Q. Please state your name, occupation, and business address?

A. My name is Andy Anderson. I am a member of the Board of Directors of the New York Energy Consumers Council, Inc. ("NYECC"), which is located on the 22nd floor at 1 Pennsylvania Plaza, New York, New York, 10119. I have been on the Board of Directors for the past eight years. I am also the Chief Executive Officer at WatchWire, f/k/a EnergyWatch, which is located at 1261 Broadway, Suite 510, New York, NY 10001.

Q. On whose behalf are you appearing in this proceeding?

A. I am appearing on behalf of the New York Energy Consumers Council, Inc. (NYECC), which was created on July 30, 2004 as a result of the consolidation of the Owners Committee on Electric Rates (OCER) and the New York Energy Buyers Forum (NYEBF). NYECC's members represent a broad spectrum of energy buyers, including hospitals, a university, a financial institution, residential and commercial real estate properties, energy service companies, and energy consultants.

Q. Have you previously submitted testimony in a proceeding before the New York State Public Service Commission ("PSC" or the "Commission")?

A. I have not previously submitted testimony to the Commission.

Q. Please describe your educational background and relevant work experience.

A. I graduated from Franklin & Marshall College in Lancaster, Pennsylvania with a Bachelor of Arts degree in Economics and from Columbia Business School in New York, New York with a Master's degree in Business Administration. WatchWire is a private equity backed New York City-based provider of sustainability and energy management software-as-a-service and associated professional services to large commercial and corporate real estate, retail portfolios, industrial energy consumers, municipalities, educational institutions, and more. At Watchwire, I work with more than 800 million square feet of real estate across the United States, including nearly 150 million square feet of office space in New York City, representing more than $3 billion in annual energy spend. Over the past 13 years, I have helped clients manage their energy data in preparation for local, state, and federal benchmarking and performance laws, reduce energy consumption and spend via tariff and procurement optimization, measure and verify energy conservation measures, and participate in numerous sustainability reporting benchmarks, standards, and frameworks, such as ENERGY STAR Portfolio Manager, GRESB, CDP, SBTi, SASB, GRI and TCFD.

Q. What are your responsibilities as a Director of NYECC?

A. As one of NYECC's Directors, I attend and engage with the other Directors and members at NYECC's monthly Board of Directors meetings and other events, I have served on NYECC's Committees, and am providing this testimony as service to the Board and to NYECC's membership. The New York Energy Consumers Council is focused and continues to focus primarily on the needs of energy consumers in Con Edison's service territory.

Q. Do you have any other experience?

Yes, I am an Adjunct Professor at NYU's Center for Global Affairs Master's program, teaching *Energy Management for Portfolios: Putting Policy Into Practice.* I am also a LEED AP O+M, an AEE CEM and CMVP.

Q. Do you have any introductory comments to make as to natural gas rates in Con Edison's service territory as compared with natural gas rates elsewhere in the United States?

A. Yes. Natural gas consumers in New York City and the County of Westchester continue to pay among the highest natural gas rates that consumers pay anywhere else in the continental United States. On March 11, 2022, the Bureau of Labor Statistics of the United States Department of Labor reported that the average price paid in February 2022 by New York area consumers for utility (piped) gas, commonly referred to as natural gas, was $1.538 per therm, 8.8% more than the nationwide average of $1.413. In February 2021, area natural gas prices were 17.5 percent above the national average. The per therm cost for natural in the New York area from 2018 and 2022 for February, for natural gas prices ranged 8.8 to 23.3 percent above the national average. See Exhibit __ (AA-1).

Q. Are you concerned that investors may not look to invest in utility stocks, and in Con Edison in particular, under current stock market uncertainty, if the Commission does not give the Company its requested increase?

A. No, I am not concerned. First, on January 20, 2022, Con Edison declared an increased quarterly dividend of 79 cents a share on its common stock for the 48th consecutive year, the longest period of consecutive annual dividend increases of any utility in the S&P 500 index. See Exhibit __ (AA-2). In doing so, Con Edison continues to remain as a member of the exclusive S&P 500 Dividend Aristocrats index, which is comprised of current members of the S&P 500, who have been paying increasing dividends year after year for at least 25 years. Con Edison is among only three utilities on the list of S&P 500 Dividends Aristocrats. Con Edison is about as consistent a dividend stock as they come with its 100+ years of steady dividends and its 48 years of annual dividend increases, including during the Great Recession of 2007-2010 and again in 2020 and since then with the ongoing coronavirus pandemic. The Company's current dividend yield is an impressive 3.7% exceeding the average dividend yield of the S&P 500 Index by more than double. See Exhibit __ (AA-3).

