

JOSEPH A. HOLTMAN - ELECTRIC

1 Q. Please state your name, title, employer and business
2 address.

3 A. My name is Joseph A. Holtman. I am Director -
4 Electricity Supply for Consolidated Edison Company of
5 New York, Inc. ("Con Edison" or the "Company"). My
6 office is located at 4 Irving Place, New York, New
7 York 10003.

8 Q. Please describe your responsibilities in that
9 position.

10 A. I am responsible for day-to-day supply operations,
11 including the scheduling of generation and load bids
12 with the New York Independent System Operator
13 ("NYISO"), the PJM Interconnection, L.L.C. ("PJM"),
14 and ISO New England ("ISO-NE"); development and
15 implementation of electric power procurement plans for
16 full service customers, which includes development and
17 implementation of the Company's electric hedging
18 activities, strategic development and participation in
19 capacity and transmission congestion contract
20 auctions, and management of contracts with various
21 non-utility generators. I perform these functions for

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1 the full service customers of Con Edison, Orange and
2 Rockland Utilities, Inc. ("O&R"), Rockland Electric
3 Company ("RECO") and Pike County Light & Power Company
4 ("Pike").

5 Q. Please describe your professional background.

6 A. I rejoined Con Edison in March 2002, in my current
7 capacity. From April 2000 through March 2002, I was
8 employed by Mirant New York, Inc. as Director-
9 Regulatory Affairs with responsibility for New York
10 regulatory and NYISO matters. From July 1999 through
11 April 2000, I was Director-Corporate Planning for Con
12 Edison, working primarily on matters related to
13 potential mergers and acquisitions. From 1996 through
14 July 1999, I was Director-Energy Resources for O&R,
15 with responsibilities similar to my current position;
16 I also had general responsibility for the procurement
17 of natural gas energy and capacity, and associated
18 regulatory and accounting matters. From March through
19 July 1997, I assumed the position of Acting President
20 for NORSTAR Energy Limited Partnership, a Houston,
21 Texas-based retail gas marketing enterprise of which

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1 O&R was the operating partner in a joint venture with
2 Shell. In that capacity, I had general responsibility
3 for day-to-day operations of the firm. In 1995, I was
4 named Director-Fuel Resources, with general
5 responsibility for procurement of natural gas for
6 resale, and natural gas, coal and oil for O&R's
7 electric generation facilities. From 1991 through
8 1995, I was Manager-Fuel Resources Administration,
9 with similar responsibilities. From 1989 through
10 1991, I was a Program Administrator in O&R's Demand-
11 Side Management department. From 1985 through 1989, I
12 was employed by O&R as an Economic Analyst, with
13 responsibility for forecasting, capital appropriations
14 analysis, and various other statistical studies.
15 I received a Bachelor of Arts degree in Physics (cum
16 laude) from the State University of New York College
17 at Plattsburgh in December, 1984, and a Masters degree
18 in Business Administration with a major in Financial
19 Management from Iona College's Hagan School of
20 Business in July, 1989.

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1 Q. Have you previously testified before the New York
2 Public Service Commission ("Commission" or "NYPSC")?

3 A. Yes, I have testified on behalf of O&R in Cases 89-E-
4 175, 89-E-176, 96-E-0900, and 94-E-0952, and for the
5 Company in Cases 04-E-0572 and 07-E-0523. I have also
6 testified on various electric rate matters before the
7 New Jersey Board of Public Utilities, on both gas and
8 electric rate matters before the Pennsylvania Public
9 Utilities Commission, and on various matters before
10 the Federal Energy Regulatory Commission.

11 Q. What is the purpose of your testimony in this
12 proceeding?

13 A. I describe the energy purchases made on behalf of Con
14 Edison's full service customers from January 2005
15 through December 2007, explain the Company's
16 projection of energy supply, and discuss cost
17 mitigation efforts undertaken by the Company. I also
18 discuss the allocation of processing charges between
19 the Company's Steam and Electric Operations, and its
20 Other Fuel Charges, including projected costs

1 associated with the Regional Greenhouse Gas Initiative
2 ("RGGI").

