

INSIDE THIS ISSUE

MESSAGE FROM THE
EXECUTIVE DIRECTOR

NYECC LAUNCHES NEW
WEBSITE AND MEMBERSHIP
RECRUITMENT CAMPAIGN

NYECC SUCCESS STORIES:
MEMBERSHIP HAS ITS
PRIVILEGES

CON EDISON NATURAL GAS
RATE INCREASE

NYECC CALENDAR OF EVENTS

MESSAGE FROM THE EXECUTIVE DIRECTOR

It has been a busy spring for the New York Energy Consumers Council, Inc. (NYECC). We are pleased to bring you the latest issue of *Power Moves*. As many of you know, we recently held a special Membership Breakfast in May 2007 where we discussed current issues that threaten the physical and economic reliability of the energy infrastructure which serves New York City and Westchester County and the impact of those issues on large property owners in the City. We are pleased that representatives from Cushman Wakefield, EnergyWatch Inc., Jones Lang LaSalle, Rockrose Development Corp., Silverstein Properties, Inc., and Vornado Realty Trust were available to join us for this exciting program, and we look forward to hosting another Membership Breakfast this fall.



David F. Bomke, Executive Director

We are also pleased to announce that the NYECC played a very active role in helping craft a settlement agreement in the Con Edison Gas Rate Case filed in November of 2006. We are satisfied

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NYECC LAUNCHES NEW WEBSITE AND MEMBERSHIP RECRUITMENT CAMPAIGN

The NYECC has recently launched a new website found at www.nyecc.com. The site was redesigned as part of a comprehensive branding and membership recruitment campaign launched this spring as a way of reaching out to an expanded audience of real estate owners and developers who can benefit from membership in the organization. Our new website will continue to feature a special Members Only section with informational materials such as energy presentations and past issues of the *Power Moves* newsletter publication. The NYECC has also planned a series of seminars, conferences and special events that will introduce the organization to a wider cross-section of industry leaders. We invite you to visit us online and hope you will join us for our upcoming events this fall. >



Continued from previous page

with the terms memorialized in the Joint Proposal, or JP, that was filed with the New York State Public Service Commission, or PSC, on June 1, 2007. Other signatories to the JP include NYS Department of Public Service Staff, the City of New York and others. Statements and testimony in support or in opposition to the JP are due by June 19, 2007, and NYECC will file its Statement in Support by then. There will also be an opportunity for public comment on the JP before the PSC considers the JP for adoption at its September meeting. New gas rates are expected to go into effect on October 1, 2007. See below for more details on the specifics of the JP.

The NYECC is also participating as an active party in two additional PSC proceedings of interest – first, a generic consideration of the role of energy efficiency in future rate case proceedings (Case 07-M-0548) and the Con Edison Electric Rate Case (07-E-0523) filed on May 4, 2007, which requests an approximately \$4.735 billion increase in electric rates during the three-year period from April 1, 2008 through March 31, 2011. Stay tuned for more information on both.

In addition, we are proud to welcome the newest members of the organization, including Capital Properties (represented by Jerry Schumm), Columbia University (represented by Frank Martino), and MD Energy (represented by Cliff Sirlin). As many of you know, new members in the NYECC are critical for our continued growth, and a strong membership is the driving force that enables us to be successful in our mission to advance

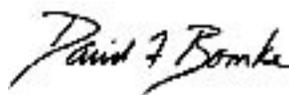
critical initiatives for large consumers. Some historic examples include:

- Creating demand response programs (we proposed the first one in Con Ed territory)
- Elimination of sales tax on delivery of natural gas and power
- Developing caps on summer wholesale peak power pricing (which impacts your monthly Market Supply Charge)
- Improve economic development rates (e.g. Power for Jobs, Business Incentive Rate)
- Exploring NYSERDA funding options
- Creating ICAP opportunities (for those having on-site generation)

With membership support, we can continue to grow this list.

Best wishes for a great summer, and we look forward to seeing you at special seminars and events planned for this fall.

Sincerely,



David F. Bomke
Executive Director >

NYECC SUCCESS STORIES: MEMBERSHIP HAS ITS PRIVILEGES

The NYECC is pleased to report the following recent achievements:

- The NYECC's active participation in negotiating a settlement in the most recent Con Ed Steam Rate Case will save our members tens of millions of dollars during the two-year rate case that expires at the end of September 2008. Con Edison's original \$100+ million rate increase request was negotiated down to \$0 (zero dollars).
- Negotiations in the previous Con Edison Electric Rate Case by NYECC and the other active parties reduced Con Edison's request for a \$2.29 billion increase in electrical delivery charges by 76%, or \$1.74 billion, over a three-year period.

