Consolidated Edison Company of New York, Inc.
Electric Rate Case 09-E-0428

Exhibit__(AP-2)

Responses to Information Requests

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS4
Date of Response: 07/30/2009
Responding Witness:

Question No. :15R
Subject: Electric Operation and Maintenance Expenses by Element of Expense for 2004 through 2007 - Provide, in an electronic Excel file, the Company's electric operating and maintenance expenses, by element of expense, for the 12 month periods ending December 31, 2004, 2005, 2006 and 2007 that fully compares to the electric O&M expense by element of expense for the historic test year ending December 31, 2008 presented by the Company in this proceeding.

Response:
See attached file. The O&M expenses by element of expense are revised in years 2005 and 2006 for line 40, Interference, with offsetting adjustments in line 77, Other, for year 2005 and in line 16, Company Labor as a result of classification errors.

Revised DPS-15

Consolidated Edison Company of New York, Inc.
Electric Rate Case Elements of Expenses - O&M
12 Months Ended December 31, 2004 - 2008
(Thousands of Dollars)

	09-E-0539 CE Response to DPS-15					Forecasted RY1
	2004	2005	2006	2007	2008	3/31/2011
1 Fuel	$ 3,130,625	$ 3,546,947	$ 3,332,499	$ 3,323,060	$ 3,545,831	$ 2,792,556
2 Austerity Adjustment					-	(30,000)
3 Admin & General Expenses Capitalized	(26,008)	(29,502)	(26,823)	(20,326)	(29,080)	(27,013)
4 Electric Operations	60,753	93,273	76,630	122,248	116,345	125,222
Inter-Util Agreement - Ramapo - O&R						
5 Asbestos Removal and Abatement	19	33	310	9	37	38
6 Bank Collection Fees	34	(24)	220	253	132	136
7 System and Transmission Operations	29,229	31,802	35,453	33,997	32,259	39,160
8 Substation Operations	25,166	32,856	32,512	31,557	28,025	29,354
Betterment Program						
9 Boiler Cleaning	88	388	235	124	1,036	1,068
10 Building Services / Facilities	1,321	1,798	2,118	1,727	2,559	15,477
11 Central Engineering - Administrative	24	22	1	24	23	24
12 Central Engineering - Distribution					-	-
13 Collection Agency / Payment Agent Fees	2,301	2,267	438	1,944	2,573	3,364
14 Communications - Telephone	3,023	3,086	5,207	3,730	5,836	6,664
15 Other Compensation	8,145	7,294	14,140	5,724	7,087	2,431
16 Company Labor	275,240	293,804	260,444	286,228	267,367	293,842
17 Company Labor - Elect Op., STO, SSO	201,794	193,456	213,981	205,247	233,609	258,424
18 Consultants	2,815	2,890	3,911	8,345	13,033	11,473
19 Contract Labor	1,099	2,759	1,133	1,468	1,867	2,020
20 Corrective Maintenance	1,197	2,362	4,043	3,278	4,711	4,859
21 AMR Savings					(722)	(1,834)
DC Incentive Program						
22 Disposal of Obsolete M&S	5,273	6,201	7,690	5,772	10,216	6,903
23 DSM	-	-	21,254	95,161	70,835	56,450
24 Duplicate Misc. Charges	(11,669)	(20,089)	(19,074)	(20,742)	(22,276)	(22,985)
25 EDP Equipment Rentals & Maintenance	3,489	3,988	3,600	3,978	4,197	4,301
26 Electric and Gas Used	925	1,331	183	637	3,848	3,999
27 Employee Pension / OPEBs	(69,988)	18,691	71,246	94,496	114,250	306,781
28 Employee Welfare Expense - Net	81,077	82,264	90,884	94,668	79,524	101,031
29 Environmental Expenses	2,323	5,222	5,150	4,506	4,930	5,083
30 ERRP - Major Maintenance	-	5,825	7,442	4,692	11,371	11,371
31 Executive Incentive Plan	8,100	5,697	4,967	4,917	3,539	-
32 Facilities Maintenance	1,428	779	1,048	1,225	1,605	1,655
33 Financial Services	3,992	5,885	5,825	5,605	5,910	9,631
34 Gas Turbines	229	307	725	645	2,835	2,924
35 Information Resources	30,222	31,458	32,742	31,000	32,095	35,376
36 Informational Advertising	5,591	5,382	7,623	8,821	8,735	15,300
37 Injuries and Damages Reserve	29,363	33,201	41,990	48,854	48,499	40,423
38 Institutional Dues & Subscriptions	1,483	1,541	1,357	1,579	1,806	1,863
39 Insurance Premiums	20,377	24,866	24,071	21,926	21,159	26,514
40 Interference	53,825	67,358	51,930	51,482	67,011	95,232
Mobile Diesel Generators						
41 Reserve for Contingencies	-	-	-	40,000	16,271	-
42 Corporate and Fiscal Expenses	2,491	2,801	3,445	4,114	4,537	4,679
43 LIC Outage	-	-	47,120	-	-	-
44 Manhour Expense	859	867	973	968	971	1,001
45 Marshall's Fees	948	880	1,285	1,045	1,047	1,080
46 Materials and Supplies	2,156	1,670	1,646	2,236	2,823	3,713
47 MGP / Superfund	2,969	5,991	8,433	8,915	11,322	-
48 Outreach and Education	2,781	2,560	3,123	4,381	5,501	5,673
49 Other (Fossil)	2,492	3,159	2,506	1,706	1,896	1,955
50 Outside Lagal Services	1,006	1,029	1,793	1,181	936	965
51 Paving	620	13	257	2	12	12
52 Plant Component Upgrade	145	101	279	407	227	234
53 Power Your Way		2,515	1,715	1,622	186	-
54 Postage	11,806	11,908	12,597	13,266	14,176	15,532
55 Preventive Maintenance	3,748	1,347	1,077	1,091	1,868	1,926
56 RCA - Pension/OPEBs	7,251	(35,676)	(98,214)	(100,447)	(53,186)	-
57 RCA - Amortization of Hudson-Farragut	477	477	477	477	477	477
RCA - Hudson Ave Amortization	3,911	(405)	-			
RCA - Interference	-	-	14,901			
58 Renewable Portfolio Standard		2,545	12,214	20,336	28,626	47,438
59 Real Estata Expenses	1,130	1,607	1,977	986	3,685	3,800
60 Regulatory Commission Expenses	20,448	22,661	23,402	30,615	33,759	223,723
61 Rents	52,257	52,117	51,321	53,284	54,195	56,285
62 Rents (ERRP)	-	53,727	72,817	75,143	72,206	67,994
63 Rents (Interdepartmental)	3,328	3,189	4,068	4,581	4,836	5,884
64 Research and Development	8,488	9,401	10,546	10,804	17,939	21,398
65 System Benefit Charge / Renewable Portfolio Standard	69,795	69,795	70,196	87,477	87,477	148,698
Stray Voltage						
66 Scheduled Overhauls	48	53	1,216	309	237	2,348
67 Security	1,501	777	1,150	1,477	1,613	1,878
68 Sharad Services	(2,778)	(6,299)	(6,316)	(8,484)	(8,348)	(8,824)
69 Steam Incident	-	-	-	4,206	4,876	-
70 Storm Reserve	1,422	1,922	24,270	8,791	4,200	5,800
71 Green Power					-	-
Transformer Installations			-			
72 Trea Trimming			7	-	-	-
73 Trenching	571	108	191	87	140	144
74 Uncollectible	33,384	42,867	49,418	49,923	65,210	60,017
75 Water	716	512	341	370	317	653
76 Water Chemicals	52	177	84	146	644	664
77 Other	(10,569)	(19,194)	29,583	12,921	36,895	40,364
78 Total O&M Expenses	$ 4,084,340	$ 4,700,418	$ 4,666,985	$ 4,799,817	$ 5,120,190	4,944,448

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS6
Date of Response: 07/30/2009
Responding Witness: Price

Question No. :45Rev1
Subject: SIR Program Costs - The Company's estimates for SIR program costs are updated on a quarterly basis to ensure that the costs reflect newly acquired information and changes in the status of the site(s) (see page 46 lines 4-7 of Company Witness Price's testimony). Provide an electronic update to Exhibit__(RSP-3) and Exhibit__(RSP-4) on a quarterly basis throughout this proceeding.

Response:
Please see attached update to June 30, 2009.

Exhibit ___(RSP-3)
Updated 7/09

Consolidated Edison Company of New York, Inc.
Site Investigation and Remediation Expenditures ($ x 1000)
Rate Years Beginning April 1 of 2010 (RY1), 2011 (RY2), & 2012 (RY3)
(July 2009 Update Based on June 2009 Update to Cost Projections)

		RY1	RY2	RY3	Total
MGP		$ 36,027	$ 36,300	$ 36,300	$ 108,627
Superfund		943	2,100	2,100	5,143
Appendix B		3,309	2,100	2,100	7,509
Astoria		5,785	2,000	2,000	9,785
UST		4,935	600	600	6,135
	Total	50,999	43,100	43,100	137,199

2009 Electric Rate Case Cost Projections For Linking Period (1/09 - 3/10) and Rate Year 1 (Based on 6/09 Cost Projections and 1Q-2Q09 Actual Costs ($000's) Exhibit___(RSP-4) updated 7/09

		Actual	Projected					Projected					
Site #	Investigation/Remediation	1Q&2Q09	3Q09	4Q09	1Q10	Total Linking Period	Linking Period Projected Activities	2Q10	3Q10	4Q10	1Q11	Total RY1	RY1 Projected Activities
	Appendix B Sites												
2	East River Area	111	100	150	140	501	Additional investigation, manhole cleanouts; product recovery, groundwater monitoring	80	50	30	20	180	Additional investigation, reporting, groundwater monitoring, manhole cleanouts
4a	12th St & 41st Ave	7	5	5	5	22	Groundwater monitoring & reporting	5	5	5	5	20	Groundwater monitoring & reporting
7a	FRD/E71st St. (Pipeline 2)	0	0	0	115	115	Initiate investigation	85	20	5	0	110	Complete investigation & reporting
9	Astoria Blvd/78th Street	0	30	0	0	30	Prepare investigation work plan	80	80	35	35	230	Perform investigation and reporting
12	Farragut	90	75	30	5	200	Additional investigation, soil remediation, groundwater monitoring, reporting	5	5	5	5	20	Groundwater monitoring & reporting
14	Hudson Ave.	383	200	100	150	833	Installation of pumping system at tank farm., NAPL recovery, groundwater monitoring, reporting.	150	50	50	200	450	O&M for tank farm pumping system,; NAPL recovery, GW monitoring, reporting.
19	W. 49th St. Substation Area (11th Ave.)	30	5	75	65	175	Product recovery system O&M, prepare investigation work plan, begin investigation.	20	5	5	5	35	Investigation report, product recovery system O&M.
20	Hellgate Area(Locust Ave)	3	2	2	2	9	Groundwater monitoring & reporting	2	2	5	0	9	Groundwater monitoring, reporting & closeout
23	E. 25th St./FDR Drive	0	30	0	0	30	Prepare investigation work plan	80	80	35	35	230	Perform investigation and reporting
25	PL 7 / Kent Ave. Manholes	0	5	5	5	15	Inspections, reporting	5	0	0	0	5	Closeout
28	W. 54th St./11th Ave.	0	30	0	0	30	Prepare investigation work plan	0	80	80	35	195	Perform investigation and reporting
56	Broadway/131st St - 141st St	-4	50	5	0	51	Supplemental investigation, minor remediation, reporting, closeout	0	0	0	0	0	
57	4th Ave. & Garfield St./6th St.	0	30	0	0	30	Prepare investigation work plan	0	80	80	35	195	Perform investigation and reporting
59	Jay St. and Concord St.	0	15	15	0	30	Prepare investigation work plan	0	80	80	35	195	Perform investigation and reporting
60	11th Street Conduit	0	75	75	25	175	Perform investigation and reporting	10	5	0	0	15	Complete report, closeout
63	Wythe Ave./North 13th St.	0	75	75	25	175	Perform investigation and reporting	10	5	0	0	15	Complete report, closeout
67	Morris Pk Av./E180th St-Bronx	0	50	150	10	210	Soil remediation and reporting	5	5	0	0	10	Final report & closeout
69	Broadway/108th St - 125th St	0	30	5	5	40	Supplemental investigation, minor remediation, reporting, closeout	0	0	0	0	0	
72	E. Broadway East of Grand St.	0	30	0	0	30	Prepare investigation work plan	0	80	80	35	195	Perform investigation and reporting
73	West 67th St. West of Broadway	0	0	30	0	30	Prepare investigation work plan	0	0	80	80	160	Perform investigation
79	Vernon Blvd/Queens Combined Site (includes Sites 1, 4, 26, 40, & 79)	174	75	50	50	349	Supplemental investigation, reporting	100	100	50	50	300	Supplemental investigation, reporting
83	Dunwoodie S/S	4	5	5	5	19	Groundwater monitoring & reporting	5	5	5	5	20	Groundwater monitoring, reporting
84	Elmsford S/S	19	5	5	5	34	Product recovery, groundwater monitoring & reporting	5	5	5	5	20	Product recovery, groundwater monitoring, reporting
	App B Medium Priority Sites	0	0	0	60	60	Prepare investigation work plans	0	0	0	160	160	Start investigations
	App B Low Priority Sites	0	0	0	20	20	Prepare investigation work plan	20	20	250	250	540	Work plan preparation, investigation, reporting
	Subtotal - Appendix B	**817**	**922**	**782**	**692**	**3213**		**667**	**762**	**885**	**995**	**3309**	
Superfund Sites													
	Echo Ave.	9	25	0	0	34	Prepare site management plan, final report	0	0	0	0	0	
	Arthur Kill OU2	-330	110	5	5	-210	Wetland restoration, reporting, O&M	5	5	5	5	20	Inspect restored areas, reporting
	N.1stSt.Term./Fyn Paint Litigation (Technical Support)	130	20	20	20	60	Technical litigation support against Fyn Paint ("total linking period" costs only include 3Q09-1Q10)	20	20	20	20	80	Technical litigation support against Fyn Paint
	N. 1st St. Terminal/Fyn Paint		100	100	100	300	Con Edison share of investigation & remediation costs ("total linking period" costs only include 3Q09-1Q10)	100	100	100	100	400	Con Edison share of investigation & remediation costs
	Curcio SF Site	12	10	30	20	72	Groundwater monitoring & reporting	10	10	30	20	70	Groundwater monitoring & reporting
	Maspeth	116	55	20	20	211	Final engineering reports, sidewalk investigation, groundwater monitoring & reporting	20	20	20	0	60	Groundwater monitoring & reporting
	Flushing Creek	177	50	50	200	477	Finalize investigation work plan, start investigation, reporting	100	50	50	50	250	Complete investigation & feasibility study, reporting
	Borne Chemical	20	4	4	4	32	PRP Group remediation expenses	4	7	7	7	25	PRP Group remediation expenses
	Metal Bank	1	0	12	12	25	PRP Group remediation expenses	12	12	12	0	36	PRP Group remediation expenses
	PCB Treatment, Inc.	0	0	-677	0	-677	Refund of costs paid to PRP Group	0	0	0	0	0	
	Cortese Landfill	45	0	10	15	70	PRP Group remediation expenses	0	0	0	0	0	
	Maxey Flats	0	0	0	0	0	PRP Group remediation expenses	0	0	0	2	2	PRP Group remediation expenses
	Subtotal Superfund	**180**	**374**	**-426**	**396**	**524**		**271**	**224**	**244**	**204**	**943**	