3 SUPPLY PURCHASING HISTORY

4 Q. What are the Company's objectives when purchasing
5 energy for its full service customers?

6 A. The Company seeks the lowest reasonable costs for its
7 customers, subject to reliability and contractual
8 constraints. As part of this objective, it also seeks
9 to mitigate price volatility.

10 Q. In what ways does the Company accomplish these
11 objectives?

12 A. The Company pursues commercial opportunities, such as
13 favorable contract restructurings or extensions. The
14 Company also pursues market structure changes that are
15 beneficial to its customers, through active
16 participation in NYISO governance process and in
17 filings with FERC to ensure competitive market
18 pricing.

19 Q. Please describe, in general terms, how Con Edison
20 procures electricity supply for its full service
21 customers.

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1 A. Electric energy and capacity are procured from three
2 main sources: contract supplies, such as non-utility
3 generation ("NUG") contracts, a contract with Entergy
4 Nuclear Power Marketing, LLC, and one with Astoria
5 Energy, LLC; Con Edison's own steam-electric
6 generation; and purchases made primarily from the
7 NYISO's energy, capacity and ancillary services
8 markets. The Company also uses financial hedges to
9 mitigate price volatility for its customers.

10 Q. I show you a one-page document entitled, "WHOLESALE
11 ELECTRICITY SUPPLY COSTS - CALENDAR YEARS 2003 THROUGH
12 2007," and ask whether it was prepared under your
13 supervision and direction?

14 A. Yes.

15 MARK FOR IDENTIFICATION AS EXHIBIT ____ (JAH-1)

16 Q. What does Exhibit ____ (JAH-1) show?

17 A. Exhibit ____ (JAH-1) illustrates the allocated and
18 invoiced costs, from 2003 through 2007, of energy,
19 capacity and ancillary services acquired on behalf of
20 the Company's full service customers. I note that
21 this exhibit shows a material decline in the Company's

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1 spot market purchases, which is primarily due to
2 customers migrating from full-service to retail
3 access.

4 Q. Please describe the Company's firm supply contracts.

5 A. As noted in Exhibit ____ (JAH-1), over 3,000 MW (41%
6 of capacity supply) and over 18 million MWh (69% of
7 energy supply) were provided by the Company's seven
8 firm contracts in 2007. Five of these are mandated
9 NUG contracts with PURPA units, one is with Entergy,
10 and one is with Astoria Energy, LLC.

11 Q. I show you a one-page document entitled, "FIRM
12 CONTRACTS AS OF MARCH 31, 2008," and ask whether it
13 was prepared under your supervision and direction?

14 A. Yes.

15 MARK FOR IDENTIFICATION AS EXHIBIT ____ (JAH-2)

16 Q. What does Exhibit ____ (JAH-2) show?

17 A. Exhibit ____ (JAH-2) sets forth the term and capacity
18 of each of the firm supply sources described above.

19 Q. Please describe the Company's steam-electric
20 generation.

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1 A. As noted in Exhibit _____ (JAH-1), 436 MW (5% of
2 capacity supply) and 2,885,894 MWh (11% of energy
3 supply) were provided by the Company's five facilities
4 in 2007. Costs are allocated among the steam and
5 electric departments in a manner approved by the
6 Commission.

7 Q. I show you a one-page document entitled, "STEAM-
8 ELECTRIC GENERATION CAPACITY (MW) PROJECTED FOR SUMMER
9 2008 AND SUMMER 2009," and ask whether it was prepared
10 under your supervision and direction?

11 A. Yes.

12 MARK FOR IDENTIFICATION AS EXHIBIT ____ (JAH-3)

13 Q. What does Exhibit ____ (JAH-3) show?

14 A. Exhibit ____ (JAH-3) shows the capacity from the
15 Company's retained generation located at its steam-
16 electric plants (collectively referred to as "steam-
17 electric generation").

