

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

Response to NYECC Interrogatories – Set NYECC2
Date of Response: 07/28/2008
Responding Witness: IIP

Question No. :25

Referencing your response to NYPA 71, where in any of the guidance materials provided in response thereto is there a direction to include the consideration of the rate impact on customers?

Response:

To further follow up and clarify the response to NYPA-71, the guidance materials direct managers in developing their operating and capital budgets reflect programs set forth in rate plans currently in effect and pending rate cases filed with the Public Service Commission.

The budget planning process seeks to identify cost effective solutions to meet identified needs. For example, once a future overload is identified in the substation or transmission system, several potential solutions are developed to minimize the capital investment required to resolve the overload and maintain system reliability. Potential solutions may include operating solutions, existing equipment upgrade, new distribution system equipment installation, new substation equipment installation, distribution system transfers, and construction of new substations and transmission facilities.

Each proposed approach to resolve a projected overload is evaluated based on estimated project cost, time required to construct, and resulting impact on area and system reliability. Projects are evaluated on a multi-year scale to allow short-term and long-term impacts to be considered.

When available, solutions using operational or equipment modifications to resolve overloads for the coming year are often the least expensive and selected first. For example, the construction of new substation facilities is recognized as typically the most expensive option and is only implemented when all other options to utilize spare capacity are exhausted.

In addition to increasing system capacity, engineering departments work with operating groups to evaluate the cost to repair versus replace system infrastructure. This evaluation considers multiple factors such as safety, cost, operating impact, and environmental impact.