



"EDUCATING ENERGY CONSUMERS TOWARD ECONOMICAL ENERGY OPTIONS"

June 25, 2008

BY FEDERAL EXPRESS

Hon. Michelle L. Phillips
Administrative Law Judge
NYS Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 07-S-1315 – Consolidated Edison Company of New York, Inc. – Steam Service NYECC's Statement in Support of the Joint Proposal

Dear Judge Phillips:

Pursuant to your Ruling On Revised Schedule, Issued June 17, 2008, in the above referenced proceeding, please consider this letter as the Statement in Support of the Joint Proposal ("JP") on behalf of the New York Energy Consumers Council, Inc. ("NYECC") due on June 26, 2008. The NYECC and its predecessor organizations have represented the energy interests of commercial property owners and managers in New York City before State agencies for over 50 years. NYECC also represents hospitals, colleges, governmental agencies, cultural and financial institutions, industrials, housing cooperatives and real estate organizations. NYECC's membership includes landmark properties such as 7 World Trade Center and Rockefeller Center.

NYECC is a signatory to the JP in this proceeding. At the July 17, 2008 starting date for evidentiary hearings in the above referenced proceeding, I will be NYECC's sponsoring witness for the purpose of any cross-examination on this Statement in Support of the JP.

NYECC's STATEMENT IN SUPPORT OF THE JOINT PROPOSAL

By this letter, the NYECC respectfully requests, that your Honor recommend to the Public Service Commission ("PSC") adoption of the JP in the above referenced proceeding as agreed to and filed on June 16, 2008 by the signatories thereto. NYECC believes that the provisions of the JP are in the best interest of the public in general and of the signatories in particular because of the significant reductions negotiated by the Active Parties from the amounts originally sought by the Company over the two year Rate Plan.

Salient features of the JP include the following:

- Con Edison's proposed increases in its original filing provided for a base rate increase of \$126.6 million for Rate Year 1, which has been reduced to a levelized \$43.7 million per year for each of the two rate years in the rate plan. On a non-levelized basis the Rate Year 1 increase would be \$53.0 million with an incremental increase on an annual basis in Rate Year 2 of \$24.7 million.
- The JP also phases in by 50% each year of the two year rate plan implementation of the revenue surpluses and deficiencies reflected in Con Edison's embedded cost of service study.

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- Absent any credible evidence to the contrary, the NYECC strongly supports the JP's recommendation to continue the current allocation of the costs of the East River Repowering Project ("ERRP") between the steam and electric systems. During Rate Year 1, the Company with input from Staff and other interested parties will perform a detailed study on this issue and file the study with the Commission on or before April 30, 2009. Any Company recommended changes to the ERRP allocation will be reflected in the Company's next general steam base rate filing and any party may propose revisions to any change of the ERRP allocation in the next steam rate case. Any attempt to revise the current allocation without a comprehensive and collaborative evaluation of all factors that form the foundation for that allocation would challenge a fundamental premise for the NYECC's support for this JP.
- The JP provides that earnings above the 10.1% return on equity threshold will be shared equally between the customers and the Company.
- The JP includes provisions for Steam Business Development and Retention, Customer Focus Groups, and a Customer Satisfaction Survey, all of which require reports, which if not timely filed will result in revenue adjustments totaling \$200,000 in the aggregate.
- The Company will extend the period for accepting applications for SC2 and SC3 steam air conditioning program's \$2-per-Mlb summer discount through September 30, 2010 and will provide the discount for a two-year period to customers who commence service under the program before October 1, 2010.
- A performance mechanism for steam leak backlog management to take effect for calendar year 2010 will be proposed on or about April 15, 2009.

Based upon the extensive negotiations and discussions among the Active Parties and Con Edison, held intermittently over a period of approximately two months by the Active Parties in this case, and after weighing the probable costs of further litigation, the probability of success, the litigation's complexity, further attendant expense, inconvenience and delay, NYECC believes that the Joint Proposal confers upon the public and the signatories in particular significantly greater benefits than costs and falls within the expected range of the fully litigated case and therefore the Joint Proposal should be approved.

Finally, NYECC commends the hard work of all of the Active Parties in this proceeding and of the Department of Public Service Staff in particular, without whose efforts the filed JP would not have been possible.

Accordingly, the NYECC respectfully requests that your Honor recommend to the PSC that the Joint Proposal be adopted as filed.

Respectfully submitted,

A handwritten signature in cursive script that reads "David F. Bomke".

David F. Bomke
Executive Director of NYECC



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cc: Dakin Lecakes, Esq. (By E-mail and First Class Mail)
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