18 Q. Please describe the Company's spot purchases.

19 A. The vast majority of spot energy purchases are made
20 from the NYISO, primarily in its day-ahead market, but
21 also from its real-time market. NYISO prices energy

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1 in each of those markets at eleven different load
2 zones. Over 80% of Con Edison's customers'
3 consumption is in NYISO's Zone J, the New York City
4 ("NYC") load zone. The remainder is located in NYISO
5 Zones H (Millwood) and I (Dunwoodie). The Company
6 also purchases excess energy from non-PURPA NUGs
7 located in its territory, which have contracted with
8 other buyers for the bulk of their deliveries. Such
9 energy is typically purchased at the NYISO spot price.
10 Spot capacity purchases are also made primarily from
11 the NYISO in two regions. The NYISO administers three
12 capacity market areas: one for NYC, one for Long
13 Island and one for rest-of-state ("ROS"). The
14 majority of Con Edison's capacity obligation is in
15 NYISO's NYC market; the remainder is in its ROS
16 market. NYISO conducts auctions that allow load
17 serving entities ("LSEs") like Con Edison to purchase
18 capacity for a one-month period, or for periods of up
19 to six months. Any LSE with capacity obligations not
20 met by the sum of contract purchases and purchases
21 made in these "strip" or monthly auctions is provided

1 capacity by the NYISO from spot auctions it conducts
2 monthly. Prices in these spot auctions are set at the
3 intersection of a demand curve, administratively
4 established through the NYISO's governance processes,
5 and the supply offer curve for that auction. One
6 aspect of the demand curve is that all capacity
7 sellers in NYISO's spot auction receive the demand
8 curve price for all of the capacity that they
9 economically offer into the demand curve auction. It
10 is typical for more capacity to be available for sale
11 than is required to be purchased. Such excess
12 capacity is purchased by NYISO on behalf of the LSEs.
13 These costs are allocated to load serving entities as
14 "excess capacity costs."

15 Q. Please describe the Company's financial hedging
16 practices.

17 A. The Company uses financial hedge products to mitigate
18 the volatility of its spot purchases. Products
19 include fixed-for-floating price swaps, also known as
20 contracts for differences ("CFDs"), options, and
21 transmission congestion contracts ("TCCs"). CFDs are

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1 typically traded on a "5x16" basis, meaning their
2 value is computed over the 16 peak hours (7 AM to 11
3 PM, prevailing time) on non-NERC-holiday weekdays.
4 CFDs may also be traded on an "around the clock"
5 basis, priced at the arithmetic average of all 24
6 hours in a day, or on a "load shaped" basis, where
7 hourly spot prices are weighted by an agreed upon set
8 of weighting factors for each hour in a day to
9 determine the CFD's settlement price. Swaps may also
10 be settled against a fixed proportion of the LSE's
11 hourly actual demand; these hedges may also be known
12 as 'slice of system' hedges.

13 Options typically provide a financial benefit to
14 the option holder when the contracted parameters, such
15 as spot price, temperature, or both, exceed prior
16 agreed-upon thresholds. The premiums or purchase
17 costs of such options are related to the volatility of
18 the underlying product, the length of time prior to
19 delivery, and the agreed-upon strike price and/or
20 temperature threshold.

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1 TCCs are essentially fixed-for-floating price
2 swaps that provide a hedge against fluctuations in the
3 transmission costs or rents realized when moving
4 energy from its source or point of injection, to its
5 sink or point of withdrawal.

6 Exhibit _____ (JAH-1) identifies the net impact
7 of the Company's financial hedging in each of the last
8 three years, including the cost of those hedges. The
9 exhibit shows that the Company's hedging practices
10 stabilized generation prices for customers, especially
11 after Hurricane Katrina's impact. The net impact,
12 however, was somewhat higher overall prices for
13 customers during the three-year period.