Exhibit (AP-2) Page 5 of 48

2009 Electric Rate Case Cost Projections For Linking Period (1/09 - 3/10) and Rate Year 1 (Based on 6/09 Cost Projections and 1Q-2Q09 Actual Costs ($000's) Exhibit___(RSP-4) updated 7/09

Site #	Investigation/Remediation	Actual 1Q&2Q09	Projected 3Q09	Projected 4Q09	Projected 1Q10	Total Linking Period	Linking Period Projected Activities	Projected 2Q10	Projected 3Q10	Projected 4Q10	Projected 1Q11	Total RY1	RY1 Projected Activities
Astoria Site													
	Astoria (Corrective Action)		100	250	350	700	Additional investigation, risk assessment, corrective measures study, interim remedial measures (hot spot removal) planning, reporting	200	500	500	500	1700	Remedial planning, hot spot remediation
	Astoria (IRM)		15	15	15	45	Product recovery, groundwater monitoring & reporting	15	15	15	15	60	Product recovery, groundwater monitoring, reporting
	Astoria NSY Remediation		100	250	200	550	Remedial planning	1000	2000	1000	25	4025	Remediation (removal of soil with PCBs, lead & other contaminants), site restoration, reporting
	Subtotal Astoria Site	**749**	**215**	**515**	**565**	**2044**		**1215**	**2515**	**1515**	**540**	**5785**	
MGP Sites													
	Farrington Holder	23	50	50	7	130	Post-remediation long term monitoring and additional investigation due to planned new facility	7	7	7	7	28	Post-remediation long term monitoring
	White Plains MGP	7294	2900	2900	40	13134	Remediation and groundwater monitoring	40	40	40	40	160	Groundwater monitoring
	Hunts Point Compressor Station	2	0	0	4	6	Post-remediation annual inspection and certification	0	0	0	4	4	Post-remediation annual inspection and certification
	Hunts Point EDC site	0	100	100	500	700	Investigation and remediation managed by NYCEDC	500	500	500	500	2000	Investigation and remediation managed by NYCEDC
	Tarrytown	0	0	0	0	0	Post-remediation long term monitoring by owner	0	200	0	0	200	Post-remediation long term monitoring by owner
	173rd Street MGP (Starlight Park)	-803	0	15	0	-788	Post-remediation long term monitoring and annual inspection/certification	15	0	15	0	30	Post-remediation long term monitoring and annual inspection/certification
	Purdy Street Station	0	0	25	100	125	Remedial planning/design	100	100	100	25	325	Remedial planning/design
	W. 42nd Street Gas Works	-1085	50	50	0	-985	Off-site investigation; post-remediation long-term monitoring and annual inspection/certification	15	0	15	0	30	Post-remediation long-term monitoring and annual inspection/certification
	W. 45th Street Gas Works	0	50	75	50	175	Operable Unit 1 remedial planning	50	250	250	50	600	Remedial planning/design
	W. 18th Street	413	100	50	50	613	Coal tar recovery at HLP parcel; remedial planning for other parcels.	100	250	100	4000	4450	Start remediation of HLP parcel and remedial planning for other parcels.
	E. 99th Street Works	313	25	25	25	388	Investigation	750	25	25	25	825	Reimbursement to MTA for soil disposal associated with Second Avenue Subway construction; remedial planning
	E. 32nd Street Station	0	150	200	50	400	Investigation	0	0	0	0	0	
	Cedar St. Works	235	0	25	25	285	Investigation	25	150	150	50	375	Investigation
	Unionport Works	63	10	250	350	673	Investigation	150	25	25	25	225	Investigation
	Ossining Works - Ossining	1074	35	25	25	1159	Harbor Square settlement and coal tar recovery	300	25	25	25	375	Investigation and remedial planning
	Pemart Ave Works -Peekskill	7	100	100	50	257	Investigation and remedial planning	25	25	25	20	95	Remedial planning
	Ludlow Street Works - Yonkers	4	0	250	125	379	Investigation	0	0	0	0	0	
	Cross/Little Water St. Holder Station	26	0	0	0	26	Well closure	0	0	0	0	0	No further action required
	E. 137th Street Station	1	25	150	50	226	Investigation	40	5	5	20	70	Investigation
	E. 138th Street Works	0	20	75	75	170	Investigation	100	50	50	20	220	Investigation
	E. 11 Street Works	429	50	50	50	579	Sediment investigation and remedial planning	0	800	400	0	1200	Remediation
	E. 14th Street Works - East River	37	0	50	0	87	Design of erosion control	0	0	0	800	800	Installation of erosion control
	E.14St.,E.17 St. & E.19th St. (Stuy Town)	84	25	25	25	159	Remedial planning	0	200	200	0	400	Installation of sub-slab systems
	E. 21st Street (PCV)	582	150	50	300	1082	Remedial planning, indoor air testing, and coal tar recovery	25	25	25	2500	2575	Remedial planning and start of remediation
	Mt. Vernon Works	777	3500	1000	1000	6277	Remedial planning and remediation	4000	4000	4000	4000	16000	Remediation
	Central Ave - Peekskill	-3	100	50	5	152	Investigation	5	5	5	5	20	Remedial planning
	Hester Street Gas Works	17	5	5	0	27	Investigation report and Site Management Plan preparation	0	0	25	0	25	Annual inspection and certification
	Canal Street Gas Works	4	0	0	0	4	Records review report preparation	0	0	0	0	0	No further action required
	E.115th Street Gas Works	140	100	100	300	640	Remedial planning and indoor air testing	300	300	300	50	950	Remedial planning, indoor air testing, and remediation

2009 Electric Rate Case Cost Projections For Linking Period (1/09 - 3/10) and Rate Year 1 (Based on 6/09 Cost Projections and 1Q-2Q09 Actual Costs ($000's) Exhibit___(RSP-4) updated 7/09

Site #	Investigation/Remediation	Actual 1Q&2Q09	Projected 3Q09	Projected 4Q09	Projected 1Q10	Total Linking Period	Linking Period Projected Activities	Projected 2Q10	Projected 3Q10	Projected 4Q10	Projected 1Q11	Total RY1	RY1 Projected Activities
	E. 108th Street Station	72	25	25	15	137	Investigation and remedial planning	15	15	15	0	45	Remedial planning
	E.111th Street Gas Works	18	25	25	15	83	Investigation report preparation and remedial planning	15	15	15	0	45	Remedial planning
	York Ave Station	0	0	200	0	200	Investigation	0	200	0	0	200	Investigation
	Zeraga Avenue Station	143	25	300	0	468	Investigation	0	0	0	0	0	
	E. 175th Street Station	1	0	125	125	251	Investigation	125	25	0	0	150	Investigation
	Rye Gas Works - Rye	12	200	200	0	412	Investigation	0	0	0	0	0	
	Farrington Street Gas Works	104	125	125	5	359	Investigation	5	5	200	200	410	Investigation
	Saw Mill River Station - Yonkers	9	100	125	125	359	Investigation	100	0	0	0	100	Investigation
	Greenburgh Station - Greenburgh	1	1	1	0	3	No further action required	0	0	0	0	0	No further action required
	Hastings on Hudson MGP	41	10	10	100	161	Investigation, indoor air testing, remedial planning	100	25	25	25	175	Remediation and indoor air testing
	Pelham Gas Works - Pelham Manor	25567	10000	700	500	36767	Remediation and post-remediation O&M; investigation of off-site areas	500	500	500	500	2000	Post-remediation long term O&M; investigation of off-site areas
	286 Water Street	0	0	10	100	110	Investigation	50	50	0	0	100	Investigation
	Woodworth Ave. Works - Yonkers	21	0	0	0	21	Investigation	350	350	0	0	700	Investigation
	Port Chester	2	0	0	0	2		0	0	0	0	0	
	Common Expenses	135	30	30	30	225	Program wide, non-site specific expenses	30	30	30	30	120	Program wide, non-site specific expenses
	Subtotal MGP Sites	**35760**	**18086**	**7571**	**4221**	**65638**		**7837**	**8197**	**7072**	**12921**	**36027**	
Underground Storage Tank (UST) Sites													
	3rd Ave Yard SC Parking Lot		16	16	21	53	Limited remediation, GW Monitoring	21	11	9	9	50	GW monitoring, reporting
	3rd Ave Yard SC		68	14	10	92	Limited remediation, GW Monitoring	10	10	10	13	43	GW monitoring, reporting
	Former Amoco Fuel Oil Terminal		125	150	70	345	Waterfront investigation, reporting, remedial planning	90	1300	2750	250	4390	Waterfront remediation, GW monitoring, reporting
	Atlantic Ave. SC		18	28	18	64	Supplemental investigation, reporting	18	18	18	18	72	GW monitoring, reporting
	Bruckner Blvd Operations Center		15	15	15	45	Final engineering report, GW monitoring & reporting	15	15	15	15	60	GW monitoring, reporting
	College Point SC		5	5	20	30	GW monitoring, reporting, well closure	0	0	0	0	0	
	Rye SC		15	15	15	45	Investigation report, GW monitoring & reporting	15	40	145	40	240	Remedial planning, GW Monitoring
	Van Nest Complex SC		10	85	20	115	Remediation, GW monitoring & reporting	15	10	10	5	40	GW monitoring, reporting
	Victory Blvd SC		5	0	0	5	GW monitoring, closeout	0	0	0	0	0	
	West 28th Street SC		20	30	10	60	Remediation, GW monitoring, reporting	10	10	10	10	40	GW monitoring, reporting
	Subtotal UST	**1313**	**297**	**358**	**199**	**2167**		**194**	**1414**	**2967**	**360**	**4935**	
Total Remedial Managed Projects		**38819**	**19894**	**8800**	**6073**	**73586**		**10184**	**13112**	**12683**	**15020**	**50999**	

Notes

1. All cost projections were based on information available at the time they were developed and on anticipated actions of others such as approval by the DEC, access provided by property owners, and property owners' development plans.

2. The negative "actual" costs for the 173rd Street and W. 42nd Street MGP sites in the first half of 2009 were due to an accounting correction made for incorrect accruals in 2008.

3. The negative "actual" cost for the Arthur Kill OU2 Superfund Site in the first half of 2009 was due to an over-accrual in December 2008 for unpaid remediation contractor expenses as of December 31, 2008.

Exhibit__(AP-2)
Page 7 of 48

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS8
Date of Response: 06/16/2009
Responding Witness: Tai

Question No. :54
Subject: Company Labor – Variable Pay Plan - In his testimony in this proceeding, Company witness Tai indicates that Con Edison has made material changes to its Variable Pay Plan that addresses concerns discussed in the Commission's 2009 Rate Order in Case 08-E-0539 (as well as the ALJ's RD). 1. Indicate whether the changes to the Variable Pay Plan discussed by Company witness Tai have been adopted and approved by the Company's Board of Directors. If yes, provide evidence in support of the Board's decision(s). 2. Provide a formal copy of the Company's revised Variable Pay Plan incorporating the changes indicated by Company witness Tai. If no formal revisions have been made to the Company's existing Variable Pay Plan to date, so indicate. 3. Provide copies of any and all internal correspondence with plan participants that discuss the changes to the Variable Pay Plan as indicated by Company witness Tai. If no information has been shared with plan participants to date, so indicate.

Response:
1. The Company's Board of Directors is not required to approve changes to the Management Variable Pay Plan. The Chairman and Chief Executive Officer, Senior Vice President of Enterprise Shared Services and the Vice President of Human Resources establish, review and administer the Company's compensation program for non-officer management employees.
2. No formal revisions have been made to the Company's existing Management Variable Pay Plan document. The changes described by Company witness Tai will be effective January 1, 2010 for the calendar year. The revisions will be made before the end of calendar year 2009.
3. No written communication has been distributed to management employees describing the revised weighting for the 2010 Variable Pay Plan. The 2010 Variable Pay Plan performance goals and weighting assigned to each will be communicated management employees in January 2010.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS8
Date of Response: 06/16/2009
Responding Witness: Tai

Question No. :55
Subject: Company Labor – Variable Pay - On page 7 of his testimony, Company Witness Tai indicates that Con Edison has significantly shifted the weighting on the three components under the variable pay plan in measuring whether employees achieve pre-determined goals: operating performance, operating budget and adjusted net income. According to witness Tai, effective January 1, 2010, the weighting related to the operating performance indicator will increase from 30% to 50%, the Operating Budget indicator will increase from 20% to 25% and the Adjusted Net Income Indicator will decrease from 50% to 25%. 1. For the operating performance indicator, provide complete copies of all detailed studies or analyses conducted by the Company, or on its behalf, that show the quantifiable productivity savings associated with this indicator. If the Company can not provide quantifiable productivity savings, provide a non-quantifiable analysis. 2. For the operating budget and adjusted net income indicators, provide complete copies of any studies or analyses conducted by the Company or on its behalf, that show the quantifiable productivity savings associated with these two indicators.

