37	0.001040	164.90	3.08
1951	TO 1960	95.30	0.003455	371.99	1.38	56.81	0.003460	199.80	3.33	67.50	0.000964	163.69	3.06
1952	TO 1961	103.77	0.003271	358.00	1.54	57.62	0.003249	193.52	3.59	40.66	0.003167	163.57	2.74
1953	TO 1962	73.87	0.005062	326.91	1.94	47.85	0.004837	180.75	3.41	44.47	0.003077	156.30	3.34
1954	TO 1963	77.61	0.005008	349.81	1.64	47.18	0.004777	183.33	2.93	40.55	0.004327	154.14	3.11
1955	TO 1964	64.74	0.005418	354.49	1.58	47.40	0.005302	190.92	2.78	42.16	0.004429	152.99	3.30
1956	TO 1965	66.62	0.005022	359.49	1.51	49.12	0.004956	194.44	2.70	42.40	0.005086	156.83	3.15
1957	TO 1966	67.63	0.004338	365.98	1.44	50.88	0.004302	201.44	2.60	44.72	0.004841	155.41	3.35
1958	TO 1967	69.44	0.004231	365.07	1.46	53.10	0.004228	208.09	2.55	46.77	0.004246	159.30	3.38
1959	TO 1968	69.80	0.002442	367.47	1.42	53.95	0.002404	214.08	2.42	49.21	0.004227	163.59	3.35
1960	TO 1969	67.79	0.002409	369.51	1.39	55.43	0.002403	228.21	2.24	50.20	0.002376	168.34	3.14
1961	TO 1970	79.54	0.002215	375.28	1.34	66.52	0.002232	253.32	2.08	51.16	0.002405	180.79	2.78
1962	TO 1971	82.04	0.001931	390.65	1.17	0.00	0.000000	0.00	0.00	62.64	0.002254	216.32	2.36
1963	TO 1972	114.26	0.001688	461.65	0.50	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1964	TO 1973	111.11	0.001591	390.14	1.18	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1965	TO 1974	167.85	0.000398	354.78	1.59	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1966	TO 1975	174.55	0.000409	357.20	1.55	0.00	0.000000	0.00	0.00	105.52	0.000404	186.22	3.22
1967	TO 1976	186.05	0.000395	353.40	1.60	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1968	TO 1977	147.26	0.000605	347.34	1.68	131.21	0.000610	282.37	2.09	0.00	0.000000	0.00	0.00
1969	TO 1978	163.68	0.000487	353.44	1.60	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1970	TO 1979	75.42	0.001888	337.45	1.80	73.03	0.001904	290.99	2.05	0.00	0.000000	0.00	0.00
1971	TO 1980	76.77	0.001817	340.61	1.76	0.00	0.000000	0.00	0.00	61.44	0.001900	183.09	2.88
1972	TO 1981	78.50	0.001757	340.77	1.75	0.00	0.000000	0.00	0.00	68.32	0.001844	217.34	2.38
1973	TO 1982	81.12	0.001696	345.80	1.69	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1974	TO 1983	82.59	0.001647	349.32	1.65	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1975	TO 1984	84.08	0.001689	352.66	1.60	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1976	TO 1985	85.59	0.002016	356.93	1.55	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1977	TO 1986	79.06	0.003097	364.91	1.45	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1978	TO 1987	49.13	0.007980	312.46	2.12	49.95	0.007996	237.22	2.17	0.00	0.000000	0.00	0.00
1979	TO 1988	47.68	0.007230	313.52	2.12	49.54	0.007238	239.18	2.28	48.09	0.007878	186.11	1.97
1980	TO 1989	51.63	0.006765	326.35	1.93	53.58	0.006748	228.63	2.26	47.45	0.007158	194.95	1.97
1981	TO 1990	47.55	0.006798	369.06	1.39	49.06	0.006793	255.82	1.66	50.59	0.006589	180.86	1.88
1982	TO 1991	47.86	0.006768	368.81	1.40	49.34	0.006780	264.47	1.68	46.84	0.006699	201.75	1.44
1983	TO 1992	47.69	0.006671	370.07	1.39	48.81	0.006697	279.67	1.62	47.19	0.006752	208.74	1.52
1984	TO 1993	47.99	0.006423	367.77	1.41	48.86	0.006455	291.65	1.59	47.12	0.006712	223.88	1.56
1985	TO 1994	48.35	0.006213	367.13	1.42	49.00	0.006248	303.05	1.58	47.73	0.006490	239.90	1.61
1986	TO 1995	37.79	0.008310	305.62	2.22	45.41	0.008105	219.14	2.38	48.59	0.006290	272.66	1.61
1987	TO 1996	37.82	0.007796	302.79	2.26	46.44	0.007540	212.10	2.56	42.28	0.008009	214.07	1.69
										44.08	0.007494	207.57	1.99

ACCOUNT 9720. Miscellaneous Station Equip PSC CASE 0

STUDY NO. 087203

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988	TO 1997	44.57	0.005592	312.98	2.13	54.67	0.005365	198.45	3.17	52.36	0.005271	184.31	2.29
1989	TO 1998	45.36	0.005466	314.13	2.10	55.36	0.005277	197.80	3.25	53.53	0.005230	184.02	2.48
1990	TO 1999	46.11	0.005578	309.05	2.18	56.54	0.005391	193.67	3.58	56.74	0.005402	178.90	3.27
1991	TO 2000	46.96	0.005462	301.33	2.30	57.30	0.005291	191.11	4.00	58.32	0.005324	180.91	4.24
1992	TO 2001	46.70	0.005388	300.87	2.31	56.80	0.005229	191.03	3.95	56.90	0.005262	190.69	3.97
1993	TO 2002	46.70	0.005171	298.69	2.32	56.59	0.005007	191.74	3.94	0.00	0.000000	0.00	0.00
1994	TO 2003	46.51	0.005285	297.80	2.33	56.05	0.005135	193.57	3.90	0.00	0.000000	0.00	0.00
1995	TO 2004	46.36	0.005759	296.62	2.35	55.51	0.005635	193.66	3.86	0.00	0.000000	0.00	0.00
1996	TO 2005	189.95	0.000487	350.88	1.64	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1997	TO 2006	155.43	0.000728	349.03	1.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1998	TO 2007	147.59	0.001179	391.28	1.16	0.00	0.000000	0.00	0.00	104.47	0.001148	169.91	2.44
1999	TO 2008	152.46	0.001133	390.59	1.17	0.00	0.000000	0.00	0.00	110.64	0.001108	169.46	2.50

ACCOUNT 9720. Miscellaneous Station Equip PSU CASE 0

STUDY NO. 087203

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
2008	TO 2008	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10
2007	TO 2008	106.51	0.003131	509.35	0.10	0.00	0.000000	0.00	0.00	80.80	0.003078	191.21	1.45
2006	TO 2008	100.56	0.002225	440.05	0.70	0.00	0.000000	0.00	0.00	93.73	0.002169	193.43	1.47
2005	TO 2008	99.94	0.001986	419.76	0.88	0.00	0.000000	0.00	0.00	94.93	0.001919	192.25	1.46
2004	TO 2008	112.84	0.001714	414.31	0.94	0.00	0.000000	0.00	0.00	99.12	0.001659	184.11	1.77
2003	TO 2008	123.69	0.001579	408.68	0.99	0.00	0.000000	0.00	0.00	101.77	0.001535	178.35	1.95
2002	TO 2008	132.78	0.001478	403.31	1.04	0.00	0.000000	0.00	0.00	103.89	0.001442	174.70	2.16
2001	TO 2008	140.42	0.001300	398.44	1.09	0.00	0.000000	0.00	0.00	105.92	0.001266	172.29	2.30
2000	TO 2008	146.91	0.001201	394.46	1.13	0.00	0.000000	0.00	0.00	108.12	0.001171	170.65	2.41
1999	TO 2008	152.46	0.001133	390.59	1.17	0.00	0.000000	0.00	0.00	110.64	0.001108	169.46	2.50
1998	TO 2008	157.28	0.001076	387.53	1.20	0.00	0.000000	0.00	0.00	113.63	0.001055	168.53	2.58
1997	TO 2008	141.35	0.001050	377.42	1.32	0.00	0.000000	0.00	0.00	128.37	0.001032	170.99	2.34
1996	TO 2008	145.98	0.001026	377.11	1.32	0.00	0.000000	0.00	0.00	128.40	0.001010	170.18	2.43
1995	TO 2008	52.59	0.004438	308.98	2.18	57.09	0.004426	223.33	3.02	0.00	0.000000	0.00	0.00
1994	TO 2008	54.39	0.003960	311.65	2.16	58.53	0.003947	224.66	2.99	0.00	0.000000	0.00	0.00
1993	TO 2008	56.05	0.003703	311.35	2.14	59.86	0.003690	224.68	2.98	0.00	0.000000	0.00	0.00
1992	TO 2008	57.34	0.003612	313.06	2.12	60.76	0.003602	226.29	2.94	0.00	0.000000	0.00	0.00
1991	TO 2008	58.75	0.003463	315.73	2.10	61.90	0.003454	226.99	2.94	0.00	0.000000	0.00	0.00
1990	TO 2008	59.43	0.003343	322.25	2.00	61.81	0.003331	230.56	2.74	0.00	0.000000	0.00	0.00
1989	TO 2008	59.95	0.003089	326.10	1.94	61.72	0.003078	235.73	2.60	0.00	0.000000	0.00	0.00
1988	TO 2008	59.65	0.003017	326.08	1.95	61.59	0.003003	232.97	2.63	0.00	0.000000	0.00	0.00
1987	TO 2008	50.78	0.003978	318.05	2.06	54.32	0.003963	238.39	2.59	0.00	0.000000	0.00	0.00
1986	TO 2008	51.27	0.003938	318.87	2.05	54.46	0.003928	241.46	2.55	0.00	0.000000	0.00	0.00
1985	TO 2008	52.31	0.003904	318.28	2.04	55.38	0.003895	239.25	2.56	0.00	0.000000	0.00	0.00
1984	TO 2008	53.28	0.003870	319.98	2.03	56.24	0.003860	237.37	2.57	0.00	0.000000	0.00	0.00
1983	TO 2008	54.19	0.003826	320.14	2.02	57.04	0.003815	235.78	2.59	0.00	0.000000	0.00	0.00
1982	TO 2008	55.05	0.003794	320.63	2.01	57.79	0.003782	234.46	2.61	0.00	0.000000	0.00	0.00
1981	TO 2008	55.86	0.003725	321.37	2.01	58.48	0.003712	233.39	2.63	0.00	0.000000	0.00	0.00
1980	TO 2008	56.61	0.003696	322.37	2.01	59.13	0.003682	230.86	2.65	59.10	0.003703	229.27	2.65
1979	TO 2008	54.59	0.003652	321.50	2.00	56.79	0.003647	242.13	2.51	0.00	0.000000	0.00	0.00
1978	TO 2008	55.29	0.003626	322.87	2.00	57.41	0.003620	239.49	2.53	0.00	0.000000	0.00	0.00
1977	TO 2008	55.68	0.003591	322.38	2.00	57.74	0.003584	238.16	2.54	0.00	0.000000	0.00	0.00
1976	TO 2008	56.30	0.003566	322.38	2.00	58.28	0.003556	237.64	2.57	58.23	0.003576	234.42	2.57
1975	TO 2008	56.88	0.003534	322.60	1.99	58.79	0.003523	235.59	2.59	58.67	0.003543	229.23	2.60
1974	TO 2008	57.43	0.003510	323.02	1.99	59.26	0.003497	233.73	2.62	59.08	0.003516	224.26	2.63
1973	TO 2008	57.95	0.003489	321.85	1.99	59.68	0.003475	232.06	2.65	59.46	0.003494	221.16	2.65
1972	TO 2008	58.34	0.003469	323.09	1.99	59.99	0.003453	229.22	2.67	59.73	0.003472	220.17	2.68
1971	TO 2008	58.74	0.003444	322.60	1.99	60.28	0.003427	228.10	2.69	59.97	0.003445	217.59	2.69
1970	TO 2008	59.17	0.003425	321.94	1.99	60.61	0.003406	226.85	2.71	60.27	0.003424	214.87	2.72
1969	TO 2008	59.34	0.003404	322.69	1.99	60.68	0.003384	226.61	2.71	60.31	0.003402	214.71	2.72
1968	TO 2008	59.65	0.003385	322.71	2.00	60.89	0.003364	225.80	2.73	60.52	0.003381	212.34	2.74
1967	TO 2008	60.00	0.003367	322.50	2.00	61.14	0.003345	224.89	2.76	60.75	0.003362	211.54	2.77
1966	TO 2008	60.27	0.003350	322.69	2.00	61.31	0.003326	224.29	2.77	60.89	0.003343	211.04	2.78
1965	TO 2008	60.59	0.003331	322.68	2.00	61.52	0.003306	223.51	2.79	61.09	0.003323	208.70	2.80
1964	TO 2008	60.12	0.003310	323.52	1.99	60.88	0.003289	225.87	2.71	60.42	0.003305	211.03	2.72

ACCOUNT 9720. Miscellaneous Station Equip PSC CASE 0

STUDY NO. 087203

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	60.22	0.003292	323.00	1.98	60.83	0.003270	226.04	2.70	60.39	0.003286	212.78	2.71
1962	TO 2008	59.90	0.003269	323.06	1.98	60.49	0.003248	227.30	2.68	60.11	0.003265	215.43	2.69
1961	TO 2008	60.14	0.003253	323.40	1.99	60.66	0.003231	226.68	2.70	60.28	0.003247	213.18	2.71
1960	TO 2008	59.86	0.003231	323.25	1.98	60.30	0.003209	228.03	2.66	59.94	0.003226	216.04	2.67
1959	TO 2008	60.09	0.003215	323.68	1.98	60.45	0.003192	227.45	2.68	60.10	0.003209	215.47	2.69
1958	TO 2008	60.30	0.003200	322.54	1.99	60.59	0.003176	226.92	2.69	60.24	0.003192	214.96	2.71
1957	TO 2008	60.47	0.003184	323.30	1.99	60.67	0.003159	226.63	2.70	60.32	0.003175	214.68	2.71
1956	TO 2008	60.64	0.003168	322.41	1.99	60.76	0.003142	226.28	2.71	60.42	0.003158	212.68	2.72
1955	TO 2008	60.79	0.003154	323.23	1.99	60.86	0.003127	224.30	2.72	60.51	0.003143	212.35	2.74
1954	TO 2008	60.93	0.003139	322.51	1.99	60.93	0.003112	224.01	2.73	60.60	0.003128	212.06	2.75
1953	TO 2008	60.97	0.003125	322.27	1.99	60.92	0.003097	224.06	2.73	60.58	0.003113	212.11	2.75
1952	TO 2008	61.10	0.003109	323.24	1.99	61.00	0.003081	223.79	2.74	60.67	0.003097	211.81	2.76
1951	TO 2008	61.08	0.003098	323.37	1.99	60.88	0.003070	224.22	2.72	60.54	0.003086	212.26	2.74
1950	TO 2008	61.14	0.003087	323.02	1.99	60.89	0.003059	224.19	2.73	60.56	0.003075	212.20	2.74
1949	TO 2008	61.24	0.003078	322.48	2.00	60.94	0.003049	224.00	2.73	60.62	0.003065	211.96	2.75
1948	TO 2008	61.00	0.003065	323.75	1.98	60.61	0.003039	226.87	2.68	60.26	0.003054	213.25	2.70
1947	TO 2008	61.09	0.003056	323.32	1.99	60.64	0.003029	226.74	2.69	60.31	0.003044	213.07	2.71
1946	TO 2008	61.06	0.003045	323.45	1.99	60.56	0.003019	227.03	2.68	60.23	0.003034	213.34	2.70
1945	TO 2008	61.13	0.003035	323.08	1.99	60.60	0.003009	226.89	2.68	60.29	0.003024	213.15	2.71
1944	TO 2008	61.19	0.003023	322.76	1.99	60.64	0.002996	226.76	2.69	60.34	0.003011	212.97	2.71
1943	TO 2008	61.24	0.003014	322.49	2.00	60.66	0.002987	226.67	2.69	60.38	0.003002	212.83	2.72

ACCOUNT 9734. Mains

PSC CASE 0

STUDY NO. 087340

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1943 TO 1952		67.31	0.000522	360.30	1.51	57.18	0.000578	268.44	2.05	0.00	0.000000	0.00	0.00
1944 TO 1953		71.40	0.000503	376.06	1.31	61.94	0.000503	284.94	1.81	0.00	0.000000	0.00	0.00
1945 TO 1954		71.62	0.000460	380.46	1.27	63.74	0.000461	291.30	1.70	0.00	0.000000	0.00	0.00
1946 TO 1955		74.95	0.000429	392.93	1.14	70.52	0.000432	305.36	1.39	0.00	0.000000	0.00	0.00
1947 TO 1956		76.99	0.000409	405.92	1.01	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1948 TO 1957		75.61	0.000457	408.00	0.99	0.00	0.000000	0.00	0.00	68.80	0.000461	279.08	1.69
1949 TO 1958		74.22	0.000469	410.25	0.97	0.00	0.000000	0.00	0.00	71.70	0.000471	247.56	1.51
1950 TO 1959		73.36	0.000464	404.16	1.04	0.00	0.000000	0.00	0.00	106.31	0.000464	262.90	0.46
1951 TO 1960		78.34	0.000276	389.95	1.17	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1952 TO 1961		79.56	0.000283	396.53	1.11	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1953 TO 1962		84.41	0.000274	390.37	1.17	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1954 TO 1963		86.16	0.000302	416.08	0.92	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1955 TO 1964		82.26	0.000417	417.58	0.90	0.00	0.000000	0.00	0.00	80.58	0.000422	322.04	1.12
1956 TO 1965		78.19	0.000405	406.07	1.02	0.00	0.000000	0.00	0.00	76.24	0.000408	268.24	1.37
1957 TO 1966		76.34	0.000338	397.56	1.09	0.00	0.000000	0.00	0.00	76.68	0.000332	249.74	1.40
1958 TO 1967		75.30	0.000315	395.06	1.12	0.00	0.000000	0.00	0.00	89.74	0.000301	253.52	0.98
1959 TO 1968		74.94	0.000346	395.64	1.11	0.00	0.000000	0.00	0.00	73.58	0.000335	245.32	1.45
1960 TO 1969		78.57	0.000297	401.57	1.05	0.00	0.000000	0.00	0.00	80.20	0.000284	245.02	1.33
1961 TO 1970		78.17	0.000306	411.28	0.96	0.00	0.000000	0.00	0.00	177.17	0.000298	224.92	-0.42
1962 TO 1971		79.15	0.000273	407.47	1.00	0.00	0.000000	0.00	0.00	558.30	0.000260	178.85	-1.12
1963 TO 1972		81.26	0.000273	409.20	0.99	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1964 TO 1973		82.85	0.000259	401.33	1.06	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1965 TO 1974		81.11	0.000273	395.14	1.12	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1966 TO 1975		81.98	0.000255	401.95	1.05	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1967 TO 1976		78.09	0.000313	400.17	1.07	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1968 TO 1977		78.34	0.000285	402.71	1.04	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1969 TO 1978		78.96	0.000324	414.77	0.93	74.95	0.000326	343.54	1.23	0.00	0.000000	0.00	0.00
1970 TO 1979		77.71	0.000281	413.70	0.93	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1971 TO 1980		77.17	0.000276	420.48	0.87	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1972 TO 1981		75.76	0.000284	416.45	0.90	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1973 TO 1982		71.42	0.000596	448.77	0.61	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1974 TO 1983		72.41	0.000561	445.36	0.64	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1975 TO 1984		74.20	0.000682	454.84	0.56	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1976 TO 1985		75.70	0.000622	452.42	0.59	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1977 TO 1986		81.31	0.000593	464.27	0.49	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1978 TO 1987		80.63	0.000590	457.01	0.54	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1979 TO 1988		82.63	0.000509	448.41	0.62	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1980 TO 1989		86.02	0.000480	455.11	0.56	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1981 TO 1990		87.91	0.000452	446.50	0.64	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1982 TO 1991		85.50	0.000467	485.98	0.30	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1983 TO 1992		80.56	0.000346	550.49	-0.23	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1984 TO 1993		74.75	0.000406	606.68	-0.71	0.00	0.000000	0.00	0.00	77.03	0.000316	274.59	0.59
1985 TO 1994		68.65	0.000463	599.45	-0.66	0.00	0.000000	0.00	0.00	65.06	0.000354	265.13	0.72
1986 TO 1995		62.67	0.000624	603.99	-0.69	0.00	0.000000	0.00	0.00	59.10	0.000377	258.04	0.77
1987 TO 1996		58.91	0.000761	583.12	-0.51	0.00	0.000000	0.00	0.00	54.37	0.000493	256.57	0.68
										51.99	0.000579	256.78	0.61

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988	TO 1997	58.61	0.000854	580.96	-0.50	0.00	0.000000	0.00	0.00	51.47	0.000642	251.62	0.58
1989	TO 1998	55.77	0.000988	562.11	-0.34	0.00	0.000000	0.00	0.00	49.82	0.000729	255.93	0.46
1990	TO 1999	52.92	0.001126	548.91	-0.23	0.00	0.000000	0.00	0.00	47.93	0.000810	261.86	0.31
1991	TO 2000	54.81	0.001097	531.81	-0.08	0.00	0.000000	0.00	0.00	49.47	0.000776	255.69	0.38
1992	TO 2001	58.69	0.001027	513.71	0.06	0.00	0.000000	0.00	0.00	52.53	0.000722	244.62	0.54
1993	TO 2002	62.30	0.001023	483.75	0.27	0.00	0.000000	0.00	0.00	55.68	0.000783	234.38	0.75
1994	TO 2003	68.78	0.000936	482.00	0.33	0.00	0.000000	0.00	0.00	60.31	0.000739	221.37	0.98
1995	TO 2004	77.35	0.000802	495.81	0.22	0.00	0.000000	0.00	0.00	65.17	0.000634	211.00	1.19
1996	TO 2005	88.51	0.000736	510.12	0.10	0.00	0.000000	0.00	0.00	70.39	0.000597	201.03	1.40
1997	TO 2006	102.45	0.000671	528.55	-0.05	0.00	0.000000	0.00	0.00	75.74	0.000571	193.42	1.60
1998	TO 2007	113.82	0.000617	538.14	-0.13	0.00	0.000000	0.00	0.00	79.83	0.000538	189.79	1.74
1999	TO 2008	135.05	0.000557	574.97	-0.44	0.00	0.000000	0.00	0.00	84.24	0.000496	183.40	1.94

ACCOUNT 9734 Mains

PSC CASE 0

STUDY NO. 087340

SUMMARY OF SHRINKING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE				
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	
2008	TO 2008	139.56	0.000619	567.88	-0.38	0.00	0.000000	0.00	0.00	86.60	0.000554	178.41	2.07	
2007	TO 2008	170.75	0.000405	584.76	-1.01	0.00	0.000000	0.00	0.00	90.65	0.000349	178.15	2.20	
2006	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	92.65	0.000256	175.39	2.28	
2005	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	91.24	0.000274	174.81	2.22	
2004	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	92.12	0.000253	176.40	2.24	
2003	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	93.63	0.000236	175.70	2.32	
2002	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	89.29	0.000509	180.87	2.11	
2001	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	89.70	0.000480	178.93	2.16	
2000	TO 2008	173.34	0.000494	556.76	-1.40	0.00	0.000000	0.00	0.00	89.66	0.000456	179.01	2.18	
1999	TO 2008	135.05	0.000557	574.97	-0.44	0.00	0.000000	0.00	0.00	84.24	0.000496	183.40	1.94	
1998	TO 2008	116.22	0.000573	540.81	-0.15	0.00	0.000000	0.00	0.00	80.69	0.000490	187.76	1.78	
1997	TO 2008	110.48	0.000565	536.29	-0.12	0.00	0.000000	0.00	0.00	78.93	0.000471	190.67	1.71	
1996	TO 2008	102.42	0.000550	524.80	-0.03	0.00	0.000000	0.00	0.00	76.56	0.000433	193.97	1.61	
1995	TO 2008	94.94	0.000569	521.92	0.00	0.00	0.000000	0.00	0.00	73.82	0.000438	198.46	1.49	
1994	TO 2008	89.63	0.000586	517.13	0.04	0.00	0.000000	0.00	0.00	71.84	0.000449	203.93	1.39	
1993	TO 2008	86.60	0.000583	521.39	0.00	0.00	0.000000	0.00	0.00	70.36	0.000438	206.79	1.32	
1992	TO 2008	82.97	0.000600	536.96	-0.13	0.00	0.000000	0.00	0.00	68.20	0.000439	211.88	1.19	
1991	TO 2008	81.74	0.000584	540.14	-0.15	0.00	0.000000	0.00	0.00	67.58	0.000421	215.31	1.16	
1990	TO 2008	82.32	0.000565	538.75	-0.14	0.00	0.000000	0.00	0.00	67.88	0.000406	214.34	1.18	
1989	TO 2008	83.42	0.000545	540.06	-0.15	0.00	0.000000	0.00	0.00	68.34	0.000392	214.38	1.20	
1988	TO 2008	83.98	0.000530	538.82	-0.14	0.00	0.000000	0.00	0.00	68.68	0.000383	214.78	1.21	
1987	TO 2008	83.55	0.000514	533.22	-0.09	0.00	0.000000	0.00	0.00	68.79	0.000371	215.88	1.21	
1986	TO 2008	84.21	0.000501	531.41	-0.08	0.00	0.000000	0.00	0.00	69.16	0.000363	216.15	1.23	
1985	TO 2008	84.48	0.000487	529.70	-0.06	0.00	0.000000	0.00	0.00	69.43	0.000353	216.76	1.24	
1984	TO 2008	84.31	0.000481	527.24	-0.04	0.00	0.000000	0.00	0.00	69.50	0.000347	216.55	1.24	
1983	TO 2008	84.68	0.000466	523.73	-0.02	0.00	0.000000	0.00	0.00	69.83	0.000334	216.96	1.25	
1982	TO 2008	83.90	0.000454	528.58	-0.06	0.00	0.000000	0.00	0.00	69.33	0.000324	219.97	1.22	
1981	TO 2008	83.66	0.000445	524.16	-0.02	0.00	0.000000	0.00	0.00	69.46	0.000316	219.55	1.22	
1980	TO 2008	83.50	0.000438	525.15	-0.02	0.00	0.000000	0.00	0.00	69.40	0.000310	221.18	1.21	
1979	TO 2008	83.50	0.000432	522.77	-0.01	0.00	0.000000	0.00	0.00	69.51	0.000304	220.83	1.21	
1978	TO 2008	83.45	0.000422	523.08	-0.01	0.00	0.000000	0.00	0.00	69.59	0.000298	222.01	1.20	
1977	TO 2008	83.27	0.000418	520.60	0.01	0.00	0.000000	0.00	0.00	69.68	0.000295	223.15	1.20	
1976	TO 2008	82.57	0.000415	516.56	0.05	0.00	0.000000	0.00	0.00	69.68	0.000294	224.59	1.19	
1975	TO 2008	82.53	0.000410	514.34	0.06	0.00	0.000000	0.00	0.00	69.76	0.000291	224.33	1.19	
1974	TO 2008	82.06	0.000403	511.19	0.09	0.00	0.000000	0.00	0.00	69.80	0.000284	225.64	1.18	
1973	TO 2008	82.28	0.000398	509.85	0.10	0.00	0.000000	0.00	0.00	69.99	0.000280	225.03	1.19	
1972	TO 2008	82.53	0.000395	509.52	0.11	0.00	0.000000	0.00	0.00	70.14	0.000279	224.54	1.20	
1971	TO 2008	82.69	0.000392	507.30	0.12	0.00	0.000000	0.00	0.00	70.27	0.000277	224.13	1.20	
1970	TO 2008	82.69	0.000388	507.33	0.12	0.00	0.000000	0.00	0.00	70.33	0.000273	225.37	1.20	
1969	TO 2008	82.93	0.000386	507.03	0.12	0.00	0.000000	0.00	0.00	70.43	0.000272	225.04	1.21	
1968	TO 2008	82.78	0.000384	505.58	0.13	0.00	0.000000	0.00	0.00	70.44	0.000270	225.01	1.21	
1967	TO 2008	82.60	0.000382	504.22	0.15	0.00	0.000000	0.00	0.00	70.46	0.000268	224.96	1.21	
1966	TO 2008	82.51	0.000381	502.38	0.16	0.00	0.000000	0.00	0.00	70.49	0.000266	224.85	1.21	
1965	TO 2008	82.35	0.000380	499.68	0.18	0.00	0.000000	0.00	0.00	70.52	0.000264	224.76	1.21	
1964	TO 2008	82.16	0.000378	499.66	0.19	0.00	0.000000	0.00	0.00	70.52	0.000262	224.77	1.21	

FIRST DEGREE

SECOND DEGREE

THIRD DEGREE

YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	82.23	0.000377	500.44	0.18	0.00	0.000000	0.00	0.00	70.54	0.000261	224.69	1.21
1962	TO 2008	82.29	0.000376	498.87	0.18	0.00	0.000000	0.00	0.00	70.59	0.000261	224.55	1.22
1961	TO 2008	82.39	0.000374	499.45	0.18	0.00	0.000000	0.00	0.00	70.65	0.000260	224.33	1.22
1960	TO 2008	82.46	0.000373	499.01	0.19	0.00	0.000000	0.00	0.00	70.71	0.000260	224.16	1.23
1959	TO 2008	82.41	0.000372	499.36	0.19	0.00	0.000000	0.00	0.00	70.74	0.000258	224.06	1.23
1958	TO 2008	82.38	0.000370	498.31	0.19	0.00	0.000000	0.00	0.00	70.77	0.000257	223.96	1.23
1957	TO 2008	82.38	0.000369	498.28	0.20	0.00	0.000000	0.00	0.00	70.82	0.000257	223.80	1.23
1956	TO 2008	82.50	0.000368	497.58	0.20	0.00	0.000000	0.00	0.00	70.91	0.000257	223.53	1.24
1955	TO 2008	82.63	0.000367	498.01	0.20	0.00	0.000000	0.00	0.00	71.00	0.000257	223.23	1.24
1954	TO 2008	82.66	0.000365	497.85	0.20	0.00	0.000000	0.00	0.00	71.07	0.000257	223.02	1.25
1953	TO 2008	82.75	0.000364	497.27	0.20	0.00	0.000000	0.00	0.00	71.16	0.000256	224.15	1.25
1952	TO 2008	82.54	0.000363	497.34	0.21	0.00	0.000000	0.00	0.00	71.12	0.000254	224.27	1.25
1951	TO 2008	82.61	0.000361	496.90	0.21	0.00	0.000000	0.00	0.00	71.21	0.000253	223.98	1.25
1950	TO 2008	82.39	0.000364	497.05	0.21	0.00	0.000000	0.00	0.00	71.12	0.000255	224.27	1.25
1949	TO 2008	82.38	0.000361	497.08	0.21	0.00	0.000000	0.00	0.00	71.17	0.000253	224.12	1.25
1948	TO 2008	82.45	0.000358	496.68	0.21	0.00	0.000000	0.00	0.00	71.25	0.000250	223.86	1.25
1947	TO 2008	82.53	0.000354	496.16	0.21	0.00	0.000000	0.00	0.00	71.36	0.000247	223.51	1.25
1946	TO 2008	82.63	0.000350	495.61	0.21	0.00	0.000000	0.00	0.00	71.49	0.000244	223.12	1.25
1945	TO 2008	82.68	0.000347	495.27	0.22	0.00	0.000000	0.00	0.00	71.59	0.000241	224.19	1.26
1944	TO 2008	82.73	0.000344	494.99	0.22	0.00	0.000000	0.00	0.00	71.68	0.000239	223.90	1.26
1943	TO 2008	82.75	0.000341	494.88	0.23	0.00	0.000000	0.00	0.00	71.79	0.000236	223.57	1.26

ACCOUNT 9735. Desuperheating Equipment PSC CASE 0 STUDY NO. 087351

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1943 TO 1952		0.00	0.000000	0.00	0.00	16.77	0.018744	366.79	-1.94	14.09	0.019124	287.41	-0.82
1944 TO 1953		0.00	0.000000	0.00	0.00	24.09	0.016081	392.26	-2.60	16.79	0.016418	300.84	-0.97
1945 TO 1954		0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1946 TO 1955		0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1947 TO 1956		0.00	0.000000	0.00	0.00	32.89	0.015881	323.77	-1.97	0.00	0.000000	0.00	0.00
1948 TO 1957		0.00	0.000000	0.00	0.00	29.57	0.010476	221.51	1.37	0.00	0.000000	0.00	0.00
1949 TO 1958		0.00	0.000000	0.00	0.00	31.56	0.005712	213.90	1.56	0.00	0.000000	0.00	0.00
1950 TO 1959	120.70	0.001014	384.85	1.23	0.00	0.000000	0.000000	0.00	0.00	41.42	0.000976	162.95	3.87
1951 TO 1960	0.00	0.000000	0.00	0.00	0.00	0.000000	0.000000	0.00	0.00	40.91	0.001226	165.02	3.33
1952 TO 1961	0.00	0.000000	0.00	0.00	0.00	0.000000	0.000000	0.00	0.00	44.67	0.001261	166.76	3.28
1953 TO 1962	0.00	0.000000	0.00	0.00	0.00	0.000000	0.000000	0.00	0.00	50.19	0.001002	164.38	3.86
1954 TO 1963	0.00	0.000000	0.00	0.00	0.00	143.61	0.000996	195.33	3.22	53.03	0.001000	164.99	3.89
1955 TO 1964	0.00	0.000000	0.00	0.00	0.00	107.24	0.000937	204.68	3.08	56.20	0.000943	166.37	3.92
1956 TO 1965	141.44	0.001202	425.97	0.83	68.51	0.001212	229.90	2.56	47.23	0.001199	164.10	3.97	3.23
1957 TO 1966	183.50	0.001146	544.15	-0.39	60.59	0.001137	220.33	2.64	51.64	0.001150	181.05	3.23	2.85
1958 TO 1967	195.53	0.001050	510.65	-0.80	70.13	0.001058	237.43	2.28	57.82	0.001071	191.11	2.85	0.00
1959 TO 1968	0.00	0.000000	0.00	0.00	69.23	0.000844	228.96	2.39	0.00	0.000000	0.00	0.00	0.00
1960 TO 1969	0.00	0.000000	0.00	0.00	79.96	0.000779	243.24	2.14	0.00	0.000000	0.00	0.00	0.00
1961 TO 1970	166.27	0.000708	450.78	0.60	94.89	0.000716	258.71	2.03	0.00	0.000000	0.00	0.00	0.00
1962 TO 1971	143.50	0.000738	421.95	0.86	140.94	0.000747	401.24	0.94	0.00	0.000000	0.00	0.00	0.00
1963 TO 1972	148.25	0.000679	414.50	0.93	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00
1964 TO 1973	0.00	0.000000	0.00	0.00	53.68	0.003138	211.42	2.19	0.00	0.000000	0.00	0.00	0.00
1965 TO 1974	0.00	0.000000	0.00	0.00	60.75	0.002859	219.77	2.20	0.00	0.000000	0.00	0.00	0.00
1966 TO 1975	29.40	0.009852	471.06	0.43	0.00	0.000000	0.00	0.00	28.49	0.009921	226.36	0.95	0.07
1967 TO 1976	25.98	0.010999	640.92	-1.02	0.00	0.000000	0.00	0.00	25.02	0.010969	249.83	0.28	0.35
1968 TO 1977	27.76	0.010332	621.42	-0.86	0.00	0.000000	0.00	0.00	26.64	0.010379	245.90	0.45	0.49
1969 TO 1978	28.13	0.008780	581.20	-0.49	0.00	0.000000	0.00	0.00	26.92	0.008860	261.88	0.05	0.77
1970 TO 1979	29.86	0.008636	574.41	-0.44	0.00	0.000000	0.00	0.00	28.37	0.008762	266.11	0.00	0.00
1971 TO 1980	31.84	0.007827	579.53	-0.47	0.00	0.000000	0.00	0.00	29.98	0.007959	275.18	0.49	0.49
1972 TO 1981	34.32	0.007564	592.90	-0.60	0.00	0.000000	0.00	0.00	31.89	0.007703	283.78	0.05	0.77
1973 TO 1982	36.36	0.005570	639.44	-1.01	0.00	0.000000	0.00	0.00	34.15	0.005676	355.76	0.00	0.00
1974 TO 1983	39.68	0.006343	560.77	-0.34	0.00	0.000000	0.00	0.00	36.38	0.006454	265.26	0.00	0.00
1975 TO 1984	45.19	0.006267	720.24	-1.83	39.37	0.006322	382.28	0.20	0.00	0.000000	0.00	0.00	0.00
1976 TO 1985	0.00	0.000000	0.00	0.00	63.53	0.003649	230.60	1.51	0.00	0.000000	0.00	0.00	0.00
1977 TO 1986	94.63	0.001075	356.66	1.55	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00
1978 TO 1987	82.53	0.001367	361.69	1.49	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00
1979 TO 1988	91.16	0.001468	375.69	1.33	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00
1980 TO 1989	101.89	0.001445	388.16	1.19	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00
1981 TO 1990	102.47	0.001438	392.81	1.15	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00
1982 TO 1991	82.91	0.001738	390.18	1.17	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	0.00
1983 TO 1992	49.50	0.005123	304.03	2.26	45.48	0.005087	223.19	2.42	51.09	0.004967	159.52	3.32	2.67
1984 TO 1993	45.03	0.005932	307.58	2.19	41.62	0.005905	234.27	2.18	46.17	0.005799	174.34	2.43	2.17
1985 TO 1994	42.82	0.005275	307.07	2.19	40.31	0.005249	241.85	2.22	42.96	0.005165	189.70	2.17	1.30
1986 TO 1995	43.69	0.004876	323.91	1.97	39.90	0.004816	244.39	2.01	42.41	0.004678	189.80	2.17	1.30
1987 TO 1996	29.32	0.010352	363.27	1.46	0.00	0.000000	0.00	0.00	29.75	0.010398	277.29	1.30	

ACCOUNT 9735. Desuperheating Equipment PSC CASE 0 STUDY NO. 087351

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988	TO 1997	29.19	0.010248	364.81	1.42	0.00	0.000000	0.00	0.00	28.81	0.010268	282.92	1.11
1989	TO 1998	29.12	0.009800	382.88	1.24	0.00	0.000000	0.00	0.00	27.97	0.009814	291.37	0.86
1990	TO 1999	29.71	0.009297	378.64	1.28	0.00	0.000000	0.00	0.00	27.58	0.009255	291.92	0.72
1991	TO 2000	30.43	0.008794	376.30	1.32	0.00	0.000000	0.00	0.00	27.37	0.008691	290.42	0.63
1992	TO 2001	31.65	0.008374	371.22	1.36	0.00	0.000000	0.00	0.00	27.74	0.008218	286.64	0.62
1993	TO 2002	33.99	0.007525	395.67	1.09	0.00	0.000000	0.00	0.00	34.40	0.007325	306.68	-0.65
1994	TO 2003	37.41	0.007194	394.25	1.11	0.00	0.000000	0.00	0.00	41.02	0.007005	288.88	-1.09
1995	TO 2004	40.99	0.007191	398.86	1.08	0.00	0.000000	0.00	0.00	44.00	0.007025	271.61	-0.69
1996	TO 2005	37.01	0.007203	376.88	1.29	0.00	0.000000	0.00	0.00	52.65	0.007008	335.20	-2.60
1997	TO 2006	64.70	0.002424	368.63	1.40	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1998	TO 2007	50.12	0.003163	350.17	1.64	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999	TO 2008	51.65	0.003124	339.76	1.76	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00

ACCOUNT 9735. Desuperheating Equipment PSC CASE 0

STUDY NO. 087351

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
2008 TO 2008		999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10
2007 TO 2008		36.91	0.006171	318.32	2.03	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2006 TO 2008		43.79	0.005104	315.44	1.94	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2005 TO 2008		37.91	0.005272	325.74	1.94	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2004 TO 2008		41.55	0.004749	328.52	1.91	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2003 TO 2008		44.28	0.003857	328.57	1.90	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2002 TO 2008		45.74	0.003620	337.74	1.79	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2001 TO 2008		47.80	0.003443	337.88	1.78	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2000 TO 2008		49.83	0.003253	338.12	1.77	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999 TO 2008		51.65	0.003124	339.76	1.76	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1998 TO 2008		53.26	0.002821	348.26	1.64	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1997 TO 2008		52.49	0.002801	349.59	1.63	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1996 TO 2008		39.06	0.006037	359.69	1.50	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1995 TO 2008		39.54	0.005917	362.96	1.45	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1994 TO 2008		39.30	0.005625	362.62	1.47	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1993 TO 2008		38.63	0.005526	361.13	1.47	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1992 TO 2008		37.68	0.005715	354.32	1.58	0.00	0.000000	0.00	0.00	258.97	0.005438	385.57	-2.60
1991 TO 2008		37.98	0.005614	354.10	1.57	0.00	0.000000	0.00	0.00	37.35	0.005709	322.59	0.92
1990 TO 2008		38.64	0.005510	353.30	1.57	0.00	0.000000	0.00	0.00	38.25	0.005612	330.70	0.86
1989 TO 2008		39.31	0.005397	352.34	1.58	0.00	0.000000	0.00	0.00	39.40	0.005514	333.72	0.84
1988 TO 2008		39.72	0.005292	353.76	1.58	0.00	0.000000	0.00	0.00	40.61	0.005407	336.10	0.81
1987 TO 2008		39.94	0.004990	354.27	1.57	0.00	0.000000	0.00	0.00	41.43	0.005304	339.10	0.78
1986 TO 2008		40.45	0.004937	352.28	1.58	0.00	0.000000	0.00	0.00	42.28	0.004996	344.17	0.69
1985 TO 2008		40.60	0.004870	353.49	1.58	0.00	0.000000	0.00	0.00	43.64	0.004947	354.01	0.57
1984 TO 2008		41.00	0.004817	352.43	1.59	0.00	0.000000	0.00	0.00	44.73	0.004878	361.06	0.40
1983 TO 2008		41.39	0.004750	351.56	1.60	0.00	0.000000	0.00	0.00	46.39	0.004826	369.67	0.17
1982 TO 2008		41.61	0.004704	352.11	1.60	0.00	0.000000	0.00	0.00	48.86	0.004761	375.54	-0.27
1981 TO 2008		41.92	0.004656	351.87	1.61	0.00	0.000000	0.00	0.00	52.02	0.004717	375.82	-0.98
1980 TO 2008		42.20	0.004610	349.55	1.62	0.00	0.000000	0.00	0.00	55.67	0.004669	372.71	-1.99
1979 TO 2008		42.43	0.004416	350.01	1.63	0.00	0.000000	0.00	0.00	58.46	0.004623	370.34	-2.60
1978 TO 2008		42.46	0.004372	349.72	1.64	0.00	0.000000	0.00	0.00	61.38	0.004426	370.63	-2.60
1977 TO 2008		42.66	0.004328	348.11	1.64	0.00	0.000000	0.00	0.00	62.36	0.004380	366.40	-2.60
1976 TO 2008		41.82	0.004324	367.05	1.41	0.00	0.000000	0.00	0.00	63.95	0.004337	365.11	-2.60
1975 TO 2008		39.75	0.004288	378.66	1.29	0.00	0.000000	0.00	0.00	58.29	0.004348	380.02	-2.60
1974 TO 2008		39.95	0.004219	376.71	1.30	0.00	0.000000	0.00	0.00	43.50	0.004309	364.33	0.42
1973 TO 2008		39.82	0.004196	382.93	1.23	0.00	0.000000	0.00	0.00	43.89	0.004240	365.67	0.39
1972 TO 2008		39.99	0.004165	383.86	1.23	0.00	0.000000	0.00	0.00	51.69	0.004223	414.99	-2.60
1971 TO 2008		40.12	0.004150	382.63	1.24	0.00	0.000000	0.00	0.00	51.93	0.004192	413.05	-2.60
1970 TO 2008		40.25	0.004100	381.35	1.24	0.00	0.000000	0.00	0.00	51.94	0.004177	412.98	-2.60
1969 TO 2008		40.36	0.004084	382.80	1.24	0.00	0.000000	0.00	0.00	51.27	0.004126	412.52	-2.08
1968 TO 2008		40.46	0.004070	381.82	1.25	0.00	0.000000	0.00	0.00	49.85	0.004110	410.26	-1.29
1967 TO 2008		40.55	0.004047	381.02	1.25	0.00	0.000000	0.00	0.00	49.83	0.004096	410.43	-1.22
1966 TO 2008		40.59	0.004036	383.05	1.24	0.00	0.000000	0.00	0.00	48.79	0.004073	408.87	-0.79
1965 TO 2008		40.61	0.004018	382.95	1.25	0.00	0.000000	0.00	0.00	49.48	0.004063	411.25	-1.02
1964 TO 2008		40.68	0.004013	382.25	1.25	0.00	0.000000	0.00	0.00	50.28	0.004044	412.70	-1.32
										49.72	0.004039	411.32	-1.05

ACCOUNT 9735. Desuperheating Equipment PSC CASE 0 STUDY NO. 087351

SUMMARY OF SHRINKING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	40.75	0.004000	381.61	1.25	0.00	0.000000	0.00	0.00	49.24	0.004027	409.20	-0.84
1962	TO 2008	40.81	0.003994	381.02	1.25	0.00	0.000000	0.00	0.00	48.83	0.004021	408.52	-0.67
1961	TO 2008	40.87	0.003987	380.51	1.25	0.00	0.000000	0.00	0.00	48.48	0.004015	407.19	-0.53
1960	TO 2008	40.90	0.003980	382.66	1.25	0.00	0.000000	0.00	0.00	48.29	0.004008	406.95	-0.46
1959	TO 2008	40.95	0.003975	382.21	1.25	0.00	0.000000	0.00	0.00	48.04	0.004003	404.84	-0.37
1958	TO 2008	40.99	0.003969	381.81	1.25	0.00	0.000000	0.00	0.00	47.88	0.003997	404.17	-0.30
1957	TO 2008	41.03	0.003963	381.44	1.25	0.00	0.000000	0.00	0.00	47.80	0.003992	402.73	-0.26
1956	TO 2008	41.05	0.003927	381.20	1.25	0.00	0.000000	0.00	0.00	47.60	0.003955	402.33	-0.20
1955	TO 2008	41.09	0.003924	380.91	1.25	0.00	0.000000	0.00	0.00	47.59	0.003952	402.37	-0.18
1954	TO 2008	41.11	0.003885	380.65	1.25	0.00	0.000000	0.00	0.00	47.61	0.003912	402.21	-0.18
1953	TO 2008	41.14	0.003882	380.41	1.25	0.00	0.000000	0.00	0.00	47.67	0.003910	403.82	-0.18
1952	TO 2008	41.12	0.003878	380.61	1.25	0.00	0.000000	0.00	0.00	47.73	0.003905	403.30	-0.21
1951	TO 2008	41.14	0.003876	380.40	1.26	0.00	0.000000	0.00	0.00	47.86	0.003904	404.32	-0.24
1950	TO 2008	41.16	0.003874	380.23	1.26	0.00	0.000000	0.00	0.00	48.04	0.003902	406.99	-0.28
1949	TO 2008	41.09	0.003875	385.71	1.21	0.00	0.000000	0.00	0.00	62.57	0.003906	437.14	-2.60
1948	TO 2008	41.11	0.003873	385.55	1.21	0.00	0.000000	0.00	0.00	63.76	0.003903	438.39	-2.60
1947	TO 2008	40.96	0.003872	386.96	1.20	0.00	0.000000	0.00	0.00	52.88	0.003901	426.40	-2.60
1946	TO 2008	40.91	0.003870	387.42	1.20	0.00	0.000000	0.00	0.00	50.04	0.003899	424.69	-1.19
1945	TO 2008	40.93	0.003868	387.29	1.20	0.00	0.000000	0.00	0.00	50.79	0.003897	426.23	-1.53
1944	TO 2008	40.92	0.003866	387.36	1.20	0.00	0.000000	0.00	0.00	51.15	0.003895	427.14	-1.71
1943	TO 2008	40.93	0.003864	387.26	1.20	0.00	0.000000	0.00	0.00	52.04	0.003893	427.59	-2.21

