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INTRODUCTION

Q. Please state your names, business addresses and employer.

A. Victor E. Mullin, 4 Irving Place, New York, NY, 10003 and Michael C. Brown, East River Generating Station, New York, NY, 10003. We are employed by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") and are testifying jointly as the Electric Production Panel.

Q. In what capacity are you employed?

A. (Mullin) I am the Chief Civil/Mechanical Engineer.

(Brown) I am the Plant Manager of the East River Generating Station ("East River").

Q. How long have you been employed by Con Edison and what positions have you held?

A. (Mullin) I have been with Con Edison for approximately 30 years. I was employed by Con Edison in February 1982 and have held various engineering and management positions in Central Engineering, Nuclear Power, Substations, and Gas Operations. In April 2005, I was assigned to Gas Operations as the Chief Gas Transmission Engineer. Since December 2008, I have been the Chief Civil/Mechanical Engineer.

(Brown) I joined Con Edison as an Operations Shift
Supervisor in 1986. Since then, I have held various management positions of increasing responsibility in the Company. I left Con Edison in February 1993 to pursue plant operations opportunities at New York Power Authority’s Flynn Project in Holtville, NY, followed by the Brooklyn Navy Yard Cogeneration Facility in Brooklyn, NY, Public Service Electric and Gas’ Bergen Generating Plant, and New York University’s Washington Square Campus Central Heating Plant. I returned to the Company in January 2012 as the Plant Manager of East River, which is my present position.

Q. Please discuss your educational background.

A. (Mullin) I received a Bachelors of Nuclear Science Degree from SUNY Maritime College in 1978. I also received a Masters of Management Science from Pace University in 1994 and completed the Public Utility Executive Program in July 1995 at the University of Michigan.

(Brown) I graduated from SUNY Maritime College in 1982 with a Bachelor of Engineering degree in Nuclear Science and Marine Engineering.

Q. What are your current responsibilities?

A. (Mullin) My primary responsibility is to provide
engineering leadership and oversight so as to allow for the safe and sustained operation and maintenance of specific systems within their design criteria. These systems include: portions of the electric system and transmission operations infrastructure, the steam distribution and transmission systems, and the mechanical and structural systems and equipment that support both the steam and electric generating stations.

(Brown) I am responsible for the management of all activities required to safely and reliably produce electricity and steam at East River. This includes managing the annual operation and maintenance ("O&M") and capital budgets for East River and developing forecasts for future expenditures required to maintain and improve station performance.

Q. Have you previously testified before the New York State Public Service Commission ("Commission")?

A. (Mullin) Yes. I have provided testimony to the Commission in the Company’s last electric rate filing (09-E-0428) regarding the electric capital construction programs. I also testified in last steam rate filing (09-S-0794) and have provided testimony in the contemporaneous Steam filing.
No. I have not previously testified before the Commission.

Q. Please briefly describe the purpose of the Panel’s testimony.

A. Our testimony addresses the Company’s planned capital and O&M spending for its electric production facilities. For existing functional programs for capital, the Company projects to spend approximately $37.5 million in 2013, $30.7 million in 2014, $25.9 million in 2015, $24.7 million in 2016, and $33.0 million in 2017. In addition, the Company projects to spend approximately $66 million on storm hardening projects for the period 2013 through 2016 to mitigate the impacts of future storms. For O&M, the Company projects to spend $56.7 million in the 12-month period ending December 31, 2014 (“Rate Year”), which represents a decrease of approximately $25.5 million from the 12-month period ended June 30, 2012 (“Historic Test Year”). As discussed below, this decrease is attributable to a normalizing adjustment to reduce the expenses incurred in the Historic Test Year related to the long-term major maintenance for the gas turbines at East River Units 1 and 2, offset in part by a program change related to an expected
increase in New York City ("City") water rates for City water used in the production of electricity at East River Units 6 and 7.

CAPITAL CONSTRUCTION PROGRAM

Q. Please describe the Electric Production Capital Construction Program.

A. The Electric Production Capital Construction Program ("Program") establishes the Company’s capital spending projections necessary for the safe, efficient and reliable operations of East River’s Electric Generating Units 6 and 7 as well as the six gas turbine electric generators located at the Company’s 74th Street ("74th Street"), 59th Street ("59th Street") and Hudson Avenue ("Hudson Avenue") Generating Stations. The capital expenditures for all these units are grouped into a comprehensive set of eleven functional programs as follows: (1) Environment, Health and Safety ("EH&S"); (2) Boilers; (3) Steam Turbines; (4) Mechanical Equipment; (5) Electrical Equipment; (6) Control Systems; (7) Structures; (8) Waterfront; (9) Roofs; (10) Security; and (11) Storm Hardening.

Q. Please continue.
A. The Program is a five-year systematic capital expenditure plan to improve structures, systems and components as conditions warrant and as may be required by governmental regulations. The Program’s objective is to effect capital improvements to provide continuous safe and reliable service at the lowest reasonable cost.

Q. How is the Program developed?

A. The Program identifies specific improvements to East River Units 6 and 7 and various gas turbine equipment, structures, systems and components (referred to as “Equipment and Structures”) based on the most current information as to the condition of the Equipment and Structures and relative importance to regulatory compliance, safety, environmental protection, and reliability. The timing of the projects is planned and undertaken considering annual capital expenditure levels, long lead time for equipment procurement, construction duration, concurrent projects, and current schedules for equipment and station outages.

Q. How is the condition of the Equipment and Structures determined?

A. The condition of the Equipment and Structures is identified on an on-going basis during routine plant
operations, inspections, system assessments or as a result of equipment failure or malfunction. Also, because we are operating Equipment and Structures that are, in many cases, over 50 years old, upgrades are anticipated based on length of operation, obsolescence, industry practice and evolving regulatory requirements. The Program identifies and plans improvements to prevent potential equipment or structure failures and to address conditions that could result in unanticipated or untimely plant outages.

Q. How are the costs projected?

A. Cost projections for the Program are based on preliminary engineering, an evaluation of alternatives, inspection of existing conditions that need to be corrected, past experience with similar projects and consultation with vendors and contractors. These cost projections are used for planning. For 2013, the project scopes have been defined and preliminary cost estimates prepared. More detailed cost estimates are prepared as the project scopes are finalized, equipment is selected, and detailed engineering and design is developed.

