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 Testimony of:

Staff Shared Services Panel

Christine A. Carpio, Junior Engineer

Wayne Lee, Utility Engineer 2

Liliya A. Randt, Utility Engineer 2

Michael J. Rieder, Utility Engineer 3

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Q. Please state your names, employer, and business address.

A. Christine A. Carpio, Wayne Lee, Liliya A. Randt, and Michael J. Rieder. We are employed by the New York State Department of Public Service (Department). Mr. Lee is located at 90 Church Street, New York, New York 10007. Ms. Carpio, Ms. Randt, and Mr. Rieder are located at Three Empire State Plaza, Albany, New York 12223.

Q Ms. Carpio, what is your position at the Department?

A. I am employed as a Junior Engineer in the Gas Policy Section of the Office of Electric, Gas and Water.

Q. Please state your educational background and professional experience.

A. I graduated from the United States Military Academy at West Point with a Bachelor of Science degree in Systems Engineering and General Management in 2002. I also received a Master of Human Relations degree from the University of Oklahoma in 2006. I began my employment with the Department in August 2007.

Q. Please describe your duties with the Department.

A. My responsibilities include the analysis of natural gas utility policy matters including capacity asset management, gas purchasing practices, and gas system reliability.

Q. Have you previously testified before the Commission?

A. No, I have not.

Q. Mr. Lee, what is your position at the Department?

A. I am employed as a Utility Engineer 2 in the Electric Rates Section of the Office of Electric, Gas and Water.

Q. Please state your educational background and professional experience.

A. I graduated from Long Island University in June 1967 with a Bachelor of Science degree in Engineering Science. At that time, I began employment with Grumman Aerospace Corporation as a Subsystem Test Engineer. In July 1974, I began my employment with the Department in the Water Division.

Q. Please describe your duties with the Department.

A. My duties have included the determination of original cost and related depreciation of utility property, analysis of operation and maintenance expenses, allocated cost of service studies and specific studies concerning the regulation of companies under the Commission's jurisdiction. I was also an expert witness in a civil suit involving adequacy of service.

Q. Have you previously testified before the Commission?

A. Yes, I have previously testified before the Commission and before the Connecticut Commission in rate proceedings.

Q. Ms. Randt have you already discussed your educational background, professional and testimonial experience, and responsibilities?

A. Yes, that information is included in my individual testimony in this proceeding.

Q. Mr. Rieder have you already discussed your educational background, professional and testimonial experience, and responsibilities?

A. Yes, that information is included in my individual testimony in this proceeding.

Overview

Q. What is the purpose of the Staff Shared Services

Panel's (SSSP) testimony?

A. The purpose of this testimony is to address Consolidated Edison Company of New York, Inc.'s (Con Edison or the Company) shared services, or common, capital projects and operation and maintenance (O&M) programs as presented by the Company's Shared Services Panel (SSP). The Company's SSP presents capital projects and programs for the calendar years 2008 through 2012. It also presents O&M programs for the rate years ending March 31, 2009, 2010, 2011, 2012, and 2013. In this testimony, we recommend adjustments that reduce the Company's plant in service levels by $99.216 million and adjustments that reduce the Company's O&M expenses by $2.698 million for the rate year ending March 31, 2010. While Staff is addressing only a one year case in this proceeding, we did review the Company's proposed capital and O&M spending plans beyond the rate year and we will present our findings, including our proposed plant levels for the rate years ending March 31, 2011 and 2012, in this testimony.

Q. Please describe your presentation of this testimony.

A. We summarize our proposed adjustments to the Company's forecasted net plant accounts and adjustments to the Company's proposed O&M expense levels. We then describe our review of the Company's shared services capital and O&M projects and programs and the general nature of our adjustments. Following that, we explain in detail the adjustments we are recommending for each capital project and program. We then present our support of a cap on net plant amounts and quarterly reporting of project cost variances, as sponsored by Staff witness Padula. We conclude with our recommended adjustments to the Company's proposed O&M expenses.

Q. Does your testimony refer to, or otherwise rely upon, any information produced during the discovery phase of this proceeding?

A. Yes. We refer to, and have relied upon, several responses to Staff Information Requests, which we are sponsoring as Exhibit___(SSSP-1).

Summary of Adjustments

Q. Please summarize the impact your recommended adjustments to the Company's shared services capital budget will have on the amount of plant used for ratemaking purposes in this case.

