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consolidated edison company of new york

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CON EDISON FILES NEW ENERGY INVESTMENT PLAN WITH RATE PROPOSALS FOR 2009 AND BEYOND

Company Cites Rising Equipment Costs and New Area Needs for Infrastructure Improvements & Energy Efficiency Programs

NEW YORK –Consolidated Edison Company of New York, Inc. (Con Edison) today announced that the company is filing new electric rate and investment plans with the New York State Public Service Commission (PSC) to begin April 1, 2009.

Adding another phase to the company's EnergyNY plan, the rate proposal seeks to address the long-term energy infrastructure investment requirements of New York City and Westchester County, while establishing new permanent demand-reduction and energy-efficiency programs. EnergyNY (www.conEd.com/energyny) is Con Edison's commitment to offer programs and initiatives that will help New Yorkers go green and keep New York energized by investing in the area's energy delivery system.

Con Edison's service area peak electric load is expected to grow at an annual average rate of 1.2 percent over the next five years, after implementing the company's demand side management (DSM) programs that help customers reduce their consumption of electricity at the time of peak use. This growth represents an additional 150 megawatts per year, the equivalent of powering 150,000 additional homes.

"New energy efficiency programs and increased conservation play an essential role in our strategy to meet the long-term energy needs of our customers and to support, in a responsible way, the growth of the region's economy," said Kevin Burke, chairman and chief executive officer of Con Edison. "We are working to help our customers manage their power usage, reducing energy costs in the long term and improving the environment. Our rate application reflects our commitment to continue to invest in the long-term future of New York and to maintain a reliable delivery infrastructure."

While rising oil and natural gas prices are driving up the cost of electricity produced by power plants, increasing the energy supply portion of customer bills, the cost of equipment -- substations, cable, transformers, relay switches and other devices -- is also rising, resulting in higher electric delivery costs as well.

Con Edison's rate filing today offers two proposals to the PSC. The first plan seeks \$654 million in additional electric delivery revenues, resulting in a 5.8 percent average increase in total customer bills (a 15.4 percent increase in delivery charges). Under the proposal, a typical residential customer paying \$78.90 per month would see an increase of \$6.18, or about a 7.8 percent rise (15.9 percent in delivery). A typical business paying \$2,338 per month would see an increase of \$120, or 5.1 percent (14.4 percent in delivery). The proposal also projects a rate increase of 4.2 percent in the total bill in 2010, and a 3.7 percent increase in the total bill in 2011.

Con Edison is also proposing an alternative rate plan: a three year plan that would raise annual revenues by \$557 million, increasing total bills by 4.9 percent (a 13.1 percent increase in delivery charges) in each of the next three years. Under this proposal, each year a typical residential customer paying \$78.90 per month would see an increase of \$5.38, or about a 6.8 percent rise (13.8 percent in delivery). A typical business paying \$2,338 per month would see an increase of \$101, or 4.3 percent (12.1 percent in delivery).

The company's preference is to secure a three-year rate plan, providing customers with longer-term certainty in delivery rates, while ensuring that adequate funds are available to address ongoing infrastructure needs.

A significant portion of the proposed rate plans is due to increases in property taxes assessed on the company's facilities.

Con Edison said it was able to mitigate the increase in delivery costs through measures that reflect greater efficiencies and continued stringent cost control efforts. Additional steps include financial adjustments that spread out recovery of previously incurred costs to future periods, and by recognizing revenues before cash is received.

"We have sought to hold down the requested increase through a number of cost-saving measures," said Burke. "A safe and reliable electric delivery system, however, is essential to support economic growth and development in New York. New building projects and housing require a dependable energy infrastructure. A multi-year delivery rate plan will provide some level of stability and certainty to residential and business costs."

The filing begins a nearly year-long public review process with the PSC and interested parties, including consumer groups, environmental organizations, and local municipalities.

Energy Efficiency Plans

Last month, Con Edison proposed a package of 11 new energy-efficiency (Energy Efficiency) programs that have the potential to benefit residential and commercial customers as early as this summer. In this rate plan, Con Edison is proposing to continue its targeted demand side management (Targeted DSM) program. The goal of all these programs is to reduce demand by at least 500 megawatts by 2015, eliminating the need to build a large power plant and defer additional infrastructure investments.

The proposed Con Edison programs also support New York state's plan to reduce electricity consumption by 15 percent, relative to trend, over the same period. If approved, the programs could reduce carbon dioxide emissions by an amount equal to taking over 500,000 cars off the road.

New Infrastructure Investments

As part of the company's overall three-year \$5.5 billion capital program to enhance its electric delivery infrastructure, Con Edison is planning the following investments:

- Construct and energize one new transmission station, three new area substations -- \$633 million;
- Install 3,100 miles of high voltage distribution cable -- \$567 million;
- Install 3,000 miles of low voltage distribution cable -- \$576 million;
- New/replace/upgrade 16 transmission feeders -- \$387 million;
- Install 4,500 distribution transformers and six substation transformers and equipment -- \$957 million; and
- Replace 600 miles of overhead wire, increase overhead reliability for storm resilience and coastal flood mitigation -- \$160 million.

In addition, continued growth in energy demand will require four new substations to be completed over the next three years, and a total of 10 new substations to be constructed over the next decade.

Higher Equipment Costs

High prices for materials such as copper, steel and cooling oil continue to drive up the costs of equipment the company uses to deliver electricity safely to its customers. For instance:

- Copper and steel, which have risen 23 percent and 71 percent respectively in 2008 alone, have helped to drive the cost of a small underground network transformers to \$34,200 today from \$26,600 18 months ago.
- The cost of a typical overhead transformer has jumped from \$1,600 to \$2,200 since April 2007.
- The cost of high-voltage transmission cable increased from \$66 per foot in 2006 to an average of \$95 per foot in 2007.

Power Usage in the Home

Con Edison is stepping up educational efforts promoting conservation for residential customers, who have continued to buy and use a wide range of appliances powered by electricity. Significant

purchases that are increasing home electricity consumption include:

- Flat screen TVs. Larger flat-screen TVs being purchased today consume two to three times the power of the smaller, conventional sets they replace. A 42-inch plasma set can consume more electricity than a full-size refrigerator -- even when that TV is used only a few hours a day.
- Home computers. Between 2002 and 2007, the number of home computers in the company's service area has grown by more than 650,000. Another 500,000 computers are expected to be purchased by Con Edison customers by 2012.
- Air conditioners. Customers in the company's service area continue to purchase additional room air conditioners at a fast pace -- over 1 million in the past five years. And only slightly less than that number -- about 900,000 additional units -- are expected to be purchased by Con Edison customers over the next five years. There are currently more than 6 million room air conditioners in the company's service area.

Conservation Efforts

The company remains committed to educating the public about the environmental and economic benefits of energy efficiency and conservation and will continue to promote increased energy-conservation awareness among consumers.

Individual customers can achieve meaningful reductions in their electric bill by taking simple measures, such as using "power strips" for their TVs and similar appliances, and installing compact fluorescent light bulbs (CFLs) to slow down the electric meter in ways that don't affect a customer's lifestyle or involve substantial investment.

More details of the company's filing can be viewed at www.coned.com.

Con Edison is a subsidiary of Consolidated Edison, Inc. [NYSE: ED], one of the nation's largest investor-owned energy companies, with approximately \$13 billion in annual revenues and \$29 billion in assets. The utility provides electric, gas and steam service to more than 3 million customers in New York City and Westchester County, New York. For additional financial, operations and customer service information, visit Con Edison's Web site at www.coned.com.

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