CONSOLIDATED EDISON COMPANY OF NEW YORK

SHARED SERVICES PANEL

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EXHIBIT #

CENTRAL FIELD SERVICES

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2010 O&M – Shared Services - Central Field Services

Project/Program Title	Vehicle Fuel Costs
Status	Future Costs
Estimated Service Date	
Work Plan Category	Efficiency and Process Improvement

Work Description:

Funding for vehicle fuel both unleaded and bio-diesel.
Note: data for gallons and price are for total Company

Justification:

Due to the dynamic nature of the commodities market and the corresponding effects on vehicle fuel, the Company seeks to have adopted a projection methodology that allows appropriate recovery of costs associated with vehicle fuel. Changes over historic years' actual expenditures can be due in part to changes in the volume of fuel consumed. However, in recent years, volatility in the commodities market has had a much greater affect on prices. There is no absolute predictor of fuel prices, especially over a 24 month horizon. It is important to develop a methodology that reflects expected prices as closely as possible. Unique considerations in the CECONY market area include the effect of local taxes on the total cost of fuel. Additionally, CECONY is subject to DOE EPAct regulations, requiring us to use B20 biodiesel fuel which is an additional premium over traditional diesel fuel.

The Department of Energy uses the most sophisticated model that we are aware of to incorporate data about the commodities markets, supply, demand and production capabilities over the appropriate planning-horizon. By combining historical and forward-looking price information published by the Department of Energy's, Energy Information Administration (EIA) and internal actual expenditures at CECONY – we intend to demonstrate the expected differential between DOE projections and what should be expected in CECONY's market region.

Actual prices paid by CECONY for gasoline average $0.04/gallon more than the corresponding DOE data-point, and account for slight variations in taxes and transportation in the CECONY service area, compared to the DOE (PADD1) historical average for the same cost components. This incremental cost should be applied to any DOE projections of that data-point.

Actual prices paid by CECONY for diesel average $1.04/gallon more than the corresponding DOE data-point, and account for slight variations in taxes and transportation in the CECONY service area, and the cost premium for a 20% bio-fuel blend, compared to the DOE (national) historical average for the same cost components. This incremental cost should be applied to any DOE projections of that data-point.

Exhibit A – shows 2008 fuel data gallons and average annual price
Exhibit B(1) – shows historic national average gasoline prices as reported by DOE and actual CECONY gasoline prices
Exhibit B(2) – shows historic national average diesel prices as reported by DOE and actual CECONY diesel prices

- Alternatives: N/A

2010 O&M – Shared Services - Central Field Services

- Risk of No Action: N/A
- Summary of Financial Benefits and Costs: N/A
- Non-financial Benefits (if applicable): N/A
- Technical Evaluation/Analysis: N/A
- Sensitivity Analysis (if applicable): N/A
- Project Relationships (if applicable): N/A

Estimated Completion Date: N/A

Status: On-Going

Current Working Estimate (if applicable): N/A

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$9,746	$10,358	$13,886	* $8,569

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
-	-	-	-

* PSC ALJ Recommendation

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S	$9,746	$10,358	$13,886	
*A/P				
Contingency				
Total	**$9,746**	**$10,358**	**$13,886**	

2010 O&M – Shared Services - Central Field Services

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P				
Contingency				
Total				

* Note A/P requires further identification such as A/P – Contract Labor, A/P - Equipment Maintenance, A/P - Corrective Maintenance, etc.

Exhibit A

Vehicle Fuel Costs

12 Months Ending June 2009

	Diesel	Unleaded	Total
Gallons	1,951,865	1,928,836	3,880,701
Price/Gal.	$3.265	$2.696	$2.982
Cost	$6,373,504.62	$5,200,471.25	$11,573,975.87

Assumption - 2011 RYE - fuel usage remains constant Average price used from DOE 2008 Forecast

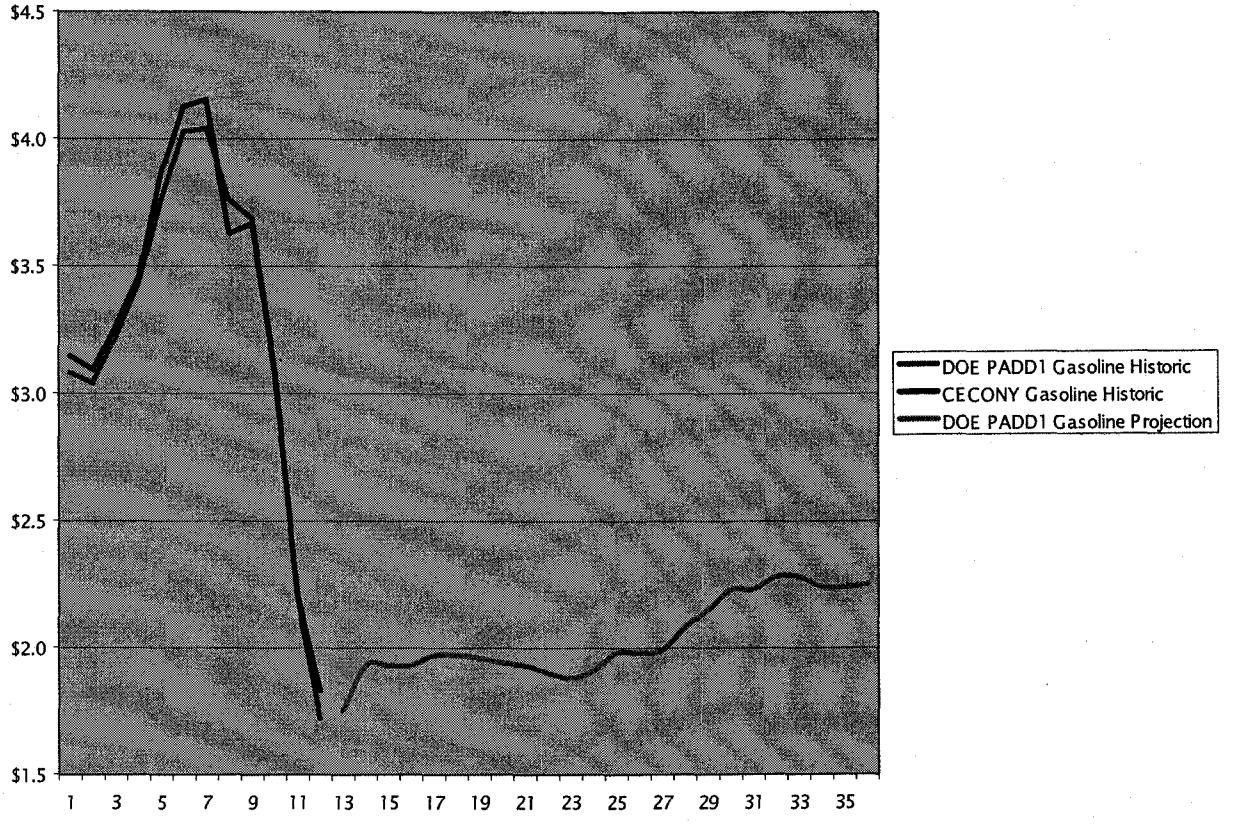
2011 (RYE - Forecast)

	Diesel	Unleaded	Total
Gallons	1,900,000	1,900,000	3,800,000
Price/Gal.	$2.20	$3.59	$2.895
Cost	$4,180,000	$6,821,000	$11,001,000

2010 O&M – Shared Services - Central Field Services

Exhibit B(1)

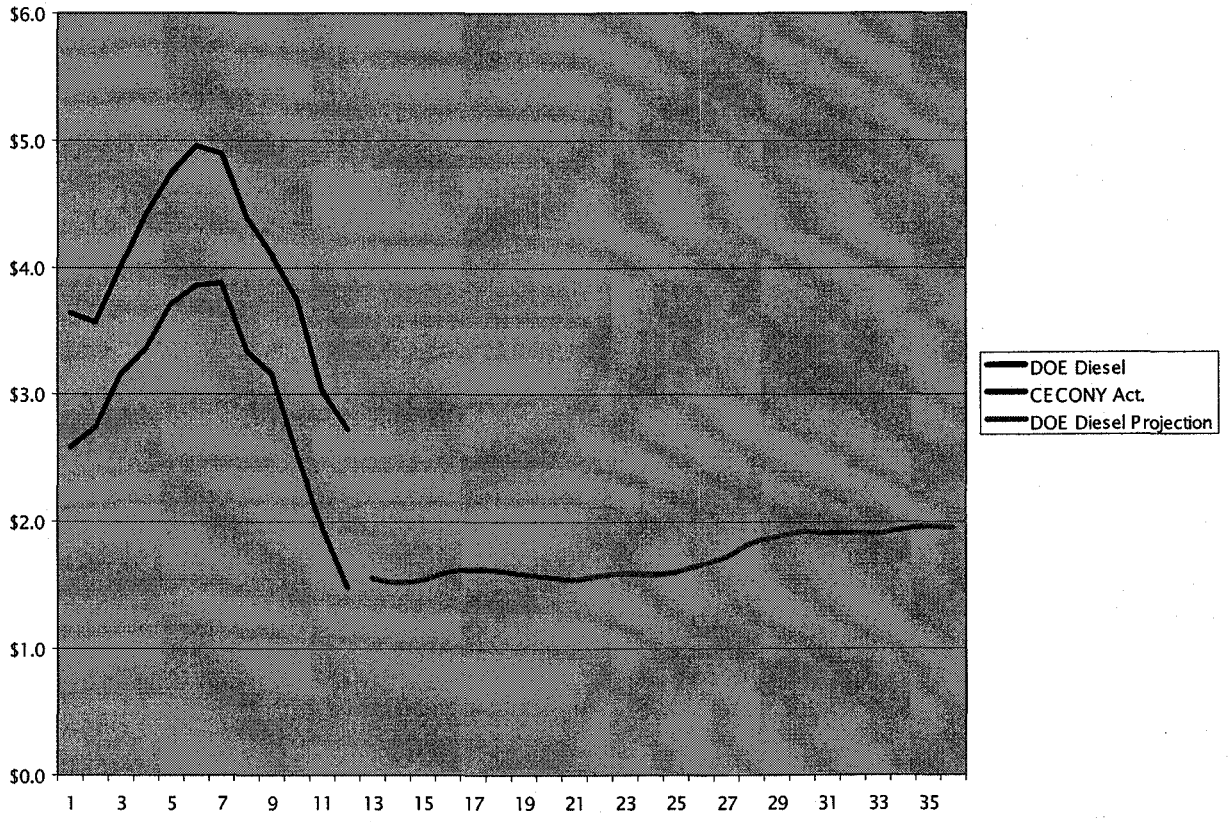
Chart shows historical difference between DOE PADD1 gasoline, the data point also used for projection of rate-year expenditure, and CECONY actual prices paid for gasoline during 2008 versus DOE projection through 2010.



2010 O&M – Shared Services - Central Field Services

Exhibit B(2)

Chart shows historical difference between DOE PADD1 diesel, the data point also used for projection of rate-year expenditure, and CECONY actual prices paid for B20 biodiesel during 2008 versus DOE projection through 2010.



