

1 Q. Please state your name and business address.

2 A. My name is Robert Muccilo. My business address is 4
3 Irving Place, New York, N.Y. 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 Vice
7 President and Controller. In this position I am the
8 Company's chief accounting officer with the overall
9 responsibility for the accuracy and consistency of the
10 Company financial accounting records.

11 Q. Briefly state your educational background.

12 A. In 1978, I graduated from Jersey City State College
13 with a Bachelors Degree in Accounting. I graduated
14 from Fairleigh Dickinson University in May 1983 with a
15 Master Degree in Corporate Finance.

16 Q. Please explain your work experience with Con Edison and
17 your current primary responsibilities.

18 A. I was employed by Con Edison in June 1978 and, from
19 that time until 1998, I worked in the General Accounts
20 and Accounting Research and Procedures ("ARP") sections
21 of Corporate Accounting in increasing levels of
22 responsibility up to and including Manager of ARP. In
23 1999, I was promoted to Assistant Controller,
24 responsible for General Accounts and ARP. In 2002, I

1 assumed the responsibilities for Financial Forecasting
2 and Budgets and Electric Revenue and Volume Forecasting
3 sections of Corporate Accounting, and in 2003
4 continuing through 2006, I assumed the additional
5 responsibility of Regulatory Accounting and Regulatory
6 Filings sections of Corporate Accounting. As part of a
7 career developmental opportunity, in 2006 I assumed the
8 position of General Manager, Stores Operations where I
9 was responsible for operating and managing the central
10 warehouse and distribution facility for electric, gas
11 and steam materials. In April 2008, I returned to
12 Corporate Accounting to assume a special assignment as
13 Assistant Controller and team leader for the Finance
14 Transformation Project. The team was responsible for
15 implementing process, people, and system changes
16 designed to minimize financial reporting risk. I have
17 also served on and led several corporate teams,
18 including the establishment of the Holding Company
19 corporate structure and the Orange and Rockland ("O&R")
20 Merger Transition Team. In July 2009 I was promoted to
21 my current position, replacing Edward J. Rasmussen who
22 retired.

23 Q. Have you been involved in industry-wide utility issues?

1 A. Yes. For many years, I have been an active member of
2 both the EEI and AGA finance and accounting committees.

3 Q. Have you previously testified before this Commission?

4 A. Yes. I have testified before the Commission on behalf
5 of the Company in previous electric, gas and steam
6 proceedings.

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8

PURPOSE OF TESTIMONY

9 Q. What is the purpose of your testimony in this
10 proceeding?

11 A. My testimony will cover the following topics:

12 - First, I will discuss how provisions of the
13 Company's current rate plan have impacted the rate
14 increase request;

15 - Second, I will provide an overview of the costs
16 driving the Company's request for a rate increase
17 for the rate year ending September 30, 2011 as
18 shown in Exhibit __ (RM-1);

19 - Third, I will propose a four-year rate plan with
20 staged increases in the 2nd through 4th years. As
21 part of this proposal, I will discuss the benefits
22 to customers that would result from phasing in the
23 first year rate increase over the term of the rate
24 plan in order to moderate the impact on customers.

1 Exhibit __ (RM-2) contains the revenue requirement
2 calculations for Rate Years 2 through 4;
3 - Fourth, I will outline the Company's request to
4 continue deferred accounting for certain operating
5 costs as previously authorized by the Commission;
6 - Fifth, I will discuss the Company's proposal for a
7 Steam Revenue Adjustment Mechanism ("SRAM") in
8 order to implement revenue decoupling;
9 - Sixth, I will discuss several proposed regulatory
10 reforms the Company is requesting that, if adopted
11 by the Commission, would lower our cost of
12 providing service to customers;
13 - Seventh, I will discuss the Company's proposal with
14 respect to the recovery of expenses related to
15 electric usage; and
16 - Finally, I will propose a mechanism for a multi-
17 year rate plan that would allow customers to share
18 in savings realized from the implementation of
19 recommendations contained in PSC's Comprehensive
20 Management Audit (Case 08-M-0152).

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IMPACT OF CURRENT RATE PLAN

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Q. Mr. Muccilo, please describe the steam rate plan that is currently in effect for Con Edison.

A. The Company is currently operating under the terms of a rate plan embodied in the Joint Proposal adopted by the Commission on September 22, 2008 in Case No. 07-S-1315 that went into effect on October 1, 2008 ("2008 Rate Order"). The Joint Proposal provided for a base rate increase of \$43.7 million in each of the rate years 1 and 2. RY 1 covers the period of October 1, 2008 through September 30, 2009 and RY 2 covers the period of October 1, 2009 through September 30, 2010.

Q. Please explain why the Company is filing for a new rate increase that would go into effect October 2010.

A. The Company continues to face a number of significant cost increases in its operations that makes a rate increase request necessary. As is described throughout this filing, while the Company attempts to mitigate costs and achieve efficiencies and productivity wherever it can, these cost increases cannot, regrettably, be absorbed without significantly curtailing or eliminating necessary programs.

Q. Has the Company been able to realize the sales and revenue levels included in the current rate plan?

1 A. No, unfortunately the sales and revenue forecast
2 reflected in the rate plan assumed (1) greater economic
3 development which would have contributed to load growth
4 and (2) normal weather, neither of which were
5 experienced thus far. What we have seen is
6 significantly higher energy conservation than
7 anticipated, lower economic growth, and warmer than
8 normal winter weather. These factors contributed to
9 the Company's inability to earn its allowed rate of
10 return and are the primary reasons we are seeking to
11 implement a revenue decoupling mechanism as part of
12 this filing.

13 Q. Mr. Muccilo, you stated that the Company experienced a
14 shortfall in earnings primarily attributable to lower
15 than forecast sales. Please indicate what the
16 Company's earned return on equity was for the twelve
17 months ended September 30, 2009, the first rate year of
18 the current rate plan.

19 A. For the twelve months ended September 30, 2009 the
20 actual earned return on equity was approximately 6.5%
21 as compared to an allowed return on equity of 9.3%.

22 Q. Are there other items contained within the current rate
23 plan that are contributing to the increase the Company
24 is seeking?

1 A. Yes, in addition to the sales shortfall, the current
2 rate plan includes almost \$13 million of annual
3 customer credits related to the Steam Department's
4 share of proceeds from the 1st Avenue Property sale. At
5 the end of the current rate plan, these credits will be
6 exhausted, requiring an increase in rates just to make
7 up for this lost revenue stream.

8

9

NEED FOR RATE RELIEF

10 Q. Mr. Muccilo please indicate how much rate relief the
11 Company is requesting in this proceeding.

12 A. The Company is requesting \$129 million of rate relief
13 for the period ending September 30, 2011. This would
14 be equivalent to an overall increase of approximately
15 18% on customers' bills.

16 Q. What are the drivers of this rate increase?

17 A. There are several, the majority of which are outside
18 the Company's direct control. They include: (1)
19 carrying costs on new investments, including the
20 associated depreciation; (2) lower projected sales
21 revenues than the levels embedded in rates; (3)
22 increases in property tax and pension/OPEBs expenses;
23 (4) higher cost of financing due to the change in the
24 return on equity; (5) expiring credits (e.g., 1st

1 Avenue Property sale); and (6) an increase in operating
2 expenses and income taxes. The cost drivers and
3 supporting calculations are shown in Exhibit __ (RM-1).

4 Q. I show you a 1-page document entitled, "CONSOLIDATED
5 EDISON COMPANY OF NEW YORK, INC. - REVENUE REQUIREMENT
6 - STEAM" and ask whether it was prepared under your
7 supervision and direction?

8 A. Yes, it was.

9 MARK FOR IDENTIFICATION AS EXHIBIT __ (RM-1)

10 Q. Please discuss the component of the rate request
11 relating to plant additions.

12 A. The Company is continuing to upgrade, reinforce and
13 replace its steam production and distribution
14 infrastructure and is projecting to spend in the range
15 of \$50 - \$64 million annually in capital expenditures
16 over the next several years. This contributes to the
17 increase in the carrying cost on the new plant of
18 approximately \$28 million, including the associated
19 depreciation expense. As discussed by the Company's
20 Steam Operations Panel, the projected level of spending
21 reflects the investments necessary to maintain safe and
22 reliable service.

23 Q. Please discuss the impact of steam sales on the
24 requested rate increase.

1 A. The next driver of the rate request is the decrease in
2 forecasted sales (from the level currently assumed in
3 rates). Forecasted sales for the 12 months ending
4 September 30, 2011 are 2,695 MMLbs lower than the sales
5 level embedded in current rates for the twelve month
6 period ended September 30, 2010. This is consistent
7 with the actual historic level of weather normalized
8 sales for the 12 month period ended June 30, 2009 which
9 were 2,017 MMLbs lower than the level reflected in
10 rates for the 12 month period ending September 30,
11 2010. The Forecasting Panel describes the reasons for
12 lower sales in its testimony. Lower sales revenues, net
13 of fuel and taxes, contribute to \$22 million of the
14 rate increase.

15 Q. Please continue.

16 A. The Company is faced with a number of increasing costs,
17 many of which cannot be directly controlled by Con
18 Edison. For example, as discussed by Company witness
19 Hutcheson, the level of property taxes forecast for the
20 rate year is more than 26.4% percent higher than the
21 levels reflected in current rates, which accounts for
22 \$19 million of the rate increase. Gross receipt tax on
23 the rate increases adds another \$3 million to the
24 revenue requirement.

1 Q. Please discuss the increase in employee pensions and
2 other post employment benefit costs.

3 A. Employee pension and other post employment benefit
4 (OPEB) costs have also increased significantly and
5 account for \$15 million of the rate request. The
6 increase in pension and OPEB costs is not the result of
7 any plan design or benefit enhancements, but rather
8 solely due to the 2008 downturn in the financial
9 markets. In fact, Company witness Reyes discusses
10 actions the Company has taken to mitigate its pension
11 and OPEB costs. The assets held by the pension plan
12 previously generated income and reduced the annual
13 pension expense. The meltdown of the financial markets
14 in 2008 resulted in significant losses that are now
15 increasing the cost of the pension plan. Current
16 accounting rules allow for the "smoothing" of gains and
17 losses, so the impact of the 2008 losses are being
18 phased in. If the stock market continues to rally
19 during the course of this proceeding, as it has over
20 the last several months, the impact of those gains
21 would be calculated by the Company's pension advisor,
22 Buck Consultants, during January 2010. We plan to
23 update Pension and OPEB costs, reflecting updated
24 information received from Buck, during the update stage

1 of this proceeding.

2 Q. Please discuss the increase due to the change in
3 financing costs.

4 A. Another cost driver is the increase in financing costs,
5 which are higher due to the increase of the cost of
6 equity, as demonstrated by the return on equity ("ROE")
7 that is being recommended by Company witness Hevert of
8 10.8%. The 10.8% ROE represents an increase of 150
9 basis points from the 9.3% ROE used to set rates for
10 the current rate plan and accounts for approximately
11 \$18 million of the requested rate increase.

12 Q. Please discuss expiring credits.

13 A. The current rate plan includes almost \$13 million of
14 annual customer credits related to the Steam
15 Department's share of proceeds from the 1st Avenue
16 Property sale. At the end of the current rate plan,
17 these credits will be exhausted, requiring an increase
18 in rates just to make up for this lost revenue stream.
19 Other deferred costs, which include such items as the
20 MGP/Superfund Environmental expenses, contribute an
21 additional \$2 million to the rate increase.

22 Q. Please discuss the increases the Company is requesting
23 for operation, maintenance and other expenses.

1 A. The increases in operating expenses are primarily
 2 attributable to higher salary and wage expenses of \$5
 3 million, (including \$2 million of fuel handling labor
 4 costs that are being transferred from the FAC to base
 5 rates), higher information resource costs of \$2 million
 6 and increases for facility maintenance of \$1 million
 7 for a total increase of \$8 million. An increase in
 8 income taxes related to changes in flow thru tax
 9 deductions contributes to the remaining increase in the
 10 revenue requirement in this filing of \$3 million.
 11 The following table summarizes the cost drivers:

	(\$ millions)
14 Carrying Charge on Rate Base additions	\$28
15 Lower Sales Revenues	22
16 Property & Other Taxes	21
17 ROE at 10.8%	18
18 Pension and OPEB Costs	15
19 Depreciation rate changes	10
20 Expiring Credits	15
21 O&M Expenses	8
22 Income Taxes	<u>3</u>
23 Increase	<u>\$129</u>
24 Increase in Total Bill	<u>18.2%</u>

25
 26 Q. Has the Company taken steps to mitigate its rate

1 request?

2 A. Yes, while, as mentioned above, the request for a rate
3 increase is unavoidable, the Company has taken various
4 measures to mitigate this rate increase and keep it to
5 the least practical level without adversely affecting
6 safe and reliable service. The cost mitigation
7 measures are described by various witnesses including
8 the Steam Operations Panel and Company witness
9 Hutcheson. Additionally, the Company also is proactive
10 in seeking to reduce customer costs by continually
11 seeking to achieve productivity and efficiency in our
12 operations.

13

14 PROPOSAL FOR A FOUR-YEAR RATE PLAN

15 Q. Are you sponsoring a four-year rate plan proposal as an
16 alternative to a one-year case?

17 A. Yes.

18 Q. Please explain how a multi-year rate plan would benefit
19 the Company's customers.

20 A. Multi-year rate plans provide the Company with greater
21 flexibility to schedule and execute critical programs
22 in the most cost-effective manner. A multi-year plan
23 also provides the regulator with flexibility in phasing
24 in increases in base rates over the term of a rate plan

1 in order to minimize the bill impact on customers.
2 Prior Con Edison rate plans adopted by the Commission
3 have included a variety of methods to phase in rate
4 increases, including the use of levelized and a one
5 time single increase, in conjunction with deferred
6 accounting to handle revenue variations over the term
7 of the plan. In the most recent Orange & Rockland
8 Utilities, Inc. gas case (08-G-1398), the Commission
9 adopted, in October 2009, a three-year levelized rate
10 plan, which eases the rate impact of the first year
11 increase in light of the current economic situation.
12 As shown in Exhibit __ (RM-2), Summary, under the
13 Company's request, the rate increase for a one-year
14 rate plan would be approximately \$129 million. By
15 contrast, as shown on Exhibit __ (RM-2), Schedule 1,
16 Page 3 of 3, if a levelized multi-year rate agreement
17 is approved by the Commission as filed, the first year
18 rate increase would be approximately \$66 million. The
19 amount includes interest at the 2010 Other Customer
20 Capital Rate of 4.2%. The increase under the levelized
21 plan is almost 50% lower in the first year of a four
22 year rate plan. Over the four-year period of the rate
23 plan, the same amount of revenues would be collected,
24 but the first year impact would be significantly

1 mitigated.

2 Another additional benefit of the multi-year plans is
3 that they place a greater responsibility on the Company
4 to manage its resources over several years and permit
5 greater focus on operating efficiencies as opposed to
6 the alternative of a relatively constant focus on rate
7 litigation.

8 When the Company manages its resources in a cost-
9 effective manner, both the Company and customers
10 benefit. That is, the Company could receive a benefit
11 during a portion of the current rate period, and its
12 customers during all successive rate periods, retaining
13 the more significant value of the improvements in the
14 business. A four-year rate plan that includes the
15 features I discuss later in my testimony balances the
16 impact of future uncertainties on customers and the
17 Company.

18 Q. The Company's multi-year rate plans that were adopted
19 by the Commission over the last decade all provided for
20 an earnings sharing mechanism in order to allow
21 customers to share in efficiencies achieved by the
22 Company over the term of rate plans. Do you have a
23 proposal for such a sharing mechanism in this case?

24 A. Yes, the Company would propose to start sharing

1 earnings with customers evenly (i.e., 50/50) starting
2 100 basis points above the return on equity to be
3 authorized in this case. I further propose that the
4 sharing calculation be done on a cumulative (i.e.,
5 four-year) basis to take into account that there is
6 variability in earnings between accounting periods due
7 to a number of operating factors. I discuss later in
8 my testimony a proposal for a different sharing
9 mechanism for rate years 2 through 4.

10 Finally, I propose to use the customers' share of such
11 earnings to write down deferred costs. If there were
12 still available funds after eliminating deferrals, I
13 would propose to defer the customers' share of earnings
14 until the next case to be used to moderate future rate
15 increases or dispose of them as directed by the
16 Commission.

