Q. Would the members of the Municipal Infrastructure Support Panel please state your names and business addressess.

A. Thomas M. Gencarelli, Paul Cherian and Joseph Bedell Jr. Our business addresses are 1610 Matthews Avenue, Bronx, NY 10462 (for Gencarelli and Cherian), and 4 Irving Place, New York, NY 10003 (for Bedell). We are all employed by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company").

Q. What are your current positions with Con Edison?

A. (**Gencarelli**) I am the General Manager of Public Improvement.

(**Cherian**) I am the Section Manager of Engineering Services in Public Improvement.

(Bedell Jr.) I am an Analyst for Engineering Services in Public Improvement.

Q. Please describe your educational background.

A. (**Gencarelli**) I graduated from New York Institute of Technology with a Bachelor's Degree in Mechanical Technology in 1970.

(**Cherian**) I received a Bachelor's Degree in Electrical Engineering from University of Kerala, India in 1976.

(Bedell Jr.) I received a Bachelor's Degree in Economics from the State University of New Paltz in 2004.

Q. Please describe your past work experience.

A. (**Gencarelli**) I have been employed by Con Edison since 1972. I have held the positions of Engineer in Power Generation, Project Superintendent at Indian Point Generating Station, Department Manager of the Nuclear Projects Department at Indian Point, and Department Manager of Public Improvement.

(**Cherian**) I have been employed by Con Edison since 1987. I have held the positions of Engineer in the Estimating group, Engineer in Central Construction and Superintendent at the Indian Point Generating Station.

(Bedell Jr.) I have been employed by Con Edison as an Analyst for Public Improvement since 2006.

Q. Please generally describe your current responsibilities.

A. (**Gencarelli**) My current responsibilities as General Manager of Public Improvement are to maintain the integrity of Con Edison's electric, steam and steam systems during the course of municipal construction projects in a cost effective-manner. This requires planning, coordinating, engineering and negotiating

with municipalities and the contractors assigned to work for them to ensure the timely completion of their projects.

(**Cherian**) As Section Manager, I manage the Municipal Infrastructure Support O&M and Capital budgeting and expenditure tracking process. Part of my function is to manage the Engineering Estimating process, which prepares estimates for interference related O&M and Capital projects. In addition, I am responsible for handling the Emergency Sewer/Water and Test pit contracts.

(Bedell Jr.) As an Analyst, I am responsible for the financial functions associated with the O&M and Capital budgeting and expenditure tracking process including accrual analysis, cash flows, current working estimates, 5 Year Plans, variance reports, etc.

Q. What is the purpose of the panels testimony?

A. Our testimony addresses: (1) the meaning of "interference" as it relates to Con Edison's steam system; (2) Operation and Maintenance ("O&M") interference costs associated with the Company's steam facilities (other than for Lower Manhattan) for the rate years ending September 30, 2011 ("Rate Year" or "RY1"), September 30, 2012 ("RY2") and September 30,

2013 ("RY3"); (3) Lower Manhattan O&M interference costs for the rate years RY1, RY2 and RY3 and capital interference costs for the period 2010-2013; (4) mitigation measures the Company has undertaken to reduce its interference costs; (5) impact of Federal Stimulus funds on projected interference expenditures; and (6) a proposal for bilateral reconciliation of interference O&M expenses.

Q. Please summarize your testimony.

A. When a municipality performs work, such as installation or repairs to water mains, sewers and drainage facilities, reconstruction of roadways, curbs and sidewalks, and if the work affects the Company's steam facilities, Con Edison must bear the costs to support and protect its facilities. The forecasted amount of O&M interference costs (other than for Lower Manhattan) are $4.15 million for the Rate Year, and $3.86 million and $2.27 million for RY2 and RY3, respectively. The Rate Year forecast is approximately 1 percent higher than the historic year expenditure for O&M interference costs of $4.1 million. The Company's increased interference forecast is driven by the City's forecast. The Company calculates its forecasted expenditures based on New York City's forecast of its infrastructure

expenditure as reflected in the City's January 2009 Capital Commitment Plan.

The Company's forecast for capital interference steam cost (other than for Lower Manhattan) is addressed in the Steam Operations Testimony.

The methodology utilized in forecasting Lower Manhattan O&M expenditure is different from the method used to forecast expenditures in other areas, which we explain later in our testimony. Therefore, as in previous rate cases, the forecast for Lower Manhattan expenditures are being presented separately in this rate filing.

Q. What are the forecasts for Lower Manhattan O&M and capital expenses?

A. The forecast for Lower Manhattan ("World Trade Center" or "WTC") interference O&M expenditures for RY1, RY2 and RY3 is approximately $3.12 million, $3.08 million and $2.86 million, respectively. Spending in the historic year for lower Manhattan was $2.93 million, which is within 3 percent of our Rate Year request. The forecast for Lower Manhattan capital expenditures for calendar year 2010 through 2013 is approximately $2.84 million, $4.29 million, $4.49 million and $3.32 million, respectively. **Capital expenditures in Lower Manhattan was $1.4 million in calendar year 2008. The**

Capital forecast for Lower Manhattan for 2010-2013 is higher than that of the 2008 calendar year expenditures due to increased bidding activity and the awarding of projects, which are addressed later in our Testimony.

Our testimony explains the steps the Company takes to mitigate the costs associated with interference work, including using Joint Bidding for Lower Manhattan projects.

Our testimony next discusses potential expenditures associated with projects funded by the Federal Stimulus package which are not reflected in the Company's projections.

Finally, since the Company's interference forecast is based on municipal infrastructure programs that the municipalities determine, programs over which the Company has no direct control, the Company proposes continuing the current two-way true-up with a 90/10 (customer/Company) split for any variance from spending levels provided in the rates.

INTERFERENCE

Q. Please explain interference.

A. Con Edison has an extensive system of steam mains, services, and appurtenances of various sizes, within the streets of Manhattan. These facilities share the

space under the streets with other facilities, such as telephone and cable TV, owned by private utility companies, and sewer, water and traffic facilities owned by New York City and other municipalities. When an entity plans to perform work and is prevented from completing the proposed plan due to other facilities being in the way, the term "interference" is used.

Q. Is there more than one kind of interference?

A. Yes. Interference can be direct or indirect. A direct interference is where an existing Con Edison facility must be located, identified, removed and reinstalled at a new location in order to accommodate and provide space for a new City or other municipal facility. An indirect interference requires the Company to identify the location of Company facilities, monitor construction work, and take steps necessary to support and protect Company facilities, which sometimes requires the Company to temporarily relocate its facilities.