Response:
The Company has not quantified productivity savings associated with its performance indicators. We would note that for the operating performance indicators, the judges and Commission in Case 08-E-0539 found that productivity savings from meeting these operational targets should not be expected (RD, p. 97; Order, pp. 53-54). Mr. Tai explains in his testimony that the operating performance indicators are designed to achieve specific safety, reliability, customer satisfaction and environmental goals, including specific performance targets that the Commission has established in areas that it has determined the Company should focus its attention (see, for example, pp. 16, 18). With respect to the operating budget and net income performance indicators, the Company points out that the targeted budget reflects productivity that is built into the Company's rates (including both the productivity imputation and specific productivity, such as reduced meter reading from AMR) and that the variable pay program is designed to provide Company employees with the incentive to achieve additional productivity that would inure to customers benefit over time. Generally, management is charged with achieving, at a minimum, the productivity that is built into the Company's rates. The variable pay plan is designed to hold management employees responsible for achieving those goals by making a portion of their compensation contingent upon their collective and individual performance.

While the January 2010 plan is not comprised exclusively of operating performance indicators, operating performance indicators are the dominant component of the revised plan. As explained by Mr. Tai, the Company maintains that achieving a combination of operating performance targets along with operating budget and adjusted net income targets demonstrates that the Company is managing its business by focusing on both cost containment and quality of service for our customers.

Moreover, if the Company's compensation plan is a reasonable and necessary expense, there is no basis for tying recovery of such costs in rates to the plan also producing additional productivity savings. As described in Company witness Shafer's testimony, in Hewitt's 2008 Salary Increase Survey approximately 90 percent of more than 1,000 organizations reported offering variable pay to non-officer management employees. This represents a shift in the overall compensation package from a prior design "base salary only approach" to a base salary plus variable pay compensation package. The benchmark data provided by Company witness Shafer demonstrates the reasonableness of the Company base salary and Variable Pay Plan, which combined is 9.6 percent below the median level of the National Utilities surveyed and 12.1 percent below the Peer Group companies.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS10
Date of Response: 06/15/2009
Responding Witness: Shared Services/Kenneth Jack and Joseph Petri

Question No. :70
Subject: Formula for Vehicle Fuel Forecast - Starting on page 55 of its testimony, the Shared Services Panel discusses the formula used to account for the Company's cost of vehicle fuel, which is based on the Department of Energy, Energy Information Administration's - Short-Term Energy Outlook (DOE EIA-STEO) report. 1. Provide the date of the DOE EIA-STEO report that was used to develop this formula. 2. Provide the table reference for the DOE Historic Year (2008) PADD-1 $/gallon value of $3.248 used in the gas calculation. 3. Provide the table reference for the DOE Future PADD-1 value of $1.90 used in the gas calculation. 4. Provide the table reference for the DOE Historic Year (2008) National Average $/gallon value of $3.80 used in the diesel calculation. 5. Provide the table reference for the DOE Future National Average value of $2.69 used in the diesel calculation.

Response:

1. The formula proposed was developed independent of any specific dated report. The sample calculation demonstrating use of the formula, provided in testimony at lines 10-21 on page 56, utilized the DOE projection information available in the monthly report (STEO) published April 14, 2009 – the most recent report at the time of filing. As indicated on page 54 of the testimony, the Company proposes that it update these costs during this proceeding at the latest date permissible.

2. The table reference for the DOE Historic Year (2008) PADD-1 $/gallon value of $3.248 used in the gasoline calculation, is found in the STEO released January 13, 2009 (and subsequent 2009 STEOs). The historic year 2008, is in Table 4c ("Gasoline Regular Grade Retail Prices Including Taxes" for PADD-1). It is the average of the period from January 2008 through December 2008.

3. All future values were taken from the April 14, 2009 STEO. The table reference for the DOE Future PADD-1 value of $1.90 used in the gas calculation should be taken from table 4c ("Gasoline Regular Grade Retail Prices Including Taxes" – PADD-1). The $1.90 referenced in testimony at page 56, line 11, is a typographical error (it comes from an adjacent heading in the STEO report representing the non-taxed cost of gasoline). The correct figure is $2.392/gallon. Carried through the example at page 56, line 11 – the corrected section would read:

"Using the formula for the rate year, we would have the following calculation – ($3.482/$3.248) * ($2.392) = $2.564; then $2.564 * 2,000,000 gallons = $5,128,000 expected gasoline expenditures for RYE 2011"

4. The table reference for the DOE Historic Year (2008) National Average $/gallon value of $3.80 used in the (bio)diesel calculation, is found in the STEO released January 13, 2009 (and subsequent 2009 STEOs). The historic year 2008, is in Table 2 ("Retail Prices including taxes, On-Highway Diesel Fuel") which shows an average of $3.807 for the period January 2008 through December 2008.

5. The table reference for the DOE Future National Average value of $2.69 used in the diesel calculation can be found in the STEO released April 14, 2009, in Table 2 ("Retail Prices including taxes, On-Highway Diesel Fuel") which shows an average of $2.693 for the period January 2010 through December 2010, which the Company rounded down to $2.69.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS18
Date of Response: 07/14/2009
Responding Witness: Shared Services (Jack)

Question No. :180
Subject: Vehicle Fuel Costs - In its testimony (pages 54-55), Con Edison's Shared Services Panel (SSP) indicates that the revenue requirement request for vehicle fuel cost reflects the amount in the historic test year. The SSP also indicates that the Company proposes to update these costs during this proceeding at the latest date permissible. 1) Fully explain and illustrate the methodology the Company plans to use to update its rate year forecast of vehicle fuel expense. 2) Will this update be reflected in the Company's July 10, 2009 update? If not, why not. 3) Compare and contrast this methodology with the methodology adopted by the Commission in its 2009 Rate Order in Case 08-E-0539 in establishing the rate allowance for vehicle fuel expense. 4) Fully explain any differences identified in response to question three, above, which the Company believes to be deficiencies in the methodology adopted by the Commission in Case 08-E-0539.

Response:

1. The methodology the Company plans to use to develop the rate-year forecast for vehicle fuel is based on the formulas described in Shared Services Panel testimony beginning at page 55. In summary, the Company proposed to use a a ratio between the Company's actual expenses for vehicle fuel and an agreed-upon DOE forecasted amount. The ratio for the historic period uses the most recent, full calendar year data (currently 2008) for actual price-per-gallon and DOE reference price-per-gallon. The ratio accounts for the Company's discounts and is inclusive of all taxes, fees and delivery charges that the Company pays for vehicle fuel, which in the aggregate is generally in excess of the closest proxy published in monthly DOE reports. That ratio is applied to DOE reference data for a future period as close to the rate-period as possible (currently calendar 2010) to develop the expected cost to the Company. By applying the historic cost ratio to the future expected DOE price, the projected cost for vehicle fuel will reflect all of the costs that the Company pays for vehicle fuel that are not reflected in DOE regional average prices. These differences include varying costs at different bulk-fuel depots within the same region, New York taxes and the premium for B20 biodiesel over the closest DOE proxy.

2. In reviewing the latest DOE report issued on July 7, 2009, the DOE is forecasting greater increases in both diesel and gasoline through 2010. The effect on the CECONY projections would be an increase of roughly $800,000 to our original projections. The projected costs are as follows:

•Gasoline goes from $2.564 to $2.862 per gallon. Total cost for the same number of gallons, would now be projected at $5,724,717.
•Diesel goes from $2.851 to $2.957 per gallon. Total cost for the same number of gallons, would now be projected at $5,766,930.

The Company's September 18 update will include the latest available DOE information in the calculation as well as in the updated revenue requirement. As indicated at page 54 of the testimony, in response to Staff-70, and in response to question #1 of Staff 180, the Company proposes to update this information at the latest date permissible in this proceeding.

3. The methodology adopted by the Commission in Case 08-E-0539 subtracts $0.30 per gallon from the DOE reference points available at the time of the Commission order to develop a price per gallon and therefore a rate allowance for the current rate year. The Case 08-E-0539 methodology incorrectly assumed that the Company's wholesale discount should be applied to the DOE reference point. A comparison of actual vehicle fuel costs against the DOE price demonstrates that the Company's vehicle fuel costs are greater than, not less than, the DOE proxy. Differences between prices realized by CECONY and the DOE proxies are noted in response to (1) and illustrated below. The methodology used to establish current electric rates are based upon prices significantly lower than even the actual market prices on the day the 2009 Rate Order was issued.

   Sample of various price and proxy data for gasoline (February 2009):
   - NYC Retail ----------------- $2.06+/gallon
   - CECONY bulk purchases - $1.99/gallon
   - DOE (PADD-1B) ---------- $1.94/gallon
   - ERO (08-E-0539) ---------- $1.64 (see methodology on page 76 of the rate order)

4. See response to part 3. In addition, the Rate Order allowed the Company $1.765/gallon (gasoline and diesel average) for vehicle fuel based on the DOE price minus 30 cents. To date, including all the measures the Company takes to decrease vehicle fuel costs and usage, the Company's costs have averaged $2.339/gallon (gasoline an biodiesel average) – just three months into the rate year. This demonstrates that the costs the Company pays for fuel plus taxes, delivery, etc, are more than the DOE reference price and more than the method adopted in 08-E-0539.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS19
Date of Response: 07/15/2009
Responding Witness: Accounting Panel

Question No. :190
Subject: Other Operating Revenues – Rent from Electric Property - 1. Provide the rental revenues included in the historic year (12 months ending 12/31/2008) for each of the wireless attachment agreements the Company has entered into, with references to the lines showing these revenues in the provided workpapers for Line 2 – Rent from Electric Property in Other Operating Revenues, Exhibit_(AP-5), Schedule 1, page 2. 2. Provide the projection of rental revenues for these agreements for rate years 1 through 3. 3. Update the projections of rent from electric property for rate years 1 through 3, taking into account this request and the Company's response to DPS-44.

Response:

1. Please refer to attachment DPS190, part 1&2 for the historic test year revenues

2. Please refer to attachment DPS190, part 1&2 for the projected rate year 1 through 3 revenues.

3. Please see attachment DPS190, part 3 for updated projections of rent from electric property. Please note any new agreements will be reflected in the Company's formal September 2009 update.

Acct. No.	D. Code	Customer Name	Customer Total	Acct.	2008 Total	Rate Year Ending March 31 2011	2012	2013
CATV								
A6684	10090	Cablevision (NYC)	2,042.70			0	0.00	0.00
	10093	Cablevision (West)	603,774.47			603,516.00	603,516.00	603,516.00
	10103	Cablevision Lightpath	7,715.22			7,265.60	7,265.60	7,265.60
	10134	Cablevision System	150,556.00			150,556.00	150,556.00	150,556.00
	10390	MCI, Telecom	942.40			942.40	942.40	942.40
	10408	Cablevision (Media One)	336,254.40			336,254.40	336,254.40	336,254.40
	10422	Abovenet Comm	5,426.40			5,426.40	5,426.40	5,426.40
	18442	Elantic Telecom	60.80			0.00	0.00	0.00
	11951	Neon Communications	6,748.80			6,748.80	6,748.80	6,748.80
	16791	Time Warner	50,950.40			50,950.40	50,950.40	50,950.40
	16935	Fibertech Networks	25,850.45			55,525.60	55,525.60	55,525.60
	17051	World.Com Network	23,772.80			23,772.80	23,772.80	23,772.80
	10735	MCI-Metro	1,687.20			1,687.20	1,687.20	1,687.20
	17602	AT&T Local Services	6,285.20			8,466.40	8,466.40	8,466.40
	18446	Hudson Valley Data	26,356.00			24,487.20	24,487.20	24,487.20
	20434	RCN New York	7,007.20			7,007.20	7,007.20	7,007.20
	21743	Lexent LLC	6,673.76			0.00	0.00	0.00
	21645	Best Web	432.07			0.00	0.00	0.00
	18442		0.00			60.80	60.80	60.80
	20884	Xand Corp.	638.49			0.00	0.00	0.00
	23757		0.00			121.60	121.60	121.60
	21533		0.00			15.20	15.20	15.20
	22277		0.00			59,036.80	59,036.80	59,036.80
				A6684	1,263,174.76	1,341,840.80	1,341,840.80	1,341,840.80
B6684	10589	SI Cable	435,738.40			435,054.40	435,054.40	435,054.40
	20010	Abovenet Comm	1,064.00			1,064.00	1,064.00	1,064.00
	21070	AT&T Media	30.40			30.40	30.40	30.40
	20434	RCN New York	1,793.60			1,793.60	1,793.60	1,793.60
	20504	Optical Communications	152.00			152.00	152.00	152.00
	21743	Lexent LLC	4,126.80			97,675.20	97,675.20	97,675.20
	21729		0.00			252,000.00	252,000.00	252,000.00
				B6684	442,905.20	787,769.60	787,769.60	787,769.60
C6684	10090	Cablevision (NYC)	340,525.60			339,370.40	339,370.40	339,370.40
	18438	Metcom Network	228.00			228.00	228.00	228.00
	10653	Time Warner	40,249.60			40,158.40	40,158.40	40,158.40
				C6684	381,003.20	379,756.80	379,756.80	379,756.80
D6684	10027	AT&T Local Services	395.20			395.20	395.20	395.20
	10103	Cablevision Lightpath	5,639.20			5,639.20	5,639.20	5,639.20
	21743	Lexent LLC	98.80			21,872.80	21,872.80	21,872.80
	20504	Optical Communications	304.00			304.00	304.00	304.00
	10572	RCN New York	80,772.80			80,636.00	80,636.00	80,636.00
	10653	Time Warner	568,792.80			568,206.40	568,206.40	568,206.40
	10745	World.Com Network	3,024.80			3,024.80	3,024.80	3,024.80
	21729	NEXTG Networks	0.00			81,600.00	81,600.00	81,600.00
				D6684	657,027.60	761,678.40	761,678.40	761,678.40
E6684	10090	Cablevision (NYC)	236,261.20			236,375.20	236,375.20	236,375.20
	10654	Cablevision (NYC) - TCI	30.40			0.00	0.00	0.00
	10103	Cablevision Lightpath	60.80			60.80	60.80	60.80
	10517	Paragon Cable	273.60			0.00	0.00	0.00
	17602	AT&T Local Services	60.80			60.80	60.80	60.80
	21729	NEXTG Networks	1,330.00			252,608.00	252,608.00	252,608.00
	21743	Lexent LLC	15,805.40			24,912.80	24,912.80	24,912.80
				E6684	253,822.20	514,017.60	514,017.60	514,017.60
Total		Total			2,997,932.96	3,785,063.20	3,785,063.20	3,785,063.20
Miscellaneous								
A6697	10016	AT&T Wireless	101,475.00			80,285.02	40,680.03	42,307.20
	19074	Independent Wireless	32,569.31			34,210.80	26,420.23	0.00
	19074	Independent Wireless	32,569.31			32,743.01	7,338.95	0.00
	10447	Verizon Wireless	39,482.32			0.00	0.00	0.00
	10475	Nextel	587,247.64			388,835.23	162,373.08	15,700.86
	10503	T-Mobile	306,640.74			208,821.89	191,407.89	167,489.67
	10621	Sprint Spectrum	330,952.73			280,128.52	169,987.82	33,324.51
	10098	Cablevision	6.20			0.00	0.00	0.00
	10408	Cablevision of Westchester	3.72			0.00	0.00	0.00
	22277	Extent	26,846.40			0.00	0.00	0.00
	10027	AT&T Lease Admin	977.88			0.00	0.00	0.00
	1042		0.00			38,218.47	39,747.99	41,337.75
	10389		0.00			25.00	25.00	25.00
				A6697	1,458,771.25	1,063,267.94	637,980.99	300,184.99
A6690	17065		0.00	A6690	0	23.52	23.52	23.52
F6697	10016	AT&T Wireless	37,583.66	F6697	37,583.68	0.00	0.00	
B6697	21743	Lexent Metro	1,318.40	B6697	1,318.40	1,817.20	1,817.20	1,817.20
06662	10621	Sprint Spectrum	121,391.40	06662	121,391.40	126,300.00	126,300.00	126,300.00
Total		Total			1,619,064.71	1,191,408.66	766,121.71	428,325.71
G6697		Share of O&R Cell Sites			98,510.26	166,855.98	170,033.11	174,953.69
		Total Wireless Attachments			4,715,507.93	5,143,327.84	4,721,218.02	4,388,342.60