17 Q. Can you explain how your multi-year proposal would
18 work?

19 A. Yes. The Company essentially proposes that the rates
20 set for the rate year become the base from which
21 projections are made in order to establish rates for
22 the 2nd, 3rd and 4th years of the rate plan. The Company
23 further proposes that the Commission adopt a series of
24 staged rate changes for RY2 through RY4. I would like

1 to emphasize that, by proposing a four-year plan in the
2 alternative, the Company does not waive its rights to
3 file for new rates immediately following the conclusion
4 of this case if the Company views (1) the rate change
5 authorized by the Commission for RY1 to be inadequate,
6 or (2) the terms for an additional rate year(s) under a
7 multi-year rate plan to be unreasonable. I would note
8 that this caveat is a needed protection for the
9 Company's investors and is no different than the rights
10 retained by the Company and other parties to Joint
11 Proposals in the event the Commission were to modify
12 the terms of a Joint Proposal. I would also note that
13 the various amortizations proposed throughout the
14 Company's filing are proposed for both the one-year
15 rate request and the four-year rate proposal.

16 Q. I show you a 30-page document entitled, "CONSOLIDATED
17 EDISON COMPANY OF NEW YORK, INC. - MULTI-YEAR STEAM
18 RATE PLAN" and ask whether it was prepared under your
19 supervision and direction?

20 A. Yes, it was.

21 MARK FOR IDENTIFICATION AS EXHIBIT ___ (RM-2)

22 Q. Please explain the "Summary" page of your Exhibit ___
23 (RM-2).

24 A. Exhibit ___ (RM-2), Summary, highlights the items for

1 which the Company seeks recovery in RY2 through RY4.
2 The first column represents the calculated increase in
3 revenue requirement of \$135.1 million for RY1 as shown
4 on Exhibit __ (RM-2), Schedule 1. The second, third
5 and forth columns show the annual changes in revenues
6 and costs that the Company believes are appropriate to
7 include in the calculation of the revenue requirement
8 for RY2 through RY4. The bottom of this Exhibit
9 indicates the continuation of existing reconciliation
10 mechanisms for items such as property tax expenses,
11 interference costs, pensions and OPEBs, and
12 environmental remediation. The Company also proposes
13 to continue to true up and defer costs associated with
14 new legislative and regulatory requirements. We
15 propose these true ups for a one-year rate
16 determination as well, since these costs, which are
17 outside the Company's direct control, could either
18 increase or decrease materially during the first rate
19 year. Moreover, establishing these true-ups in
20 connection with a one-year rate determination could
21 enable the Company to delay the need for rate relief
22 after the expiration of the first year such rates are
23 in effect. I would note that since the Company is
24 subject to the Commission's Policy Statement on

1 Pensions and Other Post Employment Benefits, it is
2 required to true-up its annual pension and OPEB costs
3 to the levels provided in base rates. As discussed
4 below, I propose that some of the existing true-up
5 mechanisms be modified or not re-established.

6 Q. What return on equity does the Company reflect in its
7 multiyear rate request?

8 A. The multi-year rate request reflects a "stay out
9 premium" of 60 basis points as recommended by Company
10 witness Hevert, to compensate for the additional cost
11 of capital risk of a multi-year plan, resulting in an
12 overall ROE of 11.4 percent.

13 Q. What mechanisms do you propose not be re-established?

14 A. The current steam agreement contains capital spending
15 targets for steam production plant and provides for
16 downward reconciliation for production plant capital
17 expenditures. I am proposing that this mechanism not
18 be re-established. The Company's net steam production
19 plant balances have exceeded targets in every month of
20 the current rate plan and there is no basis for a
21 concern that the Company will under-spend the capital
22 targets that will be established in this proceeding.
23 Moreover, like any other element of the Company's
24 projected cost of service, the capital infrastructure

1 forecast is a reasonable estimation and actual costs
2 may be higher or lower for a variety of reasons,
3 including the Company's need to address changing system
4 conditions. The Company believes that the asymmetrical
5 nature of the current reconciliation mechanism is
6 unduly preferential to customers and unduly unfair in
7 its treatment of the Company. Since these costs are
8 generally not outside the Company's direct control, the
9 Company is proposing to eliminate the current
10 mechanism, rather than propose a bilateral
11 reconciliation, which would be the equitable
12 alternative.

13 Q. Please discuss your proposed modifications to the
14 existing true-up mechanisms.

15 A. I propose that the Company be given a full
16 reconciliation of property taxes (a 100 percent true
17 up), a material cost outside the Company's direct
18 control, consistent with the currently-effective
19 property tax reconciliation mechanism for the Company's
20 electric service. Full reconciliation of property
21 taxes was granted in the Company's recently completed
22 electric case 08-E-0539.

23 Historically, as should be expected, the Company has
24 been either over or under the annual property tax

1 target, which is the result of the actions of various
2 governmental entities. The current 90/10 sharing
3 mechanism has not and does not provide a needed
4 incentive or disincentive to the Company to reduce a
5 cost over which it has no direct control. It merely
6 results in either the Company or its customers
7 receiving a windfall at the expense of the other. As
8 Company witness Hutcheson explains, the Company, both
9 historically and on an ongoing basis, aggressively
10 seeks to minimize its property tax expense, including
11 during periods when a full 100 percent reconciliation
12 was in effect.

13 Q. What about reconciliation of interference expense?

14 A. Although interference expense, like property taxes, is
15 outside the Company's direct control, the Company is
16 proposing to continue the 90/10 reconciliation
17 mechanism currently in effect, for the reasons
18 explained by the Company's Municipal Infrastructure
19 Support Panel.

20 Q Mr. Muccilo, with regards to the FAC, New Laws and
21 other provisions contained in the Company's current
22 rate plan approved in Case 07-S-1315, are you proposing
23 to continue these same terms as part of the Company's
24 multiyear rate proposal?

1 A. I would propose to continue the existing fuel rider
2 provision (e.g., Fuel Adjustment Clause or "FAC")
3 regardless of whether or not the Commission adopts a
4 multiyear rate plan as part of this case. I would
5 further propose to continue the other provisions
6 contained in the existing rate plan and add one
7 additional new deferral mechanism that would allow the
8 Company to defer incremental O&M costs if we experience
9 abnormally high inflation (i.e., above 4% annually)
10 over the term of a multi-year rate plan.

11 Q. Do the amounts shown on Exhibit ____ (RM-2), Summary for
12 RY2 through RY4, represent the increases the Company
13 seeks for those years, or is it a placeholder for data
14 that is to be updated at a later point in time?

15 A. Generally, with the exception of costs that would
16 normally be updated during the course of this
17 proceeding for known and measurable changes (e.g.,
18 pension/OPEBs), the amounts shown for RY2 through RY4
19 represent the amounts the Company requests, subject to
20 the true-ups discussed previously. I would note that,
21 to the extent revenues and/or costs included in Rate
22 Year 1 are updated or changed during the course of this
23 proceeding, they will have a corresponding impact on
24 the Company's Rate Year 2 through 4 projections. I will

1 update our request as appropriate to reflect the impact
2 of those changes on RY2 through RY4. The need for the
3 requested true-ups is important because my projections
4 incorporate savings in certain of these categories that
5 are not certain at this point in time. For example the
6 forecast of property taxes as discussed by Company
7 witness Hutchison assumes that Con Edison will continue
8 to receive a tax savings resulting from the economic
9 obsolescence of our steam distribution plant. This is
10 not a certainty. If true ups are not provided, then
11 rates should reflect only known/certain tax benefits
12 received to date.

13 As indicated above, we also propose to update pension
14 and OPEB costs, which may vary significantly due to
15 fluctuations in the financial markets and underlying
16 assumptions, using the latest available information
17 from our actuary, currently Buck Consultants, at the
18 appropriate time during the course of this proceeding.
19 The projected increases in pension and OPEB expense in
20 Rate Year 2 through 4 are based on a 2009 actuarial
21 study. As a normal course of business, our actuaries
22 will recalculate the pension/OPEB forecast in the early
23 part of 2010 to reflect actual 2009 operating results
24 of the pension fund as well as the actual experience

1 for this year.

2 Q. Mr. Muccilo, please explain how the forecast of
3 revenues and expenses for RY2 through RY4 was prepared.

4 A. The forecast of Sales Revenues was provided to me by
5 the Steam Forecasting Panel. Other Operating Revenues,
6 other than the ERRP carrying charges, were escalated
7 using a GDP factor of 1.85 percent for RY2 and 2.13
8 percent for RY3 and 2.20 percent for RY4.

9 Other operating revenues include the ERRP carrying
10 charge which provides for a return on the cost of the
11 station allocated to the electric department as well as
12 the recovery of depreciation and property taxes. This
13 calculation reflects the latest information available
14 for property taxes and capital spending in the plant.

15 Other operating revenues include a number of fixed
16 amortizations including the recovery of MGP remediation
17 costs. Exhibit ____ (RM-2), Schedule 3, page 3 of 3,
18 shows the projected annual spending for MGP and other
19 environmental remediation spending as explained by
20 Company witness Price. The revenue requirements for
21 Rate Years 1 through 4 are designed to recover the
22 increase in spending over four years. The annual
23 allowance for environmental remediation costs of \$2.9
24 million established in the existing rate plan

1 recognized the higher level of spending by the Company
2 and provided for any environmental costs above the
3 target to be offset by remaining funds that had been
4 set aside from a number of sources, including insurance
5 recoveries, divestiture of Con Edison's generating
6 assets, and prior collections from customers.
7 Currently, the Company has exhausted all of these funds
8 and is expending funds in excess of the \$2.9 million
9 annual rate allowance. As of June 30, 2009, Steam
10 operations disbursements for these costs exceeded
11 recoveries by almost \$6.5 million. Exhibit __ (RM-2),
12 Schedule 3, Page 3 of 3, shows that the projected
13 spending from July 1, 2009 through the end of the first
14 rate year, will be approximately \$116.9 million, of
15 which Steam Operations will be responsible for
16 approximately \$6.0 million. When combined with the
17 current deferred balance of approximately \$6.5 million,
18 less amounts to be amortized of approximately \$3.5
19 million, a total amount of \$9.0 million is required.
20 The Company proposes to increase the level of
21 environmental expenditures reflected in rates to
22 recover this balance over four years. In addition, the
23 Company is requesting an additional increase of \$0.5
24 million in each of the RY2 through RY4 to start

1 recovering a portion of the projected expenditures to
2 be incurred in each of those periods.

3 Q. Please discuss how operation and maintenance expenses
4 were forecast.

5 A. The projection of operating and maintenance expenses
6 excluding fuel was developed by taking the RY1 level of
7 Operations and Maintenance Expense shown in Exhibit ___
8 (AP-6), Schedule 1, and escalating net wages by 2.57
9 percent and other items by the GDP rate of 1.85 percent
10 for RY2, 2.13 percent for RY3, and 2.20 percent for
11 RY4. The 2.57 percent escalation rate for wages
12 assumes the weighted average annual increase of 3.57
13 percent less a productivity adjustment of 1.0 percent.
14 The Company is continuing in this case the calculation
15 of a one percent productivity factor on Company labor
16 and applying the factor to the linking periods as well
17 as each rate year, which results in imputed
18 productivity savings to customers in the rate year that
19 are greater than one percent. Exhibit ___ (RM -2),
20 Schedule 4, page 1 of 4 shows the escalation of Rate
21 Year 1 O&M expenses. The projection of interference
22 costs was provided to me by the Municipal
23 Infrastructure Support Panel. They have forecast that
24 interference costs will decrease by \$0.8 million

1 in RY 2 and \$1.4 million in RY 3. Amortized expenses
2 were not escalated. The projections for insurance
3 expense reflect the expiration of the limit on
4 recoverable excess liability insurance premiums which
5 were capped at \$11.3 million annually on a Company wide
6 basis for the period beginning April 28, 2008 through
7 April 27, 2010, per the PSC Joint Proposal adopted by
8 the Commission in Case 08-S-0153.

9 Water and water chemical cost that are recoverable
10 through the fuel adjustment charge were provided to me
11 by Company witness Catuogno. Amortized expenses were
12 not escalated.

13 Exhibit ___ (RM-2), Schedule 4, page 2 of 2 shows the
14 projected annual pension and OPEB costs based on a
15 forecast prepared by the Company's actuary Buck
16 Consultants as discussed previously.

17 Q. Please discuss your depreciation expense forecast.

18 A. Depreciation expense is based on the rates proposed by
19 Company witness Hutcheson applied to the Company's
20 Capital Budget and is shown on Exhibit ___ (RM-2),
21 Schedule 5. Property taxes were also projected by Mr.
22 Hutcheson and are shown on Exhibit ___ (RM-2), Schedule
23 6. Subsidiary capital taxes and other miscellaneous
24 taxes also shown on Schedule 6 were escalated using the

1 GDP factor of 1.85 percent for RY2, 2.13 percent for
2 RY3, and 2.20 percent for RY4. Payroll taxes on this
3 exhibit were calculated by applying an effective
4 payroll tax rate of 7.03 percent to the projected wage
5 increase.

6 The New York State and Federal Income tax computations
7 utilize the forecast data from the aforementioned
8 schedules and are shown on Exhibit __ (RM-2), Schedule
9 7 and 8 respectively.

10 Average rate base is shown on Exhibit __ (RM-2),
11 Schedule 9 and reflects the Company's forecast of plant
12 additions, depreciation accruals and changes in
13 deferred income tax balances. In addition, deferred
14 balances have been adjusted to reflect the impact of
15 amounts amortized each year.

16

17

DEFERRAL ACCOUNTING

18 Q. Does the Company currently employ the use of deferred
19 accounting as permitted under SFAS No. 71, Accounting
20 for Regulated Businesses?

21 A. Yes. The Commission has authorized the Company to
22 utilize deferred accounting to match the recognition of
23 expenditures with the recovery of certain costs when
24 they are either beyond our direct control or the timing

1 of the actual expenditure is not certain.

2 Q. Are you proposing to continue the use of deferral
3 accounting for the costs that the Commission has
4 previously authorized?

5 A. Yes. As I discussed earlier in my testimony, I propose
6 to continue the true-up mechanisms that are part of the
7 existing rate plan, whether for a one-year rate
8 determination or the proposed four-year rate plan,
9 subject to the modifications discussed above.
10 Secondly, I propose to eliminate the production capital
11 spending reconciliation. In addition, for all true-
12 ups, the target levels should be updated to reflect the
13 Company's current projected levels of expense for these
14 items (i.e., property taxes, O&M interference
15 (excluding company labor), pensions and OPEBs,
16 environmental remediation, and World Trade Center
17 costs) included in this filing.

18 Q. Please continue.

19 A. Additionally, we are proposing to use deferral
20 accounting for the impact of interest rate variations
21 on the new bond issues and variable rate debt similar
22 to the procedure adopted by the Commission in the
23 Company's last electric rate proceeding, Case 08-E-
24 0539.

1 Q. Do you propose any additional deferrals?

2 A. We propose a deferral for high inflation which would
3 only apply if the Commission approved a multi-year
4 plan.

5 Q. Please describe your proposed mechanism for the high
6 inflation deferral.

7 A. The following mechanism is based on the method approved
8 by the Commission in various rate cases, including in
9 Orange and Rockland's electric Case 07-E-0949, and more
10 recently in Orange and Rockland's gas Case 08-G-1398.
11 If general inflation rates exceed 4.0% ("Inflation
12 Threshold") on average over the course of the multi-
13 year rate plan and the Company's return is less than
14 the authorized return, the Company will be allowed to
15 defer inflationary increases for O&M expenses above the
16 Inflation Threshold.

17 Q. Does the Company have a proposal regarding the
18 treatment of property tax refunds and assessment
19 reductions it is able to achieve?

20 A. Yes. The Commission should continue the current 86/14
21 customer/Company sharing mechanism in place for
22 property tax refunds and assessment reductions achieved
23 by the Company. As explained by Company witness
24 Hutcheson, the Company's efforts in this regard have

1 produced material benefits for customers. In addition,
2 the Company should be permitted to petition for a
3 higher percentage share in cases where exceptional
4 efforts led to success in this area.

5 Q. Please explain how the Company accounts for costs
6 related to the restoration of facilities in lower
7 Manhattan that were damaged as a result of the attack
8 on the World Trade Center, and how it proposes to
9 incorporate these costs in RY2 through RY4 if a four-
10 year rate plan is adopted.

11 A. The Company has deferred and categorized actual
12 spending related to the WTC incident as follows:

- 13 • Category 1 - Restoration and emergency response;
- 14 • Category 2 - Rebuilding of facilities; and
- 15 • Category 3 - Interference (relocation of Company
16 facilities).

