

Company Name: Con Edison  
Case Description:  
Case: 08-E-0539

Response to NYPA Interrogatories – Set NYPA3  
Date of Response: 07/02/2008  
Responding Witness: Infrastructure Investment Panel

Question No. :70

In the capital budgeting process described by Mr. Rana (at pp. 13-17), does the Company provide any written guidance (i.e. goals and objectives, expenditure constraints, inflation assumptions, etc.) to managers to assist in the development of capital budgets, similar to what many companies provide from the executive or board level at the beginning of the budget cycle? If so, please provide a copy of the guidance materials provided to managers in developing their capital budgets for the past 3 budget years. Also, provide a copy of any studies performed that support the development of the guidance.

Response:

Please see attached for the guidance materials provided to managers in developing their operating and capital budgets. The Company develops its forecast for the upcoming budget year and then compares it to the second year of the previous year's five- year forecast that was presented to the Board of Directors. The forecast is also updated to reflect rate plans currently in effect and pending rate cases filed with the Public Service Commission.



July 11, 2007

**TO:** Louis L. Rana  
John D. McMahon  
Stephen B. Bram  
Robert N. Hoglund  
Charles E. McTiernan, Jr.  
James P. O'Brien  
Frances A. Resheske  
JoAnn F. Ryan  
Luther Tai

**FROM:** Edward J. Rasmussen

**SUBJECT:** 2008 Operating and Capital Budgets

Attached is a schedule for development of the operating and capital budgets for the Year 2008 and five-year forecast (see Attachment A). The final budgets will be presented to the Board of Trustees at its November 2007 meeting and the five-year forecast at the January 2008 Board meeting.

The year 2008 budgets should reflect the resources necessary to accomplish corporate and organizational goals, including environmental, safety, reliability initiatives and risk mitigation. All planned work and programs should be prioritized and the budget support materials should include a justification of the expenditures, identification of specific activities or programs, and linkage between expenditures and units of measure.

For CECONY, the 2008 O&M and capital budgets should reflect the programs set forth in the pending gas rate plan, the applicable current electric rate plan and proposed electric rate case, and the current steam rate plan. Attachment B summarizes the dollars associated with these programs as well as wage increases net of productivity improvements. The 2008 capital budget should also be consistent with the capital programs set forth in the applicable current or pending rate plans or rate cases as shown on Attachment C. The CECONY O&M operating and capital budgets may require revision based upon the outcome of the pending electric rate filing.

For O&R, the 2008 O&M and capital budgets should reflect the programs set forth in the current rate plans for O&R gas, RECO and Pike and the pending electric rate case. Attachments D summarizes the dollars associated with these programs as well as the wage increases net of productivity improvements. The 2008 capital budget should also be consistent

with the capital programs set forth in the applicable current rate plan or pending rate case as shown on Attachment E. The O&R electric O&M operating and capital budgets may require revision based upon the outcome of the pending electric rate case.

In addition, all the Competitive Energy Businesses should present a preliminary five-year forecast comprised of income, balance sheet and cash flow statements as well as the major assumptions supporting the forecast.

If you have any questions, please call. Thank you.

**CC: Kevin Burke**

**2008 Operating and Capital Budgets**  
**& Five-Year Forecast**  
**Schedule**

**2008 Earnings Forecast and Capital Budget Schedule**

Guidelines for 2008 O&M and capital budgets

Wednesday, 7/11

Preliminary meetings with Chairman

Law  
Enterprise Shared Services  
Business Shared Services  
Public Affairs  
Finance  
Competitive Energy Businesses  
O&R  
CECONY Operations

Friday, 8/10 @ 8:00 a.m.  
Friday, 8/10 @ 1:00 p.m.  
Monday, 8/13 @ 1:00 p.m.  
Wednesday, 8/15 @ 1:00 p.m.  
Thursday, 8/16 @ 8:00 a.m.  
Monday, 8/20 @ 8:00 a.m.  
Tuesday, 8/28 @ 8:00 a.m.  
Tuesday, 8/28 @ 1:00 p.m.

