

REDACTED

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Consolidated Edison Company of New York, Inc.

Case 08-E-0539

September 2008

Prepared Exhibits of:

Accounting Panel
Office of Accounting and Finance
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Office of Accounting and Finance
State of New York
Department of Public Service
90 Church Street
New York, New York 10007

Consolidated Edison Company of New York, Inc.
Electric Rate Case 08-E-0539

Exhibit __ (AP-1)

Revenue Requirement

Consolidated Edison Company of New York, Inc.
Electric Operating Income, Rate Base & Rate of Return
For the Rate Year Ending March 31, 2010
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustments	As Adjusted By Staff	Revenue Increase	Per Staff After Increase
	As Initially Filed	Preliminary Update	As Updated					
Operating Revenues								
Sales Revenues	\$7,366,945	\$658,745	\$8,025,690	1	\$8,125	\$8,033,815	\$327,875	\$8,361,690
Unbilled Revenues	45,270		45,270	2	(31,270)	14,000		14,000
Other Operating Revenues	247,634	801	248,435	3	37,564	285,999	1,148	287,147
Total Operating Revenues	<u>7,659,849</u>	<u>659,546</u>	<u>8,319,395</u>		<u>14,419</u>	<u>8,333,814</u>	<u>329,023</u>	<u>8,662,837</u>
Operating Expense								
Fuel	3,251,081	642,730	3,893,811			3,893,811		3,893,811
Operation & Maintenance Expenses	1,738,581	45,846	1,784,427	4	(212,783)	1,571,644	1,934	1,573,578
Depreciation Expense	595,837	(1,032)	594,805	5	(16,507)	578,298		578,298
Taxes Other Than Income Taxes	1,205,285	97,092	1,302,377	6	(83,035)	1,219,342	8,558	1,227,900
Total Operating Expenses	<u>6,790,784</u>	<u>784,636</u>	<u>7,575,420</u>		<u>(312,325)</u>	<u>7,263,095</u>	<u>10,491</u>	<u>7,273,587</u>
Operating Income Before Income Taxes	869,065	(125,090)	743,975		326,744	1,070,719	318,531	1,389,250
New York State Income Tax	28,168	(8,108)	20,060		23,779	43,839	22,616	66,455
Federal Income Tax	77,543	(38,159)	39,385		106,461	145,846	103,570	249,417
Utility Operating Income	<u>\$763,354</u>	<u>(\$78,824)</u>	<u>\$684,530</u>		<u>\$196,503</u>	<u>\$881,033</u>	<u>\$192,345</u>	<u>\$1,073,378</u>
Rate Base	<u>\$14,591,604</u>	<u>(\$97,576)</u>	<u>\$14,494,029</u>	7	<u>(\$310,216)</u>	<u>\$14,183,812</u>		<u>\$14,183,812</u>
Rate of Return	<u>5.23%</u>		<u>4.72%</u>			<u>6.21%</u>		<u>7.57%</u>

Consolidated Edison Company of New York, Inc.
Electric Other Operating Revenues
For the Rate Year Ending March 31, 2010
(\$000's)

	Company		Adj. No. 3	Staff Adjustments	As Adjusted By Staff
	As Initially Filed	Preliminary Update			
Miscellaneous Service Revenues	\$13,174				\$13,174
Rent from Electric Property	15,015	445	a	141	15,601
Interdepartmental Rents	11,063				11,063
Other Electric Revenues:					
Transmission of Energy	11,456				11,456
Transmission Service Charges	0		b	18,600	18,600
Maint. of Interconnection Facilities	2,183				2,183
Excess Distribution Facilities	2,559				2,559
Late Payment Charges	25,750	(408)	c	2,432	27,774
Meter Reading Services	3,238				3,238
The Learning Center Services	769				769
Fuel Management	134				134
TCC Credits	150,000		d	(30,000)	120,000
Sithe Agreement	2,263				2,263
POR Discount	6,880		e	730	7,610
ESCOs / Marketer Charges	4,608				4,608
SO2 Allowance	5,700		f	2,000	7,700
Intercompany Rents 74/59th Street	(4,400)	(2,100)			(6,500)
Regulatory Deferrals:					
NYS Tax Law Changes	8,466				8,466
DC Service Incentive	3,000				3,000
SO2 Credits	5,700		g	2,000	7,700
Verizon Pole Maint. Contract	14,500				14,500
ADR Tax Amortization (Principle & Interest)	16,357				16,357
Interest on FIT Audit Adjustments - Net	7,404				7,404
Gain on Sale of First Avenue Properties	30,812		h	13,078	43,890
Interest on Sale of First Avenue Properties	2,752				2,752
WTC Expenses	(14,000)		i	14,000	0
Carrying Charges on T&D Expenditures	(20,644)	1,032	j	114	(19,498)
Low Income Discount Program	(17,400)		k	(7,296)	(24,696)
Excess Deferred SIT	5,105				5,105
Deferred Property Tax Refund	258				258
Property Tax Refunds	1,400	2,543	l	1,419	5,362
Transmission Service Charges	0		m	2,591	2,591
Management Audit	(833)	833			0
Deferrals from Case 04-E-0572 RY3	(5,592)				(5,592)
Interest on Deferrals from C. 04-E-0572 RY3	(186)				(186)
Pension Deferral	(6,428)				(6,428)
SIR Deferral	(18,096)	878			(17,218)
Property Tax Increase Deferral	(15,333)	(2,422)	n	17,755	0
Total Electric Other Operating Revenues	\$247,634	\$801		\$37,564	\$285,999

Consolidated Edison Company of New York, Inc.
Electric Operation & Maintenance Expenses
For the Rate Year Ending March 31, 2010
(\$000's)

	Company			Adj. No. 4	Staff Adjustments	As Adjusted By Staff
	As Initially Filed	Preliminary Update	As Updated			
Admin & General Expenses Capitalized	(\$7,927)		(\$7,927)	a	(\$27,252)	(\$35,179)
Inter-Utility Agreement - Ramapo-O&R	870	(354)	516			516
Asbestos Removal	239		239			239
Bank Collection Fees	266		266			266
Betterment Program	1,930		1,930			1,930
Boiler Cleaning	499		499			499
Building Services / Facilities	20,689		20,689	b	1,299	21,988
Central Engineering - Administrative	25		25			25
Central Engineering - Distribution	525		525	c	0	525
Collection Agency Fees	2,045	229	2,274	d	(229)	2,045
Communications - Telephone	12,578		12,578	e	42	12,620
Company Labor	570,410	5,032	575,442	f	(45,304)	530,138
AMR / AMI Saturation Savings	(778)		(778)	g	(36)	(814)
Consultants	13,476		13,476	h	(3,137)	10,339
Contract Labor	6,689	879	7,568	i	(3,425)	4,143
Corrective Maintenance	4,029		4,029	j	(580)	3,449
Contract Change	0	(1,513)	(1,513)			(1,513)
Disposal of Obsolete M&S	6,072		6,072			6,072
DSM	26,331		26,331			26,331
Duplicate Misc. Charges	(20,742)	(2,713)	(23,455)			(23,455)
EDP Equipment Rentals & Maintenance	4,184		4,184			4,184
Electric and Gas Used	701	30	731			731
Employee Pension / OPEBs	112,179	42,836	155,015	k	(40,027)	114,988
Employee Welfare Expense - Net	111,417		111,417	l	(10,325)	101,092
Environmental Expenses	18,042		18,042	m	(1,496)	16,546
ERRP - Major Maintenance	7,292		7,292			7,292
Facilities Maintenance	5,174	(263)	4,911	n	(1,311)	3,600
Financial Services	7,024		7,024			7,024
Gas Turbines	3,039		3,039			3,039
Information Resources	23,563		23,563	o	25	23,588
Informational Advertising	17,573		17,573	p	(11,314)	6,259
Injuries and Damages Reserve	41,938	(865)	41,073			41,073
Institutional Dues & Subscriptions	1,661		1,661	q	0	1,661
Insurance Premiums	30,901	(1,174)	29,727	r	(8,836)	20,891
Interference	96,230	(2,764)	93,466	s	(21,648)	71,818
Corporate and Fiscal Expenses	4,328		4,328	t	(690)	3,638
Mobile Diesel Generators	6,523		6,523			6,523
Manhour Expense	48,629		48,629			48,629
Marshall's Fees	1,099		1,099			1,099
Materials and Supplies	27,106	934	28,040	u	(1,236)	26,804
Other Compensation	6,021		6,021	v	(6,021)	0
Outreach & Education	4,608		4,608			4,608
Other (Fossil)	1,797		1,797			1,797
Outside Legal Services	1,696		1,696			1,696
Paving	1,928		1,928			1,928
Plant Component Upgrade	428		428			428
Postage	14,079		14,079			14,079
Preventive Maintenance	1,466	(114)	1,352	w	521	1,873
RCA - Amortization of Hudson-Farragut	477		477			477
SBC / RPS	126,421		126,421			126,421
Real Estate Expenses	1,037		1,037			1,037
Regulatory Commission Expenses	30,277		30,277	x	(701)	29,576
Rents	64,215	(644)	63,571	y	(8,415)	55,156
Rents (ERRP)	72,859	(4,312)	68,547			68,547
Rents (Interdepartmental)	5,039		5,039			5,039
Research and Development	20,025		20,025	z	(3,131)	16,894
Stray Voltage	24,760		24,760	aa	(1,278)	23,482
Scheduled Overhauls	4,444		4,444	bb	(1,754)	2,690
Security	2,664		2,664			2,664
Shared Services	(8,924)		(8,924)			(8,924)
Storm Costs	5,600		5,600			5,600
Transformer Installations	96		96			96
Tree Trimming	16,382		16,382	cc	182	16,564
Trenching	9,846		9,846	dd	(669)	9,177
Uncollectible	52,072	7,597	59,669	ee	(6,184)	53,485
Water	634	80	714			714
Water Chemicals	154		154			154
Other O&M	72,651	2,945	75,596	ff	(9,853)	65,743
Total O & M Expenses	\$1,738,581	\$45,846	\$1,784,427		(\$212,783)	\$1,571,644

Consolidated Edison Company of New York, Inc.
Other Electric O & M
For the Rate Year Ending March 31, 2010
(\$000's)

	<u>Company</u>			<u>Adj.</u> <u>No. 4</u>	<u>Staff</u> <u>Adjustments</u>	<u>As Adjusted</u> <u>By Staff</u>
	<u>As Initially</u> <u>Filed</u>	<u>Preliminary</u> <u>Update</u>	<u>As Updated</u>			
Electric Parts, Repairs & Service	\$11,642		\$11,642			\$11,642
Other Equipment, Parts, Repair & Service	3,147		3,147	ff. 1	(805)	2,342
Misc. Materials, Hardware, Parts & Supplies	5,952		5,952			5,952
Vehicle Maint., Service & Other Transportation	2,385		2,385			2,385
Substation Equipment, Parts, & Services	5,285		5,285			5,285
Training & Development	1,933		1,933			1,933
Audio & Visual	379		379			379
Printing Services	680		680			680
Programming Services	2,612		2,612			2,612
Rental Equipment - Other	2,082		2,082			2,082
Testing & Inspection	16,535	(81)	16,454			16,454
Other	20,019	3,026	23,045	ff. 2-7	(9,048)	13,997
Total Other O & M	<u>\$72,651</u>	<u>\$2,945</u>	<u>\$75,596</u>		<u>(\$9,853)</u>	<u>\$65,743</u>

Consolidated Edison Company of New York, Inc.
Taxes Other Than Income Taxes
For the Rate Year Ending March 31, 2010
(\$000's)

	<u>Company</u>			Adj. No. 6	Staff Adjustments	As Adjusted By Staff	Revenue Increase	Per Staff After Increase
	<u>As Initially Filed</u>	<u>Preliminary Update</u>	<u>As Updated</u>					
<u>Property Taxes</u>								
New York City	\$852,779	\$79,544	\$932,323	a	(\$75,906)	\$856,417		\$856,417
Upstate & Westchester	83,426	6,918	90,344	b	(1,670)	88,674		88,674
Total Property Taxes	<u>936,205</u>	<u>86,462</u>	<u>1,022,667</u>		<u>(77,576)</u>	<u>945,091</u>		<u>945,091</u>
Revenue Taxes	193,240	10,630	203,870	c	1,192	205,062	\$8,558	213,620
Payroll Taxes	53,365		53,365	d	(6,651)	46,714		46,714
Subsidiary Capital Tax	5,229		5,229			5,229		5,229
Receipts Tax	14,620		14,620			14,620		14,620
All Other Taxes	2,626		2,626			2,626		2,626
Total Taxes Other Than Income Taxes	<u>\$1,205,285</u>	<u>\$97,092</u>	<u>\$1,302,377</u>		<u>(\$83,035)</u>	<u>\$1,219,342</u>	<u>\$8,558</u>	<u>\$1,227,900</u>

Consolidated Edison Company of New York, Inc.
New York State Income Tax
For the Rate Year Ending March 31, 2010
(\$000's)

	<u>Company</u>		Adj. No.	Staff Adjustments	As Adjusted By Staff	Revenue Increase	Per Staff After Increase	
	As Initially Filed	Preliminary Update						As Updated
Operating Income Before Income Taxes	\$869,065	(\$125,090)	\$743,975		\$326,744	\$1,070,719	\$318,531	\$1,389,250
Flow Through Items:								
Non-Taxable Income and Additional Deductions:								
Interest Expense	455,196	(10,896)	444,300		(8,171)	436,129		436,129
Medicare Part D Subsidy	15,347		15,347			15,347		15,347
Total Deductions	470,543	(10,896)	459,647		(8,171)	451,476	0	451,476
Normalized Items:								
Additional Income and Unallowable Deductions								
Book Depreciation	595,837	(1,032)	594,805		(16,507)	578,298		578,298
Contributions in Aid of Construction	672		672			672		672
Capitalized Interest	17,902		17,902			17,902		17,902
Pension and OPEB Expenses Per Books	116,514		116,514			116,514		116,514
Total Additions	730,925	(1,032)	729,893		(16,507)	713,386	0	713,386
Non-Taxable Income and Additional Deductions								
NYS Depreciation	537,748	354	538,102		(14,933)	523,169		523,169
263A Capitalized Overheads	61,925	536	62,461			62,461		62,461
Removal Costs	201,862	17	201,879			201,879		201,879
Repair Allowance	47,326		47,326			47,326		47,326
Amortization of Capitalized Interest	3,929		3,929			3,929		3,929
Loss on MACRS Retirement	44,986		44,986			44,986		44,986
Pension / OPEB Expense - Funding	152,835		152,835			152,835		152,835
Westchester Property Tax Adjustment	1,416		1,416			1,416		1,416
Credita from Case 07-E-0523	74,153		74,153		13,078	87,231		87,231
Stony Point Property Tax Refund	1,400	2,543	3,943		1,419	5,362		5,362
SO2 Credits	5,700		5,700		2,000	7,700		7,700
Management Audit	(833)	833	0			0		0
WTC Expenses	(14,000)		(14,000)		14,000	0		0
Deferrals from Case 04-E-0572 RY3	(5,592)		(5,592)			(5,592)		(5,592)
Interest on Deferrals from Case 04-E-0572 RY3	(186)		(186)			(186)		(186)
T&D Deferral from Case 07-E-0523	(20,644)	1,032	(19,612)		114	(19,498)		(19,498)
SIR Deferral - April 2008-March 2010	(18,096)	878	(17,218)			(17,218)		(17,218)
Property Tax Increase Deferral - April 08-March 09	(15,333)	(2,422)	(17,755)		17,755	0		0
Transmission Service Charges					2,591	2,591		2,591
Total Deductions	1,058,596	3,771	1,062,367		36,024	1,098,391	0	1,098,391
Total Adjustments to Income	(798,214)	6,093	(792,121)		(44,359)	(836,481)	0	(836,481)
NYS Taxable Income	70,851	(118,997)	(48,146)		282,384	234,238	318,531	552,769
Tax Computation								
Current NYS Income Tax Payable @ 7.1%	5,030	(8,449)	(3,418)		20,049	16,631	22,616	39,247
Deferred NYS Income Tax @ 7.1%	23,265	341	23,606		3,730	27,335	0	27,335
Brownfield Credit	(127)		(127)			(127)		(127)
Total New York State Income Tax	\$28,168	(\$8,108)	\$20,060		\$23,779	\$43,839	\$22,616	\$66,455

Consolidated Edison Company of New York, Inc.
Federal Income Tax
For the Rate Year Ending March 31, 2010
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustments	As Adjusted By Staff	Revenue Increase	Per Staff After Increase
	As Initially Filed	Preliminary Update	As Updated					
Operating Income Before Income Taxes	\$869,065	(\$125,090)	\$743,975		\$326,744	\$1,070,719	\$318,531	\$1,389,250
New York State Income Tax	28,168	(8,108)	20,060		23,779	43,839	22,616	66,455
Operating Income Before Federal Income Tax	840,897	(116,982)	723,915		302,965	1,026,879	295,916	1,322,795
Flow Through Items:								
Add: Additional Income and Unallowable Deductions								
Book Depreciation	595,837	(1,032)	594,805		(16,507)	578,298		578,298
Hudson-Farragut Amortization - Per Books	477		477			477		477
Capitalized Interest	17,902		17,902			17,902		17,902
Total Additions	614,216	(1,032)	613,184		(16,507)	596,677	0	596,677
Deduct: Non-Taxable Income and Additional Deductions								
Interest Expense	455,196	(10,898)	444,300		(8,171)	436,129		436,129
Statutory Depreciation - at Current Book Rates	342,105	1,889	343,994		(9,547)	334,447		334,447
Statutory Depreciation - Change at Proposed Book Rates	0		0			0		0
Statutory Depreciation - Change with Reserve Deficiency	0		0			0		0
Removal Costs	201,862	17	201,879			201,879		201,879
Medicare Part D Subsidy - Post-Employment Benefits	15,347		15,347			15,347		15,347
Amortization of Capitalized Interest	2,073		2,073			2,073		2,073
Westchester Property Tax Adjustment	1,418		1,416			1,416		1,416
Dividends Paid on \$5 Cumulative Preferred Stock	3,327		3,327			3,327		3,327
Total Deductions	1,021,326	(8,990)	1,012,336		(17,718)	994,618	0	994,618
Normalized Items:								
Add: Additional Income and Unallowable Deductions								
Contributions In Aid of Construction	672		672			672		672
Pension / OPEB Expenses - Rate Year	116,514		116,514			116,514		116,514
Deferred NYS Income Tax	23,265	341	23,606		3,730	27,335		27,335
Total Additions	140,451	341	140,792		3,730	144,521	0	144,521
Deduct: Non-Taxable Income and Additional Deductions								
Statutory Depreciation - at Current Book Rates	251,857	(1,953)	249,904		(6,935)	242,969		242,969
Statutory Depreciation - Change at Proposed Book Rates	0		0			0		0
Statutory Depreciation - Change with Reserve Deficiency	0		0			0		0
263A Capitalized Overheads	61,925	536	62,461			62,461		62,461
Repair Allowance	47,326		47,326			47,326		47,326
Amortization of Capitalized Interest	1,858		1,856			1,856		1,856
Loss on MACRS Retirement	40,173		40,173			40,173		40,173
Pension / OPEB Expense - Funding	152,835	0	152,835			152,835		152,835
Credits from Case 07-E-0523	74,153		74,153		13,078	87,231		87,231
Stony Point Property Tax Refund	1,400	2,543	3,943		1,419	5,362		5,362
SO2 Credits	5,700		5,700		2,581	8,291		8,291
Management Audit	(833)	833	0			0		0
WTC Expenses	(14,000)		(14,000)		14,000	0		0
Deferrals from Case 04-E-0572 RY3	(5,592)		(5,592)			(5,592)		(5,592)
Interest on Deferrals from Case 04-E-0572 RY3	(186)		(186)			(186)		(186)
T&D Deferral from Case 07-E-0523	(20,644)	1,032	(19,612)		114	(19,498)		(19,498)
SIR Deferral - April 2008-March 2010	(18,096)	878	(17,218)			(17,218)		(17,218)
Property Tax Increase Deferral - April 2008-Msrch 2010	(15,333)	(2,422)	(17,755)		17,755	0		0
Transmission Service Charges					2,591	2,591		2,591
Total Deductions	562,541	1,447	563,988		44,813	608,601	0	608,601
Total Adjustments to Income	(829,200)	6,852	(822,349)		(39,672)	(862,021)	0	(862,021)
Federal Taxable Income	11,697	(110,131)	(98,434)		263,293	164,858	295,916	460,774
Tax Computation								
Current Federal Income Tax @ 35%	4,094	(38,546)	(34,452)		92,152	57,700	103,570	161,271
Deferred Federal Income Tax @ 35%	147,732	387	148,119		14,309	162,428	0	162,428
Amortization of Previously Deferred Federal Income Tax								
Depreciation - ADR/ACRS/MACRS - at Current Book Rates	(45,055)		(45,055)			(45,055)		(45,055)
Depreciation - ADR/ACRS/MACRS - at Proposed Book Rates	0		0			0		0
Depreciation - ADR/ACRS/MACRS - Reserve Deficiency	0		0			0		0
Loss on MACRS Retirements	(5,558)		(5,558)			(5,558)		(5,558)
Repair Allowance	(9,844)		(9,844)			(9,844)		(9,844)
Capitalized Overheads	(10,296)		(10,296)			(10,296)		(10,296)
Depreciation on Capitalized Maintenance/Computer Software	1,223		1,223			1,223		1,223
Investment Tax Credit	(4,752)		(4,752)			(4,752)		(4,752)
Total Federal Income Tax	\$77,543	(\$38,159)	\$39,385		\$106,461	\$145,846	\$103,570	\$249,417

Consolidated Edison Company of New York, Inc.
Rate Base
For the Rate Year Ending March 31, 2010
(\$000's)

	Company			Adj. No. 7	Staff Adjustments	As Adjusted By Staff
	As Initially Filed	Preliminary Update	As Updated			
Utility Plant:						
Book Cost of Plant	\$18,814,545	(\$28,964)	\$18,785,581	a	(\$240,161)	\$18,545,420
Accumulated Reserve for Depreciation	(3,811,799)	1,264	(3,810,535)	b	14,358	(3,796,177)
Net Plant	15,002,746	(27,700)	14,975,046		(225,803)	14,749,243
Non-Interest Bearing CWIP	558,093		558,093			558,093
Preferred Stock Expense	2,414		2,414			2,414
Unamortized Debt Discount Premium and Expense	136,291	447	136,738			136,738
Deferred Fuel - Net of Tax	26,503	(4,724)	21,779			21,779
Unamortized Balance - Hudson Farragut	1,323		1,323			1,323
Customer Advances for Construction	(269)		(269)			(269)
MTA Surtax - Net of Tax	3,063		3,063			3,063
Working Capital	597,997	31,865	629,863	c	(47,781)	582,081
Excess Rate Base Over Capitalization Adjustment	245,686	(44,840)	200,846	d	(7,889)	192,957
Early Retirement Termination Benefit (1999) - Net of Tax	7,795		7,795			7,795
DC Service Incentive - Net of Tax	(2,907)		(2,907)			(2,907)
System Benefits Charge/Retail Portfolio Standard - Net of Tax	4,212	(201)	4,011			4,011
Amounts Billed in Advance of Construction - Net of Tax	(5,709)		(5,709)			(5,709)
BIR Discounts - Recovery - Net of Tax	3,339		3,339	e	(3,339)	0
ERRP Major Maintenance	0	0	0	f	(1,325)	(1,325)
Regulatory Deferrals						
Recovery of Deferrals from C 04-E-0572 RY3	8,721		8,721			8,721
Recovery of Management Audit	1,258	(1,258)	0			0
Recovery of Various Deferrals from C. 07-E-0523	105,959	(5,295)	100,664	g.1	(585)	100,079
Recovery of Pension Deferrals from C. 07-E-0523	9,704		9,704	g.2	(9,704)	0
Recovery of SIR Deferrals from C. 07-E-0523	103,810	(5,038)	98,772			98,772
Recovery of 2008/2009 Property Tax Increase	23,148	3,856	26,804	g.3	(26,804)	0
Refund of Credit from C. 07-E-0523	(67,165)		(67,165)	g.4	(11,846)	(79,011)
Refund of Property Tax Refunds	(423)	(767)	(1,190)	g.5	(429)	(1,619)
Refund of SO2 Credits	(1,721)		(1,721)	g.6	(604)	(2,325)
Unbilled Revenues	33,953	(11,318)	22,635	g.7	32,315	54,950
Verizon Pole Maintenance - Reimbursement	(4,378)		(4,378)			(4,378)
TSC Revenues	0	0	0	g.8	(3,911)	(3,911)
Accumulated Deferred Income Taxes						
ADR / ACRS / MACRS Deductions	(1,745,988)	2,671	(1,743,317)	h.1	1,214	(1,742,103)
Change of Accounting Section 263A	(280,769)	(35,527)	(316,316)			(316,316)
Vested Vacation	11,529		11,529			11,529
Prepaid Insurance Expenses	(3,817)		(3,817)			(3,817)
Unbilled Revenues	110,440		110,440			110,440
Contributions in Aid of Construction	12,295		12,295			12,295
Capitalized Interest	4,592		4,592			4,592
Repair & Maintenance Allowance - 2002-2006 IRS Audit	4,507		4,507			4,507
Flt 48 - Disallowed SSCM	(57,475)		(57,475)			(57,475)
MTA	(12,359)		(12,359)			(12,359)
Amortization of Computer Software	(43,047)		(43,047)			(43,047)
Customer Deposits	20,278		20,278			20,278
Call Premium	(19,552)		(19,552)			(19,552)
Deferred SIT	(202,453)	453	(202,000)	h.2	(3,725)	(205,725)
Total Rate Base	\$14,591,604	(\$97,576)	\$14,494,029	Sch. 1	(\$310,216)	\$14,183,812

Consolidated Edison Company of New York, Inc.
Working Capital Allowance
For the Rate Year Ending March 31, 2010
(\$000's)

	Company		Adj. No. 7 c	Staff Adjustments	As Adjusted By Staff
	As Initially Filed	Preliminary Update			
Materials & Supplies					
Liquid Fuel Inventory	\$ 7,259				\$ 7,259
Materials & Supplies, Excluding Fuel	88,670				88,670
Total Materials & Supplies	<u>95,929</u>	<u>-</u>		<u>-</u>	<u>95,929</u>
Prepayments					
Insurance	13,905	(528)	1	(3,976)	9,401
Rents	15,519		2	(2,034)	13,485
Property Taxes	200,206	19,704	3	(16,679)	203,231
PSC Assessment	7,893				7,893
Interference	8,027		4	(4,271)	3,756
EPRI	264				264
Other	11,222				11,222
Total Prepayments	<u>257,036</u>	<u>19,176</u>		<u>(26,960)</u>	<u>249,252</u>
	<u>3,233,021</u>				
Cash Working Capital					
Total Operations & Maintenance Expenses	4,989,662	688,576		(212,783)	5,465,455
Less:					
Purchased Power Expenses	2,898,834	489,032			3,387,866
Gas Portion of Fuel	334,187	114,070		-	448,257
Recoverable Fuel Costs	22,267	12,027			34,294
Interdepartmental Rents	5,039	-		-	5,039
Uncollectibles	52,072	4,085		(6,184)	49,973
Pensions / OPEBs	112,179	40,027		(40,027)	112,179
Subtotal	<u>3,424,578</u>	<u>659,241</u>		<u>(46,211)</u>	<u>4,037,608</u>
Cash Working Capital Subject to 1/8th Allowance	<u>1,565,084</u>	<u>29,335</u>		<u>(166,572)</u>	<u>1,427,847</u>
Cash Working Capital @ 1/8th	195,636	3,667		(20,821)	178,481
Costs	1,856	1,002		-	2,858
Total Cash Working Capital	197,492	4,669	5	(20,821)	181,339
Total	<u>550,457</u>	<u>23,845</u>		<u>(47,781)</u>	<u>526,520</u>
Add: Working Capital Related to Purchased Power @ 1.64%	47,541	8,020		-	55,561
Total Working Capital	<u>\$ 597,997</u>	<u>\$ 31,865</u>		<u>\$ (47,781)</u>	<u>\$ 582,081</u>

Consolidated Edison Company of New York, Inc.
Explanation of Staff's Adjustments
For the Rate Year Ending March 31, 2010
(\$000's)

Adj. No.		<u>Amount</u>
1	<u>Sales Revenues</u>	
	a. To reflect Staff's adjustment to DSM impact on sales forecast. (Liu, Randt)	\$12,752
	b. To reflect Staff's forecast of rate year BPP/MFC/Metering revenues. (Randt)	86
	c. Tracking Staff's adjustment to uncollectibles accounts. (AP)	(4,713)
	Total Adjustments to Sales Revenues	<u>\$8,125</u>
2	<u>Unbilled Revenues</u>	
	To reflect Staff's proposed use of electric unbilled revenues. (AP)	<u>(\$31,270)</u>
3	<u>Other Operating Revenues</u>	
	a. <u>Rent Revenues</u>	
	To reflect lease agreement between CECONY and O&R. (AP)	\$141
	b. <u>Transmission Service Charges</u>	
	To reflect Staff's rate year forecast of non-firm transmission service revenues. (AP)	18,600
	c. <u>Late Payment Charges</u>	
	Tracking Staff's adjustments to sale revenues. (AP)	2,432
	d. <u>TCC Credits</u>	
	To Staff's rate year forecast of TCC revenues. (M. Padula)	(30,000)
	e. <u>POR Discounts</u>	
	To reflect Staff's rate year forecast of POR Discounts. (AP)	730
	f. <u>SO2 Allowances</u>	
	To reflect Staff's recommendation to disallow Environmental Excellence Fund. (R Powell)	2,000
	g. <u>SO2 Credits</u>	
	To reflect Staff's recommendation to disallow Environmental Excellence Fund. (R Powell)	2,000
	h. <u>Gain on Sale of First Avenue Properties</u>	
	To reflect additional proceeds per Commission Order. (AP)	13,078
	i. <u>WTC Expenses</u>	
	To reflect Staff's proposed use of unbilled revenues. (AP)	14,000
	j. <u>Carrying Charges on T&D expenditures</u>	
	To correct Company's rate year forecast. (AP)	114
	k. <u>Low Income Discount Program</u>	
	To reflect Staff's rate year program recommendation. (M Insogna)	(7,296)
	l. <u>Property Tax Refunds</u>	
	To correct Company's rate year forecast. (AP)	1,419
	m. <u>Transmission Service Charges</u>	
	To reflect Staff's proposal to pass back deferred TSC revenues. (AP)	2,591
	n. <u>Property Tax Deferral</u>	
	To eliminate recovery per Staff recommendation. (AP)	17,755
	Total Adjustments to Other Operating Revenues	<u>\$37,564</u>

Consolidated Edison Company of New York, Inc.
Explanation of Staff's Adjustments
For the Rate Year Ending March 31, 2010
(\$000's)

Adj. No.	Amount
4	
<u>Operation & Maintenance Expenses (O&M):</u>	
a. <u>Administrative & General Expenses - Capitalized</u>	
1. To reflect reclassification from Company labor. (AP)	(\$25,808)
2. To reflect Staff's forecast of rate year credits. (AP)	(1,444)
Total Adjustments to Administrative & General Expenses - Capitalized	(27,252)
b. <u>Building Services / Facilities</u>	
To reflect reclassification from other O&M. (AP)	1,299
c. <u>Central Engineering Distribution</u>	
1. To reflect Staff's adjustment to Company's IIP forecast. (SIIP)	(694)
2. To reflect reclassification from other O&M. (AP)	694
Total Adjustments to Central Engineering Distribution	0
d. <u>Collection Agency Fees</u>	
To remove Company Update based on revised methodology. (AP)	(229)
e. <u>Communication - Telephone</u>	
To reflect reclassification from other O&M. (AP)	42
f. <u>Company Labor</u>	
1. To reflect Staff's labor normalization adjustment. (AP)	(7,875)
2. To reflect Staff's recommendations related to program changes	
Per Staff Infrastructure investment Panel	(16,438)
Per Staff Shared Services Panel	(1,572)
Per M Insogna	(1,371)
Per Staff Emergency Management Panel	(1,027)
Per H Kennedy	(775)
Per Accounting Panel	
Law	(882)
NYISO Weekly Billing	(175)
Interference	(703)
3. To remove variable pay from the Company's rate year forecast. (AP)	(15,879)
4. To reflect Staff's rate year labor escalation rate. (AP)	(23,207)
5. To reflect Staff's proposal to remove energy efficiency program related costs. (AP)	(1,209)
6. To reflect reclassification of A&G expense - capitalized. (AP)	25,808
Total Adjustments to Company Labor	(45,304)
g. <u>AMR / AMI Saturation Savings</u>	
To reflect Staff's adjustment related to the AMR Strategic Program. (M Insogna)	(36)
h. <u>Consultants</u>	
1. To reflect Staff's adjustment related to strike contingency. (SSO)	(101)
2. To reflect Staff's proposal to remove energy efficiency program related costs. (AP)	(1,075)
3. To reflect Staff's proposal regarding the audit report implementation plan. (SUMP)	(174)
4. To normalize fees related to the steam incident. (AP)	(1,787)
Total Adjustments to Consultants	(3,137)
i. <u>Contract Labor</u>	
1. To reflect Staff's adjustment to Company's IIP forecast. (SIIP)	(553)
2. To reflect reclassification from other O&M. (AP)	1,048
3. To reflect Staff's rate year forecast of contract labor. (AP)	(3,920)
Total Adjustments to Contract labor	(3,425)
j. <u>Corrective Maintenance</u>	(580)
To remove the normalization reflected in rate year expense. (AP)	
k. <u>Employees Pensions & OPEBs</u>	(40,027)
To remove Company's update to Pension expense. (AP)	

Consolidated Edison Company of New York, Inc.
Explanation of Staff's Adjustments
For the Rate Year Ending March 31, 2010
(\$000's)

