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INSIDE THIS WEEK

NEWS

Checking out

The Regent Hotel becomes the latest candidate for residential conversion. **Page 3**

And the winner is ...

Bidding closes on MetLife's 200 Park Avenue trophy that's expected to fetch over \$1B. **Page 10**

TITANS OF THE INDUSTRY

Investing in the future

Eastdil founder, Ben Lambert, counts his blessings.

Page 28

INSIDERS OUTLOOK

Divine intervention

David Bomke, of NY Energy Consumers Council, on utility rate case intervention.

Page 34

NEW JERSEY

Mighty Mack

Mack-Cali completes 1.1M s/f of leasing at its northern and central properties.

Pages 30&31

DEPARTMENTS

Who's News Page 4
On the RE Scene Page 6
Classified Pages 40&41
Calendar Pages 26&27
Finance Pages 32&33
Transcripts Page 37
Westchester Page 24

Residential BROKERAGE & SALES

Tuned in

Two Halstead brokers host the city's first show dedicated exclusively to real estate.

Pages R1-R16

Construction & DESIGN

SECTION B

Center court

Jets file lawsuit in latest NYSCC round.

Page C1

Art attack

Neighbors furious over museum expansion.

Page C1

INSIDERS OUTLOOK

Intervention is a must. To question is divine

BY DAVID F. BOMKE
EXECUTIVE DIRECTOR
NY ENERGY CONSUMERS COUNCIL

The average utility rate case intervention is something like a three-player game of chess. One participant is a company committed to maximizing its profitability and returns on shareholder investments. A second player represents the freedoms and safety of our citizens and ratepayers.

The very active third player is the regulatory agency scrutinizing every action the company takes and its potential impacts on the citizens and taxpayers served.

Why intervene in such a veritable powder keg of competing perspectives? Because it works. It has worked for 50 years, and with millions of dollars now on the negotiating table, the work of intervention is more important than ever.

Intervenor focus on protecting their constituent ratepayers. At the New York Energy Consumers Council (NYECC),

we draw on a half century of intervention which has repeatedly won victories for New York's large-user community—and has repeatedly proven that the forests of paperwork, hours devoted to preparing testimony, and persistent questioning pay off in savings measured in billions of dollars.

The NYECC is a signatory, in relevant part, to the Joint Proposal (JP) in the Con Edison Electric Rate Case scheduled to go before the Public Service Commission (PSC) for action next month. This JP reduces Con Edison's three-year rate request from \$2.29 billion to \$534.2 million, a reduction of more than 76%.

Although the NYECC worked with all other parties in the rate case to help achieve these savings, NYECC took strong exception to some very high-priced Demand Side Management (DSM) provisions incorporated into the

Joint Proposal.

No organization is more committed than the NYECC to the implementation of effective incentives for reducing peak power use in our region. We

"We urge New York's real estate industry to join our effort."

remain concerned that the approach proposed lacks a carefully structured and thoroughly tested process for evaluating the cost effectiveness of proposed additional demand

management. The total anticipated costs of adding these DSM provisions to customers' bills remain significant, with current projections anticipating costs that may well exceed \$379 million. That is a lot to spend when we still have no strong evidence that the proposed approach will produce the demand reductions desired.

The NYECC will always try to prevent costly mistakes and is convinced that the proposed approach to

curtail electric demand has the potential to become a very expensive mistake. We have asked the PSC to examine the proposal thoroughly — and independently — of Con Edison's request for an electric rate case. The need for achieving demand reductions is too great to risk spending \$379 million, or more, on "solutions" that cannot guarantee the results we need.

We urge New York's real estate industry to join our effort to ask the PSC to initiate a separate proceeding to develop a DSM program that will be demonstrably effective and economical. We fully support the findings of the Energy Task Force commissioned by Mayor Bloomberg last year, and we remain committed to helping increase supply, increase capacity, and reduce peak demands on our existing electrical infrastructure.

Let us be confident that we are developing the right approach for doing so. ■

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