

FORECASTING PANEL - STEAM

1 Q. Would the members of the Forecasting Panel please state  
2 their names and business address.

3 A. Frank C. Yaegel and Vasken Torossian. 4 Irving Place, New  
4 York, New York 10003.

5 Q. By whom are you employed, in what capacity and what are  
6 your professional backgrounds and qualifications?

7 A. We are employed by Consolidated Edison Company of New York,  
8 Inc. ("Con Edison" or the "Company")

9 (Yaegel) I have been employed by Con Edison since 1972.

10 Prior to the Gas and Steam Forecasting section joining the  
11 Corporate Accounting organization in the summer of 2006, I  
12 held various positions in the Energy Management  
13 organization and was promoted to the position of Gas and  
14 Steam Forecast Manager in 1983. I received a Bachelor of  
15 Science degree in Economics from the City University of New  
16 York. I have also completed the Executive Education  
17 Program for the Gas Industry conducted by the University of  
18 Colorado, Boulder Graduate School of Business.

19 (Torossian) I am employed by Con Edison as a Senior  
20 Planning Analyst in the Gas and Steam section of the  
21 Revenue and Volume Forecasting Department in Corporate  
22 Accounting. I have been employed by Con Edison since 1990.  
23 I hold a Bachelors of Engineering degree in Mechanical

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1 Engineering from the City College of New York.

2 Q. What are your responsibilities in your present position?

3 A. (Yaegel) I manage the Gas and Steam Volume and Revenue  
4 Forecasting section of the Revenue and Volume Forecasting  
5 Department. In this position, I am responsible for  
6 forecasting Con Edison and Orange and Rockland Utilities,  
7 Inc. ("Orange and Rockland") gas sendout, delivery volumes  
8 and resultant delivery revenues as well as Con Edison steam  
9 sendout, delivery volumes and resultant delivery revenues.  
10 Additionally, I am responsible for the collection,  
11 maintenance, and dissemination of weather data as well as  
12 the periodic updating of the Company's weather normals used  
13 to forecast electric, gas and steam sales and sendout. I  
14 will serve as the Chairperson of the Forecasting Panel.

15 (Torossian) My current responsibilities include developing  
16 and updating the steam volume and revenue forecast for Con  
17 Edison under the direction of the Gas and Steam Forecasting  
18 section manager.

19 Q. Have you previously submitted testimony to the New York  
20 State Public Service Commission ("Commission")?

21 A. (Yaegel) Yes. I submitted testimony in Con Edison steam  
22 cases 93-S-0997, 96-S-1065, 99-S-1621, 03-S-1672, 05-S-1376  
23 and 07-S-1315. I also submitted testimony for Phase II-A

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1 of Con Edison's gas case 28954, gas case 03-G-1671 and gas  
2 case 06-G-1332, as well Orange and Rockland's gas cases 02-  
3 G-1553 and 05-G-1494.

4 (Torossian) Yes. I submitted testimony in Orange &  
5 Rockland's gas case 08-G-1398.

6 Q. What is the purpose of the Forecasting Panel's testimony in  
7 this proceeding?

8 A. The Forecasting Panel's testimony presents the Company's  
9 forecast of steam sales and revenues for the rate year, the  
10 twelve months ending September 30, 2011. Our testimony  
11 addresses the development of this forecast starting from  
12 the historic year, the twelve months ended June 30, 2009.  
13 The sales forecast projects a decrease in sales of 1,099  
14 MMBbs between the actual sales in the historic year and the  
15 forecasted sales for the 12 months ending September 30,  
16 2011.

17 **SALES FORECAST**

18 Q. Please describe the development of the base estimate that  
19 serves as the starting point for the Company's sales  
20 forecast.