Q. Please explain interference expenses as they relate to Steam Operations.

A. If a private entity, like the telephone company, performs work in the vicinity of the Company's steam facilities, and Con Edison determines that the steam

main or service needs to be supported, protected, adjusted or relocated to accommodate the work of the private entity, then the private entity is required to bear this cost.

However, if the City of New York or another municipality performs work, such as installing or repairing a sewer or water main in the vicinity of Con Edison's steam facilities, then Con Edison must bear the costs to move, replace, support and protect these facilities affected by the construction activity.

Another component of interference expense is the cost the Company incurs to support and protect or modify its facilities during the course of a municipal public improvement project. For example, when a City street is repaved or the pavement around Con Edison's facilities is modified, raising or lowering of castings (e.g., castings of steam manholes) may be required. The costs that the Company incurs to raise or lower these castings are also considered to be a steam interference expense.

Q. What type of municipal construction activities cause interference with steam facilities?

A. The typical public improvement activities that affect Company steam facilities are the installation of water,

sewer and drainage facilities, reconstruction of roads, curbs and sidewalks, and, as mentioned above, the repaving of roadways.

Q. How often does the Company have to support, protect and/or relocate its steam facilities?

A. On any given day, there are dozens of municipal projects being planned, engineered, or constructed within our steam service area. These projects are initiated by such organizations as the Department of Design and Construction ("DDC"), Department of Transportation ("DOT"), Department of Environmental Protection ("DEP"), Department of Parks, Bureau of Bridges and the Economic Development Corporation, The projects may be planned or may be emergency activities, such as a response to a sewer or water main break. However, any excavation needed for these City/Municipal project activities can potentially impact the steam facilities located in that area and, therefore, may present interference.

The Company's engineering groups work with these State and local agencies to try to minimize the impact of municipal projects on steam facilities. However, due to the heavy congestion of various underground

facilities within the streets, in many cases there is simply no way to avoid the interference.

Q. Is New York City the primary municipality that drives the level of the Company's interference expenditures?

A. Yes. The City of New York's Capital Infrastructure Improvement Program is the primary driver of the Company's interference expenditures.

O&M INTERFERENCE FORECAST FOR THE RATE YEAR

Q. Was the exhibit entitled "STEAM INTERFERENCE O&M FORECAST EXCLUDING LOWER MANHATTAN" prepared under your supervision or direction?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (MISP-1)

Q. What does this exhibit show?

A. This exhibit shows the Company's forecast of steam interference O&M expenses by rate year for the period of 2010-2013. For O&M, it is forecasted that the Company will spend an estimated $4.15 million, excluding labor, in the Rate Year. This is approximately 0.7 percent higher than O&M expenditures incurred during the historic year (12 Months Ending June 30, 2009).

Q. Have you prepared an exhibit entitled "NEW YORK CITY CAPITAL COMMITMENT & EXPENDITURES AND CON EDISON'S INTERFERENCE O&M FORECAST 2010 - 2013?"

A. Yes, this exhibit was prepared under our supervision and direction.

MARK FOR IDENTIFICATION AS EXHIBIT __ (MISP-2)

Q. Is the methodology the Panel uses to forecast interference expenses consistent with the methodology utilized by the Company to forecast its interference expenditures in Case 07-S-1315?

A. Yes. We used the same overall approach to develop our forecast as we did in Case 07-S-1315 with a minor adjustment in the way we calculate the NYC commitment target. In the prior Steam Rate Case we used the commitment target for a single year corresponding to the commitment plan for the same year in preparing our forecast. However, in this filing we have used a commitment target based on a five year average of prior NYC Commitment Targets. This change was recommended by Staff in case 07-E-0523 and adopted by the Company in order to smooth out year-to-year fluctuations in the Commitment Targets. For the reasons below, the Company continues to believe that this methodology is reasonable and appropriate.

Q. Does the City develop a forecast for its infrastructure expenditures?

A. Yes. New York City publishes its five-year Capital Commitment Plan ("Commitment Plan") three times a year, in April, September and January. This plan describes anticipated infrastructure projects and includes all project costs that the City expects to commit in each of the upcoming fiscal years for all the different categories of reconstruction work that the City expects to undertake.

The City's Commitment Plan also includes a Commitment Target. Commitment Targets are set because the City realizes that not all planned projects will actually be undertaken and completed.

Q. Does the Company base its forecast on the City's Commitment Plan?

A. Yes. The Company reviews the City's proposed forecast for the categories in the Commitment Plan defined as Water, Sewer, Highway and Bridge projects. Since these four City expenditure categories have the greatest impact on Company facilities, the projected expenditures for these categories are extracted from the Commitment Plan.

Q. Why does the Company use the City's Commitment Plan in developing the Company's forecast for O&M interference expenditures?

A. Over the years, Con Edison has determined that there is a proportional relationship between its gross interference expenditure and the City's Capital infrastructure improvement expenditures. Since the City is in the best position to determine what its future expenditures will be, the Company relies on the City's Commitment Plan, which sets forth the City's forecast of its infrastructure improvement expenditures.

Q. You mentioned that the Company proposes to use a multi-step approach to estimating these expenses. What are these steps?

A. The steps are as follows:

1. developing the modified City Commitment Target;
2. developing the City's projected "actual" infrastructure expenditure forecast;
3. applying a factor reflecting the Company's actual interference costs as a percentage of the City's actual expenditures; and
4. applying a factor reflecting the ratio of steam expenditures to the Company's total interference expenditures.

Q. In Case 09-E-0428 did the Company propose adding a fifth step to its forecast methodology, which it described as a "Mitigation Factor?"

A. Yes.

Q. Why is the Company not proposing a similar step in this proceeding?

A. The purpose of the mitigation factor, as indicated by its name, was to reduce the impact on customers from the City's increased projection of expenditures in its Commitment Plan. Unlike the lower forecast which resulted from applying this factor to the Company's electric interference expenditures, applying this same factor to steam interference expenditures results in a higher forecast. The mitigation factor is a ratio of the actual steam O&M expenditure versus the steam O&M budget, and in this case the mitigation factor is greater than 100 percent which would result in a higher request. Therefore, the Company is not applying this factor to its gas interference costs.

