

DICHTER LAW LLC
ATTORNEYS AT LAW
483 CHERRY STREET
SUITE 100
BEDFORD HILLS, N.Y. 10507

TELEPHONE: (212) 593-4202
FAX: (212) 994-5394
Website: www.dichterlaw.com

JOEL R. DICHTER
Dichter@dichterlaw.com

MEMO

TO: Westchester Municipal Consortium

FROM: Joel R. Dichter

RE: Proposal for Monitoring Con Edison

DATE: February 11, 2026

Introduction

While our participation in the Con Edison rate case was successful, it is also at an end. However, the end of the rate case does not mean that there isn't on-going work to do to protect your residents over the course of the next three years. Thus, during our recent video conference, I was asked to prepare a proposal for monitoring Con Ed during the three-year rate plan. The PSC decision does set out a level of increases over that span (for a typical Westchester residential customer, the estimated total bill impacts are 3.6%, 3.3% and 3.2% over the three years, down from Con Ed's initial proposal of about a 14% increase on residential electric rates. On the gas side, the estimated total residential bill increases are 2.4%, 7.8% and 5.6% down from 19% in Con Ed's initial proposal).

However, the same PSC decision provides for a plethora of reports, reconciliations, adjustments clauses and proposals to be filed by Con Ed that can greatly impact the customer bill and quality of service. To give you an idea of the magnitude of the filings, in the three-year rate plan for Con Ed just completed, there were 588 filings in the rate case by all the parties prior to the PSC Order deciding the rate case. In the three years thereafter, there were 534 submissions. Almost all by Con Edison that will go unchecked, from Westchester's perspective, without monitoring the submissions and responding thereto when necessary. These filings can find their way into substantial additional surcharges added to the customer bill over the three years and a deferral of costs for recovery by Con Ed in the next rate case. A partial list of the types of submissions to be reviewed is below.

Monitoring:

The breath and scope of the reporting touches on almost all aspects of Con Edison's operations. The reporting includes:

- Quarterly reports on capital spending projects.
- Earnings reports to see if exceeds allowed rate of return.
- Quarterly affordability reports based upon such measures as uncollectible, delinquencies and assistance programs.
- Revenue Adjustment Mechanism, which can result in surcharges to customers if sales targets are not met or costs rise more than anticipated.
- Non-wire solutions and alternatives.
- Reconciliations of property taxes.
- Earning Adjustments for meeting incentives.
- IT spending.
- 5-year forecast.
- Annual Reporting.
- Clean Energy reporting, such as gas emissions.
- Reliability, safety and customer service performance metrics.
- Rate Years 2 and 3 analyses for compliance.

Generic Proceedings:

In addition to the submissions in the rate case docket, there are other on-going generic proceedings before the Commission that impact all customers. For example, the PSC commenced a proceeding on the "Grid of the Future" to study meeting future demands for electricity. Correspondingly, there are proceedings on Electric Transmission Planning and Electric Vehicle requirements. New proceedings, such as the impact of AI data centers, are on the horizon. Appearances in these proceedings, even with limited submissions, lets the Commission know that Westchester is a voice to be heard, not just in rate cases, but in the development of policies affecting the manner, rates and quality of service.

WMC Provisions in Joint Proposal:

The Commission order provides for an annual meeting on capital projects between Con Ed and WMC. Con Ed is required to identify the projects scheduled for Westchester as compared to the investment in New York City. This will not only permit us to have input on the selected projects

but determine if Westchester is receiving its fair share of investment dollars. We are looking at the week after Spring Break or sometime in April for the first meeting. The PSC Order also approves the analysis of network (underground) versus non-network (overhead) costs of service. In fact, the PSC Order goes so far as to call it a study. The Commission's decision rejects opposition to the analysis stating:

“Finally, citing pre-filed testimony, such opponents appear to oppose a JP provision requiring the Company to prepare an informational analysis intended to distinguish the embedded costs of service between network and non-network facilities. They complain that such a study provides speculative benefits at best. The group does not indicate any specific reason for their opposition to the informational analysis. Given that the cost behind the study has not been demonstrated to be a substantive element of the Rate Plans, we see no reason to disturb the signatory parties' agreement requiring the Company to conduct such study.”

Per the settlement, a meeting will be convened between Con Ed and WMC representatives to go over the parameters for the study to determine if Westchester (and Staten Island) residents served by primarily by overhead wires are subsidizing NYC residents served by a more reliable and expensive underground grid system.

There will also be a working group on property tax disclosures on the customer bill.

Proposal:

To monitor submissions, respond thereto, when necessary, participate in the WMC specific meetings, and provide periodic updates to our Consortium, we would propose an annual fixed fee for each of the rate years – We have had this arrangement with Rye, Rye Brook and Port Chester to monitor Veolia Water rate plans – The fee would be shared between my law firm and our expert in the rate case, Dr. Ben Johnson. We propose a flat fee of \$60,000 per annum (\$1,500 per year for each WMC member, if all 40 participate). If we do not include the generic proceedings, the annual fee would be reduced to \$50,000, or \$1,250 per member per year.

It has been a privilege to represent all of your municipalities. Regardless of your decision, the formation of the WMC has already produced substantial benefits for your communities. Please let me know if you have any questions.