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Consolidated Edison Company
of New York, Inc.
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January 29, 2020

Honorable Michelle L. Phillips
Secretary
New York State Public Service Commission
3 Empire State Plaza, 19th Floor
Albany, New York 12223

RE: Case 19-G-0066, Con Edison's Gas Rate Case

Dear Secretary Phillips:

Consolidated Edison Company of New York, Inc. ("Con Edison") is filing with the Public Service Commission (the "Commission") amendments to its Schedule for Gas Service, P.S.C. No. 9 - Gas (the "Gas Tariff"), applicable to its customers in the City of New York and the County of Westchester.

The tariff amendments are issued with an effective date of February 1, 2020. The specific Gas Tariff leaves being revised are identified in Appendix A.

Reason for Filing

The Commission's Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plan, issued and effective January 16, 2020, in Cases 19-E-0065, and 19-G-0066 (the "Order"), adopted the Joint Proposal ("JP") set forth in Appendix A to the Order.

The Order provides for a three-year gas rate plan ("Gas Rate Plan") in which Rate Years ("RY") 1, 2 and 3 are the twelve-month periods commencing January 1, 2020, January 1, 2021 and January 1, 2022, respectively. Under the Gas Rate Plan, the gas delivery service revenue requirement is increased by $47.2 million (which includes gross receipts tax) in RY1, and will be increased an additional $176.3 million and $170.3 million in RY2 and RY3, respectively. The revenue requirements are levelized during the three years to provide rate stability over the term of the Gas Rate Plan.[1]

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[1] The annual levelized rate changes would result in higher base rates at the end of the three-year term of the Gas Rate Plan than they would otherwise be under a non-levelized approach. Therefore, if the Company does not file for new rates to be effective January 1, 2023, the Company will make a compliance filing by December 1, 2022 to set rates effective January 1, 2023 at a level designed to produce non-competitive delivery base rate revenues on an annual basis that are lower by $20.89 million. The Revenue Decoupling Mechanism targets for the Rate Year commencing January 1, 2023 will also be reduced by $20.89 million.

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Revenue Allocation and Rate Design

Gas Revenue Allocation

The revenue allocation for firm customers is described in Appendix 21 of the JP. Table 1 of Appendix 21 summarizes the changes in delivery revenues by Service Classification ("SC"), including the components of the revenue changes.

The percentage changes in revenues and bill changes for the firm service classes are shown in Appendix B.

Rate Design

FIRM:

Appendix 21 of the JP describes the rate design process for firm customers, for which major items are summarized below:

The minimum monthly charges for the firm service classes were increased as follows:

(a) The SC 1 and corresponding SC 9 minimum charge increased from $23.70 to $24.00, $26.00 and $27.70 in RYs 1, 2 and 3, respectively.
(b) The SC 2 Rate 1 and SC 2 Rate II and corresponding SC 9 minimum charges increased from $30.45 to $31.00, $32.90 and $34.80 in RYs 1, 2 and 3, respectively.
(c) The SC 3 and corresponding SC 9 minimum charge increased from $20.40 to $21.50, $22.60 and $23.80 for RYs 1, 2 and 3, respectively.
(d) The SC 13 and corresponding SC 9 minimum charge increased from $52.20 to $53.14, $56.40 and $59.66 in RYs 1, 2 and 3, respectively.
(e) The Rider J minimum charge applicable to:
    - SC 1 and its corresponding SC 9 rate, was increased by the same percentage increase as the SC 1 minimum charge and increased from $24.00 to $24.30, $26.30, and $28.00 in RYs 1, 2, and 3, respectively; and
    - SC 3 and its corresponding SC 9 rate, was increased by the same percentage as the SC 3 minimum charge and increased from $37.00 to $39.00, $41.00, and $43.20 in RYs 1, 2 and 3, respectively.
(f) The Rider H minimum charges were increased by the same percentage increase as the SC 2 Rate I minimum charge and are set forth in the table below.

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DG Capacity	RY1	RY2	RY3
<= 0.25 MW	$165.73	$175.89	$186.10
> 0.25 MW and <= 1 MW	226.52	240.41	254.30
> 1 MW and <= 3 MW	450.66	478.29	505.90
> 3 MW and < 5 MW	600.67	637.49	674.30
>= 5 MW and < 50 MW	90.98	96.56	102.10

- The Billing and Payment Processing Charge was increased from $1.20 to $1.28 per bill for a single service customer and from $0.60 to $0.64 for a dual service customer.

