STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

Internet Address: http://www.dpsstate.ny.us

November 24,2009

Hon. Jaclyn A. Brilling, Secretary
New York State Public Service
Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 09-E-0428 – Consolidated Edison Company of New York, Inc. – Electric Rates.

Dear Secretary Brilling:

Enclosed please find a copy of the Joint Proposal entered into in the above-referenced case. You will note that the Joint Proposal currently includes the signatures of Consolidated Edison Company of New York, Inc., the Department of Public Service Staff, the City of New York, the New York Power Authority, the Small Customer Marketer Coalition, the Retail Energy Supply Association, Consumer Power Associates, the E-Cubed Company, LLC on behalf of the Joint Supporters, and the New York Energy Consumers Council. As indicated on the first page of the Joint Proposal, there are a number of other parties who are expected to be signatories to the document. However, due to time constraints their original signature pages will be filed separately.

Copies of the Joint Proposal are being provided electronically to all active parties, and a hard copy will be provided to them next week.

Sincerely,

Brandon Goodrich
Assistant Counsel

Eric.
cc: Hon. William Bouteiller
Hon. Kevin Casutto
Active Parties to Case 09-E-0428

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 09-E-0428 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service.

JOINT PROPOSAL

November 23, 2009

TABLE OF CONTENTS

Page

Procedural Setting 1

Overall Framework 3

A. Term 4

B. Electric Rates and Revenue Levels 4

1. Rate Levels 4
2. Austerity 6
3. Productivity 6
4. Sales Forecasts 7
5. Market Supply Charge and Monthly Adjustment Clause 7
6. Revenue Decoupling Mechanism 7

C. Computation and Disposition of Earnings 8

D. Capital Expenditures 10

1. Net Plant Targets 10
2. Net Plant Reconciliations 11
3. Capital Spending Targets 12
4. Annual Reports/Meetings 15
5. Capital Construction Planning Provisions 17
6. Bulk Power Substation Security 17

E. Reconciliations 18

1. Property Taxes 18
2. Municipal Infrastructure Support (Other Than Company Labor) 19
3. Pensions/OPEBs 20
4. Environmental Remediation 21
5. Deferred Income Taxes – 263A 22
6. Long Term Debt Cost Rate 22
7. Proceeds from the Sales of SO2 Allowances 23
8. Major Storm Expenses Reserve 23
9. ERRP Major Maintenance Cost Reserve 24
10. Other Transmission Revenues 24
11. Brownfield Tax Credits 24
12. NEIL Dividends 25

13. Additional Reconciliation/Deferral Provisions 25
14. Limitations on Deferrals 26
F. Additional Rate Provisions 27
1. Depreciation Rates and Reserves 27
2. Interest on Deferred Costs 27
3. Property Tax Refunds and Credits 27
4. Allocation of Common Expenses/Plant 28
G. Reliability Performance Mechanism 28
H. Customer Service 29
1. Customer Service Performance Mechanism 29
a. Operation of Mechanism 29
b. Exclusions 29
c. Reporting 30
d. Threshold Standards 31
i) Commission Complaints 31
ii) Call Answer Rate 32
iii) Satisfaction of Callers, Visitors, and Emergency Contacts 32
iv) Outage Notification 33
2. Outreach and Education 33
I. Revenue Allocation 34
J. Rate Design 35
1. General Delivery Service 35
2. Business Incentive Rate 36
a. Transfer of Allocation 36
b. Expansion of Research Facility Access 37
c. Business Incubator Programs 39
i) Scope 39
ii) Definition 40
iii) Allocation 40
iv) Eligibility 40
iv) Application 41
vi) Term 41
vii) Mergers and Successors 42

viii) Energy Audits 42
d. Tariff Leaves 43
3. Tariff Changes 43
a. NYISO Weekly Billing 43
b. Business Incentive Rate 44
c. Merging SC 4 and SC 9 44
d. Uncollectible Bill ("UB") Expense Associated with MSC/MAC 45
e. Consolidation of SC 1 and SC 7 45
f. Rider H 45
g. Reconciliation of TSCs through the MAC 46
h. Carrying Charge Percentage Increase for Interconnection Charges 46
i. Modification to Rider M 46
j. SC 11 Clarifications 46
k. Revenue Decoupling Mechanism 46
l. Rate Adjustment Clause 47
m. Low-Income Program 47
n. No Change to Reimbursement Limits 47
o. RGGI Allowances 47
p. Housekeeping Changes 47
K. Low Income Program 48
1. Customer Enrollment 48
2. Low-Income Customer Charge Discount 51
3. Reconnection Fee Waiver 53
4. Cost Recovery 53
5. Reporting Requirements 54
6. Arrears Forgiveness Collaborative 55
L. Collaboratives, Studies, Reports 56
1. Standby Rates Collaborative 56
2. Distributed Generation ("DG") Collaborative 57
3. Retail Access – Collaborative to Consider Rate Ready Utility Consolidated Billing Model 58
4. Provision of Electric Usage Data 59
a. Building-Level Data 59

b. Tenant-Level Data 60
c. Cost Recovery 61
5. NYPA Metering and Billing 62
a. Data Issues 63
b. Unread Meters..64
c. Commission Intervention..66
6. Traffic Violations & Notices of Violation ("NOV") 66
7. Marginal Cost Studies 66
M. Miscellaneous Provisions..67
1. Maintaining A Goal-Oriented And Responsive Corporate Culture.................67
2. Draft New York State Energy Plan...68
3. Continuation of Provisions; Rate Changes; Reservation of Authority 68
4. Legislative, Regulatory and Related Actions..70
5. Provisions Not Separable 71
6. Provisions Not Precedent 71
7. Submission of Proposal...72
8. Effect of Commission Adoption of Terms of this Proposal 72
9. Further Assurances..72
10. Execution 73

Appendices

Appendix A - Revenue Requirement
- Revenue Requirement – RY1
- Revenue Requirement – RY2
- Revenue Requirement – RY2
- Rate Base – RY1, RY2 & RY3
- Average Capital Structure & Cost of Money
- Calculation of Levelized Rate Increase

Appendix B - Amortization of Regulatory Deferrals (Credits and Debits)

Appendix C - Revenue Forecast
- Sales Revenues
- Other Operating Revenues

Appendix D - Reconciliation Targets
- True-Up Targets
- Carrying Charge Rate

Appendix E - Book Depreciation
- Depreciation Rates & Amortization of Reserve Deficiency

Appendix F - Common Allocation Factors

Appendix G - Reliability Performance Mechanism

Appendix H - Customer Service Performance Mechanism

Appendix I - Revenue Allocation and Rate Design

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 09-E-0428 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service.

JOINT PROPOSAL

THIS JOINT PROPOSAL ("Proposal") is made as of the 23rd day of November 2009, by and among Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company"), New York State Department of Public Service Staff ("Staff"), New York Power Authority ("NYPA"), the City of New York (the "City" or "NYC"), Metropolitan Transportation Authority ("MTA"), Consumer Power Advocates ("CPA"), New York Energy Consumers Council, Inc. ("NYECC"), the Pace Energy and Climate Center ("Pace"), The E-Cubed Company, LLC ("E-Cubed") on behalf of the Joint Supporters, Small Customer Marketer Coalition ("SCMC"), the Retail Energy Supply Association ("RESA") and other parties whose signature pages are or will be attached to this Proposal (collectively referred to herein as the "Signatory Parties").

Procedural Setting

Con Edison is currently operating under an electric rate order that established new electric rates effective May 1, 2009.[1] On May 9, 2009, Con Edison filed new tariff leaves and supporting testimony for new rates and charges for electric service effective in April

[1] Case 08-E-0539, Consolidated Edison Company of New York, Inc. – Electric Rates, *Order Setting Electric Rates* (issued April 24, 2009) ("2009 Electric Rate Order").

2010. In that filing, the Company also proposed terms for a three-year rate plan that would continue through March 31, 2013.

Consistent with established Commission practice, administrative law judges were appointed to conduct the rate proceeding to review the Company's rate filing. Parties to this proceeding engaged in discovery activities, submitting over 1,500 discovery requests on the Company's filing. On August 28, 2009, nine parties filed testimony in response to the Company's original filing. The Company filed 23 pieces of rebuttal and update testimony on September 18, 2009. Staff, NYPA, and County of Westchester ("Westchester") also filed rebuttal testimony.

The Commission also assigned settlement judges to the rate proceeding, who were present during the parties' negotiations. By notice dated September 11, 2009, Con Edison notified all parties of the commencement of settlement negotiations on September 22, 2009.[2] Settlement negotiations began on September 22, 2009. Settlement negotiations continued on September 25, 2009, October 1-2, 2009, October 6, 2009, October 8-9, 2009 and October 13-15, 2009, at which point a number of the parties agreed on the principles of a joint proposal. The negotiations were held either in person or via teleconference. Evidentiary hearings on the filing and the parties' testimony were scheduled to commence on October 26, 2009, but via notice issued by the Secretary on October 22, 2009, the hearing was cancelled because parties indicated that there was a high probability of achieving a joint proposal.

---

[2] Copies of these notices were filed with the Secretary to the Commission ("Secretary").

All settlement negotiations were subject to the New York State Public Service Commission's ("Commission") Settlement Rules, 16 NYCRR § 3.9, and appropriate notices for negotiating sessions were provided.

The parties' negotiations have been successful and have resulted in this Proposal, which is presented to the Commission for its consideration.

Overall Framework

The Signatory Parties have developed a comprehensive set of terms and conditions for a three-year rate plan for Con Edison's electric service. These terms and conditions are set forth below and in the attached Appendices. Specifically, this Proposal addresses the following topics:

- **A. Term**
- **B. Electric Rates and Revenue Levels**
- **C. Computation and Disposition of Earnings**
- **D. Capital Expenditures**
- **E. Reconciliations**
- **F. Additional Rate Provisions**
- **G. Reliability Performance Mechanism**
- **H. Customer Service**
- **I. Revenue Allocation**
- **J. Rate Design**
- **K. Low Income Program**
- **L. Collaboratives, Studies, Reports**
- **M. Miscellaneous Provisions**

A. Term

The Signatory Parties recommend that the Commission adopt a three-year electric rate plan for Con Edison as set forth herein, commencing April 1, 2010 and continuing through March 31, 2013 ("Electric Rate Plan"). For the purposes of this Proposal, Rate Year means the 12-month period starting April 1 and ending March 31; Rate Year 1 ("RY1") means the 12-month period starting April 1, 2010 and ending March 31, 2011; Rate Year 2 ("RY2") means the 12-month period starting April 1, 2011 and ending March 31, 2012; and Rate Year 3 ("RY3") means the 12-month period starting April 1, 2012 and ending March 31, 2013. As hereinafter discussed, certain provisions of this Proposal will continue beyond RY3 (*e.g.*, the four- or five-year phase-in period for the flat rate design, discussed in Appendix I, requires filings by the Company in the two Rate Years following RY3).

B. Electric Rates and Revenue Levels

1. Rate Levels

This Proposal recommends increases to the Company's delivery service rates, including the fixed component of the Monthly Adjustment Clause ("MAC"), designed to produce an additional $540.8 million in revenues on an annual basis starting in RY1, an additional $306.5 million in revenues on an annual basis starting in RY2, and an additional $280.2 million in revenues on an annual basis starting in RY3.

The Signatory Parties propose that these three base rate increases be implemented on a levelized basis to mitigate the impact on customers of the RY1 increase. The annual levelized rate increases would be $420.4 million in revenues on an annual basis starting in RY1, an additional $420.4 million in revenues on an annual basis starting in RY2, and an additional $420.4 million in revenues on an annual basis starting in RY3.[3] The increase to each service class associated with the proposed additional revenues is shown in Appendix I.

Since the annual levelized rate increases would result in higher base rates at the end of the three-year term of the Electric Rate Plan than they would otherwise be under a non-levelized approach, $133.5 million of the levelized increase in RY3 will be collected in RY3 via class-specific temporary surcharges. Such surcharges would only be effective for the duration of RY3. The surcharges, which will be shown on statements filed separately from the Company's rate schedules, will be collected in the same manner as if they were collected in non-competitive delivery base rates. The Revenue Decoupling Mechanism ("RDM") target for RY3 will include the $133.5 million to be collected through the surcharges.

The rate increase for RY1 would take effect on April 1, 2010, the rate increase for RY2 would take effect on April 1, 2011, and the rate increase for RY3 would take effect on April 1, 2012. Furthermore, the Company will continue to recover on an annual basis $248.8 million through the Rate Adjustment Clause ("RAC") mechanism pending Commission determinations in Cases 07-E-0523 and 09-M-0114.

The major components of the revenue requirements underlying this Proposal are set forth in Appendix A.[4] These revenue requirements are net of the amortizations of

---

[3] The levelized rate increases are inclusive of interest on the deferred rate increase calculated at the 2010 Other Customer-Provided Capital Rate of 4.2 percent.

[4] Concessions made by Signatory Parties on various issues do not preclude those parties from addressing such issues in future rate proceedings or in related proceedings. For example, the Company's support for this Proposal does not preclude the Company from generally challenging the exclusion of management variable pay and compensation-related equity grant expenses from rates. Moreover, the Company is not precluded from arguing in Case 08-M-0152, in addressing the recommendations of the Liberty Management Audit ("Liberty Audit"), that the Company may elect to not implement Liberty Audit

various customer credits and debits on the Company's books of account that have previously been deferred by the Company. The list of deferred customer credits and debits to be applied during the Electric Rate Plan is attached as Appendix B.

2. Austerity

The revenue requirements for RY1, RY2 and RY3 include the following austerity cost reductions, for which associated austerity measures are only partially identified as of the date of this Proposal: \$45.3 million for RY1, \$38.3 million for RY2, and \$31.3 million for RY3.

Of these amounts, \$18.1 million in cost reductions in each of the Rate Years is attributable to austerity measures undertaken by the Company in reducing its 2009 capital expenditures. The remaining austerity-related cost reductions, to be achieved through further reductions in O&M expenses, are as follows: \$27.2 million in RY1; \$20.2 million in RY2; and \$13.2 million in RY3. The Company will file a report with the Secretary at least 60 days prior to the commencement of each of RY1, RY2 and RY3 indicating the Company's plan to achieve such cost reductions in the applicable Rate Year. The Company's management will be responsible for determining how best to achieve these cost reductions while maintaining reliability, service quality and safety.

3. Productivity

The revenue requirements for RY1, RY2, and RY3 each reflect an annual two (2) percent labor-productivity adjustment.

---

recommendations relating to variable pay and other compensation where such costs are not recovered in rates. Further, the exclusion of fifty (50) percent of Directors and Officers ("D&O") insurance costs is subject solely to the Commission's determination on the Company's pending Petition for Rehearing, filed on May 26, 2009, in Case 08-E-0539, as further discussed in paragraph E.13.

4. **Sales Forecasts**

The sales and delivery revenue forecasts used to determine the revenue requirement for each of RY1, RY2 and RY3 are set forth in Appendix C.

5. **Market Supply Charge and Monthly Adjustment Clause**

The Company will continue to recover all prudently-incurred supply and supply-related costs, including, but not limited to, power purchase costs and the embedded costs of retained generation, through the Market Supply Charge ("MSC")/MAC mechanism.

6. **Revenue Decoupling Mechanism**

The RDM prescribed by the Commission in Cases 07-E-0523 and 08-E-0539, subject to the modifications described in paragraph J.3 below, will remain in effect unless and until changed by Commission order, except for restating RDM targets for the Rate Year commencing April 1, 2013, to reflect the expiration of the temporary surcharges discussed in paragraph B.1 above, if the Company does not file for new base delivery rates to be effective within fifteen (15) days after the expiration of RY3. These restated RDM targets will remain in effect until the next time base delivery rates are changed (*i.e.*, continuation of the RDM mechanism unless and until changed by the Commission is premised upon the RDM targets being reset each time base delivery rates are changed). Consistent with the RDM mechanism in effect: (i) any interim charges/credits associated with RDM reconciliations of actual versus targeted revenues for periods commencing on and after April 1, 2010 will become effective on the first day of the month in which they become effective and (ii) any RDM deferrals will accrue interest as specified in paragraph F.2 below. The costs of the Low-Income Program will be reconciled through the RDM as discussed in section K.

C. **Computation and Disposition of Earnings**

Following each of RY1, RY2 and RY3, Con Edison will compute the rate of return on common equity for its electric business for the preceding Rate Year. The Company will submit to the Secretary the computation of earnings no later than 60 days after the end of each Rate Year.

If the level of earned common equity return for RY1 exceeds 11.15 percent ("RY1 Earnings Sharing Threshold") as may be adjusted pursuant to paragraph E.14, the amount in excess of the RY1 Earnings Sharing Threshold will be deemed "shared earnings" for the purposes of this Proposal. For RY1, one-half of the revenue requirement equivalent of any shared earnings above 11.15 percent up to and including 12.149 percent will be deferred for the benefit of customers and the remaining one-half of any such shared earnings will be retained by the Company; seventy-five (75) percent of the revenue requirement equivalent of any shared earnings equal to or in excess of 12.15 percent up to and including 13.149 percent will be deferred for the benefit of customers and the remaining twenty-five (25) percent of any shared earnings will be retained by the Company; and ninety (90) percent of the revenue requirement equivalent of any shared earnings equal to or in excess of 13.15 percent will be deferred for the benefit of customers and the remaining ten (10) percent of any shared earnings will be retained by the Company.

As set forth in the following paragraph, the earnings sharing thresholds for RY2 and RY3 are lower than the threshold for RY1, and the customers' share of earnings above the threshold are higher, to capture for customers' benefit a greater portion of savings that may be realized in RY2 and/or RY3 as a result of the Company's implementation of recommendations set forth in the Liberty Audit, pursuant to the Commission's *Order Directing The Submission Of An Implementation Plan*, issued August 21, 2009, in Case 08-M-0152.[5]

Accordingly, if the level of earned common equity return for RY2 and RY3 on a cumulative basis exceeds 10.65 percent ("RY2-3 Earnings Sharing Threshold"), calculated as set forth below and as may be adjusted pursuant to paragraph E.14, the amount in excess of the RY2-3 Earnings Sharing Threshold will be deemed "shared earnings" for the purposes of this Proposal. For RY2 and RY3, sixty (60) percent of the revenue requirement equivalent of any shared earnings in excess of 10.65 percent up to and including 12.149 percent will be deferred for the benefit of customers and the remaining forty (40) percent of any such shared earnings will be retained by the Company; seventy-five (75) percent of the revenue requirement equivalent of any shared earnings equal to or in excess of 12.15 percent up to and including 13.149 percent will be deferred for the benefit of customers and the remaining twenty-five (25) percent of any shared earnings will be retained by the Company; and ninety (90) percent of the revenue requirement equivalent of any shared earnings equal to or in excess of 13.15 percent will be deferred for the benefit of customers and the remaining ten (10) percent of any shared earnings will be retained by the Company.

For each Rate Year, for purposes of determining whether the Company has earnings above the Earnings Sharing Threshold:

---

[5] The Signatory Parties duly considered that implementation of the Liberty Audit may result in more efficient Company operations in RY2 and/or RY3 and designed the Electric Rate Plan to capture a reasonable share of such potential savings for customers through various provisions, including the earnings sharing provision for RY2 and RY3.

1. The calculation of return on common equity capital will be "per books," that is, computed from the Company's books of account for each Rate Year, excluding the effects of (i) Company incentives and performance-based revenue adjustments; (ii) the Company's share of property tax refunds earned during the applicable Rate Year; and (iii) any other Commission-approved ratemaking incentives and revenue adjustments in effect during the applicable Rate Year.

2. Such earnings computations will reflect the lesser of: (i) an equity ratio equal to 50.0 percent, or (ii) Con Edison's actual average common equity ratio. Con Edison's actual common equity ratio will exclude all components related to "other comprehensive income" that may be required by generally accepted accounting principles; such charges are recognized for financial accounting reporting purposes but are not recognized or realized for ratemaking purposes.

If the Company does not file for new base delivery rates to take effect within fifteen (15) days after the expiration of RY3, the earnings sharing thresholds will continue at the RY3 levels until reset by the Commission. Such calculation will be performed on an annual basis in the same manner as set forth above.

D. <u>Capital Expenditures</u>

1. <u>Net Plant Targets</u>

The revenue requirements for RY1, RY2 and RY3 are based on the net plant targets set forth in Appendix D for the following capital expenditure categories ("Average Plant In-Service Balances"): (1) Transmission and Distribution (excluding Municipal Infrastructure Support expenditures) ("T&D"); (2) Other (comprised of capital expenditures for Electric Production, Shared Services allocable to electric, and Municipal

Infrastructure Support ("Interference")); and (3) Finance and Supply Chain Enterprise Resource Project ("Enterprise Resource Project") allocable to electric.

2. <u>Net Plant Reconciliations</u>

The Company will defer the revenue requirement impact (*i.e.*, carrying costs, including depreciation, as identified in Appendix D) of the amount by which the Company's actual expenditures for capital programs result in average net plant (excluding removal costs) that is less than the Average Plant In-Service Balances (excluding removal costs), as set forth in Appendix D, for RY1, RY2 and RY3, for each capital expenditure category. The revenue requirement impact will be calculated by applying an annual carrying charge factor for the applicable Capital Expenditure category (see Appendix D) to the amount by which the actual was below the target.

The reconciliations to Average Plant In-Service Balances for RY2 and RY3 will be cumulative within each of the T&D and Other capital expenditure categories; that is, a carrying charge deferral will be required under this provision only if the actual average net plant balances for the 36-month period covered by the Electric Rate Plan for a category is below the target average net plant balances over such period for the category as shown on Appendix D.[6] The Enterprise Resource Project, which is projected to be in service before the end of the Electric Rate Plan, will be subject to reconciliation based on the average net plant balances for that project during the three-year period as shown on Appendix D.

---

[6] The Company will not recover during the Electric Rate Plan the carrying charges associated with expenditures for capital programs in RY1 that cause the average net plant balances to exceed the RY1 Plant in-Service Target. Accordingly, such expenditures will be subtracted from the actual book plant balances used in the calculation of the carrying charge deferral.

3. Capital Spending Targets

During the term of the Electric Rate Plan, the Company will be subject to the following Capital Spending Targets (which include capitalized pensions and other capitalized overheads):

- T&D category: $1.20 billion for RY1; $1.16 billion for RY2; $1.14 billion for RY3.
- Other category: $220 million for RY1; $207 million for RY2; and $195 million for RY3, comprised of:

	RY1 ($1,000)	RY2 ($1,000)	RY3 ($1,000)
Electric Production	$39,650	$35,750	$39,300
Shared Services	$142,110	$133,582	$117,639
Municipal Infrastructure Support	$38,000	$38,000	$38,000

The amounts set forth in the above table reflect Electric's share of expenditures in these sub-categories (which excludes the Enterprise Resource Project). Separate from the Capital Spending Targets set forth above, the capital spending target for the Enterprise Resource Project is capped at $160 million on a Company-wide basis ($125 million for Electric). Expenditures in excess of this amount related to the implementation[7] of the Enterprise Resource Project will not be recoverable from customers.

By December 15, 2009, the Company will provide to Staff and interested parties its most recent projected expenditures underlying the above Capital Expenditure Targets by project and/or program for T&D, Electric Production, Shared Services, Municipal Infrastructure Support, and the Enterprise Resource Project for the calendar years 2010,

[7] Implementation of the Enterprise Resource Project is described in the Company's testimony and page 29 of Staff's Exhibit __ (AP-2) in Case 09-E-0428.

2011, 2012 and 2013 and for each of RY1, RY2 and RY3 ("Project/Program List"). The Company has the flexibility over the term of the Electric Rate Plan to modify the list, priority, nature, and scope of the capital projects identified in the Project/Program List, subject to the reporting and rate case demonstration provisions set forth below.

For RY1, if the Company makes aggregate capital expenditures above the T&D category Capital Spending Target and/or above the Other category Capital Spending Target, the Company will not accrue carrying charges on such amounts during the term of this Electric Rate Plan. For Rate Years commencing after RY3, the Company may request in its next base rate case to include such over-target RY1 expenditures in its revenue requirement. The Company's request must specifically address such over-target expenditures in its rate filing, including providing justification for the need for and reasonableness of such over-target expenditures and the Company's inability to reasonably avoid such over-target expenditures. Further, the revenue requirement associated with such Commission-approved over-target expenditures after RY3, for the life of the project, will be calculated based on the assumption that the over-target RY1 expenditures were not financed by common equity, but rather by debt (that is, the revenue requirement will reflect a carrying charge for the over-target RY1 expenditures that substitutes the Company's overall cost of debt for the Company's cost of equity). Moreover, to the extent that such expenditures are included in the Company's rate base, they shall be excluded from any calculation of earnings above the earnings sharing threshold during the Electric Rate Plan.

For RY2 and RY3 cumulatively, if the Company makes aggregate capital expenditures above the total T&D Capital Spending Targets for RY2 and RY3 and/or above the total Other Capital Spending Targets for RY2 and RY3, the Company will not accrue carrying charges on such over-target amounts during the term of this Electric Rate Plan. For Rate Years commencing after RY3, the Company may request in its next base rate case to include such over-target RY2 and RY3 expenditures in its revenue requirement. The Company's request must specifically address such over-target expenditures in its rate filing, including providing justification for the need for and reasonableness of such over-target expenditures and the Company's inability to reasonably avoid such over-target expenditures. Further, the revenue requirement after RY3 associated with such Commission-approved over-target expenditures will be calculated to include a carrying charge that reflects the overall cost of capital (*i.e.*, the Company will be allowed to earn an equity return on such investments) in future Rate Years.

The Capital Spending Targets and the Net Plant Targets are exclusive of capital expenditures made by the Company associated with projects for which the Company receives grants from the Department of Energy pursuant to the federal stimulus program, which amounts will be recovered through a separate cost recovery mechanism pursuant to the Commission's *Order Authorizing Recovery Of Costs Associated With Stimulus Projects,* issued July 27, 2009, in Cases 09-E-0310 and 09-M-0074, at least until the next time base electric delivery rates are set. The Capital Spending Targets and Net Plant Targets are also exclusive of (1) expenditures that are recovered outside of base rates (*e.g.*, customer-funded capital for expenditures on facilities in connection with activities such as excess distribution requests and interconnections); (2) Company expenditures on public policy projects that the Company is specifically authorized or directed to undertake by the Commission; (3) Company expenditures on Municipal Infrastructure Support projects related to federal stimulus projects conducted by the New York City, the City Water Tunnel #3 project (defined in paragraph E.2, footnote 10), and new major projects (as defined paragraph E.2); and (4) Company capital expenditures recovered through alternative rate mechanisms (*e.g.*, capital expenditures associated with Energy Efficiency Portfolio Standard ("EEPS") programs funded through the System Benefits Charge).

The Company may petition the Commission to adjust the Capital Spending Target for RY1 if and to the extent the Company demonstrates that such additional expenditures are or were caused by extraordinary circumstances, could not or cannot be funded within the Capital Spending Target, and are or were necessary for safe and reliable operation of the electric system.

4. <u>Annual Reports/Meetings</u>

The Company will meet with Staff and other interested parties to review its capital plans by December 15 prior to RY2 and RY3. The Company will also report on how its capital plans correlate capital spending and identifiable benefits to customers.

The Company will, for informational purposes, file with the Secretary and submit to the parties in this proceeding, subject to confidentiality concerns, by February 28, 2011, 2012, 2013 and 2014, a report on its expenditures during the prior calendar year for each Capital Expenditure category. The Company will schedule meetings with Staff and the interested parties to review the reports.

The section of the report on the T&D category will be by projects and/or programs as presented in the Project/Program List. The section of the report on the Other category will report on the subcategories as follows: Electric Production by functional program; Shared Services by General Equipment, Emergency Management, Information Resources, Human Resources, Facilities, and Other; and Municipal Infrastructure Support by Lower Manhattan and All Other.

The annual report will provide (1) a list of all projects and/or programs reflected on the Project/Program List and in the Company's annual capital budgets that were eliminated, with supporting explanation; (2) a list of all new projects and/or programs that were added, with supporting explanation; (3) for all projects and/or programs, including new and eliminated projects and/or programs, the actual amount spent as compared to the forecasted budget amounts. To the extent the amount spent on a project or program varies from the forecasted amount by more than fifteen (15) percent, for projects or programs with a forecasted cost greater than $5 million but less than $25 million, or by more than ten (10) percent for projects or programs with a forecasted cost of $25 million or more, the Company shall provide an explanation of the reasons for the variance. For projects and programs that the Company forecasts an aggregate dollar amount to complete a certain number of units, the Company will identify in its Project/Program List those projects to be included in the annual report where the Company spent within ten (10) or fifteen (15) percent, as applicable, of the forecasted amount, but completed more or less units than projected, resulting in the unit cost variance of greater than fifteen (15) percent and include the actual number of units completed as compared to the forecasted level. Additionally, to the extent that the total amount spent in any Rate Year exceeds the Capital Spending Target set forth above, the Company shall provide an explanation of the reasons for the excess expenditures.

Quarterly budget status meetings with Staff will continue, at which, among other issues, the Company will report on its current expectations in meeting the annual Capital Spending Targets and Net Plant Targets described earlier in this section.

5. Capital Construction Planning Provisions

In its October 5, 2009 submission in Case 08-M-0152, the Company provided a plan to implement the Liberty Audit recommendations. That plan addresses the recommendations related to capital construction planning (*e.g.*, in developing the RY2 and RY3 construction programs, the planning and budgeting process will correlate capital spending to program objectives and benefits to customers). Con Edison will issue written directives to its managers with responsibility for capital planning and budgeting that direct them to consider rate impacts on customers in developing capital plans and budgets. These directives will be part of the Company's ongoing communications to its managers and employees regarding the budgeting process, which include directives that address maintaining reliability, planning for future system requirements, project prioritization and good utility practice.