Attachment DPS-190, part 3

PSC Number: 45400-Rent From Electric Property

Account	Description	Actual 2008	Rate Year Ending March 31, 2011 (a)	2012	2013
A6666	Rent/elec Prop-transmission Land	(214,693.68)	(125,000.00)	(127,344.00)	(129,344.00)
A6684	Rent/elec Prop-catv Pole Attach	(1,263,174.74)	(1,342,000.00)	(1,341,840.80)	(1,341,840.80)
A6690	Rent/elec Prop-priv St Ltg-west	(22.83)	-	(23.52)	(23.52)
A6697	Misc Elec Rev-misc	(1,463,462.95)	(1,064,000.00)	(637,030.98)	(300,209.99)
B6646	Rent/elec Prop-eltingville-si	(20,909.05)	(101,000.00)	(101,078.00)	-
B6684	Rent/elec Prop-catv Pole Attach	(442,905.18)	(788,000.00)	(787,769.60)	(787,769.60)
B6697	Misc Elec Rev-misc	(4,952.80)	(2,000.00)	(1,817.20)	(1,817.20)
C6623	Rent/elec Prop-gowanus Misc Rent.	(857,494.28)	-	-	-
C6624	Rent/elec Prop-e 96 Street Substa	(3,658.46)	(4,000.00)	(3,630.00)	(1,588.50)
C6684	Rent/elec Prop-catv Pole Attach	(381,003.22)	(380,000.00)	(379,756.80)	(379,756.80)
D6643	Rent/elec Prop-ast Gen Sta Area	(8,940.64)	(10,000.00)	(11,031.84)	(10,599.00)
D6646	Bellacicco Lease-jamaica Queens	(79,645.76)	-	-	-
D6647	Finesse Lease - Jamaica Queens	(36,142.85)	-	-	-
D6648	Verizon Lease - Jamaica Queens	(454,399.35)	(402,000.00)	(401,700.00)	(401,700.00)
D6684	Rent/elec Prop-catv Pole Attach	(657,027.62)	(762,000.00)	(761,678.40)	(761,678.40)
D6697	Misc Elec Rev-misc	(3,610.64)	(3,600.00)	(3,600.00)	(3,600.00)
E6684	Rent/elec Prop-catv Pole Attach	(253,822.20)	(514,000.00)	(514,017.60)	(514,017.60)
F6603	Rent/elec Prop-sherman Creek	(255,181.15)	-	-	-
F6697	Misc Elec Rev-misc	(37,583.66)	(38,446.00)	(38,446.00)	(38,446.00)
G6684	Rent/el. Prop-pol Attach/non Catv	(24,365.57)	(22,000.00)	(22,192.00)	(22,192.00)
G6690	Misc Elec Rev-misc	-	(5,000.00)	-	-
G6697	Misc Elec Rev-o&r Cell Sites	(98,510.26)	(166,855.98)	(170,033.11)	(174,953.69)
H6600	Rent/elec Prop-fac Mgmt	(1,627,572.80)	(1,667,000.00)	(1,764,271.47)	(1,773,643.80)
H6667	Rent/elec Prop-millwd/pleasnt Val	(28,461.66)	(30,000.00)	(31,447.83)	(33,020.24)
H6671	Rent/elec Prop-miscellaneous	(37,028.22)	(22,000.00)	-	-
H6682	Rent/el Prop-t&d Fac-ny Pool&ramp	(2,709,707.00)	(2,649,000.00)	(2,649,011.40)	(2,649,011.40)
J6681	Rent/el Prop-t&d Fac-fishkil Sub	(1,045,666.00)	(1,116,000.00)	(1,115,604.00)	(1,115,604.00)
J6682	Rent/elec Prop-t&d Fac-sprainbk	(1,440,077.00)	(1,442,000.00)	(1,441,512.00)	(1,441,512.00)
L6671	Telecom-lease Exist.fac.-non Aff.	(2,123,994.32)	(2,194,000.00)	(2,194,000.00)	(2,194,000.00)
6662	Rent/elec Prop-millwood-ind Pt	(121,591.40)	(126,000.00)	(126,000.00)	(126,000.00)
6668	Rent/elec Prop-pl Valley To Conn	(3,960.00)	(4,000.00)	(3,935.32)	(3,935.32)
6670	Rent/elec Prop-millwood/dunwoodie	(171,112.08)	(43,000.00)	(44,923.32)	(38,702.25)
6680	Rent/elec Prop-t&d Facilities-ny	(4,115.32)	(4,000.00)	(4,295.32)	(4,295.32)
6681	Rent/elec Prop-t&d Facilities-w	(202,098.12)	(213,000.00)	(212,882.00)	(212,882.00)
6682	Rent/elec Prop-ramapo Substa	(534,360.61)	(508,000.00)	(507,861.00)	(507,861.00)
6683	Rent/elec Prop-t&d Fac Buc Stat	(159,502.12)	(146,000.00)	(145,543.00)	(145,543.00)
6684	Rent/elec Prop-transm. Line 28	(140,630.00)	(140,000.00)	(140,630.00)	(140,630.00)
6685	Rent/elec Prop-hud Riv Lines	(208,840.85)	(219,000.00)	(219,340.00)	(219,340.00)
Total		(17,120,224.39)	(16,252,901.98)	(15,904,246.51)	(15,475,517.43)

(a) Rate year updated for DPS - 44 and updated information regarding revised forecast of income from O&R cell sites, account G6697.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS32
Date of Response: 07/29/2009
Responding Witness: Accounting Panel

Question No. :293
Subject: Common Capital Projects – Finance / Law - In its testimony, the Company's Accounting Panel discusses various Finance and Law department related common plant expenditures totaling roughly $110 million on a Company-wide basis over the four-year period 2009 to 2012. In particular, the Company plans to expend nearly $100 million on a new financial & supply chain system (i.e. a new general ledger system). 1. Justify the continuation of the general ledger system project at this time in light of the ongoing economic recession in the Con Edison's service territory. 2. What impact would postponing the project have on the Company's ability to provide safe and reliable service? 3. Illustrate and quantify all of the short and long-run benefits (e.g. a reduction in labor and non-labor related costs, etc) of this project. Explain whether the benefits of this project will equal or exceed its costs over the long run. If not, why not. If yes, explain why this project should not be reflected as revenue neutral in the Company's electric revenue requirement calculation.

Response:

1. Justify the new continuation of the general ledger system project at this time in light of the ongoing economic recession in the Con Edison's service testimony.

Response:

The Company currently projects that the new Finance and Supply Chain (general ledger) system would "go live" after the end of the second rate year (i.e., after March, 31, 2012). Delaying the capital expenditures associated with the implementation would prolong the Utilities' ability to address the risks and inefficiencies associated with the current environment.

The primary reasons for moving forward with the Finance and Supply Chain system implementation in the near-term are:

- Highly manual nature of the current financial processes, systems, and controls increases chances for errors and misstatements.
- The Utilities' legacy Finance and Supply Chain systems would continue to be used for several more years, perpetuating a systems environment that is difficult to navigate, inefficient, costly to maintain and non-integrated.
- The Securities Exchange Commission has proposed a roadmap for phasing in mandatory adoption of International Financial Reporting Standards ("IFRS") in 2014. If the

transition occurs as proposed, dual or multiple GAAP financial reporting will be required starting two years prior to adoption of the international standards. IFRS implementation will have significant implications on accounting processes, policies, controls, and data requirements as well as system changes. Implementing IFRS in an ERP environment will require less effort and provide a more sustainable option than implementing IFRS in the current financial systems environment due to greater integration, automation, and standardization and the ability to maintain distinct sets of books to support GAAP/IFRS dual reporting requirements.

- A large number of experienced Finance and Information Resource staff are nearing retirement and high attrition rates have been experienced for less experienced staff, increasing reliance on fewer and fewer resources that know how to use and maintain the current systems.
- The loss of Phase Zero momentum and the continued involvement of Phase Zero team members during implementation would be a concern.
- The overall cost of implementation would increase by postponing the project start date.
- There is risk and inefficiency in the fact that CECONY and O&R remain on separate Finance and Supply Chain applications a decade after the merger was completed. The independent system platforms create inefficiencies and preclude standardization of business processes. Each company uses different accounting codes, different material codes in separate material inventories and different financial and management reporting processes and formats, thus limiting the full realization of merger-related benefits.

The Company's testimony in this proceeding; the Company's "austerity" plans filed in response to the Commission's directives in Cases 08-E-0539 and 09-M-0435; and the Company's rehearing petition filed in Case 08-E-0539, explain the cost-cutting measures the Company is undertaking and proposes to undertake, and the Company's views as to actions that are necessary and appropriate under current economic conditions.

2. What impact would postponing the project have on the Company's ability to provide safe and reliable service?

<u>Response:</u>

See response to 1 above.

3. Illustrate and quantify all of the short and long-run benefits (e.g. a reduction in labor and non-labor related costs, etc.) of this project. Explain whether the benefits of the project will equal or exceed its costs over the long run. If not, why not. If yes, explain why this project should not be reflected as revenue neutral in the Company's electric revenue requirement calculation.

<u>Response:</u>

For an illustration and quantification of short and long term benefits and the extent to which benefits may equal or exceed the cost of the project over the long term, see Attachments 293-

3-(a) and 293-(b). As noted in the July 10 preliminary update, the current projected capital cost of this project is $163.5 million. Attachment 293-(c) is a further breakdown of the estimate.

If the term "revenue neutral" is intended to mean that the Company should not recover the full costs of this project in rates if a quantification of benefits is not projected to exceed the projected costs over the long term, the Company disagrees, notwithstanding that it projects payback periods of 11 (simple) and 17 (discounted) years (see Attachment 293-(b)). As described in Attachment 293-(a) and the response to 1 above, the purpose of this project has important qualitative benefits that are not reasonably subject to quantification but nonetheless provide important justification for this investment. For example, this project will modernize the Company's finance and supply chain infrastructure and improve reliability, timeliness, and transparency of finance and supply chain information, reduce financial reporting risk, enhance cost management practices, and increase efficiency and effectiveness of Finance and Supply Chain processes. Like most strategic initiatives of this nature, from a purely financial perspective, this project does not have a short payback period.

Note: the Company had indicated in its July 10 preliminary update that additional information regarding the updated cost for this project would be forthcoming. The Company notes that it had provided such additional information on the preceding day in its response to NYC 4-294, which included, among other information, additional information relating to the updated costs of the system and the associated cash flow and the underlying cost benefit analysis. As indicated above, the Company has provided an additional breakdown of the updated costs of this project as part of this response.

Interrogatory 293 (3)

The following table summarizes the baseline effort associated with the in-scope processes, the rationale for the reductions achieved through the new processes and systems, and the amount of effort projected to be reduced. To the extent that incremental process changes are implemented by Finance and Supply Chain organizations prior to implementation of the new Oracle-supported processes, our estimates of potential effort reduction may change. Furthermore, the reductions presented below represent both hard (departmental budget reductions associated with employee realignment to other functions) and soft (productivity improvements associated with reducing manual effort) benefits.

