

JOHN CATUOGNO - STEAM

1 Q. Please state your name and business address.

2 A. My name is John Catuogno. My business address is 4  
3 Irving Place, New York, New York 10003.

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

5 A. I am employed by Consolidated Edison Company of New  
6 York, Inc. ("Con Edison" or the "Company") as the  
7 Section Manager of Steam Operations Planning, Steam  
8 Operations.

9 Q. What is your educational and professional background?

10 A. I graduated from Polytechnic University with a Bachelor  
11 of Science degree in Mechanical Engineering in 1991 and  
12 with a Master of Science degree in Management in 2002.  
13 I am a registered Professional Engineer in the State of  
14 New York.

15 I joined Con Edison in 1991 and have held various  
16 positions of increasing responsibility in the Fossil  
17 Power, Nuclear Power Engineering, Energy Management,  
18 and Steam Operations Departments. Since January 2007, I  
19 have been the Section Manager of the Steam Operations  
20 Planning Section.

21 Q. Please describe your current responsibilities in the  
22 Steam Operations Planning area.

23 A. My responsibilities include, among other functions,  
24 preparing estimates of fuel requirements for the

1 Company's steam and steam-electric generating stations,  
2 determining budgets for fuel and purchased steam  
3 expenditures, preparing the near term operating and  
4 outage plans for the steam and steam-electric  
5 generating units, and performing technical analyses  
6 pertaining to the operation and dispatch of the Steam  
7 System (Production, Transmission, and Distribution).

8 Q. Have you previously testified before the New York State  
9 Public Service Commission?

10 A. Yes, I have testified in Case 09-S-0029 and Case 07-S-  
11 1315.

12 Q. What is the purpose of your testimony in this  
13 proceeding?

14 A. My testimony covers several areas. First, I provide  
15 estimates of fuel costs for steam production and  
16 describe how those estimates were prepared.  
17 Second, I present Con Edison's estimates of future fuel  
18 prices and the Company's measures for mitigating fuel  
19 costs and volatility.  
20 Third, I describe the calculation and application of  
21 heat rate and processing charges between steam and  
22 electric operations.  
23 Fourth, I discuss residual fuel oil storage capability  
24 and the storage needs of the Steam Department as well

1 as propose to recover labor costs related to fuel oil  
2 storage and handling currently recovered through the  
3 Fuel Adjustment Clause ("FAC") in base rates  
4 prospectively.

5 Finally, I discuss the Fuel Management Program.

6 **FORECASTED FUEL COSTS**

7 Q. Turning to the first area of your testimony, have you  
8 prepared an exhibit showing the forecasted fuel costs  
9 for steam production up to and including the rate year  
10 ending September 30, 2011 ("Rate Year")?

11 A. Yes. I have prepared a one-page exhibit entitled  
12 "STEAM SYSTEM FUEL REQUIREMENTS AND COSTS," set forth  
13 as Exhibit \_\_ (JC-1).

14 MARK FOR IDENTIFICATION AS EXHIBIT \_\_ (JC-1)

15 Q. Please describe the information contained in this  
16 exhibit.

17 A. This exhibit shows actual steam sendout, fuel  
18 consumption, and total fuel and purchased steam costs  
19 for the Historic Year (i.e., the twelve-month period  
20 ended June 30, 2009). Total fuel and purchased steam  
21 costs for the Rate Year (i.e., the twelve month period  
22 ended September 30, 2011) are forecast to be \$332.96  
23 million, which reflects, among other things, a 1.3%  
24 decrease in steam sendout, a 0.6% decrease in residual

1 fuel oil price, and a 4.3% decrease in natural gas  
2 price, as compared with actual values during the  
3 Historic Year, when fuel and purchased steam costs were  
4 \$333.36 million.