6. Bulk Power Substation Security

The T&D capital expenditure budgets for RY1, RY2 and RY3 provide for security work on Company facilities at estimated amounts of $3.2 million, $4.3 million and $4.3 million, respectively. The Company agrees that these budgeted funds will only be spent on security, with a priority on upgrading bulk power substations and associated facilities at bulk power sites, and other facilities necessary to secure the bulk power system. The Company will work with Staff regarding these Critical Infrastructure facilities in order to reach mutual agreement as to the nature of the upgrades required. Detailed scoping documents of the upgrade plans will be provided to Staff by December

15, 2009. The Company will provide to Staff annual reports regarding work performed during the previous year and work planned for the following year. If the cost estimates for agreed-upon work demonstrate a cost materially above the projected $11.8 million spending target, the Company and Staff will work together to re-evaluate the nature and/or schedule of the work to be performed. Communications between Staff and the Company on matters respecting system security, including as it pertains to resource allocation, planning and annual reports, will be conducted with appropriate confidentiality safeguards.

E. <u>Reconciliations</u>

The Company will reconcile the following costs and related items to the levels provided in rates, as set forth in Appendix D. Variations subject to recovery from or to be credited to customers will be deferred on the Company's books of account over the term of the Electric Rate Plan, and the revenue requirement effects of such deferred debits and credits, as the case may be, will be addressed in future rate proceedings, except as addressed in paragraph E.14 below.

1. <u>Property Taxes</u>

If the level of actual expense for property taxes, excluding the effect of property tax refunds (as defined in paragraph F.3), varies in any Rate Year from the projected level provided in rates, which levels are set forth in Appendix D, eighty (80) percent of the variation will be deferred and either recovered from or credited to customers, subject to the following cap: the Company's twenty (20) percent share of property tax expenses above or below the level in rates is capped at an annual amount equal to ten (10) basis points on common equity for each Rate Year. The Company will defer on its books of account, for recovery from or credit to customers, one hundred (100) percent of the variation above or below the level at which the cap takes effect.

The Company will not be precluded from applying for a greater share of lower than forecasted property tax expenses (including the period beyond RY3) if its extraordinary efforts result in fundamental taxation changes and produce substantial net benefits to customers.

2. <u>Municipal Infrastructure Support (Other Than Company Labor)</u>

If actual non-Company labor Municipal Infrastructure Support expenses (*e.g.*, contractors' costs) vary from the level provided in rates for any Rate Year, which levels are set forth in Appendix D, one hundred (100) percent of the variation below the target will be deferred on the Company's books of account and credited to customers, and, eighty (80) percent of the variation above the target within a band of thirty (30) percent (*e.g.*, a maximum deferral of $16.4 million for RY1)[8] will be deferred on the Company's books of account and recovered from customers. Expenditures above the target plus thirty (30) percent are not recoverable from customers except as provided below for RY2 and RY3.

For RY2 and RY3, if actual non-Company labor Municipal Infrastructure Support expenses (*e.g.*, contractors' costs) vary from the level provided in rates above the target plus thirty (30) percent, and such increased expenses are due to (a) City projects that result from the award of federal stimulus funds granted after the date of this Proposal, (b) the City Water Tunnel #3 Project,[9] and/or (c) the construction of major new public works

---

[8] RY1 rate allowance for interference of $68.5 million x 30 percent x 80 percent = $16.4 million.

[9] The New York City Department of Environmental Protection's ("DEP") City Water Tunnel #3 project consists of eleven different shaft locations and one street inter-tie location in Manhattan. This project includes 48-inch and 36-inch distribution mains and large regulating valve stations that create a high

or infrastructure projects that are developed and announced after the date of this Proposal, ("major" shall be defined as a public works project with a projected total cost in excess of $100 million), eighty (80) percent of the variation above the target plus thirty (30) percent that is attributable to the above-described projects will be deferred on the Company's books of account for future recovery from customers.

In addition, if there is a change in law, rules or customary practice relating to interference (*e.g.*, responsibility for costs associated with New York City transit projects), the Company will have the right to defer such incremental costs pursuant to paragraph M.4.

3. <u>Pensions/OPEBs</u>

Pursuant to the Commission's Pension Policy Statement,[10] the Company will reconcile its actual pensions/Other Post-Employment Benefits ("OPEBs") expenses and, in addition, tax benefits related to the Medicare subsidies to the level allowed in rates as set forth in Appendix D.

The Pension Policy Statement provides that companies may seek prospective interest accruals or rate base treatment for amounts funded above the cost recoveries

---

potential to impact Company infrastructure assets. Some of the locations for the shaft piping and regulating stations involve relocation of Company oil filled pipe-type high voltage transmission cables, primary and secondary electric systems. This project has been underway since the 1970's and the eleven shafts have been installed but not connected to the City's 48" and 36" water main distribution system. The DEP is in the process of designing and awarding twelve projects to connect the shafts to the water distribution system as well as the inter-tie. Of the twelve locations, two have been designed, bid and awarded and are in the initial stages of construction; four (4) are in final design with bid dates projected for February 2010; one (1) is in preliminary design with a bid date of March 2010; three (3) are in preliminary design with a bid date of October 2010 and two (2) have neither design work started nor a bid date at this time. The DEP has an aggressive target date of 2013 for completing these projects.

[10] Case 91-M-0890, <u>In the Matter of the Development of a Statement of Policy Concerning the Accounting and Ratemaking Treatment for Pensions and Post-Retirement Benefits Other Than Pensions</u>, *Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Post-Retirement Benefits Other Than Pensions* (issued September 7, 1993) ("Pension Policy Statement").

included in rates.[11] During the term of the Electric Rate Plan, the Company may be required to fund its pension plan at a level above the rate allowance pursuant to the annual minimum pension funding requirements contained within the Pension Protection Act of 2006. The Company, its actuary and the parties are unable to predict with certainty if the minimum funding threshold will exceed rate recoveries during the term of the Electric Rate Plan. In lieu of a provision in this Proposal addressing the Company's additional financing requirements should it be required to fund its pension plan above the level provided in rates during the term of this Electric Rate Plan, the Proposal does not preclude the Company from petitioning the Commission to defer the financing costs associated with funding the pension plan at levels above the current rate allowance should funding above the rate allowance be required; the Company's right to obtain authority to defer such financing costs on its books of account will not be subject to requirements respecting materiality.

4. <u>Environmental Remediation</u>

If the level of actual expenditures for site investigation and remediation allocated to Con Edison's electric business,[12] including expenditures associated with former manufactured gas plant sites, Superfund and 1994 DEC Consent Order Appendix B sites, varies in any Rate Year from the level provided in rates, which levels are set forth in Appendix D, such variation will be deferred on the Company's books of account and recovered from or credited to customers. The deferred balances subject to interest will be

---

[11] See Pension Policy Statement, Appendix A, page 16, footnote 3.

[12] These costs are the costs Con Edison incurs to investigate, remediate or pay damages (including natural resource damages, with respect to industrial and hazardous waste or contamination spills, discharges, and emissions) for which Con Edison is deemed responsible. These costs are net of insurance reimbursements (if any); nothing herein will require the Company to initiate or pursue litigation for purposes of obtaining insurance reimbursement, nor preclude or limit the Commission's authority to review the reasonableness of the Company's conduct in such matters.

reduced by accruals, insurance recoveries, associated reserves, deferred taxes and amounts included in rate base (see Appendix A).

5. **<u>Deferred Income Taxes – 263A</u>**

The Company and the Internal Revenue Service have an open audit issue concerning the Section 263A tax deduction claimed by Con Edison beginning with tax returns filed for 2002 and later years. At issue is the appropriate method(s) to be applied to different classes of plant in order to calculate the Section 263A deduction. Resolution of this matter is pending for all those tax years and may result in a disallowance of a portion of the tax deduction claimed by the Company. This Proposal continues the established 263A deferred tax balance that reflects the anticipated outcome of this dispute.

The Company will defer interest at a rate equivalent to the pre-tax rate of return of 11.0 percent on any difference between the actual deferred Section 263A tax benefits that result from the Section 263A deduction and the amount allowed by the Internal Revenue Service. The final Section 263A deduction reflected in rate base will recognize any related partial offset (*i.e.*, higher/lower tax deduction) impacting the MACRS rate base balances.

6. **<u>Long Term Debt Cost Rate</u>**

As set forth in Appendix A, the weighted average cost of long term debt during the term of the Electric Rate Plan is 5.65 percent. In light of recent disturbances in the financial markets, which have resulted in an unsettled auction market for the Company's variable rate tax exempt debt in particular, and a volatile interest rate environment in general, which makes forecasting the cost rates associated with future debt issues difficult, the Company will be allowed to true-up its actual weighted average cost of long term debt during RY2 and RY3 to the 5.65 percent cost rate reflected in Appendix A. In the event the Variable Rate or Auction Rate Debt is refinanced prior to April 1, 2013 (including under circumstances not contemplated by the Commission's order, issued March 12, 2009, in Case 08-M-1244, and therefore requiring Commission authorization), the Company will include its costs associated with the retirement and refinancing of the Variable Rate and Auction Rate Debt in the amounts to be reconciled.[13]

7. Proceeds from the Sales of SO_2 Allowances

If the level of proceeds from the sale of SO_2 allowances allocated to Electric varies in any Rate Year from the level provided in rates, which levels are set forth in Appendix D (*i.e.*, $1.37 million), such variation will be deferred on the Company's books of account and recovered from or credited to customers. The allocation of such proceeds between Steam and Electric will continue to be computed according to the method established in the *Order Determining Revenue Requirement And Rate Design*, issued September 22, 2006, in Case 05-S-1376.

8. Major Storm Expenses Reserve

The Company's annual revenue requirements provide funding for major storm expenses of $5.6 million in each of RY1, RY2, and RY3, incurred for major storms.[14] Cumulatively over the term of this Electric Rate Plan, the amounts provided for major storm costs total $16.8 million. To the extent that over the term of the Electric Rate Plan, the Company incurs cumulative incremental major storm damage expenses in excess of $16.8 million, the Company will defer on its books of account expenses in excess of the

---

[13] If the Company refinances the Variable Rate or Auction Rate Debt, or issues new tax-exempt debt, it may require the use of one or more credit support measures, such as letters of credit or bond insurance.
[14] A "major storm" is defined in 16 NYCRR Part 97 as a period of adverse weather during which service interruptions affect at least ten (10) percent of the Company's customers within an operating area and/or results in customers being without electric service for durations of at least twenty-four (24) hours.

$16.8 million for future recovery from customers. To the extent that over the term of the Electric Rate Plan, the Company has incurred cumulative major storm damage expenses less than $16.8 million, the Company will defer any variation less than $16.8 million for the benefit of customers. All major storm expenses will be subject to Staff review.

9. ERRP Major Maintenance Cost Reserve

The Company's base rates reflect amounts for East River Repowering Project ("ERRP") Maintenance Costs of $7.5 million, $7.606 million and $7.739 million, in RY1, RY2 and RY3, respectively. To the extent that over the term of the Electric Rate Plan, the Company incurs cumulative ERRP Maintenance Costs more or less than the sum of the amounts provided in rates plus the reserve available as of April 1, 2010, the Company will defer any variation on its books of account for future recovery from or for the benefit of customers.

10. Other Transmission Revenues

The Company's revenue requirements include annual revenue targets for Transmission Congestion Contracts ("TCC") of $120 million; Transmission Service Charges ("TSC") of $15 million; and grandfathered transmission wheeling contracts ("GTWC") of $11.476 million as shown on Appendix C – Other Operating Revenues. Annual variations between the TCC, TSC and GTWC revenue targets and actual amounts will be passed back or recovered as appropriate through the MAC.

11. Brownfield Tax Credits

The Company's revenue requirements include New York State tax benefits from Brownfield environmental tax credits of $1.6 million annually, as shown on Appendix D. The Company will defer on its books of account all Brownfield tax credits as received and amortize to income $1.6 million annually.

12. **NEIL Dividends**

The Company's revenue requirements include dividends from its Nuclear Electric Insurance Limited ("NEIL") insurance policy of $3.5 million annually, as shown on Appendix D. Annual variations between the actual dividends received and the $3.5 million target will be passed back or recovered as appropriate through the MAC.

13. **Additional Reconciliation/Deferral Provisions**

In addition to the foregoing reconciliation provisions (*i.e.*, paragraphs E.1 through E.12), all other applicable existing reconciliations and/or deferral accounting will continue in effect through the term of this Electric Rate Plan and thereafter until modified or discontinued by the Commission, including, but not limited to, Financial Accounting Standards ("FAS") 109 taxes, Regional Greenhouse Gas Initiative ("RGGI") costs associated with Company-owned generation, System Benefits Charges, Renewable Portfolio Standard charges, Demand Side Management ("DSM") costs, MTA taxes, New York Public Service Law §18-a regulatory assessment, and the MSC/MAC mechanisms, as well as the cost of the Low-Income customer charge discount (discussed below).

The revenue requirements reflect the amortization of $3.0 million per Rate Year of World Trade Center ("WTC")-related capital costs that the Company has deferred, as set forth in Appendix B. The balance of the Company's WTC-related capital costs allocated to Electric will continue to be deferred in accordance with the 2009 Electric Rate Order,[15] and subject to interest at Con Edison's allowed pretax Allowance for Funds Used During Constriction rate of return. The Company will continue to seek recovery for all WTC costs from governmental agencies and insurance carriers. All recoveries will be

---

[15] In accordance with the 2009 Electric Rate Order, the Company has utilized $91.57 million of unbilled revenue credits to write down deferred WTC O&M costs.

applied to reduce the deferred balance, except to the extent that the Company is required to use insurance proceeds to reimburse government entities.

The Company's Petition for Rehearing, filed on May 26, 2009, in Case 08-E-0539 on the issue of recovery of D&O insurance costs in rates is still pending. If the Commission grants the Company's request for recovery of any or all of such costs, the method of recovery shall be as set forth by the Commission. In the event that the Commission does not specify any method of recovery, the Company may defer for later recovery from customers the amount authorized by the Commission, with interest.

14. Limitations on Deferrals

For earnings above the RY1 Earnings Sharing Threshold or the RY2-3 Earnings Sharing Threshold, the Company will apply fifty (50) percent of its share of any such earnings to reduce deferred undercollections of pension and OPEBs, Municipal Infrastructure Support costs and property taxes, if any. This analysis will be performed annually; for RY2 and RY3, adjustments will be based on cumulative earnings for RY2 and RY3. The Company will apply the customers' share of earnings above the sharing threshold that would otherwise be deferred for the benefit of customers to first offset deferred debits. The customers' allocated share of shared earnings will be applied against deferred pension and OPEB costs, property taxes, WTC costs, Municipal Infrastructure Support costs and environmental remediation costs.

The Company's annual earnings report (see section C) will include a schedule showing deferrals written down with the Company's and the customers' respective shares of earnings above the earnings sharing thresholds.

F. Additional Rate Provisions

1. Depreciation Rates and Reserves

The average services lives, net salvage factors and life tables used in calculating the depreciation reserve and establishing the revenue requirements are set forth in Appendix E. In addition to the depreciation produced by application of the rates summarized in the Appendix, an additional amount of depreciation expense will be realized in connection with the partial recovery of the reserve variation proposed by the Company. The allowed recovery will equal $6,446,000 annually and was determined by applying fifty (50) percent to the Company's proposal for the recovery of the reserve deficiency based on a 13-year amortization period in connection with the amount in excess of the ten (10) percent tolerance band. In addition, the amount of the reserve deficiency amortization approved in Case 07-E-0523 amounting to $10,833,000 annually will continue for an additional thirteen (13) years.

2. Interest on Deferred Costs

The Company is required to record on its books of account various credits and debits that are to be charged or refunded to customers. Unless otherwise specified in this Proposal or by Commission Order, the Company will accrue interest on these book amounts, net of federal and state income taxes, at the Other Customer-Provided Capital Rate published by the Commission annually. FAS 109 and MTA tax deferrals are either offset by other balance sheet items or reflected in the Company's rate base and will not be subject to interest.

3. Property Tax Refunds and Credits

Property tax refunds allocated to Electric that are not reflected in this Electric Rate Plan and that result from the Company's efforts, including credits against tax payments or similar forms of tax reductions (intended to return or offset past overcharges or payments determined to have been in excess of the property tax liability appropriate for Con Edison), will be deferred for future disposition, except for an amount equal to fourteen (14) percent of the net refund or credit which will be retained by the Company. Incremental expenses incurred by the Company to achieve the property tax refunds or credits will be offset against the refund or credit before any allocation of the proceeds is calculated. The deferral and retention of property tax refunds and incentives will be subject to an annual showing in a report to the Secretary by the Company of its ongoing efforts to reduce its property tax burden, in March of each Rate Year. Additionally, the Company is not relieved of the requirements of 16 NYCRR Part 89 with respect to any refunds it receives.

4. Allocation of Common Expenses/Plant

During the term of the Electric Rate Plan, common expenses and common plant will be allocated according to the percentages reflected in the electric revenue requirement calculations, as shown in Appendix F. Should the Commission approve different common allocation percentages for gas and/or steam service prior to the next base rate case for the electric business, the resulting annual revenue requirement impact to Electric will be deferred for future recovery from or credit to customers.

G. Reliability Performance Mechanism

The Reliability Performance Mechanism set forth in Appendix G will be in effect for the term of the Electric Rate Plan and thereafter unless and until changed by the Commission.

H. Customer Service

1. Customer Service Performance Mechanism

The Customer Service Performance Mechanism ("CSPM") described herein will be in effect for the term of the Electric Rate Plan and thereafter unless and until changed by the Commission.

a. Operation of Mechanism

The CSPM establishes threshold performance levels for designated aspects of customer service. The areas of customer service and the potential revenue adjustments are set forth on Appendix H. Failure by the Company to achieve the specified targets will result in a revenue adjustment of up to $40 million annually. All revenue adjustments related to the CSPM will be deferred for the benefit of customers.

b. Exclusions

Abnormal operating conditions are deemed to occur during any period of emergency, catastrophe, strike, natural disaster, major storm, or other unusual event not in the Company's control affecting more than ten (10) percent of the customers in an operating area during any month. A major storm will have the same definition as set forth in Section E.8.

i) In the event abnormal operating conditions in one (1), two (2) or three (3) of the Company's six operating areas affect the Company's ability to perform any activity that is part of this CSPM, the data for the operating area(s) experiencing the abnormal operating conditions will be omitted from the calculation and the Company's results for any activity that is part of the CSPM that is affected by such abnormal operating conditions will be measured only by the data from the other operating area(s) for the period of the abnormal operating conditions.

ii) If abnormal operating conditions occur in more than three operating areas so that monthly results cannot be measured for a given activity, the month will be eliminated in the calculation of the actual annual average performance for that activity.

iii) In the event that abnormal operating conditions affecting the Company's ability to perform a given activity occur in more than three operating areas for an entire Rate Year, the activity will be inapplicable in that Rate Year and the associated revenue adjustment amount for that activity will also be inapplicable in that Rate Year.

iv) If changes in Company operations render it impractical to continue to measure performance in any activity, the measurement method and/or threshold standard will be revised or an alternative method or activity selected for the remainder of the period during which this CSPM is operative. Any such modifications must be mutually agreed to by Staff and the Company in writing. In the event Staff and the Company cannot agree to a modification, the revenue adjustment amount associated with the activity that can no longer be measured will be reallocated among the other activities for the remainder of the period during which this CSPM is operative, subject to Con Edison's right to petition the Commission to establish an alternative method or activity.

c. Reporting

The Company will prepare an annual report on its performance that will be filed with the Secretary by May 31 following each Rate Year. Each report will state: (i) any changes anticipated to be implemented in the following measurement period in any activity reflected in this Proposal, (ii) a summary of the effect of any of the exclusions described herein and/or any significant changes in operations which led to the reported performance level during the measurement period; and (iii) whether a revenue adjustment is applicable, and if so, the amount of the revenue adjustment. The Company will maintain sufficient records to support such reports.

d. Threshold Standards

The Company's threshold performance will be measured based on the Company's cumulative monthly performance for each Rate Year for the following four activities, except as otherwise noted.

i) Commission Complaints

Con Edison's Commission complaint performance measure will be the 12-month complaint rate reported by the Office of Consumer Services each year for the 12-month period ending in March, based on the number of complaints received. A complaint is a contact by a customer, applicant, or customer's or applicant's agent that follows a contact with the Company about the issue of concern as to which the Company, having been given a reasonable opportunity to address the matter, has not satisfied the customer. The issue of concern must be one within the Company's responsibility and control, including an action, practice or conduct of the Company or its employees, not matters within the responsibility or control of an alternative service provider. Complaints resulting from the price of electric energy and capacity or the operation of the Company's MSC and that do not otherwise present just cause for charging a complaint against the Company will not be counted as complaints for the purposes of the CSPM. One or more contacts by a rate consultant raising the same issue as to more than one account, whether such contacts are made at the same time or different times, will not be counted as more than one complaint if the issue is under consideration by the Department or the Commission and no Company deficiency is found. Contacts by customers about the Shared Meter Law will not be complaints if the contact is about the requirements of the Shared Meter Law and no Company deficiency is found. The annual report filed by the Company shall provide an accounting, without identifying specific customer information (*e.g.*, by listing complaints by reference number, without providing customer names), of any complaints that the Company believes should not be counted due to the provisions of this paragraph, and state the resulting adjusted Commission Complaint rate.

ii) Call Answer Rate

"Call Answer Rate" is the percentage of calls answered by a Company representative within thirty (30) seconds of the customer's request to speak to a representative between the hours of 9:00 AM and 5:00 PM Monday through Friday (excluding holidays). The performance rate is the sum of the system-wide number of calls answered by a representative within thirty (30) seconds divided by the sum of the system-wide number of calls answered by representatives.

iii) Satisfaction of Callers, Visitors, and Emergency Contacts

The average of the satisfaction index ratings on the semi-annual surveys (conducted during the second and fourth quarters) of emergency callers (electric only), Call Center callers (non-emergency), and Service Center and Walk-in Center visitors, separately conducted by Communication Research Associates or another professional survey organization during each Rate Year. The Company shall notify Staff of any process instituted by the Company to change its survey contractor. The Company shall notify Staff at least six (6) months prior to making any material change to its survey questionnaire or survey methodologies.

iv) Outage Notification

The specific activities for communicating with customers, the public, and other external interests during defined electric service outage events remain as described by the Commission in Case 00-M-0095.[16] For each activity noted in that Order, performance that fails to meet the applicable threshold performance standard will result in a revenue adjustment at twice the level set forth in that Order (e.g, for each failure to complete a communication activity within the required time, the negative adjustment would be increased from $150,000 to $300,000). The overall amount at risk for Outage Notification ($8 million, established in Case 07-E-0523) shall remain unchanged.

2. Outreach and Education

Con Edison will continue to develop and implement outreach and education activities, programs and materials that will aid its customers in understanding their rights and responsibilities as utility customers. The Company will continue to survey its customers and to include appropriate questions in the surveys to evaluate its customer outreach program and identify areas where its outreach efforts could be further strengthened or improved. The Company will file a summary and assessment of its customer education efforts with the Director of the Office of Consumer Services by September 30 of each Rate Year.

---

[16] Case 00-M-0095, Joint Petition of Consolidated Edison, Inc. and Northeast Utilities for Approval of a Certificate of Merger, with All Assets Being Owned by a Single Holding Company, *Order Approving Outage Notification Incentive Mechanism* (issued April 23, 2002).

I. Revenue Allocation

The allocation of the delivery revenue increase for each Rate Year is explained in detail in Appendix I. The revenue allocation reflects, among other things, that the NYPA class will be assigned an additional $7,211,900 above its otherwise applicable rate increase in RY1, no additional assignment above its otherwise applicable rate increase in RY2, and a further $3,605,950 above its otherwise applicable rate increase in RY3, in resolution of the parties' disagreements regarding the Company's 2007 Embedded Cost of Service ("ECOS") Study solely the for purpose of this Proposal. The surplus/deficiency revenue adjustments allocable to each of the Con Edison classes, EDDS and NYPA, in each Rate Year, are shown on Appendix I, Table 1, and Column 2 of Table 2.

If the Company files for new base delivery rates to be effective on April 1, 2013, that filing will be premised upon a 2010 ECOS Study. For each year the Company delays in filing for new base delivery rates, the ECOS Study underlying the Company's filing will be premised upon a year that is no more than two (2) years prior to the year in which the filing is made (*e.g.*, if the Company files for new base delivery rates to be effective on April 1, 2014, the filing will be premised upon a 2011 ECOS Study). Regardless of when the Company files for new base delivery rates, the ECOS Study will reflect data from the multiple dwelling load diversity study being performed by the Company. The results of that study, which will be completed prior to the next rate case filing and will include data for a period extending beyond 2010, will be incorporated into the next ECOS Study.

J. **Rate Design**

1. **General Delivery Service**

This Proposal establishes new competitive and non-competitive electric delivery service rates, including changes to provisions of the MAC. These rates are based on total revenue requirements that reflect the costs of delivery facilities, without regard to the functionalization of those facilities as transmission or distribution. The same rates will apply to the same classes for delivery service rendered pursuant to the Full Service and Retail Access Schedules,[17] except as may have been (and may in the future be) necessary to implement rate unbundling. The Proposal does not address or preclude the Company from recovering certain costs through other mechanisms pursuant to Commission directives or authorizations (*e.g.*, pursuant to the 2009 Electric Rate Order, the Company will seek recovery of certain energy efficiency-related costs in Case 07-M-0548 (EEPS proceeding); the Company will recover costs associated with projects for which it receives grants from the Department of Energy through the separate surcharge authorized by the Commission's *Order Authorizing Recovery Of Costs Associated With Stimulus Projects*, issued July 27, 2009 in Cases 09-E-0310 and 09-M-0074).

The rates implementing this Proposal will be developed as set forth in Appendix I. The rate design reflects, among other things, that current rates will first be redesigned before rates are increased to reflect the following: (1) in RY1, Service Classification ("SC") 4 and 9 delivery rates at the current May 2009 rate level for SC 4 and 9 will be redesigned to provide for common delivery rates under a redesigned SC 9 rate schedule; and (2) the declining block rate structure in SC 1, 2, 7, redesigned 4/9, 8 and 12 will be

---

[17] The delivery service rates will be set forth in the Full Service Schedule and incorporated by reference in the Retail Access Schedule.

replaced with a flat rate structure, which will be phased-in to certain classes over a four-year (for SC 1, SC 2 and SC 7) or five-year (SC 4 and SC 9) period (*i.e.*, extending one (1) or two (2) years beyond the term of the Electric Rate Plan), as explained in Appendix I, to mitigate and avoid abrupt changes in customer's bills.

If the Commission does not initiate a generic proceeding to consider unbundling transmission and distribution rates before the end of RY1, nothing in this Proposal shall be construed (a) to limit the Company's rights to pursue unbundling its transmission and distribution rates to be effective no earlier than April 1, 2013, and (b) to indicate the Signatory Parties' agreement or acknowledgement that the Company's transmission and distribution rates should be unbundled. Prior to filing any petition for unbundling, the Company will convene a meeting of interested parties to discuss the Company's planned filing.