A. As discussed in more detail by the Staff Infrastructure Investment Panel, we are not proposing changes to Con Edison's shared services capital budget. Rather, we are recommending an adjustment to the amount of plant expected to be added to the Company's plant accounts during the rate year, thereby adjusting the amount of carrying charges to be recovered from customers. Our adjustments reflect the level of capital additions the Company has justified in its initial rate case presentation and during the discovery phase of this proceeding and, thus, the level of plant in service that is most appropriate to use in setting rates. The rates to be paid by customers will be set based on, among other items, the level of forecasted plant we are recommending in this testimony. If the Company adds plant at levels in excess of the forecasted level rates are based upon, there are no provisions for automatically adjusting rates associated with that increased level of plant until the Company's next rate proceeding. However, as we will explain later in our testimony and as proposed by the Staff Infrastructure Panel, Con Edison, in its next rate proceeding, should be required by the Commission to fully justify the need and cost associated with all plant added to its accounts that exceeds the rate year levels approved by the Commission in this proceeding, thus protecting customers from potential inappropriate overspending by the Company.

Q. Please summarize the impact your recommended adjustments will have on the amount of plant used for ratemaking purposes.

A. The Company proposes to increase the amount of common plant added to plant in service in the amount of $191.977 million, $156.748 million, and $247.150 million for the rate years ending March 31, 2010, 2011, and 2012, respectively. The shared services capital program adjustments recommended in this testimony reduce the amount of common plant added to plant in service by $99.216 million, $90.626 million, and $181.909 million in the rate years ending March 31, 2010, 2011, and 2012, respectively. We provided our specific capital adjustments to Staff Witness Randt. Ms. Randt incorporated these adjustments into the Company's plant in service forecast model to develop an average net plant amount to be used for ratemaking purposes and then provided the average net plant amount to the Staff Accounting Panel. The Staff Accounting Panel used the average net plant amount to develop the overall revenue requirement.

Q. Please summarize the impact your recommended adjustments to the Company's O&M programs will have on its revenue requirement.

A. The Company's proposed shared services O&M program changes, with the exception of vehicle fuel costs, would increase its O&M expenses by $30.842 million in the rate year ending March 31, 2010, as shown in Exhibit___(SSSP-2). The shared services O&M adjustments recommended in this testimony reduce Con Edison's proposed annual level of shared services O&M expenses by

$2.698 million for the rate year ending March 31, 2010.

Q. Please explain how the level of plant and shared services O&M expenses are used for ratemaking purposes.

A. As discussed in more detail by the Staff Infrastructure Investment Panel, Con Edison presents its capital budgets on a calendar year basis, which reflects the level of spending it expects to incur on capital projects during that calendar year. The level of plant assumed for ratemaking purposes is the average amount of net plant in service expected to be included in the Company's rate base during the rate year. The amount of net plant forecasted is calculated by taking the existing amount of plant in service during the test year, per the Company's books, adding the amount of plant that is expected to be placed in service during each month of the bridge period and rate year, and subtracting an amount accruing for depreciation on that plant during each month. The average of the monthly net plant in service balances is the level that is reflected in rate base. Con Edison is allowed an opportunity to recover a return on its investment in plant in service and recover, via depreciation, this investment over the useful life of the plant. The amount included in rates to provide a return on the net cost of the plant, the depreciation of the plant, and property taxes related to the plant is often called the carrying charges on the investment. With regard to the level of O&M expenses used for ratemaking purposes, we are setting rates based on the forecast of costs proposed by Con Edison and adjusted by us.

Extent of Staff's Review

Q. Please explain the review you performed in arriving at your adjustments.

A. We reviewed each shared services capital project or program for which Con Edison budgeted expenditures for during calendar years 2009, 2010, 2011, and 2012. Similarly, we reviewed each O&M program proposed by the Company for the rate years ending March 31, 2010, 2011, and 2012. Our review and evaluation of those projects and programs resulted in our adjustments based on the need, timing, and cost of the projects and programs. We submitted numerous information requests seeking additional information and justification from Con Edison, and we met with Company personnel to discuss, clarify, and investigate the proposed capital and O&M programs.

General Nature of Staff's Adjustments

Q. Please describe the general nature of your adjustments.

A. Our adjustments can be categorized into three groups: need, timing and cost. With regard to need assessment, we reviewed the justification provided by the Company in its pre-filed testimony and exhibits, during interviews and in response to information requests for each project and program to make a determination as to each project's necessity to ensure the provision of safe and adequate service. For those projects that we determined were not fully justified or necessary, we recommend that the cost of the project be excluded from the Company's rate year rate base projection.