ACCOUNT 9736. Services

PSC CASE 0

STUDY NO. 087360

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1943	TO 1952	30.52	0.001143	519.33	0.01	27.09	0.001067	326.74	0.83	26.82	0.001070	300.19	0.90
1944	TO 1953	31.18	0.001030	505.11	0.12	27.85	0.000950	324.94	0.90	27.51	0.000949	292.63	0.97
1945	TO 1954	30.49	0.000964	516.51	0.04	27.92	0.000922	345.62	0.72	27.30	0.000910	294.92	0.87
1946	TO 1955	30.56	0.001025	479.34	0.36	28.65	0.001001	347.29	0.85	27.95	0.000988	288.03	1.00
1947	TO 1956	30.51	0.001059	467.07	0.44	29.00	0.001047	353.39	0.84	28.16	0.001028	285.91	1.03
1948	TO 1957	29.95	0.000996	469.05	0.42	28.80	0.000939	369.82	0.76	27.84	0.000960	289.14	0.98
1949	TO 1958	29.20	0.001045	467.42	0.44	28.70	0.001050	409.44	0.61	27.63	0.001028	298.54	0.90
1950	TO 1959	29.71	0.001023	478.80	0.36	29.27	0.001029	418.56	0.53	28.13	0.001011	303.98	0.85
1951	TO 1960	31.33	0.000916	470.76	0.43	30.24	0.000910	372.87	0.75	29.38	0.000900	297.80	0.96
1952	TO 1961	31.56	0.000834	470.58	0.43	30.76	0.000834	388.47	0.68	30.10	0.000834	320.63	0.85
1953	TO 1962	31.26	0.000838	465.44	0.47	0.00	0.000000	0.00	0.00	30.55	0.000847	351.91	0.70
1954	TO 1963	31.60	0.000868	460.45	0.50	0.00	0.000000	0.00	0.00	31.09	0.000870	348.99	0.66
1955	TO 1964	31.85	0.000908	447.47	0.61	0.00	0.000000	0.00	0.00	31.51	0.000906	350.66	0.70
1956	TO 1965	32.21	0.000906	467.32	0.46	0.00	0.000000	0.00	0.00	32.20	0.000905	380.39	0.46
1957	TO 1966	32.14	0.000907	465.15	0.46	0.00	0.000000	0.00	0.00	31.56	0.000909	350.10	0.63
1958	TO 1967	31.94	0.000853	458.71	0.53	0.00	0.000000	0.00	0.00	31.71	0.000842	364.20	0.56
1959	TO 1968	32.98	0.000708	468.53	0.44	0.00	0.000000	0.00	0.00	33.38	0.000699	414.90	0.28
1960	TO 1969	33.42	0.000706	465.28	0.47	0.00	0.000000	0.00	0.00	62.99	0.000695	1166.06	-2.60
1961	TO 1970	33.87	0.000697	465.05	0.47	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1962	TO 1971	35.29	0.000671	460.47	0.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1963	TO 1972	37.64	0.000593	460.92	0.51	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1964	TO 1973	39.45	0.000584	462.63	0.49	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1965	TO 1974	41.69	0.000564	466.58	0.45	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1966	TO 1975	43.28	0.000567	451.74	0.58	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1967	TO 1976	43.59	0.000732	441.57	0.67	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1968	TO 1977	47.30	0.000665	438.67	0.71	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1969	TO 1978	42.47	0.000663	467.34	0.45	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1970	TO 1979	43.63	0.000624	482.51	0.33	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1971	TO 1980	41.49	0.000629	483.29	0.31	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1972	TO 1981	38.56	0.000673	504.45	0.14	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1973	TO 1982	39.49	0.000620	500.19	0.18	0.00	0.000000	0.00	0.00	92.10	0.000669	1084.14	-2.60
1974	TO 1983	41.21	0.000612	503.51	0.16	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1975	TO 1984	39.03	0.000642	508.58	0.11	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1976	TO 1985	40.76	0.000640	513.93	0.07	0.00	0.000000	0.00	0.00	39.51	0.000628	388.48	0.10
1977	TO 1986	42.70	0.000663	514.03	0.07	0.00	0.000000	0.00	0.00	40.95	0.000629	372.43	0.17
1978	TO 1987	33.65	0.000872	539.37	-0.15	0.00	0.000000	0.00	0.00	40.48	0.000652	292.74	0.72
1979	TO 1988	36.93	0.000778	515.77	0.05	0.00	0.000000	0.00	0.00	32.99	0.000841	325.84	0.31
1980	TO 1989	38.23	0.000802	527.06	-0.04	38.16	0.000806	514.92	-0.01	35.89	0.000753	307.87	0.54
1981	TO 1990	40.66	0.000756	517.66	0.03	40.22	0.000759	466.14	0.18	36.80	0.000783	302.99	0.54
1982	TO 1991	43.24	0.000722	514.60	0.06	42.77	0.000725	466.47	0.19	38.84	0.000745	299.93	0.64
1983	TO 1992	42.85	0.000701	526.22	-0.05	0.00	0.000000	0.00	0.00	40.79	0.000700	280.69	0.76
1984	TO 1993	42.91	0.000716	516.24	0.04	0.00	0.000000	0.00	0.00	40.56	0.000670	284.75	0.66
1985	TO 1994	46.92	0.000619	514.70	0.06	0.00	0.000000	0.00	0.00	40.86	0.000680	282.64	0.68
1986	TO 1995	46.78	0.000602	509.88	0.09	0.00	0.000000	0.00	0.00	43.82	0.000598	277.26	0.80
1987	TO 1996	46.75	0.000575	518.72	0.02	0.00	0.000000	0.00	0.00	44.06	0.000578	278.05	0.77
										44.44	0.000550	286.89	0.65

ACCOUNT 9736. Services

PSC CASE 0

STUDY NO. 087360

SUMMARY OF ROLLING BANDS

		FIRST DEGREE			SECOND DEGREE			THIRD DEGREE					
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988	TO 1997	59.90	0.000444	526.67	-0.05	0.00	0.000000	0.00	0.00	53.48	0.000437	266.48	0.94
1989	TO 1998	57.80	0.000443	514.66	0.05	0.00	0.000000	0.00	0.00	52.69	0.000418	260.97	0.93
1990	TO 1999	56.81	0.000431	525.47	-0.03	0.00	0.000000	0.00	0.00	52.24	0.000402	267.04	0.83
1991	TO 2000	62.55	0.000373	544.36	-0.19	0.00	0.000000	0.00	0.00	56.07	0.000359	268.41	0.85
1992	TO 2001	68.16	0.000313	533.27	-0.09	0.00	0.000000	0.00	0.00	61.55	0.000306	273.75	0.86
1993	TO 2002	73.07	0.000318	528.97	-0.06	0.00	0.000000	0.00	0.00	65.25	0.000313	267.45	0.94
1994	TO 2003	77.59	0.000296	556.10	-0.28	0.00	0.000000	0.00	0.00	66.34	0.000293	263.03	0.99
1995	TO 2004	85.99	0.000276	611.08	-0.75	0.00	0.000000	0.00	0.00	68.03	0.000273	253.57	1.08
1996	TO 2005	94.40	0.000283	657.29	-1.17	0.00	0.000000	0.00	0.00	70.04	0.000277	240.57	1.18
1997	TO 2006	0.00	0.000000	0.00	0.00	91.43	0.000464	417.26	-0.50	66.42	0.000458	237.11	1.12
1998	TO 2007	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	66.67	0.000413	227.25	1.17
1999	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	69.47	0.000420	231.03	1.13

ACCOUNT 9736. Services

PSC CASE 0

STUDY NO. 087360

SUMMARY OF SHRINKING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE				
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	
2008	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	435.22	0.001063	217.70	-2.60	
2007	TO 2008	72.98	0.000761	621.37	-0.84	0.00	0.000000	0.00	0.00	65.53	0.000717	237.30	0.76	
2006	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	58.07	0.001051	254.01	0.41	
2005	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	62.13	0.000838	237.39	0.73	
2004	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	65.39	0.000721	228.64	0.94	
2003	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	65.97	0.000642	226.62	1.04	
2002	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	67.38	0.000561	223.35	1.12	
2001	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	69.17	0.000485	220.47	1.21	
2000	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	71.13	0.000447	222.82	1.26	
1999	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	69.47	0.000420	231.03	1.13	
1998	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	67.55	0.000388	233.17	1.09	
1997	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	66.44	0.000380	237.05	1.03	
1996	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	65.51	0.000374	240.43	0.98	
1995	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	65.17	0.000349	241.69	0.99	
1994	TO 2008	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	65.39	0.000338	242.39	1.00	
1993	TO 2008	89.94	0.000338	810.01	-2.60	0.00	0.000000	0.00	0.00	65.02	0.000324	242.23	1.03	
1992	TO 2008	86.77	0.000322	766.97	-2.41	0.00	0.000000	0.00	0.00	64.38	0.000303	241.55	1.00	
1991	TO 2008	84.19	0.000330	745.32	-2.12	0.00	0.000000	0.00	0.00	63.38	0.000308	242.18	1.00	
1990	TO 2008	81.43	0.000332	696.92	-1.57	0.00	0.000000	0.00	0.00	62.94	0.000311	243.88	0.99	
1989	TO 2008	82.65	0.000330	730.17	-1.94	0.00	0.000000	0.00	0.00	62.85	0.000314	247.40	0.97	
1988	TO 2008	82.03	0.000321	718.60	-1.81	0.00	0.000000	0.00	0.00	62.77	0.000308	249.30	0.96	
1987	TO 2008	69.22	0.000341	649.37	-1.09	0.00	0.000000	0.00	0.00	58.20	0.000322	262.04	0.77	
1986	TO 2008	68.53	0.000349	634.02	-0.96	0.00	0.000000	0.00	0.00	57.89	0.000332	261.71	0.79	
1985	TO 2008	68.86	0.000338	628.08	-0.91	0.00	0.000000	0.00	0.00	58.14	0.000322	262.30	0.81	
1984	TO 2008	66.55	0.000350	613.81	-0.78	0.00	0.000000	0.00	0.00	57.23	0.000330	262.95	0.78	
1983	TO 2008	67.03	0.000347	610.90	-0.76	0.00	0.000000	0.00	0.00	57.52	0.000328	263.37	0.80	
1982	TO 2008	66.99	0.000341	603.83	-0.69	0.00	0.000000	0.00	0.00	57.73	0.000324	264.16	0.80	
1981	TO 2008	65.09	0.000339	601.45	-0.67	0.00	0.000000	0.00	0.00	56.86	0.000320	268.19	0.75	
1980	TO 2008	63.49	0.000342	594.55	-0.61	0.00	0.000000	0.00	0.00	56.05	0.000321	270.31	0.72	
1979	TO 2008	63.25	0.000341	596.84	-0.63	0.00	0.000000	0.00	0.00	55.94	0.000322	272.61	0.70	
1978	TO 2008	61.79	0.000343	604.43	-0.69	0.00	0.000000	0.00	0.00	55.02	0.000323	275.36	0.64	
1977	TO 2008	61.66	0.000342	599.23	-0.65	0.00	0.000000	0.00	0.00	55.08	0.000322	276.85	0.64	
1976	TO 2008	60.89	0.000339	592.05	-0.59	0.00	0.000000	0.00	0.00	54.96	0.000319	279.29	0.62	
1975	TO 2008	60.70	0.000332	587.32	-0.55	0.00	0.000000	0.00	0.00	55.00	0.000313	280.88	0.61	
1974	TO 2008	60.56	0.000327	582.04	-0.51	0.00	0.000000	0.00	0.00	55.11	0.000308	282.18	0.61	
1973	TO 2008	60.55	0.000324	580.52	-0.49	0.00	0.000000	0.00	0.00	55.19	0.000306	281.75	0.61	
1972	TO 2008	60.62	0.000321	578.22	-0.47	0.00	0.000000	0.00	0.00	55.31	0.000303	282.97	0.61	
1971	TO 2008	60.44	0.000316	574.98	-0.45	0.00	0.000000	0.00	0.00	55.35	0.000298	284.54	0.60	
1970	TO 2008	60.11	0.000312	573.16	-0.43	0.00	0.000000	0.00	0.00	55.30	0.000294	286.64	0.58	
1969	TO 2008	59.70	0.000310	570.33	-0.41	0.00	0.000000	0.00	0.00	55.19	0.000291	287.21	0.57	
1968	TO 2008	59.55	0.000304	571.80	-0.41	0.00	0.000000	0.00	0.00	55.15	0.000286	289.23	0.55	
1967	TO 2008	58.87	0.000303	568.24	-0.39	0.00	0.000000	0.00	0.00	54.89	0.000283	290.59	0.53	
1966	TO 2008	58.45	0.000303	568.85	-0.39	0.00	0.000000	0.00	0.00	54.78	0.000283	294.82	0.49	
1965	TO 2008	58.26	0.000303	569.04	-0.40	0.00	0.000000	0.00	0.00	54.71	0.000284	295.21	0.47	
1964	TO 2008	57.83	0.000303	564.63	-0.36	0.00	0.000000	0.00	0.00	54.63	0.000283	297.46	0.46	

ACCOUNT 9736. Services

PSC CASE 0

STUDY NO. 087360

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE			SECOND DEGREE				THIRD DEGREE				
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963 TO 2008		57.58	0.000303	563.59	-0.35	0.00	0.000000	0.00	0.00	54.57	0.000283	297.76	0.45
1962 TO 2008		57.25	0.000304	561.61	-0.33	0.00	0.000000	0.00	0.00	54.49	0.000282	298.24	0.44
1961 TO 2008		57.00	0.000302	560.56	-0.32	0.00	0.000000	0.00	0.00	54.46	0.000280	300.21	0.41
1960 TO 2008		56.79	0.000300	559.04	-0.31	0.00	0.000000	0.00	0.00	54.43	0.000278	302.22	0.40
1959 TO 2008		56.56	0.000300	559.54	-0.31	0.00	0.000000	0.00	0.00	54.34	0.000277	302.72	0.39
1958 TO 2008		56.24	0.000300	557.41	-0.30	0.00	0.000000	0.00	0.00	54.26	0.000277	305.04	0.37
1957 TO 2008		55.96	0.000299	558.44	-0.30	0.00	0.000000	0.00	0.00	54.13	0.000275	305.77	0.35
1956 TO 2008		55.77	0.000298	558.54	-0.30	0.00	0.000000	0.00	0.00	54.06	0.000273	306.14	0.34
1955 TO 2008		55.54	0.000298	557.29	-0.29	0.00	0.000000	0.00	0.00	54.00	0.000272	306.46	0.33
1954 TO 2008		55.36	0.000298	555.41	-0.28	0.00	0.000000	0.00	0.00	53.93	0.000271	306.85	0.32
1953 TO 2008		55.24	0.000298	554.87	-0.28	0.00	0.000000	0.00	0.00	53.94	0.000271	308.70	0.31
1952 TO 2008		55.16	0.000298	555.63	-0.28	0.00	0.000000	0.00	0.00	53.91	0.000271	308.85	0.30
1951 TO 2008		55.03	0.000297	555.17	-0.28	0.00	0.000000	0.00	0.00	53.85	0.000270	309.18	0.29
1950 TO 2008		54.74	0.000299	554.39	-0.28	0.00	0.000000	0.00	0.00	53.62	0.000270	308.65	0.29
1949 TO 2008		54.53	0.000301	554.71	-0.28	0.00	0.000000	0.00	0.00	53.48	0.000269	307.58	0.29
1948 TO 2008		54.50	0.000301	555.04	-0.27	0.00	0.000000	0.00	0.00	53.49	0.000269	309.39	0.28
1947 TO 2008		54.43	0.000303	555.81	-0.28	0.00	0.000000	0.00	0.00	53.43	0.000272	307.89	0.28
1946 TO 2008		54.39	0.000301	558.01	-0.30	0.00	0.000000	0.00	0.00	53.39	0.000270	310.01	0.27
1945 TO 2008		54.33	0.000298	558.63	-0.31	0.00	0.000000	0.00	0.00	53.32	0.000266	310.42	0.26
1944 TO 2008		54.31	0.000297	558.85	-0.30	0.00	0.000000	0.00	0.00	53.36	0.000266	310.15	0.26
1943 TO 2008		54.23	0.000297	557.83	-0.31	0.00	0.000000	0.00	0.00	53.30	0.000265	310.51	0.25

ACCOUNT 9738. Meters

PSC CASE 0

STUDY NO. 087380

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1943 TO 1952		24.21	0.002571	435.68	0.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1944 TO 1953		23.70	0.002773	411.42	0.95	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1945 TO 1954		22.50	0.003040	380.01	1.25	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1946 TO 1955		23.02	0.003155	353.99	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1947 TO 1956		22.60	0.003297	338.50	1.75	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1948 TO 1957		22.31	0.003345	324.96	1.91	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1949 TO 1958		22.09	0.003115	319.14	2.00	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1950 TO 1959		21.67	0.003095	306.88	2.15	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1951 TO 1960		20.82	0.003550	300.16	2.24	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1952 TO 1961		19.70	0.004409	297.02	2.32	19.89	0.004457	289.08	2.33	0.00	0.000000	0.00	0.00
1953 TO 1962		19.00	0.005276	297.37	2.34	19.47	0.005330	279.90	2.37	0.00	0.000000	0.00	0.00
1954 TO 1963		18.55	0.005494	293.81	2.39	19.28	0.005538	272.27	2.44	0.00	0.000000	0.00	0.00
1955 TO 1964		18.73	0.005224	290.92	2.43	19.92	0.005216	263.50	2.54	0.00	0.000000	0.00	0.00
1956 TO 1965		18.66	0.004892	286.66	2.49	20.34	0.004764	248.23	2.68	0.00	0.000000	0.00	0.00
1957 TO 1966		18.99	0.004598	281.79	2.55	21.10	0.004288	234.64	2.85	0.00	0.000000	0.00	0.00
1958 TO 1967		19.40	0.004562	275.76	2.60	21.83	0.004013	222.17	3.07	0.00	0.000000	0.00	0.00
1959 TO 1968		19.60	0.004777	272.97	2.67	22.20	0.003850	209.41	3.35	0.00	0.000000	0.00	0.00
1960 TO 1969		20.72	0.004999	277.52	2.64	22.85	0.004004	203.54	3.49	0.00	0.000000	0.00	0.00
1961 TO 1970		23.04	0.005064	284.35	2.55	23.98	0.004184	202.27	3.51	0.00	0.000000	0.00	0.00
1962 TO 1971		30.08	0.003655	300.85	2.28	27.73	0.003320	203.76	3.34	0.00	0.000000	0.00	0.00
1963 TO 1972		43.22	0.002165	322.75	1.97	35.22	0.002109	220.02	2.93	0.00	0.000000	0.00	0.00
1964 TO 1973		66.39	0.000569	350.21	1.63	48.94	0.000553	238.04	2.53	48.13	0.000554	206.74	2.81
1965 TO 1974		82.74	0.000384	366.82	1.42	61.46	0.000382	254.65	2.24	55.59	0.000377	189.79	2.96
1966 TO 1975		94.53	0.000253	379.26	1.29	0.00	0.000000	0.00	0.00	69.07	0.000239	174.45	3.15
1967 TO 1976		75.86	0.000286	363.19	1.48	0.00	0.000000	0.00	0.00	80.25	0.000288	252.33	1.72
1968 TO 1977		83.73	0.000259	369.64	1.40	0.00	0.000000	0.00	0.00	71.25	0.000257	200.01	2.50
1969 TO 1978		69.22	0.000341	356.11	1.57	0.00	0.000000	0.00	0.00	64.51	0.000346	250.33	2.02
1970 TO 1979		44.79	0.001392	322.65	1.98	38.20	0.001323	221.18	3.08	0.00	0.000000	0.00	0.00
1971 TO 1980		35.08	0.002109	323.59	1.98	32.48	0.002007	226.29	2.87	0.00	0.000000	0.00	0.00
1972 TO 1981		34.05	0.002136	318.63	2.03	31.99	0.001983	220.38	3.04	0.00	0.000000	0.00	0.00
1973 TO 1982		32.49	0.002050	315.43	2.07	31.23	0.001857	219.35	3.09	0.00	0.000000	0.00	0.00
1974 TO 1983		32.79	0.001760	315.65	2.06	31.59	0.001593	223.15	3.00	0.00	0.000000	0.00	0.00
1975 TO 1984		33.61	0.001474	319.84	2.03	32.34	0.001363	230.39	2.83	0.00	0.000000	0.00	0.00
1976 TO 1985		34.83	0.001313	320.16	2.02	33.44	0.001244	234.74	2.73	0.00	0.000000	0.00	0.00
1977 TO 1986		35.98	0.001251	321.00	2.00	34.51	0.001215	244.83	2.60	0.00	0.000000	0.00	0.00
1978 TO 1987		36.89	0.001196	321.24	1.99	35.49	0.001180	252.21	2.48	0.00	0.000000	0.00	0.00
1979 TO 1988		38.39	0.001169	319.11	2.02	36.82	0.001157	251.19	2.50	0.00	0.000000	0.00	0.00
1980 TO 1989		40.97	0.001092	330.72	1.86	39.94	0.001096	291.72	2.06	38.35	0.001082	225.57	2.34
1981 TO 1990		49.63	0.000824	331.45	1.88	45.58	0.000819	255.59	2.39	43.09	0.000794	200.76	2.78
1982 TO 1991		55.11	0.000792	334.81	1.82	48.53	0.000783	248.32	2.43	45.16	0.000750	191.54	2.98
1983 TO 1992		49.37	0.001705	377.75	1.30	0.00	0.000000	0.00	0.00	41.76	0.001593	190.38	2.37
1984 TO 1993		54.66	0.001443	396.09	1.10	0.00	0.000000	0.00	0.00	43.37	0.001322	185.62	2.47
1985 TO 1994		58.80	0.001408	410.72	0.96	0.00	0.000000	0.00	0.00	44.42	0.001307	183.48	2.52
1986 TO 1995		62.39	0.001382	428.78	0.79	0.00	0.000000	0.00	0.00	45.00	0.001295	181.10	2.52
1987 TO 1996		62.76	0.001373	432.59	0.76	0.00	0.000000	0.00	0.00	45.36	0.001295	181.88	2.47

ACCOUNT 9738. Meters

PSC CASE 0

STUDY NO. 087380

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1988	TO 1997	65.41	0.001352	442.59	0.67	0.00	0.000000	0.00	0.00	46.21	0.001286	182.87	2.42
1989	TO 1998	71.97	0.001364	499.54	0.18	0.00	0.000000	0.00	0.00	46.36	0.001276	182.26	2.32
1990	TO 1999	69.75	0.001285	438.00	0.70	0.00	0.000000	0.00	0.00	49.04	0.001241	184.55	2.35
1991	TO 2000	66.24	0.001284	435.53	0.73	0.00	0.000000	0.00	0.00	47.00	0.001217	186.18	2.29
1992	TO 2001	78.94	0.001556	634.02	-0.96	0.00	0.000000	0.00	0.00	44.61	0.001483	189.44	1.92
1993	TO 2002	67.88	0.001019	413.20	0.95	56.81	0.001017	277.26	1.70	49.01	0.001002	196.91	2.25
1994	TO 2003	57.60	0.001210	387.99	1.19	51.37	0.001206	277.40	1.77	46.49	0.001193	203.25	2.17
1995	TO 2004	31.91	0.006545	355.69	1.54	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1996	TO 2005	31.45	0.005285	357.66	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1997	TO 2006	30.24	0.004883	345.54	1.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1998	TO 2007	30.59	0.004698	344.89	1.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999	TO 2008	31.16	0.004493	344.95	1.68	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00

ACCOUNT 9738. Meters

PSC CASE 0

STUDY NO. 087380

SUMMARY OF SHRINKING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
2008	TO 2008	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10
2007	TO 2008	223.19	0.000170	351.94	1.62	0.00	0.000000	0.00	0.00	106.23	0.000170	175.55	3.90
2006	TO 2008	43.70	0.001669	325.45	1.95	44.14	0.001669	263.92	2.37	0.00	0.000000	0.00	0.00
2005	TO 2008	43.73	0.001375	330.45	1.89	43.93	0.001373	269.77	2.26	0.00	0.000000	0.00	0.00
2004	TO 2008	25.63	0.006456	329.63	1.87	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2003	TO 2008	27.12	0.005291	329.99	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2002	TO 2008	27.95	0.005026	334.52	1.81	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2001	TO 2008	29.03	0.004817	342.78	1.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2000	TO 2008	30.17	0.004650	343.10	1.69	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999	TO 2008	31.16	0.004493	344.95	1.68	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1998	TO 2008	32.22	0.004354	346.04	1.67	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1997	TO 2008	33.26	0.004208	344.30	1.69	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1996	TO 2008	34.05	0.004073	345.09	1.69	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1995	TO 2008	34.95	0.003966	341.94	1.71	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1994	TO 2008	35.79	0.003870	342.30	1.73	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1993	TO 2008	36.56	0.003783	340.49	1.75	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1992	TO 2008	35.46	0.003759	348.27	1.63	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1991	TO 2008	36.07	0.003649	347.98	1.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1990	TO 2008	36.57	0.003549	345.95	1.68	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1989	TO 2008	36.53	0.003369	346.30	1.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1988	TO 2008	36.95	0.003118	345.04	1.68	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1987	TO 2008	37.31	0.002993	344.37	1.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1986	TO 2008	37.59	0.002942	341.82	1.71	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1985	TO 2008	37.92	0.002887	341.54	1.73	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1984	TO 2008	38.16	0.002828	339.37	1.74	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1983	TO 2008	38.29	0.002768	340.86	1.76	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1982	TO 2008	38.11	0.002712	339.79	1.77	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1981	TO 2008	38.05	0.002656	337.68	1.78	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1980	TO 2008	37.39	0.002588	338.34	1.76	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1979	TO 2008	37.13	0.002563	337.96	1.76	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1978	TO 2008	37.20	0.002510	340.10	1.77	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1977	TO 2008	37.35	0.002476	338.66	1.77	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1976	TO 2008	37.43	0.002447	337.92	1.78	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1975	TO 2008	37.54	0.002419	337.00	1.78	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1974	TO 2008	37.66	0.002403	335.91	1.79	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1973	TO 2008	37.76	0.002393	337.70	1.79	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1972	TO 2008	37.82	0.002384	337.10	1.80	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1971	TO 2008	37.87	0.002374	336.65	1.80	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1970	TO 2008	37.91	0.002364	336.32	1.80	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1969	TO 2008	37.94	0.002354	336.08	1.80	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1968	TO 2008	37.97	0.002345	335.79	1.81	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1967	TO 2008	38.01	0.002337	335.46	1.81	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1966	TO 2008	38.04	0.002328	335.15	1.81	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1965	TO 2008	38.05	0.002318	335.12	1.82	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1964	TO 2008	38.06	0.002310	335.02	1.82	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00

ACCOUNT 9738. Meters PSC CASE 0 STUDY NO. 087380

SUMMARY OF SHRINKING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	37.95	0.002301	335.93	1.82	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1962	TO 2008	37.71	0.002290	335.44	1.82	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1961	TO 2008	37.31	0.002276	333.69	1.83	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1960	TO 2008	37.05	0.002266	333.32	1.83	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1959	TO 2008	36.85	0.002255	332.42	1.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1958	TO 2008	36.77	0.002248	333.11	1.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1957	TO 2008	36.63	0.002245	331.71	1.85	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1956	TO 2008	36.47	0.002246	333.17	1.85	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1955	TO 2008	36.36	0.002246	331.40	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1954	TO 2008	36.17	0.002245	330.39	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1953	TO 2008	36.06	0.002240	331.37	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1952	TO 2008	35.90	0.002234	330.08	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1951	TO 2008	35.77	0.002221	331.24	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1950	TO 2008	35.72	0.002213	331.78	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1949	TO 2008	35.67	0.002207	332.25	1.85	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1948	TO 2008	35.66	0.002202	332.32	1.85	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1947	TO 2008	35.64	0.002198	332.51	1.85	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1946	TO 2008	35.64	0.002195	332.47	1.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1945	TO 2008	35.59	0.002190	332.95	1.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1944	TO 2008	35.62	0.002187	332.69	1.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1943	TO 2008	35.61	0.002183	332.78	1.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00

ACCOUNT 9740. Accessory Equipment on Cust PSC CASE 0

STUDY NO. 087400

SUMMARY OF ROLLING BANDS

FIRST DEGREE					SECOND DEGREE					THIRD DEGREE				
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	
1951	TO 1960	19.78	0.001713	573.91	-0.43	0.00	0.000000	0.00	0.00	20.34	0.001255	376.14	-0.01	
1952	TO 1961	16.24	0.002567	495.70	0.18	0.00	0.000000	0.00	0.00	16.61	0.002433	424.51	0.46	
1953	TO 1962	16.27	0.003321	470.22	0.41	0.00	0.000000	0.00	0.00	16.66	0.003227	453.08	0.65	
1954	TO 1963	16.31	0.003327	475.18	0.39	0.00	0.000000	0.00	0.00	16.86	0.003089	554.55	0.57	
1955	TO 1964	16.48	0.003411	470.30	0.39	0.00	0.000000	0.00	0.00	18.71	0.002991	875.35	-2.60	
1956	TO 1965	16.63	0.003568	454.11	0.53	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1957	TO 1966	17.03	0.003787	449.29	0.60	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1958	TO 1967	17.48	0.004080	437.54	0.67	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1959	TO 1968	17.83	0.004470	434.61	0.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1960	TO 1969	18.29	0.005010	423.84	0.80	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1961	TO 1970	23.16	0.004231	390.71	1.13	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1962	TO 1971	36.57	0.002441	370.52	1.39	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1963	TO 1972	43.87	0.001423	379.56	1.28	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1964	TO 1973	46.85	0.001266	372.43	1.36	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1965	TO 1974	49.31	0.001177	368.10	1.41	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1966	TO 1975	60.54	0.000660	369.19	1.40	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1967	TO 1976	59.16	0.000736	360.86	1.49	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1968	TO 1977	58.77	0.000682	364.96	1.44	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1969	TO 1978	52.80	0.000797	383.53	1.24	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1970	TO 1979	48.64	0.000806	381.34	1.26	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1971	TO 1980	47.88	0.000805	374.91	1.32	0.00	0.000000	0.00	0.00	265.78	0.000769	375.69	-2.60	
1972	TO 1981	48.29	0.000775	371.72	1.35	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1973	TO 1982	47.63	0.000747	374.77	1.34	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1974	TO 1983	48.21	0.000746	376.52	1.31	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1975	TO 1984	48.72	0.000735	378.70	1.28	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1976	TO 1985	49.25	0.000781	380.74	1.26	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1977	TO 1986	51.41	0.000740	388.05	1.19	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1978	TO 1987	53.59	0.000810	402.13	1.04	51.67	0.000811	337.71	1.24	0.00	0.000000	0.00	0.00	
1979	TO 1988	58.94	0.000692	374.10	1.34	58.46	0.000696	358.39	1.39	0.00	0.000000	0.00	0.00	
1980	TO 1989	67.32	0.000551	378.07	1.29	64.37	0.000552	319.27	1.52	0.00	0.000000	0.00	0.00	
1981	TO 1990	70.36	0.000571	393.01	1.14	64.76	0.000567	300.33	1.54	0.00	0.000000	0.00	0.00	
1982	TO 1991	75.02	0.000513	403.23	1.04	68.20	0.000509	302.79	1.49	0.00	0.000000	0.00	0.00	
1983	TO 1992	86.28	0.000500	415.52	0.92	74.19	0.000495	287.76	1.57	0.00	0.000000	0.00	0.00	
1984	TO 1993	96.37	0.000478	432.17	0.76	78.92	0.000473	283.21	1.58	0.00	0.000000	0.00	0.00	
1985	TO 1994	82.03	0.000610	406.57	1.01	72.71	0.000607	293.64	1.56	0.00	0.000000	0.00	0.00	
1986	TO 1995	90.63	0.000569	415.42	0.92	78.32	0.000567	291.76	1.56	0.00	0.000000	0.00	0.00	
1987	TO 1996	90.59	0.000553	406.76	1.00	81.83	0.000554	308.58	1.47	0.00	0.000000	0.00	0.00	
1988	TO 1997	82.43	0.000833	424.02	0.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1989	TO 1998	90.11	0.000799	418.93	0.89	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1990	TO 1999	83.02	0.000758	392.08	1.15	82.87	0.000762	389.18	1.16	0.00	0.000000	0.00	0.00	
1991	TO 2000	92.01	0.000635	383.10	1.25	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1992	TO 2001	98.48	0.000630	388.40	1.19	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1993	TO 2002	101.70	0.000602	391.83	1.15	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1994	TO 2003	94.14	0.000856	426.50	0.82	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1995	TO 2004	122.13	0.000800	460.58	0.51	0.00	0.000000	0.00	0.00	112.01	0.000852	232.56	1.03	
										102.26	0.000797	203.90	1.78	

ACCOUNT 9740. Accessory Equipment on Cust PSC CASE 0

STUDY NO. 087400

SUMMARY OF ROLLING BANDS

YEAR	YEAR	FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
		AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1996 TO 2005		128.49	0.000808	473.59	0.40	0.00	0.000000	0.00	0.00	102.79	0.000804	199.92	1.84
1997 TO 2006		152.09	0.000790	486.88	0.29	0.00	0.000000	0.00	0.00	103.27	0.000786	190.27	2.10
1998 TO 2007		78.92	0.001835	342.74	1.72	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999 TO 2008		80.57	0.001654	345.65	1.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00

ACCOUNT 9740. Accessory Equipment on Cust PSC CASE 0

STUDY NO. 087400

SUMMARY OF SHRINKING BANDS

FIRST DEGREE					SECOND DEGREE					THIRD DEGREE				
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	
2008	TO 2008	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	
2007	TO 2008	47.24	0.004891	327.04	1.92	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
2006	TO 2008	56.63	0.003454	331.10	1.87	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
2005	TO 2008	64.25	0.002838	332.31	1.87	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
2004	TO 2008	70.58	0.002455	332.26	1.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
2003	TO 2008	69.78	0.002321	347.51	1.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
2002	TO 2008	74.50	0.002084	348.32	1.67	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
2001	TO 2008	78.68	0.001902	347.60	1.67	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
2000	TO 2008	82.41	0.001768	346.43	1.68	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1999	TO 2008	80.57	0.001654	345.65	1.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1998	TO 2008	83.46	0.001562	344.47	1.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1997	TO 2008	79.55	0.001523	363.94	1.46	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1996	TO 2008	79.65	0.001435	363.48	1.47	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1995	TO 2008	81.86	0.001351	362.19	1.49	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1994	TO 2008	79.07	0.001277	361.06	1.50	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1993	TO 2008	80.87	0.001222	359.21	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1992	TO 2008	82.52	0.001184	358.10	1.53	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1991	TO 2008	83.06	0.001150	358.16	1.54	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1990	TO 2008	82.05	0.001132	362.59	1.49	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1989	TO 2008	82.37	0.001102	364.81	1.46	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1988	TO 2008	82.05	0.001073	367.46	1.43	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1987	TO 2008	81.90	0.001052	374.22	1.35	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1986	TO 2008	81.58	0.001028	373.24	1.35	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1985	TO 2008	81.34	0.001005	373.11	1.36	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1984	TO 2008	81.30	0.000986	372.08	1.38	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1983	TO 2008	81.25	0.000967	369.84	1.39	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1982	TO 2008	80.30	0.000949	370.46	1.39	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1981	TO 2008	79.73	0.000931	368.11	1.41	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1980	TO 2008	78.44	0.000913	369.05	1.40	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1979	TO 2008	76.19	0.000900	373.41	1.35	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1978	TO 2008	74.42	0.000879	384.97	1.22	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1977	TO 2008	73.71	0.000857	388.71	1.19	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1976	TO 2008	72.91	0.000841	387.45	1.19	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1975	TO 2008	72.99	0.000820	387.05	1.20	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1974	TO 2008	73.18	0.000802	386.05	1.22	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1973	TO 2008	73.33	0.000784	383.89	1.23	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1972	TO 2008	73.37	0.000775	383.66	1.24	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1971	TO 2008	73.26	0.000767	382.90	1.25	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1970	TO 2008	73.00	0.000756	384.26	1.24	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1969	TO 2008	72.68	0.000749	384.58	1.24	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1968	TO 2008	72.54	0.000745	385.28	1.22	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1967	TO 2008	72.12	0.000740	386.19	1.21	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1966	TO 2008	71.73	0.000732	386.88	1.20	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1965	TO 2008	70.06	0.000727	390.36	1.16	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	
1964	TO 2008	69.93	0.000721	392.55	1.15	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00	

ACCOUNT 9740. Accessory Equipment on Cust PSC CASE 0

STUDY NO. 087400

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	69.65	0.000716	394.12	1.13	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1962	TO 2008	67.59	0.000763	395.76	1.11	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1961	TO 2008	59.96	0.000826	427.76	0.81	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1960	TO 2008	55.41	0.000865	459.32	0.51	0.00	0.000000	0.00	0.00	94.84	0.000748	274.67	-2.46
1959	TO 2008	55.14	0.000856	465.20	0.47	0.00	0.000000	0.00	0.00	89.61	0.000740	276.20	-2.01
1958	TO 2008	54.66	0.000854	469.27	0.44	0.00	0.000000	0.70	0.00	82.87	0.000732	278.14	-1.47
1957	TO 2008	54.08	0.000852	476.12	0.38	0.00	0.000000	0.00	0.00	78.21	0.000727	280.65	-1.23
1956	TO 2008	53.55	0.000852	482.68	0.33	0.00	0.000000	0.00	0.00	75.01	0.000724	283.30	-1.11
1955	TO 2008	53.01	0.000849	489.54	0.27	0.00	0.000000	0.00	0.00	71.78	0.000717	284.91	-0.99
1954	TO 2008	52.66	0.000846	492.75	0.23	0.00	0.000000	0.00	0.00	69.99	0.000712	286.47	-0.92
1953	TO 2008	52.34	0.000845	497.67	0.19	0.00	0.000000	0.00	0.00	68.90	0.000711	288.09	-0.92
1952	TO 2008	52.07	0.000835	506.01	0.12	0.00	0.000000	0.00	0.00	68.64	0.000705	290.66	-1.04
1951	TO 2008	51.71	0.000832	517.30	0.03	0.00	0.000000	0.00	0.00	66.47	0.000703	294.11	-0.99

ACCOUNT 9742. Installation of Meters and PSC CASE C

STUDY NO. 087420

SUMMARY OF ROLLING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1951	TO 1960	25.00	0.001457	614.10	-0.78	0.00	0.000000	0.00	0.00	24.80	0.001269	332.60	-0.06
1952	TO 1961	19.92	0.002090	504.43	0.12	0.00	0.000000	0.00	0.00	20.27	0.002020	402.07	0.19
1953	TO 1962	20.30	0.001905	480.41	0.35	0.00	0.000000	0.00	0.00	20.85	0.001836	496.32	0.10
1954	TO 1963	21.00	0.001887	478.51	0.34	0.00	0.000000	0.00	0.00	22.14	0.001778	566.93	-0.48
1955	TO 1964	21.93	0.001879	476.58	0.37	0.00	0.000000	0.00	0.00	41.84	0.001763	923.87	-2.60
1956	TO 1965	23.02	0.001797	471.23	0.40	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1957	TO 1966	23.55	0.001968	465.02	0.46	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1958	TO 1967	24.46	0.001910	459.85	0.51	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1959	TO 1968	25.63	0.001896	474.01	0.40	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1960	TO 1969	26.52	0.002020	461.95	0.50	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1961	TO 1970	28.95	0.002270	440.40	0.67	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1962	TO 1971	39.46	0.001549	442.27	0.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1963	TO 1972	43.26	0.001414	433.44	0.75	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1964	TO 1973	46.14	0.001117	434.53	0.73	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1965	TO 1974	49.21	0.001089	444.04	0.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1966	TO 1975	53.19	0.001093	446.54	0.63	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1967	TO 1976	51.89	0.001155	442.25	0.66	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1968	TO 1977	49.96	0.001120	421.31	0.86	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1969	TO 1978	44.23	0.001273	417.16	0.90	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1970	TO 1979	40.45	0.001264	421.53	0.84	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1971	TO 1980	40.34	0.001264	430.14	0.77	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1972	TO 1981	40.74	0.001114	438.19	0.70	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1973	TO 1982	40.13	0.001146	447.29	0.62	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1974	TO 1983	39.70	0.001156	454.63	0.56	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1975	TO 1984	40.01	0.001064	466.13	0.47	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1976	TO 1985	39.37	0.001064	476.27	0.36	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1977	TO 1986	41.04	0.001045	476.34	0.36	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1978	TO 1987	42.37	0.001122	487.32	-0.28	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1979	TO 1988	47.29	0.001119	470.50	0.42	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1980	TO 1989	56.02	0.000765	450.71	0.60	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1981	TO 1990	58.24	0.000719	449.01	0.62	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1982	TO 1991	59.73	0.000829	437.84	0.71	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1983	TO 1992	67.31	0.000807	443.47	0.67	65.99	0.000811	402.35	0.79	0.00	0.000000	0.00	0.00
1984	TO 1993	75.23	0.000754	456.61	0.55	70.19	0.000758	358.31	0.94	0.00	0.000000	0.00	0.00
1985	TO 1994	69.80	0.000822	456.31	0.55	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1986	TO 1995	78.03	0.000758	447.88	0.63	77.99	0.000762	445.59	0.63	0.00	0.000000	0.00	0.00
1987	TO 1996	81.19	0.000759	439.09	0.71	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1988	TO 1997	72.48	0.000897	427.01	0.81	0.00	0.000000	0.00	0.00	380.21	0.000869	200.81	-2.05
1989	TO 1998	79.34	0.000873	420.32	0.88	0.00	0.000000	0.00	0.00	178.98	0.000847	197.50	0.22
1990	TO 1999	72.62	0.000884	400.05	1.07	0.00	0.000000	0.00	0.00	98.74	0.000855	243.56	0.54
1991	TO 2000	81.21	0.000797	384.78	1.23	0.00	0.000000	0.00	0.00	104.54	0.000772	228.15	0.99
1992	TO 2001	88.94	0.000718	385.10	1.23	0.00	0.000000	0.00	0.00	123.63	0.000676	195.34	1.26
1993	TO 2002	90.89	0.000693	381.22	1.27	0.00	0.000000	0.00	0.00	116.32	0.000644	194.73	1.38
1994	TO 2003	91.69	0.000851	453.14	0.58	0.00	0.000000	0.00	0.00	83.12	0.000798	211.14	1.26
1995	TO 2004	110.96	0.000745	443.83	0.66	0.00	0.000000	0.00	0.00	90.95	0.000707	196.25	1.63

ACCOUNT 9742. Installation of Meters and PSC CASE 0 STUDY NO. 087420

SUMMARY OF ROLLING BANDS

YEAR	YEAR	FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
		AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1996 TO 2005		112.19	0.000705	429.18	0.80	0.00	0.000000	0.00	0.00	94.28	0.000664	192.51	1.68
1997 TO 2006		122.67	0.000765	416.16	0.91	0.00	0.000000	0.00	0.00	102.40	0.000741	187.01	1.86
1998 TO 2007		80.36	0.001642	361.51	1.49	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999 TO 2008		82.14	0.001467	359.75	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00

SUMMARY OF SHRINKING BANDS

FIRST DEGREE						SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
2008	TO 2008	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10	999.00	0.000000	99.95	5.10
2007	TO 2008	47.84	0.003442	329.20	1.91	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2006	TO 2008	57.28	0.002680	332.55	1.85	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2005	TO 2008	64.92	0.002315	335.02	1.83	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2004	TO 2008	71.36	0.002059	337.02	1.81	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2003	TO 2008	73.01	0.001913	359.52	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2002	TO 2008	78.09	0.001761	359.18	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2001	TO 2008	82.66	0.001631	359.91	1.51	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
2000	TO 2008	86.80	0.001532	360.02	1.51	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1999	TO 2008	82.14	0.001467	359.75	1.52	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1998	TO 2008	85.33	0.001408	360.37	1.51	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1997	TO 2008	78.73	0.001440	363.90	1.47	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1996	TO 2008	79.22	0.001361	364.19	1.45	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1995	TO 2008	81.50	0.001282	365.05	1.45	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1994	TO 2008	78.85	0.001219	365.91	1.44	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1993	TO 2008	80.73	0.001183	366.02	1.44	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1992	TO 2008	82.48	0.001152	365.53	1.44	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1991	TO 2008	81.78	0.001129	365.02	1.45	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1990	TO 2008	79.93	0.001123	367.19	1.43	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1989	TO 2008	80.33	0.001080	367.86	1.42	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1988	TO 2008	79.60	0.001060	368.70	1.41	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1987	TO 2008	78.44	0.001039	371.63	1.38	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1986	TO 2008	77.78	0.001025	372.18	1.36	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1985	TO 2008	76.87	0.001012	373.99	1.34	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1984	TO 2008	76.77	0.000990	374.49	1.34	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1983	TO 2008	76.15	0.000978	374.91	1.34	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1982	TO 2008	74.97	0.000973	376.83	1.32	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1981	TO 2008	74.32	0.000961	377.43	1.31	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1980	TO 2008	72.71	0.000956	380.29	1.28	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1979	TO 2008	69.75	0.000952	386.40	1.21	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1978	TO 2008	67.43	0.000952	392.27	1.15	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1977	TO 2008	66.48	0.000942	394.88	1.13	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1976	TO 2008	65.66	0.000940	396.74	1.10	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1975	TO 2008	65.86	0.000928	397.02	1.10	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1974	TO 2008	66.03	0.000912	396.03	1.10	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1973	TO 2008	66.28	0.000899	396.07	1.11	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1972	TO 2008	66.19	0.000894	396.60	1.11	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1971	TO 2008	65.95	0.000898	396.52	1.10	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1970	TO 2008	65.26	0.000894	397.66	1.09	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1969	TO 2008	64.82	0.000896	400.34	1.07	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1968	TO 2008	64.69	0.000889	401.16	1.05	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1967	TO 2008	64.32	0.000888	405.01	1.02	0.00	0.000000	0.00	0.00	0.00	0.000000	0.00	0.00
1966	TO 2008	63.94	0.000879	407.43	1.00	0.00	0.000000	0.00	0.00	450.98	0.000816	221.41	-2.60
1965	TO 2008	63.68	0.000874	409.08	0.98	0.00	0.000000	0.00	0.00	449.35	0.000810	222.21	-2.60
1964	TO 2008	63.51	0.000868	410.16	0.97	0.00	0.000000	0.00	0.00	448.16	0.000803	222.80	-2.60

ACCOUNT 9742. Installation of Meters and PSC CASE 0

STUDY NO. 087420

SUMMARY OF SHRINKING BANDS

		FIRST DEGREE				SECOND DEGREE				THIRD DEGREE			
YEAR	YEAR	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE	AVERAGE SERVICE LIFE (YEARS)	FIT INDEX	TERMINAL A/L RATIO (PERCENT)	EQUIV. H CURVE
1963	TO 2008	63.40	0.000860	412.43	0.95	0.00	0.000000	0.00	0.00	447.11	0.000796	223.32	-2.60
1962	TO 2008	62.77	0.000855	418.16	0.89	0.00	0.000000	0.00	0.00	441.43	0.000791	226.19	-2.60
1961	TO 2008	59.61	0.000881	435.35	0.74	0.00	0.000000	0.00	0.00	103.42	0.000792	250.91	-1.21
1960	TO 2008	58.48	0.000883	445.44	0.65	0.00	0.000000	0.00	0.00	85.72	0.000782	257.24	-0.62
1959	TO 2008	58.20	0.000879	451.03	0.60	0.00	0.000000	0.00	0.00	80.25	0.000776	258.57	-0.42
1958	TO 2008	57.79	0.000882	452.50	0.58	0.00	0.000000	0.00	0.00	77.28	0.000774	260.75	-0.34
1957	TO 2008	57.46	0.000879	458.60	0.52	0.00	0.000000	0.00	0.00	74.76	0.000770	262.85	-0.29
1956	TO 2008	57.31	0.000875	463.24	0.49	0.00	0.000000	0.00	0.00	74.06	0.000766	262.62	-0.29
1955	TO 2008	56.91	0.000875	468.24	0.44	0.00	0.000000	0.00	0.00	72.06	0.000765	265.76	-0.27
1954	TO 2008	56.63	0.000875	472.35	0.42	0.00	0.000000	0.00	0.00	70.42	0.000763	266.27	-0.24
1953	TO 2008	56.44	0.000872	473.96	0.39	0.00	0.000000	0.00	0.00	70.06	0.000759	267.62	-0.26
1952	TO 2008	56.30	0.000868	484.00	0.31	0.00	0.000000	0.00	0.00	69.09	0.000760	269.92	-0.29
1951	TO 2008	56.10	0.000864	491.05	0.26	0.00	0.000000	0.00	0.00	67.39	0.000755	270.80	-0.26

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. _____ 95

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM PLANT

SUMMARY OF HISTORICAL NET SALVAGE

NOVEMBER 2009

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE**

ACCOUNT	9714	STRUCTURES AND IMPROVEMENTS							
		BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	N E T S A L V A G E			
						PERCENTAGE OF BOOK COST RETIRED			
						ONE YEAR BAND	SHRINKING BAND ENDING		5 YEAR BAND
YEAR	\$\$	\$\$	\$\$	\$\$	%	2008	1984	%	
1984	28,176.09	1,809.92	-	(1,809.92)	(6.42)	(1,455.22)	(6.42)		
1985	59,412.03	7,500.00	-	(7,500.00)	(12.62)	(1,475.99)	(10.63)		
1986	24,000.00	5,920.00	-	(5,920.00)	(24.67)	(1,521.59)	(13.65)		
1987	-	6,000.00	-	(6,000.00)	**	(1,540.67)	(19.03)		
1988	10,223.94	225,831.30	-	(225,831.30)	(2,208.85)	(1,540.36)	(202.82)	(202.82)	
1989	-	121.65	-	(121.65)	**	(1,536.71)	(202.92)	(262.05)	
1990	25,655.85	(169,667.55)	13.92	169,681.47	661.38	(1,536.70)	(52.55)	(113.88)	
1991	5,291.28	56,521.85	-	(56,521.85)	(1,068.21)	(1,567.24)	(87.73)	(288.54)	
1992	-	100,951.50	-	(100,951.50)	**	(1,568.67)	(153.82)	(519.16)	
1993	16,599.96	23,442.41	-	(23,442.41)	(141.22)	(1,563.19)	(152.59)	(23.88)	
1994	-	-	-	-	0.00	(1,576.13)	(152.59)	(23.63)	
1995	-	22,982.19	-	(22,982.19)	**	(1,576.13)	(166.16)	(931.41)	
1996	60,008.32	6,573.80	-	(6,573.80)	(10.95)	(1,574.87)	(125.55)	(200.96)	
1997	16,364.57	25,796.73	-	(25,796.73)	(157.64)	(1,628.05)	(127.69)	(84.75)	
1998	78,346.09	579,548.13	-	(579,548.13)	(739.73)	(1,641.81)	(275.65)	(410.36)	
1999	202,864.51	70,001.60	-	(70,001.60)	(34.51)	(1,684.13)	(182.81)	(197.13)	
2000	21,115.88	564,032.33	-	(564,032.33)	(2,671.13)	(1,912.22)	(278.68)	(329.01)	
2001	64,629.39	168,415.48	-	(168,415.48)	(260.59)	(1,901.14)	(276.78)	(367.26)	
2002	19,039.33	1,432,308.35	-	(1,432,308.35)	(7,522.89)	(1,977.89)	(495.16)	(729.10)	
2003	40,450.24	1,257,334.72	-	(1,257,334.72)	(3,108.35)	(1,900.40)	(652.42)	(1,003.19)	
2004	173,151.74	562,779.52	-	(562,779.52)	(325.02)	(1,863.44)	(585.36)	(1,251.58)	
2005	284,517.41	3,465,997.01	-	(3,465,997.01)	(1,218.20)	(2,095.32)	(744.72)	(1,183.74)	
2006	245,963.18	1,214,291.58	-	(1,214,291.58)	(493.69)	(2,384.07)	(699.84)	(1,039.51)	
2007	106,551.16	4,481,847.58	925.16	(4,480,922.42)	(4,205.42)	(3,136.08)	(951.82)	(1,290.96)	
2008	511,742.39	14,910,687.05	1,419.04	(14,909,268.01)	(2,913.43)	(2,913.43)	(1,455.22)	(1,863.44)	
TOTAL	1,994,103.36	29,021,027.15	2,358.12	(29,018,669.03)	(1,455.22)				