17 The Company has applied for recovery of these costs
18 through the Lower Manhattan Development Corporation
19 ("LMDC"), which, in partnership with the Empire State
20 Development Corporation ("ESDC") and New York City
21 Economic Development Corporation, has prepared a
22 partial action plan with regard to the \$750 million
23 federal appropriation for reimbursing utilities. The
24 Company has received payments totaling \$254.4 million

1 as of September 30, 2009 (excluding interest of \$2.5
2 million) from LMDC and insurance carriers for losses
3 incurred by the electric, gas, and steam departments
4 and applied these payments against the deferred
5 expenditures (capital, removal and O&M). In addition
6 to what ESDC may determine as ineligible for federal
7 reimbursement during audit review, all reimbursements
8 of the varying categories of costs under the HUD Action
9 Plan are subject to the limitation of funds that remain
10 available based on submissions by all applicants and
11 not just Con Edison. For Category 2, except for a
12 limited amount under appeal, the Company has agreed
13 with ESDC on its reimbursement for that category. For
14 Category 3 and the southern sites, on December 31,
15 2007, the Company filed with ESDC a request for
16 approximately \$200 million in reimbursement, which is
17 still, at this point, pending. I would note that the
18 HUD Action Plan only allocates \$60 million for all
19 applicants of which Con Edison's expenditures to date
20 alone exceed this amount. Given that Con Edison's
21 expenditures alone exceed that amount, it is not
22 reasonable to expect that future federal payments will
23 provide for recovery of all of the Company's
24 expenditures. More important, many of the other

1 utilities have yet to settle their Category 1 and 2
2 reimbursements with ESDC so the available funding for
3 Category 3 could decrease or there could be no funding
4 left at all.

5 Therefore, as discussed by the Accounting Panel, we
6 propose a five-year recovery for carrying charges and
7 expenditures incurred through August 31, 2009, that
8 would have normally been expensed. For items that are
9 capital in nature, we are seeking a twenty-eight year
10 recovery.

11 Q. Please explain how you propose to recover the category
12 of expenses under the annual true-ups shown on Exhibit
13 ____ (RM-2), Summary, under the proposed four-year rate
14 plan.

15 A. As discussed previously, the Company would defer the
16 difference between the amount allowed in rates and the
17 actual level of expenditures in property taxes,
18 interference, pensions/OPEBs, environmental
19 remediation, interest and inflation rates, and World
20 Trade Center costs that are included in this filing.
21 Under a four-year rate plan, the Company proposes to
22 submit to the Commission's Accounting and Finance Staff
23 for its review an annual reconciliation of these items
24 for the purpose of netting these balances. This

1 procedure would help minimize the potential build up of
2 large deferrals that would be collected from or passed
3 back to customers at some time in the future.
4

5 STEAM REVENUE ADJUSTMENT MECHANISM ("SRAM")

6 Q. Is the Company proposing to implement a Steam Revenue
7 Adjustment Mechanism ("SRAM") commencing with the
8 effective date of new rates (i.e., October 1, 2010)?

9 A. Yes, it is.

10 Q. Has the Commission recognized the importance of
11 decoupling?

12 A. Yes. The Commission issued an Order on April 20, 2007,
13 which requires "utilities to develop and implement
14 mechanisms that true-up forecast and actual delivery
15 service revenues and, as a result, significantly reduce
16 or eliminate any disincentives caused by the recovery
17 of utility fixed delivery costs via volumetric rates or
18 marginal consumption blocks."

19 Q. Did the Commission Order address steam utilities?

20 A. The Order was silent with regard to steam. The Company
21 is in somewhat of a unique position because it is the
22 only regulated steam utility in New York State.

23 However, the Order's principles underlying the reasons
24 for revenue decoupling for electric and gas service are

1 also applicable to steam service.

2 Q. Please explain.

3 A. Our steam customers have characteristics very similar
4 to those of our gas and electric customers in that the
5 primary use of our product is for heating and in some
6 instances cooling, and the inefficient use of electric,
7 gas or steam for these purposes results in required
8 infrastructure investment that may otherwise be avoided
9 or mitigated. Efficient use of steam will also produce
10 other benefits, including environmental benefits.
11 Therefore, the implementation of revenue decoupling in
12 order to encourage energy efficiency is as important
13 for steam as it is for electric and gas.

14 Q. How would the SRAM be implemented?

15 A. The SRAM would be implemented in a manner consistent
16 with the maintenance of reliable service and the
17 promotion of economic development in the Company's
18 service territory. SRAM should afford the Company
19 sufficient revenues to cover the incremental cost of
20 new customer growth above forecast levels as discussed
21 below.

22 Q. What general principles did you rely on to develop your
23 revenue decoupling proposal?

24 A. In developing the SRAM, I took into account the

- 1 following design criteria or principles:
- 2 - The mechanics to implement decoupling to break
 - 3 the link between profits and sales;
 - 4 - Revenue true-ups should be performed on a
 - 5 customer class basis;
 - 6 - Interest should be recognized on over/under
 - 7 revenue collections at the other customer
 - 8 capital rate;
 - 9 - A provision should be in place to adjust allowed
 - 10 revenues for unexpected and unavoidable factors
 - 11 that increase or decrease costs:
 - 12 ■ Growth in customers, jobs and businesses
 - 13 above levels assumed are all desirable
 - 14 factors that might drive up costs;
 - 15 ■ Variations in weather that may increase
 - 16 maintenance and inspection costs should be
 - 17 recognized; and
 - 18 ■ Extreme storms (i.e., flooding) and
 - 19 terrorist attacks are factors that might
 - 20 unexpectedly and unavoidably drive up
 - 21 costs.
 - 22 - Annual or more frequent recovery / passback of
 - 23 under- or over-recoveries will keep rates more

1 in-line with average short-term costs.

2 Q. Mr. Muccilo is your SRAM proposal consistent with these
3 goals?

4 A. Yes, the SRAM mechanism would remove a financial
5 disincentive the Company might otherwise have to
6 promote increased energy efficiency, through demand
7 reduction programs, conservation efforts and the wise
8 use of energy.

9 Q. What type of revenue decoupling mechanism is currently
10 in place for the Company's electric and gas services?

11 A. The Company's current gas rates are subject to a
12 Revenue Per Customer ("RPC") Mechanism and our electric
13 rates are subject to an Electric Revenue Adjustment
14 Mechanism ("ERAM"), which would be similar to what we
15 are proposing here.

16 Q. Why are you proposing a revenue adjustment mechanism
17 for steam instead of an RPC?

18 A. The steam business has approximately 1,800 customers as
19 compared to over 1 million gas and 3 million electric
20 customers. The size and usage of the steam customers
21 within each service class varies significantly. As
22 customers are added or removed from each service class
23 they could significantly distort the average revenues
24 for that class. To give an extreme comparison a

1 customer such as the former World Trade Center would
2 use significantly more steam than a ten or fifteen
3 story office building. It is not appropriate therefore
4 to assign the same average revenue or usage to each
5 customer in that service class.

6 Q. You indicate that an SRAM would have the same
7 characteristics of an ERAM. Please describe how such a
8 mechanism would work.

9 A. Essentially a revenue adjustment mechanism would
10 require the Company to true up its actual net steam
11 revenues, which I would define as base rate revenues
12 excluding government surcharges (i.e., gross receipts
13 tax recoveries) and base rate fuel to the levels
14 included in the final revenue requirement. To the
15 extent that actual net base rate revenues are higher or
16 lower than the level reflected in the revenue
17 requirement, the Company would defer the difference to
18 be surcharged or passed back to customers. Fixing the
19 level of net base revenues the Company will retain
20 removes the financial disincentive that the Company
21 might otherwise have to promote the efficient use of
22 energy and our natural resources, which leads to a
23 cleaner environment and better living conditions for
24 all concerned. The SRAM would capture for existing

1 customers the benefit in terms of additional net
2 revenues that new customers added to the system would
3 bring. Historically, the Company retained this benefit
4 if customer growth was higher than forecast. An SRAM
5 would enable the Company to collect the projected
6 revenues necessary to cover its cost of service in
7 light of the conservation efforts that customers are
8 undertaking to reduce their annual consumption and peak
9 demand.

10 And, as indicated above, the SRAM needs to include a
11 provision to adjust allowed revenues for unexpected and
12 unavoidable factors that increase or decrease costs.

13 Q. With regards to your proposal for the governing
14 principles of a SRAM, would the Company or customers
15 bear the risk for sales resulting from warmer or colder
16 than normal weather?

17 A. Currently, the Company bears the risk for all steam
18 sales variations resulting from weather. Under the
19 SRAM, all else being equal, customers would benefit
20 from a pass back of revenues for colder than normal
21 winter weather and be subject to some additional
22 charges for warmer than normal winter weather. I note,
23 however, that during a warmer than normal winter,
24 customers will benefit from lower fuel charges, which

1 are not reconciled through the SRAM.

2 Q. Are the electric and gas revenue decoupling mechanisms
3 based upon weather normalization?

4 A. Yes, they are.

5 Q. I show you a 2-page document entitled, "CONSOLIDATED
6 EDISON COMPANY OF NEW YORK, INC. - STEAM REVENUE
7 ADJUSTMENT MECHANISM" and ask whether it was prepared
8 under your supervision and direction?

9 A. Yes, it was.

10 MARK FOR IDENTIFICATION AS EXHIBIT ___ (RM-3)

11 Q. Please explain your Exhibit ___ (RM-3).

12 A. Yes, Exhibit ___ (RM-3), is an illustrative of how the
13 Company would propose to implement the SRAM. This
14 exhibit contains two schedules. The first schedule is
15 an illustrative of how the true up of revenue would be
16 done for the residential rate class on a monthly basis.
17 The second schedule lists how customer classes would be
18 grouped for proposes of the SRAM.

19 Q. In reviewing your second schedule it appears the two
20 service classes have been excluded from the SRAM.

21 Please explain which classes you excluded and why?

22 A. In the case of SC-6, the Company does not currently
23 have nor does it expect to have any customers in this
24 rate code. As to Service Class 5 ("SC-5") customers

1 (i.e., negotiated contracts), although they are
2 excluded for purposes of my SRAM example, in developing
3 the final terms of the SRAM, consideration must be
4 given to capturing the movement of customers between
5 SC-5 and other service classes.
6

7 REGULATORY REFORMS

8 Q. The current draft of the New York State Master Energy
9 Plan calls for regulatory reform in order for all
10 parties to be efficient and improve the State's
11 competitiveness. Does Con Edison support this
12 initiative?

13 A. It is incumbent on all stakeholders to continually
14 review governmental regulations to make sure
15 regulations continue to be warranted and that there are
16 not lower-cost alternatives to achieve the goals of
17 regulations.

18 Q. Mr. Muccilo, are there regulatory reforms that could be
19 implemented as part of this proceeding or through
20 changes in State legislation that if adopted, would
21 lower costs for customers without significantly
22 impacting the level of service provided?

23 A. Yes, there are a number of programs and requirements
24 that currently add to our cost of providing service to

1 customers that, if modified or eliminated, would lower
2 customer bills.

3 Q. Can you provide some specific examples of the types of
4 regulatory and legislative changes you are referring to
5 and indicate what steps the Company has already taken?

6 A. Yes. Con Edison has, for example, been supporting an
7 expansion of joint-bidding for municipal interference
8 work and that is just one example where legislative
9 reform can achieve efficiencies for customers. If we
10 are successful in achieving reforms in even small
11 programs the resulting cumulative savings have the
12 potential to be significant.

13 Q. The testimony of Company witness Hutcheson discusses
14 numerous steps that Con Edison has take to challenge
15 property tax assessments, seek ICIP abatements, other
16 credits and obtain refunds. Are there other regulatory
17 reforms that the Company is undertaking that would
18 lower the Company's tax obligations?

19 A. Yes, as discussed by Company witness Hutcheson, we have
20 been pursuing a strategy to merge the utility class in
21 New York City, class 3, which contains most of the
22 Company's property, with class 4, the general class
23 that includes all property except utility property and
24 homes and condominiums, with the objective of lowering

1 our tax liability. Legislation has been drafted and a
2 bill has been submitted in the Assembly - bill number
3 A8926 sponsored by Assemblyman Bing. This change, if
4 passed by the legislature, would reduce the property
5 tax rate paid by Con Edison and result in significant
6 savings for customers.

7 Q. Given the current economic conditions and reduced level
8 of new construction, should the Company be reducing the
9 level of infrastructure investment from the levels
10 requested in the case?

11 A. The Company is maintaining its current level of
12 infrastructure investment and not seeking to increase
13 it. It is necessary to continue to build and maintain
14 a safe and reliable system.

15
16 RECOVERY OF ELECTRIC USAGE

17 Q. What is the Company's proposal with respect to the
18 recovery of expenses related to electric usage?

19 A. The Company's steam operations uses electricity in a
20 manner that is significantly different in nature from
21 the way it is used by the electric and gas departments.
22 For the Electric and Steam departments, electricity is
23 used in various facilities such as office buildings,
24 substations or gate station for lighting and to run

1 equipment at those facilities. The consumption of
2 power by the electric and steam departments would be
3 fairly constant over time.

4 For the steam department the majority of the energy is
5 consumed in the production of steam (i.e., as station
6 service to run pumps and auxiliaries). Electric usage
7 is a variable production related cost that varies with
8 the output of the plants and as such should be
9 recovered in the same manner as fuel costs. I would
10 propose to recover this expense, which for the rate
11 year is approximately \$13 million, through the FAC.
12 This expense is currently recovered through steam base
13 rates.

14
15 **MANAGEMENT AUDIT**

16 Q. Does this filing reflect the impact of implementing
17 recommendations from the PSC's Comprehensive Management
18 Audit (Case 08-M-0152)?

19 A. The Management Audit report was issued on August 7,
20 2009. Company witness Nachmias discusses the status of
21 the Company's audit implementation plan. As Mr.
22 Nachmias explains, the Company is currently evaluating
23 the recommendations of the audit, including determining
24 the associated costs, benefits and risks, and working

1 on implementing the recommendations that will produce
2 tangible savings and efficiencies. It is simply too
3 early in the implementation process to identify
4 specific savings for the rate year, above and beyond
5 savings identified already in the Company's filing or
6 imputed productivity savings. Further, as Mr. Nachmias
7 points out, numerous audit recommendations reflect
8 ongoing Company initiatives. Realization of benefits
9 beyond what the Company would be realizing absent the
10 audit recommendations is virtually impossible to
11 identify or predict. Accordingly, there is no basis for
12 adjusting the Company's RY1 rate request to reflect the
13 implementation of audit recommendations.

14 Q. Mr. Muccilo how does the Company plan to track savings
15 that would result from the implementation of
16 recommendations contained within the management audit
17 report?

18 A. As noted above, it is very difficult, if not
19 impossible, to track such avoided costs. By
20 definition, if the Company has not incurred a cost
21 because it performs work more efficiently, then that
22 cost would not be recorded on the Company's books and
23 records. The long-standing Commission practice is to
24 reflect all savings associated with implementing the

1 recommendations of a management audit in future rate
2 proceedings as part of the rate setting process. Under
3 that process, historic year costs in future rate cases
4 will reflect the lower spending levels achieved through
5 implementation of the audit recommendations and,
6 thus, all savings achieved will permanently inure to
7 the benefit of customers.

8 Q. Should the Commission adopt a multiyear rate plan as
9 you proposed, what mechanism do you propose in order to
10 provide customers with a material share of benefits
11 achieved from implementing audit recommendations during
12 the term of the rate plan?

13 A. Under a four-year rate plan, I propose to lower the
14 sharing targets from 100 basis points above the allowed
15 return on equity to 50 basis points starting in RY-2.
16 In addition, I would recommend that the sharing ratio
17 be changed from 50/50 (customer/Company) to 60/40 to
18 give customers a greater share of earnings. This would
19 capture for customers a material share of any savings
20 to be achieved during the rate plan.