Adj. No.		<u>Amount</u>
4	<u>I. Employee Welfare</u>	
	1. To reflect Staff's rate year forecast of health insurance expense	(\$6,585)
	2. To reflect Staff's rate year forecast of other employee welfare expense	(1,533)
	3. Tracking of Staff's adjustments to new employee headcount	(2,207)
	Total Adjustments to Employee Welfare Expense	<u>(10,325)</u>
	<u>m. Environmental Expenses</u>	
	1. To reflect Staff's adjustment to Company's IIP forecast. (SIIP)	(2,533)
	2. To reflect reclassification from other O&M. (AP)	1,037
	Total Adjustments to Environmental Expenses	<u>(1,496)</u>
	<u>n. Facilities Maintenance</u>	
	To reflect Staff's proposed rate year allowance	(1,311)
	<u>o. Informational Resources</u>	
	1. To reflect reclassification from other O&M. (AP)	349
	2. To reflect Staff's adjustment to the program change for bill redesign. (M Insogna)	(324)
	Total Adjustments to Informational Resources	<u>25</u>
	<u>p. Informational Advertising</u>	
	To reflect Staff's rate year forecast of informational advertising. (M Insogna)	(11,314)
	<u>q. Institutional Dues & Subscriptions</u>	
	1. To reflect reclassification from other O&M. (AP)	57
	2. To reflect Staff's proposal to remove energy efficiency program related costs. (AP)	(57)
	Total Adjustments to Institutional Dues & Subscriptions	<u>0</u>
	<u>r. Insurance Premiums</u>	
	1. To reflect Staff's rate year escalation rate. (AP)	(1,844)
	2. To reflect a cap on excess liability insurance per steam prudence case. (AP)	(2,855)
	3. To reflect shareholders' portion of D&O insurance. (AP)	(4,137)
	Total Adjustments to Insurance Premiums	<u>(8,836)</u>
	<u>s. Interference</u>	
	To reflect Staff's rate year forecast of infrastructure expense. (SMISP)	(21,648)
	<u>t. Corporate & Fiscal Expenses</u>	
	To reflect removal of Board of Directors stock options. (AP)	(690)
	<u>u. Materials & Supplies</u>	
	1. To reflect Staff's adjustment to Company IIP forecast. (SIIP)	(775)
	2. To reflect reclassification from other O&M. (AP)	34
	3. To reflect Staff's proposal regarding the audit report implementation plan. (SEMP)	(12)
	4. To reflect Staff's adjustment to the program change for bill redesign. (M Insogna)	(483)
	Total Adjustments to Materials & Supplies	<u>(1,236)</u>
	<u>v. Other Compensation</u>	
	To reflect Staff's elimination of other compensation expense. (AP)	(6,021)
	<u>w. Preventive Maintenance</u>	
	To reflect reclassification from other O&M. (AP)	521
	<u>x. Regulatory Commission Expenses</u>	
	To reflect removal non-recurring costs from the Company's rate year forecast . (AP)	(701)
	<u>y. Rent Expenses</u>	
	To reflect Staff's rate year forecast of rents. (AP)	(8,415)

Consolidated Edison Company of New York, Inc.
Explanation of Staff's Adjustments
For the Rate Year Ending March 31, 2010
(\$000's)

Adj. No.		<u>Amount</u>
4	z. <u>Research & Development</u>	
	1. To reflect capitalization of R&D costs. (AP)	(\$2,731)
	2. To reflect Staff's proposal to remove energy efficiency program related costs. (AP)	(400)
	Total Adjustments to Research & Development	<u>(3,131)</u>
	aa. <u>Stray Voltage</u>	
	To reflect Staff's rate year forecast of stray voltage. (SIIP)	(1,278)
	bb. <u>Scheduled Overhauls</u>	
	To reflect recovery of replacement rotor expenditure over 3 years. (SEPP)	(1,754)
	cc. <u>Tree Trimming</u>	
	1. To reflect Staff's rate year forecast of tree trimming. (D Morrell)	(705)
	2. To reflect reclassification from other O&M. (AP)	887
	Total Adjustments to Tree Trimming	<u>182</u>
	dd. <u>Trenching</u>	
	To reflect Staff's rate year forecast of trenching. (SIIP)	(669)
	ee. <u>Uncollectibles</u>	
	1. To reflect Staff's proposal to use a three-year average ratio of write-offs. (AP)	(2,701)
	2. To correct for error in Company's preliminary update filing. (AP)	(3,483)
	Total Adjustments to Uncollectibles	<u>(6,184)</u>
	ff. <u>Other O&M</u>	
	1. To reflect Staff's rate year forecast of other equipment, parts, repairs & service. (SIIP)	(805)
	2. To reflect Staff's adjustment to IIP programs. (SIIP)	(346)
	3. To reflect Staff's rate year forecast of vehicle fuel expense. (AP)	(1,102)
	4. To reflect Staff's adjustment related to Public Affairs. (H Kennedy)	(73)
	5. To reflect Staff's adjustment regarding the Company's Emergency Management Program. (SEMP)	(487)
	6. To correct for a double count in Company's preliminary update. (AP)	(1,072)
	7. To reflect reclassification of elements of expenses. (AP)	(5,968)
	Total Adjustments to Other O&M	<u>(9,853)</u>
	Total Adjustments to Operating and Maintenance Expenses	<u><u>(\$212,783)</u></u>
5	<u>Depreciation Expense</u>	
	To reflect Staff's rate year forecast of depreciation expense. (Randt)	<u><u>(\$16,507)</u></u>
6	<u>Taxes Other Than Income Taxes</u>	
	<u>Property Taxes (AP)</u>	
	a. <u>NYC</u>	
	1. To reflect Staff's five- year growth average in computing projected tax rate.	(\$57,235)
	2. To remove non-operating property from Company's forecast.	(573)
	3. To remove escalation from HWI.	(14,298)
	4. To remove Parkview - Addendum update.	(3,800)
	Total Adjustments to NYC Property Taxes	<u>(75,906)</u>
	<u>Westchester</u>	
	1. To reflect Staff's five- year growth average in computing projected tax rate.	(1,551)
	2. To remove non-operating property from Company's forecast.	(119)
	Total Adjustments to Westchester Property Taxes	<u>(1,670)</u>
	c. <u>Revenue Taxes</u>	
	Tracking of Staff's rate year revenue adjustments. (AP)	1,192
	d. <u>Payroll Taxes</u>	
	Tracking Staff's rate year adjustments to labor. (AP)	(6,651)
	Total Adjustments to Taxes Other Than Income Taxes	<u><u>(\$83,035)</u></u>

Consolidated Edison Company of New York, Inc.
Explanation of Staff's Adjustments
For the Rate Year Ending March 31, 2010
(\$000's)

Adj. No.		<u>Amount</u>
7	Rate Base	
a.	<u>Book Cost of Plant</u>	(\$240,161)
	To reflect Staff's forecast of rate year plant in service. (L Randt)	
b.	<u>Accumulated Reserve for Depreciation</u>	14,358
	To reflect Staff's forecast of rate year accumulated reserve for depreciation. (L Randt)	
c.	<u>Working Capital</u>	
1.	<u>Prepaid Insurance</u>	(3,976)
	To reflect Staff's adjustments to insurance expenses. (AP)	
2.	<u>Prepaid Rents</u>	(2,034)
	To reflect Staff's adjustment to rents. (AP)	
3.	<u>Prepaid Property Tax</u>	(16,679)
	To reflect Staff's adjustments to property tax expense. (AP)	
4.	<u>Prepaid Interference</u>	(4,271)
	To reflect Staff's rate year forecast. (AP)	
5.	<u>Cash Working Capital</u>	(20,821)
	Tracking Staff's O&M expense adjustments	
	Total Adjustments to Working Capital	<u>(47,781)</u>
d.	<u>Excess Rate Base Over Capitalization Adjustment</u>	(7,889)
	To correct Company's EBCap adjustment for error. (AP)	
e.	<u>BIR Discounts</u>	(3,339)
	To reflect Staff's removal of BIR discounts. (AP)	
f.	<u>ERRP Major Maintenance</u>	(1,325)
	To reflect Staff's rate year forecast of unexpended funds. (AP)	
g.	<u>Regulatory Deferrals (AP):</u>	
1.	<u>Recovery of Various Deferrals from 07-E-0523 - T&D</u>	(585)
	To reflect Staff's adjustment to carrying charge on T&D expenditures.	
2.	<u>Recovery of Pension Deferral from 07-E-0523</u>	(9,704)
	To remove non-cash pension deferral.	
3.	<u>Recovery of 2008/2009 Property Tax Increase</u>	(26,804)
	Tracking Staff's recommendation for property tax deferral.	
4.	<u>Refund of Credit from 07-E-0523</u>	(11,846)
	To reflect additional proceeds from sale of 1st Avenue properties.	
5.	<u>Refund of Property Tax Refunds</u>	(429)
	To reflect additional tax refunds.	
6.	<u>Refund of SO2 Credits</u>	(604)
	Tracking Staff's adjustment deferred SO2 credits. (AP)	
7.	<u>Unbilled Revenues</u>	32,315
	Tracking of Staff's proposed use of unbilled revenues.	
8.	<u>TSC revenues</u>	(3,911)
	Tracking Staff's proposal for deferred TSC revenues.	
	Total Adjustments to Regulatory Deferrals	<u>(21,568)</u>
h.	<u>Accumulated Deferred Income Taxes (AP):</u>	
	<u>ADR / ACRS / MACRS Deductions</u>	
1.	Tracking Staff's FIT calculation.	1,214
	<u>Deferred SIT</u>	
2.	Tracking Staff's SIT calculation.	(3,725)
	Total Adjustments to Accumulated Deferred Income Taxes	(2,511)
	Total Adjustments to Rate Base	<u><u>(\$310,216)</u></u>

Consolidated Edison Company of New York, Inc.
Electric Rate Case 08-E-0539

Exhibit__ (AP-2)

Summary of Property Tax Refunds

Consolidated Edison Company of New York, Inc.
Summary of Property Tax Refunds

Case 08-E-0539
Exhibit___(AP-2)

#	Muni	Type of Refund	Property Tax Refunds (Back Years):			Achieve @ 6/30/08	Net Refund	Customer Share	Company Share
			Received	Received (Estimated)	Total				
1 Town of Stony Point (Rockland)									
		Per Commission Order			1,418,721		1,418,721	1,418,721	
Subtotal of Disposition of Refunds Already Decided							<u>1,418,721</u>		
2 Town of Mount Pleasant (Westchester) - Petition filed on May 23rd - Case 08-M-0901									
		Town	8,095		8,095				
		School	348,474		348,474				
		County	77,203		77,203				
			<u>433,772</u>		<u>433,772</u>	18,555	415,217	357,087	
								58,130	
3 Town of Mount Kisco (Westchester)									
		School	30,591		30,591				
		Town/County		9,550	9,550				
			<u>30,591</u>	<u>9,550</u>	<u>40,141</u>	22,907	17,233	14,821	
								2,413	
4 Town of Ossining (Westchester)									
		Town	3,977		3,977				
		School	216,918		216,918				
		County	46,139		46,139				
		Village	76,975		76,975				
			<u>344,009</u>		<u>344,009</u>	30,266	313,743	269,819	
								43,924	
5 City of Mt. Vernon (Westchester)									
		School		861,690	861,690				
		City		371,270	371,270				
		County		187,000	187,000				
				<u>1,419,960</u>	<u>1,419,960</u>	37,404	1,382,556	1,188,998	
								193,558	
6 City of New Rochelle (Westchester)									
		School		516,580	516,580				
		City		142,690	142,690				
		County		143,600	143,600				
				<u>802,870</u>	<u>802,870</u>	36,960	765,910	658,683	
								107,227	
7 Town of Carmel (Putnam County)									
		School		188,340	188,340				
		Town		47,390	47,390				
				<u>235,730</u>	<u>235,730</u>	29,096	206,634	177,705	
								28,929	
8 ICIP (NYC)									
		Water Street		521,000	521,000				
		Water St. - Hud Ave East		260,000	260,000				
		Jamaica Substation		495,000	495,000				
				<u>1,276,000</u>	<u>1,276,000</u>		1,276,000	1,276,000	
Subtotal of Disposition Yet to be Decided			<u>808,372</u>	<u>3,744,110</u>	<u>4,552,482</u>	<u>175,189</u>	<u>4,377,293</u>	<u>3,943,112</u>	<u>434,181</u>
Total Property Tax Refunds							<u>5,361,833</u>		

Consolidated Edison Company of New York, Inc.
Electric Rate Case 08-E-0539

Exhibit ___ (AP-3)

Information Request Responses and Company Supplied Information

Redacted

Consolidated Edison Company of New York, Inc.

Electric Rate Case 08-E-0539

Exhibit__ (AP-3) - Information Requests Responses and Company Supplied Information used in Staff's Accounting Panel Testimony

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Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to DPS Interrogatories – Set DPS5

Date of Response: 07/28/2008

Responding Witness:

Question No. :45Rev

Subject: Case 07-E-0523 program changes - In Case 07-E-0523, the company sought recovery of a number of program changes that included requests for incremental employees. A) Provide a list that identifies the number of incremental employees and related salaries the company sought in Case 07-E-0523 by area or program change. B) For each area or program change indicate the number of employees the Commission supported its rate Order. C) Provide the status of each Commission supported incremental employee as follows: 1) Date hired; 2) Salary or pay rate; 3) Was the employee hired from outside the company or recruited from within? 4) If hire from within the company, was the vacated position filled? If so, provided answers to 1-3. Consider this an open request and provide an updated response on a monthly basis.

Response:

See attached.

Attachment to
DPS-45 Rev
Redacted

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

Response to DPS Interrogatories – Set DPS16
Date of Response: 07/03/2008
Responding Witness: Municipal Infrastructure Support Panel

Question No. :246

Subject: Interference Expenditures – Program Change - Company exhibit AP-5, Schedule 8, provides the rate year program changes by element of expense. Line 33 of that schedule, program change to Interference, includes \$1.306 million under Company Labor. This program change to interference expense is not supported by the testimony and exhibits of the MISIP. 1. Provide the reference to the supporting testimony. 2. If the testimony requested above is not available, explain in detail the nature of the \$1.306 million program change. If the program change represents new positions, include such information as to the number of new hires, salary levels, planned hiring dates, and the allocation to electric operation.

Response:

1. Due to an oversight, the testimony did not discuss the program change for Company labor for Interference.
2. The following is a detailed explanation of the need for the \$1.306 million in labor for interference.

The Company's Public Improvement Department that runs the Interference program in the five Boroughs of New York City and Westchester has two Engineering Sections, one Engineering Services Section and seven Construction Sections. The function of each of these sections are as follows:

- Engineering Sections
The engineering sections are our first line of contact with City, State and Municipal agencies, Transit and Port Authorities and other public and private entities. They work with these agencies and, among other things, review and analyze their capital improvement projects, identify direct and indirect interferences, and prepare drawings for the relocation of our facilities. These two engineering sections manage the work in the five boroughs.
- Engineering Services Section
This section does the budgeting, cost tracking and all other pertinent financial functions for the department. This section also has the estimating group that prepares estimates for interference Capital and O&M work, negotiates with contractors to secure an agreement, conducts time and motion studies to continuously update the prices for individual work items and updates material costs etc. This section is also responsible for performing

exploratory test pits for engineering to perform their analysis as well as managing the interference associated with NYC DEP's emergency sewer and water work in the streets.

- Construction Sections

The seven Construction sections manage the interference work in the five Boroughs, Lower Manhattan and Westchester. They provide the supervision and field inspection functions as well as interfacing with the various agencies and their contractors.

The Metropolitan Transportation Authority (MTA) has embarked on large long term major projects in NYC. These include the 2nd Ave Subway, #7 Line Extension, East Side Access and the Transportation Hub in Lower Manhattan. These large projects are in addition to their routine projects that are currently supported by our engineering and Construction forces. These large MTA projects need engineering and construction support, which cannot be provided by the current forces we have and, therefore, have to be supplemented with additional resources.

The engineering analysis and planning for these projects have already commenced and we have recognized the need for additional personnel. It is our intent to add a minimum number of additional people and mainly supplement these projects with our existing work force.

The field work has started on a smaller scale for the 2nd Ave Subway Project and the other projects are also scheduled to start late 2008. The forecasted completion is 2014 for 2nd Ave Subway and East Side access and 2012 for # 7 line extension. Based on our past experience, we anticipate these completion dates will be extended. These projects are scheduled for 2-8 hr shifts for five days a week and will gradually become six days a week. We estimate a minimum of 18 inspectors and 4 supervisors will be required when all three projects are simultaneously working.

However, at this time, we estimate that we will hire an additional 10 Inspectors, 3 Supervisors and 2 Engineering Design Technicians above and beyond our current level of resources. The additional human resources will be on-site for both shifts daily to monitor the progress of these projects.

15 Employees @2080 Hrs per year = 31,200 Hrs

The inspectors and Design technicians are Union titles and the supervisor is a management title.

Avg. union employee rate of pay in Public Improvement *\$38.40/Hr

Avg. management rate of pay in Public Improvement *\$ 48.99/Hr

*Benefits not included

2007 total over time expended in Public Improvement 42172 Hrs

No. of weekly employees 168

Average OT per union person 251 Hrs based on 2007 actuals.

Overtime rate \$57.60

Over time hours forecast for 12 additional people = 3012 Hrs

75% Allocation for electric = 2259Hrs

Total annual cost for 12 union, 3 management
including overtime.

\$ 1,437,653**

Electric share 75%

\$ 1,078,240**

** This amount is our direct cost which does not include fringe benefits and is based on 2007 labor rates.

The \$1.306 million shown on exhibit AP-5, schedule 8, line 33 was based on a direct cost of \$1.164 million. However, we have updated this cost to reduce it by \$86,000. The new direct cost of \$1.078 million is shown above. In the update phase, our Accounting Panel will incorporate the new direct cost of \$1.078 million and will apply the fringe benefits and escalate the costs to 2009.

The hiring of these employees is progressing and we anticipate they would be hired by late 2008 or early 2009.

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

Response to DPS Interrogatories – Set DPS16
Date of Response: 07/07/2008
Responding Witness: Accounting Panel

Question No. :251

Subject: A&S Transferred to Construction - Company Exhibit AP-5, Schedule 8, provides the electric program changes by element of expense. Line 69 of the schedule, A&S Transfer Credit, indicates a (\$3.767) million program change under Company labor, representing the increase in Administrative and Supervisory (A&S) expense transferred to constructions due to the rate year increase in the Company's construction expenditures. Company workpapers indicate that this amount is developed as below (\$, in thousand): Rate Year 1 Capital Budget \$1,951,898 Historic Year Capital Budget \$1,551,140 Rate Year 1 Over Historic Year 1.26 Company Labor in PSC 922 (20,178) Company Labor in PSC 922 increased by above factor (25,424) Company in PSC 922 before program change (21,748) Program Change (3,767) 1. Identify the source of the (\$20.178) million Company labor used in the calculation by general ledger account, Operating and Financial (O&F) Report, or the authority letter dictating the Administrative and Supervisory Expenditures Applicable to Plant Construction Costs (A&S transferred to construction). 2. Identify the source of the (\$21.748) million Company labor used in the calculation by general ledger account, Operating and Financial (O&F) Report, or the authority letter dictating the A&S transferred to construction. 3. The Company's authority letter on A&S transferred to construction indicates that the total A&S expenditures subject to overhead rate includes Company labor, variable pay, vested vacation, and other administrative and general expenditures (A&G) such as corporate accounting, property records, purchasing, information resources, and electronic communication administration. Explain why the above "Rate Year 1 Over Historic Year" construction budget factor of 1.26 is not applied to variable pay, vested vacation, and other A&G expenditures.

Response:

1. Please see attached file.
2. The \$21.748 million is calculated by applying the labor escalation factor 7.78% to the \$20.178 Company labor in PSC 922. This labor escalation factor is developed in Exhibit AP-5, Schedule 2.
3. Variable pay and vested vacation is included in Company labor and as such is included in the \$20.178 million above. The application of the construction budget factor of 1.26 to the remaining balance of the A&S transfer credit after normalization, or \$7.927 million credit, produces a rate year level of \$9.989 million. The Company will include this change in the update phase of this proceeding.

Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to DPS Interrogatories – Set DPS22

Date of Response: 07/15/2008

Responding Witness: Accounting Panel

Question No. :323

Subject: Unbilled Revenues – Use as rate moderator – 1. In its filing, the Company proposes to use unbilled revenues of \$45,270,000 to mitigate its request for additional revenues for the rate year ending March 31, 2010. Currently, for financial reporting purposes the Company does not accrue revenues at the end of each month for estimated energy services not yet billed to customers. Though for tax purposes the Company accrues such revenues. 1. In prior Commission cases (e.g. Case 29465) the Company objected to financial recognition of unbilled revenues as “revenue”. Fully explain the Company’s change in position with respect to the financial recognition of unbilled revenues. 2. Fully explain the pros and cons of using unbilled revenues as proposed by the Company in its electric rate filing. Be sure to explain and illustrate the future impacts on ratepayers of using unbilled revenues. 3. Provide illustrative journal entries showing the financial recognition of unbilled revenues as proposed by the Company. 4. For tax purposes the Company accrues unbilled revenues related to fuel revenues. Explain why the Company’s proposal to accrue unbilled revenue for financial purposes excludes unbilled revenue related to fuel revenues. 5. The Company’s rate year forecast of accumulated deferred income taxes related to unbilled revenues reflects the historic relationship between financial and tax reporting for unbilled revenues. If the Company recognizes unbilled revenues for financial purposes as proposed, would not a portion the deferred tax asset reverse. If not, fully explain why. 6. Describe any alternative known method(s) to use unbilled revenues other than the one proposed by the Company. For example, would it be appropriate to reflect the unbilled revenues (net of tax) as a permanent reduction in the Company’s rate base. For each alternative method fully explain and illustrate the pros and cons of such method as well as future impacts on ratepayers.

Response:

1. The Company opposed the recognition of unbilled revenues as revenue in Case 29465 because while it produces short term benefits for customers in terms of lower rates as the unbilled revenue accrual is phased in, it does require customers to pay a carrying charge on the net unbilled revenue balance passed back to customers, since the Company must finance the cost of this rate mitigation item. The Company proposed using unbilled revenues of \$45,270,000 to mitigate its rate request in this filing, because of the short term benefits that it provides. The Accounting Panel would note that while it has not done a study, it is not aware of any other major utility in the United States that does not recognize unbilled revenues and it is our general recollection that such accounting was adopted to mitigate major rate increases.

2. As indicated in response to Staff 323.1, the benefit is a short-term mitigation of a rate increase offset in the long term by incremental carrying charges to be borne by customers. The Company's proposal to accrue 50% of its estimated unbilled revenues of \$91 million in the rate year would decrease the Company's revenue requirement by approximately \$45 million with the balance to be phased in over the following two years. On a going forward basis, the Company would defer the monthly change in unbilled revenues for future refund to or collection from customers. As discussed in response to part 1 of this question, the Company would be required to finance the cost of unbilled revenue credits passed back to customers. Once the unbilled revenue credit of \$91 million was fully passed back to customers, base rates would increase by approximately \$6 million per year, assuming a pretax cost of money of 11% and an effective tax rate of 40%.
3. The illustrative journal entries showing the financial recognition of unbilled revenues as proposed by the Company are as follows:

Entry #1 – To record unbilled revenues

Debit - Regulatory asset
Credit - Sales revenue

Entry #2 – To recognize fuel expense related to unbilled revenues

Debit – Deferred purchased power expense
Credit - Regulatory liability/asset – Deferred purchased power

Entry #3 – To defer recognition of unbilled revenue until subsequent rate year

Debit - Other operating revenue
Credit - Regulatory liability
Actual revenues higher than estimate

Or

Debit - Regulatory asset
Credit - Other operating revenue
Actual revenues lower than estimate

4. Unbilled revenue related to fuel revenue would not be excluded. The Company's proposal to accrue unbilled revenues did not specifically address estimated fuel recoveries (i.e., MSC and MAC accruals) because these revenues would be offset by a charge to defer purchased power expense as shown in Entry #2 above. In other words, the higher operating revenues resulting from the accrual of MSC/MAC unbilled revenues would be offset in total by higher purchased power expense having no impact on the Company revenue requirement. If the Commission adopts the unbilled proposal, the Company would record the associated MSC/MAC recoveries and expense.

5. If the Commission authorizes the Company to recognize unbilled revenues, the deferred tax asset associated with the revenues recognized in each period would reverse and be classified as a current expense.
6. The Accounting Panel is not aware of any accounting methods for recording unbilled revenues other than the one that it proposed as a rate mitigation effort. As discussed in response to 323.5, it would be appropriate to reflect a lower deferred tax asset for unbilled revenues accrued as revenues. The Accounting Panel would note, however, that accrual of unbilled revenues is an increase to rate base, not a reduction from rate base as implied by the question.

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

Response to DPS Interrogatories – Set DPS23
Date of Response: 07/16/2008
Responding Witness: shared Services Panel

Question No. :343

Subject: Facilities Maintenance - In its rate filing (Electric Production Panel testimony, page 28, see, AP-5, page 3 of 6) the Company requests a rate allowance of \$1.725 million (\$1.64 million forecasted program change escalated for inflation) for costs associated with NYC Local Law 11 at the East River generating station. Provide evidence in support of the Company's program change. Also, provide all supporting information and documentation showing that the program change requested is indeed incremental to the Local Law 11 rate allowance(s) provided for in the Steam Joint Proposal issued June 18, 2007. Finally, explain why a program change related to Local Law 11 should be built into base rates and recovered in a single rate year rather than amortizing the cost over the remaining period of the Local Law 11 cycle (i.e., through December 2011).

Response:

The Company supplements its testimony and exhibits as follows.

See the accompanying CD for the report from the Company's consultant regarding the efforts required at the East River generating station to comply with Local Law 11. Please note that the report encompasses the entire East River complex, comprised of the facility that contains Units 6 and 7 (801 E. 14th St.), which is an electric production facility on the Company's books of account, and the East River South Steam Station (800 E. 14th St), which is a steam production facility on the Company's books.

The Local Law 11 costs for which the Company is requesting recovery in this electric rate filing are for efforts to comply with New York City's Local Law 11 for the East River generating station facility that contains Units 6 and 7. Please see Attachment B, which is the workpaper for Facilities Maintenance - Local Law 11 costs for which the Company requested recovery in Case No. 07-S-1315. The four generating stations listed in the Attachment are steam generating stations on the books of account, including the East River South Steam Station.

In accordance with Generally Accepted Accounting Principles, operations and maintenance expenses are charged to income as incurred. In rate filings, since the Company expects to record these costs in the rate year in which they are incurred, it requests the recovery of those costs during that rate year.

2007 SUPPLEMENTARY INSPECTION REPORT

**ON THE CRITICAL EXAMINATION OF THE
EXTERIOR WALLS AND APPURTENANCES**



EAST RIVER GENERATING STATION

BOILER HOUSE/ SERVICE BUILDING

PN 22377-07

AND

SOUTH STEAM STATION

PN 22379-07

Prepared by:

Hardesty & Hanover, LLP

New York, NY

HARDESTY & HANOVER, LLP

E N G I N E E R I N G

May 2007

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EXECUTIVE SUMMARY

This report summarizes the results of a critical examination of the exteriors of BIN 1022553 (Boiler House/Service Building) and BIN 1004351 (South Steam Station) at the East River Generating Station as inspected on February 7, 2007 through February 9, 2007. This report does **not** follow the repair guidelines for New York City Local Law 11/98, particularly Section 32-03 (b) (6) (iv) of the Rules and Regulations of the City of New York stating, "The professional shall report conditions that were previously reported as safe with a repair and maintenance program as unsafe if not corrected at the time of the current inspection." Instead, all conditions recommended for repair are new conditions that were not noted in previous inspection reports and are not included under the current construction contract.

Conditions noted in this report are as of the date of the inspection only. The condition of buildings of this type and size, as well as appurtenances, will change over a period of time. The period required for these changes varies according to each building, maintenance over the years and overall environmental factors, etc.

The Owner must comply with the Administrative Code of the City of New York and technical Policy and Procedure Notice #1/99 when performing any work to address items described in this report.

Both buildings were noted to be in fair condition overall. A repair contract which commenced in October 2006 was in place during the inspection to rehabilitate areas on the building identified in previous inspection reports to be in need of repair and maintenance. Repair work is expected to be completed in April 2007.

It is recommended that consideration be given to make all repairs noted in this inspection report as an add-on to the current repair contract. This will reduce cost for the owner given the facts that the repair contractor is already mobilized onsite and the contractor is familiar with the property layout and Con Edison protocols and procedures. Adding these repairs to the current contract would ensure that all repairs would proceed on time and would be completed prior to repair deadlines for the next inspection cycle set by New York City Department of Buildings.

Column locations and Elevations referenced in this report were taken from existing drawings. For referenced locations, see Section III pages 18, 19 and 20 of this report and Section IV Appendix B, Drawings E-1 thru E-6.

A copy of this report should be kept by the Owner for future use.

SECTION I

<u>PROPERTY INFORMATION</u>		
Building	Boiler House/ Service Building	South Steam Station
BIN	1022553	1004351
Building Address	801 East 14 th Street New York, NY 10009	800 East 14 th Street New York, NY 10009
A.K.A. Addresses	701-827 East 14 th Street 700-820 East 15 th Street 230-244 Avenue C	800-838 East 14 th Street 13-01 FDR Drive 182 Avenue D
Location	Between 14 th and 15 th Street and between the FDR Drive and Avenue C	South Side of 14 th Street at the west corner of the FDR Drive
Certificate of Occupancy	16955, dated 10/28/1930 103129437-T-1, dated 7/14/2004 103129437T003, dated 12/18/ 2006	14008 dated 5/23/1928 26747 dated 10/14/1940 75722 dated 1975
Block Number	988	367
Lot Number	1	100
Building Owner	<p style="text-align: center;"> Ronald Bozgo <i>Vice President of Steam Operations</i> Con Edison Inc, Company 4 Irving Place New York, NY 10003 212-460-4344 </p>	
Building Contact	<p style="text-align: center;"> Mr. Thomas Poirier 212-614-3549 </p>	

<u>DESCRIPTION OF THE INSPECTED BUILDINGS</u>		
Building	Boiler House/ Service Building	South Steam Station
Building Height	225' +/- including bulkheads 179' +/- including bulkheads on the East Elevation 225' +/- including bulkheads on the West Elevation 132' +/- North Elevation, 8 th Floor setback	135' +/- including bulkheads
Number of Stories	13 stories (Boiler House) 7 stories (Service Building, Northwest portion of Boiler House)	7 stories
Plan Dimensions	767' +/- on the North Elevation 816' +/- on the South Side 225' +/- on the East Elevation 162' +/- on the West Elevation	151' +/- on the North and South Side 60' +/- on the East and West Side
Building Use	Utility	Utility
Exterior Wall Construction	Bonded masonry curtain wall with decorative stone	Bonded masonry curtain wall with decorative stone
Underlying Structural System	Steel substructure	Steel substructure
Building Age:	55 years and 85 years (approximate)	85 years (approximate)
Significant Alternations to Building Exterior Walls	North El, Column line 9 to 40, El. +10' 6" to El. +136' +/- rebuilt entire wall. North Elevation setback, Level 11 - 13, Column 36 to 39 - rebuilt Service Building Bulkheads rebuilt	North Elevation, Column 4 to 7, El. 60' - rebuilt within last 10 years. South Elevation; Level 5 1/2 to 6 1/2; Column 1 to 2 - rebuilt
Status of Ongoing Maintenance	Ongoing	Ongoing
Landmark Status	Not a landmark	Not a landmark

General Masonry Walls:

Boiler House / Service Building:

The masonry on all facades is technically referred to as a curtain wall and does not perform a structural function. This particular type of curtain wall (three course, red colored) at the east end of the lot (Service Building) is bonded brick masonry. There is masonry patterning at the south (Photo B-1), east (Photos B-2, B-3), and north elevations (Photo B-4). Cast concrete units at the 5th and mezzanine floor lintel levels are present at these elevations as well. Windows are arranged in vertical strips spaced evenly throughout the east and portions of the north and south elevations. Metal panels are located interior to the window strips. A granite base runs along the north, south, and east elevations. The west elevation is undecorated.

The building at the west end of the lot (the HP Boiler House) is generally undecorated. Windows are arranged along the south wall in vertical strips up to the building's 5th Level. Above these windows are the outer concrete shells of the silos once used to store coal for the plant; these silos extend approximately to the 10th Level of the Building. Above the silos are a series of equally spaced ventilation grates. The north wall is of similar construction, but includes a band of cast concrete at the mezzanine and 10th Levels. The north wall, excluding columns 1 to 9, has recently undergone a complete rehabilitation and is in satisfactory condition. The west wall of the building is similar to the south, as it does not include the cast concrete decoration shown along the north wall.

Exterior masonry is generally in fair condition throughout the building. Observed deficiencies are described below. As previously noted, a maintenance repair contract is being performed along the building's walls.

South Steam Station:

The masonry on all facades is technically referred to as a curtain wall and does not perform a structural function. This particular type of curtain wall is bonded brick masonry. There is a masonry pattern at the north, east, and south elevations (Photo S-1). Where there is no masonry pattern, header courses of brick are located every six courses and serve to tie the exterior course of masonry to the back up brick. There is no ornamentation on the west façade (Photo S-2). Piping runs along the exterior of the south façade along with a steel access platform.

Exterior masonry is generally in fair condition throughout the building. Observed deficiencies are described below. As previously noted, a maintenance repair contract is being performed along the building's walls.

Bulkheads:

Boiler House / Service Building:

There are five one-story brick bulkheads (encasing the fire stairs) and one two-story brick bulkhead (encasing the water tower) on the main roof level of the Service Building (Photos B-79-82). These bulkheads were observed to have been rebuilt recently and appeared in satisfactory condition. There is also a metal clad monitor with two wythe brick masonry end walls. The main roof of the boiler house has one-story brick bulkheads which encase the fire stairs and

elevator rooms. These were observed to be in fair condition, except for broken window panes and missing masonry on the western most bulkhead.

South Steam Station:

There are three one-story brick bulkheads on the main roof level that encase the fire stairs. The bulkheads do not have any ornamentation. A metal monitor enclosure with louvers is located along the center of the roof (Photo S-34). Masonry deterioration was observed throughout the bulkheads on all elevations, particularly the face adjacent to the parapet. The monitor was in fair condition.

Fenestration:

Boiler House / Service Building:

At the east elevation (Service Building), windows are located within vertical bands spanning from the 2nd to the 7th level (Photos B-2, B-3). There are metal roll-up type garage doors located along the 1st level.

At the north elevation of the building, there are metal vents located from the ground level to the 13th level of the rebuilt section of the north elevation. These vents appear in satisfactory condition. (Photo B-5) There are windows located from the ground level to the 8th level setback (Photos B-6, B-7) and also from the 8th level setback to the main roof. (Photos B-66, B-68) These windows appear in satisfactory condition as well. The section of the north elevation (Photo B-4) that was not rebuilt (Columns 1-9) has one column of windows within the masonry wall from 2nd to the 7th level.

At the south elevation of the Service Building, windows are located within vertical bands spanning from the 2nd to the 6th level (Photos B-1, B-2). These windows are steel framed double hung units with metal panels vertically between them. There are also windows at the 1st and 7th levels. At the south elevation of the Boiler House (Columns 53 to 40) there are steel framed windows located from the 1st to the 3rd levels and along the 13th level (Photo B-1). These windows appear to be in fair condition. There are also concrete silos (Photo B-1) located west of Bridge #3 from El. +75' to 159'. The exterior appears to be in fair condition with localized spalling and cracking of concrete.

There is no fenestration at the western elevation (Photos B-8, B-9) of the building.

South Steam Station:

The south elevation windows have been closed off with brick or metal panels. There are no glazed windows on this elevation. The north and east elevations (Photo S-1) have windows located from the first level to the sixth level. The windows are steel framed, double hung units with metal panels located vertically between them. Vertical bands span along these levels between the windows. The west elevation window openings are not glazed, but have half height metal railings in fair condition which exhibit deteriorated paint.