Process	Baseline Effort (FTEs)	Rationale for Change	Reduction of Effort (FTEs)
Finance			
Manage Accounting and Control Data	14 Management 7 Weekly	The creation of one standard Chart of Accounts (COA) within the Oracle General Ledger module will mean that COA management will occur in one place, the cycle time for COA management will shorten, and the number of accounts that need to be maintained will be reduced.	0.25 Management
Perform Transaction Processing		The automation of recurring journal entries for accruals, amortizations, and intercompany accounting will reduce the work effort for General Accounts.	0.25 Management 1.00 Weekly
Manage the General Ledger		The automation of manual reporting currently required to support the close process will reduce manual effort in General Accounts.	0.25 Weekly
Miscellaneous Billings and Receivables	5 Management 8 Weekly	The automation of development of billing rates will reduce the manual effort associated with monthly Affiliate Billing transactions. The development of automated customer and aging reports will reduce the time needed to prepare such reports.	1.00 Management 0.50 Weekly
Budgeting, Planning and Operational Reporting	143 Management 11 Weekly	The automation of allocations, the availability of hierarchies and the transparency provided by the new chart of account structure will reduce the effort related to the development of man-hour rate, reviewing it for accuracy, and preparing variance explanations. The addition of a standard reporting package which will replace a majority of current ad hoc reporting will	10.00 Management

Process	Baseline Effort (FTEs)	Rationale for Change	Reduction of Effort (FTEs)
		reduce the effort required to prepare and analyze monthly reporting packages.	
Manage Treasury Operations	12 Management 10 Weekly	Recording short-term investments in the new treasury module will facilitate tracking of cash-flows, settlements and maturities as they will be automatically captured in the cash position worksheet. Effort associated with accounting for treasury transactions and cash account reconciliations will be reduced through greater automation and integration provided by the new financial and treasury modules.	0.50 Management 2.00 Weekly
Finance Baseline Effort	174 Management 36 Weekly	**Total Finance Reduction of Effort (FTEs)**	12.00 Management 3.75 Weekly

Process	Baseline Effort (FTEs)	Rationale for Change	Reduction of Effort (FTEs)
Supply Chain			
Procure Materials and Services	64 Management 6 Weekly	Procurement cycle times and effort will be reduced as a result of the ability to modify order releases, the elimination of duplicate records in the vendor master, improved visibility to contract compliance, reduced requisitioning process time, the automation of approval systems, and the assignment of requisitions to buyers by commodity code.	1.00 Management 2.00 Weekly
Supplier Qualification and Sourcing		The Oracle Purchasing module will streamline the RFx (e.g., Request for Quotation, Bids, Information, etc.) process and allow buyers to directly create RFxs from requisitions, ultimately eliminating user errors and redundant entries.	0.50 Management
Vendor Certifications and Item Images		Oracle's ability to attach supporting documents to the header records of requisitions, purchase orders, items and suppliers will eliminate the need to e-file documents in an external drive/folder.	0.70 Management
Manage Purchase Requisitions and Orders		Centralizing all procurement transactions will increase the visibility of requisitions, purchase orders, invoices, expense reports, payments and spend across the Utilities, increasing the ease of communication of purchase document status.	2.00 Management 1.50 Weekly
Manage Payables	7 Management 26 Weekly	Accounts Payable processing time and costs will be reduced by increasing electronic invoice submission (via iSupplier), enabling desktop receipt and eliminating AP Express, and using	8.00 Weekly

Process	Baseline Effort (FTEs)	Rationale for Change	Reduction of Effort (FTEs)
		line item functionality. Suppliers will have access to real-time invoice and payment status,, processing time will decrease, on-time payment rates should improve, and we expect to negotiate additional early payment discounts.	
Manage Materials and Inventory	8 Management 58 Weekly	Regional stores will be set up as inventory organizations with bar coding and wireless devices. Oracle Warehouse Management will eliminate the need to prepare load worksheets for shipping, increase overall visibility and reduce the number of "cubby-hole" inventories.	0.70 Weekly
Supply Chain Baseline Effort	79 Management 90 Weekly	**Total Supply Chain Reduction of Effort (FTEs)**	4.20 Management 12.20 Weekly
Information Resources			
Application Support-Financials	9 Management	Eliminate the effort supporting current CECONY and O&R financial applications that will be replaced by Oracle modules.	5.00 Management
Application Support-Supply Chain	15 Management	Eliminate the effort supporting current CECONY and O&R supply chain applications that will be replaced by Oracle modules.	8.00 Management
Information Resource Baseline Effort	24 Management	Total Information Resource Reduction of Effort (FTEs)	13.00 Management
Avoided System Costs	N/A	Avoid one-time capital costs of system implementations or enhancements that are not necessary due to the implementation of the Oracle ERP.	$372,000
Avoided Software Costs	N/A	Avoid annual software maintenance fee costs associated with the present CECONY and O&R Finance and Supply Chain applications.	$940,400
Total Avoided System/Software Costs			$1,312,400
Total Baseline – All Process Areas (in FTEs)			403.00
Total Reduction of Effort – All Process Areas (in FTEs)			45.15
Total Reduction of Effort – All Process Areas (in dollars)			$5,694,000
Total Annual Benefits (in dollars)			$6,634,000
Total One-Time Benefits (in dollars)			$372,000

Note that many of the qualitative benefits listed have some degree of quantitative aspects to them. Some of these quantitative aspects could ultimately have positive financial impacts for the Utilities. Based on discussions with people experienced in ERP implementations and general research by the Phase 0 project team, we have established quantitative ranges for these benefits in the table below.

Benefit Area	Baseline Cost	Rationale for Change	Estimated Cost Reduction
Automation of Manual Processes			
External Audit	$4.1M annually	Effort required by the auditor to collect, review, and analyze financial information will be reduced as a result of more automated and integrated financial systems. The number of financial systems audited will be reduced as a result of standardization across the Utilities. Greater automation of financial controls will reduce control-related audit effort and decrease required test sample sizes.	The team estimates a reduction of effort in the range of 5% to 15% ($0.2M to $0.6M in O&M savings annually).
Optimize Early Payment Discount Terms	$2.019B annually	Implementation of the ERP system will facilitate creation of line items on purchase orders, improve material and services receipting, and reduce the invoice processing cycle time. This in turn will enable the Utilities to negotiate additional early payment discounts on contracts.	The team estimates an ability to negotiate the currently realized 1.43% discount on an additional 10% to 20% of spend ($202M to $404M) for a benefit of $2.9M to $5.8M annually. These cost savings are evenly allocated between O&M and capital.
Reduction in Printing Costs	$1.4M annually for toner $0.8M annually for paper	Information derived from current mainframe financial systems is primarily paper-based, which means costs involving paper, printing, report distribution, and report filing. The ERP will be capable of on-line and user-defined reporting, which will decrease the need for paper reports and filing.	The team estimates a reduction of printing expense in the range of 5% to 10% ($0.1M to $0.2M in O&M) annually.

Benefit Area	Baseline Cost	Rationale for Change	Estimated Cost Reduction
Standardization of Data and Business Processes			
Elimination of Duplicate Inventory Items	$125M of inventory on balance sheet	One item master list between CECONY and O&R will standardize the item numbers, eliminate duplicate item numbers, and ease inventory transfers between utilities. Implementing Oracle Inventory will enforce an item master cleansing process and identify and eliminate current item duplicates.	A review of data from other utilities revealed an experience level of 3% to 5% reduction in inventory level after cleansing the item master list of duplicate items and standardization of item numbering. Considering that a data cleanup was performed in the past the team conservatively estimated a 0.25% to 1.0% inventory reduction ($0.3M to $1.3M).
Streamlined External Financial Reporting and Reduced Financial Reporting Risk			
Maintaining Credit Rating[1]	N/A	Should the Company experience a loss of confidence from the financial community as a result of a material financial error on its financials, forecasted earnings or forecasted financial ratios the financial exposure could be as much as $11M annually in higher interest costs as a result of a full ratings loss (i.e., A to BBB).	A potential ratings loss could range from $3.6M to $11.0M in additional interest expense annually.

---

[1] According to a March 2009 research study by Glass Lewis & Co., LLC entitled "Trend Report: Restatement Dust Settles", the number of financial restatements in 2008 dropped to a five-year low, with restatements down 49% from a year earlier. The study found that the 2008 decline was the result of work recently completed at larger companies to overhaul the systems and processes they use to ensure financial reports are accurate. Furthermore, the study found that returns for those companies that corrected severe errors recovered least and continued to underperform six months and one year following restatement announcements. The study predicts that intense scrutiny and fallout from the economic crisis may turn a sharper focus onto financial-reporting issues in 2009. As the pendulum swings back to regulation, more scrutiny from new SEC regime could lead to more restatements.

Benefit Area	Baseline Cost	Rationale for Change	Estimated Cost Reduction
Enhanced Ability to Analyze Costs			
Facilitating Strategic Sourcing	$2.063B annual spend	Implementation of the Oracle ERP system will provide improved visibility into the Utilities total spend, facilitating spend analysis, strategic sourcing and category management. The net result should be better leveraging of the Utilities total spend which translates into cost savings. The Procurement Transformation project is establishing the strategic sourcing framework that will be sustained by the ERP system. That project is estimating 5% - 20% cost savings associated with strategic sourcing and additional 5% to 7% savings related to category management	The team estimates, based on review and discussion of the Procurement Transformation Project, the ERP's ability to facilitate the strategic sourcing program and category management to be worth between 0.1% and 0.25% of annual spend ($2.06M to $5.16M). These cost savings are allocated evenly between O&M and capital.
Operational Cost Management	$1,041.8M annual capital spend on labor and contractors $716.5M annual O&M spend on labor and contractors	The use of common systems for creating, approving and administering Projects and Programs will allow the Utilities to manage and report across multiple projects and organizations more effectively and will support the Utilities' efforts to formalize its cost management philosophy and process in response to the PSC Management Audit. The enhanced visibility and transparency of project costs provided by the new ERP will be a critical enabler to the enhanced cost management program. Other utilities have been successful in cutting costs in the range of 5% to 10% through the adoption of formalized processes, experienced personnel, new technologies, and a supporting organizational model related to their large capital projects and programs. In addition, these utilities have been able to reduce project schedule variances to better meet target in-service dates and raised the quality of engineering, construction, documentation and closeout. Since the successful adoption of an enhanced, comprehensive cost management program depends on additional enablers beyond the ERP (e.g., people, process, and policy enablers as well as technologies beyond the ERP such as a project scheduling and work management system); we estimate the ERP system should drive 10% of the potential operational cost savings.	The team estimates the operational cost savings attributable to the enhanced visibility to range from 0.5% to 1.0% of total operational costs ($5.2M to $10.4M in annual capital savings; $3.6M to $7.2M in annual O&M savings).

Please note that the Phase 0 team does not expect to realize all of the cost savings described in the table above. Many of the potential savings are based on future events that may or may not occur (e.g., IFRS compliance requirements, financial misstatement, and WMS implementation). Therefore, when assessing the impact of these benefits on the financial metrics of this business case, we consistently used the lower end of the cost savings ranges. The impacts of these additional benefits are included in the Financial Analysis section of this business case.

In order to maximize the amount of benefits that are actually realized, the implementation phase project management team will be responsible for both tracking the benefits that were described in the "Quantitative Benefits" section of this business case as well as continuing to pursue the additional benefits described in the table above. Project management will also be responsible for developing, tracking, and reporting on quantifiable metrics for benefits that do not have direct financial impact (e.g., reduction in process cycle times).

Summary of annual and one-time benefits and ongoing support costs:

Benefits and Ongoing Support Costs				
	Annual Benefits		**One-Time Benefits**	
	Capital	**O&M**	**Capital**	**O&M**
Quantitative Benefits	$ -	$6,634,000	$ 372,000	$ -
Qualitative Benefits	7,684,000	10,005,100	4,822,500	4,000,000
Ongoing Support Costs	-	(9,607,000)	-	-
Net Benefits	$7,684,000	$7,032,100	$5,194,500	$4,000,000

Interrogatory 293 - 3(b)

Finance Supply Chain System
(000s)

REVENUE REQUIREMENT	CURRENT $'s	Present Value
PROJECT COST:	$161,789	$161,789
SUM PV OF COSTS:		$286,862
SUM PRESENT VALUE OF BENEFITS:		$366,748
NET PRESENT VALUE OF REVENUE REQUIREMENT		$79,886
LEVELIZED NET RATE DECREASE		($8,532)
BENEFIT/COST RATIO:		1.28
BREAK-EVEN YEAR:		16.05

CASH FLOW	CURRENT $'s	PV
PROJECT COST:	$161,789	$161,789
PV OF NET CASH FLOWS:		$203,787
NET PRESENT VALUE:		$41,998
IRR (%):		9.03%
SIMPLE PAYBACK (YRS.):		10.72
DISCOUNTED PAYBACK (YRS.):		16.84
BENEFIT/COST RATIO:		1.25

COST OF CAPITAL	%	COST	RETURN	AFTER TAX
DEBT	52.00	5.76	2.99	1.77
EQUITY	48.00	10.00	4.80	4.80
	100.00		7.79	6.57

MAJOR FINANCIAL ASSUMPTIONS:	
PROJECT LIFE - YRS.:	15
COST OF CAPITAL - %:	7.79
DISCOUNT RATE - %:	6.57
TAX LIFE - YRS.:	5

This project will modernize the Utilities' finance and supply chain infrastructure and improve reliability, timeliness, and transparency of finance and supply chain information. Like most strategic initiatives of this nature, from a purely financial perspective this project does not have a short payback period. The "simple" and "discounted" payback period is estimated at 11 and 17 years, respectively. Although this project doesn't have a short pay back period, it will yield the benefits of reduced financial reporting risk, enhanced cost management practices, and increased efficiency and effectiveness of Finance and Supply Chain processes.
This project should not be be reflected as revenue neutral. As stated in 293 (a) a number of these benefits are qualitative and may not all be realized.
This project should be viewed as an investment in the Company's financial and supply chain infrastructure with both qualitative and quantitative benefits that the customer will benefit from over time through reduced cost levels in future rate cases.