Q. Please explain in greater detail the four-step methodology used to calculate the Rate Year interference forecast.

A. The first step in the Company's methodology is the development of the modified Commitment Target. The

City's Commitment Target forecast reflects the projects that are expected to be engineered, bid, and awarded for each fiscal year. In the City's Commitment Plan, published in January 2009, the Commitment Target varies among the three City agencies, DDC, DOT and DEP, whose projects primarily impact the Company's interference expenses. The January 2009 Commitment Targets for DOT and DDC is 66 percent. However, the Commitment Target for DEP (water and sewer projects) is 100 percent. This means that the City is forecasting that it will expend 66 percent of the Commitment Plans for DDC and DOT and 100 percent for DEP. Therefore, a weighted average was calculated to be approximately 80 percent. For purposes of further refining the interference O&M forecast, the Company extracted from the January 2009 City Commitment plan the City's forecast amounts for four specific categories of projects that impact Company facilities, which are Water, Sewer, Highway and Bridges. The bridge category is then separated into Highway Bridges and Waterway Bridges because we realize that not all waterway bridge projects will have an impact on our interference expenditures. In this rate filing, none of the Waterway Bridge projects are currently expected to have an impact on the steam

interference expenditure and we have zero dollars allocated as shown on Exhibit __ (MISP-2) page 1. The total amount for these five categories is $1.1 billion for 2009 and $1.7 billion for 2010, which is then multiplied by 67.4 percent, the average of the Commitment Targets in each of the last five January Commitment Plans for the years 2005-2009. The Company used the average as a representation of the Commitment Plan targets, instead of simply relying on the current year. This smoothes out fluctuations that may occur from year to year and better reflects the typical Commitment Target level over time. However, as discussed later, since the Commitment Plan target for any year can vary significantly from the average, a circumstance over which the Company has no control, a reconciliation mechanism to protect both customers and the Company from material variations is warranted

Q. Is there a particular area in which the City's forecasted expenditures is expected to rise significantly?

A. Yes, you will note that for 2009, we have utilized a weighted average of 80 percent in our calculations for the City's Commitment Target (see Exhibit __ (MISP-2) page 1 of 6). The 80 percent City Commitment Target is

higher than it has been recently, when it has averaged between 63 - 66 percent. This increase in the weighted average for the Commitment Target is due to the fact, which we noted earlier, that the City's Commitment Target for DEP is 100 percent. DEP budget lines WM-1, WM-6, and sewers are being fully funded by the City at 100 percent.

Q. Do you have a reasonable degree of confidence that the expected DEP expenditures will materialize?

A. Yes. Based on the DEP projects that are fully funded and for which work is scheduled to occur during the Rate Year, we are reasonably confident these expenditures will materialize. The following are examples of some of the DEP projects that are fully funded and for which work has been scheduled for the Rate Year: Distribution water main projects in Bronx and Manhattan, Trunk Water mains and water main in Manhattan and Queens and trunk water main connections to the shaft in Manhattan.

Q. Please describe the splitting of the bridge category mentioned above under the first step.

A. The City's Commitment level for Bridges is the sum of expenditures forecasted for highway bridges and waterway bridges. We know bridges over waterways have

no steam facilities on them. Therefore, on page 1 of Exhibit__(MISP-2) we have allocated zero dollars.

Q. Please continue.

A. As shown on Exhibit __ (MISP-2) page 1 of 5, the Company's first step in its calculation results in a projected City expenditure target of $971 million, $1,082 million, $948 million, $452 million, and 973 million for fiscal years 2009-2013 respectively.

Q. Please describe the second step, development of the City's "actual" infrastructure expenditure forecast.

A. In the second step, in order to further refine the forecast, the Company compared the City's forecast (as reflected in the Commitment Plan from January of the previous fiscal year) to the City's actual expenditures and averaged the results of this comparison for the past five years to develop a City expenditure factor of 91.9 percent. This comparison shows that, on average, over the last five years (2004-2008), 91.9 percent of the City's January Commitment Plan forecast resulted in actual City expenditures. This calculation is shown in Exhibit __ (MISP-2), p. 2 of 5) and results in a projected expenditure of $893 million, $994 million, $871 million, and $416 million for fiscal years 2010-2013, respectively.

Q. For the third and fourth steps, has the Company found any correlation between the City's infrastructure expenditures and the Company's interference costs?

A. Yes. The Company's actual interference costs as a percentage of the City's actual expenditure averaged approximately 11.8 percent over the last five years 2004-2008. The 11.8 percent factor, as shown in Exhibit __ (MISP-2, p. 3 of 5), is the five-year average (2004-2008) of the Company's gross interference expenditure compared to the City's actual expenditures for the five categories mentioned above.

The Company has also developed a ratio for the steam expenditure to total Company interference expenditures. The most current five-year average, 2004-2008, of actual steam interference expenditures to the Company's actual gross interference expenditures is 4 percent. The 4 percent factor, as shown in Exhibit __ (MISP-2, p. 4 of 5), is the percentage of the Company's interference expenditure associated with steam facilities compared to the gross interference expenditure for all items combined. This process is demonstrated in Exhibit ___ (MISP-2, p. 1 of 5).

Q. What is the forecast that results from these computations?

A. By applying these percentages to the last quarter of 2010 and the first three quarters of 2011, the Company derived the total steam interference forecast of $4.15 million for RY1, excluding Company labor. Exhibit __ (MISP-2, page 1 of 6) also provides the forecast for RY2 and RY3, excluding Company labor. This rate year forecast is approximately 0.7 percent higher than the historic year expenditure. As the Company has noted, these costs are largely beyond the Company's control. The increase in the City's forecast coupled with the inability of the Company to control these costs underscores the need for a bi-lateral reconciliation.

Q. Does the Company propose to update the forecast of interference expenses during this rate case?

A. Yes. New York City's Capital Commitment Plan is generally published in January, April and September of each calendar year. Our testimony and exhibits were prepared based on the City's commitment plan published in January 2009. We propose to update our forecast utilizing the January 2010 Commitment Plan.

LOWER MANHATTAN CAPITAL EXPENDITURES & O&M EXPENSES

Q. Was the exhibit entitled "LOWER MANHATTAN STEAM O&M AND CAPITAL FORECAST" prepared under your supervision and direction?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (MISP-3)

Q. What does this exhibit demonstrate?

A. This exhibit shows the projected Lower Manhattan Interference O&M expenditure for RY1 through RY3 and capital expenditure forecast for the period 2010 to 2013.

Q. What is the steam interference forecast associated with Lower Manhattan?

A. The Company's O&M expenditure forecast for Lower Manhattan is $3.12 million, $3.08 million, and $2.86 million for RY1, RY2 and RY3, respectively. The Lower Manhattan Capital expenditure forecast is $2.84 million for 2010, $4.29 million for 2011, $4.49 million for 2012 and $3.32 million for 2013.