21 A. The process begins with the realignment of actual sales in  
22 the historic year to account for customers who moved from  
23 one service classification to another during the historic

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1 year. Twenty-four customers moved during the year, 23 of  
2 which moved from Service Classifications ("SC") 2 and 3 to  
3 SC 5 and one customer moved from SC 3 to SC 4. These  
4 volumes were then weather normalized. This eliminates any  
5 deviations from projected sales due to warmer or colder  
6 than normal weather. The weather normalized sales were  
7 then adjusted to account for the impact on sales yet to be  
8 realized due to customers who either joined or left the  
9 steam system during the historic year. These adjustments,  
10 along with a billing cycle adjustment, yield the base  
11 estimate that serves as the starting point for the rate  
12 year sales forecast.

13 Q. Please explain the development of the rate year sales  
14 level.

15 A. Key components that are expected to affect the level of  
16 rate year sales include new business, lost business due to  
17 on-site generation and demolition, lower sales to air  
18 conditioning customers who are projected to install more  
19 energy efficient equipment, air conditioning sales lost to  
20 alternative sources, projected changes in employment and  
21 customer response to price change.

22 Q. Was Exhibit \_\_ (FP-1), entitled "CONSOLIDATED EDISON  
23 COMPANY OF NEW YORK, INC. - DEVELOPMENT OF FORECASTED STEAM

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1 SALES (MMlbs) FOR 12 MONTHS ENDING SEPTEMBER 30, 2011,"  
2 prepared under your supervision and direction?

3 A. Yes, it was.

4 MARK FOR IDENTIFICATION AS EXHIBIT \_\_ (FP-1)

5 Q. Please describe Exhibit \_\_ (FP-1).

6 A. This exhibit sets forth, actual steam sales booked by the  
7 Company during the historic year (line 1). These volumes,  
8 shown by service classification, reflect the transfer  
9 realignment between service classifications previously  
10 noted. It shows the noted adjustments made to the historic  
11 year's sales as well as the key components that are  
12 expected to affect the level of the rate year's sales.  
13 Lastly, the Exhibit shows the forecasted sales for the rate  
14 year.

15 Q. Please describe the "Weather Normalization" adjustments  
16 shown on lines 2 and 3.

17 A. Line 2 shows the Weather Normalization adjustment of 727  
18 MMlbs applied to recognize that the historic year's sales  
19 were affected by the colder than normal heating related  
20 weather experienced during the 12 months ended June 30,  
21 2009 (line 1). Total heating degree-days ("HDDs") over the  
22 2008/2009 heating season were 7.3 percent greater than  
23 normal. The related impact on sales, by service

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1 classification, was calculated monthly by multiplying the  
2 "variation between normal and actual heating degree-days"  
3 times a "use per heating degree-day per average customer"  
4 factor times "the number of customers." A "use per heating  
5 degree-day per average customer" factor was determined for  
6 each service classification using a regression analysis of  
7 actual average monthly-billed sales per customer per  
8 billing day versus actual monthly billing period HDDs per  
9 billing day.

10 Q. Please continue.

11 A. Line 3 shows a weather normalization adjustment of 306  
12 MMLbs to recognize that the historic year's air  
13 conditioning sales were also affected by abnormal weather.  
14 The actual cooling degree-days ("CDDs") in the historic  
15 year were 10.2 percent less than normal. This sales volume  
16 impact was calculated in a manner consistent with the  
17 calculation of the winter period impact.

18 Line 4 shows the sum of the heating and cooling adjustments  
19 and line 5 shows the weather-normalized sales for the  
20 historic year.

21 The weather normalization adjustments represent a downward  
22 adjustment to the actual booked sales during the historic  
23 year of 1.7% or 421 MMLbs.

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1 Q. Please define normal weather.

2 A. Normal weather is defined as the average weather condition  
3 over the 30 calendar years ended 2008. A 30-year condition  
4 is used by the National Weather Service to define normal  
5 conditions and is a widely accepted standard in the energy  
6 industry.

7 Q. How are HDDs defined?

8 A. HDDs are the average 24-hour dry bulb temperature  
9 subtracted from a reference of 56°F. For example, if the  
10 average 24-hour dry bulb temperature was 40, there would be  
11 16 HDDs.