5 Q. Please explain the terms included under the heading  
6 "Steam Sendout" in your exhibit.

7 A. "Steam Sendout" is the actual or forecasted steam  
8 supplied from the Company's steam-electric generating  
9 stations, steam-only generating stations, and purchased  
10 from the Brooklyn Navy Yard Cogeneration Partners  
11 ("BNYCP") plant. The total forecasted steam sendout  
12 for the Rate Year is 27,465 million pounds of steam.

13 Q. How was the total forecasted steam sendout for the Rate  
14 Year determined?

15 A. Projections of the total monthly steam sales were  
16 developed and provided to me by the Company's Steam  
17 Forecasting Panel. The monthly steam sales are  
18 multiplied by a forecasted monthly steam variance  
19 factor to determine the monthly steam sendout.

20 Q. How were the steam sendout requirements from various  
21 generating stations determined?

22 A. The steam sendout for each of the generating stations  
23 are projected based on PROMOD simulations.

24 Q. Please discuss the PROMOD analysis.

1 A. PROMOD is a multi-area production cost computer model,  
2 which has been widely used in conducting planning  
3 studies and in rate proceedings. For rate case  
4 purposes, and as has been done in the past, PROMOD was  
5 also employed to simulate the least-cost, reliable  
6 dispatch of Steam System production resources.

7 Q. What data is used to simulate the Rate Year?

8 A. The data used includes forecasts of unit maintenance  
9 schedules, heat rates, fuel prices, availability of  
10 natural gas, and volume and prices of steam purchases.

11 Q. Please describe the items shown on Exhibit \_\_ (JC-1)  
12 entitled "Fuel Consumption by Type."

13 A. "Fuel Consumption by Type" is the actual or forecasted  
14 fuel oil and natural gas consumption for the generating  
15 stations during each of the periods.

16 Q. How did you estimate the quantity of fuel and  
17 consumption by type that would be used for steam  
18 production?

19 A. The quantity of fuel and consumption by type for steam  
20 production was taken from the results of the PROMOD  
21 simulations of forecasted operations.

22 Q. Please describe the next item on Exhibit \_\_ (JC-1)  
23 entitled "Total Fuel & Purchased Steam Costs."

1 A. Fuel cost is the actual or forecasted cost of fuel for  
2 each period for the Company's steam-only and steam-  
3 electric generating stations. Steam purchased costs  
4 are described below.

5 Q. How were total fuel and purchased steam costs  
6 determined?

7 A. I used actual fuel and purchased steam costs through  
8 August 31, 2009. The fuel and purchased steam cost  
9 forecasts for the Rate Year were based on the PROMOD  
10 analysis and the fuel price forecasts that I describe  
11 later in my testimony.

12 Q. Please explain the item entitled "Oil-Storage and  
13 Handling" shown in your exhibit.

14 A. "Oil-Storage and Handling" costs are the costs for  
15 storing fuel oil and withdrawing it from storage when  
16 required. The projections for these costs are  
17 determined based on historical applicable charges made  
18 against each account and consider known, upcoming major  
19 or non-normal planned work, such as dredging and  
20 storage facility repairs. The storage and handling  
21 cost forecasts shown in the exhibit for steam reflect  
22 the allocation methodology between electric and steam  
23 approved by the Commission in Case No. 99-S-1621.

- 1 Q. Does your forecast of the total cost of fuel include  
2 any other components?
- 3 A. Yes. My estimate includes the energy portion of the  
4 steam purchases from BNYCP.
- 5 Q. How was the BNYCP forecast for energy developed?
- 6 A. The amount of energy supplied by BNYCP is based on  
7 simulations from PROMOD. The pricing of the energy by  
8 month is equal to the sum of: (1) ninety-five percent  
9 (95%) of the product of the forecast of natural gas  
10 prices at Henry Hub for such month (\$/Dt) and 2.45  
11 (Dt/Thousands of Pounds); and (2) one hundred percent  
12 (100%) of the Steam Processing Charges for such month  
13 (\$/Thousands of Pounds).
- 14 Q. What is your forecast of the capacity charge associated  
15 with steam purchases from BNYCP?
- 16 A. For the Rate Year, the capacity charge is forecasted to  
17 be approximately \$3.3 million based on the base price  
18 set forth in the contract, escalated according to the  
19 contract's inflation index, and adjusted for the  
20 plant's expected equivalent availability. This  
21 reflects a 13% increase from the BNYCP capacity costs  
22 in the historic year, which was approximately \$2.9  
23 million.