2. <u>Business Incentive Rate</u>

The following changes will be made to the Company's Business Incentive Rate ("BIR") Program:

a. Transfer of Allocation. Currently, the Comprehensive Package Program under the BIR provides for 240 MW of BIR power to be allocated to NYC and 35 MW to be allocated to the Westchester. At this time, 128 MW of NYC's allocation and 2.2 MW of Westchester's allocation are unsubscribed. However, there are a number of entities in Westchester that qualify for and are or will receive a Comprehensive Package of Economic Incentives, as that term is defined in Section (A)(3)(b) of Rider J, that will need, in total, an allocation in excess of 7 MW. To address this situation, 5 MW of NYC's unsubscribed allocation is transferred to Westchester to accommodate these projects, subject to the following conditions:

i) To the extent the projects are canceled or terminated, the transfer or any portion thereof not utilized shall revert back to NYC; and

ii) If, at some future time, provided the BIR program remains in effect, NYC determines that it needs the 5 MW or a portion thereof for one of its own economic development projects, and Westchester has unsubscribed MWs, the amount required and available up to 5 MW shall be "returned" to NYC. If Westchester has no unsubscribed MW, Westchester shall not be required to terminate or reduce the allocation to any existing project. However, as such projects exit the BIR Program, the 5 MW will be reallocated to NYC before Westchester enrolls any new customers or projects into the BIR Program, or expands allocations to existing projects.

b. Expansion of Research Facility Access.

i) Section (A)(2)(b)(iii) of Rider J allocates 8 MW to not-for-profit institutions for biomedical research, and Section (A)(2)(d) of Rider J allocates an additional 12 MW to this same use. Under this Proposal, the total allocation for biomedical research is increased from 20 MW to 40 MW, with the additional 20 MW coming from NYC's unsubscribed allocation.

ii) The definition of Comprehensive Package of Economic Incentives set forth in Section (A)(3)(b)(iii), as applied to biomedical research facilities, shall be expanded to read as follows: (iii) low-cost financing conferred by the local municipality, state authorities, the federal government, or entities which are tasked to provide federal financing, stimulus funds, or make similar investments to not-for-profit institutions utilizing space for biomedical research as specified in section (A)(1)(c) of this Rider.

iii) The definition of "Biomedical Research" in Section (A)(3)(g) of Rider J will be revised to read as follows: "Biomedical Research" is defined as research and development on use of cellular and molecular processes with a goal of creating products and solving health-related problems. Biomedical research includes research and development within the following disciplines: bioscience (adapting traditional research to commercial goals, studying the molecular, cellular and genetic causes of disease); biomedical and biological engineering (integrating physical, chemical, mathematical, computational science, and engineering principles to study biology, medicine, behavior, and health); genomics (treatments based upon genetic manipulation); research instrumentation (screening, analysis, and computing used to assist in the research of disease and development of medicines and other treatments); translational medicine (application of research findings to commercially viable product development and to treatments that are directly applicable to human diseases); drug development (including research, development, and manufacturing of medicines and drug delivery), clinical research (studies of patient populations, analysis of treatments, and clinical trials); biomedical device development (development and manufacturing of medical instrumentation, supplies, imaging tools, and therapeutic devices); and biopharmacology (direct application of research to development of drug treatments).

iv) The eligibility rules for participation in the biomedical research allocation of the BIR Program, set forth in Section (A)(1)(c) of the Rider J, will be revised as follows: Not-for-profit institutions occupying newly constructed or converted space contained within newly constructed buildings, or space in additions to or renovations in existing buildings, where such space is solely or predominantly used for biomedical research. Service under this Rider will be made available to such space and to associated administrative space within such buildings upon a showing of expected economic development benefits, including new jobs, as a result of the provision of this Rider over the long term and a showing that National Institute of Health grants will not contribute towards the cost of electric service covered by this Rider.

v) If requested by Westchester during the term of this Electric Rate Plan, Con Edison will provide Westchester with up to an additional allocation of 3 MW of BIR for Biomedical Research provided that: (i) Con Edison has up to 3 MW of unsubscribed BIR available that is not expected to be subscribed in the Company's New and Vacant Program during the term of the Electric Rate Plan; and (ii) Westchester demonstrates that the potential Biomedical Research customer will provide incremental usage (*i.e.*, the customer would not have otherwise opened the facility in Westchester County but for the total economic package including the Biomedical allocation) and (iii) such customer otherwise qualifies as a Biomedical customer under the Company's tariff.

c. Business Incubator Programs. Rider J will be expanded to support the Business Incubator programs being developed and implemented in NYC and Westchester in accordance with the following parameters.

i) Scope. The expanded program shall apply to business incubators recognized by and receiving funding from a government entity or recognized by a government entity and receiving funding from another entity whose mission includes development of businesses in New York City or Westchester County. The expanded program shall also apply to start up and fledgling businesses who graduate from a Business Incubator program and continue to exist as a new business.

ii) Definition. Section (A)(3)(i) shall be added to Rider J to define "Business Incubator" as a facility that supports the launch and growth of start up and fledging businesses by providing: (i) a workspace at discounted rates; (ii) access to a network of successful entrepreneurs and support organizations through a program of events and an advisory board; and (iii) an array of targeted resources and services. The Business Incubator must receive funding from one or more governmental entities or other entities working with or recognized by either NYC or Westchester to develop businesses in Con Edison's service territory. A "Business Incubator Graduate" is defined as a start up or fledging business which was a resident in a Business Incubator and has left the Incubator in order to grow or expand its business. Businesses that are dismissed from the Incubator are excluded from this definition.

iii) Allocation. 12 MW shall be allocated to the business incubator component of the BIR Program, with 10 MW dedicated to Business Incubator and Business Incubator Graduates located in NYC and 2 MW dedicated to Business Incubator and Business Incubator Graduates located in Westchester County. The 10 MW for the NYC portion of the program shall come from NYC's unsubscribed allocation under the Comprehensive Package Program, and the 2 MW for the Westchester portion of the program shall come from the Company's New and Vacant program.

iv) Eligibility. The applicant must provide to Con Edison:

1. If a Business Incubator, documented proof of funding or other support from NYC, Westchester County, other government entity or another entity whose mission includes development of businesses in New York City or Westchester County;

2 If a Business Incubator Graduate, proof of "graduation" from a Business Incubator;

3. a certificate of incorporation or formation or its equivalent; and

4. an analysis of the amount of electricity needed.

The Business Incubator or Business Incubator Graduate will not be required to move into a new or vacant building, be a recipient of real property tax incentives, or energy rebates under the Energy Cost Savings Program, in order to qualify for an allocation under this component of the BIR Program, but all other applicable requirements in Rider J must be satisfied.

v) Application. A Business Incubator may apply for an allocation at any time. A Business Incubator Graduate must apply within sixty (60) days of leaving the Incubator and signing a deed or lease for commercial or research space and submit a copy of a signed lease or deed for the business location. Allocations are not transferable, unless the move is caused by reasons outside the recipient's control, including, but not limited to, a fire or other incident that renders the existing space uninhabitable, or a taking of the property by eminent domain. Applications to commence service under this component of the BIR Program that are dated after March 31, 2015 will not be accepted.

vi) Term. A Business Incubator will receive a BIR reduction for up to a fifteen-year term, with rate reductions being phased-out as described in the tariff (*i.e.*, ten-year term of full reduction and five-year phase-out of reduction) so long as it satisfies the eligibility requirements set forth above. A Business Incubator Graduate that satisfies the eligibility requirements set forth above will receive a BIR reduction for a nonrenewable five-year period, with no phase-out period. If the Business Incubator or Business Incubator Graduate is a tenant in a redistribution building, its usage must be a minimum of 10 kW. The maximum award to any Business Incubator will be 750 kW and the maximum award to any Business Incubator Graduate will be 500 kW.

vii) Mergers and Successors. If a Business Incubator Graduate receiving BIR reductions under this component of the BIR Program merges with another business, but it does not change the name of the business and remains at the same location, it will continue to be eligible to receive the BIR reduction for the remainder of its term. A Business Incubator Graduate receiving a BIR reduction as sole proprietor or partnership which incorporates the business and changes the name of that business shall also continue to receive a BIR reduction for the remainder of its term. Successor businesses will not be eligible to receive this BIR reduction.

viii) Energy Audits. Within six (6) months of signing a lease or obtaining a deed,

1. Business Incubators and Business Incubator Graduates using less than 100 kW per month (12-month average) will be required to provide Con Edison with a copy of an energy audit performed by a qualified energy audit firm (*e.g.*, a qualified energy audit firm under Con Edison's Small Business Direct Install Program). The customer will provide evidence of implementation of recommended energy efficiency measures or provide a reasonable basis for not implementing such recommendations.

2. Business Incubators and Business Incubator Graduates using 100 kW or more per month must provide proof of: (a) a completed energy audit by a qualified energy audit firm, (b) installation of the measures stated in the audit or a reasonable explanation as to why the recommended measure was not implemented, and (c) paid rebates, if any.

3 At least once every five (5) years, a Business Incubator must provide proof of: (a) a completed energy audit, (b) installation of the measures stated in the audit or a reasonable explanation as to why the recommended measure was not implemented, and (c) paid rebates, if any.

d. Tariff Leaves. Prior to submitting tariff leaves to the Commission to implement the foregoing changes as part of its RY1 compliance filing, Con Edison will provide drafts to the parties for review. The parties will have five (5) business days to review and provide comments on the proposed leaves to Con Edison.

3. <u>Tariff Changes</u>

A number of tariff changes will be made, as summarized below. The specific language of the changes will be shown on tariff leaves to be filed with the Commission. In addition, the Company commits to completing the conversion of its electric service tariff leaves to an electronic format using the Department of Public Service Electronic Tariff System prior to the end of RY2 as directed by the Commission (see 2009 Electric Rate Order, p. 249).

a. NYISO Weekly Billing. The New York Independent System Operator ("NYISO") is considering a change in its billing practices from monthly to weekly. If that change is implemented, the Company may experience an increase in its working capital requirements. If the change in NYISO billing is implemented during the term of this Electric Rate Plan and the Company experiences an increase in working capital requirements, the Company may recover such increase in working capital requirements through a tariff filing that would implement a change to the Merchant Function Charge to recover the incremental costs incurred and would include supporting material that demonstrates such incremental costs.

b. Business Incentive Rate. In addition to the tariff revisions that will be made to the BIR program set forth in paragraph J.2, Rider J will be modified to extend the deadline for accepting applications to commence service under BIR from March 31, 2010 to March 31, 2013, except as provided in Section J.2.c.v for the Business Incubator Program. A housekeeping change will also be made to Rider J to indicate that an energy efficiency audit, which is required by customers applying for service under Rider J, may be performed by the New York State Energy Research and Development Authority or other governmental authority administering energy efficiency programs or an independent third party or Customer personnel capable of performing a comparable audit. This will replace current language requiring audits comparable to Company audits that are no longer performed by the Company.

c. Merging SC 4 and SC 9. As a result of the merging of the SC 4 and 9 tariffs into a redesigned SC 9 tariff as explained in paragraph J.1, SC 4-Commercial and Industrial – Redistribution in the full service tariff, the corresponding service class contained in SC 14-RA of the Retail Access tariff, and the corresponding service class contained in SC 11 for customers who would otherwise be served under SC 4, will be eliminated. The special provisions contained within SC 4 will be consolidated with the special provisions under SC 9. As explained in Appendix I, former SC 4 customers and current SC 9 customers will now be served under the redesigned rates for non-time-of-day and time-of-day services set forth within the proposed SC 9 rate schedule. Conforming changes will also be made to other sections of the tariff to reflect the combination of the SC 4 and 9 classes, for example, any tariff references made to SC 4 would be changed to refer to SC 9.

d. **Uncollectible Bill ("UB") Expense Associated with MSC/MAC.** The uncollectible bill expense associated with MSC and Adjustment Factors-MSC charges contained in General Rule VIII(B)(6)(Other Charges and Adjustments – Merchant Function Charge) and the uncollectible bill expense associated with the MAC and Adjustment Factor-MAC charges contained in General Rule VII(B)(Monthly Adjustment Clause) will be modified to reflect a system UB factor of 0.76 percent.

e. **Consolidation of SC 1 and SC 7.** As explained in Appendix I, SC 1 and 7 will be consolidated into one common class under SC 1 in the Rate Year commencing April 1, 2013, and SC 7 will be eliminated at that time. In addition, SC 7 will be modified to discontinue accepting new customers under SC 7 at the commencement of RY1.

f. **Rider H.** Rider H Off-Peak Domestic Hot Water Storage Rate, which is applicable to SC 1 and 7 customers who elect to heat and store water off-peak, will be deleted as a Rider from the full service and retail access schedules and incorporated as Special Provision F within the SC 1 rate schedule. A new Special Provision F will be added to SC 7 to refer off-peak hot water storage customers to Special Provision F of SC 1 until SC 1 and 7 are combined into one common class in the Rate Year commencing April 1, 2013. The rate provisions contained under SC 1 Rate II voluntary time-of service will also be amended to reflect the rates that Special Provision F customers will be charged. As they do today, such customers will continue to pay for such service at the SC 1 Rate II off-peak energy delivery charge.

g. Reconciliation of TSCs through the MAC. The component of the MAC listed in General Information Section VII.B.1 and designated as item 27 will be revised to provide for the reconciliation through the MAC of the targeted Rate Year TSC revenues with actual Rate Year TSC revenues.

h. Carrying Charge Percentage Increase for Interconnection Charges. The annual carrying charge percentage associated with interconnection charges assessed under SC 11 and SC 14-RA will be increased from 11.4 percent to 12.1 percent to reflect updated costs.

i. Modification to Rider M. Rate II leaves in SC 5, 8, 9, and 12 will be modified to clarify that Rider M is applicable to supply charges, unless the customer is ineligible for Rider M, in which case the MSC and Adjustment Factors-MSC apply.

j. SC 11 Clarifications. Changes will be made to SC 11- Buyback Service to clarify that if service is taken by a Customer under both SC 11 and another SC through the same service connection, the following applies: (a) the Customer Charge will be waived and (b) the contract demand billed under SC 11 will be the contract demand in excess of that billed under SC 14-RA or the contract demand in excess of the as-used demand billed under another SC.

k. Revenue Decoupling Mechanism. The RDM tariff provisions will be revised for the following: (1) to set forth the annual revenue targets for Con Edison service classes and NYPA based on the revenue requirement established for each

Rate Year at the time of the compliance filing made to revise the rates for each Rate Year; (2) to clarify that any interim charges/credits associated with RDM reconciliations of actual versus targeted revenues for periods commencing on and after April 2010 will become effective on the first day of the month in which they become effective, as explained in Section B.6; and (3) to provide for an annual reconciliation of the low-income customer charge discount, waiver of reconnection fees and an arrears forgiveness program, as explained in Section K.

l. **Rate Adjustment Clause**. In the compliance filing made to revise the rates pursuant to the Electric Rate Plan, changes will be made to the RAC mechanism in the Company's tariffs associated with that portion of the Company's revenue requirement that is under review by the Commission as set forth in Case 07-E-0523 and Case 09-M-0114, as appropriate.

m. **Low-Income Program**. Tariff changes will be made to the SC 1 and 7 tariffs to implement the Low-Income Program described in Section K.

n. **No Change to Reimbursement Limits**. During the term of this Electric Rate Plan, no change will be made to the compensation amounts and limits for losses contained in General Rule III 14(A) resulting from service interruptions on the Company's local distribution system.

o. **RGGI Allowances**. The Company's tariff providing recovery of purchases of RGGI allowances shall also provide for crediting customers for proceeds from the sale of such allowances.

p. **Housekeeping Changes**. Other conforming and housekeeping tariff changes will also be made as required (*e.g.*, remove language from General Rule

VII(B)(15) (Monthly Adjustment Clause), which contains an incorrect cross reference to hedging instruments; Change "Village of Tarrytown" to "Village of Sleepy Hollow" in General Rule I (Territory to Which the Rate Schedule Applies)).

K. Low Income Program

The Company's Low-Income Program will consist of three components. First, during the term of the Electric Rate Plan, and continuing thereafter unless and until changed by the Commission, the Company will provide a discount on the customer charge to eligible and enrolled low-income residential customers taking service under Rate I of SC 1 (non-heating) and SC 7 (heating). Second, for the term of this Electric Rate Plan, the Company will also institute a program for waiver of reconnection fees. Third, a collaborative will be held to discuss an arrears forgiveness program, which program would be implemented if subsequently adopted by the Commission.

1. Customer Enrollment

To qualify for the Low-Income Program ("Qualifying Customers"), a Rate I SC-1 (non-heating) or Rate I SC 7 (heating) customer must (a) be enrolled in the Direct Vendor ("DV") or Utility Guarantee ("UG") Program; or (b) be receiving benefits under any of the following governmental assistance programs: Supplemental Security Income, Temporary Assistance to Needy Persons/Families, Safety Net Assistance, Food Stamps; or (c) have received a Home Energy Assistance Program ("HEAP") grant in the preceding twelve (12) months ("Qualifying Programs"). Customers participating in the Company's current electric low-income program at the time this Electric Rate Plan becomes effective will not be required to re-enroll in the Low-Income Program described herein.

Qualifying Customers may enroll or be enrolled in the Low-Income Program as follows:

First, the Company will continue its existing enrollment procedure for UG and DV customers by the New York City Human Resources Administration ("HRA") or the Westchester County Department of Social Services ("DSS") (the "Agencies"). The Agencies can utilize a newly-developed Company web application or submit a paper application to enroll a customer on UG or DV. Upon receipt of the electronic or paper application, the Company will update its customer records to indicate that the customer is enrolled in the Low-Income Program.

Second, the Company will continue its existing enrollment procedure for HEAP recipients whereby the Company enrolls a customer when it receives payment associated with a HEAP grant.

Third, the Company will continue its existing procedure to enroll individual customers upon (a) individual customer application with appropriate documentation and/or (b) receipt of notification from the Agencies of eligibility through any qualifying program. In these cases, the Company will manually update its customer records to indicate that the customer is enrolled in the Low-Income Program.

Finally, the Company will enhance the procedures that were established for the current Con Edison low-income program regarding a reconciliation of Company and Agency records. That is, the Company will initiate an annual reconciliation of Company and Agency records. In March 2010, the Company will request that the Agencies perform a reconciliation of (a) HRA and DSS records of recipients of benefits under Qualifying Programs for which they maintain records with (b) records provided by Con

Edison of all SC 1 and SC 7 residential customers. For purposes of this procedure, reconciliation means that each Agency will, in a manner agreed upon by the Company and the Agency, identify those customers on the list provided by the Company that are then participating in any of the Qualifying Programs. The Company will notify the parties if the reconciliation has not been completed by May 1, 2010. The Company will take prompt action to enroll or de-enroll customers on the basis of the data provided by the Agencies within thirty (30) days after receiving the data from the Agencies, including data received after the due date. The estimated 375,000 customers participating in the Low-Income Program reflects, in part, a reconciliation of the Company's and the Agencies' records performed during the course of this proceeding (in addition to the daily receipt of information from the Agencies, noted above), by comparing Agencies' records to a Company list of currently non-participating SC 1 and SC 7 residential customers.

The Company will thereafter annually initiate the reconciliation described in the paragraph above so that the reconciliation can be completed at least thirty (30) days prior to the beginning of each subsequent Rate Year for as long as this Low-Income Program continues to be in effect; provided, however, if the reconciliation with either or both Agencies is not completed at least thirty (30) days prior to the beginning of any subsequent Rate Year, or the Company concludes at any time that the annual reconciliation process is impracticable, or one or both of the Agencies impose conditions on the process that impose on Con Edison more than de minimis additional administrative costs, the Company will notify the parties of this circumstance. The Company, Staff, NYC and Westchester will work to develop, to the extent necessary, an alternative means to efficiently and effectively identify and enroll Qualifying Customers.

If an alternative method is developed, the Company will notify all the parties that an alternative method will be used and will explain the mechanics of the alternative method.

2. <u>Low-Income Customer Charge Discount</u>

Effective April 1, 2010, customers enrolling in the Low-Income Program and continuing participants will receive an $8.50 discount from the otherwise applicable customer charge.[18] Except as provided below, the $8.50 discount will remain in effect for the duration of the Low-Income Program. The target cost of the discount component of the Low-Income Program, including the cost of an arrears forgiveness program, if implemented, for the term of the Electric Rate Plan is $114.75 million.

No change will be made to the low-income customer charge discount for the following Rate Year if the Company estimates for the current Rate Year, based on data through December of the current Rate Year (reported according to the data reporting requirements stated below), that the annual cost of the customer charge discounts, including, if applicable, the cost of an arrears forgiveness program, is within five (5) percent of $38.25 million (*i.e.*, between $36,337,500 and $40,162,500).

The low-income customer charge discount will be adjusted for the following Rate Year if the Company estimates, based on third quarter data through December of the current Rate Year (reported according to the reporting requirements stated below), that the one-year cost of the customer charge discounts, including, if implemented, the cost of an arrears forgiveness program, differs by more than five (5) percent of $38.25 million (*i.e.*, less than $36,337,500 or more than $40,162,500). In that case, the Company will

---

[18] As explained in Appendix I, the otherwise applicable customer charge in RY1 will be determined by increasing the current May 2009 customer charge by the combined SC 1 and 7 Rate I class average non-competitive T&D increase, which charge will remain in effect for the term of the Electric Rate Plan.

make a compliance filing with the Commission thirty (30) days prior to the commencement of the following Rate Year to increase or decrease the low-income discount for the following Rate Year, as applicable, by up to $0.50.[19] The amount of the adjustment(s) will be designed so that the total projected cost of the customer charge discount component of the Low-Income Program, plus, if implemented, the arrears forgiveness component, remains as close to the annual target cost (*i.e.*, $38.25 million) as is practicable. However, the Signatory Parties recognize that the variation in the number of customers could result in the total cost of the Low-Income Program rate discount being more or less, notwithstanding an adjustment of up to $0.50 in each Rate Year.

If at least four (4) months prior to RY2 or RY3 the Company estimates that the sum of (a) the aggregate actual low-income discounts and, if implemented, (b) the cost of an arrears forgiveness program, will exceed or be less than the $114.75 million target by more than twenty (20) percent (*i.e.*, more than $137.7 million or less than $91.8 million) over the term of this Electric Rate Plan, the Company will notify Staff and the parties of such estimate and convene a meeting of the parties to discuss whether any action should be taken other than to implement the $0.50 adjustment. It is the intention of the Signatory Parties to conclude such discussion in time to enable one or more parties, either individually or collectively, to propose to the Commission that the Low-Income Program be modified effective on the commencement of the upcoming Rate Year.

[19] For example, the maximum/minimum discount in RY2 would be $9.00/$8.00, respectively, and (assuming an adjustment was made in RY2) the maximum/minimum discount in RY3 would be $9.50/$7.50, respectively.

3. Reconnection Fee Waiver

Effective April 1, 2010, the Company will waive its service reconnection fee no more than one time per customer during the term of this Electric Rate Plan for customers participating in the Low-Income Program. The target cost of the reconnection fee waiver component is $1.5 million over the term of the Electric Rate Plan. The Company may grant waivers to individual customers more than once, on a case-by-case basis and for good cause shown, provided that the Company does not forecast that it will exceed the $1.5 million program target.

If the Company forecasts, based on the quarterly reported data from at least the first six (6) months of RY1, that the $1.5 million program target will be exceeded over the term of the Electric Rate Plan, the Company will be permitted to make a compliance filing of tariff amendments, on not less than 30 days' notice, which, over the course of the term of the Electric Rate Plan, limit the waiver to no less than fifty (50) percent of the total reconnection fee, so that the estimated three-year cost of waived reconnection fees does not exceed $1.5 million. If the fee waiver is not reduced by the maximum amount by any single filing, the Company may make compliance filings for additional reductions. The Company's initial tariff leaves will state that the fee waiver program will end once the cost of the program equals $1.5 million. The Company will notify the parties if it projects that the $1.5 million program limit will be reached during the term of the Electric Rate Plan.

4. Cost Recovery

For RY1, the rates for all customer classes have been designed to recover the cost of providing (a) aggregate low-income customer discounts of $38.25 million annually to an estimated 375,000 participating low-income customers (375,000 customers *

$8.50/month * 12 months) and (b) waivers of reconnection fees of $500,000 provided to participants in the Low Income Program. For RY2 and RY3, the annual $38.25 million rate discount component of the Low-Income Program may also include costs incurred by the Company as part of any arrears forgiveness program adopted by the Commission.

All under- and over-recoveries associated with the customer charge discounts, the waiver of reconnection fees, and, if implemented, the arrears forgiveness program, will be reconciled through the RDM from all customers subject to the RDM. If the Low-Income Program continues beyond the term of the Electric Rate Plan, but the RDM as currently structured does not, continuation of the Low-Income Program will be contingent upon the implementation of an equivalent mechanism that provides for full reconciliation of the low income customer charges/discounts and other applicable costs.

5. <u>Reporting Requirements</u>

The Company will file a report on the Low-Income Program for each calendar quarter (the "reporting period"). Each report will be filed with the Secretary, with copies by email to interested parties, within thirty (30) days after the end of each reporting period. The following data will be reported as a snapshot of the program as of the last day of each quarterly reporting period, broken down by Westchester County and New York City participants: (a) the number of customers enrolled; (b) the number of low-income customers in arrears; (c) the total amount in arrears; and (d) the average amount in arrears. In addition, the Company will report (i) the aggregate amounts of low-income discounts to date for the Rate Year, (ii) the number of reconnections of low-income customers for which fees were waived to date for the Rate Year and since the inception of the program, (iii) the aggregate amount of reconnection fees waived to date for the Rate Year and since the inception of the program, and, if applicable, (iv) the aggregate amount of arrears forgiven to date for the Rate Year. Each quarterly report issued during the term of the Electric Rate Plan will also include a summary of this data from all previous quarterly reports.

6. Arrears Forgiveness Collaborative

The Company, Staff and interested parties will convene a collaborative to consider the establishment of an arrears forgiveness program. The first meeting of the collaborative will be held within 60 days of Commission adoption of the Proposal. As part of the collaborative, the participants will review then-effective arrears forgiveness programs conducted by other New York utilities. The collaborative will conclude within four (4) months of its commencement. Following the collaborative, either the Company or any other interested party may propose that the Company implement an arrears forgiveness program through a filing with the Commission.

The Signatory Parties agree that any proposal for an arrears forgiveness program is to provide that (a) the arrears forgiveness program be instituted on or after April 1, 2011; and (b) the estimated cost of the arrears forgiveness program for RY2 and RY3 is to be recovered within the overall target three-year cost of the Low-Income Program (*i.e.*, within the $114.75 million, which may, for example, result in a reduction of the discount to the low-income customer charge), and reconciled through the RDM along with the low-income customer charge/discounts and waiver of reconnection fees.

L. Collaboratives, Studies, Reports

1. Standby Rates Collaborative

Starting in February 2010, the parties will undertake a collaborative process to discuss and evaluate the allocation of costs between contract and as-used demand charges, and whether and how those charges should be modified to develop a cost-based electric standby rate that would provide neither a barrier nor an unwarranted incentive for the installation or operation of distributed generation and cogeneration facilities (*e.g.*, including facilities in both buildings and cruise ships) throughout Con Edison's service territory. Any changes proposed to electric standby rates should be in accord with the Commission's Opinion 01-04, *Opinion and Order Approving Guidelines for the Design of Standby Service Rates*, issued October 26, 2001, in Case 99-E-1470.

The process envisioned is that the collaborative would have a goal to conclude by July 30, 2010. During this time, the parties would try to reach consensus and present a unified proposal to the Commission for its consideration. If, by July 30, 2010, the parties are unable to reach consensus, all interested parties would report such status of the collaborative to the Commission and provide comments. In the event no agreement or only partial agreement is achieved, the parties will also have the right to request, as part of the status report or via a separate petition, that the Commission make a determination on any unresolved issues specifically related to this collaborative.

The schedule for implementing any changes will also be a topic for discussion by the parties as part of the collaborative and may be included in any party's submission to the Commission. Parties are not precluded from seeking implementation of any new standby rates prior to the start of RY2, provided that they can make an appropriate showing that standby rates should be changed during the middle of RY1.

The Company will be permitted at the time of any such rate changes to make rate adjustments to offset the revenue effect, if any, of any changes to electric standby rates being less than the amount assumed in setting rates.

2. <u>Distributed Generation ("DG") Collaborative</u>

There will be a DG collaborative, chaired by Con Edison, which will commence approximately sixty (60) days after the start of the RY1 regarding DG and renewable energy initiatives. The Collaborative will discuss, among other items, the physical assurance requirement for participation in the Company's DSM programs, the role of DG in the Company's long range electric plan, the status of the solar pilot program proposed by Con Edison in 2009, alternatives to the requirements pursuant to which the Company provides electric service to a campus facility that meets all or part of its electrical or thermal requirements through an on-site DG facility or qualified cogeneration facility under the Public Service Law, and the value of the use of DG to defer infrastructure investment. The DG Collaborative will (1) develop protocols to guide the Con Edison evaluation process for incorporating the use of DG as a load relief option within the T&D planning process and submit proposed protocols to the Staff for its review; such protocols are to consider all attributes of DG on a comparable basis with other measures; (2) explore potential mechanisms that can be tested in the market to attract and fund DG facilities in lieu of T&D investments where such facilities are economically and technically feasible and appropriate; and (3) revisit the 2005 rate case definition of clean DG.

The types of DG to be considered by the Collaborative include, but are not limited to, wind, solar, combined heat and power ("CHP"), micro-CHP, energy storage, and other alternative technologies. Diesel and gasoline-powered facilities shall not be considered.

The Collaborative will submit a report to the Secretary, as appropriate, within six (6) months of its commencement.

3. <u>Retail Access – Collaborative to Consider Rate Ready Utility Consolidated Billing Model</u>

A Collaborative Proceeding is established to consider modifications that may be necessary to the Rate Ready Utility Consolidated Billing Model to enable Energy Service Companies to offer and bill for products which reflect time-of-use, interval and real time pricing, as well as to offer multiple rate components, such as demand, on peak, and off peak usage.

The Collaborative will examine all issues relative to implementing such modifications, including, but not limited to, the amount of system upgrade and related costs, the appropriate manner by which related system upgrade costs will be determined and recovered and identification and development of an appropriate implementation schedule if it is determined that such modifications are reasonable and necessary. Neither Con Edison's nor other parties' agreement to participate in this collaborative shall be construed as agreement or acknowledgement by Con Edison or such parties that the Company's investors or its customers should bear any of the costs of any modifications made as a result of this collaborative.

The Collaborative will commence in December 2009. It is the intention of the parties that the Collaborative be completed within eight (8) months, and that if agreement is achieved, a joint proposal reflecting such agreement be submitted to the Commission.

In the event no agreement or only partial agreement is achieved, the parties will have the right to petition the Commission to determine all unresolved issues.

The parties acknowledge that the costs for undertaking any modifications to the Company's Rate Ready Utility Consolidated Billing Model were not considered in developing this Proposal and the Company will not be required or expected to defer any other work in order to effect such modifications. The Company will incur incremental costs (*e.g.*, for consultants) in order to effect modifications to that model; any capital expenditures required to implement any modifications should not be counted against any Capital Spending Target or Net Plant Target; and the incremental capital and O&M costs incurred by Con Edison to implement such modifications will be fully recoverable by the Company in the manner determined by the Commission.

The Collaborative will be open to all interested parties.