12 Q. Why is temperature reference of 56°F for heating used?

13 A. Based on prior usage patterns, as determined by regression  
14 analyses of sales to steam heating customers to  
15 temperature, the appropriate reference point for the steam  
16 system is 56°F. Since approximately 1970, 56°F has been  
17 the HDD reference point for the Steam system.

18 Q. Please discuss how CDDs are defined.

19 A. CDDs are the average of the 24-hour dry and wet bulb  
20 temperature minus a reference of 57.5°F. For example, if a  
21 summer day has a 24-hour average dry bulb temperature of  
22 77.2, along with a 67.8 wet bulb temperature, the average  
23 is 72.5. The average (72.5) minus the base (57.5) equals

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- 1 15 CDDs.
- 2 Q. Why is the wet bulb temperature in defining CDDs used?
- 3 A. The Company uses the wet bulb temperature in defining CDDs
- 4 to recognize the impact humidity has on steam air
- 5 conditioning sales.
- 6 Q. Is the definition of CDDs also used by the Company's
- 7 electric department to normalize electric sales?
- 8 A. Yes. The electric department defines CDDs in the same
- 9 manner and uses the same reference point.
- 10 Q. Please explain the "Annualization Adjustments" shown on lines
- 11 6 and 7.
- 12 A. Annualization Adjustments reflect the anticipated future
- 13 incremental impact on sales expected from customers added
- 14 (line 6) or lost (line 7) during the historic year. The lost
- 15 business adjustment includes the expected loss resulting from
- 16 air conditioning customers who have left the system. For
- 17 example, if a customer was lost in the final month of the
- 18 historic year, a downward adjustment would be made,
- 19 equivalent to the actual volumes used by that customer in the
- 20 preceding 11 months. Similarly, if a customer was added in
- 21 the final month of the historic year, an upward adjustment
- 22 would be made to reflect that customer's anticipated usage
- 23 for the next 11 months. On the other hand, if a customer was

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1 added or lost at the beginning of the historic year, then no  
2 adjustment would be necessary since the historic year  
3 reflects the full amount of usage.

4 Line 8 is the total of the annualization adjustments. The  
5 annualization adjustment related to new business is an  
6 increase of 123 MMLbs and the annualization adjustment  
7 related to lost business is a decrease of 21 MMLbs. The  
8 net impact of these two adjustments totals to an increase  
9 of 102 MMLbs.

10 Q. Please explain the "Billing Cycle" adjustment shown on line  
11 9.

12 A. The Billing Cycle adjustment recognizes the impact on  
13 future sales due to the difference in the actual number of  
14 billing days in the historic year and the projected number  
15 of billing days for the rate year.

16 Q. What does line 10, Base Estimate, represent?

17 A. The Base Estimate represents the historic year's sales  
18 (line 1) adjusted to normal weather (lines 2 and 3), known  
19 new and lost business (lines 6 and 7), and the projected  
20 rate year number of billing days (line 9). It serves as  
21 the starting point for the rate year's sales forecast.

22 Q. Please explain the development of the New Business forecast  
23 shown on line 11.

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1 A. The New Business forecast reflects the projected realized  
2 sales in the rate year associated with new business  
3 customers anticipated to take service between July 1, 2009  
4 and September 30, 2011. The potential customers, their  
5 estimated loads and projected connection dates were  
6 provided to me by Company witness Badali.

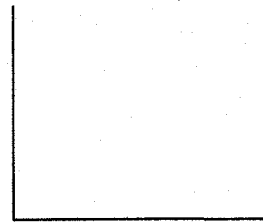
7 Q. Please explain how the forecast of future "Lost Business to  
8 On-Site Generation" shown on line 12 was developed.