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE**

ACCOUNT 9716 BOILER PLANT EQUIPMENT

YEAR	BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	N E T S A L V A G E			
					PERCENTAGE OF BOOK COST RETIRED			
					ONE YEAR	SHRINKING BAND ENDING		5 YEAR
					BAND	2008	1984	BAND
	\$\$	\$\$	\$\$	\$\$	%	%	%	%
1984	374,408.29	509,026.47	555.16	(508,471.31)	(135.81)	(103.40)	(135.81)	
1985	691,552.44	324,934.86	-	(324,934.86)	(46.99)	(103.10)	(78.18)	
1986	340,810.00	662,184.85	-	(662,184.85)	(194.30)	(104.08)	(106.31)	
1987	225,615.17	2,545,296.09	238.58	(2,545,057.51)	(1,128.05)	(103.30)	(247.53)	
1988	602,319.38	1,151,393.86	(339.60)	(1,151,733.46)	(191.22)	(97.36)	(232.35)	(232.35)
1989	400,134.74	2,095,561.56	-	(2,095,561.56)	(523.71)	(95.89)	(276.60)	(299.92)
1990	186,050.91	174,458.28	28.65	(174,429.63)	(93.75)	(91.38)	(264.54)	(377.73)
1991	93,721.86	161,700.63	-	(161,700.63)	(172.53)	(91.37)	(261.58)	(406.44)
1992	1,562,164.16	1,090,196.16	(135.52)	(1,090,331.68)	(69.80)	(91.17)	(194.66)	(164.31)
1993	98,388.40	2,040,982.65	1,150.00	(2,039,832.65)	(2,073.25)	(92.09)	(235.06)	(237.64)
1994	454,069.65	1,705,042.93	(4,325.92)	(1,709,368.85)	(376.46)	(86.68)	(247.82)	(216.16)
1995	973,827.66	532,154.45	-	(532,154.45)	(54.65)	(82.98)	(216.49)	(173.89)
1996	2,924,117.31	572,738.31	128,384.55	(444,353.76)	(15.20)	(83.78)	(150.55)	(96.73)
1997	4,498,167.72	1,147,806.47	162.70	(1,147,643.77)	(25.51)	(90.11)	(108.66)	(65.63)
1998	456,855.98	144,414.51	563.78	(143,850.73)	(31.49)	(100.81)	(106.12)	(42.74)
1999	819,868.17	283,363.61	-	(283,363.61)	(34.56)	(101.99)	(102.13)	(26.38)
2000	3,226,835.80	1,977,324.27	(9,174.53)	(1,986,498.80)	(61.56)	(104.13)	(94.83)	(33.59)
2001	3,313,208.16	655,173.16	-	(655,173.16)	(19.77)	(110.19)	(83.12)	(34.24)
2002	954,844.56	1,160,647.45	-	(1,160,647.45)	(121.55)	(125.66)	(84.77)	(48.22)
2003	5,753,646.69	1,603,271.44	217,870.73	(1,385,400.71)	(24.08)	(125.88)	(72.28)	(38.89)
2004	2,326,718.37	3,183,392.40	-	(3,183,392.40)	(136.82)	(172.19)	(77.24)	(53.75)
2005	4,201,070.02	2,277,193.47	-	(2,277,193.47)	(54.21)	(180.17)	(74.43)	(52.34)
2006	1,246,826.96	3,650,910.43	(58,791.56)	(3,709,701.99)	(297.53)	(266.67)	(82.22)	(80.90)
2007	3,440,610.99	4,599,595.17	(6,538.19)	(4,606,133.36)	(133.88)	(258.77)	(86.76)	(89.35)
2008	1,430,216.06	7,997,401.44	(927.18)	(7,998,328.62)	(559.24)	(559.24)	(103.40)	(172.19)
TOTAL	40,596,049.45	42,246,164.92	268,721.65	(41,977,443.27)	(103.40)			

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE

ACCOUNT	9718	ACCESSORY POWER EQUIPMENT	N E T S A L V A G E					
			BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	PERCENTAGE OF BOOK COST RETIRED		
						ONE YEAR	SHRINKING BAND ENDING	5 YEAR
						BAND	2008	1984
YEAR					AMOUNT			
	\$	\$	\$	\$	\$	%	%	%
1984	-	-	-	-	-	0.00	(38.52)	0.00
1985	16,183.97	35,431.00	-	(35,431.00)	(218.93)	(38.52)	(218.93)	
1986	-	(28,552.50)	-	28,552.50	**	(37.94)	(42.50)	
1987	27,350.88	1,106.80	-	(1,106.80)	(4.05)	(38.51)	(18.34)	
1988	90,036.07	6,747.21	2,281.40	(4,465.81)	(4.96)	(38.70)	(9.32)	(9.32)
1989	13,759.01	713.43	1,997.59	1,284.16	9.33	(39.32)	(7.58)	(7.58)
1990	-	-	-	-	0.00	(39.46)	(7.58)	18.50
1991	30,000.00	75,134.47	-	(75,134.47)	(250.45)	(39.46)	(48.67)	(49.29)
1992	52,505.08	3,658.23	-	(3,658.23)	(6.97)	(38.15)	(39.14)	(44.00)
1993	201,681.72	108,510.40	-	(108,510.40)	(53.80)	(38.49)	(45.99)	(62.43)
1994	-	-	-	-	0.00	(37.82)	(45.99)	(65.91)
1995	104,205.82	-	-	-	0.00	(37.82)	(37.05)	(48.23)
1996	41,722.42	-	-	-	0.00	(38.70)	(34.37)	(28.03)
1997	20,868.16	22,844.00	-	(22,844.00)	(109.47)	(39.06)	(36.99)	(35.65)
1998	-	1,320.00	-	(1,320.00)	**	(38.73)	(37.21)	(14.49)
1999	1,356,282.47	1,308.39	-	(1,308.39)	(0.10)	(38.70)	(11.46)	(1.67)
2000	48,454.23	37.50	(11,688.88)	(11,726.38)	(24.20)	(55.87)	(11.77)	(2.54)
2001	-	21,785.65	-	(21,785.65)	**	(56.38)	(12.85)	(4.14)
2002	1,737,268.88	69,317.52	-	(69,317.52)	(3.99)	(55.65)	(8.74)	(3.36)
2003	10,751.90	158,007.59	-	(158,007.59)	(1,469.58)	(126.66)	(12.92)	(8.31)
2004	76,473.70	251,151.70	-	(251,151.70)	(328.42)	(115.14)	(19.23)	(27.34)
2005	671,075.63	284,368.54	-	(284,368.54)	(42.38)	(101.28)	(22.68)	(31.44)
2006	262,511.18	312,728.72	-	(312,728.72)	(119.13)	(179.45)	(28.00)	(39.00)
2007	229,424.23	355,122.17	-	(355,122.17)	(154.79)	(244.55)	(33.83)	(108.89)
2008	13,762.20	239,599.87	-	(239,599.87)	(1,741.00)	(1,741.00)	(38.52)	(115.14)
TOTAL	5,004,317.55	1,920,340.69	(7,409.89)	(1,927,750.58)	(38.52)			

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE**

ACCOUNT	9720	MISCELLANEOUS STATION EQUIPMENT						
					N E T S A L V A G E			
						PERCENTAGE OF BOOK COST RETIRED		
	BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	ONE YEAR BAND	SHRINKING BAND	ENDING	5 YEAR BAND
YEAR	\$\$	\$\$	\$\$	\$\$	%	2008	1984	%
1984	-	-	-	-	0.00	(7.92)	0.00	
1985	-	-	-	-	0.00	(7.92)	0.00	
1986	-	-	-	-	0.00	(7.92)	0.00	
1987	29,141.78	9,195.67	-	(9,195.67)	(31.55)	(7.92)	(31.55)	
1988	20,023.32	850.00	-	(850.00)	(4.25)	(6.97)	(20.43)	(20.43)
1989	33,248.34	3,647.51	-	(3,647.51)	(10.97)	(7.05)	(16.62)	(16.62)
1990	-	7,384.87	-	(7,384.87)	**	(6.86)	(25.58)	(25.58)
1991	-	1,358.10	-	(1,358.10)	**	(5.76)	(27.22)	(27.22)
1992	-	-	-	-	0.00	(5.56)	(27.22)	(24.85)
1993	-	-	-	-	0.00	(5.56)	(27.22)	(37.27)
1994	-	-	-	-	0.00	(5.56)	(27.22)	**
1995	309,848.91	2,820.00	-	(2,820.00)	(0.91)	(5.56)	(6.44)	(1.35)
1996	-	-	-	-	0.00	(9.51)	(6.44)	(0.91)
1997	-	1,642.00	-	(1,642.00)	**	(9.51)	(6.86)	(1.44)
1998	-	-	-	-	0.00	(9.06)	(6.86)	(1.44)
1999	-	-	-	-	0.00	(9.06)	(6.86)	(1.44)
2000	-	-	-	-	0.00	(9.06)	(6.86)	**
2001	-	-	-	-	0.00	(9.06)	(6.86)	**
2002	-	12,858.49	-	(12,858.49)	**	(9.06)	(10.14)	**
2003	19,064.79	-	-	-	0.00	(5.54)	(9.67)	(67.45)
2004	-	-	-	-	0.00	(5.85)	(9.67)	(67.45)
2005	16,372.85	-	-	-	0.00	(5.85)	(9.30)	(36.28)
2006	15,072.98	20,232.64	-	(20,232.64)	(134.23)	(6.14)	(13.55)	(65.51)
2007	314,646.05	-	-	-	0.00	0.00	(7.92)	(5.54)
2008	-	-	-	-	0.00	0.00	(7.92)	(5.85)
TOTAL	757,419.02	59,989.28	-	(59,989.28)	(7.92)			

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE

ACCOUNT	9732	STRUCTURES AND IMPROVEMENTS						
		BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	N E T S A L V A G E		
						PERCENTAGE OF BOOK COST RETIRED		
						ONE YEAR BAND	SHRINKING BAND ENDING	5 YEAR BAND
YEAR		\$	\$	\$	\$	%	2008 %	1984 %
1984	-	-	-	-	-	0.00	(189.93)	0.00
1985	-	-	-	-	-	0.00	(189.93)	0.00
1986	-	-	-	-	-	0.00	(189.93)	0.00
1987	-	-	-	-	-	0.00	(189.93)	0.00
1988	-	-	-	-	-	0.00	(189.93)	0.00
1989	-	-	-	-	-	0.00	(189.93)	0.00
1990	-	-	-	-	-	0.00	(189.93)	0.00
1991	-	-	-	-	-	0.00	(189.93)	0.00
1992	-	-	-	-	-	0.00	(189.93)	0.00
1993	-	-	-	-	-	0.00	(189.93)	0.00
1994	-	-	-	-	-	0.00	(189.93)	0.00
1995	-	-	8,476.27	-	(8,476.27)	**	(189.93)	**
1996	5,520.79	-	-	-	-	0.00	(144.16)	(153.53)
1997	-	-	-	-	-	0.00	(205.38)	(153.53)
1998	-	-	-	-	-	0.00	(205.38)	(153.53)
1999	-	-	-	-	-	0.00	(205.38)	(153.53)
2000	-	-	-	-	-	0.00	(205.38)	(153.53)
2001	-	-	-	-	-	0.00	(205.38)	(153.53)
2002	-	-	-	-	-	0.00	(205.38)	(153.53)
2003	-	-	-	-	-	0.00	(205.38)	(153.53)
2004	-	-	-	-	-	0.00	(205.38)	(153.53)
2005	-	-	-	-	-	0.00	(205.38)	(153.53)
2006	-	-	-	-	-	0.00	(205.38)	(153.53)
2007	-	-	-	-	-	0.00	(205.38)	(153.53)
2008	13,000.00	26,700.00	-	(26,700.00)	(205.38)	(205.38)	(189.93)	(205.38)
TOTAL	18,520.79	35,176.27	-	(35,176.27)	(189.93)			

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE

ACCOUNT 9734 MAINS

YEAR	BOOK COST OF PLANT RETIRED \$\$	COST OF REMOVAL \$\$	SALVAGE \$\$	AMOUNT \$\$	N E T S A L V A G E			
					PERCENTAGE OF BOOK COST RETIRED			
					ONE YEAR	SHRINKING BAND ENDING		5 YEAR
					BAND	2008	1984	BAND
					%	%	%	%
1984	1,063,939.64	152,438.74	-	(152,438.74)	(14.33)	(131.73)	(14.33)	
1985	730,804.14	257,159.66	6.93	(257,152.73)	(35.19)	(133.90)	(22.82)	
1986	641,477.43	283,150.58	34.95	(283,115.63)	(44.13)	(135.17)	(28.43)	
1987	1,037,301.75	205,519.06	3,301.58	(202,217.48)	(19.49)	(136.21)	(25.76)	
1988	828,843.43	251,659.43	18,905.87	(232,753.56)	(28.08)	(138.41)	(26.21)	(26.21)
1989	799,133.13	369,160.30	-	(369,160.30)	(46.20)	(140.10)	(29.34)	(33.30)
1990	1,008,388.20	1,809,784.90	-	(1,809,784.90)	(179.47)	(141.51)	(54.12)	(67.14)
1991	2,676,764.61	2,637,753.39	9,867.61	(2,627,885.78)	(98.17)	(140.78)	(67.54)	(82.54)
1992	5,370,926.97	4,831,230.81	-	(4,831,230.81)	(89.95)	(143.07)	(76.04)	(92.39)
1993	3,775,747.26	4,989,662.65	-	(4,989,662.65)	(132.15)	(149.50)	(87.86)	(107.31)
1994	3,834,491.30	4,951,308.06	2,515.50	(4,948,792.56)	(129.06)	(151.11)	(95.11)	(115.25)
1995	4,504,900.90	4,781,543.63	15.00	(4,781,528.63)	(106.14)	(153.41)	(97.00)	(110.00)
1996	3,635,979.28	5,469,787.55	-	(5,469,787.55)	(150.44)	(160.02)	(103.50)	(118.46)
1997	3,076,153.34	4,277,386.08	-	(4,277,386.08)	(139.05)	(161.23)	(106.82)	(129.96)
1998	4,043,539.82	5,109,740.02	-	(5,109,740.02)	(126.37)	(163.90)	(108.95)	(128.76)
1999	4,651,820.14	5,031,790.68	-	(5,031,790.68)	(108.17)	(170.97)	(108.86)	(123.89)
2000	1,106,698.45	1,943,627.88	924.56	(1,942,703.32)	(175.54)	(188.31)	(110.59)	(132.20)
2001	1,020,248.54	1,385,349.75	136.14	(1,385,213.61)	(135.77)	(189.21)	(111.17)	(127.69)
2002	3,185,626.10	3,376,694.44	-	(3,376,694.44)	(106.00)	(192.91)	(110.82)	(120.26)
2003	1,039,018.32	3,555,363.72	-	(3,555,363.72)	(342.18)	(216.92)	(115.83)	(138.97)
2004	1,901,116.63	4,240,937.98	6,517.65	(4,234,420.33)	(222.73)	(204.52)	(119.90)	(175.63)
2005	2,131,064.46	2,754,172.57	56.79	(2,754,115.78)	(129.24)	(200.49)	(120.28)	(164.99)
2006	1,882,966.89	4,294,822.72	-	(4,294,822.72)	(228.09)	(223.99)	(124.04)	(179.64)
2007	2,017,494.91	3,801,659.06	-	(3,801,659.06)	(188.43)	(222.31)	(126.36)	(207.77)
2008	2,559,313.13	6,372,915.39	-	(6,372,915.39)	(249.01)	(249.01)	(131.73)	(204.52)
TOTAL	58,523,758.77	77,134,619.05	42,282.58	(77,092,336.47)	(131.73)			

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE**

ACCOUNT	9735	DESUPERHEATING EQUIPMENT						
		BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	N E T S A L V A G E		
						PERCENTAGE OF BOOK COST RETIRED		
						ONE YEAR BAND	SHRINKING BAND ENDING	5 YEAR BAND
YEAR		\$\$	\$\$	\$\$	\$\$	%	2008 %	1984 %
1984		2,550.00	-	-	-	0.00	(61.09)	0.00
1985		66,289.44	1,883.73	-	(1,883.73)	(2.84)	(61.13)	(2.74)
1986		858.39	28,152.00	-	(28,152.00)	(3,279.63)	(62.18)	(43.09)
1987		72,113.26	10,400.00	-	(10,400.00)	(14.42)	(61.43)	(28.51)
1988		45,973.22	-	-	-	0.00	(62.37)	(21.53)
1989		-	16,760.20	-	(16,760.20)	**	(63.18)	(30.46)
1990		14,768.38	10,107.25	-	(10,107.25)	(68.44)	(62.71)	(33.23)
1991		95,051.78	38,398.59	-	(38,398.59)	(40.40)	(62.68)	(35.52)
1992		216,682.94	276,872.04	-	(276,872.04)	(127.78)	(63.30)	(74.39)
1993		241,420.69	116,813.66	-	(116,813.66)	(48.39)	(58.96)	(66.08)
1994		159,634.94	(15,397.47)	-	15,397.47	9.65	(59.82)	(52.88)
1995		122,796.61	(7,818.70)	-	7,818.70	6.37	(63.75)	(45.87)
1996		1,350,019.58	23,294.28	-	(23,294.28)	(1.73)	(66.94)	(20.91)
1997		122,229.50	52,752.85	-	(52,752.85)	(43.16)	(132.28)	(22.00)
1998		100,122.20	251,636.96	235.31	(251,401.65)	(251.09)	(141.18)	(30.78)
1999		-	281,687.35	67.87	(281,619.48)	**	(131.39)	(41.57)
2000		-	34,187.78	2,817.84	(31,369.94)	**	(106.36)	(42.77)
2001		12,398.21	34,846.77	2,504.11	(32,342.66)	(260.87)	(103.58)	(43.80)
2002		127,793.64	36,758.10	-	(36,758.10)	(28.76)	(101.82)	(43.11)
2003		11,213.79	67,669.18	-	(67,669.18)	(603.45)	(111.30)	(45.38)
2004		-	160,738.59	-	(160,738.59)	**	(105.63)	(51.20)
2005		457,930.92	4,716.39	-	(4,716.39)	(1.03)	(89.13)	(44.07)
2006		-	1,186.86	-	(1,186.86)	**	(167.35)	(44.10)
2007		515,764.30	891,757.64	-	(891,757.64)	(172.90)	(167.11)	(61.88)
2008		-	(29,838.33)	-	29,838.33	**	**	(61.09)
TOTAL		3,735,611.79	2,287,565.72	5,625.13	(2,281,940.59)	(61.09)		(105.63)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE

ACCOUNT 9736 SERVICES

YEAR	BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	N E T S A L V A G E			
					PERCENTAGE OF BOOK COST RETIRED			
					ONE YEAR	SHRINKING BAND ENDING		5 YEAR
					BAND	2008	1984	BAND
	\$	\$	\$	\$	%	%	%	%
1984	395,552.23	227,917.52	-	(227,917.52)	(57.62)	(131.67)	(57.62)	
1985	100,724.13	160,249.70	-	(160,249.70)	(159.10)	(134.88)	(78.22)	
1986	177,241.96	182,784.92	0.07	(182,784.85)	(103.13)	(134.61)	(84.77)	
1987	1,244,514.68	129,315.01	-	(129,315.01)	(10.39)	(135.24)	(36.51)	
1988	202,121.02	127,565.70	1,111.99	(126,453.71)	(62.56)	(155.70)	(38.99)	(38.99)
1989	275,690.65	159,739.61	-	(159,739.61)	(57.94)	(158.24)	(41.17)	(37.92)
1990	230,967.35	111,164.22	-	(111,164.22)	(48.13)	(162.13)	(41.79)	(33.30)
1991	359,546.13	342,450.75	-	(342,450.75)	(95.25)	(165.95)	(48.22)	(37.58)
1992	345,326.36	465,105.92	105.30	(465,000.62)	(134.66)	(169.85)	(57.18)	(85.23)
1993	195,388.33	509,859.62	4,711.32	(505,148.30)	(258.54)	(171.81)	(68.33)	(112.55)
1994	186,874.67	391,587.87	537.15	(391,050.72)	(209.26)	(168.98)	(75.43)	(137.68)
1995	266,674.68	326,794.89	-	(326,794.89)	(122.54)	(167.68)	(78.58)	(149.98)
1996	400,636.29	655,586.42	-	(655,586.42)	(163.64)	(169.86)	(86.36)	(168.01)
1997	490,323.43	556,875.42	-	(556,875.42)	(113.57)	(170.35)	(89.10)	(158.16)
1998	430,934.10	669,689.02	-	(669,689.02)	(155.40)	(176.34)	(94.49)	(146.44)
1999	571,657.97	1,033,498.15	-	(1,033,498.15)	(180.79)	(178.49)	(102.89)	(150.10)
2000	138,242.27	509,998.26	-	(509,998.26)	(368.92)	(178.12)	(109.00)	(168.60)
2001	160,470.02	1,023,533.27	-	(1,023,533.27)	(637.83)	(170.59)	(122.75)	(211.74)
2002	259,525.26	806,032.15	-	(806,032.15)	(310.58)	(148.14)	(130.33)	(259.01)
2003	330,158.86	963,888.79	-	(963,888.79)	(291.95)	(134.46)	(138.22)	(297.04)
2004	282,391.79	422,190.76	-	(422,190.76)	(149.51)	(115.55)	(138.67)	(318.22)
2005	280,549.76	915,121.54	614.10	(914,507.44)	(325.97)	(111.67)	(145.84)	(314.54)
2006	903,472.45	1,215,254.91	-	(1,215,254.91)	(134.51)	(84.18)	(144.60)	(210.20)
2007	657,918.45	242,740.21	-	(242,740.21)	(36.90)	(48.77)	(136.63)	(153.13)
2008	626,038.90	383,401.50	-	(383,401.50)	(61.24)	(61.24)	(131.67)	(115.55)
TOTAL	9,512,941.74	12,532,346.13	7,079.93	(12,525,266.20)	(131.67)			

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE

ACCOUNT	9738	METERS	N E T S A L V A G E						
	BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	PERCENTAGE OF BOOK COST RETIRED				
YEAR					ONE YEAR BAND	SHRINKING BAND ENDING		5 YEAR BAND	
	\$\$	\$\$	\$\$	\$\$	%	2008	1984	%	
1984	8,969.93	-	-	-	0.00	(4.80)	0.00		
1985	4,451.80	-	289.51	289.51	6.50	(4.82)	2.16		
1986	20,580.17	-	800.00	800.00	3.89	(4.84)	3.20		
1987	14,843.06	-	1,000.00	1,000.00	6.74	(4.91)	4.28		
1988	10,943.79	-	-	-	0.00	(4.98)	3.49	3.49	
1989	96,715.62	(587.00)	-	587.00	0.61	(5.00)	1.71	1.81	
1990	14,452.73	-	-	-	0.00	(5.22)	1.57	1.52	
1991	9,658.36	-	-	-	0.00	(5.25)	1.48	1.08	
1992	272,430.34	94.26	2,026.27	1,932.01	0.71	(5.28)	1.02	0.62	
1993	182.78	-	-	-	0.00	(6.05)	1.02	0.64	
1994	2,678.68	1,774.50	-	(1,774.50)	(66.25)	(6.05)	0.62	0.05	
1995	7,273.31	105.50	-	(105.50)	(1.45)	(5.97)	0.59	0.02	
1996	34,578.25	-	-	-	0.00	(5.99)	0.55	0.02	
1997	16,912.75	671.00	-	(671.00)	(3.97)	(6.09)	0.40	(4.14)	
1998	31,940.45	140.00	-	(140.00)	(0.44)	(6.10)	0.35	(2.88)	
1999	58,492.95	-	-	-	0.00	(6.19)	0.32	(0.61)	
2000	61,261.33	-	-	-	0.00	(6.38)	0.29	(0.40)	
2001	107,515.80	-	-	-	0.00	(6.58)	0.25	(0.29)	
2002	168,789.93	422.23	-	(422.23)	(0.25)	(6.97)	0.16	(0.13)	
2003	120,235.28	1,474.00	-	(1,474.00)	(1.23)	(7.67)	0.00	(0.37)	
2004	1,169,694.87	-	-	-	0.00	(8.19)	0.00	(0.12)	
2005	96,036.85	1,903.41	-	(1,903.41)	(1.98)	(36.41)	(0.08)	(0.23)	
2006	238,336.91	36,216.16	-	(36,216.16)	(15.20)	(50.02)	(1.48)	(2.23)	
2007	4,779.27	31,205.30	-	(31,205.30)	(652.93)	(1,786.53)	(2.69)	(4.35)	
2008	-	54,177.59	-	(54,177.59)	**	**	(4.80)	(8.19)	
TOTAL	2,571,755.21	127,596.95	4,115.78	(123,481.17)	(4.80)				

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE

ACCOUNT 9740 ACCESSORY EQUIPMENT ON CUST. PREMISES

YEAR	BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	N E T S A L V A G E			
					PERCENTAGE OF BOOK COST RETIRED			
					ONE YEAR	SHRINKING BAND ENDING		5 YEAR
					BAND	2008	1984	BAND
	\$	\$	\$	\$	%	%	%	%
1984	7,610.73	-	-	-	0.00	(94.22)	0.00	
1985	9,867.55	17,605.80	-	(17,605.80)	(178.42)	(96.16)	(100.73)	
1986	12,882.00	5,191.20	-	(5,191.20)	(40.30)	(93.90)	(75.09)	
1987	23,254.06	-	-	-	0.00	(95.90)	(42.52)	
1988	16,989.29	-	-	-	0.00	(102.82)	(32.29)	(32.29)
1989	11,440.19	-	-	-	0.00	(108.54)	(27.79)	(30.63)
1990	24,369.04	-	-	-	0.00	(112.76)	(21.42)	(5.84)
1991	5,993.09	-	-	-	0.00	(122.96)	(20.28)	0.00
1992	-	-	878.37	878.37	**	(125.75)	(19.50)	1.49
1993	-	-	-	-	0.00	(126.09)	(19.50)	2.10
1994	27,728.91	-	-	-	0.00	(126.09)	(15.64)	1.51
1995	-	1,438.00	-	(1,438.00)	**	(140.91)	(16.67)	(1.66)
1996	12,567.49	17,886.35	-	(17,886.35)	(142.32)	(140.30)	(27.01)	(45.78)
1997	55,914.46	16,785.61	-	(16,785.61)	(30.02)	(140.19)	(27.82)	(37.53)
1998	-	24,158.14	-	(24,158.14)	**	(177.00)	(39.40)	(62.64)
1999	19,950.54	9,857.66	-	(9,857.66)	(49.41)	(162.56)	(40.27)	(79.30)
2000	-	-	-	-	0.00	(177.88)	(40.27)	(77.67)
2001	-	-	-	-	0.00	(177.88)	(40.27)	(66.96)
2002	-	-	-	-	0.00	(177.88)	(40.27)	(170.50)
2003	39,468.83	261,099.34	-	(261,099.34)	(661.53)	(177.88)	(131.75)	(456.01)
2004	-	-	-	-	0.00	(0.99)	(131.75)	(661.53)
2005	-	-	-	-	0.00	(0.99)	(131.75)	(661.53)
2006	-	-	-	-	0.00	(0.99)	(131.75)	(661.53)
2007	107,913.49	-	-	-	0.00	(0.99)	(93.93)	(177.16)
2008	-	1,065.96	-	(1,065.96)	**	**	(94.22)	(0.99)
TOTAL	375,949.67	355,088.06	878.37	(354,209.69)	(94.22)			

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HISTORICAL NET SALVAGE

ACCOUNT		9742 INSTALLATION OF METERS & ACCESS. EQUIPMENT						
YEAR	BOOK COST OF PLANT RETIRED	COST OF REMOVAL	SALVAGE	AMOUNT	N E T S A L V A G E			
					PERCENTAGE OF BOOK COST RETIRED			
					ONE YEAR BAND	SHRINKING BAND	ENDING	5 YEAR BAND
	\$	\$	\$	\$	%	2008	1984	%
1984	37,729.48	3,173.00	-	(3,173.00)	(8.41)	(81.87)	(8.41)	
1985	75,656.93	2,103.50	-	(2,103.50)	(2.78)	(83.95)	(4.65)	
1986	63,052.80	6,929.64	-	(6,929.64)	(10.99)	(88.85)	(6.92)	
1987	86,198.65	4,842.20	93.60	(4,748.60)	(5.51)	(92.96)	(6.46)	
1988	59,061.82	4,625.55	-	(4,625.55)	(7.83)	(99.78)	(6.71)	(6.71)
1989	13,386.54	7,274.95	-	(7,274.95)	(54.35)	(104.96)	(8.61)	(8.64)
1990	92,918.22	5,504.40	-	(5,504.40)	(5.92)	(105.62)	(8.03)	(9.24)
1991	40,485.26	1,426.77	-	(1,426.77)	(3.52)	(115.46)	(7.64)	(8.07)
1992	-	5,596.66	-	(5,596.66)	**	(120.49)	(8.83)	(11.87)
1993	-	3,783.42	-	(3,783.42)	**	(119.87)	(9.64)	(16.07)
1994	97,892.69	2,837.68	-	(2,837.68)	(2.90)	(119.45)	(8.48)	(8.28)
1995	-	6,919.30	-	(6,919.30)	**	(133.67)	(9.70)	(14.86)
1996	41,054.62	20,611.87	-	(20,611.87)	(50.21)	(132.81)	(12.44)	(28.61)
1997	169,106.75	6,137.34	-	(6,137.34)	(3.63)	(137.26)	(10.52)	(13.08)
1998	-	41,348.48	-	(41,348.48)	**	(175.40)	(15.84)	(25.27)
1999	92,778.93	81,874.99	-	(81,874.99)	(88.25)	(168.42)	(23.57)	(51.79)
2000	-	120,771.19	-	(120,771.19)	**	(183.31)	(37.46)	(89.37)
2001	-	19,323.64	-	(19,323.64)	**	(159.14)	(39.69)	(102.89)
2002	-	177,661.47	-	(177,661.47)	**	(155.27)	(60.12)	(475.30)
2003	179,718.79	154,647.68	-	(154,647.68)	(86.05)	(119.72)	(64.56)	(203.41)
2004	-	81,102.84	-	(81,102.84)	**	(138.63)	(72.29)	(307.98)
2005	-	55,661.32	-	(55,661.32)	**	(113.28)	(77.60)	(271.76)
2006	-	131,409.59	-	(131,409.59)	**	(95.88)	(90.13)	(334.12)
2007	319,940.19	98,521.28	-	(98,521.28)	(30.79)	(54.81)	(76.26)	(104.34)
2008	-	76,825.76	-	(76,825.76)	**	**	(81.87)	(138.63)
TOTAL	1,368,981.67	1,120,914.52	93.60	(1,120,820.92)	(81.87)			

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 96

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

**ANNUAL PSC SHOWING ON PROPERTY TAXES -
FOR THE YEARS 2002 THROUGH 2008**

NOVEMBER 2009



Joseph C. DePiano
Vice President, Tax

March 30, 2009

Ms. Doris Stout
Acting Director of Accounting and Finance
NYS Department of Public Service
3 Empire State Plaza - 6th Floor
Albany, New York 12223

Re: Consolidated Edison Company of New York, Inc.
Orange & Rockland Utilities, Inc.
PSC Showing on Property Taxes – Year 2008

Dear Ms. Stout:

Enclosed please find the annual showing of the ongoing efforts made by Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. to reduce their property tax obligations.

We plan to continue filing such reports each year. If you have any questions, please do not hesitate to contact me at (212) 460-2689.

Very truly yours,

Enclosure

cc: John Scherer
Robert Burke
Timothy Canty
Robert Heglund
Edward Rasmussen
Richard Kane
William Talbot
Charles Hutcheson

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

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**Annual Report on
Property Tax Reduction Efforts - 2008**

Introduction

This report documents the efforts taken in 2008 by Consolidated Edison Company of New York, Inc. ("Con Edison") and Orange and Rockland Utilities, Inc. ("Orange and Rockland") to reduce their property tax obligations.¹ The property taxes paid by Con Edison and Orange and Rockland are based on the "value" of property and include taxes on land and the structures erected or affixed to the land. In New York State, utilities also pay property taxes on utility equipment located on land we own. In addition, we pay property taxes on our equipment located on, under, or above the public streets and highways, known as special franchise taxes.

We challenge our property tax assessments through complaints, and, if necessary, full litigation when we determine that our property is valued by tax assessors above a range of reasonableness. We determine what a reasonable range is by independently computing value and comparing it to the actual market value of the property included on the assessment roll. We also compute the estimated taxes on the computed market value and compare that to the amount billed. Based on these analyses, the Companies determine whether to challenge the property tax assessments by commencing litigation against the taxing authority.

In New York State, public utility property is valued under a method known as the "Cost Approach." Historically, New York State Real Property Tax Law and the courts have held that utility property should be valued under this approach. The New York City Assessor, the Office of Real Property Services ("ORPS"), and some, but not all other assessors in the State, determine value by using an assessment methodology known as Reproduction Cost New Less Depreciation, or RCNLD, for utility property. RCNLD calculates what it would cost to reproduce property at current construction costs, subtracts an allowance for depreciation and obsolescence, if any, and adds-in the value of land to arrive at a "value" for the entire property. RCNLD is used only to value certain of our structures and all of our equipment. The value of land is determined by comparable sales data.

¹ The filing of this annual showing is required by Con Edison's current gas and steam rate plans, Case 06-G-1332, Joint Proposal, Section E.3 and Case 07-S-1315, Joint Proposal, Section F.5. Information is, however, also provided in this report regarding the property tax reduction efforts by Orange and Rockland as well as by Con Edison to reduce its property tax liability for electric service.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Exhibit __ (CH-4)
Page 4 of 51

**Annual Report on
Property Tax Reduction Efforts - 2008**

Property Tax Settlements in 2008

Although some still require final court approval, Con Edison negotiated four new property tax settlements with the City of New Rochelle, and the Towns of East Fishkill, Ossining, and Harrison. Discussions with other municipalities remain active, but negotiations with the Town of Pleasant Valley have ceased and the Company is awaiting a trial date with the Town.

In New Rochelle, the settlement covered the Company's Cedar Street substation and various distribution equipment located on private property throughout the city. Litigation had been commenced for years 2004 through 2007. The settlement will provide cash refunds of approximately \$1.4 million and will immediately reduce assessments for years 2008 through 2010 by 44%. Based on information available at the time of the settlement, the annual tax savings for those three years will amount to approximately \$575,000 or \$1.725 million over the life of the agreement.

Con Edison has reached agreement with East Fishkill on a settlement currently pending approval by the court. The East Fishkill settlement was the result of litigation on the East Fishkill substation and the Company's D and K transmission lines running through the town. Years 2004 through 2006 were in litigation and the settlement included a partial refund of those years totaling \$1.5 million. The school district asked and we agreed to allow it to pay its share of the refund over two years. For 2007, the town had previously agreed to value our property under RCNLD, in fact using the assessments provided by ORPS via an advisory opinion which the town had requested as a result of a town-wide revaluation.

In the Town of Ossining, our litigation was in connection with overvaluations on the Ossining substation. Since the town assesses the substation for the Village of Ossining, the benefits also apply to our tax liability for the Village. The settlement included refunds of approximately \$430,000 for the contested assessment years 2005 through 2007 along with future assessment reductions that cut the existing assessment in half. The immediate annual tax savings for years 2008 through 2010, based on information known at the time of the settlement, total \$363,000, or about \$1.1 million over the course of the three-year agreement.

Con Edison has also reached agreement with the Town of Harrison on a settlement currently pending approval by the court. This settlement resolves litigation with the Town of Harrison on the Harrison substation and various other distribution equipment located on private property in the town. The settlement includes a refund of approximately \$1.1 million as well as assessment reductions

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2008**

totaling 44% on the properties covering years beginning in assessment year 2009 and frozen through 2012. The annual property tax savings due to the lower assessments will total approximately \$500,000 based on rates in effect at the time of the agreement. Therefore, savings over the course of the agreement will total over \$2 million in addition to the cash refund. Due to requests from the school district and the Town, we have agreed to allow the refunds to be delayed until their budgets for next year are finalized to allow them to fund the cash refunds.

On Con Edison's special franchise property, we have again filed for certain tax benefits on steam plant facilities regarding economic obsolescence, functional obsolescence on gas plant, and valuation adjustments on all of our facilities in the vicinity of the World Trade Center site. We were again approved for assessment reductions for each of the three applications. New for 2008 was notification of an approval for economic obsolescence on our electric facilities.

Regarding economic obsolescence, steam facilities were approved for a 25% reduction, a decrease of 1% from last year's benefit. This benefit will be effective for fiscal year 2009/2010 and is estimated to provide a tax benefit of \$9 million, assuming no change in tax rates. The benefit for electric facilities was approved at 1%, and is estimated to provide tax savings of \$6.7 million for 2009/2010, again assuming no change in tax rates.

The Company again received a functional obsolescence benefit for excess capacity in the gas system in certain areas of Manhattan, Bronx, and Queens. This reduction is based on a study that Con Edison submits to ORPS every five years that will need to be updated again in 2010. We estimate that this benefit will result in estimated tax savings of approximately \$4.4 million based on existing tax rates.

The tax benefits regarding the facilities surrounding the World Trade Center are expected to save approximately \$2.4 million in taxes for 2009/2010. That benefit is from a filing we make annually to ORPS related to our efforts to hold the line on taxes related to the installation of new facilities made necessary by the attack. Because the market value of the new facilities has been higher than the market value of the facilities that were destroyed in the attack, the Company's taxes increased when such new equipment was installed because the new facilities do not have the benefit of a significant depreciation allowance. Our annual filing requests that the replacement facilities be taxed at the same value as the destroyed facilities since we believe our taxes should not be increased as a result of the attack. ORPS has approved our requests each year since we first filed for them.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

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**Annual Report on
Property Tax Reduction Efforts - 2008**

Industrial and Commercial Incentive Program

Industrial and Commercial Incentive Program ("ICIP") benefits were created to encourage the development, expansion, and preservation of commercial and industrial real estate in the City of New York. The ICIP grants a property tax exemption of the additional real property taxes that would otherwise be payable as a result of eligible industrial and commercial construction work. Capital projects in Regular Exemption Areas are entitled to a 15 year exemption, while projects in Special Exemption Areas are entitled to a 25 year tax exemption, and projects in Renovation Exemption Areas are entitled to a 12 year tax exemption.

The ICIP expired as of June 30, 2008, and a replacement program, the Industrial and Commercial Abatement Program, was created. This new program specifically excludes utility companies from eligibility. The Company and other groups had vigorously opposed the new legislation that allowed the ICIP program to expire, but were unsuccessful. Nonetheless, the Company is eligible to receive ICIP exemptions for all pending projects that were grandfathered under the ICIP for the duration of their tax exemption period, and, in the days before the program expired, the Company filed a new application in an effort to secure benefits for a repowering project at the Hudson Avenue station.

During 2008, three Con Edison projects that had applications pending received approval for ICIP tax benefits including the construction of the new Parkview substation as well as substation upgrade projects at Woodrow and Fox Hills. To date Con Edison has eleven projects currently receiving ICIP benefits that will provide an estimated tax benefit, based on current rates, totaling more than \$55 million for fiscal year 2009/2010 alone. For all projects that we have applied for before the program had expired, the potential property tax savings over the duration of the exemption period amounts to more than \$1.3 billion.

Current Activities

Con Edison has active administrative complaints with the cities of New York and White Plains and the towns of Greenburgh, LaGrange, and Wappinger. O&R has active complaints against the towns of Middletown and Monroe and the Village of Hillburn.

Settlement discussions are at various stages with most of those municipalities and our goal is to avoid litigation by arriving at a settlement of our differences before a trial is considered. During 2008, in addition to continuing

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2008**

actions against municipalities with open complaints, we filed new actions on Company facilities protesting our assessments in Greenburgh and Peekskill.

In addition to challenges to overassessments, during the year the Company has pursued other activities in an attempt to ease our property tax burden in the longer term. A short description of those activities follows:

- In New York City, the Company has proceedings pending in the Supreme Court of various counties challenging the assessments on certain of the Company's non special franchise properties for the years 1994/1995 through 2008/2009. Shortly after the conclusion of successful litigation covering the Arthur Kill Generating Station, we met with the City in an effort to reach a global settlement of all of the Company's outstanding litigation. Those discussions have and continue to progress. Notwithstanding pursuit of a settlement, cases for three of the Company's former or current stations – Ravenswood, Astoria, and Hudson Avenue - are on the court calendar, while the Queens cases have had appraisal exchange and trial dates set.
- We have been pursuing a strategy to merge the utility class, class 3 which contains most of the Company's property, with class 4, the general class that includes all property except utility property and homes and condominiums, in the hope of lowering our tax liability. We have approached various officials and legislators in City and State government, in addition to seeking support from other interested business groups. We have explained the benefits to the City's economics by pointing out the benefits of lower utility bills to attract and keep business while demonstrating to the City that our proposal is revenue neutral.

Before attempting this initiative, we reviewed whether we have a litigation opportunity to contest the constitutionality of the class system, but were advised by outside counsel from a legal standpoint it was not likely we could succeed in such a challenge. We briefed key staff at DPS of the issue as well. If successful in this effort, the Company and our customers could benefit by way of significant tax reductions in the short-term since the tax rates are currently beneficial to us for a merger. In addition, we would have the benefit of protection from being part of a much larger class since we currently make up such a large share of the utility class. We could also benefit from transition assessments, which we currently do not receive in the utility class. Transition assessments allow large increases to be phased-in over a five-year period to soften the impact of a sudden spike in values.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

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**Annual Report on
Property Tax Reduction Efforts - 2008**

- Recently there was a significant increase in the Company's New York City electric property tax assessments caused principally by unanticipated increases in commodity prices, particularly copper, as well as higher transformer costs that directly affected an index known as the Handy-Whitman Index ("HWI") that is often used to compute assessments. This increase affected the Company's tax liability beginning in fiscal 2008/2009. In an effort to investigate the causes, we met with representatives of the Handy-Whitman Company to discuss the composition and drivers of their published indexes. Because our higher property taxes were also driven by tax rate increases, we also met with representatives from the New York City Council staff to discuss the City's annual Tax Fixing Resolution, a process that determines the tax rate to be assigned to each of the four property classes. Lastly, we filed a complaint with the State Board of Real Property Services challenging the special franchise portion of the assessment increase, but the Board ruled that ORPS properly applied their existing procedures to value our property, which included applying the HWI, which is viewed as the authoritative tool for trending electric utility property.
- The Company elected to prepay its full year's New York City property tax liability at the beginning of the 2008/2009 fiscal year in order to take advantage of a discount for doing so. As a result, our tax payment to New York City was reduced by \$13.9 million for the discount.

Continuing Benefits from Earlier Agreements

Because it is difficult to obtain cash refunds from cash strapped municipalities during the settlement process, we often structure our settlements to secure a partial refund as well as future assessment reductions. Therefore, benefits from past settlements often continue into the future, and prior settlements for Con Edison with Carmel, Cortlandt, Elmsford, Greenburgh, Mt. Kisco, Mt. Pleasant, Mt. Vernon, New Castle, Ramapo, Stony Point, Yonkers, and Yorktown continue to provide tax savings in 2008. For Orange and Rockland, past settlements in Clarkstown, Forestburgh, Hillburn, Haverstraw, Orangetown, Ramapo, and Wawayanda also continue to provide current benefits. All of these settlements were previously described in detail in prior annual reports on our efforts. Even after a settlement runs its course, the municipalities have historically kept the lower negotiated assessments in place thereby continuing to provide property tax benefits for many years. We continue to monitor assessments even after the end of an agreement to ensure that assessments remain fair.



Joseph C. DePiano
Vice President, Tax

March 31, 2008

Charles M. Dickson
Director – Accounting & Finance
Department of Public Service
Three Empire State Plaza – 6th Floor
Albany, New York 12223-1350

Re: Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
PSC Showing on Property Taxes – Year 2007

Dear Mr. Dickson:

Enclosed please find the annual showing of the ongoing efforts made by Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. to reduce their property tax obligations.

We plan to continue filing such reports each year. If you have any questions, please do not hesitate to contact me at (212) 460-2689.

Very truly yours,

Joseph C. DePiano

Enclosures

cc: John Scherer
Robert Burke
Robert Hoglund
Edward Rasmussen
Richard Muzikar
William Talbot
Charles Hutcheson

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2007**

Introduction

The property taxes paid by Con Edison and Orange and Rockland are based on the "value" of property and include taxes on land and the structures erected or affixed to the land. In New York State, utilities also pay property taxes on utility equipment located on land we own. In addition, we pay property taxes on our equipment located on, under, or above the public streets and highways, known as special franchise taxes.

In New York State, public utility property is valued under a method known as the "Cost Approach." Historically, New York State Real Property Tax Law and the courts have held that utility property should be valued under this approach. The New York City Assessor, the Office of Real Property Services ("ORPS"), and some, but not all other assessors in the State determine value by using a Reproduction Cost New Less Depreciation ("RCNLD") methodology for utility property. RCNLD calculates what it would cost to reproduce property at current construction costs, subtracts an allowance for depreciation and obsolescence, (if any), and adds-in the value of land to arrive at a "value" for the entire property. RCNLD is used only to value certain of our structures and all of our equipment. The value of land is determined by comparable sales data. Annually, we review our property assessments to determine if they fall within a range of reasonableness when calculated under RCNLD. If the actual assessments substantially vary from our RCNLD calculations, we file complaints to formally protect our rights and those of our customers.

Property Tax Settlements and Decisions

Con Edison:

The proceedings covering the Arthur Kill Generating Station for 1994/95 through 1998/99 were finally culminated after many years of effort. The proceedings were originally tried in February 2004 followed by two additional appeals in the ensuing years. In June 2007 the final appeal was decided in the Company's favor and after some additional court appearances, which were needed to try to collect the judgment, the refund was finally secured in February 2008 in the amount of \$13.462 million, including statutory interest. A Notification of Property Tax Refund and Proposed Disposition of Benefits was filed with the Commission in

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2007**

August 2007 that more fully describes the Arthur Kill litigation. In March 2008, the Company also notified the Commission of the receipt of the property tax refund with the proposed final accounting for the disposition to customers.

In 2007 Con Edison reached agreements with the Towns of Stony Point, Carmel, Mt. Kisco, Mt. Pleasant, and the City of Mt. Vernon.

The Stony Point settlement was approved by the Town Board in November 2007 and was approved by court judgment in January 2008. The settlement will result in a refund of \$1.46 million for the 2004 to 2006 assessment rolls as well as estimated cumulative tax savings over the term of the agreement totaling \$9.7 million. A detailed discussion of the Company's efforts to arrive at this settlement as well as a description of the estimated benefits may be found in the Notification of Property Tax Refund and Proposed Disposition of Benefits filed with the Commission in March 2008.

Con Edison reached an agreement with the Town of Carmel in October 2007 on transmission lines located in the Town. Pursuant to the settlement terms, the Company will receive a refund of \$235,750 for the 2004 to 2006 assessment rolls. The 2007 assessments will be reduced from \$7,537,905 to \$3,155,905 and remain frozen at that level through the 2010 roll. The estimated cumulative tax savings on this agreement total \$1.078 million. At this time, the Company is awaiting the Court's approval of the Stipulation and Order of Settlement.

Regarding the Town of Mt. Pleasant, the agreement is a result of our attempts to lower the assessment on the Company's Pleasantville Substation. We negotiated a reduction from \$776,500 to \$389,200 that will be frozen at that level through the 2010 assessment roll. In addition the Company negotiated a refund of \$433,760 for the 2004 to 2006 assessment rolls. The estimated cumulative tax savings based on current tax rates is \$2.3 million for this agreement. This agreement was approved by the Company in November 2007 but we have not yet received the court's approval.

Our settlement with the Town of Mt. Kisco relates to over-assessments of various distribution equipment located on private property and resulted in a partial refund amounting to \$40,140 applicable to the 2005 and 2006 assessment rolls. On a going forward basis, the assessments will be reduced for the 2007 roll from \$914,087 to \$190,000 and will remain frozen for three years thereafter. The

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2007**

estimated future tax benefits for 2007-2010 amount to \$220,000. The Company is awaiting final court approval.

The City of Mt. Vernon agreement was the result of a tax proceeding initiated to reduce assessments on the Washington Street Substation and various distribution equipment located on private property throughout the City. The assessments will be reduced from a combined total of \$1,048,519 to \$482,423 for the 2007 assessment roll. That lower assessment level will remain for three years. In addition to those lower assessments, we negotiated a partial refund of the back years (2004 through 2006) that yield a cash refund of approximately \$1.4 million. The refund plus forward-looking tax reductions will combine to produce savings over the term of this agreement of approximately \$3.68 million. Although the Company approved this settlement in November, it was only recently approved by the Mt. Vernon City Council in March 2008 and still requires approval by the Court. Upon final approval, the Company will determine if the agreement meets the reporting thresholds for a formal Notification to the Commission.

In 2007, as in the recent past, we filed for tax benefits on the Company's New York City special franchise property due to economic obsolescence on Steam Plant, functional obsolescence on Gas Plant, and valuation adjustments on expenditures made in connection with the restoration at the World Trade Center site. In November 2007 we received notice from ORPS that their review of the Company's submissions for tax relief was completed.

ORPS approved our request for a reduction due to economic obsolescence in connection with Con Edison's steam plant facilities as a result of a provision that allows the company to file when the overall steam return is judged to be inadequate under the economic obsolescence rules. Con Edison received an obsolescence factor on the steam plant of 26% for the 2008/09 fiscal year. This benefit is less than the 30% reduction we received last year. We estimate the 2008/09 tax benefit to Con Edison's customers will amount to \$8.25 million based on current tax rates. The benefit is based on a 5-year average rate of return (achieved vs. required).

Con Edison received a tax benefit for functional obsolescence for excess capacity in the gas system in certain areas of Manhattan, Bronx, and Queens. This reduction is based on a study that Con Edison submits to ORPS every five years. This was the study's third year of usage. The 2008/09 assessment reductions will

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2007**

result in an estimated tax benefit of approximately \$3.6 million based on existing tax rates.

The third benefit received from our ORPS filing is related to our efforts to hold the line on taxes related to the installation of new facilities made necessary by the World Trade Center attack. Because the market value of the new facilities is higher than the market value of the facilities that were destroyed in the attack, the Company's taxes increased when such new equipment was installed. This is because the new facilities do not have the benefit of a depreciation allowance that lowers market value. We filed with ORPS requesting that taxes on these facilities be held at the previous level. ORPS approved reductions in the form of cost modifiers that are applied to various accounts covering assets in the electric, gas, and steam departments. As we have now for the years since the attack, Con Edison was approved for a benefit for 2008/09 that we estimate is approximately \$4.5 million based on current rates.