Q. Please continue.

A. In addition to assessing the need for each project and program, we determined whether the timing of that project's reflection in the Company's plant in service forecast model was consistent with the expected completion of the project, when it becomes used and useful to customers. Finally, we made a determination of the reasonableness of the costs associated with the projects and programs. Specifically, we determined whether the level of funding for each program was appropriate, and in instances where we conclude otherwise, we propose the appropriate adjustments.

Capital Adjustments

Q. Turning now to the Panel's specific adjustments to the Company's capital projects and programs, please describe each project or program, adjustment and associated justification.

A. We are proposing several adjustments to the Company's capital projects related to its shared facilities. The first adjustment is to the Rye Command Center capital project. Con Edison plans to renovate its existing Electric Operations Emergency Management (EOEM) office space, located on the third floor of 511 Theodore Fremd Avenue, to house an Incident Command Center. The location will be used on a day-to-day basis by the Company's core EOEM staff. The Company budgeted $2.0 million in 2009 for this renovation project.

Q. What is your proposed adjustment?

A. We recommend an adjustment of $950,000 based on a known cost estimate reduction associated with this project. In IR DPS-160, Staff requested the justification, scope of work, project schedule and cost breakdown for this project. The Company's estimated cost breakdown for this project, provided in its response to DSP-160, shows a $950,000 decrease in the cost from the original estimate presented in the Company's filing. We have, therefore, reduced the amount of plant added to the Company's plant in service by $950,000.

Q. Please discuss your next adjustment.

A. Our second adjustment is to the Hurricane Building Hardening Project. Con Edison plans to strengthen and reinforce certain facilities in the event of a hurricane to increase the likelihood that critical facilities will continue to be operable. The Company conducted several studies to determine the potential effect various category level hurricanes would have on its facilities. Based on the results of these studies, the Company budgeted $36.125 million during 2009-2013 for this project. The Company proposes to add the plant associated with this project ratably to its plant in service beginning in January 2010. However, based on its response to Staff IR DPS-156 regarding the timing and cost for this project, the Company characterizes the $36.125 million estimate as only a placeholder.

Q. Please continue.

A. The Company conducted four different studies that provide different plans and cost estimates to complete these projects in the range of $23.5 million to $36.125 million. These plans have not been presented to the Company's senior management for review and approval. According to its response to DPS-156, the Company has not selected a scope of work, developed a current working estimate or developed a project schedule for this project. The level of spending for this project is dependent upon the selection of a plan and subject to senior management review and approval. Thus, the plan and level of spending may change or the plan may be delayed. Because of the uncertainty of the timing and cost of this project, we recommend that the total amount for this project not be included as part of the Company's rate base at this time.

Q. Please continue with your next adjustment.

A. Our next adjustment is to the Facilities Flush Improvements Projects. The Company plans to upgrade the unloading areas at all four flush facilities and replace three wastewater treatment systems. The Company budgeted $23.45 million during 2009-2010 and proposes to add plant related to this project to its plant in service ratably, beginning in December 2009.

Q. Please continue.

A. In its response to Staff IRs DPS-158 and DPS-425, which requested project estimates, cost breakdown, proposed schedule and the forecasted date of completion for each of the four facilities, the Company stated that the "project engineering would begin during the summer of 2008 and the anticipated schedule would require selection of a vendor during the 4th quarter of 2008, with final deliverables due by mid-2009." In response to Staff IR DPS-425, the Company stated that "facility design have yet to be finalized, a construction plan has not been developed. Con Edison is not able to reliably forecast completion dates for the four flush facilities at this time." Based on these two IR responses, the Company has not met its burden to show that the Facilities Flush Improvements Project will be completed and be used and useful during the rate year. Therefore, we recommend that this project not be reflected in the Company's rate base for the rate year.

Q. Please continue with your next adjustment.

A. The Human Resources Enterprise Shared Services - Project consists of the following projects: eLearning course development, Learning Center Infrastructure Improvements, Learning Center Registration Upgrade and the Incident Commander

Simulator. The eLearning course development project is an on-going project that continues to develop and utilize the methodologies of eLearning training. The Learning Center Infrastructure Improvements project centers on maintaining an up-to-date facility that includes upgrades aimed at modernizing classroom space and design. The Learning Center Registration Upgrade is intended to extend the life of the Registration System that will not be replaced as part of the Human Resource PeopleSoft implementation. Finally, the Incident Commander Simulator is a new virtual reality interactive system intended to provide users with the opportunity to develop skills in emergency communication, mitigation, control and management in a stressful yet safe environment.

