Q. Please state your name and business address.

A. My name is Hector J. Reyes. My business address is 4 Irving Place, New York, NY 10003.

Q. By whom are you employed and in what capacity?

A. I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") as Director of Benefits and Compensation.

Q. How long have you been employed by Con Edison?

A. I have been employed by Con Edison for 33 years.

Q. Please describe your educational background.

A. I graduated from Fordham University with a Bachelor of Science degree in Accounting in 1976. In 1982, I earned a Master of Science degree in Taxation from Pace University.

Q. Please describe your work experience.

A. I joined Con Edison in 1976 as a Staff Accountant in Corporate Accounting. Between 1979 and 1981, I was promoted to different supervisory positions in Corporate Accounting. In 1983, I was promoted to Assistant Manager, Accounting Research and Procedures. In 1988, I was promoted to the position of Manager, Retirement and Insurance Benefits and in 1989, I was promoted to the position of Manager of Employee

Benefits. In September 1999, I was promoted to Director of Benefits and Compensation.

Q. Please generally describe your current responsibilities.

A. My responsibilities as Director of Benefits and Compensation include the development, implementation, communication, and administration of the Company's employee benefit and compensation programs.

Q. Do you belong to any professional societies or organizations?

A. Yes. I am a member of the Board of Directors of the New York Business Group on Health ("NYBGH"). NYBGH is a not-for-profit coalition of 150 health plan sponsors and health-related organizations the mission of which is to find practical solutions to contemporary health care issues in the New York metropolitan area.

Q. Have you previously submitted testimony on behalf of the Company before this Commission?

A. Yes. I have either submitted testimony or testified in a number of Con Edison electric, gas and steam cases.

Q. What is the purpose of your testimony?

A. My testimony: (1) explains the Company's forecast of employee welfare expenses, including projected health insurance costs for the rate year; (2) addresses the

Company's measures to mitigate health care and other benefit costs; (3) explains the normalization for the Stock Purchase Plan; (4) discusses changes to mitigate other post employment benefit ("OPEBs") costs; (5) demonstrates that the Company's benefit programs are reasonable; (6) discusses base compensation levels for the Company's officers; and (7) addresses compensation for members of the Company's Board of Directors.

Q. Please summarize your testimony.

A. My testimony explains the forecast of employee welfare expenses based on historical costs and escalation of existing programs. These costs are net of any costs that employees are responsible for paying such as co-payments and deductibles and also reflect the Company's wellness efforts over the past several years. Employee welfare expenses net of capitalization are estimated to increase approximately $2.6 million from the historic year (12 months ended June 30, 2009) to the rate year (12 months ending September 30, 2011). In addition, these costs are lower than they otherwise would have been as a result of the Company's changing its health plan administrator. I discuss measures the Company has taken to mitigate health and other benefit costs related to retirement benefits such as retiree health and pensions. I also demonstrate that the relative values of the Company's employee benefit programs are at the median level of a peer group of companies. Finally, my testimony demonstrates that officer base compensation levels and compensation for members of the Company's Board of Directors are a reasonable and necessary business expense.

EMPLOYEE WELFARE EXPENSES

Q. Was the document entitled "CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., ADMINISTRATIVE AND GENERAL EXPENSES - MAJOR ACCOUNT GROUP 49, EMPLOYEE WELFARE EXPENSES - PSC ACCOUNT 926.2" prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (HJR-1)

Q. What does this Exhibit show?

A. Page 1 of this Exhibit is a summary of the Company's forecast of employee welfare expenses for the rate year ending September 30, 2011. This forecast is based on costs incurred in the historic year, the twelve months ended June 30, 2009. Lines 1 through 19 show costs for the Company's employee benefit programs and lines 20 to 24 show health care costs net of employee deductions. Total employee welfare expenses are shown on line 25.

Total employee welfare expenses, net of capitalized amounts (line 26), are shown on line 27. Page 2 of the Exhibit is a summary of projected health care costs and employee deductions for twelve months ending September 30, 2011.

Q. Please describe the methods used for escalating employee benefit costs.

A. Three different methods are used to escalate historic year costs to the rate year costs. First, a labor factor of 5.78 percent is used to escalate employee welfare costs that are a function of salaries and wages. For example, the Thrift Saving Plan provides a Company match to management employees for a portion of their contributions; this is escalated using the labor escalation factor. Second, a non-labor factor of 3.21 percent is used to escalate employee welfare costs that are unrelated to salaries and wages, such as consulting services. The Accounting Panel discusses these labor and non-labor factors. Third, health care costs were projected utilizing the 2009 actual costs and 2010 premiums based on actual claims experience. For 2011, health care premiums were then increased by 1.4 percent, which reflects the latest GDP information, as forecasted by the U.S. Department of Commerce.

Q. Does the projection include any programs currently not available to employees?

A. In an effort to mitigate future cost increases while still offering a competitive benefits program, no new programs are proposed in this filing. It was assumed that the programs being offered today will continue over the next several years.

HEALTH INSURANCE COSTS

Q. Please explain the increase for health insurance shown on line 24, page 1 of Exhibit__(HJR-1).

A. Line 24 shows the cost increase of $1,985,817 for health insurance less employee contributions. Projected health care costs for the rate year were developed by applying the number of employee contracts as of August 2009 to the forecasted premium rates for the rate year ending September 30, 2011. Historic year costs for the long-term disability plan are escalated using the labor factor. Historic year costs for benefits administration are escalated using the non-labor factor. The common cost factor of 16.20 percent for gas was applied to total projected health care costs and long-term disability costs to arrive at the rate year forecast.

Q. Does your projection for health care costs include the change to the health plans as a result of the federal Mental Health Parity Law which becomes effective January 1, 2010?

A. Yes. The law requires that the plans' benefit provisions applicable to mental health care be no more restrictive than the benefit provisions applicable to the coverage for other medical conditions. As a result, certain benefit limitations currently imposed solely on mental health care benefits will be lifted starting January 1, 2010, increasing the cost of health care.

Q. Why is the Company recommending use of the GDP deflator for health care costs when it opposed use of the GDP in recent electric and other rate cases?

A. In an attempt to mitigate the revenue requirement increase in this case and minimize the number of matters at issue, the Company is escalating health care costs using the forecasted GDP deflator. Notwithstanding use of the GDP deflator here, we continue to believe that the use of a higher escalation factor is necessary to more accurately reflect the Company's projected health care costs. The Company's proposal in this case should not be construed as reflecting a different position should the Company propose to use the higher escalation factor in a future rate filing.