4. **<u>Provision of Electric Usage Data</u>**

The Company, NYECC, the City, Staff and other interested parties will work together to develop a process and/or system for the Company to provide tenant[20] customer data for energy efficiency purposes, including, but not limited to, benchmarking.

a. **Building-Level Data**

Upon request, Con Edison shall provide to owners or managers of multifamily or commercial buildings, aggregate building energy usage in kilowatthours ("kWh") and demand in kilowatts ("kW"), for up to twenty-four (24) months prior to the request, as and to the extent such information is available in the Company's database of current customers. All such building-wide data shall be provided by the Company solely in aggregate form and shall not reveal particularized or identifiable customer information.

---

[20] For purposes of this Section L.4, "Tenant" shall mean and include tenants, condominium unit owners and other directly-metered occupants of individual buildings.

Owners and managers must provide written requests to the Company, and each such request must state the relationship of the requestor to the building and the reason the information is being requested. From the date the Company receives the request that includes the customer consent, Con Edison shall comply with such requests within fifteen (15) business days, or within a reasonable period thereafter if the Company receives multiple requests during such timeframe.

b. Tenant-Level Data

i) Upon receipt of written consent from a directly-metered tenant of a specific building, Con Edison, at no charge, will provide the tenant's account number to the owner/manager of the tenant's building.

ii) Upon request, Con Edison shall provide to an owner or manager of a multifamily or commercial building, usage and, if applicable, demand information for each directly-metered account in the building from which the Company has received written consent of the customer of record authorizing the owner or manager to have access to such information. The information shall consist of data for up to twenty-four (24) months prior to the request as and to the extent such information is available in the Company's current customer database.

iii) The owner or manager must provide a written request to the Company, and each such request must state the relationship of the requestor to the building and the reason the information is being requested. For example, the usage data could allow the building owner or manager to establish a baseline for energy efficiency purposes for the entire building and to monitor building-wide and/or focused energy efficiency efforts. The data could also be needed for the building owner's or manager's participation in EPA Portfolio Manager, an interactive energy management tool, which assists in verifying energy efficiency improvements.

iv) From the date on which the Company receives the request with the customer consent, Con Edison will comply with all such requests within fifteen (15) business days (or within a reasonable period thereafter if the Company receives multiple requests during such timeframe).

v) Con Edison may first seek to confirm or authenticate the written consents it receives, if it has good reason to believe that the consent may be fraudulent or otherwise invalid. In such instances, Con Edison would use reasonable efforts to verify the consent.

vi) The Company will provide the name and contact information of a Company representative that may be used by building owners and managers for inclusion in letters to their tenants advising that the Company supports energy efficiency efforts, including those that require the owner/manager to have access to data on all energy consumed in its building. Such letters may be used by building owners and managers to assist in obtaining the necessary consent from building tenants. The Company reserves all rights with respect to inappropriate representations or other inappropriate use of its name in respect of representations made under this subparagraph.

vii) At no time will Con Edison be required to disclose customer data without a customer's consent.

c. Cost Recovery

The above-described processes may require reallocation of existing employees, additional labor, modification of customer information systems, and/or development of connections (also known as interfaces) between databases and other information sources and desktop applications for collecting and collating the information.

First, to the extent there are incremental costs associated with this effort to develop system and interfaces, the parties will discuss and make recommendations to the Commission regarding the appropriate manner of recovery of such costs, including from whom such costs should be recovered. Any incremental costs associated with this effort should not be counted against any of the Capital Spending Targets or Net Plant Targets.

Second, where the Company's compliance with a building owner's or manager's request requires it to perform a manual review of historical usage or billing information, Con Edison will be allowed to impose a charge to the requesting party to recover the costs associated with such effort. The Company may supply information via the internet.

5. <u>NYPA Metering and Billing</u>

The Company provides billing information to NYPA on a daily and monthly basis so that NYPA can bill its customers. Con Edison, NYPA, NYC, MTA, and Westchester agree to work together to resolve issues related to billing data and meter readings provided by the Company to NYPA.[21] This effort will involve the performance of certain actions and activities by Con Edison and, when appropriate, in conjunction with NYPA, NYC, MTA, and Westchester. Certain of the meter reading issues that have been identified relate to access to the customers' meters, and the parties acknowledge that such issues must also be addressed. The performance of the actions and activities by the Company, NYPA, NYC, MTA, and Westchester should resolve the issues so that the

---

[21] Con Edison also agrees to work with the other NYPA Customers to resolve their similar metering and billing issues.

NYPA Customers' bills are based, to the maximum extent practicable, on actual meter readings.

a. Data Issues

To address the issues related to the data provided by Con Edison to NYPA and the data provided by NYPA to its customers, the following items will be addressed: (i) Con Edison and NYPA will maintain a process for logging, evaluating and tracking the resolution of issues related to the electronic interface of monthly billing data to NYPA; (ii) Con Edison and NYPA will each designate and maintain a point person to aid in the communication and resolution of data issues; (iii) the parties will establish a schedule for regular progress meetings as needed; (iv) where appropriate, Con Edison will make modifications to the communication of data from Con Edison's billing system to resolve cited issues or improve the process for the exchange of data between the Company and NYPA; (v) where modifications to the communication of data from Con Edison's billing system are not practicable, Con Edison will provide NYPA with clarification of the Company's billing methodologies and data to assist NYPA in utilizing data provided by the Company including processes and rules currently in place; and (vi) where modifications are necessary for either Con Edison or NYPA, each party will respond timely to requests for confirmation of test results and overall acceptance and approval of the changes.

Con Edison and NYPA will endeavor to complete the items already identified through meetings between NYPA and Con Edison conducted before and during the course of this proceeding within four (4) months of the date of the Commission Order adopting this Proposal. For new issues that are identified in subsequent meetings between Con Edison and NYPA, Con Edison and NYPA agree to resolve them as expeditiously as possible.

b. Unread Meters

In addition to the data issues discussed above, a number of NYPA Customers' meters are not read regularly. The parties have established a goal of addressing these issues with the NYPA Customers' unread meters so that the NYPA Customers' meters are routinely read on a monthly basis. The parties agree that a multi-faceted approach is needed to achieve this goal and will be undertaken by the Company, with the assistance of NYPA, NYC, MTA, and Westchester, where appropriate.[22] This approach includes:

i) The Company has already installed over 500 meters capable of automated meter reading ("AMR") in locations of NYPA Customers.

ii) By December 31, 2009, Con Edison will complete installation of AMR meters or similar devices in all locations where the Company has not read the meter in at least six (6) months, as measured on a list of non-read customer meters provided by the Company to NYPA, NYC, MTA, and Westchester on October 16, 2009, provided the use of such devices is technically feasible at those locations and access is provided to change the meters. For purposes of this Proposal, "technically feasible" means that the location has the capability to accept an AMR solution, technology exists that will allow the communication of metering data to the Company's systems and the NYPA Customer provides access to the location for the Company to install the AMR meter.

---

[22] Con Edison and NYPA also agree to work together to obtain the assistance of those NYPA Customers that are not Signatories to this Proposal, where necessary.

iii) Starting in November 2009, the Company will provide NYPA with a monthly report containing the meters that were not read in the prior month. NYPA will provide these reports to NYC, MTA, and Westchester.

iv) Starting no later than April 2010, Con Edison will provide NYPA with a quarterly report containing the current NYPA accounts for which the Company has not had a meter reading in over three consecutive months. NYPA will provide these reports to NYC, MTA, and Westchester. For these quarterly reports, Con Edison's list will provide supporting detail explaining the reason associated with not obtaining a meter reading (*e.g.*, hazardous condition, vacant building, pending AMR).

v) Con Edison, NYPA, NYC, MTA, and Westchester will meet quarterly after issuance of the latest three (3) month no read list to discuss the list and to develop protocols and solutions for accessing and reading the unread meters. If a meter is found to be unable to be accessed for nine (9) months or more, Con Edison will, subject to the prioritization within its allowance in rates for strategic AMR, install AMR meters at these locations, providing doing so is technically feasible.

vi) Starting in January 2010, NYPA will provide a monthly report to Con Edison, NYC, MTA, and Westchester containing a list of accounts that were not billed using actual Con Edison readings in the prior month.

vii) Con Edison, NYPA, NYC, MTA, and Westchester commit to develop and implement solutions in all other locations where usage is estimated. The parties have set a target date of June 30, 2011 to formulate and implement solutions for all of these problematic meters, subject to the funding limitations discussed above. This target date, as it relates to implementation, may be revisited and reset, as necessary and appropriate, once the solutions have been formulated and more information is known on the amount of time needed to effectuate those solutions.

c. Commission Intervention

It is anticipated that these issues can be resolved without the need for any direct Commission action or intervention. However, the parties reserve the right to seek the Commission's or Department Staff's involvement in the event any of these issues cannot be resolved as a result of the parties' efforts.

6. Traffic Violations & Notices of Violation ("NOV")

The Company will submit to Staff on a confidential basis, within 60 days after the close of each Rate Year, a report describing the Company's efforts to reduce costs for NOVs and traffic violations. The report will show how these costs are recorded on the Company's books of account.

7. Marginal Cost Studies

In response to the Liberty Audit recommendations, the Company is committed to producing an electric long-range planning study. The Company plans to consider at least two scenarios in that study.

Subject to the potential need to develop additional data or conduct a follow-up study upon Staff's request, as detailed in the paragraph below, the Company will use the analysis from the long-range planning study to develop an associated estimate of distribution marginal cost. The Company shall develop such estimate within 60 days following completion of the long range planning study and transmit that estimate to the Director of the Office of Regulatory Economics along with any recommended revisions to the distribution marginal cost value adopted by the Commission in its *Order Approving "Fast Track" Utility Administered Electric Energy Efficiency Programs With*

Modifications, p. 37 (issued January 16, 2009, in Case 08-E-1003) ("A value of $100 per kW-year is selected for use in this case as a placeholder until greater confidence is gained in studies that produce higher, or lower, numbers.").

Staff and the Company recognize that the electric long-range planning study is not specifically designed with the goal of producing a marginal cost estimate. Therefore, the Company would, upon Staff's request, undertake a follow-up study, to be conducted over an agreed-upon period of time during the term of this Electric Rate Plan, more closely examining marginal cost with a different approach, as appropriate. The Company will notify Staff in the event that consultants are needed to conduct the study as well as the estimated costs. The Company would be permitted to defer any associated incremental costs (*e.g.*, for consultants) up to $100,000 incurred within that time frame for later recovery from customers.

M. <u>Miscellaneous Provisions</u>

1. <u>Maintaining A Goal-Oriented And Responsive Corporate Culture</u>

The Company will continue efforts to identify changes to improve the overall culture of the enterprise, specifically to increase the Company's effectiveness and accountability to the Commission, customers, appropriate customer groups or representatives, community leaders, investors and other stakeholders. The Company will focus specifically on identifying opportunities to advance the Company's prospects for operating and project excellence, including efforts stemming from the Liberty Audit, focused cost control, and planning. The Company effort to implement culture change and achieve desired traits of business excellence will continue to focus on management, departmental and executive leadership and accountability. The Company will seek to continue to employ assessment techniques including individual and organizational performance targets designed to identify areas for improvement and deficiencies in individual and organizations performance and to take appropriate measures to address them.

2. <u>Draft New York State Energy Plan</u>

The parties believe that the Proposal will further objectives of the draft New York State Energy Plan, issued August 10, 2009, in that it recognizes the need for maintaining electric service reliability standards, promotes the State's economic development and environmental values and addresses energy affordability objectives through rate design, revenue requirement levelization, and revenue requirement mitigation measures including imposition of capital expenditure targets, and operating expenses austerity.

3. <u>Continuation of Provisions; Rate Changes; Reservation of Authority</u>

Unless otherwise expressly provided herein, the provisions of this Proposal will continue after RY3, unless and until electric base delivery service rates are changed by Commission order. For any provision subject to RY1, RY2 and RY3 targets, the RY3 target shall be applicable to any additional Rate Year(s).

Nothing herein precludes Con Edison from filing a new general electric rate case prior to April 1, 2013, for rates to be effective on or after April 1, 2013. Except pursuant to rate changes permitted by this subparagraph, the Company will not file rates to become effective prior to April 1, 2013.

Changes to the Company's base delivery service rates during the term of the Electric Rate Plan will not be permitted, except for (a) changes provided for in this Proposal; and (b) subject to Commission approval, changes as a result of the following circumstances:

a. A minor change in any individual base delivery service rate or rates whose revenue effect is *de minimis*, or essentially offset by associated changes within the same class or for other classes, provided however that the base delivery service rates applicable to the NYPA classes will not be increased in total. It is understood that, over time, such minor changes may be necessary and that they may continue to be sought during the term of the Electric Rate Plan, provided they will not result in a change (other than a *de minimis* change) in the revenues that Con Edison's base delivery service rates are designed to produce overall before such changes.

b. If a circumstance occurs which in the judgment of the Commission so threatens Con Edison's economic viability or ability to maintain safe, reliable and adequate service as to warrant an exception to this undertaking, Con Edison will be permitted to file for an increase in base delivery service rates at any time under such circumstances.

c. The Signatory Parties recognize that the Commission reserves the authority to act on the level of Con Edison's electric rates in the event of unforeseen circumstances that, in the Commission's opinion, have such a substantial impact on the range of earnings levels or equity costs envisioned by this Electric Rate Plan as to render Con Edison's electric rates unreasonable or insufficient for the provision of safe and adequate service or just and reasonable rates.

d. Nothing herein will preclude Con Edison from petitioning the Commission for approval of new services, the implementation of new service classifications and/or cancellation of existing service classifications, or rate design or revenue allocation changes within or among the non-NYPA service classes on an overall revenue neutral basis. Con Edison will not propose any changes to the SC 1 customer charge to be effective during the term of the Electric Rate Plan except as specified herein.

e. The Signatory Parties reserve the right to oppose any filings made by the Company under this section.

4. **Legislative, Regulatory and Related Actions**

a. If at any time the federal government, State of New York, the City of New York and/or other local governments make changes in their tax laws (other than local property taxes, which will be reconciled in accordance with Section E.1) that result in a change in the Company's electric costs in an annual amount of $12.5 million or more, and if the Commission does not address the treatment (*e.g.*, through a surcharge or credit) of any such tax law changes, including any new, additional, repealed or reduced federal, State, City of New York or local government taxes, fees or levies, Con Edison will defer on its books of account the full change in expense and reflect such deferral as credits or debits to customers in the next base rate change subject to any final Commission determination in a generic proceeding prescribing utility implementation of a specific tax enactment, including a Commission determination of any Company-specific compliance filing made in connection therewith.[23]

b. If at any time any other law, rule, regulation, order, or other requirement or interpretation (or any repeal or amendment of an existing rule, regulation, order or other requirement) of the federal, State, or local government or courts, including a requirement that Con Edison refund its tax exempt debt, results in a change in Con Edison's annual electric costs or expenses not anticipated in the expense forecasts and

---

[23] All Signatory Parties reserve all of their administrative and judicial rights in connection with such generic proceeding(s).

assumptions on which the rates in this Proposal are based in an annual amount of $12.5 million or more,[24] Con Edison will defer on its books of account the full change in expense, with any such deferrals to be reflected in the next base rate case or in a manner to be determined by the Commission.

c. The Company will retain the right to petition the Commission for authorization to defer on its books of account extraordinary expenditures not otherwise addressed by this Proposal.

5. Provisions Not Separable

The Signatory Parties intend this Proposal to be a complete resolution of all the issues in Case 09-E-0428. It is understood that each provision of this Proposal is in consideration and support of all the other provisions, and expressly conditioned upon acceptance by the Commission. Except as set forth herein, none of the Signatory Parties is deemed to have approved, agreed to or consented to any principle, methodology or interpretation of law underlying or supposed to underlie any provision herein. If the Commission fails to adopt this Proposal according to its terms, then the Signatory Parties to the Proposal will be free to pursue their respective positions in this proceeding without prejudice.

6. Provisions Not Precedent

The terms and provisions of this Proposal apply solely to, and are binding only in, the context of the purposes and results of this Proposal. None of the terms or provisions of this Proposal and none of the positions taken herein by any party may be referred to,

---

[24] For purposes of this Proposal, the $12.5 million threshold will be applied on a case-by-case basis and not to the aggregate impact of changes of two or more laws, rules, etc.; provided, however, that this threshold will be applied on a Rate Year basis to the incremental aggregate impact of all contemporaneous changes (*e.g.*, changes made as a package even if they occur or are implemented over a period of months) affecting a particular subject area and not to the individual provisions of the new law, rule, etc.

cited, or relied upon by any other party in any fashion as precedent or otherwise in any other proceeding before this Commission or any other regulatory agency or before any court of law for any purpose other than furtherance of the purposes, results, and disposition of matters governed by this Proposal.

7. Submission of Proposal

The Signatory Parties agree to submit this Proposal to the Commission and to individually support and request its adoption by the Commission as set forth herein. The Signatory Parties hereto believe that the Proposal will satisfy the requirements of Public Service Law §65(1) that Con Edison provide safe and adequate service at just and reasonable rates.

8. Effect of Commission Adoption of Terms of this Proposal

No provision of this Proposal or the Commission's adoption of the terms of this Proposal shall in any way abrogate or limit the Commission's statutory authority under the Public Service Law. The Parties recognize that any Commission adoption of the terms of this Proposal does not waive the Commission's ongoing rights and responsibilities to enforce its orders and effectuate the goals expressed therein, nor the rights and responsibilities of Staff to conduct investigations or take other actions in furtherance of its duties and responsibilities.

9. Further Assurances

The Signatory Parties recognize that certain provisions of this Proposal require that actions be taken in the future to fully effectuate this Proposal. Accordingly, the Signatory Parties agree to cooperate with each other in good faith in taking such actions.

10. Execution

This Proposal is being executed in counterpart originals, and shall be binding on each Signatory Party when the counterparts have been executed.

IN WITNESS WHEREOF, the Signatory Parties hereto have affixed their signatures below as evidence of their agreement to be bound by the provisions of this Proposal.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

Dated: November 23, 2009 By ____________________

Case 09-E-0428

NEW YORK STATE DEPARTMENT OF
PUBLIC SERVICE

Dated: 11/24/09

By: David R Van Ort

NEW YORK POWER AUTHORITY*

Dated: 11/24/09

By: [signature]

* New York Power Authority reserves its right to seek modification of the allocation of TCC revenues as set forth in paragraph E.10 in the future in the event there are substantive changes to the factual basis upon which the Commission addressed the allocation of TCC revenues in the 2009 Electric Rate Order.

THE CITY OF NEW YORK*

Dated: November 24, 2009

By: ________________, Counsel

*The City of New York reserves its right to seek modification of the allocation of TCC revenues as set forth in paragraph E.10 in the future in the event there are substantive changes to the factual basis upon which the Commission addressed the allocation of TCC revenues in the 2009 Electric Rate Order.

METROPOLITAN TRANSPORTATION
AUTHORITY

Dated:______________________ By: ________________________________

Case 09-E-0428

CONSUMER POWER ADVOCATES

Dated: 11/24/09

By: Catherine Luthin

Case 09-E-0428

NEW YORK ENERGY CONSUMERS
COUNCIL, INC.

Dated: 11/20/2009 By: John Bartlik
John Bartlik, Co-President

Dated: 11/18/2009 By: ____________________
Daniel M. Levin, Co-President

THE PACE ENERGY AND CLIMATE CENTER

Dated:________________________ By: _______________________________

Case 09-E-0428

THE E-CUBED COMPANY, LLC
On Behalf of the Joint Supporters

Dated: November 23, 2009________________By: Ruben S. Brown

SMALL CUSTOMER MARKETER
COALITION

Dated: 11/24/09

By: Usher Fogel, Counsel

Case 09-E-0428

RETAIL ENERGY SUPPLY
ASSOCIATION

Dated: 11/24/09

By: Usher Fogel, Counsel

<u>Consolidated Edison Company of New York, Inc</u>.
Case 09-E-0428

Index

Appendix A - Revenue Requirement

- Revenue Requirement – RY1
- Revenue Requirement – RY2
- Revenue Requirement – RY2
- Rate Base – RY1, RY2 & RY3
- Average Capital Structure & Cost of Money
- Calculation of Levelized Rate Increase

Appendix B - Amortization of Regulatory Deferrals (Credits and Debits)

Appendix C - Revenue Forecast

- Sales Revenues
- Other Operating Revenues

Appendix D - Reconciliation Targets

- True-Up Targets
- Carrying Charge Rate

Appendix E - Book Depreciation

- Depreciation Rates & Amortization of Reserve Deficiency

Appendix F - Common Allocation Factors

Appendix G - Reliability Performance Mechanism

Appendix H - Customer Service Performance Mechanism

Appendix I - Revenue Allocation and Rate Design

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Revenue Requirement
For The Twelve Months Ending March 31, 2011
$ 000's

	Rate Year 1 Forecast	Rate Change	Rate Year 1 With Rate Change
Operating revenues			
Sales revenues	$ 7,459,994	$ 540,817	$ 8,000,811
Other revenues	194,706	2,028	196,734
Total operating revenues	7,654,700	542,845	8,197,545
Operating expense			
Fuel & purchased power costs	2,792,556	-	2,792,556
Operations & maintenance expenses	1,872,401	4,110	1,876,511
Depreciation	620,178	-	620,178
Taxes other than income taxes	1,353,867	15,035	1,368,902
Gain from disposition of utility plant	-	-	-
Total operating expenses	6,639,001	19,145	6,658,146
Operating income before income taxes	1,015,698	523,700	1,539,398
New York State income taxes	38,286	37,183	75,469
Federal income tax	137,741	170,281	308,022
Utility operating income	$ 839,671	$ 316,236	$ 1,155,907
Rate Base	$ 14,887,005		$ 14,887,005
Rate of Return	5.64%		7.76%

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Revenue Requirement
For The Twelve Months Ending March 31, 2012
$ 000's

Operating revenues	Rate Year 1 Forecast	Rate Year 2 Revenue/Expense Rate Base Changes	Rate Change	Rate Year 2 With Rate Change
Sales revenues	$ 8,000,811	$ (10,350)	$ 306,550	$ 8,297,011
Other revenues	196,734	2,969	1,150	200,852
Total operating revenues	8,197,545	(7,381)	307,700	8,497,863
Operating expense				
Fuel & purchased power costs	2,792,556	73,208	-	2,865,764
Operations & maintenance expenses	1,876,511	(41,012)	2,330	1,837,828
Depreciation	620,178	40,940	-	661,118
Taxes other than income taxes	1,368,902	84,971	8,522	1,462,395
Gain from disposition of utility plant	-	-	-	-
Total operating expenses	6,658,146	158,107	10,852	6,827,105
Operating income before income taxes	1,539,398	(165,488)	296,848	1,670,758
New York State income taxes	75,469	(13,575)	21,076	82,970
Federal income tax	308,022	(58,120)	96,520	346,422
Utility operating income	$ 1,155,907	$ (93,793)	$ 179,252	$ 1,241,366
Rate Base	$ 14,887,005	$ 1,100,332		$ 15,987,336
Rate of Return	7.76%			7.76%

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Revenue Requirement
For The Twelve Months Ending March 31, 2013
$ 000's

Operating revenues	Rate Year 2 Forecast	Rate Year 3 Revenue/Expense Rate Base Changes	Rate Change	Rate Year 3 With Rate Change
Sales revenues	8,297,011	86,154	280,192	8,663,357
Other revenues	200,852	(616)	1,051	201,287
Total operating revenues	8,497,863	85,538	281,243	8,864,644
Operating expense				
Fuel & purchased power costs	2,865,764	129,076	-	2,994,840
Operations & maintenance expenses	1,837,828	(19,612)	2,129	1,820,345
Depreciation	661,118	43,512	-	704,630
Taxes other than income taxes	1,462,395	104,899	7,789	1,575,083
Gain from disposition of utility plant	-	-	-	-
Total operating expenses	6,827,105	257,875	9,918	7,094,898
Operating income before income taxes	1,670,758	(172,337)	271,325	1,769,746
New York State income taxes	82,970	(13,879)	19,264	88,355
Federal income tax	346,422	(59,705)	88,221	374,939
Utility operating income	1,241,366	(98,753)	163,840	1,306,452
Rate Base	$ 15,987,336	838,200		$ 16,825,537
Rate of Return	7.76%			7.76%

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Average Electric Rate Base
For The Twelve Months Ending March 31, 2011 and March 31, 2012

	Rate Year 1	Rate Year 2 Changes	Rate Year 2
Utility plant:			
Average Book Cost of Plant	$ 19,687,562	$ 1,425,056	$ 21,112,618
Non-Interest Bearing CWIP	609,926	(40,410)	569,516
Average Accumulated Depreciation	(4,109,916)	(233,346)	(4,343,262)
Net utility plant	16,187,572	1,151,300	17,338,872
Rate base additions:			
Working Capital	642,327	24,238	666,564
Excess Rate Base Over Capitalization	216,987	-	216,987
Unamortized Debt Discount/Premium/Expense	132,918	-	132,918
Deferred Fuel - Net of Income Taxes	86,001	(4,134)	81,867
Unbilled Revenues	56,201	975	57,176
Preferred Stock Expense	2,414	-	2,414
MTA Surtax - Net of Income Taxes	4,163	-	4,163
Unamortized Balance - Hudson Farragut	846	(314)	532
Early Retirement Termination Benefit (1999) - Net of Tax	6,496	(1,299)	5,197
Rate base additions	1,148,353	19,466	1,167,818
Rate base deductions:			
Amounts Billed In Advance of Construction - Net of Tax	(5,619)	-	(5,619)
ERRP Maintenance Reserve	(2,840)	-	(2,840)
Customer Advances for Construction	(540)	-	(540)
Rate base deductions	(8,999)	-	(8,999)
Regulatory assets & liabilities (net of income taxes):			
SIR Deferral	99,801	14,205	114,006
T&D Deferral From Case 07-E-0523	88,066	(8,504)	79,562
Property Tax Increase Deferral - April '08 - March '09	30,809	(10,270)	20,539
Deferrals From Case 04-E-0572 RY3	5,627	(1,876)	3,751
Retail Choice Phase 7	3,868	(1,289)	2,579
Business Incentive Rate - Revenue Shortfall	2,584	(861)	1,723
Interest on Map - Electric	1,397	(466)	931
Interest	713	(305)	408
Targeted DSM	591	(197)	394
Interest on Deferrals From Case 04-E-0572 RY3	201	-	201
Emergency Demand Response/Reduction Programs	113	(38)	75
Credits From Case 07-E-0523	(43,920)	14,640	(29,280)
Interference Underspending	(11,218)	3,739	(7,479)
TSC Revenues	(7,507)	2,502	(5,005)
Network CAIDI Performance Mechanism Rev. Adj.	(2,516)	839	(1,677)
Interest - Gain on Sale of First Avenue Properties	(1,368)	456	(912)
Power For Jobs Tax Credit	(1,333)	444	(889)
Auction Interest Rate - Case 07-E-0523	(921)	307	(614)
SO2 Allowances	(823)	274	(549)
Excess Emission Reduction Credits	(540)	180	(360)
Washington Heights And Watch Security Initiatives	(379)	127	(252)
Property Condemnations	(356)	119	(237)
Facilities Maintenance	260	(87)	173
East River 6 Generator Rewind	794	(265)	529
5-Year Underground Inspection Program	1,178	(393)	785
Regulatory deferrals	165,121	13,281	178,402
Accumulated deferred income taxes			
ADR / ACRS / MACRS Deductions	(2,059,475)	(40,138)	(2,099,613)
Change of Accounting Section 263A	(363,851)	(27,725)	(391,576)
Vested Vacation	10,919	-	10,919
Prepaid Insurance Expenses	(3,827)	-	(3,827)
Unbilled Revenues	108,202	-	108,202
Contributions In Aid of Construction	13,041	-	13,041
Capitalized Interest	6,639	-	6,639
Repair & Maintenance Allowance - 02 - 06 IRS Audit	4,389	-	4,389
Fin 48 - Disallowed SSCM	(51,134)	-	(51,134)
MTA	(17,157)	-	(17,157)
Amortization of Computer Software	(40,984)	-	(40,984)
Customer Deposits	2,832	-	2,832
Call Premium	(15,204)	-	(15,204)
Deferred S.I.T./F.I.T. - Brownfield Credits	(7,210)	(585)	(7,795)
Deferred S.I.T.	(192,222)	(15,267)	(207,489)
Accumulated deferred income taxes	(2,605,042)	(83,715)	(2,688,757)
Total Rate Base	$ 14,887,005	$ 1,100,332	$ 15,987,336

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Average Electric Rate Base
For The Twelve Months Ending March 31, 2013