Q. Are you recommending any adjustments associated with this project?

A. Yes. Con Edison's plant in service forecast model erroneously imputes a cost for these projects of $4.35 million in 2008. However, this amount should be $2.35 million, a change in program cost of $2.0 million.

Q. What is the justification associated with this adjustment?

A. The Company's Shared Services Panel pre-filed testimony, Exhibit___(SSP-12), indicates a 2008 budget of $2.35 million. Accordingly, we are correcting the amount reflected in the Company's plant in service forecast model.

Q. Please continue with your next adjustment.

A. In our review of the Company's plant in service forecast model, we identified capital additions associated with common plant general equipment and Con Edison's Corporate Accounting Ledger System. Its plant in service forecast model shows plant associated with common plant general equipment added to plant in service in the amounts of $76.916 million in 2009, $74.048 million in 2010, $74.059 million in 2011, and $74.059 million in 2012. The capital additions included in this category are furniture, vehicles, store equipment, shop equipment, lab and test equipment, tools, miscellaneous, telecommunications and computers. The list of the capital additions and the level of spending for each year are shown in Exhibit___(SSSP-3).

In addition, the plant in service forecast model shows plant associated with the Corporate Accounting Ledger System added to plant in service in the amounts of $93.0 million in 2011 and $7.0 million in 2012.

Q. Did the Company address and provide justification for these capital additions in its pre-filed testimony or exhibits?

A. No. The Company did not address or justify these projects in its pre-filed testimony or its exhibits. Staff IR DPS-318 explicitly requested that the Company identify where in its pre-filed testimony or exhibits the support for each of the capital additions associated with common plant general equipment could be found and also requested a needs analysis or other justification for each of these capital additions. In its response, the Company did not identify where in its pre-filed testimony or exhibits we could find any information regarding these projects, nor did it provide justification for the general equipments capital additions. Rather, in its response to DPS-318 the Company provided white paper GE 1 "General equipment for capital account" that describes examples of equipment for its capital plant accounts and stated that, "these projects are routine in nature and are based on the needs of the various departments".

Q. Did Con Edison provide workpapers for its Corporate Accounting General Ledger System?

A. Yes. In its response to DPS-318, the Company provided workpapers for its Corporate Accounting General Ledger system marked as F1, and included in our Exhibit___(SSSP-1). However, this workpaper, in and of itself, does not provide the justification necessary to warrant its inclusion into the Company's plant in service, and thus used for ratemaking purposes. Workpaper F1 appears to justify, as written under the paragraph designated "Work Description," the "O&M funding for a phase Zero study to determine the cost and scope of implementing a new, single Financials/Supply Chain ERP (Enterprise Resource Planning) system for the regulated utility companies of Consolidated Edison Inc. (CEI)…" The Phase Zero Study is schedule to be completed in June 2009.

As shown in Workpaper F1, the project's "timeframe and cash flow will be determined during the study." Workpaper F1 further shows that the "estimated projected cost will be approximately $100,000 million after the completion of the Phase Zero study."

Q. What is your recommended adjustment?

A. Counsel advises that the Company has the burden of proof to show there is a basis for its request for its proposed recovery of costs. Based on the absence of any justification for the project's need, timing and cost associated with common plant general equipment and justification of the timing and cost of the Corporate Accounting General Ledger System, we recommend that the amounts proposed by Con Edison to be added to plant in service be eliminated at this time.

Q. Please summarize the impact your capital adjustments have on the Company's estimated level of plant in service.

A. Our capital adjustments will reduce Con Edison's estimated level of plant in service by $99.216 million, $90.626 million, and $181.909 million in the rate years ending March 31, 2010, 2011, and 2012, respectively.

Net Plant Cap and Cost Variance Reporting

Q. Staff witness Padula recommends a cap on net plant assumed for ratemaking purposes and cost variance reporting. Are you supportive of such mechanisms to ensure that the Company is effectively managing its capital investments?