1 Q. Is there anything else you would like to note relevant  
2 to fuel?

3 A. Yes. It is important to note that the Company is  
4 planning for the addition of full gas burning  
5 capability on the Company's boilers at its 59<sup>th</sup> and 74<sup>th</sup>  
6 Street Generating Stations. The Company has modeled  
7 this accordingly in its PROMOD simulations.  
8 Accordingly, our PROMOD simulations have Boilers 114  
9 and 115 at 59<sup>th</sup> Street Generating Station modeled to  
10 commence full gas firing starting November 1, 2011, and  
11 November 1, 2014 for all of the boilers at the 74<sup>th</sup>  
12 Street Generating Station. In addition, the Company  
13 has assumed that to the extent that new boilers are  
14 installed at the Hudson Avenue Generating Station, such  
15 new boilers will have full natural gas burning  
16 capability. The PROMOD simulation assumes a May 1,  
17 2014 in service date for full gas burning capability at  
18 Hudson Avenue. Currently, Boilers 114 and 115 at 59<sup>th</sup>  
19 Street only have ignition gas and there is no natural  
20 gas supply to the boilers at either 74<sup>th</sup> Street or  
21 Hudson Avenue. The Company's Steam Operations Panel  
22 will elaborate further on these projects.

23  
24



**FORECASTED FUEL PRICES**

1

2 Q. Did you prepare an exhibit relating to the development  
3 of fuel oil and natural gas prices entitled "FORECAST  
4 OF FUEL PRICES, SEPTEMBER 2009 TO DECEMBER 2015"?

5 A. Yes, I did.

6 MARK FOR IDENTIFICATION AS EXHIBIT \_\_ (JC-2)

7 Q. Please explain how the forecast of natural gas and  
8 residual fuel oil prices was developed.

9 A. The forecast of natural gas and residual fuel oil (No.  
10 6 Fuel Oil) prices as reflected in Exhibit \_\_ (JC-2),  
11 which was used as an input in the PROMOD simulations  
12 previously described, was developed as follows:

13 Determination of the Natural Gas Prices:

14 Column A - This is a forecast of the cost of the  
15 portfolio of supplies that will be used to supply the  
16 Company's generating stations, which was developed by  
17 the Company's Gas Supply Department. This natural gas  
18 price forecast is the delivered cost of natural gas to  
19 the New York Citygate including taxes.

20 Determination of the New York Harbor ("NYH") 0.3%

21 Sulfur ("S") High Pour ("HP") No. 6 Fuel Oil Prices:

22 Column B - This is the NYMEX West Texas Intermediate  
23 ("WTI") Crude Oil futures by month at the time this  
24 exhibit was prepared.

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1 Column C - This is the correlation factor between Crude  
2 and No. 6 Fuel Oil prices, which was established based  
3 on a review of the historical relative behavior of the  
4 two prices.

5 Column D - This is the projected No. 6 Fuel Oil spot  
6 price, which was obtained by multiplying Columns B and  
7 C.

8 Column E - This accounts for the associated 4.5% New  
9 York City sales/use tax.

10 Column F - This includes the associated New York State  
11 ("NYS") spill tax plus other fees.

12 Column G - This accounts for the associated NYS PBT  
13 (Petroleum Business Tax) on No. 6 Fuel Oil.

14 Column H - This is the delivered cost of 0.3%S HP No. 6  
15 Fuel Oil to the New York Harbor area including taxes,  
16 which is calculated as the sum of Columns D, E, F, and  
17 G.