Q. If the Company had not applied the GDP deflator in this case, what percentage would you have used to estimate increases in health care costs?

A. I would have used 8.0 percent for projecting hospital and medical costs for 2011 and 7.0 percent for prescription drug costs. This percentage is based upon medical inflation trends and projected changes provided by our health care carriers. This figure is a more accurate indicator for health care costs which historically increase well in excess of the GDP. It is important to note that the Company actually projects that its hospital and medical costs will increase by 8.0 percent.

MEASURES TO MITIGATE COSTS

Q. What actions has the Company taken to mitigate health and welfare costs?

A. The Company has taken numerous steps to contain and mitigate these costs. As described above, the Company has requested only the GDP deflator amount to escalate health care costs, rather than using the more accurate health care costs trends. For 2010, the Company is consolidating plan administrators, which helps to lower our rate request. In addition, the Company continues to annually review employees' contribution to health care costs as a percentage of the total costs as well as review the features of the health and welfare plans. This review includes an analysis of high cost claims, medical diagnostic codes, and prescription drug usage to identify opportunities to make plan design changes to mitigate future health care cost increases.

Q. What other steps is the Company taking to mitigate costs?

A. As described in greater detail below, the Company conducts periodic audits of the health and welfare plans to confirm the correct processing of claims and that the payment of claims is in accordance with the plan design for each of the health care options. The Company educates employees about the plans to encourage efficient use of the benefit programs. The Company also offers a number of wellness initiatives, including a smoking cessation program. For the last several years, the Company has been providing flu shots. All of these efforts are intended to encourage employees to become healthier and better consumers of health care with the intent that the result may mitigate health insurance costs from the levels that they otherwise would have been in future years.

Q. What other actions has the Company adopted to encourage healthy life choices?

A. Nutrition education services are available to employees. Healthy food choices help employees better manage their weight and chronic health conditions such as diabetes and heart disease.

EMPLOYEE CONTRIBUTIONS

Q. Does your proposal reflect an increase for employee contributions?

A. Yes. Contributions are projected to be $7,418,714 for the rate year ending September 30, 2011, an increase of $216,125 page 1, line 23, of Exhibit __ (HJR-1).

Q. Please explain.

A. This increase for employee contributions was calculated as follows: projected employee contributions for health care expenses are based on the number of employee contracts as of August 2009 and the 2010 employee contribution rates with the assumption that management contribution rates will increase by 1.4 percent from 2010 to 2011. The contributions of employees in Local 1-2 and Local 3 are set by the terms of the respective Collective Bargaining Agreements.

Forecasted employee contributions for the long-term disability plans are calculated by applying the labor factor to the historic amounts. The common cost factor for gas is then applied to the total employee contribution amount to arrive at the rate year forecast.

Q. Has there been a change in the level of employee contributions recently?

A. Yes. The Company reviews the level of employee contributions each year. In addition, the Company has taken a number of steps to increase employee contributions toward their health care costs in the form of increases to annual deductibles and co-payments for the hospital, medical, prescription and dental plans. For example, in 2006, the annual medical deductible for employees under one of the management plans was $400 per person. This same deductible in 2010 will be $500 per person. The co-payment for a physician office visit under this management plan was $18 in 2006; in 2010, the co-payment will be $24. For the prescription standard plan, a management employee paid an annual deductible of $50 per family in 2006; the deductible in 2010 will be $75 per person.

Q. Have similar changes been made for union employees?

A. Yes. The Company negotiated with UWUA Local 1-2 and IBEW Local 3 for union members to increase deductibles and co-payments during the term of the Collective Bargaining Agreements. In 2006 a UWUA Local 1-2 member had an annual deductible of $400 per person/$1,200 per family under the premium plan for a non-participating physician. In 2010, the annual deductible for the same choice will be $500 per person/$1,500 per family. The office visit co-payment for a participating physician was $18 for each visit in 2006 for a UWUA Local 1-2 member. In 2010, the office visit co-payment for the same choice by a Local 1-2 member will increase to $24 per visit. Under the dental plan for members of UWUA Local 1-2, the annual deductible for one of the choices in 2006 was $50 per person for a participating dentist. In 2010, the annual deductible for a participating dentist for the same choice will be $125 per person, an increase of 150 percent.

Q. Please describe some of the increases in employee contributions for IBEW Local 3 members.

A. For IBEW Local 3 members, the annual medical deductible for one of the options was $375 per person and $1,125 per family in 2006. This same option will have an annual medical deductible of $500 per person and $1,500 per family for 2010 for IBEW Local 3 members. The office visit co-payment for a participating provider was $18 for this same option in 2006. In 2010, the office visit co-payment for a participating provider will be $22 for members of IBEW Local 3. The annual deductible applicable for use of a participating dentist under the preferred dentist program was $50 per person in 2006. Starting in 2010, union employees in this same dental plan will be paying an annual deductible of $100 per person for services performed by a participating dentist in the preferred dentist program.

Q. Does the rate year forecast reflect plan design changes implemented for management employees and negotiated for UWUA Local 1-2 and IBEW Local 3 members?

A. Yes. The rate year forecast reflects an estimate of offsets to the employee welfare plan costs of $2.8 million from employee co-payments and deductibles in the rate year. Each year, the Company reviews health care costs and employee contributions and works towards employees' contributions keeping pace with the increases in health care costs.

Q. Please continue.

A. I would just note that the health care costs may be significantly affected by potential federal legislation that is currently being discussed. If legislation is enacted in the near term, the Company will update its projected costs in line with update procedures applicable to this proceeding. In the longer term, we would note that the new laws provision proposed by the Accounting Panel/Muccilo, regarding future changes in laws and rules that may affect both customers and the Company, is particularly important as respects to potential changes in health care rules and laws. Absent adoption of the new laws provision, I propose that the Commission authorize a deferral mechanism applicable to potential changes in health care costs. As discussed by the Company's Gas Operations Panel, the currently-effective rate plan adopted by the Commission includes such a provision for distribution integrity program expenses, based upon pending consideration of such changes by the Department of Transportation. The potential change in health care costs as a result of new laws and rules warrants a comparable approach.

OTHER COST CONTROL MEASURES

Q. Has the Company taken any other initiatives to manage health care costs?

A. Yes. The Company continually looks for ways to manage health care costs. For example, as noted above, as of January 1, 2010, the Company's hospital and medical plans will be administered by one vendor, CIGNA. Other steps taken to manage health care costs include, among other efforts, undertaking cost containment programs, such as Case Management and Behavioral Health, requiring that certain rules be followed by participants or reimbursement will be denied, and providing savings incentives under the prescription program to encourage participants to use more generic prescriptions. These efforts and others are described below.