NON-FIRM:

In addition to the firm rate changes, sections of the Gas Tariff related to non-firm rates have been modified to reflect the following changes to customers taking Interruptible Service under SC 9 Rate B and SC 12 Rate 1:

- Interruption by means of temperature control device will be eliminated and all customers will be required to be notification customers effective November 1, 2020.

- The volumetric block rate structure was changed to align with the SC 2 and SC 3 firm volumetric block rate structure, i.e., 4-90 therms, 91-3,000 therms and > 3,000 therms. Separate volumetric rates will be maintained for non-residential and residential customers and the non-residential delivery rate for customers fully exempt from the petroleum business tax has been eliminated. The volumetric block rates are set at 70% of each of the SC 2 Rate 2 volumetric block rates for non-residential customers and 70% of each of the SC 3 volumetric block rates for residential customers. The monthly minimum charge will remain at $100. The minimum volumetric rate of one cent per therm was eliminated.

- The annual interruptible reconciliation has been eliminated and a final reconciliation will be performed for the eight-month period ended January 31, 2020.

Other Tariff Changes

Tariff Changes were made in accordance with the Order.[2] Major changes are described below:

- Low Income Program under Rider E applicable to SC 1 and SC 3 customers: (a) The annual low income program funding was increased from $10.9 million to $24.6 million; (b) the low income reconnection fee waiver program will continue in each RY until the target cost of $75,000 is reached in that RY, except the limit of one fee waiver per RY per customer has been eliminated; and (c) the difference between the low income program costs embedded in rates

[2] The Company will make a separate compliance filing to reflect the changes to the Interruptible and Off-Peak Firm balancing provisions, as described in Appendix 25 to the JP, prior to the November 1, 2020 effective date.

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and low income discounts provided to customers will continue to be reconciled through the Monthly Rate Adjustment ("MRA").[3]

- Monthly low income discounts were increased for all four tiers under Rider E as follows: For SC 1, Tiers 1-4 increased from \$3 to \$7 and for SC 3, Tier 1 increased from \$50 to \$60, Tier 2 increased from \$50 to \$66, Tier 3 increased from \$56 to \$87 and Tier 4 increased from \$50 to \$73.
- Due to the extension of the Case 19-G-0066 suspension period, Customers who were enrolled in the Company's Low Income Program as of January 31, 2020, will receive a one-time credit during the March 2020 billing cycle month.

- Rider D (Excelsior Jobs Program or "EJP"): Changes were made to specify the EJP discounts under this Rider applicable to customers based on their rate class and the date on which they commence service. The percentage discounts were updated for customers who commence service under this Rider on or after February 1, 2020, and are set at 42% for SC 2 Rate I and 0% for SC 2 Rate II.

- System Benefits Charge ("SBC") transfer to Base Rates: The SBC provisions under General Information Section IX.16. and under Rates (J) (9) under SC 9 were modified to exclude from recovery through the Energy Efficiency Tracker Surcharge costs associated with programs funded through base delivery rates.

- Tax Sur-credit: The Tax Sur-credit provision under General Information Section IX.17. was modified to indicate that tax sur-credits will no longer be provided.

- New York City and Westchester Area Growth Programs: The New York City and Westchester Area Growth Programs under General Information Sections III (J) and (K), and references to these programs throughout the tariff have been eliminated.

- Emergency Electric Generators: The Emergency Electric Generators provision under General Information III.3.(H) was modified to specify the conditions under which residential customers with a maximum of four dwelling units who desire to install a new service line for the sole purpose of supplying an emergency electric generator are permitted to do so in an area subject to a moratorium on new gas connections.

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[3] The Joint Proposal provides that continuation of the Low Income Program beyond December 31, 2022 will be contingent on the continuation of full cost recovery through the MRA or an equivalent mechanism. Subject to the Commission's low income proceeding, the Company will propose to continue such adjustment or equivalent mechanism in any filing for rates beyond December 31, 2022.