Q. What measures does the Company apply to implement
these projects at reasonable cost?

A. Prior to moving forward with a specific project, the Company prepares detailed cost estimates that are the basis for senior management approval to proceed with the capital expenditure. Construction services and equipment are procured via a formal bidding process that verifies the technical qualifications of the bidders to perform the work per Company specifications. For construction work, proposals for fixed-price contracts are typically requested and the Company’s Bid Check Estimating section prepares a separate sealed “bid check” cost estimate for contracts above a certain amount. This estimate is then used for comparison with the contractors’ bids. The Company’s Bid Check Estimating section also reviews the competitive construction estimates and provides advice to the construction team so as to provide the best value for our customers. The Company’s Construction Management Department oversees the administration of construction contracts.

Q. Does the Company plan for unexpected plant conditions?

A. Yes. Capital improvement projects to address conditions that may affect reliability, compliance with regulatory requirements and environmental health
and safety are included in the Program based on current information, to the extent available, historical experience, and their relative importance to improved operations. However, changing plant conditions and operational constraints often require reallocation of resources to address more immediate, higher priority projects, e.g., equipment malfunctions or conditions that pose significant risks to personnel and public safety, the environment, plant reliability, or are required to comply with regulations. Accordingly, the Company allocates capital funding in the Program for both planned projects and emergent projects, and then adjusts the Program to reallocate funding when higher priority needs arise.

Q. How are emergent issues managed?

A. Emergent issues are addressed by adjusting the Program and rescheduling projects with an emphasis on meeting the immediate needs of continuing plant operations safely and reliably. These adjustments do not invalidate the needs of previously planned improvements, but rather reflect the Company’s need to flexibly allocate capital expenditures where they are needed most to provide continued safe and reliable in-City electric generation. The timing of the projects
and corresponding capital expenditures are rescheduled to address unforeseen needs, and except when extraordinary events occur that may result in an increase in aggregate spending, the Company maintains its projected level of capital expenditures.

Q. Can you provide an example of an emergent or major unanticipated project or change to a project that required a shift in expected expenditures?

A. Yes. In 2011, the Company applied for permits to complete the Fish Life Preservation project at East River required by New York State Department of Environmental Conservation ("NYSDEC") Consent Order R2-2985-90-04. This project installs new intake screens to greatly increase the chances for marine life to survive and return to the river and is discussed in further detail later in our testimony. In response to the Company’s various applications, the New York City Design Commission ("Design Commission") required the replacement of the existing fence along the dock as part of its approval. The replacement was not anticipated as part of the Fish Life Preservation project, nor was it technically required to successfully complete the project. Nonetheless, the Design Commission, having jurisdiction to provide
permits for its installation, dictated the terms, resulting in an added cost of $830,000 that was not anticipated.

Q. Given the impacts of Superstorm Sandy, are there any new initiatives underway that would help to mitigate the impacts of future storms?

A. Yes. A corporate System Design Task Force was established to develop and recommend both short and long-term storm hardening initiatives and system design changes that would mitigate future weather-related damage and the impacts of such damage.

Q. Please describe the efforts and objectives of this task force.

A. We have new initiatives underway in a number of areas that impacted Company facilities. We are working on ways to mitigate the effects of both the flooding and high winds caused by Superstorm Sandy. A cross functional team will address effective and efficient cost and capability plans for short term solutions (immediate to three years), near term solutions (three to seven years), and long term solutions (over seven years and up to twenty years). The team will develop a prioritized listing of potential design changes, operational strategies, procedural modifications and
hardening initiatives to mitigate the impact of severe weather. Their analysis will include potentially impacted Company facilities, including electric production facilities.

Q. I show you a 70-page document entitled “CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. – ELECTRIC PRODUCTION CONSTRUCTION PROGRAM, ESTIMATED 2013–2017” and ask whether it was prepared under your supervision and direction?

A. Yes.

MARK FOR IDENTIFICATION AS EXHIBIT ___ (EPP-1)

Q. Please describe this Exhibit.

A. This Exhibit summarizes Con Edison’s projected capital funding requirements for the Program from 2013 through 2017 for each functional program. While there have been some shifts in funding among functional programs, overall, the Company’s projected annual capital spending levels for existing functional programs in electric production for years 2013 through 2017 is approximately the same, on average, as presented for this purpose in the Company’s last electric rate case.

ENVIRONMENTAL, HEALTH, AND SAFETY

Q. Please describe what is covered in the EH&S functional program.
A. There are two general types of projects covered under this category. First, implementation of the Company’s continuous commitment to personnel safety and environmental protection requires capital expenditures to address and correct plant conditions that may pose EH&S risks. To address these conditions, usually identified during routine plant operations, capital improvement projects are identified and planned for implementation in the EH&S functional program.

Second, this functional program includes capital improvement projects needed for compliance with applicable regulatory requirements. These projects are separate from the Company-wide environmental site investigation and remediation projects that are discussed by Company witness Price.

Q. Please discuss examples of recent EH&S projects.

A. Examples of recent EH&S projects include: (1) a continuing project at East River to install new intake screens to greatly increase the chances for marine life to survive and return to the river, by reducing entrainment and impingement of aquatic life; (2) egress enhancements at East River; and (3) the installation of a backflow preventer on the water supply to East River Units 6 and 7.
Q. What are the projected expenditures for the EH&S functional program?

A. The Company plans on spending $9.3 million in 2013, $2.3 million in 2014, $500,000 in 2015, $300,000 in 2016, and $1.2 million in 2017 for EH&S related projects as follows:

- Continuation of the Fish Life Preservation Project at East River Units 6 and 7. The project has been implemented in phases over several years at a total estimated cost of $34.3 million. Prototype testing of screens started in 2008. The Company has submitted a plan to the NYSDEC to perform additional prototype testing of the new equipment and verify the technology prior to full implementation of the project, and to stage the installations such that the project minimizes any impact on plant operations. The projected expenditures for 2013 are approximately $8.6 million, higher than projected in the last rate case as a result of unanticipated delays in equipment delivery. This project is currently in construction with a scheduled completion in 2013 as outlined above. The ER dock area was severely impacted by Superstorm Sandy. Consequently, this
ELECTRIC PRODUCTION PANEL – ELECTRIC

project is being evaluated to address the new
criteria relating to equipment height and
protection from future storms. See storm
hardening section for further discussion.

- Recoating of Surfaces in/on the Oil Water
  Separator at East River. The oil water separator
  has surface corrosion inside that has caused some
  minor leaks. Since this equipment is important
  for removing oily water (that may be in the
trench drains) prior to discharge to the
discharge tunnel that goes to the East River
under the station’s State Pollution Discharge
Elimination System (“SPDES”) permit, this project
has been given a high priority. The Company
projects a capital expenditure of $417,000 in
2013.

