

PSC NO: 11 – Electricity  
Consolidated Edison Company of New York, Inc.  
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## ECONOMIC DEVELOPMENT DELIVERY SERVICE

### Additional Delivery Charges and Adjustments - Continued

#### D. Smart Grid Projects

A Smart Grid Surcharge is applicable to service under this Rate Schedule to reflect costs to be collected for approved Smart Grid projects, as directed by the Public Service Commission in Case 09-E-0310. Costs will be collected for each project based on the date that each unit of project work is placed or expected to be placed in service, except for costs associated with the Smart Grid Demonstration Project, which will be collected over a five-year period.

The total amount to be collected by the Company under this Rate Schedule, the Schedule for Electricity, and the PASNY Rate Schedule is composed of the incremental revenue requirement associated with the Company's capital and operating expenditures for Smart Grid projects. The revenue requirement includes incremental depreciation, taxes, and operating expenses (including incremental direct and associated indirect costs and contractor costs) for Smart Grid projects and a return on capital, adjusted for annual operational savings or other benefits once a project is placed in service. Customers' share of project costs excludes grants received in connection with these projects, such as grants received from the U.S. Department of Energy under the American Recovery and Reinvestment Act and, if received, a grant from the New York State Office of Science, Technology and Academic Research under the 10% State Innovation Economy Matching Grant Program.

The initial portion of the total amount to be collected will be recovered over the five-month period commencing November 2010 and will reflect the incremental revenue requirement associated with the units of project work that were placed in service plus the incremental revenue requirement associated with the units of project work that are expected to be placed in service through March 2011 as well as a portion of the Demonstration Project costs. Commencing April 2011 and every twelve months thereafter, the portion of the total amount to be collected will be revised to reflect the incremental revenue requirement associated with the units of project work that were placed in service prior to the surcharge period plus the incremental revenue requirement associated with new units of project work expected to be placed in service over the next twelve-month period and additional portions of the Demonstration Project costs. In addition, the amount to be collected over the annual period commencing April of each year will contain an adjustment for prior periods to reflect the difference, with interest (calculated at the Company's authorized pre-tax rate of return), between the incremental revenue requirement for actual project work that was placed in service and the amount collected.

Issued by: Robert Hoglund, Senior Vice President & Chief Financial Officer, New York, NY