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- Changes due to the implementation of Advanced Metering Infrastructure ("AMI"):
    a. A definition for "AMI meter" was added to General Information Section II, Definitions and Abbreviations of Terms Used in this Rate Schedule.
    b. The definition for "Actual Reading" was modified in General Information Section II to reflect that a remote meter reading is considered an actual reading.
    c. A definition for "Interval Meter" was added to General Information Section II. to mean a meter with communications capability that records gas usage in increments of 60 minutes or less and includes AMI meters as well as legacy interval meters. The Company also added a definition for "Interval Metering" to mean the measurement of customer gas usage by means of an Interval Meter.
    d. General Information Section III.5.(B) was modified to add "as applicable" to language related to equipment costs.
    e. Miscellaneous Provisions Section F (2) under SC 9 was modified to add "as applicable" to specify that firm transportation customers with annual requirements of at least 35,000 therms will not be responsible for metering and communications installation costs if AMI is available.
    f. Miscellaneous Provisions Section O under SC 9 was modified to exempt SC 9 customers with an AMI meter from the on-site meter reading charge.
    g. Miscellaneous Provisions Sections E and F under SC 12 were modified to exempt SC 12 customers with an AMI meter from installing and maintaining a dedicated customer phone line.

- Uncollectible Bill Factor ("UB") associated with the Gas Cost Factor ("GCF") and the MRA: The UB factors associated with the GCF and MRA are each reconciled to a system UB factor of 0.46 percent. The residential UB factor was set at 0.72 percent, and the non-residential UB factor was set at 0.28 percent.

- Revenue Decoupling Mechanism Adjustment ("RDM"): General Information Section IX.14 was modified to reflect (a) the inclusion of SC 1, and its transportation equivalent under SC 9, in the RDM; (b) the change in the RDM methodology from a revenue per customer to a revenue per class methodology; and (c) the elimination of the low income adjustment to actual delivery revenue for the Rate Year commencing January 1, 2017. Customers taking service under Rider J will continue to be excluded from the RDM, including customers eligible to receive service under SC 1 and its transportation equivalent under SC 9.

    - The allowed delivery revenue by customer group is shown for the period February through December 2020 for Rate Year 1, and for Rate Year 2 and Rate Year 3 based on the Case 19-G-0066 revenue targets identified in Appendix 5 of the JP. Allowed revenues for January 2020 will be determined based on the revenue per customer methodology by applying the revenue per customer factors for January 2019 to the actual number of 30 days bills for January 2020. Any shortfalls for January 2020 due to the extension of the Case 19-G-0066 suspension period will be recovered through the Delivery Revenue Surcharge.

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- Make Whole: "Make whole" provisions were added to recover or refund revenue under- or over-collections resulting from the one-month extension of the rate case suspension period: (a) revenue under- or over-collections associated with non-competitive delivery revenues will be recovered or refunded, with interest, through class- or subclass-specific per-therm adjustments as described in General Information Section IX.20. Delivery Revenue Surcharge; (b) Uncollectible expense under- or over-collections associated with the MRA and merchant function charge ("MFC") will be reconciled through each component, respectively, over a one-month period; (c) revenue under- or over-collections associated with competitive revenues, with the exception of the billing and payment processing ("BPP") charge, (including supply- and credit and collection related components of the MFC, and the credit and collection component reflected in the discount rate under the Purchase of Receivables program) will be reconciled through each component's respective annual reconciliation; (d) revenue under-collections associated with the increase in the BPP charge will be reconciled, over a one-month period, through the Transition Adjustment for Competitive Services component of the Monthly Rate Adjustment; and (e) SC 1 and SC 3 customers who were enrolled in the low income program as of January 31, 2020 will receive a one-time credit on their bills for the March 2020 cycle billing month.

- Changes to GCF, Daily Delivery Service and MRA:
  a. Changes to the GCF and Daily Delivery Service ("DDS"):
     1. The fixed gas costs provision under General Information Section VII was modified to include costs for capacity, including fees, purchased through third party Asset Management Agreements and any fixed charges associated with Renewable Natural Gas ("RNG").
     2. The variable gas costs provision under General Information Section VII was modified to include all costs associated with using online auction platforms and supply costs associated with RNG.
     3. The DDS provision under Service Classification No. 20 was modified to specify that DDS will also include RNG.[4]

  b. Changes and additions to the MRA:
     1. The existing Safety and Reliability Surcharge Mechanism, under General Information Section IX.23, will continue but the tariff language was streamlined to provide that details of the mechanism are incorporated by reference to the Order.
     2. The existing Oil to Gas Conversion Program Surcharge was modified to reflect the discontinuance of the Conversion Incentive Program and the continuance of this surcharge for recovery of payments provided to customers under prior rate plans.
     3. The existing Pipeline Facilities Adjustment was expanded to allow recovery of Commission-approved payments made to interstate pipeline companies for upgrades to interstate pipeline facilities at the Company's gate stations.