21 Q. Does this conclude your testimony?

22 A. Yes, it does.

Consolidated Edison Company of New York, Inc.
 Revenue Requirement - Steam
 Joint Proposal Rate Year 2 Vs. Company Filed Rate Case
 \$(000's)

<u>Items Driving Rate Increase:</u>		<u>Amount</u>
Carrying Charge on Rate Base additions		
Rate Base @ 9.3% ROE	\$ 21,500	
Depreciation at existing rates on additions	4,900	
Income tax Impact of depreciation	<u>1,300</u>	\$ 27,700
Lower Sales Revenues (Net of fuel & taxes)		21,900
Property & Other Taxes	18,700	
GRT on rate increase	<u>2,700</u>	21,400
Higher ROE @ 10.8% (100 BP - \$12.5 million)		18,200
Employee Pensions/OPEBs (incl. amort of prior costs)		14,600
Higher Operation & Maintenance Expenses		
Company labor	4,600	
Information Resources	2,100	
Interdepartmental rents	1,900	
Steam Operations	(700)	
All Other	<u>(300)</u>	7,600
Expired Credits / Other Operating Revenues		
Amortization of 1st Avenue Property Sale	12,800	
Amortization of higher net Deferred Costs	<u>1,700</u>	14,500
Income Taxes -- Flow thru tax items		<u>2,900</u>
Total Increase		<u><u>\$ 128,800</u></u>
Percentage Increase		<u><u>18.2%</u></u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
MULTI-YEAR STEAM RATE PLAN
(\$ millions)

	Exhibit / Schedule	Rate Year Ending September 30,			
		2011	2012	2013	2014
Base Rate Increase - RY1 @ 10.8% ROE	AP-9, Sch 1	\$ 128.8			
Adjustment for 11.4% ROE		6.3			
Base Rate Increase - RY1 @ 11.4% ROE		\$ 135.1			
Operating Revenues					
Sales Revenue (Net of Fuel, Purchased Power & Rev. Tax)	RM-1, Sch 2	\$ 2.3	\$ (2.8)	\$ (3.0)	
O&M Fuel rider charges - water, water chemicals, sewer	RM-1, Sch 4	-	-	-	
Net Revenues		2.3	(2.8)	(3.0)	
Other Operating Revenues - ERRP	RM-1, Sch 3	(0.6)	3.5	3.0	
- Other	RM-1, Sch 3	(0.5)	(0.5)	(0.6)	
Subtotal (1)		1.2	0.2	(0.6)	
Operating Expenses					
Operation & Maintenance Expense (excl. fuel)					
- Labor & General Escalations	RM-1, Sch 4	4.1	4.0	3.5	
- Interference	RM-1, Sch 4	(0.8)	(1.4)	0.1	
- Pension and OPEBs	RM-1, Sch 4	2.0	0.5	(1.8)	
Depreciation & amortization	RM-1, Sch 5	1.7	1.7	1.5	
Taxes Other - excl. revenue taxes	RM-1, Sch 6	10.0	12.3	13.4	
- revenue taxes	RM-1, Sch 6	0.9	0.7	0.3	
Federal Income Taxes (Book vs. Flow Thru Deductions)	RM-1, Sch 8	-	0.6	0.9	
Pre Tax Return on Rate Base (Net of Interest Tax Deduction)	RM-1, Sch 9	1.3	2.2	1.3	
Subtotal (2)		19.2	20.6	19.2	
Increase in Net Operating Expenses (2) - (1)			18.0	20.4	19.8
Annual True Up Mechanisms					
Property Tax Expense -- 100%		-	-	-	-
Interference (excluding Company Payroll) 90/10		-	-	-	-
Pensions / OPEBs (Policy Statement)		-	-	-	-
Environmental Remediation -- 100%		-	-	-	-
World Trade Center		-	-	-	-
Income Taxes (263a deferred income taxes, Medicare Part D)		-	-	-	-
Section 18a regulatory assessments		-	-	-	-
New Laws and abnormal inflation		-	-	-	-
Firm Sales & Revenue (Revenue Decoupling Mechanism)		-	-	-	-
Net Rate Change	RM-1, Sch 1	\$ 135.1	\$ 18.0	\$ 20.4	\$ 19.8
Percent Increase Over Base Year		19.5%	2.6%	2.9%	2.8%

Consolidated Edison of New York, Inc.
Steam Department
Operating Income, Rate Base & Rate of Return
(\$000's)

Twelve Months Ending September 30, 2012

	Rate Year 1 Exhibit (AP-9)	Sched.	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 Adjusted for Proposed Increase
Operating Revenues						
Sales Revenues	\$828,292	[2]	\$12,453	\$840,745	\$18,037	\$858,782
Other Operating Revenues	\$78,472	[3]	(1,077)	77,395	36	77,431
Total Operating Revenues	906,764		11,376	918,140	18,073	936,213
Operating Revenue Deductions						
Fuel	330,619		9,615	340,234		340,234
Other Fuel Costs	4,358		431	4,789		4,789
Other Operation & Maintenance	180,337	[4]	3,331	183,668		183,668
Pension / OPEBs	22,522	[4]	1,994	24,516		24,516
Depreciation	64,991	[5]	1,747	66,738		66,738
Taxes Other Than Income Taxes	107,175	[6]	10,503	117,678	382	118,060
Gain from Disposition of Property	-		-	-		-
Total Operating Revenue Deductions	710,003		27,621	737,624	382	738,006
Operating Income Before Income Taxes	196,761		(16,245)	180,516	17,691	198,207
Income Taxes						
New York State Income Taxes	10,495	[7]	(1,184)	9,310	1,256	10,566
Federal Income Tax	47,997	[8]	(5,276)	42,721	5,752	48,473
Total Income Taxes	58,491		(6,460)	52,031	7,008	59,039
Operating Income After Income Taxes	\$138,270		(\$9,785)	\$128,485	\$10,683	\$139,169
Rate Base	\$1,642,471	[9]	\$10,685	\$1,653,156		\$1,653,156
Overall Rate of Return	8.42%			7.77%		8.42%

Twelve Months Ending September 30, 2013

	Rate Year 2	Sched.	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 Adjusted for Proposed Increase
Operating Revenues						
Sales Revenues	\$858,782	[2]	\$6,374	\$865,156	\$20,443	\$885,599
Other Operating Revenues	77,431	[3]	2,956	80,387	41	80,428
Total Operating Revenues	936,213		9,330	945,543	20,484	966,027
Operating Revenue Deductions						
Fuel & Other Fuel Costs	340,234		8,932	349,166		349,166
Other Operations & Maintenance	4,789		1,113	5,902		5,902
Other Operations & Maintenance	183,668	[4]	2,619	186,287		186,287
Pension / OPEBs	24,516	[4]	535	25,051		25,051
Depreciation	66,738	[5]	1,721	68,459		68,459
Taxes Other Than Income Taxes	118,060	[6]	12,524	130,584	433	131,017
Gain from Disposition of Property	-		-	-		-
Total Operating Revenue Deductions	738,006		27,443	765,449	433	765,882
Operating Income Before Income Taxes	198,207		(18,114)	180,094	20,051	200,145
Income Taxes						
New York State Income Taxes	10,566	[7]	(1,301)	9,266	1,424	10,690
Federal Income Tax	48,473	[8]	(6,272)	42,201	6,519	48,720
Total Income Taxes	59,039		(7,572)	51,466	7,943	59,409
Operating Income After Income Taxes	\$139,169		(\$10,541)	\$128,628	\$12,108	\$140,735
Rate Base	\$1,653,156	[9]	\$18,617	\$1,671,773		\$1,671,773
Overall Rate of Return	8.42%			7.69%		8.42%

Consolidated Edison of New York, Inc.
Steam Department
Operating Income, Rate Base & Rate of Return
(\$000's)

Twelve Months Ending September 30, 2014

	Rate Year 3 Exhibit (RM-2)	Sched.	Rate Year 4 Adjustments	Rate Year 4 As Adjusted	Proposed Rate Increase	Rate Year 4 Adjusted for Proposed Increase
Operating Revenues						
Sales Revenues	\$885,599	[2]	\$15,619	\$901,218	\$19,848	\$921,067
Other Operating Revenues	\$80,428	[3]	2,426	82,853	(40)	82,813
Total Operating Revenues	<u>966,027</u>		<u>18,045</u>	<u>984,072</u>	<u>19,808</u>	<u>1,003,880</u>
Operating Revenue Deductions						
Fuel	349,166		18,623	367,788		367,788
Other Fuel Costs	5,902		33	5,935		5,935
Other Operation & Maintenance	186,287	[4]	3,604	189,891		189,891
Pension / OPEBs	25,051	[4]	(1,755)	23,296		23,296
Depreciation	68,459	[5]	1,508	69,967		69,967
Taxes Other Than Income Taxes	131,017	[6]	13,352	144,369	382	144,751
Gain from Disposition of Property	-		-	-		-
Total Operating Revenue Deductions	<u>765,882</u>		<u>35,365</u>	<u>801,247</u>	<u>382</u>	<u>801,629</u>
Operating Income Before Income Taxes	<u>200,145</u>		<u>(17,320)</u>	<u>182,825</u>	<u>19,426</u>	<u>202,251</u>
Income Taxes						
New York State Income Taxes	10,690	[7]	(1,243)	9,446	1,379	10,825
Federal Income Tax	48,720	[8]	(5,214)	43,506	6,317	49,823
Total Income Taxes	<u>59,409</u>		<u>(6,457)</u>	<u>52,952</u>	<u>7,696</u>	<u>60,648</u>
Operating Income After Income Taxes	<u>\$140,735</u>		<u>(\$10,863)</u>	<u>\$129,873</u>	<u>\$11,730</u>	<u>\$141,603</u>
Rate Base	<u>\$1,671,773</u>	[9]	<u>\$10,608</u>	<u>\$1,682,381</u>		<u>\$1,682,381</u>
Overall Rate of Return	<u>8.42%</u>			<u>7.72%</u>		<u>8.42%</u>

Consolidated Edison of New York, Inc.
 Steam Department
 Revenue Requirement Calculation
 (\$000's)

	Twelve Months Ended September 30,		
	2012	2013	2014
Rate Base (Exhibit ___ (RM-1), Schedule 10)	\$1,653,156	\$1,671,773	\$1,682,381
Rate of Return (Exhibit ___ (JC-1), Schedule 1)	8.42%	8.42%	8.42%
Required Return	139,168	140,735	141,628
Income Available (Exhibit ___ (RM-1), Schedule 1)	128,485	128,628	129,873
Deficiency	10,683	12,107	11,755
Retention Factor	59.2%	59.2%	59.2%
Additional Revenue Requirement	<u>\$18,037</u>	<u>\$20,443</u>	<u>\$19,848</u>

<u>Proof</u>				
Revenues	100.00%	\$18,037	\$20,443	\$19,848
Less:				
Revenue Taxes	2.120%	382	433	421
Late Payment Charges	-0.200%	(36)	(41)	(40)
	<u>98.080%</u>	<u>17,691</u>	<u>20,051</u>	<u>19,467</u>
New York State Income Tax @ 7.1%	<u>6.964%</u>	<u>1,256</u>	<u>1,424</u>	<u>1,382</u>
	91.116%	16,435	18,627	18,085
Federal Income Tax @ 35%	<u>31.891%</u>	<u>5,752</u>	<u>6,519</u>	<u>6,330</u>
Retention Factor	59.226%	<u>\$10,683</u>	<u>\$12,108</u>	<u>\$11,755</u>

Consolidated Edison Company of New York, Inc.
 Steam Rate Case
 (000's)

Levelized Rate Increase

2010 Other Customer Provided Capital Rate = 4.2%

Rate Increase	Twelve Months Ending				Cumulative Total
	September 30, 2011	September 30, 2012	September 30, 2013	September 30, 2014	
RY - 1	\$135.1	\$135.1	\$135.1	\$135.1	\$540.4
RY - 2		18.0	18.0	18.0	54.0
RY - 3			20.4	20.4	40.8
RY - 4				19.8	19.8
Total	\$ 135.1	\$ 153.1	\$ 173.5	\$ 193.3	\$ 655.0
Annual rate increase w/o interest					
RY - 1	\$ 65.5	\$ 65.5	\$ 65.5	\$ 65.5	\$ 262.0
RY - 2		65.5	65.5	65.5	196.5
RY - 3			65.5	65.5	131.0
RY - 4			-	65.5	65.5
Total	\$ 65.5	\$ 131.0	\$ 196.5	\$ 262.0	\$ 655.0
Variation	\$ 70	\$ 22	\$ (23)	\$ (69)	\$ -
Interest	\$ 0.9	\$ 2.0	\$ 2.0	\$ 0.9	\$ 5.8
Annual rate increase w/ interest					
RY - 1	\$ 66.1	\$ 66.1	\$ 66.1	\$ 66.1	\$ 264.3
RY - 2		66.1	66.1	66.1	198.2
RY - 3			66.1	66.1	132.2
RY - 3				66.1	66.1
Total	\$ 66.1	\$ 132.2	\$ 198.2	\$ 264.3	\$ 660.8

Consolidated Edison of New York, Inc.
Steam Department
Revenues
(\$000's)

	2011	2012	2013	2014
Delivery				
Base Delivery	\$333,717	\$336,092	\$333,291	\$329,983
Rate Change	-	-	-	-
Total	333,717	336,092	333,291	329,983
Fuel Recovery				
Base	186,532	187,275	188,193	188,112
Rider	154,116	162,999	171,049	189,787
Fixed	4,139	4,095	4,032	3,962
Total	344,787	354,369	363,274	381,861
Total Revenues (excl Rev Taxes)	678,504	690,461	696,565	711,844
Revenue Taxes				
- Pure Base & Fuel Rider Revenues	14,732	15,228	15,498	15,838
	693,236	705,689	712,063	727,682
RY 1 Rate Relief (excl. rev taxes)	132,193	132,193	132,193	132,193
- Rate Increase (rev tax)	2,863	2,863	2,863	2,863
RY 2 Rate Relief (excl. rev taxes)	-	-	17,655	17,655
- Rate Increase (rev tax)	-	-	382	382
RY 3 Rate Relief (excl. rev taxes)	-	-	-	20,010
- Rate Increase (rev tax)	-	-	-	433
Total Revenues	828,292	840,745	865,156	901,218
Fuel Expense				
Recoverable				
Oil	164,855	139,541	131,129	121,572
Gas	80,892	105,354	118,776	128,305
Purchases	73,694	78,742	83,234	90,090
Deferred Fuel Costs	(5,733)	(2,504)	(883)	12,596
Total Steam Exp	313,708	321,134	332,257	352,562
Add from O&M: S & H	13,625	15,750	13,500	11,750
Sewer	605	636	668	700
Water & Chemical	16,849	16,849	16,849	16,849
Total O&M Exp	31,079	33,235	31,017	29,299
Total recoverable	344,787	354,369	363,274	381,861
Non-Recoverable				
Capacity	3,286	3,350	3,409	3,477
Miscellaneous	5,678	6,109	7,222	7,255
Total	8,965	9,459	10,631	10,731
Total	353,752	363,828	373,905	392,592
Fuel Expense	330,619	340,234	349,166	367,789
Other fuel charges	5,678	6,109	7,222	7,255
O&M - Sewer	605	636	668	700
- Water & Chemical	16,849	16,849	16,849	16,849
	353,752	363,828	373,905	392,592

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
OTHER OPERATING REVENUES - STEAM
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2011, 2012, 2013 and 2014
\$ (000's)

Line No.	Rate Year 1 As Reflected in Exhibit (AP-9)	Rate Year Normalizing Adjustments	Subject to Inflation @ 1.85%	Escalation for 12 Months	Rate Year 2 As Adjusted	Subject to Inflation @ 2.13%	Escalation for 12 Months	Rate Year 3 As Adjusted	Line No.	
				Ending Sept. 30 2012			Ending Sept. 30 2013			
Interdepartmental Rents:										
1	East River Repowering Project (ERRP) @ 11.4% ROE	75,125	-	N	(568)	74,557	N	3,494	78,051	1
2	Hudson Avenue Tunnel	2,284	-	N	-	2,284	N	-	2,284	2
3	Revenue Offset Re: 74/59th St. Transfer from Electric	6,500	-	N	-	6,500	N	-	6,500	3
4	Steam Rev/Fuel Management Program	230	-	N	-	230	N	-	230	4
5	Late Payment Charges	1,670	-	Y	31	1,701	Y	36	1,737	5
6	Special Services Repair Program	509	-	Y	9	518	Y	11	529	6
7	Reconnection Fees	250	-	N	-	250	N	-	250	7
8	SO2 Allowance Allowances	-	-	N	-	-	N	-	-	8
9	Late Payment Charges	270	-	N	-	270	N	-	270	9
10	Amortization of MGP Costs	(3,012)	-	N	(550)	(3,562)	N	(550)	(4,111)	10
11	Regulatory Accounting Charges	(5,354)	-	N	-	(5,354)	N	-	(5,354)	11
Total Other Operating Revenues										
	\$ 78,472	\$ -			\$ (1,077)	\$ 77,395		\$ 2,992	\$ 80,387	

Line No.	Rate Year 3 As Adjusted	Rate Year Normalizing Adjustments	Subject to Inflation @ 2.20%	Escalation for 12 Months	Rate Year 4 As Adjusted
				Ending Sept. 30 2014	
Interdepartmental Rents:					
1	East River Repowering Project (ERRP) @ 11.4% ROE	78,051	-	N	81,025
2	Hudson Avenue Tunnel	2,284	-	N	2,284
3	Revenue Offset Re: 74/59th St. Transfer from Electric	6,500	-	N	6,500
4	Steam Rev/Fuel Management Program	230	-	N	230
5	Late Payment Charges	1,737	-	Y	1,770
6	Special Services Repair Program	529	-	Y	539
	Reconnection Fees	250	-	N	250
7	SO2 Allowance Allowances	-	-	N	-
8	Late Payment Charges	270	-	N	270
9	Amortization of MGP Costs	(4,111)	-	N	(4,661)
10	Regulatory Accounting Charges	(5,354)	-	N	(5,354)
Total Other Operating Revenues					
	\$ 80,387	\$ -			\$ 82,853

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 ERRP CARRYING CHARGES BILLED TO ELECTRIC
 (\$000s)