Exterior Balconies:

Boiler House / Service Building:

There is one overhanging balcony at the boiler penthouse level. The balcony is constructed of steel and concrete elements and projects approximately 6" over a lower roof level.

There is one exterior steel staircase located south of the Jib Crane supports from the 12th to the 13th level (Photo B-71).

There is an exterior walkway (Photo B-1) at El. +75 and +159' between the silos. The concrete walkway appears in fair condition with minor cracking and spalling noted.

South Steam Station:

There are no exterior balconies on the building.

Parapets:

Boiler House / Service Building:

Parapets are located at all roof perimeters, including intermediate roof sections. The parapets typically consist of three course masonry and are capped with a 12" stone block. The coping stones are typically pitched toward the interior. Parapets range from 12" high at bulkheads, up to 8' at intermediate roof levels. The repair contract currently being performed includes reconstruction of many parapet sections (Photos B-83-87).

South Steam Station:

Parapets are located at all roof perimeters. The parapets typically consist of three course masonry and are capped with a 12" stone block. The coping stones are typically pitched toward the interior.

Fire Escapes:

There are no exterior fire escapes on either building.

Cornice:

There is no cornice on either building.

Setbacks:

Boiler House / Service Building:

The building setbacks have been included with the general masonry walls and other individual categories.

South Steam Station:

There are no setbacks on the building.

Chimneys:

There are no chimneys on either building.

Flagpoles:

Boiler House / Service Building:

There is one flagpole which appears to be in satisfactory condition.

South Steam Station:

There are no flagpoles on this building.

Flower Boxes:

There are no flower boxes on either building.

Retaining Walls:

There are no retaining walls on the property.

Unit Air Conditioners:

Boiler House / Service Building:

There are several through wall or window air conditioners/ convactor sleeves on the building. There were no loose units observed.

South Steam Station:

There are no through wall or window air conditioners/ convactor sleeves on the building.

Exterior Light Fixtures:

Boiler House / Service Building:

Exterior mounted lighting fixtures are located at several locations on the building. The light fixtures appeared to be in satisfactory condition.

South Steam Station:

Exterior mounted lighting fixtures are located at several locations on the building. Light fixtures appear to be in good condition with no significant deterioration observed at the time of the inspection.

Exterior Signs:

Boiler House / Service Building:

There is a small sign adjacent to the building entrance on the eastern portion of the south elevation. The sign is flush mounted to the brick and appears in satisfactory condition.

South Steam Station:

There is a small sign adjacent to the building entrance on the eastern portion of the north elevation. The sign is flush mounted to the brick and appears in good condition.

Marquees, Awnings, or Canopies:

There are no marquees, awning, or canopies on either building.

Bridge Structures:

Bridge #1 connects the South Steam Station to the Service Building and spans East 14th Street. This structure is covered under the NYSDOT Biennial Inspection Program and was previously inspected in the autumn of 2005. During this inspection in 2005, the bridge was found to be in good condition.

Bridge #3 spans 14th Street and connects the Boiler House to the Substation Tower west of Avenue D. This structure is covered under the NYSDOT Biennial Inspection Program and was previously inspected in the autumn of 2005. During this inspection in 2005, the bridge was found to be in good condition.

Bridge F connects the South Steam Station to the Transfer Tower spanning the South Steam Station's parking lot. This structure is not covered under NYSDOT Biennial Inspection, but was previously inspected in the autumn of 2006. During this inspection in 2006, the bridge was found to be in good condition.

METHODS USED TO CONDUCT INSPECTION

The inspection was performed on February 7-9, 2007 under the responsibility of James V. Brunetti, New York State P.E. Prior to the inspection, previous inspection reports and architectural plans of the building were examined.

The following reports were examined for the Boiler House/ Service Building:

Amended 5th Cycle Report on the Critical Examination of Exterior Wall and Appurtenances in Compliances with Local Law 10 of 1980 and Local Law 11 of 1998 dated May 2004 and prepared by BGA, LLC.

Part A - Report Periodic Critical Examination of Exterior Walls and Exterior Appurtenances Fifth Cycle in Accordance with New York City Administrative Code Section C26-105.3 (Local Law No. 11/1998) dated August 9, 2001 and prepared by Kline Engineers.

Part B - 5th Cycle Report on the Critical Examination of The Exterior Walls and Appurtenances in Compliance with Local Law 10 of 1980 and Local Law 11 of 1998 dated January 21, 2002 and prepared by Cutsogeorge and Tooman Architects, P.C.

The following report was examined for the South Steam Station:

5th Cycle Report on the Critical Examination of The Exterior Walls and Appurtenances in Compliance with Local Law 10 of 1980 and Local Law 11 of 1998 dated January 11, 2002 and prepared by Cutsogeorge and Tooman Architects, P.C.

An up-close inspection was performed on one representative section of both buildings using a single drop via man lift. The eastern portion of the south façade of the Boiler House / Service Building and the eastern portion of the north façade of the South Steam Station were examined close-up.

Areas of the building's façade not directly accessible from the ground level were inspected using telescopic magnification from vantage points at the street level, adjacent building roofs, Tower C, Bridge #4, and the dock area adjacent to the FDR Drive.

Photographs were taken during the examination with a Nikon D80 10.2 mega pixel camera with a 28-100mm wide angle or 70-300mm telephoto zoom lens.

Hands-on photographs were taken with a Konica Minolta digital camera with digital zoom.

Weather conditions:

February 07, 2007 21°F Cold, Winds 8-13 mph

February 08, 2007 22°F Cold, Winds 10-15 mph

February 09, 2007 24°F Cold, Winds 10-20 mph

SECTION II

OBSERVED DETERIORATIONS

Boiler House / Service Building (BIN 1022553):

The following are conditions that were noted in the previous inspection report. ("Part A Report") These conditions are included under the current repair contract, but have not yet been completed at the time of this inspection.

1. Spalled concrete with exposed reinforcement, South Elevation, 8th silo from west. (Photo B-26)
2. Cracks in concrete, South Elevation, Silos. (Photo B-26)
3. Vertical and horizontal cracks in silo parapet fascia and underside, South Elevation, EL. +75', typical along parapet. (Photo B-28)
4. Missing masonry, Western-most bulkhead, Main roof. (Photo B-75)

The following are conditions that were noted in the previous inspection report. ("Part B Report") These conditions are included under the current repair contract, but have not yet been completed at the time of this inspection.

5. Vertical crack in masonry, North Elevation, Lower Level. (Photo B-12)
6. Cracked masonry, North Elevation, Lower Level. (Photo B-13)
7. Step crack in masonry, North Elevation, below 3rd window from ground. (Photo B-14)
8. Step crack in masonry, North Elevation, above 2nd to 3rd window. (Photo B-15)
9. Horizontal cracks in masonry, North Elevation, below northeast bulkhead. (Photo B-16)
10. Vertical crack in masonry, East Elevation, Columns L to M, all Levels. (Photo B-58)
11. Deteriorated mortar in masonry, South Elevation, Column 35, EL. +207'. (Photo B-36)
12. Deteriorated mortar in masonry, South Elevation, Column 34 to 35, EL. +148'. (Photo B-45)
13. Deteriorated mortar joints in concrete, South Elevation, Column 34 to 35, EL. +148'. (Photo B-45)
14. Deteriorated mortar in masonry, South Elevation, Column 21, EL. +105'. (Photo B-47)
15. Deteriorated mortar in masonry, South Elevation, above building entrance. (Photo B-48)
16. Deteriorated mortar in masonry, Courtyard West Elevation, Level 8. (Photo B-64)
17. Deteriorated mortar between masonry and coping stone, North Elevation parapet, Level 8. (Photo B-67)
18. Deteriorated mortar in masonry, East Elevation return wall, Column line 36, El. +216. (Photo B-70)
19. Bowed parapet, South Elevation, east of Bridge #3. (Photo B-83)
20. Exposed coping stone with corroded steel, South Elevation, Main roof. (Photo B-73)
21. Cracks in sealant, East Elevation parapet. (Photo B-65)
22. Broken window, South Elevation, above garage Column 3, Level 2. (Photo B-53)
23. Broken window, North bulkhead, center of Main roof. (Photo B-76)
24. Deteriorated Lintel, North Elevation, Lower Level. (Photo B-13)

The following are new conditions that were noted during this inspection:

Deteriorated, Missing, Spalled, or Cracked Masonry

25. Missing masonry, North Elevation, Upper east corner of vent. (Photo B-17)
26. Deteriorated/missing masonry, North Elevation, from Column 42 to 54, El. +126. (Photo B-18)
27. Vertical cracks in masonry, North Elevation, below coping stone. (Photo B-19)
28. Cracked and deteriorated masonry behind netting, West Elevation, Column K to BF. (Photo B-21)
29. Masonry missing, West Elevation, Level 2. (Photo B-22)
30. Vertical cracks in masonry, West Elevation, Level 2. (Photo B-22)
31. Vertical cracks in masonry, West Elevation, south and southwest face of extension wall. (Photo B-23)
32. Step crack in masonry, West Elevation, south and southwest faces of extension wall. (Photo B-23)
33. Vertical cracks in masonry, West Elevation, return wall south face, Column 54 EF. (Photo B-24)
34. Step crack in masonry, West Elevation, return wall south face, Column 54 EF. (Photo B-24)
35. Masonry missing around pipe, West Elevation, south extension wall, Column 53 EF. (Photo B-25)
36. Step crack, West Elevation, south extension wall, Column 53 EF. (Photo B-25)
37. Vertical cracks in masonry, South Elevation, Level 1, Column 40. (Photo B-31)
38. Vertical cracks in masonry, South Elevation, Column 36, EL. +72'. (Photo B-34)
39. Vertical cracks in masonry, South Elevation, Column 40, EL. 159'. (Photo B-35)
40. Vertical cracks in masonry, South Elevation, Column 36, EL. +207'. (Photo B-36)
41. Cracked masonry, South Elevation, Column 36 to 38, at former bridge to conveyor. (Photo B-37)
42. Cracks in masonry, South Elevation, Column 53, EL. +159'. (Photo B-40)
43. Step crack in masonry, South Elevation, Column 43 to 44, Level 1. (Photo B-44)
44. Cracks in masonry, South Elevation, Column 34 to 35, EL. +148'. (Photo B-45)
45. Bulge in masonry, South Elevation, Column 21, Level 3. (Photo B-49)
46. Missing masonry alongside garage door, South Elevation, Column 12 to 13. (Photo B-51)
47. Vertical cracks in masonry, Southeast Elevation, Level 5 to Parapet. (Photo B-55)
48. Missing and spalled masonry, East Elevation, Level 1. (Photo B-56)
49. Missing masonry, East Elevation, Level 1. (Photo B-57)
50. Cracked masonry, East Elevation, Level 1. (Photo B-57)
51. Bulge in masonry, East Elevation, EL. 125'. (Photo B-59)
52. Cracks in masonry, East Elevation, Column B, Level 2. (Photo B-61)
53. Cracks in masonry, Courtyard West Elevation, Level 8. (Photo B-64)
54. Deteriorated masonry, North Elevation, Level 10. (Photo B-68)
55. Cracks and deteriorated masonry, East Elevation return wall, Column line 36A and 36 BC, El. +165 to El. +195. (Photos B-70, B-71)
56. Cracks in masonry, East Elevation return wall, Column 36, El. +170. (Photo B-72)
57. Cracks in masonry, North Elevation, Level 8, Column 53. (Photo B-77)

58. Cracks in masonry, South Elevation west return wall above eastern most silo. (Photo B-78)

Spalled Concrete

59. Spalled concrete in lower band, South Elevation, Column 7, 29 to 32, Level 2. (Photo B-46)
60. Spalled concrete, South Elevation, Columns 2 to 14, 18 to 26, EL. +105'. (Photo B-47)
61. Spalled concrete panel, East Elevation, Column Ax to E, EL. +105'. (Photo B-60)
62. Spalled concrete, East Elevation, Column E to M, EL. +105'. (Photo B-62)

Cracked Concrete

63. Cracked concrete, South Elevation, Columns 2 to 14, 18 to 26, EL. +105'. (Photo B-47)
64. Cracked concrete, Southeast Elevation, Level 5 to Parapet. (Photo B-55)

Deteriorated or Missing Mortar

65. Deteriorated mortar in masonry, South Elevation, Column 45 to 44, Level 3. (Photo B-42)
66. Deteriorated mortar in masonry, South Elevation, Column 46 to 45, Level 2. (Photo B-43)
67. Deteriorated mortar at coping stone, South Elevation and East Elevation, at Column line 40, EL. +216'. (Photos B-27, B-69)
68. Deteriorated mortar in masonry, South Elevation, Level 1, Column 40 to 41. (Photo B-29)
69. Deteriorated mortar in masonry, South Elevation, Level 1, Columns 50 to 49, 42 to 41, and 41 to 40. (Photo B-30)

Deteriorated Sealant

70. Deteriorated vertical joint sealant, North Elevation. (Photo B-20)
71. Deteriorated expansion joint sealant, South Elevation, Column 40 and 53. (Photo B-39)

Deteriorated Flashing

72. Deteriorated flashing, East Elevation, Column L to M, El. +130. (Photo B-63)

Miscellaneous

73. Deteriorated coping stone, Column 40, East parapet, Main roof. (Photo B-74)
74. Cracks in coping stone, Main roof. (Photos B-74, B-85)

Windows - Miscellaneous

75. Lintel plate bows from the wall, South Elevation. (Photo B-50)
76. Deteriorated window lintel, South Elevation, Column 7 to 10, Level 2; and East Elevation, Level 1. (Photo B-52, B-56)

South Steam Station (BIN 1004351):

The following are conditions that were noted in the previous inspection report for the South Steam Station. These conditions are included under the current repair contract, but have not yet been completed at the time of this inspection.

77. Cracks in concrete, East Elevation, Level 5. (Photo S-3)
78. Cracks in concrete, East Elevation, Level 7. (Photo S-8)
79. Missing masonry, East Elevation, Level 1. (Photo S-9)
80. Deteriorated mortar, South Elevation, all elevations. (Photo S-10)
81. Vertical crack in masonry, South Elevation, Level 5¹/₂ to 6¹/₂. (Photo S-10)
82. Deteriorated concrete, South Elevation, below coping stone. (Photo S-11)
83. Deteriorated concrete and mortar, West Elevation, Parapet level, north side. (Photo S-15)
84. Deteriorated copper cap, West Elevation, 5th Level Extension. (Photo S-16)
85. Deteriorated mortar, West Elevation, all Levels. (Photos S-16, S-17)
86. Vertical crack in masonry, North Elevation, above East Entrance. (Photo S-26)
87. Deteriorated perimeter sealant, North Elevation, Bridge #1. (Photo S-28)
88. Crack in masonry, North Elevation, NE bulkhead. (Photo S-29)
89. Deteriorated concrete and coping stone, NE bulkhead. (Photo S-30)
90. Deteriorated mortar, North Elevation, NE bulkhead. (Photo S-30)
91. Masonry cracking at localized areas, south parapet. (Photo S-32)
92. Coping stone cracking at localized areas. (Photo S-33)
93. Bowed masonry at the West Parapet. (Photo S-33)
94. Spalled concrete, North Elevation, Level 6. (Photo S-22)
95. Deteriorated mortar, North Elevation. (Photo S-25)
96. Deteriorated mortar, parapet. (Photo S-30)
97. Deteriorated paint, metal framing, metal infill panels, window perimeter sealant, and broken window panes. (Photos S-3, S-8, S-20)

The following are new conditions that were noted during this inspection:

Deteriorated, Missing, Spalled, or Cracked Masonry

98. Vertical cracks in masonry, East Elevation, Level 4 to 5¹/₂. (Photo S-4)
99. Vertical cracks in masonry, East Elevation, Level 5¹/₂ to 6¹/₂. (Photo S-5)
100. Vertical and step cracks in masonry, East Elevation, Level 6¹/₂ to 7. (Photo S-6)
101. Vertical crack in masonry, East Elevation, Level 7 to NE bulkhead. (Photo S-7)
102. Vertical crack in masonry, South Elevation, Level 5¹/₂ to 6¹/₂. (Photo S-10)
103. Vertical and step cracks in masonry, South Elevation (Photo S-12)
104. Cracks and spalls in masonry, South Elevation (Photo S-13)
105. Vertical crack in masonry, West Elevation, Level 1 to 2. (Photo S-18)
106. Vertical cracks in masonry, West Elevation, Level 1 to 2. (Photo S-19)
107. Cracks in masonry, North Elevation, Level 3. (Photo S-20)
108. Vertical cracks in masonry, North Elevation, Level 4. (Photo S-21)
109. Vertical crack in masonry, North Elevation. (Photo S-25)
110. Step crack in masonry, North Elevation, above West door. (Photo S-27)

111. Step crack in masonry, Southeast Bulkhead. (Photo S-31)

Deteriorated, Missing, or Spalled Concrete

112. Deteriorated concrete, South Elevation (Photo S-14)

Cracked Concrete

113. Cracks in concrete, East Elevation, Level 6¹/₂ to 7. (Photo S-6)

114. Cracks in concrete, North Elevation, Level 6. (Photo S-23)

Deteriorated or Missing Mortar

115. Missing mortar between masonry, North Elevation, Level 1. (Photo S-24)

No Repair Required

116. Exposed steel beams throughout masonry wall, South Elevation. Upper levels. (Photo S-11)

RECOMMENDED REPAIRS

Deteriorated, Missing, Spalled, or Cracked Masonry (Repairs R-B1, R-S1)

Remove and replace or rebuild all masonry to match existing as per Drawing RD-1 (See Appendix B.) All deteriorated, spalled or cracked masonry shall be removed and replaced. Mortar adjacent to reset bricks shall be properly restored.

Bulging Masonry (Repair R-B1)

All bulging masonry shall be removed and reset to match existing as per Drawing RD-1 (See Appendix B.) Mortar adjacent to reset bricks shall be properly restored.

Deteriorated, Missing, or Spalled Concrete (Repairs R-B2, R-S2)

Remove and repair all cracked and spalled concrete. The surface of the concrete and rebar shall be properly cleaned. All exposed reinforcing bars shall be coated with an epoxy or rust inhibitor. The area shall then be repaired with a concrete patching material if required. See Drawings RD-2, RD-3 (See Appendix B.)

Cracked Concrete (Repairs R-B3, R-S3)

All cracked concrete shall be cleaned and filled with epoxy as per Drawing RD-2 (See Appendix B.)

Deteriorated or Missing Mortar (Repairs R-B4, R-S4)

Mortar joints shall be cut out a minimum of ¾" and repointed as per Drawing RD-1 (See Appendix B.)

Deteriorated Sealant (Repair R-B5)

Remove and apply new sealant.

Deteriorated Flashing (Repair R-B6)

Flashing shall be removed and replaced to match existing.

Deteriorated Coping Stone (Repair R-B7)

Loose coping stones shall be reset and new sealant shall be applied. All deteriorated stone shall be replaced to match existing stone and new sealant applied accordingly.

Windows - Miscellaneous (Repair R-B8)

All deteriorated paint, lintels, and metal framing shall be cleaned and painted or replaced if necessary. All deteriorated window perimeter sealant shall be removed and new sealant shall be applied.

Roof Maintenance (shall be included with normal building maintenance)

Localized vegetation and water ponding was observed on the roof. Vegetation shall be removed annually. Roof drains shall be annually checked and cleaned to avoid ponding of water.

Exposed Steel (shall be included with normal building maintenance)

Monitor exposed steel beams for signs of corrosion and water penetration through masonry wall.

SECTION III**COST ESTIMATES FOR REPAIRS – SUMMARY**

Cost Estimate Breakdowns can be found in Appendix D. Below is a cost estimate summary of all **new** repairs, prepared individually for each building. Prices include contractor costs such as site access requirements. Current New York City labor rates for July 1, 2006 through June 30, 2007 have been used in determining costs. Note that the cost excludes any asbestos abatement or lead paint.

Boiler House/ Service Building BIN 1022553

Repair R-B1 (Masonry Replacement)	\$395,024
Repair R-B2 (Concrete Spall Repairs).....	\$20,655
Repair R-B3 (Concrete Crack Repairs)	\$21,061
Repair R-B4 (Deteriorated/ Missing Mortar)	\$10,704
Repair R-B5 (Deteriorated Expansion Joint Sealant)	\$7,707
Repair R-B6 (Deteriorated Flashing).....	\$10,373
Repair R-B7 (Deteriorated Coping Stone).....	\$17,061
Repair R-B8 (Replace Window Lintel)	\$20,238
Scaffolding, Sidewalk Sheds, Protective Netting	\$325,000
<i>Subtotal</i>	<i>\$827,823.00</i>
Mobilization (4% of Subtotal)	\$33,113.00
Overhead/ Profit (20% of Subtotal)	\$165,565.00
Total Cost for BIN 1022553 Repairs =	\$1,026,501.00

South Steam Station BIN 1004351

Repair R-S1 (Masonry Replacement).....	\$81,687
Repair R-S2 (Concrete Spall Repairs)	\$4,648
Repair R-S3 (Concrete Crack Repairs).....	\$6,315
Repair R-S4 (Deteriorated/ Missing Mortar).....	\$2,817
Scaffolding, Sidewalk Sheds, Protective Netting	\$125,000
<i>Subtotal</i>	<i>\$220,467.00</i>
Mobilization (4% of Subtotal)	\$8,819.00
Overhead/ Profit (20% of Subtotal)	\$44,094.00
Total Cost for BIN 1004351 Repairs =	\$273,380.00

TOTAL COST FOR BOTH BUILDINGS..... \$1,299,881.00

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

Response to DPS Interrogatories – Set DPS23
Date of Response: 07/17/2008
Responding Witness: Accounting Panel

Question No. :350

Subject: Prepaid Interference Expense in Working Capital - Company Exhibit AP-9, Schedule 6, the Working Capital schedule, includes \$7.630 million related to prepayments for interference expense in the historic period ended 12/31/2007. The historic test year balance is escalated by the 5.20% general escalation factor to arrive at the rate year forecast of \$8.027 million. 1. Provide the basis for including interference expenditures as prepayment in the working capital schedule. 2. In its prior electric rate filing (Case 07-E-0523), the Company included \$1.618 million for prepaid interference in the historic period ended 12/31/2006. Explain the cause(s) of the 370% increase in prepaid interference expenditures from \$1.618 million at 12/31/2006 to \$7.630 million at 12/31/2007 and provide any documentation regarding this matter. 3. Explain why the historic level of prepaid interference expenditures will continue in the rate year and beyond. 4. Provide the general ledger account activities for 12-month ended 12/31/2007, indicating the amortization or other entries crediting the prepaid interference balance.

Response:

1. See attached Accounting Opinion #277. The Company is required by the State and City of New York to make advance payments for interference work such as bridgework, resurfacing of streets and the installation of catch-basins. These payments are charged to a prepayment account and amortized to expense as the services are performed. The net balance of the interference expenditure prepayment is included in the working capital and being treated the same as the other prepayments such as insurance, property tax and PSC assessment as the cost was incurred.
2. In March 2007, the Company made a prepayment in the amount of \$9.5 million to the NYS Department of Transportation for the Route 9A project in conjunction with the rebuilding of Lower Manhattan. This is the major cause for the increase in prepayment balances from 2006 to 2007 and a copy of the invoice is attached.
3. The Company can not project the level of such expenditures for future years. This type of expenditure is determined and set by the State and City of New York. Therefore, the Company estimated the prepayment balance by applying the general escalation factor to the test year amount. This methodology has been followed on a consistent basis in prior rate cases (e.g., 04-E-0572 and 07-E-0523). The Company would further note that historically all other prepayments (i.e., insurance, property taxes, etc.) are projected starting with the average Test Year balances.

4. See attached for 2007 activity.



Accounting Opinion

November 2, 1988
Number 277

Subject: Accounting for Prepayments for Interference Work
Prepared by: Verona Williams

Background

The State and City of New York may sometimes serve as agents of the Company in the awarding of contracts for certain types of interference work (i.e., bridgework, resurfacing of streets and the installation of catch-basins) which is performed on Company facilities located on the agents roads and bridges. The State and City of New York require advance payment for the Company's share of the work upon their acceptance of a bid from a contractor. Currently, these payments for interference work are charged to the appropriate divisional expense accounts even though the actual interference work may not occur until several months after such payments. The question has arisen as to the proper accounting treatment for these payments.

Accounting

Generally Accepted Accounting Principles require that expenses be recognized when incurred, that is, the cost of interference should be recorded as an expense when the interference work is performed. Prior to such work being performed, but subsequent to payment, an asset exists which represents the advance payment for services. Accordingly, the payments to the State and City of New York for interference work to be performed in the future should be charged to a prepayment account and amortized to expense as the services are performed.

- 2 -

Accounting Opinion

To avoid an undo administrative burden on the Divisions, the classification of an expenditure as a prepayment, as defined above, shall be limited to material items; i.e., over \$100,000. Accordingly, advance payments to the State and City of New York for interference work of over \$100,000 shall be charged to the following prepayment accounts as appropriate:

<u>PSC</u> <u>Account</u>	Assets and Other Debits	<u>Company</u> <u>Account</u>
165	Prepayments	
	Interference Work - State and City of New York	
	Manhattan	F0385
	Brooklyn	C0385
	Queens	D0385
	Bronx	E0385
	Staten Island	B0385
	Westchester	A0385

The Financial Controls Section of each division in coordination with their Contract Administration and Inspection Department, shall inform the Accounting Research and Procedures Section (ARP) by memorandum of the prepayment amount for each interference work contract charged to the prepayment account, the estimated start and completion dates of the related work, an appropriate amortization schedule if other than straight line and the Company Account to record the subsequent amortization to expense. In addition, the Divisions shall promptly notify ARP if a significant variation from the estimates occurs.

Based on this memorandum, ARP shall prepare a journal entry amortizing the prepayment amount to the appropriate divisional expense account over the period indicated in the memorandum.

Recommended:

Edward J. Pasmussen
Assistant Controller

Approved:

John D. Cioffi
Assistant Vice President



GENERAL OFFICE INVOICE

Exhibit (AP-3)

Page 33 of 128

REVIEWED _____ PAYEE CODE **CE736**
A/P USE ONLY

DATE: March 9, 2007

PAYMENT TO:

COMPOLLER STATE OF NEW YORK
STATE OF NEW YORK, OFFICE OF THE STATE COMPTROLLER
110 STATE STREET, 2ND FLOOR, ATTN REMITTANCE CONTR
ALBANY, NY 12236

*****CHECK PICK-UP INFORMATION: EMPLOYEE NUMBER: 54375 MDS LOCATION CODE: M020*****

ORGANIZATIONAL CODE:

PAYMENT CATEGORY CODE 175

SECTION 544 & SEQ. NO. _____

ACCOUNT OR ORDER NO.	STATISTICS		AMOUNT
	PART 1	PART 2	
<u>F0385</u>	---	---	<u>\$9,526,263.3</u>
---	---	---	---
---	---	---	---
---	---	---	---
TOTAL:			<u>\$9,526,263.30</u>

DESCRIPTION	AMOUNT	TOTAL
Provide payment to the New York State Department of transportation (NYS DOT). This amount is for Con Edison's scope of work associated with upcoming work on the Route 9A project in conjunction with the rebuilding of Lower Manhattan (World Trade Center - WTC). This amount should be amortized and paid against Account No. F0385 as it is a 2-1/2 year project starting approximately July of 2007 with a completion date of December 2009. See attached spread sheet for breakdown of costs. Contract Number: D260298 Description: Route 9A Project ID No. X759.84.302 Letting Date: 2/15/07 Participant from which deposit is required: Con Edison	9,526,263.30	9,526,263.30

APPROVED:  3/9/07
NAME AND EMPLOYEE NUMBER: Vic Gonnella 73239 TITLE: VP - CONSTRUCTION TELEPHONE NO. (718) 904-4890

**Summary Report by Account Hierarchy
for the accounting period of January 2007 - December 2007**

Account Type: O&M

Line: B-B/s

Service: A-All

Business Function: B/s

MAG Category: A-Assets

MAG Code: 10-Assets And Other Debits

PSC Number: 16500-Prepayments

Account: MUL-Multiple Values Selected

Account	Description	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	Total
A0385	Prepayment-interference Work-	2,063,641.32	2,011,696.64	1,959,751.98	1,907,807.28	1,855,862.60	1,803,917.92	1,751,973.24	1,700,028.56	1,648,084.20	1,596,139.52	1,544,194.84	1,492,250.16	21,335,348.56
B0385	Prepayment-interference Work-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C0385	Prepayment-interference Work-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D0385	Prepayment-interference Work-	97,083.24	60,407.83	23,722.18	15,814.76	7,907.34	(0.08)	(0.08)	(0.16)	0.00	0.00	0.00	0.00	206,930.03
E0385	Prepayment-interference Work-	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	211,059.46	2,332,713.52
F0385	Prepayment-interference Work-	0.00	0.00	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,262,401.30	8,998,539.30	8,734,677.30	8,470,815.30	92,604,013.00
TOTALS:		2,371,784.02	2,283,158.93	11,720,796.90	11,660,944.80	11,691,692.70	11,541,240.68	11,489,295.92	11,437,351.48	11,221,544.96	10,895,738.28	10,489,931.60	10,174,134.92	116,697,005.11

AG Common Allocation

E 8.14 %

G 13.21 %

S 5.65 %

**Summary Report by Account Hierarchy
for the accounting period of January 2007 - December 2007**

Account Type: O&M

A0385

Line: B-B/s
 Service: A-All
 Business Function: B/s
 MAG Category: A-Assets
 MAG Code: 10-Assets And Other Debits
 PSC Number: 16500- Prepayments
 Account: A0385-Prepaymt-interference Work-west

JEDC	Post	Description	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
BSF		Previous Balance	2,115,586.00	2,063,641.32	2,011,696.64	1,959,751.96	1,907,807.28	1,855,862.60	1,803,917.92	1,751,973.24	1,700,028.56	1,648,084.20	1,596,139.52	1,544,194.84
1311		Interference Prepay-amortize	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)	(51,944.68)
TOTALS:			2,063,641.32	2,011,696.64	1,959,751.96	1,907,807.28	1,855,862.60	1,803,917.92	1,751,973.24	1,700,028.56	1,648,084.20	1,596,139.52	1,544,194.84	1,492,250.16

**Summary Report by Account Hierarchy
for the accounting period of January 2007 - December 2007**

Account Type: O&M

D0385

Line: B-B/s
 Service: A-All
 Business Function: B/s
 MAG Category: A-Assets
 MAG Code: 10-Assets And Other Debits
 PSC Number: 16500- Prepayments
 Account: D0385-Prepaymt-interference Work-ops

JEDC	Post	Description	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
BBF		Previous Balance	133,763.65	97,083.24	60,422.83	23,722.18	15,814.76	7,907.34	(0.08)	(0.08)	(0.16)	0.00	0.00	0.00
1311		Interference Prepay-amortize	(36,680.41)	(36,680.41)	(36,680.65)	(7,907.42)	(7,907.42)	(7,907.42)	0.00	(0.08)	0.16	0.00	0.00	0.00
TOTALS:			97,083.24	60,402.83	23,722.18	15,814.76	7,907.34	(0.08)	(0.08)	(0.16)	0.00	0.00	0.00	0.00

Summary Report by Account Hierarchy
for the accounting period of January 2007 - December 2007

Account Type: O&M

Line: B-B/s
Service: A-All
Business Function: B/s
MAG Category: A-Assets
MAG Code: 10-Assets And Other Debits
PSC Number: 16500-Prepayments
Account: F0385-Prepaymt-interference Work-manh

F0385

JEDC	Post	Description	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007
BBF		Previous Balance	0.00	0.00	0.00	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,262,401.30	8,998,539.30	8,734,677.30
1311		Interference Prepay-amortize	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(263,862.00)	(263,862.00)	(263,862.00)	(263,862.00)
7011		A/s-electron Parts,repair&as	0.00	0.00	9,526,263.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS:			0.00	0.00	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,526,263.30	9,262,401.30	8,998,539.30	8,734,677.30	8,470,815.30

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

Response to DPS Interrogatories – Set DPS25
Date of Response: 07/15/2008
Responding Witness: Accounting Panel/Hoglund

Question No. :378

Subject: D&O Insurance - In response to CPB #1, you discuss three areas D&O insurance covers. In general, and for Con Edison, the insurance covers: Individual officers and directors for claims and litigation against them in the event Con Edison has not provided indemnification - (Coverage A) - here the deductible is \$0. • Con Edison for all sums necessary to indemnify its directors and officers as required or permitted by applicable common or statutory law, or under the provisions of Con Edison's charter or by-laws. In this case a \$5 million deductible applies (Coverage B) • Con Edison for securities claims (Coverage C). Of the amount of \$6.4M in D&O insurance expense in the historic test year, how does cost of coverage breakdown between A, B and C above?

Response:

Total cost for the Company's \$300 million D & O liability insurance for policy year 12/2/2006-2007 amounted to \$6,451,340. This program consisted of \$250 million of standard ABC coverage and \$50 million of supplemental Side A coverage. Our D&O broker, Willis, advises that the percentage of Side A claims in the standard ABC D & O program has historically been about 10%, and that Side B and Side C of the policy make up the other 90% of claims. Willis also estimates that the Side A coverage in our standard \$250 million of coverage approximates 10% of the total cost of the insurance.

The Company paid a total of \$5,819,590 for the \$250 million of standard insurance, thus approximately \$581,959 of this cost reflects the Side A coverage for the standard policy. The remaining 90% of the cost reflects Coverage B and Coverage C which amounts to about \$5,237,631. Willis advises that these two coverage components are basically intertwined and sold together by the market. In fact, Coverage C only became available in recent years. We did not ask the underwriters to provide separate quotes for Side C.

The supplemental Side A coverage in the amount of \$50 million that was purchased from two Bermuda insurers cost \$631,750 for the policy term 12/2/2006-2007. The total Side A estimated coverage cost for that policy term thus approximates \$1,213,709, and the Side B and Side C coverage components of the program amounted to about \$5,237,631.

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

Response to DPS Interrogatories – Set DPS27
Date of Response: 07/24/2008
Responding Witness: IIP

Question No. :388

Subject: Corrective Maintenance - On page 137 of their testimony, the Infrastructure Panel states that the actual historic year O&M expenditures were understated by \$1.4 million due to a shift from maintenance activity (labor and material costs) to higher priority capital work. a. By normalizing the historic year O&M expense to increase the costs associated with corrective maintenance, the panel suggests that resources are being shifted back from Capital work to O&M. Please provide evidence to support that claim. b. In its response to DPS-7, the Company shows that the actual corrective maintenance expenses were: \$1.197 million, \$2.362 million, \$4.043 million, and \$3.278 million for 2004, 2005, 2006 and 2007, respectively. Indicate why it is not more appropriate to use a four-year average to forecast the rate year level for this item. c. Provide the level of corrective maintenance expenses incurred in 2008 to date.