Orange and Rockland:

During 2007, O&R signed a settlement agreement with the Town of Wawayanda in Orange County. The agreement, which was signed in January 2007, resulted in assessment reductions phased-in over two years. The assessment will be reduced from \$9.7 million on the 2006 roll to \$5.0 million by the 2008 roll. The agreement also freezes that reduced assessment through the 2011 roll. The estimated tax savings over the five years of the agreement will amount to approximately \$628,000 based on current rates.

Continued Benefits from Previous Agreements

The settlements we make usually are forward-looking and cover a number of years. Therefore, both Companies and our customers continue to benefit from past agreements. Several settlement agreements that were made in previous years that remain in effect and continued to provide benefits during 2007 include Cortlandt, Elmsford, Yonkers, New Castle, Yorktown, Greenburgh, Hillburn, Forestburgh, Ramapo, Haverstraw, Orangetown, and Clarkstown. All of these settlements were described in greater detail in previous annual reports on our efforts. Even though settlements are no longer in effect, they can still continue to provide current benefits because our assessments remain lower than they would have been had they not been reduced. Most of our expired agreements fall under this category.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2007**

Industrial and Commercial Incentive Program ("ICIP")

Con Edison has applied for tax exemptions under the New York City ICIP, a program created to encourage the development, expansion, and preservation of commercial and industrial real estate in the City of New York. The ICIP grants a property tax exemption of the additional real property taxes that would otherwise be payable as a result of eligible industrial and commercial construction work. Projects are entitled to exemptions ranging up to 25 years depending on their location.

During the year 2007, applications for several projects were approved for the tax exemption. Approved projects included the construction of the new Mott Haven Substation as well as upgrades at the Water Street, Hudson Avenue East, Glendale, Goethals, and Jamaica substations. Due to the timing of construction expenditures as well as the approval of the ICIP benefits, only the Mott Haven Substation had realized tax benefits during 2007. Those benefits amounted to \$3.3 million for the City's fiscal year 2007/08. The Mott Haven benefits will continue to increase in future tax years as the assessment benefits become fully phased-in.

The same is true for each of the other substations approved during 2007. In early 2008, the Company received notification that the ICIP benefit was approved for the Parkview Substation which will receive substantial benefits in fiscal year 2009/10.

ICIP benefits have been previously approved for the East River Repowering Project and the 3rd Avenue Yard project. We also have pending applications on the Academy, Newtown, Woodrow, Fresh Kills, Corona, Sherman Creek, and Fox Hills substations.



Consolidated Edison Company
of New York, Inc.
4 Irving Place
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Exhibit __ (CH-4)
Page 15 of 51

March 29, 2007

Charles M. Dickson
Director – Accounting & Finance
Department of Public Service
Three Empire State Plaza – 6th Floor
Albany, New York 12223-1350

Re: Consolidated Edison Company of New York, Inc.
Orange & Rockland Utilities, Inc.
PSC Showing on Property Taxes – Year 2006

Dear Mr. Dickson:

Enclosed please find the annual showing of the ongoing efforts made by Consolidated Edison Company of New York, Inc., and Orange and Rockland Utilities, Inc., to reduce their property tax obligations.

We plan to continue filing such reports each year. If you have any questions, please do not hesitate to contact me at (212) 460-2689.

Very truly yours,

Joseph C. DePiano
Vice President, Tax

cc: John Scherer
Robert Burke
Edward Rasmussen
Richard Muzikar
William Talbot
Charles Hutcheson

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2006**

Introduction

The property taxes paid by Con Edison and Orange and Rockland are based on the "value" of property and include taxes on land and the structures erected or affixed to the land. In New York State, utilities also pay property taxes on utility equipment located on land we own. In addition, we pay property taxes on our equipment located on, under, or above the public streets and highways, known as special franchise taxes.

In New York State, public utility property is valued under a method known as the "Cost Approach". Historically, New York State Real Property Tax Law and the courts have held that utility property should be valued under this approach. The New York City Assessor, the Office of Real Property Services ("ORPS"), and some, but not all other assessors in the State determine value by using a Reproduction Cost New Less Depreciation ("RCNLD") methodology for utility property. RCNLD calculates what it would cost to reproduce property at current construction costs, subtracts an allowance for depreciation and obsolescence, (if any), and adds-in the value of land to arrive at a "value" for the entire property. RCNLD is used only to value certain of our structures and all of our equipment. The value of land is determined by comparable sales data.

Annually, we review our property assessments to determine if they fall within a range of reasonableness when calculated under RCNLD. If the actual assessments substantially vary from our RCNLD calculations, we file complaints to formally protect our rights and those of our customers. Often we settle our complaints after considering the uncertainties of litigation and whether a settlement is a more cost effective way of reducing our tax burden than prolonged and risky litigation. We resort to litigation only when our efforts to reach what we believe to be a fair compromise with a municipality fail.

In order to reach a settlement we consider fair, we encourage Towns that are not currently utilizing RCNLD to utilize an RCNLD valuation methodology because it is based on the cost of our assets currently serving customers, can be applied uniformly to all of our properties by the appropriate taxing jurisdictions, and assessing us in this manner provides some stability in predicting future tax increases.

The process of arriving at a fair settlement is difficult in that the refunds we seek often comprise a large portion of the Town and School District annual budgets. Because the Towns and School Districts are reluctant or find it difficult to raise cash

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2006**

to pay for refunds, the Company often structures its settlements to allow a municipality to provide no cash refund, or a lesser cash refund, in exchange for forward-looking, multi-year assessment reductions. By substituting prospective tax benefits for refund requests, we lessen the immediate "tax shock" to the municipality while still realizing tax savings for our customers.

Property Tax Settlements and Decisions

During 2006 the Companies entered into a number of settlements with various municipalities to lower our property taxes.

Orange and Rockland:

During 2006, we signed settlement agreements with the Towns of Orangetown, Haverstraw, Clarkstown, and Forestburgh for O&R. We also completed an agreement with the Town of Waywayanda but did not formally sign with them until January 2007.

The settlement agreements with Orangetown, Haverstraw, and Clarkstown resulted in rather significant reductions for O&R, and all were reported in detail to the Public Service Commission pursuant to Section 89.3 of the Commission's regulations. Since those Notifications contained a summary of our efforts to reach those agreements and a detailed analysis of the resulting tax savings, this report will not include that information again.

In Forestburgh, our annual analysis indicated that a single transmission line running through the town was overvalued and we filed a complaint and a tax certiorari against the Town on the 2005 assessment roll. Our settlement resulted in a phased-in reduction over three years that will reduce the assessment from its original assessed value of \$271,500 down to \$10,400 for the 2008 roll (96% reduction). Based on current tax rates, the agreement will result in cumulative tax benefits amounting to approximately \$68,000 during its term. In consideration of the future benefits, we waived the refund from the 2005 tax certiorari.

The Waywayanda agreement signed in January 2007 results in forward-looking assessment reductions phased-in over two years from \$9.7 million on the 2006 roll to \$5.0 million (48% reduction) by the 2008 roll. The agreement also freezes that reduced assessment through the 2011 roll. The estimated tax savings over the five years of the agreement will amount to approximately \$617,000 based on current rates.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2006**

Con Edison:

For Con Edison, new settlements were signed with the Towns of Chester and Tuxedo. The Chester settlement was signed by the parties in March 2006, although the terms were agreed to in principle during 2005. That settlement reduced assessments for the 2005 through 2007 tax rolls, reducing the subject property from an assessed value of \$5.4 million to \$1.9 million (65%). The tax savings over the three years of the agreement will amount to approximately \$360,000.

The Tuxedo settlement reduced assessments on most of the Company's property in the town significantly. The settlement covered only properties that were part of our judicial proceedings, but, based on assessed value, those properties comprise approximately 94% of all of our property in the Town. The assessments on those three properties were reduced in total from \$4,741,000 down to \$742,000 (84% reduction) over a two year phase in. We expect the Town will continue to value the Company's property on the RCNLD methodology we negotiated. The estimated tax savings valued over the first two years of this agreement are approximately \$800,000.

As we have done annually in recent years, we have filed for tax benefits on the Companies' special franchise property. Each year we must file for the benefits, and we again did so in 2006 seeking relief in the three areas described below.

For the sixth year, ORPS has approved our request for a reduction due to economic obsolescence in connection with Con Edison's steam plant facilities as a result of a provision that allows the company to file when the overall steam return is judged to be inadequate under the economic obsolescence rules. In January 2007, ORPS informed Con Edison that steam facilities would be approved for a 30% reduction. The benefit dropped from 38% last year because the steam system's achieved rate of return has increased. The benefit is based on a 5-year average rate of return (achieved vs. required) and the higher 2005 returns replaced lower 2000 returns resulting in the lower benefit. We estimate the 2007/08 tax benefit to Con Edison's customers will amount to \$10.3 million.

In gas, as long as we file each year and complete an updated study every five years, Con Edison receives a tax benefit for functional obsolescence for excess capacity in certain areas of Manhattan, Bronx, and Queens. We petitioned ORPS to change their rules requiring an annual study be conducted and were successful in getting the study changed to a 5-year cycle. The 2007/08 assessment reductions will result in an estimated tax benefit of approximately \$3.3 million based on existing tax rates.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

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Property Tax Reduction Efforts - 2006**

The third benefit received from our ORPS filing is in connection with an application we made to hold the line on taxes related to the installation of new facilities made necessary by the World Trade Center attack. Because the market value of the new facilities is higher than the market value of the facilities that were destroyed in the attack, the Company's taxes increased when such new equipment was installed. This is because the new facilities do not have the benefit of a depreciation allowance that lowers market value. We filed with ORPS requesting that taxes on these facilities be held at the previous level. ORPS agreed with our request and approved reductions in various accounts covering assets in the electric, gas, and steam departments. As we have now for the years since the attack, Con Edison was approved for a benefit for 2007/08 that we estimate is approximately \$3.5 million.

Continued Benefits from Previous Agreements

As mentioned earlier, the settlements we make usually are forward-looking and cover a number of years. Therefore, both Companies and their ratepayers continue to benefit from these past agreements. Several settlement agreements made in previous years that are still formally in effect that continue to provide benefits to the Companies and their customers during 2006 include agreements in Cortlandt, Elmsford, LaGrange, Yonkers, New Castle, Yorktown, Greenburgh, Hillburn, Ramapo, and Lumberland. There are times however, especially after rates are reset via rate proceedings or when settlements expire, they continue to save money for ratepayers because rates are reset on the already lower assessments. Included in this category are settlements made in Ossining, White Plains, Mt. Vernon, Lumberland, and Rye.

Industrial and Commercial Incentive Program ("ICIP")

Con Edison applies for benefits under this New York City program when we feel the property being constructed will be eligible for benefits under the program's requirements. The ICIP grants a property tax exemption of the additional real property taxes that would otherwise be payable as a result of eligible commercial construction work. Due to the construction process and the compliance requirements, the process may take quite some time before benefits are realized. During 2006, our list of applications grew for projects to be completed at Con Edison's Jamaica Substation, Sherman Creek facility, and, in early 2007, Fox Hills Substation.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2006**

During 2006 we received notification from the City that the application on the 3rd Avenue Yard project was approved and our tax benefits will be determined and implemented for the upcoming 2007/08 fiscal year. We believe the full tax increase on the project will qualify for a 25-year tax exemption.

The City issued a Notice of Approval on our Mott Haven Substation application approving the Company's application without exception. We will be working with the City in 2007 to ensure that the exemption is reflected in the upcoming 2007/08 fiscal year. When the benefit is determined it will be in effect for 25 years.

For our East River Repowering Project application, we worked throughout the year to provide substantial amounts of supporting data to our already approved final application and we are requesting that the City retroactively implement the ICIP exemption beginning with the first tax year there was a physical increase in assessment attributable to eligible construction work.

Pending Judicial Actions

Proceedings are pending in various counties of the Supreme Court in New York City challenging the assessments on certain of the company's non special franchise properties for the years 1994/95 through 2006/07. The proceedings covering the Arthur Kill Generating Station for 1994/95 through 1998/99 were tried in the Supreme Court in February 2004. In a decision filed in October 2004, the court credited most of the company's valuation theories and reduced the assessments for all years by an aggregate of \$91 million. The City appealed, and in an order entered in October 2006, the Appellate Division affirmed the trial court by a 3-2 vote. Because there were two dissents, the City was able to appeal to the Court of Appeals by right. Briefs for both the City and the Company have been served and ORPS has submitted an amicus brief. We believe that another favorable decision, if received, will have encouraging ramifications beyond the instant proceeding on other pending judicial proceedings in New York City.

Current Efforts

We also have several ongoing efforts to reach settlements which to date have not been successful. During 2006, as in prior years, we have attempted to pursue agreements with the municipalities where we have open tax certiorari proceedings. For instance, in White Plains, we reached what we thought was an agreement to lower that assessment although the assessor never allowed us to

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

**Annual Report on
Property Tax Reduction Efforts - 2006**

finalize that agreement. We have hired an outside attorney to represent Con Edison in White Plains as well as in Mt. Vernon, New Rochelle, Stony Point, Harrison, Ossining, Mt. Kisco, Mt. Pleasant, Carmel, Pleasant Valley, Wappinger, and East Fishkill but will be working concurrently to settle each of the proceedings.



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April 6, 2006

Charles M. Dickson
Director – Accounting & Finance
Department of Public Service
Three Empire State Plaza – 6th Floor
Albany, New York 12223-1350

Re: Consolidated Edison Company of New York, Inc.
Orange & Rockland Utilities, Inc.
PSC Showing on Property Taxes – Year 2005

Dear Mr. Dickson:

Enclosed please find the annual showing of the ongoing efforts made by Consolidated Edison Company of New York, Inc., and Orange and Rockland Utilities, Inc., to reduce their property tax obligations.

We plan to continue filing such reports each year. If you have any questions, please do not hesitate to contact me at (212) 460-4683.

Very truly yours,

William Talbot
Director-Corporate Accounting

cc: John Stewart
John Scherer
Robert Burke
Edward Rasmussen
Robert Muccilo
Charles Hutcheson

**Consolidated Edison Company of New York, Inc.
Orange & Rockland Utilities, Inc.**

Property Taxes

Introduction

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Annually, we review our property assessments to determine if they fall within a range of reasonableness when calculated under RCNLD. If the actual assessments substantially vary from our RCNLD calculations, we file complaints to formally protect our rights and those of our customers. Often we settle our complaints after considering the hazards of litigation and whether a settlement is a more cost effective way of reducing our tax burden than prolonged and risky litigation. We resort to litigation only when our efforts to reach what we believe to be a fair compromise with a municipality fail.

Property Tax Settlements and Decisions

We have entered into a number of agreements with various municipalities to settle litigation during the year where we believed the Company was being unfairly assessed.

During the year 2005, both Con Edison and O&R negotiated settlements with various towns. Agreements with the towns of New Castle, Yorktown, and Cortlandt for Con Edison and Clarkstown for O&R were filed with the Commission pursuant to section 89.3 of the Commission's regulations. Those agreements and the applicable tax savings resulting from them were explained in the Commission Notification.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

Con Edison reached an oral agreement during 2005 with the Town of Chester to settle litigation in the Town covering the years 2004 and 2005. The agreement was executed by the parties in early 2006. Assessment reductions for tax rolls 2005 through 2007 covering all property owned by Con Edison will result in cumulative estimated tax savings of approximately \$400 thousand. The agreement results in an immediate assessment reduction of 58% and includes language that it is the intent of the parties to continue with an RCNLD based assessment for future assessments.

As reported last year, we have made what amounts to a handshake agreement with the Town of LaGrange in Dutchess County which resulted in assessment reductions on certain of our property. The Town refused to be bound to a formal settlement. We had agreed to phase-in assessment reductions over a three-year period. We have filed a complaint each year, and each year the Town has reduced our assessments to the amount we had agreed to. During 2005, our assessment was reduced a total of \$1 million, on top of the \$2 million reduction from the previous year. The reductions have resulted in tax savings of approximately \$96 thousand to date. We will again complain next year to attempt to realize the third year of the original, anticipated reductions.

Con Edison filed with ORPS for various reductions to the Company's special franchise assessments during 2005. As of the filing date of this showing, we have not yet received notification from ORPS on any of the items identified below.

As we have done in the past, we filed for an economic obsolescence reduction in our steam plant. This significant reduction is allowed because steam has not earned an adequate rate of return. We have filed for this benefit annually since we asked ORPS for a separate steam assessment certificate, which allowed us to apply for a targeted benefit for steam and have realized total savings of approximately \$32 million over the last 5 years. If approved at a level similar to last year, where we were allowed a 34% assessment reduction, we expect the tax benefit would be slightly above \$8 million for the 2006/07 fiscal year.

In gas, we filed for functional obsolescence in certain areas of Manhattan, Bronx, and Queens. In order to obtain this reduction, an annual study to determine which pipes are eligible is performed by our Gas Engineering Department, which requires approximately 500 man-hours to prepare. After identification of the equipment, our Property Record personnel then analyze it to determine the historical book cost data which accompanies our filing. The current filing includes a first-time filing for Queens. In order to alleviate the large amount of work to make this filing, we asked ORPS to grant the benefit for a 5-year period, on the basis that our gas

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

system does not change materially from year-to-year. ORPS agreed with our request, and we will therefore file only a letter indicating that we believe the system has not changed materially for our next filing, due April 30, 2006. As noted, we have not received notification of whether the adjustment will be allowed for 2006/07. Our benefit for 2005/06 was approximately \$3.4 million and, as noted, did not include the filing on Queens.

We again filed for an assessment reduction on the equipment being added in the World Trade Center area for new capital expenditures in excess of the reproduction cost new of amounts forced to be retired as a result of 9/11. If our 2005 filing is approved, we expect the benefits to be equal to or greater than last year's benefits. For the 2005/06 fiscal year, we received cost modifiers of 37% on electric underground conduit, 42% on electric underground conductors, 6% on electric services, and 42% on gas mains amounting to a realized tax benefit of approximately \$6 million.

Continued Benefits from Previous Agreements

We continue to benefit from various agreements we made in prior years where we successfully reduced the Company's property tax burden. Some of the settlements remain in effect, as they were negotiated to be in effect for a number of years. For settlement agreements where the agreement is no longer in force, oftentimes the Company and our customers continue to benefit because the assessment remains at the negotiated level after expiration of the agreement.

The following are settlements made in previous years that remained in effect during 2005.

In 2005, we remain under a settlement on all properties owned by both Con Edison and O&R in the Town of Ramapo. The estimated tax savings during 2005 were \$2.8 million for Con Edison and \$2.7 million for O&R. All parties to the settlement have agreed to continue the RCNLD methodology into the future. To accomplish that, we supply the Town's assessor with annual calculations reflecting updated RCNLD calculations.

Our agreement with the Town of Greenburgh on our Eastview and Elmsford substations, extends through 2007. In 2005, the tax savings amounted to \$527 thousand. Soon after the settlement with the Town, we also settled with the Village of Elmsford on our substation located there. Our tax savings last year on this property were \$63 thousand.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

In 2004, we reached an agreement with the Village of Hillburn on transmission property owned by both companies. During 2005, O&R savings amounted to \$13 thousand and savings for Con Edison were \$4 thousand.

The following are settlements made in previous years that are inactive, but where the Company and our customers still receive tax benefits because of assessments that have remained below their pre-settlement levels.

The assessment reductions from our previous settlement with the City of Yonkers remained in effect during 2005 on 48 of our properties. The original settlement resulted in a three-year assessment phase-down to RCNLD. This settlement has expired but our assessments have remained unchanged and we continue to realize benefits from those reductions. Although the assessments are unchanged, we have again contested our assessments on certain properties in the City.

Our settlement with the Town of Ossining for the Ossining substation took effect for the 2000 assessment roll. This settlement included a phase down toward an agreed upon assessed value, which, after the phase-in, will stay frozen for three more years. The settlement has expired but our assessments have not changed and our analysis indicates they are still acceptable under RCNLD. Our 2005 estimated savings were \$41 thousand.

Our previous agreement with the City of White Plains, which we negotiated in 1999 in connection with the assessment on our White Plains substation for the years 2000 through 2002, continues to provide tax savings today. Our tax savings in 2005 from these reduced assessments amounted to \$338 thousand. We have a new challenge in White Plains for much of the property in the City excluding the substation.

Con Edison's previous settlement with Mt. Vernon to reduce the assessment at the Washington Street Substation was reflected on the 2000 assessment roll. We continue to benefit from this past reduction and our savings during 2005 were approximately \$197 thousand. We currently have additional challenges filed with the City as even with the past settlement, we have again determined that the substation is over-valued.

For O&R, we continue to benefit from a reduction in the Town of Lumberland that expired last year. That settlement reduced taxes by more than sixty percent.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

Pending Actions

Proceedings are pending in various counties of the Supreme Court in New York City challenging the assessments on certain of the Company's REUC properties for the years 1994/95 through 2005/06. The proceedings covering the Arthur Kill Generating Station for 1994/95 through 1998/99 were tried in the Supreme Court, Richmond County in February 2004. In a decision filed on October 5, 2004, the court credited most of the Company's valuation theories and reduced the assessments for all years by an aggregate of \$90,731,132. The City appealed, the appeal has been perfected, and we are waiting for the scheduling of oral argument. The New York State Conference of Mayors and Municipal Officials and the County of Nassau were granted permission to submit friend of the court briefs.

If upheld on appeal, this decision will have favorable ramifications on the proceedings covering other generating stations. We have met with representatives of the City's Law and Finance departments to explore possible global resolution of the proceedings. We intend to meet again after some preliminary analyses have been completed. It appears likely, however, that no final resolution will be possible until the appeal has been decided.

O&R's efforts to settle with the Town of Orangetown have broken-off and the Company is preparing for trial. Proceedings challenging the assessments on certain properties in the years 2001 through 2005 are to be tried. The Company has hired an appraiser and the appraisal report must be exchanged April 21, 2006. The trial is scheduled to begin June 7, 2006.

Proceedings were commenced by O&R challenging the assessments on certain properties in the Town of Haverstraw for 1995 through 2005 and in the Village of West Haverstraw for 1996 through 2002. We have been actively trying to settle our differences with the municipalities; however, we have rejected their latest offer and are now preparing for trial. In preparation for trial, O&R has hired an appraiser and the appraisal exchange date is set for August 30, 2006. The trial is scheduled to begin October 16, 2006.

In our ongoing efforts to reduce our City taxes, Con Edison filed complaints on 76 parcels in New York City during 2005 for a claimed over-assessment of more than \$500 million dollars. These claims are unresolved.

During 2005 for property outside of New York City, Con Edison's assessment review determined that it needed to challenge over-assessments in a number of municipalities. In Westchester, we have filed suit during the year against Yonkers, Mt. Vernon, New Rochelle, Cortlandt, Harrison, Mr. Pleasant, Mr. Kisco, New Castle,

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

Ossining, and Yorktown. In our upstate counties, we filed in Carmel, Stony Point, Tuxedo, Chester, Wappinger, Pleasant Valley, La Grange, and East Fishkill. In connection with the petitions described above, some have been settled as described earlier and we have initiated discussions with each of the others. We are at various stages of progress with individual municipalities on attempts to settle our differences.

For O&R we filed grievances during 2005 for property in the Towns of Haverstraw, Orangetown, Clarkstown, Monroe, Wawayanda, and Forestburgh, and in the Village of Hillburn. All of these actions relate to valuation issues and we have actively tried to settle each of the municipalities. Clarkstown was settled as described earlier. We have a tentative agreement with Forestburgh that we hope will be formally completed in 2006.

Industrial and Commercial Incentive Program ("ICIP")

Con Edison applies for benefits under this New York City program when we feel the property being constructed will be eligible for benefits under the program's requirements. The ICIP grants a property tax exemption of the additional real property taxes that would otherwise be payable as a result of eligible industrial and commercial construction work. Due to the construction process and the compliance requirements, the process may take quite some time before benefits are realized. The Company has filed, or plans to file for benefits on the following projects:

Substations & Transmission

- Mott Haven – establish substation
- Parkview - establish substation
- Woodrow – transformer & feeder
- Fresh Kills – station expansion
- Water Street – transformer installation & feeder
- Astoria East – phase angle regulator
- Corona – series reactor
- Sherman Creek "M29" – feeder
- Glendale – transformer installation
- Goethals - phase angle regulator

Production

- East River Repowering Project

Other

- Hunts Point – (Iroquois project)
- 3rd Ave Yard – workout center & garage



Consolidated Edison, Inc.
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Exhibit __ (CH-4)
Page 29 of 51

April 29, 2005

Charles M. Dickson
Director – Accounting & Finance
Department of Public Service
Three Empire State Plaza –6th Floor
Albany, New York 12223-1350

Re: Consolidated Edison Company of New York, Inc.
PSC Showing on Property Taxes – Year 2004

Dear Mr. Dickson:

Enclosed please find the annual showing of the ongoing efforts made by Consolidated Edison Company of New York, Inc., and Orange and Rockland Utilities, Inc., to reduce their property tax obligations.

We plan to continue filing such reports each year. If you have any questions, please do not hesitate to contact me at (212) 460-4683.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'William Talbot'.

William Talbot
Director-Corporate Accounting

cc: John Stewart
John Scherer
Robert Burke
Edward Rasmussen
Robert Muccilo
Charles Hutcheson

**Consolidated Edison Company of New York, Inc.
Orange & Rockland Utilities, Inc.
Property Tax Showing**

Introduction

The property taxes we pay are based assessments that equates to the "value" of the property we own. We pay property taxes on our land, the structures erected or affixed to the land, and on utility equipment located on our land. In addition, we pay property taxes on our equipment which is located on, under, or above the public streets and highways, known as special franchise taxes.

In New York State, the "Cost Approach" determines public utility property "value". Historically the courts have held that utility property should be valued this way. The New York City Assessor, the Office of Real Property Services ("ORPS"), and some, but not all other assessors in the State determine value or cost by using Reproduction Cost New less Depreciation ("RCNLD") for utility property. RCNLD calculates what it would cost to reproduce property at current construction costs, subtracts an allowance for depreciation and obsolescence, (if any) and adds in the value of land to arrive at a "value" for the entire property. RCNLD is used only to value certain of our structures and all of our equipment. The value of land is determined by comparable sales data.

Annually, we review our property assessments to determine if they fall within a range of reasonableness when calculated under RCNLD. If the municipalities or assessing body's determination of actual assessments substantially varies from our RCNLD calculations, we file complaints to formally protect our rights and those of our customers. Often we settle our complaints when we believe our hazards of litigation are great and that a settlement is a more cost effective way of reducing our property tax burden than prolonged and risky litigation.

Property Tax Settlements and Decisions

In our 2004 filing with ORPS for functional and economic obsolescence, we received an assessment reduction due to our application for economic obsolescence in our Steam Plant special franchise property, which will result in a substantial reduction in property taxes during the 2005/2006 fiscal year. The assessed value will be reduced by 34%. The tax savings from this reduction in calendar year 2004 were \$8.3 million. We expect a slightly higher tax benefit in the coming year because of increases in tax rates. We have filed for this benefit annually since we asked ORPS for a separate steam assessment certificate which allowed us to apply for a targeted benefit for steam and have realized total savings of approximately \$24 million over the last 4 years.

In the same 2004 ORPS filing for gas special franchise assessments, we asked for recognition of obsolescence for excess capacity and were granted relief in Manhattan (16% of the gas main account), and Bronx (8% of the gas main account).

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
Property Tax Showing**

The savings will be realized for the fiscal year starting July 2005 but we are not able to estimate the amount, as we have not yet received our tentative special franchise values from ORPS.

Also in that filing, we asked for relief at the World Trade Center site for new capital expenditures in excess of the reproduction cost new of amounts retired. We were granted assessment reductions on certain of our special franchise property at the site. Again, the tax benefits will be realized starting in July 2005, but it is too early to quantify the benefits since we have not yet received our tentative special franchise assessments.

We filed an administrative complaint in the Town of LaGrange, Dutchess County, which resulted in negotiations that reduced our assessment on some of our transmission equipment in the Town by \$2 million resulting in an annual tax savings of approximately \$68 thousand. Although the Town had agreed verbally to reduce the next two year's assessments by \$1 million and \$542 thousand respectively, we have been unsuccessful in formalizing these later year reductions despite our repeated efforts to do so. Without the additional \$1.5 million assessment reductions, we believe that we will need to file another complaint on LaGrange next year.

O&R & CECONY entered into a settlement agreement with the Village of Hillburn in Rockland County on two transmission properties. The agreement is a three-year phase down of assessments on each property beginning with the 2004/05 village taxes. This agreement resulted in a combined total annual savings for both companies of \$10,000 for the tax year 2004. Similar savings will be realized over the following two years.

We were successful in having New York City reduce our assessment at the North 1st Street Oil Terminal due to the facility's physical retirement. We are experiencing an annual estimated property tax savings of \$450 thousand because of our efforts.

Continued Benefits from Previous Agreements

We continue to benefit from various agreements we made in prior years where we successfully reduced the Company's property tax burden.

In 2004, we realized an \$11.6 million tax benefit resulting from our multi-year settlement with ORPS on our special franchise gas plant. That settlement was negotiated in January 2001 and expires at the end of this fiscal year. For the 5-year period, our cumulative savings resulting from this agreement total nearly \$60 million.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
Property Tax Showing**

We remain under a settlement agreement on all of our properties owned by both Con Edison and O&R in the Town of Ramapo. Due to the timing of the agreement, we received several refunds in early 2004 that were the result of an agreement settled prior to 2004. The refunds are summarized later in this document. The estimated tax savings in connection with the assessment reductions realized in the prior settlement for the 2004 calendar year amount to approximately \$4.1 million. CECONY's share of that benefit was \$2.3 million and \$1.8 million was realized by O&R. In 2005, additional savings will be realized as even more properties transition to a lower assessment computed under RCNLD negotiated under the prior agreement. The transition to RCNLD for all of our properties will be completed by 2006 and all parties intend to continue the RCNLD assessment methodology into the future.

In our agreement with the Town of Greenburgh on our Eastview and Elmsford substations, our savings for 2004 amount to approximately \$490 thousand. The agreement extends through the 2007 assessment roll and phases-down the assessment of the substations over three years.

Our agreement with the Village of Elmsford on our substation, negotiated in 2003 following the agreement reached with the Town of Greenburgh (the Village is within the Town) continues. In 2004, our tax savings amounted to approximately \$21 thousand.

We continued to benefit from an assessment reduction we requested from New York City to grant a tax reduction for the equipment restored at our Hudson Avenue Generating Station site. Due to power concerns in the City, the Company restored Boiler 10/100 to service and asked for a tax reduction due to the unusual circumstances surrounding the restart of this boiler. As planned, the Company retired this equipment at year-end 2004 and notified the city, but we will continue to receive a tax benefit until June 2005, the end of the city's fiscal year. The 2004 tax benefit was \$1.1 million.

The assessment reductions from our previous settlement with the City of Yonkers remained in effect during 2004 on 48 of our properties. The original settlement resulted in a three-year assessment phase-down to RCNLD. This settlement has expired but our assessments have remained unchanged and we continue to realize benefits from those reductions.

Our settlement with the Town of Ossining for the Ossining substation took effect for the 2000 assessment roll. This settlement included a phase down toward an agreed upon assessed value, which, after the phase-in, will stay frozen for three more years. The settlement has expired but our assessments have not changed

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
Property Tax Showing**

and our analysis indicates they are still acceptable under RCNLD. Our 2004 estimated savings were \$38 thousand.

Our previous agreement with the City of White Plains, which we negotiated in 1999 in connection with the assessment on our White Plains substation for the years 2000 through 2002, continues to provide tax savings today. Our tax savings in 2004 from these reduced assessments amounted to \$315 thousand.

Con Edison's previous settlement with Mt. Vernon to reduce the assessment at the Washington Street Substation was reflected in the 2000 assessment roll and resulted in reduced 2001 taxes. We continue to benefit from this past reduction and our savings during 2004 were approximately \$183 thousand. Even with this past reduction, we again have determined that the substation is over-valued and filed a complaint and petition on this parcel in 2004.

Our previous settlement in the Town of New Castle, which was settled in relation to the Millwood substation in 2000 for assessment years 1999 to 2002, continues to provide benefits as that assessment has not increased after the expiration of the agreement as of 2002/2003.

For O&R, we are in the final year of a three-year settlement to reduce property taxes in the Town of Lumberland in Sullivan County. The settlement reduced taxes by more than sixty percent. The actual tax reduction began with the 2002 school taxes that were paid in September 2002 and we have continued to benefit from this reduction.

Pending Actions

Proceedings are pending in various counties of the Supreme Court in New York City challenging certain of the Company's property tax assessments for the years 1994/95 through 2004/05. Some of these property tax claims relate to properties that were divested.

The proceedings covering the Arthur Kill Generating Station were tried in the Supreme Court, Richmond County on February 17 and 18, 2004. In a decision filed on October 5, 2004, the court accepted most of the Company's valuation theories and reduced the assessments for 1994/95 through 1998/99 by an aggregate of \$90,731,132. The City has appealed. The deadline to perfect the appeal is currently May 1, 2005 but is expected to be extended to June 30, 2005. Once the appeal is perfected, the Company will have 30 days to file a brief in response. Oral argument of the appeal will likely be held at the end of this year.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
Property Tax Showing**

If upheld on appeal, this decision could have favorable ramifications on the other pending tax certiorari proceedings covering various other Con Edison properties. We have met with representatives from the City's Law and Finance departments to explore possible global resolution of the proceedings but the City continues to refuse to settle any of these cases.

Among the assets transferred to Mirant by O&R as part of the generation divestiture were O&R's pending tax certiorari cases against the Town of Haverstraw and North Rockland School District. Mirant had reached a tentative settlement which included a payment of \$1 million to O&R for agreeing to settle its portion of the case. However, the Town and School District backed out of their agreement with Mirant indicating that no agreement existed. The withdrawal of the settlement offer has been litigated in the courts but the court finally ruled in 2003 that no agreement was in existence. Mirant has since filed bankruptcy and failed to pay over \$100 million in property taxes. The valuation issue will now be decided in court. During 2004, O&R severed its cases from those of Mirant and now is pursuing its own settlement with the Town of Haverstraw.

In our ongoing efforts to reduce our City taxes, Con Edison filed complaints on 61 parcels in New York City during 2004 for a claimed over-assessment of \$32 million. These claims are still unresolved.

During 2004, Con Edison's assessment review determined that it needed to challenge over-assessments in seven municipalities in Westchester; Mt. Vernon, New Rochelle, Cortlandt, Harrison, Mt. Pleasant, New Castle, and Yorktown. In our upstate counties, we filed grievances in Kent, Carmel, Stony Point, Tuxedo, Chester, Wappinger, Pleasant Valley, and East Fishkill. In connection with the petitions described above, we have attempted to initiate discussions with these municipalities about our tax assessments and, in certain cases, these efforts have been successful. During the year and continuing into 2005, we have ongoing negotiations with the Towns of Yorktown, Mt. Pleasant, Cortlandt, and New Castle. We continue to pursue efforts with all of the unresolved municipalities.

We filed grievances during 2004 for property owned by O&R in the Towns of Haverstraw, Orangetown, and Clarkstown and in the Village of West Haverstraw. All of these actions relate to valuation issues and all of them include earlier years as well. We have been successful in making contact with officials from the Town of Haverstraw and are actively pursuing a settlement.

We also recently met with officials of the Town of Clarkstown in an attempt to settle those outstanding grievances, but the discussions are in their very early stages.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
Property Tax Showing**

In 2004, O&R received an assessment reduction in Orangetown relating to propane tanks that were retired and removed. We had been attempting to get a reduction on that parcel since 2003 when the retirements and removals had begun.

Property Tax Refund Claims

We have received several refund claims in connection with the settlements described earlier or certain miscellaneous, small refunds due to errors made by the taxing authorities. The refunds received during 2004 were:

Con Edison	Ramapo settlement:	
	Town	\$295,000
	County	115,000
	New York City (clerical error)	19,000
O&R	Ramapo settlement:	
	Village of Sloatsburg	27,000
	Village of Suffern	35,000
	Town of Ramapo	231,000
	County	90,000
	Clarkstown (clerical error)	5,000
Total Refunds Received		\$817,000

Industrial and Commercial Incentive Program ("ICIP")

The company applied for and received a preliminary certificate of exemption - "Commercial Renovation" – for the East River Repowering Project which may provide benefits for eligible property for a total of eight years of exemption at 100% plus an additional 4 more years of benefits reduced by 20% each year. To date we have not received any benefits even though we have been assessed on much of the construction costs. We have paid the tax on these assessments under protest.

Con Edison entered into a joint project with Iroquois Gas Transmission at our Hunts Point Gas facility in which a \$25 million capital project was constructed. The company was a co-applicant with Iroquois for an ICIP exemption and the project was awarded an ICIP for a 25-year special exemption of property taxes on 100% of the investment. The estimated annual tax liability of \$1.3 million has been fully abated. Under the terms of the agreement with Iroquois Gas, Iroquois will benefit in

**Consolidated Edison Company of New York, Inc.
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Property Tax Showing**

the early years but will turn over most of the facilities to Con Edison at which time we will be the beneficiary of the abatements.

April 29, 2005

APR-15-2004 09:08

CONSOLIDATED EDISON

212 777 0963 P.01/06

Exhibit __ (CH-4)

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Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York NY 10003
www.conEd.com

April 15, 2004

John Scherer
Public Utility Auditor 3
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Re: Consolidated Edison Company of New York, Inc.
PSC Showing on Property Taxes – Year 2003

Dear Mr. Scherer:

Pursuant to Con Edison's Electric Settlement Agreement dated October 2, 2000, the Company is to supply "...an annual showing by the Company to the Staff of the ongoing efforts to reduce its property tax burden." Therefore, we have developed the attached report to describe our efforts and bring the Staff up to date on where we stand with each of our municipalities.

We intend to file an update with you each April. If you have any questions, please do not hesitate to contact me at (212) 460-4683 or Charlie Hutcheson at (212) 460-6762.

Very truly yours,

William Talbot
Director – Corporate Accounting

cc: Edward Rasmussen
Robert Muccilo
Charles Hutcheson
Claude Daniel

Consolidated Edison Company of New York, Inc.
Orange & Rockland Utilities, Inc.

Property Taxes

Introduction

The property taxes we pay are based on the "value" of property and include taxes on our land and the structures erected or affixed to the land. In New York State, utilities also pay property taxes on utility equipment located on our land. In addition, we pay property taxes on our equipment which is located on, under, or above the public streets and highways, known as special franchise taxes.

In New York State, public utility property is valued under a method known as the 'Cost Approach'. Historically, New York State Real Property Tax Law and the courts have held that utility property should be valued under this approach. The New York City Assessor, the Office of Real Property Services ("ORPS"), and some, but not all other assessors in the State determine value by using a Reproduction Cost New less Depreciation ("RCNLD") methodology for utility property. RCNLD calculates what it would cost to reproduce property at current construction costs, subtracts an allowance for depreciation and obsolescence, (if any) and adds in the value of land to arrive at a "value" for the entire property. RCNLD is used only to value certain of our structures and all of our equipment. The value of land is determined by comparable sales data.

Annually, we review our property assessments to determine if they fall within a range of reasonableness when calculated under RCNLD. If the actual assessments substantially vary from our RCNLD calculations, we file complaints to formally protect our rights and those of our customers. Often we settle our complaints when we believe our hazards of litigation are great and that a settlement is a more cost effective way of reducing our tax burden than prolonged and risky litigation. We resort to litigation only when our efforts to reach what we believe to be a fair compromise with a municipality fail.

Property Tax Settlements and Decisions

We negotiated a settlement agreement on all of our properties owned by both Con Edison and O&R in the Town of Ramapo. In connection with this agreement, we received a \$3 million refund that was distributed to the benefit of CECONY in the amount of \$1.6 million and to the benefit of O&R amounting to \$1.4 million. The refund covers claims we made back to 1999. Most of our benefits from this agreement will occur in the future due to assessment reductions that will eventually result in all of our assessments computed on an RCNLD basis. The estimated tax savings for the 2003/2004 fiscal year amounts to approximately \$2.5 million and future years will reflect additional savings as more and more properties become assessed under RCNLD. Under terms of the agreement, the transition to full RCNLD for all of our properties will be completed by 2006.

Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.

Property Taxes

We executed a settlement agreement with the Town of Greenburgh for our Eastview and Elmsford substations. The agreement extends through the 2007 assessment roll and phases-down the assessment of the substations over three years. As part of the agreement, we also received a refund from the Town for \$242 thousand. The 2003 savings amount to \$310 thousand, but the full impact of this settlement will not be felt until 2004.

Using the Greenburgh agreement as a precedent, we negotiated an assessment reduction in the Village of Elmsford (which is located within the Town of Greenburgh). The cumulative savings over the life of this agreement amount to approximately \$200 thousand.

Continued Benefits from Previous Agreements

We continue to benefit from various agreements we have made before 2003 where we successfully reduced the Company's property tax burden.

We again received an assessment reduction in property taxes due to our application for economic obsolescence in our Steam Plant special franchise property, which resulted in a substantial reduction in property taxes applicable to the 2003/04 fiscal year. The assessed value reduction amounted to \$65 million, a 34% reduction. The tax savings from this reduction were \$8.1 million for the year. We will continue to file for economic obsolescence in our Steam Plant as long as our Steam business continues to earn an inadequate rate of return.

We again benefited from an assessment reduction we requested from New York City to grant a tax reduction for the equipment restored at our Hudson Avenue Generating Station site. Due to power concerns in the City, the Company restored Boiler 10/100 to service and asked for a tax reduction due to the unusual circumstances surrounding the restart of this boiler. During 2004, the Company plans to re-retire this equipment.

In 2003, we realized a \$14 million benefit resulting from our multi-year settlement with ORPS on our special franchise gas plant. The settlement was negotiated in January 2001 but absent another agreement, will expire effective with the 2004/2005 tax year.

Our previous settlement with the City of Yonkers remained in effect during 2003 on 48 of our properties there. Our original settlement resulted in a three-year assessment phase-down to RCNLD. This settlement expired in 2002/2003 but the assessor has not increased our

Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.

Property Taxes

negotiated assessments. We did not file formal complaints on these assessments because our analysis indicated they are still within an acceptable range based on RCNLD.

Our settlement with the Town of Ossining, for the Ossining substation, took effect for the 2000 assessment roll. This settlement also included a phase down toward an agreed upon assessed value, which, when fully phased in will stay frozen for three consecutive years. As is true with Yonkers, the settlement has now expired but our assessments have not changed and our analysis indicates they are acceptable under RCNLD so we have not attempted to contact the Town during 2003.

Our previous agreement with the City of White Plains, which we negotiated in 1999 in connection with the assessment on our White Plains substation for the years 2000 through 2002, continues to provide tax savings today. In 2002, we successfully extended the agreement for another year which will now run through 2003.

Our previous settlement in the Town of New Castle which was settled in relation to the Millwood substation in 2000 for assessment years 1999 to 2002 continues to provide benefits as that assessment has not increased after the expiration of the agreement as of 2002/2003.

Con Edison had previously reached a settlement with Mt. Vernon to reduce the assessment at the Washington Street Substation which was reflected in the 2000 assessment roll and resulted in reduced 2001 taxes. The assessor has not increased the subsequent assessment rolls and we therefore continue to experience tax savings.

For O&R, we agreed in December 2001 to a three-year settlement to reduce property taxes in the Town of Lumberland in Sullivan County. The settlement reduces taxes by more than sixty percent. The actual tax reduction began with the 2002 school taxes that were paid in September 2002 and we will continue to benefit from this reduction for another three years.

Pending Actions

Proceedings are pending in various counties of the Supreme Court in New York City challenging certain of the Company's property tax assessments for the years 1994/95 through 2003/04. Some of these property tax claims relate to properties that were divested. The proceedings covering the Arthur Kill Generating Station went to trial in early 2004. The trial centered on the appraisals of both parties which were far apart and the proper amount of obsolescence to be recognized for a plant that did not operate as a base load generating

Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.

Property Taxes

station. Immediately before trial, the Judge attempted to have the parties settle at the mid-point of the appraisal differences but the City refused to accept. If we are successful in this case, we hope to advance certain valuation theories, particularly economic and functional obsolescence, for the other New York City properties still awaiting trial.

In October 1994, the Company commenced an action for declaratory judgment in the Supreme Court, New York County, against the State Office of Real Property Services. The complaint alleged that in conducting its periodic market value surveys, ORPS overvalues the Company's generating stations by failing to account for economic and functional obsolescence. As a result, the share of the property tax allocated to class three, of which the Company's property comprises the majority, is excessive. It is questionable whether the Company has standing to challenge ORPS' market value survey methodology. Moreover, since 1996, ORPS has not been performing market value surveys for the City, having switched to a different methodology for computing equalization rates. This case has been on hold pending resolution on the obsolescence issues raised in the real property proceedings listed above.

Among the assets transferred to Mirant by O&R as part of the generation divestiture were O&R's pending tax certiorari cases against the Town of Haverstraw and North Rockland School District ("the parties"). Mirant had reached a tentative settlement which included a payment of \$1 million to O&R for agreeing to settle its portion of the case. However, the Town and School District have since backed out of their agreement with Mirant indicating that no agreement existed. The issue has been back and forth in the courts until the courts finally ruled in 2003 that no agreement was in existence. Mirant has since filed bankruptcy and failed to pay \$50 million in 2003/04 school taxes. The valuation issue will now be decided in a bankruptcy court.

We submitted a letter to the Assessor in Charge at the New York City Department of Finance REUC Property Unit stating Con Ed's position on the exclusion of movable machinery and equipment from the property tax base. The Company believes that transformers and certain miscellaneous power plant equipment meet the criteria test for the exclusion. Our request for exclusion was denied. If we are eventually successful in convincing the City to allow this, we estimate the annual tax savings to be \$2.2 million. The movable machinery exclusion is being phased in over several years so future savings would be more substantial since the \$2.2 million represents only 20% of the potential total impact annually. We are still awaiting a response from the City's Law Department on why we were denied.

Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.

Property Taxes

In our ongoing efforts to reduce our City taxes, we filed complaints on 16 parcels in New York City during 2003 for a claimed over-assessment of \$ 32 million.

We continue to have outstanding grievances pending for property owned by O&R in the Towns of Haverstraw, Orangetown, and Clarkstown and in the Villages of West Haverstraw in Rockland County. All of these actions relate to valuation issues. The Town of Haverstraw and the Village of West Haverstraw are being handled by outside counsel and in all probability, settlement discussions will not take place until the conclusion of the Mirant case described earlier. In a related matter, in early 2004 we have agreed in principle to a reduction in Orangetown relating to propane tanks that were retired and which were in the process of being removed. We have been attempting to get a reduction on these properties for some time now since we are entitled to tax relief upon the retirement of the assets.

In Orange County, we have an outstanding grievance in the Town of Wawayanda. The grievance covers the years 1997 through 2000 and is for the Shoemaker GT property. Part of this property was sold to Mirant and therefore they have a claim on any agreement we may come to.

Property Tax Refund Claims

We have been involved in various appropriations of our properties by City and State authorities which have necessitated the filing of refund claims; billing of property tax to the parties appropriating the property; and excluding payments made to the City for taxes related to these properties. These actions were necessary to recover our prepaid taxes made before the time the properties were appropriated. The following paragraphs describe our efforts in these matters.

We received a refund for \$109,177 in 2003 for property appropriated by the New York City School Construction Authority. This claim was based on several parcels located in Queens. The refund was for property tax paid by the Company through June 30, 2001 and covered the period from the date the property was appropriated by the City through June 30, 2001. The City originally denied this claim on the grounds that their record keeping did not show an overpayment of tax. This necessitated our submission of the claim to the Office of Legal Affairs for review.

In 2003 we received full payment of \$148 thousand for our claim against the City relating to the New York State Department of Transportation's appropriation of property in Manhattan.

Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.

Property Taxes

The initial condemnation was for approximately 77% of the property. Effective June 30, 2002, the State appropriated 100% of this property.

April 4, 2003

John Scherer
Public Utility Auditor 3
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Dear Mr. Scherer:

Re: Consolidated Edison Company of New York, Inc.
PSC Showing on Property Taxes

Pursuant to Con Edison's Electric Settlement Agreement dated October 2, 2000, the Company is to supply "...an annual showing by the Company to the Staff of the ongoing efforts to reduce its property tax burden." Therefore, we have developed the attached report to describe our efforts and bring the Staff up to date on where we stand with each of our municipalities.

We intend to file an update with you each April. If you have any questions, please do not hesitate to contact me at (212) 460-4683 or our property tax manager, Charlie Hutcheson at (212) 460-6762.

Very truly yours,

William Talbot
Director - Taxes

cc: Robert Muccilo
Charles Hutcheson
Claude Daniel

**Consolidated Edison Company of New York, Inc.
Orange & Rockland Utilities, Inc.**

Property Taxes

Introduction

The property taxes we pay are based on the “value” of property and include taxes on our land and the structures erected or affixed to the land. In New York State, utilities also pay property taxes on utility equipment located on our land. In addition, we pay property taxes on our equipment which is located on, under, or above the public streets and highways, known as special franchise taxes.

In New York State, public utility property is valued under a method known as the ‘Cost Approach’. Historically, New York State Real Property Tax Law and the courts have held that utility property should be valued under this approach. The New York City Assessor, the Office of Real Property Services (“ORPS”), and some, but not all other assessors in the State determine value by using a Reproduction Cost New less Depreciation (“RCNLD”) methodology for utility property. RCNLD calculates what it would cost to reproduce property at current construction costs, subtracts an allowance for depreciation and obsolescence (if any) and adds in the value of land to arrive at a “value” for the entire property. RCNLD is used only to value certain of our structures and all of our equipment. The value of land is determined by comparable sales data.

Annually, we review our property assessments to determine if they fall within a range of reasonableness when calculated under RCNLD. If the actual assessments substantially vary from our RCNLD calculations, we file complaints to formally protect our rights and those of our customers. Often we settle our complaints when we believe our hazards of litigation are great and that a settlement is a more cost effective way of reducing our tax burden than prolonged and risky litigation. We resort to litigation only when our efforts to reach what we believe to be a fair compromise with a municipality fail.

Property Tax Settlements and Decisions

We successfully argued for economic obsolescence in our Steam Plant special franchise property which resulted in a substantial reduction in property taxes applicable to the 2002/03 fiscal year. The assessed value reduction amounted to \$64 million, a 36% reduction. The tax savings from this reduction were \$7.5 million for the year based on current tax rates. We will continue to file for economic obsolescence in our Steam Plant special franchise property annually now that we have set the precedent for approval as long as our Steam business continues to earn an inadequate rate of return.

