

Con Edison O&M; Expense Summary – Test Year Analysis

Overview

Con Edison has proposed an increase in Operating & Maintenance (O&M;) expenses for the upcoming test year. The company attributes the increase to inflationary pressures, workforce adjustments, and higher property maintenance requirements.

Key Drivers of the O&M; Increase

1. Inflation: ConEd cites general inflation of 4.2%, which affects material costs, contractor labor, and purchased services.
2. Workforce Adjustments: Additional staffing needed for safety compliance, modernization projects, and customer operations.
3. Property Maintenance: Aging infrastructure requires increased spending on substations, feeders, and overhead systems.
4. Storm Hardening: New investments in storm resilience contribute to higher forecasted O&M;.

Comparison With Prior Years

- The prior year actual O&M; expenses were \$2.31 billion.
- The proposed test year O&M; is \$2.55 billion, representing a 10.4% increase.
- The largest increases are in field operations (+12%), property maintenance (+15%), and environmental compliance (+9%).

Justification Summary

ConEd states that the test year increase is necessary to maintain system reliability, meet regulatory safety requirements, and prevent service disruptions. The company also notes that a portion of the increase reflects deferred maintenance from the prior two years.