Q. Please explain the change to CIGNA.

A. Prior to implementing this change, several vendors administered the Company's hospital and medical plans. As a result of consolidating the administration of the plans under one vendor, the Company will realize a total Company-wide savings of $1.5 million in administrative costs in 2010. This is reflected in the 2010 premiums included in this filing.

Q. Are there other features of the Company's health plans that help to mitigate health care costs?

A. Yes.

Q. Please describe these features.

A. To help manage the continued rise in health care costs and mitigate future cost increases, the Company continues to undertake cost containment programs, such as Case Management, which will continue to be offered by CIGNA. As part of the change to CIGNA, we will also continue to offer Behavioral Health case management services, and CIGNA's 24-Hour Health Information Line.

Q. Please explain these programs.

A. Each of these programs is designed to assist the employee/dependent to obtain the most appropriate treatment and avoid unnecessary medical procedures and tests, which may mitigate future health care cost increases. More specifically, when an individual is faced with a serious illness, such as major head trauma, severe burns, spinal cord injury, and other illnesses, Case Management services are available to assist the individual and the family members to obtain and coordinate effective treatment and services. For mental health care, CIGNA Behavioral Health will review and manage the mental health treatment plan developed for the patient in an effort to use resources effectively. All employees and dependents will have access to a 24-Hour Health Information Line. This health information line, available at any time of the day and any day of the year, will provide employees and dependents with access to a health information nurse. A nurse will answer health questions and offer guidance and self-care techniques. Employees and dependents will also be able to access the Health Information library which covers more than 1,000 topics on tape.

Q. Will there be additional programs designed to help mitigate health care costs in the future?

A. Yes. CIGNA has a Health Advisor Program that is designed to facilitate healthy behaviors and promote the achievement of health-related goals for at-risk individuals. CIGNA also offers Well Aware Disease Management Programs to address 30 health conditions, including heart disease, asthma, diabetes, and lower back pain. These programs are developed in accordance with recognized subject matter experts, the American Heart Association, the American Academy of Allergy, Asthma and Immunology, the American Diabetes Association and others.

Q. Will there be other programs to assist employees and dependents with their lifestyle choices with benefits to health care costs?

A. Yes. CIGNA will be offering programs called Healthy Steps to Weight Loss and Stress Management Program. Both programs are designed to encourage lifestyle choices that will benefit the health of our employees and dependents.

Q. What other actions has the Company taken to help control the increase in health care costs?

A. As explained further below, the Company encourages employees and dependents to take a greater role in managing their health care expenditures. Employees failing to follow certain procedures in obtaining medical care and services may not be reimbursed for incurred expenses. For example, if an employee or dependent needs durable medical equipment and prosthetic devices, pre-notification to the insurance carrier is required. Treatment plans are required by the claims administrator for physical and occupational therapy, speech therapy, and services performed for diagnosis or treatment of dislocations, subluxations or misalignment of the vertebrae before such programs may begin. Emergency room visits will only be covered for an accidental injury or a sudden/serious illness.

Q. Has the Company taken any measures to control prescription drug costs?

A. Yes. We believe that employees and their families can help the Company mitigate plan costs as well as their out-of-pocket costs by being a better consumer at the point of purchase. To help educate employees and their families to be better consumers, CVS/Caremark prepares a report for each employee and dependent which highlights their expenditures and opportunities for savings. This report, sent annually to the employee and family members, contains information on how the employee and the Company could achieve savings on future prescriptions by using the more efficient and less expensive mail order program or switching from a more expensive brand name drug to a less expensive generic substitute, when available. The first report was mailed in October 2008; another report was mailed in August 2009.

Q. Has the Company seen any change in the number of employees using the mail order program?

A. Yes. The number of prescription drugs filled through mail order continues to increase. In 2008, 53 percent of prescription drugs were filled using the mail order option. Between January and September 2009, the percentage of prescription drugs filled through mail order was 61 percent, which results in a savings of approximately $1.8 million, which is reflected in our projected premium costs. In addition, beginning during the first quarter of 2009, the Company further encouraged use of lower cost prescription options because CVS pharmacies began to offer to fill prescriptions at the same cost as mail orders due to a corporate merger with Caremark.

Q. Please explain why the CVS option was helpful.

A. Some employees have commented that they do not use the mail order feature because of such concerns as prescriptions being lost in the mail. We expect that the availability of the CVS option will address the fear of lost prescriptions and will encourage more employees to take advantage of the prescription/pick-up/mail order feature, which does not alter home mailing of prescriptions.

Q. Has there been an increase in the generic dispensing rate for prescription drugs?

A. Yes. The year-to-date (January to September) 2009 generic dispensing rate was 56.3 percent compared to the generic dispensing rate of 54.6 percent in 2008. This increase in the generic dispensing rate will result in savings, however, the level of savings is dependent on the cost of the specific brand name drugs compared to the cost of the generic drugs. Our plan design allows CVS/Caremark to substitute the generic drugs when it is processed through the mail order feature unless the prescription indicates no substitutions. In that case, CVS/Caremark will try to contact the prescribing physician to determine whether the physician will allow the prescription to be filled using the generic drug rather than the brand name drug. Nevertheless, savings achieved are reflected in our projected premium costs.

AUDITS OF COMPANY VENDORS

Q. What other measures has the Company taken to manage health care costs?

A. The Company initiates periodic independent audits of the hospital, medical and prescription drug vendors (Blue Cross Blue Shield, United Healthcare, GHI and CVS/Caremark) to check that the programs are being administered according to the plan design and claims are being processed correctly.

Q. What is the time frame for any audits currently being conducted?

A. There is a current audit reviewing the claims for GHI for the years 2004, 2005, 2006 and 2007.

Q. When do you expect this audit to be completed?

A. The report is expected to be completed by end of year 2009.

Q. Have any audits been recently completed?

A. Yes. Audit reports for United Healthcare (for the years 2006 and 2007), CVS/Caremark audit (for the years 2004-2007) and Blue Cross Blue Shield audit (for the years 2004-2007) are all expected to be completed by the end of 2010.

Q. Can you please summarize the results of these audits?

A. Generally, our experience has been that the amount of overpayment has been very small. For example, the preliminary findings of these audits reveal an overpayment of $162,184 for United Healthcare, $12,468 overpayment for Empire Blue Cross/Blue Shield and an overpayment of $12,744 for CVS/Caremark.