Q. Please summarize your testimony?

A. The primary focus of my testimony is to emphasize the importance of minimizing the economic burden and bill impact upon natural gas consumers especially many of NYECC's members who are among the largest natural gas energy consumers, located within Con Edison's service territory, and to discuss Con Edison's testimony regarding its proposed increase in the revenue requirement, additional cost burdens to gas ratepayers, and the need for further cost mitigation. In addition, NYECC is concerned that Con Edison's planning and level of preparedness is not yet aligned with the State's public policy objectives as set out in the Climate Leadership and Community Protection Act ("CLCPA") and other State and local mandates because Con Edison continues to anticipate aggressive capital spending on its gas system over the next three to ten years despite Con Edison forecasting declining gas usage over time in response to State and local decarbonization objectives resulting in added costs to ratepayers, stranded assets in the future and delaying the attainment of the goals of the CLCPA and other State and local mandates.

Q. How much of an increase is Con Edison seeking in its revenue requirement in this gas rate case for the rate year ending December 31, 2020?

A. In its original January 28, 2022 filing, Con Edison requested an increase for Rate Year 1 ending December 31, 2020 in the amount of $503 million. In Con Edison's April 8, 2022 preliminary gas update, the Company decreased its previously proposed Rate Year 1 increase amount by approximately $101 million, resulting in a new increase request of $402 million. An approach to mitigate the Company's gas rate request will be necessary and essential in this case as in other previous Company gas rate requests in order to prevent unjust and unreasonable rates to customers. The Company continues to operate as a natural monopoly with its own exclusive service area with apparently little real concern of its obligations to operate within the already significant amount in billions of dollars it receives annually in rates from gas ratepayers.

Q. How much has the Company received and continues to receive in the aggregate in revenue requirement amounts under the

three rate years of the current rate plan in Case 19-G-0066, excluding other operating revenues?

A. In 2020 (rate year one), the total gas sales revenue amount received by the Company was 2 Billion, 42 Million, 983 Thousand Dollars ($2,042,983,000). In 2021 (rate year two), the total gas sales revenue amount received by the Company was 1 Billion, 922 Million, 447 Thousand, 939 dollars, and 87 cents ($2,264,329,000). Finally, for 2022 (rate year three), the Company is unwilling to forecast a dollar amount but instead has stated that actual revenues recorded for 2022 are not yet known and cannot be provided, but that first quarter 2022 financial results will be filed with the SEC in May 2022. Finally, for 2022 (rate year three), the Company is unwilling to forecast a dollar amount, instead it has stated that actual revenues recorded for 2022 are not yet known and cannot be provided, but that first quarter 2022 financial results will be filed with the SEC in May 2022. See Exhibit __ (AA-4). At the end of the current three-year gas rate plan the Company will probably have received in excess of approximately $6 Billion from gas ratepayers in sales revenue.

Q. Does NYECC have concerns that Con Edison's planning and level of preparedness is not yet aligned with the State's public policy

objectives as set out in the CLCPA and other State and local mandates?

A. Yes, it does.

Q. Why does NYECC continues to be concerned that Con Edison's planning and level of preparedness is not yet aligned with the State's public policy objectives as set out in the CLCPA and other State and local mandates?

A. London Economics International LLC ("LEI") was engaged by the New York Energy Consumers Council to review Con Edison's long-term planning for electricity and gas infrastructure in New York City. LEI prepared a report which details its analysis and findings regarding the appropriateness of Con Edison's plans to meet the energy needs of NYC and public policy targets in a practical and cost-efficient manner. LEI's report concludes that while Con Edison, with guidance from the New York Public Service Commission, has undertaken efforts to prepare its transmission and distribution system, there are some areas where Con Edison's planning and level of preparedness are not yet aligned with the State public policy objectives. LEI concludes that Con Edison's planning and capital investment forecasts should account for the uncertainty surrounding future developments by considering a range of load scenarios, retirement of thermal generation, and interconnection of new wholesale supply resources, as these scenarios may reveal transmission and distribution needs earlier than currently planned. Con Edison's planning scenarios must also properly account for potential solar and storage capacity growth within load pockets, and demand-side resource capabilities, as potential alternatives to traditional infrastructure buildout. Finally, the report concluded that Con Edison's aggressive planned gas infrastructure investments should be re-examined given Con Edison's own forecast of declining gas demand in response to the State and local public policy objectives. Exhibit ___ (AA-6).

