

LA_2, Schedule 2D
Case 08-E-0539

CPB IRs Relied on in Schultz Testimony

CPB 86(d)

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB11
Date of Response: 08/14/2008
Responding Witness: IIP

Question No. :86d

Subject: Infrastructure Investment Panel/Exhibit __ (IIP-14): (d) Provide a summary of the estimated cost components for Feeder Emergencies totaling \$7.826 million. Also provide for each of the years 2003-2007 the number of feeder failures restored, the number of high pressure feeder leaks repaired and the amount expensed for failure repairs and leak repairs. Explain any unusual increases and/or decreases in repairs in the last five years.

Response:

Refer to attachment CPB11-86d(1) for summary of cost components for Feeder Emergencies.

Refer to attachment CPB11-86d(2) for number of leaks and failures repaired for years 2003-2007.

The Company does not see any unusual variations in repair costs associated with leaks and failures during the last five years. Leaks and failures on the underground transmission system are highly variable and are based upon the particular circumstances of the incident (i.e., dielectric fluid leak rate and surrounding soil characteristics, depth of ground water, facility installation, community impact, etc). Each incident requires a specific repair and restoration plan for the failed component and a specific environmental remediation plan for site area clean-up, if warranted. Environmental cleanup of dielectric fluid must be remediated to contamination levels as directed by the New York State Department of Environmental Conservation.

**CPB 86(d)
Attachment**

Electric Rate Case
CPB Interrogatory - Set CPB11
Question 86d

Summary of Estimated Cost Components - Feeder Emergencies

Company Labor	\$	3,866,000
Materials and Supplies		683,000
A/P - Liquid Nitrogen Gas		327,000
A/P - Trenching		1,639,000
A/P - Waste Disposal		<u>1,311,000</u>
Total	\$	<u><u>7,826,000</u></u>

Electric Rate Case
CPB Interrogatory - Set CPB11
Question 86d

Feeder Leaks

Year	# of Leaks	Actual Dollars
2003	18	\$ 6,328,992
2004	18	4,253,234
2005	15	6,248,508
2006	21	6,309,169
2007	7	3,744,182

Feeder Failures

Year	# of Failures	Actual Dollars
2003	3	\$ 857,777
2004	3	2,455,896
2005	0	(14,318)
2006	4	5,134,875
2007	3	1,064,279

CPB 87

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB11
Date of Response: 08/08/2008
Responding Witness: IIP

Question No. :87

Subject: Infrastructure Investment Panel. (a) Provide the number of manhole refurbished in 2007 and the total expense for refurbishment. (b) Has the Company joined the consortium of North American Utilities that was part of the request in Case 07-E-0523? If not, explain why not and explain whether consideration was given to offset other costs in this case.

Response:

- a) The number of manholes refurbished and total expenses for year 2007 is detailed in attachment file CPB11 – Question 87.
- b) The consortium is still in the conceptual phase of its design and has not yet been formed. Accordingly, this filing reflects a request for funds to purchase additional emergency restoration structures (i.e., portable towers), that may not have been necessary were the consortium in effect as contemplated, as more fully explained in the Company’s exhibit regarding the program entitled, “Improve Overhead Transmission Restoration Capability.”

CPB 87
Attachment

Electric Rate Case
CPB Interrogatory - Set CPB11
Question 87

Manhole Refurbishments

Year # of Refurbishments Actual Dollars

2007	107	\$ 1,198,768.77
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CPB 88

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB11
Date of Response: 08/11/2008
Responding Witness: IIP

Question No. :88

Subject: Infrastructure Investment Panel/Exhibit__(IIP-17): (a) Provide for the years 2003-2007 the cost and the actual number of Manhole Inspections performed. (b) Provide a detailed calculation of how the rate year cost for Manhole Inspections was determined and provide supporting documentation for the cost utilized. (c) Provide for the years 2003-2007 the cost for PFT Patrols and the actual number of patrols performed. (d) Provide a detailed calculation of how the rate year cost for PFT Patrols was determined and provide supporting documentation for the cost estimate.