9 A. This estimate was based on the historic average annual  
10 steam sales losses to on-site generation over the period  
11 2004-2008. The usage of a historical average eliminates  
12 any bias that might occur if a single point in time was  
13 used. The air conditioning usage of those customers who  
14 have also discontinued their use of steam for heat and/or  
15 hot water was excluded in the development of this historic  
16 average. The Forecasting Panel will address the loss of air  
17 conditioning sales( shown on Line 15) later in our  
18 testimony.

19 Q. How was the estimate of "Demolition and Other Lost  
20 Business" shown on line 13 developed?

21 A. This estimate was based on the annual average of such  
22 losses over the period 2004-2008 and is consistent with  
23 past practice of using an historic five-year average in

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- 1 forecasting steam sales.
- 2 Q. Please explain the projection of "Lost Business (A/C
- 3 Efficiency Impact)" shown on line 14.
- 4 A. This projection reflects the assumption that identified air
- 5 conditioning customers totaling approximately 11,560 tons
- 6 of air conditioning requirements will replace their
- 7 existing equipment with new energy efficient equipment
- 8 prior to the summer of 2010. This projection also assumes
- 9 that an additional 6,700 tons of air conditioning equipment
- 10 will be replaced after the summer of 2010 but before the
- 11 summer of 2011. Based on the steam requirements per ton of
- 12 old and new equipment, customers can expect to realize
- 13 about a 30 percent decrease in their steam usage for air
- 14 conditioning as a result of installing newer, more energy
- 15 efficient equipment.
- 16 Q. Please explain the projection of "Lost Business (A/C)"
- 17 shown on line 15.
- 18 A. Between 1995 and 2009, approximately 3,400 tons per year or
- 19 50 MMLbs of steam air conditioning on average has left the
- 20 steam system. By way of comparison, the total tonnage lost
- 21 between over the last five years has been approximately
- 22 4,000 tons per year on average. Based on the assumption of
- 23 losses of 3,400 tons per year, which is less than our

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1 recent experience, the forecast includes sales losses for  
2 air conditioning of 50 MMLbs per year. Company witness  
3 Badali addresses the Company's efforts to attract and  
4 retain customers, including steam air conditioning  
5 customers.

6 Q. Please explain the forecasted impact of "Employment" shown  
7 on line 16.

8 A. Service Area Private-Non-Manufacturing Employment for New  
9 York City is currently projected to continue to decline  
10 through 2010 and begin to recover in 2011. However,  
11 employment is not anticipated to fully recover to the  
12 annual average level for 2008 until 2012. The Company's  
13 projections of the impact of employment changes are based  
14 on forecasts from Moody's Economy.Com. The projected change  
15 in employment was converted to incremental steam sales by  
16 use of an average consumption per employee factor.

17 Q. Please explain the "Price Elasticity" adjustment shown on  
18 line 17.

19 A. The price elasticity adjustment reflects the estimated  
20 impact of anticipated changes in the price of steam on  
21 conservation measures taken by steam customers. At the  
22 time the forecast was prepared, the Accounting Panel  
23 provided estimates of total revenue by service

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1 classification reflecting the then estimate of the needed  
2 rate relief for the rate year as well as the then estimated  
3 revenues at current rates. The estimate of the rate relief  
4 was allocated to the rate classes on a prorated basis based  
5 on the individual classes contribution to overall base  
6 revenues. These total revenue projections were then  
7 converted to unit dollar per mlb estimates based on the  
8 then sales projections. The resultant changes in unit rates  
9 were between rate years were discounted for inflation and  
10 measured in real terms. Those changes, measured on a  
11 percentage basis, were then multiplied by the appropriate  
12 price elasticity coefficients and weather normalized sales  
13 to determine the projected change in MMLbs of sales. These  
14 price elasticity coefficients were developed by a Company  
15 consultant in connection with the Company's last steam  
16 filing. The consultant's findings as to the conservation  
17 response of customers to changes in steam prices are well  
18 within the range of coefficients they found in similar  
19 energy price studies. The price elasticity coefficients  
20 developed by the Company's consultant are -0.11, -0.15, and  
21 -0.11 for SC 1, SC 2, and SC 3, respectively. Application  
22 of these coefficients results in a projected decrease in  
23 sales of 355 MMLbs in the rate year.