[4] The Company will make a separate tariff filing or a filing as part of its annual DDS filing to reflect the program specifics related to RNG.

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4. The existing Earnings Adjustment Mechanism related to AMI Customer Awareness was renamed "Earnings Adjustment Mechanisms ("EAMS") and Other Revenue Adjustments" and has been further modified to: recover any positive incentives earned under EAMs; recover/credit any other incentives/revenues adjustments associated with Company incentive mechanisms; and recover/credit revenue adjustments associated with Company performance metrics and mechanisms.
5. The existing Climate Change Vulnerability Study Surcharge was modified to recover the gas customers' share of up to $1.5 million in costs for a Climate Change Vulnerability Implementation Plan.
6. The existing Interconnection Plant Surcharge was expanded to include recovery of carrying costs of plant necessary to interconnect local RNG supplies.
7. A Pipeline Safety Act Surcharge was added to recover carrying charges associated with incremental capital costs incurred to comply with the Pipeline Safety Acts as described in Joint Proposal Section D.2.a.
8. A Non-Pipe Alternative ("NPA") Adjustment was added to recover costs associated with the implementation of NPAs.
9. A Gas Service Line Surcharge was added to recover costs associated with Gas Service Line survey/inspection costs incurred above those included in base rates with a cap of $99.79 million allowed to be recovered through this mechanism for the term of the Gas Rate Plan.
10. A Manhattan Transmission Project Surcharge was added to recover carrying charges of this project if placed into service on or before December 31, 2022.

- <u>Factor of Adjustment ("FOA") for Lost and Unaccounted for Gas:</u> For RY1, the FOA is 1.024. The FOA will be updated each year as described in General Information Section VII.(A)(d). The calculation of Lost and Unaccounted for Gas and the determination of the associated incentive/penalty is described in Section B.2.d. of the JP. In addition, the language under this section was streamlined.

- <u>Corporate Overhead Rates for Special Services:</u> The corporate overhead rates charged to customers for special services, such as engineering or construction management, have been updated in General Information Section IV.2.

- <u>Housekeeping Changes:</u> Housekeeping changes were made as follows:
    a. The term "Interval metering" was capitalized on leaves 154.10 and 154.11 since this is a defined term in the Gas Tariff.
    b. The definition of the minimum charge under Service Classifications 1, 2, 3 and 13 was modified to refer to the rate for the first 3 therms of gas rather than quoting the specific numerical rate.
    c. The firm base rates for the firm transportation rate classes under the Rates (A) Section of Service Classification No. 9 Transportation Service was modified to refer to the otherwise applicable firm full service classification and riders rather than quoting the specific numerical base rates.

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d. Obsolete tariff provisions related to (1) the reconciliation of New York State taxes prior to October 1, 2004, and (2) the extension of the suspension period in Case 16-G-0061 were eliminated.
e. The reference to the following leaf on leaf 183.4 was corrected from 184 to 183.5.
f. The heading on leaf 338, (2) Charges for Unauthorized Use, was deleted and the sentence under that heading, referring to the charges being increased by the applicable increase in rates and charges, was moved to the bottom of this leaf since this applies to all the other surcharges on this leaf and not solely to the unauthorized use charge.
g. The "Balancing Charges" provision on leaf 338 was eliminated since it doesn't pertain to customers taking service under SC No. 12.

Conclusion and Notice

As directed by Ordering Clause 3 of the Order, the Company has filed its tariff amendments to take effect on a temporary basis, on three day's notice, to become effective February 1, 2020.

As directed by Ordering Clause 3, the Company is serving copies of this filing electronically upon all parties to this proceeding.

As directed by Ordering Clause 5, the Company will file proof of newspaper publication within six weeks of the effective date of the tariff amendments.