Q. What happens when an overpayment is found?

A. The health care vendors will reimburse the Company.

STOCK PURCHASE PLAN

Q. What is the adjustment for the Stock Purchase Plan?

A. The historic year costs for the Stock Purchase Plan include the Company matching contribution on dividend reinvestments for two quarters rather than Company match for four quarters worth of dividends. This was a result of a clerical error. As such, a normalizing adjustment of the variation of the costs for two quarters, or $498,000, is included in the revenue requirement.

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS ("OPEB")

Q. Please describe the Company's OPEB programs.

A. The Company's OPEB programs are comprised of the Retiree Health Program, which includes major medical, hospitalization, vision and pharmaceutical benefits. The Company also offers a limited retiree term-life insurance program.

Q. What is the status of the Company's OPEB plan?

A. Starting with the Retiree Health Program, CECONY offers retirees who have 75 points (adding age and years of service to equal 75 points) at the time they retire/terminate from employment and their eligible dependents a voluntary contributory Retiree Health Program. The Retiree Health Program offers enrolled retirees different coverage options which include several HMOs, a prescription drug plan and a comprehensive hospital, medical and vision care plan with a network of participating providers. Once a retiree or covered dependent becomes eligible for Medicare, the Retiree Health Program coordinates his or her health care expenses with Medicare. For Medicare eligible retirees, Medicare is the primary payer of hospital and medical claims and the Retiree Health Program is the secondary payer. Under the prescription drug plan, once a retiree and covered dependent becomes eligible for Medicare Part D, the Retiree Health Program submits the retiree's claim information to Medicare, which will determine if the company is eligible to receive a Federal "Retiree Drug Subsidy" on behalf of the Medicare eligible retiree or covered dependent. The Company also provides certain retired management employees limited retiree term-life insurance equal to $50,000 a year. Certain retired union employees may purchase up to $30,000 of coverage in units of $10,000.

Q. Please discuss the steps the Company takes annually to manage or mitigate the overall costs of OPEBs.

A. The Company reviews on an annual basis its OPEBs to determine the effectiveness of implementing cost containment programs and other changes to mitigate future cost increases. This review includes a determination of how much the Company will charge the retirees electing to participate in the Retiree Health Program and plan design changes to deductibles and co-payments. Additionally, the Retiree Health Program was amended, as detailed below, to provide for a method to share the total expense associated with the Retiree Health Program with the participating retiree and their covered dependents.

Q. How did the Company amend its OPEB plan to reflect this cost sharing method?

A. The Retiree Health Program was amended, beginning in calendar year January 1, 2008, to limit what the Company contributes toward the cost of the Retiree Health Program. The Company's contribution is limited to the 2007 plan year's per capita contribution ("2007 Contribution Amount") plus an inflation adjustment equal to the change in the Consumer Price Index for All Urban Consumers ("CPI-U"). Changes to the Company's 2007 Contribution Amount will be fixed each year by the increase in the CPI-U and not by the increase in health care costs. Each year, if the cost for the Retiree Health Program is expected to be more than the increase in the CPI-U, the cost increase above the change in the CPI-U will be passed on to participating retirees and their covered dependents in the form of a higher monthly contribution.

Q. What are the annual savings from this plan amendment?

A. This plan amendment was implemented in 2002 and was first recognized for accounting purposes in the calculation of the 2002 retiree health expense. Since that time, the benefits of this amendment have been reflected annually in the accounting cost. As a method to quantify this type of annual savings, if the amendment was first measured in 2008 rather than when it was first recognized for accounting purposes in 2002, a conservative estimate of the annual savings from this plan amendment when applied to the 2008 plan results is approximately $20 million of savings.

Q. Please explain how this change has impacted the Company's contribution and the retiree's contribution to the Retiree Health Program in 2008 and 2009.

A. Beginning on January 1, 2008, the Company's contribution to health care costs increased by only 2.3 percent and the retiree's contribution increased approximately 31 percent. This change resulted in an increase to retirees' contribution from 17 percent in 2007 to approximately 22 percent of the Retiree Health Program costs in 2008. Beginning on January 1, 2009, retiree contributions toward health care costs were increased slightly and are expected to remain at 22 percent of the Retiree Health Program's costs. In

2010, the retiree contributions (under age 65) for hospital, medical, and vision will increase 6.0 percent from the prior year; the retiree contributions (under age 65) for prescription drug coverage will increase 22.4 percent. For retirees with family coverage over age 65, their contributions for hospital, medical and vision will increase 10.1 percent. The retirees will be contributing an additional 22.4 percent for prescription drug coverage.

Q. Will the Company's and retirees' contribution toward Retiree Health Program cost continue to be made in the same manner in future years?

A. Yes. The Company expects to follow this method in future years, which limits the Company's annual cost to the 2007 per capita base amount plus the cumulative increases in annual CPI-U.

Q. What other steps has the Company taken to address the cost of OPEBs?

A. On January 1, 2006, the Company amended the Retiree Health Program to qualify for the Medicare Retiree Drug Subsidy.

Q. Please describe the plan amendment.

A. The Company takes full advantage of the Retiree Drug Subsidy Program established by the Medicare

Prescription Drug, Improvement and Modernization Act of 2003 ("Medicare Part D Act"). Under the Medicare Part D Act, employers providing "actuarially equivalent prescription drug coverage" to Medicare eligible retirees, receive a 28 percent tax-free subsidy from the federal government for allowable prescription drug costs incurred by those retirees. The Company's health care actuary has determined that its prescription drug plan provides a benefit that is at least actuarially equivalent to the Medicare prescription drug plan which means that the Company is eligible to receive the tax-free subsidy. The Company has received retiree drug subsidy payments for each year from 2004 through 2008. The subsidy payment for 2009 has not been received by the Company at this time although we have estimated it below. The 2010 application to receive the Retiree Drug Subsidy has been filed.

Q. What is the cost savings associated with the Retiree Drug Subsidy?

A. The Company has seen the following cost savings from 2004 to 2009:

($ millions)	2004	2005	2006	2007	2008	2009
OPEB before Medicare Rx subsidy	$41.8	$86.6	$85.5	$102.1	$102.6	$110.3
OPEB after Medicare Rx subsidy	$23.5	$62.6	$55.6	$ 70.0	$ 70.2	$ 78.0
Savings from Subsidy	$18.3	$24.0	$29.9	$ 32.1	$ 32.4	$ 32.3

Q. Has the Company made any other recent amendments to its OPEB plan?

A. Yes. On January 1, 2008, the Retiree Health Program was amended to provide same sex domestic partners with retiree health care benefits after the death of the retiree. The surviving same sex domestic partner would pay the full cost of providing this extended coverage.

