



Consolidated Edison Company
of New York, Inc.
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December 2, 2014

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
3 Empire State Plaza, 19th Floor
Albany, New York 12223

RE: Case 13-E-0030, Con Edison Electric Rate Case

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (the “Commission”) amendments to its Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the “Electric Tariff”), applicable to its customers in the City of New York and the County of Westchester. The Company is also filing amendments to its Schedule for New York Power Authority (“NYPA” or “PASNY”) Delivery Service - PASNY No. 12 (the “PASNY Tariff”),¹ applicable to delivery by the Company of power and associated energy to Authority Public Customers under PASNY No. 12.

The Company’s Tariff Leaves are issued to become effective on January 1, 2015. The specific Electric Tariff Leaves and Statements being revised are identified in Appendix A. The specific PASNY Tariff Leaves and Statements being revised are identified in Appendix B.

Background

The Commission’s Order Approving Electric, Gas and Steam Rate Plans in Accord With Joint Proposal, issued and effective February 21, 2014, in Case 13-E-0030 et al. (the “Order”) adopted the Joint Proposal (“JP”) set forth in Appendix A of the

¹ The PASNY Tariff is titled, “Delivery Service Rate Schedule Implementing and Part of the Service Agreement Between the Power Authority of the State of New York (PASNY) and the Consolidated Edison Company of New York, Inc. (the Company) dated March 10, 1989.”

Order with certain modifications. The Order approved a two-year electric rate plan in which Rate Years (“RY”s) 1 and 2 are the twelve-month periods commencing January 1, 2014 and January 1, 2015, respectively. Under the rate plan, the electric delivery service revenue requirement was decreased by \$76.192 million for RY 1 and increased by \$123.968 million for RY 2. The revenue requirements for RY 1 and RY 2 were then levelized to keep overall delivery service revenue (*i.e.*, the total of T&D delivery revenue, the retained generation component of the Monthly Adjustment Clause, and purchased power working capital) equal to the revenue level in effect in the last RY of the rate plan approved in Case 09-E-0428. Although RY 2 revenues will provide for no overall change in delivery revenue, there will be a net delivery revenue decrease of \$9.0 million (exclusive of gross receipts taxes) to customers served under the Electric Tariff and a \$9.0 million increase (exclusive of gross receipts taxes) to customers served under the PASNY Tariff.

Tariff Changes and Temporary Credit

Pursuant to the JP, p. 7, the Company is filing base rates that will be in effect after the end of RY 2 absent a new rate plan. To effectuate the levelizing adjustment for RY 2, class-specific temporary credits designed to produce \$47.776 million, less gross receipts tax, will be in effect for RY 2. The class-specific credits are shown on the Statement of Temporary Rate Adjustment filed apart from the Electric Tariff and the Statement of Temporary Rate Adjustment filed apart from the PASNY Tariff. The allocation of the temporary credit to the PASNY Schedule is \$5.285 million exclusive of gross receipts tax, based on the ratio of forecasted PASNY RY 2 delivery revenues, inclusive of the \$9.0 million revenue realignment, to total combined forecasted RY 2 delivery revenues under the PASNY Tariff and the Electric Tariff. The credit applicable to the Electric Tariff is the total temporary credit less the credit allocated to the PASNY Tariff.

If the Company does not file new rates to take effect on January 1, 2016, the \$47.776 million increase to be in effect after the end of RY 2, due to the expiration of the temporary credits, will be offset in part by a \$30.012 million deferred credit,² less gross receipts tax, pursuant to the JP, p. 7 and Appendix 1 (p. 7). That credit, if applicable, will be applied through class-specific temporary credits on updated Statements of Temporary Rate Adjustment. The allocation of the \$30.012 million temporary credit to the PASNY Tariff will be \$3.320 million, exclusive of gross receipts tax, based on the ratio described above. The credit applicable to the Electric Tariff will be the total credit less the credit allocated to the PASNY Tariff.

The “Temporary Rate Adjustment” is described in new General Rule 26.8 of the Electric Tariff (Leaf 359) and in “Common Charges and Credits” of the PASNY Tariff (Leaf 10).