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- 1 Q Please explain line 18 labeled "Customer Transfers."
- 2 A. The current steam rate plan provides for the Company to  
3 design winter peak demand rates to be effective for the  
4 2010-2011 winter demand period for SC 2 and SC 3 customers  
5 with annual usage less than 22,000 Mlbs but equal to or  
6 greater than 14,000 Mlbs. The sales forecast assumes that  
7 148 customers with annual usage of between 14,000 and  
8 22,000 Mlbs each and with total usage of 2,389 MMLbs will  
9 be moved from non-demand billing to demand billing  
10 effective November 1, 2010.
- 11 Q. What is the forecasted sales level for the rate year, the  
12 12 months ending September 30, 2011?
- 13 A. As set forth on line 19, the forecasted sales level for the  
14 12 months ending September 30, 2011 is 23,175 MMLbs.
- 15 Q. How does this forecast compare to the sales level upon  
16 which current rates were set?
- 17 A. Rates that went into effect on October 1, 2009, were set on  
18 an estimate of 25,880 MMLbs for the 12 months ended  
19 September 30, 2010. It should be noted that the weather  
20 normalized sales for the 12 months ended June 2009 were  
21 approximately 2,300 MMLbs below the level upon which rates  
22 were set.
- 23 Q. Did the Forecasting Panel provide Company witness Catuogno

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1 a forecast of steam sendout?

2 A. No. The Forecasting Panel provided Company witness  
3 Catuogno with a forecast of sales on a calendar month basis  
4 to which he added "lost and unaccounted for" steam to  
5 derive total steam system sendout.

6 Q. Please describe how the forecast of calendar month sales  
7 was developed.

8 A. The forecast of calendar sales was developed by recognizing  
9 the differences between monthly normal weather conditions  
10 on an "as billed" basis versus a "calendar" basis, as well  
11 as the number of average monthly billing days as opposed to  
12 calendar days. The Forecasting Panel restructured the  
13 projected billed sales to a calendar basis.

14 Q. By "calendar" sales, do you mean the level of monthly sales  
15 that would be reported if all customer meters were read on  
16 the last day of each month?

17 A. That is correct.

18

19

PRICING OF FORECAST

20 Q. Was Exhibit \_\_ (FP-2), entitled "CONSOLIDATED EDISON COMPANY  
21 OF NEW YORK, INC. - FORECASTED STEAM REVENUES - 12 MONTHS  
22 ENDING SEPTEMBER 30, 2011 AT CURRENT AND PROPOSED RATES "  
23 prepared under your supervision and direction?

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1 A. Yes, it was.

2 MARK FOR IDENTIFICATION AS EXHIBIT \_\_ (FP-2)

3 Q. Please describe what this exhibit shows.

4 A. Column (1), entitled Base, shows projected tariff revenues  
5 (net of contractual and rate discounts) on a per service  
6 classification and total basis, inclusive of the current  
7 variable base cost of fuel and applicable fixed cost of  
8 fuel, at current rates. Service classification revenues,  
9 where applicable, are shown on a non-demand and demand rate  
10 basis.

11 Column (2) shows Increase in Rates and Charges associated  
12 with Column (1).

13 Column (3) shows projected Statement of Fuel Adjustment  
14 revenues.

15 Column (4) shows projected 18-a assessment revenues.

16 Column (5) shows the Increase in Rates and Charges  
17 associated with Columns (3) and (4).

18 Column (6), which is the forecast of total revenue at  
19 current rates, sums Columns (1), (2), (3), (4) and (5).

20 Column (7) shows the proposed base rate revenue increase  
21 inclusive of increase in rates and charges.

22 Q. Please explain how the projected base revenues at current  
23 rates shown in Column (1) were calculated for Service