Q. Would a Company provided prioritized list from the most critical to least critical of the proposed gas capital projects and programs for the rate year (2023) and the subsequent two rate years (2024 and 2025) from the Company be helpful to the Commission in assessing the Company's capital requirements in this rate case?

A. Yes, it would. Unfortunately, the Company objected and did not provide such a list as requested by Department of Public Service Staff. Exhibit ___ (AA-7).

Q. Can the Company defer individual projects or programs without immediate short-term impacts on safety or reliability?

A. This simple question was posed to Con Edison by NYECC, but Con Edison disingenuously failed to answer it. Exhibit ___ (AA-8).

Q. Why do you think Con Edison is being disingenuous in evading and not answering this question?

A. Con Edison is being disingenuous because the Company in other responses to questions goes to great lengths to emphasize the discretion it exercises, but in this instance it does not because it likely perceives it to be disadvantageous to make such an admission.

Q. Can you give an example of the Company emphasizing the discretion it exercises?

A. Yes. The Company has no difficulty emphasizing that a rate plan authorizes a revenue requirement, and the Company has discretion to spend capital money on projects other than those listed in its rate filing when asked about funds that were redirected by the Company. Exhibit ___ (AA-9).

Q. Are you in favor of Con Edison's proposal for the Company being allowed to recover flotation costs associated with the issuance of equity shares with a Company recommended ROE adder of 10 basis points being added to the Company's proposed 10.0% ROE?

A. No, I am not. The Company's shareholders bear the cost of raising equity when flotation costs are not included in the revenue requirement and these costs should be borne by the Company's shareholders and not by the Company's ratepayers. Exhibit ___ (AA-10).

Q. Are you in favor of an ROE between 10 and 10.5% as proposed by Con Edison?

A. No, I am not. When asked the Company could not name any other New York State utility currently receiving an ROE between 10% and 10.5%, inclusive. Exhibit ___ (AA-11).

Q. Do you think it is problematic that the Company has reported to having 90,000 billing exceptions on AMI meters that had to be addressed manually in January 2022 but that the Company has no breakdown of these exceptions by cause?

A. Yes, I do. If the Company does not know and understand the numerous billing exceptions on AMI meters and what is causing them, then it will be difficult to impossible for the Company to reduce such a large number of billing exceptions going forward and the Company needs to be able to reduce this number significantly. Exhibit ___ (AA-12).

Q. Do you agree with the manner in which the Company forecast its property tax rates by making adjustments for the five-year period, which includes three rate years and beyond, by "normalizing" the escalation factor used to forecast property taxes in the outer years to exclude the actual property tax rates for fiscal year 2021/2022 from the five-year average?

A. No, I do not. The actual property tax rates for fiscal year 2021/2022 should not have been adjusted to normalize the escalation factor used to forecast the property taxes in the outer years to exclude the property tax rates for fiscal year 2021/2022 from the 5-year average and instead should reflect the actual decreased Class 3 property tax rate in the 5-year average without any adjustment. Exhibit ___ (AA-13).

Q. Do you have any concerns regarding the Company's plans to target more than ten miles of pipe for replacement solely based on its high-risk project classification at an estimated cost of $51 million in Rate Year 1, $53 million in Rate Year 2, and $55 million in Rate Year 3?

A. Yes. The Company has replaced significantly less than ten miles of pipe solely based on its high-risk project classification during each of the three rate years under the current Con Edison Gas Rate Plan and has spent significantly less under the current Rate Plan, i.e. $7 million in 2020, $26 million in 2021, and $1 million to date in 2022, than what it is projecting to spend in the next three rate years. It is of course no justification that a lesser quantity than necessary was removed under the current rate plan because it does not allocate costs specifically to the replacement of high-risk pipe. Exhibit ___ (AA-14). Apparently, the overall revenue requirement provided to the Company was sufficient for the replacement of this high-risk pipe and no specific allocation was necessary under the current rate plan. One can only presume that had there been more high-risk pipe needed to be removed that the Company would have removed it as a responsible steward of the gas system and would have done so within the allotted revenue requirement. Accordingly, there is no need to parse out a new separate category of funding for the Company for the removal of high-risk pipe which is something the Company currently removes as necessary as part of the revenue requirement that it already receives. The Company is adept at redirecting revenue requirement funding to meet the Company's changing needs whether it is towards the removal of more high-risk pipe or away from the removal of high-risk pipe as the case may be. The Company should continue to remove high-risk pipe as it deems necessary as part of the revenue requirement in receives without the need for a separate funding category which can then serve as the basis for being used elsewhere by the Company in its discretion.