A. Yes. The plant in service levels we propose in our testimony should be construed to be the cap, or maximum limit, on the amount of shared services plant that is used for ratemaking purposes. If, at the conclusion of the rate year, an amount less than those levels recommended in this testimony were actually added to the Company's plant accounts, the Commission should require Con Edison to refund to customers the incremental carrying charges associated with the reduced level of investment. If the amount of plant added to the Company's plant accounts during the rate year exceeds those levels recommended in this testimony, the Company should not be allowed to prospectively recover the associated carrying charges in its next rate case until it fully justifies the need and cost of the projects which caused the plant accounts to exceed the levels proposed in this testimony. With regard to the project cost variance reporting recommended by Staff witness Padula, we recommend that for every project addressed in its Shared Services Panel pre-filed testimony that varies by 10%, plus or minus, from the current projected cost, Con Edison be required to indentify the causes of the variance and report such quarterly to the Director of the Office of Electric, Gas, and Water. This reporting requirement is recommended as it supports the on-going review of the Company's projects and programs to ensure the Company undertakes the projects it has identified in this proceeding at a reasonable cost. The Commission should direct Con Edison to also identify new shared services projects it has undertaken that were not addressed in its filing in this proceeding. Justification of the need and cost of these projects should also be provided. On this point, the Company should be aware of the fact that it would be subject to the previously discussed cap on its plant accounts for ratemaking purposes.

O&M Adjustments

Q. Please explain your understanding of the Company's need for additional programmers in their Information Resources Department?

A. Con Edison is implementing a number of new systems that it claims require incremental staffing. Several examples of these new systems include the Distribution Engineering Workstation, Speech Recognition and the Area Profile System. It proposed seven additional employees in the rate year ending March 2010 and six more during each of the rate years ending March 2011 and 2012 in order to support the replacement of existing systems with packaged software. The incremental program change proposed by the Company is $1.2 million.

Q. Are there any adjustments associated with this program?

A. Yes. We recommend a program cost reduction of $720,000.

Q. What is your justification for this reduction?
A. As discussed by the Staff Infrastructure Panel, a 60% labor adjustment, based on the Company's historical hiring practices for the staffing of new and existing O&M programs, is proposed to be applied to this program. Therefore, Con Edison should be allowed to recover $480,000 for this program, which represents a reduction of $720,000 in projected labor expense.
Q. Describe the Company's Corporate Hiring Program?
A. The Corporate Hiring Program includes funding levels to support recruitment, background and medical testing and initial training for new employees. The program also incorporates the Company's Growth Opportunities for Leadership Development (GOLD) program. The GOLD program is an eighteen month rotational program that is intended to give newly-hired recent graduates the opportunity to develop into future Company leaders. Con Edison expects to hire 72 GOLD associates in June 2009, at an additional cost of $1.804 million.
Q. Are you proposing any adjustments associated with this program?

A. Yes. We recommend that the incremental cost of this program be $1.077 million in the rate year and not the $1.804 million proposed by Con Edison. This results in a recommended adjustment of $727,275.

Q. What is the Company's justification for its proposed program funding level?

A. The Company's GOLD program is based on an eighteen month rotational program. It hires participants for the rotational program during the month of June of the then current year and these participants finish in December of the following year. In the rate year, the Company will provide salaries for the GOLD associates who started in June of 2008 and for the GOLD associates who will start in June of 2009. In June 2008, the GOLD program started with 63 GOLD associates and the Company plans to hire an additional 72 GOLD associates in 2009. Essentially, Con Edison should provide salaries for the 63 GOLD associates, who began in 2008 for approximately nine months of the rate year, and provide salaries for the 72 GOLD associates, who will begin in June 2009, for approximately ten months of the rate year. However, this assumes that there will be no attrition.

Q. Has the Company historically experienced attrition of its GOLD program associates?

A. Yes. The Company's GOLD program attrition rate for 2005 and 2006 was 27.1% and 27.9% respectively. These attrition rates were provided in the Company's response to Staff IR DPS-302.3 and DPS-565.

Q. Please continue.

A. The GOLD program's eighteen month rotational program is broken-down into three distinct six-month periods. Based on the Company's response to Staff IR DPS-302.3, and assuming that the GOLD associates drop out of the program during the final month of each six-month period, the six-month average attrition rate of participants in the GOLD program is 9%. The overall salary cost for the GOLD program is $6.34 million. However, the $6.34 million represents the full allotment of participants and does not reflect the attrition routinely experienced by this program. Applying a 9% attrition rate, as shown in Exhibit___(SSSP-4), the overall annual salary cost for the GOLD program decreases to $5.61 million, a difference of $727,275.

Q. Please discuss your next adjustment?

A. The Career Path Training Program comprises the hiring of additional instructors in seven different areas: Overhead, Substation, Construction Management, Customer Service, Supervisory Technical, Leadership and Tri-Annual Refresher. Con Edison claims it needs these additional instructors due to expected increases in new employees over the next several years. The Company plans to hire the additional instructors at a cost of $989,000, annually.