Total ERP Implementation Cost

The total implementation cost for the Finance and Supply Chain ERP system is summarized in the table below, which breaks out the total amount into its individual cost components.

Finance/ Supply Chain ERP Implementation Cost Components Summary (000s)			
Cost Component	**Capital**	**O&M**	**Total**
Labor			
Integrator Functional Labor	$33,008		$33,008
Company Functional Labor	10,399		10,399
Integrator Technical Labor			
Software Development	13,453		13,453
Infrastructure Support	5,357		5,357
Company Technical Labor			
Company Labor	10,326		10,326
Company Contractor	16,313		16,313
Data Clean Up		549	549
Training	481	199	679
Total Integrator Labor	52,218	600	52,818
Total Company Labor	37,118	148	37,266
Total Labor	$89,336	$748	$90,084
Non Labor			
Hardware			
eBusiness & Business Intelligence Hardware	4,910		4,910
eBusiness & Business Intelligence Support		850	
Scanner/Imaging System Replacement	164		164
Treasury System Hardware	72		72
Existing System Remediation Integration and Conversion	0		0
End User Machines	250		250
Biztalk Hardware	150		150
Total Hardware Costs	$5,545	$850	$6,396
Software			
Oracle Software Licensing (includes tax)	13,785		13,785
Oracle Software Maintenance Fees (2-yr duration)	6,066		6,066
Non-Oracle Software Licensing (includes tax)	2,245		2,245
Non-Oracle Software Maintenance (2-yr duration)	988		988
Existing System Remediation Integration and Conversion	500		500
Bitalk Software	250		250
Total Software Costs	$23,833		$23,833
Travel Expenses	6,420		6,420
Project Team Training	500		500
Total Non Labor	$36,299		$37,149
Total Direct Costs	$125,634	$1,598	$127,233
AFUDC	11,975		11,975
Labor Overhead (CECONY 35.7%, O&R 81.0%)	7,811		7,811
Contingency (15% of All Labor and Overheads)	16,368	112	16,481
Grand Total	$161,789	$1,710	$163,499

conEdison

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS32
Date of Response: 07/22/2009
Responding Witness: Accounting Panel

Question No. :294
Subject: ADFIT – Capitalized Overheads Section 263A - In its rate year forecast of accumulated deferred federal income taxes (ADFIT) associated with Section 263A capitalized overheads, the Company reduces the historic test year balance by the forecasted reversal of amounts previously deferred. However, the Company does not reflect the additional deferred income taxes on the Section 263A amounts forecasted to be normalized for the period January 1, 2009 and March 31, 2011. Calculate the additional federal income taxes to be deferred during that period of time and a recalculation of the rate year Section 263A accumulated deferred federal income taxes.

Response:

Attachment DPS 294 Section 263A FIT is a rate base forecast of Section 263A accumulated deferred federal income taxes that includes new estimated tax benefits to be deferred through the rate year. The Company will reflect the recalculated rate base deduction shown in the attachment in its September update.

The Company would note that the Internal Revenue Service still has not reached an agreement with Con Edison as to the methodology to be employed in order to calculate the 263A tax deduction. The Company has used the approach described in the question for Section 263A taxes in this rate filing and other recent Company rate filings with the understanding that if the final calculation accepted by the IRS produces differing results, the Company would continue to be allowed to defer carrying costs (i.e., a pretax ROR) on the variation in the deferred tax balance.

Support for Rate Base Line 45

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SECTION 263A
ELECTRIC RATE CASE
FOR THE RATE YEAR ENDING MARCH 31, 2011
(000'S)

	MONTHLY Accrual 263A PER F'CAST	MONTHLY Amortization 263A PER F'CAST	ACCT'G CHANGE 263A
DEC - 2008 ACTUAL			(330,997)
JAN - 2009 ACTUAL			(331,862)
FEB ACTUAL			(332,728)
MAR ACTUAL			(333,593)
APR ACTUAL			(334,459)
MAY ACTUAL			(336,875)
JUN ACTUAL			(337,571)
JUL	(2,272)	825	(339,018)
AUG	(2,272)	825	(340,465)
SEP	(2,272)	825	(341,912)
OCT	(2,272)	825	(343,359)
NOV	(2,272)	825	(344,806)
DEC	(2,272)	825	(346,253)
JAN - 2010	(2,751)	825	(348,179)
FEB	(2,751)	825	(350,105)
MAR	(2,751)	825	(352,031)
APR	(2,751)	825	(353,957)
MAY	(2,751)	825	(355,883)
JUN	(2,751)	825	(357,809)
JUL	(2,751)	825	(359,735)
AUG	(2,751)	825	(361,661)
SEP	(2,751)	825	(363,587)
OCT	(2,751)	825	(365,513)
NOV	(2,751)	825	(367,439)
DEC	(2,751)	825	(369,365)
JAN - 2011	(3,456)	825	(371,996)
FEB	(3,456)	825	(374,627)
MAR	(3,456)	825	(377,258)
AVERAGE RATE BASE 12 MOS ENDING MARCH 31, 2011			$ (363,851)

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS32
Date of Response: 07/27/2009
Responding Witness: Accounting Panel

Question No. :306
Subject: Capital to Expense Transfer - In its testimony, Con Edison's Accounting Panel indicates that, in 2008, certain costs that were initially charged to retirement orders (removal costs) were subsequently expensed as a result of an internal audit of labor charges to various street lighting accounts. The panel then explains that consequently, incorrect labor charges to retirement orders in 2006 through 2007 were transferred to O&M in 2008. Explain if an adjustment reducing the T&D expense deferral correcting for prior years over-collection of carrying charges is warranted. If not, why not. If yes, provide a calculation of the required adjustment.

Response:

The Accounting Panel agrees, for purposes of this proceeding, to reduce the deferred T&D carrying charges for 2006-2007 removal costs reclassified to O&M expense. Attached is the computation of the Proforma Adjustment to the deferred carrying charges. By this agreement, the Company reserves its rights to oppose similar requests for reclassification in this case and in the future.

Con Edison Company of New York
Carrying Charge - T&D Costs
Case 09-E-0428

	Adjustment	Net Plant	Interest @ 13.95%
Jan-06	$ 89,671.73	$ 89,671.73	$ 1,042.43
Feb-06	89,671.73	179,343.46	2,084.87
Mar-06	89,671.73	269,015.18	3,127.30
Apr-06	89,671.73	358,686.91	4,169.74
May-06	89,671.73	448,358.64	5,212.17
Jun-06	89,671.73	538,030.37	6,254.60
Jul-06	89,671.73	627,702.10	7,297.04
Aug-06	89,671.73	717,373.82	8,339.47
Sep-06	89,671.73	807,045.55	9,381.90
Oct-06	89,671.73	896,717.28	10,424.34
Nov-06	89,671.73	986,389.01	11,466.77
Dec-06	89,671.73	1,076,060.74	12,509.21
Jan-07	115,671.80	1,191,732.54	13,853.89
Feb-07	115,671.80	1,307,404.34	15,198.58
Mar-07	115,671.80	1,423,076.14	16,543.26
Apr-07	115,671.80	1,538,747.94	17,887.94
May-07	115,671.80	1,654,419.74	19,232.63
Jun-07	115,671.80	1,770,091.54	20,577.31
Jul-07	115,671.80	1,885,763.34	21,922.00
Aug-07	115,671.80	2,001,435.15	23,266.68
Sep-07	115,671.80	2,117,106.95	24,611.37
Oct-07	115,671.80	2,232,778.75	25,956.05
Nov-07	115,671.80	2,348,450.55	27,300.74
Dec-07	115,671.80	2,464,122.35	28,645.42
Jan-08	-	2,464,122.35	28,645.42
Feb-08	-	2,464,122.35	28,645.42
Mar-08	-	2,464,122.35	28,645.42
		Amount Due to Customers	**422,241.98**

2006
$ 1,076,060.74

2007
$ 1,388,061.62

Total Normalization
$ 2,464,122.35

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS38
Date of Response: 08/13/2009
Responding Witness:

Question No. :360R
Subject: Interference Underspending - Through informal discovery with the Company, it was discovered that the $22.255 million amount reflected in the Company's rate filing related to deferred interference O&M expense for the rate year ending March 31, 2009 was understated, and should be increased by $39,000 to $22,292 million. Confirm that Staff's understanding is correct and that it would be appropriate for Staff to make this adjustment as part of its case.

Response:
The Company reflected in its initial rate filing the March 31, 2009 balance of deferred interference underspending of O&M costs of $22.255 million to be returned to customers over three rate years. A final entry was booked in July 2009 which increased the amount by $37,000 for a final amount deferred of $22.292 million. It would be appropriate for Staff to reflect this additional amount as part of its case as the Company will reflect this additional amount in its September 2009 update.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS39
Date of Response: 08/26/2009
Responding Witness:

Question No. :364R
Subject: New Elements of Expenses - In this filing the Company introduced three new categories of expenses: Electric Operation, System and Transmission Operation and Substation Operation. On page 14 of its testimony, the Accounting Panel stated that "We now show the program changes for these three organizations separately by function rather than by the multitude of expenses, such as paving, tree trimming, trenching, materials and supplies…." 1. For the years 2004, 2005, 2006 and 2007 provide the specific allocation of the relevant Elements of Expense (EOEs) included in each of these three categories of expenses. 2. For the historical year 2008 and the rate year provide the same information as in question 1 above. 3. For the rate year, provide a listing of the projects included in each of the three organizations. 4. Provide an analysis of the program changes reported for each of these three organizations by project. Breakdown each project into the relevant EOEs. (Note that Accounts Payable (A/P) and Indirect Costs should be allocated to the relevant EOEs).

Response:
Revised response to DPS-364, parts 1&2 below; responses to DPS-364 parts 3&4 are unchanged.

See Attachment DPS-364 parts 1 and 2 Revised. While the total EOEs for each year remains unchanged, certain costs have been included in different EOEs. In reviewing the costs included in the EOE "Other" for purposes of responding to DPS-447, it was discovered that EO, STO and SSO included costs for flush truck operations (EO), commercial services (EO) and distribution system operations (STO) that retained the Company cost elements of labor, manhour and materials and supplies in years 2004 through 2007. Also included in "Other" were the O&M costs of the Long Island City outage (2006), storm costs (2004-2007) and the steam incident (2007). As a result, the lines for labor, manhour, materials and supplies, and Other, among others, needed to be revised. In addition, "Other" for the rate year ending March 31, 2011 included a program change of $4.628 million for Mobile Stray Voltage Testing, which should have been classified as "Stray Voltage." The EOEs on the attachment for the rate year also reflect the Company's July 10, 2009 preliminary update.

DPS - 364 parts 1 & 2 Revised

To:	2004	2005	2006	2007	2008	RY1
Electric Operations	$ 48,332	$ 80,862	$ 83,580	$ 118,219	$ 116,345	$ 122,545
System and Transmission Operations	16,815	18,863	32,039	33,823	32,259	37,972
Substation Operations	25,166	32,856	32,512	31,557	28,025	28,463
Company Labor - Elect Op., STO, SSO	226,629	218,804	210,445	209,451	233,609	245,826
	316,942	351,386	358,576	393,049	410,239	434,807

From:	2004 Total	2004 Elec Op	2004 STO	2004 SSO	2005 Total	2005 Elec Op	2005 STO	2005 SSO
Building Services / Facilities	6,270	3,166	1,793	1,311	2,857	1,368	1,007	482
Central Engineering - Distribution	945	945	-	-	332	332	-	-
Communications - Telephone	9,686	3,430	4,835	1,421	10,141	4,131	4,555	1,455
Company Labor	226,629	156,111	21,933	48,585	218,804	140,628	23,675	54,501
Consultants	1,006	531	255	220	1,815	1,072	365	378
Contract Labor	93	49	24	20	67	40	13	14
Environmental Expenses	4,930	2,601	1,251	1,077	9,738	5,751	1,961	2,026
UC Outage								
Manhour Expense	41,471	24,064	9,354	8,053	45,453	28,235	8,469	8,749
Materials end Supplies	13,308	7,130	3,320	2,858	15,981	9,492	3,191	3,297
Paving	639	337	162	140	669	395	135	139
Preventive Maintenance		-	-	-	6,500	3,839	1,309	1,352
Research and Development	-	-	-	-	2,000	1,181	403	416
Stray Voltage	2,259	2,259	-	-	3,243	3,243	-	-
Scheduled Overhauls	-	-	-	-	-	-	-	-
Security	610	125	434	52	1,227	507	542	178
Steam Incident								
Storm Costs/Reserve	1,422	1,422	-	-	1,922	1,922		
Transformer Installations	14,194	7,489	3,603	3,102	(2,955)	(1,745)	(595)	(615)
Tree Trimming	6,205	1,866	2,708	1,631	8,274	3,363	2,416	2,496
Trenching	6,849	3,244	1,561	2,044	7,829	4,624	1,576	1,629
Other	(19,575)	(10,325)	(12,485)	3,235	17,490	13,114	(6,484)	10,860
	316,942	204,443	38,748	73,751	351,386	221,490	42,538	87,357