Response:

- a) Refer to attachment CPB-11 – Question 88(a) for number of Manhole Inspections performed for years 2003-2007.
- b) Refer to attachment CPB-11 – Question 88(b) for calculation. The cost is primarily labor. The attached calculation is based on an estimate of the time to complete the additional work based on the department's experience removing and repairing coating on underground feeders.
- c) Refer to attachment CPB-11 – Question 88(c) for cost and number of PFT Patrols performed for years 2003-2007. For years 2003 through 2005 there was no established Company pro-active PFT patrol program; however PFT patrols were performed as part of declared leak searches. In 2006, a pilot program for PFT patrols was initiated. The associated cost of the program is combined with Transmission's overall leak maintenance support account and not cost segregated for the work task performed. In 2007, because of the Company's commitment to environmental excellence and considered best management practice, the program was continued and the associated cost was segregated in 2007 and is shown in the attachment.
- d) Refer to attachment CPB-11 – Question 88(d) for calculation. The calculation is based on resources required to perform a PFT patrol. One patrol requires three weekly employees (two drivers and one technician to run the instrument) based on a standard eight hour work day. The Accounts Payable cost is associated with

88 (d) Continued

ensuring service contracts with the PFT vendor to ensure operability of the equipment.

CPB 88 (a)
Attachment

Electric Rate Case
CPB Interrogatory - Set CPB11
Question 88(a)

Manhole Inspections

Year	# of Inspections	Actual Dollars
2003	429	\$ 379,364.60
2004	447	437,394.54
2005	561	472,658.17
2006	459	370,390.03
2007	729	453,340.63

**CPB 88 (b)
Attachment**

Electric Rate Case
 CPB Interrogatory - Set CPB11
 Question 88(b)

Program	Unit Description	Union									Total Labor Cost	Materials and Supplies	Accounts Payable	Total Cost Per Unit	Budgeted Units	Total Cost	Comments
		Transmission Operations			Transportation			Chem. Lab									
		Manhour Rate	Labor Hours per Unit	Total Cost per Unit	Manhour Rate	Labor Hours per Unit	Total Cost per Unit	Manhour Rate	Labor Hours per Unit	Total Cost per Unit							
Manhole Inspections	Manhole	\$74	24	\$1,776	\$97	2	\$194				\$1,970	\$175		\$2,145	443	\$950,000	Material Charges include Asbestos removal kits, waste disposal, PPE, and new tapecoat.

CPB 88 (c)
Attachment

Electric Rate Case
CPB Interrogatory - Set CPB11
Question 88c

PFT Patrols

Year	# of Patrols	Actual Dollars
2003	0	0
2004	0	0
2005	0	0
2006	15	Cost combined with overall leak maintenance support account.
2007	44	\$105,000

CPB 88 (d)
Attachment

Electric Rate Case
 CPB Interrogatory - Set CPB11
 Question 88(d)

Program	Unit Description	Union									Total Labor Cost	Accounts Payable	Total Cost Per Unit	Budgeted Units	Total Cost	Comments
		Transmission Operations			Transportation			Chem. Lab								
		Manhour Rate	Labor Hours per Unit	Total Cost per Unit	Manhour Rate	Labor Hours per Unit	Total Cost per Unit	Manhour Rate	Labor Hours per Unit	Total Cost per Unit						
PFT Patrols	Patrol Day	\$74	16	\$1,184				\$98	8	\$784	\$1,968	\$425	\$2,393	250	\$600,000	Amount rounded to \$600k.

