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## Environmentalists warm to ConEd rate hike

By **Tom Fredrickson**

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Consolidated Edison's request for a 17% rate increase over three years for residential customers won appreciation from environmentalists but skepticism from rate payers.

Businesses would incur a 10.7% rate hike. Most of the increases, beginning in April 2008, would be used to finance about \$6 billion of capital expenditures.

Environmentalists applaud Con Ed's intention to address a projected shortfall in electrical supply in part by investing in energy conservation. The utility said a reduction of 500 megawatts of demand would result from new conservation initiatives. In addition, Con Ed said, several hundred more megawatts would be conserved by conservation investments that have already started.

"The good news on energy efficiency is the company is finally going to move aggressively on that front," says Ashok Gupta, air and energy coordinator for the Natural Resources Defense Council.

Conservation initiatives would include \$340 million for smart meters. Currently, meters are typically read on a monthly basis for most customers. Smart meters would enable customers to save money by reducing consumption during peak demand, thereby reducing overall consumption and strain on the system.

Most of the increase, however, would be dedicated not for conservation but for improvements to Con Ed's distribution system. Last year, a large-scale blackout in Queens pointed to deficiencies in Con Ed's equipment, though executive decision making was also cited by the Public Service Commission.

Politicians and consumer advocates criticized what they called one of the biggest rate hike requests they've ever seen. Analysts say the rate hike will likely end up being much lower.

Catherine Luthin, president of Luthin Associates, which intervenes in rate cases on behalf of hospitals and universities, said the request seemed very high given the spending that Con Ed has already made on system upgrades. Under Con Ed's last rate case, covering the years 2005 through 2007, Con Ed received approvals to spend \$2.47 billion as well as \$250 million for conservation programs.

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