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- 1 Classification 1.
- 2 A. These revenues were priced using a pricing curve that is  
3 based on the historic relationship of sales to base  
4 revenues. This curve was modified to reflect the October  
5 1, 2009 rates.
- 6 Q. Please explain how the projected base revenues at current  
7 rates shown in Column (1) were calculated for Service  
8 Classification 2-Non Demand.
- 9 A. The projected base revenues for Service Classification 2  
10 Non Demand were computed in a three-step process. First,  
11 we priced out the historic sales of SC2 non demand  
12 customers with annual usage less than 14,000 MLBS at  
13 current rates. In the second step we developed pricing  
14 curves based on the relationship of those revenues to those  
15 sales. In the last step we applied those curves to the rate  
16 year forecast of SC-2 Non Demand sales forecast.
- 17 Q. Please explain how the projected base revenue at current  
18 rates shown in Column 1 for Service Classification 2-  
19 Demand was calculated.
- 20 A. The projected base revenues from Service Classification 2-  
21 Demand consider customer charges, energy charges and demand  
22 charges. The demand charge component was based on the  
23 demand charge rates proposed to go into effect on October

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1 1, 2010 for customers with usage greater than or equal to  
2 14,000 Mlbs, weather normalized sales and average monthly  
3 load factors.

4 Q. Please define what the Forecasting Panel means by the term  
5 "load factor."

6 A. Load factor is defined as the average hourly usage over the  
7 demand billing period as a percentage of peak hour usage  
8 during that period.

9 Q. Please continue.

10 A. As previously noted, as part of the sales forecast process,  
11 we weather-normalized the experienced sales level in the  
12 historic year. We applied load factors to the forecast of  
13 weather normalized sales of customers in the demand billing  
14 group to derive peak hour demands more likely to be  
15 experienced during normal weather. We then priced the  
16 resultant demands at the demand rates proposed to go into  
17 effect on October 1, 2010 for customers with usage greater  
18 than or equal to 14,000 Mlbs.

19 Q. Please explain how the "load factors" the Forecasting Panel  
20 used were computed.

21 A. These factors were computed based on the averages of all  
22 available peak and sales data. Separate factors were  
23 determined for each month of the demand billing period.

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1 Q. Please continue with your explanation of how the base  
2 revenues for this group were computed.

3 A. Next, we priced out the customer charge revenues by  
4 multiplying the number of customer bills projected for this  
5 group by the current customer charge rate. Next, we  
6 computed the energy charge revenue from these customers  
7 based on their historical usage priced at current rates.  
8 We then combined the calculated customer charges and energy  
9 charges. The resultant revenues and related energy sales  
10 were then regressed to determine non demand charge related  
11 pricing curves. We then applied these pricing curves to  
12 the projected energy sales to SC2 Demand customers in the  
13 rate year. The resultant revenue was then added to the  
14 projected demand revenues previously discussed to derive a  
15 total base revenue for the SC 2 Demand rate group.

16 Q. Absent rate relief, are you saying that the only change in  
17 rates on October 1, 2010, would be the new demand rates for  
18 customers with annual usage equal to or greater than 14,000  
19 Mlbs

20 A. That is correct.

21 Q. How much of the SC2 demand revenue shown in column 2 is  
22 related to demand charges?

23 A. \$23,003,000.

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- 1 Q. Please explain how the projected base revenues shown in  
2 Column (1) were calculated for Service Classification 3 Non  
3 - Demand and Service Classification 3 Demand.
- 4 A. The projected base revenues shown in Column (1) for SC 3  
5 Non-Demand and SC 3 Demand were calculated using the same  
6 process and steps noted for the pricing of SC 2 Non- Demand  
7 and SC 2 Demand.
- 8 Q. How much of the \$66,662,000 of base revenue shown for SC 3  
9 Demand is related to demand charges?
- 10 A. \$6,560,000.
- 11 Q. Please explain how the base revenues shown in Column 1 for  
12 Service Classification 4 were computed.
- 13 A. Currently, there are 12 customers in this service  
14 classification. These customers fall into four rate groups  
15 - Rate 1 and 2 being former SC 2 and SC 3 Non-Demand  
16 customers, respectively, and Rate 3 and 4 being former SC 2  
17 and SC 3 Demand customers. The base revenue projections in  
18 each of the four groups considered the projected sales in  
19 each group, the current customer charges and energy charges  
20 in each group, as well as the projected demands and unique  
21 demand charges, which differ by customer.
- 22 Q. Please explain how the base revenues shown in column 1 for  
23 SC 5 and SC 5 Demand were computed.

