

STATE OF NEW YORK

Public Service Commission

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CON EDISON REVENUES SUBJECT TO POSSIBLE REFUND — Consumer Refunds Possible if Certain Expenditures Deemed Imprudent —

Albany, NY—06/18/09—The New York State Public Service Commission (Commission) today directed Consolidated Edison Company of New York, Inc. (Con Edison) to set aside \$32 million in gas revenues and \$6 million in steam revenues annually pending the outcome of the Commission’s audit and review of Con Edison’s contract-related capital, and operation and maintenance expenditures.

“The amounts in Con Edison’s gas and steam base rates subject to refund suffice to protect customers, and cover all imprudence disallowances that can reasonably be expected upon conclusion of the Commission’s investigation of the company’s contract related expenditures,” said Commission Chairman Garry Brown. “The gas and steam adjustment mechanisms are analogous to the mechanism we recently extended for Con Edison electric rates with respect to our investigation of the company’s capital project contract expenditures related to its electric system.”

The Commission’s February 12, 2009 Order Commencing Prudence Proceeding and Requiring Report instituted a proceeding to examine the prudence of Con Edison’s payments to contractors, for capital projects and for operation and maintenance activities relating to the company’s electric, gas, and steam transmission and delivery services and its steam production assets.

The February 12 Order directed that the proceeding address, early on, to what extent and by what mechanism a portion of Con Edison's current gas and steam rates should be made subject to refund to customers in the event certain expenditures ultimately are found to have been imprudently incurred.

In response, Staff of the Department of Public Service (Staff) and Con Edison jointly proposed that \$32 million and \$6 million of Con Edison's annual gas and steam delivery revenues, respectively, be collected subject to refund pending the outcome of the Commission's investigation of the company's contract related expenditures.

The resolution offered by Staff and Con Edison for consideration by the Commission today was unopposed by the other active parties in the proceeding, namely, the New York State Consumer Protection Board; the City of New York; the County of Westchester; the New York Energy Consumers Council; and the Utility Workers Union of America, AFL-CIO, Local 1-2.

The Commission's Order, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and entering Case Number 09-M-0114 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).