Q. Do you support the Company's proposal for a performance incentive mechanism designed to drive NPAs that provide meaningful achievement and net benefits to customers?

A. Generally, I do. However, the Company appears to be overreaching in some of its proposed components of the incentive proposal and some of these components are not sufficiently defined to evaluate whether they are appropriately included or excluded from the proposal.

Q. What are the key components of the Company's incentive proposal?

A. The Company identifies the four key components as follows: 1. An Initial Incentive where shareholders retain 30% of the Initial Net Benefits, and customers retain 70% as determined by the Societal Cost Test ("SCT") performed prior to NPA implementation; 2. A bounded, Cost-Containment Incentive that rewards the Company for reducing costs during NPA implementation or penalizes it for cost overruns, with a cap such that the Final Incentive cannot exceed 50% of the Initial Net Benefits and a floor of $0; 3. A provision to address a situation in which an NPA project is not able to defer or eliminate the traditional project as initially intended; and 4. Provisions for a change in NPA Portfolio sizing needs for an active NPA project. The Company states that the final performance incentive will be determined when the NPAs conclude. Exhibit __ (AA-15).

Q. Which proposed incentive component(s) do you see as the Company overreaching?

A. Regarding the first component, the customer share should be greater than the 70% proposed and the Company shareholders share should be less than the 30% proposed. A sharing mechanism of customer 80% and shareholder 20% would be more reasonable. Regarding the second component, any proposed Company shareholder share of 50% for any incentive should be rejected as excessive *per se*. However, the proposed penalty provision has retention value as a check against exceeding costs and therefore should be retained and adopted. Given the overly generous sharing mechanism for shareholders proposed in the first component to the Company, which would still be quite generous at a 20% shareholder level, the Company should be sufficiently incentivized to contain costs in the first instance without the need for a shareholders' sharing portion that exceeds 20%.

Q. Which proposed incentive components are not sufficiently defined to evaluate whether they are appropriately included or excluded from the proposal?

A. There is insufficient information provided by the Company on the third and fourth components in order to ascertain whether they are appropriately included or excluded as part of the Company's incentive proposal.

Q. Do you agree with the Company's proposal for a full and symmetrical reconciliation of COVID uncollectible expenses?

A. No, I do not. The Covid-19 pandemic has inflicted significant human and monetary costs and losses to the Company's customers and to all New Yorkers and New York's businesses and entities. It is completely unreasonable to compound those costs and losses on the Company's customers by entertaining a proposal which, unlike any other entity in society, essentially exempts the Company from suffering any costs and losses resulting from the pandemic.

Q. Do you agree with the Company's proposal for a full and symmetrical reconciliation of late payment fees via surcredit/surcharge?

A. No, I do not. The Company should continue to forecast late payment fees and then manage any over or under recovery.

Q. Do you agree with the Company proposed reconciliation for inflation to the extent that actual inflation exceeds the inflation rates assumed in the revenue requirement by a specified threshold, characterized by the Company as hyperinflation?