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- Today the NYECC is continuously engaged in ensuring that only cost-effective DSM measures are enacted during the current electric rate case, protecting customers from paying for initiatives that fail to deliver reliability and market price improvements. These measures could cost consumers as much as \$279 million over a three-year period.
- The NYECC's intervention has helped reduce the volatility of the fuel adjustment charge for Con Edison's steam customers. Today, Con Ed is aggressively hedging fuel prices for everyone, and customers can secure increased price certainty by participating in incremental hedging strategies.
- NYECC members secure access to cutting edge energy market information. In addition, members benefit from the collective strength of the NYECC augmenting their

individual interactions with Con Edison, the Public Service Commission, and other market participants. Absent the continued strong and independent viability of the membership-supported New York Energy Consumers Council within New York City and Westchester County, energy consumers could anticipate reduced market choices, diminished utility reliability, less-responsive energy providers, less market awareness, greater isolation from others facing comparable energy challenges, and significantly higher energy prices.

Ask yourself not whether you can afford NYECC membership, but whether you can afford to live in a community without the New York Energy Consumers Council. For more information on membership in the NYECC, please contact David Bomke at (212) 356-0030 or visit the NYECC website at www.nyecc.com. >

CON EDISON NATURAL GAS RATE INCREASE

On November 2nd, 2006, Con Edison filed a request with the New York State Public Service Commission (PSC) for an increase in its natural gas rates that would have produced an annual increase in revenue of approximately \$196.7 million, or 10.7%. The average delivery rate increase proposed was approximately 34%. On November 15th, 2006 the PSC delayed implementation of these rates while instituting a proceeding to investigate the propriety of Con Edison's request. The NYECC intervened as an active party in this proceeding and filed rebuttal testimony on April 10, 2007.

Multiple parties participated in this proceeding, including Con Edison, Department of Public Service Staff, the City of New York, Consumer Power Advocates, New York State Consumer Protection Board, Small Customer Marketer Coalition, Natural Resources Defense Council, Inc., the Pace Energy Project, Association for Energy Affordability, the Public Utility Law Project, Inc., the New York State Energy Research and Development Authority (NYSERDA), and the County of Westchester. Settlement negotiations began on March 20, 2007 and continued throughout the

remainder of March, April, and May. The NYECC and a majority of the active parties listed above reached agreement on June 1, 2007 reflected in a Joint Proposal ("JP"), which has been filed and submitted to the PSC for its consideration.

The JP provides for, among other things, increases to the Company's base delivery service rates, designed to produce an additional \$67.4 million in revenues on an annual basis in

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NYECC CALENDAR OF EVENTS

June 13th, 2007 – NYECC Board Meeting. Gil Quiniones, of New York City Economic Development Corporation will be discussing the energy elements of the Mayor's long-term plan, "plaNYC2030." Members are encouraged to share questions in advance of that meeting.

June 15th, 2007 – Seminar – "Preventing Sexual Harassment Liability Training" – to be provided by Seham, Seham, Meltz and Petersen, LLP. Special pricing available for NYECC members. Please contact David F. Bomke, Executive Director, for additional information.

July 11th, 2007 – NYECC Board Meeting.

July 13th, 2007 – Executive Leadership Luncheon – NYECC and Con Edison leadership teams review current and pending issues and concerns.

Future seminar topics:

- The First Decade of Electric Deregulation in New York State – Lessons For the Next Decade
- Clean Distributed Generation – Reliability Investments that Reap Economic and Environmental Benefits
- Other – Please submit your recommendations and suggestions. ➤

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Rate Year 1 (October 1, 2007 through September 30, 2008); an additional \$32.7 million in revenues on an annual basis in Rate Year 2 (October 1, 2008 through September 30, 2009); and an additional \$42.7 million in revenues on an annual basis in Rate Year 3 (October 1, 2009 through September 30, 2010). These rates are significantly less than the \$196.7 million annual increase originally requested by Con Edison.

The increase will be purchasing significantly more value for consumers. For example, Con Edison has committed to replacing 120 miles of leak-prone gas main during the term of this three year agreement. They have also committed to implementing a Gas Manufacturing Incentive Rate, to be administered in conjunction with the City of New York and the County of Westchester.

In accordance with a policy change implemented by the PSC during negotiations and which affected all rate proceedings, including those in progress, the JP also incorporates a strategy for decoupling Con Edison's revenue expectations from actual volumes of natural gas delivered. The implementation of this Revenue Decoupling Mechanism, or RDM, is intended to ensure that the utility company will not thwart the State's mandate for increasing energy efficiency.



The JP anticipates further consideration of the RDM during the three-year agreement. Accordingly, the NYECC anticipates participating in the Revenue Adjustment Mechanisms (RAM) Collaborative that will outline guidelines for the RDM during the second and third years.

In the first year of the three-year agreement, Con Edison will also collect up to \$14 million for NYSERDA to implement a Gas Energy Efficiency Program. Even before the beginning of the first year of the rate plan, a gas efficiency collaborative, of which NYECC will be a member, will be formed to develop a recommended Gas Efficiency Program for the second and third years of the agreement. The PSC has already issued an order limiting funding in the first year to \$14 million, to be collected from firm natural gas customers – whether they purchase their supply from Con Edison or from an independent supplier. The collaborative will be considering increasing the levels of customer contribution for the second and third year, including whether or not to require interruptible customers to contribute to this fund source. The NYECC's participation in this collaborative will be crucial to protect the interests of our members. ➤