Preliminary review of sales & revenues forecast and consolidated earnings forecast with Chairman & CFO

Wednesday, 9/12

Meetings with Chairman and CFO

Law  
Business Shared Services  
Finance  
Public Affairs  
O&R  
Enterprise Shared Services  
Competitive Energy Businesses  
CECONY Operations

Wednesday, 9/13 @ 3:00 p.m.  
Friday, 9/14 @ 1:00 p.m.  
Monday, 9/17 @ 8:00 a.m.  
Tuesday, 9/18 @ 1:00 p.m.  
Friday, 9/21 @ 2:00 p.m.  
Monday, 9/24 @ 1:00 p.m.  
Tuesday, 9/25 @ 8:00 a.m.  
Thursday, 9/27 @ 2:00 p.m.

CPC review of preliminary 2008 consolidated earnings forecast and capital budget	Tuesday, 10/9
Board meeting	Thursday, 10/18
Final 2008 consolidated earnings forecast	Thursday, 11/1
Review of 2008 earnings forecast with Chairman and Presidents	Friday, 11/2
Distribution of 2008 earnings forecast and capital budget to Board members	Thursday, 11/8
Board meeting	Thursday, 11/15

### **Five-Year Earnings Forecast and Capital Budget Schedule**

CECONY, O&R, and Competitive Energy Businesses five-year capital budget	Friday, 11/9
2008 – 2012 earnings forecast for CECONY, O&R and the Competitive Energy Businesses	Monday, 12/3
Final 2008 – 2012 consolidated earnings forecast	Thursday, 12/13
Preliminary CPC Review of 2008-2012 consolidated earnings forecast and five-year capital budget	Monday, 12/17
Final CPC Review of 2008 – 2012 consolidated earnings forecast and five-year capital budget	Monday, 1/07/08
Distribution of 2008 – 2012 consolidated earnings forecast and five-year capital budget to Board members	Friday, 1/11/08
Board meeting	Thursday, 1/17/08

**Consolidated Edison Company of New York, Inc.**  
**2008 O&M Budget Guideline**  
(\$ in Thousands)

	2007 Budget	Rate Case Program Changes		Labor	2008 Guideline
		Gas	Electric (*)	Escalation (**)	
Operations	\$745,343	\$10,859	\$111,734	\$12,920	\$880,856
Chairman & Staff	3,200	-	-	60	3,260
Auditing	6,400	-	-	140	6,540
Finance	36,609	274	1,333	730	38,946
Public Affairs	22,303	1,603	8,719	210	32,835
Law	21,700	86	708	420	22,914
Business Shared Services	62,703	280	1,011	1,250	65,244
Enterprise Shared Services	71,071	1,551	25,786	1,010	99,418
O&R Support	5,303	-	-	120	5,423
Sub-Total	<u>974,632</u>	<u>14,653</u>	<u>149,291</u>	<u>16,860</u>	<u>1,155,436</u>
Insurance Premiums	26,700	900	4,016	-	31,616
Interference	90,200	1,019	24,105	-	115,324
Uncollectibles	49,000	1,000	3,000	-	53,000
Total	<u>\$1,140,532</u>	<u>\$17,572</u>	<u>\$180,411</u>	<u>\$16,860</u>	<u>\$1,355,375</u>

(\*) Reflects Rate Year beginning April 1, 2008. Includes \$7 million for the portion of 5-yr overhead inspection program, 5-yr underground inspection program, and annual stray voltage program that will not be recovered prior to the new electric rates going into effect in April 2008.

(\*\*) Reflects the wage award net of productivity savings.

(\*\*\*) Adjusted for funding of advertising campaign. Amounts for electric and gas program changes reflect full amounts requested in the budget.

**Consolidated Edison Company of New York, Inc.**  
**2008 O&M Budget Guideline**  
**(\$ in Thousands)**

	2007 Budget	Rate Case Program Changes		Labor	2008 Guideline
		Gas	Electric (*)	Escalation (**)	
Operations	\$745,343	\$10,859	\$111,734	\$12,920	\$880,856
Chairman & Staff	3,200	-	-	60	3,260
Auditing	6,400	-	-	140	6,540
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(\*\*) Reflects the wage award net of productivity savings.

(\*\*\*) Adjusted for funding of advertising campaign. Amounts for electric and gas program changes reflect full amounts requested in the budget.