Sincerely,

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

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Appendix A

PSC No. 9 – List of Revised Gas Tariff Leaves

Leaf No.	Revision No.	Superseding Revision No.	Leaf No.	Revision No.	Superseding Revision No.	Leaf No.	Revision No.	Superseding Revision No.
6	14	12	181	21	19	349	30	28
10	3	2	181.1	8	6	382	10	9
12	5	4	181.2	8	6	385	5	4
38	3	1	182	21	19	397.1	6	5
38.1	5	3	183	21	19	397.3	10	9
38.2	4	2	183.1	22	20			
38.3	3	1	183.2	15	13			
38.4	3	1	183.4	3	1			
43	7	5	183.5	5	3			
44	2	1	183.6	3	2			
76.1	11	10	228	32	30			
117	9	7	229	4	2			
118.1	10	9	230	25	23			
128	13	11	231	23	21			
131	5	4	234	19	17			
152	24	22	235	12	10			
154.2	7	5	240	31	29			
154.6	21	19	243	23	21			
154.8	21	19	244	6	4			
154.9	27	25	255	25	24			
154.10	6	5	264	13	12			
154.11	7	6	269	26	24			
154.18	25	23	270	25	23			
154.20	5	3	271	25	23			
154.24	25	23	274	16	15			
154.25	22	20	303.1	16	14			
155	19	17	303.2	20	19			
155.1	11	10	319	5	3			
157	17	16	323	7	5			
157.1	13	11	326.1	7	6			
162	12	10	327	9	8			
166.2	15	14	329	7	6			
166.3	1	0	330	9	8			
167	7	5	331	9	8			
178.1	14	13	332	18	17			
178.2	5	3	338	9	8			
179	10	9	342	9	8			
180	17	15	343	7	5			

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Estimated Effect on Gas Customers' Bills and Company Revenues Resulting from Proposed Gas Rates
Based on Forecasted Sales and Revenues for the Twelve Months Ending December 31, 2020 for Service Classification Nos. 1, 2, 3, 13 and 14
and the Corresponding SC 9 Firm Transportation Sub-classes

Firm Service Classification (Sales and Transportation)	Total Annual Therms	Total Annual Revenues at Current 01/01/19 Rates (b) (c)	Total Annual Revenues at Proposed 01/01/20 Rates (b) (c)	Estimated Total Annual Revenues Increase/ (Decrease) (d)	Percent Change	Number of Customers' Bills		
						Increased	Decreased	Unchanged (e)
1 - Residential & Religious	40,430,000	$229,517,693	$245,806,545	$16,288,852	7.1%	5,960,706	1,049,064	46
2 - General - Rate I (a)	252,230,000	246,904,891	258,794,251	11,889,360	4.8%	784,289	0	0
2 - Rider H - Distribution Generation	60,110,000	41,019,606	41,371,809	352,202	0.9%	2,503	0	0
2 - General - Rate II (a)	352,410,000	380,219,740	404,224,834	24,005,094	6.3%	819,229	0	0
2 - Total Commercial	664,750,000	668,144,237	704,390,893	36,246,657	5.4%	1,606,021	0	0
3 - Residential & Religious - Heating (a)	1,063,050,000	1,311,087,088	1,407,147,021	96,059,933	7.3%	3,523,810	158,493	226
13 - Seasonal Off Peak Firm Service	860,000	844,783	904,479	59,697	7.1%	5,009	0	0
14 - Natural Gas Vehicles	270,000	610,507	610,507					
Total Firm Sales & Firm Transportation	1,769,360,000	$2,210,204,307	$2,358,859,445	$148,655,138	6.7%	11,095,546	1,207,557	272

(a) Gas air-conditioning is included in SC 2 and SC 3.
(b) Total Annual Revenues reflect the gas cost factor and monthly rate adjustments, merchant function charges and various other charges used in calculating Rate Year Revenues.
(c) Total Annual Revenues include gas supply costs for transportation customers equivalent to what these customers would have paid as full service customers.
(d) Reflects the overall impacts by class, including the transfer of energy efficiency cost recovery from the SBC to base delivery rates, the expiration of the tax sur-credit and the net effect of the increase in low income funding and low income discounts.
(e) Number of customer bills unchanged have bill impacts ranging from -0.01% to 0.01%.

APPENDIX B