14 SUPPLY COST PROJECTIONS

15 Q. Have you prepared a projection of wholesale energy
16 costs?

17 A. Yes.

18 Q. I show you a one-page document entitled "PROJECTION OF
19 WHOLESALE ELECTRICITY SUPPLY COSTS - RATE YEARS 2009
20 through 2013," and ask whether it was prepared under
21 your supervision and direction?

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1 A. Yes.

2 MARK FOR IDENTIFICATION AS EXHIBIT ____ (JAH-4)

3 Q. What does Exhibit ____ (JAH-4) show?

4 A. Exhibit ____ (JAH-4) sets forth my projections of
5 energy costs through the 2013 rate year, based upon
6 the forecast of full service sendout provided by the
7 Company's Forecasting Panel.

8 Q. Please describe the methodology used to develop these
9 projections.

10 A. As noted earlier in my testimony, capacity and energy
11 are supplied from three major categories: firm
12 contracts, steam-electric generation, and spot
13 purchases.

14 Firm contract capacity costs have been projected
15 based on existing contract terms. Where such terms
16 rely on a projection of the Consumer Price Index for
17 this region, a forecast of 2.7% per year has been used
18 for 2008, and 2.3% per year for 2009 through 2013.
19 Most firm contracts' energy costs are indexed to some
20 fuel supply such as the delivered cost of natural gas
21 or fuel oil. While these contracts provide Con Edison

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1 with dispatch rights, these projections reflect the
2 historic dispatch of the units in the past three
3 years. The price forecasts for these products were
4 based on forward markets as published by PIRA Energy
5 Group ("PIRA"), an international energy firm
6 specializing in global energy market analysis and
7 intelligence, as of January 28, 2008.

8 Natural gas price forecasts were based on PIRA
9 forecasts of natural gas futures contract prices, for
10 commodity delivered to the Henry Hub, Louisiana, as of
11 January 28, 2008. "Basis differentials," reflecting
12 the cost of interstate transportation from Henry Hub
13 to Transco Zone 6 (NYC), as provided by broker quotes,
14 were then applied to the natural gas prices. This
15 delivered cost of natural gas was then increased by 4%
16 to reflect the cost of taxes on generation fuel,
17 yielding the natural gas price forecast.

18 Fuel oil forecasts were based on NYMEX futures
19 prices as of February 11, 2008. "Basis
20 differentials," reflecting the cost of barge
21 deliveries to New York Harbor were then applied to the

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1 fuel oil prices. This delivered cost of fuel oil was
2 then increased to reflect the cost of taxes, shipping
3 and handling, yielding the fuel oil price forecast.

4 Steam-electric generation costs were projected
5 using a cost optimization model. Steam sendout
6 projections and the fuel price forecasts described
7 above were input to the PROMOD production cost model,
8 which models the operating characteristics of the
9 Company's steam-electric units. Based on the modeled
10 dispatch of these units, and a projected allocation of
11 costs from the Steam Operations for "processing
12 charges," such as water, chemical and labor costs, the
13 costs and volumes of energy available for electricity
14 supply were determined, as summarized on Exhibit ____
15 (JAH-4).

16 Q. Are there other steam-electric costs that were
17 determined separately?

18 A. Yes. A new variable cost of energy that will be
19 incurred is the cost of emissions allowances for the
20 Regional Greenhouse Gas Initiative ("RGGI"). RGGI is
21 a 10-state initiative to adopt a cap and trade system

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1 for carbon dioxide ("CO₂") emissions from electric
2 generating power plants. New York is part of the 10
3 state group that plans to auction these allowances,
4 which electricity generators, including Con Edison,
5 will be required to purchase for each ton of CO₂
6 emitted. Con Edison estimates that it will be
7 necessary to purchase approximately 2.1 million tons
8 worth of allowances in each year during the 2009-2011
9 initial compliance period for its retained generation.
10 I should also note that the State has proposed that
11 Con Edison may be responsible for purchasing
12 allowances for some of its electricity contracts that
13 are 25 years or longer; I have not included such
14 estimates in my projected costs at this time. I have
15 estimated the price of allowances to be \$5/ton, with
16 costs totaling \$10.8 million per year for the retained
17 generation, but this is a new market and there is
18 limited trading data at this point in time. The first
19 multi-state auction of allowances is scheduled to be
20 held in September 2008, and the first auction in which
21 New York State will offer its allowances for sale is