Q. What was the historic year expenditure for O&M in Lower Manhattan?

A. The historic year O&M expenditure was $2.9 million.

Q. Why the difference between the historic year expense and the Rate Year forecast?

A. The overall list of projects that need to be completed for Lower Manhattan and their scopes have not changed. However, the prolonged delay in bidding, awarding and commencing field work resulted in lower than forecasted

expenditures for the historic year. The current pace for bidding and awarding of project is picking up. This accelerated pace of work is demonstrated in Exhibit__(MISP-5), which shows the current bidding schedule for Lower Manhattan work. Generally, once projects enter the bidding cycle, contracts are awarded and work begins within a few months. The projects that did not materialize during the historic year coupled with the new projects to be bid and awarded will increase expenditures in future years. Our forecast takes into consideration the shifting of these expenditures.

Q. Explain the methodology used to calculate the interference cost for Lower Manhattan.

A. The City provided a listing of projects with anticipated starting dates and the type of the projects for the Lower Manhattan area. Based on this list, we developed order of magnitude estimates for O&M and capital work for each project given the Company's past experience with similar jobs in the Lower Manhattan area. Our estimate reflects the unique nature of the work required in Lower Manhattan.

Q. Please explain the difference in the work in Lower Manhattan.

A. Through the years, most of the new facilities in Lower Manhattan have been installed on top of existing active and abandoned facilities. As a result, there is significant underground congestion with layers upon layers of facilities in Lower Manhattan. The federal financing, which is being used to defray the costs the City incurs for the rebuilding of Lower Manhattan roadways, requires the roadways to be constructed to meet Federal DOT specifications. This means a 7-inch curb reveal (the distance between the top of the curb and the roadway surface) must be achieved. To attain the 7-inch curb reveal, the current level of the roadway has to be lowered, which requires the lowering of Company facilities. This requires the removal of abandoned facilities and then rearranging and lowering active facilities to provide adequate space for lowering the roadway. Consequently, extensive removal work is required for these projects, which generally comes at a higher cost to perform interference work relative to areas outside of Lower Manhattan.

Q. Are there any other reasons why the methodology used for calculating Lower Manhattan interference expenses is different from the methodology used to calculate all other interference expenses?

A. Yes. For areas outside of Lower Manhattan, the majority of interference work is being done under the bid protocol called Section U, which is Section U of the DDC contract. However, the work in Lower Manhattan is being implemented under a different protocol called "Joint Bid." Under Joint Bid, the utility interference work is included in the City bid document and is competitively bid by the contractors bidding the City project. This protocol was introduced by State Legislation specifically for the work funded by the Federal Government in Lower Manhattan and was accepted by the City of New York and all the major utility companies operating in the City. The City and the utilities spent approximately two years establishing the detailed process for Joint Bid and the first project under this protocol was bid in late 2007. At this point, due to the early stages of this work, there is no historic data available to develop a methodology to forecast future interference expenditures as a percentage of the City's forecast. In addition to higher levels of underground congestion, the narrower than normal roadways in Lower Manhattan are also a complicating factor which precludes the development of a generic mathematical formula to forecast future

expenditures. For the foregoing reasons, we are forecasting our future interference costs on an individual project estimate basis.

SUMMARY OF O&M FORECASTS

Q. What is the total O&M forecast identified in this rate case?

A. There are two separate O&M forecasts outlined in this rate case (1) Lower Manhattan program, and (2) program for area outside of Lower Manhattan.

Q. Have you prepared an exhibit entitled "CON EDISON'S TOTAL INTERFERENCE O&M FORECAST"

A. Yes, it was prepared under our supervision and direction.

MARK FOR IDENTIFICATION AS EXHIBIT__(MISP-4)

Q. What does this exhibit demonstrate?

A. This exhibit lists the O&M forecast associated with the two programs discussed above. The total O&M forecast for RY1, RY2 and RY3 is $7.27 million, $6.94 million and $5.13 million, respectively.

MITIGATION MEASURES

Q. Please describe any mitigation measures that the Company takes to minimize interference costs.

A. In addressing interference costs, the Company is required to adhere to state and municipal statutes,

codes, regulations and other established protocols, which limit the Company's flexibility in implementing mitigation measures. In addition, and as discussed in more detail below, given the nature of interference work and the fact that this work (and related expenditures) is largely driven by factors outside of the Company's control, the opportunities for mitigation measures are, consequently, limited. However, over the past eight or so years, the Public Improvement department has implemented several aggressive initiatives to mitigate interference costs, and they are as follows:

Expansion of the Joint Bidding Contracting Format:

Currently, the Joint Bidding contracting concept is restricted to Lower Manhattan which was initiated through State legislation. The Company initiated discussions with NYC DDC to apply the joint bidding concept to other locations in Manhattan and eventually to expand the concept to all boroughs. The City has introduced legislation in Albany to increase the areas for joint bidding and as this proposal moves through the legislature, the Company will work on its enactment in the legislature. This concept is seen as the best method of obtaining competitive pricing, minimizing

schedule delays, mitigating community impact and apportioning costs fairly.

Strengthening Public Improvement Engineering:

Engineering is our first line of defense in cost mitigation and therefore, we have increased our in-house resources and structured engineering's functioning to realize maximum efficiency. Engineering interfaces with various agencies during the initial design and planning phases of a project, and has the first opportunity to study the agencies' scope of work. Engineering performs an in-depth analysis of the work scope to determine the type and nature of the interference and to quantify it. During the planning phase of agency projects, Engineering may suggest/request and discuss possible scope changes to minimize interferences and request accommodations. Then the Section U package is prepared quantifying the interference items and identifying their locations. This package is submitted to the agency to be included in the Section-U of their contract document. Almost always, the time available to perform the above-mentioned functions is less than thirty days. Hundreds of projects of varying size and complexity are engineered by various agencies during any given fiscal

year in this short time period. Recognizing the importance of performing a thorough engineering analysis and issuing a quality Section U package for every project led to the initiative to increase internal resources and established access to external resources, if required.

Aggressive Arbitration Strategy: Section U is the section in the City contract for infrastructure work, where the utilities identify and quantify the interference scope of work. The protocol for Section U is established jointly by the City of New York and the major utilities operating in the City. Under the protocol, the contractor of record for any Section U project should negotiate and reach an agreement with the utilities prior to the start of the project. If an agreement cannot be reached, the matter is submitted for arbitration and the result is final and binding. Another goal served by the studies/surveys and the negotiating team concept is to support efforts to successfully challenge contractors in arbitration if the pricing offered by the contractor is out of line with fair market value. To date, the Company has an approximate 90 percent success rate when we have arbitrated these projects.