Central Field Services **EXHIBIT___(SSP-1)**

Vehicle Fuel **PAGE 6 of 7**

In-House 2009

	Biodiesel			Unleaded			Total		
Month	**Dollars**	**Gallons**	**Cost/Gal.**	**Dollars**	**Gallons**	**Cost/Gal.**	**Dollars**	**Gallons**	**Cost/Gal.**
January	$461,183.90	180,119	$2.560	$256,095.22	148,306	$1.727	$717,279.12	328,425	$2.184
February	$486,828.10	180,282	$2.700	$306,886.92	150,774	$2.035	$793,715.02	331,056	$2.398
March	$457,068.48	194,833	$2.346	$348,542.15	172,010	$2.026	$805,610.63	366,843	$2.196
April	$430,023.02	165,019	$2.606	$318,545.98	153,153	$2.080	$748,569.00	318,172	$2.353
May	$323,635.65	127,864	$2.531	$285,850.16	127,728	$2.238	$609,485.81	255,592	$2.385
June	$329,151.35	122,754	$2.681	$322,199.09	126,891	$2.539	$651,350.44	249,645	$2.609
July									
August									
September									
October									
November									
December									
YTD	$2,487,890.50	970,871		$1,838,119.52	878,862		$4,326,010.02	1,849,733	
Average	$414,648.42	161,812	$2.563	$306,353.25	146,477	$2.091	$721,001.67	308,289	$2.339

Central Field Services
Vehicle Fuel
Vendor - 2009

	Diesel			Unleaded			Total		
Month	**Dollars**	**Gallons**	**Cost/Gal.**	**Dollars**	**Gallons**	**Cost/Gal.**	**Dollars**	**Gallons**	**Cost/Gal.**
January	$20,437.35	6,745	$3.03	$26,628.21	13,797	$1.93	$47,065.56	20,542	$2.29
February	$18,775.04	6,176	$3.04	$25,214.40	12,240	$2.06	$43,989.44	18,416	$2.39
March	$18,410.44	6,178	$2.98	$29,952.00	14,400	$2.08	$48,362.44	20,578	$2.35
April	$14,098.59	4,747	$2.97	$28,732.97	13,241	$2.17	$42,831.56	17,988	$2.38
May	$13,484.56	4,618	$2.92	$27,683.37	11,583	$2.39	$41,167.93	16,201	$2.54
June	$13,991.05	4,570	$3.06	$35,349.54	12,686	$2.79	$49,340.59	17,256	$2.86
July									
August									
September									
October									
November									
December									
YTD	$99,197.03	33,034		$173,560.49	77,947		$272,757.52	110,981	
Average	$16,532.84	5,506	$3.00	$28,926.75	12,991	$2.23	$45,459.59	18,497	$2.46

I. INTRODUCTION

Q. Would the members of the Shared Services Panel please state your names and business addresses?

A. Our names are Saddie L. Smith, Kenneth Jack, Terrence J. Walsh, Michelle Campanella, and Matthew Ketschke. Our business addresses are 4 Irving Place, New York, NY 10003 (for Smith, Walsh, and Campanella), 43-82 Vernon Blvd, Long Island City, New York 11101 (for Ketschke), and 31-01 20th Avenue, Astoria, New York 11105 (for Jack).

Q. By whom are the panel members employed?

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

Q. Please explain your educational backgrounds, work experience, and current general responsibilities.

A. **(Smith)** I am currently the Vice President of Facilities for the Company. I have been employed by Con Edison since 1982, holding positions of increasing responsibility in a variety of support and operating positions including: Senior Attorney, Law Department; Director of Equal Employment Opportunity Affairs; Director of Facilities Management; Vice President, Electric Operations - Staten Island; and Secretary and Associate General Counsel.

Effective April 2008, I was elected to my current position, Vice President of Facilities. As Vice President of Facilities, I am responsible for operating and maintaining over 40 facilities (office buildings and field operations locations/service centers) within the service territories of Con Edison and Orange & Rockland ("O&R") including: planning and project management; engineering services; environment, health and safety; and office services. I earned a Juris Doctorate from Columbia University in 1978 and a Bachelor's Degree in Classics from Bowdoin College in 1975.

(Jack) I have been employed by Con Edison since 1994. I started my career with Con Edison as an engineering aide and then entered its management intern program. After completing the intern program, I held a variety of management positions of increasing responsibility in Central Field Services ("CFS"), including Field Engineer, Senior Engineer, Manager, and Section Manager of Regional Operations. In 2004, I transferred to Substation Operations where I was the Section Manager of Operations Planning. In 2006, I was promoted to the position of General Manager, Transportation Operations. I am responsible for all the garages throughout CECONY and O&R as well as Automotive Engineering and Fleet

Administration. I received a Bachelor of Science degree in Mechanical Engineering from Polytechnic University in 1999.

(Walsh) I have been employed by Con Edison since 1980. I have served as Director of Information Technology Planning in the Company's Information Resources Department for the past 8 years. Prior to my current position, I was Manager of Network Systems, Technical Specialist, and MVS System Programmer. My responsibilities include establishing hardware and software standards for the computing, networking and communications environments. In addition, my area is responsible for defining and implementing cyber security policy for the Company. Prior to that, I managed the Network Systems group. I received a Bachelor of Science in Economics from Albany University in 1980.

(Ketschke) I have been employed by Con Edison since 1995. I was hired as a management intern and have held positions of increasing responsibility within Electric Operations, from Operating Supervisor in Manhattan Electric Construction to General Manager of Brooklyn and Queens Electric Operations. On October 1, 2009, I was assigned the position of Director of the Learning Center. In that position, I am responsible for all of

the technical and skills training at The Learning Center. I also am responsible for the oversight and preparation of the O&M and capital budgets for Human Resources. I hold a Bachelor of Engineering in Mechanical Engineering from Stevens Institute of Technology, a Master of Science in Management from Stevens Institute of Technology, and an MBA from Columbia University.

(Campanella) I graduated from Clarkson University, Potsdam, New York with a Bachelor of Science degree in Accounting in 1978 and from New York Law School, New York, New York, with a Juris Doctor degree in 1989. I was a Special Agent of the Federal Bureau of Investigation ("FBI") from 1980 to 2008. Among other duties, I served as the Assistant Special Agent in Charge ("ASAC") in the Washington Field Office, a position that included oversight of the Security Branch. As the ASAC, I was responsible for the protection of the Attorney General of the United States and the Director of the FBI, the physical security of the properties within the Washington Field Office territory, and the investigative services related to personnel security, including polygraphs, background investigations, and clearances. Since September 2008, I have been the Director of Security Services for Con

Edison. As the Director of Security Services, I formulate and direct security policies, practices and procedures for the Company. I direct the investigative and security related activities of twenty-two investigators and staff; act as a liaison with Federal, State and local law enforcement agencies; advise senior executives on security-related matters; direct physical security surveys of Company facilities; and make and implement security recommendations throughout the Company. In addition, I develop specifications and monitor the performance of contract guard services and implement training requirements for Company security personnel.

Q. Have any of you previously submitted testimony in a proceeding before the New York State Public Service Commission ("PSC" or the "Commission")?

A. All panel members submitted testimony in Case 09-E-0428 and some of us testified in Case 08-E-0539.

II. PURPOSE OF TESTIMONY

Q. Please summarize the Panel's testimony.

A. We describe numerous Shared Services efforts needed to support common O&M programs throughout the Company. The dollar amounts reflected in this testimony represent the total dollars for each of the programs. Our request is for the allocated share of these common

programs costs for Con Edison's steam service. The Accounting Panel reflects Steams' allocated share of these common costs in their calculations. Any costs for capital projects undertaken are handled through the interdepartmental rent paid by Steam to electric and gas.

Q. Please continue.

First, we discuss vehicle fuel prices and project costs for this expense in the rate year.

Second, we discuss two Information Resources O&M programs, the Mainframe Operating and Maintenance Costs Program and the Computer Cost Program.

Third, we describe the Company's request for recovery of strike contingency expenses, of which $9,000 is allocable to Steam.

Fourth, we address hiring two additional technical systems specialists for the Security Department.

Finally, we explain the need to modernize, upgrade, and improve various equipment and infrastructures associated with the various buildings coming under Facilities' responsibilities. Facilities is requesting $25.0 million in O&M in the rate year, an increase of $12.3 million over the historic year. The O&M increase is attributable to Local Law 10-11 Façade Repairs and Floor renovations at Irving Place, Contractual rent

increases at various regional facilities, and the Waterside Dock Repair Project.

Q. Have these programs been previously addressed by the Company in other rate proceedings?

A. Yes. All of the programs were addressed in Case 09-E-0428 or 08-E-0539. The Panel is not requesting funding for any new programs in this proceeding. We would also note that all of the programs sponsored by the Panel in this proceeding were either previously approved or proposed and not opposed.

Q. Before beginning to explain the various programs, please explain the relationship of shared services efforts to the Company as a whole.

A. Shared Services efforts are comprised of a number of different functions that support Company operations. They include logistical support activities, business software development, maintaining and improving computing, communications, and the supply chain infrastructure throughout the Company, hiring and training employees, and maintaining all of the Company's properties. Most Shared Services efforts are common to the Company's Electric, Gas and/or Steam businesses, and, in some cases, to O&R.

III. VEHICLE FUEL

Q. Please explain the recent history associated with the Company's vehicle fuel expenses.

A. In 2007, the Company expended $10.3 million for 3.8 million gallons of vehicle fuel used to run the Company's fleet of 4,300 vehicles. In 2008, the Company expended $14.7 million for 4 million gallons of fuel for a similar level of vehicles. The price per gallon of gasoline experienced dramatic shifts during 2008 alone, ranging from a low of $2.07 to a high of $4.35. In 2009, gasoline prices have fluctuated between $2.35 and $3.01. Similarly, in 2008 biodiesel fuel ranged from a low of $3.19 to a high of $5.40. In 2009, biodiesel costs have ranged between $2.18 and $2.88.

Q. Does Con Edison see any pattern to these costs?

A. There was a lot of volatility in 2008; however, we do see an overall trend upwards over the last couple of decades, almost without exception. The Company has seen price-per-gallon increases of 16 percent annually from 2003 through 2007. In 2003, the Company paid $1.62 per gallon. In 2004, the Company paid $1.88 per gallon. In 2005, the Company paid $2.37 per gallon. In 2006, the price was $2.78 per gallon and in 2007 it was $2.90 per gallon. In 2008, despite significantly

lower prices in the last quarter, the Company paid an average of $3.63 per gallon. While prices at the end of 2008 and early in 2009 were substantially lower (January 2009 average was below $2.20/gallon), the average price has increased to $2.88/gallon for the month of September alone and $2.50/gallon as of September 30, 2009.

Q. Can you please explain some of the drivers of vehicle fuel prices seen by the company?

A. There are various drivers - world events and economics drive crude-oil prices. To a lesser extent, mandated reformulation of fuels for certain markets has also caused increased prices. The U.S. EPA enacted requirements in 2006 that effectively required all new on-highway diesel vehicles to dramatically reduce harmful emissions. This was accomplished, in part, by requiring a reduction in sulfur content of on-highway diesel fuel. The new formulation (referred to as ultra-low sulfur diesel or "ULSD") requires some differences in the refining process that increased the cost. Additionally, the Department of Energy regulates the fleets of "fuel providers." We are obliged to use an increasing portion of alternate or renewable fuels annually. The Company considered several options and has chosen biodiesel as part of its plan to meet

Department of Energy regulations. This fuel comes at an additional premium.

Q. What is the situation with vehicle fuel prices now?

A. While the existing economic situation may have precipitated the decline in oil and petroleum distillate prices in the last six months of 2008, all indications are that markets hit bottom at the beginning of 2009 and that prices will rise throughout 2009, 2010 and the RYE 2011.

Q. Please explain the Company's philosophy for estimating vehicle fuel costs for the purpose of reflecting an appropriate forecasted amount in rates.

A. Based on the foregoing, the rate request reflects the amount in the historic year that was expended for vehicle fuel. Due to the volatile changes in this market, the Company proposes that it update these costs during this proceeding at the latest date permissible. Waiting until a later date will provide the most accurate forecast of this volatile commodity and allow incorporation of later forecasts when they become available. In fact, the Commission's Order in Case 08-E-0539 (p. 76, footnote 109) used the March 10, 2009 DOE forecast to develop the revenue requirement in the current rate year. By adopting this logic, the

September 2010 DOE forecast will provide timely fuel pricing information relative to the rate year.

Q. Is the Company suggesting it requires additional funding for vehicle fuel? If so, can you explain why?

A. The Company is not necessarily suggesting it needs additional rate relief. The Company is only seeking to develop a viable methodology to describe expectations and revenue requirements associated with the expected cost of fuel. This method may produce an increase or a decrease in the revenue requirement. However, ultimately, the Company seeks to recover the actual expenses for fuel. We would note that this same methodology was proposed in Case 09-E-0428 and the testimony of the Staff Accounting Panel (p. 84) accepted using this methodology.

Q. Have you prepared an exhibit detailing historic and projected expenditures, entitled "VEHICLE FUEL COSTS?"

A. Yes, we have.

Q. Was this exhibit prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-1)

Q. What is your estimate of rate year vehicle fuel costs based on?

A. We have developed a formula to account for the Company's cost of vehicle fuel based on the Department of Energy, Energy Information Administration's - Short-Term Energy Outlook (DOE EIA-STEO) report. As we explained in Cases 08-E-0539 and 09-E-0428, we believe the STEO report provides the most useful independent reference for future fuel prices. Our formula considers the net effect of our bulk purchase agreements, effect of local taxes and fees and in the case of biodiesel, the bio additive. The method expressed as formulas are shown below for gas and diesel. For consistency with DOE reference data, the "historic year" in this context is the calendar year 2008.