CPB 91

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB11
Date of Response: 08/08/2008
Responding Witness: Electric Production

Question No. :91

Subject: Electric Production Panel/Exhibit__ (EPP-2): (a) Provide for the Boiler Cleaning Program the budgeted cost for 2008, provide a summary that details the \$474,000 of cost requested and provide supporting documentation for the estimate. (b) Provide for the Major Maintenance-East River Program the budgeted cost for 2008 and explain why the 2007 actual was significantly less than budget (See response to CPB 13 in Case 07-E-0523). (c) Provide the Scheduled Overhaul budget for 2008, a summary of overhauls by unit for each of the years 2003-2007 with the respective cost per unit. (d) Provide for the GT Maintenance Program the budgeted cost for 2008, an explanation of how the cost estimate was developed including supporting documentation for the cost requested. Explain why the cost estimate is significantly in excess of historical cost levels. (e) Provide the Facilities Maintenance budget for 2008, explain why the East River Stack repairs has been delayed approximately 5 years, provide a copy of the East River Local Law 11 inspection report and the cost estimates supporting both facilities' maintenance projects.

Response:

- a. The 2008 budget for Boiler Cleaning is \$200,000. The \$474,000 requested in the Company filing for boiler cleaning is comprised of \$124,000 of historic year costs for high pressure washes completed by vendors for boilers for East River units 6 and 7; the \$350,000 estimate for the program change request for a chemical cleaning for East River unit 6 is based on past experience completing similar work.
- b. The 2008 budget for Major Maintenance for East River Units 1 and 2 is \$7.5 million. As noted in the Electric Production Panel's testimony (page 33, lines 13 – 17), maintenance costs vary significantly each year based on the required equipment inspections in that year. Additionally, as noted in the Panel's testimony (pages 36 – 38) and in the Accounting Panel's Exhibit__ (AP-15), Schedule 2, these maintenance costs are estimated to vary between \$7.3 million and \$14.0 million in each rate year. This annual variation in expenses was the basis for the Company's request in a previous rate filing to collect a levelized amount in rates along with the establishment of a deferral mechanism to accommodate this annual variation in expenses.

- c. The 2008 budget for Scheduled Overhauls is \$1.605 million. Please see Attachment A for the historic costs for the years 2003 – 2007 and the units that were involved in those years.
- d. The 2008 budget for GT Maintenance is \$1.689 million, excluding Company Labor. The program change estimate for GT maintenance is based on past experience for completing similar work. Please see the Company's response to DPS23-342 for additional information regarding this program and the estimated costs.
- e. The 2008 budget for Facilities Maintenance is \$3.813 million, excluding Company Labor. The findings in the 2004 inspection of East River Stacks 3 and 4 found no emergency deficiencies and recommended that any deficiencies be addressed within three to five years. Additionally, some of the stack repairs require an extended outage to allow access to the interior of the stacks. Please see the Company's response to DPS23-343 for the East River Local Law 11 inspection report. The details of the \$1.64 million estimate for Local Law 11 façade repairs, which are set forth in a work paper previously provided, are based on a lump sum contract estimate provided by a contractor based on past experience completing similar work. The details of the \$1.3 million estimate for the East River Stacks 3 and 4 repairs, which are set forth in a work paper previously provided, are based on past experience for completing similar work.

CPB 91
Attachment

EAST RIVER SCHEDULED OVERHAULS
(\$ in thousands)

	Actual Expenditures				
	2003	2004	2005	2006	2007
Unit 7	2,311	113	4,981	1,180	4
Unit 6	44	-	-	49	1,770

CPB 92(b)

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB12
Date of Response: 08/13/2008
Responding Witness: Customer Operations

Question No. :92b

Subject: Customer Operations Panel: (b) Provide for the years 2003-2007 and through June 30, 2008 the number of Customer Service Representatives budgeted and actual. Provide the 2007 and 2008 numbers by month.

Response:

Budgeted and actual numbers of CSRs for the periods requested are shown below.