² This is equal to \$28.416 million (credits of \$76.192 million for each RY) and a RY 2 debit of \$123.968 million) plus interest calculated at the other customer capital rate, updated for the 2015 rate of 2.9 percent.

Revenue Allocation and Rate Design

Revenue Allocation

The revenue allocation is described in Appendix 20 of the JP. The changes in RY 2 delivery revenues (*i.e.*, revenues net of the Temporary Rate Adjustment) for each SC and NYPA as a single class are shown in Appendix 20, Table 2 (p. 2) of the JP. The change in delivery rates under the Electric Tariff, exclusive of gross receipts taxes, is a decrease of \$9.0 million, for RY 2. As shown in the Table, some classes have increases, some have decreases, and some have no change, based on the revenue realignment procedure outlined in Appendix 20, p. 1.

A portion of the RY 2 net T&D-related delivery revenue change for each class was assigned to competitive service revenues in setting the rates for (1) the supply-related component of the Merchant Function Charge (“MFC”), excluding changes to the purchased power working capital cost component; (2) the credit and collection-related component of the MFC; and (3) competitive metering charges. The balance of the T&D-related delivery revenue change applicable to each class was then used in setting the non-competitive T&D rates for each class.

The percentage change in revenues and bill impacts for the SCs of the Electric Tariff are shown in Appendix C. The percentage change in revenues for NYPA reflects an increase of \$9.0 million, as shown in Appendix D.

Rate Design

Appendix 20 of the JP describes the rate design process. Major items described in Appendix 20 are identified below:

- The customer charges in SC 1 Rate I, SC 2 Rate I, SC 2 Rate II and SC 6 were not changed. The level of low income discounts in SC 1 Rate I also did not change.
- The SC 9 maximum rate under Rate I, applicable to customers who commenced service under Rate I prior to March 1, 2014, was increased by an additional 34 percent (or 67 percent overall compared with the level for the last RY in Case 09-E-0428). The SC 9 maximum rate will be eliminated after RY 2.
- Competitive delivery rates for Con Edison customers (*i.e.*, the billing and payment processing charge, which remains unchanged from RY 1, and the MFC, including the credit and collection-related component of the Purchase of Receivables Discount Rate and competitive metering charges) were set to reflect the RY 2 net revenue requirement.
- No changes were made to the relative relationship between high-tension and low-tension rates in either the Electric Tariff or the PASNY Tariff.

- Competitive metering credits applicable to PASNY rates were adjusted to reflect the RY 2 revenue requirement.
- PASNY Rates I and II were changed by the overall non-competitive T&D percentage increase applicable to NYPA. Rates III and IV were developed to be revenue-neutral with Rates I and II, respectively.

Revenue Decoupling Mechanism

The Company has revised the Revenue Decoupling Mechanism (“RDM”) allowed revenue targets for RY 2 under the Electric Tariff and the PASNY Tariff based on the \$9.0 million revenue realignment between the Electric Tariff and PASNY Tariff. Pursuant to the JP, p. 8, RDM revenue targets will be restated for the RY commencing January 1, 2016, if the Company does not file for new base delivery rates to be effective within 15 days after the expiration of RY 2.

Other

The following housekeeping changes have been made to conform various tariff leaves to changes filed for RY 1:

- Leaf 177, which summarizes the Riders that may be applicable to each SC, has been updated to indicate that Rider J - Business Incentive Rate (“BIR”) is applicable to SC 2. BIR is available to SC 2 customers that participate in Sandy BIR, pursuant to the rate plan.
- A date on Leaf 201 was corrected to February 28, 2014, from February 28, 2013. As described in the Company’s filing letter for RY 1, percentage rate reductions were established for customers commencing service under Rider J on or after March 1, 2014 (not 2013).
- A change was made to Leaf 331 to eliminate reference to SC 11 in the “tax reimbursement recovery” provision. This change conforms the provision to the elimination, in the RY 1 filing, of the obsolete SC 11 tax reimbursement provision.