Utility plant:	Rate Year 2	Rate Year 3 Changes	Rate Year 3
Average Book Cost of Plant	$ 21,112,618	$ 1,302,755	$ 22,415,373
Non-Interest Bearing CWIP	569,516	(142,205)	427,311
Average Accumulated Depreciation	(4,343,262)	(290,853)	(4,634,115)
Net utility plant	17,338,872	869,697	18,208,569
Rate base additions:			
Working Capital	666,564	30,827	697,392
Excess Rate Base Over Capitalization	216,987	-	216,987
Unamortized Debt Discount/Premium/Expense	132,918	-	132,918
Deferred Fuel - Net of Income Taxes	81,867	13,755	95,622
Unbilled Revenues	57,176	-	57,176
Preferred Stock Expense	2,414	-	2,414
MTA Surtax - Net of Income Taxes	4,163	-	4,163
Unamortized Balance - Hudson Farragut	532	(312)	220
Early Retirement Termination Benefit (1999) - Net of Tax	5,197	-	5,197
Rate base additions	1,167,818	44,270	1,212,089
Rate base deductions:			
Amounts Billed In Advance of Construction - Net of Tax	(5,619)	-	(5,619)
ERRP Maintenance	(2,840)	-	(2,840)
Customer Advances for Construction	(540)	-	(540)
Rate base deductions	(8,999)	-	(8,999)
Regulatory assets & liabilities (net of income taxes):			
SIR Deferral	114,006	14,205	128,211
T&D Deferral From Case 07-E-0523	79,562	(8,504)	71,058
Property Tax Increase Deferral - April '08 - March '09	20,539	(10,270)	10,269
Deferrals From Case 04-E-0572 RY3	3,751	(1,876)	1,875
Retail Choice Phase 7	2,579	(1,289)	1,290
Business Incentive Rate - Revenue Shortfall	1,723	(861)	862
Interest on Map - Electric	931	(466)	465
Interest	408	(305)	103
Targeted DSM	394	(197)	197
Interest on Deferrals From Case 04-E-0572 RY3	201		201
Emergency Demand Response/Reduction Programs	75	(38)	37
Credits From Case 07-E-0523	(29,280)	14,640	(14,640)
Interference Underspending	(7,479)	3,739	(3,740)
TSC Revenues	(5,005)	2,502	(2,503)
Network CAIDI Performance Mechanism Rev. Adj.	(1,677)	839	(838)
Interest - Gain on Sale of First Avenue Properties	(912)	456	(456)
Power For Jobs Tax Credit	(889)	444	(445)
Auction Interest Rate - Case 07-E-0523	(614)	307	(307)
SO2 Allowances	(549)	274	(275)
Excess Emission Reduction Credits	(360)	180	(180)
Washington Heights And Watch Security Initiatives	(252)	127	(125)
Property Condemnations	(237)	119	(118)
Facilities Maintenance	173	(58)	115
East River 6 Generator Rewind	529	(176)	353
5-Year Underground Inspection Program	785	(262)	523
Regulatory deferrals	178,402	13,530	191,932
Accumulated deferred income taxes			
ADR / ACRS / MACRS Deductions	(2,099,613)	(44,255)	(2,143,868)
Change of Accounting Section 263A	(391,576)	(30,233)	(421,809)
Vested Vacation	10,919	-	10,919
Prepaid Insurance Expenses	(3,827)	-	(3,827)
Unbilled Revenues	108,202	-	108,202
Contributions In Aid of Construction	13,041	-	13,041
Capitalized Interest	6,639	-	6,639
Repair & Maintenance Allowance - 02 - 06 IRS Audit	4,389	-	4,389
Fin 48 - Disallowed SSCM	(51,134)	-	(51,134)
MTA	(17,157)	-	(17,157)
Amortization of Computer Software	(40,984)	-	(40,984)
Customer Deposits	2,832	-	2,832
Call Premium	(15,204)	-	(15,204)
Deferred S.I.T./F.I.T. - Brownfield Credits	(7,795)	1,040	(6,755)
Deferred S.I.T.	(207,489)	(15,849)	(223,338)
Accumulated deferred income taxes	(2,688,757)	(89,297)	(2,778,054)
Total Rate Base	$ 15,987,336	$ 838,200	$ 16,825,537

Consolidated Edison Company of New York, Inc.
Electric Case 09-E-0428
Average Capital Structure & Cost of Money
For the Twelve Months Ending March 31, 2011, March 31, 2012 and March 31, 2013

	Capital Structure %	Cost Rate %	Cost of Capital %	Pre Tax Cost %
Long term debt	49.62%	5.65%	2.80%	2.80%
Preferred Stock	1.07%	5.34%	0.06%	0.10%
Customer deposits	1.31%	2.45%	0.03%	0.03%
Preferred Stock & Debt	52.00%		2.89%	2.93%
Common Equity	48.00%	10.15%	4.87%	8.07%
Total	100.00%		7.76%	11.00%

Consolidated Edison Company of New York, Inc.
Electric Case 09-E-0428
Calculation of Levelized Rate Increase
For the Twelve Months Ending March 31, 2011, March 31, 2012 and March 31, 2013

	Twelve Months Ending			Cumulative
Rate Increase	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2013	Total
RY - 1	$540,817	$540,817	$540,817	$1,622,451
RY - 2	-	306,550	306,550	613,100
RY - 3	-	-	280,192	280,192
Total	$ 540,817	$ 847,367	$ 1,127,559	$ 2,515,743
Levelized rate increase w/o interest				
RY - 1	$ 419,291	$ 419,291	$ 419,291	$ 1,257,872
RY - 2	-	419,291	419,291	838,581
RY - 3	-	-	419,291	419,291
Total	$ 419,291	$ 838,581	$ 1,257,872	$ 2,515,743
Interest @ 4.2%	$ 1,541	$ 3,194	$ 1,652	$ 6,387
Levelized rate increase w/ interest				
RY - 1	$ 420,355	$ 420,355	$ 420,355	$ 1,261,065
RY - 2	-	420,355	420,355	840,710
RY - 3	-	-	420,355	420,355
Total	$ 420,355	$ 840,710	$ 1,261,065	$ 2,522,130

Consolidated Edison Company of New York, Inc.
Electric Case 09-E-0428
Amortization of Regulatory Deferrals
$ 000's

	Regulatory Assets (Debits)	Twelve Months Ending March 31, 2011	2012	2013	Total
1	Property Tax Increase deferral - April 2008 - March 2009	$ 20,408	$ 20,408	$ 20,408	$ 61,224
2	T&D Deferral from Case 07-E-0523	19,445	19,445	19,445	58,335
3	Pension Deferral	17,032	17,032	17,032	51,096
4	2-Yr Amort. of 5-Yr UG Inspection (Incr. Costs per 08-E-0539)	3,900	-	-	3,900
5	Deferrals from Case 04-E-0572 RY3	3,728	3,728	3,728	11,184
6	WTC Capital expenses	3,000	3,000	3,000	9,000
8	Retail Choice Phase 7	2,562	2,562	2,562	7,686
9	Business Incentive Rate - Revenue Shortfall	1,712	1,712	1,712	5,136
10	Interest on MGP - Electric	926	926	926	2,778
11	3-Yr Recovery of East River 6 Generator Rewind 08-E-0539	876	876	-	1,752
12	2-Yr Amort. of Facilities Maint. Cost 08-E-0539	862	-	-	862
13	Interest	472	472	472	1,416
14	Targeted DSM	391	391	391	1,173
15	Interest on Deferrals from Case 04-E-0572 RY3	133	133	133	399
16	Emergency Demand Response / Demand Reduction Programs	75	75	75	225
	Total Regulatory Asset (a)	$ 75,522	$ 70,760	$ 69,884	$ 216,166
	Regulatory Liabilities (Credits)				
1	Credits from Case 07-E-0523	$ 29,093	$ 29,093	$ 29,093	$ 87,279
2	Interference Underspending	7,431	7,431	7,431	22,293
3	TSC Revenues (with interest)	4,973	4,973	4,973	14,919
4	Network CAIDI Performance Mechanism Revenue Adjustment	1,667	1,667	1,667	5,001
5	Interest - Gain on Sale of First Avenue Properties	906	906	906	2,718
6	Power for Jobs Tax Credit	883	883	883	2,649
7	Auction Interest Rate - Case 07-E-0523	610	610	610	1,830
8	SO2 Allowances (with interest)	545	545	545	1,635
9	Excess Emission Reduction Credits	358	358	358	1,074
10	Washington Heights and WTC Security Initiatives	251	251	251	753
11	Property Condemnations	236	236	236	708
	Total Regulatory Liabilities (b)	$ 46,953	$ 46,953	$ 46,953	$ 140,859
	Net Debits (a - b)	$ 28,569	$ 23,807	$ 22,931	$ 75,307

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Delivery Volumes and Delivery Revenues
Twelve Months Ending March 31, 2011, March 31, 2012 and March 31, 2013
$ 000's

	Delivery Volumes - GWhs Twelve Months Ending March 31,		
	2011	2012	2013
Con Edison Customers	45,481	45,799	46,153
New York Power Authority	11,031	11,174	11,314
Economic Delivery Service	899	899	899
Total Delivery Volumes	57,411	57,872	58,366

	Delivery Revenues at May 1, 2009 Rates- $000's Twelve Months Ending March 31,		
	2011	2012	2013
Con Edison Customers *	$ 3,400,928	$ 3,416,349	$ 3,439,208
New York Power Authority	440,659	439,833	438,676
Economic Delivery Service	26,471	26,471	26,471
Total Delivery Revenue	$ 3,868,058	$ 3,882,653	$ 3,904,355

* Excludes Low Income Discounts
Please refer to Appendix I for allocation of annual rate increases.

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Other Operating Revenues *
Twelve Months Ending March 31, 2011, March 31, 2012 and March 31, 2013
$ 000's

	Twelve Months Ending March 31,			
	2011	RY2 Update	Revenue Increase	2012
Proceeds from Sales of TCCs	$ 120,000			$ 120,000
Late Payment Charges	30,778	434	1,150	32,362
Rent from Electric Property	16,253			16,253
Transmission Service Charges	15,000			15,000
Miscellaneous Service Revenues	14,091	199		14,290
POR Discount (Revenues from ESCO)	13,439			13,439
Interdepartmental Rents	11,714			11,714
Transmission of Energy	11,476			11,476
ESCOS/Marketers - Bills Charges (CUBS)	5,597			5,597
Excess Distribution Facilities	2,663	38		2,701
Sithe Agreement	2,263			2,263
Maint. of Interconnection Facilities	2,189	31		2,220
Meter Reading Services	1,434	(478)		956
SO2 Allowance	1,370			1,370
The Learning Center Services	827	12		839
Facilities Fees - KeySpan and NRG	730			730
Competitive Metering Costs - MHP Customers	220	1,364		1,584
Fuel Management Program	80			80
Transmission Netting Credit Adjustment	(347)			(347)
KeySpan Inside Del Credit	(576)			(576)
Intercompany Rents: 74/59th St (Paid to Steam)	(6,500)			(6,500)
	$ 242,701	$ 1,599	$ 1,150	245,450

	Twelve Months Ending March 31,			
	2012	RY3 Update	Revenue Increase	2013
Proceeds from Sales of TCCs	$ 120,000			$ 120,000
Late Payment Charges	32,362	566	1,051	33,979
Rent from Electric Property	16,253			16,253
Transmission Service Charges	15,000			15,000
Miscellaneous Service Revenues	14,290	250		14,540
POR Discount (Revenues from ESCO)	13,439			13,439
Interdepartmental Rents	11,714			11,714
Transmission of Energy	11,476			11,476
ESCOS/Marketers - Bills Charges (CUBS)	5,597			5,597
Excess Distribution Facilities	2,701	47		2,748
Sithe Agreement	2,263			2,263
Maint. of Interconnection Facilities	2,220	39		2,259
Meter Reading Services	956	(478)		478
SO2 Allowance	1,370			1,370
The Learning Center Services	839	15		853
Facilities Fees - KeySpan and NRG	730			730
Competitive Metering Costs - MHP Customers	1,584	1,461		3,045
Fuel Management Program	80			80
Transmission Netting Credit Adjustment	(347)			(347)
KeySpan Inside Del Credit	(576)			(576)
Intercompany Rents: 74/59th St (Paid to Steam)	(6,500)			(6,500)
	$ 245,450	$ 1,900	$ 1,051	$ 248,401

* Excludes amortization of regulatory deferrals charged / credited to other operating revenues

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric True Up Targets
$ 000's

	Twelve Months Ending March 31,				
Revenue True-ups	2011	RY2 Change	2012	RY3 Change	2013
Proceeds from Sales of TCCs	$ 120,000	$ -	$ 120,000	$ -	$ 120,000
Transmission Service Charges	15,000	-	15,000	-	15,000
Transmission of Energy	11,476	-	11,476	-	11,476
Environmental Allowances (SO2)	1,370	-	1,370	-	1,370
Expense True-ups					
Municipal Infrastructure Support					
Interference - excl. Company labor (80/20 True up)	68,470	965	69,435	1,215	70,650
Environmental Remediation (MGP / Superfund)	17,398	3,392	20,790	3,392	24,182
Property Tax Expense (80/20 True up)					
New York City	976,439	76,869	1,053,308	100,239	1,153,547
Upstate and Westchester	91,590	1,943	93,533	2,003	95,536
Total Property Taxes	1,068,029	78,812	1,146,841	102,242	1,249,083
Employee Pensions	249,963	36,958	286,921	22,858	309,779
Other Post Employment Benefits	57,447	935	58,382	(1,397)	56,986
Pension / OPEB Expense Before Phase In Adjustment	307,410	37,893	345,303	21,462	366,765
Adjustment to match expense with rate allowance	(121,526)	112,739	(8,787)	139,100	130,313
Net Pension / OPEB Expense Rate Allowance	185,884	150,632	336,516	160,562	497,078
NEIL Insurance	(3,500)	-	(3,500)	-	(3,500)
Interest Rates					
Embedded Cost of Long Term Debt	N/A	-	5.65%	-	5.65%
Income Tax Flow Thru Deductions (True-ups)					
Medicare Part D Accrued Reimbursements	16,599	-	16,599	-	16,599
x effective State & Federal Income Tax Rate	39.615%	-	39.615%	-	39.615%
Medicare Part D - Tax Savings	6,576	-	6,576	-	6,576
Brownfield Tax Credits	1,600	-	1,600	-	1,600
Rate Base					
Deferred FIT (263A Capitalized Overhead	(363,851)	(27,725)	(391,576)	(30,233)	(421,809)
Fin 48 - Disallowed SSCM	(51,134)	-	(51,134)	-	(51,134)
Total 263a Rate Base Deduction	$ (414,985)	$ (27,725)	$ (442,710)	$ (30,233)	$ (472,943)

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric True Up Targets
$ 000's

Average Plant In Service Balances	Target		
Rate Year 1	**BOOK COST OF PLANT**	**ACCRUED DEPRECIATION**	**NET PLANT**
Production	$468,890	($8,410)	$477,300
T&D less Interference	17,755,524	3,937,219	13,818,305
Interference	28,030	265	27,765
Shared Services - 83%	1,435,118	452,973	982,145
Average Plant Balances-- (excl. removal cost)	$19,687,562	$4,382,047	$15,305,515
Note: Average Plant Balances (incl. removal costs) in Rate Base	$19,687,562	$4,109,916	$15,577,646

Rate Year 2	BOOK COST OF PLANT	ACCRUED DEPRECIATION	NET PLANT
Production	$503,118	$15,502	$487,616
T&D less Interference	19,037,696	4,295,311	14,742,385
Interference	66,030	1,570	64,460
Shared Services - 83%	1,480,467	467,688	1,012,779
ERP -- Electric Portion	25,307	210	25,097
Average Plant Balances-- (excl. removal cost)	$21,112,618	$4,780,281	$16,332,337
Note: Average Plant Balances (incl. removal costs) in Rate Base	$21,112,618	$4,343,262	$16,769,357

Rate Year 3	BOOK COST OF PLANT	ACCRUED DEPRECIATION	NET PLANT
Production	$536,165	$40,709	$495,456
T&D less Interference	20,102,545	4,688,353	15,414,192
Interference	104,030	3,908	100,122
Shared Services - 83%	1,547,008	492,154	1,054,854
ERP -- Electric Portion	125,625	10,270	115,355
Average Plant Balances-- (excl. removal cost)	$22,415,373	$5,235,394	$17,179,978
Note: Average Plant Balances (incl. removal costs) in Rate Base	$22,415,373	$4,634,115	$17,781,258

Note: The reconciliations to average plant included in rate base for Rate Years 2 and 3 will be cumulative within the T&D and Other capital expenditure categories (that is, a deferral will be required under this provision only if the average net plant balances for a category is below the cumulative target for such category as shown above).

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Carrying Charge Rates

	T&D and Interference Plant	Production Plant
Pre Tax Overall Rate of Return	11.000%	11.000%
Composite Book Depreciation Rate	2.798%	4.158%
Total Carrying Charge Rate	13.798%	15.158%

	General Plant	ERP Plant
Pre Tax Overall Rate of Return	11.000%	11.000%
Composite Book Depreciation Rate	7.195%	6.667%
Total Carrying Charge Rate	18.195%	17.667%

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
DEPRECIATION RATES FOR ELECTRIC & COMMON UTILITY PLANT

P.S.C. ACCT. NO.	ACCOUNT TITLE	CO. ACCT.	LIFE TABLE	AVERAGE SERVICE LIFE (Years)	NET SALVAGE (Percent)	ANNUAL DEPR. RATE (Percent)
	ELECTRIC PLANT IN SERVICE					
	PRODUCTION PLANT					
	STEAM PRODUCTION					
310	LAND AND LAND RIGHTS	9510	-	-	-	-
311	STRUCTURES AND IMPROVEMENTS	9514	h0.50	55	(50)	2.73
312	BOILER PLANT EQUIPMENT	9516	h1.00	30	(50)	5.00
314	TURBOGENERATOR UNITS	9522	h1.50	30	(25)	4.17
315	ACCESSORY ELECTRIC EQUIPMENT	9524	h0.75	30	(25)	4.17
316	MISC. POWER PLANT EQUIPMENT	9526	h0.50	45	(10)	2.44
	OTHER PRODUCTION					
340	LAND AND LAND RIGHTS	9430	-	-	-	-
341	STRUCTURES AND IMPROVEMENTS	9431	h3.00	25	(20)	4.80
342	FUEL HOLDERS, PROD. & ACCESSORIES	9432	h3.00	25	(20)	4.80
344	GENERATORS	9434	h3.00	25	(20)	4.80
345	ACCESSORY ELECTRIC EQUIPMENT	9435	h3.00	25	(20)	4.80
	TRANSMISSION PLANT					
350	LAND AND LAND RIGHTS	9530	-	-	-	-
352	STRUCTURES AND IMPROVEMENTS	9532	h2.50	70	(35)	1.93
353	STATION EQUIPMENT	9534	h2.00	50	(25)	2.50
354	TOWERS AND FIXTURES	9536	h3.25	45	(40)	3.11
356	OVERHEAD CONDUCTORS AND DEVICES	9540	h2.25	35	(35)	3.86
357	UNDERGROUND CONDUIT - CAP LEASES	9543	-	-	-	-
357	UNDERGROUND CONDUIT	9544	h3.25	55	(20)	2.18
357	UNDERGROUND CONDUIT - MAN & BRONX	9545	h3.25	55	(20)	2.18
358	UNDERGROUND CONDUCTORS & DEVICES	9546	h2.75	50	(25)	2.50

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
DEPRECIATION RATES FOR ELECTRIC & COMMON UTILITY PLANT

P.S.C. ACCT. NO.	ACCOUNT TITLE	CO. ACCT.	LIFE TABLE	AVERAGE SERVICE LIFE (Years)	NET SALVAGE (Percent)	ANNUAL DEPR. RATE (Percent)
	DISTRIBUTION PLANT					
360	LAND AND LAND RIGHTS	9550	-	-	-	-
360	LAND AND LAND RIGHTS - LEASEHOLDS	9551	-	50	-	2.00
361	STRUCTURES AND IMPROVEMENTS	9552	h1.75	50	(35)	2.70
362	STATION EQUIPMENT	9554	h2.25	45	(25)	2.78
364	POLES, TOWERS AND FIXTURES	9556	h1.25	50	(100)	4.00
303	CAPITALIZED SOFTWARE	9557	Amort.	5	-	20.00
365	OVERHEAD CONDUCTORS AND DEVICES	9558	h1.25	60	(55)	2.58
366	UNDERGROUND CONDUIT	9560	h1.25	80	(40)	1.75
366	UNDERGROUND CONDUIT - MAN. & BRONX	9561	h1.25	80	(40)	1.75
367	UNDERGROUND CONDUCTORS & DEVICES	9562	h0.50	45	(55)	3.44
368	LINE TRANSFORMERS	9565				
	OVERHEAD TRANSFORMERS		h1.25	35	(5)	3.00
	UNDERGROUND TRANSFORMERS		h1.75	40	(5)	2.63
369	SERVICES - OVERHEAD	9566	h0.75	60	(175)	4.58
369	SERVICES - UNDERGROUND	9567	h0.75	75	(150)	3.33
370	METERS					
	ELECTRO MECHANICAL	9569	h1.00	35	-	2.86
	SOLID STATE	NEW	h1.00	20	-	5.00
370	METER INSTALLATIONS					
	ELECTRO MECHANICAL	9571	-	35	-	2.86
	SOLID STATE	NEW	-	20	-	5.00
371	INSTALL. ON CUSTOMERS' PREMISES	9573	h1.25	60	-	1.67
373	O.H. STREET LIGHTING & SIGNAL SYS.	9575	h0.50	45	(100)	4.44
373	U.G. STREET LIGHTING & SIGNAL SYS.	9576	h0.75	70	(75)	2.50

DEPRECIATION RESERVE VARIATION

In addition to the depreciation produced by application of the above rates, an additional amount of depreciation applicable to electric plant for the partial recovery of a reserve deficiency is approved amounting to

	Total	Annual	Amort. Period
Case 07-E-0523	$ 162,500,000	$ 10,833,000	15 years beginning April 2008
Case 09-E-0428	83,796,000	6,446,000	13 years beginning April 2010
	$ 246,296,000	$ 17,279,000	

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
DEPRECIATION RATES FOR ELECTRIC & COMMON UTILITY PLANT

P.S.C. ACCT. NO.	ACCOUNT TITLE	CO. ACCT.	LIFE TABLE	AVERAGE SERVICE LIFE	NET SALVAGE	ANNUAL DEPR. RATE
				(Years)	(Percent)	(Percent)
	COMMON UTILITY PLANT IN SERVICE					
	MISC. INTANGIBLE PLANT					
303	CAPITALIZED SOFTWARE	9814				
	5 YEAR AMORTIZATION		Amort.	5	-	20.00
	10 YEAR AMORTIZATION		Amort.	10	-	10.00
	15 YEAR AMORT (PAYROLL & GL SYSTEMS)		Amort.	15	-	6.67
	BUILDINGS AND YARDS					
389	LAND AND LAND RIGHTS	9810	-	-	-	-
390	STRUCTURES AND IMPROVEMENTS	9812	h0.75	50	(60)	3.20
390	STRUCT. AND IMPROV. - CAP LEASES	9813	-	-	-	-
	GENERAL PLANT					
391	ELECTRONIC DATA PROCESSING EQ.	9815	Amort.	8	5	11.88
391	OTHER OFFICE FURNITURE AND EQ.	9816	Amort.	18	-	5.56
392	TRANSPORTATION EQUIPMENT	9820	Amort.	8	10	11.25
393	STORES EQUIPMENT	9824	Amort.	20	5	4.75
394	TOOLS, SHOP AND GARAGE EQUIP.	9830	Amort.	18	5	5.28
395	LABORATORY EQUIPMENT	9828	Amort.	20	-	5.00
396	POWER OPERATED EQUIPMENT	9829	Amort.	12	10	7.50
397	COMMUNICATION EQUIPMENT	9832	Amort.	15	-	6.67
398	MISCELLANEOUS EQUIPMENT	9834	Amort.	20	-	5.00

Consolidated Edison Company of New York, Inc.

Common Allocation Factors

	Electric	Gas	Steam
Administrative & General Expenses			
A&G - Labor Related	78.70%	16.20%	5.10%
A&G - Other than Labor	81.14%	13.21%	5.65%
Pensions/OPEBs and Health Ins. Capitalized	72.67%	23.63%	3.70%
A&G Transferred - Other	76.55%	17.80%	5.65%
Customer Accounting Expenses			
Uncollectible Accounts	86.00%	14.00%	0.00%
Other Customer Accounts	82.00%	18.00%	0.00%
Energy Services	89.00%	11.00%	0.00%
Other Customer Assistance and Informational & Promotional Advertising	82.00%	18.00%	0.00%
Taxes Other than FIT			
Sales & Use	77.75%	15.50%	6.75%
Vehicle/Gasoline	81.00%	16.50%	2.50%
Payroll Taxes	78.75%	16.25%	5.00%
Payroll Taxes Transferred to Construction	72.50%	23.75%	3.75%
Other	81.25%	13.25%	5.50%
Plant			
Common Plant	83.00%	17.00%	0.00%
Common M&S	77.00%	17.00%	6.00%

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Service Reliability Performance Mechanism

Operation of Mechanism

This electric service Reliability Performance Mechanism ("reliability mechanism") will go into effect for Con Edison on January 1, 2010 and will remain in effect until reset by the Commission. The measurement periods for the reliability mechanism metrics are stated in the description of each metric below.

This reliability mechanism establishes the following eight performance metrics:

(a) threshold standards, consisting of system-wide performance targets;

(b) a major outage metric;

(c) a remote monitoring system metric;

(d) a restoration performance metric;

(e) a program standard for repairs to damaged poles;

(f) a program standard for the removal of temporary shunts;

(g) a program standard for the repair of "no current" street lights, and traffic signals; and

(h) a program standard for the replacement of over duty circuit breakers.

All revenue adjustments related to this reliability mechanism will come from shareholder funds and will be deferred for the benefit of ratepayers.

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Service Reliability Performance Mechanism

Summary of Mechanism

		Requirement for Revenue Adjustment	Revenue Adjustment Exposure (millions)
Threshold Standards			
	Network Outage Duration	Con Ed Performance > 4.90	$5.0
	CAIDI[1] (radial)	Con Ed Performance > 2.04	$5.0
	Network Outages per 1000 customers	Con Ed Performance > 2.50	$4.0
	Summer Open Automatics (network)	Con Ed Performance > 510	$1.0
	SAIFI[2] (radial)	Con Ed Performance > 0. 495	$5.0
Major Outages			
	Network	The interruption of service to 15 percent or more of the customers in any network for a period of three hours or more.	$5.0 to $15.0/event
	Radial	One event that results in the sustained interruption of service to 70,000 customers for three hours or more.	$10.0/event
	Maximum Exposure		$30.0
Remote Monitoring System Reporting			
		Failure by the Company to achieve 90 percent reporting rate for the Remote Monitoring System in each network during the last month of each quarter.	$10.0/network

[1] CAIDI – Customer Average Interruption Duration Index. The average interruption duration time (customers-hours interrupted) for those customers that experience an interruption during the year.
[2] SAIFI – System Average Interruption Frequency Index. It is the average number of times that a customer is interrupted per 1,000 customers served during the year.

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Service Reliability Performance Mechanism

	Maximum Exposure		$50.0
Restoration			
	Radial	Restoration of service that does not meet the following target. **Overhead Events** Emergency Level — Restoration Targets 1-Upgraded — 1 Day 2-Serious — 2 Days 3A-Serious — 3 Days 3B-Full Scale (Tropical storm) — 4 Days 3B-Full Scale (Hurricane Category 1-2) — 7 Days 3B-Full Scale (Hurricane Category 3-5) — ≤ 3 weeks	$0.0 (trial basis)
Program Standards			
	Pole Repair		
		For all “Damaged Poles” and “Double Damaged Poles” poles that come into existence on or after 1/1/10, repairs not made within 30 days from the date the Company became aware of the “Damaged Pole” or “Double Damaged Pole” for at least 90% of these new “Damaged Poles” and “Double Damaged Poles”.	$3.0
	Shunt Removal		
		For all shunts that come into existence on or after 1/1/10, permanent repairs not made for at least 90% of these new cases within 90 days during the winter months, which are defined for purposes of this metric as January, February,	Winter: $1.5 Summer: $1.5

<u>Consolidated Edison Company of New York, Inc</u>.
Case 09-E-0428
Electric Service Reliability Performance Mechanism

			March, April, November, and December, and at least 90% of these cases within 60 days during the remaining six months, May through October that is defined as the summer months.	
	No Current Street Lights and Traffic Signals			
			For all no currents that come into existence on or after 1/1/10, permanent repairs not made for at least 90% of these new cases within 90 days during the winter months, which are defined for purposes of this metric as January, February, March, April, November, and December, and at least 80% of these new cases within 45 days during the remaining six months, May through October that is defined as the summer months.	Winter: $1.5
				Summer: $1.5
	Over-Duty Circuit Breakers			
			If Con Edison does not replace at least 60 over-duty circuit breakers during the calendar year.	$0.1 Per Breaker
		Maximum Exposure		$3.0
				Total Revenue Adjustment Exposure: $112

<u>Exclusions</u>

The following exclusions will be applicable to operating performance under this reliability mechanism.

(a) Any outages resulting from a major storm, as defined in 16 NYCRR Part 97 (i.e., at least 10% of the customers interrupted within an operating area or customers out of service for at least 24 hours), except as otherwise noted; this includes secondary network interruptions that occur in an operating area during winter snow/ice events that meet the 16 NYCRR Part 97 definition.

(b) Heat-related outages are not a major storm. However, the Company may petition the Commission for an exemption for an outage if the Company can prove that such outage, whether heat-related or not, was beyond the Company's control, taking into account all facts and circumstances.

(c) Any incident resulting from a strike or a catastrophic event beyond the control of the Company, including but not limited to plane crash, water main break, or natural disasters (*e.g.*, hurricanes, floods, earthquakes).

(d) Any incident where problems beyond the Company's control involving generation or the bulk transmission system is the key factor in the outage, including, but not limited to, NYISO mandated load shedding. This criterion is not intended to exclude incidents that occur as a result of unsatisfactory performance by the Company.

Reporting

The Company will prepare an annual report(s) on its performance under this reliability mechanism. The annual report(s) will be filed by March 31st of each year to the Secretary. Copies of the annual report(s) will be simultaneously provided to the New York City Department of Transportation ("NYCDOT") Deputy Commissioner of Traffic Operations, the NYCDOT Director of Street Lighting, the Westchester County First Deputy Commissioner of Public Works, and the President of the Utility Workers Union of America, Local 1-2.

