

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

09035/08-E-0539

NEW ONE-YEAR RATE CASE DECISION FOR CON EDISON

Albany, NY—04/21/09—The New York State Public Service Commission (Commission) today established a rate plan that sets new electric service delivery rates for Consolidated Edison Company of New York, Inc. (Con Edison) for the next year. The revenue requirement increase of \$721 million represents an increase of 6.1 percent on a system-wide basis and consists of a delivery rate increase of \$523 million or 14.3 percent and an additional temporary surcharge on bills to recover an increase in state-mandated assessments.

“We are always concerned about the impacts on ratepayers of any rate increase, but today’s decision is particularly difficult,” said Commission Chairman Garry Brown. “In this economy, the idea of raising rates is very distasteful. Unemployment has risen and consumers are having difficulty paying their bills. Nevertheless, there are certain increases in Con Edison’s costs that have to be recognized.”

The principal factors driving Con Edison’s need for additional revenue are real property taxes, changes to certain state assessments, addition to utility plant, increases in pensions and other post-employee benefits (OPEBs) expense, and return on equity. Of the total \$721 million increase approved today, \$239 million or 33 percent is attributable to increases in Con Edison’s real property taxes, \$198 million or 27 percent to an increase in state assessments.

The Commission established a rate year return on equity of 10 percent for the Con Edison versus its earlier authorized return of 9.1 percent. This change is responsible for \$95 million of the rate increase.

As part of its decision today, the Commission determined that Con Edison should impose additional cost-cutting measures as many companies have done recently. As a result, the Commission directed Con Edison to identify and implement an austerity budget that reduces its revenue requirement by \$60 million. If after the conclusion of the rate year, the company was unsuccessful in achieving the full amount of the austerity savings, it may petition the Commission seeking authority to defer any savings that it was unable to achieve over a \$30 million threshold.

Con Edison initially filed its request to increase rates in May 2008, and based on its updated September 2008 position had proposed to increase its electric delivery revenues by approximately \$819 million. This amount did not reflect any changes in state assessments. Thus the delivery rate increase authorized by the Commission today represents a reduction of about \$294 million from the company's updated request.

As a result of the Commission's decision, the delivery portion of a typical monthly New York City residential electric bill for a customer using 300 kilowatt hours of electricity will increase by about \$6 per month. Similarly, the delivery portion of a typical monthly residential bill in Westchester County for a customer using 450 kilowatt hours of electricity will increase by about \$8 per month.

When compared to bills for the recent 12 months ending March 31, 2009 — a period of relatively high electricity commodity prices — anticipated lower commodity prices in the coming rate year are expected to help offset the increase in delivery rates authorized today.

Lastly, the Commission questioned the extent to which the company's management can develop and implement strategies to address the many challenges it has related to operations and costs, if they continue to maintain a focus on one-year electric rate cases. To ameliorate this

concern, the Commission encouraged the company and interested parties to explore other alternatives, including multi-year rates, as part of its next electric rate filing.

The Commission will issue a written order reflecting today's decision. That order, when available, can be obtained from the Commission's Web site at www.dps.state.ny.us by accessing the Commission Documents section of the homepage and referencing Case Number 08-E-0539. Many libraries offer free Internet access. Commission orders can also be obtained from its File Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).