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1 expected in December, so the Company will incur such
2 costs in the rate year, and likely earlier as part of
3 a prudent acquisition program. I should note that, in
4 the Commission's March 25, 2008 electric rate order in
5 Case 07-E-0523, the Commission authorized the Company
6 to petition for recovery of such costs when more
7 definite information about such costs becomes known.
8 If such additional information becomes known prior to
9 the Company's update filing in this proceeding, we
10 will reflect it in that filing.

11 Q. How does the Company propose to recover these costs?

12 A. Such costs, when incurred, are properly recoverable
13 through the Market Supply Charge (MSC)/Market
14 Adjustment Charge (MAC) mechanism in the manner the
15 Company recovers other energy-related costs of
16 retained generation. The Company proposes to include
17 in the MSC/MAC the auction or allowance costs in the
18 month that they are incurred by the Company, except
19 that the Company will recover such costs over a longer
20 period to the extent that it purchases allowances that
21 would cover a longer period, such as six months or a

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1 year, in which case the Company would recover the
2 costs over the period covered by the allowances.
3 Further, I would note that to the extent these costs
4 are marginal to the cost of electric production from
5 the steam-electric facilities, they would properly be
6 included in the offer price to NYISO so as to not
7 distort operation of the NYISO spot market by
8 excluding them from generation bids but recovering
9 them from customers.

10 Q. Please continue with your description of Exhibit ____
11 (JAH-4).

12 A. Spot capacity purchase costs are based on a projection
13 of capacity supply margins in the NYC and ROS regions
14 as provided by the NYISO, the application of these
15 margins to expected demand curve parameters to project
16 prices, and then the application of these prices to
17 the Company's expected spot capacity requirements in
18 NYC and ROS regions. Excess capacity costs, as
19 described earlier in my testimony, are also included
20 in these cost projections.

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1 Spot energy costs are based on market values as
2 of December 31, 2007. These price projections were
3 then applied to the forecast of full service
4 volumetric requirements as provided by the Company's
5 Forecasting Panel, after deducting energy projected to
6 be supplied from firm contracts and steam-electric
7 generation.

8 Q. Have there been any developments since preparation of
9 your projections as reflected in Exhibit ___ (JAH-4)?

10 A. Yes. The most significant change is the reduction in
11 the NYC market capacity price as a result of revised
12 NYC capacity market mitigation rules by NYISO. Based
13 on the revised reference prices that were established
14 in the latter part of April 2008, the Company's NYC
15 capacity costs for Summer 2008, and most likely for
16 the next few summers, have been significantly reduced.
17 The Company will reflect the impact of this change on
18 its revenue requirement, which is not significant, as
19 well as other updated changes, in its update
20 submission in this proceeding.

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1 Q. Has the projected net impact of financial hedges been
2 included in these projections?

3 A. Hedges have in the projection been assumed to be "at
4 the money," not affecting customers' prices, for the
5 purposes of these cost projections. However,
6 financial hedges command premiums for reducing buyers'
7 risks, and so would be expected to increase costs
8 marginally over the long-term.

9 It should be noted that the Company currently
10 hedges only for those customers with demands less than
11 1500 kW. I anticipate that the Company will be
12 lowering its demand threshold for customers required
13 to take service under its mandatory hourly pricing
14 (MHP) service from 1500 kW to 500 kW in the next
15 several years. As the Company acquires future hedges,
16 it will plan for a reduced amount of hedging to
17 reflect the exclusion of the expanded category of MHP
18 customers and for the allocation of hedges away from
19 such those customers after the commencement of their
20 MHP service, to conform with Commission policy that
21 the Company should not be hedging for MHP customers.