**Consolidated Edison Company of New York, Inc.**  
**2008 Capital Budget Guideline**  
(\$ in Millions)

	<b>2008</b>		
	<b><u>January Forecast</u></b>	<b><u>Rate Case Programs</u></b>	<b><u>Guideline</u></b>
<b>Electric</b>			
Production	\$33	\$3	\$36
Transmission & switching stations	165	106	271
Substations & sub-transmission	441	110	551
<b>Distribution</b>			
New business	117	27	144
Burnouts	197	(99) (A)	98
Interferences	25	-	25
Improvements/reinforcements	272	288	560
Telecommunications applications	2	-	2
Transformers/network protectors	94	50	144
Meters/Meter devices	12	-	12
Total Distribution	<u>719</u>	<u>266</u>	<u>985</u>
<b>Total Electric</b>	<b>\$1,358</b>	<b>\$485</b>	<b>\$1,843</b>
<b>Gas</b>	<b>\$257</b>	<b>\$42</b>	<b>\$299</b>
<b>Steam</b>			
Production	49	-	49
Distribution	22	-	22
<b>Total Steam</b>	<u>\$71</u>	<u>\$0</u>	<u>\$71</u>
<b>Common</b>	<b>\$193</b>	<b>\$117</b>	<b>\$310</b>
<b>Lower Manhattan restoration</b>	<b>\$32</b>	<b>-</b>	<b>\$32</b>
<b>Total Capital Expenditures</b>	<b><u>\$1,911</u></b>	<b><u>\$644</u></b>	<b><u>\$2,555</u></b>

(A) Reclassification of secondary open mains from burnouts to improvements/reinforcements.

**Orange and Rockland Utilities, Inc.**  
**2008 O&M Budget Guideline**  
**(\$ in Thousands)**

	<u>2007 Budget</u>	<u>Electric Rate Case</u>	<u>Labor Escalation (*)</u>	<u>2008 Guideline</u>
Operations	\$ 58,105	\$ 2,440	\$ 1,088	\$ 61,633
Customer Service	38,452	152	462	39,066
EH&S / Support Operations	2,774	-	57	2,831
Public Affairs	2,816	-	41	2,857
Payment Processing	2,471	-	43	2,514
Enterprise Shared Services	7,387	-	99	7,486
Business Shared Services	20,602	-	214	20,816
CECONY Managed				
Real Estate	910	-	-	910
Treasury	1,221	-	-	1,221
Insurance	1,109	-	-	1,109
President & Staff	2,915	-	41	2,956
Total	<u>\$ 138,762</u>	<u>\$ 2,592</u>	<u>\$ 2,046</u>	<u>\$ 143,399</u>

(\*) Reflects the wage award net of productivity savings.

**Orange and Rockland Utilities, Inc.**  
**2008 Capital Budget Guideline**  
(\$ in Millions)

	<u>2008</u>		
	<u>January Forecast</u>	<u>Rate Case Programs</u>	<u>Guideline</u>
<b>Electric</b>			
Transmission & switching stations	\$41	-	\$41
Substations & sub-transmission	7	-	7
Distribution			
New business	9	-	9
Improvements/reinforcements	10	3	13
Telecommunications applications	0	-	0
Transformer/meter installations	3	-	3
Transformers/network protectors	8	-	8
Meters/Meter devices	2	-	2
Total Distribution	<u>32</u>	<u>3</u>	<u>35</u>
<b>Total Electric</b>	<b>\$80</b>	<b>\$3</b>	<b>\$83</b>
<b>Gas</b>			
Distribution	29	-	29
New business	5	-	5
<b>Total Gas</b>	<u>\$34</u>	<u>-</u>	<u>\$34</u>
<b>Common</b>			
Gas	\$4	-	\$4
Electric	9	1	10
<b>Total Common</b>	<u>\$13</u>	<u>\$1</u>	<u>\$14</u>
<b>Total Capital Expenditures</b>	<u><u>\$127</u></u>	<u><u>\$4</u></u>	<u><u>\$131</u></u>



July 12, 2006

**TO:** Louis L. Rana  
John D. McMahon  
Stephen B. Bram  
Robert N. Hoglund  
Charles E. McTiernan, Jr.  
James P. O'Brien  
Frances A. Resheske  
JoAnn F. Ryan  
Luther Tai

**FROM:** Edward J. Rasmussen

**SUBJECT:** 2007 Operating and Capital Budgets

Attached is a schedule for development of the Operating and Capital Budgets for the Year 2007 and Five-Year Forecast (see Attachment A). The final budgets will be presented to the Board of Trustees at its November 2006 meeting and the five-year forecast at the January 2007 Board meeting.

