

Consumer Power Advocates

Montefiore Medical Center
Continuum Health Partners
Fordham University
Memorial Sloan Kettering Cancer Center

Mount Sinai Medical Center
New York University
NYU Medical Center
Luthin Associates, Inc.

HAND DELIVERED

June 26, 2008

Hon. Jaclyn A. Brillling
Secretary
Public Service Commission
3 Empire Plaza
Albany, New York 12223

RE: Case 07-G-1315- Consolidated Edison rates for Steam Service.

Dear Secretary Brillling:

Statement In Support of the Joint Proposal

On June 16, 2008, Consumer Power Advocates (CPA) along with Consolidated Edison (Company) and other interested parties filed an agreement to establish rates and other terms of service for steam service ("Joint Proposal") covering the two year period extending to September 30, 2010. This Proposal is the result of a long process of negotiation, marked by compromise by the Company and other Parties, and patient cooperation among Staff and the other Parties.

CPA believes the Joint Proposal addresses the concerns of both the Company and its customers, as expressed at the extensive series of negotiating sessions. In particular, we note:

- The Parties have agreed to a substantially smaller rate increase than that which the Company initially requested. The JP provides for a levelized increase of \$43.7 million in each of the two years, compared to the \$126.6 million that the Company initially sought for the first year.
- There is significant movement to realign rates with costs. The JP provides for realignment of rates to eliminate 50 % of the revenue surpluses and deficiencies determined by the cost of service study in each of the rate years.
- There is a commitment to implement demand billing for all customers using between 14,000 Mlbs and 22,000 Mlbs annually. This will extend the opportunities for cost control and energy efficiency inherent in demand rates these customers.
- The JP allows for a rational process to settle the issue of the proper allocation of costs ERRP between electric and steam customers.
- There is a requirement to study, implement and maintain cost effective measures to minimize thermal losses.

15 Walling Place, Avon, NJ 07717
Tel 732-774-0005 Fax 732-774-0049

- A performance mechanism for leak management will be developed during the course of the rate plan.

Taken as a whole, these provisions assure rate stability, enhance equity by moving rates towards costs, align the incentives for customers to control their own coats with the actual coats imposed on the system, and assure improved public safety and system efficiency through the use of performance measurements. Considering the number and complexity of issues addressed in this case, CPA believes that the result of a litigation would likely have been worse on some, or all, of the points noted above.

For the reasons stated above, CPA urges the Commission to approve the Joint Proposal.

Respectfully submitted,

ss// Catherine M. Luthin

Catherine M. Luthin
Executive Director