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1 I would further note that in its February 26,
2 2008 Order in Case 06-M-1017, the Commission
3 reiterated that utilities are responsible for taking
4 steps to mitigate wholesale price volatility for their
5 residential and small commercial customers. As a
6 result of that Order, Con Edison and the other State
7 utilities will provide quarterly reports to the
8 Commission and to their customers of average wholesale
9 costs and volatility.

10 Q. What other efforts does the Company undertake to
11 minimize supply costs to customers?

12 A. The Company also aggressively pursues market structure
13 changes that are beneficial to its customers, through
14 active participation in NYISO's governance process and
15 in filings with FERC to ensure competitive market
16 pricing.

17 Q. Please give some examples of the Company's efforts in
18 the NYISO governance process.

19 A. Con Edison has a group of individuals in its Energy
20 Markets Policy Group whose primary objective is to
21 actively promote customers' interests by advocating

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1 wholesale market rules that ensure reliability and
2 fair, competitive market prices. To the extent
3 necessary, the Company also participates in related
4 FERC litigation and settlement processes. These
5 processes can, and often do, result in rule changes
6 and refunds to customers, reducing customers' cost of
7 electric supply. For example, as a result of efforts
8 in which Con Edison played a major role, FERC approved
9 revised NYC capacity market mitigation rules which are
10 expected to significantly reduce capacity costs in New
11 York City. Another example is a 2007 negotiated
12 settlement, in which Con Edison was actively involved,
13 related to an inconsistent conversion of ICAP to UCAP
14 market by NYISO. The settlement cost to customers was
15 \$17,000,000 less than supplier claims.

16 Con Edison also actively participates in the
17 review and development of most NYISO market rules. In
18 the design of the 2008-2010 demand curves for
19 capacity, the Company's participation assisted in
20 checking the growth trend in capacity reference prices
21 for NYC. When PJM transmission rights market defaults

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1 were reported, Con Edison advocated changes to TCC
2 collateral rules in the NYISO; the resulting NYISO
3 stakeholder process led to the design of new rules
4 which NYISO analysis shows will reduce the potential
5 uncollateralized TCC accounts by over \$40 million
6 dollars, protecting NY consumers from costs of
7 default. These are but a few examples of the numerous
8 matters in which the Energy Markets Policy Group was
9 instrumental in promoting customer interests before
10 the NYISO and FERC. A more comprehensive listing of
11 the Company's recent efforts is provided in Exhibit
12 ____ (JAH-5).

13 Q. Does this conclude your testimony?

14 A. Yes.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Wholesale Electricity Supply Costs
Calendar Years 2003 through 2007

	2005	2006	2007	
Firm contracts				
Capacity costs	\$419,589,963	\$458,914,746	\$479,755,170	60.4%
Energy costs	1,145,416,544	1,192,855,671	1,348,958,848	55.3%
Other costs*	58,335	0	0	
Total costs	\$1,565,064,842	\$1,651,770,417	\$1,828,714,018	54.9%
Capacity supplied (MW)**	3,007	3,307	3,457	41.4%
Energy supplied (MWh)	17,327,621	18,375,372	18,937,795	68.6%
Steam-electric generation***				
Energy costs (fuel only)	\$262,994,245	\$308,801,189	\$320,086,412	13.1%
Total costs	\$262,994,245	\$308,801,189	\$320,086,412	9.6%
Capacity supplied (MW)**	270	412	436	5.2%
Energy supplied (MWh)	2,257,292	2,781,565	2,885,894	10.5%
Spot purchases				
Capacity costs	\$420,201,907	\$326,694,320	\$315,169,845	39.6%
Energy costs	1,509,556,962	821,857,473	771,219,424	31.6%
Other costs*	6,647,898	3,463,019	3,269,527	
Total costs	\$1,936,406,767	\$1,152,014,812	\$1,089,658,796	32.7%
Capacity supplied (MW)**	5,909	4,847	4,465	53.4%
Energy supplied (MWh)	11,727,781	6,906,845	5,781,593	20.9%
Financial hedges				
Net cost	(\$180,406,878)	\$169,335,578	\$93,996,931	
Total portfolio				
Capacity costs	\$839,791,870	\$785,609,066	\$794,925,015	
Energy costs	2,917,967,751	2,323,514,333	2,440,264,684	
Other costs*	6,706,233	3,463,019	3,269,527	
Financial hedges	(180,406,878)	169,335,578	93,996,931	
Total costs	\$3,584,058,976	\$3,281,921,996	\$3,332,456,157	
Capacity supplied (MW)**	9,186	8,566	8,358	
Energy supplied (MWh)	31,312,694	28,063,782	27,605,282	