- Installation of a Backflow Preventer on the Water
  Supply to the Hudson Avenue Gas Turbines Fire
  Protection Systems. NYSDEC requires backflow
  prevention devices on City water supplies to the
  plants or other facilities to help protect the
  City’s drinking water supply system. The Company
  projects a capital expenditure of $130,000 in
  2013.
Installation of Lean Head NOx Reduction Technology for the Gas Turbines at Hudson Avenue. Installation of the lean head NOx liners will help Con Edison comply with the Compliance Plan filed with the NYSDEC for the new NOx RACT regulation. The Company projects a capital expenditure of $2.0 million in 2014.

To cover emergent EH&S related projects, $2.6 million over the next five years (i.e., $200,000 in 2013, $330,000 in 2014, $500,000 in 2015, $300,000 in 2016, and $1.2 million in 2017) has been allocated to address changing and unforeseen plant conditions that may affect safety and the environment and cannot be specified at this time, but can be reasonably anticipated to occur during the rate year based upon historical experience. Typically the Company anticipates higher funding needs for the outer years due to the increased uncertainty of future regulatory requirements.

Q. Please describe the capital expenditure requirements for the Boilers and Steam Turbines functional programs.

A. The main electric generating equipment at East River
Units 6 and 7 are boilers with steam turbines. The steam turbine takes the steam from the boiler and spins a generator at high speeds to generate electricity. These components, as well as the gas turbine generators, degrade over time due to age, length of operation and normal wear and tear. Excessive wear may affect the ability of the units to generate electric power. To avoid the likelihood of potential derating or unit shutdowns, overhauls to replace and refurbish major equipment components of boilers and turbines are systematically planned based on manufacturers’ and industry guidelines, actual length of operation, unit performance, inspections and engineering assessments. These projects are needed for both reliable operation of the units and to minimize the potential reduction to in-City electric generation, to which Con Edison’s retained net generation contributes approximately 750 MW. The Company plans on spending $6.5 million in 2013, $3.7 million in 2014, $5.3 million in 2015, $12.2 million in 2016, and $5.0 million in 2017 on boiler related projects for East River Units 6 and 7. The Boiler related projects include the following:

- Replacement of the Boiler 70 Extended Surface
Riser Tubes. Inspections of these tubes revealed the existence of internal damage. As a result, the Company determined these tubes should be replaced in 2013. The Company projects a capital expenditure of $4.0 million in 2013.

- Replacement of the Boiler 70 Rear Wall Riser Tubes. Inspections of these tubes revealed the existence of pitting and corrosion. As a result, the Company determined that the tubes should be replaced in 2013. The Company projects a capital expenditure of $2.1 million in 2013 for installation.

- Replacement of the Boiler 70 Downcomer Supply Tubes and Headers. Testing and metallurgical inspections have shown that these tubes have signs of internal corrosion fatigue. As a result, the Company determined that these tubes should be replaced in 2015. The Company projects capital expenditures of $200,000 in 2014 for material and $4.2 million in 2015 for installation.

- Replacement of the Boiler 70 Division Wall Inlet Header and Tube Stubs. A video probe inspection of the header and tube stubs revealed signs of
internal corrosion fatigue. As a result, the Company determined that the header and tubes should be replaced in 2017. The Company projects capital expenditures of $250,000 in 2016 for material and $2.4 million in 2017 for installation.

• Replacement of the Boiler 70 Rear Wall Hopper Slope Tubes. Inspections and sampling of these tubes revealed signs of corrosion. As a result, the Company determined that these tubes should be replaced in 2017. The Company projects capital expenditures of $250,000 in 2016 for material and $2.6 million in 2017 for installation.

• Replacement of the Boiler 60 Primary Superheater. Testing and inspections have shown that some of these tubes have signs of tube erosion. As a result, the Company determined that these tubes should be replaced in 2016. The Company projects capital expenditures of $500,000 in 2015 for material and $4.4 million in 2016 for installation.

• Replacement of the Boiler 60 Front and Rear Furnace Walls. Testing and metallurgical inspections revealed that these tubes have signs
of hydrogen damage and internal corrosion fatigue. As a result, the Company determined that these tubes should be replaced in 2016. The Company projects capital expenditures of $600,000 in 2015 for material and $7.3 million in 2016 for installation.

- Replacement of the Boiler 60 Convection Pass Tubes on the Rear Wall and Side Wall Brick/Refractory Inspection and metallurgical analysis of the convection pass rear wall and supply tubes revealed the existence of internal damage. As a result, the Company determined that these tubes should be replaced in 2014. The Company projects capital expenditures of $400,000 in 2013 for material and $3.5 million in 2014 for installation.

Q. Will there be any capital expenditure requirements for the Steam Turbine Program?

A. No capital money has been allocated for Steam Turbine Projects for budget years 2013 through 2017 because any work on these Steam Turbines is expected to be O&M work, not capital.

A. These programs include projects to replace and improve equipment and systems in the above three key functional areas of East River Units 6 and 7. These equipment replacements and improvements are required to address age-induced degradation, equipment obsolescence, equipment malfunction, and failures that could potentially lead to unreliable operations and contribute to plant unavailability. These programs include projects to upgrade equipment and systems using new technologies that can expand the capability and efficiency of plant systems, improve response time, and enhance the reliability of the electric supply to our customers.

Q. What is equipment obsolescence?

A. Equipment obsolescence occurs when equipment in use is no longer supported by the original equipment manufacturer, spare parts are no longer available, or equipment does not operate efficiently due to length of service and normal wear and tear. East River Units 6 and 7 are over 50 years old. Consequently, the programs include a systematic replacement of obsolete equipment to improve the reliability of the electric supply to our customers.
generating units and minimize the potential of unplanned interruption of in-City electric generation, particularly during peak demand periods.

MECHANICAL EQUIPMENT

Q. What are the planned expenditures for the Mechanical Equipment Replacement Program?
A. In general, this program includes the replacement and improvement of mechanical equipment, such as pumps, valves, piping, heat exchangers, air compressors, tanks, fire protection, heating and air conditioning. Capital expenditures for the Mechanical Equipment functional program are projected to be approximately $3.2 million in 2013, $2.1 million in 2014, $4.5 million in 2015, $6.2 million in 2016, and $13.7 million in 2017. The higher priority mechanical equipment projects required at East River are as follows:

• Installation of Condensate Return System for Units 6 and 7. This project will allow for condensate to return to the East River Station from Peter Cooper Village Stuyvesant Town, reducing overall station water use. The Company projects capital expenditures of $1.0 million in 2013 and $1.5 million in 2014.
• Replacement of Feed Water Heater 64S. Inspections have indicated that the feed water heater has reached the end of its useful life. The Company projects a capital expenditure of $1.1 million in 2013.