The Year 2007 budgets should reflect the resources necessary to accomplish corporate and organizational goals, including environmental, safety and reliability initiatives.

For CECONY, the Year 2007 O&M budgets should reflect the programs set forth in the current rate plans as well as wage increases net of productivity improvements. Attachment B summarizes the dollars associated with these programs. The 2007 capital budget should also be based on the capital programs set forth in the current rate plans. Attachment C summarizes the dollars associated with these programs. Any variations from the guidelines should be identified as unfunded. The development of the budget should justify the expenditures, identifying the activities or programs, and linking such expenditures to a unit of measure. The CECONY gas O&M and capital budgets may require revision based upon the outcome of the expected gas rate filing.

For Orange and Rockland, the 2007 O&M budget should reflect the programs set forth in the recent rate proceedings (See Attachment D). The 2007 capital budget should reflect the levels that were included in the 2006 – 2010 capital budget (See Attachment E). Any variations from these guidelines should be identified as unfunded. The Rockland

Electric O&M and capital budgets may require revision based upon the outcome of the pending electric rate filing.

In addition, all the Competitive Energy Businesses should present a preliminary five-year forecast comprised of Income, Balance Sheet and Cash Flow statements as well as the major assumptions supporting the forecast.

If you have any questions, please call. Thank you.

**CC: Kevin Burke**

**2007 Operating and Capital Budgets**  
**& Five -Year Forecast**  
**Schedule**

**2007 Earnings Forecast and Capital Budget Schedule**

Guidelines for 2007 O&M and Capital Budgets	Monday, 7/12
CECONY Preliminary 2007 O&M and Capital Budgets	Friday, 9/8
Orange & Rockland and Competitive Energy Businesses 2007 Earnings Forecast	Monday, 9/18
Preliminary 2007 Consolidated Earnings Forecast	Thursday, 9/21
Meetings with Chairman and CFO	
Business Shared Services	Wednesday, 9/20 @ 1:00 p.m.
Enterprise Shared Services	Monday, 9/25 @ 1:00 p.m.
Public Affairs	Monday, 9/25 @ 3:30 p.m.
Competitive Energy Businesses	Wednesday, 9/27 @ 1:00 p.m.
Law	Wednesday, 9/27 @ 3:30 p.m.
Orange & Rockland Utilities, Inc.	Thursday, 9/28 @ 8:00 a.m.
CECONY Operations	Thursday, 9/28 @ 2:30 p.m.
Finance	Friday, 9/29 @ 2:30 p.m.
Final 2007 Consolidated Earnings Forecast	Wednesday, 11/1
CPC Review of 2007 Earnings Forecast	Monday, 11/06
Distribution of 2007 Earnings Forecast and Capital Budget to Board Members	Thursday, 11/9
Board Meeting	Thursday, 11/16

**Five-Year Earnings Forecast and Capital Budget Schedule**

CECONY Five-Year Capital Budget	Wednesday, 11/8
Orange & Rockland and Competitive Energy Businesses Five-Year Capital Budget	Wednesday, 11/8
2007 – 2011 Earnings Forecast for CECONY, O&R and the Competitive Energy Businesses	Monday, 12/4
Final 2007 – 2011 Consolidated Earnings Forecast	Thursday, 12/14
CPC Review of 2007 – 2011 Consolidated Earnings Forecast and Five-Year Capital Budget	Monday, 1/08/07
Distribution of 2007 – 2011 Consolidated Earnings Forecast and Five-Year Capital Budget to Board Members	Friday, 1/12/07
Board Meeting	Thursday, 1/18/07