A. Absolutely not. Once again here, the Company seeks an exemption from the circumstances of the day that no other entity or person would have the audacity to request. As the Company acknowledges, rate case O&M is based on forecasted amounts and the Company is generally expected to manage (rather than reconcile) the higher and lower actuals relative to the forecast and across other O&M items. In addition, the Company could not provide an example as to when a Wage Inflation Reconciliation has ever been requested by Con Edison and granted by the Commission and the terms of any such reconciliation. Exhibit ___ (AA-19). The Company does not explain why 160 basis points above the GDP deflator rate is a circumstance which falls within an acceptable definition for hyperinflation. Exhibit ___ (AA-20). The Company is also proposing inflation reconciliation for non-labor O&M. Exhibit ___ (AA-21). The only time the U.S. has suffered hyperinflation was during the Civil War when the Confederate government printed money to pay for the war. The value of the U.S. currency is not plummeting in foreign exchange markets. The nation's importers are not going out of business as the cost of foreign goods skyrocket. Unemployment is extremely low. Government tax revenues are not falling and government is not having trouble providing basic services. “The current inflation rate shows that the U.S. is nowhere near hyperinflation (it isn't even in the double digits).” Exhibit ___ (AA-22) and Exhibit ___ (AA-23). The Federal Reserve prevents hyperinflation in America with monetary policy. The Fed's primary job is to control inflation while avoiding recession. It does this by tightening or relaxing the money supply, which is the amount of money allowed into the market. Tightening the money supply reduces the risk of inflation. There is no reason to believe that the Federal Reserve would not prevent hyperinflation in America through its use of monetary policy. Exhibit ___ (AA-22) and Exhibit ___ (AA-23). Accordingly, the Company’s proposed reconciliation for inflation is properly rejected.

Q. What are your thoughts regarding the Company’s proposal that if Con Edison incurs any Gas Safety Performance Negative Revenue Adjustments (NRAs) that those funds be used for “incremental gas safety programs to be developed at the Company’s direction, in consultation with Staff” and if the Company were to incur an NRA, in consultation with DPS Staff,

the Company would identify gas safety programs for which that NRA would fund?

A. The Company's proposal misconstrues the purpose for implementing a Negative Revenue Adjustment as a deterrent to not sufficiently observing certain gas safety measures. An NRA is a penalty. The Company knows in advance what it must do or not do or suffer the known consequence. No previous Company NRAs have ever been treated in the manner proposed for good reason. Exhibit ___ (AA-24). The Company's disingenuous novel proposal would convert a Company penalty into a Company reward for bad behavior by giving the Company a say in how its penalty will be spent instead of how currently incurred NRAs are treated, which is to provide a credit to customers through a surcharge. At the very least, adoption of such a misguided proposal diminishes and probably eliminates the deterrent effect served by NRAs in their effect on the Company's bottom line, which is something that always focuses the Company's attention. Accordingly, this Company proposal is properly rejected.

Q. Are there other costs that customers are paying for in addition to whatever the increase in rates will be in this rate case and that should be considered by the Commission in mitigating the size of any rate increase?

A. Yes, there are significant additional costs. For instance, customers are expected to also fund significant cost sums in increasing amounts for each of the three rate years in the New Efficiency New York proceeding for gas energy efficiency, namely, $63,466,778 in Rate Year 1, $68,525,240 in Rate Year 2, and $83,767,648 in Rate Year 3, which totals an appreciable additional customer funding sum of $215,759,666. Exhibit ___ (AA-27).

Q. Do you agree with the Company not incorporating cost savings into proposals for RY1-RY3 because the Company expects near term customer service complications due to abnormal operating conditions that will offset any potential cost savings resulting from these efficiencies, that specifically, the Company expects these complications to arise due to conditions created by the pandemic and the Company's conversion to a new billing system, and that the Company expects customer service interactions to increase as a result of historically high levels of customer arrears during the pandemic?

A. No, I do not. Cost savings should be quantified and tracked separately so that reported costs excluding cost savings are reflective of the transparency between actual costs and actual cost savings. Exhibit ___ (AA-32).

Q. What do you think about the Company's proposed increase in its forecast to $27.8 million of O&M spending for 2023 which is different from the previous forecasted amount of $22.6 million?

A. The Company has not provided adequate support to justify a change from its initial forecast. The Company concedes that forecasted IT costs of $789,000 are not for labor but for non-Oracle CC&B software and colocation costs. In addition, there is no explanation provided as to why the Company anticipates that it will need 344 temporary employees during the peak staffing period in April and May 2023 when the previous forecast of 317 temporary employees for the same time period was sufficient other than to say the change is due to the need for additional customer service back office and customer accounting functions and additional supervision to maintain operational performance of the temporary support. It is not transparent to exclude categories of individuals that the Company should include in its forecast if it in fact believes there is any possibility they may need them and have this serve as a disingenuous justification for increasing costs to ratepayers at some later time. Exhibit ___ (AA-33).

Q. Do you think that customers should have to pay the higher O&M costs for 2023, 2024 and 2025 which impact the project's payback period contained in the Customer Service System

Business Plan, which impacts the project's cost-benefit calculation, and extends by 24 months the payback period for the new CSS investment due to the O&M increase?