18 Column I - This is Column H expressed on a \$/MMbtu  
19 basis.

20 Q. What information is used to develop these fuel oil and  
21 natural gas forecasts?

22 A. These forecasts are based on the market expectations at  
23 a point in time. History has demonstrated that fuel  
24 prices can and will deviate substantially from

1 forecasted levels. Changes in market prices for fuel  
2 are outside of the Company's control. However, the  
3 Company takes steps to mitigate fuel price volatility.  
4 One example is the gas hedging program undertaken by  
5 the Company's Gas Supply Department. I note that while  
6 hedging is designed to mitigate volatility, it can  
7 result in prices above or below the market price.  
8 Efforts to mitigate the impact of fuel oil price  
9 volatility are discussed below.

10 Q. Are you generally aware of the measures undertaken by  
11 the Company to mitigate its gas costs?

12 A. Yes, I am, based on information provided by the  
13 Company's Gas Supply Department.

14 Q. What methods does the Company use to minimize gas  
15 costs?

16 A. The Company minimizes gas costs through competitive  
17 bidding processes, requests for proposals to the  
18 marketplace, and through purchasing opportunities  
19 arising out of the Company's membership in the  
20 Northeast Gas Markets Group. The Company also  
21 undertakes additional efforts to reduce the volatility  
22 of gas prices.

1 Q. What additional steps does the Company take to reduce  
2 the impact of the volatility of gas prices on the  
3 Company's gas costs?

4 A. Here are several examples. First, firm transportation  
5 to the Citygate, like the contracts supporting the East  
6 River Repowering Project ("ERRP") and those included in  
7 the Company's gas supply portfolio, in addition to  
8 satisfying the need for reliability of gas deliveries,  
9 enables the Company to avoid the volatility of basis  
10 (i.e., the value of transporting gas from a supply  
11 point to a delivery point), which would be the case if  
12 the Company were to buy all of its transportation  
13 capacity in the market, on an "as needed" basis.  
14 Second, the Company injects gas into production area  
15 storage during the summer months, when the price of gas  
16 has traditionally been lower and less volatile than  
17 during the winter months, for use during the winter.  
18 Third, the Company has a gas hedging program that is  
19 designed to mitigate the impact of natural gas price  
20 volatility on the Company's gas costs. The program has  
21 several components, including the use of a combination  
22 of physical price locks, through the Company's supply  
23 contracts, and various financial instruments to hedge  
24 natural gas prices.

1 Q. Have the Company's efforts to mitigate gas price  
2 volatility been successful?

3 A. Yes, they have. The Company's Gas Supply Department  
4 measures the price volatility of the gas delivered to  
5 the Company's Steam Department. For the Historic Year,  
6 the gas delivered to the Steam Department had less than  
7 60% of the volatility of the gas market prices in New  
8 York City.

9 Q. Have the Company's gas procurement efforts been the  
10 subject of regulatory review?

11 A. Yes, they have. The Company's gas procurement efforts  
12 are routinely reviewed in the context of Company gas  
13 rate filings, including the Company's November 2006 gas  
14 rate filing, Case No. 06-G-1332. In addition, Paul  
15 Olmsted, who is the Director of the Company's Gas  
16 Supply Department, provided testimony regarding the  
17 Company's gas procurement efforts in the Gas rate  
18 filing that was made contemporaneously with this Steam  
19 rate filing. Finally, the Company's Gas Supply  
20 personnel consult with the Department of Public Service  
21 Gas Staff annually to review efforts designed to  
22 provide for reliability of gas supply and mitigate gas  
23 price volatility.