• Upgrade of East River Unit 6 & 7 Control Room Heating, Ventilating, and Air-Conditioning ("HVAC") System. This project is an upgrade to replace the existing system that is beyond its expected service life. The Company projects a capital expenditure of $510,000 in 2013.

• Replacement of the Unit 6 Turbine Electro-Hydraulic Control System. This project will replace outdated equipment to support current technology. The Company projects a capital expenditure of $275,000 in 2013.

• Install Hydrogen Generator System. The new system will provide hydrogen for the electric generator cooling systems for East River Units 6 and 7 and reduce the need for hydrogen deliveries to the station. The Company projects capital expenditures of $80,000 in 2014 and $1.0 million in 2015.

• Unit 60 Hydrogen Cooler Tube Bundle Replacement.
Inspections have indicated the hydrogen cooler tube bundle has reached the end of its useful life. The Company projects a capital expenditure of $312,000 in 2014.

- Upgrade of the East River Flood Control System. This project will upgrade the current flood control system to maintain station reliability and availability during large storm events. The company projects a capital expenditure of $1.8 million in 2015.

- Installation of a Motor Driven Boiler Feed Pump (“BFP”) for Unit 60. This new BFP will allow for higher pressure start-up conditions that will reduce operator burdens and unit trip potential during start-up. The Company projects a capital expenditure of $1.2 million in 2015.

- Installation of a 4th Train on the Units 6 and 7 LA Water Demineralization Plant. The additional train will be able to handle the anticipated increase in demineralized water demand when the station is switched to the Croton Aqueduct water supply. The Company projects capital expenditures of $6.0 million in 2016 and $2.0 million in 2017.

- Installation of a Degassing System on East River
Unit 60. The degassing system will be installed prior to the deaerator for removal of dissolved oxygen in the water to the deaerator. The Company projects a capital expenditure of $5.2 million in 2017.

- Replace the Existing PVC Lining of the East River Demineralized Water Storage Silos. This project will replace the existing PVC lining with a new flexible membrane. The Company projects a capital expenditure of $4.8 million in 2017.

- Install a Tie-in to the City Water System. This project will install a tie-in that completes a City water header ring for East River Units 6 and 7, which will allow for greater operational flexibility. The Company projects a capital expenditure of $501,000 in 2017.

**ELECTRICAL EQUIPMENT**

Q. What are the planned expenditures for the Electrical Equipment Program?

A. The electrical system provides power to run equipment and systems throughout the East River Station, such as pump motors, valves, fans, controls, lighting, fire suppression, air, water, and fuel supply systems. Proper operation and dependability of the electrical
supply systems is a cornerstone to East River’s overall reliability and performance. Failures of electrical system components could result in forced station outages and deratings. Consequently, due to obsolescence, the age of the equipment and current conditions, the Program includes the systematic replacement of East River’s major electrical supply equipment over the next several years. The equipment replacement projects are prioritized and sequenced based on condition assessments, lead time of equipment purchases, and other major projects. The capital expenditure requirement for the Electric Equipment Program is projected to be approximately $12.7 million in 2013, $18.3 million in 2014, $13.6 million in 2015, $5.5 million in 2016, and $9.7 million in 2017. The Electrical Equipment Program projects currently planned for East River in 2013, 2014, 2015, 2016 and 2017 are as follows:

- 70 Forced Draft East ("FDE") Fan Motor Switchgear Refurbishment and One Transformer; 70 Forced Draft West ("FDW") Fan Motor Switchgear Refurbishment and One Transformer; 70 Induced Draft East ("IDE") Fan Motor Switchgear Refurbishment and Two Transformers; and 70 Induced Draft West ("IDW")

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Fan Motor Switchgear Refurbishment. The switchgear and transformers for 70 FDE, 70 FDW, 70 IDE, and 70 IDW fans are critical to the operation of fans and Unit 7. Inspection of the equipment has shown that the equipment requires replacement/refurbishment. The Company projects capital expenditures of $2.3 million for 70 FDE, $2.3 million for 70 FDW, $2.3 million for 70 IDE and $2.3 million for 70 IDW in 2013.

- Install Black Start Capability for Unit 6 and South Steam Station. There is currently no provision for starting up Unit 6 for South Steam Station in the event of loss of offsite power. The Company projects a capital expenditure of $500,000 in 2013 and $2.0 million in 2014.

- 60 Forced Draft East ("FDE") Fan Motor Switchgear Replacement and 60 Forced Draft West ("FDW") Fan Motor Switchgear Replacement. This equipment is operating beyond its expected service life. Reliability of this equipment is critical to Unit 60 boiler operation. The Company projects capital expenditures of $500,000 in 2016 for material and $2.3 million in 2017 installation for 60 FDE and $500,000 in 2016 for material and
$2.3 million in 2017 installation for 60 FDW.

- Upgrade Light and Power ("L&P") Bus 1, Breaker 29, and TIE Transformer TR2; Replace L&P Bus 2, Switchgear, Breaker 49, and Tie Transformer TR4; Replace L&P Bus 3, Switchgear, Breaker 13, Breaker 19, and Tie Transformer TR1; Upgrade of L&P Supply Feeder 2; and Replace Substation 6LP 208 Auxiliary Switchgear. This equipment is operating beyond its expected service life. Due to the age of the equipment, finding parts for repairs is difficult. Reliability of L&P Buses 1, 2, and 3 are important to the operation of the plant because they supply auxiliary power to the units and replacement will help prevent unscheduled outages of the plant due to failure of important plant electrical equipment. The Company projects capital expenditures of $2.1 million in 2014 for L&P Bus 1, $300,000 in 2016 and $2.2 million in 2017 for L&P Bus 2, $1.8 million in 2015 for L&P Bus 3, $886,000 in 2017 for L&P Supply Feeder 2, and $3.5 million in 2017 for Substation 6LP 208 Auxiliary Switchgear.

- Replace East River Transformer 6E Radiator and Replace East River Transformer 7E Radiator. The
transformer radiators need to be replaced for reliability and to prevent environmental issues with potential leaks on the radiators. The Company projects capital expenditures of $1.6 million in 2013 and $6.4 million in 2014 for the 6E Radiator and $100,000 in 2016 and $1.8 million in 2017 for the 7E Radiator.

