



“EDUCATING ENERGY CONSUMERS TOWARD ECONOMICAL ENERGY OPTIONS”

November 25, 2009

PRESS RELEASE: NYECC AND OTHERS REACH SETTLEMENT IN CON EDISON ELECTRIC RATE CASE

NOVEMBER 25, 2009. NEW YORK CITY. *FOR IMMEDIATE RELEASE.* David F. Bomke, Executive Director of the New York Energy Consumers Council, Inc. (“NYECC”), announced today that the NYECC and other active parties in Con Edison’s most recent request for an increase in electric rates had reached an agreement in the form of a Joint Proposal that will save energy consumers \$1.36 billion over the three-year period from April 1, 2010 through March 31, 2013. Although Con Edison had originally sought nearly \$3.9 billion in cumulative rate increases over this time frame, including a Rate Year 1 increase of \$854.4 million, the negotiated agreement submitted to the Public Service Commission on November 24, 2009 anticipates annual revenue increases of “only” \$420.4 million over each of the next three years, representing a cumulative increase of \$2.5 billion. Bomke acknowledged that this very large rate increase is essential in order to enable Con Edison to make critical capital investments to maintain and improve service to its customers. He also noted that the three-year rate plan brings invaluable rate stability following three consecutive years of very large rate increase requests.

The agreement holds Con Edison to very demanding requirements for even greater austerity in their business operations during this rate term. The agreement further acknowledges that ratepayers will continue not to bear the full burden of Con Edison’s Directors and Officers insurance – representing savings for consumers.

The proposed settlement also incorporates several notable rate design changes. Service classifications 4 and 9 will be consolidated into a single service class. More significantly, the phase-out of declining block rates will be done over a five year period reflecting the Commission’s policy in fostering energy conservation while easing the transition of that change on Con Edison’s largest consumers. In addition, the strategic and prudently scheduled reallocation of costs among Con Edison and the New York Power Authority will ensure fair and equitable treatment of all consumers.

The NYECC is also very pleased that the agreement recognizes the urgency of building owners and their agents securing information on all the electricity consumed within their buildings. Bomke emphasized that tenant-controlled electricity consumption can represent as much as 85% or even more of a building’s total electric consumption. Accordingly, tracking tenant consumption is essential in order to achieve the highest possible energy consumption reductions within those buildings. NYECC has pressed the importance of this issue in hearings at the New York City Council, as well as within the past two Con Edison electric rate cases, and very much welcomes this acknowledgement of the importance of monitoring tenant consumption in the current Joint Proposal.

Other areas of particular concern to the NYECC’s constituency include a commitment to collaborative exploration of distributed generation and standby rates – particularly as the latter impact both an expanded rollout of distributed generation and the potential implementation of shore power to help eliminate the environmental impact of ships operating on-board generators while they are docked.

To be clear, the proposed three-year rate plan does not incorporate the additional cost impacts of matching Con Edison’s allocation of stimulus funds to support various Smart Grid investments, currently estimated at some \$180 million. Also excluded from the proposed three year rate plan is the cost of imposing new Statewide reactive power rates, as ordered by the

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Public Service Commission earlier this fall. Actual rate impacts, which are further driven by system-wide consumption, the commodity cost of electricity, will not be fully understood until new tariffs are filed after the Commission actually approves a new rate plan, expected in March of 2010. On a preliminary basis, however, it would appear that delivery charges will generally increase by almost 10 percent for each of the three years of the rate term. Total bills will in general likely rise by approximately 4 percent.

For more information about membership in the New York Energy Consumers Council, the advocate for large consumers in Con Edison's service territory, please contact David F. Bomke, Executive Director, at 212.356.0030, or David.Bomke@NYECC.com. The NYECC is a not-for-profit organization incorporated under New York State law to provide advocacy and education to large energy consumers in New York City and Westchester County. NYECC was formed in 2004 through the consolidation of the Owners' Committee on Electric Rates, Inc. and the New York Energy Buyers Forum, Inc. NYECC's predecessor history of representing the economic and reliability concerns of Con Edison's consumers dates back to 1953.

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