Gasoline:

[(Con Edison Historic Year (Calendar 2008) Average $/gallon) / (DOE Historic Year (Calendar 2008) PADD-1 $/gallon)] * (DOE Future PADD-1) = Con Edison Future $/gallon. The product of this calculation would be multiplied times the gallons of fuel used.

Using this formula for the rate year, we would have the following calculation -- ($3.482/$3.248) * ($2.392) = $2.564; then $2.564 * 2,000,000 gallons

= $5,128,000 expected gasoline expenditures for RYE 2011

Diesel (B20 Biodiesel):

[(Con Edison Historic Year (Calendar 2008) Average $/gallon) / (DOE Historic Year (Calendar 2008) National Average $/gallon)] * (DOE Future National Average) = CECONY Future $/gallon. The product is again multiplied times the gallons.

So, for diesel, we would have ($4.028/$3.80) * ($2.69) = $2.851; and then $2.851 * 1,950,000 gallons = $5,560,230 expected B20 biodiesel expenditures for RYE 2011.

Q. Please explain the basis for this formula.

A. This formula basically develops a relationship between Con Edison's cost for fuel and the federal government's actual and projected price for fuel. By comparing the two, a relationship is drawn between the average cost as projected in the STEO, and the local prices that the Company expects to pay for fuel. It also accounts for any discounts the Company receives for its bulk purchases.

Q. Is this methodology displayed anywhere?

A. Yes. Exhibit __ (SSP-1, at B-1 and B-2) demonstrates how actual historical gasoline and biodiesel expenditures track against the DOE references. The

Company has described this relationship as a formula and used that formula to project fuel expenditures.

Q. Has the Company also prepared a spreadsheet that enables it to quickly calculate future projections?

A. Yes. Exhibit SSP-1 (pgs. 6 and 7) was prepared in response to DPS28-250 in 09-E-0248. This response demonstrates the link between DOE projections and projected CECONY fuel costs based on past relationships between those data-points and confirms that the Company's formula is a reasonable method for determining vehicle fuel costs in the rate year.

Q. Do you suggest using the information directly from the EIA STEO report to develop prices?

A. No. This is simply because the EIA STEO report does not project prices on a regional basis. While the DOE/EIA reports local information retrospectively, its forecasts are regional in nature at-best. DOE data points can be used as a basis for future projections, but they must be corrected for New York State, the terms of our bulk fuel contracts and the use of biodiesel using historical data available from the company and through organizations like the DOE, Oil Price Information Service ("OPIS") and American Automobile Association ("AAA").

Q. Are there any ways you mitigate fuel cost?

A. We mitigate cost by operating private fueling stations and through our bulk purchase agreements. For instance, those purchase agreements reduced the cost of vehicle fuel by approximately $472,000, or $0.24/gallon, in 2008 compared to what would have been seen in the retail market. For the 9 months ending September 2009, the cost of in-house fuel was roughly $600,000 less than had we purchased fuel in retail outlets.

Q. Are there any ways you can mitigate fuel consumption?

A. Behavioral management plays a role in conserving fuel. Employees who operate Company-owned vehicles are reminded periodically about ways to improve their fuel economy. Some newer vehicles automatically shut off the vehicle if it idles too long and we are examining other technologies to provide a better use of petroleum resources, however even if a product is found to meet all our requirements, it will take some time to implement throughout the fleet and to an extent sufficient to impact consumption in any meaningful way.

Q. Are there other initiatives that might have a greater, quantifiable impact?

A. We continue to examine the possible benefits of using Compressed Natural-Gas ("CNG"), hybrid vehicles and other technologies to reduce the amount of fuel used by

mobile equipment as we construct and maintain our steam infrastructure. We have purchased some hybrid vehicles to be used by employees, but there are no commercially available and cost-justified hybrid offerings for the biggest consumers of fuel - trucks and other heavy equipment. We are working with R&D to develop technologies to facilitate our crews working with electrically powered equipment on job-sites, but that is also a few years at best from a production technology.

IV. INFORMATION RESOURCES

Q. Please name the program changes requested in this testimony.

A. We address one IT related O&M program: the Computer Cost Program. We will also provide the status of one previously approved O&M program from Case 08-E-0539 This O&M program was also requested again in Case 09-E-0428. The O&M program is the Mainframe Operating and Maintenance Cost program.

Q. Do you have exhibits detailing these programs?

A. Yes.

Q. Were they prepared under your direction and supervision?

A. Yes, they were.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-2)

Q. What is the Computer Program?

A. The Computer Program is the mechanism via which computer hardware and software maintenance costs are budgeted and charged to the user organizations.

Q. What are the costs associated with this program?

A. Costs for this program include expenses for maintenance on desktop, laptop, and server computers and license related maintenance for applications on the computers. The costs annually are estimated to be $7.5 million in 2010, and $7.5 million in 2011, reflecting an increase of $900,000 compared to the projected 2009 budget and an increase of $2.0 million compared to the 2008 actual spend for this category.

Q. What are the reasons for this increase?

A. The increase reflects a growth in the number of computers - mostly in field and vehicle laptop units ($1 million), software licenses for new applications ($500,000), and network equipment and software licenses coming off of warranty and requiring maintenance agreements ($500,000). There has been an increase of 2,435 (19%) computers between the years of 2006 and 2008, which is projected to continue. The increase in the number of computers results in the need for additional software licenses. Each additional computer requires an additional license purchase. A portion of

this increase (or $500,000) is the necessary software licenses and maintenance costs associated with these licenses. Additionally, Cisco hardware equipment is coming off of warranty and necessary maintenance support has been included. Licenses, such as Cisco, are capitalized upon initial purchase. When these licenses come up for renewal, the costs cannot be capitalized and are thus adding to the increase in this program. These types of licenses contribute $500,000 to this program change.

Q. Have you prepared an exhibit that provides further information on computer costs?

A. Yes. Additional information is shown in Exhibit __ (SSP-2) on the pages entitled "Computer costs."

Q. What is the status of the Mainframe Operating and Maintenance Costs Program that was submitted in Case 09-E-0428?

A. Costs for this program include the annual expenses for maintenance on the IBM z/OS operating system platform. This platform serves three mainframe IBM database management systems -- IMS, CICS, and DB2, which manage the Company's critical data, as well as non-IBM Independent Software Vendor ("ISV") monitoring tools and system utilities, which are utilized to manage and support the mainframe environment and data. The

projected costs are $4.0 million in 2010, $4.4 million in 2011 and $4.8 million in 2012. The mainframe costs have increased in the current year and are projected to increase on an annual basis. The increased cost is attributed to the increased utilization measured by MIPS (Millions of Instructions per second) and the annual increases in mainframe software. The MIPS have increased from 801 MIPS in 2008 to 927 in 2009. We expect this trend to continue in the next several years.

Q. Have you prepared an exhibit that provides further information on mainframe costs?

A. Yes. Additional information is shown in Exhibit __ (SSP-2) on the pages entitled "Mainframe Operating & Maintenance Costs."

V. STRIKE CONTINGENCY EXPENSES

Q. Please discuss the Company's strike contingency expenses.

A. The Company and its two local unions, UWUA Local 1-2 and IBEW Local 3, have collective bargaining agreements that expire on June 30, 2012, and June 30, 2013, respectively. In the event of a labor stoppage, the Company has developed a planned approach to provide for the continued safe operation of its facilities and its

services. This approach is updated and refined prior to the expiration of each contract.

Q. Are there costs associated with these preparations?

A. Yes. The Local 1-2 Contingency Programs are ongoing initiatives that occur once every four (4) years. As a result, for rate case filings, the cost for these initiatives is priced out at one-fourth of the estimated cost. The estimated cost of the next round of union contract negotiations is $1.3 million for Local 1-2 and $200,000 for Local 3, or a total of $1.5 million. One-fourth, or $375,000, is included in each year of the rate filing. The Accounting Panel advises us that approximately 5% is allocable to Steam for each rate year.

Q. Have you provided additional details for this program?

A. Yes. Additional details can be found in the Exhibit entitled "Strike Contingency."

Q. Was this prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT __ (SSP-3)

VI. EMPLOYEE SUPPORT FOR SECURITY

Q. Does the Company require any additional employees for the security department?

A. Yes. The Company requires two additional employees at an estimated annual cost of $179,000.

Q. Please explain how the mission of corporate security has evolved in recent years.

A. Corporate Security's mission has evolved and grown since September 11, 2001. Almost all of this growth has focused on technical aspects of security, which includes evaluating, analyzing, recommending and installing effective electronic security systems to better protect our critical infrastructure.

Q. Please explain the need for the two additional personnel.

A. The two employees are required to maintain a reliable and secure workplace for our employees and contractors. They are also required for the enhanced security of our customers at our customer service centers. The Company has an operational need for two highly specialized Systems Specialists proficient in internal and external electronic security protection systems not just for connecting new systems to the SOC, but for a myriad of security-related technical projects.

Q. Can you please expand on that?

A. Yes. The Company determined, through a review of prior construction projects, it was more cost-efficient to include security measures in the design of a new or upgrade of a facility as opposed to adding those measures after the construction. In December 2008, a

Corporate Instruction was approved which mandates Corporate Security to evaluate security drawings and specifications for new facilities or facilities which will be upgraded, prior to the Company submitting these to bidders. This technical review also includes software setup, programmed matrices for CCTV systems and associated networking for the security associated with each facility. The involvement by security specialists also includes review of submitted bids to ensure the technical merits have been addressed. This provides subject matter expertise to enhance risk aversion and avoid cost overruns.

The two additional technical security specialists would also be utilized to conduct critical site assessments with members of the Department of Public Service Staff. In January 2009, the Company added three more sites to our list of critical sites for a total of 40 critical sites. By December 2009, ten more sites will be added to our list of critical sites for a new total of 50 critical sites. At present time, 25 of the Company's critical sites have some component of their security connected to the SOC. As time permits, the additional manpower would be utilized to integrate more of these critical sites to the SOC.

Q. Are there any other functions additional specialists would address?

A. Yes. Additional personnel would enable Corporate Security to expand the scope of work we currently do to include: corrective and preventative maintenance; test technical security systems; determine optimal equipment logistics and inventory; and bench repair of defective technical security system to the component level. These additional tasks would prove to be cost effective methods to extend the life of the equipment and ensure the reliability of the system.

Q. Do you have an exhibit that provides additional information regarding the hiring of the two specialists?

A. Yes, entitled "Security Operations- Additional Human Resources."

Q. Was this exhibit prepared under your direction and supervision?

A. Yes.

MARK FOR IDENTIFICATION AS EXHIBIT __(SSP-4)

VII. FACILITIES O&M PROGRAMS

Q. Have you prepared exhibits detailing the Facilities O&M programs you are describing in this testimony entitled "Irving Place and Regions?"

A. Yes, we have.

Q. Were these exhibits prepared under the Panel's direction and supervision?

A. Yes, they were.

MARK FOR IDENTIFICATION AS EXHIBITS __ (SSP-5, SSP-6)

Q. Please discuss O&M spending for Facilities.

A. The Company's Regions Facilities groups plan to spend approximately $14.4 million in RYE 2011, $12 million in RYE 2012 and $11.9 million in RYE 2013. The historic year O&M spending level was $9.9 million for the Regional Facilities' buildings. The rate year increase is primarily attributable to the Waterside Dock Repair, increases in the Structural Inspection and Repair program, contractual rent increases, as well as other various maintenance programs. For the Company's Irving Place facility, Facilities projects to spend approximately $10.6 million in RYE 2011, $5.6 million in RYE 2012 and $5.1 million in RYE 2013, as compared to the historic year O&M spending level of $2.8 million. The increase from the historic year is $7.8 million, which is primarily attributable to LL11 Façade repairs of $2.5 million and rental of alternate locations for personnel so that the Company can continue renovating in order to be in compliance with Local Law 26 ("LL26") in 2019, including the cost to prepare the alternate location of $5.5 million.

The total O&M funding requested for both the Regional Facilities' buildings and Irving Place for RYE 2011 is $25.0 million, for RYE 2012 $17.6 million, and for RYE 2013, $17.0 million.