	12 Months Ending September 30,			
	2011	2012	2013	2014
Pre-Tax ROR	\$ 64,108	\$ 60,573	\$ 57,794	\$ 54,027
Book Depreciation	31,425	31,701	32,196	32,457
Federal Income Taxes	4,081	4,172	4,242	4,267
Property Taxes	13,448	15,745	23,218	31,174
Total	<u>\$ 113,062</u>	<u>\$ 112,192</u>	<u>\$ 117,451</u>	<u>\$ 121,925</u>
66.45% Allocation to Electric	<u>\$ 75,125</u>	<u>\$ 74,557</u>	<u>\$ 78,051</u>	<u>\$ 81,025</u>
Annual Change		<u>\$ (568)</u>	<u>\$ 3,494</u>	<u>\$ 2,974</u>

Consolidated Edison Company of New York, Inc.
Site Investigation and Remediation Expenditures (\$ x 1000)
Linking Period (July 2009 - September 2010) and Rate Year (October 2009 - September 2010)

	<u>Linking Period</u>	<u>Rate Year</u>	<u>Total</u>
MGP	\$ 45,912	\$ 47,612	\$ 93,524
Superfund	839	944	1,783
Appendix B	3,825	3,370	7,195
Astoria	5,025	3,135	8,160
UST	2,462	3,803	6,265
Total	<u>58,063</u>	<u>58,864</u>	<u>116,927</u>

Allocation to Steam - 5.1%	\$ 5,963
Under (Over) Collection at June 30, 2009 (Steam)	6,535
July 2009 - September 2009 Amortization	(552)
October 2009 - September 2010 Amortization	<u>(2,909)</u>
Balance to be Recovered	9,037
Four -Year Amortization	\$ 2,259
Historic Period	<u>2,033</u>
Net Increase	<u>\$ 226</u>

Consolidated Edison Company of New York, Inc.
Site Investigation and Remediation Expenditures (\$ x 1000)
Rate Years Beginning October 1 of 2009 (RY2) & 2010 (RY3)

	<u>RY2</u>	<u>RY3</u>	<u>RY4</u>
MGP	\$ 36,300	\$ 36,300	\$ 36,300
Superfund	2,100	2,100	2,100
Appendix B	2,100	2,100	2,100
Astoria	2,000	2,000	2,000
UST	600	600	600
Total	<u>43,100</u>	<u>43,100</u>	<u>43,100</u>
Allocation to Steam - 5.1%	<u>\$ 2,198</u>	<u>\$ 2,198</u>	<u>\$ 2,198</u>
Four -Year Amortization	<u>\$ 550</u>	<u>\$ 550</u>	<u>\$ 550</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM OPERATION AND MAINTENANCE EXPENSES
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2013
(\$000s)

LINE NO.					Escalation for		Escalation for		
		12 Months Ending September 30, 2011	Payroll Escl. @ 2.57%	Subject to Inflation @ 1.85%	12 Months Ending September 30, 2012	12 Months Ending September 30, 2012	Subject to Inflation @ 2.13%	12 Months Ending September 30, 2013	12 Months Ending September 30, 2013
1	A&G Exp Cap	(\$3,691)	N	Y	(\$68)	(\$3,759)	Y	(\$80)	(\$3,839)
2	Asbestos Removal and Abatement	522	N	Y	10	532	Y	11	543
3	Other Compensation	197	N	Y	4	201	Y	4	205
3	Boiler Cleaning	1,444	N	Y	27	1,471	Y	31	1,502
4	Building Service	1,809	N	Y	33	1,843	Y	39	1,882
	Collection Agency	-	N	Y	-	-	Y	-	-
5	Communication - Telephone	825	N	Y	15	840	Y	18	858
6	Company Labor	63,364	Y	N	1,628	64,992	N	1,670	66,662
7	Consultants	1,567	N	Y	29	1,596	Y	34	1,630
8	Contract Labor	472	N	Y	9	480	Y	10	491
9	Corporate Fiscal Expense	292	N	Y	5	297	Y	6	304
10	Corrective Maintenance	6,785	N	Y	126	6,911	Y	147	7,057
11	Disposal of Obsolete M&S	2	N	Y	0	2	Y	0	2
12	Savings due to Remote Monitoring System	-	N	Y	-	-	N	(800)	(800)
13	EDP Equipment Rentals & Maintenance	230	N	Y	4	234	Y	5	239
14	Electric and Gas Used	13,262	N	Y	245	13,507	Y	287	13,795
15	Employee Welfare Expense - Net	6,991	N	Y	129	7,120	Y	151	7,271
16	Environmental Affairs	1,022	N	Y	19	1,041	Y	22	1,063
17	Environmental Programs	1,558	N	Y	29	1,587	Y	34	1,621
18	Executive Incentive Plan	-	N	N	-	-	N	-	-
19	Facilities Maintenance	2,031	N	Y	38	2,069	Y	44	2,113
20	Financial Services	697	N	Y	13	710	Y	15	725
21	Information Resources	2,776	N	Y	51	2,828	Y	60	2,888
22	Injuries and Damages	1,850	N	Y	34	1,884	Y	40	1,924
23	Institutional Dues and Subscriptions	58	N	Y	1	59	Y	1	60
24	Insurance Premiums	3,299	N	Y	182	3,482	Y	244	3,726
25	Interference	7,400	N	N	(800)	6,600	N	(1,400)	5,200
26	Major Maintenance Projects	-	N	Y	-	-	Y	-	-
27	Manhole Program	-	N	Y	-	-	Y	-	-
28	Manhour Expense	3,661	N	Y	68	3,729	Y	79	3,808
29	Materials and Supplies	2,451	N	Y	45	2,497	Y	53	2,550
30	MGP/Superfund	-	N	Y	-	-	Y	-	-
30	Other (Fossil)	4,479	N	Y	83	4,562	Y	97	4,659
31	Outside Legal Services	56	N	Y	1	57	Y	1	58
32	Plant Component Upgrade	141	N	Y	3	144	Y	3	147
33	Rate Case Acctg. - Water Treatment Deferral	635	N	Y	12	646	Y	14	660
33	Postage	14	N	Y	0	15	Y	0	15
34	Preventive Maintenance	1,704	N	Y	32	1,736	Y	37	1,772
35	Rate Case Acctg. - Interference	-	N	N	-	-	N	-	-
36	Rate Case Acctg. - Pensions/OPEBS	-	N	N	-	-	N	-	-
37	Ravenswood	5,756	N	Y	107	5,863	Y	125	5,987
38	Real Estate Expenses	158	N	Y	3	161	Y	3	164
39	Regulatory Commission Expenses	1,810	N	Y	33	1,844	Y	39	1,883
40	Rents	201	N	Y	4	205	Y	4	209
41	Rents - Interdepartmental	15,115	N	N	945	16,060	N	1,299	17,359
42	Research and Development	821	N	Y	15	836	Y	18	853
43	Steam Incident	1,560	N	Y	29	1,588	Y	34	1,622
44	Security	1,058	N	Y	20	1,077	Y	23	1,100
45	Sewer Charges (Part of Fuel Rider)	605	N	N	31	636	N	32	668
46	Shared Services	(825)	N	Y	(15)	(840)	Y	(18)	(858)
47	Steam Leaks	1,097	N	Y	20	1,117	Y	24	1,141
48	Steam Transfer Credit	(13)	N	Y	(0)	(14)	Y	(0)	(14)
49	Uncollectible Reserve	1,000	N	N	-	1,000	N	-	1,000
49	Water (Part of Fuel Rider)	9,941	N	N	-	9,941	N	-	9,941
50	Water Chemicals (Part of Fuel Rider)	6,908	N	N	-	6,908	N	-	6,908
51	Water Treatment	3,861	N	Y	71	3,932	Y	84	4,016
52	Other	3,381	N	Y	63	3,444	Y	73	3,517
	Total O&M Expenses*	\$ 180,337			\$ 3,331	\$ 183,668		\$ 2,619	\$ 186,287

*excl. Pensions/OPEBS, MGP

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM OPERATION AND MAINTENANCE EXPENSES
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2013
(\$000s)

LINE NO.	12 Months Ending September 30, 2013	Payroll Escl. @ 2.57%	Subject to Inflation @ 2.20%	Escalation for	
				12 Months Ending September 30, 2014	12 Months Ending September 30, 2014
1	A&G Exp Cap				
	(\$3,839)	N	Y	(\$84)	(\$3,924)
2	Asbestos Removal and Abatement				
	543	N	Y	12	555
3	Other Compensation				
	205	N	Y	5	209
3	Boiler Cleaning				
	1,502	N	Y	33	1,535
4	Building Service				
	1,882	N	Y	41	1,923
	Collection Agency				
	-	N	Y	-	-
5	Communication - Telephone				
	858	N	Y	19	877
6	Company Labor				
	66,662	Y	N	1,712	68,374
7	Consultants				
	1,630	N	Y	36	1,665
8	Contract Labor				
	491	N	Y	11	501
9	Corporate Fiscal Expense				
	304	N	Y	7	310
10	Corrective Maintenance				
	7,057	N	Y	155	7,213
11	Disposal of Obsolete M&S				
	2	N	Y	0	2
12	Savings due to Remote Monitoring System				
	(800)	N	N	-	(800)
13	EDP Equipment Rentals & Maintenance				
	239	N	Y	5	244
14	Electric and Gas Used				
	13,795	N	Y	303	14,098
15	Employee Welfare Expense - Net				
	7,271	N	Y	160	7,431
16	Environmental Affairs				
	1,063	N	Y	23	1,086
17	Environmental Programs				
	1,621	N	Y	36	1,657
18	Executive Incentive Plan				
	-	N	N	-	-
19	Facilities Maintenance				
	2,113	N	Y	46	2,159
20	Financial Services				
	725	N	Y	16	741
21	Information Resources				
	2,888	N	Y	64	2,951
22	Injuries and Damages				
	1,924	N	Y	42	1,966
23	Institutional Dues and Subscriptions				
	60	N	Y	1	61
24	Insurance Premiums				
	3,726	N	Y	82	3,808
25	Interference				
	5,200	N	Y	114	5,314
26	Major Maintenance Projects				
	-	N	Y	-	-
27	Manhole Program				
	-	N	Y	-	-
28	Manhour Expense				
	3,808	N	Y	84	3,892
29	Materials and Supplies				
	2,550	N	Y	56	2,606
30	MGP/Superfund				
	-	N	Y	-	-
30	Other (Fossil)				
	4,659	N	Y	103	4,762
31	Outside Legal Services				
	58	N	Y	1	59
32	Plant Component Upgrade				
	147	N	Y	3	150
33	Rate Case Acctg. - Water Treatment Deferral				
	660	N	Y	15	675
33	Postage				
	15	N	Y	0	15
34	Preventive Maintenance				
	1,772	N	Y	39	1,811
35	Rate Case Acctg. - Interference				
	-	N	N	-	-
36	Rate Case Acctg. - Pensions/OPEBS				
	-	N	N	-	-
37	Ravenswood				
	5,987	N	Y	132	6,119
38	Real Estate Expenses				
	164	N	Y	4	168
39	Regulatory Commission Expenses				
	1,883	N	Y	41	1,924
40	Rents				
	209	N	Y	5	214
41	Rents - Interdepartmental				
	17,359	N	N	-	17,359
42	Research and Development				
	853	N	Y	19	872
43	Steam Incident				
	1,622	N	Y	36	1,658
44	Security				
	1,100	N	Y	24	1,125
45	Sewer Charges (Part of Fuel Rider)				
	688	N	N	31	699
46	Shared Services				
	(858)	N	Y	(19)	(877)
47	Steam Leaks				
	1,141	N	Y	25	1,166
48	Steam Transfer Credit				
	(14)	N	Y	(0)	(14)
49	Uncollectible Reserve				
	1,000	N	N	-	1,000
49	Water (Part of Fuel Rider)				
	9,941	N	N	-	9,941
50	Water Chemicals (Part of Fuel Rider)				
	6,908	N	N	-	6,908
51	Water Treatment				
	4,016	N	Y	88	4,104
52	Other				
	3,517	N	Y	77	3,594
Total O&M Expenses*					
	\$ 186,287			\$ 3,604	\$ 189,891

*excl. Pensions/OPEBS, MGP

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM PENSION / OPEB EXPENSE
FOR THE RATE YEARS ENDING SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2013
(\$000s)

<u>Steam Expense</u>	<u>12 Months Ending September 30, 2011</u>	<u>Program Changes</u>	<u>12 Months Ending September 30, 2012</u>
Pension Expense - Qualified Plan	\$ 24,369.0	\$ 2,735.0	\$ 27,104.0
Retiree Health & Life Insurance (OPEB)	5,894.3	68.9	5,963.2
Subtotal - Qualified Plans	<u>30,263.3</u>	<u>2,803.9</u>	<u>33,067.2</u>
Direct Pension Payments.	-	-	-
Supplemental Pension Plan	958.8	(30.6)	928.2
Gross Pension & OPEBs Expense	<u>31,222.1</u>	<u>2,773.3</u>	<u>33,995.4</u>
Capitalized	(8,607.8)	(764.5)	(9,372.3)
Billed to Affiliates	<u>(92.1)</u>	<u>(15.1)</u>	<u>(107.2)</u>
Net Current Pension & OPEBs Exp.	<u>\$ 22,522.2</u>	<u>\$ 1,993.7</u>	<u>\$ 24,515.9</u>

<u>Steam Expense</u>	<u>12 Months Ending September 30, 2012</u>	<u>Program Changes</u>	<u>12 Months Ending September 30, 2013</u>
Pension Expense - Qualified Plan	\$ 27,104.0	\$ 1,337.4	\$ 28,441.4
Retiree Health & Life Insurance (OPEB)	5,963.2	(536.8)	5,426.4
Subtotal - Qualified Plans	<u>33,067.2</u>	<u>800.6</u>	<u>33,867.8</u>
Direct Pension Payments.	-	-	-
Supplemental Pension Plan	928.2	(52.3)	875.9
Gross Pension & OPEBs Expense	<u>33,995.4</u>	<u>748.3</u>	<u>34,743.7</u>
Capitalized	(9,372.3)	(206.4)	(9,578.7)
Billed to Affiliates	<u>(107.2)</u>	<u>(6.9)</u>	<u>(114.1)</u>
Net Current Pension & OPEBs Exp.	<u>\$ 24,515.9</u>	<u>\$ 535.0</u>	<u>\$ 25,050.9</u>

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
STEAM PENSION / OPEB EXPENSE
FOR THE RATE YEAR ENDING SEPTEMBER 30, 2014
(\$000s)

<u>Steam Expense</u>	<u>12 Months Ending September 30, 2013</u>	<u>Program Changes</u>	<u>12 Months Ending September 30, 2014</u>
Pension Expense - Qualified Plan	\$ 28,441.4	\$ (2,542.3)	\$ 25,899.1
Retiree Health & Life Insurance (OPEB)	5,426.4	118.6	5,545.0
Subtotal - Qualified Plans	<u>33,867.8</u>	<u>(2,423.7)</u>	<u>31,444.1</u>
Direct Pension Payments.	-	-	-
Supplemental Pension Plan	875.9	(10.2)	865.7
Gross Pension & OPEBs Expense	<u>34,743.7</u>	<u>(2,433.9)</u>	<u>32,309.8</u>
Capitalized	(9,578.7)	671.0	(8,907.7)
Billed to Affiliates	(114.1)	8.4	(105.7)
Billed to NYPA	-	-	-
Net Current Pension & OPEBs Exp.	<u>\$ 25,050.9</u>	<u>\$ (1,754.5)</u>	<u>\$ 23,296.4</u>

Consolidated Edison of New York, Inc.
 Steam Department
 Depreciation Expense
 (\$000's)

		Twelve Months Ending September 30,				
		2010	2011	2012	2013	2014
Steam						
	Distribution	14,650	15,537	16,270	16,846	17,401
	Production	16,212	18,029	18,767	19,417	20,109
	ERRP	31,080	31,425	31,701	32,196	32,457
	Total Electric	61,942	64,991	66,738	68,459	69,967

Consolidated Edison of New York, Inc.
Steam Department
Company Revenue Requirement
Taxes Other than Income Taxes
For the Twelve Months Ending September 30, 2010
(\$000's)

	Rate Year 1 As Reflected in Exhibit (AP-10)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 As Adjusted For Proposed Rate Increase
Revenue Taxes - Sales Revenues	\$17,565	\$526	\$18,091	\$382	\$18,473
- Other Operating Rev.	30	1	31		31
Subsidiary Capital Taxes	359	7	\$366		366
Property Taxes	84,910	9,854	94,764		94,764
Mobility Taxes	216	-	216		216
Payroll Taxes	4,035	114	4,149		4,149
All Other	59	1	60		60
Taxes Other Than Income Taxes	\$107,175	\$10,503	\$117,677	\$382	\$118,059
Less: Gross Receipts Taxes	(17,565)	(526)	(18,091)	(382)	(18,473)
Total Excluding GRT	\$89,610	\$9,977	\$99,587	\$0	\$99,587

