

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Consolidated Edison Company of New York, Inc.

Case 07-E-0523

September 2007

Prepared Exhibit of:

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RDM Panel

List of Staff Information Requests

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Company Name: Con Edison
Case Description: Electric Rate Filing
Case: 07-E-0523

Response to DPS Interrogatories – Set Staff13
Date of Response: 05/27/2007
Responding Witness: Rasmussen

Question No. :253

Subject: Revenue Accounting and Rate Incentive Mechanism - Referring to page 5 of your testimony: a) a) Provide the total amount of “hot weather revenue” that the company captured during 2005 and 2006. b) b) Provide a comparison of the hot weather revenue to the additional costs that the company incurred to address reliability issues associated with peak conditions on its system during hot weather for the years 2005 and 2006. c) c) Identify those additional costs that were not included in the company’s allowed annual revenue requirement for those years.

Response:

- a) The net incremental revenues due to weather for the summer months of 2005 and 2006 were \$51.9 million and \$16.2 million respectively.
- b) The incremental costs incurred were \$2.1 million in 2005 and \$8.2 million in 2006.
- c) The Company’s current allowed revenue requirement was based on calendar year 2003 operating expenses. During that year the Company incurred \$340,000 of heat related costs, in 2005 the Company recorded \$2,103,000 of heat related costs (an increase of \$1,763,000). For calendar year 2006, the Company incurred \$8,562,000 of heat related cost (excluding Long Island City), which represented an increase of \$8,222,000 compared to the level of expense on which current rates are based. It should be noted that the Company modified its procedures to track weather related costs in 2006, so that data reported for the prior years may not include all costs incurred on a consistent basis.

Company Name: Con Edison
Case Description: Electric Rate Filing
Case: 07-E-0523

Response to DPS Interrogatories – Set Staff15
Date of Response: 07/31/2007
Responding Witness: Forecasting Panel

Question No. :297

Subject: RARIM – Weather Normalization Refer to Exhibit ____ (EJR-3). A. Explain whether the 30-year daily average CDD and HDD will be used as normal weather for calculating each day’s impact of weather on sendout. B. Explain whether the daily normal CDD that will be used to calculate each day’s impact of weather on sendout will sum up to the monthly total as provided in Con Edison’s response to Staff IR #14(2).

Response:

- A. The methodology for calculating the normal CDD and HDD that is used in the quarterly forecasting models will be used to calculate the daily normal CDD and HDD for use in normalizing daily sendout.
- B. The daily normal CDD sums to the totals reflected in our work papers. The normal CDD and HDD are calculated on a rolling 30-year basis. Therefore, they will be updated each year.

Company Name: Con Edison
Case Description: Electric Rate Filing
Case: 07-E-0523

Response to DPS Interrogatories – Set Staff15
Date of Response: 07/31/2007
Responding Witness: Forecasting Panel

Question No. :298

Subject: RARIM – Weather Normalization Refer to Exhibit ____ (EJR-3). Allocating the estimated weather impact on total sendout to individual service classes and NYPA would introduce errors by attempting to match billing cycle with calendar month and sendout with sales volume. Explain why the weather coefficients from the sales forecasting models would not be used to directly calculate the weather impact by service class.

Response:

Using the weather coefficients from the quarterly sales forecasting models to determine the monthly weather impacts would also introduce errors because the quarterly models mask monthly differences in weather patterns. We believe that the proposed regressions of daily sendout on weather will provide a better measure of the monthly impact of weather on sales.

Company Name: Con Edison
Case Description: Electric Rate Filing
Case: 07-E-0523

Response to DPS Interrogatories – Set Staff15
Date of Response: 07/31/2007
Responding Witness: Forecasting Panel

Question No. :299

Subject: RARIM – Weather Normalization Refer to Exhibit ____ (EJR-3), part 3. A. Will the weather coefficients from the sales forecasting models be updated to reflect recent weather? B. If the answer to part A of this IR is yes, how often will the weather coefficients be updated?

Response:

- A. Yes.
- B. The sales forecasting models will be updated annually.

Company Name: Con Edison
Case Description: Electric Rate Filing
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Response to DPS Interrogatories – Set Staff26
Date of Response: 08/24/2007
Responding Witness: Rasmussen

Question No. :444

Subject: Investor expectations and the weather. Provide any and all analyses and studies that support your contention on pages 9-10 of your supplemental testimony that states that “investors recognize that the Company has the potential for higher earnings during periods of above normal temperatures and have invested based on this risk/reward profile.”

Response:

The Company has not performed a study or analysis to confirm that this potential impacts investors’ expectations of earnings, which is not necessary to support this very basic contention. As a publicly traded corporation Con Edison is required to periodically disclose its estimate of earnings for the current year to investors. The Company has historically provided this information in the form of a range of earnings to take into account the potential variations that might result from warmer or colder weather than normal weather, as well as other operating considerations. Over the last several years, above normal temperatures have contributed to higher sales, which the Company also discloses to investors in its reports on achieved earnings.

Company Name: Con Edison
Case Description: Electric Rate Filing
Case: 07-E-0523

Response to DPS Interrogatories – Set Staff26
Date of Response: 08/24/2007
Responding Witness: Rasmussen

Question No. :445

Subject: Investor expectations regarding above normal temperatures. Provide any and all studies and analyses that support your contention on page 10 of your supplemental testimony that the investment community would be adverse to hold or purchase Con Edison equity and debt without the ability of Con Ed to keep the profits associated with periods of above normal temperatures to make up for the impacts of penalty-only rate mechanisms and generally low allowed common equity returns.

Response:

The question mischaracterizes the referenced testimony. The referenced testimony does not say that retaining this revenue would “make up for the impacts of penalty-only rate mechanisms and generally low allowed common equity returns.” It simply indicates that such a policy would be another aspect of New York regulation that, in the Company’s view, would be negatively viewed by the investment community and therefore negatively impact our ability to attract investors. Con Edison did not conduct a study or analysis to support this contention, which is not necessary to reach this very basic conclusion.

Company Name: Con Edison
Case Description: Electric Rate Filing
Case: 07-E-0523

Response to DPS Interrogatories – Set Staff26
Date of Response: 08/22/2007
Responding Witness: Forecasting Panel

Question No. :446

Subject: RARIM – Weather Normalization Follow up to Con Edison response to IR DPS-296. No AR term is present in the regression of daily sendout on weather for any month to correct serial correlation. Why?

Response:

The regression of daily sendout on weather is designed specifically to determine the correlation between daily sendout and weather. An AR term, if included, would capture the collective effect of variables other than weather. Since the purpose of the regression is not for forecasting, there is no need to include an AR term.