From:	2006 Total	2006 Elec Op	2006 STO	2006 SSO	2007 Total	2007 Elec Op	2007 STO	2007 SSO
Building Services / Facilities	11,446	5,831	3,120	2,495	8,423	4,916	2,238	1,269
Central Engineering - Distribution	1,094	1,094	-	-	499	499	-	-
Communications - Telephone	11,207	3,199	6,644	1,364	14,709	4,616	8,901	1,192
Company Labor	210,445	136,268	17,434	56,743	209,451	142,288	11,905	55,258
Consultants	1,431	744	358	329	1,986	1,293	380	334
Contract Labor	187	0	97	89	4,580	2,981	829	770
Environmental Expenses	10,333	5,474	2,535	2,324	5,082	3,308	920	854
UC Outage	34,885	34,291	-	594				
Manhour Expense	33,286	18,926	7,491	6,869	50,240	34,453	8,187	7,600
Materials end Supplies	5,725	1,019	2,455	2,251	20,277	13,149	3,697	3,431
Paving	1	0	0	0	1,831	1,192	331	308
Preventive Maintenance	-	-	-	-	-	-	-	-
Research and Development	-	-	-	-	-	-	-	-
Stray Voltage	7,152	7,152	-	-	13,201	13,201	-	-
Scheduled Overhauls	-	-	-	-	1,416	922	256	238
Security	1,197	197	846	154	1,351	363	895	94
Steam Incident					4,206	4,206		
Storm Costs/Reserve	24,270	24,270			8,791	8,791		
Transformer Installations	53	28	13	12	91	59	16	15
Tree Trimming	8,741	1,480	3,788	3,473	14,845	7,239	3,945	3,661
Trenching	5,423	(0)	2,829	2,594	8,673	3,255	2,810	2,608
Other	(8,299)	(20,125)	1,863	9,963	23,397	13,776	437	9,184
	358,576	219,848	49,473	89,255	393,049	260,507	45,728	86,815

From:	2008 Total	2008 Elec Op	2008 STO	2008 SSO	Rate Year March 31, 2011 Updated July 10th Total	Elec Op	STO	SSO
Building Services / Facilities	8,113	5,344	1,482	1,287	8,113	5,344	1,482	1,287
Central Engineering - Distribution	907	907	-	-	907	907	-	-
Communications - Telephone	7,968	5,249	1,455	1,264	8,227	5,249	1,714	1,264
Company Labor	233,609	163,102	12,055	58,452	245,826	172,600	13,084	60,142
Consultants	1,807	1,190	330	287	3,036	1,190	1,559	287
Contract Labor	1,253	825	229	199	4,446	1,302	2,945	199
Environmental Expenses	8,965	5,905	1,637	1,422	9,295	5,905	1,967	1,422
UC Outage								
Manhour Expense	45,854	30,204	8,375	7,275	45,854	30,204	8,375	7,275
Materials end Supplies	17,305	11,399	3,161	2,746	17,580	11,428	3,407	2,746
Paving	863	569	158	137	863	569	158	137
Preventive Maintenance	-	-	-	-	-	-	-	-
Research and Development	-	-	-	-	-	-	-	-
Stray Voltage	9,437	9,437	-	-	14,065	14,065	-	-
Scheduled Overhauls	333	219	61	53	333	219	61	53
Security	670	442	122	106	670	442	122	106
Steam Incident	-				-	-		
Storm Costs/Reserve	-	-						
Transformer Installations	4,656	2,256	1,284	1,116	4,656	2,256	1,284	1,116
Tree Trimming	13,547	6,668	3,681	3,198	16,755	9,701	3,856	3,198
Trenching	7,491	4,470	1,616	1,404	7,631	4,470	1,756	1,404
Other	47,461	31,262	8,669	7,530	46,550	29,295	9,287	7,968
	410,239	279,447	44,314	86,477	434,807	295,145	51,056	88,605

NOTE: Rate year ending March 31, 2011 excludes labor and non-labor escalation.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS40
Date of Response: 08/14/2009
Responding Witness: Accounting Panel

Question No. :373
Subject: Traffic Violation and Notice of Violation (NOV) costs - In Case 08-E-0539, the Company provided a description and breakdown of Traffic Violation costs in New York City (NYC) in response to interrogatory DPS-579 (see attached "DPS-373 - 08-E-0539 Response to DPS-579.pdf") and Company witness Longhi testified (Tr. 4375-4376) to Company efforts to reduce the number of NOVs issued by NYC. 1. Describe the circumstances and offense(s) under which NOVs have been issued. 2. Are the NOV fines or costs included in the Traffic Violation cost records that Con Edison maintains and discussed in its response to that attached DPS-579? If not, how and where are these costs recorded in the Company's books and records? 3. Provide a detailed annual breakdown, by offense, of the Traffic Violation and NOV costs that the Company has incurred over the past three years. Also, state whether these costs were charged to ratepayers. 4. Mr. Longhi testified in the last case that the Company has been working with NYC DOT to set up protocols to reduce the number of NOVs. Describe the specific steps taken to reduce the NOVs. Include the dates of all meetings, who participated, decisions made and any documentation (issued or received) that supports the conclusion that the number of NOVs and/or costs would be, or are being, reduced. 5. The Accounting Panel response to DPS-579 (attached) states that Con Edison pays a small fee to a vendor to present "tickets for adjudication in an effort to obtain dismissal". a. Explain how the cost of this service is calculated. b. When did this service begin? c. What has the average annual cost for this service been for each of the past three years? d. Are the costs for the vendor service charged to ratepayers? e. How are the costs for the vendor's service accounted for on Company books? f. Are NOVs included in the service for adjudication in an effort to obtain dismissal? If so, what has the success rate been for each of the past three years? g. Does Con Edison use any in-house counsel for Traffic or NOV proceedings? If so, describe the role that they perform and time allocated to this function?

Response:

In Case 08-E-0539 the Company was asked to provide information specifically about the cost of traffic violations. DPS-579 was answered in the context of violations issued to the Company's vehicular fleet (NYCDOT red-light cameras and NYCPVB parking tickets). Mr. Longhi's testimony (Tr. 4375-4376) relates to a discussion of all violations (NOVs) related to construction and maintenance activities. The only common link is that many of those violations are also issued by NYCDOT. Mr. Longhi's discussion regarding mitigation of NOV costs was in the context of working with the NYCDOT to coordinate better on issues related to construction and maintenance activities to avoid NOVs and the ensuing costs.

1. Con Edison receives NOVs issued by the New York City Department of Transportation (DOT) and the New York City Police Department's Traffic Intelligence Unit (TIU) when we do not comply with the DOT's Highway Rules and New York City's Administrative Law Code located at the following website: **http://www.nyc.gov/html/dot/downloads/pdf/hwyrules.pdf**. This website states the highway rules from the DOT that Con Edison must comply with. Please see Attachment A – Summary of DOT Violation Codes. Please note that this summary does not include violations for automatic red light cameras or parking tickets.

2. No. NOV fines or costs are not those discussed in our response to DPS – 579. All NOVs to be paid have individual checks which are ultimately drawn from a central clearing account (F8908). The charges to this account for NOVs are then distributed to several other secondary clearing accounts for electric, gas, steam and Construction. These other clearing accounts are mostly man-hour accounts and the costs along with other costs are transferred to a multitude of accounts in O&M and Capital. In the case of electric, they clear approximately 65% capital and the remainder to electric, gas, and steam expense.

3. The costs ultimately incurred by the Company for traffic (red-light and parking violations including adjudication fees) are shown below and are net of any costs recovered from employees. Costs associated with other types of NOVs are shown in attachment B – Summary of Violation for 2006 through 2008.

Year	Parking Violations	Red Light Violations
2008	$426,646	$5,420
2007	$202,997	$12,315
2006	$245,645	$7,985

We would note that in the past several years, the costs associated with parking tickets increased dramatically not due to changes in the Company's operations, but because of changes to the NYC parking fine schedule and significantly increased enforcement (for instance, twice as many tickets were issued in 2008 than in 2007). This opinion is generally echoed by other commercial fleet operators (UPS is reported to pay NYC more than $1M in parking fines annually) and supported by NYC budget documents that show the city plans to generate increasing revenue from these sources. As was noted in response to Staff 579, the Company is generally successful in identifying the employees responsible for red light violations and recovers the majority of those fines from the employees. The Company is also generally successful in recovering fines for those parking violations that could have reasonably been avoided. Therefore, the amount noted in the table is a net amount.

It is noted that non-traffic NOVs have increased over the past three years. This is due to several reasons. The DOT has increased the number of inspectors by 100 and the Traffic Intelligence unit of the NYPD has increased their number of inspectors by 50. This particular group within the NYPD works 24 hours per day, 7 days per week. In prior years, since 9/11, the NYPD did not issue as many tickets to utilities as they were focusing more on security issues. This has changed within the past year or so.

Additionally, Con Edison has been receiving an increasing number of tickets for non-emergency work performed with an emergency permit. This is a result of the Company having a more strict definition of emergency work than the DOT. Con Edison will issue an emergency ticket when infrastructure work is necessary; the DOT receives a notification and then inspects the work. If the nature of the work does not meet DOT's definition of an emergency, they will issue a ticket to the Company.

As stated in the response to question 2 above, the net cost for NOVs and traffic violations are reflected in the Company's historic costs.

4. Over the years, the Company has implemented various initiatives aimed at reducing NOVs. Some of these initiatives include:

* Awareness communication meetings in various Company organizations (ongoing since 1995);

* Development of e-learning modules aimed at educating operating area field forces and administrative staffs (see courses ONL0021 and ONL0022 on the Learning Center's intranet website) – 2006/2007. These courses are viewable by Con Edison employees on the Company intranet.

* Development of electronic application processes to secure embargo/emergency permits (Con Edison personnel (Denis Smalley and Franklin Alvarez) met with the DOT Assistant Commissioner Vincent Maniscalco and his assistant Joseph Yacca at the end of 2005 to discuss the implementation of a state-of-the-art electronic system to apply for and quickly receive emergency permits and authorization numbers. The new system, called the Embargo System, came on-line on April 21, 2006), and confirmation numbers prior to backfills on protected streets on a real-time basis rather than manual methods (IT and Compliance personnel (Denis Smalley, Joe Segarra, Franklin Alvarez and Sal Capolarello) from Con Edison met with the Assistant Commissioner of the DOT and his IT people on July 16, 2008 to discuss the possibility of creating a more efficient, unified, and streamlined system for requesting confirmation numbers using state-of-the-art technology. While the new internet-based system created by the DOT, at the recommendation of Con Edison, officially came on-line January of 2009, Con Edison was using it beginning in September 2008 as part of their pilot project.

* Networking meetings between local DOT borough managers/coordinators and Company forces to review and mitigate local issues. Although these meetings have been on-going since 2007, the DOT and Compliance felt it necessary to bring together General Managers and their direct reports of all the commodities with the DOT's Assistant Commissioner and his borough coordinators to discuss key issues affecting the way we do business which lead to NOVs. These meetings were done by borough due to the unique situations found in each one. The first meeting was for Manhattan held on August 6, 2008; on February 10, 2009 the Bronx; Brooklyn/Queens on March 19, 2009; and Staten Island has been scheduled for September 14, 2009. These meetings have proven successful in addressing some of the issues the DOT has with Con Edison.

* Centralization of the paving and repair of hardware related Corrective Action Requests (CARs) within the Construction organization to improve response (Failure to address CARs can lead to NOVs) (January 2009); and

* Development of management reports that provide an overall NOV performance summary as well as customized summaries for each operating area so that organizations can enact processes to address specific areas of concern. (ongoing since 1995)

Going further, in June 2009, the Company formed the Government Liaison Section within the Construction organization. This Section encompasses the Permits and the Compliance groups. One of the primary focus areas for the Government Liaison Section is to manage the company's relationship with the DOT and coordinate/improve the Company's performance related to NOVs. In this regard, the Section has begun working with various organizations within the Company to develop additional processes/programs to reduce NOVs focused on the leading drivers of NOVs, which are (for non-traffic violations only):

	#	%
* Emergency Permit/Authorization Number violations	2,043	30.1
* Hardware not flush with surrounding areas	787	11.6
* Working out of stipulations	690	10.2
* Shifted Plates - Hazardous Conditions	596	8.8
* Areas not flush with surrounding roadway	517	7.6
* No Embargo Numbers	443	6.5

RESULTS – Based on our most recent NOV Summary Report, the number of NOVs received during June 2009 Year-to-date (6,789) versus June 2008 Year-to-date (9,592) representing a 29% reduction.

Recognizing that emergency permit/authorization number violations represented the largest driver of NOVs for the company particularly in Manhattan, Kathy Boden (Vice President for Manhattan Electric Operations) called an internal meeting on May 27, 2008 to discuss with her staff and the Compliance Group, the causes for these NOVs and what possible steps could be taken to reduce them. Compliance indicated that the DOT would entertain the possibility of creating a new type of permit that would allow Manhattan Electric crews to work in our structures on critical streets during restricted hours without requesting emergency numbers. A meeting with the DOT took place in August 2008. Since that time, Con Edison has completed field surveys of all electric structures in an area of Manhattan south of Canal Street to determine those locations where work could be performed without impeding traffic flow and the need to request an emergency permit from the DOT. Con Edison plans to meet with the DOT shortly to review a map of these structures and develop a process to perform work in these structures such that NOVs related to emergency permit/authorization number violations could be prevented. It is anticipated that if this pilot program is successful, a similar process and plan would be expanded to other parts of Con Edison's system thereby eliminating this type of NOV.

In addition, representatives from the Government Liaison Section continue to have on-going discussion with DOT reps to improve the process by which Con Edison plans and implements street work projects in an effort to receive from the DOT more favorable stipulations which is the third largest driver of NOVs received by Con Edison.

It is also to be noted that since Con Edison centralized the response and fielding of CARs, this should lead to a reduction in NOVs related to hardware not flush with surrounding areas which is the second leading driver of NOVs received by Con Edison.