Maximize Number of Section-U Projects: The Section U protocol provides the Company with certain limited leverage to negotiate a fair market price with the City agency contractors for the Company's portion of interference work. Projects are not automatically classified as Section U unless certain engineering requirements are met. Through the efforts of the engineering department to meet City requirements, the Company has been able to maximize the number of interference projects under Section U.

Conduct Studies and Surveys: Since the protocol for dealing with underground interferences is unique particularly in the City of New York, it does not easily lend to benchmarking with other utilities. This led Public Improvement to seek the assistance of experts in the field, to conduct independent studies to provide guidance in determining fair market value for interference items of work and best construction practices based on the latest technology. In addition, we also conducted periodic surveys utilizing internal Company resources to ascertain the latest methodology utilized by roadway contractors in implementing certain tasks. This information allows the Company to update

estimating pricing structure and keeps the Company current with the latest technology and methodologies.

Negotiating Team: The negotiating team concept has been extremely successful since its inception in 2001. The team consists of the estimator, the project engineer, the borough manager and the borough project specialist. The estimator is the lead and the common individual for all negotiations irrespective of the borough. This helped the enforcement of uniform pricing for same work items throughout the boroughs and also forced the reduction of prices for certain items which resulted from the studies and surveys.

Maximize Lump Sum Agreements: Our experience demonstrates that lump sum agreements generally result in lower total project cost as compared to unit price agreements. Therefore, we prefer and promote lump sum agreements. For the past three years, approximately 76 percent of agreements are of the lump sum type. The added advantage of lump sum agreements is that it allows our field personnel to concentrate primarily on preventing damage to our facilities instead of negotiating for extra work on a piecemeal basis.

Structure Department Functions for Maximum Efficiency: We restructured the Public Improvement Department to

maximize efficiency. One recent example of this restructuring was the creation of an independent sub-section in Engineering Services to focus on Emergency Sewer and Water projects as well as borough wide Test Pitting. The Emergency Sewer and Water personnel focus on "relining" of a sewer instead of a larger more costly "open cut." We work with the DEP on making this change to a project after we perform timely rigorous test pitting in advance of Engineering to properly identify interference relationships with other utilities and verify the accuracy of our maps and records. As a result, we benefit through consistent pricing of contractor work as the section uses a "borough wide" approach rather then each borough being independent.

We have also created an office in Lower Manhattan that focuses on work in this area as their primary mission.

FEDERAL STIMULUS FUNDING

Q. Does the Company's O&M and capital forecasts include interference costs associated with the Federal Stimulus funds?

A. No. There is one project on the list of NYC projects funded by the Federal Stimulus Fund that could have an impact on our steam system. This project in our

estimation would have a minor impact on our O&M expenditure. Therefore, our O&M and capital forecasts do not include expenditures that may result from the anticipated Federal Stimulus funds.

RECONCILIATION

Q. **Is there a reconciliation mechanism in the current Steam Rate Plan?**

A. Yes. The current Rate Plan has a full two-way reconciliation mechanism with a 90/10 (customer/Company) split for any variance from spending levels provided in rates.

Q. What is the Company proposing in this Rate Case?

A. The Company proposes to continue the reconciliation mechanism under the current rate plan.

Q. Why is the Company proposing to continue the reconciliation mechanism under the current rate plan?

A. **In past rate filings and for the reasons discussed above, the Company has consistently argued that reconciliation of interference expenditures is appropriate due to the nature of these costs.**

Q. Is the Company also proposing to reconcile steam interference O&M costs for Lower Manhattan projects?

A. Yes. Like other interference costs, the Company's forecast of expenditures for Lower Manhattan projects is driven by the City's forecasted projects and estimated costs and the City's actual execution of its program. These costs are not directly within the Company's control. Therefore, the Company proposes to utilize a single reconciliation mechanism (as described above) that would include O&M interference expenditures both for areas outside of Lower Manhattan and for Lower Manhattan.

Q. How is reconciliation for Lower Manhattan O&M expenditures treated under the current steam rate plan?

A. Under the current steam rate plan (Case 07-S-1315) the Company did not request reconciliation for Steam O&M expenditures in Lower Manhattan because at the time that case was settled, the Company was still eligible for reimbursement for its WTC expenditures, under the Lower Manhattan Development Corporation's Partial Action Plan S2. Since the provisions for reimbursement have expired, going forward the Company is requesting reconciliation for WTC Steam O&M expenditures.

Q. Does this conclude the Panel's initial testimony?

A. Yes, it does.

CONSOLIDATED EDISON COMPANY OF NEW YORK INC.
STEAM INTERFERENCE O&M FORECAST
EXCLUDING LOWER MAHATTAN

O&M FORECAST		
Rate year 1		
Steam Interference expenditure forecast for rate year including Company labor	$4,573,000	
Company Labor 9.3% (Labor % based on 5 Year Average)	$425,243	
Net expenditure forecast excluding labor		$4,147,757
Historic year		
Steam interference expenditure for historic year, twelve months ending June 30th 2009	$4,445,717	
Company labor	$328,208	
Net expenditure		$4,117,509
Program change		$30,248

Exhibit ___ (MISP-1)

CONSOLIDATED EDISON COMPANY OF NEW YORK INC.
NEW YORK CITY CAPITAL COMMITMENT & EXPENDITURES
AND CON EDISON O&M INTERFERENCE FORECAST 2010 - 2013

(millions)

NYC Capital Commitment (Apr 2009 Publication)	2009	2010	2011	2012	2013
Water (WM - 1 & WM - 6 Budget Categories)	100	171	215	97	252
Sewer	208	142	272	192	279
Highway (Excluding WTC)	460	569	445	277	320
Highway Bridge	673	723	474	105	593
Waterway Bridge	0	0	0	0	0
Total Commitment	**1,441**	**1,605**	**1,406**	**671**	**1,444**
Five year Average Commitment Target 67.4% (See calc. below)	971	1082	948	452	973
City Expenditure Forecast calculated @91.9% of target (See Page 2)		893	994	871	416

Con Edison's Interference Forecast:	2010	2011	2012	2013
Con Edison's gross Interference forecast @ 11.8% of City forecast (5 Yr Avg) (See Page 3)	105.32	117.31	102.76	49.04
Steam O&M forecast @ 4% of Con Ed gross forecast(5 Yr.Avg) (See Page 4)	4.21	4.69	4.11	1.96

RATE YEAR FORECAST	With Lab.	W/O Lab
Steam Interference forecast for rate year 10/01/10 - 9/31/11 (RY1)	4.573	4.147
Steam Interference forecast for rate year 10/01/11 - 9/31/12 (RY2)	4.256	3.860
Steam Interference forecast for rate year 10/01/12 - 9/31/13 (RY3)	2.499	2.267