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- 1 A. Customers in SC 5 are under individually negotiated  
2 agreements. The forecast reflects service to 17 non demand  
3 customers and 26 demand customers in SC 5.  
4 Each customer's projected sales and demand (where  
5 applicable) were priced considering the customer charges,  
6 energy charges, demand charges negotiated which differ on a  
7 customer by customer basis.
- 8 Q. How much of the \$33,447,000 in base revenue projected from  
9 SC5 Demand customers is demand charge related?
- 10 A. \$3,065,000.
- 11 Q. How was the increase in rates and charges revenues shown in  
12 Column 2 computed?
- 13 A. These revenues as well as those shown in column 5 were  
14 provided by the Accounting Panel.
- 15 Q. How was the estimate of the Statement of Fuel Adjustment  
16 revenue shown in Column (3) developed?
- 17 A. Company witness Catuogno provided the Forecasting Panel  
18 with this information.
- 19 Q. How was the PSL 18a - assessment revenue shown in column 4  
20 computed.
- 21 A. The Forecasting Panel applied the current unit sales rate  
22 surcharges by service classification to the forecasted  
23 sales by service classification in the rate year to compute

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1 these revenues.

2 Q. How was the estimate of the proposed base rate revenue  
3 increase shown in Column (6) determined?

4 A. The Rate Panel provided the proposed tariff rates for the  
5 rate year. Using these rates, we developed incremental  
6 pricing curves associated with the proposed customer charge  
7 and energy charge changes. Using these incremental pricing  
8 curves, and the proposed increases in demand charges we  
9 priced out the forecasted sales for the rate year. The  
10 resultant revenues was then adjusted to include increase in  
11 rates and charges and compared to the \$128,768,000 provided  
12 by the Accounting Panel and shown in column (7). We  
13 concluded within the accuracy of our pricing models that  
14 the rate design provided by the Rate Panel will produce the  
15 intended level of increase revenue. The \$128,768,000 in  
16 column (7) equates to an overall estimated bill impact of  
17 18.2 percent.

18 Q. Did the Forecasting Panel also forecast sales volumes and  
19 revenues for annual periods after the rate year ending  
20 September 30, 2011?

21 A. Yes. Since, the Company is also proposing a multi-year  
22 rate plan, the Forecasting Panel provided the Accounting  
23 Panel with estimated volumes and revenues for what would be

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1 rate years two, three and four.

2 We will continue to monitor the variables impacting the  
3 forecast and update the forecast if circumstances warrant  
4 during the update phase of this proceeding.

5 Q. Company witness Muccilo is proposing a Revenue Decoupling  
6 Mechanism (SRAM) for the steam system. Does the Forecast  
7 Panel have any comment on this proposal?

8 A. Yes. The uncertainty of actual weather conditions clearly  
9 is beyond the control of both the Company, other parties  
10 and the Commission. An SRAM would eliminate the  
11 uncertainty of weather conditions from the rate setting  
12 process. Virtually all of the steam air conditioning  
13 customers are also steam heating customers and are subject  
14 to this uncertainty on a continuous basis.