Response:

Question 388 part A. - Substation Operations shift from higher priority capital work in the 2007 Historical Year to O&M work in future periods, can be demonstrated by the following:

- Substations under ran O&M labor man-hours for corrective maintenance by 10,100 man-hours in 2007 which was more than offset by increased man-hours expended on capital projects and programs. An additional 2,487 man-hours based on units of work projections will be required to address increases in corrective maintenance backlogs. Therefore, the total corrective maintenance incremental labor requirement for Substations in 2009 for corrective maintenance compared to the 2007 historic year is projected to be 12,587 hours or \$848,000.
- Material and vendor costs for O&M related corrective maintenance were also under budget in 2007. Based on the projected units of work and the estimated average material / vendor services component for corrective maintenance work costs, it is projected that an additional \$559,000 will be required in 2009 for material and vendor services compared to the 2007 historic year.
- In 2007, Substations expended \$27.1 million on corrective maintenance. Thus far in 2008, \$14.2 million has been expended on corrective maintenance. If simply extrapolated to year-end, this would result in a total expenditure for the year of \$28.4 million, which is consistent with the requested corrective maintenance normalization adjustment of \$1.4 million.

Question 388 part B. The financial information highlighted in DPS-7 is related to Electric Production (Steam Business Unit) and has been erroneously linked to our Transmission (Substation Operation) exhibit via question B.

Substation Operations 2008 corrective maintenance funding requirement is currently \$31.9 million based on units of work for corrective maintenance for 2008. A four year average is not appropriate to use to project future requirements, especially in light of unprecedented increases in the cost of basic commodities such as copper and steel, which has significantly increased the cost of the material and equipment utilized in the electric utility industry, as well as vendor services. For example, based on U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index demonstrates that from 2003 - 2007 copper increased in price by 139.7% and steel mill products increased in price by 74.2%. The current Rate Case filing is based on 2007 test year activity and is appropriate to use because it includes the impact of recent price increases.

Question 388 part C. – Substation Operations actual expenditures for corrective maintenance for year to date June 2008 is \$14.2 million.

Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to DPS Interrogatories – Set DPS27

Date of Response: 07/25/2008

Responding Witness: Accounting Panel

Question No. :397

Subject: A&S Capitalized - On page 43 of its testimony, the Accounting Panel discusses an adjustment normalizing the historic test year level of O&M expense related to A&S costs. Specifically, the Panel indicates that such costs for years 2004 and 2005 were capitalized in error and as a result, made a correction in January 2007 by reducing the capitalization on net plant. 1. Provide a copy of the January 2007 journal entry recorded and supporting documents. 2. Explain if an adjustment reducing the current T&D expense deferral correcting for prior years overcollection of carrying charges is warranted. If not, explain why not. If yes, provide a calculation of the required adjustment.

Response:

1. Please see the workpapers of the Accounting Panel to Exhibit ___ (AP-5), Schedule 7, Normalizations, Line 24.
2. See attached files for adjustment in the carrying charges and related filings.

CECONY Carrying Charge Adjustment - A&S Costs
Case 08-E-0539

	Adjustment	Less Depreciation @3%	Accumulated Depreciation	Net Plant	Electric @76.55%	Interest @13.95%
Apr-05	\$ (9,587,625.00)	\$ 23,969.06	\$ 23,969.06	\$ (9,563,655.94)	\$ (7,320,978.62)	\$ (85,106.38)
May-05	(9,587,625.00)	23,969.06	47,938.13	(9,539,686.88)	(7,302,630.30)	(84,893.08)
Jun-05	(9,587,625.00)	23,969.06	71,907.19	(9,515,717.81)	(7,284,281.99)	(84,679.78)
Jul-05	(9,587,625.00)	23,969.06	95,876.25	(9,491,748.75)	(7,265,933.67)	(84,466.48)
Aug-05	(9,587,625.00)	23,969.06	119,845.31	(9,467,779.69)	(7,247,585.35)	(84,253.18)
Sep-05	(9,587,625.00)	23,969.06	143,814.38	(9,443,810.63)	(7,229,237.03)	(84,039.88)
Oct-05	(9,587,625.00)	23,969.06	167,783.44	(9,419,841.56)	(7,210,888.72)	(83,826.58)
Nov-05	(9,587,625.00)	23,969.06	191,752.50	(9,395,872.50)	(7,192,540.40)	(83,613.28)
Dec-05	(9,587,625.00)	23,969.06	215,721.56	(9,371,903.44)	(7,174,192.08)	(83,399.98)
Jan-06	(9,587,625.00)	23,969.06	239,690.63	(9,347,934.38)	(7,155,843.76)	(83,186.68)
Feb-06	(9,587,625.00)	23,969.06	263,659.69	(9,323,965.31)	(7,137,495.45)	(82,973.38)
Mar-06	(9,587,625.00)	23,969.06	287,628.75	(9,299,996.25)	(7,119,147.13)	(82,760.09)
Apr-06	(9,587,625.00)	23,969.06	311,597.81	(9,276,027.19)	(7,100,798.81)	(82,546.79)
May-06	(9,587,625.00)	23,969.06	335,566.88	(9,252,058.13)	(7,082,450.49)	(82,333.49)
Jun-06	(9,587,625.00)	23,969.06	359,535.94	(9,228,089.06)	(7,064,102.18)	(82,120.19)
Jul-06	(9,587,625.00)	23,969.06	383,505.00	(9,204,120.00)	(7,045,753.86)	(81,906.89)
Aug-06	(9,587,625.00)	23,969.06	407,474.06	(9,180,150.94)	(7,027,405.54)	(81,693.59)
Sep-06	(9,587,625.00)	23,969.06	431,443.13	(9,156,181.88)	(7,009,057.23)	(81,480.29)
Oct-06	(9,587,625.00)	23,969.06	455,412.19	(9,132,212.81)	(6,990,708.91)	(81,266.99)
Nov-06	(9,587,625.00)	23,969.06	479,381.25	(9,108,243.75)	(6,972,360.59)	(81,053.69)
Dec-06	(9,587,625.00)	23,969.06	503,350.31	(9,084,274.69)	(6,954,012.27)	(80,840.39)
Jan-07	(8,788,656.25)	21,971.64	525,321.95	(8,263,334.30)	(6,325,582.40)	(73,534.90)
Feb-07	(7,989,687.50)	19,974.22	545,296.17	(7,444,391.33)	(5,698,681.56)	(66,247.17)
Mar-07	(7,190,718.75)	17,976.80	563,272.97	(6,627,445.78)	(5,073,309.75)	(58,977.23)
Apr-07	(6,391,750.00)	15,979.38	579,252.34	(5,812,497.66)	(4,449,466.96)	(51,725.05)
May-07	(5,592,781.25)	13,981.95	593,234.30	(4,999,546.95)	(3,827,153.19)	(44,490.66)
Jun-07	(4,793,812.50)	11,984.53	605,218.83	(4,188,593.67)	(3,206,368.46)	(37,274.03)
Jul-07	(3,994,843.75)	9,987.11	615,205.94	(3,379,637.81)	(2,587,112.75)	(30,075.19)
Aug-07	(3,195,875.00)	7,989.69	623,195.63	(2,572,679.38)	(1,969,386.06)	(22,894.11)
Sep-07	(2,396,906.25)	5,992.27	629,187.89	(1,767,718.36)	(1,353,188.40)	(15,730.82)
Oct-07	(1,597,937.50)	3,994.84	633,182.73	(964,754.77)	(738,519.77)	(8,585.29)
Nov-07	(798,968.75)	1,997.42	635,180.16	(163,788.59)	(125,380.17)	(1,457.54)
Dec-07	-	-	-	-	-	-
Subtotal						(2,153,433.06)
Less Apr '05 - Mar '06						1,007,198.77 *
Adjustment to Carrying Charges						<u>\$ (1,146,234.29)</u>

*Carrying charges are booked to Other Operating Revenues. For the first rate year April 1, 2005 to March 31, 2006, the Company's earnings were above the threshold which benefit was applied to customers at 100%. See the Company's compliance filings dated May 30, 2006 and June 15, 2006.

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

Response to DPS Interrogatories – Set DPS27
Date of Response: 07/25/2008
Responding Witness: Accounting Panel

Question No. :398

Subject: Transformer Remote Monitoring Replacements - On page 58 of its testimony, the Accounting Panel discusses an adjustment normalizing the historic test year level of O&M expense related to transformer remote monitoring replacements and installations. In particular, the Panel indicates that such costs for years 2005 and 2006 were capitalized in error and as a result, made a correction in June 2007 by reducing the capitalization on net plant by \$2,353,900. 1. Provide a copy of the June 2007 journal entry recorded and supporting documents. 2. Explain if an adjustment reducing the current T&D expense deferral correcting for prior years overcollection of carrying charges is warranted. If not, explain why not. If yes, provide a calculation of the required adjustment.

Response:

1. Please see the back up papers to the Accounting Panel's Exhibit __ (AP-5), Schedule 7, Normalizations, line 15.
2. See attached files for adjustment in the carrying charges and related filings.

CECONY Carrying Charge Adjustment - RMS
08-E-0539

	Adjustment	Less 3% Depreciation	Accumulated Depreciation	Net Plant	Interest @13.95%
Apr-05 \$	534,211.89	\$ (1,335.53)	\$ (1,335.53)	\$ 532,876.36	\$ 6,194.69
May-05	445,569.39	(1,113.92)	(2,449.45)	443,119.94	5,151.27
Jun-05	296,234.75	(740.59)	(3,190.04)	293,044.71	3,406.64
Jul-05	237,922.61	(594.81)	(3,784.85)	234,137.76	2,721.85
Aug-05	87,129.88	(217.82)	(4,002.67)	83,127.21	966.35
Sep-05	(40,117.93)	100.29	(3,902.38)	(44,020.31)	(511.74)
Oct-05	(274,020.00)	685.05	(3,217.33)	(277,237.33)	(3,222.88)
Nov-05	(372,436.22)	931.09	(2,286.24)	(374,722.46)	(4,356.15)
Dec-05	(509,430.51)	1,273.58	(1,012.66)	(510,443.17)	(5,933.90)
Jan-06	(587,049.22)	1,467.62	454.96	(586,594.26)	(6,819.16)
Feb-06	(665,425.82)	1,663.56	2,118.53	(663,307.29)	(7,710.95)
Mar-06	(723,214.69)	1,808.04	3,926.56	(719,288.13)	(8,361.72)
Apr-06	(974,146.70)	2,435.37	6,361.93	(967,784.77)	(11,250.50)
May-06	(1,248,199.08)	3,120.50	9,482.43	(1,238,716.65)	(14,400.08)
Jun-06	(1,426,237.25)	3,565.59	13,048.02	(1,413,189.23)	(16,428.32)
Jul-06	(1,593,555.73)	3,983.89	17,031.91	(1,576,523.82)	(18,327.09)
Aug-06	(1,766,197.26)	4,415.49	21,447.40	(1,744,749.86)	(20,282.72)
Sep-06	(1,989,899.07)	4,974.75	26,422.15	(1,963,476.92)	(22,825.42)
Oct-06	(2,342,868.58)	5,857.17	32,279.32	(2,310,589.26)	(26,860.60)
Nov-06	(2,390,318.97)	5,975.80	38,255.12	(2,352,063.85)	(27,342.74)
Dec-06	(2,353,878.55)	5,884.70	44,139.82	(2,309,738.73)	(26,850.71)
Jan-07	(2,353,878.55)	5,884.70	50,024.51	(2,303,854.04)	(26,782.30)
Feb-07	(2,353,878.55)	5,884.70	55,909.21	(2,297,969.34)	(26,713.89)
Mar-07	(2,353,878.55)	5,884.70	61,793.91	(2,292,084.64)	(26,645.48)
Apr-07	(2,353,878.55)	5,884.70	67,678.60	(2,286,199.95)	(26,577.07)
May-07	(2,353,878.55)	5,884.70	73,563.30	(2,280,315.25)	(26,508.66)
	Subtotal:				(336,271.30)
	Less Apr '05 - Mar '06				18,475.69 *
	Adjustment to Carrying Charges				<u>\$ (317,795.60)</u>

*Carrying charges are booked to Other Operating Revenues. For the first rate year, April 1, 2005 to March 31, 2006, the Company's earnings were above the threshold which benefit was applied to customers at 100%. See the Company's compliance filings dated May 30, 2006 and June 15, 2006.

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

Response to DPS Interrogatories – Set DPS27
Date of Response: 07/23/2008
Responding Witness: Accounting Panel

Question No. :401

Subject: Pension / OPEB - 1. In its rate filing, the Company reflects \$9.704 million in its rate year rate base related to an estimated under recovery of net pension/OPEB expense for the current rate year (i.e. April 2008 – March 2009). However, the estimated balance is non-cash deferral. Indicate whether an adjustment removing this amount from the Company's filing is warranted. If not, why not? 2. Since the Company returned to adhering the provisions of the Commission's Policy Statement concerning pensions and OPEBs (2005 rate plan), it is required to track the difference between the rate allowance for pension and OPEBs and its actual external funding for these plans. Provide a calculation of the amounts received for pension and OPEBs purposes and the monies actually deposited into an external fund since the Company came back on the Policy Statement.

Response:

1. The Company does not agree that the \$9.704 million included in rate base for the rate year related to the under recovery of net pension/OPEB expense is a "non cash" deferral. It represents the variation between the level of pension cost included in rates and the actual FAS 87 / 106 pension and OPEB costs during the linking period (i.e., April 2008 – March 2009). As shown in the Company's response to part 2 of this question, actual pension / OPEB funding since the Company has been back on the Policy Statement has exceeded its FASB 87 / 106 Pension / OPEB accruals.
2. See attachment DPS27-401. This schedule compares the FASB 87 / 106 accruals and the actual funding. Since the Company was allowed to net its pension and OPEB under recoveries as part of the rate plan approved in Case 04-E-0572, the accruals shown on the attachment would equal the rate allowance. On a cumulative basis, this schedule shows that funding has exceeded the rate allowance by approximately \$13 million.

CECONY Pension and OPEB Cost and Contributions
2004 - 2008
 \$ millions

<u>Pension Plan</u>	2004	2005	2006	2007	2008	Cumulative Balance
Pension - Total Periodic Benefit Cost (FAS 87)	\$ (179)	\$ (28)	\$ 78	\$ 115	\$ 131	
Company Contribution to Pension	2	2	66	104	114	
Calendar Year (Over) / Under Funding	<u>(181)</u>	<u>(30)</u>	<u>12</u>	<u>11</u>	<u>17</u>	
Rate Year Ending March (Over) / Under Funding		<u>(68)</u>	<u>2</u>	<u>11</u>	<u>16</u>	<u>(39)</u>
Electric Allocation -- 78.7%		<u>\$ (54)</u>	<u>\$ 2</u>	<u>\$ 9</u>	<u>\$ 13</u>	<u>\$ (30)</u>
<u>OPEB Plan</u>						
OPEBs - Total Periodic Benefit Cost (FAS 106)	\$ 24	\$ 63	\$ 56	\$ 70	\$ 70	
Company Contribution to OPEB Plans	22	58	52	64	63	
Calendar Year (Over) / Under Funding	<u>2</u>	<u>5</u>	<u>4</u>	<u>6</u>	<u>7</u>	
Rate Year Ending March (Over) / Under Funding		<u>4</u>	<u>4</u>	<u>6</u>	<u>7</u>	<u>21</u>
Electric Allocation -- 78.7%		<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 17</u>
Net Pension / OPEB (Over) / Under Funding – Electric		<u>\$ (51)</u>	<u>\$ 5</u>	<u>\$ 14</u>	<u>\$ 19</u>	<u>\$ (13)</u>

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

Response to DPS Interrogatories – Set DPS28
Date of Response: 07/29/2008
Responding Witness: Tai Group

Question No. :411

Subject: Compensation for Officers and Non-Officer Management Employees - 1. In your testimony, you state that “the objective of the compensation program is to support the Company’s business strategy, which includes such objectives as providing customer with quality service, making reasonable return to investors, and providing an environment where employees can continue to improve their contributions to the Company. As such, the annual incentive is linked to financial, budget and operations goals. The long-term incentive rewards achievement of financial and operations goals as well as total shareholder return.” Have the benefits of achieving the financial, budget and / or operations goals that determine the incentive compensation awards been reflected in the Company’s revenue requirement projections? If yes, show where those cost reductions are projected and captured for customers. If not, explain why not. 2. In your testimony you indicate that “ in 2006, the MDC Committee approved Mercer’s recommendation that stock options be removed from the mix of LTIP awards granted in 2007 and beyond.” However, the historic test year electric Other Compensation expense of \$5.724 million reflected in the Company’s rate filing includes \$1.008 and \$.058 million related to “stock options compensation expense” and “stock option compensation expense – Top 5”, respectively. If the Stock Options were removed from mix of LTIP awards beginning in 2007, why would the Company still be booking such costs in 2007 and why would it be reasonable for the Company to seek recovery for these costs in the rate year? 3. Provide a copy of any documents provided to Officers and Non-Officer Management Employees explaining the current long-term incentive award programs.

Response:

1) Yes, the benefits of achieving financial and operating goals have been reflected in our budgets and, hence, are reflected in the Company’s revenue requirement. Importantly, the revenue requirement in this proceeding was determined by starting with a historic period of time, e.g., the twelve months ended December 31, 2007, and all benefits achieved to that point in time are reflected in the starting point for setting new rates.

2) The Company did stop awarding stock options after 2006 as authorized by the MDC Committee. However, in accordance with accounting guidelines, the Company recognizes the fair value of stock options in expense over the continuous service period in which the options vest. Stock options vest over a three-year period. Awards to retirement eligible employees are expensed in the month awarded. The expense booked in 2007 represents the portion of the 2006 awards which are required to be recognized under accounting guidelines. The Company is

seeking recovery for these costs because they represent a fair and reasonable cost of doing business and, the associated stock options were a legitimate component of compensation when issued.

3) See attached PDF file - RSU documents for copies of the 2007 documents provided to Officers and Non-Officer Management Employees.

CONSOLIDATED EDISON, INC.
2007 Restricted Stock Unit Award For Officers

Consolidated Edison, Inc. (the "Company") hereby grants Restricted Stock Units (the "Units") to «FirstName»«LastName» (the "Employee") under the Consolidated Edison, Inc. Long Term Incentive Plan (the "Plan") as follows:

<u>Grant Date</u>	<u>Allocation</u>	<u>Performance Period</u>	<u>Vesting Date</u>
January __, 2007	«PBR» Units	1/1/07 - 12/31/2009	1/2010

This Award is subject to the terms and conditions set forth herein and in the Plan. The terms of this Award are subject in all respects to the provisions of the Plan, which are incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

Each Unit shall represent the right, upon vesting, to receive one Share of Stock, the cash value of one Share of Stock, or a combination thereof. The cash value of a Unit shall equal the closing price of a Share of Stock in the Consolidated Reporting System as reported in the Wall Street Journal or in a similarly readily available public source for the trading day immediately prior to the applicable Transaction Date. The Transaction Date shall be the Vesting Date. If no trading of Shares of Stock occurred on such trading date, the closing price of a Share of Stock in such System as reported for the preceding day on which sales of Shares of Stock occurred shall be used.

Performance Factors: Fifty percent of the Units for the grant will be earned based on the Company's Total Shareholder Return (TSR) compared to the 2007 Compensation Peer Group¹ over the Performance Period. The remaining fifty percent of the Units for the grant will be earned based on the average of the Adjusted Target Incentive Fund expressed as a percent of the Target Incentive Fund for each year in the Performance Period.² The actual number of Units earned can

¹ The following companies comprise the 2007 Compensation Peer Group: Ameren Corp., American Electric Power, Centerpoint Energy Inc., Constellation Energy Group Inc., Dominion Resources, Inc., DTE Energy Co., Duke Energy Corp., Edison International, Entergy Corp., Exelon Corp., First Energy Corp., FPL Group, Nisource Inc., Pepco Holdings Inc, PG&E Corp., PPL Corp, Progress Energy, Sempra Energy, Southern Co. and Xcel Energy Inc.

² For Employees of Orange and Rockland Utilities, Inc. substitute "the corporate average of the approved payout percentage of the Annual Team Incentive (ATIP) Plan over the Performance Period." For Employees of Consolidated Edison Solutions, Inc., substitute "the average of the approved payout percentage for the specific business unit goals measured over the Performance Period." For Employees of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. substitute "the average of the approved payout percentage for the specific business unit goals of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. measured over the Performance Period."

range from 0 to 150% of the above allocation. The final determination of the number of Units to be awarded will be made by the Management Development and Compensation Committee ("Committee") of the Board. The Units vest after the Performance Period when they are determined and awarded (Vesting Date) by the Committee.

1. **Consequences of Separation from Service and Death.** In the event of the Employee's Separation from Service with the Company or its subsidiaries or death prior to the Vesting Date, the Employee's rights will be as set forth below:
 - a. If the Employee Separates from Service other than by reason of Retirement, Disability or death, during a Performance Period his/her award is completely forfeited.
 - b. If the Employee dies during a Performance Period, his/her award is prorated based on the actual period of service from the Grant Date to the Employee's date of death. The Employee's beneficiaries or the Employee's estate, as the case may be, shall receive the Award as soon as administratively possible following the Employee's death. The determination of the performance factors will be made by the Vice President of Human Resources of Consolidated Edison Company of New York, Inc. using the indicators as of the end of the month for the Total Shareholder Return and using the prior year(s) Adjusted Target Incentive Fund expressed as a percent of the Target Incentive Fund for Executive Incentive Plan Awards.³
 - c. If the Employee Separates from Service by reason of Retirement or Disability, then his/her award is prorated based on the actual period of service from the Grant Date to the date of the Employee's Disability or Retirement. The Employee, or if the Employee is legally incapacitated, the Employee's legal representative, shall receive the Award as soon as administratively possible, at the end of the Performance Period based on the performance, provided, however, that if the Employee is a Specified Employee as defined in Code Section 409A and applicable regulations, the Employee's payment must be delayed for six (6) months following the Employee's Separation from Service or for such other time period so as not to subject the Employee to adverse tax consequences pursuant to Code Section 409A.

³ For employees of Orange and Rockland Utilities, Inc. substitute "the prior year(s) corporate average(s) approved payout percentage for ATIP Awards." For Employees of Consolidated Edison Solutions, Inc. substitute "the prior year(s) average(s) of the approved payout percentage for the specific business unit goals of Consolidated Edison Solutions, Inc." For Employees of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. substitute "the prior year(s) average(s) of the approved payout percentage for the specific business unit goals of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc."

2. **Form of Payout.** The Units will be paid in a lump sum, either in Shares of Stock, in cash, or a combination, as elected by the Employee prior to December 31 of the year before the Grant Date. Cash can be deferred into the Deferred Income Plan ("DIP").
3. **Deferrals.** Employees will have a one-time election to defer the receipt of the cash value of the Award into the DIP or to defer the right to convert the Units into Shares of Stock and to receive them, or a combination thereof. Deferral election forms must have been submitted by December 31 of the year before the Grant Date.
4. **Voting and Dividend or Dividend Equivalent Rights.**
 - a. The Employee shall not be entitled to any voting rights with respect to the Units awarded. Furthermore, the Employee shall not be entitled to any Dividend or Dividend Equivalent payments until the Units vest.
 - b. If the Employee receives Shares of Stock at the time of vesting, he or she will be entitled to receive dividends on the Shares of Stock when dividends are paid.
 - c. If, however, the Employee elects prior to the Grant to defer the right to convert the Units into Shares of Stock and to receive them, he or she will be entitled to receive the Dividend Equivalent payments on the Units once the Units vest. These Dividend Equivalent payments can be received as additional Shares of Stock, cash, or as cash deferred into the DIP.
 - d. If at the time of vesting, the Employee receives a cash payment or defers the cash into the DIP, he or she will not receive Dividend Equivalent payments.
 - e. Dividend Equivalent payments are made on the Dividend Payment Date, which is the date the Company pays any dividend on outstanding Shares of Stock based on the number of Units owned as of the record date for such dividend.
5. **Deferral Election for Dividend Equivalent Payments.** A deferral of Dividend Equivalent payments must be made at the same time as the deferral of the receipt of the Restricted Stock Unit Award. At that time the Employee can elect to receive the Dividend Equivalent payments as additional Shares of Stock to be distributed or deferred to a future date, or as cash to be distributed or deferred into the DIP.

6. **No Right to Continued Employment.** Nothing contained herein shall confer on the Employee any right to continue in the employ of the Company or its subsidiaries or shall limit the Company's rights to terminate the Employees at any time, provided, however, that nothing herein shall affect any other contractual rights existing between the Employee and the Company or its subsidiaries.
7. **Leave of Absence.** If the Employee is officially granted a leave of absence for illness, military or governmental service or other reasons by the Company or its subsidiaries, for purposes of this Award, such leave of absence shall not be treated as a Separation from Service.
8. **Payment.** Subject to any deferral election, once Units vest, the Company shall pay, as soon as administratively possible, the Employee (a) the cash value of the Shares of Stock represented by the Units, (b) the Shares of Stock, or (c) a combination of cash and Shares of Stock, unless the Employee is a Specified Employee as defined in Code Section 409A and applicable regulations, in which case the Employee's payment shall be delayed for six (6) months following the Employee's Separation from Service or for such other time period so as not to subject the Employee to adverse tax consequences pursuant to Code Section 409A. Prior to vesting the Units represent an unfunded and unsecured promise to pay the Employee the cash value of Shares of Stock or Shares of Stock upon vesting thereof.
9. **Transferability.** Except as may otherwise be authorized by the Committee in accordance with the Plan, this Award shall not be transferred, assigned, or pledged in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution, and shall not be subject to execution, attachment or other similar process. Any attempted transfers shall be null and void and of no effect.
10. **Tax Withholding.** The Company may make such provision and take such steps as it deems necessary or appropriate for the withholding of any taxes that the Company is required by law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with this Award.
11. **Code Section 409A.** If any provision contained herein would result in unintended or adverse tax consequences to the Employee or would contravene the regulations promulgated under Code Section 409A or other Department of Treasury guidance, the parties shall reform this document or any provisions hereof to maintain to the maximum extent practicable the original purpose of the provision without violating the provisions of the Code Section 409A or creating unintended or adverse tax consequences to the Employee.

12. **Miscellaneous.** In the event of a conflict between this document and the Plan, the terms and conditions of the Plan shall govern. The Employee may request a copy of the Plan from the Vice President – Human Resources, Consolidated Edison Company of New York, Inc. at any time.

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**CONSOLIDATED EDISON, INC.
2007 Restricted Stock Unit Award for Non-Officers**

Consolidated Edison, Inc. (the "Company") hereby grants Restricted Stock Units (the "Units") to «FirstName»«LastName» (the "Employee") under the Consolidated Edison, Inc. Long Term Incentive Plan (the "Plan") as follows:

<u>Grant Date</u>	<u>Allocation</u>	<u>Performance Period</u>	<u>Vesting Date</u>
April 1, 2007	«PBR» Units	1/1/07 - 12/31/2009	March 31, 2010

This Award is subject to the terms and conditions set forth herein and in the Plan. The terms of this Award are subject in all respects to the provisions of the Plan, which are incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

Each Unit shall represent the right, upon vesting, to receive one Share of Stock, the cash value of one Share of Stock, or a combination thereof. The cash value of a Unit shall equal the closing price of a Share of Stock in the Consolidated Reporting System as reported in the Wall Street Journal or in a similarly readily available public source for the trading day immediately prior to the applicable Transaction Date. The Transaction Date shall be the Vesting Date. If no trading of Shares of Stock occurred on such trading date, the closing price of a Share of Stock in such System as reported for the preceding day on which sales of Shares of Stock occurred shall be used.

Performance Factors: Fifty percent of the Units for the grant will be earned based on the Company's Total Shareholder Return (TSR) compared to the 2007 Compensation Peer Group¹ over the Performance Period. The remaining fifty percent of the Units for the grant will be earned based on the average of the Adjusted Target Incentive Fund expressed as a percent of the Target Incentive Fund for each year in the Performance Period.² The actual number of Units earned can

¹ The following companies comprise the 2007 Compensation Peer Group: Ameren Corp., American Electric Power, Centerpoint Energy Inc., Constellation Energy Group Inc., Dominion Resources, Inc., DTE Energy Co., Duke Energy Corp., Edison International, Entergy Corp., Exelon Corp., First Energy Corp., FPL Group, Nisource Inc., Pepco Holdings Inc, PG&E Corp., PPL Corp, Progress Energy, Sempra Energy, Southern Co. and Xcel Energy Inc.

² For Employees of Orange and Rockland Utilities, Inc. substitute "the corporate average of the approved payout percentage of the Annual Team Incentive (ATI) Plan over the Performance Period." For Employees of Consolidated Edison Solutions, Inc., substitute "the average of the approved payout percentage for the specific business unit goals measured over the Performance Period." For Employees of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. substitute "the average of the approved payout percentage for the specific business unit goals of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. measured over the Performance Period."

range from 0 to 150% of the above allocation. The final determination of the number of Units to be awarded will be made by the Chairman and Chief Executive Officer ("CEO") of the Company. The Units vest on March 31, 2010 (Vesting Date) and are paid out in April 2010.

1. **Consequences of Separation from Service and Death.** In the event of the Employee's Separation from Service with the Company or its subsidiaries or death prior to the Vesting Date, the Employee's rights will be as set forth below:
 - a. If the Employee Separates from Service other than by reason of Retirement, Disability or death, during a Performance Period his/her award is completely forfeited.
 - b. If the Employee dies during a Performance Period, his/her award is prorated based on the actual period of service from the Grant Date to the Employee's date of death. The Employee's beneficiaries or the Employee's estate, as the case may be, shall receive the Award as soon as administratively possible following the Employee's death. The determination of the performance factors will be made by the Vice President of Human Resources of Consolidated Edison Company of New York, Inc. using the indicators as of the end of the month for the Total Shareholder Return and using the prior year(s) Adjusted Target Incentive Fund expressed as a percent of the Target Incentive Fund for Executive Incentive Plan Awards.³
 - c. If the Employee Separates from Service by reason of Retirement or Disability, then his/her award is prorated based on the actual period of service from the Grant Date to the date of the Employee's Disability or Retirement. The Employee, or if the Employee is legally incapacitated the Employee's legal representative, shall receive the Award as soon as administratively possible, at the end of the Performance Period based on the performance.
2. **Form of Payout.** The Units will be paid in a lump sum, either in Shares of Stock, in cash, or a combination, as elected by the Employee. If no election is made by the Employee, the payout shall be in cash.

³ For employees of Orange and Rockland Utilities, Inc. substitute "the prior year(s) corporate average(s) approved payout percentage for ATIP Awards." For Employees of Consolidated Edison Solutions, Inc. substitute "the prior year(s) average(s) of the approved payout percentage for the specific business unit goals of Consolidated Edison Solutions, Inc." For Employees of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. substitute "the prior year(s) average(s) of the approved payout percentage for the specific business unit goals of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc."

3. **Voting and Dividend or Dividend Equivalent Rights.** The Employee shall not be entitled to any voting rights, or to receive any Dividend, Dividend Equivalent, or other distributions with respect to the Units awarded.
4. **No Right to Continued Employment.** Nothing contained herein shall confer on the Employee any right to continue in the employ of the Company or its subsidiaries or shall limit the Company's rights to terminate the Employees at any time, provided, however, that nothing herein shall affect any other contractual rights existing between the Employee and the Company or its subsidiaries.
5. **Leave of Absence.** If the Employee is officially granted a leave of absence for illness, military or governmental service or other reasons by the Company or its subsidiaries, for purposes of this Award, such leave of absence shall not be treated as a Separation from Service.
6. **Payment.** Once Units vest, the Company shall pay, as soon as administratively possible, the Employee (a) the cash value of the Shares of Stock represented by the Units, (b) the Shares of Stock, or (c) a combination of cash and Shares of Stock. Prior to vesting the Units represent an unfunded and unsecured promise to pay the Employee the cash value of Shares of Stock or Shares of Stock upon vesting thereof.
7. **Transferability.** Except as may otherwise be authorized by the Committee in accordance with the Plan, this Award shall not be transferred, assigned, or pledged in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution, and shall not be subject to execution, attachment or other similar process. Any attempted transfers shall be null and void and of no effect.
8. **Tax Withholding.** The Company may make such provision and take such steps as it deems necessary or appropriate for the withholding of any taxes that the Company is required by law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with this Award, including allowing the Employee who is receiving a payout in Shares of Stock to cancel sufficient Shares of Stock to cover his or her tax liability.
9. **Miscellaneous.** In the event of a conflict between this document and the Plan, the terms and conditions of the Plan shall govern. The Employee may request a copy of the Plan from the Vice President - Human Resources, Consolidated Edison Company of New York, Inc. at any time.

**CONSOLIDATED EDISON, INC.
2007 Time-Based Restricted Stock Unit Award**

Consolidated Edison, Inc. (the "Company") hereby grants Restricted Stock Units (the "Units") to «FirstName»«LastName» (the "Employee") under the Consolidated Edison, Inc. Long Term Incentive Plan (the "Plan") as follows:

<u>Grant Date</u>	<u>Number</u>	<u>Vesting Date</u>
April 1, 2007	«PBRS» Units	March 31, 2010

This Award is subject to the terms and conditions set forth herein and in the Plan. The terms of this Award are subject in all respects to the provisions of the Plan, which are incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

Each Unit shall represent the right, upon vesting, to receive one Share of Stock, the cash value of one Share of Stock, or a combination thereof. The cash value of a Unit shall equal the closing price of a Share of Stock in the Consolidated Reporting System as reported in the Wall Street Journal or in a similarly readily available public source for the trading day immediately prior to the applicable Transaction Date. The Transaction Date shall be the Vesting Date. If no trading of Shares of Stock occurred on such trading date, the closing price of a Share of Stock in such System as reported for the preceding day on which sales of Shares of Stock occurred shall be used.

1. **Consequences of Separation from Service and Death.** In the event of the Employee's Separation from Service with the Company or its subsidiaries or death prior to the Vesting Date, the Employee's rights will be as set forth below:
 - a. If the Employee Separates from Service other than by reason of Disability or death, prior to the Vesting Date his/her award is completely forfeited.
 - b. If the Employee dies prior to the Vesting Date, his/her award is prorated based on the actual period of service from the Grant Date to the Employee's date of death. The Employee's beneficiaries or the Employee's estate, as the case may be, shall receive the Award as soon as administratively possible following the Employee's death.
 - c. If the Employee Separates from Service by reason of Disability, then his/her award is prorated based on the actual period of service from the Grant Date to the date of the Employee's Disability. The Employee, or if the Employee is legally incapacitated, the Employee's legal

representative, shall receive the Award as soon as administratively possible, following the Employee's Disability.