Five year average Commitment target calculation for January Commitment Plans

Year	Target
2005	63%
2006	63%
2007	65%
2008	66%
2009	80%
Avg	67.40%

CONSOLIDATED EDISON COMPANY OF NEW YORK
NYC's ACTUAL EXPENDITURE AS A % OF NYC's
COMMITMENT TARGET FROM JAN COMMITMENT PLAN

Fiscal Year	NYC 's Actual Expenditure	NYC's Comm. target from previous FY Jan. Commitment Plan	NYC Actual Exp. as a % of Previous Years Commitment Target
2004	$695	$664	105%
2005	$716	$771	93%
2006	$635	$610	104%
2007	$644	$721	89%
2008	$732	$958	76%
Five Year Average	$3,422	$3,724	91.89%
			Say 91.9%

COMMITMENT TARGET CALCULATION

Items	City's Comm. Plan - Jan 2003 Pub.	City's Comm. Plan - Jan 2004 Pub.	City's Comm. Plan - Jan 2005 Pub.	City's Comm. Plan - Jan 2006 Pub.	City's Comm. Plan - Jan 2007 Pub.
Water Main (WM1 & WM 6)	167	$151	$117	155	135
Sewer	288	272	222	253	234
Highway	303	382	348	284	507
Bridges	313	363	281	453	598
Total Comm. Plan	1071	1168	968	1145	1474
Commitment Target @	664	$771	610	721	958
62% - 2003					
66% - 2004					
63% - 2005					
63% - 2006					
64% - 2007					

CONSOLIDATE EDISON COMPANY OF NEW YORK INC

CON EDISON'S EXPENDITURE AS A PERCENTAGE OF NYC'S EXPENDITURE (EXCLUDING LM)

Analysis based on 2004 Thru 2008

Description	2004 Expenditure	CE Expenditure As a % Of NYC's	2005 Expenditure	CE Expenditure As a % Of NYC's	2006 Expenditure	CE Expenditure As a % Of NYC's	2007 Expenditure	CE Expenditure As a % Of NYC's	2008 Expenditure	CE Expenditure As a % Of NYC's
City Expenditure	695,054,000		715,775,000		635,305,000		644,367,000		731,769,000	
Con Edison O&M	73,046,721	10.51%	86,665,819	12.11%	80,679,793	12.70%	77,577,762	12.04%	84,839,601	11.59%

Description	5 yr Total Expenditure	CE O&M as a % of City Exp.
City Expenditure	3,422,270,000	
Con Edison O&M	402,809,696	11.77%

Use 11.8% of City's Projected Expenditure to derive at Con Edison's O&M Expenditure.

CONSOLIDATED EDISON COMPANY OF NEW YORK INC

STEAM INTERFERENCE EXPENDITURE

AS A PERCENTAGE OF GROSS INTERFERENCE EXPENDITURE

Analysis based on 2004 Thru 2008 data

DISCIPLINE	2004 Expenditure	% of Total	2005 Expenditure	% of Total	2006 Expenditure	% of Total	2007 Expenditure	% of Total	2008 Expenditure	% of Total
Electric	56,171,355	76.90%	69,665,085	80.38%	53,969,294	66.89%	53,981,422	69.58%	63,061,142	74.33%
Gas	14,019,604	19.19%	14,238,308	16.43%	23,083,953	28.61%	21,601,323	27.84%	17,932,167	21.14%
Steam Interference	1,177,383	1.61%	730,201	0.84%	1,049,951	1.30%	582,795	0.75%	1,012,774	1.19%
Steam Op's Interference	1,680,684	2.30%	2,034,816	2.35%	2,578,472	3.20%	1,413,997	1.82%	2,833,519	3.34%
Total	73,049,027	100.00%	86,668,409	100.00%	80,681,670	100.00%	77,579,537	100.00%	84,839,602	100.00%

DISCIPLINE	Total Expenditure	%of Total
	2004-2008 by discipline	2004-2008
Electric	296,848,298	73.69%
Gas	90,875,355	22.56%
Steam Interference	4,553,104	1.13%
Steam Op's Interference	10,541,488	2.62%
Total	402,818,245	100.00%

Say	4.00%

Exhibit__(MISP-2)
Page 4 of 5

January 2004 - December 2004 Historic Year Steam Interference Expenditures & Company Labor Excluding Lower Manhattan
Account Type : O & M

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Interference Expense w/labor	209,992	466,267	211,346	336,909	127,731	243,971	467,497	379,962	171,483	41,669	95,973	105,269
Basic Labor	13,927	25,924	21,165	22,803	20,198	33,544	27,625	43,429	27,472	11,278	17,287	14,378
Total without labor	196,065	440,342	190,181	314,106	107,533	210,426	439,872	336,533	144,011	30,391	78,686	90,891

Jan. 2004 - Dec. 2004 Total expense w/labor 2,858,068
Total basic labor 279,029
Total without labor 2,579,039

Labor as a percentage 9.76%

January 2005 - December 2005 Historic Year Steam Interference Expenditures & Company Labor Excluding Lower Manhattan
Account Type : O & M

	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Interference Expense w/labor	72,064	83,383	165,090	76,059	102,154	90,856	691,699	162,276	125,969	419,757	194,003	581,707
Basic Labor	19,641	9,720	22,830	25,605	31,189	36,975	22,195	18,429	23,226	16,895	15,896	18,177
Total without labor	52,423	73,664	142,260	50,454	70,964	53,881	669,504	143,848	102,743	402,862	178,107	563,529

Jan. 2005 - Dec. 2005 Total expense w/labor 2,765,017
Total basic labor 260,778
Total without labor 2,504,239

Labor as a percentage 9.43%

January 2006 - December 2006 Historic Year Steam Interference Expenditures & Company Labor Excluding Lower Manhattan
Account Type : O & M

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Interference Expense w/labor	195,482	241,681	264,931	402,072	242,753	320,316	249,252	273,706	235,729	437,896	312,463	452,143
Basic Labor	20,997	21,751	17,752	23,060	20,358	28,143	29,769	22,295	29,269	18,949	18,225	19,970
Total without labor	174,485	219,930	247,179	379,011	222,395	292,172	219,482	251,411	206,460	418,947	294,238	432,173

Jan. 2006 - Dec. 2006 Total expense w/labor 3,628,423
Total basic labor 270,538
Total without labor 3,357,884

Labor as a percentage 7.46%

January 2007 - December 2007 Historic Year Steam Interference Expenditures & Company Labor Excluding Lower Manhattan
Account Type : O & M