**Consolidated Edison Company of New York, Inc.**  
**2007 O&M Budget Guideline**  
**(\$000's)**

	<u>2006 Budget</u> (*)	<u>Steam Rate Case Program Change</u>	<u>Labor Escalation</u> (**)	<u>2007 Guideline</u>
Operations	\$728,171	\$6,264	\$10,193	\$744,628
Chairman & Staff	2,825	-	63	2,888
Auditing	6,290	-	106	6,396
Finance	33,711	-	551	34,262
Public Affairs	21,742	-	99	21,841
Law	21,381	-	337	21,718
Business Shared Services	62,991	250	788	64,029
Enterprise Shared Services	71,864	674	779	73,317
O&R Support	5,219	-	84	5,303
Sub-Total	<u>954,194</u>	<u>7,188</u>	<u>13,000</u>	<u>974,382</u>
Insurance Premiums	26,955	381	-	27,336
Interference	95,700	566	-	96,266
Uncollectibles	40,800	-	-	40,800
Total	<u>\$1,117,649</u>	<u>\$8,135</u>	<u>\$13,000</u>	<u>\$1,138,784</u>

(\*) 2006 Budget redistributed to reflect the re-organization due to Shared Services.

(\*\*) Reflects the wage award net of productivity savings.

**Consolidated Edison Company of New York, Inc.**  
**Capital Program: 2007 - 2010**  
**(\$ in Millions)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Electric</b>				
Transmission & Switching Stations	\$136	\$82	\$110	\$115
Substations & Sub-Transmission	474	378	343	347
Distribution				
New Business	114	114	114	114
Burnouts	145	142	141	140
Interferences	25	25	25	25
Improvements/Reinforcements	258	246	232	237
Telecommunications Applications	2	2	2	2
Transformers/Network Protectors	74	74	74	74
Meters/Meter Devices	<u>12</u>	<u>12</u>	<u>12</u>	<u>10</u>
Total Distribution	630	615	600	602
<b>Total Electric</b>	<b>\$1,240</b>	<b>\$1,075</b>	<b>\$1,053</b>	<b>\$1,064</b>
<b>Gas</b>				
Distribution	\$126	\$122	\$118	\$113
Supply Mains/Tunnel Facilities	<u>53</u>	<u>52</u>	<u>60</u>	<u>60</u>
<b>Total Gas</b>	<b>\$179</b>	<b>\$174</b>	<b>\$178</b>	<b>\$173</b>
<b>Steam</b>				
Production	\$90	\$85	\$97	\$94
Distribution	<u>23</u>	<u>22</u>	<u>22</u>	<u>23</u>
<b>Total Steam</b>	<b>\$113</b>	<b>\$107</b>	<b>\$119</b>	<b>\$117</b>
<b>Common</b>	153	141	134	131
<b>Lower Manhattan Restoration</b>	35	32	31	-
<b>TOTAL CAPITAL EXPENDITURES</b>	<b><u>\$1,720</u></b>	<b><u>\$1,529</u></b>	<b><u>\$1,515</u></b>	<b><u>\$1,485</u></b>

**Orange and Rockland Utilities, Inc.**  
**2007 O&M Budget Guideline**  
(\$000's)

	2006 Budget	Gas Rate Case (* ) Program Change	Labor Escalation (**)	2007 Guideline
Operations	\$ 56,915	\$487	\$960	\$58,362
Customer Service	26,600	-	399	26,999
Support Operations	2,731	-	52	2,783
CECONY Managed				
Public Affairs	2,679	-	33	2,712
Gas Meter Shop	785	-	9	794
Payment Processing	2,402	-	40	2,442
Real Estate	862	-	-	862
Treasury	1,385	-	-	1,385
Insurance	1,081	-	-	1,081
Enterprise Shared Services	7,050	-	80	7,130
Business Shared Services	19,170	-	178	19,348
President & Staff	2,950	-	44	2,994
<b>Total</b>	<b>\$ 124,610</b>	<b>\$487</b>	<b>\$1,795</b>	<b>\$126,892</b>

(\* ) The original 2006 Budget has been redistributed to reflect the new shared-services structure.

(\*\*) Reflects the wage award net of productivity savings.