- 1 Q. Are there any other steps the Company takes to  
2 effectively manage its natural gas supply and costs?
- 3 A. Yes. The Steam Operations Planning Section maintains  
4 daily communication with Gas Supply to: (a) ensure  
5 adequate and low cost supply; (b) understand near term  
6 market trends; and (c) discuss any opportunities in the  
7 natural gas market. During anticipated high burn days a  
8 detailed review of the day ahead steam and steam-  
9 electric unit dispatch and gas burn are reviewed so  
10 that the load is met in the most cost effective manner  
11 consistent with reliability. Contingencies in the gas  
12 market and on the Gas System as well as on the Steam  
13 System are also considered to maintain the reliability  
14 of both systems.
- 15 Q. Please describe the methodology for allocating gas  
16 commodity and capacity costs between the Gas Department  
17 and the Steam Department.
- 18 A. Gas pipeline capacity and gas commodity costs are  
19 allocated to Steam in the following manner:  
20 -- Steam is directly allocated the cost of two-long-  
21 term firm transportation agreements, having an  
22 aggregate daily quantity of approximately 60,000  
23 Dt/day.

- 1 -- For requirements in excess of 60,000 Dt/day, the  
2 Company procures additional capacity for Steam, as  
3 required. If needed and available, Steam can utilize  
4 firm gas customers' excess capacity.
- 5 -- The cost of any additional capacity (and/or capacity  
6 bundled with gas) procured specifically to meet  
7 incremental Steam requirements is directly allocated to  
8 Steam.
- 9 -- The cost of any gas commodity procured specifically  
10 for Steam is directly allocated to Steam.
- 11 -- The commodity cost of gas supplied/allocated to  
12 Steam from the Combined Portfolio is at the weighted  
13 average cost of the gas taken from the portfolio.
- 14 Finally, I will note that all gas costs charged to the  
15 Steam Department are then allocated between steam and  
16 electric production pursuant to existing Commission-  
17 approved allocation methodologies.
- 18 Q. How is residual fuel oil for the Company's steam and  
19 steam-electric generating stations procured?
- 20 A. The Company's residual fuel oil for the generating  
21 stations is procured via a combination of firm supply  
22 contracts and spot purchases (when situations dictate)  
23 to obtain lowest reasonable costs consistent with  
24 maintaining a reliable supply and to allow for

1 operational flexibility when needed. The firm supply  
2 contracts are solicited via requests for proposals and  
3 the suppliers' offers are competitively selected.

4 Residual fuel oil for the 74<sup>th</sup> Street and Ravenswood  
5 Steam Generating Stations is purchased from  
6 TransCanada, the owner and operator of the oil storage  
7 facilities at the Ravenswood site.

8 Q. How does the Company mitigate the impact that the  
9 volatility in residual fuel oil prices has on its fuel  
10 costs?

11 A. To mitigate the impact that the volatility in residual  
12 fuel oil prices has on the Company's fuel costs, the  
13 Company uses its residual fuel oil storage, which is  
14 further described in my testimony below. In times of  
15 rising oil market prices, when a portion of the oil  
16 supply to the generating stations is taken from  
17 storage, customers are charged the inventory price,  
18 which reflects the lower prices of past purchases.  
19 When oil market prices fall, the Company purchases oil  
20 to both replenish the inventory in its storage tanks  
21 and for delivery to its generating stations.

22 Q. Are there any other steps the Company takes to  
23 effectively manage fuel oil supply and costs?



1 A. Yes. The Steam Operations Planning Section maintains  
2 daily communication with its Fuel Oil Agent to ensure  
3 adequate and low cost supply, to understand near term  
4 market trends, and discuss any opportunities in the  
5 fuel oil market.

6 **HEAT RATES AND PROCESSING CHARGES**

7 Q. Have you prepared an exhibit titled "CHARGES FOR STEAM  
8 SENDOUT FROM EAST RIVER 6 and 7 STEAM-ELECTRIC UNITS  
9 EFFECTIVE APRIL 1, 2009"?