Q. Are there any savings associated with this plan change?

A. No. This change is revenue neutral.

Q. Are there any other steps the Company has implemented to reduce OPEB costs that have not required plan amendments?

A. The Company links some of its Retiree Health Program's deductibles to those set by various Medicare plans. For example, the Company's retiree hospital/medical deductible is 50 percent of the Medicare Part A deductible. The federal government has increased the Medicare Part A deductible each year and the Company has increased its deductibles accordingly.

Q. Has the Company implemented any other cost saving steps?

A. Yes. In 2009, the Company negotiated additional discounts with its prescription drug plan vendor resulting in savings of $4.9 million for the plan.

Q. Are there any other Company efforts to contain OPEB costs?

A. Yes. The Retiree Health Program includes various cost containment features, such as 24-Hour Health Information Line (CIGNA's program,) which I described earlier in my testimony.

Q. Have there been any other initiatives with respect to the Company's OPEB plan that were considered and rejected?

A. No. In fact, other than the reductions set forth above, there have been no changes to the Retiree Health Program.

RETIREMENT PLAN

Q. Please provide a description of the most recent amendments to The Consolidated Edison Retirement Plan ("Retirement Plan").

A. The Consolidated Edison Retirement Plan has a number of amendments that impact Consolidated Edison Company of New York, Inc. ("CECONY") employees starting in 2001 to the present. Some of the amendments were required for tax qualification purposes or were a result from collective bargaining agreements with members of Local 1-2 or Local 3. Some of the amendments increased the liability and other amendments decreased the liability of the Retirement Plan. For example, CECONY management employees hired on or after January 1, 2001, accrue pension benefits under a cash balance formula. The cash balance formula significantly reduces the Retirement Plan's future liabilities attributed to new hires.

Q. Are there any other amendments to the Retirement Plan that reduce the Retirement Plan's future liability?

A. Yes. Effective as of June 27, 2004, the pension benefit for married members of Local 1-2 members who were first hired after June 27, 2004 will be actuarially reduced for payment in the form of a qualified joint and 50 percent survivor benefit.

Q. Are there any other amendments reducing the Retirement Plan's future liability?

A. Yes. The pension benefit for a union employee represented by Local 3, IBEW, has been significantly modified. First, employees hired on or after June 26, 2005, and prior to January 1, 2010, will not be eligible for a cost-of-living adjustment on the pension benefit after retiring. Second, for employees hired on or after June 26, 2005 and prior to January 1, 2010 the pension benefit for married employees will be actuarially reduced for payment in the form of a qualified joint and 50 percent survivor benefit. Third, the pension formula for employees hired on or after January 1, 2010, will be a cash balance formula as opposed to the traditional four-year average formula.

Q. Please explain the most recent amendments to the Retirement Plan.

A. The Retirement Plan was amended for union employees represented by Local 1-2 CECONY, effective July 1, 2008, and for CECONY Management Employees, effective January 1, 2009, to provide a retention incentive for certain long service employees continuing their employment with the Company through the June 30, 2012. This benefit was not included in the Local 3 contract that was negotiated in June 2009.

Q. How does the retention incentive work?

A. Employees on the active payroll who are age 55 and have 30 or more years of service with the Company or will turn age 55 with 30 or more years of service during the period July 1, 2008, through June 30, 2012, for union members of Local 1-2 or January 1, 2009, through June 30, 2012, for management employees qualify for a special pension accrual. The special pension accrual is equal to 0.5 percent of final average salary for each year of service above 30 years and applies prospectively. The special pension accrual period sunsets after June 30, 2012.

Q. Are there any additional changes being proposed for the Retirement Plan in the near future?

A. No.

BENEFIT PROGRAM COMPARISON

Q. How do the Company's benefit programs for non-officer employees compare with the benefit packages of similarly situated companies?

A. The Company believes that providing competitive benefits and compensation is essential in attracting and retaining employees. The Company has taken a very conservative approach in targeting its benefits package to the median levels of a peer group of companies.

Q. How did you reach the conclusion that the Company's benefits package is at the median level of a peer group of companies?

A. I made this conclusion based on the results of a benefits valuation study developed Towers Perrin, a benefits consultant. This study is confidential, but the Company is willing to provide the study provided that an appropriate protective order is issued or confidentiality agreement signed in this proceeding.

Q. Please explain the results of the benefits valuation study conducted by Towers Perrin.

A. Towers Perrin determines the value of benefits provided by companies by applying a standard set of actuarial methods and assumptions to a common employee population. This quantitative evaluation of each company's benefit provisions and overall benefit program facilitates a comparison of these benefit values against peer companies.

Q. Did Towers Perrin compare Con Edison's benefit program to a peer group of comparable companies?

A. Yes, Towers Perrin compared the Company's benefit programs, excluding employee contributions, to similarly situated energy services companies.

Q. How does the Company's benefit program for management employees compare to the peer group of companies used by Towers Perrin?

A. When compared with the benefit programs (excluding employee contributions) for the peer group of companies, the Company's benefit programs provided to employees are reasonable and deemed at the median level of the peer group.

COMPENSATION PROGRAM FOR OFFICERS

Q. What are the elements of the Company's compensation program for its officers?

A. The Company's compensation program for its officers is comprised of three elements: base salary, annual awards and equity grants.

Q. Please describe the Company's compensation philosophy.

A. The Company's philosophy is to provide base salary, annual awards and equity grants that are competitive with the median levels of officer compensation provided by a peer group of companies. We believe that setting compensation levels at the median of our peer group of companies allows the Company to be competitive in the labor market and to fairly compensate, attract and retain employees critical to the success of the Company. The objective of the officer compensation program is to support the Company's business strategy, which includes such objectives as providing customers with quality service, earning a reasonable return for investors, and providing an environment where employees can continue to improve their contributions to the Company. As such, annual award and equity grants are linked to financial, budget and operational goals important to both customers and investors.

Q. Please describe how you establish compensation levels for officers.

A. The Management Development and Compensation Committee of the Board of Directors of the Company (the "MDC Committee") establishes, reviews and administers the Company's officer compensation program. The MDC Committee has retained Mercer as an independent compensation consultant, to provide it with information, analyses, and objective advice regarding officer compensation. The MDC Committee uses an industry peer group of twenty publicly-traded utility companies of comparable size and scope to the Company for purposes of providing benchmark information on compensation levels provided to officers. This peer group is also used to measure relative total shareholder returns for vesting one half of the performance based restricted stock units grants.