Q. Are you proposing any adjustments to this program?

A. Yes. We are recommending an adjustment of $593,400.

Q. Please explain your adjustment.

A. Con Edison proposed eleven additional instructors for the rate year ending 2010. As approved by the Commission in its Order in Case 07-E-0523, issued March 28, 2008 (2008 Rate Order), the Company was authorized to hire seven additional instructors. However, Con Edison's response to Staff IR DPS-45 indicates that the Company has yet to hire any additional instructors. Therefore, we applied to this program the 60% labor adjustment factor based on the Company's historical hiring practices for the staffing of new and existing O&M programs. The Company should be allowed to recover $395,600 for this program, which corresponds to a reduction of $593,400.

Q. What is the Human Resource Workforce Strategy Summary program?

A. The Human Resource Workforce Strategy Summary program was implemented in order to strengthen human resources in the Company. A team consisting of senior officers and leaders in the line organizations and in Human Resources was selected to review existing Company policies and programs. The Company is proposing $763,000 in each of the rate years ending March 31, 2010, 2011, and 2012, respectively, in order to hire eight additional employees to work in this program. The Company currently has 34 employees working in the Workforce Strategy Summary program, including four Compensation

Specialists, two Performance Management Specialists, one Conflict Resolution Specialist, and 27 Human Resource Generalists.

Q. Are there any adjustments associated with this program?

A. Yes. We recommend an adjustment to this program in the amount of $540,200.

Q. What is the Panel's justification for this adjustment?

A. Con Edison proposed to hire two additional Conflict Resolution Specialists to its Workforce Strategy Program in 2009 at a cost of $206,000. The Company's response to Staff IR DPS-520 indicates that it currently has two conflict management courses within the overall training program. Its first course, Managing Workplace Conflict - Managers as Mediators, is a two day course that provides instruction on how to build better workplaces and relationships, enhance performance, improve productivity, and decrease financial costs resulting from workplace conflict. The second course is an eight module course taught over a period of three days and is intended to improve listening, feedback, assertiveness, dealing with tough situations and teamwork skills. The Company also has a Conflict Resolution program in place to assist employees in resolving their relational differences through an informal process. According to the Company's response to Staff IR DPS-303.1, the 2007 Ombudsman's Annual report states, "The number of cases where conflict resolution through mediation was employed in the Company increased from seven in 2006 to twenty-two (involving forty-six people) in 2007." Given the fact that the Company already provides conflict training to its employees along with the fact that they had only 22 actual cases in 2007, the current Conflict Resolution Specialist should more than satisfy their requirement. Our recommended adjustment excludes the additional two Conflict Resolution Specialists at $206,000, which results in an adjusted proposed amount of $557,000. We then applied the 60% labor adjustment factor, resulting in an additional adjustment of $334,200, for a total reduction of $540,200 to the Human Resource Workforce Strategy Summary program.

Q. What is the Strike Contingency Program?

A. Con Edison developed the Strike Contingency Program in order to ensure continued safe operation of its facilities and services in the event of an employee strike. The incremental costs for contingency planning are estimated at $1.4 million over a three year period.

Q. Are there any adjustments associated with this program?

A. Yes. We propose an adjustment in the amount of $116,666.

Q. What is the justification for this program cost change?

A. The Company amortized its Strike Contingency Planning cost over a period of three years, totaling $466,666 per rate year. Historically union contracts have covered a four-year period. The contract between Con Edison and Local 1-2 Union was ratified by the Union members on July 29th 2008. The term of the contract is four years. Therefore, the total cost for the Strike Contingency Program should be amortized over a four year period instead of a three year period. The yearly cost amortized over a period of four years is $350,000, which represents an annual reduction of $116,666.

Q. With the understanding that Staff is only proposing a one-year case in this proceeding, you also indicate that you reviewed the Company's filing regarding forecasted expenditures in the out-years, correct?

A. Yes.

Q. Do you have any adjustments based on that review?

A. Yes. Con Edison proposes to increase the amount of common plant added to its plant in service by $156.748 million and $247.150 million in the rate years ending March 31, 2011 and 2012. We recommend that the common plant added to plant in service be set at $66.122 million and $65.241 million for the rate years ending March 31, 2011 and 2012. These adjustments are based on our findings and recommendations relative to the specific projects discussed throughout this testimony.

Q. Does this conclude your testimony at this time?

A. Yes, it does.