Annual Data

	<i>BUDGETED 12 Month Average</i>	<i>ACTUAL 12 Month Average</i>
CSRs		
2003	524	528
2004	523	490
2005	515	497
2006	549	549

Monthly Data

CSRs	<i>Monthly BUDGET</i>	<i>Monthly ACTUAL</i>		<i>Monthly BUDGET</i>	<i>Monthly ACTUAL</i>
Jan-07	551	542	Jan-08	552	565
Feb-07	549	551	Feb-08	547	558
Mar-07	558	560	Mar-08	548	577
Apr-07	555	560	Apr-08	554	584
May-07	543	566	May-08	564	589
Jun-07	553	563	Jun-08	554	589
Jul-07	550	561	Jul-08	561	
Aug-07	538	555	Aug-08	562	
Sep-07	548	561	Sep-08	569	
Oct-07	555	559	Oct-08	574	
Nov-07	543	547	Nov-08	581	
Dec-07	553	556	Dec-08	576	

CPB 93
CONFIDENTIAL

CPB 101

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB12
Date of Response: 08/08/2008
Responding Witness: Accounting Panel/Hoglund

Question No. :101

Subject: Accounting Panel/Insurance: (a) Refer to the response to DPS25, Question 374. Explain how the response to part 2 provides supporting documentation for a 10% increase. (b) Refer to the response to DPS25, Question 374. Based on the attached information it appears that insurance costs have been declining on an annual basis. Provide an explanation for the increase requested and provide supporting documentation for the cost estimates included in the rate year ending in March of 2010.

Response:

- a) Per the 2008 forecast budget, the general increase from 2007 actual to 2008 budget is 10.1 percent. The forecast of insurance premium, upon expiration, is escalated by 10 percent. See attachment “Insurance Premium 2008 Budget” for the derivation of the 10.1 percent increase, excluding the NEIL credit.
- b) The Company’s back up papers to its preliminary update filed July 25, 2008 contained an updated version of the attachment provided in response to part a) above, entitled “Insurance Premiums – 2008 Budget (Revised as of April 16, 2008)”(copy attached). Please note that this information was developed too late to be reflected in the Company’s May filing.

As noted in the update, the current forecast for 2008 has been reduced from the Company’s original estimate in the filing from 10.1 percent to 7.7 percent. The decrease is primarily in the D&O and excess liability premiums. For the July 25th update, the overall 7.7 percent escalation factor was used upon the expiration of premiums. This decrease is the end result of the Company’s vigorous effort to negotiate lower premiums, the acceptance of a higher retention (deductible) of \$7.5 million from \$5 million for liability insurance, and the overall insurance market. In addition, the forecast of the NEIL credit was increased from \$4 million to \$5.4 million, further decreasing the cost of premiums.

The Company will update further in September 2008 for any known changes. In addition, if the Joint Proposal filed in Case 08-S-0153 on August 7, 2008, is adopted by the Commission, the Company will reduce its request for recovery of liability insurance premiums in this case to an amount equal to the electric

department's share of insurance premiums for excess liability insurance that were in effect prior to the July 2007 steam incident.

**CPB 101
ATTACHMENT**

Con Edison, Inc.
Insurance Premiums - 2008 Budget
(\$1000)