Statements

The Company is filing a new Statement of Temporary Rate Adjustment (“STRA”) – STRA Statement No. 1 and an updated Statement of Rate Adjustment Clause (“RAC”) – RAC Statement No. 6 to the Electric Tariff. The Company is also filing new STRA Statement – STRA - PASNY No. 1 and an updated RAC Statement – RAC Statement No. 5 to the PASNY Tariff. The TRA Statements are filed to be in effect for the period January 1 through December 31, 2015.

The Company is also filing a Statement of Delivery Revenue Surcharge – SDR Statement No. 2 to the Electric Tariff and Statement of Delivery Revenue Surcharge – SDR Statement No. 2 to the PASNY Tariff. Effective January 1, 2015, these statements will cease recovery or pass back of amounts related to the collection of Allowed Pure Base Revenue shortfalls that resulted from the extension of the Case 13-E-0030 suspension period. Consistent with General Rule 26.7 of the Electric Tariff (Leaf 358), the Company will file a subsequent statement to reconcile any differences between amounts required to be collected and the actual amounts collected under the Electric Tariff. The Company expects to file this statement (i.e., SDR Statement No. 3) for rates effective March 1, 2015, effective for a one-month period.

Conclusion and Notice

Pursuant to Ordering Clause 5 of the Order, this filing is being made on not less than 30 days' notice to go into effect on a temporary basis on January 1, 2015.

The Company will publish notice of the proposed tariff changes on December 9, 16, 23, and 30, 2014. Copies of this filing are being sent electronically to the active party list in 13-E-0030.

Sincerely,

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

Appendix A

P.S.C. No. 10 - Electricity: List of Tariff Changes

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding No.</u>
177	6	5
181	5	4
192	5	4
201	2	1
331	1	0
337	2	1
351	10	9
359	5	4
388	6	5
389	5	4
389.1	2	1
397	6	5
398	5	4
406	5	4
408	5	4
409	5	4
410	5	4
416	5	4
432	5	4
435	5	4
437	5	4
438	5	4
439	5	4
445	6	5
446	8	7
449	5	4
451	5	4
452	5	4
452.1	2	1
453	5	4
453.1	2	1
463	5	4
479	5	4
480	5	4
483	5	4
485	5	4
486	5	4
487	5	4
488	5	4
495	5	4
496	5	4

<u>Statement</u>	<u>Statement Type</u>	<u>Statement No.</u>
Statement of Rate Adjustment Clause	RAC	6
Statement of Delivery Revenue Surcharge	SDR	2
Statement of Temporary Rate Adjustment	STRA	1

Appendix B

P.S.C. No. 12 - Electricity: List of Tariff Changes

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding No.</u>
2	1	0
4	5	4
5	5	4
6	5	4
7	5	4
8	5	4
9	5	4
10	5	4
14	7	6
22	6	5

<u>Statement</u>	<u>Statement Type</u>	<u>Statement No.</u>
Statement of Rate Adjustment Clause	RAC PASNY	5
Statement of Delivery Revenue Surcharge	SDR	2
Statement of Temporary Rate Adjustment	STRA-PASNY	1

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 Estimated Effect on Con Edison Conventional and TOD Customers' Bills and Revenue
 Resulting from the Application of Proposed Conventional and TOD Rates and Charges
 Based on Sales and Revenues for the Twelve Months Ended December 31, 2010