For the Twelve Months Ending September 30, 2011
(\$000's)

	Rate Year 2	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 As Adjusted For Proposed Rate Increase
Revenue Taxes - Sales Revenues	\$18,473	\$270	\$18,743	\$433	\$19,176
- Other Operating Rev.	\$31	1	31		\$31
Subsidiary Capital Taxes	366	8	374		374
Property Taxes	94,764	12,127	106,891		106,891
Mobility Taxes	216	-	216		216
Payroll Taxes	4,149	117	4,267		4,267
All Other	60	1	61		61
Taxes Other Than Income Taxes	\$118,059	\$12,524	\$130,583	\$433	\$131,016
Less: Gross Receipts Taxes	(18,473)	(270)	(18,743)	(433)	(19,176)
Total Excluding GRT	\$99,586	\$12,254	\$111,840	\$0	\$111,840

Consolidated Edison of New York, Inc.
Steam Department
Company Revenue Requirement
Taxes Other than Income Taxes
For the Twelve Months Ending September 30, 2010
(\$000's)

	<u>Rate Year 3</u>	<u>Rate Year 4 Adjustments</u>	<u>Rate Year 4 As Adjusted</u>	<u>Proposed Rate Increase</u>	<u>Rate Year 4 As Adjusted For Proposed Rate Increase</u>
Revenue Taxes - Sales Revenues	\$19,176	(\$42)	\$19,134	\$382	\$19,516
- Other Operating Rev.	31	1	32		32
Subsidiary Capital Taxes	374	8	\$382		382
Property Taxes	106,891	13,263	120,154		120,154
Mobility Taxes	216	-	216		216
Payroll Taxes	4,267	120	4,387		4,387
All Other	61	1	63		63
	<u>61</u>	<u>1</u>	<u>63</u>		<u>63</u>
Taxes Other Than Income Taxes	<u>\$131,016</u>	<u>\$13,352</u>	<u>\$144,368</u>	<u>\$382</u>	<u>\$144,750</u>
Less: Gross Receipts Taxes	<u>(19,176)</u>	<u>42</u>	<u>(19,134)</u>	<u>(382)</u>	<u>(19,516)</u>
Total Excluding GRT	<u>\$111,840</u>	<u>\$13,394</u>	<u>\$125,234</u>	<u>\$0</u>	<u>\$125,234</u>

Consolidated Edison of New York, Inc.
Steam Department
New York State Income Tax
Twelve Months Ending September 30, 2012
(\$000's)

Exhibit (RM -2)
Schedule 7
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	Rate Year 1 As Reflected in Exhibit (AP-9)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$196,761	(\$16,245)	\$180,516	\$17,691	\$198,207
Deduct: Non Taxable Inc. & Add'l Deductions					
Interest Expense	47,637	436	48,073		48,073
Medicare Rx Legislation Savings	1,085	-	1,085		1,085
Total Deductions	48,722	436	49,158	-	49,158
Normalized Items:					
Add: Add'l Income & Unallowable Deducts Normal					
Book Depreciation	64,991	1,747	66,738	-	66,738
Capitalized Interest	3,122	-	3,122		3,122
Fuel Cost Deferred From Prior Period	4,726	(3,230)	1,497		1,497
Contributions in Aid of Construction	173	-	173		173
Pension and OPEB Expense	24,338	1,994	26,332		26,332
Total Additions	97,350	511	97,861	-	97,861
Deduct: Non Taxable Inc. & Add'l Deductions					
NYS Depreciation	88,372	(1,306)	87,066		87,066
Removal Costs	8,534	(2,565)	5,969		5,969
Amortization of Capitalized Interest	1,487	-	1,487		1,487
Capitalized Overheads	4,816	(463)	4,353		4,353
Fuel Costs Deferred from Current Period	9,963	(3,230)	6,734		6,734
Loss on MACRS Retirements	2,299	(1,727)	572		572
Pension and OPEB Funding	33,354	(7,022)	26,332		26,332
WTC expenses	(3,459)	-	(3,459)		(3,459)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)		(400)
Business Development Plan expenses	(45)	-	(45)		(45)
Production Study expenses	(61)	-	(61)		(61)
Interference Expenses	(386)	-	(386)		(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)		(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)		(1,816)
Interest on MGP Superfund	(91)	-	(91)		(91)
SO2 Allowances	(511)	-	(511)		(511)
Excess refund of SIT overcollections	57	-	57		57
Interest on SIT audit adjustments	(2)	-	(2)		(2)
SIR Deferrals	(1,807)	-	(1,807)		(1,807)
Hudson Ave Deferral	(121)	-	(121)		(121)
NYC Property Taxes - 2000 Settlement	40	-	40		40
NYC Property Taxes - 2004 Settlement	565	-	565		565
Shortfall in SO2 imputation	708	-	708		708
Medicare Rx Legislation	77	-	77		77
Interest on Capital Expenditures	90	-	90		90
Oil Overcharge Litigation Proceeds	61	-	61		61
Interest on rate Case Deferrals	38	-	38		38
ADR Tax Amortization - Principal and Interest	242	-	242		242
Gain on Sale of First Avenue Properties - Interest	-	-	-		-
Deferred Interest on Distribution Plant Recon	34	-	34		34
Interference Underspending	112	-	112		112
Auction Rate Debt	355	-	355		355
ITC Refunds	44	-	44		44
Total Deductions	140,881	(16,312)	124,569	-	124,569
Taxable Income-New York State	104,509	142	104,650	17,691	122,342
Current New York State Income Tax @ 7.1%	7,420	10	7,430	1,256	8,686
Deferred New York State Income Tax	3,091	(1,194)	1,896	-	1,896
Sub-Total NY State Income Tax Expense	10,511	(1,184)	9,326	1,256	10,582
Amortization of Previously Deferred Excess SIT	(16)	-	(16)	-	(16)
Total New York State Income Tax	10,495	(\$1,184)	9,310	\$1,256	10,566

Consolidated Edison of New York, Inc.
Steam Department
New York State Income Tax
Twelve Months Ending September 30, 2013
(\$000's)

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	Rate Year 2 As Reflected in Exhibit (RM-2)	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$198,207	(\$18,114)	\$180,094	\$20,051	\$200,145
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
Interest Expense	48,073	211	48,284		48,284
Medicare Rx Legislation Savings	1,085	-	1,085		1,085
Total Deductions	49,158	211	49,369	-	49,369
<u>Normalized Items:</u>					
<u>Add: Add'l Income & Unallowable Deducts Normal</u>					
Book Depreciation	66,738	1,721	68,459	-	68,459
Capitalized Interest	3,122	-	3,122		3,122
Fuel Cost Deferred From Prior Period	1,497	(1,497)	-		-
Contributions in Aid of Construction	173	-	173		173
Pension and OPEB Expense	27,593	535	28,128		28,128
Total Additions	99,122	760	99,882	-	99,882
<u>Deduct: Non Taxable Inc. & Add'l Deductions</u>					
NYS Depreciation	87,066	(1,848)	85,218		85,218
Removal Costs	5,969	(4,628)	1,341		1,341
Amortization of Capitalized Interest	1,487	-	1,487		1,487
Capitalized Overheads	4,353	(503)	3,850		3,850
Fuel Costs Deferred from Current Period	6,734	(1,621)	5,113		5,113
Loss on MACRS Retirements	572	(572)	0		0
Pension and OPEB Funding	26,332	1,796	28,128		28,128
WTC expenses	(3,459)	-	(3,459)		(3,459)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)		(400)
Business Development Plan expenses	(45)	-	(45)		(45)
Production Study expenses	(61)	-	(61)		(61)
Interference Expenses	(386)	-	(386)		(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)		(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)		(1,816)
Interest on MGP Superfund	(91)	-	(91)		(91)
SO2 Allowances	(511)	-	(511)		(511)
Excess refund of SIT overcollections	57	-	57		57
Interest on SIT audit adjustments	(2)	-	(2)		(2)
SIR Deferrals	(1,807)	-	(1,807)		(1,807)
Hudson Ave Deferral	(121)	-	(121)		(121)
NYC Property Taxes - 2000 Settlement	40	-	40		40
NYC Property Taxes - 2004 Settlement	565	-	565		565
Shortfall in SO2 imputation	708	-	708		708
Medicare Rx Legislation	77	-	77		77
Interest on Capital Expenditures	90	-	90		90
Oil Overcharge Litigation Proceeds	61	-	61		61
Interest on rate Case Deferrals	38	-	38		38
ADR Tax Amortization - Principal and Interest	242	-	242		242
Gain on Sale of First Avenue Properties - Interest	-	-	-		-
Deferred Interest on Distribution Plant Recon	34	-	34		34
Interference Underspending	112	-	112		112
Auction Rate Debt	355	-	355		355
ITC Refunds	44	-	44		44
Total Deductions	124,569	(7,376)	117,193	-	117,193
Taxable Income-New York State	123,603	(10,189)	113,414	20,051	133,465
Current New York State Income Tax @ 7.1%	8,776	(723)	8,053	1,424	9,477
Deferred New York State Income Tax	1,807	(578)	1,229	-	1,229
Sub-Total NY State Income Tax Expense	10,583	(1,301)	9,282	1,424	10,706
Amortization of Previously Deferred Excess SIT	(16)	-	(16)	-	(16)
Total New York State Income Tax	\$10,567	(\$1,301)	9,266	\$1,424	10,690

Consolidated Edison of New York, Inc.
Steam Department
New York State Income Tax
Twelve Months Ending September 30, 2014
(\$000's)

Exhibit ____ (RM -2)
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	Rate Year 3 As Reflected in Exhibit (RM-2)	Rate Year 4 Adjustments	Rate Year 4 As Adjusted	Proposed Rate Increase	Rate Year 4 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$200,145	(\$17,320)	\$182,825	\$19,426	\$202,251
Deduct: Non Taxable Inc. & Add'l Deductions					
Interest Expense	48,284	189	48,473		48,473
Medicare Rx Legislation Savings	1,085	-	1,085		1,085
Total Deductions	49,369	189	49,558	-	49,558
Normalized Items:					
Add: Add'l Income & Unallowable Deducts Normal					
Book Depreciation	68,459	1,508	69,967	-	69,967
Capitalized Interest	3,122	-	3,122		3,122
Fuel Cost Deferred From Prior Period	-	-	-		-
Contributions in Aid of Construction	173	(130)	43		43
Pension and OPEB Expense	28,128	(1,755)	26,373		26,373
Total Additions	99,882	(376)	99,506	-	99,506
Deduct: Non Taxable Inc. & Add'l Deductions					
NYS Depreciation	85,218	(1,463)	83,755		83,755
Removal Costs	1,341	(1,341)	-		-
Amortization of Capitalized Interest	1,487	-	1,487		1,487
Capitalized Overheads	3,850	(518)	3,332		3,332
Fuel Costs Deferred from Current Period	5,113	(108)	5,005		5,005
Loss on MACRS Retirements	0	-	0		0
Pension and OPEB Funding	28,128	(1,755)	26,373		26,373
WTC expenses	(3,459)	-	(3,459)		(3,459)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)		(400)
Business Development Plan expenses	(45)	-	(45)		(45)
Production Study expenses	(61)	-	(61)		(61)
Interference Expenses	(386)	-	(386)		(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)		(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)		(1,816)
Interest on MGP Superfund	(91)	-	(91)		(91)
SO2 Allowances	(511)	-	(511)		(511)
Excess refund of SIT overcollections	57	-	57		57
Interest on SIT audit adjustments	(2)	-	(2)		(2)
SIR Deferrals	(1,807)	-	(1,807)		(1,807)
Hudson Ave Deferral	(121)	-	(121)		(121)
NYC Property Taxes - 2000 Settlement	40	-	40		40
NYC Property Taxes - 2004 Settlement	565	-	565		565
Shortfall in SO2 imputation	708	-	708		708
Medicare Rx Legislation	77	-	77		77
Interest on Capital Expenditures	90	-	90		90
Oil Overcharge Litigation Proceeds	61	-	61		61
Interest on rate Case Deferrals	38	-	38		38
ADR Tax Amortization - Principal and Interest	242	-	242		242
Gain on Sale of First Avenue Properties - Interest	-	-	-		-
Deferred Interest on Distribution Plant Recon	34	-	34		34
Interference Underspending	112	-	112		112
Auction Rate Debt	355	-	355		355
ITC Refunds	44	-	44		44
Total Deductions	117,193	(5,184)	112,009	-	112,009
Taxable Income-New York State	133,465	(12,701)	120,764	19,426	140,190
Current New York State Income Tax @ 7.1%	9,476	(902)	8,574	1,379	9,953
Deferred New York State Income Tax	1,229	(341)	888	-	888
Sub-Total NY State Income Tax Expense	10,705	(1,243)	9,462	1,379	10,841
Amortization of Previously Deferred Excess SIT	(16)	-	(16)	-	(16)
Total New York State Income Tax	\$10,689	(\$1,243)	9,446	\$1,379	10,825

Consolidated Edison of New York, Inc.
 Steam Department
 Federal Income Tax
 Twelve Months Ending September 30, 2012
 (\$000's)

Exhibit (RM -2)
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	Rate Year 1 As Reflected in Exhibit (AP-9)	Rate Year 2 Adjustments	Rate Year 2 As Adjusted	Proposed Rate Increase	Rate Year 2 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$196,761	\$ (16,245)	\$ 180,516	\$17,691	\$198,207
New York State Income Taxes	10,511	(1,184)	9,326	1,256	10,582
Book Operating Income before FIT	186,251	(15,061)	171,190	16,435	187,625
Flow Through Items					
<u>Add: Additional Income and Unallowable Deductions</u>					
Book Depreciation	64,991	1,747	66,738	-	66,738
Capitalized Interest	3,122	-	3,122	-	3,122
Total Additions	68,113	1,747	69,860	-	69,860
<u>Deduct: Non-Taxable Income and Additional Deductions</u>					
Interest Expense	47,637	436	48,073	-	48,073
Statutory Depreciation	47,471	(368)	47,103	-	47,103
Removal Costs	8,534	(2,565)	5,969	-	5,969
Amortization of Capitalized Interest	-	-	-	-	-
Medicare Rx Legislation Savings	1,085	-	1,085	-	1,085
Dividends Paid on \$5 Cumulative Preferred Stock	115	-	115	-	115
Total Deductions	104,842	(2,497)	102,345	-	102,345
<u>Normalized Items:</u>					
<u>Add: Additional Income & Unallowable Deductions:</u>					
Fuel Costs Deferred from Prior Period	4,726	(3,230)	1,497	-	1,497
Contributions in Aid of Construction	173	-	173	-	173
Pensions / OPEB Expense - Per Books	24,338	1,994	26,332	-	26,332
Deferred State Income Tax	3,091	(1,194)	1,896	-	1,896
Total Additions	32,328	(2,430)	29,898	-	29,898
<u>Deduct: Non-Taxable Income & Other Deductions:</u>					
Depreciation - ADR / ACRS / MACRS	8,833	2,321	11,154	-	11,154
Loss on ACRS/MACRS Retirements	1,668	(151)	1,518	-	1,518
Amortization of Capitalized Interest	1,487	-	1,487	-	1,487
Capitalized Overheads (263A)	4,816	(463)	4,353	-	4,353
Fuel Costs Deferred from Current Period	9,963	-	9,963	-	9,963
Pension and OPEB Funding	33,354	(7,022)	26,332	-	26,332
WTC expenses	(3,892)	-	(3,892)	-	(3,892)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)	-	(400)
Business Development Plan expenses	(45)	-	(45)	-	(45)
Production Study expenses	(61)	-	(61)	-	(61)
Interference Expenses	(386)	-	(386)	-	(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)	-	(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)	-	(1,816)
Interest on MGP Superfund	(91)	-	(91)	-	(91)
SO2 Allowances - Principal and Interest	(511)	-	(511)	-	(511)
Interest on SIT audit adjustments	(2)	-	(2)	-	(2)
SIR Deferrals	(1,807)	-	(1,807)	-	(1,807)
Hudson Ave. Deferral	(121)	-	(121)	-	(121)
Excess refund of SIT overcollections	57	-	57	-	57
Shortfall in SO2 imputation	708	-	708	-	708
NYC Property Taxes - 2000 Settlement	40	-	40	-	40
NYC Property Taxes - 2004 Settlement	565	-	565	-	565
Medicare Rx Legislation	77	-	77	-	77
Interest on Capital Expenditures	90	-	90	-	90
Oil Overcharge Litigation Proceeds	61	-	61	-	61
Interest on rate Case Deferrals	38	-	38	-	38
ADR Tax Amortization - Principal and Interest	242	-	242	-	242
Gain on Sale of First Avenue Properties - Interest	-	-	-	-	-
Deferred Interest on Distribution Plant Recon	34	-	34	-	34
Interference Underspending	112	-	112	-	112
Auction Rate Debt	355	-	355	-	355
ITC Refunds	44	-	44	-	44
Total Deductions	51,744	(5,315)	46,429	-	46,429
Total Adjustments to Book Income	(56,145)	7,129	(49,016)	-	(49,016)
Taxable Income	130,106	(7,932)	122,173	16,435	138,609
Federal Income Tax Expense					
Composite Rate per Company					
FIT Payable at 35%	45,537	(2,776)	42,761	5,752	48,513
<u>Deferred Income Tax:</u>					
Deferred FIT @ 35%	6,796	(1,010)	5,786	-	5,786
<u>Amortization of Previously Deferred Federal Income Tax</u>					
Depreciation/Loss on Retirements/Capitalized Overheads	(3,613)	(999)	(4,612)	-	(4,612)
Capitalized Overhead	(462)	(491)	(953)	-	(953)
FIT Refund - Investment Tax Credit	-	-	-	-	-
Investment Tax Credit	(261)	-	(261)	-	(261)
Total F.I.T. Expense Deferred:	2,460	(2,500)	(40)	-	(40)
Total F.I.T. Expense	\$47,997	(\$5,276)	\$42,721	\$5,752	\$48,473