We successfully petitioned New York City to grant a substantial reduction in tax for the 2002/03 fiscal year for the equipment restored at the Hudson Avenue site. Due to power

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

concerns, the Company restored Boiler 10/100 to service and asked for a tax reduction due to the unusual circumstances surrounding the restart of this boiler.

Among the assets transferred to Mirant by O&R as part of the generation divestiture were O&R's pending tax certiorari cases against the Town of Haverstraw and North Rockland School District ("the parties"). In December 1999, Mirant had reached a tentative settlement of its portion of the cases against the parties. Mirant's settlement was contingent upon O&R agreeing to dismiss its claim. In January 2000, as an inducement to have the Company agree to settle its portion of the tax certiorari case against the parties, they agreed to pay \$1 million to O&R. However, they backed out of their agreement with Mirant. Mirant and O&R challenged the parties' breach in court. In December 2001, the court reinstated the settlement agreement between Mirant and the parties, stating that a settlement agreement was in existence and the parties had to abide by it. On January 30, 2002, the Town and School District appealed the decision and oral arguments on the case were made on February 4, 2003 before the Appellate Division, 2nd Department. We hope to have a decision by the end of this year.

We continue to benefit from various agreements we have made prior to 2002 where we successfully reduced the Company's property tax burden.

In 2002, we realized nearly a \$10 million benefit resulting from our multi-year settlement with ORPS on our special franchise gas plant. The settlement was negotiated in January 2001.

Our previous settlement with the City of Yonkers remains in effect on 48 of our properties there. The settlement called for a 50% phase down in the first year, a 30% phase down in the second year and the remainder in the third year. We agreed to a phase down to lessen the impact on the City. As part of this agreement, we were successful in getting all of our properties valued on an RCNLD basis.

Our settlement with the Town of Ossining, for the Ossining substation, took effect for the 2000 assessment roll. This settlement also included a phase down toward an agreed upon assessed value, which, when fully phased in will stay frozen for three consecutive years.

We are under agreements with the City of White Plains and the Town of New Castle. The White Plains settlement was negotiated in 1999 and is in connection with the assessment on

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

the White Plains substation for the years 2000 through 2002. In 2002, we successfully extended the previous agreement for another year. The Town of New Castle was settled in relation to the Millwood substation in 2000 for assessment years 1999 to 2002.

Con Edison had previously reached a settlement with Mt. Vernon to reduce the assessment at the Washington Street Substation which was reflected in the 2000 assessment roll and resulted in reduced 2001 taxes. The assessor has not increased the subsequent assessment rolls and we therefore continue to experience tax savings in 2002.

For O&R, we agreed in December 2001 to a three-year settlement to reduce property taxes in the Town of Lumberland in Sullivan County. Four of the five parcels included in the settlement were transferred from Clove Development to ORU. The settlement reduces taxes on these five parcels by more than sixty percent. The actual tax reduction began with the 2002 school taxes that were paid in September 2002.

Pending Actions

NYC Real Property

Proceedings are pending in various counties of the Supreme Court in New York City challenging certain of the Company's property tax assessments for the years 1994/95 through 2002/03. Some of these property tax claims relate to properties that were divested. The proceedings covering the Arthur Kill Generating Station have been placed on the trial calendar as a test case in advancing certain valuation theories, particularly economic and functional obsolescence.

After extended legal skirmishing with the City over the proper extent of discovery, the Company has produced various items of information pursuant to a stipulation that was agreed to with the court. A preliminary letter appraisal of the station has been prepared by our Appraiser, which must be upgraded to a full, trial-ready report. In addition, if it appears that a trial is likely, it will also be necessary to hire an appraiser to value the land. At a recent court conference, the City indicated that it has finally hired an appraiser. The next court conference is scheduled for April 10, 2003. In previous conferences, the City has indicated a willingness to discuss possible settlement of the proceedings but no talks are presently scheduled.

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

In October 1994, the Company commenced an action for declaratory judgment in the Supreme Court, New York County, against the State Office of Real Property Services. The complaint alleged that in conducting its periodic market value surveys, ORPS overvalues the Company's generating stations by failing to account for economic and functional obsolescence. As a result, the share of the property tax allocated to class three, of which the Company's property comprises the majority, is excessive. It is questionable whether the Company has standing to challenge ORPS' market value survey methodology. Moreover, since 1996, ORPS has not been performing market value surveys for the City, having switched to a different methodology for computing equalization rates. This case has been on hold pending resolution on the obsolescence issues raised in the real property proceedings listed above.

We submitted a letter to the Assessor in Charge at the New York City Department of Finance REUC Property Unit stating Con Ed's position on the exclusion of movable machinery and equipment from the property tax base. The Company believes that transformers and certain miscellaneous power plant equipment meet the criteria test for the exclusion. Our request for exclusion was denied. If we are eventually successful in convincing the City to allow this, we estimate the annual tax savings to be \$2.2 million. The movable machinery exclusion is being phased in over several years so future savings would be more substantial since the \$2.2 million represents only 20% of the potential total impact annually.

In our ongoing efforts to reduce our City taxes, we filed complaints on 66 parcels in New York City during 2002 for a claimed over-assessment of \$332 million. Effective January 1, 2003, the City enacted one of the largest property tax rate increases in its history that will cost our customers nearly an addition \$100 million annually.

Westchester Special Franchise

We continued to file complaints against ORPS which protect our rights until our suit is heard concerning implementation of the so-called "Pegging Law", a law that unfairly taxes certain of our older special franchise property.

Westchester & Upstate Real Property

We have grievances pending for property owned by Con Edison in the Town of Ramapo in Rockland County, the Town of Greenburgh and the Village of Elmsford in Westchester

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

County, and for the Town of Putnam Valley in Putnam County challenging assessed valuations of various parcels of property. Early in the year, we had active discussions with the Town of Ramapo concerning a possible settlement, however, the Town backed out of those discussions. Later in 2002, due to a change in Town personnel, we again met with them to discuss our differences. We have made excellent progress in our negotiations and are hopeful that we can work to reach an agreement that will be acceptable to both sides in the near future. However, we were extremely close to taking this matter to court.

We had extensive negotiations with the Town of Greenburgh during 2002 in the hope of reaching a settlement with them. Early in 2003, we reached a tentative agreement with the parties involved and are awaiting the execution of settlement documents by the Town.

For Putnam Valley, we have been in contact with them but the case remains unresolved.

We have grievances pending for property owned by O&R in the Towns of Haverstraw, Ramapo, Orangetown, and Clarkstown and in the Villages of West Haverstraw in Rockland County. All of these actions relate to valuation issues. The Town of Haverstraw and the Village of West Haverstraw are being handled by outside counsel and in all probability, settlement discussions will not take place until the conclusion of the Mirant case described earlier.

In May, we had another meeting with the Town of Ramapo in the hopes of coming to an agreement on our O&R properties. Unfortunately, the meeting became quite hostile. As mentioned earlier, CECONY also has property in the Town which we are also contesting but the Town had always avoided having us combine the two companies in our dealings with them. We submitted a settlement proposal but have not heard back from them.

In Orange County, we have outstanding grievances in the Town of Wawayanda. The grievance covers the years 1997 through 2000 and is for the Shoemaker GT property. Part of this property was sold to Mirant and therefore they have a claim on any agreement we may come to.

Property Tax Refund Claims

We received a refund for \$825,000 directly from Orion Power related to property taxes paid on assets sold to them in 1999 as part of the Astoria divestiture. This claim arose from a

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

clerical error made by City personnel when subdividing the properties at the time of sale. The company instructed the City to transfer assets sold to Orion with a market value of \$22.7 million effective with the second half 1999/2000 billing. Had this transaction occurred on a timely basis, Orion would have paid the second half tax on this transfer. We aggressively pursued collection from Orion since they were the beneficiaries of the City error.

We have been involved in various appropriations of our properties by City and State authorities which have necessitated the filing of refund claims; billing of property tax to the parties appropriating the property; and excluding payments made to the City for taxes related to these properties. These actions were necessary to recover our prepaid taxes made prior to the time the properties were appropriated. The following paragraphs describe our efforts in these matters.

For property appropriated by the New York City School Construction Authority, we have a pending refund claim for \$109,177. This claim involves several parcels located in Queens. The refund claimed is for property tax paid by the Company through June 30, 2001 and covers the period from the date the property was appropriated by the City through June 30, 2001. The City has denied this claim on the grounds that their record keeping does not show an overpayment of tax. This has necessitated our submission of this claim to the Office of Legal Affairs for review. A recent follow-up on this issue has been made and we were informed that a status update will be provided in the near future. We expect to have this resolved in our favor in the near future.

The New York State Department of Transportation was billed \$148 thousand for property they appropriated in Manhattan. The initial condemnation was for approximately 77% of the property. Effective June 30, 2002, the State appropriated 100% of this property and has indicated that they will be vouchering a refund for approximately \$180 thousand which we anticipate receipt by the end of April 2003.

After going through the lengthy refund process on the above property appropriations, we made an attempt to accelerate that process by deducting \$271 thousand from our second half 2001/02 and our first half 2002/03 payments to the City for parcels located in Manhattan and Queens. The amount deducted was an estimate of the property taxes that we felt was appropriate to the condemned portion of the property. The Queens condemnation has been completed and is now accurately reflected in the tax bills. The Manhattan property

**Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.**

Property Taxes

condemned by the NYS Department of Transportation has not reached the sub-division process yet. However, we are currently withholding 100% of the tax on this parcel.

We received a refund from the Department of Finance for \$154 thousand for interest and property tax resulting from a payment we made to the City for resolution of several liens that were placed on property that did not belong to the Company. The major portion of the claim is interest charged to the Company on a misapplication and subsequent correction of our Richmond Special Franchise and Real Estate second half 1999/2000 payment. After an initial denial by the City, we followed up with the Office of Legal Affairs to prove our case. This resulted in the satisfaction of our claim.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/09
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 97

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

FORECASTING PANEL - STEAM

1 Q. Would the members of the Forecasting Panel please state
2 their names and business address.

3 A. Frank C. Yaegel and Vasken Torossian. 4 Irving Place, New
4 York, New York 10003.

5 Q. By whom are you employed, in what capacity and what are
6 your professional backgrounds and qualifications?

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

9 (Yaegel) I have been employed by Con Edison since 1972.
10 Prior to the Gas and Steam Forecasting section joining the
11 Corporate Accounting organization in the summer of 2006, I
12 held various positions in the Energy Management
13 organization and was promoted to the position of Gas and
14 Steam Forecast Manager in 1983. I received a Bachelor of
15 Science degree in Economics from the City University of New
16 York. I have also completed the Executive Education
17 Program for the Gas Industry conducted by the University of
18 Colorado, Boulder Graduate School of Business.

19 (Torossian) I am employed by Con Edison as a Senior
20 Planning Analyst in the Gas and Steam section of the
21 Revenue and Volume Forecasting Department in Corporate
22 Accounting. I have been employed by Con Edison since 1990.
23 I hold a Bachelors of Engineering degree in Mechanical

FORECASTING PANEL - STEAM

1 Engineering from the City College of New York.

2 Q. What are your responsibilities in your present position?

3 A. (Yaegel) I manage the Gas and Steam Volume and Revenue
4 Forecasting section of the Revenue and Volume Forecasting
5 Department. In this position, I am responsible for
6 forecasting Con Edison and Orange and Rockland Utilities,
7 Inc. ("Orange and Rockland") gas sendout, delivery volumes
8 and resultant delivery revenues as well as Con Edison steam
9 sendout, delivery volumes and resultant delivery revenues.
10 Additionally, I am responsible for the collection,
11 maintenance, and dissemination of weather data as well as
12 the periodic updating of the Company's weather normals used
13 to forecast electric, gas and steam sales and sendout. I
14 will serve as the Chairperson of the Forecasting Panel.
15 (Torossian) My current responsibilities include developing
16 and updating the steam volume and revenue forecast for Con
17 Edison under the direction of the Gas and Steam Forecasting
18 section manager.

19 Q. Have you previously submitted testimony to the New York
20 State Public Service Commission ("Commission")?

21 A. (Yaegel) Yes. I submitted testimony in Con Edison steam
22 cases 93-S-0997, 96-S-1065, 99-S-1621, 03-S-1672, 05-S-1376
23 and 07-S-1315. I also submitted testimony for Phase II-A

FORECASTING PANEL - STEAM

of Con Edison's gas case 28954, gas case 03-G-1671 and gas case 06-G-1332, as well Orange and Rockland's gas cases 02-G-1553 and 05-G-1494.

(Torossian) Yes. I submitted testimony in Orange & Rockland's gas case 08-G-1398.

Q. What is the purpose of the Forecasting Panel's testimony in this proceeding?

A. The Forecasting Panel's testimony presents the Company's forecast of steam sales and revenues for the rate year, the twelve months ending September 30, 2011. Our testimony addresses the development of this forecast starting from the historic year, the twelve months ended June 30, 2009. The sales forecast projects a decrease in sales of 1,099 MMBtu between the actual sales in the historic year and the forecasted sales for the 12 months ending September 30, 2011.

SALES FORECAST

Q. Please describe the development of the base estimate that serves as the starting point for the Company's sales forecast.

A. The process begins with the realignment of actual sales in the historic year to account for customers who moved from one service classification to another during the historic

FORECASTING PANEL - STEAM

year. Twenty-four customers moved during the year, 23 of which moved from Service Classifications ("SC") 2 and 3 to SC 5 and one customer moved from SC 3 to SC 4. These volumes were then weather normalized. This eliminates any deviations from projected sales due to warmer or colder than normal weather. The weather normalized sales were then adjusted to account for the impact on sales yet to be realized due to customers who either joined or left the steam system during the historic year. These adjustments, along with a billing cycle adjustment, yield the base estimate that serves as the starting point for the rate year sales forecast.

Q. Please explain the development of the rate year sales level.

A. Key components that are expected to affect the level of rate year sales include new business, lost business due to on-site generation and demolition, lower sales to air conditioning customers who are projected to install more energy efficient equipment, air conditioning sales lost to alternative sources, projected changes in employment and customer response to price change.

Q. Was Exhibit __ (FP-1), entitled "CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. - DEVELOPMENT OF FORECASTED STEAM

FORECASTING PANEL - STEAM

SALES (MMlbs) FOR 12 MONTHS ENDING SEPTEMBER 30, 2011,"
prepared under your supervision and direction?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (FP-1)

Q. Please describe Exhibit __ (FP-1).

A. This exhibit sets forth, actual steam sales booked by the Company during the historic year (line 1). These volumes, shown by service classification, reflect the transfer realignment between service classifications previously noted. It shows the noted adjustments made to the historic year's sales as well as the key components that are expected to affect the level of the rate year's sales. Lastly, the Exhibit shows the forecasted sales for the rate year.

Q. Please describe the "Weather Normalization" adjustments shown on lines 2 and 3.

A. Line 2 shows the Weather Normalization adjustment of 727 MMlbs applied to recognize that the historic year's sales were affected by the colder than normal heating related weather experienced during the 12 months ended June 30, 2009 (line 1). Total heating degree-days ("HDDs") over the 2008/2009 heating season were 7.3 percent greater than normal. The related impact on sales, by service

FORECASTING PANEL - STEAM

classification, was calculated monthly by multiplying the "variation between normal and actual heating degree-days" times a "use per heating degree-day per average customer" factor times "the number of customers." A "use per heating degree-day per average customer" factor was determined for each service classification using a regression analysis of actual average monthly-billed sales per customer per billing day versus actual monthly billing period HDDs per billing day.

Q. Please continue.

A. Line 3 shows a weather normalization adjustment of 306 MMLbs to recognize that the historic year's air conditioning sales were also affected by abnormal weather. The actual cooling degree-days ("CDDs") in the historic year were 10.2 percent less than normal. This sales volume impact was calculated in a manner consistent with the calculation of the winter period impact.

Line 4 shows the sum of the heating and cooling adjustments and line 5 shows the weather-normalized sales for the historic year.

The weather normalization adjustments represent a downward adjustment to the actual booked sales during the historic year of 1.7% or 421 MMLbs.

FORECASTING PANEL - STEAM

1 Q. Please define normal weather.

2 A. Normal weather is defined as the average weather condition
3 over the 30 calendar years ended 2008. A 30-year condition
4 is used by the National Weather Service to define normal
5 conditions and is a widely accepted standard in the energy
6 industry.

7 Q. How are HDDs defined?

8 A. HDDs are the average 24-hour dry bulb temperature
9 subtracted from a reference of 56°F. For example, if the
10 average 24-hour dry bulb temperature was 40, there would be
11 16 HDDs.

12 Q. Why is temperature reference of 56°F for heating used?

13 A. Based on prior usage patterns, as determined by regression
14 analyses of sales to steam heating customers to
15 temperature, the appropriate reference point for the steam
16 system is 56°F. Since approximately 1970, 56°F has been
17 the HDD reference point for the Steam system.

18 Q. Please discuss how CDDs are defined.

19 A. CDDs are the average of the 24-hour dry and wet bulb
20 temperature minus a reference of 57.5°F. For example, if a
21 summer day has a 24-hour average dry bulb temperature of
22 77.2, along with a 67.8 wet bulb temperature, the average
23 is 72.5. The average (72.5) minus the base (57.5) equals

FORECASTING PANEL - STEAM

1 15 CDDs.

2 Q. Why is the wet bulb temperature in defining CDDs used?

3 A. The Company uses the wet bulb temperature in defining CDDs
4 to recognize the impact humidity has on steam air
5 conditioning sales.

6 Q. Is the definition of CDDs also used by the Company's
7 electric department to normalize electric sales?

8 A. Yes. The electric department defines CDDs in the same
9 manner and uses the same reference point.

10 Q. Please explain the "Annualization Adjustments" shown on lines
11 6 and 7.

12 A. Annualization Adjustments reflect the anticipated future
13 incremental impact on sales expected from customers added
14 (line 6) or lost (line 7) during the historic year. The lost
15 business adjustment includes the expected loss resulting from
16 air conditioning customers who have left the system. For
17 example, if a customer was lost in the final month of the
18 historic year, a downward adjustment would be made,
19 equivalent to the actual volumes used by that customer in the
20 preceding 11 months. Similarly, if a customer was added in
21 the final month of the historic year, an upward adjustment
22 would be made to reflect that customer's anticipated usage
23 for the next 11 months. On the other hand, if a customer was

FORECASTING PANEL - STEAM

added or lost at the beginning of the historic year, then no adjustment would be necessary since the historic year reflects the full amount of usage.

Line 8 is the total of the annualization adjustments. The annualization adjustment related to new business is an increase of 123 MMLbs and the annualization adjustment related to lost business is a decrease of 21 MMLbs. The net impact of these two adjustments totals to an increase of 102 MMLbs.

Q. Please explain the "Billing Cycle" adjustment shown on line 9.

A. The Billing Cycle adjustment recognizes the impact on future sales due to the difference in the actual number of billing days in the historic year and the projected number of billing days for the rate year.

Q. What does line 10, Base Estimate, represent?

A. The Base Estimate represents the historic year's sales (line 1) adjusted to normal weather (lines 2 and 3), known new and lost business (lines 6 and 7), and the projected rate year number of billing days (line 9). It serves as the starting point for the rate year's sales forecast.

Q. Please explain the development of the New Business forecast shown on line 11.

FORECASTING PANEL - STEAM

- 1 A. The New Business forecast reflects the projected realized
2 sales in the rate year associated with new business
3 customers anticipated to take service between July 1, 2009
4 and September 30, 2011. The potential customers, their
5 estimated loads and projected connection dates were
6 provided to me by Company witness Badali.
- 7 Q. Please explain how the forecast of future "Lost Business to
8 On-Site Generation" shown on line 12 was developed.
- 9 A. This estimate was based on the historic average annual
10 steam sales losses to on-site generation over the period
11 2004-2008. The usage of a historical average eliminates
12 any bias that might occur if a single point in time was
13 used. The air conditioning usage of those customers who
14 have also discontinued their use of steam for heat and/or
15 hot water was excluded in the development of this historic
16 average. The Forecasting Panel will address the loss of air
17 conditioning sales(shown on Line 15) later in our
18 testimony.
- 19 Q. How was the estimate of "Demolition and Other Lost
20 Business" shown on line 13 developed?
- 21 A. This estimate was based on the annual average of such
22 losses over the period 2004-2008 and is consistent with
23 past practice of using an historic five-year average in

FORECASTING PANEL - STEAM

forecasting steam sales.

Q. Please explain the projection of "Lost Business (A/C Efficiency Impact)" shown on line 14.

A. This projection reflects the assumption that identified air conditioning customers totaling approximately 11,560 tons of air conditioning requirements will replace their existing equipment with new energy efficient equipment prior to the summer of 2010. This projection also assumes that an additional 6,700 tons of air conditioning equipment will be replaced after the summer of 2010 but before the summer of 2011. Based on the steam requirements per ton of old and new equipment, customers can expect to realize about a 30 percent decrease in their steam usage for air conditioning as a result of installing newer, more energy efficient equipment.

Q. Please explain the projection of "Lost Business (A/C)" shown on line 15.

A. Between 1995 and 2009, approximately 3,400 tons per year or 50 MMBtu of steam air conditioning on average has left the steam system. By way of comparison, the total tonnage lost between over the last five years has been approximately 4,000 tons per year on average. Based on the assumption of losses of 3,400 tons per year, which is less than our

FORECASTING PANEL - STEAM

recent experience, the forecast includes sales losses for air conditioning of 50 MMLbs per year. Company witness Badali addresses the Company's efforts to attract and retain customers, including steam air conditioning customers.

Q. Please explain the forecasted impact of "Employment" shown on line 16.

A. Service Area Private-Non-Manufacturing Employment for New York City is currently projected to continue to decline through 2010 and begin to recover in 2011. However, employment is not anticipated to fully recover to the annual average level for 2008 until 2012. The Company's projections of the impact of employment changes are based on forecasts from Moody's Economy.Com. The projected change in employment was converted to incremental steam sales by use of an average consumption per employee factor.

Q. Please explain the "Price Elasticity" adjustment shown on line 17.

A. The price elasticity adjustment reflects the estimated impact of anticipated changes in the price of steam on conservation measures taken by steam customers. At the time the forecast was prepared, the Accounting Panel provided estimates of total revenue by service

FORECASTING PANEL - STEAM

classification reflecting the then estimate of the needed rate relief for the rate year as well as the then estimated revenues at current rates. The estimate of the rate relief was allocated to the rate classes on a prorated basis based on the individual classes contribution to overall base revenues. These total revenue projections were then converted to unit dollar per mlb estimates based on the then sales projections. The resultant changes in unit rates were between rate years were discounted for inflation and measured in real terms. Those changes, measured on a percentage basis, were then multiplied by the appropriate price elasticity coefficients and weather normalized sales to determine the projected change in MMLbs of sales. These price elasticity coefficients were developed by a Company consultant in connection with the Company's last steam filing. The consultant's findings as to the conservation response of customers to changes in steam prices are well within the range of coefficients they found in similar energy price studies. The price elasticity coefficients developed by the Company's consultant are -0.11, -0.15, and -0.11 for SC 1, SC 2, and SC 3, respectively. Application of these coefficients results in a projected decrease in sales of 355 MMLbs in the rate year.

FORECASTING PANEL - STEAM

- 1 Q Please explain line 18 labeled "Customer Transfers."
- 2 A. The current steam rate plan provides for the Company to
- 3 design winter peak demand rates to be effective for the
- 4 2010-2011 winter demand period for SC 2 and SC 3 customers
- 5 with annual usage less than 22,000 Mlbs but equal to or
- 6 greater than 14,000 Mlbs. The sales forecast assumes that
- 7 148 customers with annual usage of between 14,000 and
- 8 22,000 Mlbs each and with total usage of 2,389 MMLbs will
- 9 be moved from non-demand billing to demand billing
- 10 effective November 1, 2010.
- 11 Q. What is the forecasted sales level for the rate year, the
- 12 12 months ending September 30, 2011?
- 13 A. As set forth on line 19, the forecasted sales level for the
- 14 12 months ending September 30, 2011 is 23,175 MMLbs.
- 15 Q. How does this forecast compare to the sales level upon
- 16 which current rates were set?
- 17 A. Rates that went into effect on October 1, 2009, were set on
- 18 an estimate of 25,880 MMLbs for the 12 months ended
- 19 September 30, 2010. It should be noted that the weather
- 20 normalized sales for the 12 months ended June 2009 were
- 21 approximately 2,300 MMLbs below the level upon which rates
- 22 were set.
- 23 Q. Did the Forecasting Panel provide Company witness Catuogno

FORECASTING PANEL - STEAM

1 a forecast of steam sendout?

2 A. No. The Forecasting Panel provided Company witness
3 Catuogno with a forecast of sales on a calendar month basis
4 to which he added "lost and unaccounted for" steam to
5 derive total steam system sendout.

6 Q. Please describe how the forecast of calendar month sales
7 was developed.

8 A. The forecast of calendar sales was developed by recognizing
9 the differences between monthly normal weather conditions
10 on an "as billed" basis versus a "calendar" basis, as well
11 as the number of average monthly billing days as opposed to
12 calendar days. The Forecasting Panel restructured the
13 projected billed sales to a calendar basis.

14 Q. By "calendar" sales, do you mean the level of monthly sales
15 that would be reported if all customer meters were read on
16 the last day of each month?

17 A. That is correct.

18

19

PRICING OF FORECAST

20 Q. Was Exhibit ___ (FP-2), entitled "CONSOLIDATED EDISON COMPANY
21 OF NEW YORK, INC. - FORECASTED STEAM REVENUES - 12 MONTHS
22 ENDING SEPTEMBER 30, 2011 AT CURRENT AND PROPOSED RATES "
23 prepared under your supervision and direction?

FORECASTING PANEL - STEAM

1 A. Yes, it was.

2 MARK FOR IDENTIFICATION AS EXHIBIT __ (FP-2)

3 Q. Please describe what this exhibit shows.

4 A. Column (1), entitled Base, shows projected tariff revenues
5 (net of contractual and rate discounts) on a per service
6 classification and total basis, inclusive of the current
7 variable base cost of fuel and applicable fixed cost of
8 fuel, at current rates. Service classification revenues,
9 where applicable, are shown on a non-demand and demand rate
10 basis.

11 Column (2) shows Increase in Rates and Charges associated
12 with Column (1).

13 Column (3) shows projected Statement of Fuel Adjustment
14 revenues.

15 Column (4) shows projected 18-a assessment revenues.

16 Column (5) shows the Increase in Rates and Charges
17 associated with Columns (3) and (4).

18 Column (6), which is the forecast of total revenue at
19 current rates, sums Columns (1), (2), (3), (4) and (5).

20 Column (7) shows the proposed base rate revenue increase
21 inclusive of increase in rates and charges.

22 Q. Please explain how the projected base revenues at current
23 rates shown in Column (1) were calculated for Service

FORECASTING PANEL - STEAM

Classification 1.

A. These revenues were priced using a pricing curve that is based on the historic relationship of sales to base revenues. This curve was modified to reflect the October 1, 2009 rates.

Q. Please explain how the projected base revenues at current rates shown in Column (1) were calculated for Service Classification 2-Non Demand.

A. The projected base revenues for Service Classification 2 Non Demand were computed in a three-step process. First, we priced out the historic sales of SC2 non demand customers with annual usage less than 14,000 MLBS at current rates. In the second step we developed pricing curves based on the relationship of those revenues to those sales. In the last step we applied those curves to the rate year forecast of SC-2 Non Demand sales forecast.

Q. Please explain how the projected base revenue at current rates shown in Column 1 for Service Classification 2-Demand was calculated.

A. The projected base revenues from Service Classification 2-Demand consider customer charges, energy charges and demand charges. The demand charge component was based on the demand charge rates proposed to go into effect on October

FORECASTING PANEL - STEAM

1 1, 2010 for customers with usage greater than or equal to
2 14,000 Mlbs, weather normalized sales and average monthly
3 load factors.

4 Q. Please define what the Forecasting Panel means by the term
5 "load factor."

6 A. Load factor is defined as the average hourly usage over the
7 demand billing period as a percentage of peak hour usage
8 during that period.

9 Q. Please continue.

10 A. As previously noted, as part of the sales forecast process,
11 we weather-normalized the experienced sales level in the
12 historic year. We applied load factors to the forecast of
13 weather normalized sales of customers in the demand billing
14 group to derive peak hour demands more likely to be
15 experienced during normal weather. We then priced the
16 resultant demands at the demand rates proposed to go into
17 effect on October 1, 2010 for customers with usage greater
18 than or equal to 14,000 Mlbs.

19 Q. Please explain how the "load factors" the Forecasting Panel
20 used were computed.

21 A. These factors were computed based on the averages of all
22 available peak and sales data. Separate factors were
23 determined for each month of the demand billing period.

FORECASTING PANEL - STEAM

- 1 Q. Please continue with your explanation of how the base
2 revenues for this group were computed.
- 3 A. Next, we priced out the customer charge revenues by
4 multiplying the number of customer bills projected for this
5 group by the current customer charge rate. Next, we
6 computed the energy charge revenue from these customers
7 based on their historical usage priced at current rates.
8 We then combined the calculated customer charges and energy
9 charges. The resultant revenues and related energy sales
10 were then regressed to determine non demand charge related
11 pricing curves. We then applied these pricing curves to
12 the projected energy sales to SC2 Demand customers in the
13 rate year. The resultant revenue was then added to the
14 projected demand revenues previously discussed to derive a
15 total base revenue for the SC 2 Demand rate group.
- 16 Q. Absent rate relief, are you saying that the only change in
17 rates on October 1, 2010, would be the new demand rates for
18 customers with annual usage equal to or greater than 14,000
19 Mlbs
- 20 A. That is correct.
- 21 Q. How much of the SC2 demand revenue shown in column 2 is
22 related to demand charges?
- 23 A. \$23,003,000.

FORECASTING PANEL - STEAM

1 Q. Please explain how the projected base revenues shown in
2 Column (1) were calculated for Service Classification 3 Non
3 - Demand and Service Classification 3 Demand.

4 A. The projected base revenues shown in Column (1) for SC 3
5 Non-Demand and SC 3 Demand were calculated using the same
6 process and steps noted for the pricing of SC 2 Non- Demand
7 and SC 2 Demand.

8 Q. How much of the \$66,662,000 of base revenue shown for SC 3
9 Demand is related to demand charges?

10 A. \$6,560,000.

11 Q. Please explain how the base revenues shown in Column 1 for
12 Service Classification 4 were computed.

13 A. Currently, there are 12 customers in this service
14 classification. These customers fall into four rate groups
15 - Rate 1 and 2 being former SC 2 and SC 3 Non-Demand
16 customers, respectively, and Rate 3 and 4 being former SC 2
17 and SC 3 Demand customers. The base revenue projections in
18 each of the four groups considered the projected sales in
19 each group, the current customer charges and energy charges
20 in each group, as well as the projected demands and unique
21 demand charges, which differ by customer.

22 Q. Please explain how the base revenues shown in column 1 for
23 SC 5 and SC 5 Demand were computed.

FORECASTING PANEL - STEAM

- 1 A. Customers in SC 5 are under individually negotiated
2 agreements. The forecast reflects service to 17 non demand
3 customers and 26 demand customers in SC 5.
4 Each customer's projected sales and demand (where
5 applicable) were priced considering the customer charges,
6 energy charges, demand charges negotiated which differ on a
7 customer by customer basis.
- 8 Q. How much of the \$33,447,000 in base revenue projected from
9 SC5 Demand customers is demand charge related?
- 10 A. \$3,065,000.
- 11 Q. How was the increase in rates and charges revenues shown in
12 Column 2 computed?
- 13 A. These revenues as well as those shown in column 5 were
14 provided by the Accounting Panel.
- 15 Q. How was the estimate of the Statement of Fuel Adjustment
16 revenue shown in Column (3) developed?
- 17 A. Company witness Catuogno provided the Forecasting Panel
18 with this information.
- 19 Q. How was the PSL 18a - assessment revenue shown in column 4
20 computed.
- 21 A. The Forecasting Panel applied the current unit sales rate
22 surcharges by service classification to the forecasted
23 sales by service classification in the rate year to compute

FORECASTING PANEL - STEAM

1 these revenues.

2 Q. How was the estimate of the proposed base rate revenue
3 increase shown in Column (6) determined?

4 A. The Rate Panel provided the proposed tariff rates for the
5 rate year. Using these rates, we developed incremental
6 pricing curves associated with the proposed customer charge
7 and energy charge changes. Using these incremental pricing
8 curves, and the proposed increases in demand charges we
9 priced out the forecasted sales for the rate year. The
10 resultant revenues was then adjusted to include increase in
11 rates and charges and compared to the \$128,768,000 provided
12 by the Accounting Panel and shown in column (7). We
13 concluded within the accuracy of our pricing models that
14 the rate design provided by the Rate Panel will produce the
15 intended level of increase revenue. The \$128,768,000 in
16 column (7) equates to an overall estimated bill impact of
17 18.2 percent.

18 Q. Did the Forecasting Panel also forecast sales volumes and
19 revenues for annual periods after the rate year ending
20 September 30, 2011?

21 A. Yes. Since, the Company is also proposing a multi-year
22 rate plan, the Forecasting Panel provided the Accounting
23 Panel with estimated volumes and revenues for what would be

FORECASTING PANEL - STEAM

1 rate years two, three and four.

2 We will continue to monitor the variables impacting the
3 forecast and update the forecast if circumstances warrant
4 during the update phase of this proceeding.

5 Q. Company witness Muccilo is proposing a Revenue Decoupling
6 Mechanism (SRAM) for the steam system. Does the Forecast
7 Panel have any comment on this proposal?

8 A. Yes. The uncertainty of actual weather conditions clearly
9 is beyond the control of both the Company, other parties
10 and the Commission. An SRAM would eliminate the
11 uncertainty of weather conditions from the rate setting
12 process. Virtually all of the steam air conditioning
13 customers are also steam heating customers and are subject
14 to this uncertainty on a continuous basis.

15 Q. Does this conclude the Forecasting Panel's testimony?

16 A. Yes, it does.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/09
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 98

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

**DEVELOPMENT OF FORECASTED STEAM SALES (MMlbs)
FOR 12 MONTHS ENDING SEPTEMBER 30, 2011**

LINE NO.	DESCRIPTION	SC 1 - General Service	SC 2 - Annual Power Service	SC 2 - Demand	SC 3 - Apartment House Service	SC 3 - Demand	SC 4 - Back-Up / Supplementary Service	SC 5 - Negotiated Agreement Service	SC 5 - Demand	TOTAL
1	HISTORIC TEST YEAR SALES	570	3,694	11,371	3,686	2,346	452	348	1,807	24,274
	WEATHER NORMALIZATION									
2	HEATING	(34)	(157)	(282)	(129)	(62)	(11)	(12)	(40)	(727)
3	COOLING	0	26	239	0	0	7	1	33	306
4	TOTAL	(34)	(131)	(43)	(129)	(62)	(4)	(11)	(7)	(421)
5	WEATHER NORMALIZED SALES	536	3,563	11,328	3,557	2,284	448	337	1,800	23,853
	ANNUALIZATION ADJUSTMENT									
6	NEW BUSINESS	0	94	0	29	0	0	0	0	123
7	LOST BUSINESS	(2)	(19)	0	0	0	0	0	0	(21)
8	TOTAL	(2)	75	0	29	0	0	0	0	102
9	BILLING CYCLE	(2)	(13)	(47)	(13)	(7)	(2)	(2)	(5)	(91)
10	BASE ESTIMATE	532	3,625	11,281	3,573	2,277	446	335	1,795	23,864
11	NEW BUSINESS	6	19	91	10	32	0	0	0	158
12	LOST BUSINESS TO ONSITE GENERATION	(11)	(29)	0	(60)	0	0	0	0	(100)
13	DEMOLITION and OTHER LOST BUSINESS	(8)	(42)	0	(6)	0	0	0	0	(56)
14	LOST BUSINESSSS (A/C Efficiency Impact)	0	0	(82)	0	0	0	0	0	(82)
15	LOST BUSINESSSS (A/C)	0	0	(90)	0	(6)	0	0	0	(96)
16	EMPLOYMENT	0	(22)	(136)	0	0	0	0	0	(158)
17	PRICE ELASTICITY	(9)	(47)	(206)	(39)	(54)	0	0	0	(355)
18	CUSTOMER TRANSFERS	0	(1,368)	1,368	(1,021)	1,021	0	0	0	0
	FORECASTED SALES									
19	12 MONTHS ENDING 9/30/2011	510	2,136	12,226	2,457	3,270	446	335	1,795	23,175

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 99

CONSOLIDATED EDISON COMPANY OF NEW YORK INC.
FORECASTED STEAM REVENUES - 12 MONTHS ENDING SEPTEMBER 30, 2011
AT CURRENT AND PROPOSED RATES

R E V E N U E I N \$ 1 0 0 0 ' s								
		Base	Increase in Rates & Charges	Statement of Fuel Adjustment	18a Assessment	Increase in Rates and Charges	Total Revenue @ Current Rates	Proposed Base Rate Increase
Line No.	Service Classification	Column (1)	Column (2)	Column (3)	Column (4)	Column (5)	Column (6)	Column (7)
1	SC 1 - General Service	21,080	454	3,655	446	92	25,727	
2	SC 2 - Annual Power Service	65,567	1,419	14,852	1,204	349	83,391	
3	SC 2 - Demand	261,308	5,661	79,585	6,906	1,872	355,332	
4	SC 3 - Apartment House Service	59,672	1,291	16,880	1,326	398	79,567	
5	SC 3 - Demand	66,662	1,443	22,324	1,765	519	92,713	
6	SC 4 - Back-up//Supplementary Service	10,473	229	2,944	192	67	13,905	
7	SC 5 - Negotiated Agreement Service	6,208	133	2,274	179	53	8,847	
8	SC 5 - Demand	33,447	727	11,602	1,002	276	47,054	
Total		524,417	11,357	154,116	13,020	3,626	706,536	128,768

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 100

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

JOHN CATUOGNO - STEAM

1 Q. Please state your name and business address.

2 A. My name is John Catuogno. My business address is 4
3 Irving Place, New York, New York 10003.

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

5 A. I am employed by Consolidated Edison Company of New
6 York, Inc. ("Con Edison" or the "Company") as the
7 Section Manager of Steam Operations Planning, Steam
8 Operations.

9 Q. What is your educational and professional background?

10 A. I graduated from Polytechnic University with a Bachelor
11 of Science degree in Mechanical Engineering in 1991 and
12 with a Master of Science degree in Management in 2002.
13 I am a registered Professional Engineer in the State of
14 New York.

15 I joined Con Edison in 1991 and have held various
16 positions of increasing responsibility in the Fossil
17 Power, Nuclear Power Engineering, Energy Management,
18 and Steam Operations Departments. Since January 2007, I
19 have been the Section Manager of the Steam Operations
20 Planning Section.

21 Q. Please describe your current responsibilities in the
22 Steam Operations Planning area.

23 A. My responsibilities include, among other functions,
24 preparing estimates of fuel requirements for the

1 Company's steam and steam-electric generating stations,
2 determining budgets for fuel and purchased steam
3 expenditures, preparing the near term operating and
4 outage plans for the steam and steam-electric
5 generating units, and performing technical analyses
6 pertaining to the operation and dispatch of the Steam
7 System (Production, Transmission, and Distribution).
8 Q. Have you previously testified before the New York State
9 Public Service Commission?
10 A. Yes, I have testified in Case 09-S-0029 and Case 07-S-
11 1315.
12 Q. What is the purpose of your testimony in this
13 proceeding?
14 A. My testimony covers several areas. First, I provide
15 estimates of fuel costs for steam production and
16 describe how those estimates were prepared.
17 Second, I present Con Edison's estimates of future fuel
18 prices and the Company's measures for mitigating fuel
19 costs and volatility.
20 Third, I describe the calculation and application of
21 heat rate and processing charges between steam and
22 electric operations.
23 Fourth, I discuss residual fuel oil storage capability
24 and the storage needs of the Steam Department as well

1 as propose to recover labor costs related to fuel oil
2 storage and handling currently recovered through the
3 Fuel Adjustment Clause ("FAC") in base rates
4 prospectively.

5 Finally, I discuss the Fuel Management Program.

6 **FORECASTED FUEL COSTS**

7 Q. Turning to the first area of your testimony, have you
8 prepared an exhibit showing the forecasted fuel costs
9 for steam production up to and including the rate year
10 ending September 30, 2011 ("Rate Year")?

11 A. Yes. I have prepared a one-page exhibit entitled
12 "STEAM SYSTEM FUEL REQUIREMENTS AND COSTS," set forth
13 as Exhibit __ (JC-1).

14 MARK FOR IDENTIFICATION AS EXHIBIT __ (JC-1)

15 Q. Please describe the information contained in this
16 exhibit.

17 A. This exhibit shows actual steam sendout, fuel
18 consumption, and total fuel and purchased steam costs
19 for the Historic Year (i.e., the twelve-month period
20 ended June 30, 2009). Total fuel and purchased steam
21 costs for the Rate Year (i.e., the twelve month period
22 ended September 30, 2011) are forecast to be \$332.96
23 million, which reflects, among other things, a 1.3%
24 decrease in steam sendout, a 0.6% decrease in residual

1 fuel oil price, and a 4.3% decrease in natural gas
2 price, as compared with actual values during the
3 Historic Year, when fuel and purchased steam costs were
4 \$333.36 million.

5 Q. Please explain the terms included under the heading
6 "Steam Sendout" in your exhibit.

7 A. "Steam Sendout" is the actual or forecasted steam
8 supplied from the Company's steam-electric generating
9 stations, steam-only generating stations, and purchased
10 from the Brooklyn Navy Yard Cogeneration Partners
11 ("BNYCP") plant. The total forecasted steam sendout
12 for the Rate Year is 27,465 million pounds of steam.

13 Q. How was the total forecasted steam sendout for the Rate
14 Year determined?

15 A. Projections of the total monthly steam sales were
16 developed and provided to me by the Company's Steam
17 Forecasting Panel. The monthly steam sales are
18 multiplied by a forecasted monthly steam variance
19 factor to determine the monthly steam sendout.

20 Q. How were the steam sendout requirements from various
21 generating stations determined?

22 A. The steam sendout for each of the generating stations
23 are projected based on PROMOD simulations.

24 Q. Please discuss the PROMOD analysis.

- 1 A. PROMOD is a multi-area production cost computer model,
2 which has been widely used in conducting planning
3 studies and in rate proceedings. For rate case
4 purposes, and as has been done in the past, PROMOD was
5 also employed to simulate the least-cost, reliable
6 dispatch of Steam System production resources.
- 7 Q. What data is used to simulate the Rate Year?
- 8 A. The data used includes forecasts of unit maintenance
9 schedules, heat rates, fuel prices, availability of
10 natural gas, and volume and prices of steam purchases.
- 11 Q. Please describe the items shown on Exhibit __ (JC-1)
12 entitled "Fuel Consumption by Type."
- 13 A. "Fuel Consumption by Type" is the actual or forecasted
14 fuel oil and natural gas consumption for the generating
15 stations during each of the periods.
- 16 Q. How did you estimate the quantity of fuel and
17 consumption by type that would be used for steam
18 production?
- 19 A. The quantity of fuel and consumption by type for steam
20 production was taken from the results of the PROMOD
21 simulations of forecasted operations.
- 22 Q. Please describe the next item on Exhibit __ (JC-1)
23 entitled "Total Fuel & Purchased Steam Costs."

1 A. Fuel cost is the actual or forecasted cost of fuel for
2 each period for the Company's steam-only and steam-
3 electric generating stations. Steam purchased costs
4 are described below.

5 Q. How were total fuel and purchased steam costs
6 determined?

7 A. I used actual fuel and purchased steam costs through
8 August 31, 2009. The fuel and purchased steam cost
9 forecasts for the Rate Year were based on the PROMOD
10 analysis and the fuel price forecasts that I describe
11 later in my testimony.

12 Q. Please explain the item entitled "Oil-Storage and
13 Handling" shown in your exhibit.

14 A. "Oil-Storage and Handling" costs are the costs for
15 storing fuel oil and withdrawing it from storage when
16 required. The projections for these costs are
17 determined based on historical applicable charges made
18 against each account and consider known, upcoming major
19 or non-normal planned work, such as dredging and
20 storage facility repairs. The storage and handling
21 cost forecasts shown in the exhibit for steam reflect
22 the allocation methodology between electric and steam
23 approved by the Commission in Case No. 99-S-1621.

1 Q. Does your forecast of the total cost of fuel include
2 any other components?

3 A. Yes. My estimate includes the energy portion of the
4 steam purchases from BNYCP.

5 Q. How was the BNYCP forecast for energy developed?

6 A. The amount of energy supplied by BNYCP is based on
7 simulations from PROMOD. The pricing of the energy by
8 month is equal to the sum of: (1) ninety-five percent
9 (95%) of the product of the forecast of natural gas
10 prices at Henry Hub for such month (\$/Dt) and 2.45
11 (Dt/Thousands of Pounds); and (2) one hundred percent
12 (100%) of the Steam Processing Charges for such month
13 (\$/Thousands of Pounds).

14 Q. What is your forecast of the capacity charge associated
15 with steam purchases from BNYCP?

16 A. For the Rate Year, the capacity charge is forecasted to
17 be approximately \$3.3 million based on the base price
18 set forth in the contract, escalated according to the
19 contract's inflation index, and adjusted for the
20 plant's expected equivalent availability. This
21 reflects a 13% increase from the BNYCP capacity costs
22 in the historic year, which was approximately \$2.9
23 million.

1 Q. Is there anything else you would like to note relevant
2 to fuel?

3 A. Yes. It is important to note that the Company is
4 planning for the addition of full gas burning
5 capability on the Company's boilers at its 59th and 74th
6 Street Generating Stations. The Company has modeled
7 this accordingly in its PROMOD simulations.
8 Accordingly, our PROMOD simulations have Boilers 114
9 and 115 at 59th Street Generating Station modeled to
10 commence full gas firing starting November 1, 2011, and
11 November 1, 2014 for all of the boilers at the 74th
12 Street Generating Station. In addition, the Company
13 has assumed that to the extent that new boilers are
14 installed at the Hudson Avenue Generating Station, such
15 new boilers will have full natural gas burning
16 capability. The PROMOD simulation assumes a May 1,
17 2014 in service date for full gas burning capability at
18 Hudson Avenue. Currently, Boilers 114 and 115 at 59th
19 Street only have ignition gas and there is no natural
20 gas supply to the boilers at either 74th Street or
21 Hudson Avenue. The Company's Steam Operations Panel
22 will elaborate further on these projects.

23

24

FORECASTED FUEL PRICES

1

2 Q. Did you prepare an exhibit relating to the development
3 of fuel oil and natural gas prices entitled "FORECAST
4 OF FUEL PRICES, SEPTEMBER 2009 TO DECEMBER 2015"?

5 A. Yes, I did.

6 MARK FOR IDENTIFICATION AS EXHIBIT __ (JC-2)

7 Q. Please explain how the forecast of natural gas and
8 residual fuel oil prices was developed.

9 A. The forecast of natural gas and residual fuel oil (No.
10 6 Fuel Oil) prices as reflected in Exhibit __ (JC-2),
11 which was used as an input in the PROMOD simulations
12 previously described, was developed as follows:

13 Determination of the Natural Gas Prices:

14 Column A - This is a forecast of the cost of the
15 portfolio of supplies that will be used to supply the
16 Company's generating stations, which was developed by
17 the Company's Gas Supply Department. This natural gas
18 price forecast is the delivered cost of natural gas to
19 the New York Citygate including taxes.

20 Determination of the New York Harbor ("NYH") 0.3%
21 Sulfur ("S") High Pour ("HP") No. 6 Fuel Oil Prices:
22 Column B - This is the NYMEX West Texas Intermediate
23 ("WTI") Crude Oil futures by month at the time this
24 exhibit was prepared.

- 1 Column C - This is the correlation factor between Crude
2 and No. 6 Fuel Oil prices, which was established based
3 on a review of the historical relative behavior of the
4 two prices.
- 5 Column D - This is the projected No. 6 Fuel Oil spot
6 price, which was obtained by multiplying Columns B and
7 C.
- 8 Column E - This accounts for the associated 4.5% New
9 York City sales/use tax.
- 10 Column F - This includes the associated New York State
11 ("NYS") spill tax plus other fees.
- 12 Column G - This accounts for the associated NYS PBT
13 (Petroleum Business Tax) on No. 6 Fuel Oil.
- 14 Column H - This is the delivered cost of 0.3%S HP No. 6
15 Fuel Oil to the New York Harbor area including taxes,
16 which is calculated as the sum of Columns D, E, F, and
17 G.
- 18 Column I - This is Column H expressed on a \$/MMbtu
19 basis.
- 20 Q. What information is used to develop these fuel oil and
21 natural gas forecasts?
- 22 A. These forecasts are based on the market expectations at
23 a point in time. History has demonstrated that fuel
24 prices can and will deviate substantially from

1 forecasted levels. Changes in market prices for fuel
2 are outside of the Company's control. However, the
3 Company takes steps to mitigate fuel price volatility.
4 One example is the gas hedging program undertaken by
5 the Company's Gas Supply Department. I note that while
6 hedging is designed to mitigate volatility, it can
7 result in prices above or below the market price.
8 Efforts to mitigate the impact of fuel oil price
9 volatility are discussed below.

10 Q. Are you generally aware of the measures undertaken by
11 the Company to mitigate its gas costs?

12 A. Yes, I am, based on information provided by the
13 Company's Gas Supply Department.

14 Q. What methods does the Company use to minimize gas
15 costs?

16 A. The Company minimizes gas costs through competitive
17 bidding processes, requests for proposals to the
18 marketplace, and through purchasing opportunities
19 arising out of the Company's membership in the
20 Northeast Gas Markets Group. The Company also
21 undertakes additional efforts to reduce the volatility
22 of gas prices.

1 Q. What additional steps does the Company take to reduce
2 the impact of the volatility of gas prices on the
3 Company's gas costs?

4 A. Here are several examples. First, firm transportation
5 to the Citygate, like the contracts supporting the East
6 River Repowering Project ("ERRP") and those included in
7 the Company's gas supply portfolio, in addition to
8 satisfying the need for reliability of gas deliveries,
9 enables the Company to avoid the volatility of basis
10 (i.e., the value of transporting gas from a supply
11 point to a delivery point), which would be the case if
12 the Company were to buy all of its transportation
13 capacity in the market, on an "as needed" basis.

14 Second, the Company injects gas into production area
15 storage during the summer months, when the price of gas
16 has traditionally been lower and less volatile than
17 during the winter months, for use during the winter.

