



## Summary of Rate Case 08-E-0539

### Electric Delivery Rates for Consolidated Edison Company of New York, Inc.

#### **BACKGROUND**

#### **PSC Seeking Public Comment**

In May 2008, Consolidated Edison filed a request with the New York State Public Service Commission (Commission) for approval to increase its electric delivery rates.

Under the New York State Public Service Law, the Commission may accept, modify, or reject in whole or in part, the Company's proposal. The Commission is seeking the views of the public to help guide its decision-making process.

This fact sheet includes:

- ◆ A discussion of the proposal for increasing electric delivery rates
- ◆ A review of the issues related to the proposal
- ◆ Information on how to provide comments to the Commission. The deadline to receive comments is **Wednesday, February 11, 2009.**

On May 9, 2008, Consolidated Edison Company of New York Inc. (Con Edison or the Company) formally asked the New York State Public Service Commission (Commission) to approve an increase in annual electric delivery service revenues of \$654.1 million effective April 6, 2009. The proposed increase represents 15.4% of electric delivery revenue and 5.8% of total electric revenue. The filing also provided information in support of subsequent revenue increases for the 12 months ending March 31, 2011 and March 31, 2012 (Rate Years Two and Three) of \$474.7 million and \$420.5 million, respectively. Con Edison stated that the principle reasons for its rate increase requests are to fund costs of new infrastructure investments, higher property taxes, increases in other operating expenses and to provide the Company an increase in its allowed rate of return. In subsequent filings through September 29, 2008, Con Edison updated its requested revenue increase for the first year to \$819 million.

Under New York State Law, the Commission must consider a utility's proposal and may adopt or reject it in whole or in part or adopt changes not proposed by the Company. The Commission is currently evaluating the Company's request. New York State Department of Public Service Administrative Law Judges (ALJs) are assigned to preside over the gathering of public comment and all evidence relating to the Company's proposal.

#### **SUMMARY OF RATE CASE**

Department of Public Service Staff (Staff) and other parties filed direct testimony addressing Con Edison's rate filings on September 9, 2008. Staff analyzed the company's proposal and presented a case in support of a revenue increase of \$346.1 million subject to adjustment for numerous updated costs.

Evidentiary hearings were held in Albany from October 15, 2008 through October 24, 2008. Testimony and exhibits placed in evidence under oath form the evidentiary record on which the Commission will decide the case.

On January 7, 2009, the ALJs issued a Recommended Decision in which they supported a revenue increase of approximately \$632.4 million, subject to further updates. Major cost drivers include higher property taxes (\$276 million), increased plant in service and associated depreciation expense (\$258 million), higher capital costs (\$104 million), and increased expense for pensions and other post-employment benefits (\$67 million). Active parties have until February 11, 2009 to file formal briefs regarding the Judges' Recommendations.

Among the matters the Commission must decide are:

- The total amount of revenues the Company should be allowed to collect in order to provide safe and adequate electric service and attract capital for necessary investment;
- The amount of funding that should be allowed for Con Edison to maintain adequate investment in its infrastructure, and the disposition of any allowed funds that are unspent;
- The amount of funding for operation and maintenance expenses generally, including labor and benefits costs;
- Whether Con Edison has demonstrated that all reasonable means available for mitigating the size of any requested rate increase were considered in its rate filing; and
- The impact that the recent economic down-turn is expected to have on Con Edison.

### ***HOW TO COMMENT ON THE CASE***

The Commission is seeking the views of the public to help guide its decision-making process. Interested members of the public may comment as noted below. Your comments should refer to "Case 08-E-0539 - Consolidated Edison Company of New York, Inc. – Electric Rates."

1. **Write to:** Honorable Jaclyn A. Brillig, Secretary, NYS Public Service Commission, Three Empire State Plaza, Albany, NY 12223-1350.
2. **Submit comments electronically** by accessing the Department's website – <http://www.dps.state.ny.us/08-E-0539.htm> – and filling in the electronic "Comment Form". Many libraries offer free internet access.
3. **Call the Department's Opinion Line** at 1-800-335-2120. This number is designed to take comments about pending cases from in-state callers, 24 hours a day. Callers should select English or Spanish and press "1" to leave comments.

All comments submitted via one of these means should be submitted or mailed and post marked by no later than **February 11, 2009**. All public comments received by the Commission will be placed in the official case file and subject to public inspection. Persons interested in the Con Edison's rate filing may view it at the Commission's offices at Three Empire State Plaza, 14th Floor, Albany, New York and 90 Church Street, New York, New York (bring picture identification for a security check), or on the Commission's website <http://www.dps.state.ny.us>, click on "What's New," then click on "Case 08-E 0539."

### ***NEXT STEPS***

Following the parties further briefs, and taking into account all public comments, the Judges and the Commission's Advisory Staff will prepare further recommendations. The Commission will formally consider the case at one or more regularly scheduled Commission sessions. Following its discussion and deliberations at such meetings, the Commission will issue a written order.