

July 1, 2005



conEdison

**TO: Stephen B. Bram
Kevin Burke
John D. McMahon
Joan S. Freilich
Robert N. Hogle
Charles E. McTiernan, Jr.
James P. O'Brien
Frances A. Resheske**

FROM: Edward J. Rasmussen

SUBJECT: 2006 Operating and Capital Budgets

Attached is a schedule for development of the Operating and Capital Budgets for the Year 2006 (see Attachment A). The final budgets will be presented to the Finance Committee of the Board of Trustees at its November 2005 meeting.

The Year 2006 budgets should reflect the resources necessary to accomplish corporate and organizational goals, including environmental, safety and reliability initiatives. Budget submissions should consider the major risks facing your organizations and how the proposed budget addresses these issues.

For CECONY, the Year 2006 O&M budgets should reflect the programs set forth in the current rate plans. Attachment B summarizes the dollars associated with these programs. The 2006 capital budget should also be based on the level of capital programs set forth in the recent rate proceedings. Attachment C summarizes the dollars associated with these programs. If you are above the guidelines, these amounts should be identified as unfunded. The development of the budget should justify the expenditures, identifying the activities or programs, and link such expenditures to a unit of measure or activity where appropriate. The CECONY steam O&M and capital budgets may require revision based upon the steam rate case filing planned for later this year.

For Orange and Rockland, the 2006 O&M budgets should be based on the 2005 budget level (See Attachment D). The 2006 capital budget should reflect the levels that were included in the 2005 – 2009 capital budget for the year 2006 (See Attachment E). If you are above the guidelines, these amounts should be identified as unfunded.

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A separate schedule for the development of the five-year capital and operation and maintenance expense forecast will be distributed shortly.

In addition, all unregulated subsidiaries should present budgeted Income, Balance Sheet and Cash Flow statements.

If you have any questions, please call. Thank you.

July 1, 2005

Attachment A

2006 Operating and Capital Budgets
Schedule

Guidelines for 2006 O&M and Capital Budgets	Friday 7/1	
CECONY Preliminary 2006 O&M and Capital Budgets	Wednesday 9/21	
Orange & Rockland and Unregulated Subsidiaries' 2006 Budgets	Friday 9/23	
Preliminary 2006 Consolidated Earnings Forecast	Wednesday 10/5	
Meetings with CEO and CFO		
Public Affairs	Wednesday 10/5	8:00 to 10:00 AM
Law	Wednesday 10/5	1:00 to 3:00 PM
Unregulated Subsidiaries	Thursday 10/6	10:00 to 12:00 PM
Orange & Rockland Utilities, Inc.	Thursday 10/6	1:00 to 3:00 PM
CECONY Operations	Wednesday 10/12	1:00 to 3:00 PM
Finance	Friday 10/14	2:00 to 4:00 PM
Final 2006 Consolidated Earnings Forecast	Wednesday 11/2	
CPC Review of 2006 Earnings Forecast	Monday 11/7	
Distribution of 2006 Earnings Forecast and Capital Budget to Board Members	Thursday 11/10	

Consolidated Edison Company of New York, Inc
2006 O&M Budget Guideline
(\$000's)

	<u>2005 Budget</u>	<u>2006 Guideline</u>	<u>2006 vs. 2005</u>
Operations	\$863,279	\$875,572	\$12,293
Chairman & Staff	2,443	2,443	-
Auditing	5,710	5,710	-
Finance	37,965	37,965	-
Public Affairs	16,235	16,235	-
Law	21,759	21,759	-
Sub-Total	<u>947,391</u>	<u>959,684</u>	<u>12,293</u>
Insurance Premiums	29,130	29,130	-
Interference	80,000	83,397	3,397
Uncollectibles	38,818	38,818	-
Total	<u>\$1,095,339</u>	<u>\$1,111,029</u>	<u>\$15,690</u>

Consolidated Edison Company of New York, Inc.
2006 Capital Budget
(\$ in Millions)

	<u>2005</u>	<u>2006</u>
Electric		
Transmission & Switching Stations	\$93	\$134
Substations & Sub-Transmission	316	369
Distribution		
New Business	93	93
Burnouts	116	116
Interferences	23	22
Improvements/Reinforcements	193	208
Telecommunications Applications	3	3
Transformer/Meter Installations	58	58
Transformers/Network Protectors	72	74
Meters/Meter Devices	11	10
Total Distribution	569	584
Total Electric	\$978	\$1,087
Gas		
Distribution	\$123	\$113
Supply Mains/Tunnel Facilities	50	67
Total Gas	\$173	\$180
Steam		
Production	\$124	\$82
Distribution	17	16
Total Steam	\$141	\$98
Common	\$139	\$149
Lower Manhattan Restoration	61	27
TOTAL CAPITAL EXPENDITURES	<u>\$1,492</u>	<u>\$1,541</u>