**Orange and Rockland Utilities, Inc.**  
**Capital Program: 2007-2010**  
(\$ in Millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Electric</b>				
Transmission & Switching Stations	\$40	\$44	\$43	\$39
Substations & Sub-Transmission	7	7	8	11
Distribution				
New Business	7	7	7	7
Improvements/Reinforcements	12	11	11	11
Transformer/Meter Installations	3	3	3	3
Transformers/Network Protectors	3	3	3	3
Meters/Meter Devices	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Distribution	27	26	26	26
<b>Total Electric</b>	<b>\$74</b>	<b>\$77</b>	<b>\$77</b>	<b>\$76</b>
<b>Gas</b>				
Distribution	\$21	\$24	\$25	\$25
New Business	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>Total Gas</b>	<b>\$26</b>	<b>\$29</b>	<b>\$30</b>	<b>\$30</b>
<b>Common</b>				
Gas	\$2	\$2	\$1	\$1
Electric	<u>8</u>	<u>6</u>	<u>6</u>	<u>5</u>
<b>Total Common</b>	<b>\$10</b>	<b>\$8</b>	<b>\$7</b>	<b>\$6</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b><u>\$110</u></b>	<b><u>\$114</u></b>	<b><u>\$114</u></b>	<b><u>\$112</u></b>

July 1, 2005



**conEdison**

**TO:**           **Stephen B. Bram**  
                  **Kevin Burke**  
                  **John D. McMahon**  
                  **Joan S. Freilich**  
                  **Robert N. Hoglund**  
                  **Charles E. McTiernan, Jr.**  
                  **James P. O'Brien**  
                  **Frances A. Resheske**

**FROM:**       **Edward J. Rasmussen**

**SUBJECT:**   **2006 Operating and Capital Budgets**

Attached is a schedule for development of the Operating and Capital Budgets for the Year 2006 (see Attachment A). The final budgets will be presented to the Finance Committee of the Board of Trustees at its November 2005 meeting.

The Year 2006 budgets should reflect the resources necessary to accomplish corporate and organizational goals, including environmental, safety and reliability initiatives. Budget submissions should consider the major risks facing your organizations and how the proposed budget addresses these issues.

For CECONY, the Year 2006 O&M budgets should reflect the programs set forth in the current rate plans. Attachment B summarizes the dollars associated with these programs. The 2006 capital budget should also be based on the level of capital programs set forth in the recent rate proceedings. Attachment C summarizes the dollars associated with these programs. If you are above the guidelines, these amounts should be identified as unfunded. The development of the budget should justify the expenditures, identifying the activities or programs, and link such expenditures to a unit of measure or activity where appropriate. The CECONY steam O&M and capital budgets may require revision based upon the steam rate case filing planned for later this year.

For Orange and Rockland, the 2006 O&M budgets should be based on the 2005 budget level (See Attachment D). The 2006 capital budget should reflect the levels that were included in the 2005 – 2009 capital budget for the year 2006 (See Attachment E). If you are above the guidelines, these amounts should be identified as unfunded.

July 1, 2005

A separate schedule for the development of the five-year capital and operation and maintenance expense forecast will be distributed shortly.

In addition, all unregulated subsidiaries should present budgeted Income, Balance Sheet and Cash Flow statements.

If you have any questions, please call. Thank you.

July 1, 2005

**Attachment A**

**2006 Operating and Capital Budgets**  
**Schedule**

Guidelines for 2006 O&M and Capital Budgets	Friday 7/1	
CECONY Preliminary 2006 O&M and Capital Budgets	Wednesday 9/21	
Orange & Rockland and Unregulated Subsidiaries' 2006 Budgets	Friday 9/23	
Preliminary 2006 Consolidated Earnings Forecast	Wednesday 10/5	
Meetings with CEO and CFO		
Public Affairs	Wednesday 10/5	8:00 to 10:00 AM
Law	Wednesday 10/5	1:00 to 3:00 PM
Unregulated Subsidiaries	Thursday 10/6	10:00 to 12:00 PM
Orange & Rockland Utilities, Inc.	Thursday 10/6	1:00 to 3:00 PM
CECONY Operations	Wednesday 10/12	1:00 to 3:00 PM
Finance	Friday 10/14	2:00 to 4:00 PM
Final 2006 Consolidated Earnings Forecast	Wednesday 11/2	
CPC Review of 2006 Earnings Forecast	Monday 11/7	
Distribution of 2006 Earnings Forecast and Capital Budget to Board Members	Thursday 11/10	