18 Third, the Company has a gas hedging program that is
19 designed to mitigate the impact of natural gas price
20 volatility on the Company's gas costs. The program has
21 several components, including the use of a combination
22 of physical price locks, through the Company's supply
23 contracts, and various financial instruments to hedge
24 natural gas prices.

1 Q. Have the Company's efforts to mitigate gas price
2 volatility been successful?

3 A. Yes, they have. The Company's Gas Supply Department
4 measures the price volatility of the gas delivered to
5 the Company's Steam Department. For the Historic Year,
6 the gas delivered to the Steam Department had less than
7 60% of the volatility of the gas market prices in New
8 York City.

9 Q. Have the Company's gas procurement efforts been the
10 subject of regulatory review?

11 A. Yes, they have. The Company's gas procurement efforts
12 are routinely reviewed in the context of Company gas
13 rate filings, including the Company's November 2006 gas
14 rate filing, Case No. 06-G-1332. In addition, Paul
15 Olmsted, who is the Director of the Company's Gas
16 Supply Department, provided testimony regarding the
17 Company's gas procurement efforts in the Gas rate
18 filing that was made contemporaneously with this Steam
19 rate filing. Finally, the Company's Gas Supply
20 personnel consult with the Department of Public Service
21 Gas Staff annually to review efforts designed to
22 provide for reliability of gas supply and mitigate gas
23 price volatility.

- 1 Q. Are there any other steps the Company takes to
2 effectively manage its natural gas supply and costs?
- 3 A. Yes. The Steam Operations Planning Section maintains
4 daily communication with Gas Supply to: (a) ensure
5 adequate and low cost supply; (b) understand near term
6 market trends; and (c) discuss any opportunities in the
7 natural gas market. During anticipated high burn days a
8 detailed review of the day ahead steam and steam-
9 electric unit dispatch and gas burn are reviewed so
10 that the load is met in the most cost effective manner
11 consistent with reliability. Contingencies in the gas
12 market and on the Gas System as well as on the Steam
13 System are also considered to maintain the reliability
14 of both systems.
- 15 Q. Please describe the methodology for allocating gas
16 commodity and capacity costs between the Gas Department
17 and the Steam Department.
- 18 A. Gas pipeline capacity and gas commodity costs are
19 allocated to Steam in the following manner:
20 -- Steam is directly allocated the cost of two-long-
21 term firm transportation agreements, having an
22 aggregate daily quantity of approximately 60,000
23 Dt/day.

1 -- For requirements in excess of 60,000 Dt/day, the
2 Company procures additional capacity for Steam, as
3 required. If needed and available, Steam can utilize
4 firm gas customers' excess capacity.

5 -- The cost of any additional capacity (and/or capacity
6 bundled with gas) procured specifically to meet
7 incremental Steam requirements is directly allocated to
8 Steam.

9 -- The cost of any gas commodity procured specifically
10 for Steam is directly allocated to Steam.

11 -- The commodity cost of gas supplied/allocated to
12 Steam from the Combined Portfolio is at the weighted
13 average cost of the gas taken from the portfolio.

14 Finally, I will note that all gas costs charged to the
15 Steam Department are then allocated between steam and
16 electric production pursuant to existing Commission-
17 approved allocation methodologies.

18 Q. How is residual fuel oil for the Company's steam and
19 steam-electric generating stations procured?

20 A. The Company's residual fuel oil for the generating
21 stations is procured via a combination of firm supply
22 contracts and spot purchases (when situations dictate)
23 to obtain lowest reasonable costs consistent with
24 maintaining a reliable supply and to allow for

1 operational flexibility when needed. The firm supply
2 contracts are solicited via requests for proposals and
3 the suppliers' offers are competitively selected.

4 Residual fuel oil for the 74th Street and Ravenswood
5 Steam Generating Stations is purchased from
6 TransCanada, the owner and operator of the oil storage
7 facilities at the Ravenswood site.

8 Q. How does the Company mitigate the impact that the
9 volatility in residual fuel oil prices has on its fuel
10 costs?

11 A. To mitigate the impact that the volatility in residual
12 fuel oil prices has on the Company's fuel costs, the
13 Company uses its residual fuel oil storage, which is
14 further described in my testimony below. In times of
15 rising oil market prices, when a portion of the oil
16 supply to the generating stations is taken from
17 storage, customers are charged the inventory price,
18 which reflects the lower prices of past purchases.
19 When oil market prices fall, the Company purchases oil
20 to both replenish the inventory in its storage tanks
21 and for delivery to its generating stations.

22 Q. Are there any other steps the Company takes to
23 effectively manage fuel oil supply and costs?

1 A. Yes. The Steam Operations Planning Section maintains
2 daily communication with its Fuel Oil Agent to ensure
3 adequate and low cost supply, to understand near term
4 market trends, and discuss any opportunities in the
5 fuel oil market.

6 **HEAT RATES AND PROCESSING CHARGES**

7 Q. Have you prepared an exhibit titled "CHARGES FOR STEAM
8 SENDOUT FROM EAST RIVER 6 and 7 STEAM-ELECTRIC UNITS
9 EFFECTIVE APRIL 1, 2009"?

10 A. Yes I have.

11 MARK FOR IDENTIFICATION AS EXHIBIT __ (JC-3)

12 Q. Please explain the items included in processing charges
13 shown in this exhibit.

14 A. The processing charges include water, chemical, and
15 labor costs. Water costs for East River Units 6 and 7
16 are determined on the basis of three components,
17 namely, sendout, treatment plant use, and boiler
18 blowdown, all of which are determined by utilizing the
19 current New York City water price. The chemical costs
20 are for chemicals used to remove or neutralize
21 impurities in the feedwater used to make steam. Labor
22 costs include those costs that are associated with the
23 additional personnel required for Steam System
24 operations. All costs that are part of the processing

1 charges are based on actual production data from the
2 previous year.

3 Q. How is the East River Unit 6 heat rate determined?

4 A. East River Unit 6 is normally operated as a
5 cogeneration unit. Fuel for steam sendout is allocated
6 to the Steam Department based on a fixed steam rate of
7 1,185 btu/lb. The balance of fuel costs for the unit
8 is allocated to electric production. This information
9 has been used in the foregoing PROMOD simulations. We
10 would also like to note that an exception is made for
11 periods when East River Unit 6 is operated as a live
12 steam boiler (i.e., when the turbine-generator is off-
13 line). In that mode of operation, all fuel costs are
14 allocated to steam. The heat rate for East River Unit
15 6 live steam sendout is determined by dividing the
16 steam sendout heat output, in btu/lb (steam enthalpy
17 less make-up water enthalpy), by the boiler efficiency
18 and then making adjustments to reflect the energy used
19 by electrical auxiliaries for steam generation. The
20 boiler efficiency is the ratio of the heat captured in
21 the boiler to the heat available in the fuel. This
22 heat rate is also adjusted for the steam and electric
23 auxiliaries used in the production of live steam.

1 **RESIDUAL FUEL OIL STORAGE**

2 Q. Turning now to residual fuel oil storage, what are the
3 factors that you consider in estimating residual fuel
4 oil inventories?

5 A. I consider a number of factors, including the Company's
6 storage capacity, target inventory levels, and other
7 practical operational considerations, such as unit fuel
8 burns, and supply and delivery logistics.

9 Q. How are target inventory levels determined?

10 A. The target inventory levels are based on the PROMOD
11 forecasted oil burn, fuel availability, and projected
12 weather and market conditions.

13 Q. What are the estimated residual fuel oil inventory
14 levels for the Steam System for calendar years 2010 and
15 2011?

16 A. The estimated residual fuel oil inventory levels for
17 the Steam System for 2010 and 2011 are approximately
18 300,000 barrels per month for nine months and
19 approximately 350,000 barrels per month for three
20 months of each year. These estimates are based on
21 projections of Company-owned steam-electric and steam-
22 only generation.

23 Q. What is the Company's current storage capability?

1 A. Con Edison has approximately 300,000 barrels of its own
2 residual fuel oil working storage capability, and
3 approximately 700,000 barrels of leased/contracted
4 residual fuel oil working storage capability.

5 Q. Is this storage capability adequate for the Company's
6 projected needs?

7 A. The Company has determined that its current storage
8 capability exceeds its needs. As a result, the Company
9 does not intend to renew one of its three large leased
10 residual fuel oil storage tanks. This will reduce the
11 leased residual fuel oil working storage capability to
12 approximately 550,000 barrels, which when added to the
13 Company's storage capacity, will meet our residual fuel
14 oil storage capacity needs. This reduction in leased
15 residual fuel oil storage costs results in a reduction
16 in base rates, which has been reflected in the
17 Company's steam revenue requirement.

18 Q. Please explain the basis used for estimating other
19 fuel-related expenses.

20 A. Other fuel-related expenses are comprised primarily of
21 leased residual fuel oil tank rents as described in the
22 preceding answer on this page. Leased residual fuel oil
23 storage tank rents are estimated based on residual fuel
24 oil storage capacity commitments under contracts that

1 are necessary to supplement Company-owned storage in
2 meeting the storage capacity target requirement
3 described above.

4 Q. How are your estimates utilized?

5 A. The Company's Accounting Panel uses these residual fuel
6 oil inventory levels and residual fuel oil storage
7 capacity cost estimates in determining the Company's
8 revenue requirement, including working capital
9 requirements. The estimates of residual fuel oil
10 inventory levels are used as inputs to the PROMOD
11 simulations for the estimation of total system fuel
12 costs.

13 Q. Are you proposing any changes to any of the oil storage
14 and handling costs currently being recovered through
15 the FAC?

16 A. Yes. Pursuant to the Commission's September 22, 2008
17 Order Establishing Rate Plan in Case No. 07-S-1315
18 ("2007 Steam Rate Order"), the Company is moving the
19 recovery of labor costs associated with fuel oil
20 storage and handling, which has been described in the
21 forecasted fuel costs section of my testimony, out of
22 the Steam FAC and into base rates, beginning in the
23 Rate Year effective October 1, 2010. This equates to a
24 program change increase of \$2,129,000 for Company Labor

1 and a concomitant reduction to costs recovered through
2 the FAC. This amount is included in the program
3 changes from the Steam Operations Panel and in Exhibit
4 (SOP-3). These labor costs represent the Company labor
5 costs associated with fuel oil storage and handling
6 efforts at the generating stations. The amount of the
7 program change is based on a three-year average (2006 -
8 2008) of the actual costs incurred by the Company for
9 these efforts.

10 **FUEL MANAGEMENT PROGRAM**

11 Q. Turning now to Fuel Management, how does the Company
12 optimize the value of its residual fuel oil storage
13 capability?

14 A. The Company seeks to optimize the value of its residual
15 storage capacity by performing exchange transactions
16 with third parties. For the Rate Year, the Company
17 forecasts \$230,000 of net revenues for the Fuel
18 Management Program allocated to steam.

19 Q. Does this forecast reflect any changes from activities
20 in the Historic Year?

21 A. Yes. In the Historic Year, the Company sublet a
22 portion of its leased residual storage capacity to
23 third parties. However, the Company does not expect
24 this subleasing to occur in the Rate Year. As

1 explained earlier in my testimony, the Company is not
2 planning to renew the lease on one its three large
3 leased storage tanks. The contract for this storage
4 tank will expire just before the start of the Rate
5 Year. This action will reduce the amount of storage
6 capacity that the Company can sublease without
7 interfering with the reliable operation of its system.
8 In addition, not renewing this lease will add storage
9 capacity to a very tight low sulfur residual fuel oil
10 storage market, which, in turn, should decrease
11 interest in secondary capacity available from the
12 Company.

13 Q. What is the basis of the estimated \$230,000 in fuel
14 management revenues?

15 A. In addition to the foregoing, the Company estimates a
16 total of four fuel oil exchange transactions. Two of
17 these transactions were based on 30-day periods for
18 over 100,000 barrels and the other two transactions
19 were based on 5 day periods for 20,000 to 40,000
20 barrels. These projections were based on a review of
21 similar exchanges that occurred in the Historic Year.

22 Q. Does this conclude your initial testimony?

23 A. Yes, it does.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 101

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM SYSTEM FUEL REQUIREMENTS AND COSTS

	ACTUAL	- ESTIMATED -							
	12 Months Ending June - 2009	(A) Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	(B) 12 Months Ending September - 2011
STEAM SENDOUT (MILLION POUNDS)									
CON EDISON	23,030	22,590	23,145	23,060	23,220	23,345	22,947	23,135	22,856
BNYCP PURCHASED	4,786	4,708	4,548	4,315	4,330	4,293	4,691	4,522	4,609
TOTAL STEAM SENDOUT	27,816	27,928	27,693	27,375	27,550	27,638	27,638	27,657	27,465
FUEL CONSUMPTION BY TYPE									
OIL = 1,000 bbl	2,032	2,087	2,071	1,975	1,555	1,629	1,130	586	2,068
GAS = 1,000 Dt	10,134	9,973	9,603	9,809	12,453	12,528	14,582	18,468	9,807
TOTAL FUEL & PURCHASED STEAM COSTS (X \$1,000)									
CON EDISON OIL & GAS BURNED	250,271	205,355	226,559	242,674	244,504	254,458	241,468	245,722	245,747
OIL - STORAGE & HANDLING COSTS	12,666	13,397	14,000	13,500	16,500	12,500	11,500	13,500	13,500
BNYCP ENERGY PURCHASES	70,426	48,724	63,640	73,210	81,016	84,252	94,254	96,645	73,709
(C) TOTAL FUEL & PURCHASED STEAM COSTS	333,363	267,476	304,199	329,384	342,020	351,210	347,222	355,867	332,956

(A) Includes actual data from January to August, 2009 and estimated data from September to December, 2009.

(B) Rate Year.

(C) Excludes: BNYCP Capacity Charges - Other Fuel Costs - Deferral Accounting Entries.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
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Ex. 102

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
FORECAST OF FUEL PRICES
SEPTEMBER 2009 TO DECEMBER 2015

Natural Gas Prices -				- 0.5% Sulfur High Purity No. 6 Fuel Oil Prices -											
Year	Month	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU
		Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU	Delivered City Wab Yr (1000000) CU
2009	Jan	3.99	72.01	0.91	64.96	2.92	0.12	2.08	76.38	41.31					
	Feb	4.06	72.01	0.91	64.96	2.96	0.12	2.08	71.93	41.47					
	Mar	4.06	71.02	0.91	63.19	2.12	0.12	2.08	77.32	41.72					
	Apr	4.14	71.02	0.91	64.08	1.06	0.12	2.08	74.31	41.86					
2010	Jan	4.77	70.49	0.91	68.85	3.09	0.12	2.08	75.61	41.89					
	Feb	4.68	70.49	0.91	68.82	3.03	0.12	2.08	75.81	41.91					
	Mar	4.61	71.31	0.91	70.12	1.86	0.12	2.08	76.38	42.12					
	Apr	4.62	71.08	0.91	70.64	3.03	0.12	2.08	76.97	42.18					
2011	Jan	4.61	70.49	0.91	71.14	3.39	0.12	2.08	77.44	42.18					
	Feb	4.51	70.11	0.91	71.39	3.12	0.12	2.08	77.12	42.12					
	Mar	4.65	70.49	0.91	71.96	3.31	0.12	2.08	78.88	42.11					
	Apr	4.68	70.49	0.91	72.23	3.33	0.12	2.08	78.39	42.06					
2012	Jan	4.68	70.49	0.91	72.86	3.39	0.12	2.08	78.46	42.01					
	Feb	4.72	70.12	0.91	72.76	3.27	0.12	2.08	79.14	42.01					
	Mar	4.74	70.12	0.91	73.01	3.29	0.12	2.08	79.72	42.01					
	Apr	4.71	70.12	0.91	73.21	3.39	0.12	2.08	79.72	42.01					
2013	Jan	4.71	70.12	0.91	73.47	3.31	0.12	2.08	79.88	42.01					
	Feb	4.70	70.12	0.91	73.41	3.31	0.12	2.08	80.63	42.01					
	Mar	4.69	70.12	0.91	73.76	3.31	0.12	2.08	80.88	42.01					
	Apr	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
2014	Jan	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
	Feb	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
	Mar	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
	Apr	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
2015	Jan	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
	Feb	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
	Mar	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					
	Apr	4.73	70.12	0.91	73.60	3.31	0.12	2.08	80.15	42.01					

EXHIBIT _ (0-2)

- Additional Notes:
- Gas Price Forecasts were developed in August, 2009.
 - Delivered Natural Gas Prices are delivered in the New York City Region and do not include local distribution charges.
 - NYMEX Crude Oil Prices are as of August 30, 2009 close.
 - Delivered No. 6 Fuel Oil Prices are delivered in the New York City Region.

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/10
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 103

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC
 CHARGES FOR STEAM SENDOUT FROM EAST RIVER 6 AND 7 STEAM - ELECTRIC UNITS
 EFFECTIVE BEGINNING APRIL 1, 2009

<u>EAST RIVER 6 (1)</u>	
<u>STEAM HEAT RATES - (btu/lb)</u>	
TURBINE EXHAUST	1,185
LIVE	1,432
<u>PROCESSING CHARGES - (CENTS/Mlb)</u>	
FEEDWATER TREATMENT CHEMICALS	9.08
LABOR	10.65
WATER COST FOR SENDOUT	37.02
FOR WATER TREATMENT	1.55
FOR BOILER BLOWDOWN	<u>0.50</u>
TOTAL	58.80
ROUNDED TO	58.80
(1) The same Processing Charges also apply to East River 7 when it operates as a Steam-Only Unit.	

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE
DATE: 6/9/09
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029
Ex. 104

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

1 Q. Please state your name and business address.

2 A. My name is Robert Muccilo. My business address is 4
3 Irving Place, New York, N.Y. 10003.

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

5 A. I am employed by Consolidated Edison Company of New
6 York, Inc. ("Con Edison" or the "Company") as Vice
7 President and Controller. In this position I am the
8 Company's chief accounting officer with the overall
9 responsibility for the accuracy and consistency of the
10 Company financial accounting records.

11 Q. Briefly state your educational background.

12 A. In 1978, I graduated from Jersey City State College
13 with a Bachelors Degree in Accounting. I graduated
14 from Fairleigh Dickinson University in May 1983 with a
15 Master Degree in Corporate Finance.

16 Q. Please explain your work experience with Con Edison and
17 your current primary responsibilities.

18 A. I was employed by Con Edison in June 1978 and, from
19 that time until 1998, I worked in the General Accounts
20 and Accounting Research and Procedures ("ARP") sections
21 of Corporate Accounting in increasing levels of
22 responsibility up to and including Manager of ARP. In
23 1999, I was promoted to Assistant Controller,
24 responsible for General Accounts and ARP. In 2002, I

1 assumed the responsibilities for Financial Forecasting
2 and Budgets and Electric Revenue and Volume Forecasting
3 sections of Corporate Accounting, and in 2003
4 continuing through 2006, I assumed the additional
5 responsibility of Regulatory Accounting and Regulatory
6 Filings sections of Corporate Accounting. As part of a
7 career developmental opportunity, in 2006 I assumed the
8 position of General Manager, Stores Operations where I
9 was responsible for operating and managing the central
10 warehouse and distribution facility for electric, gas
11 and steam materials. In April 2008, I returned to
12 Corporate Accounting to assume a special assignment as
13 Assistant Controller and team leader for the Finance
14 Transformation Project. The team was responsible for
15 implementing process, people, and system changes
16 designed to minimize financial reporting risk. I have
17 also served on and led several corporate teams,
18 including the establishment of the Holding Company
19 corporate structure and the Orange and Rockland ("O&R")
20 Merger Transition Team. In July 2009 I was promoted to
21 my current position, replacing Edward J. Rasmussen who
22 retired.

23 Q. Have you been involved in industry-wide utility issues?

1 A. Yes. For many years, I have been an active member of
2 both the EEI and AGA finance and accounting committees.

3 Q. Have you previously testified before this Commission?

4 A. Yes. I have testified before the Commission on behalf
5 of the Company in previous electric, gas and steam
6 proceedings.

7

8 PURPOSE OF TESTIMONY

9 Q. What is the purpose of your testimony in this
10 proceeding?

11 A. My testimony will cover the following topics:

12 - First, I will discuss how provisions of the
13 Company's current rate plan have impacted the rate
14 increase request;

15 - Second, I will provide an overview of the costs
16 driving the Company's request for a rate increase
17 for the rate year ending September 30, 2011 as
18 shown in Exhibit __ (RM-1);

19 - Third, I will propose a four-year rate plan with
20 staged increases in the 2nd through 4th years. As
21 part of this proposal, I will discuss the benefits
22 to customers that would result from phasing in the
23 first year rate increase over the term of the rate
24 plan in order to moderate the impact on customers.

1 Exhibit ____ (RM-2) contains the revenue requirement
2 calculations for Rate Years 2 through 4;
3 - Fourth, I will outline the Company's request to
4 continue deferred accounting for certain operating
5 costs as previously authorized by the Commission;
6 - Fifth, I will discuss the Company's proposal for a
7 Steam Revenue Adjustment Mechanism ("SRAM") in
8 order to implement revenue decoupling;
9 - Sixth, I will discuss several proposed regulatory
10 reforms the Company is requesting that, if adopted
11 by the Commission, would lower our cost of
12 providing service to customers;
13 - Seventh, I will discuss the Company's proposal with
14 respect to the recovery of expenses related to
15 electric usage; and
16 - Finally, I will propose a mechanism for a multi-
17 year rate plan that would allow customers to share
18 in savings realized from the implementation of
19 recommendations contained in PSC's Comprehensive
20 Management Audit (Case 08-M-0152).

21

IMPACT OF CURRENT RATE PLAN

1
2 Q. Mr. Muccilo, please describe the steam rate plan that
3 is currently in effect for Con Edison.

4 A. The Company is currently operating under the terms of a
5 rate plan embodied in the Joint Proposal adopted by the
6 Commission on September 22, 2008 in Case No. 07-S-1315
7 that went into effect on October 1, 2008 ("2008 Rate
8 Order"). The Joint Proposal provided for a base rate
9 increase of \$43.7 million in each of the rate years 1
10 and 2. RY 1 covers the period of October 1, 2008
11 through September 30, 2009 and RY 2 covers the period
12 of October 1, 2009 through September 30, 2010.

13 Q. Please explain why the Company is filing for a new rate
14 increase that would go into effect October 2010.

15 A. The Company continues to face a number of significant
16 cost increases in its operations that makes a rate
17 increase request necessary. As is described throughout
18 this filing, while the Company attempts to mitigate
19 costs and achieve efficiencies and productivity
20 wherever it can, these cost increases cannot,
21 regrettably, be absorbed without significantly
22 curtailing or eliminating necessary programs.

23 Q. Has the Company been able to realize the sales and
24 revenue levels included in the current rate plan?

1 A. No, unfortunately the sales and revenue forecast
2 reflected in the rate plan assumed (1) greater economic
3 development which would have contributed to load growth
4 and (2) normal weather, neither of which were
5 experienced thus far. What we have seen is
6 significantly higher energy conservation than
7 anticipated, lower economic growth, and warmer than
8 normal winter weather. These factors contributed to
9 the Company's inability to earn its allowed rate of
10 return and are the primary reasons we are seeking to
11 implement a revenue decoupling mechanism as part of
12 this filing.

13 Q. Mr. Muccilo, you stated that the Company experienced a
14 shortfall in earnings primarily attributable to lower
15 than forecast sales. Please indicate what the
16 Company's earned return on equity was for the twelve
17 months ended September 30, 2009, the first rate year of
18 the current rate plan.

19 A. For the twelve months ended September 30, 2009 the
20 actual earned return on equity was approximately 6.5%
21 as compared to an allowed return on equity of 9.3%.

22 Q. Are there other items contained within the current rate
23 plan that are contributing to the increase the Company
24 is seeking?

1 A. Yes, in addition to the sales shortfall, the current
2 rate plan includes almost \$13 million of annual
3 customer credits related to the Steam Department's
4 share of proceeds from the 1st Avenue Property sale. At
5 the end of the current rate plan, these credits will be
6 exhausted, requiring an increase in rates just to make
7 up for this lost revenue stream.

8

9

NEED FOR RATE RELIEF

10 Q. Mr. Muccilo please indicate how much rate relief the
11 Company is requesting in this proceeding.

12 A. The Company is requesting \$129 million of rate relief
13 for the period ending September 30, 2011. This would
14 be equivalent to an overall increase of approximately
15 18% on customers' bills.

16 Q. What are the drivers of this rate increase?

17 A. There are several, the majority of which are outside
18 the Company's direct control. They include: (1)
19 carrying costs on new investments, including the
20 associated depreciation; (2) lower projected sales
21 revenues than the levels embedded in rates; (3)
22 increases in property tax and pension/OPEBs expenses;
23 (4) higher cost of financing due to the change in the
24 return on equity; (5) expiring credits (e.g., 1st

1 Avenue Property sale); and (6) an increase in operating
2 expenses and income taxes. The cost drivers and
3 supporting calculations are shown in Exhibit __ (RM-1).

4 Q. I show you a 1-page document entitled, "CONSOLIDATED
5 EDISON COMPANY OF NEW YORK, INC. - REVENUE REQUIREMENT
6 - STEAM" and ask whether it was prepared under your
7 supervision and direction?

8 A. Yes, it was.

9 MARK FOR IDENTIFICATION AS EXHIBIT __ (RM-1)

10 Q. Please discuss the component of the rate request
11 relating to plant additions.

12 A. The Company is continuing to upgrade, reinforce and
13 replace its steam production and distribution
14 infrastructure and is projecting to spend in the range
15 of \$50 - \$64 million annually in capital expenditures
16 over the next several years. This contributes to the
17 increase in the carrying cost on the new plant of
18 approximately \$28 million, including the associated
19 depreciation expense. As discussed by the Company's
20 Steam Operations Panel, the projected level of spending
21 reflects the investments necessary to maintain safe and
22 reliable service.

23 Q. Please discuss the impact of steam sales on the
24 requested rate increase.

1 A. The next driver of the rate request is the decrease in
2 forecasted sales (from the level currently assumed in
3 rates). Forecasted sales for the 12 months ending
4 September 30, 2011 are 2,695 MMBbls lower than the sales
5 level embedded in current rates for the twelve month
6 period ended September 30, 2010. This is consistent
7 with the actual historic level of weather normalized
8 sales for the 12 month period ended June 30, 2009 which
9 were 2,017 MMBbls lower than the level reflected in
10 rates for the 12 month period ending September 30,
11 2010. The Forecasting Panel describes the reasons for
12 lower sales in its testimony. Lower sales revenues, net
13 of fuel and taxes, contribute to \$22 million of the
14 rate increase.

15 Q. Please continue.

16 A. The Company is faced with a number of increasing costs,
17 many of which cannot be directly controlled by Con
18 Edison. For example, as discussed by Company witness
19 Hutcheson, the level of property taxes forecast for the
20 rate year is more than 26.4% percent higher than the
21 levels reflected in current rates, which accounts for
22 \$19 million of the rate increase. Gross receipt tax on
23 the rate increases adds another \$3 million to the
24 revenue requirement.

1 Q. Please discuss the increase in employee pensions and
2 other post employment benefit costs.

3 A. Employee pension and other post employment benefit
4 (OPEB) costs have also increased significantly and
5 account for \$15 million of the rate request. The
6 increase in pension and OPEB costs is not the result of
7 any plan design or benefit enhancements, but rather
8 solely due to the 2008 downturn in the financial
9 markets. In fact, Company witness Reyes discusses
10 actions the Company has taken to mitigate its pension
11 and OPEB costs. The assets held by the pension plan
12 previously generated income and reduced the annual
13 pension expense. The meltdown of the financial markets
14 in 2008 resulted in significant losses that are now
15 increasing the cost of the pension plan. Current
16 accounting rules allow for the "smoothing" of gains and
17 losses, so the impact of the 2008 losses are being
18 phased in. If the stock market continues to rally
19 during the course of this proceeding, as it has over
20 the last several months, the impact of those gains
21 would be calculated by the Company's pension advisor,
22 Buck Consultants, during January 2010. We plan to
23 update Pension and OPEB costs, reflecting updated
24 information received from Buck, during the update stage

1 of this proceeding.

2 Q. Please discuss the increase due to the change in
3 financing costs.

4 A. Another cost driver is the increase in financing costs,
5 which are higher due to the increase of the cost of
6 equity, as demonstrated by the return on equity ("ROE")
7 that is being recommended by Company witness Hevert of
8 10.8%. The 10.8% ROE represents an increase of 150
9 basis points from the 9.3% ROE used to set rates for
10 the current rate plan and accounts for approximately
11 \$18 million of the requested rate increase.

12 Q. Please discuss expiring credits.

13 A. The current rate plan includes almost \$13 million of
14 annual customer credits related to the Steam
15 Department's share of proceeds from the 1st Avenue
16 Property sale. At the end of the current rate plan,
17 these credits will be exhausted, requiring an increase
18 in rates just to make up for this lost revenue stream.
19 Other deferred costs, which include such items as the
20 MGP/Superfund Environmental expenses, contribute an
21 additional \$2 million to the rate increase.

22 Q. Please discuss the increases the Company is requesting
23 for operation, maintenance and other expenses.

1 A. The increases in operating expenses are primarily
 2 attributable to higher salary and wage expenses of \$5
 3 million, (including \$2 million of fuel handling labor
 4 costs that are being transferred from the FAC to base
 5 rates), higher information resource costs of \$2 million
 6 and increases for facility maintenance of \$1 million
 7 for a total increase of \$8 million. An increase in
 8 income taxes related to changes in flow thru tax
 9 deductions contributes to the remaining increase in the
 10 revenue requirement in this filing of \$3 million.
 11 The following table summarizes the cost drivers:

	(\$ millions)
14 Carrying Charge on Rate Base additions	\$28
15 Lower Sales Revenues	22
16 Property & Other Taxes	21
17 ROE at 10.8%	18
18 Pension and OPEB Costs	15
19 Depreciation rate changes	10
20 Expiring Credits	15
21 O&M Expenses	8
22 Income Taxes	<u>3</u>
23 Increase	<u>\$129</u>
24 Increase in Total Bill	<u>18.2%</u>

25
 26 Q. Has the Company taken steps to mitigate its rate

1 request?

2 A. Yes, while, as mentioned above, the request for a rate
3 increase is unavoidable, the Company has taken various
4 measures to mitigate this rate increase and keep it to
5 the least practical level without adversely affecting
6 safe and reliable service. The cost mitigation
7 measures are described by various witnesses including
8 the Steam Operations Panel and Company witness
9 Hutcheson. Additionally, the Company also is proactive
10 in seeking to reduce customer costs by continually
11 seeking to achieve productivity and efficiency in our
12 operations.

13

14 PROPOSAL FOR A FOUR-YEAR RATE PLAN

15 Q. Are you sponsoring a four-year rate plan proposal as an
16 alternative to a one-year case?

17 A. Yes.

18 Q. Please explain how a multi-year rate plan would benefit
19 the Company's customers.

20 A. Multi-year rate plans provide the Company with greater
21 flexibility to schedule and execute critical programs
22 in the most cost-effective manner. A multi-year plan
23 also provides the regulator with flexibility in phasing
24 in increases in base rates over the term of a rate plan

1 in order to minimize the bill impact on customers.
2 Prior Con Edison rate plans adopted by the Commission
3 have included a variety of methods to phase in rate
4 increases, including the use of levelized and a one
5 time single increase, in conjunction with deferred
6 accounting to handle revenue variations over the term
7 of the plan. In the most recent Orange & Rockland
8 Utilities, Inc. gas case (08-G-1398), the Commission
9 adopted, in October 2009, a three-year levelized rate
10 plan, which eases the rate impact of the first year
11 increase in light of the current economic situation.
12 As shown in Exhibit __ (RM-2), Summary, under the
13 Company's request, the rate increase for a one-year
14 rate plan would be approximately \$129 million. By
15 contrast, as shown on Exhibit __ (RM-2), Schedule 1,
16 Page 3 of 3, if a levelized multi-year rate agreement
17 is approved by the Commission as filed, the first year
18 rate increase would be approximately \$66 million. The
19 amount includes interest at the 2010 Other Customer
20 Capital Rate of 4.2%. The increase under the levelized
21 plan is almost 50% lower in the first year of a four
22 year rate plan. Over the four-year period of the rate
23 plan, the same amount of revenues would be collected,
24 but the first year impact would be significantly

1 mitigated.

2 Another additional benefit of the multi-year plans is
3 that they place a greater responsibility on the Company
4 to manage its resources over several years and permit
5 greater focus on operating efficiencies as opposed to
6 the alternative of a relatively constant focus on rate
7 litigation.

8 When the Company manages its resources in a cost-
9 effective manner, both the Company and customers
10 benefit. That is, the Company could receive a benefit
11 during a portion of the current rate period, and its
12 customers during all successive rate periods, retaining
13 the more significant value of the improvements in the
14 business. A four-year rate plan that includes the
15 features I discuss later in my testimony balances the
16 impact of future uncertainties on customers and the
17 Company.

18 Q. The Company's multi-year rate plans that were adopted
19 by the Commission over the last decade all provided for
20 an earnings sharing mechanism in order to allow
21 customers to share in efficiencies achieved by the
22 Company over the term of rate plans. Do you have a
23 proposal for such a sharing mechanism in this case?

24 A. Yes, the Company would propose to start sharing

1 earnings with customers evenly (i.e., 50/50) starting
2 100 basis points above the return on equity to be
3 authorized in this case. I further propose that the
4 sharing calculation be done on a cumulative (i.e.,
5 four-year) basis to take into account that there is
6 variability in earnings between accounting periods due
7 to a number of operating factors. I discuss later in
8 my testimony a proposal for a different sharing
9 mechanism for rate years 2 through 4.
10 Finally, I propose to use the customers' share of such
11 earnings to write down deferred costs. If there were
12 still available funds after eliminating deferrals, I
13 would propose to defer the customers' share of earnings
14 until the next case to be used to moderate future rate
15 increases or dispose of them as directed by the
16 Commission.

17 Q. Can you explain how your multi-year proposal would
18 work?

19 A. Yes. The Company essentially proposes that the rates
20 set for the rate year become the base from which
21 projections are made in order to establish rates for
22 the 2nd, 3rd and 4th years of the rate plan. The Company
23 further proposes that the Commission adopt a series of
24 staged rate changes for RY2 through RY4. I would like

1 to emphasize that, by proposing a four-year plan in the
2 alternative, the Company does not waive its rights to
3 file for new rates immediately following the conclusion
4 of this case if the Company views (1) the rate change
5 authorized by the Commission for RY1 to be inadequate,
6 or (2) the terms for an additional rate year(s) under a
7 multi-year rate plan to be unreasonable. I would note
8 that this caveat is a needed protection for the
9 Company's investors and is no different than the rights
10 retained by the Company and other parties to Joint
11 Proposals in the event the Commission were to modify
12 the terms of a Joint Proposal. I would also note that
13 the various amortizations proposed throughout the
14 Company's filing are proposed for both the one-year
15 rate request and the four-year rate proposal.

16 Q. I show you a 30-page document entitled, "CONSOLIDATED
17 EDISON COMPANY OF NEW YORK, INC. - MULTI-YEAR STEAM
18 RATE PLAN" and ask whether it was prepared under your
19 supervision and direction?

20 A. Yes, it was.

21 MARK FOR IDENTIFICATION AS EXHIBIT ____ (RM-2)

22 Q. Please explain the "Summary" page of your Exhibit ____
23 (RM-2).

24 A. Exhibit ____ (RM-2), Summary, highlights the items for

1 which the Company seeks recovery in RY2 through RY4.
2 The first column represents the calculated increase in
3 revenue requirement of \$135.1 million for RY1 as shown
4 on Exhibit __ (RM-2), Schedule 1. The second, third
5 and forth columns show the annual changes in revenues
6 and costs that the Company believes are appropriate to
7 include in the calculation of the revenue requirement
8 for RY2 through RY4. The bottom of this Exhibit
9 indicates the continuation of existing reconciliation
10 mechanisms for items such as property tax expenses,
11 interference costs, pensions and OPEBs, and
12 environmental remediation. The Company also proposes
13 to continue to true up and defer costs associated with
14 new legislative and regulatory requirements. We
15 propose these true ups for a one-year rate
16 determination as well, since these costs, which are
17 outside the Company's direct control, could either
18 increase or decrease materially during the first rate
19 year. Moreover, establishing these true-ups in
20 connection with a one-year rate determination could
21 enable the Company to delay the need for rate relief
22 after the expiration of the first year such rates are
23 in effect. I would note that since the Company is
24 subject to the Commission's Policy Statement on

1 Pensions and Other Post Employment Benefits, it is
2 required to true-up its annual pension and OPEB costs
3 to the levels provided in base rates. As discussed
4 below, I propose that some of the existing true-up
5 mechanisms be modified or not re-established.

6 Q. What return on equity does the Company reflect in its
7 multiyear rate request?

8 A. The multi-year rate request reflects a "stay out
9 premium" of 60 basis points as recommended by Company
10 witness Hevert, to compensate for the additional cost
11 of capital risk of a multi-year plan, resulting in an
12 overall ROE of 11.4 percent.

13 Q. What mechanisms do you propose not be re-established?

14 A. The current steam agreement contains capital spending
15 targets for steam production plant and provides for
16 downward reconciliation for production plant capital
17 expenditures. I am proposing that this mechanism not
18 be re-established. The Company's net steam production
19 plant balances have exceeded targets in every month of
20 the current rate plan and there is no basis for a
21 concern that the Company will under-spend the capital
22 targets that will be established in this proceeding.
23 Moreover, like any other element of the Company's
24 projected cost of service, the capital infrastructure

1 forecast is a reasonable estimation and actual costs
2 may be higher or lower for a variety of reasons,
3 including the Company's need to address changing system
4 conditions. The Company believes that the asymmetrical
5 nature of the current reconciliation mechanism is
6 unduly preferential to customers and unduly unfair in
7 its treatment of the Company. Since these costs are
8 generally not outside the Company's direct control, the
9 Company is proposing to eliminate the current
10 mechanism, rather than propose a bilateral
11 reconciliation, which would be the equitable
12 alternative.

13 Q. Please discuss your proposed modifications to the
14 existing true-up mechanisms.

15 A. I propose that the Company be given a full
16 reconciliation of property taxes (a 100 percent true
17 up), a material cost outside the Company's direct
18 control, consistent with the currently-effective
19 property tax reconciliation mechanism for the Company's
20 electric service. Full reconciliation of property
21 taxes was granted in the Company's recently completed
22 electric case 08-E-0539.
23 Historically, as should be expected, the Company has
24 been either over or under the annual property tax

1 target, which is the result of the actions of various
2 governmental entities. The current 90/10 sharing
3 mechanism has not and does not provide a needed
4 incentive or disincentive to the Company to reduce a
5 cost over which it has no direct control. It merely
6 results in either the Company or its customers
7 receiving a windfall at the expense of the other. As
8 Company witness Hutcheson explains, the Company, both
9 historically and on an ongoing basis, aggressively
10 seeks to minimize its property tax expense, including
11 during periods when a full 100 percent reconciliation
12 was in effect.

13 Q. What about reconciliation of interference expense?

14 A. Although interference expense, like property taxes, is
15 outside the Company's direct control, the Company is
16 proposing to continue the 90/10 reconciliation
17 mechanism currently in effect, for the reasons
18 explained by the Company's Municipal Infrastructure
19 Support Panel.

20 Q Mr. Muccilo, with regards to the FAC, New Laws and
21 other provisions contained in the Company's current
22 rate plan approved in Case 07-S-1315, are you proposing
23 to continue these same terms as part of the Company's
24 multiyear rate proposal?

1 A. I would propose to continue the existing fuel rider
2 provision (e.g., Fuel Adjustment Clause or "FAC")
3 regardless of whether or not the Commission adopts a
4 multiyear rate plan as part of this case. I would
5 further propose to continue the other provisions
6 contained in the existing rate plan and add one
7 additional new deferral mechanism that would allow the
8 Company to defer incremental O&M costs if we experience
9 abnormally high inflation (i.e., above 4% annually)
10 over the term of a multi-year rate plan.

11 Q. Do the amounts shown on Exhibit ____ (RM-2), Summary for
12 RY2 through RY4, represent the increases the Company
13 seeks for those years, or is it a placeholder for data
14 that is to be updated at a later point in time?

15 A. Generally, with the exception of costs that would
16 normally be updated during the course of this
17 proceeding for known and measurable changes (e.g.,
18 pension/OPEBs), the amounts shown for RY2 through RY4
19 represent the amounts the Company requests, subject to
20 the true-ups discussed previously. I would note that,
21 to the extent revenues and/or costs included in Rate
22 Year 1 are updated or changed during the course of this
23 proceeding, they will have a corresponding impact on
24 the Company's Rate Year 2 through 4 projections. I will

1 update our request as appropriate to reflect the impact
2 of those changes on RY2 through RY4. The need for the
3 requested true-ups is important because my projections
4 incorporate savings in certain of these categories that
5 are not certain at this point in time. For example the
6 forecast of property taxes as discussed by Company
7 witness Hutchison assumes that Con Edison will continue
8 to receive a tax savings resulting from the economic
9 obsolescence of our steam distribution plant. This is
10 not a certainty. If true ups are not provided, then
11 rates should reflect only known/certain tax benefits
12 received to date.

13 As indicated above, we also propose to update pension
14 and OPEB costs, which may vary significantly due to
15 fluctuations in the financial markets and underlying
16 assumptions, using the latest available information
17 from our actuary, currently Buck Consultants, at the
18 appropriate time during the course of this proceeding.

19 The projected increases in pension and OPEB expense in
20 Rate Year 2 through 4 are based on a 2009 actuarial
21 study. As a normal course of business, our actuaries
22 will recalculate the pension/OPEB forecast in the early
23 part of 2010 to reflect actual 2009 operating results
24 of the pension fund as well as the actual experience

1 for this year.

2 Q. Mr. Muccilo, please explain how the forecast of
3 revenues and expenses for RY2 through RY4 was prepared.

4 A. The forecast of Sales Revenues was provided to me by
5 the Steam Forecasting Panel. Other Operating Revenues,
6 other than the ERRP carrying charges, were escalated
7 using a GDP factor of 1.85 percent for RY2 and 2.13
8 percent for RY3 and 2.20 percent for RY4.

9 Other operating revenues include the ERRP carrying
10 charge which provides for a return on the cost of the
11 station allocated to the electric department as well as
12 the recovery of depreciation and property taxes. This
13 calculation reflects the latest information available
14 for property taxes and capital spending in the plant.

15 Other operating revenues include a number of fixed
16 amortizations including the recovery of MGP remediation
17 costs. Exhibit ____ (RM-2), Schedule 3, page 3 of 3,
18 shows the projected annual spending for MGP and other
19 environmental remediation spending as explained by
20 Company witness Price. The revenue requirements for
21 Rate Years 1 through 4 are designed to recover the
22 increase in spending over four years. The annual
23 allowance for environmental remediation costs of \$2.9
24 million established in the existing rate plan

1 recognized the higher level of spending by the Company
2 and provided for any environmental costs above the
3 target to be offset by remaining funds that had been
4 set aside from a number of sources, including insurance
5 recoveries, divestiture of Con Edison's generating
6 assets, and prior collections from customers.

7 Currently, the Company has exhausted all of these funds
8 and is expending funds in excess of the \$2.9 million
9 annual rate allowance. As of June 30, 2009, Steam

10 operations disbursements for these costs exceeded
11 recoveries by almost \$6.5 million. Exhibit __ (RM-2),

12 Schedule 3, Page 3 of 3, shows that the projected
13 spending from July 1, 2009 through the end of the first

14 rate year, will be approximately \$116.9 million, of

15 which Steam Operations will be responsible for

16 approximately \$6.0 million. When combined with the

17 current deferred balance of approximately \$6.5 million,

18 less amounts to be amortized of approximately \$3.5

19 million, a total amount of \$9.0 million is required.

20 The Company proposes to increase the level of

21 environmental expenditures reflected in rates to

22 recover this balance over four years. In addition, the

23 Company is requesting an additional increase of \$0.5

24 million in each of the RY2 through RY4 to start

1 recovering a portion of the projected expenditures to
2 be incurred in each of those periods.

3 Q. Please discuss how operation and maintenance expenses
4 were forecast.

5 A. The projection of operating and maintenance expenses
6 excluding fuel was developed by taking the RY1 level of
7 Operations and Maintenance Expense shown in Exhibit ____
8 (AP-6), Schedule 1, and escalating net wages by 2.57
9 percent and other items by the GDP rate of 1.85 percent
10 for RY2, 2.13 percent for RY3, and 2.20 percent for
11 RY4. The 2.57 percent escalation rate for wages
12 assumes the weighted average annual increase of 3.57
13 percent less a productivity adjustment of 1.0 percent.
14 The Company is continuing in this case the calculation
15 of a one percent productivity factor on Company labor
16 and applying the factor to the linking periods as well
17 as each rate year, which results in imputed
18 productivity savings to customers in the rate year that
19 are greater than one percent. Exhibit ____ (RM -2),
20 Schedule 4, page 1 of 4 shows the escalation of Rate
21 Year 1 O&M expenses. The projection of interference
22 costs was provided to me by the Municipal
23 Infrastructure Support Panel. They have forecast that
24 interference costs will decrease by \$0.8 million

1 in RY 2 and \$1.4 million in RY 3. Amortized expenses
2 were not escalated. The projections for insurance
3 expense reflect the expiration of the limit on
4 recoverable excess liability insurance premiums which
5 were capped at \$11.3 million annually on a Company wide
6 basis for the period beginning April 28, 2008 through
7 April 27, 2010, per the PSC Joint Proposal adopted by
8 the Commission in Case 08-S-0153.

9 Water and water chemical cost that are recoverable
10 through the fuel adjustment charge were provided to me
11 by Company witness Catuogno. Amortized expenses were
12 not escalated.

13 Exhibit ____ (RM-2), Schedule 4, page 2 of 2 shows the
14 projected annual pension and OPEB costs based on a
15 forecast prepared by the Company's actuary Buck
16 Consultants as discussed previously.

17 Q. Please discuss your depreciation expense forecast.

18 A. Depreciation expense is based on the rates proposed by
19 Company witness Hutcheson applied to the Company's
20 Capital Budget and is shown on Exhibit ____ (RM-2),
21 Schedule 5. Property taxes were also projected by Mr.
22 Hutcheson and are shown on Exhibit ____ (RM-2), Schedule
23 6. Subsidiary capital taxes and other miscellaneous
24 taxes also shown on Schedule 6 were escalated using the

1 GDP factor of 1.85 percent for RY2, 2.13 percent for
2 RY3, and 2.20 percent for RY4. Payroll taxes on this
3 exhibit were calculated by applying an effective
4 payroll tax rate of 7.03 percent to the projected wage
5 increase.

6 The New York State and Federal Income tax computations
7 utilize the forecast data from the aforementioned
8 schedules and are shown on Exhibit __ (RM-2), Schedule
9 7 and 8 respectively.

10 Average rate base is shown on Exhibit __ (RM-2),
11 Schedule 9 and reflects the Company's forecast of plant
12 additions, depreciation accruals and changes in
13 deferred income tax balances. In addition, deferred
14 balances have been adjusted to reflect the impact of
15 amounts amortized each year.

16
17 DEFERRAL ACCOUNTING

18 Q. Does the Company currently employ the use of deferred
19 accounting as permitted under SFAS No. 71, Accounting
20 for Regulated Businesses?

21 A. Yes. The Commission has authorized the Company to
22 utilize deferred accounting to match the recognition of
23 expenditures with the recovery of certain costs when
24 they are either beyond our direct control or the timing

1 of the actual expenditure is not certain.

2 Q. Are you proposing to continue the use of deferral
3 accounting for the costs that the Commission has
4 previously authorized?

5 A. Yes. As I discussed earlier in my testimony, I propose
6 to continue the true-up mechanisms that are part of the
7 existing rate plan, whether for a one-year rate
8 determination or the proposed four-year rate plan,
9 subject to the modifications discussed above.

10 Secondly, I propose to eliminate the production capital
11 spending reconciliation. In addition, for all true-
12 ups, the target levels should be updated to reflect the
13 Company's current projected levels of expense for these
14 items (i.e., property taxes, O&M interference
15 (excluding company labor), pensions and OPEBs,
16 environmental remediation, and World Trade Center
17 costs) included in this filing.

18 Q. Please continue.

19 A. Additionally, we are proposing to use deferral
20 accounting for the impact of interest rate variations
21 on the new bond issues and variable rate debt similar
22 to the procedure adopted by the Commission in the
23 Company's last electric rate proceeding, Case 08-E-
24 0539.

1 Q. Do you propose any additional deferrals?

2 A. We propose a deferral for high inflation which would
3 only apply if the Commission approved a multi-year
4 plan.

5 Q. Please describe your proposed mechanism for the high
6 inflation deferral.

7 A. The following mechanism is based on the method approved
8 by the Commission in various rate cases, including in
9 Orange and Rockland's electric Case 07-E-0949, and more
10 recently in Orange and Rockland's gas Case 08-G-1398.
11 If general inflation rates exceed 4.0% ("Inflation
12 Threshold") on average over the course of the multi-
13 year rate plan and the Company's return is less than
14 the authorized return, the Company will be allowed to
15 defer inflationary increases for O&M expenses above the
16 Inflation Threshold.

17 Q. Does the Company have a proposal regarding the
18 treatment of property tax refunds and assessment
19 reductions it is able to achieve?

20 A. Yes. The Commission should continue the current 86/14
21 customer/Company sharing mechanism in place for
22 property tax refunds and assessment reductions achieved
23 by the Company. As explained by Company witness
24 Hutcheson, the Company's efforts in this regard have

1 produced material benefits for customers. In addition,
2 the Company should be permitted to petition for a
3 higher percentage share in cases where exceptional
4 efforts led to success in this area.

5 Q. Please explain how the Company accounts for costs
6 related to the restoration of facilities in lower
7 Manhattan that were damaged as a result of the attack
8 on the World Trade Center, and how it proposes to
9 incorporate these costs in RY2 through RY4 if a four-
10 year rate plan is adopted.

11 A. The Company has deferred and categorized actual
12 spending related to the WTC incident as follows:

- 13 • Category 1 - Restoration and emergency response;
- 14 • Category 2 - Rebuilding of facilities; and
- 15 • Category 3 - Interference (relocation of Company
16 facilities).