The reports will state the:

(a) Company's annual system-wide performance under the Threshold Standards and identify whether a revenue adjustment is applicable and, if so, the amount of the revenue adjustment;

(b) Company's performance under the Major Outage metric and identify whether a revenue adjustment is applicable and, if so, the amount of the revenue adjustment;

(c) Company's performance under the Remote Monitoring System metric and identify whether a revenue adjustment is applicable and, if so, the amount of the revenue adjustment;

(d) Company's performance under the Restoration metric;

(e) Company's performance under the Program Standards applicable during the period and identify whether a revenue adjustment is applicable and, if so, the amount of the revenue adjustment; and

(f) basis and provide adequate support for all exclusions.

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Service Reliability Performance Mechanism

Within 45 days of any event that meets the Major Outage criteria, the Company will file an interim report on the event, containing, among other things, information pertinent to determining whether a revenue adjustment for the event is applicable. Any requests for exclusion must be made in the interim report.

Threshold Standards

In Cases 90-E-1119, 95-E-0165, 96-E-0979, and 02-E-1240, the Commission adopted standards establishing minimum performance for frequency and duration of service interruption for network and radial systems. Under these standards, the frequency of service interruptions is measured by the System Average Interruption Frequency Index ("SAIFI"), and the duration of service interruptions is measured by the Customer Average Interruption Duration Index ("CAIDI").

The System-Wide Performance Targets used for purposes of the Threshold Standards metric are as set forth below. The measurement periods for the Threshold Standards are successive 12-month periods ending December 31 of each year. During each annual measurement period, Con Edison's year-end SAIFI index for its entire radial system will be measured against the respective SAIFI System-Wide Performance Target. During each annual measurement period, Con Edison's year-end weighted average CAIDI index for its entire radial system will be measured against the respective CAIDI System-Wide Performance Target.

The network duration target will be a temporary replacement for network CAIDI. The measurement period for network duration are successive 12-month periods ending December 31 of each year. During each annual measurement period, Con Edison's year-end duration for its entire network system will be measured against the respective duration target.

The network interruption and summer feeder open-auto targets will be a temporary replacement for network SAIFI. The measurement period for network interruption are successive 12-month periods ending December 31 of each year. During each annual measurement period, Con Edison's year-end number of interruptions for its entire network system will be measured against the respective interruption target. The measurement period for summer feeder open-auto is the months of June, July, and August of each year. During each annual measurement period, Con Edison's summer-end feeder open-auto rate for its network system will be measured against the respective feeder open-auto target.

The Company's annual performance in maintaining reliability must meet or be better than the SAIFI and CAIDI System-Wide Performance, Network Duration, Network Interruption, and Summer Feeder Open-Auto Targets. A total of $20 million is at risk for performance not meeting those targets.

(a) Radial Outage Duration – CAIDI

A total of $5 million per year is at risk for customer interruption duration performance, as follows:

	Threshold Target (hours)	Revenue Adjustment (millions)
Radial outage duration (CAIDI)	2.04	$5

(b) Network Outage Duration

A total of $5 million per year is at risk for network outage duration performance, as follows:

	Threshold Target (hours)	Revenue Adjustment (millions)
Network outage duration	4.90	$5

(c) Radial Outage Duration – SAIFI

A total of $5 million per year is at risk for customer interruption frequency performance, as follows:

	Threshold Target	Revenue Adjustment (millions)
Radial outage frequency	0.495	$ 5

(SAIFI)		

(d) Network Outages

A total of $4 million per year is at risk for network outage performance, as follows:

	Threshold Target	Revenue Adjustment (millions)
Network Outages per 1000 customers	2.5	$ 4

(e) Summer Network Feeder Open-Auto Target

A total of $1 million per year is at risk for summer network feeder open-auto performance, as follows:

	Threshold Target	Revenue Adjustment (millions)
Summer Network Feeder Open-Auto	510	$ 1

Major Outages

For purposes of this metric, a “major outage” event in a network system is defined as the interruption of service to 15 percent or more of the customers in any network for a period of three hours or more. If the Company creates any new second contingency networks during the Electric Rate Plan, those networks will be covered by this metric. A radial system interruption event is defined as one event that results in the sustained interruption of service to 70,000 customers for a period of three hours or more.

Any single occurrence that results in multiple network or radial system interruption events will result in only one revenue adjustment being assessed. An example is the loss of an area substation that shuts down two or more networks or a combination of network and radial system load.

This single occurrence exception will not apply if each Major Outage that takes place during any single occurrence results from separate and distinct causes. For example, if there are two network shutdowns during a single heat wave, and each network shutdown results from failures on that particular network that were not beyond the Company's control the single occurrence exception would not apply and two network shutdowns will be considered to have occurred.

In addition, Con Edison will not be subject to a revenue adjustment when the 15 percent threshold is met due to an outage that is confined to one building within a network. The Company can petition the Commission for exemption on a case-by-case basis, of outages affecting more than one building that are, nevertheless, small scale and do not warrant classification as a Major Outage.

To avoid multiple revenue adjustments for the same operating performance problem or occurrence, interruptions and customer hours of interruption associated with Major Outage revenue adjustments will be excluded from the appropriate year-end system-wide performance calculations, except as noted.

The Company will be subject to a revenue adjustment based on the outage duration for network major outages. Con Edison will be subject to a maximum revenue adjustment of $30 million. After the $30 million cap has been reached, the effect of the major outage will be included in the system-wide performance measurements. The revenue adjustment structure is as follows:

(a) Network Major Outage

Network Outage Duration	15% or More of Network Customers
3 to 6 hours	$5 million
> 6 hours to 12 hours	$10 million
> 12 hours	$15 million

(b) Radial Major Outage

A revenue adjustment of $10 million is at risk for each radial major outage.

Remote Monitoring System

Consolidated Edison Company of New York, Inc.
Case 09-E-0428
Electric Service Reliability Performance Mechanism

For each network, except upon the occurrence of extraordinary system conditions, the Company will have 90% of its Remote Monitoring System units reporting properly in each network. If the Company does not achieve the target level for the Remote Monitoring System, there will be a revenue adjustment of $10 million per network per measurement interval with an annual cap of $50 million.

Where the Company can demonstrate that extraordinary circumstances prevented it from achieving the target level, those circumstances will be factored in measuring the Company's compliance with the above requirement. The determination of whether extraordinary circumstances exist will be made on a case-by-case basis and will be based on the particular facts and circumstances presented.

The Company will be required to submit on a quarterly basis, the RMS reporting rate per network that commenced June 30, 2008. This mechanism is an interim standard, with the intent of adopting a target level of 95% for each network when such a standard is found to be reasonable.

Restoration

In order to advance the process of developing an optimal restoration mechanism, without placing an undue burden on the Company, this metric will be on a trial basis with the proviso that there will be no negative rate adjustment when the Company does not meet the standard. Under this metric, the Company is liable for restoration times for all outage events affecting its radial systems. The restoration targets are measured from the end of the storm.

In the Company's past emergency plan, Upgraded to Full Scale emergency events had an estimated restoration time for overhead events. This format has been used to set the restoration targets.

Overhead Events	
Emergency Level	Restoration Targets
1-Upgraded	1 Day
2-Serious	2 Days
3A-Serious	3 Days

3B-Full Scale (Tropical storm)	4 Days
3B-Full Scale (Hurricane Category 1-2)	7 Days
3B-Full Scale (Hurricane Category 3-5)	≤ 3 weeks

The Company will file a compliance report with the Commission within 30 days following any restoration period for which the restoration mechanism applies, detailing its performance relative to the restoration mechanism, and noting any exceptions that would apply.

<u>Program Standards</u>

a. Pole Repair

i) Definitions

1. "Damaged Poles" are poles damaged by storm conditions, vehicle contact, or other circumstances, and that support existing equipment with temporary external bracing while not posing an immediate threat to the safety of the public or the distribution system.
2. "Double Damaged Poles" are poles damaged by storm conditions, vehicle contact, or other circumstances, and that are not capable of supporting existing equipment. In each of these cases, a new pole is installed next to the damaged pole and is braced to the damaged pole to safely support the damaged pole until the Company transfers equipment to the new pole.
3. "Repair," for purposes of this program standard, means transferring Company facilities to a new pole, and removing or "topping" the "damaged" pole.

ii) Performance Requirements

The Company will strive to repair all "Damaged Poles" and "Double Damaged Poles" in a timely manner. For all "Damaged Poles" and "Double Damaged Poles" that are in existence as of December 31, 2009, Con Edison will make permanent repairs and is subject to the revenue adjustment as required by the prior reliability mechanism. For all "Damaged Poles" and "Double Damaged Poles" that come into existence on or after January 1, 2010, Con Edison will make repairs within 30 days from the date the Company became aware of the “Damaged Pole” or “Double Damaged Pole” for at least 90% of these new “Damaged Poles” and “Double Damaged Poles”. In the event the Company does not achieve the 90% within 30 days threshold for “Damaged Poles” and “Double Damaged Poles” that come into existence during the 2010 calendar year, it will incur a revenue adjustment of $3 million for such year.

Con Edison will make repairs to all “Damaged Poles” and “Double Damaged Poles” that come into existence on or after January 1, 2010 within six months from the dates Con Edison became aware of the “Damaged Pole” or “Double Damaged Pole.”

iii) Storm Exclusion

In an effort to permit the Company to utilize labor resources most effectively and facilitate the restoration of customers, the Company may utilize up to 60 days to make repairs on 90% of poles that become “Damaged Poles” and “Double Damaged Poles” during qualifying major storm events as defined in 16 NYCRR Part 97. Where the Company does not immediately make repairs on its poles, the Company will make each “Damaged Pole” and “Double Damaged Pole” safe for public and vehicle access.

iv) Extraordinary Circumstances Exception

Where the Company can demonstrate that extraordinary circumstances prevent a repair within the 30-day, 60-day, or six month time frames, as appropriate, that non-repair will not be considered in measuring the Company's compliance with these requirements. The determination of whether extraordinary circumstances exist will be made on a case-by-case basis and will be based on the particular facts and circumstances presented.

v) Reporting

The Company’s annual report will: (i) report on "Damaged Poles" and "Double Damaged Poles" that come into existence from January 1 through December 31 of the prior year; (ii) provide the status of "Damaged Poles" and "Double Damaged Poles" that existed before January 1 of the prior year; (iii) identify the “Damaged Poles” and “Double Damaged Poles” that were not repaired; and (iv) describe the extraordinary circumstances, if any, that prevented the repairs from being made. For (i) and (ii), the report(s) will include, at a minimum, a listing of the damaged pole locations, the date the Company became aware of the problem at that location, and the date of the repair.

b. Shunt Removal

It is not the purpose of this metric to require Con Edison to eliminate the use of temporary shunts; to the contrary, temporary shunts may be needed to restore electric service pending permanent repairs. In cases where temporary shunts are used, the Company will strive to remove them and make permanent repairs in a timely manner. It is Con Edison's responsibility to identify all shunts installed by the Company.

i) Definitions

1. "Temporary Shunts" are cables installed by the Company to temporarily maintain service continuity to a customer pending the permanent repair of a Company facility.
2. "Publicly Accessible Shunts" include street/sidewalk shunts and overhead to underground service shunts, including shunts to street lights, installed by the Company. Shunts installed within individual customer facilities, typically behind the customer's meter (called a "meter pan bridge") or inside the customer's end line box (called a "service bridge"), that are not accessible to the general public are not covered by this metric.
3. "Permanent Repair" means that the condition necessitating the shunt has been fully remediated and service has been restored by the Company to the customer's facility before the shunt is removed.

ii) Performance Requirements

The Company will not remove any shunt that will have the effect of leaving a streetlight or traffic signal without power, except for exigent safety reasons,[3] until the condition giving rise to the need for the shunt has been completely repaired. Further, it is Con Edison's responsibility to repair the conditions on its system that required the use of the temporary shunts. For all

[3] In such situations, and as appropriate, the Company either will replace its temporary shunt or effect the permanent repair.

shunts that are in existence as of December 31, 2009, Con Edison will make permanent repairs as required by the prior reliability mechanism. For all shunts that come into existence on or after January 1, 2010, Con Edison will make permanent repairs for at least 90% of these new cases within 90 days during the winter months, which are defined for purposes of this metric as January, February, March, April, November, and December, and at least 90% of these cases within 60 days during the remaining six months, i.e., May through October. If Con Edison does not reach the 90% threshold, the follow revenue adjustments will apply:

Adjustment Level
Winter Months: $1,500,000
May – October: $1,500,000

Con Edison will make permanent repairs in all cases in which temporary shunts are installed on or after January 1, 2010 within six months of the dates the shunts are installed.

The 60-day, 90-day and six month periods for making permanent repairs may be tolled in the event that, and for the period corresponding to, a third party (such as the municipal customer) must perform service at the site prior to, and as a precondition to, Con Edison's completion of work. The Company will be responsible for providing notice to the third party that its work is a precondition to the Company's work and for demonstrating the applicability of the tolling period.

iii) Extraordinary Circumstances Exception

Where the Company can demonstrate that extraordinary circumstances prevented a shunt repair within the 60-day, 90-day, or six month time frames, as appropriate, that non-repair will not be considered in measuring the Company's compliance with the above requirements. The determination of whether extraordinary circumstances exist will be made on a case-by-case basis and will be based on the particular facts and circumstances presented (*e.g.*, documentation demonstrating delays of more than 30 days in receiving street-opening permits from NYCDOT).

iv) Reporting

The Company’s annual report will: (i) report on shunts installed from January 1 through December 31 of the prior year; (ii) provide the status of shunts installed before January 1 of the prior year; (iii) identify the shunt locations that were not permanently repaired within the 60-day, 90-day, and six month periods described above; and (iv) describe the extraordinary circumstances, if any, that prevented the permanent repair and therefore necessitated a continual use of the shunts. For (i) and (ii), the report(s) will include, at a minimum, a listing of the shunt locations, the date the Company became aware of the problem at each such location, the date the shunt was installed, the date of the permanent repair, and the date the shunt was removed.

c. No Current Street Lights and Traffic Signals

i) Definitions

1. A "no current" is a location where Con Edison's electric service supplying power to municipal street lights or traffic signals is not working due to a failure of Con Edison's service to the customer facility point, and the date that a "no current" comes into existence is the date of the "stop tag" notifying Con Edison of the "no current" condition.
2. "Permanent repair" means that service has been permanently restored by the Company to the customer's facility point.

ii) Performance Requirements

The Company will strive to make permanent repairs to all no currents (including both street lights and traffic signals) in a timely manner.

For all no currents that are in existence as of December 31, 2009, Con Edison will make permanent repairs as required by the prior reliability mechanism. An exception will be made in situations in which the Company can demonstrate that it could not complete its repair due to work required to be undertaken by third parties. For all no currents that come into existence on or after January 1, 2010, Con Edison will make permanent repairs for at least 90% of these new cases within 90 days during the winter months, which are defined for purposes of this metric as January, February, March, April, November, and December, and at least 80% of these new cases within 45 days during the remaining six months, May through October. The Company's maximum exposure each year under this metric will be $3 million, as follows:

Adjustment Level

Winter Months: $1,500,000

May – October: $1,500,000

The Company will make permanent repairs to all no currents that come into existence on or after January 1, 2010 within six months of the dates they come into existence.

The 45-day, 90-day, and six month periods for making permanent repairs may be tolled in the event that, and for the period corresponding to, a third party (such as the municipal customer) must perform service at the site prior to, and as a precondition to, Con Edison's completion of work. The Company will be responsible for providing notice to the third party that its work is a precondition to the Company's work and for demonstrating the applicability of the tolling period.

iii) Extraordinary Circumstances Exception

Where the Company can demonstrate that extraordinary circumstances prevented a "no current" from being permanently repaired within the 45-day, 90-day, or six month time frames, as appropriate, that non-repair will not be considered in measuring the Company's compliance with the above requirements. The determination of whether extraordinary circumstances exist will be made on a case-by-case basis and will be based on the particular facts and circumstances presented (*e.g.*, documentation demonstrating delays of more than 30 days in receiving street opening permits from NYCDOT).

iv) Reporting

The Company’s annual report will: (i) report on "no currents" that came into existence from January 1 through December 31 of the prior year; (ii) provide the status of "no currents" that existed before January 1 of the prior year; (iii) identify the "no current" locations that were not repaired within the 45-day, 90-day, and six month periods; and (iv) describe the extraordinary circumstances, if any, that prevented the permanent repair of the "no currents." For (i) and (ii), the report(s) will include, at a minimum, a listing of the "no current" locations, the date the Company became aware of the problem at each location, and the date of the permanent repair at each location.

d. Over-Duty Circuit Breakers

Many of the Company's substations' circuit breakers are at or over their fault current capacity. This situation has precluded the parallel operation of specific types of distributed generation (DG) in certain areas of the system, and more specifically, has restricted the installation of primary grid-parallel synchronous on-site generators in areas served by these substations since these types of generators produce additional fault current, thus further straining the substations' circuit breakers. Elimination of over-duty circuit breakers and taking other reasonable steps necessary to enable the installation of synchronous generators is a priority because of the significant interest in the use of DG to address a variety of concerns.

i) Performance Requirements

For 13 kV and 27 kV over-duty circuit breakers, except upon the occurrence of extraordinary system conditions, the Company will replace a target of at least 60 over-duty circuit breakers during the calendar year (the "target level"). The 13 kV and 27 kV over-duty circuit breakers replaced during January 1, 2010 to March 31, 2010 will count towards meeting the performance requirements for both rate year ending March 31, 2010 and the 2010 calendar year. This will be done only for the 2010 calendar year and is a result of changing the replacement requirement from rate year to calendar year. There will be revenue adjustment applicable for the calendar year performance. If the Company does not achieve the target levels for over-duty circuit breaker replacements, the Company will be subject to a $100,000 per breaker revenue adjustment with a maximum revenue adjustment of $3 million.

ii) Selection and Prioritization of Replacements

The Company will, to the extent practicable, seek to include over-duty circuit breaker replacements in situations where maximum fault currents are between 100 and 103% of the breaker rating. The Company will continue to have at least one meeting of all interested DG parties annually to review implementation of the effort and to address prioritization of where to replace over-duty circuit breakers. This annual meeting should be done in conjunction with efforts to improve communication with the DG community.

The prioritization process will consider such factors as circuit breaker duty ratings, predicted load growth, status of proposed/pending DG, combined heat and power, other similar projects, areas with critical human needs loads, and other reasonable criteria that the parties may identify. The Company will determine the prioritization of breaker replacements.

iii) Extraordinary Circumstances Exception

Where the Company can demonstrate that extraordinary circumstances prevented it from achieving the target levels for the rate year, those circumstances will be factored in measuring the Company's compliance with the above requirements. The determination of whether extraordinary circumstances exist will be made on a case-by-case basis and will be based on the particular facts and circumstances presented.

iv) Reporting

The Company's annual report will: (i) report on the number of over-duty breakers in existence from January 1 through December 31 of the prior year; (ii) provide the status of the Company's efforts on replacing the over-duty breakers; (iii) identify all over-duty breakers that were replaced over the course of the prior calendar year; and (iv) describe the extraordinary circumstances, if any, that prevented the Company from achieving the target level for replacements.

v) Technology Research and Development and Demonstration Projects

The Company will continue collaborative efforts and, where effective, acceleration of research activities on technologies that reduce the impact of fault current from synchronous generators. In cooperation with NYSERDA, the United States Department of Energy, and others, as appropriate, the Company should pursue research and/or demonstration projects using new fault-mitigation technologies during the Electric Rate Plan. This should be done based on approved funds under the rate case.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ELECTRIC CASE 09-E-0428
CUSTOMER SERVICE PERFORMANCE MECHANISM INCENTIVE TARGETS

INDICATOR	MAXIMUM REVENUE ADJUSTMENT	THRESHOLD LEVEL	REVENUE ADJUSTMENT
COMMISSION COMPLAINTS	$9 million	< / = 2.5 > 2.5 - < / = 2.7 > 2.7 - < / = 2.9 > 2.9	N/A $2,000,000 $5,000,000 $9,000,000
CUSTOMER SATISFACTION SURVEYS	$18 million		
Customer Satisfaction Survey of Emergency Callers (Electric Only)		> / = 79.0 < 79.0 - > / = 76.0 < 76.0 - > / = 73.0 < 73.0	N/A $1,500,000 $3,000,000 $6,000,000
Customer Satisfaction Survey of Phone Center Callers (Non-Emergency)		> / = 82.0 < 82.0 - > / = 80.0 < 80.0 - > / = 78.0 < 78.0	N/A $1,500,000 $3,000,000 $6,000,000
Customer Satisfaction Survey of Service Center Visitors (includes Walk-in Centers)		> / = 84.0 < 84.0 - > / = 82.0 < 82.0 - > / = 80.0 < 80.0	N/A $1,500,000 $3,000,000 $6,000,000
OUTAGE NOTIFICATION	$ 8 million		
CALL ANSWER RATE	$5 million	>/=56.0% <56%->/=55.5% <55.5%->/=55.0% <55.0%->/=54.5% < 54.5%	N/A $1,000,000 $2,000,000 $4,000,000 $5,000,000
TOTAL	**$40 million**		

Consolidated Edison Company of New York, Inc.
Case 09-E-0428

Revenue Allocation and Rate Design

Revenue Allocation

The delivery revenue increase for each Rate Year will include (1) an increase in T&D related revenues; (2) an increase in the MAC revenue requirement (RY1 only); (3) changes to the purchased power working capital component of the Merchant Function Charge (MFC); and (4) recovery of incremental costs associated with the Low-Income Program. The T&D related delivery revenue increase, including incremental Low-Income Program costs, will be allocated to Con Edison customers, NYPA delivery service and EDDS delivery service. The increase in the MAC revenue requirement for RY1 will be allocated to Con Edison full service and retail access customers. The change to the purchased power working capital is allocable only to Con Edison full service customers. The revenue allocation for each Rate Year under both a levelized and non-levelized increase basis is shown in Table 2 of this Appendix.

The Rate Year T&D delivery revenue increase, less gross receipts taxes, for each Rate Year will be allocated among the classes in four steps:

Step 1: Revenue Realignment

Con Edison, NYPA and EDDS Rate Year T&D Delivery Revenues at the current rate level will be realigned to address a portion of the revenue adjustments resulting from the 2007 Electric Cost of Service Study (“ECOS”) in resolution of the parties’ disagreements regarding the Company’s ECOS solely for the purpose of this Proposal. The specific revenue adjustments are set forth in Table 1 to this Appendix.

Specifically, in RY1, the NYPA class will be assigned an additional $7,211,900 above the otherwise applicable rate increase. Con Edison’s SC 5 Rate I class will receive $2,800 of this class’s deficiency and the SC 5 Rate II class will receive $368,000 of their surplus in RY1. The surpluses/deficiencies for all other classes (SC 2, 6, and 13) as shown in the Company’s ECOS will be fully reflected in revenue allocation in RY1. The net system deficiency remaining in RY1 will then be allocated to average classes on an across the board basis. No revenue realignment will be done in RY2 above the otherwise applicable rate increase.

In RY3, the NYPA class will receive an additional $3,605,950 adjustment above the otherwise applicable rate increase. Con Edison’s SC 5 Rate I class will receive $2,800 of this class’s deficiency and the SC 5 Rate II class will receive $210,000 of its remaining surplus in RY3. The net system deficiency remaining in RY3 will then be allocated to average classes on an across the board basis.

Consolidated Edison Company of New York, Inc.
Case 09-E-0428

The impact of these revenue adjustments on all the customer classes, as shown on Table 1 and in Column (2) of Table 2 will then be added to the bundled T&D revenue before the revenue increase to become the re-aligned bundled T&D revenue (Column (3) of Table 2).

Step 2: Allocation of T&D Rate Increase

The Rate Year T&D related delivery revenue increase will be computed by deducting the change in the MAC revenue requirement and the change in purchased power working capital from the total rate increase, excluding GRT. The resultant Rate Year T&D related delivery revenue increase, plus incremental costs associated with the Low-Income Program, will then be apportioned as a uniform percentage increase to Con Edison, NYPA and EDDS classes in proportion to their respective re-aligned bundled T&D revenues (Column (4) of Table 2), with a final adjustment made to each class's T&D related delivery revenue increase to reflect the ECOS revenue adjustments from Step 1. The resultant total T&D increases are shown in Column 5 of Table 2.

For RY1, the incremental costs associated with the Low-Income Program as explained in Section K to be reflected in revenue allocation will be set at $15,850,000 and will include recovery of: (1) $15.35 million of estimated annual rate reductions in excess of the amount reflected in current May 2009 rates ($38.25 million less $22.9 million), and (2) the cost of waived reconnection fees ($500,000). For RY2 and RY3, these incremental costs are inclusive of costs incurred by the Company as part of an arrears forgiveness program, as explained in Section K.

Step 3: Allocation of MAC Increase and Changes to Purchased Power Working Capital and C&C related POR Costs

The impacts of the changes to the MAC revenue requirement (RY1 only) and Purchased Power Working Capital component of the MFC are shown in Columns (7a) and (7b), respectively, of Table 2. The per kWh increase in the MAC revenue requirement and the per kWh change in the Purchased Power Working Capital component of the MFC do not vary by customer class. The MAC increase is applicable to full service and retail access customers and the Purchased Power Working Capital component is applicable to full service customers only. The increase in the PPWC component of the MFC may be subject to change from what is shown in Table 2 if a change is made in the billing practices of the New York Independent System Operator which results in an increase in PPWC requirements as explained in Section J.3 of the Proposal.

Step 4: Total Class Increase

The total revenue increase in RY1, RY2, and RY3 for each class will be the sum of each item described in Steps 2 and 3, i.e., sum of Columns (5) to (7) in Table 2. The Rate Year T&D delivery revenue increases for each class will then be restated for the historic period, i.e., the twelve months ended December 31, 2007, the period for which detailed billing data was available. Specifically, revenue ratios will be developed for each class by dividing the applicable Rate Year T&D pure base revenues at the current rate level by the corresponding pure base revenues for the historical period. For NYPA and EDDS, the Rate Year T&D increases assigned to each will be divided by the applicable revenue ratio to determine the rate increase applicable to each for the historical period. For Con Edison customers, the delivery revenue increases assigned to each class for the historic period will be determined in three steps. First, the T&D delivery revenue increase for each Rate Year will be allocated between non-competitive and competitive revenues. The Rate Year "non-competitive delivery revenue increase" for each class will be determined by adjusting the total Rate Year T&D related delivery revenue increase allocated to each class by the change in competitive service revenues for each class. Second, revenue ratios will be developed for each class by dividing the Rate Year non-competitive T&D revenues for each class by the historic period non-competitive revenues for each class at the May 2009 rates. Third, the revenue ratio for each class will be applied to the Rate Year "non-competitive delivery revenue increase" for each class to determine each class's "non-competitive delivery revenue increase" for the historic period.

Rate Design

Design of Con Edison Delivery Rates

Before adjusting delivery rates to reflect the rate increase allocated to each class during RY1, RY2 and RY3, delivery rates will be redesigned to reflect the following: (1) in RY1, delivery rates for SC 4 Rate I and SC 9 Rate I; SC 4 Rate II and SC 9 Rate II; and SC 4 Rate III and SC 9 Rate III will be combined and all customers currently served under either of these rate schedules will be served under common rates set forth in a redesigned SC 9 Rate I, SC 9 Rate II and SC 9 Rate III rate schedule; (2) the non-competitive delivery rates in SC 1 Rate I, SC 2 Rate I, SC 7 Rate I, SC 8 Rate I, the redesigned SC 4/9 Rate I and SC 12 Rate I, including SC 12 energy only rates, will be adjusted to reflect the introduction of flat energy and demand rates. In SC 1 Rate I, SC 7 Rate I, SC 2 Rate I and the newly combined SC 4/9 Rate I rate class, flat rates will be phased-in over a four (4) or five (5) year period as described below. The redesigned flat rates at the current May 2009 rate level are shown in Table 3 to this Appendix. For purposes of this Appendix, RY4 and RY5 means the Rate Years commencing April 1, 2013 and April 1, 2014, respectively.

Consolidated Edison Company of New York, Inc.
Case 09-E-0428

I. Rate Class Combinations and the Elimination of Non-Competitive Declining Block Rates

A. Combination of SC 1 and SC 7 and Four Year Phase-Out of Declining Block Energy Rates

Prior to the application of the rate increase, the non-competitive delivery rates for SC 1 Rate I and SC 7 Rate I will be redesigned at the current (May 2009) rate level based upon their combined revenue requirement. In RY1, the rates will be designed as follows:

1. The summer rates for usage over 250 kWh will be set equal to the current (May 2009) summer rates for usage over 250 kWh.
2. The rates for the first 250 kWh of summer monthly usage, all SC 1 winter usage, and the first 360 kWh of SC 7 winter monthly usage will be set equal.
3. The rate for SC 7 winter monthly usage over 360 kWh will be increased in approximately equal proportions each year with the goal of eliminating this declining block rate over a four year period.

In RY2, RY3 and RY4, the SC 1 Rate I and SC 7 Rate I rates will be redesigned at the current (May 2009) rate level prior to the application of the rate increase as follows:

1. The summer rates for usage over 250 kWh will be set equal to the current (May 2009) summer rates for usage over 250 kWh.
2. The declining winter block rate in SC 7 for usage over 360 kWh per month will be increased in RY2 and RY3 and set equal to the rate applicable to all winter usage and the first 250 kWh of summer monthly usage in RY4.
3. The rates applicable to all winter usage and to the first 250 kWh of summer monthly usage will be gradually decreased in RY2, RY3 and RY4 as the SC 7 winter block rate for usage over 360 kWh is increased.
4. In RY4, SC 1 and SC 7 will be combined into one common class. During the four year phase-out of the SC 7 winter block rate for usage over 360 kWh, the Company will discontinue accepting new customers under SC 7.