**Consolidated Edison Company of New York, Inc**  
**2006 O&M Budget Guideline**  
(\$000's)

	<u>2005 Budget</u>	<u>2006 Guideline</u>	<u>2006 vs. 2005</u>
Operations	\$863,279	\$875,572	\$12,293
Chairman & Staff	2,443	2,443	-
Auditing	5,710	5,710	-
Finance	37,965	37,965	-
Public Affairs	16,235	16,235	-
Law	21,759	21,759	-
Sub-Total	<u>947,391</u>	<u>959,684</u>	<u>12,293</u>
Insurance Premiums	29,130	29,130	-
Interference	80,000	83,397	3,397
Uncollectibles	38,818	38,818	-
Total	<u>\$1,095,339</u>	<u>\$1,111,029</u>	<u>\$15,690</u>

**Consolidated Edison Company of New York, Inc.**  
**2006 Capital Budget**  
**(\$ in Millions)**

	<u>2005</u>	<u>2006</u>
<b>Electric</b>		
Transmission & Switching Stations	\$93	\$134
Substations & Sub-Transmission	316	369
Distribution		
New Business	93	93
Burnouts	116	116
Interferences	23	22
Improvements/Reinforcements	193	208
Telecommunications Applications	3	3
Transformer/Meter Installations	58	58
Transformers/Network Protectors	72	74
Meters/Meter Devices	11	10
Total Distribution	569	584
<b>Total Electric</b>	<b>\$978</b>	<b>\$1,087</b>
<b>Gas</b>		
Distribution	\$123	\$113
Supply Mains/Tunnel Facilities	50	67
<b>Total Gas</b>	<b>\$173</b>	<b>\$180</b>
<b>Steam</b>		
Production	\$124	\$82
Distribution	17	16
<b>Total Steam</b>	<b>\$141</b>	<b>\$98</b>
<b>Common</b>	<b>\$139</b>	<b>\$149</b>
<b>Lower Manhattan Restoration</b>	<b>61</b>	<b>27</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b><u>\$1,492</u></b>	<b><u>\$1,541</u></b>

Table 1

**Consolidated Edison, Inc.**  
**Five Year Capital Program: 2006 - 2010**  
**(\$ in Millions)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Five Year Total</u>
<b>Regulated Subsidiaries</b>						
CECONY (See Table 2)	\$1,725	\$1,722	\$1,550	\$1,515	\$1,485	\$7,997
Orange and Rockland	102	110	114	114	111	551
<b>Total Regulated Subsidiaries</b>	<b>\$1,827</b>	<b>\$1,832</b>	<b>\$1,664</b>	<b>\$1,629</b>	<b>\$1,596</b>	<b>\$8,548</b>
<b>Unregulated Subsidiaries</b>						
Development/Energy	\$3	\$3	\$3	\$2	\$2	\$13
Solutions	3	3	3	3	3	15
<b>Total Unregulated Subsidiaries</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$5</b>	<b>\$5</b>	<b>\$28</b>
<b>Total CEI</b>	<b><u>\$1,833</u></b>	<b><u>\$1,838</u></b>	<b><u>\$1,670</u></b>	<b><u>\$1,634</u></b>	<b><u>\$1,601</u></b>	<b><u>\$8,576</u></b>