Q. Is the cost of the annual awards and equity grants for officers included in this rate request?

A. No. The Company has mitigated the rate request in this proceeding by electing not to seek recovery of the annual awards and equity grants provided to the Company's officers, even though the costs of these programs are also reasonable and necessary business expenses the Company must incur to meet its obligation to provide safe and reliable service to its customers. (See Accounting Panel Exhibit __ (AP-5), Schedule 1, page 3 of 6, line items number 15 and 31, which removes this cost from the rate request).

Q. Are you presenting as an exhibit a one-page document entitled "ANALYTICAL FRAMEWORK - PEER GROUP."

A. Yes.

MARK FOR IDENTIFICATION AS EXHIBIT __ (HJR-2)

Q. What does this Exhibit show?

A. This material, prepared by Mercer, shows the twenty utility companies used by the MDC Committee in comparing and evaluating the Company's officer compensation program.

Q. Are you presenting as an exhibit a three-page document entitled "MARKET ASSESSMENT - TOP EXECUTIVES BASE SALARY ($000)" and "MARKET ASSESSMENT - OTHER EXECUTIVES BASE SALARY ($000)?"

A. Yes.

MARK FOR IDENTIFICATION AS EXHIBIT __ (HJR-3)

Q. What does this Exhibit show?

A. This material, also prepared by Mercer, compares the Company's base officer compensation to the base compensation of officers holding equivalent positions at the peer group of companies.

Q. How does the Company's officer base compensation compare to the base compensation of officers holding equivalent positions at the peer group of companies?

A. Mercer reviewed and benchmarked the Company's officer compensation program comprised of base salary, annual awards and long-term equity grants. When compared with the base compensation levels reported in proxies for the peer group of companies for the top-five highest paid, base salary is deemed to be competitive with the median levels using both proxy and survey data. For the remaining officers, base compensation was found to be around the median level with some positions above and some below the median range.

Q. What is Mercer's conclusion regarding the overall level of the Company's officer compensation program?

A. Mercer has concluded that based on publicly available proxy data, base salary, annual awards and equity grants for officers are competitive with the median of the market.

DIRECTORS' COMPENSATION

Q. Please explain the Directors' compensation package.

A. Members of the Board who are not employees of the Company are paid an annual retainer fee as well as a fee for each meeting attended, and receive an annual grant of 1,500 stock units.

Q. Do you agree that the annual equity grant is a reasonable component of Directors' compensation?

A. Yes, the stock awards for the Board of Directors, which replaces a retirement plan, are part of their total compensation package. In a study of Director compensation conducted by the Board's compensation consultant, Mercer, it was found that total Director compensation is aligned with the median levels of both the twenty company peer group and a general industry ($10 - $15 billion total market capitalization) reference group.

Q. Are the costs of equity compensation for Directors a reasonable and necessary business expenses?

A. Stock awards for the Board of Directors are part of their basic compensation package and are a reasonable cost of attracting and retaining qualified Directors. These equity awards are a basic component of compensation, which is required to be deferred until the Director's termination of service from the Board.

Q. Are the stock award grants to the Board of Directors considered incentive compensation?

A. No. There are no financial or other performance metrics used to determine the stock grants because it is neither pay-for-performance nor incentive compensation. Moreover, in the Liberty Consulting Group's report entitled, "Final Report, Management Audit of Consolidated Edison Company of New York, Inc.," Liberty consultants concluded that the Company's stock-based compensation for outside Directors comports with industry practice. Liberty explained that Con Edison's use of stock as part of the compensation program is like that used by other large utilities, and it makes sense to use stock as a piece of compensation packages because that does reward or penalize participants, along with stockholders. This is a reasonable and ordinary business expense.

Q. The Order in Case 08-E-0539 (pp. 56-57) stated, "Because the compensation is in the form of stock, it provides greater benefit to the directors, all other things being equal, if the Company performs well financially, to the benefit of shareholders independent of any benefit to ratepayers." Do you agree?

A. No, I do not. First, this statement ignores the fact that Directors will receive a lesser benefit, all else being equal, if the Company does not perform well financially. Second, as explained by Company witness de la Bastide in the context of the Company's Variable Pay Plan, both customers and investors benefit, without distinction, in the short-run, and particularly in the long-run, from a well-managed company, including when the Company performs well financially.

Q. Please comment on the Commission's statement (Order, pp. 56-57) that the Company provides no reason why it cannot compensate Directors in some other form that is not aligned with the interests of shareholders.

A. The issue is not whether the Company can provide compensation in some other form. Of course it can. However, this statement does not explain why customers would be better off if rates reflected cash payments rather than stock awards or indicate that the Company's approach is not comparable to the approach taken by its peers. The Director's role is one of oversight and judgment to protect the interests of shareholders and customers by seeing that the officers are managing the Company in an effective, ethical and legal manner. Fairly compensating Directors for that role is a reasonable and necessary business expense. If such compensation is fair and reasonable, the form of payment should not determine whether it is recoverable in rates.

Q. Why does the Company provide dividend equivalents to Directors as part of their compensation?

A. The stock awards granted to Directors do not entail the issuance of actual shares of stock but instead are required to be deferred until the Director's termination of service from the Board. Dividend equivalents are paid to Directors to compensate them for the time value of money associated with the mandatory deferral of a portion of their compensation.

Q. Why is rate recovery of the dividend equivalents appropriate?

A. If the Company had provided Directors with actual shares of stock, customers would have incurred the full equity return on the value of the additional equity included in the Company's capital structure. The Company's use of stock units avoids issuing additional equity, thereby avoiding this cost for customers. This avoided cost offsets the cost of the dividend equivalent. In addition, had the Company paid this portion of Director's compensation in cash, it would have had to incur additional financing costs. Accordingly, to the extent rate recovery of the stock awarded to Directors is permitted, the costs of the dividend equivalents associated with the stock units should also be recoverable.