In RY1, common rates will be established for SC 1 Rate II and SC 7 Rate II based on the combined SC 1 and SC 7 revenue requirement. The common rate will be shown separately in the Company's Tariff for both SC 1 Rate II and SC 7 Rate II until SC 1 Rate I and SC 7 Rate I are combined into one common class in RY4.

In RY1, Rider H – Off-Peak Domestic Hot Water Storage Rate, which is applicable to SC 1 and SC 7 customers who elect to heat and store water off-peak, will be removed as a Rider for full service and retail access schedules and incorporated as Special Provision F within the SC 1 rate schedule. A new Special Provision F has been added to SC 7 to refer off-peak domestic hot water storage customers to Special Provision F of SC 1 until SC 1 and SC 7 are combined into one common class in RY4.

B. Combination of SC 4 and SC 9 – Elimination of Declining Block Rates and Five-Year Phase-In of Increased Minimum Charge for 5 kW of Demand in Rate I.

The delivery rates for SC 4 Rate I and SC 9 Rate I; SC 4 Rate II and SC 9 Rate II; and SC 4 Rate III and SC 9 Rate III will be combined and all customers currently served under either of these rate schedules will be served under common rates set forth in a redesigned SC 9 Rate I, SC 9 Rate II and SC 9 Rate III rate schedule.

For SC 9 Rate I:

In RY1, the rates will first be redesigned at the current (May 2009) rate level based on the following principles:

1. The rates for non-competitive delivery service for the combined class will be set to recover the non-competitive delivery revenue requirement for both classes.
2. The demand rates of the redesigned class will collect the combined demand revenue requirements of the current SC 9 Rate I and SC 4 Rate I classes.
3. The redesigned seasonal low tension/high tension ("LT/HT") demand rates at the May 2009 rate level will contain two rate blocks, one for demand up to 100 kW per month and one for demand over 100 kW, as shown in Table 3.
4. The LT/HT energy rates of the redesigned class will collect the combined energy revenue requirements of the current SC 9 Rate I and SC 4 Rate I classes and will be collected through single LT/HT energy charges per kWh.
5. The minimum charge for the redesigned class will be equal to the SC 9 charge for 5 kW increased by 5%.
6. Competitive metering charges for the combined class will be set to recover the competitive metering revenue requirement for both classes.

Five Year Phase-Out of Declining Block Demand Rates

1. In RYI, the winter and summer LT/HT demand rates for monthly usage over 100 kW will be set at the respective winter and summer demand rates that would result if both the first 100 kW and over 100 kW block rates were flattened and charged the same rate. The winter and summer LT/HT demand rates for the first 100 kW of monthly usage would then be set to recover the remaining revenue requirements as applicable.

2. Before the application of the T&D increase in each Rate Year, in RY2, RY3, RY4 and RY5, the minimum charge will be increased by 5% each year offset by reductions to the winter LT, winter HT, summer LT and summer HT demand rates for the first 100 kW of monthly demand. In RY5, the summer and winter rates for the first 100 kW of monthly demand will be eliminated and set equal to the summer and winter rates for demand over 100 kW.

For SC 9 Rate II

1. In RY1, the demand rates for non-competitive delivery service for the combined SC 4/9 Rate II class will be set to recover the non-competitive delivery demand revenue requirement for both classes.
2. The demand rates of the combined Rate II class at the current (May 2009) rate level will be established by dividing the combined SC 4 and SC 9 Rate II revenue requirement for each time period by the combined SC 4 Rate II and SC 9 Rate II billing demands for the corresponding time periods.
3. The current non-competitive energy delivery rate for SC 4 Rate II and SC 9 Rate II is common to all demand billed Time-of-Day rate classes and will require no redesign at the current rate level.
4. Competitive metering charges for the combined SC 4/9 Rate II class will be set to recover the competitive metering revenue requirement for both classes.

For SC 9 Rate III

1. In RY1, the demand rates for non-competitive delivery service for the combined SC 4/9 Rate III class will be set to recover the non-competitive delivery demand revenue requirement for both classes.
2. The combined SC 4 and SC 9 Rate III demand rates will be designed to recover the combined class demand revenue requirement of all SC 4 and SC 9 customers not billed under Rate II. For the combined Rate III class, the combined class demand revenue requirement for each time period will be divided by the combined SC 4 and SC 9 billing demands, excluding Rate II, for the corresponding time periods.
3. The current energy rate for SC 4 Rate III and SC 9 Rate III is common to all demand billed Time-of-Day rate classes and will require no redesign at the current rate level.
4. Competitive metering charges for the combined SC 4/9 Rate III class will be set equal to the metering charges for the combined SC 4/9 Rate I class.

C. <u>SC 2 – Five Year Phase-Out of Declining Block Rates</u>

In RY1, the rates will be redesigned at the current (May 2009) rate level as follows:

1. The rate block for the first 900 kWh of monthly usage will be eliminated and replaced with a rate block for the first 2,000 kWh of monthly usage.
2. The summer and winter rate for usage over 2,000 kWh per month will be increased with the goal of eliminating this declining block rate over a five year period.
3. The new rate block for the first 2,000 kWh will be designed to collect the balance of the respective summer and winter revenue requirements.

In RY2, RY3 and RY4, the rates will be redesigned at the current (May 2009) rate level as follows:

1. The declining summer and winter block rates for usage over 2,000 kWh will be gradually increased in approximately equal proportions each year in order to mitigate increases to large SC 2 customers.
2. The flat rates for the first 2,000 kWh of monthly usage will be decreased and redesigned to collect the balance of the respective winter and summer revenue requirements in each year as the block rates for usage over 2,000 kWh are increased.

In RY5, the summer and winter rates for monthly usage over 2,000 kWh will be eliminated and the respective summer and winter rates will be flattened.

D. Elimination of Declining Block Rates – Other Classes

Flat winter and summer demand rates will be implemented for the SC 8 Rate I, SC 12 Rate I and SC 12 Rate I – Energy Only Classes in RY1 with no phase-in.

II. Design of Rates to Collect Increased Revenue Requirement

A. Non-Competitive Con Edison T&D Delivery Rates

1. For RY1, the customer charges in SC 1 and SC 7 Residential and Religious (Rate I), including the customer charge for SC 1 and SC 7 customers taking service under the low-income customer rate program, will be increased by the combined class average non-competitive T&D increase. In RY2 and RY3, no change will be made to the SC 1 and SC 7 customer charges, except for possible changes to the customer charge for Low-Income customers, as explained in Section K of the Proposal. In RY1, RY2 and RY3, the customer charge in SC 2 General Small (Rate I) will be increased by 1.5 times the class average non-competitive T&D increase service. For SC 6 Public and Private Street Lighting, the customer charge will be set to be more reflective of customer costs in RY1 and then

increased in RY2 and RY3 by the class average non-competitive T&D increase.

2. As explained in Section I above, the per kWh charges in SC 1, SC 2 and SC 7 will first be redesigned at the current (May 2009) rate level to allow for the phase-in of flat per kWh charges. The redesigned per kWh charges in SC 1 and SC 7 Residential and Religious (Rate I) and SC 2 General Small (Rate I) and the per kWh charges in SC 6 will be increased to recover the balance of the revenue requirement assigned to each respective class after accounting for the increases in the customer charges.

3. As explained in Section I above, voluntary TOD rates for SC 1 Rate II and SC 7 Rate II will be designed to recover the combined class' overall non-competitive delivery revenue requirement. Such rates will be designed to be revenue neutral, i.e., the rates will yield the same level of service class revenues that the Company would receive under the proposed conventional rates. As explained in Section J.3 of the Proposal, the Off-Peak Domestic Hot Water Storage Rate applicable to SC 1 and 7 will be set equal to the SC 1 Rate II off-peal energy delivery rates.

4. Consistent with past practice, voluntary TOD rates for SC 2 Rate II will be designed to recover the class's overall non-competitive T&D related delivery revenue requirement. The rates will be designed to be revenue neutral, i.e., the rates yield the same level of service class revenues that the Company would receive under the proposed conventional rates.

5. As explained in Section I above, the SC 4 and SC 9 rates will first be redesigned at the current (May 2009) rate level to recognize serving SC 4 and SC 9 customers under common rates in a revamped SC 9 service class, including the phase-in of flat demand and energy rates at the current rate level. The demand charges and per kWh charges in Rate I of SC 5, SC 8, SC 12 and SC 9 (as redesigned) will then be adjusted by the overall non-competitive T&D rate percentage change applicable to each class.

6. The SC 9 maximum rate will be increased by double the overall non-competitive T&D rate percentage increase applicable to SC 9 Rate I, consistent with past practice and the goal of eventually eliminating the 9 Max provision.

7. As explained in Section I above, for SC 12 conventional customers billed for energy only, the per kWh charges will first be redesigned to reflect flat seasonal per kWh rates. The minimum charge and the redesigned flat per kWh rates will then be increased by the non-competitive T&D rate percentage increase applicable to SC 12 (Rate I) customers.

8. Like SC 4 Rate I and SC 9 Rate I, the mandatory TOD rates (Rate II) and voluntary TOD rates (Rate III) in SC 4 and SC 9 will first be redesigned to recognize serving SC 4 and SC 9 customers under common rates in a revamped SC 9 service class. Past practice will then be followed in designing mandatory TOD rates for SC 5, 8, and 9 (as redesigned), 12, 13 and voluntary TOD rates for SC 8, 9 (as redesigned), and 12 to collect the increased revenue requirement applicable to these classes. The per kWh rates will be set equal across classes. The per kWh rates will be determined by increasing current per kWh rates by the ratio of the proposed non-competitive kWh revenue requirement for these classes to the current level of non-competitive revenue collected from the per kWh charges in these classes. The demand rates in each of these classes will then be adjusted to recover the residual non-competitive revenue requirement for each of these classes. Voluntary TOD rates will be designed to recover the applicable class revenue requirement of all customers not billed under mandatory TOD rates.

9. SC 14-RA rates will be developed consistent with the Commission's Opinion 01-04, Opinion and Order Approving Guidelines for the Design of Standby Service Rates, issued and effective October 26, 2001 ("Standby Rates Order") in Case 99-M-1470. The rate applicable to a customer billed under SC 14-RA will be determined by the SC of the Full Service Schedule under which the customer would otherwise receive service. For example, a customer who would otherwise be served under SC 8 (Rate I) will be billed under the SC 14-RA rates applicable to customers who would receive service under SC 8 (Rate I). In accordance with the standby rate guidelines, rates will be developed for each class within SC 14-RA to be revenue neutral at the increased revenue level. The Standby Rates Order (p. 7) defines revenue neutral to mean that "the full service class (not any individual customer) would contribute the same revenues if the full class was priced under either the standard service class rates or the standby rates (given the historic usage patterns of the customers in that class)." Consistent with the combination of the SC 4 and SC 9 classes under the non-standby rates, the standby rates applicable to customers who would otherwise be served under SC 4 and SC 9 will be developed based on the combined non-standby SC 4 and SC 9 revenue requirement. The delivery charges in Special Provision I of SC 14-RA will be increased by the overall system non-competitive T&D increase applicable to Con Edison customers with metering charges set equal to the SC 9 metering charges.

10. The rates under Rider I – Experimental Rate Program for Multiple Dwellings will be updated to recognize the SC 8 standby rates on which these rates are based.

11. The customer charges and distribution contract demand charges in SC 11 Buy-Back Service will be set equal to the SC 14-RA customer charges and contract demand charges. In addition, the SC 11 and SC 14-RA reactive power charges applicable to induction generators will be increased by the overall system non-competitive T&D increase applicable to Con Edison customers, but subject to any changes as required resulting from the PSC decision in Case 08-E-0751.

12. The charges in SC 15-RA will be set equal to the corresponding charges in the EDDS rate schedule.

B. Design of NYPA and EDDS Delivery Rates

1. Rate I and Rate II charges under the PASNY No. 4 delivery service rate schedule, including reactive power charges applicable to induction generators, will be increased by the overall T&D delivery revenue percentage increase applicable to NYPA. Consistent with the standby rate guidelines, Rate III and IV rates will be developed for each class within the NYPA tariff to be revenue neutral at the proposed revenue level, i.e., Rates III and IV will be developed to produce the same delivery revenues as the equivalent non-standby rates. The reactive power charges applicable to induction generators may be subject to any changes as required resulting from the PSC decision in Case 08-E-0751.

2. The current conventional and TOD rates under the EDDS rate schedule and SC 15-RA of the P.S.C. No. 2 rate schedule will be increased by the overall T&D delivery revenue percentage increase applicable to EDDS.

C. Competitive Delivery Rates

Competitive delivery rates for Con Edison Customers, i.e., the MFC and competitive metering charges, including the credit and collection related component of the Purchase of Receivables Discount Rate, will be set in each Rate Year to reflect the revenue requirement for each Rate Year. Competitive metering credits applicable to NYPA will also be adjusted to reflect the revenue requirement for each Rate Year. The MFC will consist of two components: a supply-related component, including a purchased power working capital component, and a credit and collection ("C&C")

related component. There will be separate MFCs calculated for (1) SCs 1 and 7 customers, (2) SC 2 customers, and (3) all other customers.

i. The Rate Year revenue requirement for the supply-related component (excluding purchased power working capital) will be developed by multiplying the total Con Edison T&D Rate Year revenue requirement by the percentage represented by these costs for each group as compared to total Con Edison T&D delivery revenues at current rates. The resulting revenue requirement will then be divided by the Rate Year sales of full service customers in each group to determine the $/kWh supply-related portion of the MFC for each full service class.

ii. The Rate Year revenue requirement for the C&C related component of the MFC will be developed by multiplying the total Con Edison T&D Rate Year revenue requirement by the percentage represented by credit and collection related costs for each group, inclusive of C&C costs attributable to the Purchase of Receivable ("POR") Discount Rate. The total Rate Year C&C related revenue requirement will be split between full service and POR customers based on the respective split of full service and POR forecasted Rate Year kWh sales. The C&C related rate component to be recovered through the MFC from full service customers will then be determined by dividing their share of the C&C related Rate Year revenue requirement for each group by the corresponding forecasted Rate Year kWh sales.

iii. The C&C related rate component to be recovered through the POR discount rate will be set in each Rate Year to reflect their calculated portion of total C&C costs attributable to POR customers, the estimated Rate Year POR kWh sales, and the forecasted level of POR supply costs in the Rate Year.

iv. The proposed rate associated with the purchased power working capital component of the MFC will be computed by dividing the purchased power working capital requirement for each Rate Year by forecasted Rate Year full-service customers' sales to derive a per kWh charge that will be added to the applicable competitive supply related MFC component for each service group.

v. Competitive metering services will recognize separate costing functions consisting of meter ownership, meter data service provider and combined meter service provider and meter installation costs. The Rate Year revenue requirements for the charges for meter ownership, meter services, and meter data services in each class eligible for competitive metering (i.e., SCs 4, 5, 8, 9, 12 and 13 conventional and time-of-day billed accounts) will be developed similar to the Rate Year revenue requirement for the MFC components. To calculate the $ per bill charges, the revenue requirements determined for each Rate Year will be divided by each eligible class's annual number of bills. For customers required to take service under Rider M – Day Ahead Hourly Pricing, no change will be made to the metering charges in RY 1. In RY2 and RY3, the metering charges for Rider M customers will be increased by the overall Con Edison T&D average percentage rate increase in RY2 and RY3.

vi. The billing and payment processing charge applicable to Con Edison customers will be increased from $0.94 per bill to $1.04 per bill. For customers with a combined electric and gas account, the portion of the charge applicable to electric service will be $1.04 less the amount applicable to gas service. Likewise, ESCOs will pay $1.04 per bill per account, unless a customer has two separate ESCOs. In that case, the charge to the electric ESCO will be $1.04 less the charge applicable to the gas ESCO.

Appendix I
Table 1

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.
Embedded Cost-of-Service Study Results
For the Year 2007

Service Classification	Initial Rate of Return %	Initial Surplus/Deficiency* ($000)	RY1 JP Surplus/Deficiency* ($000)	RY1 Adjustment** ($000)	RY1 Adjusted Surplus/Deficiency* ($000)	RY3 JP Surplus/Deficiency* ($000)	RY3 Adjustment** ($000)	RY3 Surplus/Deficiency* ($000)
TOTAL CECONY	12.86	-	0.000		0.000	0.000		0.000
TOTAL NYPA	10.71	(14,424)	(7,211.900)		(7,211.900)	(3,605.950)		(3,605.950)
TOTAL EDDS	12.67	-	0.000	45.930	45.930	0.000	30.144	30.144
TOTAL SYSTEM	12.61	-	0.000		0.000			
Individual CECONY Classes								
SC 1 Residential	12.05	-	0.000	2,301.191	2,301.191	0.000	1,510.256	1,510.256
SC 2 General Small	14.01	1,647	1,647.000		1,647.000	0.000		0.000
SC 4 & 9 Commercial	13.58	-	0.000	1,864.917	1,864.917	0.000	1,223.934	1,223.934
SC 4 & 9 TOD	13.41	-	0.000	731.263	731.263	0.000	479.924	479.924
SC 5 Traction	2.17	(44)	(2.800)		(2.800)	(2.800)		(2.800)
SC 5 TOD	18.00	578	368.000		368.000	210.000		210.000
SC 6 Street Lighting	10.48	(83)	(83.000)		(83.000)	0.000		0.000
SC 7 Residential Htg.	12.50	-	0.000	22.247	22.247	0.000	14.601	14.601
SC 8 Apt. House	12.05	-	0.000	173.501	173.501	0.000	113.868	113.868
SC 8 TOD	11.56	-	0.000	9.298	9.298	0.000	6.102	6.102
SC 12 Apt. House Htg.	12.32	-	0.000	13.120	13.120	0.000	8.611	8.611
SC 12 TOD	13.83	-	0.000	17.233	17.233	0.000	11.310	11.310
SC 13 Co-op City - TOD	14.49	104	104.000		104.000	0.000		0.000
Total Surplus		2,329	2,119					
Grand Total		(12,222)	(5,178.700)	5,178.700	0.000	(3,398.750)	3,398.750	0.000
				5,178.700	0.000		3,398.750	0.000

* Deficiencies shown as negative
** Applied to average classes only

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.
Levelized - Estimated T&D Revenues for Rate Year 1 Ending March 31, 2011

	RY1 Ending 3/31/2011 Bundled T&D Revenue at 5/1/09 Rate Level **(a)**	RY1 JP Deficiency /(Surplus)	Re-Aligned Bundled T&D Revenue at 5/1/09 Rate Level	Proposed RY1 **Levelized** Rate Increase Allocated to All Customers	**Levelized RY1 Total T&D Increase Including Deficiency /(Surplus) (b)**	**Levelized** Total T&D % Rate Increase	**RY1 Target** Bundled T&D Revenue at **Levelized** 4/1/10 Rate Level **(c)**	**Proposed RY1 MAC Increase Applicable to CECONY Customers**	**Proposed RY1 PPWC Change Applicable to CECONY Full Service Customers**	**Proposed RY1 Low Income Program Impact**	**Levelized RY1 Total Rate Increase Excl GRT**
	(1)	(2)	(3)=(1)+(2)	(4)=(3)* 10.60770185%	(5)=(2)+(4)	(5a)=(5)/(1)	(6)=(1)+(5)	(7a)	(7b)	(7c)	(8)=(5)+ Σ[(7a)~(7c)]
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY1 - Incl. GRT				$420,355,000							
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY1 - Excl. GRT				$408,669,000							
Less: MAC Change				$15,782,000							
Less: Purchase Power Working Capital Change				-$991,000							
Add: Reconnection Fees Waiver for Low Income Program				$500,000							
Add: Additional Discount for Low Income Program (Proposed $38.25 MM vs. Current $22.9 MM)				$15,350,000							
T&D Related Delivery Revenue Increase				$409,728,000							
Proposed % Rate Increase				10.60770185%							
NYPA	$440,659,000	$7,211,900	$447,870,900	$47,508,810	$54,720,710	12.417926%	**$495,379,710**				**$54,720,710**
EDDS	$26,471,000	-$45,930	$26,425,070	$2,803,093	$2,757,163	10.415787%	**$29,228,163**				**$2,757,163**
CECONY	$3,395,422,000	-$7,165,970	$3,388,256,030	$359,416,097	$352,250,127	10.374266%	**$3,747,672,127**	$15,782,000	-$991,001	-$15,850,000	**$351,191,126**
Total	$3,862,552,000	$0	$3,862,552,000	$409,728,000	$409,728,000	10.607702%	**$4,272,280,000**	$15,782,000	-$991,001	-$15,850,000	**$408,668,999**
SC1	$1,502,617,000	-$2,301,191	$1,500,315,809	$159,149,028	$156,847,837	10.438311%	**$1,659,464,837**	$4,935,410	-$467,323	-$15,803,831	**$145,512,093**
SC2	$249,304,000	-$1,647,000	$247,657,000	$26,270,716	$24,623,716	9.876984%	**$273,927,716**	$765,834	-$59,978	$0	**$25,329,572**
SC5 Rate I&III	$38,000	$2,800	$40,800	$4,328	$7,128	18.757895%	**$45,128**	$347	$0	$0	**$7,475**
SC5 Rate II	$4,016,000	-$368,000	$3,648,000	$386,969	$18,969	0.472336%	**$4,034,969**	$41,293	$0	$0	**$60,262**
SC6	$1,895,000	$83,000	$1,978,000	$209,820	$292,820	15.452243%	**$2,187,820**	$4,511	-$604	$0	**$296,727**
SC7	$13,400,000	-$22,247	$13,377,753	$1,419,072	$1,396,825	10.424067%	**$14,796,825**	$61,766	-$6,458	-$46,169	**$1,405,964**
SC8 Rate I&III	$102,868,000	-$173,501	$102,694,499	$10,893,526	$10,720,025	10.421147%	**$113,588,025**	$650,976	-$39,118	$0	**$11,331,883**
SC8 Rate II	$4,509,000	-$9,298	$4,499,702	$477,315	$468,017	10.379619%	**$4,977,017**	$42,334	-$2,323	$0	**$508,028**
SC4&9 Rate I&III	$1,109,138,000	-$1,864,917	$1,107,273,083	$117,456,227	$115,591,310	10.421725%	**$1,224,729,310**	$6,097,173	-$357,589	$0	**$121,330,894**
SC4&9 Rate II	$388,140,000	-$731,263	$387,408,737	$41,095,164	$40,363,901	10.399315%	**$428,503,901**	$3,026,552	-$53,984	$0	**$43,336,469**
SC12 Rate I&III	$7,862,000	-$13,120	$7,848,880	$832,586	$819,466	10.423124%	**$8,681,466**	$69,053	-$1,301	$0	**$887,218**
SC12 Rate II	$9,842,000	-$17,233	$9,824,767	$1,042,182	$1,024,949	10.414032%	**$10,866,949**	$86,751	-$2,323	$0	**$1,109,377**
SC13	$1,793,000	-$104,000	$1,689,000	$179,164	$75,164	4.192080%	**$1,868,164**	$0	$0	$0	**$75,164**
CECONY	$3,395,422,000	-$7,165,970	$3,388,256,030	$359,416,097	$352,250,127	10.374266%	**$3,747,672,127**	$15,782,000	-$991,001	-$15,850,000	**$351,191,126**

Notes:
(a) It excludes current Low Income Program credits of $22.9 million for SC1 and SC7 and PPWC.
(b) It excludes the proposed incremental Low Income Program credits of $15,850,000.
(c) It excludes the proposed Low Income Program credits of $38.75 million for SC1 and SC7 (i.e., $38.25 million of low income rate reductions and $500,000 of waived reconnection fees).

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.
Levelized - Estimated T&D Revenues for Rate Year 2 Ending March 31, 2012

	RY2 Ending 3/31/2012 Bundled T&D Revenue at 5/1/09 Rate Level **(a)**	Proposed Total T&D % Rate Increase Effective 4/1/10	RY2 Ending 3/31/2012 Bundled T&D Revenue at 4/1/10 Rate Level **(b)**	RY2 JP Deficiency /(Surplus)	Re-Aligned Bundled T&D Revenue at 4/1/10 Rate Level	Proposed RY2 **Levelized** Rate Increase Allocated to All Customers	**Levelized RY2 Total T&D Increase Including Deficiency /(Surplus)**	**Levelized** Total T&D % Rate Increase RY2 vs. RY1	**RY2 Target** Bundled T&D Revenue at **Levelized** 4/1/11 Rate Level **(b)**	**Proposed RY2 MAC Increase Applicable to CECONY Customers**	**Proposed RY2 PPWC Change Applicable to CECONY Full Service Customers**	**Levelized RY2 Total Rate Increase Excl GRT**
	(1)	(1a)	(1b)=(1)*[1+(1a)]	(2)	(3)=(1b)+(2)	(4)=(3)* 9.52638600%	(5)=(2)+(4)	(5a)=(5)/(1b)	(6)=(1b)+(5)	(7a)	(7b)	(8)=(5)+ Σ[(7a)~(7b)]
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY2 - Incl. GRT						$420,355,000						
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY2 - Excl. GRT						$408,669,000						
Less: MAC Change						$0						
Less: Purchase Power Working Capital Change						$132,000						
T&D Related Delivery Revenue Increase						$408,537,000						
Proposed % Rate Increase						9.52638600%						
NYPA	$439,833,000	12.417926%	$494,451,138	$0	$494,451,138	$47,103,324	$47,103,324	9.526386%	**$541,554,462**			**$47,103,324**
EDDS	$26,471,000	10.415787%	$29,228,163	$0	$29,228,163	$2,784,388	$2,784,388	9.526387%	**$32,012,551**			**$2,784,388**
CECONY	$3,410,936,000		$3,764,799,037	$0	$3,764,799,037	$358,649,289	$358,649,289	9.526386%	**$4,123,448,326**	$0	$132,000	**$358,781,289**
Total	$3,877,240,000		$4,288,478,338	$0	$4,288,478,338	$408,537,001	$408,537,001	9.526386%	**$4,697,015,339**	$0	$132,000	**$408,669,001**
SC1	$1,528,595,000	10.438311%	$1,688,154,501	$0	$1,688,154,501	$160,820,114	$160,820,114	9.526386%	**$1,848,974,615**	$0	$62,283	**$160,882,397**
SC2	$251,410,000	9.876984%	$276,241,725	$0	$276,241,725	$26,315,853	$26,315,853	9.526386%	**$302,557,578**	$0	$8,068	**$26,323,921**
SC5 Rate I&III	$38,000	18.757895%	$45,128	$0	$45,128	$4,299	$4,299	9.526236%	**$49,427**	$0	$0	**$4,299**
SC5 Rate II	$4,011,000	0.472336%	$4,029,945	$0	$4,029,945	$383,908	$383,908	9.526383%	**$4,413,853**	$0	$0	**$383,908**
SC6	$1,895,000	15.452243%	$2,187,820	$0	$2,187,820	$208,420	$208,420	9.526378%	**$2,396,240**	$0	$82	**$208,502**
SC7	$13,327,000	10.424067%	$14,716,215	$0	$14,716,215	$1,401,923	$1,401,923	9.526383%	**$16,118,138**	$0	$848	**$1,402,771**
SC8 Rate I&III	$102,005,000	10.421147%	$112,635,091	$0	$112,635,091	$10,730,054	$10,730,054	9.526386%	**$123,365,145**	$0	$5,109	**$10,735,163**
SC8 Rate II	$2,953,000	10.379619%	$3,259,510	$0	$3,259,510	$310,514	$310,514	9.526401%	**$3,570,024**	$0	$320	**$310,834**
SC4&9 Rate I&III	$1,110,050,000	10.421725%	$1,225,736,356	$0	$1,225,736,356	$116,768,377	$116,768,377	9.526386%	**$1,342,504,733**	$0	$47,027	**$116,815,404**
SC4&9 Rate II	$377,535,000	10.399315%	$416,796,054	$0	$416,796,054	$39,705,601	$39,705,601	9.526386%	**$456,501,655**	$0	$7,829	**$39,713,430**
SC12 Rate I&III	$7,837,000	10.423124%	$8,653,860	$0	$8,653,860	$824,400	$824,400	9.526385%	**$9,478,260**	$0	$151	**$824,551**
SC12 Rate II	$9,482,000	10.414032%	$10,469,458	$0	$10,469,458	$997,361	$997,361	9.526386%	**$11,466,819**	$0	$283	**$997,644**
SC13	$1,798,000	4.192080%	$1,873,374	$0	$1,873,374	$178,465	$178,465	9.526395%	**$2,051,839**	$0	$0	**$178,465**
CECONY	$3,410,936,000		$3,764,799,037	$0	$3,764,799,037	$358,649,289	$358,649,289	9.526386%	**$4,123,448,326**	$0	$132,000	**$358,781,289**

Notes:
(a) It excludes current Low Income Program credits of $22.9 million for SC1 and SC7 and PPWC.
(b) It excludes the proposed Low Income Program credits of $38.75 million for SC1 and SC7 (i.e., $38.25 million of low income rate reductions and $500,000 of waived reconnection fees).