Table 2

**Consolidated Edison Company of New York, Inc.**  
**Five Year Capital Program: 2006 - 2010**  
(\$ in Millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Five Year Total</u>
<b>Electric</b>						
Transmission & Switching Stations	\$126	\$136	\$82	\$110	\$115	\$569
Substations & Sub-Transmission	415	474	378	343	347	1,957
Distribution						
New Business	114	114	114	114	114	570
Burnouts	174	145	142	141	140	742
Interferences	22	25	25	25	25	122
Improvements/Reinforcements	260	258	246	232	237	1,233
Telecommunications Applications	1	2	2	2	2	9
Transformers/Network Protectors	74	74	74	74	74	370
Meters/Meter Devices	12	12	12	12	10	58
Total Distribution *	657	630	615	600	602	3,104
<b>Total Electric</b>	<b>\$1,198</b>	<b>\$1,240</b>	<b>\$1,075</b>	<b>\$1,053</b>	<b>\$1,064</b>	<b>\$5,630</b>
<b>Gas</b>						
Distribution	\$130	\$126	\$122	\$118	\$113	\$609
Supply Mains/Tunnel Facilities	50	53	52	60	60	275
<b>Total Gas</b>	<b>\$180</b>	<b>\$179</b>	<b>\$174</b>	<b>\$178</b>	<b>\$173</b>	<b>\$884</b>
<b>Steam</b>						
Production	\$102	\$92	\$106	\$97	\$94	\$491
Distribution	16	23	22	22	23	106
<b>Total Steam</b>	<b>\$118</b>	<b>\$115</b>	<b>\$128</b>	<b>\$119</b>	<b>\$117</b>	<b>\$597</b>
<b>Common</b>	<b>\$198</b>	<b>\$153</b>	<b>\$141</b>	<b>\$134</b>	<b>\$131</b>	<b>\$757</b>
<b>Lower Manhattan Restoration</b>	<b>\$31</b>	<b>\$35</b>	<b>\$32</b>	<b>\$31</b>	<b>\$0</b>	<b>\$129</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b><u>\$1,725</u></b>	<b><u>\$1,722</u></b>	<b><u>\$1,550</u></b>	<b><u>\$1,515</u></b>	<b><u>\$1,485</u></b>	<b><u>\$7,997</u></b>

\* The expenditures included in the Transformer/Meter Installation line item, shown in the approved 2006 budget has now been included in other applicable distribution line items.

**Consolidated Edison Company of New York, Inc.**  
**Five Year Capital Program - Environmental Expenditures**  
(\$ in Millions)

Table 3

	<u>2006</u>	<u>2007-2010</u>	<u>Five Year Total</u>
<b><u>Electric Operations:</u></b>			
Replace Paper and Lead Cable with Solid Dielectric	\$23.9	\$120.0	\$143.9
Install Oil Minders	0.7	2.6	3.3
Facilities Improvements	1.2	4.8	6.0
<b>Sub-Total</b>	<b>\$25.8</b>	<b>\$127.4</b>	<b>\$153.2</b>
<b><u>Substation Operations:</u></b>			
SPCC Work For Substations at Various Locations	\$1.4	\$0.6	\$2.0
SPCC Work for Transmission Cable System	1.0	1.0	2.0
PURS Supervisory Control & Data Acquisition (Replace Moore System	1.0	9.0	10.0
Risk Assessment	1.0	12.0	13.0
Bluestone Remediation	1.5	6.0	7.5
Various Pumping Plant Improvements	5.6	12.3	17.9
<b>Sub-Total</b>	<b>\$11.5</b>	<b>\$40.9</b>	<b>\$52.4</b>
<b><u>System and Transmission Operations :</u></b>			
DEC Cable System Modifications	\$1.5	\$6.9	\$8.4
<b><u>Steam Operations :</u></b>			
SP - EHS Risk Assessments	\$1.1	\$2.0	\$3.1
SP - Spill Containment (Secondary Containment)	0.9	-	0.9
EP - EHS Risk Assessments	0.3	6.4	6.7
<b>Sub-Total</b>	<b>\$2.3</b>	<b>\$8.4</b>	<b>\$10.7</b>
<b><u>Gas Operations:</u></b>			
Gas Leaks	\$21.5	\$82.9	\$104.4
Pipe Replacements	18.6	70.9	89.5
<b>Sub-Total</b>	<b>\$40.1</b>	<b>\$153.8</b>	<b>\$193.9</b>
<b><u>Environmental Health and Safety:</u></b>	<b>\$2.4</b>	<b>\$2.3</b>	<b>\$4.7</b>
<b>TOTAL ENVIRONMENTAL EXPENDITURES</b>	<b><u>\$83.6</u></b>	<b><u>\$339.7</u></b>	<b><u>\$423.3</u></b>



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# **CECONY Operations**

## **Capital 2006-2010 Budget**

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## Con Edison Operations

<u>Section</u>	<u>Description</u>
1	Presentations/ Business Plans
2	Summary Schedules
3	White Papers
4	Trend Analysis
5	Engineering Analysis
6	Load Forecasts

Supplementary Packages include Accounting Budgets and Board Memos, PSC Staff  
Annual Report  
Appendix 3- 2005