17 The Company has applied for recovery of these costs
18 through the Lower Manhattan Development Corporation
19 ("LMDC"), which, in partnership with the Empire State
20 Development Corporation ("ESDC") and New York City
21 Economic Development Corporation, has prepared a
22 partial action plan with regard to the \$750 million
23 federal appropriation for reimbursing utilities. The
24 Company has received payments totaling \$254.4 million

1 as of September 30, 2009 (excluding interest of \$2.5
2 million) from LMDC and insurance carriers for losses
3 incurred by the electric, gas, and steam departments
4 and applied these payments against the deferred
5 expenditures (capital, removal and O&M). In addition
6 to what ESDC may determine as ineligible for federal
7 reimbursement during audit review, all reimbursements
8 of the varying categories of costs under the HUD Action
9 Plan are subject to the limitation of funds that remain
10 available based on submissions by all applicants and
11 not just Con Edison. For Category 2, except for a
12 limited amount under appeal, the Company has agreed
13 with ESDC on its reimbursement for that category. For
14 Category 3 and the southern sites, on December 31,
15 2007, the Company filed with ESDC a request for
16 approximately \$200 million in reimbursement, which is
17 still, at this point, pending. I would note that the
18 HUD Action Plan only allocates \$60 million for all
19 applicants of which Con Edison's expenditures to date
20 alone exceed this amount. Given that Con Edison's
21 expenditures alone exceed that amount, it is not
22 reasonable to expect that future federal payments will
23 provide for recovery of all of the Company's
24 expenditures. More important, many of the other

1 utilities have yet to settle their Category 1 and 2
2 reimbursements with ESDC so the available funding for
3 Category 3 could decrease or there could be no funding
4 left at all.

5 Therefore, as discussed by the Accounting Panel, we
6 propose a five-year recovery for carrying charges and
7 expenditures incurred through August 31, 2009, that
8 would have normally been expensed. For items that are
9 capital in nature, we are seeking a twenty-eight year
10 recovery.

11 Q. Please explain how you propose to recover the category
12 of expenses under the annual true-ups shown on Exhibit
13 ____ (RM-2), Summary, under the proposed four-year rate
14 plan.

15 A. As discussed previously, the Company would defer the
16 difference between the amount allowed in rates and the
17 actual level of expenditures in property taxes,
18 interference, pensions/OPEBs, environmental
19 remediation, interest and inflation rates, and World
20 Trade Center costs that are included in this filing.
21 Under a four-year rate plan, the Company proposes to
22 submit to the Commission's Accounting and Finance Staff
23 for its review an annual reconciliation of these items
24 for the purpose of netting these balances. This

1 procedure would help minimize the potential build up of
2 large deferrals that would be collected from or passed
3 back to customers at some time in the future.
4

5 STEAM REVENUE ADJUSTMENT MECHANISM ("SRAM")

6 Q. Is the Company proposing to implement a Steam Revenue
7 Adjustment Mechanism ("SRAM") commencing with the
8 effective date of new rates (i.e., October 1, 2010)?

9 A. Yes, it is.

10 Q. Has the Commission recognized the importance of
11 decoupling?

12 A. Yes. The Commission issued an Order on April 20, 2007,
13 which requires "utilities to develop and implement
14 mechanisms that true-up forecast and actual delivery
15 service revenues and, as a result, significantly reduce
16 or eliminate any disincentives caused by the recovery
17 of utility fixed delivery costs via volumetric rates or
18 marginal consumption blocks."

19 Q. Did the Commission Order address steam utilities?

20 A. The Order was silent with regard to steam. The Company
21 is in somewhat of a unique position because it is the
22 only regulated steam utility in New York State.

23 However, the Order's principles underlying the reasons
24 for revenue decoupling for electric and gas service are

1 also applicable to steam service.

2 Q. Please explain.

3 A. Our steam customers have characteristics very similar
4 to those of our gas and electric customers in that the
5 primary use of our product is for heating and in some
6 instances cooling, and the inefficient use of electric,
7 gas or steam for these purposes results in required
8 infrastructure investment that may otherwise be avoided
9 or mitigated. Efficient use of steam will also produce
10 other benefits, including environmental benefits.
11 Therefore, the implementation of revenue decoupling in
12 order to encourage energy efficiency is as important
13 for steam as it is for electric and gas.

14 Q. How would the SRAM be implemented?

15 A. The SRAM would be implemented in a manner consistent
16 with the maintenance of reliable service and the
17 promotion of economic development in the Company's
18 service territory. SRAM should afford the Company
19 sufficient revenues to cover the incremental cost of
20 new customer growth above forecast levels as discussed
21 below.

22 Q. What general principles did you rely on to develop your
23 revenue decoupling proposal?

24 A. In developing the SRAM, I took into account the

1 following design criteria or principles:

2 - The mechanics to implement decoupling to break
3 the link between profits and sales;

4 - Revenue true-ups should be performed on a
5 customer class basis;

6 - Interest should be recognized on over/under
7 revenue collections at the other customer
8 capital rate;

9 - A provision should be in place to adjust allowed
10 revenues for unexpected and unavoidable factors
11 that increase or decrease costs:

12 ▪ Growth in customers, jobs and businesses
13 above levels assumed are all desirable
14 factors that might drive up costs;

15 ▪ Variations in weather that may increase
16 maintenance and inspection costs should be
17 recognized; and

18 ▪ Extreme storms (i.e., flooding) and
19 terrorist attacks are factors that might
20 unexpectedly and unavoidably drive up
21 costs.

22 - Annual or more frequent recovery / passback of
23 under- or over-recoveries will keep rates more

1 in-line with average short-term costs.

2 Q. Mr. Muccilo is your SRAM proposal consistent with these
3 goals?

4 A. Yes, the SRAM mechanism would remove a financial
5 disincentive the Company might otherwise have to
6 promote increased energy efficiency, through demand
7 reduction programs, conservation efforts and the wise
8 use of energy.

9 Q. What type of revenue decoupling mechanism is currently
10 in place for the Company's electric and gas services?

11 A. The Company's current gas rates are subject to a
12 Revenue Per Customer ("RPC") Mechanism and our electric
13 rates are subject to an Electric Revenue Adjustment
14 Mechanism ("ERAM"), which would be similar to what we
15 are proposing here.

16 Q. Why are you proposing a revenue adjustment mechanism
17 for steam instead of an RPC?

18 A. The steam business has approximately 1,800 customers as
19 compared to over 1 million gas and 3 million electric
20 customers. The size and usage of the steam customers
21 within each service class varies significantly. As
22 customers are added or removed from each service class
23 they could significantly distort the average revenues
24 for that class. To give an extreme comparison a

1 customer such as the former World Trade Center would
2 use significantly more steam than a ten or fifteen
3 story office building. It is not appropriate therefore
4 to assign the same average revenue or usage to each
5 customer in that service class.

6 Q. You indicate that an SRAM would have the same
7 characteristics of an ERAM. Please describe how such a
8 mechanism would work.

9 A. Essentially a revenue adjustment mechanism would
10 require the Company to true up its actual net steam
11 revenues, which I would define as base rate revenues
12 excluding government surcharges (i.e., gross receipts
13 tax recoveries) and base rate fuel to the levels
14 included in the final revenue requirement. To the
15 extent that actual net base rate revenues are higher or
16 lower than the level reflected in the revenue
17 requirement, the Company would defer the difference to
18 be surcharged or passed back to customers. Fixing the
19 level of net base revenues the Company will retain
20 removes the financial disincentive that the Company
21 might otherwise have to promote the efficient use of
22 energy and our natural resources, which leads to a
23 cleaner environment and better living conditions for
24 all concerned. The SRAM would capture for existing

1 customers the benefit in terms of additional net
2 revenues that new customers added to the system would
3 bring. Historically, the Company retained this benefit
4 if customer growth was higher than forecast. An SRAM
5 would enable the Company to collect the projected
6 revenues necessary to cover its cost of service in
7 light of the conservation efforts that customers are
8 undertaking to reduce their annual consumption and peak
9 demand.

10 And, as indicated above, the SRAM needs to include a
11 provision to adjust allowed revenues for unexpected and
12 unavoidable factors that increase or decrease costs.

13 Q. With regards to your proposal for the governing
14 principles of a SRAM, would the Company or customers
15 bear the risk for sales resulting from warmer or colder
16 than normal weather?

17 A. Currently, the Company bears the risk for all steam
18 sales variations resulting from weather. Under the
19 SRAM, all else being equal, customers would benefit
20 from a pass back of revenues for colder than normal
21 winter weather and be subject to some additional
22 charges for warmer than normal winter weather. I note,
23 however, that during a warmer than normal winter,
24 customers will benefit from lower fuel charges, which

1 are not reconciled through the SRAM.

2 Q. Are the electric and gas revenue decoupling mechanisms
3 based upon weather normalization?

4 A. Yes, they are.

5 Q. I show you a 2-page document entitled, "CONSOLIDATED
6 EDISON COMPANY OF NEW YORK, INC. - STEAM REVENUE
7 ADJUSTMENT MECHANISM" and ask whether it was prepared
8 under your supervision and direction?

9 A. Yes, it was.

10 MARK FOR IDENTIFICATION AS EXHIBIT ____ (RM-3)

11 Q. Please explain your Exhibit ____ (RM-3).

12 A. Yes, Exhibit ____ (RM-3), is an illustrative of how the
13 Company would propose to implement the SRAM. This
14 exhibit contains two schedules. The first schedule is
15 an illustrative of how the true up of revenue would be
16 done for the residential rate class on a monthly basis.
17 The second schedule lists how customer classes would be
18 grouped for proposes of the SRAM.

19 Q. In reviewing your second schedule it appears the two
20 service classes have been excluded from the SRAM.

21 Please explain which classes you excluded and why?

22 A. In the case of SC-6, the Company does not currently
23 have nor does it expect to have any customers in this
24 rate code. As to Service Class 5 ("SC-5") customers

1 (i.e., negotiated contracts), although they are
2 excluded for purposes of my SRAM example, in developing
3 the final terms of the SRAM, consideration must be
4 given to capturing the movement of customers between
5 SC-5 and other service classes.

6
7 REGULATORY REFORMS

8 Q. The current draft of the New York State Master Energy
9 Plan calls for regulatory reform in order for all
10 parties to be efficient and improve the State's
11 competitiveness. Does Con Edison support this
12 initiative?

13 A. It is incumbent on all stakeholders to continually
14 review governmental regulations to make sure
15 regulations continue to be warranted and that there are
16 not lower-cost alternatives to achieve the goals of
17 regulations.

18 Q. Mr. Muccilo, are there regulatory reforms that could be
19 implemented as part of this proceeding or through
20 changes in State legislation that if adopted, would
21 lower costs for customers without significantly
22 impacting the level of service provided?

23 A. Yes, there are a number of programs and requirements
24 that currently add to our cost of providing service to

1 customers that, if modified or eliminated, would lower
2 customer bills.

3 Q. Can you provide some specific examples of the types of
4 regulatory and legislative changes you are referring to
5 and indicate what steps the Company has already taken?

6 A. Yes. Con Edison has, for example, been supporting an
7 expansion of joint-bidding for municipal interference
8 work and that is just one example where legislative
9 reform can achieve efficiencies for customers. If we
10 are successful in achieving reforms in even small
11 programs the resulting cumulative savings have the
12 potential to be significant.

13 Q. The testimony of Company witness Hutcheson discusses
14 numerous steps that Con Edison has take to challenge
15 property tax assessments, seek ICIP abatements, other
16 credits and obtain refunds. Are there other regulatory
17 reforms that the Company is undertaking that would
18 lower the Company's tax obligations?

19 A. Yes, as discussed by Company witness Hutcheson, we have
20 been pursuing a strategy to merge the utility class in
21 New York City, class 3, which contains most of the
22 Company's property, with class 4, the general class
23 that includes all property except utility property and
24 homes and condominiums, with the objective of lowering

1 our tax liability. Legislation has been drafted and a
2 bill has been submitted in the Assembly - bill number
3 A8926 sponsored by Assemblyman Bing. This change, if
4 passed by the legislature, would reduce the property
5 tax rate paid by Con Edison and result in significant
6 savings for customers.

7 Q. Given the current economic conditions and reduced level
8 of new construction, should the Company be reducing the
9 level of infrastructure investment from the levels
10 requested in the case?

11 A. The Company is maintaining its current level of
12 infrastructure investment and not seeking to increase
13 it. It is necessary to continue to build and maintain
14 a safe and reliable system.

15

16 RECOVERY OF ELECTRIC USAGE

17 Q. What is the Company's proposal with respect to the
18 recovery of expenses related to electric usage?

19 A. The Company's steam operations uses electricity in a
20 manner that is significantly different in nature from
21 the way it is used by the electric and gas departments.
22 For the Electric and Steam departments, electricity is
23 used in various facilities such as office buildings,
24 substations or gate station for lighting and to run

1 equipment at those facilities. The consumption of
2 power by the electric and steam departments would be
3 fairly constant over time.

4 For the steam department the majority of the energy is
5 consumed in the production of steam (i.e., as station
6 service to run pumps and auxiliaries). Electric usage
7 is a variable production related cost that varies with
8 the output of the plants and as such should be
9 recovered in the same manner as fuel costs. I would
10 propose to recover this expense, which for the rate
11 year is approximately \$13 million, through the FAC.
12 This expense is currently recovered through steam base
13 rates.

14
15 MANAGEMENT AUDIT

16 Q. Does this filing reflect the impact of implementing
17 recommendations from the PSC's Comprehensive Management
18 Audit (Case 08-M-0152)?

19 A. The Management Audit report was issued on August 7,
20 2009. Company witness Nachmias discusses the status of
21 the Company's audit implementation plan. As Mr.
22 Nachmias explains, the Company is currently evaluating
23 the recommendations of the audit, including determining
24 the associated costs, benefits and risks, and working

1 on implementing the recommendations that will produce
2 tangible savings and efficiencies. It is simply too
3 early in the implementation process to identify
4 specific savings for the rate year, above and beyond
5 savings identified already in the Company's filing or
6 imputed productivity savings. Further, as Mr. Nachmias
7 points out, numerous audit recommendations reflect
8 ongoing Company initiatives. Realization of benefits
9 beyond what the Company would be realizing absent the
10 audit recommendations is virtually impossible to
11 identify or predict. Accordingly, there is no basis for
12 adjusting the Company's RY1 rate request to reflect the
13 implementation of audit recommendations.

14 Q. Mr. Muccilo how does the Company plan to track savings
15 that would result from the implementation of
16 recommendations contained within the management audit
17 report?

18 A. As noted above, it is very difficult, if not
19 impossible, to track such avoided costs. By
20 definition, if the Company has not incurred a cost
21 because it performs work more efficiently, then that
22 cost would not be recorded on the Company's books and
23 records. The long-standing Commission practice is to
24 reflect all savings associated with implementing the

1 recommendations of a management audit in future rate
2 proceedings as part of the rate setting process. Under
3 that process, historic year costs in future rate cases
4 will reflect the lower spending levels achieved through
5 implementation of the audit recommendations and,
6 thus, all savings achieved will permanently inure to
7 the benefit of customers.

8 Q. Should the Commission adopt a multiyear rate plan as
9 you proposed, what mechanism do you propose in order to
10 provide customers with a material share of benefits
11 achieved from implementing audit recommendations during
12 the term of the rate plan?

13 A. Under a four-year rate plan, I propose to lower the
14 sharing targets from 100 basis points above the allowed
15 return on equity to 50 basis points starting in RY-2.
16 In addition, I would recommend that the sharing ratio
17 be changed from 50/50 (customer/Company) to 60/40 to
18 give customers a greater share of earnings. This would
19 capture for customers a material share of any savings
20 to be achieved during the rate plan.

21 Q. Does this conclude your testimony?

22 A. Yes, it does.

Con Edison
Hearing Exhibits

STATE OF NEW YORK	
DEPT. OF PUBLIC SERVICE	
DATE:	6/9/09
CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029	
Ex.	105

Consolidated Edison Company of New York, Inc.
Revenue Requirement - Steam
Joint Proposal Rate Year 2 Vs. Company Filed Rate Case
\$(000's)

<u>Items Driving Rate Increase:</u>	<u>Amount</u>	
Carrying Charge on Rate Base additions		
Rate Base @ 9.3% ROE	\$ 21,500	
Depreciation at existing rates on additions	4,900	
Income tax Impact of depreciation	<u>1,300</u>	\$ 27,700
Lower Sales Revenues (Net of fuel & taxes)		21,900
Property & Other Taxes	18,700	
GRT on rate increase	<u>2,700</u>	21,400
Higher ROE @ 10.8% (100 BP - \$12.5 million)		18,200
Employee Pensions/OPEBs (incl. amort of prior costs)		14,600
Higher Operation & Maintenance Expenses		
Company labor	4,600	
Information Resources	2,100	
Interdepartmental rents	1,900	
Steam Operations	(700)	
All Other	<u>(300)</u>	7,600
Expired Credits / Other Operating Revenues		
Amortization of 1st Avenue Property Sale	12,800	
Amortization of higher net Deferred Costs	<u>1,700</u>	14,500
Income Taxes -- Flow thru tax items		<u>2,900</u>
Total Increase		<u><u>\$ 128,800</u></u>
Percentage Increase		<u><u>18.2%</u></u>

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 106

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
MULTI-YEAR STEAM RATE PLAN
(\$ millions)

	Exhibit / Schedule	Rate Year Ending September 30,			
		2011	2012	2013	2014
Base Rate Increase - RY1 @ 10.8% ROE	AP-9, Sch 1	\$ 128.8			
Adjustment for 11.4% ROE		6.3			
Base Rate Increase - RY1 @ 11.4% ROE		\$ 135.1			
Operating Revenues					
Sales Revenue (Net of Fuel, Purchased Power & Rev. Tax)	RM-1, Sch 2		\$ 2.3	\$ (2.8)	\$ (3.0)
O&M Fuel rider charges - water, water chemicals, sewer	RM-1, Sch 4		-	-	-
Net Revenues			2.3	(2.8)	(3.0)
Other Operating Revenues - ERRP	RM-1, Sch 3		(0.6)	3.5	3.0
- Other	RM-1, Sch 3		(0.5)	(0.5)	(0.6)
Subtotal (1)			1.2	0.2	(0.6)
Operating Expenses					
Operation & Maintenance Expense (excl. fuel)					
- Labor & General Escalations	RM-1, Sch 4		4.1	4.0	3.5
- Interference	RM-1, Sch 4		(0.8)	(1.4)	0.1
- Pension and OPEBs	RM-1, Sch 4		2.0	0.5	(1.8)
Depreciation & amortization	RM-1, Sch 5		1.7	1.7	1.5
Taxes Other - excl. revenue taxes	RM-1, Sch 6		10.0	12.3	13.4
- revenue taxes	RM-1, Sch 6		0.9	0.7	0.3
Federal Income Taxes (Book vs. Flow Thru Deductions)	RM-1, Sch 8		-	0.6	0.9
Pre Tax Return on Rate Base (Net of Interest Tax Deduction)	RM-1, Sch 9		1.3	2.2	1.3
Subtotal (2)			19.2	20.6	19.2
Increase in Net Operating Expenses (2) - (1)			18.0	20.4	19.8
Annual True Up Mechanisms					
Property Tax Expense -- 100%		-	-	-	-
Interference (excluding Company Payroll) 90/10		-	-	-	-
Pensions / OPEBs (Policy Statement)		-	-	-	-
Environmental Remediation -- 100%		-	-	-	-
World Trade Center		-	-	-	-
Income Taxes (263a deferred income taxes, Medicare Part D)		-	-	-	-
Section 18a regulatory assessments		-	-	-	-
New Laws and abnormal inflation		-	-	-	-
Firm Sales & Revenue (Revenue Decoupling Mechanism)		-	-	-	-
Net Rate Change	RM-1, Sch 1	\$ 135.1	\$ 18.0	\$ 20.4	\$ 19.8
Percent Increase Over Base Year		19.5%	2.6%	2.9%	2.8%

Consolidated Edison of New York, Inc.
Steam Department
Operating Income, Rate Base & Rate of Return
(\$000's)

Twelve Months Ending September 30, 2012

	Rate Year 1 Exhibit (AP-9)	Sched.	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 Adjusted for Proposed Increase
Operating Revenues						
Sales Revenues	\$828,292	[2]	\$12,453	\$840,745	\$18,037	\$858,782
Other Operating Revenues	\$78,472	[3]	(1,077)	77,395	36	77,431
Total Operating Revenues	906,764		11,376	918,140	18,073	936,213
Operating Revenue Deductions						
Fuel	330,619		9,615	340,234		340,234
Other Fuel Costs	4,358		431	4,789		4,789
Other Operation & Maintenance	180,337	[4]	3,331	183,668		183,668
Pension / OPEBs	22,522	[4]	1,994	24,516		24,516
Depreciation	64,991	[5]	1,747	66,738		66,738
Taxes Other Than Income Taxes	107,175	[6]	10,503	117,678	382	118,060
Gain from Disposition of Property	-		-	-		-
Total Operating Revenue Deductions	710,003		27,621	737,624	382	738,006
Operating Income Before Income Taxes	196,761		(16,245)	180,516	17,691	198,207
Income Taxes						
New York State Income Taxes	10,495	[7]	(1,184)	9,310	1,256	10,566
Federal Income Tax	47,997	[8]	(5,276)	42,721	5,752	48,473
Total Income Taxes	58,491		(6,460)	52,031	7,008	59,039
Operating Income After Income Taxes	\$138,270		(\$9,785)	\$128,485	\$10,683	\$139,169
Rate Base	\$1,642,471	[9]	\$10,685	\$1,653,156		\$1,653,156
Overall Rate of Return	8.42%			7.77%		8.42%

Twelve Months Ending September 30, 2013

	Rate Year 2	Sched.	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 Adjusted for Proposed Increase
Operating Revenues						
Sales Revenues	\$858,782	[2]	\$6,374	\$865,156	\$20,443	\$885,599
Other Operating Revenues	77,431	[3]	2,956	80,387	41	80,428
Total Operating Revenues	936,213		9,330	945,543	20,484	966,027
Operating Revenue Deductions						
Fuel & Other Fuel Costs	340,234		8,932	349,166		349,166
Other Operations & Maintenance	4,789		1,113	5,902		5,902
Other Operations & Maintenance	183,668	[4]	2,619	186,287		186,287
Pension / OPEBs	24,516	[4]	535	25,051		25,051
Depreciation	66,738	[5]	1,721	68,459		68,459
Taxes Other Than Income Taxes	118,060	[6]	12,524	130,584	433	131,017
Gain from Disposition of Property	-		-	-		-
Total Operating Revenue Deductions	738,006		27,443	765,449	433	765,882
Operating Income Before Income Taxes	198,207		(18,114)	180,094	20,051	200,145
Income Taxes						
New York State Income Taxes	10,566	[7]	(1,301)	9,266	1,424	10,690
Federal Income Tax	48,473	[8]	(6,272)	42,201	6,519	48,720
Total Income Taxes	59,039		(7,572)	51,466	7,943	59,409
Operating Income After Income Taxes	\$139,169		(\$10,541)	\$128,628	\$12,108	\$140,735
Rate Base	\$1,653,156	[9]	\$18,617	\$1,671,773		\$1,671,773
Overall Rate of Return	8.42%			7.69%		8.42%

Consolidated Edison of New York, Inc.
Steam Department
Operating Income, Rate Base & Rate of Return
(\$000's)

Twelve Months Ending September 30, 2014

	Rate Year 3 Exhibit (RM-2)	Sched.	Rate Year 4 Adjustments	Rate Year 4 As Adjusted	Proposed Rate Increase	Rate Year 4 Adjusted for Proposed Increase
Operating Revenues						
Sales Revenues	\$885,599	[2]	\$15,619	\$901,218	\$19,848	\$921,067
Other Operating Revenues	\$80,428	[3]	2,426	82,853	(40)	82,813
Total Operating Revenues	966,027		18,045	984,072	19,808	1,003,880
Operating Revenue Deductions						
Fuel	349,166		18,623	367,788		367,788
Other Fuel Costs	5,902		33	5,935		5,935
Other Operation & Maintenance	186,287	[4]	3,604	189,891		189,891
Pension / OPEBs	25,051	[4]	(1,755)	23,296		23,296
Depreciation	68,459	[5]	1,508	69,967		69,967
Taxes Other Than Income Taxes	131,017	[6]	13,352	144,369	382	144,751
Gain from Disposition of Property	-		-	-		-
Total Operating Revenue Deductions	765,882		35,365	801,247	382	801,629
Operating Income Before Income Taxes	200,145		(17,320)	182,825	19,426	202,251
Income Taxes						
New York State Income Taxes	10,690	[7]	(1,243)	9,446	1,379	10,825
Federal Income Tax	48,720	[8]	(5,214)	43,506	6,317	49,823
Total Income Taxes	59,409		(6,457)	52,952	7,696	60,648
Operating Income After Income Taxes	\$140,735		(\$10,863)	\$129,873	\$11,730	\$141,603
Rate Base	\$1,671,773	[9]	\$10,608	\$1,682,381		\$1,682,381
Overall Rate of Return	8.42%			7.72%		8.42%

Consolidated Edison of New York, Inc.
Steam Department
Revenue Requirement Calculation
(\$000's)

	Twelve Months Ended September 30,		
	2012	2013	2014
Rate Base (Exhibit ____ (RM-1), Schedule 10)	\$1,653,156	\$1,671,773	\$1,682,381
Rate of Return (Exhibit ____ (JC-1), Schedule 1)	8.42%	8.42%	8.42%
Required Return	139,168	140,735	141,628
Income Available (Exhibit ____ (RM-1), Schedule 1)	128,485	128,628	129,873
Deficiency	10,683	12,107	11,755
Retention Factor	59.2%	59.2%	59.2%
Additional Revenue Requirement	<u>\$18,037</u>	<u>\$20,443</u>	<u>\$19,848</u>

	<u>Proof</u>			
Revenues	100.00%	\$18,037	\$20,443	\$19,848
Less:				
Revenue Taxes	2.120%	382	433	421
Late Payment Charges	-0.200%	(36)	(41)	(40)
	98.080%	17,691	20,051	19,467
New York State Income Tax @ 7.1%	6.964%	1,256	1,424	1,382
	91.116%	16,435	18,627	18,085
Federal Income Tax @ 35%	31.891%	5,752	6,519	6,330
Retention Factor	59.226%	<u>\$10,683</u>	<u>\$12,108</u>	<u>\$11,755</u>

Consolidated Edison Company of New York, Inc.
Steam Rate Case
(000's)

Levelized Rate Increase

2010 Other Customer Provided Capital Rate = 4.2%

Rate Increase	Twelve Months Ending				Cumulative Total
	September 30, 2011	September 30, 2012	September 30, 2013	September 30, 2014	
RY - 1	\$135.1	\$135.1	\$135.1	\$135.1	\$540.4
RY - 2		18.0	18.0	18.0	54.0
RY - 3			20.4	20.4	40.8
RY - 4				19.8	19.8
Total	\$ 135.1	\$ 153.1	\$ 173.5	\$ 193.3	\$ 655.0
Annual rate increase w/o interest					
RY - 1	\$ 65.5	\$ 65.5	\$ 65.5	\$ 65.5	\$ 262.0
RY - 2		65.5	65.5	65.5	196.5
RY - 3			65.5	65.5	131.0
RY - 4			-	65.5	65.5
Total	\$ 65.5	\$ 131.0	\$ 196.5	\$ 262.0	\$ 655.0
Variation	\$ 70	\$ 22	\$ (23)	\$ (69)	\$ -
Interest	\$ 0.9	\$ 2.0	\$ 2.0	\$ 0.9	\$ 5.8
Annual rate increase w/ interest					
RY - 1	\$ 66.1	\$ 66.1	\$ 66.1	\$ 66.1	\$ 264.3
RY - 2		66.1	66.1	66.1	198.2
RY - 3			66.1	66.1	132.2
RY - 4				66.1	66.1
Total	\$ 66.1	\$ 132.2	\$ 198.2	\$ 264.3	\$ 660.8

Consolidated Edison of New York, Inc.
Steam Department
Revenues
(\$000's)

	2011	2012	2013	2014
Delivery				
Base Delivery	\$333,717	\$336,092	\$333,291	\$329,983
Rate Change	-	-	-	-
Total	333,717	336,092	333,291	329,983
Fuel Recovery				
Base	186,532	187,275	188,193	188,112
Rider	154,116	162,999	171,049	189,787
Fixed	4,139	4,095	4,032	3,962
Total	344,787	354,369	363,274	381,861
Total Revenues (excl Rev Taxes)	678,504	690,461	696,565	711,844
Revenue Taxes				
- Pure Base & Fuel Rider Revenues	14,732	15,228	15,498	15,838
	693,236	705,689	712,063	727,682
RY 1 Rate Relief (excl. rev taxes)	132,193	132,193	132,193	132,193
- Rate Increase (rev tax)	2,863	2,863	2,863	2,863
RY 2 Rate Relief (excl. rev taxes)	-	-	17,655	17,655
- Rate Increase (rev tax)	-	-	382	382
RY 3 Rate Relief (excl. rev taxes)	-	-	-	20,010
- Rate Increase (rev tax)	-	-	-	433
Total Revenues	828,292	840,745	865,156	901,218
Fuel Expense				
Recoverable				
Oil	164,855	139,541	131,129	121,572
Gas	80,892	105,354	118,776	128,305
Purchases	73,694	78,742	83,234	90,090
Deferred Fuel Costs	(5,733)	(2,504)	(883)	12,596
Total Steam Exp	313,708	321,134	332,257	352,562
Add from O&M: S & H	13,625	15,750	13,500	11,750
Sewer	605	636	668	700
Water & Chemical	16,849	16,849	16,849	16,849
Total O&M Exp	31,079	33,235	31,017	29,299
Total recoverable	344,787	354,369	363,274	381,861
Non-Recoverable				
Capacity	3,286	3,350	3,409	3,477
Miscellaneous	5,678	6,109	7,222	7,255
Total	8,965	9,459	10,631	10,731
Total	353,752	363,828	373,905	392,592
Fuel Expense	330,619	340,234	349,166	367,789
Other fuel charges	5,678	6,109	7,222	7,255
O&M - Sewer	605	636	668	700
- Water & Chemical	16,849	16,849	16,849	16,849
Total	353,752	363,828	373,905	392,592

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
OTHER OPERATING REVENUES - STEAM
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2011, 2012, 2013 and 2014
\$ (000's)

Line No.		Rate Year 1 As Reflected in Exhibit (AP-9)	Rate Year Normalizing Adjustments	Subject to Inflation @ 1.85%	Escalation for 12 Months Ending Sept. 30 2012	Rate Year 2 As Adjusted	Subject to Inflation @ 2.13%	Escalation for 12 Months Ending Sept. 30 2013	Rate Year 3 As Adjusted	Line No.
	Interdepartmental Rents:									
1	East River Repowering Project (ERRP) @ 11.4% ROE	75,125	-	N	(568)	74,557	N	3,494	78,051	1
2	Hudson Avenue Tunnel	2,284	-	N	-	2,284	N	-	2,284	2
3	Revenue Offset Re: 74/59th St. Transfer from Electric	6,500	-	N	-	6,500	N	-	6,500	3
4	Steam Rev/Fuel Management Program	230	-	N	-	230	N	-	230	4
5	Late Payment Charges	1,670	-	Y	31	1,701	Y	36	1,737	5
6	Special Services Repair Program	509	-	Y	9	518	Y	11	529	6
7	Reconnection Fees	250	-	N	-	250	N	-	250	7
8	SO2 Allowance Allowances	-	-	N	-	-	N	-	-	8
9	Late Payment Charges	270	-	N	-	270	N	-	270	9
10	Amortization of MGP Costs	(3,012)	-	N	(550)	(3,562)	N	(550)	(4,111)	10
11	Regulatory Accounting Charges	(5,354)	-	N	-	(5,354)	N	-	(5,354)	11
	Total Other Operating Revenues	<u>\$ 78,472</u>	<u>\$ -</u>		<u>\$ (1,077)</u>	<u>\$ 77,395</u>		<u>\$ 2,992</u>	<u>\$ 80,387</u>	

Line No.		Rate Year 3 As Adjusted	Rate Year Normalizing Adjustments	Subject to Inflation @ 2.20%	Escalation for 12 Months Ending Sept. 30 2014	Rate Year 4 As Adjusted
	Interdepartmental Rents:					
1	East River Repowering Project (ERRP) @ 11.4% ROE	78,051	-	N	2,974	81,025
2	Hudson Avenue Tunnel	2,284	-	N	-	2,284
3	Revenue Offset Re: 74/59th St. Transfer from Electric	6,500	-	N	-	6,500
4	Steam Rev/Fuel Management Program	230	-	N	-	230
5	Late Payment Charges	1,737	-	Y	32	1,770
6	Special Services Repair Program	529	-	Y	10	539
7	Reconnection Fees	250	-	N	-	250
8	SO2 Allowance Allowances	-	-	N	-	-
9	Late Payment Charges	270	-	N	-	270
10	Amortization of MGP Costs	(4,111)	-	N	(550)	(4,661)
10	Regulatory Accounting Charges	(5,354)	-	N	-	(5,354)
	Total Other Operating Revenues	<u>\$ 80,387</u>	<u>\$ -</u>		<u>\$ 2,467</u>	<u>\$ 82,853</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ERRP CARRYING CHARGES BILLED TO ELECTRIC
(\$000s)

	12 Months Ending September 30,			
	2011	2012	2013	2014
Pre-Tax ROR	\$ 64,108	\$ 60,573	\$ 57,794	\$ 54,027
Book Depreciation	31,425	31,701	32,196	32,457
Federal Income Taxes	4,081	4,172	4,242	4,267
Property Taxes	13,448	15,745	23,218	31,174
Total	<u>\$ 113,062</u>	<u>\$ 112,192</u>	<u>\$ 117,451</u>	<u>\$ 121,925</u>
66.45% Allocation to Electric	<u>\$ 75,125</u>	<u>\$ 74,557</u>	<u>\$ 78,051</u>	<u>\$ 81,025</u>
Annual Change		<u>\$ (568)</u>	<u>\$ 3,494</u>	<u>\$ 2,974</u>

Consolidated Edison Company of New York, Inc.
Site Investigation and Remediation Expenditures (\$ x 1000)
Linking Period (July 2009 - September 2010) and Rate Year (October 2009 - September 2010)

	<u>Linking Period</u>	<u>Rate Year</u>	<u>Total</u>
MGP	\$ 45,912	\$ 47,612	\$ 93,524
Superfund	839	944	1,783
Appendix B	3,825	3,370	7,195
Astoria	5,025	3,135	8,160
UST	2,462	3,803	6,265
Total	<u>58,063</u>	<u>58,864</u>	<u>116,927</u>

Allocation to Steam - 5.1%	\$ 5,963
Under (Over) Collection at June 30, 2009 (Steam)	6,535
July 2009 - September 2009 Amortization	(552)
October 2009 - September 2010 Amortization	<u>(2,909)</u>
Balance to be Recovered	9,037
Four -Year Amortization	\$ 2,259
Historic Period	<u>2,033</u>
Net Increase	<u>\$ 226</u>

Consolidated Edison Company of New York, Inc.
Site Investigation and Remediation Expenditures (\$ x 1000)
Rate Years Beginning October 1 of 2009 (RY2) & 2010 (RY3)

	<u>RY2</u>	<u>RY3</u>	<u>RY4</u>
MGP	\$ 36,300	\$ 36,300	\$ 36,300
Superfund	2,100	2,100	2,100
Appendix B	2,100	2,100	2,100
Astoria	2,000	2,000	2,000
UST	600	600	600
Total	<u>43,100</u>	<u>43,100</u>	<u>43,100</u>
Allocation to Steam - 5.1%	<u>\$ 2,198</u>	<u>\$ 2,198</u>	<u>\$ 2,198</u>
Four -Year Amortization	<u>\$ 550</u>	<u>\$ 550</u>	<u>\$ 550</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM OPERATION AND MAINTENANCE EXPENSES
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2013
(\$000s)

LINE NO.		12 Months			Escalation for 12 Months			Escalation for 12 Months		
		Ending September 30, 2011	Payroll Escl. @ 2.57%	Subject to Inflation @ 1.85%	Ending September 30, 2012	Ending September 30, 2012	Subject to Inflation @ 2.13%	Ending September 30, 2013	Ending September 30, 2013	Ending September 30, 2013
1	A&G Exp Cap	(\$3,691)	N	Y	(\$68)	(\$3,759)	Y	(\$80)	(\$3,839)	
2	Asbestos Removal and Abatement	522	N	Y	10	532	Y	11	543	
3	Other Compensation	197	N	Y	4	201	Y	4	205	
3	Boiler Cleaning	1,444	N	Y	27	1,471	Y	31	1,502	
4	Building Service	1,809	N	Y	33	1,843	Y	39	1,882	
	Collection Agency	-	N	Y	-	-	Y	-	-	
5	Communication - Telephone	825	N	Y	15	840	Y	18	858	
6	Company Labor	63,364	Y	N	1,628	64,992	N	1,670	66,662	
7	Consultants	1,567	N	Y	29	1,596	Y	34	1,630	
8	Contract Labor	472	N	Y	9	480	Y	10	491	
9	Corporate Fiscal Expense	292	N	Y	5	297	Y	6	304	
10	Corrective Maintenance	6,785	N	Y	126	6,911	Y	147	7,057	
11	Disposal of Obsolete M&S	2	N	Y	0	2	Y	0	2	
12	Savings due to Remote Monitoring System	-	N	Y	-	-	N	(800)	(800)	
13	EDP Equipment Rentals & Maintenance	230	N	Y	4	234	Y	5	239	
14	Electric and Gas Used	13,262	N	Y	245	13,507	Y	287	13,795	
15	Employee Welfare Expense - Net	6,991	N	Y	129	7,120	Y	151	7,271	
16	Environmental Affairs	1,022	N	Y	19	1,041	Y	22	1,063	
17	Environmental Programs	1,558	N	Y	29	1,587	Y	34	1,621	
18	Executive Incentive Plan	-	N	N	-	-	N	-	-	
19	Facilities Maintenance	2,031	N	Y	38	2,069	Y	44	2,113	
20	Financial Services	697	N	Y	13	710	Y	15	725	
21	Information Resources	2,776	N	Y	51	2,828	Y	60	2,888	
22	Injuries and Damages	1,850	N	Y	34	1,884	Y	40	1,924	
23	Institutional Dues and Subscriptions	58	N	Y	1	59	Y	1	60	
24	Insurance Premiums	3,299	N	Y	182	3,482	Y	244	3,726	
25	Interference	7,400	N	N	(800)	6,600	N	(1,400)	5,200	
26	Major Maintenance Projects	-	N	Y	-	-	Y	-	-	
27	Manhole Program	-	N	Y	-	-	Y	-	-	
28	Manhour Expense	3,661	N	Y	68	3,729	Y	79	3,808	
29	Materials and Supplies	2,451	N	Y	45	2,497	Y	53	2,550	
30	MGP/Superfund	-	N	Y	-	-	Y	-	-	
30	Other (Fossil)	4,479	N	Y	83	4,562	Y	97	4,659	
31	Outside Legal Services	56	N	Y	1	57	Y	1	58	
32	Plant Component Upgrade	141	N	Y	3	144	Y	3	147	
33	Rate Case Acctg. - Water Treatment Deferral	635	N	Y	12	646	Y	14	660	
33	Postage	14	N	Y	0	15	Y	0	15	
34	Preventive Maintenance	1,704	N	Y	32	1,736	Y	37	1,772	
35	Rate Case Acctg. - Interference	-	N	N	-	-	N	-	-	
36	Rate Case Acctg. - Pensions/OPEBS	-	N	N	-	-	N	-	-	
37	Ravenswood	5,756	N	Y	107	5,863	Y	125	5,987	
38	Real Estate Expenses	158	N	Y	3	161	Y	3	164	
39	Regulatory Commission Expenses	1,810	N	Y	33	1,844	Y	39	1,883	
40	Rents	201	N	Y	4	205	Y	4	209	
41	Rents - Interdepartmental	15,115	N	N	945	16,060	N	1,299	17,359	
42	Research and Development	821	N	Y	15	836	Y	18	853	
43	Steam Incident	1,560	N	Y	29	1,588	Y	34	1,622	
44	Security	1,058	N	Y	20	1,077	Y	23	1,100	
45	Sewer Charges (Part of Fuel Rider)	605	N	N	31	636	N	32	668	
46	Shared Services	(825)	N	Y	(15)	(840)	Y	(18)	(858)	
47	Steam Leaks	1,097	N	Y	20	1,117	Y	24	1,141	
48	Steam Transfer Credit	(13)	N	Y	(0)	(14)	Y	(0)	(14)	
49	Uncollectible Reserve	1,000	N	N	-	1,000	N	-	1,000	
49	Water (Part of Fuel Rider)	9,941	N	N	-	9,941	N	-	9,941	
50	Water Chemicals (Part of Fuel Rider)	6,908	N	N	-	6,908	N	-	6,908	
51	Water Treatment	3,881	N	Y	71	3,932	Y	84	4,016	
52	Other	3,381	N	Y	63	3,444	Y	73	3,517	
Total O&M Expenses*		\$ 180,337			\$ 3,331	\$ 183,668		\$ 2,619	\$ 186,287	

*excl. Pensions/OPEBS, MGP

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM OPERATION AND MAINTENANCE EXPENSES
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2013
(\$000s)

LINE NO.		12 Months Ending September 30, 2013	Payroll Excl. @ 2.57%	Subject to Inflation @ 2.20%	Escalation for 12 Months Ending September 30, 2014	12 Months Ending September 30, 2014
					(\$84)	(\$3,924)
1	A&G Exp Cap	(\$3,839)	N	Y	12	555
2	Asbestos Removal and Abatement	543	N	Y	5	209
3	Other Compensation	205	N	Y	33	1,535
3	Boiler Cleaning	1,502	N	Y	41	1,923
4	Building Service	1,882	N	Y	-	-
	Collection Agency	-	N	Y	19	877
5	Communication - Telephone	858	N	Y	1,712	68,374
6	Company Labor	66,662	Y	N	36	1,665
7	Consultants	1,630	N	Y	11	501
8	Contract Labor	491	N	Y	7	310
9	Corporate Fiscal Expense	304	N	Y	155	7,213
10	Corrective Maintenance	7,057	N	Y	0	2
11	Disposal of Obsolete M&S	2	N	Y	-	(800)
12	Savings due to Remote Monitoring System	(800)	N	N	5	244
13	EDP Equipment Rentals & Maintenance	239	N	Y	303	14,098
14	Electric and Gas Used	13,795	N	Y	160	7,431
15	Employee Welfare Expense - Net	7,271	N	Y	23	1,086
16	Environmental Affairs	1,063	N	Y	36	1,657
17	Environmental Programs	1,621	N	Y	-	-
18	Executive Incentive Plan	-	N	N	46	2,159
19	Facilities Maintenance	2,113	N	Y	16	741
20	Financial Services	725	N	Y	64	2,951
21	Information Resources	2,888	N	Y	42	1,966
22	Injuries and Damages	1,924	N	Y	1	61
23	Institutional Dues and Subscriptions	60	N	Y	82	3,808
24	Insurance Premiums	3,726	N	Y	114	5,314
25	Interference	5,200	N	Y	-	-
26	Major Maintenance Projects	-	N	Y	-	-
27	Manhole Program	-	N	Y	84	3,892
28	Manhour Expense	3,808	N	Y	56	2,606
29	Materials and Supplies	2,550	N	Y	-	-
30	MGP/Superfund	-	N	Y	103	4,762
30	Other (Fossil)	4,659	N	Y	1	59
31	Outside Legal Services	58	N	Y	3	150
32	Plant Component Upgrade	147	N	Y	15	675
33	Rate Case Acctg. - Water Treatment Deferral	660	N	Y	0	15
33	Postage	15	N	Y	39	1,811
34	Preventive Maintenance	1,772	N	Y	-	-
35	Rate Case Acctg. - Interference	-	N	N	-	-
36	Rate Case Acctg. - Pensions/OPEBS	-	N	N	132	6,119
37	Ravenswood	5,987	N	Y	4	168
38	Real Estate Expenses	164	N	Y	41	1,924
39	Regulatory Commission Expenses	1,883	N	Y	5	214
40	Rents	209	N	Y	-	17,359
41	Rents - Interdepartmental	17,359	N	N	19	872
42	Research and Development	853	N	Y	36	1,658
43	Steam Incident	1,622	N	Y	24	1,125
44	Security	1,100	N	Y	31	699
45	Sewer Charges (Part of Fuel Rider)	668	N	N	(19)	(877)
46	Shared Services	(858)	N	Y	25	1,166
47	Steam Leaks	1,141	N	Y	(0)	(14)
48	Steam Transfer Credit	(14)	N	Y	-	1,000
49	Uncollectible Reserve	1,000	N	N	-	9,941
49	Water (Part of Fuel Rider)	9,941	N	N	-	6,908
50	Water Chemicals (Part of Fuel Rider)	6,908	N	N	88	4,104
51	Water Treatment	4,016	N	Y	77	3,594
52	Other	3,517	N	Y	-	-
Total O&M Expenses*		\$ 186,287			\$ 3,604	\$ 189,891

*excl. Pensions/OPEBS, MGP

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM PENSION / OPEB EXPENSE
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2013
(\$000s)

<u>Steam Expense</u>	<u>12 Months Ending September 30, 2011</u>	<u>Program Changes</u>	<u>12 Months Ending September 30, 2012</u>
Pension Expense - Qualified Plan	\$ 24,369.0	\$ 2,735.0	\$ 27,104.0
Retiree Health & Life Insurance (OPEB)	5,894.3	68.9	5,963.2
Subtotal - Qualified Plans	<u>30,263.3</u>	<u>2,803.9</u>	<u>33,067.2</u>
Direct Pension Payments.	-	-	-
Supplemental Pension Plan	958.8	(30.6)	928.2
Gross Pension & OPEBs Expense	<u>31,222.1</u>	<u>2,773.3</u>	<u>33,995.4</u>
Capitalized	(8,607.8)	(764.5)	(9,372.3)
Billed to Affiliates	<u>(92.1)</u>	<u>(15.1)</u>	<u>(107.2)</u>
Net Current Pension & OPEBs Exp.	<u>\$ 22,522.2</u>	<u>\$ 1,993.7</u>	<u>\$ 24,515.9</u>

<u>Steam Expense</u>	<u>12 Months Ending September 30, 2012</u>	<u>Program Changes</u>	<u>12 Months Ending September 30, 2013</u>
Pension Expense - Qualified Plan	\$ 27,104.0	\$ 1,337.4	\$ 28,441.4
Retiree Health & Life Insurance (OPEB)	5,963.2	(536.8)	5,426.4
Subtotal - Qualified Plans	<u>33,067.2</u>	<u>800.6</u>	<u>33,867.8</u>
Direct Pension Payments.	-	-	-
Supplemental Pension Plan	928.2	(52.3)	875.9
Gross Pension & OPEBs Expense	<u>33,995.4</u>	<u>748.3</u>	<u>34,743.7</u>
Capitalized	(9,372.3)	(206.4)	(9,578.7)
Billed to Affiliates	<u>(107.2)</u>	<u>(6.9)</u>	<u>(114.1)</u>
Net Current Pension & OPEBs Exp.	<u>\$ 24,515.9</u>	<u>\$ 535.0</u>	<u>\$ 25,050.9</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM PENSION / OPEB EXPENSE
FOR THE RATE YEAR ENDING SEPTEMBER 30, 2014
(\$000s)

<u>Steam Expense</u>	<u>12 Months Ending September 30, 2013</u>	<u>Program Changes</u>	<u>12 Months Ending September 30, 2014</u>
Pension Expense - Qualified Plan	\$ 28,441.4	\$ (2,542.3)	\$ 25,899.1
Retiree Health & Life Insurance (OPEB)	5,426.4	118.6	5,545.0
Subtotal - Qualified Plans	33,867.8	(2,423.7)	31,444.1
Direct Pension Payments	-	-	-
Supplemental Pension Plan	875.9	(10.2)	865.7
Gross Pension & OPEBs Expense	34,743.7	(2,433.9)	32,309.8
Capitalized	(9,578.7)	671.0	(8,907.7)
Billed to Affiliates	(114.1)	8.4	(105.7)
Billed to NYPA	-	-	-
Net Current Pension & OPEBs Exp.	<u>\$ 25,050.9</u>	<u>\$ (1,754.5)</u>	<u>\$ 23,296.4</u>

Consolidated Edison of New York, Inc.
Steam Department
Depreciation Expense
(\$000's)

		Twelve Months Ending September 30,				
		2010	2011	2012	2013	2014
Steam						
	Distribution	14,650	15,537	16,270	16,846	17,401
	Production	16,212	18,029	18,767	19,417	20,109
	ERRP	31,080	31,425	31,701	32,196	32,457
	Total Electric	61,942	64,991	66,738	68,459	69,967

Consolidated Edison of New York, Inc.
Steam Department
Company Revenue Requirement
Taxes Other than Income Taxes
For the Twelve Months Ending September 30, 2010
(\$000's)

	Rate Year 1 As Reflected in Exhibit (AP-10)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 As Adjusted For Proposed Rate Increase
Revenue Taxes - Sales Revenues	\$17,565	\$526	\$18,091	\$382	\$18,473
- Other Operating Rev.	30	1	31		31
Subsidiary Capital Taxes	359	7	\$366		366
Property Taxes	84,910	9,854	94,764		94,764
Mobility Taxes	216	-	216		216
Payroll Taxes	4,035	114	4,149		4,149
All Other	59	1	60		60
Taxes Other Than Income Taxes	<u>\$107,175</u>	<u>\$10,503</u>	<u>\$117,677</u>	<u>\$382</u>	<u>\$118,059</u>
Less: Gross Receipts Taxes	<u>(17,565)</u>	<u>(526)</u>	<u>(18,091)</u>	<u>(382)</u>	<u>(18,473)</u>
Total Excluding GRT	<u>\$89,610</u>	<u>\$9,977</u>	<u>\$99,587</u>	<u>\$0</u>	<u>\$99,587</u>

For the Twelve Months Ending September 30, 2011
(\$000's)

	Rate Year 2	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 As Adjusted For Proposed Rate Increase
Revenue Taxes - Sales Revenues	\$18,473	\$270	\$18,743	\$433	\$19,176
- Other Operating Rev.	\$31	1	31		\$31
Subsidiary Capital Taxes	366	8	374		374
Property Taxes	94,764	12,127	106,891		106,891
Mobility Taxes	216	-	216		216
Payroll Taxes	4,149	117	4,267		4,267
All Other	60	1	61		61
Taxes Other Than Income Taxes	<u>\$118,059</u>	<u>\$12,524</u>	<u>\$130,583</u>	<u>\$433</u>	<u>\$131,016</u>
Less: Gross Receipts Taxes	<u>(18,473)</u>	<u>(270)</u>	<u>(18,743)</u>	<u>(433)</u>	<u>(19,176)</u>
Total Excluding GRT	<u>\$99,586</u>	<u>\$12,254</u>	<u>\$111,840</u>	<u>\$0</u>	<u>\$111,840</u>