Q. What is the forecasted level of O&M spending?

A. For the RYE September 2011, the Company is projecting $26.2 million in total for Irving Place and the Regional Facilities' Buildings. This includes programs, such as Air Quality Improvements, Flooring Upgrades, Building Infrastructure and Restorations and Maintenance Associated with Capital (to implement Local Law 26 programs) at the 4 Irving place facility; and in the regions, Indoor Air Quality, Flooring upgrades, Structural inspects and Repairs, Building Infrastructure Restoration Programs, and workout locations at Sherman Creek, 3rd Avenue Yard and Exterior Street.

Compliance Projects

Q. Please explain the first category of projects, compliance projects.

A. Compliance projects are required to address potentially unsafe conditions and environmental issues as well as to comply with the latest local, state or federal regulatory requirements and building codes.

Q. Is there one project that accounts for much of the spending in the compliance category?

A. Yes. In terms of expenditures and time, the largest and most complicated regulatory requirement project involves compliance with NYC Department of Buildings LL26. LL26 requires full sprinklering, which is a water based fire suppression system, of office buildings 100 feet or more in height no later than July 1, 2019. Under this law, water based sprinkler systems are required in all office areas and other areas such as electrical closets, mechanical/fan rooms, computer/LAN/UPS rooms, and tower stages of buildings.

Q. To which Company facilities does LL26 apply?

A. LL26 applies to the Company's headquarters at 4 Irving Place as it is greater than 100 feet tall.

Q. What is the basis for this new requirement?

A. LL26 is based on recommendations made by the World Trade Center Building Code Task Force in February 2003 and signed into law by Mayor Bloomberg on June 24, 2004. LL26 implements this requirement through amendments to the NYC Building Code and Fire Prevention Code.

Q. What steps are necessary for the Company to timely satisfy these new requirements?

A. At the present time, the Company has determined that the most efficient means for meeting the LL26 requirement is to continue to install the required sprinkler systems for a certain number of floors each year between now and 2019. We would note that a few floors at 4 Irving Place have already undergone full renovations and have been sprinklered, except for various mechanical/electrical rooms on those completed floors. However, in order to meet LL26's 2019 deadline, the Company needs to accelerate its plans. This acceleration, which is described below in light of those floors completed and those remaining, in turn, creates the need for additional space for temporary relocation of employees during the renovation.

Q. Please explain.

A. Currently, when the Company renovates a floor, it temporarily relocates the affected employees to another part of 4 Irving Place. This is because it is logistically difficult or practically impossible to maintain employees in their current work area during the renovation process. This is due to the physical arrangements of ceilings and other building infrastructure and the presence of environmentally sensitive materials (such as lead and asbestos) that need to be addressed during the renovation process.

Q. Please detail the issues associated with performing renovations while floors are occupied.

A. It would be neither safe nor practical or efficient to perform the required renovation and sprinkler installation during off-shifts, when personnel have vacated the space, and allow the affected personnel to return to work during their normal work hours (thereby requiring a set-up and take-down of the work area on a daily basis). Most importantly, the safe removal of environmentally sensitive materials while the area is occupied is logistically extremely difficult. Having personnel completely vacate the space until the renovation (and any required abatement) is finished enables the Company to completely abate the environmentally sensitive materials in a safe and efficient manner.

Q. Can sprinklering be accomplished absent full floor renovations?

A. No. To install sprinklers, one must remove all the asbestos and other materials from the ceiling. This project basically requires renovations on the floors. There is no practical manner to install sprinklers without doing extensive ceiling renovation work. In addition, other compliance methods, such as installing exposed pipe on un-renovated floors were

evaluated but these options were not chosen; exposed pipe installed below a hung ceiling is unsightly in a commercial building. Since there are known asbestos hazards above the ceilings at Irving Place requires that the removed systems be disposed of as ACM and that furniture be removed/stored/reinstalled and that personnel be temporarily relocated from the floor. Carpeting would also become contaminated and need to be removed/replaced as would the ceiling/lighting systems. Other systems would also be affected by the piping installation and that would need to restored, including HVAC and IR systems.

Q. If the Company were to continue to renovate only one floor per year, would it be in compliance with the LL26 requirement by 2019?

A. No. At the current rate of floor renovations (i.e., one floor per year), the Company will not meet the 2019 deadline. Accordingly, the Company has developed an accelerated plan to install required sprinkler systems in conjunction with the conversion of floors at 4 Irving Place to restack the building (realign adjacencies) to improve synergies, and renovate to provide more flexibility. In order to meet the needs of this accelerated program, some of the affected personnel would need to be relocated out of 4 Irving

Place because there is insufficient swing space currently available in the building (i.e., there is currently less than one full floor of available swing space). At the present time, office renovation and associated sprinklering projects have been mostly completed on seven floors (i.e., the 2nd, 6th, 9th, 10th, 17th, 20th and 21st floors.) Twenty un-renovated/partially renovated floors and eight tower stages currently remain but projects associated with the basement, 15th, 23rd, 25th and 27th floors and the tower stages A through H are scheduled to be completed in 2010. Yet, if the Company does not accelerate its rate of completion schedule of one floor per year (i.e., in 2009, only the 6th floor was completed), it would fall short of compliance by six to eight floors.

Q. How does the Company plan to accelerate this schedule in order to comply with LL26?

A. We are planning to accelerate the program (i.e., double the current rate of one renovation annually) by performing "gut renovations" of two floors every year. The 5th, 11th and 22nd floor renovations are planned for 2010.

Q. What impact does this acceleration have on the temporary relocation of employees?

A. In order to meet the needs of this accelerated program, some of the affected personnel will be relocated out of 4 Irving Place for three to five years because there is insufficient space to move the personnel in the building.

Q. What are the costs associated with LL26 compliance?

A. Company-wide, the O&M expenses associated with the temporary relocations of personnel are projected to be approximately $2.3 million in annual off-site office space rental costs and $5.5 million in the rate year to build out and outfit the temporary space. This estimated cost includes preparing the space, i.e., furniture, computer and associated local area network relocation; placing items into storage; and moving personnel and files off-site to temporary swing space. The Company currently leases approximately 15,000 square feet at 111 Broadway, Manhattan. The Company is also negotiating a lease for approximately 37,529 square feet at 1 Pierrepont Plaza in Brooklyn. This combined temporary space will cost between $2.1-$2.3 million in annual rent. The rent prices consist of a base lease and infrastructure rents which include fiber leases, cooling surcharges and building management charges. Current lease prices range from $40 to $45 a square foot. The leased Manhattan property was

completed and occupied in the 2nd quarter of 2009 and pending execution of a lease agreement, the Brooklyn location is targeted for occupancy in the 1st Quarter of 2010.

Q. Has the Company done anything to minimize the costs associated with these renovations?

A. Yes. The Company will renovate the 6th and 7th floors at its Flatbush Avenue location, making 28,000 square feet (from the 6th floor) available for temporary space by the end of 2010. This reduces the total amount of temporary space required outside of the Company from 80,000 square feet to 52,000 square feet and the total cost to rent and fit-up the space by approximately $1 million. We would also note that the Company is responsible for all costs at Flatbush Avenue.

Q. What benefits are associated with accelerating these renovations now?

A. Many buildings in the City must comply with LL26. As compliance time gets closer to the deadline, we believe that temporary space in other buildings will become more expensive and less available. In addition, contractors performing these types of renovations will become more in demand, which impacts their availability as well as their costs.

Q. Are there any additional projects at 4 Irving Place necessary to meet LL26 requirements?

A. Yes. There is one other project concerning the creation of an additional 10,000 gallon Fire Protection Water storage capacity at Irving Place at a cost of $1.2 million to be spent in 2010. The project began in 2009 and will be completed in 2010.

Q. Please explain the Fire Protection Water storage tank project required under LL26.

A. The project involves the 25th, 27th floor & all Stages Sprinklering, along with the 20th floor East Penthouse Tank and 22nd floor Salvage Water Tank Refurbishment and is needed to meet the 15,000-gallon Fire Protection water storage requirement necessary for New York City Department of Buildings to meet the sprinklering system. This NYC building code requires that there be 30 minutes of available sprinkler water flow. Because the 15th floor is being decompartmentized with the open floor-type renovation, this fire protection water storage upgrade project must be completed prior to occupation of that floor (i.e., 2010). Presently, the existing Stage G storage tank (which feeds the 15th floor) is 5,000 gallons which equates to approximately 10 minutes of water flow. To achieve the 15,000 gallon/30 minute water flow requirement, the existing

Fire Protection and Salvage Water tanks that comprise the 20th Floor East Penthouse tank, will be tied together. New booster pumps will then be needed to supply adequate water pressure to the various floors immediately below the building storage tanks and also to the floors, tower and stages above the East Penthouse Tank. As part of this project, the un-renovated 25th, 27th floors, and all stages of the Irving Place tower will be provided with the LL26 sprinklers and required heating/heat tracing. The 22nd floor Salvage Water Tank and portions of the East Penthouse tank will be refurbished/restored to service. The 22nd floor Salvage Water Tank will take the place of the salvage water function now provided by the 20th Floor East Penthouse Tank.

Local Laws 10-11

Q. Are there any other major compliance projects associated with local laws?

A. Yes. There are projects needed to remain in compliance with Local Law 11. Local Law 11 projects were also discussed in recent cases and projected expenditures for these projects were similarly approved by the Commission.

Q. Please describe Local Law 11.

A. Local Law 11 ("LL11") was instituted in the early 1980's as LL10. The law, which was amended and renamed LL11 in 1998, requires the periodic inspection of the exterior facades of buildings in NYC greater than six stories in height. Upon completion of the inspection, a report must be filed by a Licensed Professional Engineer or Registered Architect with the New York City Department of Buildings ("DOB"). These inspections primarily act as a safety measure to protect the public from falling building materials and improve awareness of the importance of maintaining and restoring the City's architecture.

Q. Has the Company recently completed a LL11 review cycle?

A. In 2006, the Company's engineering department (through an outside consultant it hired) completed its report to the DOB on the LL11 Cycle 6 inspections. This report identified façade repairs that must be completed within five years and prior to the Cycle 7 inspection which is scheduled for 2011.

Q. What façade repairs are necessary under the Cycle 6 inspection?

A. No unsafe conditions were reported during this inspection; however, several items identified as "safe with a repair and maintenance program" ("SWARMP") were discovered. These items include cracked stone,

replacing old masonry sealant, and sealing open masonry joints. In addition to normal façade and/or parapet repairs, the report recommended replacing the caulking on all the building windows, with the intent of eliminating water infiltration into the building, which can create an issue of public safety.

Q. Please explain further.

A. Window caulking that has either deteriorated or eroded creates areas that permit water infiltration into the building. This water travels behind the façade stone and masonry. During cold months of the year, this water can freeze, which then expands against the back of the stone/masonry, resulting in cracked, loosened stone, masonry and mortar. This broken stone, masonry, and loosened mortar have the potential to fall from the side of the building to the street below, creating a public safety concern.

Q. Please continue.

A. Recognizing the public safety concern and other potential water infiltration issues, Facilities Engineering performed a comprehensive assessment in July 2008 and evaluated almost all the window assemblies at 4 Irving Place in order to identify window deficiencies beyond caulking. Facilities engineering hired a civil engineer with expertise in

architectural façades and this person, recognizing that deficient window caulking was but one possible means of the water infiltration, performed a comprehensive study of all window assemblies to identify other sources. The plan was to then coordinate the 6th Cycle Local Law Report recommendations with those in this engineering study.

Q. Please explain the results of the comprehensive assessment.

A. The comprehensive assessment revealed the following additional categories of defects:

- Defective/corroded metal window lintels
- Some defective caulking around the window perimeters both inside and outside. This included necessary Asbestos Containing Material ("ACM") abatement
- Cracked stone window sills
- Defective metal cladding due to water ingress
- Missing window weather-stripping causing drafts and heat loss
- Broken window panes allowing air/water infiltration and heat loss

We propose that this work be accomplished in stages over a three year period and that it be completed prior to the Cycle 7 inspections, which will be scheduled in

mid 2011, so that the required inspection report can be filed by February 2012. Note that if the "SWARMP" repairs identified in the Cycle 6 inspection are not addressed by 2012, they will automatically become the more severe condition defined as "UNSAFE" and any repairs will need to be completed immediately.

Q. What is the total cost of this program?

A. The total O&M cost estimate is approximately $4 million. This work began in 2009 and should be completed in 2011. Anticipated costs are $3.5 million in RYE 2011 and approximately $500,000 in RYE 2012.

