

Consolidated Edison Company of New York, Inc.
Electric Rate Case 09-E-0428

Exhibit__ (AP-3)

2009 Rate Order Appendix III

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APPENDIX III

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WAGE PROGRESSION INCREASES EXAMPLE

The Company testified that its union employee count rose 10% over the course of more than three and a half years, or less than 3% per year. Thus, on average, for every 100 union employees that leave the Company, no more than 103 are hired.

- a. Assume conservatively that 98 of the 100 employees leaving the Company are below top of grade, and thus still eligible for wage progression increases, and that only two are at the top of grade, whether retirees or other.
- b. Assume conservatively that 98 of the new employees are hired below maximum salary level and thus eligible for progression increases. The progression increases for those 98 new employees will merely replace the progression increases for the 98 of 100 below-top-of-grade positions vacated.
- c. Assume the five remaining new employees are at entry level (bottom of grade). Those five would be eligible for a cumulative total of 10 progression increases over the course of a year (e.g., the Rate Year).
- d. Assume conservatively that it takes only three years, or six progression increases, for a union employee to move from the bottom of the pay scale to the maximum rate. Thus, a person at top of grade has a salary level six progressions higher than an employee at the bottom of grade. Then every employee at the top of grade who leaves the Company frees up an amount equivalent to six progression increases for new employees at bottom of grade eligible for progressions. The two employees leaving at top of grade will offset 12 progression increases for eligible employees at bottom of grade. The progression increases for the five new employees at bottom of grade would replace only 10 of those 12.

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e. Under this very conservative set of assumptions, the Company would save two progression increases for every 100 retirees or other employees leaving. Under any less conservative set of assumptions about the number of employees at top of grade out of every 100 leaving (i.e., >2%), number of new employees hired at entry level (i.e., >5%), or number of years to progress from bottom to top of grade (i.e., >3) the Company will save even more.