Consolidated Edison of New York, Inc.
Steam Department
Company Revenue Requirement
Taxes Other than Income Taxes
For the Twelve Months Ending September 30, 2010
(\$000's)

	<u>Rate Year 3</u>	<u>Rate Year 4 Adjustments</u>	<u>Rate Year 4 As Adjusted</u>	<u>Proposed Rate Increase</u>	<u>Rate Year 4 As Adjusted For Proposed Rate Increase</u>
Revenue Taxes - Sales Revenues	\$19,176	(\$42)	\$19,134	\$382	\$19,516
- Other Operating Rev.	31	1	32		32
Subsidiary Capital Taxes	374	8	\$382		382
Property Taxes	106,891	13,263	120,154		120,154
Mobility Taxes	216	-	216		216
Payroll Taxes	4,267	120	4,387		4,387
All Other	61	1	63		63
Taxes Other Than Income Taxes	<u>\$131,016</u>	<u>\$13,352</u>	<u>\$144,368</u>	<u>\$382</u>	<u>\$144,750</u>
Less: Gross Receipts Taxes	<u>(19,176)</u>	<u>42</u>	<u>(19,134)</u>	<u>(382)</u>	<u>(19,516)</u>
Total Excluding GRT	<u>\$111,840</u>	<u>\$13,394</u>	<u>\$125,234</u>	<u>\$0</u>	<u>\$125,234</u>

Consolidated Edison of New York, Inc.
Steam Department
New York State Income Tax
Twelve Months Ending September 30, 2012
(\$000's)

Exhibit ____ (RM -2)
Schedule 7
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	Rate Year 1 As Reflected in Exhibit (AP-9)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$196,761	(\$16,245)	\$180,516	\$17,691	\$198,207
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
Interest Expense	47,637	436	48,073		48,073
Medicare Rx Legislation Savings	1,085	-	1,085		1,085
Total Deductions	48,722	436	49,158	-	49,158
<u>Normalized Items:</u>					
<u>Add: Add'l Income & Unallowable Deducts Normal</u>					
Book Depreciation	64,991	1,747	66,738	-	66,738
Capitalized Interest	3,122	-	3,122		3,122
Fuel Cost Deferred From Prior Period	4,726	(3,230)	1,497		1,497
Contributions in Aid of Construction	173	-	173		173
Pension and OPEB Expense	24,338	1,994	26,332		26,332
Total Additions	97,350	511	97,861	-	97,861
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
NYS Depreciation	88,372	(1,306)	87,066		87,066
Removal Costs	8,534	(2,565)	5,969		5,969
Amortization of Capitalized Interest	1,487	-	1,487		1,487
Capitalized Overheads	4,816	(463)	4,353		4,353
Fuel Costs Deferred from Current Period	9,963	(3,230)	6,734		6,734
Loss on MACRS Retirements	2,299	(1,727)	572		572
Pension and OPEB Funding	33,354	(7,022)	26,332		26,332
WTC expenses	(3,459)	-	(3,459)		(3,459)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)		(400)
Business Development Plan expenses	(45)	-	(45)		(45)
Production Study expenses	(61)	-	(61)		(61)
Interference Expenses	(386)	-	(386)		(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)		(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)		(1,816)
Interest on MGP Superfund	(91)	-	(91)		(91)
SO2 Allowances	(511)	-	(511)		(511)
Excess refund of SIT overcollections	57	-	57		57
Interest on SIT audit adjustments	(2)	-	(2)		(2)
SIR Deferrals	(1,807)	-	(1,807)		(1,807)
Hudson Ave Deferral	(121)	-	(121)		(121)
NYC Property Taxes - 2000 Settlement	40	-	40		40
NYC Property Taxes - 2004 Settlement	565	-	565		565
Shortfall in SO2 Imputation	708	-	708		708
Medicare Rx Legislation	77	-	77		77
Interest on Capital Expenditures	90	-	90		90
Oil Overcharge Litigation Proceeds	61	-	61		61
Interest on rate Case Deferrals	38	-	38		38
ADR Tax Amortization - Principal and Interest	242	-	242		242
Gain on Sale of First Avenue Properties - Interest	-	-	-		-
Deferred Interest on Distribution Plant Recon	34	-	34		34
Interference Underspending	112	-	112		112
Auction Rate Debt	355	-	355		355
ITC Refunds	44	-	44		44
Total Deductions	140,881	(16,312)	124,569	-	124,569
Taxable Income-New York State	104,509	142	104,650	17,691	122,342
Current New York State Income Tax @ 7.1%	7,420	10	7,430	1,256	8,686
Deferred New York State Income Tax	3,091	(1,194)	1,896	-	1,896
Sub-Total NY State Income Tax Expense	10,511	(1,184)	9,326	1,256	10,582
Amortization of Previously Deferred Excess SIT	(16)	-	(16)	-	(16)
Total New York State Income Tax	10,495	(\$1,184)	9,310	\$1,256	10,566

Consolidated Edison of New York, Inc.
Steam Department
New York State Income Tax
Twelve Months Ending September 30, 2013
(\$000's)

Exhibit ____ (RM -2)
Schedule 7
Page 2 of 3

	Rate Year 2 As Reflected in Exhibit (RM-2)	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$198,207	(\$18,114)	\$180,094	\$20,051	\$200,145
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
Interest Expense	48,073	211	48,284		48,284
Medicare Rx Legislation Savings	1,085	-	1,085		1,085
Total Deductions	49,158	211	49,369	-	49,369
<u>Normalized Items:</u>					
<u>Add: Add'l Income & Unallowable Deducts Normal</u>					
Book Depreciation	66,738	1,721	68,459	-	68,459
Capitalized Interest	3,122	-	3,122		3,122
Fuel Cost Deferred From Prior Period	1,497	(1,497)	-		-
Contributions in Aid of Construction	173	-	173		173
Pension and OPEB Expense	27,593	535	28,128		28,128
Total Additions	99,122	760	99,882	-	99,882
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
NYS Depreciation	87,066	(1,848)	85,218		85,218
Removal Costs	5,969	(4,628)	1,341		1,341
Amortization of Capitalized Interest	1,487	-	1,487		1,487
Capitalized Overheads	4,353	(503)	3,850		3,850
Fuel Costs Deferred from Current Period	6,734	(1,621)	5,113		5,113
Loss on MACRS Retirements	572	(572)	0		0
Pension and OPEB Funding	26,332	1,796	28,128		28,128
WTC expenses	(3,459)	-	(3,459)		(3,459)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)		(400)
Business Development Plan expenses	(45)	-	(45)		(45)
Production Study expenses	(61)	-	(61)		(61)
Interference Expenses	(386)	-	(386)		(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)		(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)		(1,816)
Interest on MGP Superfund	(91)	-	(91)		(91)
SO2 Allowances	(511)	-	(511)		(511)
Excess refund of SIT overcollections	57	-	57		57
Interest on SIT audit adjustments	(2)	-	(2)		(2)
SIR Deferrals	(1,807)	-	(1,807)		(1,807)
Hudson Ave Deferral	(121)	-	(121)		(121)
NYC Property Taxes - 2000 Settlement	40	-	40		40
NYC Property Taxes - 2004 Settlement	565	-	565		565
Shortfall in SO2 imputation	708	-	708		708
Medicare Rx Legislation	77	-	77		77
Interest on Capital Expenditures	90	-	90		90
Oil Overcharge Litigation Proceeds	61	-	61		61
Interest on rate Case Deferrals	38	-	38		38
ADR Tax Amortization - Principal and Interest	242	-	242		242
Gain on Sale of First Avenue Properties - Interest	-	-	-		-
Deferred Interest on Distribution Plant Recon	34	-	34		34
Interference Underspending	112	-	112		112
Auction Rate Debt	355	-	355		355
ITC Refunds	44	-	44		44
Total Deductions	124,569	(7,376)	117,193	-	117,193
Taxable Income-New York State	123,603	(10,189)	113,414	20,051	133,465
Current New York State Income Tax @ 7.1%	8,776	(723)	8,053	1,424	9,477
Deferred New York State Income Tax	1,807	(578)	1,229	-	1,229
Sub-Total NY State Income Tax Expense	10,583	(1,301)	9,282	1,424	10,706
Amortization of Previously Deferred Excess SIT	(16)	-	(16)	-	(16)
Total New York State Income Tax	\$10,567	(\$1,301)	9,266	\$1,424	10,690

Consolidated Edison of New York, Inc.
Steam Department
New York State Income Tax
Twelve Months Ending September 30, 2014
(\$000's)

Exhibit (RM -2)
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	Rate Year 3 As Reflected in Exhibit (RM-2)	Rate Year 4 Adjustments	Rate Year 4 As Adjusted	Proposed Rate Increase	Rate Year 4 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$200,145	(\$17,320)	\$182,825	\$19,426	\$202,251
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
Interest Expense	48,284	189	48,473		48,473
Medicare Rx Legislation Savings	1,085	-	1,085		1,085
Total Deductions	49,369	189	49,558	-	49,558
<u>Normalized Items:</u>					
<u>Add: Add'l Income & Unallowable Deducts Normal</u>					
Book Depreciation	68,459	1,508	69,967	-	69,967
Capitalized Interest	3,122	-	3,122		3,122
Fuel Cost Deferred From Prior Period	-	-	-		-
Contributions in Aid of Construction	173	(130)	43		43
Pension and OPEB Expense	28,128	(1,755)	26,373		26,373
Total Additions	99,882	(376)	99,506	-	99,506
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
NYS Depreciation	85,218	(1,463)	83,755		83,755
Removal Costs	1,341	(1,341)	-		-
Amortization of Capitalized Interest	1,487	-	1,487		1,487
Capitalized Overheads	3,850	(518)	3,332		3,332
Fuel Costs Deferred from Current Period	5,113	(108)	5,005		5,005
Loss on MACRS Retirements	0	-	0		0
Pension and OPEB Funding	28,128	(1,755)	26,373		26,373
WTC expenses	(3,459)	-	(3,459)		(3,459)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)		(400)
Business Development Plan expenses	(45)	-	(45)		(45)
Production Study expenses	(61)	-	(61)		(61)
Interference Expenses	(386)	-	(386)		(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)		(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)		(1,816)
Interest on MGP Superfund	(91)	-	(91)		(91)
SO2 Allowances	(511)	-	(511)		(511)
Excess refund of SIT overcollections	57	-	57		57
Interest on SIT audit adjustments	(2)	-	(2)		(2)
SIR Deferrals	(1,807)	-	(1,807)		(1,807)
Hudson Ave Deferral	(121)	-	(121)		(121)
NYC Property Taxes - 2000 Settlement	40	-	40		40
NYC Property Taxes - 2004 Settlement	565	-	565		565
Shortfall in SO2 imputation	708	-	708		708
Medicare Rx Legislation	77	-	77		77
Interest on Capital Expenditures	90	-	90		90
Oil Overcharge Litigation Proceeds	61	-	61		61
Interest on rate Case Deferrals	38	-	38		38
ADR Tax Amortization - Principal and Interest	242	-	242		242
Gain on Sale of First Avenue Properties - Interest	-	-	-		-
Deferred Interest on Distribution Plant Recon	34	-	34		34
Interference Underspending	112	-	112		112
Auction Rate Debt	355	-	355		355
ITC Refunds	44	-	44		44
Total Deductions	117,193	(5,184)	112,009	-	112,009
Taxable Income-New York State	133,465	(12,701)	120,764	19,426	140,190
Current New York State Income Tax @ 7.1%	9,476	(902)	8,574	1,379	9,953
Deferred New York State Income Tax	1,229	(341)	888	-	888
Sub-Total NY State Income Tax Expense	10,705	(1,243)	9,462	1,379	10,841
Amortization of Previously Deferred Excess SIT	(16)	-	(16)	-	(16)
Total New York State Income Tax	\$10,689	(\$1,243)	9,446	\$1,379	10,825

Consolidated Edison of New York, Inc.
Steam Department
Federal Income Tax
Twelve Months Ending September 30, 2012
(\$000's)

Exhibit (RM -2)
Schedule 8
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	Rate Year 1 As Reflected in Exhibit (AP-9)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$196,761	\$ (16,245)	\$ 180,516	\$17,691	\$198,207
New York State Income Taxes	10,511	(1,184)	9,326	1,256	10,582
Book Operating Income before FIT	186,251	(15,061)	171,190	16,435	187,625
<u>Flow Through Items</u>					
<u>Add: Additional Income and Unallowable Deductions</u>					
Book Depreciation	64,991	1,747	66,738	-	66,738
Capitalized Interest	3,122	-	3,122	-	3,122
Total Additions	68,113	1,747	69,860	-	69,860
<u>Deduct: Non-Taxable Income and Additional Deductions</u>					
Interest Expense	47,637	436	48,073	-	48,073
Statutory Depreciation	47,471	(368)	47,103	-	47,103
Removal Costs	8,534	(2,565)	5,969	-	5,969
Amortization of Capitalized Interest	-	-	-	-	-
Medicare Rx Legislation Savings	1,085	-	1,085	-	1,085
Dividends Paid on \$5 Cumulative Preferred Stock	115	-	115	-	115
Total Deductions	104,842	(2,497)	102,345	-	102,345
<u>Normalized Items:</u>					
<u>Add: Additional Income & Unallowable Deductions:</u>					
Fuel Costs Deferred from Prior Period	4,726	(3,230)	1,497	-	1,497
Contributions in Aid of Construction	173	-	173	-	173
Pensions / OPEB Expense - Per Books	24,338	1,994	26,332	-	26,332
Deferred State Income Tax	3,091	(1,194)	1,896	-	1,896
Total Additions	32,328	(2,430)	29,898	-	29,898
<u>Deduct: Non-Taxable Income & Other Deductions:</u>					
Depreciation - ADR / ACRS / MACRS	8,833	2,321	11,154	-	11,154
Loss on ACRS/MACRS Retirements	1,668	(151)	1,518	-	1,518
Amortization of Capitalized Interest	1,487	-	1,487	-	1,487
Capitalized Overheads (263A)	4,816	(463)	4,353	-	4,353
Fuel Costs Deferred from Current Period	9,963	-	9,963	-	9,963
Pension and OPEB Funding	33,354	(7,022)	26,332	-	26,332
WTC expenses	(3,892)	-	(3,892)	-	(3,892)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)	-	(400)
Business Development Plan expenses	(45)	-	(45)	-	(45)
Production Study expenses	(61)	-	(61)	-	(61)
Interference Expenses	(386)	-	(386)	-	(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)	-	(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)	-	(1,816)
Interest on MGP Superfund	(91)	-	(91)	-	(91)
SO2 Allowances - Principal and Interest	(511)	-	(511)	-	(511)
Interest on SIT audit adjustments	(2)	-	(2)	-	(2)
SIR Deferrals	(1,807)	-	(1,807)	-	(1,807)
Hudson Ave. Deferral	(121)	-	(121)	-	(121)
Excess refund of SIT overcollections	57	-	57	-	57
Shortfall in SO2 Imputation	708	-	708	-	708
NYC Property Taxes - 2000 Settlement	40	-	40	-	40
NYC Property Taxes - 2004 Settlement	565	-	565	-	565
Medicare Rx Legislation	77	-	77	-	77
Interest on Capital Expenditures	90	-	90	-	90
Oil Overcharge Litigation Proceeds	61	-	61	-	61
Interest on rate Case Deferrals	38	-	38	-	38
ADR Tax Amortization - Principal and Interest	242	-	242	-	242
Gain on Sale of First Avenue Properties - Interest	-	-	-	-	-
Deferred Interest on Distribution Plant Recon	34	-	34	-	34
Interference Underspending	112	-	112	-	112
Auction Rate Debt	355	-	355	-	355
ITC Refunds	44	-	44	-	44
Total Deductions	51,744	(5,315)	46,429	-	46,429
Total Adjustments to Book Income	(56,145)	7,129	(49,016)	-	(49,016)
Taxable Income	130,106	(7,932)	122,173	16,435	138,609
Federal Income Tax Expense	-	-	-	-	-
Composite Rate per Company	-	-	-	-	-
FIT Payable at 35%	45,537	(2,776)	42,761	5,752	48,513
<u>Deferred Income Tax:</u>					
Deferred FIT @ 35%	6,796	(1,010)	5,786	-	5,786
<u>Amortization of Previously Deferred Federal Income Tax</u>					
Depreciation/Loss on Retirements/Capitalized Overheads	(3,613)	(999)	(4,612)	-	(4,612)
Capitalized Overhead	(462)	(491)	(953)	-	(953)
FIT Refund - Investment Tax Credit	-	-	-	-	-
Investment Tax Credit	(261)	-	(261)	-	(261)
Total F.I.T. Expense Deferred:	2,460	(2,500)	(40)	-	(40)
Total F.I.T. Expense	\$47,997	(\$5,278)	\$42,721	\$5,752	\$48,473

Consolidated Edison of New York, Inc.
Steam Department
Federal Income Tax
Twelve Months Ending September 30, 2013
(\$000's)

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	Rate Year 2 As Reflected in Exhibit (RM-2)	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$198,207	(\$18,114)	\$180,094	\$20,051	\$200,145
New York State Income Taxes	10,582	(1,301)	9,282	1,424	10,706
Book Operating Income before FIT	187,625	(16,813)	170,812	18,627	189,439
Flow Through Items					
Add: Additional Income and Unallowable Deductions					
Book Depreciation	66,738	1,721	68,459	-	68,459
Capitalized Interest	3,122	(2,445)	677	-	677
Total Additions	69,860	(724)	69,136	-	69,136
Deduct: Non-Taxable Income and Additional Deductions					
Interest Expense	48,073	211	48,284	-	48,284
Statutory Depreciation	47,103	247	47,350	-	47,350
Removal Costs	5,969	(4,628)	1,341	-	1,341
Amortization of Capitalized Interest	-	-	-	-	-
Medicare Rx Legislation Savings	1,085	-	1,085	-	1,085
Dividends Paid on \$5 Cumulative Preferred Stock	115	-	115	-	115
Total Deductions	102,345	(4,170)	98,175	-	98,175
Normalized Items:					
Add: Additional Income & Unallowable Deductions:					
Fuel Costs Deferred from Prior Period	1,497	(1,497)	-	-	-
Contributions in Aid of Construction	173	-	173	-	173.00
Pensions / OPEB Expense - Per Books	27,593	535	28,128	-	28,128
Deferred State Income Tax	1,896	(578)	1,319	-	1,319
Total Additions	31,159	(1,539)	29,620	-	29,620
Deduct: Non-Taxable Income & Other Deductions:					
Depreciation - ADR / ACRS / MACRS	11,154	2,364	13,518	-	13,518
Loss on ACRS/MACRS Retirements	1,518	(142)	1,376	-	1,376
Amortization of Capitalized Interest	1,487	-	1,487	-	1,487
Capitalized Overheads (263A)	4,353	(503)	3,850	-	3,850
Fuel Costs Deferred from Current Period	9,963	-	9,963	-	9,963
Pension and OPEB Funding	26,332	1,796	28,128	-	28,128
WTC expenses	(3,892)	-	(3,892)	-	(3,892)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)	-	(400)
Business Development Plan expenses	(45)	-	(45)	-	(45)
Production Study expenses	(61)	-	(61)	-	(61)
Interference Expenses	(386)	-	(386)	-	(386)
NYC Property Taxes - 2008 Settlement	(1,668)	-	(1,668)	-	(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)	-	(1,816)
Interest on MGP Superfund	(91)	-	(91)	-	(91)
SO2 Allowances - Principal and Interest	(511)	-	(511)	-	(511)
Interest on SIT audit adjustments	(2)	-	(2)	-	(2)
SIR Deferrals	(1,807)	-	(1,807)	-	(1,807)
Hudson Ave. Deferral	(121)	-	(121)	-	(121)
Excess refund of SIT overcollections	57	-	57	-	57
Shortfall in SO2 imputation	708	-	708	-	708
NYC Property Taxes - 2000 Settlement	40	-	40	-	40
NYC Property Taxes - 2004 Settlement	565	-	565	-	565
Medicare Rx Legislation	77	-	77	-	77
Interest on Capital Expenditures	90	-	90	-	90
Oil Overcharge Litigation Proceeds	61	-	61	-	61
Interest on rate Case Deferrals	38	-	38	-	38
ADR Tax Amortization - Principal and Interest	242	-	242	-	242
Gain on Sale of First Avenue Properties - Interest	-	-	-	-	0
Deferred interest on Distribution Plant Recon	34	-	34	-	34
Interference Underspending	112	-	112	-	112
Auction Rate Debt	355	-	355	-	355
ITC Refunds	44	-	44	-	44
Total Deductions	46,429	3,515	49,944	-	49,944
Total Adjustments to Book Income	(47,755)	(1,608)	(49,363)	-	(49,363)
Taxable Income	139,870	(18,421)	121,449	18,627	140,076
Federal Income Tax Expense					
Composite Rate per Company					
FIT Payable at 35%	48,954	(6,447)	42,507	6,519	49,027
Deferred Income Tax:					
Deferred FIT @ 35%	5,345	1,769	7,114	-	7,114
Amortization of Previously Deferred Federal Income Tax					
Depreciation/Loss on Retirements/Capitalized Overheads	(4,612)	(1,057)	(5,670)	-	(5,670)
Capitalized Overhead	(953)	(536)	(1,490)	-	(1,490)
FIT Refund - Investment Tax Credit	-	-	-	-	-
Investment Tax Credit	(261)	-	(261)	-	(261)
Total F.I.T. Expense Deferred:	(482)	175	(307)	-	(307)
Total F.I.T. Expense	\$48,472	(\$6,272)	\$42,200	\$6,519	\$48,720

Consolidated Edison of New York, Inc.
Steam Department
Federal Income Tax
Twelve Months Ending September 30, 2014
(\$000's)

Exhibit (RM -2)
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	Rate Year 3 As Reflected in Exhibit (RM-2)	Rate Year 4 Adjustments	Rate Year 4 As Adjusted	Proposed Rate Increase	Rate Year 4 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$200,145	(\$17,320)	\$182,825	\$19,426	\$202,251
New York State Income Taxes	10,706	(1,243)	9,462	1,379	10,841
Book Operating Income before FIT	189,439	(16,077)	173,363	18,047	191,410
Flow Through Items					
Add: Additional Income and Unallowable Deductions					
Book Depreciation	68,459	1,508	69,967	-	69,967
Capitalized Interest	677	(1,799)	(1,122)	-	(1,122)
Total Additions	69,136	(291)	68,845	-	68,845
Deduct: Non-Taxable Income and Additional Deductions					
Interest Expense	48,284	189	48,473	-	48,473
Statutory Depreciation	47,350	(457)	46,893	-	46,893
Removal Costs	1,341	(1,341)	-	-	0
Amortization of Capitalized Interest	-	-	-	-	-
Medicare Rx Legislation Savings	1,085	-	1,085	-	1,085
Dividends Paid on \$5 Cumulative Preferred Stock	115	-	115	-	115
Total Deductions	98,175	(1,609)	96,566	-	96,566
Normalized Items:					
Add: Additional Income & Unallowable Deductions:					
Fuel Costs Deferred from Prior Period	-	-	-	-	-
Contributions in Aid of Construction	173	-	173	-	173.00
Pensions / OPEB Expense - Per Books	28,128	(1,755)	26,373	-	26,373
Deferred State Income Tax	1,319	(341)	977	-	977
Total Additions	29,620	(2,096)	27,524	-	27,524
Deduct: Non-Taxable Income & Other Deductions:					
Depreciation - ADR / ACRS / MACRS	13,518	2,486	16,004	-	16,004
Loss on ACRS/MACRS Retirements	1,376	(136)	1,240	-	1,240
Amortization of Capitalized Interest	1,487	-	1,487	-	1,487
Capitalized Overheads (263A)	3,850	(518)	3,332	-	3,332
Fuel Costs Deferred from Current Period	9,963	-	9,963	-	9,963
Pension and OPEB Funding	28,128	(1,755)	26,373	-	26,373
WTC expenses	(3,892)	-	(3,892)	-	(3,892)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)	-	(400)
Business Development Plan expenses	(45)	-	(45)	-	(45)
Production Study expenses	(61)	-	(61)	-	(61)
Interference Expenses	(386)	-	(386)	-	(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)	-	(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)	-	(1,816)
Interest on MGP Superfund	(91)	-	(91)	-	(91)
SO2 Allowances - Principal and Interest	(511)	-	(511)	-	(511)
Interest on SIT audit adjustments	(2)	-	(2)	-	(2)
SIR Deferrals	(1,807)	-	(1,807)	-	(1,807)
Hudson Ave. Deferral	(121)	-	(121)	-	(121)
Excess refund of SIT overcollections	57	-	57	-	57
Shortfall in SO2 imputation	708	-	708	-	708
NYC Property Taxes - 2000 Settlement	40	-	40	-	40
NYC Property Taxes - 2004 Settlement	565	-	565	-	565
Medicare Rx Legislation	77	-	77	-	77
Interest on Capital Expenditures	90	-	90	-	90
Oil Overcharge Litigation Proceeds	61	-	61	-	61
Interest on rate Case Deferrals	38	-	38	-	38
ADR Tax Amortization - Principal and Interest	242	-	242	-	242
Gain on Sale of First Avenue Properties - Interest	-	-	-	-	0
Deferred Interest on Distribution Plant Recon	34	-	34	-	34
Interference Underspending	112	-	112	-	112
Auction Rate Debt	355	-	355	-	355
ITC Refunds	44	-	44	-	44
Total Deductions	49,944	78	50,022	-	50,022
Total Adjustments to Book Income	(49,363)	(856)	(50,219)	-	(50,219)
Taxable Income	140,076	(16,933)	123,143	18,047	141,191
Federal Income Tax Expense	-	-	-	-	-
Composite Rate per Company	-	-	-	-	-
FIT Payable at 35%	49,027	(5,926)	43,100	6,317	49,417
Deferred Income Tax:					
Deferred FIT @ 35%	7,114	761	7,875	-	7,875
Amortization of Previously Deferred Federal Income Tax					
Depreciation/Loss on Retirements/Capitalized Overheads	(5,670)	381	(5,289)	-	(5,289)
Capitalized Overhead	(1,490)	(429)	(1,919)	-	(1,919)
FIT Refund - Investment Tax Credit	-	-	-	-	-
Investment Tax Credit	(261)	-	(261)	-	(261)
Total F.I.T. Expense Deferred:	(307)	712	406	-	406
Total F.I.T. Expense	\$48,720	(\$5,214)	\$43,506	\$6,317	\$49,823

Consolidated Edison of New York, Inc.
Steam Department
Rate Base
TWELVE MONTHS ENDING SEPTEMBER 30, 2012
(\$000's)

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	Rate Year 1 As Reflected in Exhibit (AP-8)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted
<u>Utility Plant:</u>			
Book Cost of Plant	\$2,062,245	\$57,206	\$2,119,451
Accumulated Reserve for Depreciation	(440,401)	(42,651)	(483,052)
Net Plant	<u>1,621,844</u>	<u>14,555</u>	<u>1,636,399</u>
Non-Interest Bearing CWIP	48,135	(5,063)	43,072
Preferred Stock Expense	485	-	485
Unamortized Debt Discount Premium And Expense	14,275	-	14,275
Deferred Fuel - Net of Income Taxes	5,002	-	5,002
Customer Advances For Construction	(1,950)	-	(1,950)
M.T.A. Surtax - Net of Tax	(332)	-	(332)
Working Capital	125,023	5,101	130,124
Excess Rate Base Over Capitalization Adjustment	69,037	-	69,037
<u>Rate Case Reconciliations - Net of FIT</u>			
2000 Rate Settlement - Unamortized Balances	604	(121)	483
Business Development Plan Expenses	67	(13)	54
Production Study Expenses	93	(19)	74
Deferred Interference Expenses - 2000 Settlement Agreement	105	(21)	84
Interference Expenses	859	(172)	687
NYC Property Taxes - 2006 Settlement	4,533	(907)	3,626
Interest on MGP Superfund	137	(27)	110
SO2 Allowances	1,387	(277)	1,110
Interest on SIT Audit Adjustments	3	(1)	2
SIR Deferrals	4,911	(982)	3,929
Recovery of Hudson Avenue Deferral	183	(37)	146
Refund of Excess SIT Refund	(87)	35	(52)
NYC Property Taxes - 2000 Settlement	(60)	24	(36)
NYC Property Taxes - 2004 Settlement	(853)	341	(512)
SO2 Allowances from prior case - Principal and Interest	(1,069)	428	(641)
Medicare Rx Legislation	(116)	46	(70)
Interest on Capital Expenditures	(136)	54	(82)
Oil Overcharge Litigation Proceeds	(92)	37	(55)
Interest on Rate Case Deferrals	(57)	23	(34)
ADR Tax Amortization - Principal and Interest	(365)	146	(219)
Gain on Sale of First Avenue Properties - Interest	-	-	-
Deferred Interest on Distribution Plant Reconciliation	(51)	20	(31)
Interference Underspending	(169)	68	(101)
Auction Rate debt	(536)	214	(322)
ITC Refunds	(66)	26	(40)
<u>Accumulated Deferred FIT</u>			
ADR / ACRS / MACRS Deductions	(191,329)	(343)	(191,672)
Prepaid Insurance Expenses	(263)	-	(263)
Vested Vacation	677	-	677
Amortization of Computer Software	(2,886)	-	(2,886)
Deferred MTA	(1,966)	-	(1,966)
Customer Deposits	763	-	763
Unbilled Revenues	5,329	-	5,329
Contributions In Aid of Construction	2,000	-	2,000
Capitalized Interest	4,511	-	4,511
Major Maintenance 98-02	2,044	-	2,044
Change of Accounting Section 263 A	(37,781)	(570)	(38,351)
Call Premium	285	-	285
FIN 48 - Simplified Service Cost Method	-	-	-
Excess Deferred S.I.T.	-	-	-
Deferred S.I.T.	(29,657)	(1,880)	(31,537)
Rate Base - Total	<u>1,642,471</u>	<u>10,685</u>	<u>1,653,156</u>

Consolidated Edison of New York, Inc.
Steam Department
Working Capital Allowance
Twelve Months Ending September 30, 2012
(\$000's)

Exhibit ____ (RM -2)
Schedule 9
Page 2 of 6

	Rate Year 1 As Reflected in <u>Exhibit (RM-1)</u>	Rate Year 2 <u>Adjustments</u>	Rate Year 2 <u>As Adjusted</u>
<u>M & S</u>			
Average Balance of Liquid Fuel	\$16,432	\$304	\$16,736
Materials and Supplies, Excluding Liquid Fuel	35,646	660	36,306
Total Materials and Supplies	<u>52,078</u>	<u>964</u>	<u>53,041</u>
<u>Prepayments</u>			
Insurance	759	14	773
Property Taxes	18,829	4,927	23,756
PSC Assessment	370	7	377
Other	1,083	20	1,103
Total Prepayments	<u>21,041</u>	<u>4,968</u>	<u>26,009</u>
<u>Cash Working Capital</u>			
Total Operation & Maintenance Expenses	537,837	15,371	553,208
Less: Purchased Power Expenses	73,694	5,048	78,742
Gas Portion of Fuel	80,892	24,462	105,354
Recoverable Fuel Costs	164,855	(25,314)	139,541
Interdepartmental Rents	15,115	945	16,060
Uncollectibles	1,000	-	1,000
	<u>202,281</u>	<u>10,230</u>	<u>212,511</u>
Cash Working Capital @ 1/8th	<u>25,284</u>	<u>1,279</u>	<u>26,563</u>
Add: Cash Working Capital @ 1/2 on Rec. Fuel Costs	<u>26,620</u>	<u>(2,110)</u>	<u>26,970</u>
Total Working Capital	<u>\$125,023</u>	<u>\$5,101</u>	<u>\$130,124</u>

Consolidated Edison of New York, Inc.
Steam Department
Rate Base
TWELVE MONTHS ENDING SEPTEMBER 30, 2013
(\$000's)

Exhibit (RM -2)
Schedule 9
Page 3 of 6

	Rate Year 2	Rate Year 3 Adjustments	Rate Year 3 As Adjusted
<u>Utility Plant:</u>			
Book Cost of Plant	\$2,119,451	\$56,171	\$2,175,622
Accumulated Reserve for Depreciation	(483,052)	(47,373)	(530,425)
Net Plant	<u>1,636,399</u>	<u>8,799</u>	<u>1,645,197</u>
Non-Interest Bearing CWIP	43,072	530	43,602
Preferred Stock Expense	485	-	485
Unamortized Debt Discount Premium And Expense	14,275	-	14,275
Deferred Fuel - Net of Income Taxes	5,002	-	5,002
Customer Advances For Construction	(1,950)	-	(1,950)
M.T.A. Surtax - Net of Tax	(332)	-	(332)
Working Capital	130,124	6,838	136,961
Excess Rate Base Over Capitalization Adjustment	69,037	-	69,037
<u>Rate Case Reconciliations - Net of FIT</u>			
2000 Rate Settlement - Unamortized Balances	483	(121)	362
Business Development Plan Expenses	54	(13)	40
Production Study Expenses	74	(19)	56
Deferred Interference Expenses - 2000 Settlement Agreement	84	(21)	63
Interference Expenses	687	(172)	515
NYC Property Taxes - 2006 Settlement	3,626	(907)	2,720
Interest on MGP Superfund	110	(27)	82
SO2 Allowances	1,110	(277)	832
Interest on SIT Audit Adjustments	2	(1)	2
SIR Deferrals	3,929	(982)	2,947
Recovery of Hudson Avenue Deferral	146	(37)	110
Refund of Excess SIT Refund	(52)	35	(17)
NYC Property Taxes - 2000 Settlement	(36)	24	(12)
NYC Property Taxes - 2004 Settlement	(512)	341	(171)
SO2 Allowances from prior case - Principal and Interest	(641)	428	(214)
Medicare Rx Legislation	(70)	46	(23)
Interest on Capital Expenditures	(82)	54	(27)
Oil Overcharge Litigation Proceeds	(55)	37	(18)
Interest on Rate Case Deferrals	(34)	23	(11)
ADR Tax Amortization - Principal and Interest	(219)	146	(73)
Gain on Sale of First Avenue Properties - Interest	-	-	-
Deferred Interest on Distribution Plant Reconciliation	(31)	20	(10)
Interference Underspending	(101)	68	(34)
Auction Rate debt	(322)	214	(107)
ITC Refunds	(40)	26	(13)
<u>Accumulated Deferred FIT</u>			
ADR / ACRS / MACRS Deductions	(191,672)	1,940	(189,732)
Prepaid Insurance Expenses	(263)	-	(263)
Vested Vacation	677	-	677
Amortization of Computer Software	(2,886)	-	(2,886)
Deferred MTA	(1,966)	-	(1,966)
Customer Deposits	763	-	763
Unbilled Revenues	5,329	-	5,329
Contributions In Aid of Construction	2,000	-	2,000
Capitalized Interest	4,511	-	4,511
Major Maintenance 98-02	2,044	-	2,044
Change of Accounting Section 263 A	(38,351)	2,837	(35,514)
Call Premium	285	-	285
FIN 48 - Simplified Service Cost Method	-	-	-
Excess Deferred S.I.T.	-	-	-
Deferred S.I.T.	(31,537)	(1,213)	(32,750)
Rate Base - Total	<u>1,653,156</u>	<u>18,617</u>	<u>1,671,773</u>

Consolidated Edison of New York, Inc.
Steam Department
Working Capital Allowance
TWELVE MONTHS ENDING SEPTEMBER 30, 2013
(\$000's)

Exhibit ____ (RM -2)
Schedule 9
Page 4 of 6

	<u>Rate Year 2</u>	<u>Rate Year 3 Adjustments</u>	<u>Rate Year 3 As Adjusted</u>
<u>M & S</u>			
Average Balance of Liquid Fuel	\$16,736	\$356	\$17,092
Materials and Supplies, Excluding Liquid Fuel	<u>36,306</u>	<u>772</u>	<u>37,077</u>
Total Materials and Supplies	<u>53,041</u>	<u>1,127</u>	<u>54,169</u>
<u>Prepayments</u>			
Insurance	773	16	789
Property Taxes	23,756	6,064	29,820
PSC Assessment	377	8	385
Other	<u>1,103</u>	<u>23</u>	<u>1,126</u>
Total Prepayments	<u>26,009</u>	<u>6,111</u>	<u>32,120</u>
<u>Cash Working Capital</u>			
Total Operation & Maintenance Expenses	553,208	13,198	566,407
Less: Purchased Power Expenses	78,742	4,492	83,234
Gas Portion of Fuel	105,354	13,422	118,776
Recoverable Fuel Costs	139,541	(8,412)	131,129
Interdepartmental Rents	16,060	1,299	17,359
Uncollectibles	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>212,511</u>	<u>2,397</u>	<u>214,908</u>
Cash Working Capital @ 1/8th	<u>26,564</u>	<u>300</u>	<u>26,864</u>
Add: Cash Working Capital @ 1/2 on Rec Fuel Costs	<u>11,628</u>	<u>(701)</u>	<u>10,927</u>
Total Working Capital	<u>\$117,243</u>	<u>\$6,838</u>	<u>\$124,080</u>

Consolidated Edison of New York, Inc.
Steam Department
Rate Base
TWELVE MONTHS ENDING SEPTEMBER 30, 2014
(\$000's)

Exhibit (RM -2)
Schedule 9
Page 5 of 6

	Rate Year 3	Rate Year 4 Adjustments	Rate Year 4 As Adjusted
<u>Utility Plant:</u>			
Book Cost of Plant	\$2,175,622	\$49,354	\$2,224,976
Accumulated Reserve for Depreciation	(\$530,425)	(48,525)	(578,950)
Net Plant	1,645,197	829	1,646,026
Non-Interest Bearing CWIP	43,602	1,893	45,494
Preferred Stock Expense	485	-	485
Unamortized Debt Discount Premium And Expense	14,275	-	14,275
Deferred Fuel - Net of Income Taxes	5,002	-	5,002
Customer Advances For Construction	(1,950)	-	(1,950)
M.T.A. Surtax - Net of Tax	(332)	-	(332)
Working Capital	136,961	5,101	142,062
Excess Rate Base Over Capitalization Adjustment	69,037	-	69,037
<u>Rate Case Reconciliations - Net of FIT</u>			
2000 Rate Settlement - Unamortized Balances	362	(121)	242
Business Development Plan Expenses	40	(13)	27
Production Study Expenses	56	(19)	37
Deferred Interference Expenses - 2000 Settlement Agreement	63	(21)	42
Interference Expenses	515	(172)	344
NYC Property Taxes - 2006 Settlement	2,720	(907)	1,813
Interest on MGP Superfund	82	(27)	55
SO2 Allowances	832	(277)	555
Interest on SIT Audit Adjustments	2	(1)	1
SIR Deferrals	2,947	(982)	1,964
Recovery of Hudson Avenue Deferral	110	(37)	73
Refund of Excess SIT Refund	(17)	17	-
NYC Property Taxes - 2000 Settlement	(12)	12	-
NYC Property Taxes - 2004 Settlement	(171)	171	-
SO2 Allowances from prior case - Principal and Interest	(214)	214	-
Medicare Rx Legislation	(23)	23	-
Interest on Capital Expenditures	(27)	27	-
Oil Overcharge Litigation Proceeds	(18)	18	-
Interest on Rate Case Deferrals	(11)	11	-
ADR Tax Amortization - Principal and Interest	(73)	73	-
Gain on Sale of First Avenue Properties - Interest	-	-	-
Deferred Interest on Distribution Plant Reconciliation	(10)	10	-
Interference Underspending	(34)	34	-
Auction Rate debt	(107)	107	-
ITC Refunds	(13)	13	-
<u>Accumulated Deferred FIT</u>			
ADR / ACRS / MACRS Deductions	(189,732)	642	(189,090)
Prepaid Insurance Expenses	(263)	-	(263)
Vested Vacation	677	-	677
Amortization of Computer Software	(2,886)	-	(2,886)
Deferred MTA	(1,966)	-	(1,966)
Customer Deposits	763	-	763
Unbilled Revenues	5,329	-	5,329
Contributions In Aid of Construction	2,000	-	2,000
Capitalized Interest	4,511	-	4,511
Major Maintenance 98-02	2,044	-	2,044
Change of Accounting Section 263 A	(35,514)	3,085	(32,428)
Call Premium	285	-	285
FIN 48 - Simplified Service Cost Method	-	-	-
Excess Deferred S.I.T.	-	-	-
Deferred S.I.T.	(32,750)	904	(31,847)
Rate Base - Total	1,671,773	10,608	1,682,381

Consolidated Edison of New York, Inc.
Steam Department
Working Capital Allowance
TWELVE MONTHS ENDING SEPTEMBER 30, 2014
(\$000's)

Exhibit ____ (RM -2)
Schedule 9
Page 6 of 6

	<u>Rate Year 3</u>	<u>Rate Year 4 Adjustments</u>	<u>Rate Year 4 As Adjusted</u>
<u>M & S</u>			
Average Balance of Liquid Fuel	\$17,092	\$363	\$17,455
Materials and Supplies, Excluding Liquid Fuel	37,077	788	37,865
Total Materials and Supplies	<u>54,169</u>	<u>1,151</u>	<u>55,320</u>
<u>Prepayments</u>			
Insurance	789	17	806
Property Taxes	29,820	6,632	36,451
PSC Assessment	385	8	393
Other	1,126	24	1,150
Total Prepayments	<u>32,120</u>	<u>6,680</u>	<u>38,801</u>
<u>Cash Working Capital</u>			
Total Operation & Maintenance Expenses	566,407	22,260	588,666
Less: Purchased Power Expenses	83,234	6,855	90,089
Gas Portion of Fuel	118,776	9,529	128,305
Recoverable Fuel Costs	131,129	(9,557)	121,572
Interdepartmental Rents	17,359	-	17,359
Uncollectibles	1,000	-	1,000
	<u>214,908</u>	<u>15,433</u>	<u>230,341</u>
Cash Working Capital @ 1/8th	<u>26,864</u>	<u>1,929</u>	<u>28,793</u>
Add: Cash Working Capital @ 1/2 on Rec Fuel Costs	<u>10,927</u>	<u>(796)</u>	<u>10,131</u>
Total Working Capital	<u><u>\$124,080</u></u>	<u><u>\$8,965</u></u>	<u><u>\$133,045</u></u>

Consolidated Edison of New York, Inc.
Steam Department
Interest Synchronization
For the Twelve Months Ending September 30, 2012
(\$000's)

	Rate Year 1 As Reflected in Exhibit (RM-1)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted
Rate Base	\$1,642,471	\$10,685	\$1,653,156
Interest Bearing CWIP (+)	<u>14,806</u>	<u>4,491</u>	<u>19,297</u>
Earnings Base	1,657,277	15,176	1,672,453
Embedded Cost of Debt	<u>2.87%</u>	<u>2.87%</u>	<u>2.87%</u>
Interest Deduction	<u>\$47,637</u>	<u>\$436</u>	<u>\$47,999</u>

For the Twelve Months Ending September 30, 2013
(\$000's)

	Rate Year 2 As Adjusted	Rate Year 3 Adjustments	Rate Year 3 As Adjusted
Rate Base	\$1,653,156	\$18,617	\$1,671,773
Interest Bearing CWIP (+)	<u>19,297</u>	<u>(11,290)</u>	<u>8,007</u>
Earnings Base	1,672,453	7,327	1,679,780
Embedded Cost of Debt	<u>2.87%</u>	<u>2.87%</u>	<u>2.87%</u>
Interest Deduction	<u>\$47,999</u>	<u>\$211</u>	<u>\$48,210</u>

For the Twelve Months Ending September 30, 2014
(\$000's)

	Rate Year 3 As Adjusted	Rate Year 4 Adjustments	Rate Year 4 As Adjusted
Rate Base	\$1,671,773	\$10,608	\$1,682,381
Interest Bearing CWIP (+)	<u>8,007</u>	<u>(4,015)</u>	<u>3,992</u>
Earnings Base	1,679,780	6,593	1,686,373
Embedded Cost of Debt	<u>2.87%</u>	<u>2.87%</u>	<u>2.87%</u>
Interest Deduction	<u>\$48,210</u>	<u>\$189</u>	<u>\$48,399</u>

Con Edison Company of New York, Inc.
Steam Capital Forecast: 2010 to 2014
(thousands of \$'s)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Five Year Total</u>
Production	41,403	18,175	19,420	21,995	16,810	117,803
ERRP	14,250	12,350	5,260	3,400	8,520	43,780
Total Production	55,653	30,525	24,680	25,395	25,330	161,583
Distribution	39,605	33,910	25,905	25,555	25,555	150,530
Total Steam	95,258	64,435	50,585	50,950	50,885	312,113

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 107

Consolidated Edison Company of New York, Inc.
STEAM RDM EXAMPLE
\$(000's)

Month	Forecast Base Revenue* at 10/01/09 Rates Column 1	"Actual" Base Revenue (excl. base rate recoverable fuel and gov't surcharges) Column 2	Over / (Under) Collection Column 3	Interest ** Column 4	Total Column 5
Oct-10	\$ 719,000	\$ 783,000	\$ 64,000	\$ 2,880	\$ 66,880
Nov-10	1,561,000	1,851,000	290,000	13,050	303,050
Dec-10	2,885,000	3,529,000	644,000	28,980	672,980
Jan-11	3,637,000	4,482,000	845,000	38,025	883,025
Feb-11	3,877,000	4,787,000	910,000	40,950	950,950
Mar-11	3,546,000	4,367,000	821,000	36,945	857,945
Apr-11	1,260,000	1,469,000	209,000	9,405	218,405
May-11	929,000	1,050,000	121,000	5,445	126,445
Jun-11	689,000	745,000	56,000	2,520	58,520
Jul-11	689,000	745,000	56,000	2,520	58,520
Aug-11	629,000	685,000	56,000	2,520	58,520
Sep-11	659,000	707,000	48,000	2,160	50,160
	\$ 21,080,000	\$ 25,200,000	\$ 4,120,000	\$ 185,400	
Net Overcollection					\$ 3,934,600

Notes:

12 Months Ended 9/12 Sales = 501,000

Refund = \$7.853 / Mlb

Estimated October 2011 sales = 9,000

Estimated October 2011 refund = \$70,700

* Total revenue excluding all increases in rates and charges, statement of fuel adjustment revenues, base variable fuel revenues, and future RDM refunds or surcharges.

** Interest calculated at unadjusted customer deposit rate, currently 4.85%

Consolidated Edison Company of New York, Inc.
STEAM RDM EXAMPLE
(\$ thousands)

Service Classification	Sales MMlbs *	Base Revenue **	Base Rate Fuel	Net Target at Current Rates
SC1	510	\$ 21,080	\$ 4,104	\$ 16,976
SC2 Demand	12,226	261,308	98,406	162,902
SC2 Non-Demand	2,136	65,567	17,192	48,375
SC3 Demand	3,270	66,662	26,321	40,341
SC3 Non-Demand ***	2,903	70,145	23,366	46,779
SRAM Subtotal	21,045	484,762	169,389	315,373
SC5 Contract Customers	2,130	39,655	17,143	22,512
Total Sales/ Revenues	23,175	\$ 524,417	\$ 186,532	\$ 337,885

* See Exhibit_(FCY-1)

** See Exhibit_(FCY-2)

*** Includes SC4 back up/ supplementary class

Con Edison
Hearing Exhibits

STATE OF NEW YORK
DEPT. OF PUBLIC SERVICE

DATE: 6/9/10

CASE NOS: 09-S-0794, 09-G-0795, and 09-S-0029

Ex. 108

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 09-S-0794 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 09-G-0795 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

CASE 09-S-0029 - Proceeding on Motion of the Commission to Consider Steam Resource Plan and East River Repowering Project Cost Allocation Study, and Steam Energy Efficiency Programs for Consolidated Edison Company of New York, Inc.

ATTENTION

This exhibit is among those prefiled in the captioned cases by active parties that executed two joint proposals that were filed on May 18, 2010. Those that executed the joint proposals subsequently stipulated that they would not cross-examine the witnesses of each other given that they were supporting at that time the Commission's adoption of the terms of the joint proposals. In this context, the fact that these parties did not cross-examine the witnesses of each other does not mean and cannot reasonably be understood to mean that the information in this exhibit is uncontroverted among the parties that executed the joint proposals.

1 Q. Would you please state your name and business address?

2 A. Saumil Shukla. My business address is Consolidated
3 Edison Company of New York, Inc. ("Con Edison" or the
4 "Company"), 4 Irving Place, New York, NY 10003.

5 Q. What is your current position with Con Edison?

6 A. I am the Vice President of Steam Operations.

7 Q. Please explain your educational background and work
8 experience.

9 A. I graduated from the City College of New York in 1981
10 with a Bachelor of Engineering degree in Mechanical
11 Engineering. I also received a Master of Science in
12 Industrial Engineering in 1987 from the Polytechnic
13 Institute of New York. I joined Con Edison as an
14 Assistant Engineer in 1981. Since then, I have held
15 various management positions of increasing
16 responsibility in the Company, including Plant Manager
17 at the Hudson Avenue generating station, General
18 Manager of Telecom Applications Management, Director
19 for Electric Operations Emergency Management, and the
20 General Manager of Steam Distribution. On October 1,
21 2007, I was promoted to Vice President of Steam
22 Operations.

23 Q. Have you previously submitted testimony in rate
24 proceedings before the New York State Public Service
25 Commission ("PSC" or the "Commission")?

1 A. I previously submitted testimony in Cases 07-S-1315 and
2 05-S-1376.

3 Q. What is the purpose of your testimony in this
4 proceeding?

5 A. My testimony provides an overview of the value of the
6 Con Edison steam system to the New York City
7 metropolitan area; its competitive position and the
8 challenges it faces; the need for rate relief; and why
9 there should be a concerted effort by all stakeholders,
10 including the Commission itself, to maintain the
11 viability of the steam system over the long term. I
12 will also discuss why the matters at issue in Case 09-
13 S-0029, commonly referred to as the Steam Planning
14 Proceeding, should be resolved in the context of this
15 proceeding.

16 **VALUE OF THE STEAM SYSTEM**

17 Q. Please describe the value of the Con Edison steam
18 system.

19 A. Con Edison's steam system makes a valuable contribution
20 to the overall New York City metropolitan area's energy
21 portfolio and economy. It reliably serves
22 approximately 1,800 customers with steam for space
23 heating and hot water and provides about 350 of those
24 customers with steam for building cooling. Steam is
25 also used for specialized applications, such as