Q. When does Cycle 7 occur?

A. In accordance with Local Law 11 regulations, the Cycle 7 Inspection will begin after completion of the façade repairs identified in the previous Cycle 6 engineering inspection/report. This will not result in any reduction in funding request during the next several years. It is also highly possible that additional work will need to be performed after the Cycle 7 inspections are completed.

Additional Compliance Projects

Q. What other compliance projects are expected to be undertaken?

A. The Company plans to undertake projects for the purpose of improving air quality at all of the Company's facilities.

Q. Please describe your plans for improving air quality at the Company's facilities.

A. The Company intends to inspect, clean and remove sensitive materials associated with air and water distribution equipment and systems in the buildings to mitigate the spread of potential infectious diseases and/or health dangers. This program involves several various sub-programs that systematically address the quality of indoor air by removing sensitive materials from building systems and improving the operation of any associated equipment. Programs include, but are not limited to, cleaning HVAC duct and units; inspecting and repairing roof and piping systems to remove mold; and abating and replacing ACM insulation throughout the buildings. We are continuing to implement the indoor air quality program at Irving Place and the Regional Facilities' buildings at an annual cost of approximately $1.1 million for RYE's 2011, 2012 and $1.2 million for RYE 2013. In 2009, the Company estimates the program will be $0.9 million for Irving Place and $0.2 million for the Regional Facilities.

Critical Infrastructure Projects

Q. Please explain the O&M projects in this category.

A. The Company plans to undertake projects to upgrade existing floors and address building infrastructure restorations for all Company facilities. We will expend approximately $2.8 million for floor replacement and building infrastructure renovation on a system-wide basis.

Q. Please explain the floor replacement program.

A. The Company intends to replace carpeting and resurface floors during the next several years. Normal wear and stretching of floor carpeting and severely worn tile or floor surfaces result in tripping hazards. In many cases, carpeting has worn beyond any economical or reasonable cleaning method resulting in extremely dirty carpets that contributes to unhealthy air quality. In addition, resealing certain floor surfaces, such as fan room floors, eliminates any water seepage or leakage to lower elevations during equipment failures. In 2009, we are continuing this program with $687,000 for 4 Irving Place and $417,000 in the Regions. The main corridors have been completed on Floors 3, 4, 8, 11, 14 and 18; the entire carpet has been replaced on Floors 9 and 10. We will continue this program in RYE 2011 through RYE 2013 at an estimated cost of approximately

$687,000 for Irving Place and $417,000 for the Regional Facilities in RYE 2011 and $425,000 in RYE 2012 and 2013.

Q. Please explain the Building Infrastructure Restoration project.

A. The Building Infrastructure Restoration project involves programs and sub-programs for the restoration of offices, roadways, equipment and systems that are approaching the generally accepted life expectancies and require upgrading to maintain continual operation. These various sub-programs include, but are not limited to, restoration of wall, ceiling and floor systems in areas of extreme traffic, such as main lobbies, entrances and corridors; repainting of office areas and related rooms due to deterioration; restoration of Cooling Towers; replacing steam, water and chill water valves for the buildings' HVAC and water systems; and, due to excessive deterioration of pavement in our facilities, increased repair of paved surfaces. For example, we are currently engaged in a Piping Inspection and Replacement Program at 4 Irving Place. Pipes are identified for replacement after undergoing UT in which the pipe is scanned to determine its current wall thickness as compared to minimum allowable standards. Cooling Tower Outer Casing Replacement has

been completed on Towers 1, 2 and 3; Towers 4 and 5 are scheduled for replacement this year. Further work that has been completed is the replacement of the Cooling Coils for air handling units and related isolation valves and strainers; restoration of the marble in the Lobby of 4 Irving Place and the roof window canopy. We will continue to implement this program at an annual cost of approximately $0.7 million in RYE 2011 through RYE 2013 in the Regions. The Irving Place program is $1.0 million in RYE 2011, $0.8 million in RYE 2012 and 2013.

Waterside Dock Repairs

Q. Please explain the Waterside dock repair program.

A. The Waterside Dock is a high-level relieving platform structure adjacent to former Con Edison Waterside generating station and bordered by FDR Drive, E38th and E41st Street with East River on the eastern edge of the dock. The structure was inspected as a part of five year waterfront inspection program in November 2008 by Mclaren Engineering, an outside consultant for the Company. The "south portion" is approximately 473 feet long and is in overall "Fair" condition. The "north portion" is approximately 362 feet long and is in overall "Critical" condition. The inspection findings revealed the loss of support at the concrete

platform/deck "drop beams" in the northern portion of the dock due to severe damage of timber pile caps by marine borers; loss of support at the dock's south-east and north-east corners due to damaged or missing timber piles and pile cap beams; various damage to exterior and interior timber piles; missing support at most of the dock structure's east edge due to missing/deteriorated north-south timber cap beams; deteriorated dock's fender timber members which are loose and could fall into the river (note that this represents a hazard to river navigation and is also environmental concern); concrete deck damages (e.g., spalling at concrete deck soffit surfaces and exposed and corroded concrete reinforcement).

Q. What were the recommendations of the inspection report?

A. The inspection report recommends various repairs to critical members of the dock to ensure structural stability and the removal of loose and deteriorated portions of the timber fender system. The American Society of Civil Engineers recommends that these critical conditions be carried out "with urgency."

Q. Please continue.

A. Based on the Mclaren study, the Company proposed to the City a work plan whose estimated cost is $2.8 Million. Additional detail for the Waterside dock repairs is

shown in Exhibit (SSP-14), on the page entitled "Waterside Dock Repair." After repairs are completed, the site will be turned back to the City.

Q. Has the City reviewed the Mclaren study?

A. Yes. The City has recently completed its review of the report and indicated to the Company its view that more extensive repairs are required. The Company will be discussing this matter with the City and will report on the results of those discussions no later than the update stage of this proceeding.

Manhattan Work Out Location (Service Center)

Q. Please discuss the West 28th Street project.

A. In Case 08-E-0539, the Company discussed the NJT Access to the Region's Core ("ARC") a major mass transit project. The Company will likely be required to relocate several of the functions and facilities currently housed at the Company's West 28th Street Work-Out Service Center in the near future. At this location, Gas Construction occupies approximately one-third of the space in order to provide Company field forces with convenient access to the West side of Manhattan.

Q. What is the status of the ARC Project?

A. As was noted in our rebuttal testimony in Case 09-E-0428, the ARC project received a Record of Decision of

the Federal Transit Administration's approval and land use permission approval from New York City in January 2009. The Company has been negotiating with the Port Authority regarding the terms and conditions for the Port Authority's use and occupancy of the Company's West 28th Street workout location (the "Site") in connection with the ARC project, including, without limitation, temporary relocation of the Company's 28th Street operations to an alternate location, temporary easement rights for the Port Authority's proposed construction activities, and permanent easement and other property rights for the installation and permanent location of the Port Authority's shaft, tunnel, fan plant and related facilities. These negotiations are on-going and we expect they will continue into 2010. No construction has commenced at this time, however, the Port Authority has performed geotechnical investigations and soil borings on the Site pursuant to an Access Agreement between the parties.

Q. When do you expect this move to occur?

A. At this point, we are forecasting early 2010.

Q. Do you have any estimates of the costs associated with such relocation?

A. At this time, we have no estimates for these costs, which depend on the outcome of the negotiations. The Company will provide a further update when the agreements are finalized.

Q. Was there any resolution of the treatment for these costs in Case 08-E-0539?

A. Yes. The Commission advised (at pp. 74-75) that the "Company may defer for future recovery those costs that it can show it reasonably incurred to accommodate the project and used its best efforts to have reimbursed, without success."

Q. Is the Company requesting any reimbursement in this case?

A. No. The Company continues to work with the PANYNJ and NJT on this project. We are requesting the same accounting treatment that was allowed in Case 08-E-0539 and re-requested in Case 09-E-0428. As such, we will defer any unreimbursed costs incurred, whether in the current rate year or in future rate years (RY1-RY3) and petition for recovery of the deferral at the appropriate time. It is important to note that we do not have an estimate for any potential reimbursements at this time.

Q. Does this conclude the Panel's testimony?

A. Yes it does.

2010 O&M – Shared Services – Information Resources

Project/Program Title	Computer Hardware & Software Costs
Status	Ongoing
Estimated Service Date	
Work Plan Category	

Work Description:

A number of contracts with a variety of vendors are in place to provide desk top and laptop computer hardware and software maintenance, licenses and related expenses. Examples of the contracts included are pc, server, and printer repairs, software such as the Microsoft and Oracle products enterprise agreements, several antivirus, security and firewall protections, laptop network connectivity and several process specific products (Hyperion, Impromptu). These contracts are administered by Information Resources.

This program change has three segments: growth, mostly in field laptops; new software licenses, and software and network equipment coming off of warranty. The growth in laptops can be attributed to the expansion of a number of applications for field force work management. Examples of new software and software coming off warranty include emergency messaging, laptop security, penetration testing, monitoring, firewall, and server certificates. This equipment is part of numerous planned programs, projects and work force growth. Issuance of computing hardware requires providing the association hardware and software and related support.

Justification:

Failure to provide necessary maintenance and support may impact operational and monitoring functions. The figures below indicate the level of growth has been consistent.

~~Units~~							
Measurement Point	**Year**	**Total #**	**Laptop**	**Desktop**	**Server**	**Growth**	**Growth %**
	2006 Year End	12,739	n/a	n/a	n/a		
2007 Year End	2007 Year End	13,345	4,274	8,288	783	606	5%
	2008 Year End	15,174	5,593	8,603	978	1,829	14%
Budget	2009 Budget	15,287	5,921	8,339	1,027	113	1%
2008 Year End	2009 Projection	16,307	6,124	9,128	1,055	1,020	7%
as of 2/23/09	2010 Projection	17,384	6,248	9,439	1,697	1,077	7%

Estimated Completion Date:

Ongoing

Status:

Ongoing

2010 O&M – Shared Services – Information Resources

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
4,247	4,654	5,524	6,620

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
7,524	7,524	7,524	22,572

2010 O&M – Shared Services – Information Resources

Project/Program Title	Information Resources – Mainframe Operating & Maintenance Costs
Status	Ongoing
Estimated Service Date	
Work Plan Category	

Work Description:

The Corporate Mainframe computing environment hosts critical applications for CECONY, including the Customer Information System and critical financial applications. The mainframe software environment must be upgraded to meet vendor support specifications and to support new hardware implementations which are driven by business and utilization requirements. The mainframe environment requires software licenses which are leased from a variety of software development companies. The software lease is required to provide use of the software, upgrades to the software and support for the software. The lease charges are based on the capacity of the mainframe computer. Mainframe software costs are driven by the MIPS (millions of instructions per second) or MSU (millions of service units) ratings of their respective mainframe processors. Accordingly, software and hardware maintenance support services increase on a yearly basis and/or when contract terms are renewed. The software includes the operating system, database management systems and system tools and utilities.

Justification:

To maintain the quality and availability of the mainframe environment for support of critical corporate data, hardware capacity upgrades and software maintenance for operating system, application development, database management systems and associated utilities, must be implemented and managed effectively. Fundamental to its effective operation, is properly maintained hardware as well as a properly maintained and managed operating system, database management systems, and mainframe system tools and utilities.

Alternatives:

Alternative options include implementation and utilization of distributed, Windows-based and/or Web-based software solutions and technologies to bypass the mainframe computing environment, where possible. Through the elimination of further mainframe capacity requirements and by decreasing mainframe utilization, additional MIPS would not be required. These alternatives are used by CECONY where possible, however cannot be easily or cost effectively implemented because of legacy systems whose databases reside on the mainframe platform.

Risk of No Action:

Due to vendor software maintenance agreements and contractual obligations, failure to not appropriately account with the vendor for the mainframe MIPS and MSU ratings would result in software product failure on the new or upgraded mainframe hardware platform. Many vendors

2010 O&M – Shared Services – Information Resources

include software authorization keys with their products which validate the mainframe hardware type and capacity in order for the software product to function properly.