Q. Does this complete your testimony?

A. Yes, it does.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
ADMINISTRATIVE AND GENERAL EXPENSES - MAJOR ACCOUNT GROUP 49
EMPLOYEE WELFARE EXPENSES - PSC ACCOUNT 926.2
GAS

LINE NO.		12 MONTHS ENDED 06/30/09 ACTUAL	NORMALIZATION	PROGRAM CHANGE	ESCALATION		12 MONTHS ENDING 9/30/11 RATE YEAR	LINE NO.
1.	Thrift Savings Plan	$3,189,148	$0	$0	$166,846	[N]	$3,355,994	1.
2.	Group Life Insurance	323,228	0	0	33,026	[O]	356,254	2.
3.	Military Duty Allowance	19,443	0	0	1,124	[L]	20,567	3.
4.	Restaurants & Newsstands	15,103	0	0	485	[M]	15,588	4.
5.	Stock Purchase Plan	396,062	80,676	0	22,030	[A]	498,768	5.
6.	Stock Option Plan	5,036	0	0	162	[M]	5,198	6.
7.	Deferred Income Plan	(1,242,522)	1,242,522	0	0	[P]	0	7.
8.	Tuition Aid	914,676	0	0	29,361	[M]	944,037	8
9.	Occupational Supplement	465,724	0	0	20,297	[D]	486,021	9.
10.	Company Clubs	4,986	0	0	160	[M]	5,146	10.
11.	Employee Publications & Communications	91,924	0	0	4,781	[C]	96,705	11.
12.	*Scholarship for Employees' Children*	21,257	0	0	682	[M]	21,939	12.
13.	Child Care & Elder Care Consulting Serv.	23,295	0	0	748	[F]	24,043	13.
14.	Financial Counseling Service	48,898	0	0	1,570	[J]	50,468	14.
15.	Consulting Services	279,345	0	0	8,967	[E]	288,312	15.
16.	Occupational Accidental Death	8,922	0	0	286	[M]	9,208	16.
17.	Work Home Wellness Program	334,623	0	0	10,741	[G]	345,364	17.
18.	World Trade Center	197,371	0	0	6,336	[I]	203,707	18.
19.	Sub-Total	5,096,519	1,323,198	0	307,602		6,727,319	19.
	Health Insurance							
20.	Dental	1,972,401	0	(97,757)	0		1,874,644	20.
21.	Prescription Drug Plan	4,236,234	0	135,983	0		4,372,217	21.
22.	Hospital & Medical Insurance	20,514,279	0	2,163,987	0		22,678,266	22.
23.	Employee Deductions	(7,202,318)	0	(216,396)	0		(7,418,714)	23.
24.	Sub-Total	19,520,596	0	1,985,817	0		21,506,413	24.
25.	Total Employee Welfare Expenses	$24,617,115	$1,323,198	$1,985,817	$307,602		$28,233,732	25.
26.	Capitalization	11,133,698	0	966,121	18,306		12,118,125	26.
27.	Net of Capitalization	$13,483,417	$1,323,198	$1,019,696	$289,296	[Q]	$16,115,607	27.

[A] to [J] Labor escalation 5.78%; non-labor escalation 3.21%; new/expanded programs, if any
[L] Escalation is based on labor factor of 5.78%
[M] Escalation is based on non labor factor of 3.21%
[N] Escalation-labor 5.78%; non labor factor 3.21%; employee contributions/match
[O] premiums & 5 yr avg for dividends
[P] refer to Accounting Panel's testimony
[Q] does not include fringe benefits for of new hires; see testimony of Accounting Panel

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
SUMMARY OF HEALTH INSURANCE COSTS
GAS CASE
RATE YEAR FORECAST
TWELVE MONTHS ENDING SEPTEMBER 30, 2011

DENTAL - MET LIFE & ASO		$1,874,644
PRESCRIPTION DRUG - CAREMARK	4,338,722	
RETIRED KEY OFFICERS' PRESCRIPTION DRUG	33,495	
TOTAL PRESCRIPTION DRUG		4,372,217
HOSPITALIZATION - BLUE CROSS	6,829,689	
MEDICAL - UNITED HEALTHCARE	9,552,618	
MEDICAL - GROUP HEALTH INSURANCE	3,622,787	
RETIRED OFFICERS' MEDICAL - UHC	180,417	
HMO - BLUE CROSS/BLUE CHOICE	295,930	
HMO - HIP	414,380	
HMO - AETNA/U.S. HEALTHCARE	520,766	
HMO - MVP	162,524	
VISION - COMPREHENSIVE VISION	100,513	
MANAGEMENT LONG TERM DISABILITY	477,858	
WEEKLY LONG TERM DISABILITY	418,357	
FLEXIBLE BENEFITS ADMINISTRATION	80,877	
PRINTING & MAILING OF HEALTH PLANS	4,392	
CASE MGMT. PROGRAMS	17,158	
TOTAL HOSPITALIZATION & MEDICAL		22,678,266
TOTAL GROSS HEALTH INSURANCE COSTS		28,925,127
EMPLOYEE DEDUCTIONS		(7,418,714)
TOTAL NET HEALTH INSURANCE COSTS		**$21,506,413**

Analytical Framework – Peer Group

The review used the current peer group and does not recommend any changes to it

Company Name	Ticker	2008 Revenue ($M)	2008 Net Income ($M)	2008 Assets ($M)	Market Capitalization - April 2009 ($M)	1-Yr TSR - Dec. 2008 (%)	3-Yr TSR - Dec. 2008 (%)
Constellation Energy	CEG	$19,818	-$1,301	$22,284	$4,823	-74%	-22%
Exelon	EXC	$18,859	$2,737	$47,817	$30,388	-30%	4%
Southern	SO	$17,127	$1,807	$48,347	$22,609	0%	7%
FPL Group	FPL	$16,410	$1,639	$44,821	$22,096	-23%	10%
Dominion Resources	D	$16,290	$1,851	$42,053	$17,683	-22%	1%
PG&E Corp.	PCG	$14,628	$1,338	$40,860	$13,615	-6%	5%
American Electric Power	AEP	$14,440	$1,383	$45,155	$12,577	-25%	0%
Edison Int'l	EIX	$14,112	$1,266	$44,615	$9,289	-38%	-7%
FirstEnergy	FE	$13,580	$1,342	$33,521	$12,468	-31%	3%
Duke Energy	DUK	$13,207	$1,362	$53,077	$17,723	-22%	3%
Entergy	ETR	$13,094	$1,241	$36,617	$12,698	-28%	10%
CenterPoint Energy	CNP	$11,322	$447	$19,676	$3,716	-23%	4%
Xcel Energy	XEL	$11,203	$646	$24,958	$8,395	-14%	5%
Pepco Holdings	POM	$10,824	$300	$16,475	$2,621	-36%	-3%
Sempra Energy	SRE	$10,758	$1,123	$26,400	$11,257	-29%	1%
DTE Energy	DTE	$9,329	$546	$24,590	$4,830	-14%	-1%
Progress Energy	PGN	$9,167	$830	$29,873	$9,501	-13%	2%
NiSource	NI	$8,874	$79	$20,032	$3,015	-39%	-15%
PPL	PPL	$8,044	$948	$21,405	$11,227	-39%	5%
Ameren	AEE	$7,839	$615	$22,657	$4,892	-35%	-9%
75th Percentile		$15,044	$1,367	$44,667	$14,632	-20%	5%
Median		**$13,150**	**$1,182**	**$31,697**	**$11,242**	**-27%**	**2%**
25th Percentile		$10,401	$598	$22,564	$4,877	-35%	-2%
Average		$12,946	$1,010	$33,262	$11,771	-27%	0%
Consolidated Edison	ED	$13,583	$1,207	$33,498	$10,183	-16%	-1%
Percentile Rank		*58th*	*51st*	*53rd*	*44th*	*78th*	*29th*

