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Consolidated Edison Company of New York, Inc.
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December 1, 2017

Hon. Kathleen Burgess
Secretary
State of New York
Public Service Commission
Three Empire State Plaza Albany,
NY 12223-1350

RE: Case 17-G-XXXX, Daily Delivery Service Modifications

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") hereby submits for filing with the Public Service Commission (the "Commission") tariff leaves proposing revisions to its Schedule for Gas Service, P.S.C. No. 9 – Gas (the "Gas Tariff"). The revised tariff leaves are proposed to become effective on April 1, 2018. Appendix A to this filing letter contains the revised tariff leaves that are being filed herewith.

Reasons for Proposed Tariff Modifications

Since 2014, Con Edison has been meeting periodically with Department of Public Service Staff ("Staff") and gas marketers serving firm transportation customers in the Company's service territory ("Gas Marketers" or "Marketers") to discuss transportation and balancing issues relating to the Company's gas retail access firm transportation monthly balancing program. As a result, Con Edison first filed a pilot Managed Supply Service ("MSS") program that became effective on January 1, 2016. Con Edison continued to meet with Gas Marketers and Staff, which resulted in the development and Con Edison's filing of the Daily Delivery Service ("DDS") program for Gas Marketers in July 2016. When the DDS program became effective on November 1, 2016[1], it replaced the Company's existing Firm Balancing Programs (*i.e.*, its Load Following Service and Managed Supply Service). The DDS program

[1] Case 16-G-0406, Order Approving Tariff Amendments, issued and effective October 17, 2016.

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consists of the following three tiers: Tier 1 – Mandatory Capacity Release; Tier 2 – Managed Supply (Storage); and Tier 3 – Peaking. Under the DDS program, the Company provides Gas Marketers with daily delivery quantities that are needed to meet the forecasted gas consumption of their respective aggregated customers based upon an equation that uses the forecast day-ahead temperature and the Gas Marketer's customers' temperature-dependent profiles.

After implementation of the DDS program, the Company, as directed by the Commission's October 17, 2016 Order, continued to meet with the Gas Marketers and Staff to gather additional information in order to refine the DDS program. On July 3, 2017, the Company filed modifications to the DDS program based upon information obtained from the Gas Marketers in the course of those meetings and in response to specific requests received from the Gas Marketers before, during and after those meetings. The Commission approved the Company's modifications to the DDS program in an Order dated October 25, 2017.[2]

After the July 3, 2017 filing, the Company held additional meetings with the Gas Marketers and Staff to further enhance the DDS program. Now, based upon additional information obtained in those meetings and specific requests received from the Gas Marketers after July 3, 2017, the Company is proposing to further modify its DDS program by adding a 12-month mandatory pilot program to release to Marketers certain of the Company's physical storage assets as described below. (The Company also is removing both the Winter Bundled Sales Service (WBSS) program and the Managed Supply Service (MSS) program from the Gas Tariff because these programs have been discontinued and are no longer being offered by the Company.)

Summary of Proposed Tariff Changes

The following is a summary of Con Edison's proposed changes to the Gas Tariff in order to further modify its current DDS program in response to input received from the Gas Marketers.

- The Company is proposing a twelve-month mandatory pilot program to become effective April 1, 2018 under which the Company will release to the Marketers and/or their Agents certain allocations of the Company's physical storage assets and associated pipeline capacity described below. Under the new pilot program, Tier 2 Managed Supply (Storage) will be divided into Tier 2(A) - Virtual Storage and Tier 2(B) - Physical Storage. The Tier 2(B) - Physical Storage pilot will consist of a 12 percent allocation of the Marketer's (and/or their Agent's) Tier 2 Managed Supply (Storage) assets. These assets will be released to Marketers and/or their Agents and will be managed by them on a daily basis. Marketers will have access to the released storage and associated pipeline capacity for a full year from the date of the releases to them. Any Marketer and/or its Agent, whose volume releases do not meet the minimum releases of the storage field operator, will be completely serviced under the Tier 2(A) - Virtual Storage.