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.
Levelized - Estimated T&D Revenues for Rate Year 3 Ending March 31, 2013

	RY3 Ending 3/31/2013 Bundled T&D Revenue at 5/1/09 Rate Level **(a)**	Proposed Total T&D % Rate Increase Effective 4/1/10	Proposed Total T&D % Rate Increase Effective 4/1/11	RY3 Ending 3/31/2013 Bundled T&D Revenue at 4/1/11 Rate Level **(b)**	RY3 JP Deficiency /(Surplus)	Re-Aligned Bundled T&D Revenue at 4/1/11 Rate Level	Proposed RY3 **Levelized** Rate Increase Allocated to All Customers	**Levelized RY3 Total T&D Increase Including Deficiency /(Surplus)**	**Levelized** Total T&D % Rate Increase RY3 vs. RY2	**RY3 Target** Bundled T&D Revenue at **Levelized** 4/1/12 Rate Level **(b)**	**Proposed RY3 MAC Increase Applicable to CECONY Customers**	**Proposed RY3 PPWC Change Applicable to CECONY Full Service Customers**	**Levelized RY3 Total Rate Increase Excl GRT**
	(1)	(1a)	(1aa)	(1b)=(1)*[(1+(1a)*(1+1aa)]	(2)	(3)=(1b)+(2)	(4)=(3)* 8.64722097%	(5)=(2)+(4)	(5a)=(5)/(1b)	(6)=(1b)+(5)	(7a)	(7b)	(8)=(5)+ Σ[(7a)~(7b)]
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY3 - Incl. GRT **(c)**							$420,355,000						
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY3 - Excl. GRT							$408,669,000						
Less: MAC Change							$0						
Less: Purchase Power Working Capital Change							$233,000						
T&D Related Delivery Revenue Increase							$408,436,000						
Proposed % Rate Increase							8.64722097%						
NYPA	$438,676,000	12.417926%	9.526386%	$540,129,879	$3,605,950	$543,735,829	$47,018,039	$50,623,989	9.372559%	**$590,753,868**			**$50,623,989**
EDDS	$26,471,000	10.415787%	9.526387%	$32,012,551	-$30,144	$31,982,407	$2,765,589	$2,735,445	8.544914%	**$34,747,996**			**$2,735,445**
CECONY	$3,433,866,000			$4,151,178,526	-$3,575,806	$4,147,602,720	$358,652,372	$355,076,566	8.553633%	**$4,506,255,092**	$0	$232,999	**$355,309,565**
Total	$3,899,013,000			$4,723,320,956	$0	$4,723,320,956	$408,436,000	$408,436,000	8.647221%	**$5,131,756,956**	$0	$232,999	**$408,668,999**
SC1	$1,555,931,000	10.438311%	9.526386%	$1,882,039,993	-$1,510,256	$1,880,529,737	$162,613,562	$161,103,306	8.560036%	**$2,043,143,299**	$0	$110,164	**$161,213,470**
SC2	$252,565,000	9.876984%	9.526386%	$303,947,555	$0	$303,947,555	$26,283,017	$26,283,017	8.647221%	**$330,230,572**	$0	$14,279	**$26,297,296**
SC5 Rate I&III	$38,000	18.757895%	9.526236%	$49,427	$2,800	$52,227	$4,516	$7,316	14.801627%	**$56,743**	$0	$0	**$7,316**
SC5 Rate II	$4,022,000	0.472336%	9.526383%	$4,425,958	-$210,000	$4,215,958	$364,563	$154,563	3.492193%	**$4,580,521**	$0	$0	**$154,563**
SC6	$1,895,000	15.452243%	9.526378%	$2,396,240	$0	$2,396,240	$207,208	$207,208	8.647214%	**$2,603,448**	$0	$146	**$207,354**
SC7	$13,706,000	10.424067%	9.526383%	$16,576,514	-$14,601	$16,561,913	$1,432,145	$1,417,544	8.551521%	**$17,994,058**	$0	$1,483	**$1,419,027**
SC8 Rate I&III	$102,363,000	10.421147%	9.526386%	$123,798,111	-$113,868	$123,684,243	$10,695,250	$10,581,382	8.547289%	**$134,379,493**	$0	$8,841	**$10,590,223**
SC8 Rate II	$2,683,000	10.379619%	9.526401%	$3,243,608	-$6,102	$3,237,506	$279,954	$273,852	8.442820%	**$3,517,460**	$0	$573	**$274,425**
SC4&9 Rate I&III	$1,110,789,000	10.421725%	9.526386%	$1,343,398,487	-$1,223,934	$1,342,174,553	$116,060,799	$114,836,865	8.548235%	**$1,458,235,352**	$0	$81,999	**$114,918,864**
SC4&9 Rate II	$370,890,000	10.399315%	9.526386%	$448,466,761	-$479,924	$447,986,837	$38,738,412	$38,258,488	8.530953%	**$486,725,249**	$0	$14,863	**$38,273,351**
SC12 Rate I&III	$7,820,000	10.423124%	9.526385%	$9,457,700	-$8,611	$9,449,089	$817,084	$808,473	8.548305%	**$10,266,173**	$0	$213	**$808,686**
SC12 Rate II	$9,363,000	10.414032%	9.526386%	$11,322,910	-$11,310	$11,311,600	$978,139	$966,829	8.538697%	**$12,289,739**	$0	$438	**$967,267**
SC13	$1,801,000	4.192080%	9.526395%	$2,055,262	$0	$2,055,262	$177,723	$177,723	8.647219%	**$2,232,985**	$0	$0	**$177,723**
CECONY	$3,433,866,000			$4,151,178,526	-$3,575,806	$4,147,602,720	$358,652,372	$355,076,566	8.553633%	**$4,506,255,092**	$0	$232,999	**$355,309,565**

Notes:
(a) It excludes current Low Income Program credits of $22.9 million for SC1 and SC7 and PPWC.
(b) It excludes the proposed Low Income Program credits of $38.75 million for SC1 and SC7 (i.e., $38.25 million of low income rate reductions and $500,000 of waived reconnection fees).
(c) As explained in Section B.1 of the Joint Proposal, $133.5 million of the total rate increase will be collected through the rate and charges shown on Statements filed separately from the Rate Schedules.

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.
Non-Levelized - Estimated T&D Revenues for Rate Year 1 Ending March 31, 2011

	RY1 Ending 3/31/2011 Bundled T&D Revenue at 5/1/09 Rate Level **(a)**	RY1 JP Deficiency /(Surplus)	Re-Aligned Bundled T&D Revenue at 5/1/09 Rate Level	Proposed RY1 **Non-Levelized** Rate Increase Allocated to All Customers	**Non-Levelized RY1 Total T&D Increase Including Deficiency /(Surplus) (b)**	**Non-Levelized** Total T&D % Rate Increase	**RY1 Target** Bundled T&D Revenue at **Non-Levelized** 4/1/10 Rate Level **(c)**	**Proposed RY1 MAC Increase Applicable to CECONY Customers**	**Proposed RY1 PPWC Change Applicable to CECONY Full Service Customers**	**Proposed RY1 Low Income Program Impact**	**Non-Levelized RY1 Total Rate Increase Excl GRT**
	(1)	(2)	(3)=(1)+(2)	(4)=(3)* 13.63971281%	(5)=(2)+(4)	(5a)=(5)/(1)	(6)=(1)+(5)	(7a)	(7b)	(7c)	(8)=(5)+ Σ[(7a)~(7c)]
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY1 - Incl. GRT				$540,817,000							
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY1 - Excl. GRT				$525,782,000							
Less: MAC Change				$15,782,000							
Less: Purchase Power Working Capital Change				-$991,000							
Add: Reconnection Fees Waiver for Low Income Program				$500,000							
Add: Additional Discount for Low Income Program (Proposed $38.25 MM vs. Current $22.9 MM)				$15,350,000							
T&D Related Delivery Revenue Increase				$526,841,000							
Proposed % Rate Increase				13.63971281%							
NYPA	$440,659,000	$7,211,900	$447,870,900	$61,088,305	$68,300,205	15.499560%	**$508,959,205**				**$68,300,205**
EDDS	$26,471,000	-$45,930	$26,425,070	$3,604,304	$3,558,374	13.442537%	**$30,029,374**				**$3,558,374**
CECONY	$3,395,422,000	-$7,165,970	$3,388,256,030	$462,148,394	$454,982,424	13.399879%	**$3,850,404,424**	$15,782,000	-$991,001	-$15,850,000	**$453,923,423**
Total	$3,862,552,000	$0	$3,862,552,000	$526,841,003	$526,841,003	13.639713%	**$4,389,393,003**	$15,782,000	-$991,001	-$15,850,000	**$525,782,002**
SC1	$1,502,617,000	-$2,301,191	$1,500,315,809	$204,638,768	$202,337,577	13.465679%	**$1,704,954,577**	$4,935,410	-$467,323	-$15,803,831	**$191,001,833**
SC2	$249,304,000	-$1,647,000	$247,657,000	$33,779,704	$32,132,704	12.888964%	**$281,436,704**	$765,834	-$59,978	$0	**$32,838,560**
SC5 Rate I&III	$38,000	$2,800	$40,800	$5,565	$8,365	22.013158%	**$46,365**	$347	$0	$0	**$8,712**
SC5 Rate II	$4,016,000	-$368,000	$3,648,000	$497,577	$129,577	3.226519%	**$4,145,577**	$41,293	$0	$0	**$170,870**
SC6	$1,895,000	$83,000	$1,978,000	$269,794	$352,794	18.617098%	**$2,247,794**	$4,511	-$604	$0	**$356,701**
SC7	$13,400,000	-$22,247	$13,377,753	$1,824,687	$1,802,440	13.451045%	**$15,202,440**	$61,766	-$6,458	-$46,169	**$1,811,579**
SC8 Rate I&III	$102,868,000	-$173,501	$102,694,499	$14,007,235	$13,833,734	13.448044%	**$116,701,734**	$650,976	-$39,118	$0	**$14,445,592**
SC8 Rate II	$4,509,000	-$9,298	$4,499,702	$613,746	$604,448	13.405367%	**$5,113,448**	$42,334	-$2,323	$0	**$644,459**
SC4&9 Rate I&III	$1,109,138,000	-$1,864,917	$1,107,273,083	$151,028,869	$149,163,952	13.448638%	**$1,258,301,952**	$6,097,173	-$357,589	$0	**$154,903,536**
SC4&9 Rate II	$388,140,000	-$731,263	$387,408,737	$52,841,439	$52,110,176	13.425613%	**$440,250,176**	$3,026,552	-$53,984	$0	**$55,082,744**
SC12 Rate I&III	$7,862,000	-$13,120	$7,848,880	$1,070,565	$1,057,445	13.450076%	**$8,919,445**	$69,053	-$1,301	$0	**$1,125,197**
SC12 Rate II	$9,842,000	-$17,233	$9,824,767	$1,340,070	$1,322,837	13.440734%	**$11,164,837**	$86,751	-$2,323	$0	**$1,407,265**
SC13	$1,793,000	-$104,000	$1,689,000	$230,375	$126,375	7.048243%	**$1,919,375**	$0	$0	$0	**$126,375**
CECONY	$3,395,422,000	-$7,165,970	$3,388,256,030	$462,148,394	$454,982,424	13.399879%	**$3,850,404,424**	$15,782,000	-$991,001	-$15,850,000	**$453,923,423**

Notes:
(a) It excludes current Low Income Program credits of $22.9 million for SC1 and SC7 and PPWC.
(b) It excludes the proposed incremental Low Income Program credits of $15,850,000.
(c) It excludes the proposed Low Income Program credits of $38.75 million for SC1 and SC7 (i.e., $38.25 million of low income rate reductions and $500,000 of waived reconnection fees).

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.
Non-Levelized - Estimated T&D Revenues for Rate Year 2 Ending March 31, 2012

	RY2 Ending 3/31/2012 Bundled T&D Revenue at 5/1/09 Rate Level **(a)**	Proposed Total T&D % Rate Increase Effective 4/1/10	RY2 Ending 3/31/2012 Bundled T&D Revenue at 4/1/10 Rate Level **(b)**	RY2 JP Deficiency /(Surplus)	Re-Aligned Bundled T&D Revenue at 4/1/10 Rate Level	Proposed RY2 **Non-Levelized** Rate Increase Allocated to All Customers	**Non-Levelized RY2 Total T&D Increase Including Deficiency /(Surplus)**	**Non-Levelized** Total T&D % Rate Increase RY2 vs. RY1	**RY2 Target** Bundled T&D Revenue at **Non-Levelized** 4/1/11 Rate Level **(b)**	**Proposed RY2 MAC Increase Applicable to CECONY Customers**	**Proposed RY2 PPWC Change Applicable to CECONY Full Service Customers**	**Non-Levelized RY2 Total Rate Increase Excl GRT**
	(1)	(1a)	(1b)=(1)*[1+(1a)]	(2)	(3)=(1b)+(2)	(4)=(3)* 6.76108961%	(5)=(2)+(4)	(5a)=(5)/(1b)	(6)=(1b)+(5)	(7a)	(7b)	(8)=(5)+ Σ[(7a)~(7b)]
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY2 - Incl. GRT						$306,550,000						
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY2 - Excl. GRT						$298,028,000						
Less: MAC Change						$0						
Less: Purchase Power Working Capital Change						$132,000						
T&D Related Delivery Revenue Increase						$297,896,000						
Proposed % Rate Increase						6.76108961%						
NYPA	$439,833,000	15.499560%	$508,005,179	$0	$508,005,179	$34,346,685	$34,346,685	6.761090%	**$542,351,864**			**$34,346,685**
EDDS	$26,471,000	13.442537%	$30,029,374	$0	$30,029,374	$2,030,313	$2,030,313	6.761090%	**$32,059,687**			**$2,030,313**
CECONY	$3,410,936,000		$3,868,000,823	$0	$3,868,000,823	$261,519,001	$261,519,001	6.761090%	**$4,129,519,824**	$0	$132,000	**$261,651,001**
Total	$3,877,240,000		$4,406,035,376	$0	$4,406,035,376	$297,895,999	$297,895,999	6.761090%	**$4,703,931,375**	$0	$132,000	**$298,027,999**
SC1	$1,528,595,000	13.465679%	$1,734,430,691	$0	$1,734,430,691	$117,266,413	$117,266,413	6.761090%	**$1,851,697,104**	$0	$62,283	**$117,328,696**
SC2	$251,410,000	12.888964%	$283,814,146	$0	$283,814,146	$19,188,929	$19,188,929	6.761090%	**$303,003,075**	$0	$8,068	**$19,196,997**
SC5 Rate I&III	$38,000	22.013158%	$46,365	$0	$46,365	$3,135	$3,135	6.761566%	**$49,500**	$0	$0	**$3,135**
SC5 Rate II	$4,011,000	3.226519%	$4,140,416	$0	$4,140,416	$279,937	$279,937	6.761084%	**$4,420,353**	$0	$0	**$279,937**
SC6	$1,895,000	18.617098%	$2,247,794	$0	$2,247,794	$151,975	$151,975	6.761073%	**$2,399,769**	$0	$82	**$152,057**
SC7	$13,327,000	13.451045%	$15,119,621	$0	$15,119,621	$1,022,251	$1,022,251	6.761089%	**$16,141,872**	$0	$848	**$1,023,099**
SC8 Rate I&III	$102,005,000	13.448044%	$115,722,677	$0	$115,722,677	$7,824,114	$7,824,114	6.761090%	**$123,546,791**	$0	$5,109	**$7,829,223**
SC8 Rate II	$2,953,000	13.405367%	$3,348,860	$0	$3,348,860	$226,419	$226,419	6.761077%	**$3,575,279**	$0	$320	**$226,739**
SC4&9 Rate I&III	$1,110,050,000	13.448638%	$1,259,336,604	$0	$1,259,336,604	$85,144,876	$85,144,876	6.761090%	**$1,344,481,480**	$0	$47,027	**$85,191,903**
SC4&9 Rate II	$377,535,000	13.425613%	$428,221,390	$0	$428,221,390	$28,952,432	$28,952,432	6.761090%	**$457,173,822**	$0	$7,829	**$28,960,261**
SC12 Rate I&III	$7,837,000	13.450076%	$8,891,082	$0	$8,891,082	$601,134	$601,134	6.761089%	**$9,492,216**	$0	$151	**$601,285**
SC12 Rate II	$9,482,000	13.440734%	$10,756,450	$0	$10,756,450	$727,253	$727,253	6.761088%	**$11,483,703**	$0	$283	**$727,536**
SC13	$1,798,000	7.048243%	$1,924,727	$0	$1,924,727	$130,133	$130,133	6.761115%	**$2,054,860**	$0	$0	**$130,133**
CECONY	$3,410,936,000		$3,868,000,823	$0	$3,868,000,823	$261,519,001	$261,519,001	6.761090%	**$4,129,519,824**	$0	$132,000	**$261,651,001**

Notes:
(a) It excludes current Low Income Program credits of $22.9 million for SC1 and SC7 and PPWC.
(b) It excludes the proposed Low Income Program credits of $38.75 million for SC1 and SC7 (i.e., $38.25 million of low income rate reductions and $500,000 of waived reconnection fees).

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.
Non-Levelized - Estimated T&D Revenues for Rate Year 3 Ending March 31, 2013

	RY3 Ending 3/31/2013 Bundled T&D Revenue at 5/1/09 Rate Level **(a)**	Proposed Total T&D % Rate Increase Effective 4/1/10	Proposed Total T&D % Rate Increase Effective 4/1/11	RY3 Ending 3/31/2013 Bundled T&D Revenue at 4/1/11 Rate Level **(b)**	RY3 JP Deficiency /(Surplus)	Re-Aligned Bundled T&D Revenue at 4/1/11 Rate Level	Proposed RY3 **Non-Levelized** Rate Increase Allocated to All Customers	**Non-Levelized RY3 Total T&D Increase Including Deficiency /(Surplus)**	**Non-Levelized** Total T&D % Rate Increase RY3 vs. RY2	**RY3 Target** Bundled T&D Revenue at **Non-Levelized** 4/1/12 Rate Level **(b)**	**Proposed RY3 MAC Increase Applicable to CECONY Customers**	**Proposed RY3 PPWC Change Applicable to CECONY Full Service Customers**	**Non-Levelized RY3 Total Rate Increase Excl GRT**
	(1)	(1a)	(1aa)	(1b)=(1)*[(1+(1a)*(1+1aa)]	(2)	(3)=(1b)+(2)	(4)=(3)* 5.75378722%	(5)=(2)+(4)	(5a)=(5)/(1b)	(6)=(1b)+(5)	(7a)	(7b)	(8)=(5)+ Σ[(7a)~(7b)]
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY3 - Incl. GRT							$280,192,000						
Proposed Rate Increase in Bundled Delivery Rev Requirement for RY3 - Excl. GRT							$272,403,000						
Less: MAC Change							$0						
Less: Purchase Power Working Capital Change							$233,000						
T&D Related Delivery Revenue Increase							$272,170,000						
Proposed % Rate Increase							5.75378722%						
NYPA	$438,676,000	15.499560%	6.761090%	$540,925,183	$3,605,950	$544,531,133	$31,331,163	$34,937,113	6.458770%	**$575,862,296**			**$34,937,113**
EDDS	$26,471,000	13.442537%	6.761090%	$32,059,687	-$30,144	$32,029,543	$1,842,912	$1,812,768	5.654353%	**$33,872,455**			**$1,812,768**
CECONY	$3,433,866,000			$4,157,290,853	-$3,575,806	$4,153,715,047	$238,995,926	$235,420,120	5.662825%	**$4,392,710,973**	$0	$232,999	**$235,653,119**
Total	$3,899,013,000			$4,730,275,723	$0	$4,730,275,723	$272,170,001	$272,170,001	5.753787%	**$5,002,445,724**	$0	$232,999	**$272,403,000**
SC1	$1,555,931,000	13.465679%	6.761090%	$1,884,811,168	-$1,510,256	$1,883,300,912	$108,361,127	$106,850,871	5.669049%	**$1,991,662,039**	$0	$110,164	**$106,961,035**
SC2	$252,565,000	12.888964%	6.761090%	$304,395,098	$0	$304,395,098	$17,514,246	$17,514,246	5.753787%	**$321,909,344**	$0	$14,279	**$17,528,525**
SC5 Rate I&III	$38,000	22.013158%	6.761566%	$49,500	$2,800	$52,300	$3,009	$5,809	11.735354%	**$55,309**	$0	$0	**$5,809**
SC5 Rate II	$4,022,000	3.226519%	6.761084%	$4,432,475	-$210,000	$4,222,475	$242,952	$32,952	0.743422%	**$4,465,427**	$0	$0	**$32,952**
SC6	$1,895,000	18.617098%	6.761073%	$2,399,769	$0	$2,399,769	$138,078	$138,078	5.753804%	**$2,537,847**	$0	$146	**$138,224**
SC7	$13,706,000	13.451045%	6.761089%	$16,600,922	-$14,601	$16,586,321	$954,342	$939,741	5.660776%	**$17,540,663**	$0	$1,483	**$941,224**
SC8 Rate I&III	$102,363,000	13.448044%	6.761090%	$123,980,395	-$113,868	$123,866,527	$7,127,016	$7,013,148	5.656659%	**$130,993,543**	$0	$8,841	**$7,021,989**
SC8 Rate II	$2,683,000	13.405367%	6.761077%	$3,248,383	-$6,102	$3,242,281	$186,554	$180,452	5.555133%	**$3,428,835**	$0	$573	**$181,025**
SC4&9 Rate I&III	$1,110,789,000	13.448638%	6.761090%	$1,345,376,549	-$1,223,934	$1,344,152,615	$77,339,681	$76,115,747	5.657579%	**$1,421,492,296**	$0	$81,999	**$76,197,746**
SC4&9 Rate II	$370,890,000	13.425613%	6.761090%	$449,127,097	-$479,924	$448,647,173	$25,814,204	$25,334,280	5.640782%	**$474,461,377**	$0	$14,863	**$25,349,143**
SC12 Rate I&III	$7,820,000	13.450076%	6.761089%	$9,471,626	-$8,611	$9,463,015	$544,482	$535,871	5.657645%	**$10,007,497**	$0	$213	**$536,084**
SC12 Rate II	$9,363,000	13.440734%	6.761088%	$11,339,582	-$11,310	$11,328,272	$651,805	$640,495	5.648312%	**$11,980,077**	$0	$438	**$640,933**
SC13	$1,801,000	7.048243%	6.761115%	$2,058,289	$0	$2,058,289	$118,430	$118,430	5.753808%	**$2,176,719**	$0	$0	**$118,430**
CECONY	$3,433,866,000			$4,157,290,853	-$3,575,806	$4,153,715,047	$238,995,926	$235,420,120	5.662825%	**$4,392,710,973**	$0	$232,999	**$235,653,119**

Notes:
(a) It excludes current Low Income Program credits of $22.9 million for SC1 and SC7 and PPWC.
(b) It excludes the proposed Low Income Program credits of $38.75 million for SC1 and SC7 (i.e., $38.25 million of low income rate reductions and $500,000 of waived reconnection fees).

Case No 09-E-0428
Consolidated Edison Company of New York, Inc.

Summary of Current vs. Proposed Flat Rates at May 1, 2009 Rate Level

		Current	Four-Year Phase-out of SC 7 Space Heating Before Application of T&D Increase *			
			Year 1	Year 2	Year 3	Year 4
SC 1	Customer Charge	$ 14.18	$ 14.18	$ 14.18	$ 14.18	$ 14.18
	Winter Rate Per kWhr					
	0-250	$ 0.06674	$ 0.06488	$ 0.06484	$ 0.06480	$ 0.06476
	>250	$ 0.06136	$ 0.06488	$ 0.06484	$ 0.06480	$ 0.06476
	Summer Rate Per kWhr					
	0-250	$ 0.06674	$ 0.06488	$ 0.06484	$ 0.06480	$ 0.06476
	>250	$ 0.07511	$ 0.07511	$ 0.07511	$ 0.07511	$ 0.07511
SC 7	Customer Charge	$ 14.18	$ 14.18	$ 14.18	$ 14.18	$ 14.18
	Winter Rate Per kWhr					
	0-250	$ 0.06674	$ 0.06488	$ 0.06484	$ 0.06480	$ 0.06476
	250 - 360	$ 0.06136	$ 0.06488	$ 0.06484	$ 0.06480	$ 0.06476
	>360 Space Heating	$ 0.04600	$ 0.05104	$ 0.05561	$ 0.06018	$ 0.06476
	Summer Rate Per kWhr					
	0-250	$ 0.06674	$ 0.06488	$ 0.06484	$ 0.06480	$ 0.06476
	>250	$ 0.07511	$ 0.07511	$ 0.07511	$ 0.07511	$ 0.07511

		Current	Five-Year Phase-In Before Application of T&D Increase				
			Year 1	Year 2	Year 3	Year 4	Year 5
SC 2	Customer Charge	$ 18.35	$ 18.35	$ 18.35	$ 18.35	$ 18.35	$ 18.35
	Winter Rate Per kWhr						
	0-900	$ 0.0752	$ 0.0728	$ 0.0721	$ 0.0714	$ 0.0708	$ 0.0701
	900 - 2000	$ 0.0658	$ 0.0728	$ 0.0721	$ 0.0714	$ 0.0708	$ 0.0701
	>2000	$ 0.0209	$ 0.0307	$ 0.0406	$ 0.0504	$ 0.0603	$ 0.0701
	Summer Rate Per kWhr						
	0-900	$ 0.0883	$ 0.0856	$ 0.0850	$ 0.0843	$ 0.0836	$ 0.0829
	900 - 2000	$ 0.0787	$ 0.0856	$ 0.0850	$ 0.0843	$ 0.0836	$ 0.0829
	>2000	$ 0.0351	$ 0.0447	$ 0.0542	$ 0.0638	$ 0.0733	$ 0.0829

		Current	Proposed Flat Rate
SC 12 - Energy Only	Winter Rate Per kWhr		
	0-10	$ 7.31	$ 7.31
	10-300	$ 0.0868	$ 0.0640
	>300	$ 0.0442	$ 0.0640
	Summer Rate Per kWhr		
	0-10	$ 7.40	$ 7.40
	10-300	$ 0.0938	$ 0.0711
	>300	$ 0.0513	$ 0.0711

* Assumes Combined SC 1 and 7 Revenue Requirement

Summary of Current vs. Proposed Flat Rates at May 1, 2009 Rate Level

			Current Combined	Five-Year Phase-In Before Application of T&D Increase: Year 1	Year 2	Year 3	Year 4	Year 5
SC 4&9	Low Tension	Winter Rate Per kW						
		0-5	$ 73.85	$ 73.85	$ 77.40	$ 80.90	$ 84.40	$ 87.95
		5-100	$ 14.77	$ 14.41	$ 14.22	$ 14.03	$ 13.84	$ 13.66
		>100	$ 12.71	$ 13.66	$ 13.66	$ 13.66	$ 13.66	$ 13.66
		Summer Rate Per kW						
		0-5	$ 92.45	$ 92.45	$ 96.85	$ 101.25	$ 105.65	$ 110.05
		5-100	$ 18.49	$ 18.05	$ 17.86	$ 17.67	$ 17.48	$ 17.30
		>100	$ 16.26	$ 17.30	$ 17.30	$ 17.30	$ 17.30	$ 17.30
		Energy Rate Per kWhr	$ 0.0186	$ 0.0186	$ 0.0186	$ 0.0186	$ 0.0186	$ 0.0186
SC 4&9	High Tension	Winter Rate Per kW						
		0-5	$ 52.90	$ 52.90	$ 55.45	$ 57.95	$ 60.50	$ 63.00
		5-100	$ 10.58	$ 10.22	$ 10.03	$ 9.84	$ 9.65	$ 9.47
		>100	$ 8.52	$ 9.47	$ 9.47	$ 9.47	$ 9.47	$ 9.47
		Summer Rate Per kW						
		0-5	$ 71.50	$ 71.50	$ 74.90	$ 78.30	$ 81.70	$ 85.15
		5-100	$ 14.30	$ 13.86	$ 13.67	$ 13.48	$ 13.29	$ 13.11
		>100	$ 12.07	$ 13.11	$ 13.11	$ 13.11	$ 13.11	$ 13.11
		Energy Rate Per kWhr	$ 0.0173	$ 0.0173	$ 0.0173	$ 0.0173	$ 0.0173	$ 0.0173

			Current	Proposed Flat Rate
SC 8	Low Tension	Winter Rate Per kW		
		0-100	$ 17.33	$ 16.39
		>100	$ 15.67	$ 16.39
		Summer Rate Per kW		
		0-100	$ 22.14	$ 21.20
		>100	$ 20.48	$ 21.20
		Energy Rate Per kWhr	$ 0.0137	$ 0.0137
SC 8	High Tension	Winter Rate Per kW		
		0-100	$12.40	$ 11.89
		>100	$11.17	$ 11.89
		Summer Rate Per kW		
		0-100	$ 17.21	$ 16.70
		>100	$ 15.98	$ 16.70
		Energy Rate Per kWhr	$ 0.0137	$ 0.0137

Summary of Current vs. Proposed Flat Rates at May 1, 2009 Rate Level

			Current	Proposed Flat Rate
SC 12	Low	Winter Rate Per kW		
	Tension	0-200	$ 10.81	$ 9.84
		>200	$ 8.88	$ 9.84
		Summer Rate Per kW		
		0-200	$ 18.49	$ 17.52
		>200	$ 16.56	$ 17.52
		Energy Rate Per kWhr	$ 0.0131	$ 0.0131
SC 12	High	Winter Rate Per kW		
	Tension	0-200	$ 8.24	$ 7.70
		>200	$ 6.74	$ 7.70
		Summer Rate Per kW		
		0-200	$ 15.92	$ 15.37
		>200	$ 14.41	$ 15.37
		Energy Rate Per kWhr	$ 0.0131	$ 0.0131