	7-Jan	7-Feb	7-Mar	7-Apr	7-May	7-Jun	7-Jul	7-Aug	7-Sep	7-Oct	7-Nov	7-Dec
Interference Expense w/labor	204,277	118,745	204,645	238,799	217,425	124,313	156,312	116,347	70,830	261,560	179,497	104,043
Basic Labor	27,185	24,394	21,889	33,329	25,614	16,895	34,662	24,480	28,666	10,725	16,245	29,573
Total without labor	177,091	94,351	182,756	205,469	191,811	107,418	121,650	91,866	42,163	250,836	163,251	74,470

Jan. 2007 - Dec. 2007 Total expense w/labor 1,996,791
Total basic labor 293,659
Total without labor 1,703,133

Labor as a percentage 14.71%

January 2008 - December 2008 Historic Year Steam Interference Expenditures & Company Labor Excluding Lower Manhattan
Account Type : O & M

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Interference Expense w/labor	163,104	167,857	224,935	35,177	334,702	147,586	347,043	536,060	694,013	746,379	130,685	318,751
Basic Labor	26,628	17,271	26,477	27,986	17,138	27,637	19,167	25,700	36,591	28,370	25,536	25,334
Total without labor	136,477	150,586	198,458	7,191	317,565	119,948	327,876	510,360	657,422	718,009	105,147	293,417

Jan. 2008 - Dec. 2008 Total expense w/labor 3,846,292
Total basic labor 303,837
Total without labor 3,542,456

Labor as a percentage 7.90%

5 Year Percentage Average 9.30%

CONSOLIDATED EDISON COMPANY OF NEW YORK INC.
LOWER MANHATTAN STEAM O&M AND CAPITAL FORECAST
(millions)

O&M FORECAST;

Description	Hist. Yr (Ending 6/30/09)	Program Change	RY1	Program Change	RY2	Program Change	RY3
Lower Manhattan Steam O&M expenditure forecast (excluding Company labor)	2,925	194	3,119	(44)	3,075	(216)	2,859

CAPITAL FORECAST

Description	2010	2011	2012	2013
Lower Manhattan Steam Capital expenditure forecast	2,840	4,285	4,485	3,315

Exhibit __ (MISP-3)
Page 1 of 4

LOWER MANHATTAN - WTC - 2010 5 Year Plan

PROJECT	LOCATION	Budget Ref.	CAT.	2010	2011	2012	2013	2014	Total
2010									
PARKS	Burling Slip & Sara D Roosevelt	Trocom/P&T	O&M	100					100
PARKS	Burling Slip & Sara D Roosevelt	8ED-6141	ED	905					905
PARKS	Burling Slip & Sara D Roosevelt	8GD-3211	GD						-
PARKS	Burling Slip & Sara D Roosevelt		SD						-
17060007	ERW Esplanade & Piers		O&M	100					100
17060007	ERW Esplanade & Piers		ED	100					100
17060007	ERW Esplanade & Piers		GD	100					100
17060007	ERW Esplanade & Piers		SD						-
NYS - Route 9A	Segment 2	Tully	O&M	50					50
NYS - Route 9A	Segment 2	6ED6311	ED	1,000					1,000
NYS - Route 9A	Segment 2	6GD3311	GD	1,000					1,000
NYS - Route 9A	Segment 2		SD						-
HWMWTCA6E	Beekman St	Trocom	O&M	1,000					1,000
HWMWTCA6E	Beekman St	6ED6291	ED	1,525					1,525
HWMWTCA6E	Beekman St	6GD3301	GD	320					320
HWMWTCA6E	Beekman St	6SD1471	SD	220					220
HWMWTCA6C	Liberty St	Trocom	O&M	850					850
HWMWTCA6C	Liberty St	8ED-6431	ED	1,200	1,000				2,200
HWMWTCA6C	Liberty St	8GD-3261	GD	500					500
HWMWTCA6C	Liberty St	8SD-1441	SD	105					105
HWMWTCA7A	Harrison St	Felix	O&M	1,500					1,500
HWMWTCA7A	Harrison St	Felix	ED	3,600	1,000				4,600
HWMWTCA7A	Harrison St	Felix	GD	1,525					1,525
HWMWTCA7A	Harrison St	Felix	SD	250					250
HWMWTCA8B	Fulton St Phase B (MED-601)	Trocom	O&M	3,000	3,000				6,000
HWMWTCA8B	Fulton St Phase B (MED-601)	9ED-6051	ED	3,500	3,706	500			7,706
HWMWTCA8B	Fulton St Phase B (MED-601)	9GD-3221	GD	225	225				450
HWMWTCA8B	Fulton St Phase B (MED-601)	9SD-1211	SD	1,050	1,100				2,150
HWMWTCA6B	Chambers St		O&M	1,000	2,000	1,000			4,000
HWMWTCA6B	Chambers St	5ED6281	ED	1,000	1,050	640			2,690
HWMWTCA6B	Chambers St	5GD3291	GD	230	800	420			1,450
HWMWTCA6B	Chambers St	6SD1191	SD						-
HWMP2030	Chatham Square		O&M	2,000	2,570	2,570	560		7,700
HWMP2030	Chatham Square		ED	470	4,770	5,170	3,890		14,300
HWMP2030	Chatham Square		GD						-
HWMP2030	Chatham Square		SD	365	735	735	365		2,200
HWM1165	Nassau Street (Fulton St P3)		O&M	650	650	100			1,400
HWM1165	Nassau Street (Fulton St P3)		ED	700	1,300	600			2,600
HWM1165	Nassau Street (Fulton St P3)		GD	200	400	200			800
HWM1165	Nassau Street (Fulton St P3)		SD	100	200	100			400
MED-596	Shaft 29b Hudson St		O&M	3,000	4,200	1,200			8,400
MED-596	Shaft 29b Hudson St		ED	800	3,500	3,500			7,800
MED-596	Shaft 29b Hudson St		GD	100	1,200	1,100			2,400
MED-596	Shaft 29b Hudson St		SD	300	600	300			1,200
HWMWCA7D	Peck Slip (HWM-1159)		O&M	2,000	2,200	700			4,900
HWMWCA7D	Peck Slip (HWM-1159)		ED	940	3,400	3,000	1,761		9,101
HWMWCA7D	Peck Slip (HWM-1159)		GD	260	1,700	840			2,800
HWMWCA7D	Peck Slip (HWM-1159)		SD	350	700	350			1,400
HWMWTCA6A	Broadway Phase 1		O&M	400	2,100	1,050	650		4,200
HWMWTCA6A	Broadway Phase 1	5ED6261	ED	1,500	2,800	1,800	1,700		7,800
HWMWTCA6A	Broadway Phase 1	5GD3281	GD	100	1,200	600	500		2,400
HWMWTCA6A	Broadway Phase 1	5SD1351	SD	100	600	500			1,200
HWMM009	Chinatown Streetscape		O&M	350					350
HWMM009	Chinatown Streetscape		ED						-
HWMM009	Chinatown Streetscape		GD						-
HWMM009	Chinatown Streetscape		SD						-
	2011								
HWMWTCA7G	John St (SEN002161)		O&M		350	700	350		1,400
HWMWTCA7G	John St (SEN002161)		ED		650	1,300	650		2,600
HWMWTCA7G	John St (SEN002161)		GD		200	400	200		800
HWMWTCA7G	John St (SEN002161)		SD		50	150			200
MED-606	Shaft 30b Grand St		O&M		2,100	4,200	2,100		8,400
MED-606	Shaft 30b Grand St		ED		1,950	3,900	1,950		7,800
MED-606	Shaft 30b Grand St		GD		600	1,200	600		2,400
MED-606	Shaft 30b Grand St		SD		300	900			1,200
HWMP2030B	Chatham Square Phase II	Streetscape	O&M		350				350