[2] Case 17-G-0405, Order Approving Tariff Amendments, issued and effective October 25, 2017.

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- Marketers and/or their Agents will schedule their injections and withdrawals of gas directly with the storage field operators and pipeline companies. Marketers will be required to pay storage field operators and associated pipeline companies directly for all Tier 2(B) capacity charges; and the Marketers will pay at the same FERC/negotiated rates that the Company would have paid to the storage field operators and pipeline companies had the Company not made the releases to the Marketers and/or their Agents. The Marketers and/or their Agents must also abide by the governing tariff provisions and operating procedures of the storage fields and pipelines. Each Marketer's Tier 2(B) storage capacity allocation will remain constant over the twelve-month period of the release unless a Marketer and/or its Agent loses a significant number of customers as explained in the revised Gas Tariff.

- Marketers will receive their allocated storage field capacity empty and must return the capacity empty at the end of the 12-month release period. The Marketers will also be required to purchase their own gas commodity from third party suppliers. Any residual gas left in storage by a Marketer at the end of the 12-month release period will be purchased by the Company from the Marketer at a discount (as stated in the revised Tariff Leaf No. 386.2.2) and will be included in the Companies'[3] average gas inventory cost.

- Tier 2(A) - Virtual Storage will consist of the remaining unallocated portion of the Tier 2 Managed Supply (Storage) assets (88%) and will continue to operate in the same manner as the current Tier 2 Managed Supply (Storage) service. If a Marketer and/or its Agent loses a significant number of Customers, the Company will reduce or fully recall the Tier 2(A) and/or Tier 2(B) capacity (but will first recall and adjust the Marketer's and/or its Agent's Tier 2(A) – Virtual Storage allocation before it adjusts the Marketer's 2(B) - Physical Storage release allocation).

- The payments that the Gas Marketers make directly to the storage field operators or pipeline companies for their released Tier 2(B) capacity are required to be credited to the Company by the storage field operator or pipeline company on the their respective invoices to the Company. The credits received by the Company will be used to reduce the Company's fixed gas costs. If a Marketer fails to pay the storage field operator/pipeline company for any charges and the Company receives less than its entitled credit from the storage field operator or pipeline company, the Marketer will have five business days to reimburse the Company for all such amounts plus interest. The Company, at its sole discretion, may remove a Marketer and/or its Agent from the Tier 2(B) - Physical Storage Program, if the Marketer does not remedy the non-payment(s).

- The WBSS program, which was in effect from December 1, 2016 through March 1, 2017, has expired and is being removed from the Tariff.

- The MSS program, which was in effect from January 1, 2016 through March 31, 2016, has expired and is being removed from the Tariff.

[3] As defined in the CECONY Tariff.

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After the proposed Tariff revisions are approved by the Commission, the Company will make a Gas Transportation Operating Procedure ("GTOP") Manual filing that will provide additional information concerning the Tier 2(B) - Physical Storage program changes described above.

Conclusion and Notice

The Company will provide for public notice of the tariff changes proposed in this filing by means of newspaper publication once a week for four consecutive weeks prior to the effective date. Enclosed is a proposed form of Notice of Proposed Rule-Making for publication in the State Register pursuant to the State Administrative Procedure Act.

Sincerely,

/s/ William A. Atzl, Jr.
Director
Rate Engineering Department

Enclosures (Appendix A and SAPA Notice)

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Appendix A

PSC No. 9 Gas: List of Tariff Changes

Leaf No.	Revision No.	Superseding Rev. No.
155.1	6	5
156	20	19
157	13	12
158	14	13
164	12	11
165	14	13
181	19	18
362	14	13
386	5	4
386.1	3	2
386.2	3	2
386.2.1	0	
386.2.2	0	
386.2.3	0	
386.3	2	1
386.4	2	1
386.5	0	
388	7	6
389	9	8
389.1	12	11
389.2	10	9
390	13	12
394	3	2