Con Edison Service Classification - Conventional Rates		Total Revenues * @ January 2014 Rates	Total Revenues * @ January 2015 Rates	Estimated Change @ January 2015 Rates	Percentage Change	Estimated Number of Customers' Bills		
						Increased	Decreased	Unchanged
1 - Rate I **	Residential & Religious	\$3,669,276,032	\$3,662,764,348	-\$6,511,684	-0.18%	54,668	31,608,037	945,799
2	General - Small	\$598,283,505	\$604,185,104	\$5,901,599	0.99%	4,082,101	0	68,358
5 - Rate I	Electric Traction Systems	\$130,667	\$140,778	\$10,111	7.74%	108	0	0
6	Public & Private Street Lighting	\$3,493,181	\$3,489,025	-\$4,156	-0.12%	88	4,768	40,816
8 - Rate I	Multiple Dwellings - Redistribution	\$373,207,176	\$376,070,957	\$2,863,781	0.77%	21,949	0	0
9 - Rate I	General - Large	\$3,515,391,769	\$3,497,553,846	-\$17,837,923	-0.51%	4,275	1,461,328	1,928
12 - Rate I	Multiple Dwelling - Space Heating	<u>\$34,833,369</u>	<u>\$35,426,109</u>	<u>\$592,740</u>	1.70%	<u>5,214</u>	<u>4</u>	<u>80</u>
Sub-Total	Con Edison's Conventional Rates	\$8,194,615,699	\$8,179,630,167	-\$14,985,532	-0.18%	4,168,403	33,074,137	1,056,981
Con Edison Service Classification - Time-of-Day Rates								
1 - Rate II	Residential & Religious	\$20,585,960	\$20,528,557	-\$57,403	-0.28%	1	26,826	18
2 - Rate II	General - Small	\$1,324,257	\$1,335,431	\$11,174	0.84%	3,396	4	0
5 - Rate II	Electric Traction Systems	\$18,449,040	\$17,923,346	-\$525,694	-2.85%	0	60	0
8 - Rate II	Multiple Dwellings - Redistribution	\$20,842,367	\$20,958,970	\$116,603	0.56%	192	0	0
8 - Rate III	Multiple Dwellings - Redistribution - Voluntary	\$8,915,473	\$8,975,079	\$59,606	0.67%	504	0	0
9 - Rate II	General - Large	\$1,745,709,707	\$1,732,370,501	-\$13,339,206	-0.76%	0	8,232	0
9 - Rate III	General - Large - Voluntary	\$151,118,832	\$150,339,948	-\$778,884	-0.52%	0	18,780	0
12 - Rate II	Multiple Dwelling - Space Heating	\$43,088,728	\$43,846,757	\$758,029	1.76%	336	0	0
13 - Rate II	Bulk Power - High Tension - Housing Developments	<u>\$3,140,040</u>	<u>\$2,993,934</u>	<u>-\$146,106</u>	-4.65%	<u>0</u>	<u>12</u>	<u>0</u>
Sub-Total	Con Edison's Time-of-Day Rates	\$2,013,174,404	\$1,999,272,523	-\$13,901,881	-0.69%	4,429	53,914	18
Con Edison Total	Con Edison's Total Excluding Special Contract	\$10,207,790,103	\$10,178,902,690	-\$28,887,413	-0.28%	4,172,832	33,128,051	1,056,999

* Total Revenues for all customers include: T&D delivery charge and estimated market supply charge, monthly adjustment clause, system benefits/renewable portfolio standard program charges, the surcharge to collect Public Service Law, Section 18-a Assessments, and the associated gross receipts taxes.

The market supply charge revenues for retail access customers are equivalent to what these customers would have paid as full service customers.

** Total Revenues in Service Classification No. 1 include customers currently served under Rider D. Total Revenues in SC 1 include \$48.00 million of low income program credits (i.e., \$47.50 million of low income rate and \$500,000 for waived reconnection fees).

*** The decrease in Con Edison P.S.C. No. 10 revenues for the rate year, i.e., the twelve months ending December 31, 2015, equates to \$27.5 million, or an overall decrease of 0.27%.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Estimated Effect on NYPA Delivery Service Conventional and TOD Revenue Resulting from the Application of
Proposed Conventional and TOD Rates and Charges Based on Sales and Revenues For the 12 Months ended December 31, 2010

	Total Revenue @ January 2014 Rates*	Total Revenue @ January 2015 Rates*	Estimated Change @ January 2015 Rates	Percentage Change
NYPA Delivery Service				
NYPA Total	\$1,493,377,146	\$1,500,019,720	\$6,642,574	0.44%

* Total Revenues include delivery service revenues, NYPA's share of RY2 PJM OATT costs, estimated supply revenues and the surcharge to collect Public Service Law, Section 18-a Assessments associated with customers billed under the PASNY Delivery Service - P.S.C. No. 12 tariff.

** Based on sales and revenues for the rate year, i.e., the twelve months ending December 31, 2015, such increase in NYPA Delivery Service revenue equates to \$6.9 million or an overall increase of 0.47%.