PROJECT	LOCATION	Budget Ref.	CAT.	2010	2011	2012	2013	2014	Total
HWMP2030B	Chatham Square Phase II	No Capital	ED						-
HWMP2030B	Chatham Square Phase II	No Capital	GD						-
HWMP2030B	Chatham Square Phase II	No Capital	SD						-
	2012								-
HWMWTCA7E	Worth St		O&M			1,400	2,800	1,400	5,600
HWMWTCA7E	Worth St		ED			2,600	2,600	5,200	10,400
HWMWTCA7E	Worth St		GD			800	1,600	800	3,200
HWMWTCA7E	Worth St		SD						-
HWMWTCA7F	Warren St		O&M			700	1,400	700	2,800
HWMWTCA7F	Warren St		ED			1,300	2,600	1,300	5,200
HWMWTCA7F	Warren St		GD			400	400	800	1,600
HWMWTCA7F	Warren St		SD			200	400	200	800
HWMWTCA7B	Bway Recon - Leonard/Cortlandt		O&M			2,275	4,550	2,275	9,100
HWMWTCA7B	Bway Recon - Leonard/Cortlandt		ED			4,180	4,180	8,540	16,900
HWMWTCA7B	Bway Recon - Leonard/Cortlandt		GD			1,300	2,600	1,300	5,200
HWMWTCA7B	Bway Recon - Leonard/Cortlandt		SD			650	1,300	650	2,600
HWMWTCA7C	Water St		O&M			2,100	2,100	4,200	8,400
HWMWTCA7C	Water St		ED			3,900	3,900	7,800	15,600
HWMWTCA7C	Water St		GD			1,200	1,200	2,400	4,800
HWMWTCA7C	Water St		SD			600	600	1,200	2,400
	2013								-
HWMWTCA8A	Church St		O&M				1,400	1,400	2,800
HWMWTCA8A	Church St		ED				2,600	2,600	5,200
HWMWTCA8A	Church St		GD				800	800	1,600
HWMWTCA8A	Church St		SD				400	800	1,200
HWMWTCA8D	Frankfort St		O&M				875	875	1,750
HWMWTCA8D	Frankfort St		ED				1,625	1,625	3,250
HWMWTCA8D	Frankfort St		GD				500	1,000	1,500
HWMWTCA8D	Frankfort St		SD				250	500	750
TOTAL O&M			O&M	16,000	19,520	17,995	16,785	10,850	81,150
TOTAL ELECTRIC CAPITAL			ED	17,240	25,126	32,390	27,456	27,065	129,277
TOTAL GAS CAPITAL			GD	4,560	6,325	8,460	8,400	7,100	34,845
TOTAL STEAM CAPITAL			SD	2,840	4,285	4,485	3,315	3,350	18,275
(See Page 4)		O&M Steam Portion		2,720	3,318	3,059	2,853	1,845	
		O&M Labor @ 1.57%		43	52	48	45	29	
		O&M Excluding Labor		2,677	3,266	3,011	2,809	1,816	
		Monthly		223	272	251	234	151	
RY1		Rate Year 1		3,119					
RY2		Rate Year 2			3,075				
RY3		Rate Year 3				2,859			

Lower Manhattan
Calculation of each discipline expenses as a pecentage of the total O&M expenditure

O & M	2008	2007	2006	2005	2004	2003	2002	Total 2002 - 2008	Utility %
Electric	6,299,119	3,123,482	12,607,351	14,395,096	17,608,588	15,485,868	7,353,977	76,873,480	65%
Gas	1,165,517	1,537,320	1,324,975	6,272,323	5,068,012	5,141,766	2,773,277	23,283,190	18%
Steam	1,812,573	234,000	3,941,648	3,079,810	5,076,997	4,668,919	1,485,814	20,299,761	17%
Total	**$ 9,277,209**	**$ 4,894,802**	**$ 17,873,974**	**$ 23,747,229**	**$ 27,753,597**	**$ 25,296,553**	**$ 11,613,068**	**120,456,432**	**100%**

Exhibit __ (MISP-3)
Page 4 of 4

CONSOLIDATED EDISON COMPANY OF NEW YORK INC.

TOTAL INTERFERENCE O&M FORECAST

(millions)

O&M

Program	RY1	RY2	RY3
Area outside of Lower Manhattan	4.15	3.86	2.27
Lower Manhattan	3.12	3.08	2.86
Total	7.27	6.94	5.13

EXHIBIT__(MISP-4)

CONSOLIDATED EDISON COMPANY OF NEW YORK Inc.

LOWER MANHATTAN PROJECT TIME LINE

Project Name	Project No:	Initial Sch. Start	Current Status	Start Date
Broadway Phase 1	HWMWTCA6A	2006	In Bid Cycle	8/15/2010
Chamber Street	HWMWTCA6B	2006	Awarded	Awaiting contractor to start
Liberty Street	HWMWTCA6C	2006	Working	Apr-08
Beekman Street	HWMWTCA6E	2006	Working	Oct-07
Fulton Street Phase B	HWMWTCA8B	2007	Working	Feb-09
Harrison Street	HWMWTCA7A	2008	Working	Sep-08
John Street	HWMWTCA7G	2009	In Bid Cycle	7/31/2010
Peck Slip	HWMWCA7D	2008	In Bid Cycle	7/15/2010
Chatam Square	HWMP2030B	2009	Engineering	8/18/2010

Exhibit__(MISP-5)