2. **Form of Payout.** The Units will be paid in a lump sum, either in Shares of Stock, in cash, or a combination, as elected by the Employee. If no election is made by the Employee, the payout shall be in cash.
3. **Voting and Dividend or Dividend Equivalent Rights.** The Employee shall not be entitled to any voting rights, or to receive any Dividend, Dividend Equivalent, or other distributions with respect to the Units awarded.
4. **No Right to Continued Employment.** Nothing contained herein shall confer on the Employee any right to continue in the employ of the Company or its subsidiaries or shall limit the Company's rights to terminate the Employees at any time, provided, however, that nothing herein shall affect any other contractual rights existing between the Employee and the Company or its subsidiaries.
5. **Leave of Absence.** If the Employee is officially granted a leave of absence for illness, military or governmental service or other reasons by the Company or its subsidiaries, for purposes of this Award, such leave of absence shall not be treated as a Separation from Service.
6. **Payment.** Once Units vest, the Company shall pay, as soon as administratively possible, the Employee (a) the cash value of the Shares of Stock represented by the Units, (b) the Shares of Stock, or (c) a combination of cash and Shares of Stock. Prior to vesting the Units represent an unfunded and unsecured promise to pay the Employee the cash value of Shares of Stock or Shares of Stock upon vesting thereof.
7. **Transferability.** Except as may otherwise be authorized by the Committee in accordance with the Plan, this Award shall not be transferred, assigned, or pledged in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution, and shall not be subject to execution, attachment or other similar process. Any attempted transfers shall be null and void and of no effect.
8. **Tax Withholding.** The Company may make such provision and take such steps as it deems necessary or appropriate for the withholding of any taxes that the Company is required by law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with this Award, including allowing the Employee who is receiving a payout in Shares of Stock to cancel sufficient Shares of Stock to cover his or her tax liability.
9. **Miscellaneous.** In the event of a conflict between this document and the Plan, the terms and conditions of the Plan shall govern. The Employee may

request a copy of the Plan from the Vice President – Human Resources,
Consolidated Edison Company of New York, Inc. at any time.

272537

Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to DPS Interrogatories – Set DPS28

Date of Response: 07/30/2008

Responding Witness: Reyes

Question No. :419

Subject: Employee Benefit Programs – Follow-up to DPS 175 - In its response to DPS-175, the Company provided its justification and workpapers to support its rate year forecast of several employee benefit programs - Occupational Supplement, Child Care & Elder Care Consulting Service, and Workhome Wellness Program. The Company's response indicates expected increase in usage of the Child Care and Elder Care program and new programs related to the Occupational Supplement and Workhome Wellness programs. 1. Did the Company perform any cost benefit analysis before increasing the funding for the existing Child Care and Elder Care program or setting up new programs for either the Occupational Supplement or Workhome Wellness program? If yes, provide a copy of the cost benefit analysis and show where those cost reductions are projected and captured for customers in the rate year. If not, explain why not. 2. With respect to the Child Care and Elder Care program, a) explain how the projected increase in usage in the rate year is determined; b) provide the actual costs booked for fiscal years ended December 31, 2004, 2005, 2006 and 2007. 3. Regarding the Occupational Supplement and Workhome Wellness programs, provide the actual costs booked in Company accounts U5477 and E5474 for periods ended December 31, 2004, 2005, 2006 and 2007.

Response:

1. The Company did not perform a cost benefit analysis before increasing the funding for the existing Child Care and Elder Care Program. The funding level was increased in anticipation of an increase in demand based upon an increase in the number of employees registering for the emergency child care and elder care/dependent care program as well as the number of inquiries received from employees. Providing these services ensures that experienced employees are available when needed, especially during emergencies.

For the Occupational Supplement and Work Home Wellness Programs, no cost benefit analysis was completed. However, Occupational Health Department data, National Health Research, New York City and New York State health statistics and employee interest advanced the agenda to increase employee workplace health promotion activities. Having healthy employees minimizes sick time and benefits the Company and its customers.

2. See attachments.

3. See attachments.

Child Care and Elder Care Consulting Services

Account # D5474, E5485, G5485, J5485, K5485

Year	Actual Costs
2004	\$91,753
2005	\$92,306
2006	\$88,700
2007	\$89,398

Date: 7/22/08

**Work/Life Programs Offered to Employees
2008 programs**

Caregivers on Call - Children	Eldercare Solutions	Ceridian Life Works	Caregivers on Call - Dependents and Special Needs
Annual Fee: \$7,078 Cost/Hour: \$28 Company Benefit: Pays 90% of first 10 hours Pays 75% after 10 hours Assume 50 employees use first 10 hours and 20 employees use 11 to 40 hours Average Total Cost Per Year: \$32,278	Annual Fee: \$43,000 Usage Fee: \$135 per individual report Assume 22 employees request report during the year Average Total Cost Per Year: \$45,970	Cost Per Employee/Year: \$1.90 # of employees: 12,000 Usage Fee: \$135 per individual request Assume 5 employees request report each month Average Total Cost Per Year: \$30,900	Annual Fee: see Caregivers on Call - Children - no additional Cost/Hour: \$28 Company Benefit: Pays 75% of first 10 hours Pays 50% for 11 to 40 hours Assume 20 employees use first 10 hours and 6 employees use 11-40 hours Average Total Cost Per Year: \$6,720

Adoptions
Company reimburses employee \$2,500 per adoption
Number of adoptions per year: 2 to 5
Average Total Cost Per Year: \$5,000 to \$12,500

Cornell University
DPS 419 (3)

Account: U5477

Year	Booked Cost
2004	\$ 259,780.43
2005	\$ 299,001.83
2006	\$ 503,781.71
2007	\$ 132,521.85
Total	<u><u>\$ 1,195,085.82</u></u>

Account: E5474

Year	Booked Cost
2004	\$ 414,952.20
2005	\$ 522,451.20
2006	\$ 672,304.37
2007	\$ 861,177.46
Total	<u><u>\$ 2,470,885.23</u></u>

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

Response to DPS Interrogatories – Set DPS28
Date of Response: 07/30/2008
Responding Witness: Accounting Panel

Question No. :421

Subject: Breakout of Company Labor - In DPS-167, Staff requested a break out of Company labor expense by component. In its response, the Company provided the break out by Variable Pay and Other (i.e. base salary, premium time and over time). The Company's response indicated that the components in Other could not be identified separately. However, the labor escalation rate (7.78%) used by the Company in forecasting rate year labor expense includes actual historic wages and salaries for straight time, premium time, overtime, summer temporary, and management compensatory time. 1. Fully explain how the actual historic wages and salaries for straight time, premium time, overtime, summer temporary, and management compensatory time were developed. 2. Provide workpapers to support the following amounts included in AP-5, Schedule 2: Weekly: Actual 12-Month Ended 12/31/2007 (\$, 000) Average Weekly Straight Time Wages \$1,250 Premium Time \$26,703 Overtime \$129,804 Summer Temporary \$1,210 Management: Average Monthly Straight Time Wages \$8,803 Compensatory \$34,017 3. Revise your response to DPS-167 to break out the Other labor expense by base salary, premium time, overtime, summer temporary, management compensatory time, and any other applicable labor expense, using the same method the Company used in developing the historic test year actual salaries and wages in AP-5, Schedule 2.

Response:

1. The actual historic wages and salaries, premium time, overtime, and compensatory time is available on a total Company basis and the source document is the Summary of Payroll report provided by the Company's Payroll Department. This report is prepared using the data generated from the Employee Payroll/Personnel System which breaks down the above data by the management and weekly groups but not by services. The compensation for the summer temporary report was provided by the Financial Forecasting Department through a special query. Please see the attached file for copies of these reports.
2. Please see the attached Excel file of Exhibit__ (AP-5), Schedule 2 for the development of the average straight time for weekly and management employees. For the premium time, overtime, summer temporary and compensatory, see the attached Summary of Payroll report.
3. The test year level of labor expense amounting to \$481,297,000 represents actual payroll costs that were either directly charged to electric expense accounts by employees working

in electric operations or allocated to electric expense through clearing accounts and common accounts. This data resides in the Company's General Ledger System and is not available in Excel format. Certain clearing accounts would allocate common labor costs for administrative and customer service department employees among the Company's electric, gas and steam services based on predetermined percentages. Other clearing accounts would accumulated payroll costs for certain functions such as man-hour labor and allocate these charges as an overhead that would follow direct labor charges.

The break down of the test year Company labor expense by component, i.e., base salary, premium time and overtime time is not available. As per the Company's response to DPS-167, only the variable pay component can be identified separately.

Consolidated Edison Company of New York, Inc.
 Summary of Payrolls (Excluding Subsidiary Employees)
 December 2007 and Twelve Months Ended
 Compared with Corresponding Period in 2006

	December				Twelve Months Ended December 31			
	2007	2006	Increase (Decrease)	% Increase (Decrease)	2007	2006	Increase (Decrease)	% Increase (Decrease)
Number of Employees								
End of Period on Roll	29-Dec	30-Dec						
Management Employees	4,675	4,533	142	3.1%				
Weekly Employees	9,204	8,967	237	2.6%				
Total	13,879	13,500	379	2.8%				
Average With Pay								
Management Employees	4,670	4,532	138	3.0%	4,620	4,456	164	3.7%
Weekly Employees	9,127	8,893	234	2.8%	9,041	8,877	164	1.8%
Total	13,797	13,425	372	2.8%	13,661	13,333	328	2.5%
Gross Payroll								
Management Employees - Monthly Payroll								
Straight Time	\$36,379,000	\$36,235,000	\$2,144,000	5.9%	\$453,670,000 ^(a)	\$427,404,000	\$26,266,000	6.1%
Compensatory Overtime	2,539,000	2,461,000	78,000	3.2%	34,017,000	33,233,000	784,000	2.4%
Total	\$40,918,000	\$38,896,000	\$2,222,000	5.7%	\$487,687,000	\$480,637,000	\$27,050,000	5.9%
Average Earnings Per Month								
Straight Time	\$8,218	\$7,995	\$223	2.8%	\$8,183	\$7,993	\$190	2.4%
Compensatory Overtime	544	543	1	0.2%	814	622	(8)	-1.3%
Total	\$8,762	\$8,538	\$224	2.6%	\$8,797	\$8,615	\$182	2.1%
Weekly Employees - Weekly Payroll (A)								
Straight Time	\$52,479,000	\$50,212,000	\$2,267,000	4.5%	\$542,170,000 ^(b)	\$523,753,000	\$18,417,000	3.5%
Premium Time	2,620,000	2,712,000	108,000	4.0%	26,703,000	27,779,000	(1,076,000)	-3.9%
Overtime	9,817,000	9,041,000	576,000	6.4%	129,804,000	127,753,000	2,051,000	1.6%
Total	\$84,916,000	\$81,965,000	\$2,951,000	4.8%	\$698,677,000	\$679,285,000	\$19,392,000	2.9%
Average Earnings Per Week								
Straight Time	\$1,149.95	\$1,129.27	\$20.68	1.8%	\$1,153.24	\$1,134.59	\$18.65	1.6%
Premium Time	61.79	60.99	0.80	1.3%	58.80	60.18	(3.38)	-5.8%
Overtime	210.73	203.33	7.40	3.6%	276.10	278.75	(0.65)	-0.2%
Total	\$1,422.47	\$1,393.59	\$28.88	2.1%	\$1,488.14	\$1,471.52	\$16.62	1.0%
Hours Paid for Per Week	44.4	44.4	0.0	0.0%	46.1	46.2	(0.1)	-0.2%
Gross Hourly Earnings	\$32.030	\$31.418	\$0.811	1.9%	\$32.268	\$31.877	\$0.389	1.2%
Management and Weekly Employees								
Total Straight Time	\$90,858,000	\$88,447,000	\$4,411,000	5.1%	\$995,840,000	\$951,157,000	\$44,683,000	4.7%
Gross Payroll	\$105,834,000	\$100,681,000	\$5,173,000	5.1%	\$1,186,384,000	\$1,139,922,000	\$46,442,000	4.1%

Notes:

(A) Number of Weeks	Month	5 weeks
	Year to Date	52 weeks
0		
(a) 453,670		(b) 542,170
0		
0		
variable pay 18,759		temp 1,210
0		
0		
472,429		543,380
0		

Wage and Progression Increase		
2007	2006	2005
24-Jun Gen 2.75	28-Jun Gen 3.0%	Jan 2 Gen 0.5%
24-Jun Merit 0.5%	26-Jun Merit 0.5%	Feb 27 Prog \$0.52
28-Feb Prog.	26-Feb Prog.	Jun 26 Gen 3.0%
29-Oct Prog.	29-Oct Prog.	Jun 26 Merit 0.5%

Last Week in Month Report for: 2007

Sr. Executive: Con Edison - Entire Company
 Organization: ALL

Department: ALL
 Section: ALL

WEEKS IN MONTH	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL	Average
	4.00	4.00	4.00	5.00	4.00	4.00	5.00	4.00	5.00	4.00	4.00	5.00	52.00	4.33

AVERAGE HUMAN RESOURCES

Monthly

On Roll	4540.00	4558.00	4585.00	4593.00	4601.00	4604.00	4632.00	4654.00	4666.00	4672.00	4685.00	4675.00	55465.00	4622.08
SUB TOTAL For Monthly	4540.00	4558.00	4585.00	4593.00	4601.00	4604.00	4632.00	4654.00	4666.00	4672.00	4685.00	4675.00	55465.00	4622.08

Weekly

Regular On Roll	8791.00	8843.00	8898.00	8887.00	8927.00	8899.00	8919.00	8963.00	8992.00	9025.00	9005.00	9040.00	107189.00	8932.42
Regular No Pay (Equiv)	1.16	75.19	6.38	67.23	54.23	-7.72	12.94	56.96	28.49	11.85	10.64	26.40	343.75	28.65
Regular Paid (Equiv)	8789.84	8767.81	8891.62	8819.77	8872.77	8906.72	8906.06	8906.04	8963.51	9013.15	8994.36	9013.60	106845.25	8903.77
Equivalent Overtime	1258.56	1815.45	1930.28	2061.58	1939.37	1635.49	1805.81	1775.40	1258.71	1233.35	1342.73	1187.60	19244.33	1603.69
Summer	4.00	4.00	4.00	3.00	3.00	134.00	154.00	138.00	53.00	12.00	3.00	2.00	514.00	42.83
Part Time (Equiv)	57.00	43.00	36.00	35.50	34.00	34.50	33.50	37.50	37.00	35.50	35.00	34.50	453.00	37.75
Temp.	59.00	58.00	55.00	56.00	60.00	50.00	43.00	39.00	73.00	85.00	87.00	93.00	758.00	63.17
SUB TOTAL For Weekly	10168.40	10688.26	10916.90	10975.85	10909.14	10760.71	10942.37	10895.94	10385.22	10379.00	10462.09	10330.70	127814.58	10651.22
TOT. AVG. HUMAN RESOURCE	14708.40	15246.26	15501.90	15568.85	15510.14	15364.71	15574.37	15549.94	15051.22	15051.00	15147.09	15005.70	183279.58	15273.30

RATES OF PAY (Dollars)

Monthly

Rate of Pay	7992.07	8001.04	8003.11	8277.61	8303.03	8261.97	8231.67	8224.32	8213.12	8208.70	8217.68	8209.36	98143.68	8178.64
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Weekly

Regular	1243.16	1204.65	1136.17	1130.74	1125.91	1133.68	1159.95	1150.21	1152.36	1148.81	1160.76	1154.14	13900.54	1158.38
Summer	224.01	48.48	128.88	0.00	0.00	301.00	700.35	713.95	365.86	168.61	163.51	215.95	3030.60	252.55
Part Time	610.91	567.53	574.62	499.29	523.51	524.19	570.41	552.68	554.33	575.57	576.00	576.56	6705.60	558.80
Temp.	347.96	288.18	258.61	256.05	260.78	369.85	439.94	523.42	246.74	257.55	287.57	236.09	3772.74	314.40

PAYROLL DOLLARS (Thousands)

Monthly

Total Payroll	36284.01	36468.73	36694.24	38019.06	38202.24	38038.13	38129.12	38275.97	38322.40	38351.06	38499.81	38378.78	453663.55	37805.30
Comp. Time	1977.50	2797.43	2829.69	3086.21	3152.87	3015.87	2955.76	3229.26	2908.49	2277.41	2556.74	2472.08	33259.31	2771.61
SUB TOTAL For Monthly	38261.51	39266.16	39523.92	41105.27	41355.11	41054.00	41084.87	41505.23	41230.89	40628.47	41056.55	40850.86	486922.84	40576.90

Weekly

Regular	43714.56	42610.87	40438.69	50244.29	40204.09	40354.34	51728.01	41237.34	51809.91	41472.19	41810.63	52166.98	537791.90	44815.99
Premium Time	3440.55	1283.15	2781.83	1625.82	1278.45	2347.57	2640.51	1351.65	2350.13	2269.21	2453.38	2809.07	26631.32	2219.28
OverTime	7728.54	11105.95	11955.51	15854.01	11913.78	10013.95	13935.19	11079.92	9982.20	7942.25	8675.02	9617.32	129803.64	10816.97
Summer	3.58	0.78	2.06	0.00	0.00	161.33	539.27	394.10	96.95	8.09	1.96	2.16	1210.28	100.86
Part Time	278.57	195.23	165.49	177.25	142.39	144.68	191.09	165.80	205.10	163.46	161.28	198.91	2189.25	182.44
Temp.	82.12	66.86	56.89	71.69	62.59	73.97	94.59	81.65	90.06	87.57	100.07	109.78	977.84	81.49
SUB TOTAL For Weekly	55247.93	55262.84	55400.48	67973.05	53601.30	53095.84	69128.65	54310.47	64534.35	51942.77	53202.35	64904.23	698604.26	58217.02
Split Week Accrual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2596.17	2596.17	216.35
TOTAL PAYROLL \$ (Thousands)	93509.44	94529.00	94924.40	109078.3	94956.41	94149.84	110213.5	95815.70	105765.2	92571.24	94258.91	108351.2	1188123.2	99010.27

WAGE AWARD

Monthly	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weekly Regular	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weekly Summer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weekly Part Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weekly Temp	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Exhibit (AP-3)
 Page 67 of 128

**Summary Report by Account Hierarchy
for the accounting period of January - December**

Account Type: O&M

Line: B-B/s

Service: A-All

Business Function: B/s

MAG Category: L-Liabilities

MAG Code: 20-Liabilities And Other Credits

PSC Account: 24200- Miscellaneous Current And Accrued Liabilities

Account: Q0911-Misc Cur Liab-mgmt Variable Plan

JEDC	Post	Description	2007	2006
1312		Mgmt Incentive Award Accrual	(29,567,796.00)	5,388,000.00
1701	9964	Variable Pay Pr9964	18,758,560.00	23,361,600.00
1747	9964	Variable Pay Pr9964	8,900.00	(23,242,380.00)
TOTALS:			(10,800,336.00)	5,507,220.00

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
COMPUTATION OF LABOR FACTOR TO BRING
THE TWELVE MONTHS ENDED DECEMBER 31, 2007 TO THE RATE YEAR
(Thousands of Dollars)

	Twelve Months Ended Dec 31, 2007	Twelve Months Ending March 31, 2010			
		Without Productivity Savings		With Productivity Savings	Productivity Savings
<u>Union Wages</u>					
Straight Time	\$ 543,380	\$ 594,782		\$ 584,414	\$ 10,368
Premium Time	26,703	29,037		28,384	653
Overtime	129,804	141,149		137,973	3,176
Total Union	699,887	764,968	9.3%	750,771	7.3% 14,197
 <u>Management Salaries</u>					
Straight Time	472,429	522,937		513,755	9,182
Compensatory Time	34,017	36,439		35,619	820
Total Management	506,446	559,376	10.5%	549,374	8.5% 10,002
 Total Salaries and Wages	<u>\$ 1,206,333</u>	<u>\$ 1,324,344</u>		<u>\$ 1,300,145</u>	<u>\$ 24,199</u>
 Percentage Increase - Rate Year Over Twelve Months Ended December 31, 2007		<u>9.78%</u>		<u>7.78%</u>	

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

	<u>Weekly</u>	<u>Without Productivity Management</u>	<u>Total</u>	<u>Weekly</u>	<u>With Productivity Management</u>	<u>Total</u>
<u>Number of Employees</u>						
Actual on Roll with Pay for December 2007 excluding Summer Temps	9,127	4,670	13,797	9,127	4,670	13,797
Estimated Average Number of Employees on Roll with Pay during the Rate Year, excluding Summer Temps	9,127	4,870	13,797	8,968	4,588	13,556
Average Weekly Straight Time Wages and Monthly Management Salary During Rate Year	\$ 1,250 /Week	\$ 8,803 /Month		\$ 1,250 /Week	\$ 8,803 /Month	

Rate Year Straight Time Wages and Salaries (Thousands of Dollars)

<u>Weekly</u>						
Average Weekly Straight Time Wages	\$ 1,250			\$ 1,250		
(X) 52 Weeks	<u>52</u>			<u>52</u>		
	85,024			65,024		
(X) No. of Employees	<u>9,127</u>			<u>8,968</u>		
Total Weekly Straight Time Wages			\$ 593,474			\$ 583,135
Summer Temporary Employees			<u>1,308</u>			<u>1,279</u>
sub-total			594,782			584,414
<u>Management</u>						
Average Monthly Straight Time Wages		\$ 8,803		\$ 8,803		
(X) 12 Months		<u>12</u>		<u>12</u>		
		105,640		105,640		
Variable pay 8.0%		<u>6,338</u>		<u>6,338</u>		
		111,978		111,978		
(X) No. of Employees		<u>4,870</u>		<u>4,588</u>		
Total Management Salaries			<u>522,937</u>			<u>513,755</u>
Total Straight Time Wages and Salaries			<u>\$ 1,117,719</u>			<u>\$ 1,098,169</u>

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

WeeklyPremium Time

Actual Twelve Months Ended December 31, 2007	\$ 26,703	
(X) Rate Year Factor	<u>108.74%</u>	
Rate Year Amount - without productivity savings		<u>\$ 29,037</u>
Rate Year Amount - with productivity savings		<u>\$ 28,384</u>

Overtime

Actual Twelve Months Ended December 31, 2007	\$ 129,804	
(X) Rate Year Factor	<u>108.74%</u>	
Rate Year Amount - without productivity savings		<u>\$ 141,149</u>
Rate Year Amount - with productivity savings		<u>\$ 137,973</u>

Summer Temporary

Actual Twelve Months Ended December 31, 2007	\$ 1,210	
(X) Rate Year Factor - 1.035 x 1.035 x 1.00875	<u>108.06%</u>	
Rate Year Amount - without productivity savings		<u>\$ 1,308</u>
Rate Year Amount - with productivity savings		<u>\$ 1,279</u>

ManagementCompensatory Time

Actual Twelve Months Ended December 31, 2007	\$ 34,017	
(X) Rate Year Factor	<u>107.12%</u>	
Rate Year Amount - without productivity savings		<u>\$ 36,439</u>
Rate Year Amount - with productivity savings		<u>\$ 35,619</u>

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

<u>Weekly Employees</u>	<u>Per Week</u>	
Straight Time Average December 2007	\$ 1,149.95	
Est. average for March 2009	1,212.96	
Estimated Average Straight Time for the Rate Year		
April-09	1,212.96	
May-09	1,212.96	
June-09	1,212.96	
July-09 @ 3.5% wage award	1,255.41	
August-09	1,255.41	
September-09	1,255.41	
October-09 @ .7% progression	1,264.20	
November-09	1,264.20	
December-09	1,264.20	
January-10	1,264.20	
February-10 @ .6% progression	1,271.78	
March-10	<u>1,271.78</u>	
Rate Year Straight Time Average	<u>1,250.45</u>	
<u>Labor Factor</u>		
Rate Year Average less December 2007	<u>\$ 100.50</u>	
divided by December 2007		<u>8.74%</u>
<u>Management Employees</u>	<u>Per Month</u>	
Straight Time Average for December 2007	\$ 8,218.00	
Estimated April 2008 - 3.5% merit	8,505.63	
Estimated Average Straight Time for the Rate Year		
April-09 @ 3.5% merit	8,803.33	
May-09	8,803.33	
June-09	8,803.33	
July-09	8,803.33	
August-09	8,803.33	
September-09	8,803.33	
October-09	8,803.33	
November-09	8,803.33	
December-09	8,803.33	
January-10	8,803.33	
February-10	8,803.33	
March-10	<u>8,803.33</u>	
Rate Year Straight Time Average	<u>8,803.33</u>	
<u>Labor Factor</u>		
Rate Year Average less December 2007	<u>\$ 585.33</u>	
divided by December 2007		<u>7.12%</u>

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STAFFING LEVELS FROM DECEMBER 2007 TO MARCH 2010**

	<u>%</u>	<u>Weekly</u>	<u>Management</u>	<u>Total</u>
Average with pay at December 2007		9,127	4,670	13,797
Forecast of Productivity - January to December 2008	1.00%	<u>(91)</u>	<u>(47)</u>	<u>(138)</u>
Average with pay at December 2008		9,036	4,623	13,659
Forecast of Productivity - January to March 2009	0.25%	<u>(23)</u>	<u>(12)</u>	<u>(35)</u>
Average with pay at March 2009		9,013	4,611	13,624
Forecast of Productivity - April 2009 to March 2010	1.00%	<u>(90)</u>	<u>(46)</u>	<u>(136)</u>
Average with pay at March 2010		8,923	4,565	13,488
Average March 2009 and March 2010		<u>8,968</u>	<u>4,588</u>	<u>13,556</u>

EXHIBIT (AP-5)
SCHEDULE 3

Exhibit (AP-3)
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Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to DPS Interrogatories – Set DPS29
Date of Response: 08/05/2008
Responding Witness: Accounting Panel

Question No. :448

Subject: Contract Labor Follow-up of DPS 279: In its response to DPS-279, the Company explains that the cause of the increase in contract labor expense from \$1.530 million in 2006 to \$6.048 million in 2007 was related to the increased use of contract labor to “augment the existing Company workforce in order to meet work level requirements”. In light of the Company’s forecast to expand its existing workforce through approximately 552 new hires, explain fully why is it appropriate to assume the historic test year level of contract level to continue in the rate year.

Response:

The Company increased the use of contract labor in 2007 compared to 2006 to address the increased work level requirements. Some of the programs that reflect the increased levels of contract labor include: Emergency response to overhead storms, structure repairs associated with underground transformers, manholes, and 4 KV substation inspections, contractor related support for mobile testing of underground structures including clean and flush. The Company expects the same level of contract labor support in the rate year.

The increase to the Company workforce will be engaged in both physical work that is incremental in volume to the base year as well as other indirect functions (i.e., engineers) which support the physical work to be performed. Both labor components are required to augment and support the new and incremental programs presented by the Company in the instant proceeding.

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

Response to DPS Interrogatories – Set DPS30
Date of Response: 08/07/2008
Responding Witness: Accounting Panel

Question No. :465

Subject: Regulatory Commission Expense On page 70 of its testimony, the Accounting Panel states that the forecast of rate year for regulatory commission expense was “based on a three-year historic average of rate case expenses and the PSC assessment net of refunds”. The Company’s workpapers reveal that a three-year historic (2005-2007) average of rate case expenses A/C 05375 as well as an allocation of common costs A/C 5390 are reflected in the forecast of rate year regulatory commission expense. 1. Explain the basis for including of rate case expenses in regulatory commission expense. Is that basis consistent with the Uniform System of Accounting for rate case expenses and regulatory commission expenses? Identify in greater detail the nature of the rate case expenses identified in the Company’s workpapers by year. For example, identify the nature and purpose of the consultant’s expenses listed. Further, identify the expenses as either externally or internally incurred. Finally, provide any support for actually incurred rate case expenses associated with the Company’s current filing to date. 2. Explain the nature of “common costs” included in the regulatory commission expense. Identify in greater detail the common costs identified in the Company’s workpapers by year. Further, identify the costs as either externally or internally incurred. Provide any support for actually incurred common costs to date.

Response:

1. The Company’s incurrence of costs in Regulatory Commission Expenses is in accordance with the FERC Uniform System of Accounts. Account 928, Regulatory Commission Expenses, is intended to capture the expenses “incurred by a utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commissions, its officers, agents and employees, and also including payments made to the United States for the administration of the Federal Power Act.” Such expenses include fees and expenses of counsel, accountants, engineers, witnesses and “others engaged in the prosecution of, or defense against petitions or complaints presented to regulatory bodies.” It also includes “office supplies and expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.”

Please see attached for the Company’s regulatory commission expenses for 2005 through 2007 and the first six months of 2008. Legal/consultant work is identified by name of

consultant and the particular case matter for which they provided services. As indicated on the attachment, most of the costs are payments to third parties.

2. Company account 5390, Miscellaneous Regulatory Expenses, is a common account which charges are allocated between the Company's electric, gas and steam services. Costs incurred in this account include telephone lines and facilities maintenance charges for the PSC's manned office at 4 Irving Place and other costs relating to other than the proceedings specifically identified in Account 5375 (which include generic proceedings and other regulatory activity affecting all of the Company's services). As indicated on the attachment, most of the costs are payments to third parties.

Consolidated Edison Company of New York, Inc
Regulatory Commission Expenses - 2005

W O #	Acct #	Vendor Name	Total	
	PSC R&D Assessment	Amortize Prepaid PSC Bills	\$ 3,090,918	
	2004 Rate Case			
88029	"	Brown Williams Moorhead & Quinn	13,095	Legal Cost
88029	"	Culin Art	196	Food Service
88029	"	DHL Express (USA) Inc	197	Freight
88029	"	Edwin Scott	1,350	Legal Cost
88029	"	Executive Charge Inc	254	
88029	"	Skyline Credit Ride Inc	1,315	Transportation
88029	"	Taylor & Ives Incorporated	191,634	Public Notices
		Aus Consultants	21,279	
		McCarthy Sweeney & Harkaway	24,379	Legal Cost
		Taylor & Ives Incorporated	162,370	Public Notices
		Viscom Corp	113	
	PSC General Assessment	Amortize Prepaid PSC Bills	17,644,114	
	2004 Rate Case			
88029	"	Compensatory Vac Pay Pr9885	2,309	Incremental Labor
88029	"	Petty Cash-Local (Concur)	229	
88029	"	Dial-up Lines - Conference Calls	13,481	
88029	"	Visual Services Transfer	60	
88029	"	Postage Used	202	
88263	SNF Litigation	Dickstein Shapiro Morin & Oshinsky L L P	486,313	Legal Cost
88263	"	Jennifer & Block	106,561	"
88267	Keyspan vs NYISO	Charles River Associates	11,468	Consultant
88267	FERC Matters	Davidson & Omara Pc	30,000	Legal Cost
88267	"	Village Copier Services	5,810	Printing
88267	"	Distributed Sales Tax-A/P	501	
89242	IP2 Litigation	Charles J Durkin	10,853	Consultant
89242	"	DHL Express (USA) Inc	1,760	Freight
89242	"	Entergy	24,740	
89242	"	General Billing Transactions	(760)	
	Navigator Costs for			
	CE/PSE&G FERC			Consultant-Transmission
98049	Proceeding	Energy Association Of New York State	271,503	Owners Comm
98049	"	Charles River Associates	113,878	
		Viscom Corp	13	
	Total Direct Electric		22,230,134	
	Miscellaneous Regulatory			
	Expenses			
91721		ACE - Federal Reporters	1,386	
91721		Altran Corp	8,875	
91721		Charles J Durkin	4,000	Consultant
91721		Charles River Associates	50,065	
91721		Commonwealth Reporting Company	60	
91721		Culin Art	120	Food Service
91721		Davidson & Omara Pc	150,000	
91721		DHL Express (USA) Inc	3,828	Freight
91721		Edison Electric Institute	8,300	FERC-Standard of Conduct
91721		Executive Charge Inc	174	
91721		Garrett E Austin Esq	743	Environmental
91721		Jeffrey L. Futter, Esq	25,214	Legal - Various
91721		JP Morgan Chase Commercial Card Solutions	5,599	
91721		Leslie B Dinauro	63	
91721		McCarthy Sweeney & Harkaway	9,738	
91721		Moonstone Consulting LLC	29,800	Consultant
91721		NYS Dept Of Public Service Office Of Financ	419	
91721		NYS Dept of State	80	
91721		Paul Hastings Janofsky & Walker LLP	1,001	
91721		Pauline E Willman	575	
91721		PJM Interconnection, LLC	1,253	
91721		Regulation Unfettered	94,500	
91721		Regulatory Research Associates Inc	9,268	Research
91721		Robert E Denton	7,572	
91721		Skyline Credit Ride Inc	1,118	Transportation
91721		SNLFinancial	947	Research
91721		Steeptoe & Johnson LLP	37,898	Legal Cost
91721		Strategic Power Management Llc	42,000	Consultant
91721		Sundry Payee Misc Bills	1,624	
91721		Tankos Reporting Company	2,419	
91721		Taylor & Ives Incorporated	7,429	Public Notices
91721		Thelen Reid & Priest LLP	64,585	
91721		Uniscribe Professional Services Inc	105	
91721		General Billing Transactions	11	
91721		Basic Labor	502	Incremental Labor
91721		Fac Mgmt-Mtce & Constr/Hr9943	252	
91721		Visual Services Transfer	360	
91721		Petty Cash-Local (Concur)	4,322	
91721		Petty Cash-Out Of Town-Domestic	2,927	
91721		Postage Used	3,119	
91721		Telephones	2,804	
	Total Common		585,051	
	Allocable to Electric @ 81.14%		474,711	
	Total Direct & Common - Electric		<u>\$22,704,845</u>	

Consolidated Edison Company of New York, Inc.
Regulatory Commission Expenses - 2006