- Upgrade Unit Substation Switchgear TA-52 and Upgrade Substation TA-51 Switchgear and Transformer Equipment. This equipment is also operating beyond the expected service life and testing/inspection has indicated the need for replacement. Proper functionality of this equipment is important to the availability and reliability of the plant because it is needed to supply the auxiliaries. The Company projects capital expenditures of $1.0 million in 2014 for TA-52 and $300,000 in 2014 for material and $2.0 million in 2015 for installation of TA-51.

- 71 Circulator Switchgear and Transformer Replacement Equipment and 72 Circulator Switchgear and Transformer Replacement. The switchgear and transformers for 71 and 72 Circulators are critical to the operation of
circulators and Unit 7. Inspection of the equipment has shown that the equipment requires replacement/refurbishment. The Company projects capital expenditures of $100,000 in 2014 for material and $3.2 million in 2015 for installation for the 71 Circulator and capital expenditures of $100,000 in 2014 for material and $3.4 million in 2015 for installation for the 72 Circulator.

- Unit 7 Generator Feeder Protection Upgrade Equipment. The existing feeder protection cabinet in the 69kV substation yard has asbestos in the cabinet, which poses a hazard to the plant operators. Relocating the feeder protection relay cabinet will decrease the hazard and burden to the operators. In addition, the current location is below the flood level and the proposed location will be protected from flooding. The Company projects capital expenditures of $300,000 in 2014 for material and $1.7 million in 2015 for installation.

- 60 ME Substation Switchgear Replacement. Inspection of this equipment has revealed that the switchgear should be replaced in 2014. The
Company projects capital expenditures of $300,000 in 2013 for material and $2.7 million in 2014 for replacement.

- 61 and 62 Circulator Motor Operated Valve (“MOV”) Controls and 6CP Switchgear Upgrade. This equipment is outdated and has been targeted for replacement/upgrade. The Company projects capital expenditures of $300,000 in 2013 for material and $3.1 million in 2014 for installation.

- Unit 6 Generator Feeder Protection Upgrade. The existing feeder protection cabinet in the 69kV substation yard has asbestos in the cabinet, which poses a hazard to the plant operators. Relocating the feeder protection relay cabinet will decrease the hazard and burden to the operators. In addition the current location is below the flood level and the proposed location will be protected from flooding. The Company projects capital expenditures of $530,000 in 2013.

- Install East River Unit 6 and 7 Substation Datalink to Distributed Control System (“DCS”). This Datalink will provide additional information
to the operators in the central control room which will help diagnose problems before failure and help operators in the troubleshooting process. The Company projects a capital expenditure of $100,000 in 2017.

Q. Are there other benefits associated with the systematic replacement of electrical equipment?
A. Yes. As with any new equipment, designs and capabilities have improved significantly when compared to some of the existing 50 year old components. In addition to improved reliability, other benefits of upgrading equipment include increased electrical capacity to supply the station components, improved personnel safety, enhanced status monitoring, better operator control features and energy efficiency. For example, new equipment designs are compatible with East River’s digital controls and provide the capability for remote monitoring and/or control of important parameters from the main control room.

CONTROL SYSTEMS

Q. What are the expenditure requirements for the Controls Systems Program?
A. The Control System functional program expenditure levels planned are approximately $4.4 million in 2013,
$2.3 million in 2014, $1.5 million in 2015, $300,000 in 2016, and $1.3 million in 2017. This program generally includes the replacement and upgrade of control systems throughout the East River Station, e.g., transmitters, digital control systems, control panels and terminals, monitoring instrumentation, and wiring. In addition to replacing obsolete equipment, these control system projects provide new capabilities not previously available with the existing technology, such as automatic operation of critical components, monitoring of additional important parameters to aid plant operators, and faster response times. Other projects that are included in this program are fire detection/alarm systems. All of these significantly improve the safety or operation of East River, especially during critical periods such as times of peak load demands. Some of the projects planned for 2013 through 2017 are as follows:

- Install Main Fire Detection System for East River Unit 6 and 7 Areas. New building codes require that the building have a centralized fire detection/alarm system control panel installed. The Company projects capital expenditures of $100,000 in 2013, $1.9 million in 2014, $1.0
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million in 2015, and $500,000 in 2016.

- Install Remote Start Capability for the Hudson Avenue Gas Turbines. This project will allow for remote alarm monitoring and starting from the Farragut Substation. The Company projects a capital expenditure of $800,000 in 2013.

- Upgrade East River Unit 6/60 Hi-Fi System. This project is required for operator training with the new DCS system. The Company projects a capital expenditure of $740,000 in 2013.

- East River Terminal Board Room Fire Detection System. This project will better protect equipment and personnel in the Terminal Board Room. The Company projects a capital expenditure of $610,000 in 2013.

- East River Tank Farm Foam System Control Panel Upgrade. This project replaces the outdated panels in the control room and locally for more reliable operation of the system. The Company projects a capital expenditure of $770,000 in 2013.

- Unit 6 Digital Control System Windows Upgrade and WDPF I/O Cards Replacement. This project is required because the current operating software
for the DCS will no longer be supported by the manufacturer or the service vendor. In addition, this project will provide enhanced cyber security which is inherent with the software upgrade. The Company projects a capital expenditure of $945,000 in 2013.

- **Unit 6 Boiler Feed Pump Throttle Valve Upgrade and Control System Upgrade.** This project will help improve operability, manageability, and reliability of the Unit 6 turbines. The Company projects a capital expenditure of $1.2 million in 2014.

- **Upgrade East River Cable Cooling Panel.** This project will complete work on the control panel for the feeder cable cooling system. The Company projects a capital expenditure of $270,000 in 2014.

- **Upgrade East River Unit 6 and 7 Control Room.** Integration of the new Ovation DCS system is important to allow for cross training of the station board operators and modernize the control room which was originally built in the 1950s. The Company projects a capital expenditure of $1.4 million in 2016.
Q. Please describe what is included in the construction program under the Structural, Waterfront, and Roofs functional programs.