15 Q. Does this conclude the Forecasting Panel's testimony?

16 A. Yes, it does.

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

**DEVELOPMENT OF FORECASTED STEAM SALES (MMlbs)  
FOR 12 MONTHS ENDING SEPTEMBER 30, 2011**

LINE NO. DESCRIPTION	SC 1 - General Service	SC 2 - Annual Power Service	SC 2 - Demand	SC 3 - Apartment House Service	SC 3 - Demand	SC 4 - Back-Up / Supplementary Service	SC 5 - Negotiated Agreement Service	SC 5 - Demand	TOTAL
1 HISTORIC TEST YEAR SALES	570	3,694	11,371	3,686	2,346	452	348	1,807	24,274
<b>WEATHER NORMALIZATION</b>									
2 HEATING	(34)	(157)	(282)	(129)	(62)	(11)	(12)	(40)	(727)
3 COOLING	0	26	239	0	0	7	1	33	306
4 TOTAL	(34)	(131)	(43)	(129)	(62)	(4)	(11)	(7)	(421)
5 WEATHER NORMALIZED SALES	536	3,563	11,328	3,557	2,284	448	337	1,800	23,853
<b>ANNUALIZATION ADJUSTMENT</b>									
6 NEW BUSINESS	0	94	0	29	0	0	0	0	123
7 LOST BUSINESS	(2)	(19)	0	0	0	0	0	0	(21)
8 TOTAL	(2)	75	0	29	0	0	0	0	102
9 BILLING CYCLE	(2)	(13)	(47)	(13)	(7)	(2)	(2)	(5)	(91)
10 BASE ESTIMATE	532	3,625	11,281	3,573	2,277	446	335	1,795	23,864
11 NEW BUSINESS	6	19	91	10	32	0	0	0	158
12 LOST BUSINESS TO ONSITE GENERATION	(11)	(29)	0	(60)	0	0	0	0	(100)
13 DEMOLITION and OTHER LOST BUSINESS	(8)	(42)	0	(6)	0	0	0	0	(56)
14 LOST BUSINESS (A/C Efficiency Impact)	0	0	(82)	0	0	0	0	0	(82)
15 LOST BUSINESS (A/C)	0	0	(90)	0	(6)	0	0	0	(96)
16 EMPLOYMENT	0	(22)	(136)	0	0	0	0	0	(158)
17 PRICE ELASTICITY	(9)	(47)	(206)	(39)	(54)	0	0	0	(355)
18 CUSTOMER TRANSFERS	0	(1,368)	1,368	(1,021)	1,021	0	0	0	0
<b>FORECASTED SALES</b>									
19 12 MONTHS ENDING 9/30/2011	510	2,136	12,226	2,457	3,270	446	335	1,795	23,175

**CONSOLIDATED EDISON COMPANY OF NEW YORK INC.**

**FORECASTED STEAM REVENUES - 12 MONTHS ENDING SEPTEMBER 30, 2011  
AT CURRENT AND PROPOSED RATES**

**REVENUE IN \$ 1 0 0 0 ' s**

Line No.	Service Classification	Base Column (1)	Increase in Rates & Charges Column (2)	Statement of Fuel Adjustment Column (3)	18a Assessment Column (4)	Increase in Rates and Charges Column (5)	Total Revenue @ Current Rates Column (6)	Proposed Base Rate Increase Column (7)
1	SC 1 - General Service	21,080	454	3,655	446	92	25,727	
2	SC 2 - Annual Power Service	65,567	1,419	14,852	1,204	349	83,391	
3	SC 2 - Demand	261,308	5,661	79,585	6,906	1,872	355,332	
4	SC 3 - Apartment House Service	59,672	1,291	16,880	1,326	398	79,567	
5	SC 3 - Demand	66,662	1,443	22,324	1,765	519	92,713	
6	SC 4 - Back-up//Supplementary Service	10,473	229	2,944	192	67	13,905	
7	SC 5 - Negotiated Agreement Service	6,208	133	2,274	179	53	8,847	
8	SC 5 - Demand	33,447	727	11,602	1,002	276	47,054	
	<b>Total</b>	<b>524,417</b>	<b>11,357</b>	<b>154,116</b>	<b>13,020</b>	<b>3,626</b>	<b>706,536</b>	<b>128,768</b>