Estimated Completion Date:

Ongoing

Status:

In Progress

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
2,830	3,509	3,043	3,677

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
4,023	4,383	4,759	13,165

2010 O&M – Shared Services - Human Resources

Project/Program Title	Strike Contingency
Status	Ongoing
Estimated Service Date	Ongoing
Work Plan Category	Employee Development

Work Description:

The Local 1-2 contract is for the period June 29, 2008 through June 30, 2012 and the Local 3 contract is for the period June 26, 2009 through June 27, 2009. Contractual negotiations planned for 12 months ended June 30, 2011 will not require the Company to incur costs for consultants, hotels, food procurement and supplies, instructors, course materials, electronic data processing, reproduction and forms, telephone/communication and other miscellaneous items.

Justification:
This program is required for the company to conduct contract negotiations with both Local 1-2 and Local 3.

Estimated Completion Date:

Local 1-2 June 2012 and Local 3 June 2013.

Status:

The Local 1-2 & Local 3 Contingency Programs are ongoing initiatives that occur once every four (4) years. As a result, for rate case filings, the cost for these initiatives is priced out at one-fourth. The estimated cost of the next round of union contract negotiations is $1.3 million for Local 1-2 and $0.2 million for Local 3, or a total of $1.5 million. One-fourth, or $375,000 is included in the rate filing.

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$0	$0	$1,301	$200

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$0	$0	$1,301	$1,301

2010 O&M – Shared Services - Human Resources

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor	$0	$0	$34	$0
M&S	0	0	23	0
*A/P	0	0	1,244	200
Contingency	0	0	0	0
Total	**$0**	**$0**	**$1,301**	**$200**

- Note A/P requires further identification such as A/P – Contract Labor, A/P - Equipment Maintenance, A/P - Corrective Maintenance, etc.

Identification of Accounts Payable Charges ($200)

Accounts Payable Charges	2009 Budget
Consultants	$ 57
Telephone & Communication Charges	6
Materials & Supplies/System Contracts	6
Contract Programmers	4
Guard Service	2
Hotels, Food, Printing & Other Items	120
Sales & Use Tax	5
Total	**$ 200**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor	$0	$0	$34	$34
M&S	0	0	23	23
*A/P	0	0	1,244	1,244
Contingency	0	0	0	0
Total	**$0**	**$0**	**$1,301**	**$1,301**

Identification of Accounts Payable Charges ($1,244)

2010 O&M – Shared Services - Human Resources

Accounts Payable Charges	2008
Consultants	$ 144
Office Temporaries	23
Petty Cash	4
Telephone & Communication Charges	6
Environmental Services	42
EDP Equipment & Software	33
Medical Services & Supplies	19
Training & Development	26
Miscellaneous Equipment, Parts & Services	43
Hotels, Food, Printing & Other Items	893
Sales & Use Tax	11
Total Accounts Payable Charges	**$ 1,244**

2010 O&M – Shared Services - Security

Project/Program Title	Security Operations- Additional Human Resources
Status	Planning
Estimated Service Date	
Work Plan Category	Demand Growth

Work Description: Corporate Security has an operational necessity to add two highly specialized Systems Specialists (2H) proficient in internal and external electronic security protection systems.

Justification: Corporate Security's mission has evolved since September 11, 2001. The increase in manpower has not kept pace with the increase in risk. Almost all of the growth has originated on the technical side of the business and focuses on evaluating, analyzing, recommending and installing effective electronic security systems to better protect our critical infrastructure and integrate these systems to our Security Operations Center (SOC). The addition of two Systems Specialists will be a Program Change for the Technical Section of Corporate Security.

The organizational structure of Corporate Security is composed of three departments. One of these departments handles all the technical aspects of security. This department is comprised of a manager, two Senior Specialists, and four Systems Specialists. Two of the Systems Specialists handle the day to day operations, including the Information Resources (IR) aspects, of the SOC. One of the Senior Specialists is responsible for the access control within CECONY. The remaining personnel: a Senior Specialist, two System Specialists and the Department Manager are responsible for evaluating, reviewing, proposing and, in limited instances, installing technical security equipment to safeguard personnel and prevent unauthorized access to Company equipment, systems, material and information. In addition they oversee security technical equipment which includes access control systems, alarm systems, recorded CCTV systems, motion detectors, intrusion detection systems, etc.

In addition the technical group conducts site assessments with members of the PSC to address all regulatory, federal, state and homeland security requirements. Each year Corporate Security, accompanied by the PSC, documents their evaluation, review and recommendations for the continued security of these critical sites. To fulfill this goal additional Systems Specialists are necessary.

In December 2008, changes to Corporate Policy 860-1, Security Services Responsibilities, mandate "All Company organizations MUST confer with and obtain the approval of Corporate Security prior to commencement of any anticipated procurement of a security related enhancement or new construction project." This entails designing and engineering state of the art security systems relating to new construction and physical security of company properties, providing security drawings detailing all equipment to be installed, assisting Engineering and IR in developing the seamless integration of all security related equipment into the Con Edison "Corporate Network," and developing and maintaining corporate wide security engineering specification to be utilized by Purchasing, Engineering, IR and Facilities Management for bid purposes.

2010 O&M – Shared Services - Security

Risk of no action:

1) Construction projects could be delayed pending Security Systems Specialist review.

2) Some site survey work is currently conducted by non technical security specialists. This is minimally acceptable in addressing physical perimeter's addressed by those technologies that have more visible, tactile characteristics such as guards, fences, gates, and other assets used to prevent entry by unauthorized personnel. But at the critical sites there is a need for expertise in additional technology such as video cameras, access cards, and motion detection equipment.

3) Costs will continue to rise for the maintenance and labor on technical equipment some of which could be mitigated by either early diagnosis of problem or minor repairs made on the site by the Security Specialists.

4) The risk of exposure to theft and sabotage can be mitigated by increased use of technology.

Non-Financial Benefits:

A new area of responsibility (see Corporate Instruction 860-1 supra) includes evaluating security drawings and specifications for the Company including all technical interfaces and system design for submission to contractors and field commissioning (technical direction to site technicians) including software setup (Life Safety and Security), programmed matrices for CCTV systems and associated networking. This involvement by Security is an added layer of oversight and provides subject matter expertise to enhance risk aversion that will be available 24/7 for response to adverse situations.

Additional three sites added to critical infrastructure list for Con Edison of New York. This will entail detailed site assessments to be conducted by the Systems Specialists in conjunction with members of the PSC.

Expand the Scope of Work:

1) Responsibilities will be added to include corrective and preventative maintenance, and testing of technical security systems; equipment logistics and inventory; and bench repair of defective technical security system to the component level. It is anticipated the additional two Security System Specialists would be able to save user organizations critical down time of equipment and mitigate some of the expenses currently paid to contractors for minor repairs.

2) Continue to interface critical sites to the SOC. Currently 23 of the 40 critical sites have aspects that are monitored at the SOC.

3) Add additional alarm systems (fire and burglar) to be monitored by the SOC, which could provide financial benefits to the user organizations by providing higher level of monitoring.

2010 O&M – Shared Services - Security

The two recommended System Specialists will provide the experience and capabilities to handle the additional workload and governmental regulatory compliance requirements to better protect the energy infrastructure. We cannot hire a Contractor for this work as our list of Critical Sites and our potential vulnerabilities is vital information we need to protect.

Status: Planning

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	-	-	-

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
160	160	160	480

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P				
Contingency				
Total				

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor	160	160	160	480
M&S				
*A/P				
Contingency				
Total				

Facilities - Corporate Headquarters (Irving Place) - Steam ($000's)	Historic Year 6/30/2009	1st Rate Year RYE 9/30/2011	2nd Rate Year RYE * 9/30/2012	3rd Rate Year RYE * 9/30/2013	2011-2013 Incremental Total
Indoor Air Quality Improvement Programs					
Duct cleaning	360	503	503	503	1,149
Induction unit drip tray inspection	0	32	32	32	96
Roof inspection and repairs	42	200	237	270	735
Piping inspection and replacement program	0	56	56	56	168
ACM insulation abatement and replacement program	176	110	110	110	154
	578	**901**	**938**	**971**	**2,302**
Local Law 10-11 Façade Repairs (4 Yr Program)	**7**	**2,488**	**488**	**0**	**481**
Flooring Upgrades Programs					
Replace carpeting on approximately two (2) floors annually	576	620	620	620	1,284
Seal/epoxy fan room floors	0	67	67	67	201
	576	**687**	**687**	**687**	**1,485**
Building Infrastructure Restoration Programs					
Cooling Towers Restoration and Maintenance Program	188	19	19	19	(131)
Valve replacement program (AHUs and PAs)	16	283	283	283	833
Lobby refurbishment					
restore marble	0	140	140	140	420
restore ceiling	0	173	26	26	78
replace turnstiles	0	45	45	45	135
window replacement	0	20	20	20	60
refurbish lobby door	0	75	75	75	225
parking lot re-furbishment	0	28	28	28	84
Window cleaning	0	153	153	153	459
Install new window treatment systems along 15th St	0	0	0	0	0
Seal double hung windows	0	30	30	30	90
	204	**966**	**819**	**819**	**2,253**
MAC					
Floor renovations (Rent)	367	2,340	2,340	2,340	6,653
Floor renovations	1,065	3,182	302	302	(159)
	1,432	**5,522**	**2,642**	**2,642**	**6,494**
Facilities Totals	**2,797**	**10,564**	**5,574**	**5,119**	**13,015**
Less Historic Year 2009		**(2,797)**	**(2,797)**		**(2,797)**
Incremental 2010 Less Program Changes 2011				**(455)**	**(455)**
Incremental 2011 Less Program Changes 2012					**(128)**
Incremental	**2,797**	**7,767**	**2,777**	**2,322**	**7,293**

* RYE = Rate Year Ending

2010 O&M – Shared Services - Facilities

Project/Program Title	**Indoor Air Quality Improvement Programs (4 Irving Place)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**Public & Employee Safety, Environmental**

Work Description:

These are programs that systematically address the quality of indoor air such as removing hazardous materials and improving HVAC operating equipment. Programs include, but are not limited to, HVAC duct cleaning and induction unit drip tray cleaning/inspections; inspection and repairs of roof and piping systems; and abatement and replacement of ACM insulation throughout the building.

Justification:

- Alternatives: None
- Risk of No Action: Employees will breathe poor quality air filled with contaminants, particles and dust. This could lead to increase in respiratory illnesses.
- Summary of Financial Benefits and Costs: NA
- Non-financial Benefits (if applicable): NA
- Technical Evaluation/Analysis: NA
- Sensitivity Analysis (if applicable): NA
- Project Relationships (if applicable): NA

  Inspecting, cleaning and removal of hazardous materials associated with air and water distribution equipment and systems in the building will mitigate the spread of potential infectious diseases.

Estimated Completion Date: Ongoing

Status: Ongoing

2010 O&M – Shared Services - Facilities

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$419	$161	$499	$790

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$901	$938	$971	$2,810

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	$419	$161	$499	$790
Contingency				
Total	**$419**	**$161**	**$499**	**$790**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P – Contract Labor	$901	$938	$971	$2,810
Contingency				
Total	**$901**	**$938**	**$971**	**$2,810**

2010 O&M – Shared Services - Facilities

Project/Program Title	**Irving Place – Local Law 11 Repairs**
Status	**With Engineering**
Estimated Service Date	**2011**
Work Plan Category	**Regulatory - Critical Infrastructure**

Work Description:

Repair conditions identified as "safe with repair and maintenance program" (SWARMP) including re-caulking windows to correct building water infiltration problems per Cycle 6 Local Law 11 inspection report filed with NYC Dept. of Buildings.

The Company's 2009 Rate Case testimony indicated that its engineering department (through a hired outside consultant) had completed its report to the DOB on the LL11 Cycle 6 inspections, performed in 2006. This report identified no unsafe conditions but did indicate that several items identified as "safe with a repair and maintenance program" ("SWARMP") were discovered. These items include repairing cracked stone, replacing old masonry sealant, and sealing open masonry joints. In addition to normal façade and/or parapet repairs, the report also recommended replacing the caulking on all the building windows. The estimated cost for this work was $4,000,000. Recognizing that attempting to accomplish all the work in one year would be extremely intrusive to the building occupants and, due to the required sidewalk bridging surrounding the entire building, the neighborhood as well, it was decided to be accomplish it over a four year period and prior to the Cycle 7 LL 11 inspection required to be completed by February 2012. We thus proposed that the work be accomplished as a program addressing various sections of the Façade on an annual basis.