Consolidated Edison of New York, Inc.
Steam Department
Federal Income Tax
Twelve Months Ending September 30, 2013
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	Rate Year 2 As Reflected in Exhibit (RM-2)	Rate Year 3 Adjustments	Rate Year 3 As Adjusted	Proposed Rate Increase	Rate Year 3 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$198,207	(\$18,114)	\$180,094	\$20,051	\$200,145
New York State Income Taxes	10,582	(1,301)	9,282	1,424	10,706
Book Operating Income before FIT	<u>187,625</u>	<u>(16,813)</u>	<u>170,812</u>	<u>18,627</u>	<u>189,439</u>
Flow Through Items					
Add: Additional Income and Unallowable Deductions					
Book Depreciation	66,738	1,721	68,459	-	68,459
Capitalized Interest	3,122	(2,445)	677	-	677
Total Additions	<u>69,860</u>	<u>(724)</u>	<u>69,136</u>	<u>-</u>	<u>69,136</u>
Deduct: Non-Taxable Income and Additional Deductions					
Interest Expense	48,073	211	48,284	-	48,284
Statutory Depreciation	47,103	.247	47,350	-	47,350
Removal Costs	5,969	(4,628)	1,341	-	1,341
Amortization of Capitalized Interest	-	-	-	-	-
Medicare Rx Legislation Savings	1,085	-	1,085	-	1,085
Dividends Paid on \$5 Cumulative Preferred Stock	115	-	115	-	115
Total Deductions	<u>102,345</u>	<u>(4,170)</u>	<u>98,175</u>	<u>-</u>	<u>98,175</u>
Normalized Items:					
Add: Additional Income & Unallowable Deductions:					
Fuel Costs Deferred from Prior Period	1,497	(1,497)	-	-	-
Contributions in Aid of Construction	173	-	173	-	173.00
Pensions / OPEB Expense - Per Books	27,593	535	28,128	-	28,128
Deferred State Income Tax	1,896	(578)	1,319	-	1,319
Total Additions	<u>31,159</u>	<u>(1,539)</u>	<u>29,620</u>	<u>-</u>	<u>29,620</u>
Deduct: Non-Taxable Income & Other Deductions:					
Depreciation - ADR / ACRS / MACRS	11,154	2,364	13,518	-	13,518
Loss on ACRS/MACRS Retirements	1,518	(142)	1,376	-	1,376
Amortization of Capitalized Interest	1,487	-	1,487	-	1,487
Capitalized Overheads (263A)	4,353	(503)	3,850	-	3,850
Fuel Costs Deferred from Current Period	9,963	-	9,963	-	9,963
Pension and OPEB Funding	26,332	1,796	28,128	-	28,128
WTC expenses	(3,892)	-	(3,892)	-	(3,892)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)	-	(400)
Business Development Plan expenses	(45)	-	(45)	-	(45)
Production Study expenses	(61)	-	(61)	-	(61)
Interference Expenses	(386)	-	(386)	-	(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)	-	(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)	-	(1,816)
Interest on MGP Superfund	(91)	-	(91)	-	(91)
SO2 Allowances - Principal and Interest	(511)	-	(511)	-	(511)
Interest on SIT audit adjustments	(2)	-	(2)	-	(2)
SIR Deferrals	(1,807)	-	(1,807)	-	(1,807)
Hudson Ave. Deferral	(121)	-	(121)	-	(121)
Excess refund of SIT overcollections	57	-	57	-	57
Shortfall in SO2 imputation	708	-	708	-	708
NYC Property Taxes - 2000 Settlement	40	-	40	-	40
NYC Property Taxes - 2004 Settlement	565	-	565	-	565
Medicare Rx Legislation	77	-	77	-	77
Interest on Capital Expenditures	90	-	90	-	90
Oil Overcharge Litigation Proceeds	61	-	61	-	61
Interest on rate Case Deferrals	38	-	38	-	38
ADR Tax Amortization - Principal and Interest	242	-	242	-	242
Gain on Sale of First Avenue Properties - Interest	-	-	-	-	0
Deferred Interest on Distribution Plant Recon	34	-	34	-	34
Interference Underspending	112	-	112	-	112
Auction Rate Debt	355	-	355	-	355
ITC Refunds	44	-	44	-	44
Total Deductions	<u>46,429</u>	<u>3,515</u>	<u>49,944</u>	<u>-</u>	<u>49,944</u>
Total Adjustments to Book Income	<u>(47,755)</u>	<u>(1,608)</u>	<u>(49,363)</u>	<u>-</u>	<u>(49,363)</u>
Taxable Income	<u>139,870</u>	<u>(18,421)</u>	<u>121,449</u>	<u>18,627</u>	<u>140,076</u>
Federal Income Tax Expense					
Composite Rate per Company					
FIT Payable at 35%	<u>48,954</u>	<u>(6,447)</u>	<u>42,507</u>	<u>6,519</u>	<u>49,027</u>
Deferred Income Tax:					
Deferred FIT @ 35%	5,345	1,769	7,114	-	7,114
Amortization of Previously Deferred Federal Income Tax					
Depreciation/Loss on Retirements/Capitalized Overheads	(4,612)	(1,057)	(5,670)	-	(5,670)
Capitalized Overhead	(953)	(536)	(1,490)	-	(1,490)
FIT Refund - Investment Tax Credit	-	-	-	-	-
Investment Tax Credit	(261)	-	(261)	-	(261)
Total F.I.T. Expense Deferred:	<u>(482)</u>	<u>175</u>	<u>(307)</u>	<u>-</u>	<u>(307)</u>
Total F.I.T. Expense	<u>\$48,472</u>	<u>(\$6,272)</u>	<u>\$42,200</u>	<u>\$6,519</u>	<u>\$48,720</u>

Consolidated Edison of New York, Inc.
Steam Department
Federal Income Tax
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	Rate Year 3 As Reflected in Exhibit (RM-2)	Rate Year 4 Adjustments	Rate Year 4 As Adjusted	Proposed Rate Increase	Rate Year 4 As Adjusted For Proposed Rate Increase
Operating Income Before Income Taxes	\$200,145	(\$17,320)	\$182,825	\$19,426	\$202,251
New York State Income Taxes	10,706	(1,243)	9,462	1,379	10,841
Book Operating Income before FIT	<u>189,439</u>	<u>(16,077)</u>	<u>173,363</u>	<u>18,047</u>	<u>191,410</u>
Flow Through Items					
Add: Additional Income and Unallowable Deductions					
Book Depreciation	68,459	1,508	69,967	-	69,967
Capitalized Interest	677	(1,799)	(1,122)	-	(1,122)
Total Additions	<u>69,136</u>	<u>(291)</u>	<u>68,845</u>	<u>-</u>	<u>68,845</u>
Deduct: Non-Taxable Income and Additional Deductions					
Interest Expense	48,284	189	48,473	-	48,473
Statutory Depreciation	47,350	(457)	46,893	-	46,893
Removal Costs	1,341	(1,341)	-	-	0
Amortization of Capitalized Interest	-	-	-	-	-
Medicare Rx Legislation Savings	1,085	-	1,085	-	1,085
Dividends Paid on \$5 Cumulative Preferred Stock	115	-	115	-	115
Total Deductions	<u>98,175</u>	<u>(1,609)</u>	<u>96,566</u>	<u>-</u>	<u>96,566</u>
Normalized Items:					
Add: Additional Income & Unallowable Deductions:					
Fuel Costs Deferred from Prior Period	-	-	-	-	-
Contributions in Aid of Construction	173	-	173	-	173.00
Pensions / OPEB Expense - Per Books	28,128	(1,755)	26,373	-	26,373
Deferred State Income Tax	1,319	(341)	977	-	977
Total Additions	<u>29,620</u>	<u>(2,096)</u>	<u>27,524</u>	<u>-</u>	<u>27,524</u>
Deduct: Non-Taxable Income & Other Deductions:					
Depreciation - ADR / ACRS / MACRS	13,518	2,486	16,004	-	16,004
Loss on ACRS/MACRS Retirements	1,376	(136)	1,240	-	1,240
Amortization of Capitalized Interest	1,487	-	1,487	-	1,487
Capitalized Overheads (263A)	3,850	(518)	3,332	-	3,332
Fuel Costs Deferred from Current Period	9,963	-	9,963	-	9,963
Pension and OPEB Funding	28,128	(1,755)	26,373	-	26,373
WTC expenses	(3,892)	-	(3,892)	-	(3,892)
2000 Rate Settlement - Unamortized Balances	(400)	-	(400)	-	(400)
Business Development Plan expenses	(45)	-	(45)	-	(45)
Production Study expenses	(61)	-	(61)	-	(61)
Interference Expenses	(386)	-	(386)	-	(386)
NYC Property Taxes - 2006 Settlement	(1,668)	-	(1,668)	-	(1,668)
Pensions / OPEBs - 2006 Settlement	(1,816)	-	(1,816)	-	(1,816)
Interest on MGP Superfund	(91)	-	(91)	-	(91)
SO2 Allowances - Principal and Interest	(511)	-	(511)	-	(511)
Interest on SIT audit adjustments	(2)	-	(2)	-	(2)
SIR Deferrals	(1,807)	-	(1,807)	-	(1,807)
Hudson Ave. Deferral	(121)	-	(121)	-	(121)
Excess refund of SIT overcollections	57	-	57	-	57
Shortfall in SO2 imputation	708	-	708	-	708
NYC Property Taxes - 2000 Settlement	40	-	40	-	40
NYC Property Taxes - 2004 Settlement	565	-	565	-	565
Medicare Rx Legislation	77	-	77	-	77
Interest on Capital Expenditures	90	-	90	-	90
Oil Overcharge Litigation Proceeds	61	-	61	-	61
Interest on rate Case Deferrals	38	-	38	-	38
ADR Tax Amortization - Principal and Interest	242	-	242	-	242
Gain on Sale of First Avenue Properties - Interest	-	-	-	-	0
Deferred Interest on Distribution Plant Recon	34	-	34	-	34
Interference Underspending	112	-	112	-	112
Auction Rate Debt	355	-	355	-	355
ITC Refunds	44	-	44	-	44
Total Deductions	<u>49,944</u>	<u>78</u>	<u>50,022</u>	<u>-</u>	<u>50,022</u>
Total Adjustments to Book Income	<u>(49,363)</u>	<u>(856)</u>	<u>(50,219)</u>	<u>-</u>	<u>(50,219)</u>
Taxable Income	<u>140,076</u>	<u>(16,933)</u>	<u>123,143</u>	<u>18,047</u>	<u>141,191</u>
Federal Income Tax Expense					
Composite Rate per Company					
FIT Payable at 35%	<u>49,027</u>	<u>(5,926)</u>	<u>43,100</u>	<u>6,317</u>	<u>49,417</u>
Deferred Income Tax:					
Deferred FIT @ 35%	7,114	761	7,875	-	7,875
Amortization of Previously Deferred Federal Income Tax					
Depreciation/Loss on Retirements/Capitalized Overheads	(5,670)	381	(5,289)	-	(5,289)
Capitalized Overhead	(1,490)	(429)	(1,919)	-	(1,919)
FIT Refund - Investment Tax Credit	-	-	-	-	-
Investment Tax Credit	(261)	-	(261)	-	(261)
Total F.I.T. Expense Deferred:	<u>(307)</u>	<u>712</u>	<u>406</u>	<u>-</u>	<u>406</u>
Total F.I.T. Expense	<u>\$48,720</u>	<u>(\$5,214)</u>	<u>\$43,506</u>	<u>\$6,317</u>	<u>\$49,823</u>

Consolidated Edison of New York, Inc.
Steam Department
Rate Base
TWELVE MONTHS ENDING SEPTEMBER 30, 2012
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	Rate Year 1 As Reflected in <u>Exhibit (AP-8)</u>	Rate Year 2 <u>Adjustments</u>	Rate Year 2 <u>As Adjusted</u>
<u>Utility Plant:</u>			
Book Cost of Plant	\$2,062,245	\$57,206	\$2,119,451
Accumulated Reserve for Depreciation	(440,401)	(42,651)	(483,052)
Net Plant	1,621,844	14,555	1,636,399
Non-Interest Bearing CWIP	48,135	(5,063)	43,072
Preferred Stock Expense	485	-	485
Unamortized Debt Discount Premium And Expense	14,275	-	14,275
Deferred Fuel - Net of Income Taxes	5,002	-	5,002
Customer Advances For Construction	(1,950)	-	(1,950)
M.T.A. Surtax - Net of Tax	(332)	-	(332)
Working Capital	125,023	5,101	130,124
Excess Rate Base Over Capitalization Adjustment	69,037	-	69,037
<u>Rate Case Reconciliations - Net of FIT</u>			
2000 Rate Settlement - Unamortized Balances	604	(121)	483
Business Development Plan Expenses	67	(13)	54
Production Study Expenses	93	(19)	74
Deferred Interference Expenses - 2000 Settlement Agreement	105	(21)	84
Interference Expenses	859	(172)	687
NYC Property Taxes - 2006 Settlement	4,533	(907)	3,626
Interest on MGP Superfund	137	(27)	110
SO2 Allowances	1,387	(277)	1,110
Interest on SIT Audit Adjustments	3	(1)	2
SIR Deferrals	4,911	(982)	3,929
Recovery of Hudson Avenue Deferral	183	(37)	146
Refund of Excess SIT Refund	(87)	35	(52)
NYC Property Taxes - 2000 Settlement	(60)	24	(36)
NYC Property Taxes - 2004 Settlement	(853)	341	(512)
SO2 Allowances from prior case - Principal and Interest	(1,069)	428	(641)
Medicare Rx Legislation	(116)	46	(70)
Interest on Capital Expenditures	(136)	54	(82)
Oil Overcharge Litigation Proceeds	(92)	37	(55)
Interest on Rate Case Deferrals	(57)	23	(34)
ADR Tax Amortization - Principal and Interest	(365)	146	(219)
Gain on Sale of First Avenue Properties - Interest	-	-	-
Deferred Interest on Distribution Plant Reconciliation	(51)	20	(31)
Interference Underspending	(169)	68	(101)
Auction Rate debt	(536)	214	(322)
ITC Refunds	(66)	26	(40)
<u>Accumulated Deferred FIT</u>			
ADR / ACRS / MACRS Deductions	(191,329)	(343)	(191,672)
Prepaid Insurance Expenses	(263)	-	(263)
Vested Vacation	677	-	677
Amortization of Computer Software	(2,886)	-	(2,886)
Deferred MTA	(1,966)	-	(1,966)
Customer Deposits	763	-	763
Unbilled Revenues	5,329	-	5,329
Contributions In Aid of Construction	2,000	-	2,000
Capitalized Interest	4,511	-	4,511
Major Maintenance 98-02	2,044	-	2,044
Change of Accounting Section 263 A	(37,781)	(570)	(38,351)
Call Premium	285	-	285
FIN 48 - Simplified Service Cost Method	-	-	-
Excess Deferred S.I.T.	-	-	-
Deferred S.I.T.	(29,657)	(1,880)	(31,537)
Rate Base - Total	1,642,471	10,685	1,653,156