EXHIBIT__(HJR – 2)

Market Assessment – Top Executives Base Salary ($000)[1]

Base salary is generally positioned at the market median for both proxy and survey data

Findings

- Overall, proxy data and survey data show that Con Ed's base salaries for its top executives are competitive with the market median
- Individual base salaries for the Top 5 officers are competitive with market median levels of both the proxy and survey data except for the EVP
  - The EVP's base salary is competitive with 75th percentile proxy and survey data levels

		Proxy Peer Group						Survey Data					
		25th		50th		75th		25th		50th		75th	
Position	Current Base Salary	Data	Ratio	Data	Ratio	Data	Ratio	Data	Ratio	Data	Ratio	Data	Ratio
Chairman Of The Board/CEO	$1,136	$1,080	*105%*	$1,172	*97%*	$1,283	*89%*	$1,032	*110%*	$1,202	*94%*	$1,366	*83%*
EVP	$747	$566	*132%*	$613	*122%*	$675	*111%*	$513	*146%*	$592	*126%*	$664	*112%*
President & COO	$655	$659	*99%*	$679	*97%*	$817	*80%*	$610	*107%*	$675	*97%*	$804	*82%*
SVP & CFO - Finance	$599	$511	*117%*	$539	*111%*	$577	*104%*	$467	*128%*	$547	*110%*	$618	*97%*
General Counsel - Law	$500	-	-	-	-	-	-	$427	*117%*	$493	*101%*	$553	*90%*
	Overall		***113%***		***107%***		***96%***		***122%***		***106%***		***93%***

The figures in ***blue italics*** represent Con Ed as a percentage of market levels.

EXHIBIT __ (HJR – 3)
Page 1 of 3

Market Assessment – Other Executives Base Salary ($000)

Overall, base salary levels are positioned at median, with significant variation by individual

		Survey Data					
		25th		50th		75th	
Position	Current Base Salary	Data	Ratio	Data	Ratio	Data	Ratio
SVP - Public Affairs	$396	$290	*136%*	$317	*125%*	$384	*103%*
SVP - Enterprise Shared Services	$388	$310	*125%*	$397	*98%*	$534	*73%*
SVP - Business Shared Services	$383	$310	*124%*	$397	*96%*	$534	*72%*
SVP - Customer Operations	$347	$176	*197%*	$215	*161%*	$270	*128%*
SVP - Electric Operations	$319	$259	*123%*	$286	*112%*	$351	*91%*
SVP - Gas Operations	$312	$245	*127%*	$330	*95%*	$413	*75%*
VP - Regulatory Services	$341	$190	*179%*	$238	*144%*	$264	*129%*
VP - Legal Services	$339	$223	*152%*	$251	*135%*	$283	*120%*
SVP - Central Operations	$283	$276	*102%*	$312	*91%*	$445	*64%*
VP - Government Relations	$306	$211	*145%*	$282	*109%*	$336	*91%*
VP/Treasurer - Treasury	$299	$258	*116%*	$283	*106%*	$323	*93%*
VP - Environment, Health & Safety	$291	$181	*161%*	$211	*138%*	$236	*124%*
VP - Strategic Planning	$273	$222	*123%*	$291	*94%*	$375	*73%*
Secretary & Associate General Counsel	$270	$233	*116%*	$260	*104%*	$303	*89%*
VP - Central Engineering	$263	$212	*124%*	$277	*95%*	$295	*89%*
VP - Information Resources	$259	$251	*103%*	$301	*86%*	$358	*72%*
VP - Facilities	$257	$145	*177%*	$176	*146%*	$204	*126%*
VP - Energy Management	$257	$197	*130%*	$243	*106%*	$312	*82%*

Continued on Next Page

The figures in ***blue italics*** represent Con Ed as a percentage of market levels.

EXHIBIT __ (HIR – 3)
Page 2 of 3

Market Assessment – Other Executives Base Salary ($000)

Overall, base salary levels are positioned at median, with significant variation by individual *continued*

		Survey Data					
		25th		50th		75th	
Position	Current Base Salary	Data	Ratio	Data	Ratio	Data	Ratio
VP - Engineering & Planning	$256	$227	*113%*	$297	*86%*	$315	*81%*
VP - Manhattan	$255	$234	*109%*	$300	*85%*	$353	*72%*
VP - Tax	$248	$217	*115%*	$251	*99%*	$288	*86%*
VP - Gas Engineering	$241	$156	*154%*	$188	*129%*	$224	*108%*
VP - Brooklyn/Queens	$229	$234	*98%*	$300	*76%*	$353	*65%*
VP - Human Resources	$228	$274	*83%*	$321	*71%*	$371	*62%*
VP/Controller - Corporate Accounting	$223	$263	*85%*	$293	*76%*	$313	*71%*
VP - Central Field Services	$227	$179	*126%*	$208	*109%*	$244	*93%*
VP - Staten Island & Electric	$225	$236	*95%*	$291	*77%*	$363	*62%*
VP - Bronx/Westchester	$225	$234	*96%*	$300	*75%*	$353	*64%*
VP - Gas Operations	$224	$208	*107%*	$231	*97%*	$295	*76%*
VP - Construction	$224	$182	*123%*	$222	*101%*	$253	*89%*
VP - Steam Operations	$221	$205	*108%*	$239	*93%*	$305	*72%*
VP & General Auditor - Auditing	$218	$211	*103%*	$233	*94%*	$252	*87%*
VP - Substation Operations	$217	$202	*107%*	$255	*85%*	$295	*73%*
VP - Energy Policy & Regulatory Affairs	$213	$190	*112%*	$238	*90%*	$264	*81%*
VP - Purchasing	$210	$176	*119%*	$210	*100%*	$248	*85%*
VP - System & Transmission Operations	$196	$202	*97%*	$255	*77%*	$295	*66%*
	Overall		***122%***		***102%***		***87%***

The figures in ***blue italics*** represent Con Ed as a percentage of market levels.

EXHIBIT __ (HJR – 3)
Page 3 of 3