A. The Structural Program includes projects for general and specific improvements to the East River structures, such as steel and concrete, masonry, facades, foundations, walls, floors, stacks, bridges, and utility tunnels. The Waterfront Program specifically addresses improvements to piers, docks, water intake and discharge tunnels and related facilities and systems. Similarly, the Roofs Program includes projects to replace and refurbish roofs and roof drains. East River was originally constructed in 1926 and needs to be maintained and refurbished for the safety of personnel, integrity of the building structures and reliability of the operating equipment. Also, inspections and repairs of some of these structures are required to meet regulatory requirements. The Company periodically inspects structures, such as building roofs, facades, concrete and steel, stacks, and docks, to assess their condition and determine the scope of refurbishment. Based on the degree of degradation, facility
refurbishment projects are planned to provide for the safety of employees and the public, protection of our assets, compliance with applicable regulations, and continuous reliable operation.

Q. How much does the Company plan to spend on these programs?

A. The expenditure forecast for the Structures Program from 2013 through 2017 is approximately $500,000 in 2013, $1.0 million in 2014, $500,000 in 2015, $150,000 in 2016, and $2.0 million in 2017. The projects that are included in this program for 2013 to 2017 are as follows:

- Replace East River Dock Fence. The existing fence must be replaced with a decorative fence as required by the Design Commission. The Company projects a capital expenditure of $500,000 in 2013.

- Repairs to Low Pressure Turbine Area Steel and Concrete. This project will repair deteriorated conditions, extend the service life of the building structure and eliminate potential safety hazards. The Company projects a capital expenditure of $1.0 million in 2014.

- Upgrade of the Boiler Building Ventilation
System. This project improves the Boiler Building ventilation to mitigate the excessive heat locations in the upper floors of the building which can have negative effects on electrical equipment and personnel during the summer months. The Company projects a capital expenditure of $500,000 in 2015.

- Replace Two Areas of the Elevation 157’ Floor at East River. Extensive spalling with large areas of exposed corroded rebar requires that the floor in these areas be completely removed and replaced to correctly remedy the issue. The Company projects capital expenditures of $150,000 in 2016 and $2.0 million in 2017.

There are no waterfront projects planned from 2013 to 2017. There is a roof replacement project for the roof area over the high pressure boilers. This project will make repairs on areas that are allowing water to enter the building. The Company projects capital expenditures of $900,000 in 2013 and $950,000 in 2014. There are no other Roof Program projects planned for 2013 through 2017.

SECURITY

Q. Please describe the Security Program.
A. There are no Security Program projects planned for 2013 to 2017. However, the East River Unit 6 DCS Windows Upgrade and WDPF I/O Cards Replacement will provide enhanced cyber security (as discussed earlier).

STORM HARDENING

Q. Please explain what is covered in the Storm Hardening Program.
A. The Storm Hardening Program includes station enhancements, modifications and additions to address damage, failures and other station conditions that could pose a risk to the safe and reliable operations of electric production facilities due to flooding.

Q. Has the Company made any preliminary decisions regarding projects and/or programs to enhance and/or reinforce its electric production facilities as a result of its experience with Superstorm Sandy?
A. Yes. As we will explain, the Company has plans to invest approximately $66 million in storm hardening of electric production facilities during the period 2013 through 2016.

Q. Please generally describe the storm hardening projects that the Company plans to implement and/or are under consideration by the Company.
A. The focus of storm hardening of electric production facilities is the East River Units 6 and 7 and the East River Dock. These projects include installing perimeter walls and flood doors; raising and installing moats; sealing penetrations to tunnels where practical; installing sluice gates in tunnels; and raising critical equipment to heights above new flood elevations; and installing flood pumps in order to mitigate damage if flood waters do enter the station.

At the East River Dock, plans include raising critical equipment and providing protection to the screen house.

The Company is also completing its evaluation of the recently installed Fish Life Preservation Project.

Q. Please describe the projects and/or programs planned for 2013.

A. The focus in 2013 will be on installing and/or raising critical flood walls, specifically along the east perimeter facing the FDR Drive and around the circulator pits at an estimated cost of approximately $4.0 million; installing approximately 40 flood doors around the perimeter of the building and sealing of openings and doors no longer required (most
importantly the east wall overhead door facing the FDR Drive) at an estimated cost of approximately $3.0 million; and raising critical equipment including Traveling Screen Controls and Sluice Water Pumps on the East River Dock (as a result of our evaluation of the Fish Life Preservation Project) at an estimated cost of approximately $1.0 million.

The Company also plans to order vertical sluice gates for installation in 2014 to seal off the intake tunnels during flood conditions at an estimated cost of approximately $2.0 million.

We note that the Company plans to perform this work within the capital budget established for Electric for 2013 by deferring certain planned programs and/or projects.

Q. Have you identified the programs and/or projects you plan to defer?

A. Not at this time. The Company will update its rate filing, as appropriate, during the course this proceeding to provide such information.

Q. Please describe the storm hardening projects planned for 2014.

A. The focus in 2014 will be on the installation of tunnel sluice gates purchased in 2013 at an estimated
cost of approximately $9.0 million; sealing of the
dock access tunnel for flood waters at an estimated
cost of approximately $1.0 million; and raising and/or
installing additional moats on the south and north
perimeters at an estimated cost of approximately $2.0
million. The Company also plans to order Emergency
Flood Pumps for installation in 2015 to pump flood
waters that penetrate the station at an estimated cost
of approximately $2.0 million.

The projected expenditures for these projects are in
addition to the 2014 capital budget for Electric
Production that was used to develop the revenue
requirement for the Rate Year. As discussed by the
Company’s Accounting Panel, the costs for this
initiative are reflected in the revenue requirement as
part of the $150 million of storm hardening projects
that serves as a placeholder in the revenue
requirement for the various T&D, Electric Production
and Shared Services storm hardening projects planned
for 2014. The Company will update the revenue
requirement at the appropriate stage of this
proceeding to reflect the additional $14 million of
storm hardening for Electric Production by specific
projects.
Q. Is the Company considering any longer term system design changes based on the effects of Superstorm Sandy?

A. Yes. In addition to the projects identified for 2013 and 2014, the Company plans to pursue the following initiatives in 2015 and 2016.

In 2015 and 2016, the Company intends to install the flood pumps ordered in 2014 at an estimated cost of approximately $4.0 million; and raise critical equipment and/or install moats on approximately 33 identified items with estimated expenditures of approximately $17.0 million in 2015 and approximately $20.5 million in 2016. These critical items will include hotwell pumps and controls, feedwater pumps and controls, circulator pumps and controls, burner management controls; and water treatment and waste water treatment equipment and controls, among other equipment.