10 A. Yes I have.

11 MARK FOR IDENTIFICATION AS EXHIBIT \_\_ (JC-3)

12 Q. Please explain the items included in processing charges  
13 shown in this exhibit.

14 A. The processing charges include water, chemical, and  
15 labor costs. Water costs for East River Units 6 and 7  
16 are determined on the basis of three components,  
17 namely, sendout, treatment plant use, and boiler  
18 blowdown, all of which are determined by utilizing the  
19 current New York City water price. The chemical costs  
20 are for chemicals used to remove or neutralize  
21 impurities in the feedwater used to make steam. Labor  
22 costs include those costs that are associated with the  
23 additional personnel required for Steam System  
24 operations. All costs that are part of the processing

1 charges are based on actual production data from the  
2 previous year.

3 Q. How is the East River Unit 6 heat rate determined?

4 A. East River Unit 6 is normally operated as a  
5 cogeneration unit. Fuel for steam sendout is allocated  
6 to the Steam Department based on a fixed steam rate of  
7 1,185 btu/lb. The balance of fuel costs for the unit  
8 is allocated to electric production. This information  
9 has been used in the foregoing PROMOD simulations. We  
10 would also like to note that an exception is made for  
11 periods when East River Unit 6 is operated as a live  
12 steam boiler (i.e., when the turbine-generator is off-  
13 line). In that mode of operation, all fuel costs are  
14 allocated to steam. The heat rate for East River Unit  
15 6 live steam sendout is determined by dividing the  
16 steam sendout heat output, in btu/lb (steam enthalpy  
17 less make-up water enthalpy), by the boiler efficiency  
18 and then making adjustments to reflect the energy used  
19 by electrical auxiliaries for steam generation. The  
20 boiler efficiency is the ratio of the heat captured in  
21 the boiler to the heat available in the fuel. This  
22 heat rate is also adjusted for the steam and electric  
23 auxiliaries used in the production of live steam.

**RESIDUAL FUEL OIL STORAGE**

- 1
- 2 Q. Turning now to residual fuel oil storage, what are the
- 3 factors that you consider in estimating residual fuel
- 4 oil inventories?
- 5 A. I consider a number of factors, including the Company's
- 6 storage capacity, target inventory levels, and other
- 7 practical operational considerations, such as unit fuel
- 8 burns, and supply and delivery logistics.
- 9 Q. How are target inventory levels determined?
- 10 A. The target inventory levels are based on the PROMOD
- 11 forecasted oil burn, fuel availability, and projected
- 12 weather and market conditions.
- 13 Q. What are the estimated residual fuel oil inventory
- 14 levels for the Steam System for calendar years 2010 and
- 15 2011?
- 16 A. The estimated residual fuel oil inventory levels for
- 17 the Steam System for 2010 and 2011 are approximately
- 18 300,000 barrels per month for nine months and
- 19 approximately 350,000 barrels per month for three
- 20 months of each year. These estimates are based on
- 21 projections of Company-owned steam-electric and steam-
- 22 only generation.
- 23 Q. What is the Company's current storage capability?

1 A. Con Edison has approximately 300,000 barrels of its own  
2 residual fuel oil working storage capability, and  
3 approximately 700,000 barrels of leased/contracted  
4 residual fuel oil working storage capability.

5 Q. Is this storage capability adequate for the Company's  
6 projected needs?

7 A. The Company has determined that its current storage  
8 capability exceeds its needs. As a result, the Company  
9 does not intend to renew one of its three large leased  
10 residual fuel oil storage tanks. This will reduce the  
11 leased residual fuel oil working storage capability to  
12 approximately 550,000 barrels, which when added to the  
13 Company's storage capacity, will meet our residual fuel  
14 oil storage capacity needs. This reduction in leased  
15 residual fuel oil storage costs results in a reduction  
16 in base rates, which has been reflected in the  
17 Company's steam revenue requirement.

