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M E M O

TO: Chris Bradbury, Stuart Rabin and Greg Usry
FROM: Joel R. Dichter
RE: Con Edison Electric and Gas Rate Case
DATE: February 13, 2025

Overview

On January 31, 2025, Con Edison filed a petition with the New York Public Service Commission to increase rates as of January 1, 2026. Electric rates would rise by 18% under this proposal. Residential delivery charges by a whopping 25.1%. Natural Gas delivery rates would be hiked by 19.1%. This proposal comes on the heels of an increase of 20% over the last three years.

PSC Process

The Public Service Commission engages in a litigation-type review of rates. The amount of revenues that Con Edison is able to collect from its customers in total is based upon a detailed review of the cost of providing service plus a reasonable return on its investments in facilities. With its submission, Con Edison has pre-filed the written testimony of its witnesses in support of the increase. Discovery is then undertaken by the parties, who in turn may file their own expert witness testimony in opposition to Con Ed's request. An evidentiary hearing is then held for cross-examination of witnesses. Traditionally, the parties will engage in settlement discussions following the submission of all testimony. Briefs will be submitted by all parties in support of their respective positions. Ultimately, the Commission will review and render a final decision on any increase.

Role of Westchester County and its Municipalities

Con Edison serves New York City and Westchester County. New York City is well represented during the proceedings described above to review Con Edison's rate request. In the last Con Ed rate case, no representative of Westchester County or of any of its municipalities participated in the rate cases. Thus, there was no voice to advocate for the interests of Westchester residents.

The setting of rates by the PSC is comprised of three parts. First, a determination of the overall increase in revenues which Con Edison will be authorized to collect based upon its cost of providing service is determined (the "revenue requirement"). Second, the allocation of the revenue requirement to the various customer classes such as residential, commercial, industrial, public authority is made based upon a cost-of-service study. Third, the rate design for the amounts allocated to each class is determined. For example, if Con Ed is authorized to collect \$10 billion and \$5 billion is assigned to the residential class, the PSC will then decide how much of that should be recovered from NYC residents and how much from Westchester residents.

Without the participation of Westchester County and its municipalities, there is no one to protect against an unfair share of the costs being allocated to Con Edison's Westchester district or to its residents. Rest assured, the NYC advocates will be seeking to reduce the share allocated to NYC residents and thereby potentially transferring the cost to Westchester residents. Westchester residents also have a much greater interest in a number of issues such as storm preparedness, outage response, plant siting, and the impact of climate change. Thus, it is vital for Westchester to participate in the process of developing rates and services.

Proposal

We have represented municipalities before the Public Service Commission for decades in electric, gas and water rate cases. We represented Rockland County and its municipalities in the recent Orange and Rockland rate cases. Orange and Rockland is owned by Con Edison and thus many of the same players and issues will be present in the pending Con Edison cases. To intervene, conduct discovery, retain expert witnesses, prepare briefs, and attend all hearings and settlement negotiations, over the course of the eleven-month or longer proceeding will require considerable dedication of resources. We would propose a flat fee of \$80,000 for legal fees and estimated expert fees of \$25,000-\$35,000. Please let me know if you have any questions.