Q. Is the Panel providing an exhibit further describing the foregoing initiatives?

A. Yes, please see Exhibit ___(EPP-1), Schedule 2, for additional information about these programs.

Q. Do the foregoing efforts represent final plans for storm hardening as a result of Sandy?
A. No, they do not. As indicated above, evaluation of storm hardening alternatives is an ongoing effort. The projects and programs identified in this testimony reflect the Company’s best thinking as a result of diligent efforts to focus on storm hardening requirements immediately following the storm. Accordingly, these projects and programs will continue to evolve and may be modified, accelerated or deferred and/or replaced by other programs deemed more beneficial to customers and the service territory in general.

Q. Does the Company have a proposal for addressing costs and cost recovery of storm hardening projects and programs that cannot be timely considered for inclusion in rates that are established in this rate proceeding?

A. Yes. Company witness Muccilo proposes a framework for addressing the recovery of such costs through a surcharge mechanism.

OPERATION AND MAINTENANCE EXPENSES

Q. I show you a 7-page document entitled "CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. – ELECTRIC OPERATIONS – SUMMARY OF ELECTRIC PRODUCTION EXPENSES FOR THE RATE YEAR ENDING DECEMBER 31, 2014" and ask whether it was
prepared under your supervision and direction?

A. Yes.

MARK FOR IDENTIFICATION AS EXHIBIT__(EPP-2)

Q. Please describe this Exhibit.

A. Exhibit__(EPP-2) details the Rate Year electric plant O&M expense forecast for various elements of expense. Each element is shown at the historic year level with normalizing adjustments and program changes. In total, we expect to spend approximately $56.7 million in the Rate Year, a decrease of approximately $25.5 million from the Historic Test Year. As explained below, the decrease is attributable to a normalizing adjustment to reduce the expenses incurred in the Historic Test Year related to the long-term major maintenance for the gas turbines at East River Units 1 and 2, offset in part by a program change related to an expected increase in City water rates for City water used in the production of electricity at East River Units 6 and 7. In the 12-month periods ending December 31, 2015, and 2016, the Company expects to maintain this level of O&M expenditures while continuing to provide the same level of safety, service and reliability. We would note that this Exhibit does not reflect any escalation in expenses
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other than Water in the calculations of the total rate year forecasts for each item. The escalation for electric plant expenses other than Water costs is calculated by the Electric Accounting Panel in Exhibit___(AP-5). The escalation for Water costs is discussed below.

Q. Please explain the element of expense referred to as Water.

A. The Water expense at East River is based on the cubic feet of City water used to generate a kilowatt hour. The quantity of City water required can be derived by applying the water used per kilowatt hour in the Historic Test Year to the projected rate year electric generation forecast for East River. Water costs for the rate year were derived by multiplying the projected quantity of water required for generation by $36.27 per MCF of water. This expense is offset partially by the portion of Water costs attributable to the rate year steam sendout from East River.

Q. Please explain the program change increase of $536,000 for Water.

A. Based on the above calculations for Water at East River, the requirement for Water in the Rate Year is an increase of $909,000, offset partially by an
increase in the steam processing charge of $373,000, for a net increase for Water of $536,000. This increase is attributable to a net increase in the projected Rate Year generation level for East River Units 6 and 7, amounting to $6,000, and a 7.0 percent annual escalation in the Water rate for 2013, amounting to $903,000.

Q. Please explain the basis for the 7.0 percent annual escalation factor.

A. The current water rate of $33.90 per MCF became effective July 1, 2012, at the start of the New York City fiscal year. We applied a 7.0 percent increase to that rate in order to develop the projected rate of $36.27 per MCF for the Rate Year. The 7.0 percent assumes the 2013 increase will be the same as the 2012 increase.

Q. Why are you projecting such an increase?

A. In March 2012 in a proposal to the New York City Water Board to vote to adopt the Fiscal Year 2012 water rate (Exhibit__ (EPP-2), pages 5-7), Environmental Protection Commissioner Carter Strickland discussed the agency’s commitment to operating more efficiently, managing the capital budget and making critical water and wastewater investments in a timeframe that New
Yorkers can afford. The Commissioner noted that the proposed 7.0 percent increase in 2012 was the lowest in seven years, and a 25 percent reduction from the 9.3 percent rate increase that was projected at the time that the fiscal year 2012 was proposed. The DEP has instituted three successive rounds of budget reductions amounting to approximately 15 percent, convinced regulators to defer or eliminate unfunded mandates, and has reached an agreement with New York State to defer or eliminate some capital commitments. With these commitments in mind, and the fact that the 2011 increase was 7.5 percent (slightly higher than the 2012 increase), the Company believes that it is reasonable to expect that increases in water rates will continue annually at a level comparable to the 2012 increase of 7.0 percent. In order to conservatively estimate future water escalation rates, we have selected the lowest increase in recent history for water escalation rates. The low increase reflects various DEP initiatives to mitigate annual increases and we have no reason to believe that DEP will implement similar initiatives to hold down the 2013 increase.

EAST RIVER UNITS 1 AND 2 MAJOR MAINTENANCE
Q. Please describe the long-term major maintenance strategy for the gas turbines at East River Units 1 and 2.

A. The major maintenance strategy of the gas turbines at East River is focused on maintaining the hot gas path parts, or those items in the combustion section and turbine section exposed to high temperature gases, and the auxiliary systems, including control devices, fuel metering equipment, generator and excitation systems, and other auxiliary systems. The hot gas path parts are removed from the unit at scheduled operating intervals, and either refurbished or replaced based on guidelines established by General Electric, the original equipment manufacturer (“OEM”). The maintenance of the auxiliary systems is performed in accordance with OEM guidelines, industry standards, and Con Edison procedures.

The major maintenance program is comprised of the following five categories: (1) Parts Replacement, (2) Parts Refurbishment, (3) Outage Services, (4) Additional Maintenance, and (5) Unplanned Maintenance, each of which is described as follows:

- Parts Replacement - The Company has purchased hot gas path parts from the OEM to store as inventory
to facilitate scheduled maintenance and address expeditiously forced outages. As the operating
time of the units increases and the hot gas path parts require replacement, we will purchase parts through a competitive bid process, or directly from the OEM when there is no alternative source, to replace any parts taken from inventory to complete required maintenance. Replacement is necessary to maintain the availability of parts for scheduled maintenance and forced outages.

- Parts Refurbishment – After each inspection, parts to be refurbished will be sent off-site for repair to one of several qualified vendors selected through a competitive bid process. Refurbished parts are then returned to the Company and held in inventory for use as needed during the completion of maintenance on these turbines.