In July 2008, Facilities Engineering performed a comprehensive assessment of almost all the window assemblies at 4 Irving Place in to order to identify window deficiencies beyond caulking. The plan was to coordinate the 6th Cycle Local Law Report recommendations with those in this engineering study. The assessment revealed the following additional categories of defects and the associated cost estimate (see above):

- **Defective/corroded metal window lintels**
- **Some defective caulking around the window perimeters both inside and outside.**
- **Cracked stone window sills**
- **Defective metal cladding due to water ingress**
- **Missing window weather-stripping causing drafts and heat loss**
- **Broken window panes allowing air/water infiltration and heat loss**

We proposed that this work be accomplished in stages over a three year period (2009, 2010 & early 2011) and that it be completed prior to the Cycle 7 inspections which will be scheduled in mid 2011 so that the required inspection report can be filed by February 2012. Note that if the "SWARMP" repairs identified in the Cycle 6 inspection are not addressed by 2012, they will automatically be downgraded to "UNSAFE" and thus need to be completed immediately.

2010 O&M – Shared Services - Facilities

Justification:

New York City Local Law 11 of 1998 requires that all buildings, 100 feet or taller, be inspected on a 5 year cycle by a licensed architect and an inspection report be filed on behalf of the building owner with NYC Dept. of Buildings. Cycle 6 Inspection was performed in 2006 and filed as per regulation in February 2007. All repairs must be completed prior to next cycle inspection in 2012. We believe that items identified in both the LL 11 Cycle 6 report and the latest engineering assessment report should be completed in the time frame indicated above as these corrective measures will help mitigate water infiltration into the building. As stated in previous testimony, water entering the building travels behind the façade stone and masonry and during cold months of the year, can freeze, which then expands against the back of the stone/masonry, resulting in cracked, loosened stone, masonry and mortar which has the potential to fall from the side of the building to the street below, creating a public safety concern.

Estimated Completion Date:
2009 through 2011.

Status:
Engineering phase.

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$1,300	$355	-	$530

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$2,488	$488	-	$2,976

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	$1,300	$355	-	$530
Contingency				
Total	$1,300	$355	-	$530

2010 O&M – Shared Services - Facilities

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$2,488	$488	-	$2,976
Contingency				
Total	**$2,488**	**$488**	**-**	**$2,976**

2010 O&M – Shared Services - Facilities

Project/Program Title	**Flooring Upgrades Program (4 Irving Place)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**Public & Employee Safety, Environmental**

Work Description:

Units per Year: 2 Floors (5,335 sq. yd X 2 = 10,670)
Mandatory:
High-level schedule:
Replace carpeting on approximately two (2) floors annually and resurface approximately fifty four (54) fan room concrete floors with epoxy sealer.

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Justification:

- Alternatives: None
- Risk of No Action: Hazardous floor conditions will result in injuries.
- Summary of Financial Benefits and Costs: NA
- Non-financial Benefits (if applicable): NA
- Technical Evaluation/Analysis: NA
- Sensitivity Analysis (if applicable): NA
- Project Relationships (if applicable): NA

The normal wear, tear and stretching of floor carpeting results in dangerous tripping hazards. In addition, the carpeting has worn beyond any economic or reasonable cleaning method resulting with extremely dirty carpets. Resurfacing the fan room floors will eliminate any water seepage or leakage to lower elevations during any possible equipment failures.

Estimated Completion Date: 2013

Status: Ongoing

Current Working Estimate (if applicable):

2010 O&M – Shared Services - Facilities

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	$206	$614	$405

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$687	$687	$687	$2,061

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	-	$206	$614	$405
Contingency				
Total	**-**	**$206**	**$614**	**$405**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$687	$687	$687	$2,061
Contingency				
Total	**$687**	**$687**	**$687**	**$2,061**

2010 O&M – Shared Services - Facilities

Project/Program Title	Building Infrastructure Restoration Programs (4 Irving Place)
Status	Ongoing
Estimated Service Date	2013
Work Plan Category	System & Component Performance Improvement (Critical Infrastructure)

Work Description:

Replace the outer casings and windwalls on Cooling Towers 4 & 5. In addition, sandblast, repair defects and recoat the Cooling Tower's structural steel and piping. These cooling towers, once the windwalls are completed, the maintenance of the indoor mechanicals and structure need annual repairs and maintenance. Other programs include restoration of equipment and systems that have surpassed the generally accepted life expectancies and require replacement or upgrading to ensure continual operation and/or existence. These various programs include, but are not limited to, restoration of wall, ceiling and turnstile systems, front doors and in extreme traffic areas such as the main lobby/corridors; replacing main steam and chill water stop valves for the building's air handling units (54); and sealing/cleaning of building windows.

Justification:

- Alternatives: None
- Risk of No Action: Cooling towers will deteriorate and make tower inoperable and unsafe. If the cooling towers fail, the building will become inoperable in the warm months. The Lobby will continue to deteriorate due the heavy traffic of over 3,900 tenants and 600 visitors daily.

The Cooling Towers are integral pieces of equipment in the building's Central Air Conditioning System at 4 Irving Place. The Cooling Towers are located on the roof of the building. The outer casings and windwalls on Cooling Towers 4 & 5 are deteriorating resulting with pieces breaking off and extensive water leakage. These conditions pose a public safety, negatively impact system efficiency and waste water.

In addition, the existing coating on the structural steel and associated piping for both cooling towers has deteriorated resulting with numerous corroded areas. These corroded areas may eventually result with complete metal failures. Estimate based on actual costs for the refurbishment of cooling towers 2 and 3 and Facilities Engineering estimate of additional repairs needed on Cooling Towers 4 & 5. Other estimates cover the maintenance of all five cooling towers after the windwalls are completed.
Other programs are required since much of the building infrastructure is over 50 years old and has reached the end of its useful life. Failures create additional maintenance problems.

Estimated Completion Date: 2013

Status: Ongoing

2010 O&M – Shared Services - Facilities

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	-	$1,051	$1,173

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$966	$819	$819	$2,604

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	-	-	$1,051	$1,173
Contingency				
Total	**-**	**-**	**$1,051**	**$1,173**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$966	$819	$819	$2,604
Contingency				
Total	**$966**	**$819**	**$819**	**$2,604**

2010 O&M – Shared Services - Facilities

Project/Program Title	**MAC (Maintenance Associated with Capital) (4 Irving PL)**
Status	**2019**
Estimated Service Date	**Regulatory**
Work Plan Category	**Category A – Regulatory Compliance**

Work Description:

Units per Year:
Mandatory:
High-level schedule: 2 full floors (100,000 sq. ft per year)

The Company has developed a plan to install required sprinkler systems in conjunction with the conversion of floors at 4 Irving Place to open-office plan arrangements (which in and of itself would require sprinkler systems). In order to meet LL26's 2019 deadline, the Company needs to accelerate its plans for open-office space arrangement. This, in turn, creates the need for additional space for temporary relocation of employees during the renovation. Currently, when the Company renovates a floor, it temporarily relocates the impacted employees to another location within 4 Irving Place. This is because it is logistically difficult or practically impossible to maintain employees in their current work area during the renovation process. In order to meet the needs of this accelerated program, some of the affected personnel would need to be temporarily relocated out of 4 Irving Place because there is insufficient swing space currently in the building (i.e., currently less than one full floor of available swing space).

Note that Flatbush $6^{th}/7^{th}$ floors will be renovated in 2010; 28,000 sq ft (6^{th} Fl) becomes available for temporary space. This reduces the total amount of temporary space required out side of the Company to 52,000 sq ft.

Justification:

- Alternatives: None

This approach is due to the physical arrangements of ceilings and other building infrastructure and the presence of environmentally sensitive materials (such as lead and asbestos) that need to be addressed. It would be neither safe nor practical or efficient to perform the required renovation and sprinkler installation during off-shifts, when personnel have vacated the space, and allow the affected personnel to return to work during their normal work hours (thereby requiring a set-up and take-down of the work area on a daily basis). Most importantly, the safe removal of environmentally sensitive materials while the area is occupied is logistically extremely difficult. Having personnel completely vacate the space until the renovation (and any required abatement) is finished enables the Company to completely abate the environmentally sensitive materials in a safe and efficient manner.

Estimated Completion Date: 2019

The sprinklering of Irving Place in accordance with LL26 is 2019. This is part of that long term effort.

2010 O&M – Shared Services - Facilities

Status:

Ongoing - In the Engineering stage for the floors currently selected for renovation.

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$400	$226	$263	$3,952

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$5,522	$2,642	$2,642	$10,806

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	$400	$226	$161	$3,204
Contingency				
Rent	-	-	$102	$748
Total	**$400**	**$226**	**$263**	**$3,952**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$3,182	$302	$302	$3,786
Contingency				
Rent	$2,340	$2,340	$2,340	$7,020
Total	**$5,522**	**$2,642**	**$2,642**	**$ 10,806**

Facilities Operation and Maintenance (Regions) - Steam

($000's)

	Historic Year 6/30/2009	1st Rate Year RYE 9/30/2011	2nd Rate Year RYE * 9/30/2012	3rd Rate Year RYE * 9/30/2013	2011-2013 Incremental Total
Indoor Air Quality Improvement Programs					
Duct Cleaning - Periodic inspection of duct interior by inserting video camera for the purpose of identifying conditions that require attention. Once identified repairs are then scheduled on a priority basis.	$88	$50	$50	$50	$62
Air Conditioning Charcoal Filter Replacement Use of more effiecinet Carbon Filters to improve air quality at 16th Street	$33	$70	$70	$70	$177
HVAC balancing at The Learning Center	$0	$60	$65	$65	$190
Program Total	$121	$180	$185	$185	$429
Flooring Upgrades					
Carpeting - 6,000 SY annually includes furniture moving. Programatic approach to address aging carpet throughout the varous locations including funding to move furniture in occupied areas. Annual inspection to result in highest priority carpet replacement annually.	$125	$417	$425	$425	$1,142
Program Total	$125	$417	$425	$425	$1,142
Structural Inspections & Repairs					
Includes facades, sidewalks, parapets, brick repointing, re-caulking, waterproofing, roof repair, leaders and gutters. Repointing is a major expense especially at many of our older brick structures in Astoria and in the Bronx.					
Roof Inspection & repair (including parapets, leaders & gutters)	$326	$534	$557	$557	$1,322
Facades and brick re-pointing at various locations.	$531	$854	$854	$854	$2,031
Program Total	$857	$1,388	$1,411	$1,411	$3,353
Building Infrastructure Restoration Programs					
Yard Resurfacing Resources required at multiple locations to address resurfacing issues for extending the life span and making better use of our properties	$539	$90	$90	$90	-$269
Painting and wall treatment repair/restoration Programatic approach similar to carpet program where all locations are walked down annually and required painting is scheduled on a priority basis.	$24	$500	$500	$500	$1,476
Environmental - Asbestos (ACM) Funding to cover asbestos survey investigations - (ACM)	$44	$100	$100	$100	$256
Program Total	$607	$690	$690	$690	$1,463
Sherman Creek (new location)					
Additional guard (security officer) post required for the new location	$76	$100	$100	$100	$224
Additional maintenance items required for new site: custodial contracts, repairs, materials and supplies.	$68	$84	$84	$84	$184
Program Total	$144	$184	$184	$184	$408
3rd Ave Yard (new building)					
Additional Emergency Action Plan Director (security officer) (required for all Class E buildings in the City of New York) for the new building at 3rd Avenue	$58	$120	$120	$120	$302
Additional cleaning services	$31	$31	$31	$31	$62
Program Total	$89	$151	$151	$151	$364
Exterior Street (new work out location)					
Guard Service, snow removal, electricity used, rubbish removal	$57	$186	$186	$186	$501
Program Total	$57	$186	$186	$186	$501
Waterside Dock Repair					
Costs to repair dock to return property back to owner	$0	$2,800	$0	$0	$2,800
Program Total	$0	$2,800	$0	$0	$2,800
Contractual Rent & Tax Increases	$7,943	$8,441	$8,774	$8,647	$18,125
Grand Total Facilities Regions (O&M)	$9,943	$14,437	$12,006	$11,879	$28,585
Less Historic Year 2009		(9,943)	(9,943)		(9,943)
Incremental 2011 Less Program Changes 2012				(127)	(127)
Incremental 2012 Less Program Changes 2013					5,095
Incremental	$9,943	$4,494	$2,063	$1,936	$11,030

Note: RYE = Rate Year Ending

2010 O&M – Shared Services - Facilities

Project/Program Title	**Indoor Air Quality Improvement Programs (Regions)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**Public & Employee Safety, Environmental**

Work Description:

Programs that systematically address the quality of indoor air such as removing hazardous materials and improving HVAC operating equipment. Programs include but are not limited to periodic inspection & cleaning of HVAC duct systems, charcoal/carbon filter replacement at 16th Street and HVAC balancing at The Learning Center.

