



Con Edison Announces Public Service Commission Approval for Comprehensive Agreements to Significantly Lower Electric and Gas Delivery Rates, Stabilize Steam Rates and Spur Economic Development

November 28, 2000

Electric Agreement Also Calls for Approval of Merger with Northeast Utilities

New York, N.Y. – Consolidated Edison Company of New York, Inc. (Con Edison) [NYSE: ED] announced today that wide-ranging agreements to reduce electric and gas rates, lower customers' bills and stabilize steam rates have been approved by the New York Public Service Commission (PSC). The electric agreement also increases protections for low-income customers and continues the company's strong reliability and customer service programs.

"These agreements will provide significant long-term savings to our electric, steam and gas customers," said Eugene R. McGrath, Con Edison's chairman and chief executive officer. "As the newly competitive energy industry continues to evolve, we will be ensuring that customers will see a decline in energy delivery rates well into this decade. The agreements will also provide us with the financial capability to maintain and strengthen our service delivery systems in all of our operations."

ELECTRIC AGREEMENT ([click here](#) to review financial highlights of electric agreement)

Under this agreement, the company would extend by three years, to 2005, the Electric Restructuring Agreement approved by the PSC in 1997, and provide about \$1.5 billion of rate benefits to customers in addition to the more than \$1.1 billion provided for in the 1997 agreement. The typical New York City residential customer will save approximately \$50 annually, while the typical small commercial customer will save about \$100 annually and the somewhat larger commercial customer will save about \$1,000 a year.

This newest round of rate reductions is scheduled to become effective in two stages. Rates for distribution service will be reduced by \$170 million, effective October 1, 2000, and will be reduced by an additional \$209 million on April 1, 2001. The 1997 restructuring agreement had provided for a 10 percent reduction in total retail rates. The proposed rate reductions in this agreement equate to a decrease in retail distribution rates of 16.8 percent.

The agreement will continue the company's programs to facilitate and encourage conservation and end-use energy efficiency and spur economic development through an expansion of the business incentive rate program.

"We are taking significant steps in this agreement to provide assistance to our low-income customers to help them manage their budgets in this rapidly changing marketplace," said McGrath. He noted that the expanded business incentive rate program will contribute to the current robust economic climate throughout the company's service territory by helping to attract new businesses and retain existing ones. Effective April 1, 2001, approximately 200 megawatts of additional capacity will become eligible for business incentive rate discounts.

NORTHEAST UTILITIES MERGER

The PSC also gave its approval for Con Edison's pending merger with Northeast Utilities. The agreement provides that \$18.5 million, representing about one-half of the anticipated savings from the merger applicable to Con Edison's electric customers, be returned to those customers annually starting April 1, 2001, assuming that the merger is completed by that date.

GAS AGREEMENT ([click here](#) to review financial highlights of gas agreement)

In addition, Con Edison's gas customers will benefit from a one-year agreement that will reduce their bills by approximately \$42.6 million from December 2000 through March 2001. This reduction applies to all gas customers who rely solely on gas for heating, cooking, and other non-heating uses, known as firm customers, regardless of whether they buy gas from Con Edison or from an energy marketer.

Con Edison will reduce the delivery portion of customers' gas bills between December 2000 and March 2001 by 16 percent, for a total savings of \$90, for a typical residential heating customer, and by 19 percent, for a total of \$265, for a typical commercial heating customer.

"It will be easier for our customers to manage their winter heating bills thanks to our effective cost-cutting, along with programs like level billing," McGrath said.

Con Edison is able to provide the bill reductions by lowering its delivery charges by \$20 million and by accelerating over the winter season \$22.6 million in credits that would normally be returned to firm customers over a 12-month period. The settlement also advances the company's efforts to promote competition by providing incentives to energy marketers and customers who participate in Con Edison's Gas Retail Choice program.

STEAM AGREEMENT ([click here](#) to review financial highlights of steam agreement)

The steam agreement provides long-term price stability for Con Edison's steam customers, which include hospitals, office buildings and apartment complexes. Following an initial average increase of about four percent, steam base rates will be frozen until September 30th, 2004.

"This provision gives our steam customers more certainty about their energy costs for several years, while ensuring that we will be able to attract the investment needed to maintain and reinforce our steam system infrastructure," McGrath said.

Con Edison is a subsidiary of Consolidated Edison, Inc., one of the nation's largest investor-owned energy companies, with approximately \$9 billion in annual revenues and \$16 billion in assets. The utility provides electric, gas and steam service to more than three million customers in New York City

and Westchester County, New York. For additional financial, operations and customer service information, visit Con Edison's web site at www.coned.com.

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