18 Q. Please explain the basis used for estimating other  
19 fuel-related expenses.

20 A. Other fuel-related expenses are comprised primarily of  
21 leased residual fuel oil tank rents as described in the  
22 preceding answer on this page. Leased residual fuel oil  
23 storage tank rents are estimated based on residual fuel  
24 oil storage capacity commitments under contracts that

1 are necessary to supplement Company-owned storage in  
2 meeting the storage capacity target requirement  
3 described above.

4 Q. How are your estimates utilized?

5 A. The Company's Accounting Panel uses these residual fuel  
6 oil inventory levels and residual fuel oil storage  
7 capacity cost estimates in determining the Company's  
8 revenue requirement, including working capital  
9 requirements. The estimates of residual fuel oil  
10 inventory levels are used as inputs to the PROMOD  
11 simulations for the estimation of total system fuel  
12 costs.

13 Q. Are you proposing any changes to any of the oil storage  
14 and handling costs currently being recovered through  
15 the FAC?

16 A. Yes. Pursuant to the Commission's September 22, 2008  
17 Order Establishing Rate Plan in Case No. 07-S-1315  
18 ("2007 Steam Rate Order"), the Company is moving the  
19 recovery of labor costs associated with fuel oil  
20 storage and handling, which has been described in the  
21 forecasted fuel costs section of my testimony, out of  
22 the Steam FAC and into base rates, beginning in the  
23 Rate Year effective October 1, 2010. This equates to a  
24 program change increase of \$2,129,000 for Company Labor

1 and a concomitant reduction to costs recovered through  
2 the FAC. This amount is included in the program  
3 changes from the Steam Operations Panel and in Exhibit  
4 (SOP-3). These labor costs represent the Company labor  
5 costs associated with fuel oil storage and handling  
6 efforts at the generating stations. The amount of the  
7 program change is based on a three-year average (2006 -  
8 2008) of the actual costs incurred by the Company for  
9 these efforts.

10 **FUEL MANAGEMENT PROGRAM**

11 Q. Turning now to Fuel Management, how does the Company  
12 optimize the value of its residual fuel oil storage  
13 capability?

14 A. The Company seeks to optimize the value of its residual  
15 storage capacity by performing exchange transactions  
16 with third parties. For the Rate Year, the Company  
17 forecasts \$230,000 of net revenues for the Fuel  
18 Management Program allocated to steam.

19 Q. Does this forecast reflect any changes from activities  
20 in the Historic Year?

21 A. Yes. In the Historic Year, the Company sublet a  
22 portion of its leased residual storage capacity to  
23 third parties. However, the Company does not expect  
24 this subleasing to occur in the Rate Year. As

1 explained earlier in my testimony, the Company is not  
2 planning to renew the lease on one its three large  
3 leased storage tanks. The contract for this storage  
4 tank will expire just before the start of the Rate  
5 Year. This action will reduce the amount of storage  
6 capacity that the Company can sublease without  
7 interfering with the reliable operation of its system.  
8 In addition, not renewing this lease will add storage  
9 capacity to a very tight low sulfur residual fuel oil  
10 storage market, which, in turn, should decrease  
11 interest in secondary capacity available from the  
12 Company.

13 Q. What is the basis of the estimated \$230,000 in fuel  
14 management revenues?

15 A. In addition to the foregoing, the Company estimates a  
16 total of four fuel oil exchange transactions. Two of  
17 these transactions were based on 30-day periods for  
18 over 100,000 barrels and the other two transactions  
19 were based on 5 day periods for 20,000 to 40,000  
20 barrels. These projections were based on a review of  
21 similar exchanges that occurred in the Historic Year.