	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Budget 2007	Projected 2007	Current Premium	Budget 2008	% Change '07 Projected vs. '08 Budget
Property Insurance / Company									
Conventional	8,400	8,700	7,000	6,400	7,214	7,000	7,200	7,200	2.9%
Boiler and Machinery	184	250	250	275	440	400	440	400	0.0%
Underwater T&D	171	232	210	240	247	240	205	205	-14.6%
Total	8,755	9,182	7,460	6,915	7,901	7,640	7,845	7,805	2.2%
Property Insurance / Non-Company									
Fire & Marine Perils	106	95	95	104	103	100	100	100	0.0%
30 Flatbush Avenue	72	80	85	90	89	86	86	86	0.0%
7 World Trade Center				130	200	20	20	30	50.0%
Total	178	175	180	324	392	206	206	216	4.9%
Liability Insurance									
Excess	4,900	9,800	11,200	10,650	12,650	10,650	11,250	13,550	27.2%
Nuclear	(222)	(275)	(225)	(235)	(206)	(200)	(200)	(200)	0.0%
Directors & Officers	2,889	8,450	7,265	6,900	6,600	6,500	6,500	6,200	-4.6%
Malpractice - Various	90	130	120	125	129	120	120	120	0.0%
Marine Liability	45	45	40	40	42	41	41	42	2.4%
Miscellaneous - Various	735	259	345	300	361	350	325	325	-7.1%
Total	8,437	18,409	18,745	17,780	19,576	17,461	18,036	20,037	14.8%
Bonds									
Crime	228	267	275	300	309	302	300	300	-0.7%
Workers Compensation	552	774	1,000	700	798	798	775	800	0.3%
Miscellaneous - Various	68	70	80	84	103	100	100	100	0.0%
Total	848	1,111	1,355	1,084	1,210	1,200	1,175	1,200	0.0%
Insurance on Company Employees									
Employee Crime	10	10	11	12	12	13	13	13	0.0%
Excess Workers Compensation	292	550	700	550	604	600	550	600	0.0%
Business Travel Accident	75	73	85	85	88	87	87	87	0.0%
Pension and Fiduciary	505	655	780	890	917	890	890	973	9.3%
Total	882	1,288	1,576	1,537	1,621	1,590	1,540	1,673	5.2%
Premium Total	19,100	30,165	29,316	27,640	30,700	28,097	28,802	30,931	10.1%
NEIL Distribution	(5,000)	(3,980)	(4,966)	(5,000)	(4,000)	(5,400)	(5,400)	(4,000)	-25.9%
Grand Total	14,100	26,185	24,350	22,640	26,700	22,697	23,402	26,931	18.7%

Notes:

1. Insurance program includes applicable programs for Con Edison Inc., CECONY and O&R.
2. Coverage for the competitive energy businesses is included (CEBs) in the Excess Liability, D&O, Crime & Fiduciary programs.
3. The balance of the CEB's insurance needs are procured via separate policies not included here.
4. The current policy premium represents the current premium cost of each program, not the current year projected total cost of the program.
5. 7 World Trade Center program is for the Company's share of the property insurance for the building.

Con Edison, Inc.

Insurance Premiums - 2008 Budget (Revised as of April 16, 2008)

(\$1000)

	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Budget 2007	Projected 2007	Current Premium	Forecast 2008	% Change '07 Projected vs. '08 Budget
Property Insurance / Company									
Conventional	8,400	8,700	7,000	6,400	7,214	7,000	7,200	7,200	2.9%
Boiler and Machinery	184	250	250	275	440	400	440	400	0.0%
Underwater T&D	171	232	210	240	247	240	205	205	-14.6%
Total	8,755	9,182	7,460	6,915	7,901	7,640	7,845	7,805	2.2%
Property Insurance / Non-Company									
Fire & Marine Perils	106	95	95	104	103	100	100	100	0.0%
30 Flatbush Avenue	72	80	85	90	89	86	86	86	0.0%
7 World Trade Center				130	200	20	20	30	50.0%
Total	178	175	180	324	392	206	206	216	4.9%
Liability Insurance									
Excess	4,900	9,800	11,200	10,650	12,650	10,650	11,250	13,270 *	24.6%
Nuclear	(222)	(275)	(225)	(235)	(206)	(200)	(200)	(200)	0.0%
Directors & Officers	2,889	8,450	7,265	6,900	6,600	6,500	6,500	5,802	-10.7%
Malpractice - Various	90	130	120	125	129	120	120	120	0.0%
Marine Liability	45	45	40	40	42	41	41	42	2.4%
Miscellaneous - Various	735	259	345	300	361	350	325	325	-7.1%
Total	8,437	18,409	18,745	17,780	19,576	17,461	18,036	19,359	10.9%
Bonds									
Crime	228	267	275	300	309	302	300	300	-0.7%
Workers Compensation	552	774	1,000	700	798	798	775	800	0.3%
Miscellaneous - Various	68	70	80	84	103	100	100	100	0.0%
Total	848	1,111	1,355	1,084	1,210	1,200	1,175	1,200	0.0%
Insurance on Company Employees									
Employee Crime	10	10	11	12	12	13	13	13	0.0%
Excess Workers Compensation	292	550	700	550	604	600	550	600	0.0%
Business Travel Accident	75	73	85	85	88	87	87	87	0.0%
Pension and Fiduciary	505	655	780	890	917	890	890	973	9.3%
Total	882	1,288	1,576	1,537	1,621	1,590	1,540	1,673	5.2%
Premium Total	19,100	30,185	29,316	27,640	30,700	28,097	28,802	30,253	7.67%
NEIL Distribution	(5,000)	(3,980)	(4,966)	(5,000)	(4,000)	(5,400)	(5,400)	(5,241)	-2.9%
Grand Total	14,100	26,185	24,350	22,640	26,700	22,697	23,402	25,012	10.2%