W.D.#	Acct#	Vendor Name	Total	
	K3375	Amortize Prepaid PSC Bills	\$ 1,015,833	
82906	05375	DHL Express (USA) Inc	18	Freight
82906	05375	IKON Office Solutions	1,584	Printing
82906	05375	JP Morgan Chase Commercial Card Solutions	163	
82906	05375	Distributed Sales Tax-A/P	14	
82906	05375	Petty Cash-Local (Concur)	20	
83208	05375	A/P - Transfers	161	
83208	05375	Allure, Inc	2,092	
83208	05375	WIP Transfers & Corrections	66,799	
83208	05375	Clark, Foghards & Miller, PC	134,932	Legal Cost
83208	05375	Clark, Foghards & Miller, PC - AEGIS Reimbursement	(123,383)	
83208	05375	Davis, Polk & Wardell	840,093	
83208	05375	Davis, Polk & Wardell - AEGIS Reimbursement	(840,093)	
83208	05375	DHL Express (USA) Inc	501	Freight
83208	05375	Executive Charge Inc	964	
83208	05375	Imaginee Technology, Inc	17,354	
83208	05375	Jeanne O'Connell RPR	2,064	
83208	05375	John Tully	23,735	Legal Cost
83208	05375	John Tully - AEGIS Reimbursement	(17,104)	
83208	05375	Power Delivery Research Group	214,924	
83208	05375	Robert Donohue	169,855	
83208	05375	Sherrin Associates, Inc	9,298	
83208	05375	Shygler Group	169,081	Legal Cost
83208	05375	Skyline Credit Rule Inc	756	
83208	05375	Sundry Payee Misc Bills	3,943	
83208	05375	Taylor & Ives Incorporated	27,749	Public Notices
83208	05375	Wade P. Malcolm	146,678	Legal Cost
83208	05375	Basic Labor	1,037	Incremental Labor
83208	05375	Compensatory Vac Pay P9885	10,091	
83208	05375	Weekly Employee Expenses	20	Petty Cash
83208	05375	Petty Cash-Local (Concur)	536	
83208	05375	Postage Used	37	
83208	05375	Accruals	4,655	
88029	05375	DHL Express (USA) Inc	28	Freight
	05375	JP Morgan Chase Commercial Card Solutions	328	
	05375	Taylor & Ives Incorporated	29,495	Public Notices
	05375	Petty Cash-Local (Concur)	1,036	
	05375	Petty Cash-Out Of Town-Domestic	265	
	05375	O&K Transactions	(1,618)	
88029	05375	Postage Used	39	
	05375	Amortize Prepaid PSC Bills	18,487,725	
88263	05375	IKON Office Solutions	2,031	Printing
88263	05375	Jenner & Block	897,069	Legal Cost
88263	05375	Smooth Solutions, Inc	2,258	
				Consultant- PSE&G/FFRC Case FL02-23-000
88267	05375	Charles River Associates	171,739	
88267	05375	JP Morgan Chase Commercial Card Solutions	810	
88267	05375	Tebouef Lamb Green & MacRae	1,473	Legal Cost
88267	05375	Morgan Lewis & Borkers LLP	3,211	
				Legal-PSE&G/FFRC Case FL02-23-000 Legal-2005 National Energy Act
88267	05375	Paul Hastings Janofsky & Walker LLP	19,275	
88267	05375	Stephoe & Johnson LLP	146,477	
88267	05375	Sundry Payee Misc Bills	14	
				Legal-FFRC Compliance Freight Consultant- Transmission Owners
88267	05375	Ihelen Reed & Priest LLP	12,849	
89242	05375	DHL Express (USA) Inc	60	
98049	05375	Energy Association Of New York State	523,271	Committee
98049	05375	Accruals	60,000	
			<u>24,081,941</u>	
91721	05390	Commonwealth Reporting Company	419	
91721	05390	Crowell & Moring LLP	268	
91721	05390	Culin Art	148	Food Service
91721	05390	Davidson & Omara Po	170,000	
91721	05390	DHL Express (USA) Inc	4,482	Freight
				FFRC-Standards of Conduct
91721	05390	Edison Electric Institute	8,000	
91721	05390	Edwin Scott	600	Legal Cost
91721	05390	Executive Charge Inc	1,355	
91721	05390	Garrett E Austin Inc	540	Environmental
91721	05390	Graphics Service Bureau	5,008	
91721	05390	Iron Mountain	39	Storage
91721	05390	Jeanne O'Connell RPR	469	
91721	05390	JP Morgan Chase Commercial Card Solutions	10,072	
91721	05390	Monstone Consulting LLC	34,900	Consultant - Various
91721	05390	NYS Dept of Public Service Office of Finance & Budget	252	
91721	05390	Pauline E Willman	1,182	
91721	05390	Regulatory Watch, Inc	223	
91721	05390	Regulatory Research Associates Inc	7,797	Research
91721	05390	Skyline Credit Rule Inc	3,922	Transportation
91721	05390	Sundry Payee Misc Bills	1,642	
91721	05390	Tankos Reporting Company	214	
91721	05390	Taylor & Ives Incorporated	27,338	Public Notices
91721	05390	Village Copier Services	1,055	Printing
91721	05390	West Group	240	
91721	05390	General Billing Transactions	(145)	
91721	05390	Basic Labor	44	Incremental Labor
91721	05390	Compensatory Vac Pay P9885	1,936	
91721	05390	Visual Services Transfer	180	
91721	05390	Distributed Sales Tax-A/P	670	
91721	05390	Petty Cash-Local (Concur)	2,982	
91721	05390	Petty Cash-Out of Town-Domestic	3,459	
91721	05390	Postage Used	3,773	
			<u>293,030</u>	
		Alloable to Electric @ 81.14%	<u>237,764</u>	
		Subtotal Direct & Common - Electric Less ITC	<u>24,319,705</u> <u>(916,433)</u>	
		Total Direct & Common - Electric	<u>\$ 23,403,272</u>	

Consolidated Electric Company of New York, Inc.
Regulatory Compliance Expenses - Net

W.O.#	Shared Revenue	Account	Vendor Name	Total	
		A5376	Energy Association Of New York State	\$ 168,251	
		A5376	Account	45,000	
	PSC RAD Assessment	K3125	Analysis Program Psc Bills	4,211,085	
82006	Mac Reg. FERC	05375	Brown Withers Moorhead & Quinn	14,824	
82006		05375	JP Morgan Chase Commercial Card Solutions	125	
82008		05375	A.P. Repro, photo, etc	18	
82008		05375	Clark Gagliardi & Miller PC	69,986	Legal Cost
82008		05375	Clark Gagliardi & Miller PC	(68,761)	
82008		05375	Davis, Polk & Wardwell	1,030,889	
82008		05375	Davis, Polk & Wardwell	(870,944)	
82008		05375	DHL Express (USA) Inc	95	Freight
82008		05375	Edwards Scott	690	Consultant
82008		05375	Engineering Systems, Inc	65,865	Consultant
82008		05375	Engineering Systems, Inc	(65,865)	
82008		05375	Executive Charge Inc	803	
82008		05375	FTS Industries, Inc	4,667	
82008		05375	Geac/Concord R/R	426	
82008		05375	John Tully	34,001	Consultant
82008		05375	John Tully	(21,546)	Consultant
82008		05375	Kemp Incorporated	249,267	
82008		05375	Kemp Incorporated	(61,000)	
82008		05375	National Economic Research Associates	16,011	Consultant
82008		05375	Power Delivery Research Group	10,968	Consultant
82008		05375	Rajen Karkhanavala	112,215	Consultant
82008		05375	Singlin Group	9,993	Consultant
82008		05375	Thomson Reuters Inc	1,546	Transportation
82008		05375	TRC of New York	41,600	
82008		05375	Wade P. Malinin	16,324	Consultant
82008		05375	Capital City Park	318	
82008		05375	East Labor	4,617	Incremental Labor
82008		05375	Martinez John	37,292	
82008		05375	Compensatory Vac Pay FR985	2,166	Incremental Labor
82008		05375	Ready Employee Solutions	11	
82008		05375	Petty Cash Local (Concur)	896	Petty Cash
82008		05375	Domgas Local	7	
82008		05375	Accouns	9,445	
82008		05375	Accouns Public Ash	1,631	
82008		05375	AAR Technology Solutions Inc	5,112	
82008		05375	Davis Consulting, Inc	100,000	
82008		05375	JP Morgan Chase Commercial Card Solutions	15	
82008		05375	Project Management Consulting	257,829	
		05375	Various Consulting	800,853	PSC Audit-Emergency
82008		05375	Distributed Sales Tax-AP	152	Preparation
82008		05375	Account	10,115	
82008		05375	Petty Cash Local (Concur)	166	
82008	2007 Electric Rate Case	05375	Bell Boyd Lloyd, Inc	291,313	Consultant
82008		05375	DHL Express (USA) Inc	4,488	Freight
82008		05375	Edwards Scott	42,000	Legal Cost
82008		05375	Executive Charge Inc	1,431	
82008		05375	George C. Wang	7,106	Consultant
82008		05375	Iron Office Solutions	2,105	Printing
82008		05375	Jensen Consulting R/R	22,204	
82008		05375	JP Morgan Chase Commercial Card Solutions	344	
82008		05375	PA Consulting Services, Inc	114,370	Consultant
82008		05375	Roger A. Moran	94,762	Consultant - Witness
82008		05375	Shelton Local Rule Inc	1,575	Transportation
82008		05375	Taylor & Tom Incorporated	117,588	Public Notice
82008		05375	Village Copier Services	14,595	Printing
82008		05375	Accouns	96,262	
82008		05375	Basic Labor	1,878	Incremental Labor
82008		05375	Compensatory Vac Pay FR985	13,468	
82008		05375	A.P. Repro, photo, etc	171	
82008		05375	Distributed Sales Tax-AP	2,899	
82008		05375	Petty Cash Local (Concur)	1,035	
82008	2008 Electric Rate Case	05375	JP Morgan Chase Commercial Card Solutions	155	
82008		05375	Project Lead	632	
82008		05375	Am Consultants	60,961	
82008		05375	George C. Wang	4,060	Consultant
82008		05375	JP Morgan Chase Commercial Card Solutions	2,010	
82008		05375	Taylor & Tom Incorporated	194,772	Public Notice
82008		05375	Accouns	12,000	
82008		05375	Petty Cash Out Of Town Domestic	406	
82008		05375	Distributed Sales Tax-AP	168	
82008		05375	Amortize Prepaid PSE Bills	10,861,401	
82008		05375	Account Capital	914	
82008		05375	DHL Express (USA) Inc	181	Freight
82008		05375	IKON Office Solutions	3,915	Printing
82008		05375	Farver & Block	2,362,374	Legal Cost
82008		05375	Skyline Credit Rule Inc	1,007	Transportation
82008		05375	Supern Usercar	9,401	
82008		05375	Accouns	481,000	
82008		05375	Visual Services Transfer	315	
82008	FERC Matters	05375	Charles River Associates	70,379	Consulting-REG/ERC
82008		05375	JP Morgan Chase Commercial Card Solutions	5,216	Case 03-21-000
82008		05375	Edward Lamb Leom & MacRae	18,183	Legal FERC Matters
82008		05375	Yorkshire Group	42,639	Consultant-REG/ERC
82008		05375	Peter Thompson	43,184	Legal REG/ERC/Case
82008		05375	Paul Haskage Hendrick & Walker LLP	18,328	Legal REG/ERC/Case
82008		05375	Steeple & Fabian LLP	268,160	Legal-REG/ERC/Case
82008		05375	Sunday Payer Mac Bills	399	Deposit
82008		05375	Phelan Reed & Prasad LLP	5,500	
82008		05375	Accouns	24,543	
82008		05375	Petty Cash Out of Town Domestic	729	
82008		05375	DHL Express (USA) Inc	36	Freight
82008	Transmission Orders	05375	Energy Association Of New York State	77,173	Consulting-Transmission
98049	Consultor Call for Funds	05375	Energy Association Of New York State	88,565	Change Composite
98049		05375	Account	(60,000)	
	Total Direct Electric			30,860,919	
	Mac Regulatory Expenses				
91721		05390	Dryas City, LLP	16,419	
91721		05390	Corporate Courier Inc	12	
91721		05390	DeVulson & Orosco PC	25,000	
91721		05390	DHL Express (USA) Inc	2,706	Freight
91721		05390	Edwards Scott	760	Legal Cost
91721		05390	Executive Charge Inc	1,011	
91721		05390	Federal Express Corporation	55	Freight
91721		05390	Garten B Austin Eng	111	Environmental
91721		05390	Iron Office Solutions	1,140	
91721		05390	Jensen Consulting R/R	1,775	
91721		05390	JP Morgan Chase Commercial Card Solutions	10,824	
91721		05390	NYR Dept of Public Service Office of Finance & Budget	62	
91721		05390	Regulatory Watch, Inc	515	
91721		05390	Skyline Credit Rule Inc	1,268	Transportation
91721		05390	SNL Financial	14,604	
91721		05390	Sunday Payer Mac Bills	2,194	
91721		05390	Taylor & Tom Incorporated	6,317	
91721		05390	Accouns	3,700	Public Notice
91721		05390	Telephones	1,367	
91721		05390	Basic Labor	232	Incremental Labor
91721		05390	Compensatory Vac Pay FR985	627	
91721		05390	Fac Mgmt-Misc & Comm-19941	98	
91721		05390	Visual Services Transfer	386	
91721		05390	General Billing Transactions	(1,409)	
91721		05390	Power Used	11,28	
91721		05390	A.P. Repro, photo, etc	192	
91721		05390	Distributed Sales Tax-AP	1,413	
91721		05390	Petty Cash Local (Concur)	3,649	
91721		05390	Petty Cash Out of Town Domestic	3,061	
	Total Common			93,532	
	Allocation to Electric 64 B 14%			79,892	
	Subtotal Direct & Common Electric			60,906,802	
	Less LIC			(744,672)	
	Total Direct & Common Electric			\$ 60,162,130	

Consolidated Balance Sheet of New York, Inc.
Regulatory Commission Expenses - Six Months Ended June 30, 2008

WO #		Acct #	Vendor Name	Total	
	Shared Service	A5376	Energy Association Of New York State	\$ 25,803	
		A5376	Accruals	7,000	
93049		A5376	Energy Association Of New York State	110,443	
	PSC R&D Assessment	K9375	Authorize Prepaid PSC Bills	2,288,717	
82906	FERC Transmission Rev Req	05375	Brown Wilkins Maulhead & Quinn	266	Consultant
83208	LLC	05375	Clark Dagbush & Miller PC	10,027	Legal Cost
83208		05375	Clark Dagbush & Miller PC - AEGIS Reimbursement	(1,341)	
83208		05375	Dwts, Polk & Wardell	63,264	
83208		05375	Dwts, Polk & Wardell - AEGIS Reimbursement	(184,661)	
83208		05375	DHL Express (USA) Inc	9	Freight
83208		05375	Engineering Systems, Inc.	71,632	Consultant
83208		05375	Engineering Systems, Inc. - AEGIS Reimbursement	(75,368)	
83208		05375	Executive Charge Inc.	444	
83208		05375	ETS Industries, Inc.	3,475	
83208		05375	National Economic Research Associates AFGIS Reim	(36,031)	Consultant
83208		05375	San Mateo Construction Corp	202	
83208		05375	TCL of New York	14,100	
83208		05375	Update Graphics Staffing	23	
83208		05375	Basic Labor	661	Incremental Labor
83208		05375	Man/Hour Labor	31,911	
83208		05375	Compensatory Vac Pay P#9885	1,193	Incremental Labor
83208		05375	Petty Cash-Local (Concur)	19	
83208		05375	Accruals	33,932	
83213	Audit - Fmr Response	05375	O'Neil Management Consulting	22,405	
83215		05375	Accruals	13,432	
83999	2007 Electric Rate Case	05375	Bell Boyd Lloyd, Inc.	121,610	Consultant
83999		05375	Candice Carmel	98	
83999		05375	DHL Express (USA) Inc	236	Freight
83999		05375	Edwin Scott	21,600	Legal Cost
83999		05375	Executive Charge Inc	2,317	
83999		05375	Jeanne Fournell RPR	(8,737)	
83999		05375	PA Consulting Services, Inc	18,277	Legal Cost
83999		05375	Skyline Credit Rule Inc	2,446	
83999		05375	Taylor & Ives Incorporated	167,107	Public Notices
83999		05375	Accruals	133,738	
83999		05375	Basic Labor	99	Incremental Labor
83999		05375	Compensatory Vac Pay P#9885	4,237	
83999		05375	A/P - Repro, photo, etc	30	
83999		05375	Petty Cash-Local (Concur)	163	
83999		05375	Acta Consultants	4,167	
		05375	Taylor & Ives Incorporated	149,837	Public Notices
		05375	Petty Cash-Local (Concur)	105	
		05375	Petty Cash-Out Of Town Domestic	782	
	PSC Assessment	05375	Authorize Prepaid PSC Bills	10,954,132	
88263	SNF Litigation	05375	DHL Express (USA) Inc	85	Freight
88263		05375	Jenner & Block	1,797,788	Legal Cost
88263		05375	JP Morgan Chase Commercial Card Solutions	757	
88263		05375	Superior Glacier	2,450	
88263		05375	Accruals	573,030	
88263		05375	Visual Services Transfer	208	
88263		05375	Petty Cash-Local (Concur)	3,314	
88267	FERC Matters	05375	Council Press, LLC	6,141	
88267		05375	CJA International, Inc	21,076	
88267		05375	Harvey Amsin Energy	8,930	Consultant-NYISO
88267		05375	JP Morgan Chase Commercial Card Solutions	3,472	Matters
88267		05375	McCarty Sweeney & Harkaway	6,245	Legal-FERC
					Compliance
					Legal-
					PSC&G-FERC Case
88267		05375	Paul Hastings Junofsky & Walker LLP	37,115	Legal-FERC
88267		05375	Neptco & Johnson LLP	34,954	Compliance
88267		05375	Legal-FERC		Legal-FERC
88267		05375	Uhlen Reid & Priest LLP	1,488	Compliance
88267		05375	Accruals	88,685	
88267		05375	Petty Cash - Local	460	
89016	2008 Electric Rate Case	05375	DHL Express (USA) Inc	5,737	Freight
89016		05375	Edwin Scott	5,100	Legal Cost
89016		05375	Executive Charge Inc	462	
89016		05375	Heggen & Associates	2,500	
89016		05375	KON Office Solutions	58,833	Printing
89016		05375	James R Seickler	7,500	
89016		05375	Moonstone Consulting, LLC	28,875	Consultant
89016		05375	Skyline Credit Rule Inc	522	Transportation
89016		05375	Sundry Payee Misc Bills	1,746	
89016		05375	Superior Glacier	1,189	
89016		05375	Compensatory Vac Pay P#9885	1,391	Incremental Labor
89016		05375	Vac management & control#9943	204	
89016		05375	Visual Services Transfer	280	
89016		05375	A/P - Repro, photo, etc	13	
89016		05375	Accruals	143,632	
89016		05375	Petty Cash-Local (Concur)	10	
	Total Direct Electric			16,818,414	
	Misc Regulatory Expense				
81090	Management Audit	05390	BBIT Solutions	369	
81090		05390	Carper Fashions	967	
81090		05390	DHL Express (USA) Inc	13	Freight
81090		05390	JP Morgan Chase Commercial Card Solutions	1,664	
81090		05390	Rudell Associates	585	
81090		05390	A/p-Engineering Services	180	
81090		05390	Distributed Sales Fax-A/P	220	
81721	Miscellaneous	05390	Bryan Cave, LLP	4,124	
81721		05390	DHL Express (USA) Inc	2,583	Freight
81721		05390	Executive Charge Inc	772	
81721		05390	Federal Express Corporation	260	Freight
81721		05390	Jeanne Fournell RPR	1,856	
81721		05390	JP Morgan Chase Commercial Card Solutions	1,668	
81721		05390	Skyline Credit Rule Inc	320	Transportation
81721		05390	Sundry Payee Misc. Bills	3,276	
81721		05390	Accruals	41,300	
81721		05390	Telephones	1,508	
81721		05390	Compensatory Vac Pay P#9885	524	Incremental Labor
81721		05390	General Billing Transactions	(80)	
81721		05390	Postage Used	281	
81721		05390	A/P - Repro, photo, etc	1,521	
81721		05390	Distributed Sales Tax-A/P	101	
81721		05390	Petty Cash-Local (Concur)	277	
81721		05390	Petty Cash-Out of Town-Domestic	22	
	Total Common			64,219	
	Allocation to Electric @ 81.14%			52,124	
	Subtotal Direct & Common - Electric			16,870,537	
	Less LLC			66,488	
	Total Direct & Common - Electric			\$16,937,026	

Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to DPS Interrogatories – Set DPS31

Date of Response: 08/04/2008

Responding Witness: IIP

Question No. :474

Subject: Corrective Maintenance Normalization - 1. Explain why these maintenance expenses are incremental and not otherwise incurred during normal operations. 2. Provide data analysis substantiating that 2007 was unique in the shift of O&M expenditures to higher priority capital work. 3. Does the \$1.4 million include offsetting increase in plant and return on plant? If so, provide supporting calculations.

Response:

1 & 2 - Substation Operations shift from higher priority capital work in the 2007 Historical Year to O&M work in future periods, can be demonstrated by the following:

- Substations under ran O&M labor man-hours for corrective maintenance by 10,100 man-hours in 2007 which was more than offset by increased man-hours expended on capital projects and programs. An additional 2,487 man-hours based on units of work projections will be required to address increases in corrective maintenance backlogs. Therefore, the total corrective maintenance incremental labor requirement for Substations in 2009 for corrective maintenance compared to the 2007 historic year is projected to be 12,587 hours or \$848,000.
- Material and vendor costs for O&M related corrective maintenance were also under budget in 2007. Based on the projected units of work and the estimated average material / vendor services component for corrective maintenance work costs, it is projected that an additional \$559,000 will be required in 2009 for material and vendor services compared to the 2007 historic year.
- In 2007, Substations expended \$27.1 million on corrective maintenance. Thus far in 2008, \$14.2 million has been expended on corrective maintenance. If simply extrapolated to year-end, this would result in a total expenditure for the year of \$28.4 million, which is consistent with the requested corrective maintenance normalization adjustment of \$1.4 million.

Substation Operations 2008 corrective maintenance funding requirement is currently \$31.9 million based on units of work for corrective maintenance for 2008.

3 - . Substation Operations Corrective Maintenance normalization of \$1.4 million does not include an offsetting increase in plant and return on plant.

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

Response to DPS Interrogatories – Set DPS31
Date of Response: 08/04/2008
Responding Witness: Shared Services

Question No. :488

Subject: O&M - Rents - Exhibit SSP-3, page 1 of 9, is a summary page that shows the following data for “Contractual Rent & Tax Increases” related to Facilities Operation and Maintenance for the historical year ending December 2007 and the rate years ending March 2009, 2010, 2011: 2007 2009 2010 2011 \$6.750 \$6.293 \$16.317 \$16.460 million Yet, Exhibit SSP-3, page 8 of 9, which supports this line item, shows the following amounts: \$6.750 \$6.293 \$8.317 \$8.460 million Thus, for the rate year(s) 2010 (and 2011) there is an \$8 million difference between the amount(s) used in the rate determination and the associated source reference. 1) Explain the difference and indicate whether the program change should be revised to reflect the data in the supporting page (p. 8 of 9). 2) Provide detailed back-up calculation and documentation supporting the program change.

Response:

Please refer to the confidential white paper that was submitted for SSP-3, page 9 of 9. This confidential white paper contains the details for the \$8 million which supports the “Contractual Rent & Tax Increases” line item in addition to SSP-3, page 8 of 9. We would also note that the line entitled “Contractual Rent and Tax Increases” is comprised of the two programs on page 8 of 9 and 9 of 9.

Attachment to
DPS-488
Redacted

Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to DPS Interrogatories – Set DPS32

Date of Response: 08/11/2008

Responding Witness: Accounting Panel/MISP

Question No. :504

Subject: Company Labor for Interference - In its response to DPS-246, the MISP provided an explanation concerning the \$1.306 million program change to Company Labor expense for interference related work which was omitted in MISP's original testimony and exhibits.

According to the response, the Company plans to hire an additional 10 Inspectors, 3 Supervisors, and 2 Engineering Design Technicians above and beyond the current level of resources in the Public Improvement Department, due to some large long-term major projects by the Metropolitan Transportation Authority (MTA). The MISP indicated that the hiring of these employees is progressing and they are anticipated to be hired by late 2008 or early 2009. 1. Provide total number of existing employees in the Public Improvement Department by type, that is, management and weekly employees. List these employees by job titles and as well as by salary grades for weekly employees. 2. For the proposed hiring of the 10 Inspectors and 2 Engineering Design Technicians, provide the exact job titles and salary grades as indicated by the union contracts. 3. Provide the job postings the Company used in newspapers, website, and any other media outlets advertising the hiring of these additional employees, including job titles, salary levels, and starting dates of the positions. 4. The Company's response to DPS-246 indicates that there are currently 168 weekly employees in the Public Improvement Department; explain why the engineering and construction work related to expected MTA projects can not be supported by the existing workforce in the department. 5. The Company's response to DPS-246 indicates 42,172 hours of overtime expended in the Public Improvement Department in 2007, or 251 hours per union employee on average. a) Provide employee time sheets or payroll records to support the indicated 42,172 hours of overtime and actual overtime pay amount. B) Explain why the proposed 12 weekly new employees would incur the same average overtime of 251 hours per person in rate year. C) Explain why the Company does not consider hiring additional employees to reduce the overtime hour in the department when the overtime pay rate is 1.5 times the straight time wages (according to response to DPS-246).

Response:

- 1) There are approximately 75 management and 168 union/hourly employees in the Public Improvement (PI) Department. Of the 168 union employees 36 of them are in Engineering and 132 are in field Inspection/Construction.

The union titles in Engineering and the min/max hourly wages for these titles are a) Junior Designer \$19.76 - \$31.79, b) Designer \$25.07 - \$41.65 and c) Senior Designer \$31.67 - \$46.24.

The union titles in Construction and the min/max hourly wages for these titles are a) Inspector \$26.42 - \$38.60 and b) Construction Representative \$23.25 - \$40.84.

- 2) The titles as defined in the Collective Bargaining Agreement between Consolidated Edison Co. of NY. Inc and Utility Workers of America Local 1-2 are Inspector and Junior Designer. These are hourly rate titles. There are no salary grades for union employees and the applicable hourly rates are listed above. The Chief Construction Inspector (Management Position) falls under Band (salary grade) "1H" (\$58,000 - \$107,200).
- 3) Generally the Inspectors are hired from within the Company through internal postings Junior Designers are generally hired from Community colleges. The Chief Construction Inspectors are also hired through internal posting. Typical postings for Inspectors, Junior Designers and Chief Construction Inspectors are attached. The hiring for Inspectors and Chief Construction Inspectors typically are done through internal postings in order to obtain personnel experienced in the Company's electric, gas and or steam systems. However, the organizations losing personnel will be required to back-fill those positions through outside hires.
- 4) Given the existing number of City projects and the resources currently available in the Public Improvements Department, the Company will not be able to properly manage the additional work associated with major anticipated MTA projects.

As of this date there are approximately 111 planned agency/City projects, 16 annual type City/agency projects, 22 projects involving the relocation of our electric and gas facilities and 2 exploratory test pit projects being implemented in all five boroughs and Westchester. The 132 Construction Inspectors / CR's have the responsibility of overseeing these projects, which includes: having knowledge of the quantity and type of Company facilities that exist in the work area, the critical nature of these facilities, ensuring that the means and methods of work deployed by the contractor will not potentially damage the Company facilities, ensuring the Contractor is following Company specifications in supporting and protecting Company facilities, measuring and recording the work being done in the field, coordinating with various electric, gas and steam operating groups to resolve unanticipated field problems, and much more. In addition to the responsibilities in the work area, the inspectors and CRs have administrative responsibilities, such as recording and filing field activity reports, inputting into the payment system the units of work done in the field to initiate the payment process, ordering materials from stock for capital projects, attending required continual training programs, attending required "On the Job training" (OJT) and much more. If a damage occurs, the responsibility of preparing the preliminary damage report is also the responsibility of the Inspector/CR.

Large to mid-size projects will always have multiple contractor crews working in different areas of the same project. A great amount of heavy machinery is utilized in street work and it would be ideal, though impractical to have a Company field representative with every working machine in the field to prevent damages to our

underground facilities. Given this impracticality, the Department uses certain criteria to prioritize the work that requires the most attention and optimizes the use of available human resources to attain the desired result. Without considering the MTA mega projects the number of field inspection resources available is less than optimum.

New MTA mega projects, like the 2nd Avenue Subway Project, Long Island Railroad East Side Access (connection to Grand Central Terminal), #7 line extension, Fulton Street Transit Hub, etc. demand the need for experienced field Inspectors/CRs which cannot be supported by the available work force at this time. The Company conservatively estimates the need for 18 field personnel to support these projects that are scheduled for two shifts, six days a week. Notwithstanding, the Company is only requesting 10 additional field resources at this time and will strive to cover the additional work with existing resources.

Similarly, the Company's current engineering resources are engaged in the 111 planned agency/City projects, 22 projects involving the relocation of our electric and gas facilities and 2 exploratory test pit projects mentioned above. While the Company has estimated the need for six additional personnel to perform engineering analysis and planning for the new MTA mega projects, the Company is only requesting two additional Engineering Design Technicians at this time. The Company will strive to meet the additional needs for these projects with its existing workforce.

- 5) (a) Given the volume of the timesheet/payroll records requested, the Company would propose making arrangements for Staff to visit Company offices to review these records on-site.
- (b) First, the Company does not distinguish between existing and new employees in terms of average overtime. Second, the incremental work associated with the MTA projects may in fact result in average overtime greater than 251 hours per employee. For example, the MTA projects are scheduled for six days two shifts, the sixth day (8 hours) is overtime day. Therefore, for one year (52 weeks) the hours of overtime worked per person would be 4160 hours. Notwithstanding, for purposes of this rate filing, we decided to use the actual 2007 average overtime hours. If actual overtime turns out to be greater than 251 hours per employee, this actual experience will be considered in future cases.
- (c) Overtime in most cases is unplanned. Most of the overtime is to support the Agency Contractors extended working hours, weekend work, emergency work that happens more often and for storm emergencies etc. A small amount of overtime is planned to allow our field personnel to catch up on administrative work and prepare payment to contractors. Because most overtime is unplanned, hiring more people will not avoid the need for overtime. For example if a project is working 10 hour days, it would be inefficient and ill-advised to bring a different inspection crew for the 9th and 10th hours. In addition, the overtime compensation of one and a half times only impacts the direct pay and Company's portion of FICA. None of the other benefits are impacted by the overtime.

 <p>conEdison</p> <p>Weekly Job Posting</p>	<p>Local 1-2 Position Posting Date:2/26/2008 Posting Expiration Date:3/10/2008</p>
<p align="center">RECRUITMENT</p> <p align="center"><u>POSITIONS TO BE FILLED BY TRANSFER</u></p> <ul style="list-style-type: none"> To apply for this position, please log into JOL at https://intapps.coned.com/mjl/default.htm and submit your electronic application through Resume Builder. All applicants must have a satisfactory record, pass all placement exercises and interviews to qualify for transfer to the below posted job. Federal Law and Con Edison's Corporate policies 500-4, 500-12 and 500-14 prohibit discrimination based on race, color, creed, religion, sex, age, national origin, citizenship, marital status, sexual orientation, disability, Vietnam era and/or special disabled veteran status. Both Local 1-2 and Local 3 members are eligible to apply for this posting. Qualified members from the local in which the vacancy exists will be considered before members from the other local. 	
<p>Job Posting No.: W08058</p> <p>Job Title: Junior Designer</p> <p>Min/Max: MIN - \$19.37 MAX - \$31.17</p> <p>Department: Public Improvement / Engineering</p> <p>Section: Queens Engineering / Public improvement</p> <p>Location: Various</p> <p align="center">Please Note: Applicants considered for a posted position will meet the following criteria:</p> <p>All Weekly Employees</p> <ol style="list-style-type: none"> Employees in Local 1-2 and Local 3 must have a satisfactory attendance record (no more than 3 frequencies and/or six (6) days in the twelve (12) month period prior to the poster expiration date). Employees in Local 1-2 and Local 3 must have a satisfactory disciplinary record in the twelve (12) month period prior to the poster expiration date. A written warning or greater constitutes an unsatisfactory record. <p>Local 1-2 Employees:</p> <ol style="list-style-type: none"> ACFRs and GUWs in Local 1-2 need to be in their current position at least twelve (12) months from hire date by the expiration date of the posting in order to apply for a lateral transfer (e.g., GUW position). All other Local 1-2 applicants must be regular employees, with at least six (6) months continuous service, by the expiration date of the posting, to apply for a promotion or transfer. Applicants with either the 2098 - Customer Field Representative or 2101- Customer Field Representative NX title in Local 1-2 who were hired after 6/26/04 must have completed at least 18 months of employment from their adjusted hire date by the expiration date of the posting. <p>Local 3 Employees:</p> <ol style="list-style-type: none"> CFR and CFR NX in Local 3 newly hired on or after June 26, 2005 must have completed at least eighteen (18) months from hire date by the expiration date of the posting, in order to apply for promotion or transfer. All other Local 3 applicants must be regular employees, with at least twelve (12) months continuous service, by the expiration date of the posting, to apply for a promotion or transfer. <p>ALL EMPLOYEES MUST BE ABLE TO PERFORM ANY PHYSICAL REQUIREMENTS LISTED ON THE POSTER.</p>	<p>Job Requirements:</p> <p>Applicants for Junior Designer must have an Associates Degree (AAS) in a technical field (Mechanical Design, Electrical Design, Electronics, Electro Mechanical Design and Architectural Design), or a High School diploma with 2 to 5 years work experience in a technical field. Applicants must have knowledge of electrical and mechanical theory, perform technical calculations, interpret construction drawings, prepare layout drawings, and scope or work take-offs. Must have the ability to use computerized programs (e.g., Microsoft Office Suite, Auto-cad), and related software. Applicants must have strong oral and written communication skills. The ability to interface with government agencies as well as various Company departments, and represent the Company at meetings is required. Technical experience as a drafter, designer and Engineering Inspector is preferred. Knowledge of water, sewer, and highway reconstruction specifications and drawings is also preferred. Junior Designers will: review and interpret water sewer and highway reconstruction drawings prepared by municipal agencies (e.g., NYC Dept of Design & Construction, NYS Dept of Transportation, NYC Environmental Protection & other municipal agencies); use Company Electric, Gas, and Steam plates to determine the interference of the Companys overhead and underground electric, gas, and steam facilities with agency plans; reviews contract documents, agency specifications, field visits, and test pits to determine the impact on company facilities; prepare test pit drawings, basic electric and gas relocation drawings, Section U and Gas Cost Sharing packages for submission to the agencies; recommend alternate methods of construction accommodations to minimize the impact the impact on Company facilities.</p> <p>Physical Requirements:</p> <p>Applicants must have a valid drivers license. Use of personal vehicle for company business may be required. Reimbursement for use of personal vehicle is available thru the company mileage policy. This position requires sitting and working on personal computers for extended periods of time, conducting field walks and some lifting of materials up to 20lbs may be required. Must be able to work in all weather conditions.</p>
<p>Note: The above listed job requirements and/or job descriptions do not identify all of the specific requirements or job functions of the posted position. All sections of the job application should be fully completed, particularly the qualifications section.</p>	



conEdison



Weekly Job Posting

Local 1-2 Position(s)

Page 94 of 128
Posting Date: 07/31/06

Posting Expiration Date: 08/11/06

RECRUITMENT

POSITIONS TO BE FILLED BY TRANSFER

- Transfer applications are available from supervisors, Human Resource Services and from HR Online on the Con Edison intranet site.
- Federal Law and Con Edison's Corporate policies 500-4, 500-12 and 500-14 prohibit discrimination based on race, color, creed, religion, sex, age, national origin, citizenship, marital status, sexual orientation, disability, Vietnam era and/or special disabled veteran status.
- All transfer applicants must have a satisfactory record, pass all placement exercises and interviews to qualify for transfer to the below posted job.
- Both Local 1-2 and Local 3 members are eligible to apply for this posting. Qualified members from the local in which the vacancy exists will be considered before members from the other local.

