

STATE OF NEW YORK

# Public Service Commission

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FOR RELEASE: IMMEDIATELY

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## 2-YEAR RATE PLAN FOR CON EDISON STEAM

— Proposed Rate Increase Lessened, Essential Plant Investment OK'D —

Albany, NY—09/17/08—The New York State Public Service Commission (Commission) today voted to approve a two-year rate plan for Consolidated Edison Company of New York, Inc.'s (Con Edison) steam service that mitigates increases in rates while providing for essential plant investments.

“Our action today strikes an important balance between the protection of Con Edison’s ratepayers and fairness to the company,” said Commission Chairman Garry Brown. “The approved plan — which won the agreement of normally adversarial parties — is consistent with sound environmental, social and economic policies.”

On November 2, 2007, Con Edison filed tariff revisions to change its rates, charges, rules and regulations for steam service. In its filing, the company proposed a three-year rate plan which called for rate increases of \$126.6 million, \$22.4 million and \$15.2 million for rate year one, two and three, respectively. Subsequently, on March 17, 2008, Con Edison updated its request for rate relief to \$130.3 million for rate year one, the 12-month period ending September 30, 2009, which would have resulted in a 20 percent increase in a customer’s total bill during that period.

Evidentiary hearings for interested parties were held in New York City on April 7-10, 2008. A negotiated Joint Proposal was filed with the Commission on June 16, 2008, and comments from members of the public concerning the Joint Proposal were solicited through August 1, 2008.

The rate plan approved today by the Commission consists of a two-year term beginning on October 1, 2008 and ending September 30, 2010. Rate increases under the rate plan are levelized so that revenues increase each rate year by \$43.7 million. On a total bill basis, the levelized increase is 6.47 percent for each rate year.

Under the rate plan, the company's allowed return on equity is 9.3 percent. If the level of earned common equity return in any rate year exceeds 10.1 percent, earnings above this threshold are shared equally by the ratepayers and the company.

With respect to customer service, Con Edison is required to conduct customer focus groups and customer satisfaction surveys, and prepare reports on such efforts for submission to Staff of the Department of Public Service and any interested parties who so request. Failure to conduct the surveys and submit the reports may result in revenue adjustments.

The rate plan sets forth several safety performance measures including performance measures for emergency response to steam vapor conditions control within 45 minutes and within 60 minutes for calendar years 2009 and 2010. The company may potentially be subject to a revenue adjustment for failure to comply with safety performance standards. Steam vapor conditions are weather-related occurrences and other circumstances outside of Con Edison's control.

Con Edison serves about 1,800 steam customers which accounts for numerous commercial and residential establishments in the Borough of Manhattan. These customers include owners of New York City landmarks, large office buildings, hotels, hospitals, school and residential complexes.

The Commission's decision, when issued, will be available on the Commission's [www.dps.state.ny.us](http://www.dps.state.ny.us) Web site by accessing the File Room and referencing Case 07-S-1315. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14<sup>th</sup> floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).