* Other costs include gas import taxes (for Firm contracts) and Power for Jobs demand charges (for Spot purchases).

** Capacity is unforced capacity or UCAP.

*** Steam-electric generation costs do not include the embedded cost of Company-retained generation.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Firm Contracts as of March 31, 2008

	<u>Effective Term</u>	<u>Capacity Supply (MW)</u>
PURPA: Energy and Capacity		
Brooklyn Navy Yard Cogeneration Project	1996-2036	295
East Coast Power	1992-2017	645
Indeck Corinth	1995-2015	131
Selkirk Phase II	1994-2014	265
PURPA: Capacity Only		
Sithe - Independence	1994-2014	740
Firm contracts		
Astoria Energy, LLC	2006-2016	500
Energy Nuclear Indian Point 2, LLC	2001-2012	1000

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Steam-Electric Generation Capacity (MW)
Projected for Summer 2008 and Summer 2009

	<u>Summer</u> <u>2008</u>	<u>Summer</u> <u>2009</u>
59th Street GT 1	10.4	10.4
74th Street GT 1 & 2	28.0	28.0
Hudson Avenue GT 3, 4 & 5	42.1	42.1
East River 1 & 2	285.9	285.9
East River 6 & 7	299.0	299.0
Con Edison Facility	0.8	0.8
Direct Load Control	<u>30.1</u>	<u>30.1</u>
Total	<u>696.3</u>	<u>696.3</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Projection of Wholesale Electricity Supply Costs
 Rate Years 2009 through 2013

	2009	2010	2011	2012	2013
Firm contracts					
Capacity costs	\$454,363,153	\$465,063,814	\$454,750,008	\$452,457,830	\$443,822,837
Energy costs	1,476,758,774	1,484,040,955	1,257,417,836	1,065,868,739	901,037,241
Other costs					
Total costs	\$1,931,121,927	\$1,949,104,769	\$1,712,167,844	\$1,518,326,569	\$1,344,860,078
	66%	60%	58%	57%	55%
	66%	67%	57%	46%	38%
	61%	60%	53%	45%	39%
Capacity supplied (MW)	3,465	3,465	3,144	2,840	2,494
Energy supplied (MWh)	18,593,667	18,227,267	15,312,467	12,576,467	10,266,467
Steam-electric generation					
Energy costs (fuel only)	\$376,939,200	\$358,931,500	\$337,482,100	\$306,937,700	\$324,535,400
RGGI allowance costs	8,122,684	10,830,245	10,830,245	10,830,245	10,830,245
Total costs	\$385,061,884	\$369,761,745	\$348,312,345	\$317,767,945	\$335,365,645
	17%	16%	15%	13%	14%
	12%	11%	11%	9%	10%
Capacity supplied (MW)	605	605	605	605	605
Energy supplied (MWh)	3,330,200	3,387,600	3,330,900	2,985,400	3,116,900
Spot purchases					
Capacity costs	\$238,537,211	\$303,749,300	\$330,767,346	\$344,964,925	\$362,631,766
Energy costs	389,749,801	387,385,173	618,171,506	934,303,591	1,127,504,406
Other costs	246,302,146	241,028,411	236,387,858	239,268,513	239,359,583
Total costs	\$874,589,158	\$932,162,884	\$1,185,326,710	\$1,518,537,029	\$1,729,495,755
	34%	40%	42%	43%	45%
	17%	17%	28%	40%	48%
	27%	29%	37%	45%	51%
Capacity supplied (MW)	3,471	3,913	3,935	4,267	4,654
Energy supplied (MWh)	4,346,525	4,067,525	6,528,025	9,937,525	12,092,025
Financial hedges					
Net cost					
Total portfolio					
Capacity costs	\$692,900,364	\$768,813,114	\$785,517,354	\$797,422,756	\$806,454,603
Energy costs	2,243,447,775	2,230,357,628	2,213,071,442	2,307,110,030	2,353,077,047
Other costs	246,302,146	241,028,411	236,387,858	239,268,513	239,359,583
Financial hedges					
RGGI allowance costs	8,122,684	10,830,245	10,830,245	10,830,245	10,830,245
Total costs	\$3,190,772,969	\$3,251,029,399	\$3,245,806,899	\$3,354,631,544	\$3,409,721,478
Capacity supplied (MW)	7,541	7,983	7,684	7,712	7,753
Energy supplied (MWh)	26,270,391	25,682,391	25,171,391	25,499,391	25,475,391