Job Posting No. W06139

Job Title: INSPECTOR

Min / Max: MIN - \$ 25.08
MAX - \$ 36.65

Department: PUBLIC IMPROVEMENT
ENGINEERING

Section: PUBLIC IMPROVEMENT

Location: VARIOUS

PLEASE NOTE:

Applicants considered for a posted position will meet the following criteria:

All Weekly Employees

1. Employees in Local 1-2 and Local 3 must have a satisfactory attendance record (no more than 3 frequencies and/or six (6) days in the twelve (12) month period prior to the poster expiration date).

2. Employees in Local 1-2 and Local 3 must have a satisfactory disciplinary record in the twelve (12) month period prior to the poster expiration date. A written warning or greater constitutes an unsatisfactory record.

Local 1-2 Employees:

1. CFRs In Local 1-2 newly hired after June 26, 2004 must have completed at least eighteen (18) months from hire date by the expiration date of the posting, in order to apply for promotion or transfer.
2. ACFRs and GUWs in Local 1-2 need to be in their current position at least twelve (12) months from hire date by the expiration date of the posting in order to apply for a lateral transfer (e.g., GUW position).
3. All other Local 1-2 applicants must be regular employees, with at least six (6) months continuous service, by the expiration date of the posting, to apply for a promotion or transfer.

Local 3 Employees:

1. CFR and CFR NX in Local 3 newly hired on or after June 26, 2005 must have completed at least eighteen (18) months from hire date by the expiration date of the posting, in order to apply for promotion or transfer.
2. All other Local 3 applicants must be regular employees, with at least twelve (12) months continuous service, by the expiration date of the posting, to apply for a promotion or transfer.

ALL EMPLOYEES MUST BE ABLE TO PERFORM ANY PHYSICAL REQUIREMENTS LISTED ON THE POSTER.

Job Requirements:

Selected candidates must have the ability to inspect and accurately document utility work performed by company and/or city contractors. These candidates must have a valid driver's license and a personal vehicle to be used for company business on mileage. Selected candidates must have knowledge of one of the following: electric, gas, steam distribution and transmission systems, power plants, substations or other company facilities, as well as a background that demonstrates some construction experience. These candidates must also have the ability to read and interpret specifications, diagrams, sketches and drawings and must be able to perform mathematical computations. Selected candidates must be able to maintain clear, accurate records and to negotiate and interface with contractors, company user organizations, government agencies and the general public to insure compliance with company specifications and governmental regulations. These candidates must be familiar with safety and environmental policies and procedures, possess excellent oral and written communication skills and have knowledge of, and the ability to apply, computer applications. Location of job assignment is generally based on workload.

Physical Requirements:

Selected candidates must be able to do extensive walking, standing or climbing, be able to respond to emergencies (including off-hours), be able to work in all weather conditions and be medically qualified to wear a respirator.

Note: The above listed job requirements and/or job descriptions do not identify all of the specific requirements or job functions of the posted position. All sections of the transfer application should be fully completed, particularly the qualifications section. Incomplete applications will be returned.

Position Detail for JOL: # 08-380 **Chief Construction Inspector 1H**

If you are interested in applying for this position, please be sure to clearly and concisely communicate your qualifications and work experience on the application form - it is your responsibility to demonstrate that you are the right candidate for the position. Effective January 1, 2007, if you have been in your current position less than 24 months, you are required to obtain approval from your department management prior to applying.

Position Information

Department: Public Improvement / Engineering

QUALIFICATIONS:**Core:**

The Public Improvement /Engineering department seeks a dedicated, dynamic and innovative individual to join its management team as Chief Construction Inspector in Lower Manhattan. The successful candidate must recognize the importance of commitment to excellence, be able to provide exemplary customer service, demonstrate a high energy level and be able to handle multiple assignments with changing priorities and meet deadlines. Must promote a positive work ethic in support of our corporate values and mission and be committed to environmental excellence and safety in the workplace. Must possess excellent oral, written communication and negotiation skills. Excellent Interpersonal skills are required to effectively supervise Construction Representatives and Inspectors that are engaged in all aspects of Public Improvement work assignments in Lower Manhattan. The candidate must possess a thorough knowledge of construction work practices, and safety and environmental procedures. The candidate must be able to work in accordance with the company's established accounting procedures and have knowledge of the Capital and O&M budget processes and be familiar with Public Improvement Estimating methods. The selected candidate must have the ability to interpret relevant company and municipal agency contract drawings and specifications. The candidate must have computer skills in Compass, IMS, and Outlook and Microsoft Office Products including Excel, Word and Power Point. Construction or Engineering experience in Electric, Gas or Steam Operations Department is required. A bachelor degree and 3 years work experience in the Construction management field or H.S. Diploma/GED and 5 years work experience in the construction management field is required. Working knowledge of all Environmental, Health and Safety procedures related to construction projects in Construction.

Additional:

Bachelors degree in Engineering is preferred.

RESPONSIBILITIES:**Core:**

The Chief Construction Inspector (CCI) supervises the work effort of Construction Representatives and Inspectors and is an integral part of the Public Improvement Lower Manhattan Construction Team. The CCI has the primary responsibility for all field related and office administrative activities of the projects under his/her supervision. These may include Joint Bid or Section U projects related to the reconstruction program in Lower Manhattan. Ensures consistent application of utility work items, quantities and specifications. Assures the requirement of accuracy and timeliness of data collection by field personnel for the purpose of payment to contractors. Participates, along with the Project Manager, in negotiations with city contractors on utility work items. Regularly updates project scheduling projections and prepares financial cost analysis for accurate accrual submissions. The CCI working in Lower Manhattan will attend regularly scheduled

meetings with various Municipal Governmental Agencies including the NYCDDC, LMDC, Port Authority of NY/NJ, EDC, NYS DOT, TA, and others. Provides oversight and direction to specialized contracting services such as asbestos remediation, survey, etc. Ensures that safe work practices are followed and the environment is fully protected in accordance with company policy and governmental regulations.

Additional:

None

PHYSICAL REQUIREMENTS:

Core:

This position requires walking, standing, and climbing. The selected candidate may be required to work various schedules, including weekend, holidays, nights and off hours. Must be able to work in extreme hot and cold climates, and respond to emergencies when necessary. Position requires a valid driver's license and use of personal vehicle to travel between work locations, as required.

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

Response to DPS Interrogatories – Set DPS33
Date of Response: 08/12/2008
Responding Witness: Accounting Panel

Question No. :523

Subject: Consultants and Outside Legal - ***If backup workpapers are available in MS Excel format, please provide them in that format, including formulas. Thanks. In response to Staff IR 377, the Company provided a worksheet with 104 line items of consultants working for Con Ed in the historic year totaling \$8,731,030 of Consulting Expense. The “EOE file” sorted by “Consultants” (ROE 115) the total consultant expense equals \$38,672,000 for the 2007 calendar year. 1) Provide reconciliation between the Company’s response to Staff IR 377 and the EOE report. 2) How does the Company determine which consulting expenses are charged to “Consultant’s Expense” on Exhibit AP-5, Schedule 1, page 3, line 18 and which ones are assigned to other expense accounts? 3) Page 24 of the PSC Supplemental Annual Report requires the Company to list all consultants paid over \$200,000. There are vendors listed in response to Staff IR 377 that were paid over \$200,000, but were not listed on page 24 of the Annual Report. A few of examples are: Detecent, Rudell Associates, and Underground Systems Inc. Provide a revised page 24 of the PSC Supplemental Annual Report listing all consultants paid over \$200,000 that are listed in either the EOE report and/or in the Response to Staff IR 377, per the instructions on the top of page 24. 4) The response to Staff IR 377 lists some legal expenses. Why weren’t these expenses charged to Outside Legal Services? 5) Response to Staff IR 377 shows approximately \$1.5M being paid to Davis Polk Wardwell for Job Order 84670. What is Job Order 84670?

Response:

1) Reconciliation is as follows:

EOE Report	\$38.673 million
Moved to line 77, Other	- 25.501 million *
Moved to line 23, DSM	- 2.841 million
Other	- <u>1.600 million **</u>
Total	\$ 8.731 million

* Offsets a related credit in line 77, Other.

** Per response to Staff IR 377, primarily charges to clearing accounts and net accruals included in Other.

2) The Company first classifies consultant expenses to other elements of expenses or programs. Remaining consultant costs in various accounts then remain in the Consultants

- Expense, line 18 of Exhibit __ (AP-5), Schedule 1, page 3. See part 1 above for the reconciliation which shows the other elements of expenses involved.
- 3) Detectent Inc., Rudell Associates Inc., and Underground Systems Inc., although paid over \$200,000, were excluded from page 24 of the 2007 PSC Annual Report because they did not fit the Company's guideline for the definition of outside consultants. The common definition used by all organizations in the Company is that a consultant is an individual or a firm that performs a study, service or testifies on behalf of Con Edison who has a special expertise that the Company does not have, or is a third party needed to present the Company's position in legal, regulatory and rate case proceedings. Excluded as consultants for annual reporting purposes are those whose functions are considered "hands on" operations in which Con Edison has the required expertise but lacks the manpower to do so. This definition distinguishes between those vendors performing consulting services and those supplying other or contractor services. The Company's element of expense for Consultants in a rate filing is broader.
 - 4) Outside Legal Services on line 50 of Exhibit __ (AP-5), Schedule 1, page 3 represents the cost for legal services generally relating to non-regulatory work such as trademark and patent work, real estate matters, general corporate matters, tax litigation, commercial bankruptcy matters, etc. The legal services listed in response to DPS 377, Consultants, for Davis Polk Wardwell represent the use of legal assistance in the 2007 steam incident. A cost segregation account had been set up for this cost which cleared to expense as a consultant. The cost for Daly & Pavlis LLC is related to the cost of the independent environmental monitor who is considered a consultant.
 - 5) Job Order 84670 relates to the 2007 steam incident. The payment of \$1.5 million to Davis Polk Wardwell as mentioned above is for legal assistance relating to the steam incident. However, in December 2007, the Company accrued \$1.5 million for insurance recovery of this cost and that recovery is included in the Injuries and Damages line for the historic year. The Company's historic 2007 cost for consultants should have been normalized for this legal cost as the forecast of the rate year injuries and damages expense is based on the historic three-year average of actual payments net of actual insurance reimbursements. This normalization will be reflected in the Company's September 2008 update.

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

Response to DPS Interrogatories – Set DPS40
Date of Response: 08/22/2008
Responding Witness: Accounting Panel

Question No. :568

Subject: OOR - TSC - On page 40 of the Accounting Panel testimony, you state that the revenue related to Transmission Service Charges is not guaranteed and cannot be estimated with any degree of certainty. The Panel further indicates that “effective April 2008 per the 2008 Order, under the MAC, TSC revenues received from non-firm transmission contracts are to be deferred for the future benefit of customers”. 1. Explain why it would not be appropriate to use a three-year historic average or the historic test year or the most recent actual activities to forecast the rate year TSC revenues? 2. Explain why it would not be proper to amortize over one year the balance of the TSC revenues accumulated at the time of the Commission Decision into rates in the current case. 3. Provide the balance of TSC amounts deferred from when the deferral started in April 2008 to date.

Response:

- 1) As the Company is currently deferring such revenues and proposes to continue to do so there is no need to forecast transmission service charges.
- 2) In order to mitigate the rate increase, amortizing the deferred TSC revenues over a one-year period would not be improper, nor has the Company suggested otherwise. However, in looking at Exhibit __ (AP-9), Schedule 4, the Company believes it would be preferable to amortize this benefit over three rate years to both mitigate the rate increase and better balance the return of customer credits with the recovery of customer debits.
- 3) The balance on the books at July 31, 2008 is \$7,771,895.95. Since the amounts are deferred on a one-month lag, the data represents 3 months of activity, April – June 2008.

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

Response to DPS Interrogatories – Set DPS43
Date of Response: 08/25/2008
Responding Witness: Accounting Panel

Question No. :577

Subject: Rate Case Costs – Regulatory Commission Expense - In its forecast of rate year of regulatory commission expense, the Company includes \$1.284 million related to spent nuclear fuel (SNF) litigation (i.e. the historic three- year average plus inflation). Fully explain the nature of the actual historic SNF litigation costs incurred and provide a complete justification for recovery of SNF litigation costs in the rate year.

Response:

This case is currently pending in the Court of Federal Claims in Washington. Discovery should end later this year, and the Company expects to go to trial in 2009, but no firm trial date has been set by the court. The case involves a claim by Con Edison concerning DOE's disregard of a 1982 statute and breach of a 1983 contract with Con Edison. Under the statute and contract, in exchange for the payment of fees by Con Edison that exceeded \$115 million, DOE was required to commence disposal of spent nuclear fuel from Con Edison's Indian Point nuclear power plant beginning in January 1998.

Con Edison sold Indian Point to the Entergy Corporation in 2001 following a competitive auction, when DOE was already in breach of the contract. Entergy assumed ownership and disposal responsibility for all of the spent fuel, knowing that further costly on-site storage would be necessary, and without any understanding as to when, if ever, DOE would relieve Entergy by commencing performance of its disposal obligations. The Indian Point sales documents specified that Con Edison retained pre-sale claims against DOE (for the benefit of its ratepayers).

In this litigation, Con Edison seeks to recover its pre-sale incurred costs of anticipatorily mitigating the costs resulting from DOE's breach, and also the diminution of the sale value of Indian Point, as occurred upon its sale in 2001, measured by the difference between the actual terms of the sale and those which would have occurred had DOE performed the contract. Earlier this year, another trial court awarded damages in a similar claim of diminished value upon the sale of a nuclear facility, brought by another company. The government's appeal in that case is now pending. The Company is represented in this matter by Washington Counsel, Jenner & Block.

The magnitude of litigation costs to date reflect the numerous and complex legal issues involved, including the extensive discovery the Company has engaged in to build its case and the extensive discovery the government has engaged in to defend the case. In addition, the Company has required the services of many (and often expensive) experts to support its

case. The projected costs going forward are based on preparing the case for trial and actually trying it, all of which will necessarily require great expenditures of time by lawyers and experts.

Should Staff find it helpful, the Company can provide samples (or all) of the voluminous bills it has received on this matter.

Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to CPB Interrogatories – Set CPB1

Date of Response: 05/23/2008

Responding Witness: Robert Hoglund

Question No. :1

Please provide a copy of Con Edison's currently effective insurance policy(ies) for Director's and Officer's insurance.

Response:

As discussed with CPB, CPB is now requesting a general description of the D&O coverage.

The vast majority of publicly-held corporations in this country have D&O insurance. In general, and for Con Edison, the insurance covers:

- Individual officers and directors for claims and litigation against them in the event Con Edison has not provided indemnification - (Coverage A) - here the deductible is \$0.
- Con Edison for all sums necessary to indemnify its directors and officers as required or permitted by applicable common or statutory law, or under the provisions of Con Edison's charter or by-laws. In this case a \$5 million deductible applies. (Coverage B)
- Con Edison for securities claims. (Coverage C)

The coverage is triggered by claims or litigation alleging a "Wrongful Act," which is defined as any:

“Actual or alleged breach of duty, neglect, error, misstatement, misleading statement or omission actually or allegedly caused, committed or attempted by any Director or Officer while acting individually or collectively in their capacity as such, or claimed against them solely by reason of their being Directors or Officers. “

The insurance covers defense costs and it is not unusual for there to be significant defense costs in D&O litigation, even when the underlying claim is without merit.

The policy does not cover (i) claims arising out of a director or officer having gained a personal profit to which the director or officer was not legally entitled, (ii) claims arising out of a director or officer having committed a deliberately fraudulent, dishonest, criminal or malicious act or omission, (iii) profits made from illegal insider trading, or (iv) conduct covered by other insurance (e.g. bodily injury or property damage). The insurance also does not cover fines or penalties or any damages that represent, or is equivalent to, disgorgement or restitution.

Company Name: Con Edison

Case Description:

Case: 08-E-0539

Response to NYECC Interrogatories – Set NYECC6

Date of Response: 08/29/2008

Responding Witness:

Question No. :63

Referencing your response to DPS 577, a. what is the maximum amount that Con Edison seeks to recover for the benefit of its ratepayers in the case currently pending in the Court of Federal Claims in Washington? Please provide a breakdown of the amount sought, including, but not limited to, the amount in pre-sale incurred costs of anticipatorily mitigating the costs resulting from the DOE'S breach and also the diminution of the sale value of Indian Point as occurred upon its sale in 2001. b. does the amount sought in this case include any punitive damages? If so, please specify the amount sought in punitive damages? c. specify the amount paid annually to date by Con Edison's ratepayers since the commencement of this action? d. does the \$1.284M include the cost of prosecuting any potential appeal following the expected trial in 2009? e. provide the docket number and the name of the Judge before whom this case will be tried. f. provide the named parties of the case, docket number and the name of the trial court judge that awarded damages in a similar case of diminished value upon the sale of a nuclear facility bought by another company. g. provide the named appellate parties of the case, docket number and the appellate court that the government's appeal of the case referenced in 62g above is now pending.

Response:

63. (a) what is the maximum amount that Con Edison seeks to recover for the benefit of its ratepayers in the case currently pending in the Court of Federal Claims in Washington? Please provide a breakdown of the amount sought, including, but not limited to, the amount in pre-sale incurred costs of anticipatorily mitigating the costs resulting from the DOE's breach and also the diminution of the sale value of Indian Point as occurred upon its sale in 2001.

A. The maximum amount that Con Edison seeks to recover in the case currently pending in the Court of Federal Claims in Washington, *Con Edison Company of New York, Inc. v. United States*, Docket No. 04-0033C, is \$137,652,174.44. The amount sought is broken out as follows:

Pre-Sale Incurred Costs to Mitigate DOE's breach:

Third Party Vendor Studies	\$448,859.73
Con Edison Labor Costs	\$422,774.27
Private Fuel Storage payments:	\$5,942,900.44

<u>Total of Pre-Sale Incurred Costs:</u>	<u>\$6,814,534.44</u>
--	-----------------------

<u>Total Diminution in Value Damages:</u>	<u>\$107,837,640</u>
<u>Total Decommissioning Fund Damages:</u>	<u>\$23,000,000</u>
<u>Total Damages claimed in Con Edison's case:</u>	<u>\$137,652,174.44</u>

63. (b) does the amount sought in this case include any punitive damages? If so, please specify the amount sought in punitive damages?

A. The damages claimed do not include any amount for punitive damages.

63. (c) specify the amount paid annually to date by Con Edison's ratepayers since the commencement of this action?

A. It is difficult to determine the amount paid annually by ratepayers for this lawsuit given that our rate allowance for such litigation costs is based on forecasts derived from historic average costs and is not reconciled to actual costs.

63. (d) does the \$1.284M include the cost of prosecuting any potential appeal following the expected trial in 2009

A. No.

63. (e) provide the docket number and the name of the Judge before whom this case will be tried.

A. *Con Edison Company of New York, Inc. v. United States*, Docket No. 04-0033C, will be tried before Judge Thomas C. Wheeler.

63. (f) provide the named parties of the case, docket number and the name of the trial court judge that awarded damages in a similar case of diminished value upon the sale of a nuclear facility bought by another company.

A. The case in which diminished value damages were awarded upon the sale of a nuclear facility is *Boston Edison Co. v. United States and Entergy Nuclear Generation Co. v. United States*, Docket Nos. 99-447C, 03-2626C in the United States Court of Federal Claims, held before Judge Charles F. Lettow. The decision was rendered on February 15, 2008 (under seal), with a reissued (public) version on February 20, 2008.

63. (g) provide the named appellate parties of the case, docket number and the appellate court that the government's appeal of the case referenced in 62(g) [sic] above is now pending.

Boston Edison Company, Plaintiff-Appellee v. United States, Defendant-Appellant and Entergy Nuclear Generation Company, Plaintiff-Appellant v. United States, Defendant-Appellee, Docket No. 2008-5066, -5070 in the United States Court of Appeals for the Federal Circuit.

David Van Ort/OGC/NYS DPS

08/14/2008 12:30 PM

To Anping Liu/ORE/NYS DPS, Brian
Kilduff/OEGW/NYS DPS, Christine
Carpio/OEGW/NYS DPS, Claude

cc

bcc

Subject Fw: Con Edison Case 08-E-0539 - Preliminary Update
Addendum

This document IS flagged as a record

----- Forwarded by David Van Ort/OGC/NYS DPS on 08/14/2008 12:30 PM -----

**"Richter, Marc - Regulatory" <RICHTERM@coned.com>**

08/14/2008 12:29 PM

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Subject Con Edison Case 08-E-0539 - Preliminary Update
 Addendum

The following is an addendum to the Preliminary Update provided by the Company to the parties on July 25, 2008.

Energy Efficiency

The Company's July 25, 2008 Preliminary Update included the following statement regarding the Energy Efficiency Portfolio Standards ("EEPS") proceeding:

* Establishing Energy Efficiency Portfolio Standards -

The

Company is evaluating the impact of the recent Order issued June 23, 2008 in Case 07-M-0548 Establishing Energy Efficiency Portfolio Standards (EEPS) on our filed 500 MW DSM Plan, which included a savings of approximately \$1 billion in deferred Transmission and Distribution costs over the next five years. Furthermore, while the Company has not changed its goal to achieve 500MW of permanent energy efficiency by 2015, the Company is concerned that delaying final decisions about energy efficiency through 2015 (the date for achievement of the State's 15x15 goal) increases the risk that the Company will need to begin spending for long lead time items for T&D projects that are currently deferred. It is important to note that such delays can affect the flow of MW projected to be achieved by network (though at this time not achievement of the total). The Company is quantifying additional costs and will include those costs in an update to this filing.

The Company has reviewed the initial testimony of the Infrastructure Investment Panel ("IIP") in this proceeding in light of the June 23 EEPS Order, which also directed the Company to file programs to help achieve energy efficiency goals. As a result of that direction, the Company has decided to withdraw from consideration in this case the Company's proposed extension of its Targeted Program and its proposal to submit its non-targeted programs for consideration in this proceeding if they are not reviewed in the EEPS proceeding. The Company will pursue the extension of its Targeted Program in the EEPS proceeding. Accordingly, the IIP will delete the portion of its initial testimony beginning on p. 265, line 7, through p. 272, line 18, up to the word "Order." The IIP

will further address this matter, as appropriate, in its September 29 update/rebuttal testimony.

Please note that the Company is continuing to evaluate the costs of the capital infrastructure projects with Fall 2008 trigger dates in order to compare them to DSM solutions; if they pass a preliminary economic test and are otherwise deemed appropriate for a targeted DSM program, the Company plans to use the 30MW of targeted DSM authorized by the March 25, 2008 order in Case 07-E-0523 to defer these projects. As to capital infrastructure projects with 2009 trigger dates, the Company's ability to defer those projects will depend upon timely action and approval of filings in the EEPS proceeding.

Please also note that the Company is not withdrawing its request for funding capital projects regarding the development of an information technology system and enhancements to the Area Profile System, and O&M program changes associated with the Company's administration and implementation of energy efficiency programs. The Company continues to believe these projects and programs are necessary and appropriate, irrespective of the number of energy efficiency programs that the Commission authorizes Con Edison to implement in the EEPS proceeding or any other proceeding.

Recovery of Targeted DSM Spending through March 31, 2008

Under the 2005 Rate Plan, a portion of the Company's Targeted DSM expenditures -- those related to the avoided T&D costs resulting from deferral of T&D projects -- were to be recovered in the same manner as the deferred T&D carrying charges (resulting from T&D expenditures above levels reflected in rates). The remainder of the Company's targeted DSM expenditures was to be recovered through the MAC. See 2005 Rate Plan, Sections D.3 and J.7. In accordance with the 2005 Rate Plan, the Company deferred approximately \$1.8 million of its Targeted DSM expenditures through March 31, 2008. Approximately \$100,000 in carrying charges accrued on those expenditures were included in the Company's "T&D Deferral," which is being recovered through base rates over a ten-year period pursuant to the one-year rate plan adopted by the Commission in March 2008. The recovery of the principal (i.e., the approximately \$1.8 million of targeted DSM spending) was not reflected in the Company's original filing in this case. As a result, the Company's September update will seek to recover the targeted DSM expenditures in base rates over a three-year period.

Limiting this update to approximately \$1.8 million from the prior period assumes that the Company will recover through the MAC targeted DSM expenditures related to avoided T&D costs that it incurs for programs approved pursuant to the 2005 Rate Plan after April 1, 2008 (approximately \$600,000 to date), plus the carrying charges accrued since April 1, 2008, on all of such unrecovered Targeted DSM costs. Recovery of such costs through the MAC is appropriate given that the deferred T&D carrying charge mechanism in effect during the 2005 Rate Plan expired on March 31, 2008. It should be noted that all targeted DSM costs incurred before the 2005 Rate Plan and pursuant to the March 25th rate order are being recovered through the MAC.

Employee Welfare Expense

We would note that Company witness Reyes had previously indicated his intention to update for Employee Welfare Expenses. He still plans to do so as part of the September 29 formal update. These expenses were not updated as part of the preliminary update because the actual health care

costs through June 30, 2008 were not yet available and the Company is currently working with its health care carriers to determine the impact of this more recent information on projected employee welfare expenses.

Law Department Technology Programs

The Company just discovered that three programs approved by the Commission in the prior electric rate proceeding were inadvertently not resubmitted in this case as program changes. As noted in the Company's filing, it attempted to identify as program changes all programs for which there were no costs in the historic year but were approved in Case 07-E-0523. The Company's September 29 filing will correct for this inadvertent omission. The programs are as follows:

- o eDiscovery Program - \$200K
- o Regulatory Rate Case Scanning Project - \$200K
- o Law Library Cataloging System and Memoranda of Law File - \$60K

Pension Costs

The July 25th Preliminary Update indicated a projected increase in Pension and OPEB expenses of approximately \$40 million. The filing should have indicated a projected increase of approximately \$30 million. The details of this correction are set forth in the Company's response to CPB13-107. A copy of that response is attached for your convenience.

Property Taxes

The Company will further update estimated property taxes to reflect an ICIP tax benefit on the Parkview substation reducing projected rate year NYC property taxes by approximately \$3.75 million. Also, property taxes included in the rate year applicable to non-operating property will be removed, reducing projected NYC and Westchester taxes by approximately \$700,000.

Interest Rates

As is common practice, the Company may update for interest rates as part of its formal update. No preliminary update for interest rates was made because, at that time, market conditions did not necessarily point to higher interest rates, which now may be the case. We would also clarify that we anticipate that the true-up of tax exempt auction rates, provided in the March 25th order, would continue.

Steam Pipe Rupture

On August 7, a Joint Proposal resolving prudence-related issues associated with the steam pipe rupture of July 2007 was submitted to the Commission. Should the Commission approve that Joint Proposal before the Company files its update, the Company will reflect the terms of the Joint Proposal in its September 29 update.

By providing this information, the Company reserves its rights to further update these items and update for other items, as permitted by the Commission's update policy, and at such times as permitted by that policy. Please contact the Company should you have any questions regarding these materials.



CPB13-107-Question.doc



2008 Electric Case - Pension OPEB EOE - RY1_w July Update Pension Change_Att_2.xls



ConEdison2008ProjectionsCEI-Updated.pdf

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

Response to CPB Interrogatories – Set CPB13
Date of Response:
Responding Witness: Accounting Panel

Question No.: 107

Subject: Preliminary Update Work Papers on Pensions and OPEBs.

- (a) Refer to Work Paper for Adj 11(a) pages 148-153. Provide an explanation for the work papers and show how the work papers tie into the adjustment on Exhibit__ (AP-9) Preliminary Update, Schedule 11 of 11, Page 13 of 14.
- (b) Provide the actuarial study relied on in making the estimated changes reflected.

RESPONSE:

- (a) The workpapers submitted supporting the July 25th Preliminary Update for pension cost increases were mislabeled. The workpapers that were submitted supported Adjustment 11(b). Adjustment 11(b) quantified the impact of the changes to the Company's pension plan resulting from the recently negotiated new bargaining union contract. As shown on the Actuary report included with the workpapers that were filed (pages 151 – 153), the increase in pension costs associated with the benefit change was approximately \$5.5 million, the portion allocated to electric operating expense as shown on adjustment 11(b) was approximately \$2.8 million.
The attached Excel file supports adjustment 11(a). This adjustment was made to reflect the impact of current stock market activity on the Company's pension assets and assumes that there will be a 7% loss in the value of those assets during 2008. The amount shown in adjustment 11(a) of \$40,027,000 is incorrect. An error occurred when the updated information was summarized from the actuarial worksheets. The Preliminary Update should have reflected an amount of \$30,240,000. The Company will correct this adjustment in its September filing.
- (b) Attached is actuarial study from Buck Consultant's dated July 21, 2008 that was used as the basis for the adjustment 11(a).

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ELECTRIC OPERATION AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND MARCH 31, 2010

<u>CONSOLIDATED EXPENSE</u>	12 MONTHS ENDED DECEMBER 31, 2007 (Col. 1)	NORMALIZING ADJUSTMENTS (Col. 2)	PROGRAM CHANGES (Col. 3)	LABOR ESCALATION (Col. 4)	GENERAL ESCALATION (Col. 5)	ADJUSTMENTS (Col. 6)	12 MONTHS ENDED MARCH 31, 2010 (Col. 7)
Pension Expense - Qualified Plan	89,249.4	-	71,583.7	-	-	-	160,833.1
Retiree Health & Life Insurance (OPEB)	54,432.2	-	795.5	-	-	-	55,227.7
Subtotal - Qualified Plans	143,681.6	-	72,379.2	-	-	-	216,060.8
Direct Pension Payments.	(2.0)	-	-	-	-	-	(2.0)
Supplemental Pension Plan	(2,644.6)	-	(1.7)	-	-	-	(2,646.3)
Gross Pension & OPEB Expense	141,035.0	-	72,377.5	-	-	-	213,412.5
Capitalized	(45,896.1)	-	(24,060.6)	-	-	-	(69,956.7)
Affiliate Billings & NYPA	(2,642.6)	-	(1,781.3)	-	-	-	(4,423.9)
Net Current Pension & OPEB Exp.	92,496.3	-	46,535.6	-	-	-	139,031.9
Amort / Deferral of prior pension cost	(100,447.2)	141,627.4	-	-	-	-	41,180.2
Amort. of Def Pension - Electric Divest.	2,000.0	-	-	-	-	-	2,000.0
Pension & OPEB Expense	(5,950.9)	141,627.4	46,535.6	-	-	-	182,212.1

Current Pension Expense After Union update (with original amortization of prior period deferrals)

151,972.3

Net Increase in current expense for losses in stock market

30,239.8

(A) See Consolidated forecast tab for adjustment for pension change

Consolidated Edison Company of New York, Inc.
Employee Pension & Welfare Exp (PSC 926.10)

<u>Account Description</u>	<u>January 1, 2007 - December 31, 2007</u>	<u>January 1, 2008 - March 31, 2008</u>	<u>April 1, 2008 - March 31, 2009</u>	<u>12 Months Ended March 31, 2010</u>
Pension Expense - Qualified Plan	89,249,385	25,463,747	109,100,297	160,833,139
Retiree Health Care (OPEB)	54,432,244	13,831,525	54,027,550	55,227,725
Subtotal - Qualified Plans	<u>143,681,629</u>	<u>39,295,272</u>	<u>163,127,847</u>	<u>216,060,864</u>
Direct Pension Payments.	(2,008)	(500)	(2,000)	(2,000)
Supplemental Pension Plan	<u>(2,644,618)</u>	<u>(661,200)</u>	<u>(2,645,600)</u>	<u>(2,646,300)</u>
Gross Pension & OPEB Expense	141,035,003	38,633,572	160,480,247	213,412,564
Capitalized	(45,896,061)	(12,664,103)	(52,605,551)	(69,956,720)
Affiliate Billing - O&R (Pensions)	(2,185,220)	(623,465)	(2,671,259)	(3,937,908)
Affiliate Billing - O&R (Health & Life Ins)	(413,348)	(105,034)	(410,275)	(419,389)
Billed to NYPA	<u>(44,010)</u>	<u>(12,056)</u>	<u>(50,078)</u>	<u>(66,596)</u>
Net Current Pension & OPEB Exp.	92,496,363	25,228,914	104,743,084	139,031,951
Amort. of Def Pension - Electric	2,000,000	500,000	2,000,000	2,000,000
- Gas	-	-	-	-
Net Pension & OPEB Expense	<u>94,496,363</u>	<u>25,728,914</u>	<u>106,743,084</u>	<u>141,031,951</u>
Pension / OPEB Deferral	(100,447,227)	(25,528,914)	(25,592,084)	-
Amort. of Pension / OPEB - Case 06-E-0523	-	-	-	-
Amort. of Pension / OPEB 4/08 - 3/09 Deferral	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,180,200</u>
Net Pension Expense	<u>(5,950,863)</u>	<u>200,000</u>	<u>81,151,000</u>	<u>182,212,151</u>
Current / Requested Rate Allowance				
- Amortization of Prior Deferrals	-	-	-	41,180,200
- Electric (Current)	<u>(5,950,863)</u>	<u>200,000</u>	<u>81,151,000</u>	<u>141,031,951</u>
Total	<u>(5,950,863)</u>	<u>200,000</u>	<u>81,151,000</u>	<u>182,212,151</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
CONSOLIDATED OPERATION AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND MARCH 31, 2010

CONSOLIDATED EXPENSE	12 MONTHS ENDED DECEMBER 31, 2007 (Col. 1)	NORMALIZING ADJUSTMENTS (Col. 2)	PROGRAM CHANGES (Col. 3)	LABOR ESCALATION (Col. 4)	GENERAL ESCALATION (Col. 5)	ADJUSTMENTS (Col. 6)	12 MONTHS ENDED MARCH 31, 2010 (Col. 7)
Pension Expense - Qualified Plan	113,404.6	-	90,957.7	-	-	-	204,362.3
Retiree Health / Life Insurance (OPEB)	69,164.2	-	1,010.8	-	-	-	70,175.0
Subtotal - Qualified Plans	182,568.8	-	91,968.5	-	-	-	274,537.3
Direct Pension Payments.	(2.0)	-	-	-	-	-	(2.0)
Supplemental Pension Plan	(3,360.4)	-	(2.1)	-	-	-	(3,362.5)
Gross Pension & OPEB Expense	179,206.4	-	91,966.4	-	-	-	271,172.8
Capitalized	(63,156.8)	-	(33,109.5)	-	-	-	(96,266.3)
Billed to Affiliates	(3,301.9)	-	(2,234.7)	-	-	-	(5,536.6)
Billed to NYPA	(44.0)	-	(22.6)	-	-	-	(66.6)
Net Current Pension & OPEB Exp.	112,703.7	-	56,599.6	-	-	-	169,303.3
Amort. of Def Pension - Electric	2,000.0	-	-	-	-	-	2,000.0
	114,703.7	-	56,599.6	-	-	-	171,303.3
Pension / OPEB Deferral	(111,927.5)	-	36,806.9	-	-	-	(75,120.6)
Amort. of Pension / OPEB Deferral	-	-	-	-	-	-	-
Pension & OPEB Expense	2,776.2	-	93,406.5	-	-	-	96,182.7