- Outage Services – East River Units 1 and 2 maintenance expenses vary significantly each year based on the findings from the required inspections in that year. Scheduled overhauls are divided into three categories: (1) Combustion Inspections, (2) Hot Gas Path Inspections, and
(3) Major Inspections. Major maintenance on the gas turbines is based on specific operating intervals of 12,000 (combustion inspection), 24,000 (hot gas path inspection), and 48,000 (major inspection) factored fired hours. These intervals occur, on average, every 18, 36, and 72 months of operation, respectively. However, the actual timing of when these intervals are achieved is variable. For example, they may be impacted by weather, unit trips and other unpredictable factors. When these intervals are reached, the machine is disassembled and the major gas turbine components are inspected and repaired and/or replaced as necessary. These overhauls will be performed by Company construction personnel, with technical oversight provided by the OEM or a qualified third party.

• Additional Maintenance – Company personnel or third party vendors will perform maintenance associated with the gas turbine and generator auxiliaries. The decision to use Company personnel or a vendor will be based on the scope of work and the associated cost. If specialized training or knowledge is required, the
appropriate OEM or vendor will be used for this maintenance.

- Unplanned Maintenance - Corrective maintenance and unscheduled outages will be performed by either Company personnel or third party vendors, based on cost, scope and availability.

Q. When do you project these costs will be incurred?

A. The Company will continue to incur maintenance costs, but we estimate higher levels of costs in the latter half of the 12-year maintenance cycle, based on both the aging of the equipment and increases in the cost of labor and materials over the period of the maintenance cycle. At the start of the rate year, January 2014, we will be more than eight years into this 12-year cycle because the units commenced operations in April 2005. The costs will increase progressively over time as the equipment ages and requires more extensive repairs and, ultimately, requires replacement. As each of the major parts reaches the end of its useful life, it will need to be replaced at a significant cost. For example, a set of combustion parts is approximately $7.5 million per unit, whereas hot gas path parts are approximately $30.0 million per unit. The fact that these repair
and/or replacement expenses may be incurred in the same period as the major overhauls, contributes further to the variation in the annual O&M expenses.

Q. What are the estimated costs for this major maintenance?

A. The expected costs in any year vary between $3.0 million and $10.7 million, for an estimated total of approximately $17.0 million over the next three years (that is, $10.7 million, $3.3 million, and $3.0 million for the 12-month periods ending December 31, 2014-2016, respectively). The actual costs in any one year may increase significantly based on unit operation and equipment condition in the event that an outage must be performed in a different year than originally forecasted. The total expenditures in the Historic Test Year were approximately $36.8 million, comprised of about $14.8 million of expenditures for major maintenance of this equipment (approximately the level of expenditures estimated for this period in Case No. 09-E-0428) and the extraordinary amount of costs incurred discussed below. In the Rate Year, this maintenance expense is expected to total approximately $10.7 million, or $26.1 million lower than the Historic Test Year expenditures.
Q. What is the estimated level of expenditures and collections from customers for these maintenance costs for the current year (i.e., the 12 months ending December 31, 2013)?

A. During the current rate year, the Company projects to spend approximately $4.3 million for the maintenance of these units, but will collect from customers $7.7 million based on the rates established in Case 09-E-0428.

Q. What is the balance in the reserve for these major maintenance costs as of December 31, 2012?

A. The balance in the reserve as of December 31, 2012 is $21.7 million, representing a shortfall that the Company needs to collect from customers for these expenditures.

Q. Please explain the reasons for this balance.

A. As indicated in our original testimony in Case 09-E-0428, we estimated that, if major maintenance costs were incurred as projected at that time, the reserve would be depleted during the 12-month period ended March 31, 2012. However, during this period, major maintenance costs were far higher than projected and resulted in both depletion of the reserve and deferral
of additional maintenance expenses of $22.0 million during the rate year.

Q. Is the Company’s annual allowance for maintenance costs sufficient to cover projected costs?

A. Yes. The Company’s current allowance would cover more than the total maintenance costs projected to be incurred during the periods noted above (i.e., for the 12-month periods ending December 31, 2014-2018).

Accordingly, the Company is proposing to decrease the annual allowance by $580,000, from $7.739 million to $7.158 million, excluding this significant repair noted above (see Exhibit (AP-11)).

Q. Please describe the additional maintenance costs incurred during the 12-month period ended September 30, 2012.

A. During the Major Inspection, which occurred from September through December 2011, both units were found to have significant corrosion pitting in key stress areas of both the stationary and rotating airfoils. The corrosion was found by highly specialized inspection techniques that can only be performed when the casings are removed. The corrosion was not present during the last “casings off” inspection and, therefore, was not expected during the maintenance
cycle. The OEM recommendation was for complete replacement of all airfoils affected by the corrosion at a cost of approximately $16.0 million. In addition, replacement of four stationary stages in the aft part of the compressor at a cost of approximately $1.3 million was required due to mechanical design deficiencies. Also, in the turbine section industry fleet experience indicated cracking and failures of critical portions in the turbine section of the turbine wheels. To mitigate catastrophic events, the OEM recommended a blend, polish and peen procedure of the affected areas at a cost of $1.0 million. In addition, inspection of the generators revealed significant damage to the stator cores beyond what would normally be expected. The cost to complete these repairs was approximately $1.0 million. Also, the first stage of compressor rotating blades and the final two stages of stationary blades were replaced at a cost of $1.5 million and $1.0 million, respectively, also due to mechanical design issues. Throughout the life of the machine, additional non-destructive testing was required to monitor these multiple mechanical deficiencies until such time that the repairs could be completed. The additional cost of
this non-destructive testing was approximately $0.2 million. The Electric Accounting Panel discusses the proposed recovery of the balance in the reserve of approximately $23.2 million as of June 30, 2012 (including these repair costs discussed above) over a three-year period (see Exhibit ___(AP-11)).

Q. Does the Company have a proposal regarding the deferral treatment of the East River Units 1 and 2 Major Maintenance expenses?

A. Please see the testimony of Company witness Muccilo (Electric Accounting Policy) regarding the continuation of the reserve for the East River Units 1 and 2 Major Maintenance expenses.

Q. What is the Company’s position regarding continuation of the one-way downward-only reconciliation of T&D, Electric Production, Shared Services, and Municipal Infrastructure Support capital expenditures?

A. Company witness Muccilo addresses the reconciliation of these capital expenditures.

Q. Does this complete the Panel’s testimony?

A. Yes, it does.