Notes:

* Reflects latest 2008 annualized level.

1. Insurance program includes applicable programs for Con Edison Inc., CECONY and O&R.
2. Coverage for the competitive energy businesses Is Included (CEBs) in the Excess Liability, D&O, Crime & Fiduciary programs.
3. The balance of the CEB's insurance needs are procured via separate policies not included here.
4. The current policy premium represents the current premium cost of each program, not the current year projected total cost of the program.
5. 7 World Trade Center program is for the Company's share of the property insurance for the building.

CPB 102

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB12
Date of Response: 08/14/2008
Responding Witness: IIP

Question No.: 102

Subject: IIP/Public Safety & Environmental Improvements: (a) Refer to the response to DPS24, Question 352. Provide supporting documentation for the Enhanced MH Inspection costs on the attachment.

Response:

Refer to response to CPB-11 – 88 part b.

CPB 113
CONFIDENTIAL

CPB 114
CONFIDENTIAL

CPB 122

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB15
Date of Response: 08/18/2008
Responding Witness: Accounting Panel

Question No. :122

Subject: Accounting Panel/Compensation: - Refer to the response to CPB8, Question No. 67. In the previous case the Company attributed the 2005 overtime increase to stray voltage testing and repairs. Did the Company incur the similar level of stray voltage testing and repairs overtime in 2006 and 2007 (See CPB3, Question 31a in Case 07-E-0523)? If yes, provide the amount of stray voltage testing and repairs related overtime for 2005, 2006 and 2007. If no, provide the amount of stray voltage testing and repairs related overtime for 2005, 2006 and 2007 and then explain what (other storm costs) caused an increase in overtime between the year 2005 and 2006 and 2006 and 2007.

Response:

No, there was an increase in related overtime from 2005 to 2006. The level remained relatively constant from 2006 to 2007. The overtime increase in 2006 from 2005 is responding to emergencies and weather related events.

The estimated overtime dollars for stray voltage testing and repairs are:

2005 - \$1,322 million
2006 - \$2,442 million
2007 - \$2,412 million

CPB 130

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB18
Date of Response: 08/21/2008
Responding Witness: Mueller/Accounting Panel

Question No. :130

Subject: Accounting Panel/Compensation: Refer to the response to CPB8, Question No. 66 (DPS 165). Provide a comparable listing of the positions requested in the previous case and identify when each of the respective positions was filled subsequent to 2006.

Response:

Please see response to DPS 5 Question 45Rev.

CPB 131

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to CPB Interrogatories – Set CPB18
Date of Response: 08/21/2008
Responding Witness: Mueller/Accounting Panel

Question No. :131

Subject: Accounting Panel/Compensation: The company's response to CPB 67 which deals with dollars refers to CPB 54-55. CPB 54-55 deals with employee counts not dollars. Please revisit CPB 67 and state the rate year dollars as originally requested by the CPB.

Response:

The rate year dollars in the format requested, i.e. union straight time, premium time, overtime and management straight time and compensatory time is not available. The format of the data requested requires the total gross payroll (electric, gas and steam O&M and capital and other) which is not forecasted for the rate year. The data was used to arrive at the labor escalation factor which is then applied to the historic electric labor dollars and the program changes/normalizations sponsored by various Company witnesses.