Table 1

Consolidated Edison, Inc.
Five Year Capital Program: 2006 - 2010
(\$ in Millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Five Year Total</u>
Regulated Subsidiaries						
CECONY (See Table 2)	\$1,725	\$1,722	\$1,550	\$1,515	\$1,485	\$7,997
Orange and Rockland	102	110	114	114	111	551
Total Regulated Subsidiaries	\$1,827	\$1,832	\$1,664	\$1,629	\$1,596	\$8,548
Unregulated Subsidiaries						
Development/Energy	\$3	\$3	\$3	\$2	\$2	\$13
Solutions	3	3	3	3	3	15
Total Unregulated Subsidiaries	\$6	\$6	\$6	\$5	\$5	\$28
Total CEI	<u>\$1,833</u>	<u>\$1,838</u>	<u>\$1,670</u>	<u>\$1,634</u>	<u>\$1,601</u>	<u>\$8,576</u>

Table 2

Consolidated Edison Company of New York, Inc.
Five Year Capital Program: 2006 - 2010
(\$ in Millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Five Year Total</u>
Electric						
Transmission & Switching Stations	\$126	\$136	\$82	\$110	\$115	\$569
Substations & Sub-Transmission	415	474	378	343	347	1,957
Distribution						
New Business	114	114	114	114	114	570
Burnouts	174	145	142	141	140	742
Interferences	22	25	25	25	25	122
Improvements/Reinforcements	260	258	246	232	237	1,233
Telecommunications Applications	1	2	2	2	2	9
Transformers/Network Protectors	74	74	74	74	74	370
Meters/Meter Devices	12	12	12	12	10	58
Total Distribution *	657	630	615	600	602	3,104
Total Electric	\$1,198	\$1,240	\$1,075	\$1,053	\$1,064	\$5,630
Gas						
Distribution	\$130	\$126	\$122	\$118	\$113	\$609
Supply Mains/Tunnel Facilities	50	53	52	60	60	275
Total Gas	\$180	\$179	\$174	\$178	\$173	\$884
Steam						
Production	\$102	\$92	\$106	\$97	\$94	\$491
Distribution	16	23	22	22	23	106
Total Steam	\$118	\$115	\$128	\$119	\$117	\$597
Common	\$198	\$153	\$141	\$134	\$131	\$757
Lower Manhattan Restoration	\$31	\$35	\$32	\$31	\$0	\$129
TOTAL CAPITAL EXPENDITURES	<u>\$1,725</u>	<u>\$1,722</u>	<u>\$1,550</u>	<u>\$1,515</u>	<u>\$1,485</u>	<u>\$7,997</u>

* The expenditures included in the Transformer/Meter Installation line item, shown in the approved 2006 budget has now been included in other applicable distribution line items.

Table 3

Consolidated Edison Company of New York, Inc.
Five Year Capital Program - Environmental Expenditures
(\$ in Millions)

	<u>2006</u>	<u>2007-2010</u>	<u>Five Year Total</u>
<u>Electric Operations:</u>			
Replace Paper and Lead Cable with Solid Dielectric	\$23.9	\$120.0	\$143.9
Install Oil Minders	0.7	2.6	3.3
Facilities Improvements	1.2	4.8	6.0
Sub-Total	\$25.8	\$127.4	\$153.2
<u>Substation Operations:</u>			
SPCC Work For Substations at Various Locations	\$1.4	\$0.6	\$2.0
SPCC Work for Transmission Cable System	1.0	1.0	2.0
PURS Supervisory Control & Data Acquisition (Replace Moore System)	1.0	9.0	10.0
Risk Assessment	1.0	12.0	13.0
Bluestone Remediation	1.5	6.0	7.5
Various Pumping Plant Improvements	5.6	12.3	17.9
Sub-Total	\$11.5	\$40.9	\$52.4
<u>System and Transmission Operations :</u>			
DEC Cable System Modifications	\$1.5	\$6.9	\$8.4
<u>Steam Operations :</u>			
SP - EHS Risk Assessments	\$1.1	\$2.0	\$3.1
SP - Spill Containment (Secondary Containment)	0.9	-	0.9
EP - EHS Risk Assessments	0.3	6.4	6.7
Sub-Total	\$2.3	\$8.4	\$10.7
<u>Gas Operations:</u>			
Gas Leaks	\$21.5	\$82.9	\$104.4
Pipe Replacements	18.6	70.9	89.5
Sub-Total	\$40.1	\$153.8	\$193.9
<u>Environmental Health and Safety:</u>	\$2.4	\$2.3	\$4.7
TOTAL ENVIRONMENTAL EXPENDITURES	<u>\$83.6</u>	<u>\$339.7</u>	<u>\$423.3</u>



CECONY Operations

Capital 2006-2010 Budget

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Con Edison Operations

<u>Section</u>	<u>Description</u>
1	Presentations/ Business Plans
2	Summary Schedules
3	White Papers
4	Trend Analysis
5	Engineering Analysis
6	Load Forecasts

Supplementary Packages include Accounting Budgets and Board Memos, PSC Staff
Annual Report
Appendix 3- 2005