A. No, I do not. Shareholders and not customers should be held responsible for any higher costs resulting from any changes to the project's payback period contained in the Customer Service System Business Plan, which impacts the project's cost-benefit calculation, and extends the project's payback period by 24 months. (Exhibit ___ (AA-34).

Q. What do you think about the Company's failure to attribute a reason for the drastic difference in the number of methane sensor technology alarms that number in the hundreds in Westchester versus significantly smaller numbers in the New York City boroughs listed for 2020-2022?

A. From 2020 to 2022, 87% (745 of 860) of all methane sensor technology alarms occurred in Westchester County. While the Company should be doing whatever it can to eliminate all such alarm occurrences, the Westchester number is so disproportionately large relative to the New York City boroughs that the Company should be asking why the number is so large in Westchester and why the numbers are so low elsewhere and actively planning to reduce the

Westchester numbers to at least match the lower numbers elsewhere. Exhibit ___ (AA-37).

Q. Do you agree with the Company's proposal to significantly increase the various block rates for interruptible rate customers?

A. I strongly disagree. The Company is proposing to increase the over 3000 therms interruptible block rate (the highest block rate) for residential and non-residential customers by an astounding 30.6% and 31.6%, respectively. The Company is also proposing to increase the next 2910 therms interruptible block rate (the intermediate block rate) for residential and non-residential customers by an equally astounding 24.5% and 22.8%, respectively, as well as the next 87 therms interruptible block rate (the lowest block rate) for residential and non-residential customers by a similarly high 19.5% and 18.2%, respectively. Exhibit ___ (AA-41). NYECC believes that the Company's proposal not only threatens system reliability but that the Company is significantly undervaluing interruptible customer participation and the long-term benefits afforded to the Company and to firm customers through long term avoided costs, including costs associated with construction and/or purchase of long term capacity resources to serve additional load. Historically, interruptible rates have helped ensure that utilities such as Con Edison can maximize the utilization of system resources. When colder weather, pipeline curtailments, or other factors reduce supply capability, often concurrent with increased customer demand, the Company's ability to interrupt customers who have the capacity to shift to other fuel, ensures that the needs of firm customers can be met without oversizing the Company's distribution system. Con Edison continues to anticipate the need for natural gas use in its system in the coming years. The Company's proposed changes significantly undervalue interruptible customer participation in the short term by charging interruptible customers rates higher than is reasonable and does not take into account the costs to interruptible customers of interruptions of lost production, increased operating costs, the costs of preparing for interruptions and responding to interruptions. Con Edison's proposed changes discourage interruptible customer participation and will result in drastically reducing an essential resource for management of the Company's load in emergencies. Accordingly, NYECC favors maintaining interruptible rates at their current levels to continue to take into account both the long-term and short-term benefits afforded to both the Company and its firm rate customers.

Q. Are you in favor of Con Edison's proposals for Company incentives, also known as, Earnings Adjustment Mechanism or EAMs?

A. Perhaps, if the incentives are reasonable in scope and amount and only for items for which the Company is not already receiving compensation in rates and only for items that are within the Company's control and effort. Con Edison should not be provided incentives for pre-existing obligations to its customers for which it is already being compensated for in rates, nor should it be compensated for items beyond the Company's control and efforts. This obligation to provide safe and reliable service to customers at just and reasonable rates does not entitle the Company to any double recovery in both rates and incentives, nor for the efforts of other parties acting independently of the Company. If the Company does not properly plan and allocate the just and reasonable resources allotted to it by the Commission, as required, then there is significant value in the Company and its shareholders knowing that the consequences for such failures, include that the Company's ratepayers will not be asked by the Commission to pay for such failures, especially during an existing rate plan. Any measures used for incentives should be objectively reasonable. In any limited circumstance where customers are asked to bear such costs, they should be related to exceptional utility service and performance, within the Company's control and effort, which is beyond what is expected and afforded in rates and costs should be reasonably limited. Ratepayers should never be treated as an inexhaustible source of revenue and/or incentives for the utility resulting in unjust and unreasonable rates. The Commission should consider eliminating additional EAMs that it finds are not needed as it did with the interconnection EAM in Case 16-M-0429 on April 18, 2019.