Consolidated Edison Company of New York, Inc.
Employee Pension & Welfare Exp (PSC 926.10)

<u>Account Description</u>	<u>January 1, 2007 - December 31, 2007</u>	<u>January 1, 2008 - March 31, 2008</u>	<u>April 1, 2008 - March 31, 2009</u>	<u>12 Months Ended March 31, 2010</u>
Pension Expense - Qualified Plan	113,404,555	32,355,460	138,628,078	204,362,311
Retiree Health Care (OPEB)	69,164,224	17,575,000	68,650,000	70,175,000
Subtotal - Qualified Plans	182,568,779	49,930,460	207,278,078	274,537,311
Direct Pension Payments	(2,008)	(500)	(2,000)	(2,000)
Supplemental Pension Plan	(3,360,379)	(840,200)	(3,361,600)	(3,362,500)
Gross Pension & OPEB Expense	179,206,392	49,089,760	203,914,478	271,172,811
Capitalized	(63,156,820)	(17,426,865)	(72,389,640)	(96,266,300)
Affiliate Billing - O&R (Pensions)	(2,776,646)	(792,205)	(3,394,230)	(5,003,695)
Affiliate Billing - O&R (Health Ins)	(525,220)	(133,461)	(521,315)	(532,896)
Billed to NYPA	(44,010)	(12,056)	(50,078)	(66,596)
Net Current Pension & OPEB Exp.	112,703,696	30,725,173	127,559,216	169,303,325
Amort. of Def Pension - Electric	2,000,000	500,000	2,000,000	2,000,000
Net Pension & OPEB Expense	114,703,696	31,225,173	129,559,216	171,303,325
Pension / OPEB Deferral	(111,927,488)	(26,401,673)	(35,698,966)	(75,120,571)
Amort. of Pension / OPEB Deferral	-	-	-	-
Net Pension Expense / Credit	2,776,208	4,823,500	93,860,250	96,182,754
Current Rate Allowance				
- Electric	(5,950,000)	200,000	81,151,000	81,151,000
- Miscellaneous Electric Adjustments	(863)	-	-	-
- Gas	1,845,750	2,745,750	10,206,000	12,111,000
- Gas Medicare Offset to Tax Benefit	208,500	208,500	834,000	1,251,504
- Miscellaneous Gas Adjustments	(4,180)	-	-	-
- Steam	6,677,004	1,669,250	1,669,250	1,669,250
- Miscellaneous Steam Adjustments	(3)	-	-	-
Total	2,776,208	4,823,500	93,860,250	96,182,754

Consolidated Edison Company of New York, Inc.
Monthly Rate Allowance for Pensions
Calendar Year 2006 - March 2009

Month / Year	Electric	Gas	Steam	Total
January-06	(2,425,000)	(466,666)	(191,667)	(3,083,333)
February-06	(2,425,000)	(466,667)	(191,667)	(3,083,334)
March-06	(2,425,000)	(466,666)	(191,666)	(3,083,332)
April-06	(2,183,333)	(466,667)	(191,667)	(2,841,667)
May-06	(2,183,333)	(466,667)	(191,667)	(2,841,667)
June-06	(2,183,333)	(466,667)	(191,666)	(2,841,666)
July-06	(2,183,333)	(466,666)	(191,667)	(2,841,666)
August-06	(2,183,333)	(466,667)	(191,667)	(2,841,667)
September-06	(2,183,333)	(466,667)	(191,666)	(2,841,666)
October-06	(2,183,333)	(100,000)	556,417	(1,726,916)
November-06	(2,183,333)	(100,000)	556,417	(1,726,916)
December-06	(2,183,336)	(100,000)	556,417	(1,726,919)
Total	<u>(26,925,000)</u>	<u>(4,500,000)</u>	<u>(55,749)</u>	<u>(31,480,749)</u>
January-07	(2,183,333)	(100,000)	556,417	(1,726,916)
February-07	(2,183,333)	(100,000)	556,417	(1,726,916)
March-07	(2,183,337)	(100,000)	556,417	(1,726,920)
April-07	66,667	(100,000)	556,417	523,084
May-07	66,667	(100,000)	556,417	523,084
June-07	66,667	(100,000)	556,417	523,084
July-07	66,667	(100,000)	556,417	523,084
August-07	66,667	(100,000)	556,417	523,084
September-07	66,667	(100,000)	556,417	523,084
October-07	66,667	915,250	556,417	1,538,334
November-07	66,667	915,250	556,417	1,538,334
December-07	66,667	915,250	556,417	1,538,334
Total	<u>(5,950,000)</u>	<u>1,845,750</u>	<u>6,677,004</u>	<u>2,572,754</u>
January-08	66,667	915,250	556,417	1,538,334
February-08	66,667	915,250	556,417	1,538,334
March-08	66,666	915,250	556,416	1,538,332
Total	<u>200,000</u>	<u>2,745,750</u>	<u>1,669,250</u>	<u>4,615,000</u>
April-08	6,762,583	915,250	556,417	8,234,250
May-08	6,762,583	915,250	556,417	8,234,250
June-08	6,762,583	915,250	556,416	8,234,249
July-08	6,762,583	915,250	556,417	8,234,250
August-08	6,762,583	915,250	556,417	8,234,250
September-08	6,762,583	915,250	556,416	8,234,249
October-08	6,762,583	785,750	556,417	8,104,750
November-08	6,762,583	785,750	556,417	8,104,750
December-08	6,762,583	785,750	556,416	8,104,749
January-09	6,762,583	785,750	556,417	8,104,750
February-09	6,762,583	785,750	556,417	8,104,750
March-09	6,762,583	785,750	556,416	8,104,749

Total	<u>81,151,000</u>	<u>10,206,000</u>	<u>6,677,000</u>	<u>98,034,000</u>
April-09	6,762,583	785,750	556,417	8,104,750
May-09	6,762,583	785,750	556,417	8,104,750
June-09	6,762,583	785,750	556,416	8,104,749
July-09	6,762,583	785,750	556,417	8,104,750
August-09	6,762,583	785,750	556,417	8,104,750
September-09	6,762,583	785,750	556,416	8,104,749
October-09	6,762,583	1,232,750	556,417	8,551,750
November-09	6,762,583	1,232,750	556,417	8,551,750
December-09	6,762,583	1,232,750	556,416	8,551,749
January-10	6,762,583	1,232,750	556,417	8,551,750
February-10	6,762,583	1,232,750	556,417	8,551,750
March-10	6,762,583	1,232,750	556,416	8,551,749
Total	<u>81,151,000</u>	<u>12,111,000</u>	<u>6,677,000</u>	<u>25,655,250</u>

Consolidated Edison Company of New York, Inc.
Monthly Rate Allowance for Medicare Part D
Calendar Year 2006 - March 2009

<u>Month / Year</u>	<u>Electric</u>	<u>Gas</u>	<u>Steam</u>	<u>Total</u>
January-06	-	-	-	-
February-06	-	-	-	-
March-06	-	-	-	-
April-06	-	-	-	-
May-06	-	-	-	-
June-06	-	-	-	-
July-06	-	-	-	-
August-06	-	-	-	-
September-06	-	-	-	-
October-06	-	-	-	-
November-06	-	-	-	-
December-06	-	-	-	-
Total	-	-	-	-
January-07	-	-	-	-
February-07	-	-	-	-
March-07	-	-	-	-
April-07	-	-	-	-
May-07	-	-	-	-
June-07	-	-	-	-
July-07	-	-	-	-
August-07	-	-	-	-
September-07	-	-	-	-
October-07	-	69,500	-	69,500
November-07	-	69,500	-	69,500
December-07	-	69,500	-	69,500
Total	-	208,500	-	208,500
January-08	-	69,500	-	69,500
February-08	-	69,500	-	69,500
March-08	-	69,500	-	69,500
Total	-	208,500	-	208,500
April-08	-	69,500	-	69,500
May-08	-	69,500	-	69,500
June-08	-	69,500	-	69,500
July-08	-	69,500	-	69,500
August-08	-	69,500	-	69,500
September-08	-	69,500	-	69,500
October-08	-	69,500	-	69,500
November-08	-	69,500	-	69,500
December-08	-	69,500	-	69,500
January-09	-	69,500	-	69,500
February-09	-	69,500	-	69,500
March-09	-	69,500	-	69,500

Total	<u>-</u>	<u>834,000</u>	<u>-</u>	<u>834,000</u>
April-09	-	69,500	-	69,500
May-09	-	69,500	-	69,500
June-09	-	69,500	-	69,500
July-09	-	69,500	-	69,500
August-09	-	69,500	-	69,500
September-09	-	69,500	-	69,500
October-09	-	139,084	-	139,084
November-09	-	139,084	-	139,084
December-09	-	139,084	-	139,084
January-10	-	139,084	-	139,084
February-10	-	139,084	-	139,084
March-10	-	139,084	-	139,084
Total	<u>-</u>	<u>1,251,504</u>	<u>-</u>	<u>417,252</u>

Consolidated Edison Company of New York, Inc.
Employee Pension & Welfare Exp (PSC 926.10) -12 Months Ended December 31, 2007

Type of Expense	PSC Acct	Company Acct	Account Description	Total Company	Electric Amount	Gas Amount	Steam Amount	IBC	Electric %	Gas %	Steam %	Total
Pension Expense - Qualified Plan	92610	05505	Pensions-Pens & Ben-Retire For Ag	113,404,555	89,249,385	18,371,538	5,783,632	ok 037	0.78700	0.16200	0.05100	1.00000
Retiree Health Care (OPEB)	92610	S5506	Emp Pens-Retirees' Health Plan	89,289,500	70,270,837	14,464,899	4,553,765	ok 037	0.78700	0.16200	0.05100	1.00000
Medicare Part D - Prescription	92610	F5520	Medicare Rx Legis Sav- Subsidy	(32,077,500)	(25,244,993)	(5,196,555)	(1,635,953)	ok 037	0.78700	0.16200	0.05100	1.00000
Retiree Life Insurance (OPEB)	92610	C5506	Emp Pension-Retire Group Life Ins	11,952,224	9,406,400	1,936,260	609,563	ok 037	0.78700	0.16200	0.05100	1.00000
Subtotal - Qualified Plans				182,568,779	143,681,629	29,576,142	9,311,008	ok				
Direct Pension Payments	92610	05517	Emp Pens-Elec-Direct	(2,008)	(2,008)	-	-	ok 030	1.00000	-	-	1.00000
Supplemental Pension Plan	92610	05507	Pensions-Supplemental	(439,427)	(345,829)	(71,187)	(22,411)	ok 037	0.78700	0.16200	0.05100	1.00000
Supplemental Pension Plan - Death Benefit	92610	B5506	Pensions-Supplemental	1,176,725	926,083	190,629	60,013	ok 037	0.78700	0.16200	0.05100	1.00000
Supplemental Pension Plan - Insurance	92610	C5505	Pensions-Supplemental	273,030	214,874	44,231	13,925	ok 037	0.78700	0.16200	0.05100	1.00000
Supplemental Pension Plan - Income	92610	A5505	Pensions-Supplemental	(4,370,641)	(3,439,696)	(708,044)	(222,903)	ok 037	0.78700	0.16200	0.05100	1.00000
Supplemental Pension Plan - Income	92610	B5505	Pensions-Supplemental	(63)	(49)	(10)	(3)	ok 037	0.78700	0.16200	0.05100	1.00000
Gross Pension & OPEB Expense				179,206,392	141,035,003	29,031,761	9,139,628	ok				
Capitalized	92610	05508	Pensions-Transf To Const	(63,156,820)	(45,896,061)	(14,923,957)	(2,336,802)	ok 036	0.72670	0.23630	0.03700	1.00000
Affiliate Billing - O&R (Pensions)	92610	05520	Emp Pens-Aff Reimb-Pensions	(2,776,646)	(2,185,220)	(449,817)	(141,609)	ok 037	0.78700	0.16200	0.05100	1.00000
Affiliate Billing - O&R (Health Ins)	92610	C5520	Emp Pens-Aff Reimb-Health Plans	(387,722)	(305,137)	(62,811)	(19,774)	ok 037	0.78700	0.16200	0.05100	1.00000
Affiliate Billing - O&R (Life Ins)	92610	S5520	Emp Pension-Aff Reimb Group Life Ins	(137,498)	(108,211)	(22,275)	(7,012)	ok 037	0.78700	0.16200	0.05100	1.00000
Billed to NYPA	92610	H5501	Pensions-Elec-Transfers To Pasny	(44,010)	(44,010)	-	-	ok 030	1.00000	-	-	1.00000
Net Current Pension & OPEB Exp				112,703,696	92,496,363	13,572,902	6,634,431	ok				
Amort. of Def Pension - Electric	92610	J5501	Emp Pens-Elec/Pens Reconcil-Amort	2,000,000	2,000,000	-	-	ok 030	1.00000	-	-	1.00000
Net Pension & OPEB Expense				114,703,696	94,496,363	13,572,902	6,634,431					
Pension / OPEB Deferral - Electric	92610	E5501	Emp Pens-Elec/Pension Reconcil	(100,447,227)	(100,447,227)	-	-	ok 030	1.00000	-	-	1.00000
Pension / OPEB Deferral - Gas	92610	G5502	Emp Pens-Gas/Pension Reconcil	(11,727,152)	-	(11,727,152)	-	ok 031	-	1.00000	-	1.00000
Medicare Part D Deferral - Gas	92610	N5502	Gas Medicare Part D Deferral	204,320	-	204,320	-	ok 031	-	-	-	-
Pension / OPEB Deferral - Steam	92610	S5503	Emp Pens-Steam/Pension Reconcil	42,570	-	-	42,570	ok 032	-	-	1.00000	1.00000
				2,776,208.10	(5,950,863.34)	2,050,070.35	6,677,001.09	ok				



July 21, 2008

Ms. Kelly McLaughlin
Department Manager, Accounting Research and Procedures
Consolidated Edison Company of New York, Inc.
Four Irving Place
New York, NY 10003-3598

Re: Updated Projections of CECONY Pension Accounting and Funding Costs

Dear Kelly:

As requested, we are writing to present the results of our updated projections of pension accounting cost for Con Edison's (CECONY) portion of the Consolidated Edison Retirement Plan (the "Plan") as well as funding cost for the Plan as whole. The projections were based on the results of the 2008 accounting and funding valuations, including the following updates:

- The projections reflect the final funding results, as shown in our report dated June 27, 2008.
- The projections reflect the recently negotiated improvements with Local 1-2 effective July 1, 2008: During the four-year period from July 1, 2008 through June 30, 2012, Local 1-2 participants who have attained at least age 55 and completed at least 30 years of service will receive an additional accrual of 0.5% for each year of service over 30 that is accrued during the four-year period. This additional benefit will be frozen as of June 30, 2012.
- The projections have been produced assuming an 8.5% actual return on assets for all years (as before); along with a second projection assuming a -7.0% actual return for 2008 and an 8.5% actual return thereafter.
- The projections are for 5 years.

This letter contains projections of accounting cost for Con Edison only (referred to as CECONY, but including costs for employees who transferred from CECONY to the unregulated subsidiaries). The projection of accounting cost for SRIP does not change as a result of the updated information and is thus not included with these projections. The funding projection in this letter is for the Retirement Plan in total.

- Table 1 shows the funding projection for the Retirement Plan (8.5% return for 2008)
- Table 2 shows the CECONY pension accounting projection (8.5% return for 2008)
- Table 1-A shows the funding projection for the Retirement Plan (-7.0% return for 2008)
- Table 2-A shows the CECONY pension accounting projection (-7.0% return for 2008)

Except for the plan change for Local 1-2 and the alternative assumed actual return for 2008, the projections were based on the same plan provisions, demographic assumptions and economic accounting cost assumptions, as were assumed and described in our previous letter of May 30, 2008, including a 6.0% discount rate and an 8.5% expected return on assets, assumed to apply for all future years. As always, it is likely that actual experience will not match the assumptions exactly and will thus result in accounting costs (and funding contributions) that are different from those projected. The projections do

Ms. Kelly McLaughlin
July 21, 2008
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not reflect the impact of any special accounting for curtailments and settlements that could apply if there are any divestitures or other special events.

Con Edison's funding policy has been to contribute its pension accounting cost, but not greater than the maximum deductible contribution or less than the minimum required contribution. Under the assumptions used for the attached projections, the Companies will be able to contribute at least their pension accounting costs for the next 5 years. This would not necessarily be the case under alternative assumptions.

The results of the projections are partially due to the assumptions used and partially due to the level of funding of the Plan. As you know, the FAS 87 calculations used a discount rate of 6.0% and an expected return on assets of 8.5%. The projections assume that actual experience will conform to the assumptions and that there are no demographic gains or losses. The only asset gains and losses for accounting result from the operation of the market-related value of assets. The projections assume that Company contributions on and after 2008 are made on September 15 of each year. In order to be consistent between the expense and funding projections, we continued to assume that the market value of assets will earn 8.5% except for the scenario with -7.0% return in 2008.

Please note that Congress is considering technical corrections to the Pension Protection Act of 2006 (PPA). The House of Representatives passed the bill last week. If these technical corrections are enacted, the funding projections would need to be revised.

I am a Member of the American Academy of Actuaries and I meet the Academy's Qualification Standards to issue this Statement of Actuarial Opinion.

Please call us if you have any questions.

Very truly yours,



Claire L. Wolkoff, FSA, MAAA, EA, FCA
Principal, Consulting Actuary

CLW:lnr
Enc.
DOC:ConEdison2008ProjectionsCEI-Updated.doc

cc Ms. Mary Costello
Mr. Barry Goldberg
Mr. Larry Rothweiler
Mr. James Blydenburgh

TABLE I
CON EDISON RETIREMENT PLAN
PENSION FUNDING PROJECTION FOR 5 YEARS
BASED ON JANUARY 1, 2008 VALUATION RESULTS
ASSUMES 8.50% ANNUAL RETURN ON MARKET VALUE FOR 2008 AND 8.50% THEREAFTER
(all amounts in millions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Market value of assets	8,397.9	8,806.9	9,221.7	9,724.8	10,226.8	10,708.6
Actuarial value of assets (with receivable contributions)	8,545.2	8,941.8	9,428.4	9,911.8	10,376.6	10,787.7
PPA effective interest rate	6.12%	6.30%	6.47%	6.48%	6.48%	6.48%
Funding target (FT)	8,254.9	8,325.0	8,416.3	8,670.6	8,940.4	9,218.1
Target normal cost	180.6	189.8	198.4	211.2	224.0	237.4
Carryover balance at beginning of year	975.8	889.2	786.8	853.7	926.2	1,004.9
Prefunding balance at beginning of year	0.0	0.0	4.9	192.3	341.4	390.7
<u>Funding Target Attainment %</u>						
Assets reduced by carryover and prefunding balances	91.7%	96.7%	102.6%	102.3%	101.9%	101.9%
Assets reduced by prefunding balance only	103.5%	107.4%	112.0%	112.1%	112.2%	112.8%
<u>Minimum required contribution at beginning of year</u>						
Target normal cost	180.6	189.8	198.4	211.2	224.0	237.4
Excess assets reduced by balances over FT	0.0	0.0	220.5	195.2	168.6	174.0
Shortfall amortization charge	0.0	0.0	0.0	0.0	0.0	0.0
Minimum contribution before offsets	180.6	189.8	0.0	16.0	55.4	63.4
<u>Contributions for year</u>						
Expected accounting cost contribution*	127.2	194.4	175.6	140.7	74.4	11.3
Carryover/prefunding balance(s) used to reduce contributions	156.3	164.0	0.0	0.0	0.0	52.1
Additional minimum required contribution	0.0	0.0	0.0	0.0	0.0	0.0
*Accounting cost for year x discounted to beginning of year x-1						
<u>Maximum deductible contribution</u>						
Liability for maximum	13,311.3	13,432.0	13,585.7	14,003.1	14,445.0	14,900.2
Actuarial value of assets	8,545.2	8,941.8	9,428.4	9,911.8	10,376.6	10,787.7
Maximum deductible contribution	4,766.2	4,490.2	4,157.4	4,091.3	4,068.4	4,112.5
Assumed contribution payable September 15	147.2	140.7	215.8	195.5	156.6	82.8

Notes:

- (1) Based on the PPA interest rate shown above, a 3.00% rate of inflation, an assumed interest crediting rate for cash balance accounts of 5.20%, and an average rate of salary increase of 4.00%.
(2) Assumes 8.50% annual return on market value for 2008 and 8.50% thereafter.
(3) Assets assume Company contributes the greater of the accounting cost and the minimum required contribution, up to the maximum deductible amount.

- (4) Carryover balance is used to reduce the minimum contribution.
(5) Active population assumed to remain constant.
(6) Numbers may not add due to rounding.

TABLE 2

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FAS 87 PROJECTION FOR 5 YEARS - RETIREMENT PLAN
BASED ON JANUARY 1, 2008 VALUATION

ASSUMES 8.50% ANNUAL RETURN ON MARKET VALUE FOR 2008 AND 8.50% THEREAFTER
(all amounts in millions)

Reconciliation of Funded Status as of January 1	Actual	Projected				
	2008	2009	2010	2011	2012	2013
Total projected benefit obligation (PBO)	\$ (8,100.2)	\$ (8,308.3)	\$ (8,515.0)	\$ (8,717.5)	\$ (8,916.7)	\$ (9,111.0)
Plan assets at fair value	8,024.7	8,397.7	8,777.3	9,248.9	9,720.9	10,173.9
Funded status	(75.6)	89.4	262.3	531.4	804.2	1,062.9
Unrecognized:						
Net (gain)/loss	1,574.0	1,420.6	1,257.7	997.5	733.1	482.6
Prior service cost	47.0	39.6	32.2	25.3	18.9	12.7
Net transition obligation/(asset)	0.0	0.0	0.0	0.0	0.0	0.0
(Accrued)/prepaid benefit cost	1,545.4	1,549.7	1,552.2	1,554.2	1,556.2	1,558.2
(Accrued)/prepaid benefit cost prior year	1,541.2	1,545.4	1,549.7	1,552.2	1,554.2	1,556.2
Net periodic benefit cost	94.6	110.8	107.9	188.7	170.8	134.1
Contributions to qualified plan	98.8	115.0	110.5	190.7	172.8	136.1
(Accrued)/prepaid benefit cost for year	1,545.4	1,549.7	1,552.2	1,554.2	1,556.2	1,558.2
<u>Pension Charge for Fiscal Year</u>						
Service cost including expenses	127.3	133.3	138.5	143.7	147.8	152.0
Interest cost on PBO	473.9	485.8	497.6	509.2	520.5	531.5
Expected return on market-related assets	(660.2)	(695.4)	(730.3)	(771.9)	(808.8)	(845.0)
Amortization of:						
(Gains)/losses	162.3	176.7	275.9	283.4	268.4	222.2
Unrecognized prior service cost	7.4	7.4	6.9	6.3	6.2	4.1
Transition obligation/(asset)	0.0	0.0	0.0	0.0	0.0	0.0
Net amortization	169.7	184.1	282.8	289.8	274.6	226.3
<u>Pension Accounting Cost</u>						
Net periodic benefit cost (credit)	110.8	107.9	188.7	170.8	134.1	64.8
Amortization of special retirement programs	4.2	2.6	2.0	2.0	2.0	2.0
Total	115.0	110.5	190.7	172.8	136.1	66.8
Market-related value of assets	7,934.6	8,359.5	8,758.2	9,262.7	9,718.1	10,173.1
Projected benefit payments	408.5	428.2	449.7	470.2	490.9	511.9

Notes:

- (1) Based on a 6.00% discount rate, a 2.40% rate of inflation, an assumed interest crediting rate for cash balance accounts of 5.20%, and an average rate of salary increase of 4.00%.
 (2) Assumes 8.50% annual return on market value for 2008 and 8.50% thereafter.
 (3) Expected return on market-related value of assets is 8.50%.

- (4) Assets assume Company contributes accounting cost to the extent deductible, not less than the minimum required contribution.
 (5) Active population assumed to remain constant.
 (6) Numbers may not add due to rounding.

TABLE 1-A
CON EDISON RETIREMENT PLAN
PENSION FUNDING PROJECTION FOR 5 YEARS
BASED ON JANUARY 1, 2008 VALUATION RESULTS
ASSUMES -7.00% ANNUAL RETURN ON MARKET VALUE FOR 2008 AND 8.50% THEREAFTER
(all amounts in millions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Projected</u>		
				<u>2011</u>	<u>2012</u>	<u>2013</u>
Market value of assets	8,397.9	7,532.3	7,886.0	8,370.8	8,901.6	9,462.4
Actuarial value of assets (with receivable contributions)	8,545.2	7,711.4	8,181.8	8,692.1	9,230.5	9,764.2
PPA effective interest rate	6.12%	6.30%	6.47%	6.48%	6.48%	6.48%
Funding target (FT)	8,254.9	8,325.0	8,416.3	8,670.6	8,940.4	9,218.1
Target normal cost	180.6	189.8	198.4	211.2	224.0	237.4
Carryover balance at beginning of year	975.8	762.1	638.7	346.4	17.2	18.7
Prefunding balance at beginning of year	0.0	0.0	0.0	0.0	0.0	301.9
<u>Funding Target Attainment %</u>						
Assets reduced by carryover and prefunding balances	91.7%	83.5%	89.6%	96.3%	103.1%	102.5%
Assets reduced by prefunding balance only	103.5%	92.6%	97.2%	100.2%	103.2%	102.6%
<u>Minimum required contribution at beginning of year</u>						
Target normal cost	180.6	189.8	198.4	211.2	224.0	237.4
Excess assets reduced by balances over FT	0.0	0.0	0.0	0.0	272.9	225.5
Shortfall amortization charge	0.0	229.4	171.7	171.7	0.0	0.0
Minimum contribution before offsets	180.6	419.2	370.1	382.8	0.0	11.9
<u>Contributions for year</u>						
Expected accounting cost contribution*	168.7	278.2	301.8	308.9	283.5	218.0
Carryover/prefunding balance(s) used to reduce contributions	156.3	173.5	319.5	330.5	0.0	0.0
Additional minimum required contribution	0.0	0.0	0.0	0.0	0.0	0.0
*Accounting cost for year x discounted to beginning of year x-1						
<u>Maximum deductible contribution</u>						
Liability for maximum	13,311.3	13,432.0	13,585.7	14,003.1	14,445.0	14,900.2
Actuarial value of assets	8,545.2	7,711.4	8,181.8	8,692.1	9,230.5	9,764.2
Maximum deductible contribution	4,766.2	5,720.6	5,404.0	5,311.0	5,214.5	5,136.0
Assumed contribution payable September 15	147.2	186.7	308.8	335.9	343.8	315.5

Notes:

- (1) Based on the PPA interest rate shown above, a 3.00% rate of inflation, an assumed interest crediting rate for cash balance accounts of 5.20%, and an average rate of salary increase of 4.00%.
(2) Assumes -7.00% annual return on market value for 2008 and 8.50% thereafter.
(3) Assets assume Company contributes the greater of the accounting cost and the minimum required contribution, up to the maximum deductible amount.

- (4) Carryover balance is used to reduce the minimum contribution.
(5) Active population assumed to remain constant.
(6) Numbers may not add due to rounding.

Exhibit (AP-3)
Page 124 of 128

TABLE 2-A

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FAS 87 PROJECTION FOR 5 YEARS - RETIREMENT PLAN

BASED ON JANUARY 1, 2008 VALUATION

ASSUMES -7.00% ANNUAL RETURN ON MARKET VALUE FOR 2008 AND 8.50% THEREAFTER

(all amounts in millions)

Reconciliation of Funded Status as of January 1	Actual		Projected			
	2008	2009	2010	2011	2012	2013
Total projected benefit obligation (PBO)	\$ (8,100.2)	\$ (8,308.3)	\$ (8,515.0)	\$ (8,717.5)	\$ (8,916.7)	\$ (9,111.0)
Plan assets at fair value	8,024.7	7,180.4	7,501.5	7,955.8	8,455.3	8,983.9
Funded status	(75.6)	(1,127.9)	(1,013.5)	(761.7)	(461.4)	(127.1)
Unrecognized:						
Net (gain)/loss	1,574.0	2,638.0	2,533.4	2,290.7	1,998.7	1,672.6
Prior service cost	47.0	39.6	32.2	25.3	18.9	12.7
Net transition obligation/(asset)	0.0	0.0	0.0	0.0	0.0	0.0
(Accrued)/prepaid benefit cost	1,545.4	1,549.7	1,552.2	1,554.2	1,556.2	1,558.2
(Accrued)/prepaid benefit cost prior year	1,541.2	1,545.4	1,549.7	1,552.2	1,554.2	1,556.2
Net periodic benefit cost	94.6	110.8	151.9	277.6	304.9	313.1
Contributions to qualified plan	98.8	115.0	154.5	279.6	306.9	315.1
(Accrued)/prepaid benefit cost for year	1,545.4	1,549.7	1,552.2	1,554.2	1,556.2	1,558.2
Pension Charge for Fiscal Year						
Service cost including expenses	127.3	133.3	138.5	143.7	147.8	152.0
Interest cost on PBO	473.9	485.8	497.6	509.2	520.5	531.5
Expected return on market-related assets	(660.2)	(675.7)	(691.7)	(715.4)	(735.9)	(757.5)
Amortization of:						
(Gains)/losses	162.3	201.1	326.3	361.1	374.5	357.3
Unrecognized prior service cost	7.4	7.4	6.9	6.3	6.2	4.1
Transition obligation/(asset)	0.0	0.0	0.0	0.0	0.0	0.0
Net amortization	169.7	208.4	333.2	367.5	380.7	361.3
Pension Accounting Cost						
Net periodic benefit cost (credit)	110.8	151.9	277.6	304.9	313.1	287.3
Amortization of special retirement programs	4.2	2.6	2.0	2.0	2.0	2.0
Total	115.0	154.5	279.6	306.9	315.1	289.3
Market-related value of assets	7,934.6	8,116.1	8,279.0	8,560.3	8,809.8	9,081.2
Projected benefit payments	408.5	428.2	449.7	470.2	490.9	511.9

Notes:

- (1) Based on a 6.00% discount rate, a 2.40% rate of inflation, an assumed interest crediting rate for cash balance accounts of 5.20%, and an average rate of salary increase of 4.00%.
(2) Assumes -7.00% annual return on market value for 2008 and 8.50% thereafter.
(3) Expected return on market-related value of assets is 8.50%.

- (4) Assets assume Company contributes accounting cost to the extent deductible, not less than the minimum required contribution.
(5) Active population assumed to remain constant.
(6) Numbers may not add due to rounding.



"Lee, Helen L." <LEEHE@coned.com>

08/20/2008 04:47 PM

To <jane_wang@dps.state.ny.us>

cc <william_wade@dps.state.ny.us>, "Prager, Stephen"
<PRAGERS@coned.com>

bcc

Subject FW: Case 08-E-0539 July Update

This document IS flagged as a record

History:  This message has been forwarded.

I think we have a double count on this. See attached. The first worksheet was included in the backup papers to our July update. The second one was not and should not have been in our update. When we originally got the MAC O&M program changes for the update, someone summarized it by Company Labor and Other. You'll note the Other is \$1.019 mil and with escalation at 5.19%, it adds up to \$1.072 mil that you're asking about. I sent it back and asked them to break out Other into more cost elements. They broke out Contract Labor and M&S and that's the version that was to be used in the update. Unfortunately we forgot to remove the original MAC adj of \$1.019/\$1.072 mil. So we have a double count. Sorry, we'll fix on Sep update.

From: jane_wang@dps.state.ny.us [mailto:jane_wang@dps.state.ny.us]

Sent: Wednesday, August 20, 2008 1:00 PM

To: Lee, Helen L.

Cc: william_wade@dps.state.ny.us

Subject: RE: Case 08-E-0539 July Update

Helen,

What is the \$1.072 million increase under "Other" O&M expense (line 22 g) in the July update? I don't see any workpaper to support that. The workpaper for MAC correction only includes labor, contract labor,



and M&S. Can you provide workpapers? Thanks. **MAC.pdf**

Consolidated Edison Company of New York, Inc.
 Electric Rate Case 2008
 July Update
 MAC O&M Programs Changes Related to Capital Expenditures

Organization	Program name	Company Labor	Contract Labor	M&S	Total
Energy Services	New Business Capital Major Projects	391	-	-	391
BQ Electric Operations	Newtown	38	-	1	39
Combined Electric Operations	Network Transformer Normal and >125%	1,313	-	133	1,446
Electric Operations	Overhead Transformer	650	-	-	650
Electric Operations	PILC	45	-	-	45
Electric Operations BW and BQ	Cable Crossings	29	-	1	30
Electric Operations	Network Reliability	101	-	5	106
Electric Operations	Coastal Storm Mitigation	33	-	4	37
Electric Operations	Grounding Transformer	4	-	1	5
Distribution Engineering	TRIP Circuit Monitor	-	415	-	415
Electric Operations	USS Life Extension	40	-	-	40
Electric Operations	OSMOSE Accelerated C-Truss	83	171	-	254
Electric Operations	Auto Loop Reliability	517	-	28	543
Electric Operations	Aerial Cable Replacement	292	-	-	292
Electric Operations	ESCO Switch Replacement	-	-	10	10
Staten Island	33 KV Interruptible Switches	16	-	-	16
Electric Operations	13 KV Feeder Sectionalizing (gang/Vista Switch)	28	-	-	28
Electric Operations	4 KV UG Reliability	140	-	2	142
Electric Operations	OH Feeder Reliability/ VRS Replacement	150	-	-	150
Staten Island	Automated Emergency Ties	75	-	-	75
Distribution Engineering	Underground Secondary Rebuild Program	100	-	-	100
Electric Operations	ATS Installation USS Reliability	420	-	-	420
Distribution Engineering	4KV Load Shedding System	400	50	-	450
Distribution Engineering	SCADA System Consol. Plan	-	200	-	200
Total		\$4,865	\$838	\$183	\$5,884

$\times 107.78\%$ 105.19% 105.19%
 $\sqrt{4243}$ $\sqrt{879}$ $\sqrt{192}$
 Adj $6(2)$ $7(2)$ $16(3)$

Consolidated Edison Company of New York, Inc.
Electric Rate Case 2008
July Update
MAC O&M Programs Changes Related to Capital Expenditures

<u>Company Labor</u>	<u>Others</u>	<u>Total</u>
391	-	391
38	1	39
1,313	133	1,446
650	-	650
45	-	45
29	1	30
101	5	106
33	4	37
4	1	5
-	415	415
40	-	40
83	171	254
517	26	543
292	-	292
-	10	10
16	-	16
28	-	28
140	2	142
150	-	150
75	-	75
100	-	100
420	-	420
400	50	450
-	200	200
<u>\$4,865</u>	<u>\$1,019</u>	<u>\$5,884</u>