5. Describe program discussed in DPS-579. Please note that responses a – e apply to traffic violations only. Responses to f and g apply to both traffic and non-traffic NOVs.

a. The vendor charges a small monthly fee (approximately $150 per month) to maintain records associate with our account (addition and deletion of vehicles to be monitored). However, the overall annual cost is driven by the number of tickets handled by the vendor. The Company is charged for each ticket (approximately $10 per ticket) processed and in some instances is charged a search fee if records need to be obtained from NYCPVB.
b. The service began in 2002
c. The cost and benefits of the service are shown below:

Year	Total Parking Violations Issued	Parking Violations Dismissed/Reduced	Service Company Fees
2008	$636,615	$291,781	$81,812
2007	$308,895	$104,479	$41,234
2006	$288,025	$123,889	$38,841

d. The cost for the vendor service is reflected in the Company's historic year costs.
e. The costs for parking violations on the Company's books are net of any fines dismissed. The service company will take batches of parking tickets from a chronological period and various departments, to adjudication. They are handled on a ticket-by-ticket basis with NYCPVB and result in some being dismissed and others not. The service company, through CFS, charges a fee to each end-use account number for the vehicle associated with each ticket handled. If the ticket was dismissed, no further charges are booked to the end-use account. If the ticket was not dismissed, or only reduced, the remaining balance on the ticket would be charged to the respective end-use account.
f. The vendor discussed in DPS-579 only handles adjudication of parking violations. Other types of NOVs are not included in this service. The success rate for dismissal of parking violations has been 46%, 34% and 43% for the years 2008, 2007 and 2006, respectively.

The remainder of the response to this question applies to non-vehicular NOVs only. The reason some NOV tickets are not challenged is because as defined by the City, tickets for doing non-emergency work with an emergency permit is a violation.

During instances where an error is found in the way or reason a ticket was issued, the Company will contest those tickets.

In calendar year 2006, the Company received a total of 6,986 NOVs. The Compliance group mentioned in part 4 above contested 831 or 12 % of the total. Of those contested, 537 cases were dismissed, 65% of the total, or 8% of all NOVs received.

In calendar year 2007, the Company received a total of 10,899 NOVs. The Compliance group contested 1,418 or 13 % of the total number. Of those contested, 700 cases were dismissed, 49% of the total, or 6% of all NOVs received.

In calendar year 2008, the Company received a total of 18,312 NOVs. The Compliance group contested 2,488 or 14 % of the total number. Of those contested, 1,274 cases were dismissed, 51% of the total, or 7% of all NOVs received.

In order to determine if the Company is challenging the appropriate NOVs received from the DOT, each of the three Senior Specialists in the Compliance Group that are responsible for NOVs, carefully evaluate each and every NOV the Company receives. If there is a response from the operating areas, they carefully weigh the merits of their plea of guilty or not guilty to decide how to handle each case. On occasion, when the operating area's response is "not guilty" their investigation and evaluation will find no merit in it and take it to court as a *No Defense*. The converse is true: operating area responses admitting guilt have, after careful examination of the case, been fought and won by Compliance.

g. Con Edison does not use in-house counsel to process or present for adjudication NOVs. Central Compliance has three Senior Specialists whose responsibility is to oversee the operation of the Summons System which routes NOVs to the appropriate operating areas for investigation. Each Senior Specialist is responsible for specific NOVs (i.e. DOT-HI/QA versus NYPD Traffic Intelligence Unit NOVs) which they evaluate whether or not there are cases that could be contested in court at the Environmental Control Board. Due to the growing number of NOVs each year, and the need for a thorough study of each case and any defenses and documentation submitted by the operating areas, Senior Specialists in Central Compliance can spend anywhere from 60 to 100% of their time, depending on their level of experience, evaluating NOVs.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS41
Date of Response: 08/12/2009
Responding Witness: Accounting Panel/Muccilo

Question No. :389
Subject: Temporary State Assessment – Section 18-a surcharge - Explain and support why it is appropriate to include the total PSC Assessment – Section 18-a surcharge in the Company's revenue requirement in light of the Commission's Order in Case 09-M-0311 implementing collection of the temporary state assessment and the Company's July 1, 2009 filing letter describing its recovery protocol. In particular, explain why the Company believes it is appropriate to seek recovery of cash working capital requirements associated with the Section 18-a surcharge twice; once via the surcharge and again in base rates. Does the Company agree that an adjustment removing the Section 18-a surcharge from its rate filing would be appropriate? If not, explain why not.

Response:

The Company's filing reflects the revenue surcharge, assessment expense and cash working capital components related to increase in Section 18-a costs approved by the Commission in Case 08-E-0539,[2] consistent with the manner in which the Company reflects all other surcharges [e.g., Monthly Supply Adjustment ("MSC"), Monthly Adjustment Clause ("MAC"), and System Benefit Charges ("SBC")] in rate filings. The Company rate filing does not seek to recover the cash working capital requirements associated with Section 18-a twice. The Company would agree that several assumptions utilized in this case, (e.g.,. the capital structure and cost rates, gross receipts tax, uncollectible and late payment charge factors) are different than those reflected in Case 08-E-0539 and as a result would cause some variation between the Section 18-a surcharge revenues and costs reflected in this filing impacting the overall revenue requirement calculation.

The Company would not oppose the elimination of all Section 18-a components from the revenue requirement calculation in order to eliminate all positive and negative revenue requirement impacts. If so eliminated, the 18-a surcharge should be adjusted at the conclusion of this proceeding to reflect any changes to the components of the surcharge consistent with the decision in this case.

[2] Please refer to page 345 of the Commission's April 24, 2009 Order in Case 08-E-0539 for the approval of the revenue increase of $198 million for PSL Section 18-a assessment.

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS48
Date of Response: 08/26/2009
Responding Witness:

Question No. :448
Subject: Electric Operations - In its response to DPS-316 regarding the accounting for the Oil Minders program, the Company indicated that the program expenditures are first charged to expense. Then the expense is credited for the costs and the charges are transferred to the capital program. The Company also states that due to a lag in reporting, all the credits to expense were not posted in 2008, resulting in a pending carry over credit to expense and charge to capital in 2009. The table in the response shows a charge in 2008 of $253,276 and a 2009 carry over of $576,324. This lingering expense is therefore, reflected in the rate year. Indicate whether a normalization entry is appropriate to eliminate the rate year associated expense. If not, explain why.

Response:

To clarify, the accounting treatment for oil minders follows two different procedures depending on the nature of the installation. When an oil minder is installed for the first time with a new transformer, the original installation cost would be capitalized along with the cost of the transformer; nothing would be charged to expense. When a previously installed oil minder is replaced, the installation cost of the oil minder is initially charged to expense. If it is determined that the replacement equipment is new, then the Company will credit expense and capitalize the cost of the equipment and installation cost. If the replacement equipment is not new (e.g., refurbished), the costs would remain in expense.

Attachment DPS48-448 contains historical data covering the installation cost of oil minders that was expensed for calendar years 2004 - 2008. The schedule shows that for the Test Year (i.e., calendar year 2008), the level of installation costs expensed was $1.790 million, which was higher than the historical five year average level of approximately $1.447 million. This variation is primarily due to an accounting lag between the time the installation of oil minders is completed and the costs are capitalized, if appropriate. As a result the Company would agree that a normalization adjustment is appropriate in the amount of $343,000 to reflect a normal level of installation costs to be incurred in the rate year (excluding escalation).

Response to DPS 48 - 448

	2004	2005	2006	2007	2008	3 yr Average	5 yr Average	Normalized Adjustment
Gross Charge to Expense for installations	$ 1,359,958	$ 1,965,446	$ 1,589,075	$ 1,792,848	$ 2,044,947	$ 1,808,957	$ 1,750,455	
Less: WIP Transfers (1st Installs)								
Manhattan - South	(32,607)	(237,804)	(71,081)	(232,463)	(125,977)	(143,174)	(139,986)	
Manhattan - North	(29,346)	(85,665)	(137,546)	(1,672)	(32,345)	(57,188)	(57,315)	
Bronx & Westchester	(27,716)	(117,507)	(60,386)	(70,241)	(17,024)	(49,217)	(58,575)	
Brooklyn & Queens	(79,887)	-	(25,161)	(51,101)	(79,314)	(51,859)	(47,093)	
Staten Island	-	-	-	-	-	-	-	
Total WIP Transfer	(169,557)	(440,976)	(294,174)	(355,477)	(254,661)	(301,437)	(302,969)	
Overheads Capitalized (e.g., A&S, Fringe, etc.)	(175,320)	(261,390)	(152,917)	(128,683)	(126,490)	(136,030)	(168,960)	
Total amounts capitalized	(344,877)	(702,367)	(447,092)	(484,160)	(381,151)	(437,468)	(471,929)	
Net Expense								
Manhattan - South	188,605	182,267	229,660	17,896	448,619	232,058	213,409	
Manhattan - North	578,158	952,581	607,224	773,511	681,501	687,412	718,595	
Bronx & Westchester	42,529	9,081	24,720	130,265	126,380	93,788	66,595	
Brooklyn & Queens	369,665	308,758	383,001	403,022	433,752	406,591	379,639	
Staten Island	11,444	71,783	50,296	112,679	100,034	87,670	69,247	
Total Net Expense (Per Books)	1,190,401	1,524,469	1,294,900	1,437,372	1,790,286	1,507,519	1,447,486	
				Rounded	$ 1,790		$ 1,447	$ 343

Company Name: Con Edison
Case Description: 2009 Electric Rate Filing
Case: 09-E-0428

Response to CPB Interrogatories – Set CPB14
Date of Response: 08/10/2009
Responding Witness: Accounting Panel

Question No. :119
Accounting Panel/Escalation. Refer to Exhibit__(AP-5), Schedule 9, Page 1. Provide the source for the 3.3% escalation, including all calculations. Also provide any more recent updated document from the source utilized in determining the 3.3%.

Response:

The general escalation rate used in the initial filing was 3.13%, not 3.3%. The general escalation factor is based on the projected increase in the Gross Domestic Product ("GDP") price deflator. The actual GDP deflator used was published as of February 23, 2009 by the U.S. Department of Commerce and the forecasts were from the Blue Chip Economic Indicators, dated February 10, 2009. The increase was projected at 2% annually from the fourth quarter of 2008 through the first quarter of 2011. Using these forecasts, we calculated the increase from the average of the historic year through the average of the rate year to be 3.13 percent. An updated forecast using the June 25, 2009 publication produces 3.64%. Please see attached for both calculations.

GDP Deflator-2000=100

Forecast Prepared February 2009

	2004	2005	2006	2007	2008	Forecast 2009	2010	2011	2012	2013
Mar. 31	108.2	111.8	115.5	118.9	121.6	123.4	124.9	127.6	130.5	133.3
Jun. 30	109.2	112.4	116.3	119.5	122.0	123.7	125.4	128.2	131.0	133.9
Sep. 30	109.8	113.5	117.1	120.0	123.1	124.1	125.8	128.6	131.4	134.3
Dec. 31	110.7	114.5	117.7	120.8	123.1	124.4	126.3	129.1	131.9	134.8
Average	109.5	113.0	116.7	119.8	122.5	123.9	125.6	128.4	131.2	134.1
Annual Average Year-over-year % change	2.9%	3.3%	3.2%	2.7%	2.2%	1.2%	2.1%	2.2%	2.2%	2.2%

Average 12 months Ending Dec. 31, 2008	(Actual)	=	122.5
Average 12 months Ending March 31, 2010	(Forecast)	=	124.3
Average 12 months Ending March 31, 2011	(Forecast)	=	126.3
Average 12 months Ending March 31, 2012	(Forecast)		129.1
Average 12 months Ending March 31, 2013	(Forecast)		131.9

Escalation rate for the 12 Months Ending 12/31/08 to the 12 Months Ending 3/31/11- Rate Year 1	=	**1.031**
	or	**3.13%**
Rate Year 2 (increase over Rate Year 1)	=	**1.022**
	or	**2.20%**
Rate Year 3 (increase over Rate Year 2)	=	**1.022**
	or	**2.20%**

Notes: Actual GDP deflator from press release by U.S. Department of Commerce Bureau of Economic Analysis as of 2/23/09.
Quarterly Forecasts for 2009 and 2010 from Blue Chip dated February 10, 2009.
Annual Forecasts for 2011 on are from ***Blue Chip*** dated October 10, 2008.
The quarterly values for 2011 on are extrapolated by applying the year-over-year rate to the prior year's corresponding quarter.

GDP Deflator-2000=100

Forecast Prepared July 2009

	2004	2005	2006	2007	2008	Forecast 2009	2010	2011	2012	2013	2014	2015
Mar. 31	108.2	111.8	115.5	118.9	121.6	124.2	125.7	127.8	130.3	133.1	136.1	139.2
Jun. 30	109.2	112.4	116.3	119.5	122.0	124.4	126.2	128.3	130.8	133.7	136.6	139.7
Sep. 30	109.8	113.5	117.1	120.0	123.1	124.8	126.6	128.8	131.2	134.1	137.0	140.2
Dec. 31	110.7	114.5	117.7	120.8	123.3	125.2	127.2	129.4	131.8	134.7	137.7	140.9
Average	109.5	113.0	116.7	119.8	122.5	124.6	126.4	128.6	131.0	133.9	136.8	140.0
Annual Average Year-over-year % change	2.9%	3.3%	3.2%	2.7%	2.2%	1.7%	1.4%	1.7%	1.9%	2.2%	2.2%	2.3%

Average 12 months Ending Dec. 31, 2008	(Actual)	=	122.5
Average 12 months Ending March 31, 2010	(Forecast)	=	125.0
Average 12 months Ending March 31, 2011	(Forecast)	=	127.0
Average 12 months Ending March 31, 2012	(Forecast)		129.2
Average 12 months Ending March 31, 2013	(Forecast)		131.7

Escalation rate for the 12 Months Ending 12/31/08 to the 12 Months Ending 3/31/11- Rate Year 1	=	**1.036**
	or	**3.64%**
Rate Year 2 (increase over Rate Year 1)	=	**1.018**
	or	**1.75%**
Rate Year 3 (increase over Rate Year 2)	=	**1.020**
	or	**1.98%**

Notes: Actual GDP deflator from press release by U.S. Department of Commerce Bureau of Economic Analysis as of 6/25/09.
Quarterly Forecasts for 2009 and 2010 from Blue Chip dated July 10, 2009.
Annual Forecasts for 2011 on are from ***Blue Chip*** dated March 10, 2008.
The quarterly values for 2011 on are extrapolated by applying the year-over-year rate to the prior year's corresponding quarter.