Justification:

- Alternatives: None
- Risk of No Action: **Employees will breathe poor quality air filled with contaminants, particles and dust. This could lead to increase in respiratory illnesses.**
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

  Inspecting, cleaning and removal of hazardous materials associated with air ductwork distribution systems in the buildings will mitigate the spread of potential infectious diseases. Charcoal/carbon filter replacement (a manufacturer specification) and HVAC balancing will prolong the life of the equipment and improve the air quality within the buildings.

Estimated Completion Date: 2013

Status: Ongoing

Current Working Estimate (if applicable):

2010 O&M – Shared Services - Facilities

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	-	$187	$196

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$180	$185	$185	$550

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	-	-	$187	$196
Contingency				
Total	**-**	**-**	**$187**	**$196**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$180	$185	$185	$550
Contingency				
Total	**$180**	**$185**	**$185**	**$550**

2010 O&M – Shared Services - Facilities

Project/Program Title	**Flooring Upgrades Program (Regions)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**Public & Employee Safety, Environmental**

Work Description:

Carpeting upgrade – 6,000 square yards of carpeting replacement annually and also includes moving furniture so carpeting can be installed. A programmatic approach to address aging carpet throughout various locations plus the cost to move furniture while the work is in progress. Annual carpet inspection will prioritize carpet replacement.

Justification:

- Alternatives: **None**
- Risk of No Action: **Tripping Hazards**
-
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

  Normal wear and stretching of floor carpeting creates tripping hazards. In addition, the carpeting has worn beyond any economic or reasonable cleaning method resulting with torn, rolled and extremely dirty carpets.

Estimated Completion Date: 2013

Status: Ongoing

Current Working Estimate (if applicable):

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Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$123	$964	$122	-

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$417	$425	$425	$1,267

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	$123	$964	$122	-
Contingency				
Total	**$123**	**$964**	**$122**	**-**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$417	$425	$425	$1,267
Contingency				
Total	**$417**	**$425**	**$425**	**$1,267**

2010 O&M – Shared Services - Facilities

Project/Program Title	**Structural Inspections and Repairs (Regions)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**System & Component Performance Improvement - Critical Infrastructure**

Work Description:

Includes facades, parapets, brick re-pointing, re-caulking, waterproofing, roof repair, leaders and gutters. Re-pointing is a major expense especially at many of our older brick structures in Astoria and in the Bronx.

Justification:

- Alternatives: **None**
- Risk of No Action: **Deterioration of exterior façade, water infiltration, mold, lack of structural Integrity (steel corrosion, concrete spalling, efflorescence, open mortar joints Cracked brickwork)**
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

  Work will prolong the life of the facilities' facades and roofs and prevent damage from infiltration, freeze-thaw cycles, etc.

Estimated Completion Date: 2013

Status: Ongoing

Current Working Estimate (if applicable):

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Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$669	$162	$711	$982

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$1,388	$1,411	$1,411	$4,210

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	$669	$162	$711	$982
Contingency				
Total	**$669**	**$162**	**$711**	**$982**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$1,388	$1,411	$1,411	$4,210
Contingency				
Total	**$1,388**	**$1,411**	**$1,411**	**$4,210**

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Project/Program Title	**Building Infrastructure Restoration Programs (Regions)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**System & Component Performance Improvement**

Work Description:

Programs include the following at multiple locations: Yard re-surfacing, striping and drainage to address re-surfacing issues, repaint worn striping to more efficiently utilize space and prevent freezing pooled water conditions thereby extending the service life span and making better use of our properties. Painting & wall treatment repair/restoration - programmatic approach similar to carpet program where all locations are inspected annually and required painting is scheduled on a priority basis. Environmental (Asbestos - ACM) funding to cover asbestos surveys and investigations.

Justification:

- Alternatives: **None**
- Risk of No Action: **Inadequate maintenance/ repair of aging infrastructure is problematic and Further delays in repair will result in a greater escalation of costs**
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

  Many of the building infrastructures are old and have reached the end of their service life.

Estimated Completion Date:

Ongoing

Status: Ongoing

Current Working Estimate (if applicable):

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Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$288	$17	$608	$119

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$690	$690	$690	$2,070

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Contract Labor	$288	$17	$608	$119
Contingency				
Total	**$288**	**$17**	**$608**	**$119**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$690	$690	$690	$2,070
Contingency				
Total	**$690**	**$690**	**$690**	**$2,070**

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Project/Program Title	**Sherman Creek (new location) (Regions)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**System & Component Performance Improvement**

Work Description:

Sherman Creek is a three lot piece of property that once housed a generating station (now demolished) is currently being used by Electric Operations as a work out location for Cable Operations. There are several trailers on site that require the need for a guard post and maintenance items: custodial contracts, repairs, materials & supplies.

Justification:

- Alternatives: **None**
- Risk of No Action: **Robbery, loss of assets, inability to service customers efficiently**
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

Guards required at this new locations for employee safety and to protect company property. Also, maintenance items required to maintain new site in a clean and efficient manner.

Estimated Completion Date: Ongoing

Status: Ongoing

Current Working Estimate (if applicable):

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Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	-	$108	$123

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$184	$184	$184	$552

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Guard Service			$87	$100
*A/P-Other			$21	$23
Total			**$108**	**$123**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Guard Service	$100	$100	$100	$300
*A/P-Other	$84	$84	$84	$252
Total	**$184**	**$184**	**$184**	**$552**

* Note A/P requires further identification such as A/P – Contract Labor, A/P - Equipment Maintenance, A/P - Corrective Maintenance, etc.

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Project/Program Title	**3rd Avenue Yard (new building) (Regions)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**System & Component Performance Improvement**

Work Description:

A new building located at 320 4th Avenue, Brooklyn, NY is required to have on duty Emergency Action Plan Directors (required at all Class "E" buildings by the New York City Fire Department). The Emergency Action Plan Directors (EAPD) will also act as security guards. Also, a custodial contract is needed to clean the building and will be required at the new site.

Justification:

- Alternatives: **None**
- Risk of No Action: **Violation of the NYPD Title 3 Rules of NY, EAP Industry Notice 9**
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

  Guards are required at this new location by the New York City Fire Department, Title 3 of the Rules of the City of New York, EAP industry notice #9. Custodial contract is required to maintain the new site in a clean and efficient manner.

Estimated Completion Date: Ongoing

Status:

Ongoing

Current Working Estimate (if applicable):

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Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	-	$100	$94

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$151	$151	$151	$453

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P-Guard Service	-	-	$69	$63
* A/P-Other	-	-	31	31
Total	**-**	**-**	**$100**	**$94**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Guard Service	$120	$120	$120	$360
*A/P-Other	31	31	31	93
Total	**$151**	**$151**	**$151**	**$453**

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Project/Program Title	**Exterior Street (new work out location)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**System & Component Performance Improvement**

Work Description:

The site at Exterior Street has been selected for use as a satellite parking area for different field groups within Electric Operations. Previously, the site exhibited deteriorated asphalt and concrete paving, as well as a crushed stone surface left over from a previous demolition of existing structures. The site has been renovated so it can be utilized as a year round, all weather parking facility.

Justification:

- Alternatives: **None**
- Risk of No Action: **Inability to serve our local customers quickly and efficiently.**
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

Guards required at this new locations for employee safety and to protect company property. Also, maintenance items required to maintain new site in a clean and efficient manner.

Estimated Completion Date: Ongoing

Status:

Ongoing

Current Working Estimate (if applicable):

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Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	-	-	-

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$186	$186	$186	$558

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P				
Contingency				
Total	-	-	-	-

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor	$14	$14	$14	$42
M&S	15	15	15	45
*A/P-Guard Service	100	100	100	300
*A/P-Other	57	57	57	171
Total	$186	$186	$186	$558

2010 O&M – Shared Services - Facilities

Project/Program Title	**Waterside Dock Repair**
Status	**Dock Inspection Completed/Engineering in Progress**
Estimated Service Date	**Various**
Work Plan Category	**Regulatory compliance/Environmental**

Work Description:

The Waterside Dock is a high-level relieving platform structure adjacent to former Con Edison Waterside generating station and bordered by FDR Drive, E38th and E41st Street with East River on the eastern edge of the dock. The structure was inspected as a part of 5-years waterfront inspection program in November 2008.
Overall the structure can be characterized into two portions by their present deteriorated conditions. The "south portion" is approximately 473 ft long and is overall **"Fair"** condition. The "north portion" is approximately 362 ft long and is in overall **"Critical"** condition.

1. **Inspection Findings:**
   - Lost of support at concrete platform/deck "drop beams" in north portion of the dock due to severe damage of timber pile caps by marine borers.
   - Lost of support at the dock structure south-east corner (Sta. 4+72) and north –east corner (Sta. 8+35) due to damaged or missing timber piles and pile cap beams.
   - Various damages of exterior and interior timber piles.
   - Missing support at most of the dock structure east edge due to missing/deteriorated north-south timber cap beams.
   - Many of dock's fender timber members are loose and deteriorated and about to fall into the river. This represents a hazard to river navigation and also environmental concern.
   - Concrete deck damages: spalls at concrete deck soffit surfaces, exposed and corroded concrete reinforcement, cracks, efflorescence, top surface wear, etc.

2. **Inspection Recommendations:**

   - Repair critical members of dock's north portion to insure structural stability and integrity of the dock. Deteriorated timber cap beams and parts of deteriorated timber piles will be repaired by replacement with new timber.
   - Restrict vehicular access to north portion of the dock and to entire eastern edge of the dock structure by installation of guardrail barrier.
   - Remove loose and deteriorated timber fender system and timber edging along entire eastern edge of the dock.

Order of Magnitude cost estimate – $2,800,000.

Justification:

The repairs and corrective actions are recommended by the Inspection Report to address present critical condition of key Waterside Dock's structure members and East River safe navigation concern.
These repairs are recommended to be carried out on a high-priority basis with urgency.

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Estimated Completion Date:

This project can be completed in 2010 or ASAP.

Status:

With Engineering. A contract was awarded to an outside engineering firm on 9/18/08 for conducting of Waterside Dock inspection and preparation of design repair package. The design repair package is expected to be completed in April 2009.

Current Working Estimate (if applicable):

Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
-	-	-	-

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$2,800	-	-	$2,800

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P				
Contingency				
Total	-	-	-	-

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P-Contract Labor	$2,800	-	-	$2,800
Contingency				
Total	$2,800	-	-	$2,800

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Project/Program Title	**Contractual Rent & Tax Increases (Regions)**
Status	**Ongoing**
Estimated Service Date	**2013**
Work Plan Category	**Regulatory**

Work Description:

Rent increases at the following locations: 30 Flatbush Ave., Queens Blvd., Foster Avenue Van Dam Street, and 165th Street Jamaica. Taxes have increased at 30 Flatbush Avenue.

Justification:

- Alternatives: **None**
- Risk of No Action: **Violation of Contractual/Regulatory Requirements**
- Summary of Financial Benefits and Costs: **n/a**
- Non-financial Benefits (if applicable): **n/a**
- Technical Evaluation/Analysis: **n/a**
- Sensitivity Analysis (if applicable): **n/a**
- Project Relationships (if applicable):

  Contractual / Regulatory

Estimated Completion Date:
Ongoing

Status:

Ongoing

Current Working Estimate (if applicable):

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Funding ($000):

Actual 2006	Actual 2007	Actual 2008	Budget 2009
$5,467	$6,750	$7,971	$8,038

RYE 2011	RYE 2012	RYE 2013	Forecast Total 2011-2013
$8,441	$8,774	$8,647	$25,862

Historical elements of expense (EOE's)

EOE	2006	2007	2008	2009
Labor				
M&S				
*A/P				
Rent & Real Estate Taxes	$5,467	$6,750	$7,971	$8,038
Total	**$5,467**	**$6,750**	**$7,971**	**$8,038**

Forecast

EOE	RYE 2011	RYE 2012	RYE 2013	Total
Labor				
M&S				
*A/P				
Rent & Real Estate Taxes	$8,441	$8,774	$8,647	$25,862
Total	**$8,441**	**$8,774**	**$8,647**	**$25,862**