NOTES:

- A Capacity supplied reflects the average of expected monthly UCAP requirement.
- B Capacity supplied includes both In-City and Rest-of-State regions.
- C The Energy contract is projected to end in December 2011.
- D Steam-electric generation costs do not include the embedded cost of Company-retained generation.
- E Other costs include TUCs, NTAC, ancillary, and other miscellaneous charges.

Con Edison's Participation At FERC On Behalf Of Retail Customers
For the Period May 2006 to April 2008 *

<u>FERC Docket Number</u>	<u>Description of the Case</u>
EL05-17 **	Summer 2002 ICAP to UCAP Translation Litigation
EL08-39	NYRI request for rate incentives at FERC
EL07-39/ER07-360	In-City capacity mitigation litigation
ER08-695	Market power mitigation implementation
RM07-19	Wholesale market competition
ER08-778	Enhancing NYISO TCC credit requirements
ER04-230	Integration of DSR in NYISO ancillary services market
ER08-283	Demand curve
ER08-560	Gas-electric protocol
OA08-52	Order 890 compliance filing – planning
ER01-3001	NYISO compliance filing on SCR participation
ER08-334	TCC credit requirements
ER08-321	NYISO Waiver of certain market mitigation measures
ER04-449	Deliverability
ER07-543	Linden VFT deliverability case
ER07-521	Long Term TCCs
EL07-95	Black Oak v. NYISO
ER03-647	Demand Curve
ER07-748/EL07-35 **	Minimum oil burn cost litigation cases
EL07-78	330 Fund v. NYISO – lost opportunity costs
EL07-67	DQ Energy v NYISO – TCC costs
ER07-862	Enable NYISO to use SCR and EDRP programs In-City
AD06-9	Technical conference comments on seams
RM07-9	FERC fees
EL07-18	NYISO v. SCS Astoria – capacity costs
ER07-99	NYISO waiver request for generator penalties
ER06-185	Protest of real time bid production cost guarantee payments
RR06-3	Protest of NERC budget cost charges to customers
RT01-99	Seams comments
AD05-17	Comments on Federal competition study
ER06-1094	NYISO waiver of TCC auction requirement
ER06-1014	Protest removal of Temporary Extraordinary Procedures
EL06-1	Grid v. NYISO
ER03-552	Netting of bilateral transactions
DOE 2007-0E-02	National interest electric transmission corridor proceeding
ER00-1969 **	Refunds for non-spinning reserves

* These cases are in addition to the transmission-related cases that Con Edison participates in before FERC and the federal appellate courts.

** Con Edison also participated in appellate litigation at the D.C. Circuit.