22 Q. Does this conclude your initial testimony?

23 A. Yes, it does.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM SYSTEM FUEL REQUIREMENTS AND COSTS

	ACTUAL 12 Months Ending June - 2009	- ESTIMATED -							(B) 12 Months Ending September - 2011
		(A) Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	
<b>STEAM SENDOUT (MILLION POUNDS)</b>									
CON EDISON	23,030	22,590	23,145	23,060	23,220	23,345	22,947	23,135	22,856
BNYCP PURCHASED	4,786	4,708	4,548	4,315	4,330	4,293	4,691	4,522	4,609
TOTAL STEAM SENDOUT	27,816	27,928	27,693	27,375	27,550	27,638	27,638	27,657	27,465
<b>FUEL CONSUMPTION BY TYPE</b>									
OIL = 1,000 bbl	2,032	2,087	2,071	1,975	1,555	1,629	1,130	586	2,068
GAS = 1,000 Dt	10,134	9,973	9,603	9,809	12,453	12,528	14,582	18,468	9,807
<b>TOTAL FUEL &amp; PURCHASED STEAM COSTS (X \$1,000)</b>									
CON EDISON OIL & GAS BURNED	250,271	205,355	226,559	242,674	244,504	254,458	241,468	245,722	245,747
OIL - STORAGE & HANDLING COSTS	12,666	13,397	14,000	13,500	16,500	12,500	11,500	13,500	13,500
BNYCP ENERGY PURCHASES	70,426	48,724	63,640	73,210	81,016	84,252	94,254	96,645	73,709
(C) TOTAL FUEL & PURCHASED STEAM COSTS	333,363	267,476	304,199	329,384	342,020	351,210	347,222	355,867	332,956

(A) Includes actual data from January to August, 2009 and estimated data from September to December, 2009.

(B) Rate Year.

(C) Excludes: BNYCP Capacity Charges - Other Fuel Costs - Deferral Accounting Entries.



CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
 FORECAST OF FUEL PRICES  
 SEPTEMBER 2009 TO DECEMBER 2015

Year	Month	- 0.3% Sulfur High Four No. 6 Fuel Oil Prices -									
		NYMEX WTI (\$/Bbl)	N. Y. S. WTI (\$/Bbl)	NYMEX Crude Oil (\$/Bbl)	4.5% Sulfur (\$/Bbl)	Marcellus (\$/MMBtu)	N. Y. S. Fuel Oil (\$/Gallon)	Delivered With No. 6 Oil Cont. (\$/MMBtu)	Delivered With No. 6 Oil Cont. (\$/MMBtu)		
2009	Jan	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Feb	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Mar	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Apr	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	May	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Jun	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Jul	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Aug	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Sep	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Oct	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Nov	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Dec	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
2010	Jan	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Feb	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Mar	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Apr	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	May	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Jun	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Jul	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Aug	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Sep	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Oct	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Nov	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Dec	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
2011	Jan	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Feb	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Mar	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Apr	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	May	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Jun	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Jul	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Aug	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Sep	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Oct	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Nov	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	
	Dec	84.20	84.20	84.20	3.44	0.12	2.98	82.81	82.81	13.25	

1. Gas Price Forecast was developed in August, 2009.  
 2. Delivered Natural Gas Prices are delivered to the New York Citygate and do not include local distribution charges.  
 3. NYMEX Crude Oil Prices are as of August 10, 2009 close.  
 4. Delivered No. 6 Fuel Oil Prices are delivered to the New York Harbor Area.

Approximate

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC**  
**CHARGES FOR STEAM SENDOUT FROM EAST RIVER 6 AND 7 STEAM - ELECTRIC UNITS**  
**EFFECTIVE BEGINNING APRIL 1, 2009**

<u>EAST RIVER 6 (1)</u>	
<u>STEAM HEAT RATES - (btu/lb)</u>	
TURBINE EXHAUST	1,185
LJVE	1,432
<u>PROCESSING CHARGES - (CENTS/Mlb)</u>	
FEEDWATER TREATMENT CHEMICALS	9.08
LABOR	10.65
WATER COST FOR SENDOUT	37.02
FOR WATER TREATMENT	1.55
FOR BOILER BLOWDOWN	0.50
TOTAL	58.80
ROUNDED TO	58.80

(1) The same Processing Charges also apply to East River 7 when it operates as a Steam-Only Unit.