

STATE OF NEW YORK

Public Service Commission

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FOR RELEASE: IMMEDIATELY

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PSC Approves New Three-Year Rate Plan for Consolidated Edison - Promotes Infrastructure Investment, Competition and Demand Management -

New York, NY — 3/16/05 —The New York State Public Service Commission today voted to adopt a three-year rate plan that establishes new electric service delivery rates for Consolidated Edison Company of New York, Inc. (Consolidated Edison) and includes provisions to assist low-income customers, facilitate competitive supply choices for customers via the retail market, strengthen network reliability, encourage energy efficiency and strengthen and expand customer service performance mechanisms.

"The new rate plan fairly balances the company's need to cover reasonable costs related to necessary infrastructure investments with other provisions that are beneficial to customers," said Public Service Commission Chairman William M. Flynn. "The parties in this case realized the need to invest in distribution, substation, transmission and other infrastructure - including energy efficiency - to increase safety, strengthen reliability and meet the growing demand for electricity. Our decision today is supported by a strong record, and is based in large part on the terms of a Joint Proposal that received broad support."

On December 2, 2004, the Joint Proposal, supported by 23 parties, in part or in whole, including the City of New York, New York State Department of Public Service Staff and Consolidated Edison, was submitted for consideration by the Commission. The rate plan approved by the Commission today provides for customer sharing of company earnings above certain levels, and substantially reduces the size of the delivery rate increase in comparison with the amounts originally requested by Consolidated Edison. Under the provisions of the rate plan, for the first time since 1992, Consolidated Edison's annual revenues from electric delivery service rates will increase by \$104.6 million starting April 1, 2005 and by \$220.6 million on April 1, 2007.

In its initial April 2004 filing, Consolidated Edison proposed to increase electric delivery rates by \$550 million in April 2005, and included a proposal for a three-year plan that called for an additional increase of \$175 million in the second year and \$289 million in the third year.

To help offset electric load growth expected over the next few years, thus reducing the need for additional central generation, distribution and transmission facilities, the rate plan establishes mechanisms to promote energy efficiency and the use of distributed generation and peak load management initiatives where it is cost-effective to do so. Benefits of the rate plan's demand management initiatives include reduced energy consumption and pollution; decreased environmental impacts associated with construction of generation and transmission facilities that might otherwise be necessary; and, increased supply diversity. To ensure long-term reliability of the system, Consolidated Edison also will prepare a study to examine the supply and demand side resource options that will be needed to meet the demand for electricity over the next 10 years.

The rate plan continues and strengthens customer service performance and system reliability targets designed to ensure that customers receive a high level of service and that outages are minimized to the greatest extent possible. If the targets are not met, the rate plan provides for credits to ratepayers of up to approximately \$93 million annually.

The approved rate plan contains funding for a \$37.5 million program to assist low-income electricity customers. Through this program, eligible low-income customers receive a discount on the fixed, customer charge portion of their monthly bill. This amount is in addition to approximately \$14 to \$15 million that the Commission previously allocated for the benefit of the company's low-income electric customers.

Under the new rate plan, customers can also take advantage of a new retail marketing program designed to increase competition and customer choice. Through participation in the "PowerMove" program, customers can obtain a discount of up to seven percent on the power supply portion of their bill for the first two billing periods when they enroll with a participating energy services company (ESCO). Power supply refers to the commodity portion of the bill as opposed to the delivery service provided by Consolidated Edison. Consolidated Edison is required under the rate plan to take a number of additional steps to facilitate energy competition in New York City and Westchester County, including a broad outreach and education program.

Based on the new rates, the delivery portion of a typical monthly New York City residential electric bill for 250 kilowatt hours of electricity would increase by about \$1.10 in April 2005 and by about \$1.90 in April 2007. The delivery portion of a typical monthly residential bill in Westchester County for 500 kilowatt hours of electricity would increase by about \$1.75 in April 2005 and by about \$2.97 in April 2007. These bill impacts do not include costs associated with the proposed new energy efficiency measures discussed above or potential changes in commodity costs.

Parties supporting the Joint Proposal, in whole or in part, include: the City of New York; New York Energy Consumers Council, Inc; Consumer Power Advocates; Consolidated Edison

Company of New York, Inc.; Con Edison Solutions; Department of Public Service staff; Constellation NewEnergy, Inc; ConsumerPowerLine; Direct Energy Services, LLC; 1st Rochdale Cooperative Group, LTD; Independent Power Producers of New York, Inc.; Joint Supporters; Meter Service Provider Association of New York, Inc.; Metropolitan Transportation Authority; Mid-Atlantic Power Supply Association; National Energy Marketers Association; New York State Energy Research and Development Authority; New York Power Authority; the Port Authority of New York and New Jersey; North American Energy, Inc.; Small Customer Marketer Coalition; Sterling Planet, Inc.; and, Strategic Energy, LLC. Seven other organizations that were not parties in the case also signed in support of the Joint Proposal.

The Commission will issue a written order reflecting today's vote. That order, when ready, can be obtained from the Commission's Web site at <http://www.dps.state.ny.us> by accessing the Commission Documents section of the homepage and referencing Case Number 04-E-0572. Many libraries offer free Internet access. Commission orders can also be obtained from its File Office, 14th floor, 3 Empire State Plaza, Albany, NY 12223 (518-474-2500).