Consolidated Edison of New York, Inc.
 Steam Department
 Working Capital Allowance
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	<u>Rate Year 1</u> As Reflected in <u>Exhibit (RM-1)</u>	<u>Rate Year 2</u> <u>Adjustments</u>	<u>Rate Year 2</u> <u>As Adjusted</u>
<u>M & S</u>			
Average Balance of Liquid Fuel	\$16,432	\$304	\$16,736
Materials and Supplies, Excluding Liquid Fuel	<u>35,646</u>	<u>660</u>	<u>36,306</u>
Total Materials and Supplies	<u>52,078</u>	<u>964</u>	<u>53,041</u>
<u>Prepayments</u>			
Insurance	759	14	773
Property Taxes	18,829	4,927	23,756
PSC Assessment	370	7	377
Other	<u>1,083</u>	<u>20</u>	<u>1,103</u>
Total Prepayments	<u>21,041</u>	<u>4,968</u>	<u>26,009</u>
<u>Cash Working Capital</u>			
Total Operation & Maintenance Expenses	537,837	15,371	553,208
Less: Purchased Power Expenses	73,694	5,048	78,742
Gas Portion of Fuel	80,892	24,462	105,354
Recoverable Fuel Costs	164,855	(25,314)	139,541
Interdepartmental Rents	15,115	945	16,060
Uncollectibles	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>202,281</u>	<u>10,230</u>	<u>212,511</u>
Cash Working Capital @ 1/8th	<u>25,284</u>	<u>1,279</u>	<u>26,563</u>
Add: Cash Working Capital @ 1/2 on Rec. Fuel Costs	<u>26,620</u>	<u>(2,110)</u>	<u>26,970</u>
Total Working Capital	<u>\$125,023</u>	<u>\$5,101</u>	<u>\$130,124</u>

Consolidated Edison of New York, Inc.
Steam Department
Rate Base
TWELVE MONTHS ENDING SEPTEMBER 30, 2013
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	<u>Rate Year 2</u>	<u>Rate Year 3 Adjustments</u>	<u>Rate Year 3 As Adjusted</u>
<u>Utility Plant:</u>			
Book Cost of Plant	\$2,119,451	\$56,171	\$2,175,622
Accumulated Reserve for Depreciation	(483,052)	(47,373)	(530,425)
Net Plant	1,636,399	8,799	1,645,197
Non-Interest Bearing CWIP	43,072	530	43,602
Preferred Stock Expense	485	-	485
Unamortized Debt Discount Premium And Expense	14,275	-	14,275
Deferred Fuel - Net of Income Taxes	5,002	-	5,002
Customer Advances For Construction	(1,950)	-	(1,950)
M.T.A. Surtax - Net of Tax	(332)	-	(332)
Working Capital	130,124	6,838	136,961
Excess Rate Base Over Capitalization Adjustment	69,037	-	69,037
 <u>Rate Case Reconciliations - Net of FIT</u>			
2000 Rate Settlement - Unamortized Balances	483	(121)	362
Business Development Plan Expenses	54	(13)	40
Production Study Expenses	74	(19)	56
Deferred Interference Expenses - 2000 Settlement Agreement	84	(21)	63
Interference Expenses	687	(172)	515
NYC Property Taxes - 2006 Settlement	3,626	(907)	2,720
Interest on MGP Superfund	110	(27)	82
SO2 Allowances	1,110	(277)	832
Interest on SIT Audit Adjustments	2	(1)	2
SIR Deferrals	3,929	(982)	2,947
Recovery of Hudson Avenue Deferral	146	(37)	110
Refund of Excess SIT Refund	(52)	35	(17)
NYC Property Taxes - 2000 Settlement	(36)	24	(12)
NYC Property Taxes - 2004 Settlement	(512)	341	(171)
SO2 Allowances from prior case - Principal and Interest	(641)	428	(214)
Medicare Rx Legislation	(70)	46	(23)
Interest on Capital Expenditures	(82)	54	(27)
Oil Overcharge Litigation Proceeds	(55)	37	(18)
Interest on Rate Case Deferrals	(34)	23	(11)
ADR Tax Amortization - Principal and Interest	(219)	146	(73)
Gain on Sale of First Avenue Properties - Interest	-	-	-
Deferred Interest on Distribution Plant Reconciliation	(31)	20	(10)
Interference Underspending	(101)	68	(34)
Auction Rate debt	(322)	214	(107)
ITC Refunds	(40)	26	(13)
 <u>Accumulated Deferred FIT</u>			
ADR / ACRS / MACRS Deductions	(191,672)	1,940	(189,732)
Prepaid Insurance Expenses	(263)	-	(263)
Vested Vacation	677	-	677
Amortization of Computer Software	(2,886)	-	(2,886)
Deferred MTA	(1,966)	-	(1,966)
Customer Deposits	763	-	763
Unbilled Revenues	5,329	-	5,329
Contributions In Aid of Construction	2,000	-	2,000
Capitalized Interest	4,511	-	4,511
Major Maintenance 98-02	2,044	-	2,044
Change of Accounting Section 263 A	(38,351)	2,837	(35,514)
Call Premium	285	-	285
FIN 48 - Simplified Service Cost Method	-	-	-
Excess Deferred S.I.T.	-	-	-
Deferred S.I.T.	(31,537)	(1,213)	(32,750)
Rate Base - Total	1,653,156	18,617	1,671,773

Consolidated Edison of New York, Inc.
Steam Department
Working Capital Allowance
TWELVE MONTHS ENDING SEPTEMBER 30, 2013
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	<u>Rate Year 2</u>	<u>Rate Year 3 Adjustments</u>	<u>Rate Year 3 As Adjusted</u>
<u>M & S</u>			
Average Balance of Liquid Fuel	\$16,736	\$356	\$17,092
Materials and Supplies, Excluding Liquid Fuel	36,306	772	37,077
Total Materials and Supplies	53,041	1,127	54,169
<u>Prepayments</u>			
Insurance	773	16	789
Property Taxes	23,756	6,064	29,820
PSC Assessment	377	8	385
Other	1,103	23	1,126
Total Prepayments	26,009	6,111	32,120
<u>Cash Working Capital</u>			
Total Operation & Maintenance Expenses	553,208	13,198	566,407
Less: Purchased Power Expenses	78,742	4,492	83,234
Gas Portion of Fuel	105,354	13,422	118,776
Recoverable Fuel Costs	139,541	(8,412)	131,129
Interdepartmental Rents	16,060	1,299	17,359
Uncollectibles	1,000	-	1,000
	212,511	2,397	214,908
Cash Working Capital @ 1/8th	26,564	300	26,864
Add: Cash Working Capital @ 1/2 on Rec Fuel Costs	11,628	(701)	10,927
Total Working Capital	\$117,243	\$6,838	\$124,080

Consolidated Edison of New York, Inc.
Steam Department
Rate Base
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	<u>Rate Year 3</u>	<u>Rate Year 4 Adjustments</u>	<u>Rate Year 4 As Adjusted</u>
<u>Utility Plant:</u>			
Book Cost of Plant	\$2,175,622	\$49,354	\$2,224,976
Accumulated Reserve for Depreciation	(530,425)	(48,525)	(578,950)
Net Plant	<u>1,645,197</u>	<u>829</u>	<u>1,646,026</u>
Non-Interest Bearing CWIP	43,602	1,893	45,494
Preferred Stock Expense	485	-	485
Unamortized Debt Discount Premium And Expense	14,275	-	14,275
Deferred Fuel - Net of Income Taxes	5,002	-	5,002
Customer Advances For Construction	(1,950)	-	(1,950)
M.T.A. Surtax - Net of Tax	(332)	-	(332)
Working Capital	136,961	5,101	142,062
Excess Rate Base Over Capitalization Adjustment	69,037	-	69,037
<u>Rate Case Reconciliations - Net of FIT</u>			
2000 Rate Settlement - Unamortized Balances	362	(121)	242
Business Development Plan Expenses	40	(13)	27
Production Study Expenses	56	(19)	37
Deferred Interference Expenses - 2000 Settlement Agreement	63	(21)	42
Interference Expenses	515	(172)	344
NYC Property Taxes - 2006 Settlement	2,720	(907)	1,813
Interest on MGP Superfund	82	(27)	55
SO2 Allowances	832	(277)	555
Interest on SIT Audit Adjustments	2	(1)	1
SIR Deferrals	2,947	(982)	1,964
Recovery of Hudson Avenue Deferral	110	(37)	73
Refund of Excess SIT Refund	(17)	17	-
NYC Property Taxes - 2000 Settlement	(12)	12	-
NYC Property Taxes - 2004 Settlement	(171)	171	-
SO2 Allowances from prior case - Principal and Interest	(214)	214	-
Medicare Rx Legislation	(23)	23	-
Interest on Capital Expenditures	(27)	27	-
Oil Overcharge Litigation Proceeds	(18)	18	-
Interest on Rate Case Deferrals	(11)	11	-
ADR Tax Amortization - Principal and Interest	(73)	73	-
Gain on Sale of First Avenue Properties - Interest	-	-	-
Deferred Interest on Distribution Plant Reconciliation	(10)	10	-
Interference Underspending	(34)	34	-
Auction Rate debt	(107)	107	-
ITC Refunds	(13)	13	-
<u>Accumulated Deferred FIT</u>			
ADR / ACRS / MACRS Deductions	(189,732)	642	(189,090)
Prepaid Insurance Expenses	(263)	-	(263)
Vested Vacation	677	-	677
Amortization of Computer Software	(2,886)	-	(2,886)
Deferred MTA	(1,966)	-	(1,966)
Customer Deposits	763	-	763
Unbilled Revenues	5,329	-	5,329
Contributions In Aid of Construction	2,000	-	2,000
Capitalized Interest	4,511	-	4,511
Major Maintenance 98-02	2,044	-	2,044
Change of Accounting Section 263 A	(35,514)	3,085	(32,428)
Call Premium	285	-	285
FIN 48 - Simplified Service Cost Method	-	-	-
Excess Deferred S.I.T.	-	-	-
Deferred S.I.T.	(32,750)	904	(31,847)
Rate Base - Total	<u>1,671,773</u>	<u>10,608</u>	<u>1,682,381</u>

Consolidated Edison of New York, Inc.
Steam Department
Working Capital Allowance
TWELVE MONTHS ENDING SEPTEMBER 30, 2014
(\$000's)

Exhibit ____ (RM -2)
Schedule 9
Page 6 of 6

	<u>Rate Year 3</u>	<u>Rate Year 4 Adjustments</u>	<u>Rate Year 4 As Adjusted</u>
<u>M & S</u>			
Average Balance of Liquid Fuel	\$17,092	\$363	\$17,455
Materials and Supplies, Excluding Liquid Fuel	<u>37,077</u>	<u>788</u>	<u>37,865</u>
Total Materials and Supplies	<u>54,169</u>	<u>1,151</u>	<u>55,320</u>
<u>Prepayments</u>			
Insurance	789	17	806
Property Taxes	29,820	6,632	36,451
PSC Assessment	385	8	393
Other	<u>1,126</u>	<u>24</u>	<u>1,150</u>
Total Prepayments	<u>32,120</u>	<u>6,680</u>	<u>38,801</u>
<u>Cash Working Capital</u>			
Total Operation & Maintenance Expenses	566,407	22,260	588,666
Less: Purchased Power Expenses	83,234	6,855	90,089
Gas Portion of Fuel	118,776	9,529	128,305
Recoverable Fuel Costs	131,129	(9,557)	121,572
Interdepartmental Rents	17,359	-	17,359
Uncollectibles	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>214,908</u>	<u>15,433</u>	<u>230,341</u>
Cash Working Capital @ 1/8th	<u>26,864</u>	<u>1,929</u>	<u>28,793</u>
Add: Cash Working Capital @ 1/2 on Rec Fuel Costs	<u>10,927</u>	<u>(796)</u>	<u>10,131</u>
Total Working Capital	<u>\$124,080</u>	<u>\$8,965</u>	<u>\$133,045</u>

Consolidated Edison of New York, Inc.
 Steam Department
 Interest Synchronization
 For the Twelve Months Ending September 30, 2012
 (\$000's)

	<u>Rate Year 1 As Reflected in Exhibit (RM-1)</u>	<u>Rate Year 2 Adjustments</u>	<u>Rate Year 2 As Adjusted</u>
Rate Base	\$1,642,471	\$10,685	\$1,653,156
Interest Bearing CWIP (+)	<u>14,806</u>	<u>4,491</u>	<u>19,297</u>
Earnings Base	1,657,277	15,176	1,672,453
Embedded Cost of Debt	<u>2.87%</u>	<u>2.87%</u>	<u>2.87%</u>
Interest Deduction	<u>\$47,637</u>	<u>\$436</u>	<u>\$47,999</u>

For the Twelve Months Ending September 30, 2013
 (\$000's)

	<u>Rate Year 2 As Adjusted</u>	<u>Rate Year 3 Adjustments</u>	<u>Rate Year 3 As Adjusted</u>
Rate Base	\$1,653,156	\$18,617	\$1,671,773
Interest Bearing CWIP (+)	<u>19,297</u>	<u>(11,290)</u>	<u>8,007</u>
Earnings Base	1,672,453	7,327	1,679,780
Embedded Cost of Debt	<u>2.87%</u>	<u>2.87%</u>	<u>2.87%</u>
Interest Deduction	<u>\$47,999</u>	<u>\$211</u>	<u>\$48,210</u>

For the Twelve Months Ending September 30, 2014
 (\$000's)

	<u>Rate Year 3 As Adjusted</u>	<u>Rate Year 4 Adjustments</u>	<u>Rate Year 4 As Adjusted</u>
Rate Base	\$1,671,773	\$10,608	\$1,682,381
Interest Bearing CWIP (+)	<u>8,007</u>	<u>(4,015)</u>	<u>3,992</u>
Earnings Base	1,679,780	6,593	1,686,373
Embedded Cost of Debt	<u>2.87%</u>	<u>2.87%</u>	<u>2.87%</u>
Interest Deduction	<u>\$48,210</u>	<u>\$189</u>	<u>\$48,399</u>

**Con Edison Company of New York, Inc.
 Steam Capital Forecast: 2010 to 2014
 (thousands of \$'s)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Five Year Total
Production	41,403	18,175	19,420	21,995	16,810	117,803
ERRP	14,250	12,350	5,260	3,400	8,520	43,780
Total Production	55,653	30,525	24,680	25,395	25,330	161,583
Distribution	39,605	33,910	25,905	25,555	25,555	150,530
Total Steam	95,258	64,435	50,585	50,950	50,885	312,113

Consolidated Edison Company of New York, Inc.
STEAM RDM EXAMPLE
\$(000's)

Month	Forecast Base Revenue* at 10/01/09 Rates Column 1	"Actual" Base Revenue (excl. base rate recoverable fuel and gov't surcharges) Column 2	Over / (Under) Collection Column 3	Interest ** Column 4	Total Column 5
Oct-10	\$ 719,000	\$ 783,000	\$ 64,000	\$ 2,880	\$ 66,880
Nov-10	1,561,000	1,851,000	290,000	13,050	303,050
Dec-10	2,885,000	3,529,000	644,000	28,980	672,980
Jan-11	3,637,000	4,482,000	845,000	38,025	883,025
Feb-11	3,877,000	4,787,000	910,000	40,950	950,950
Mar-11	3,546,000	4,367,000	821,000	36,945	857,945
Apr-11	1,260,000	1,469,000	209,000	9,405	218,405
May-11	929,000	1,050,000	121,000	5,445	126,445
Jun-11	689,000	745,000	56,000	2,520	58,520
Jul-11	689,000	745,000	56,000	2,520	58,520
Aug-11	629,000	685,000	56,000	2,520	58,520
Sep-11	659,000	707,000	48,000	2,160	50,160
	\$ 21,080,000	\$ 25,200,000	\$ 4,120,000	\$ 185,400	

Net Overcollection

\$ 3,934,600

Notes:

12 Months Ended 9/12 Sales = 501,000

Refund = \$7.853 / Mlb

Estimated October 2011 sales = 9,000

Estimated October 2011 refund = \$70,700

* Total revenue excluding all increases in rates and charges, statement of fuel adjustment revenues, base variable fuel revenues, and future RDM refunds or surcharges.

** Interest calculated at unadjusted customer deposit rate, currently 4.85%.

Consolidated Edison Company of New York, Inc.
STEAM RDM EXAMPLE
(\$ thousands)

<u>Service Classification</u>	<u>Sales MMlbs *</u>	<u>Base Revenue **</u>	<u>Base Rate Fuel</u>	<u>Net Target at Current Rates</u>
SC1	510	\$ 21,080	\$ 4,104	\$ 16,976
SC2 Demand	12,226	261,308	98,406	162,902
SC2 Non-Demand	2,136	65,567	17,192	48,375
SC3 Demand	3,270	66,662	26,321	40,341
SC3 Non-Demand ***	2,903	70,145	23,366	46,779
SRAM Subtotal	21,045	484,762	169,389	315,373
SC5 Contract Customers	2,130	39,655	17,143	22,512
Total Sales/ Revenues	23,175	\$ 524,417	\$ 186,532	\$ 337,885

* See Exhibit_(FCY-1)

** See Exhibit_(FCY-2)

*** Includes SC4 back up/ supplementary class