Q. Is Con Edison also seeking an increase in its revenue requirement in this gas rate case for the additional rate years ending December 31, 2024 and 2025?

A. Yes, while the original Company filing was for a one-year rate plan, it intends to explore multi-year rate plans in settlement discussions with interested parties. The originally proposed increases for two additional rate years in gas were $234 million in Rate Year 2 and $218 million in Rate Year 3. In Con Edison's April 8th preliminary gas update, the Company decreased its previously proposed increase amount for Rate Year 2 by approximately $29 million, resulting in a new increase request for Rate Year 2 of $205.124 million, and decreased its previously proposed increase amount for Rate Year 3 by approximately $42 million, resulting in a new increase request for Rate Year 2 of

$176.079 million. Accordingly, based upon the latest amounts proposed by the Company, the very significant cumulative three-year impact of the Company's rate increase request on gas ratepayers is approximately $1.8 billion, which is nearly twice the previous cumulative three-year impact of $1 billion, which ratepayers are paying under the current 2020-2022 Rate Plan.

Q. Are there other proposed Company increases to the revenue requirement that NYECC opposes?

A. Yes, NYECC opposes the Company's proposed increases to the revenue requirement for categories of expenses that have not previously been the responsibility of ratepayers and have not previously been part of the Company's revenue requirement. In other words, NYECC is opposed to shifting of cost responsibilities formerly paid by others, including shifting of cost responsibilities from shareholders to ratepayers.

Q. Are there other measures that you think the Company should take in order to reduce the cost burden on ratepayers in this rate case?

A. Yes. Early on in this proceeding, now more than three months ago, NYECC inquired into the Company's efforts to secure funding available from the $1.2 Trillion bipartisan Infrastructure Investment and Jobs

Act ("IIJA") which was signed by President Biden on November 15, 2021. At that time the Company stated its understanding that funding opportunities will be available for reliability, resilience, and smart grid projects, that after the Department of Energy publishes guidelines, and after consultation with the Department of Public Service, the Company will determine which programs and specific projects to pursue funding for, and that because the process is competitive, the Company cannot guarantee that its applications will be successful, but that the Company will provide updates to the rate case parties as necessary and appropriate during this case. It has been six months since the historic $1 trillion bipartisan IIJA was signed into law, and many competitive funding application programs are now opening. Of the key IIJA funding programs that utilities and their partners will be eligible for this year, the first Notices of Funding Opportunity (NOFO) windows are already open (clean buses, ferries, electric vehicle charging infrastructure). Additional NOFO windows will open through this summer (clean hydrogen, energy storage) and into the fall (grid flexibility, grid resiliency). Similar to the 2009 American Recovery and Investment Act (ARRA), the NOFOs are expected to have a 90-day grant application window. Exhibit ___ (AA-42). No Company update to the rate case parties has been provided to date. The Company should be applying and putting every substantial effort into filing applications for all of these relevant rate case issues especially those areas for which funding is sought in the instant rate case so that the burden on ratepayers is eased as much as possible.

Q. Is there any other federal funding resource that ratepayers should benefit from besides the Infrastructure Investment and Jobs Act?

A. Yes, under the CARES Act, the Company has received a total of $15,139,318 (Electric $11,748,111, Gas $2,414,721, and Steam $976,486) for the Employee Retention Credit. These funds are properly credited for the benefit of customers. The Company does not explicitly acknowledge these are funds for the benefit of customers stating that the Company may defer amounts for customer benefit/customer collection that meet a 10 basis point annual threshold under the new laws and regulations provision in the Company's current rate plans, and that the total credits the Company received are under the ten basis points threshold. If the customers were to receive the Employee Retention Credits, then the RY1 revenue requirements would have been approximately $4.7M and $1M lower for Electric and Gas respectively, compared to the filed Update. Exhibit

___ (AA-43). NYECC believes these funds should be used in this manner to mitigate any rate increase.

Q. What do you think about the Company's proposal to transition from focusing on an independent Business Cost Optimization ("BCO") program to integrating optimization approaches developed under BCO to normal business planning and operation?

A. The current BCO program is transparent in segregating and quantifying cost savings for customers. It appears that the proposed change will lead to opacity regarding cost savings because there will be no segregating and quantifying the cost savings for customers. Therefore, maintaining the current BCO program makes more sense from the perspective of measuring cost savings for customers.

Q. Does this conclude your testimony?

A. Yes.