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Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York NY 10003
www.conEd.com

January 31, 2017

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

RE: Case 16-G-0061, Con Edison's Gas Rate Case

Dear Secretary Burgess:

Enclosed for filing with the Public Service Commission (the "Commission") are revised schedule leaves issued by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") to the Company's Schedule for Gas Service, P.S.C. No. 9 - Gas ("Gas Tariff"), applicable to its customers in the City of New York and the County of Westchester.

The Company's schedule leaves are issued with an effective date of February 1, 2017. The specific leaves and statement being revised are identified in Appendix A.

Reason for Filing

The Commission's Order Approving Electric and Gas Rate Plans, issued and effective January 25, 2017, in Cases 16-E-0060, 16-G-0061, and 16-E-0196 (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 in which Rate Years ("RY") 1, 2 and 3 are the twelve-month periods commencing January 1, 2017, January 1, 2018 and January 1, 2019, respectively. Under the rate plan, the gas delivery service revenue requirement is increased by a net of $35.483 million (which includes gross receipts tax) in RY1, reflecting a decrease of $5.373 million offset by a $40.856 million increase due to the expiration of the temporary credit in effect during the 2016 rate year. The gas delivery service revenue requirement will be increased by $92.337 million and $89.453 million in RY2 and RY3, respectively.

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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. Table 1a of Appendix 21 shows the overall impacts by SC.

The percentage change 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 charge for SC 1 Rate I and corresponding SC 9 customers was set at $19.75, $21.75 and $23.70, for RY1, RY2 and RY3, respectively, and the minimum monthly charge for SC 1 Rate II and corresponding SC 9 customers (low income) for RY1 was set $3.00 lower than the SC 1 Rate I minimum monthly charge[1]. Note that the minimum monthly charges in all three Rate Years for all other firm service classes were not changed.

- The monthly minimum charge for Rider J Rate I, applicable to SC 1 and its corresponding SC 9 rate, was set at $20.00, $22.00 and $24.00 for RYs 1, 2 and 3, respectively.

- For SC 2 Rate I, SC 2 Rate II and their corresponding SC 9 rates, the rate design reflects the change in the applicability criteria, as explained in Section H.2.a. of the JP. The charges for the first volumetric rate block (i.e., for usage from 4 to 90 therms) within SC 2 were set equal for Rate I and Rate II.

- The current Billing and Payment Processing Charge of $1.20 for a single service customer and $0.60 for a dual service customer did not change.

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[1] Due to the one-month gap between the effective date of the tariff changes (February 2017) and the effective date of the low-income program changes (January 2017), General Provision (C) under SC 1, General Provision (E) under SC 3 and item (11) under Other Rates, Charges and Adjustments under SC 9 have been added to indicate that one-time bill credits will be issued during the March 2017 cycle billing month as follows: (a) $1.85 to SC 1 customers and $49.71 to SC 3 customers newly enrolled in the low-income program as a result of the Company's reconciliation with social service agencies in the fourth quarter of 2016; and (b) $0.35 to SC 1 customers whose continued eligibility for the low-income program was confirmed in the fourth quarter 2016 agency reconciliation (to credit them for the difference between the $17.10 minimum monthly charge that they received in January 2017 and the $16.75 minimum monthly charge for which they were eligible).

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NON-FIRM:

In addition to the firm rate changes, sections of the Gas Tariff related to non-firm rates have been amended to reflect the following:

(1) Rate 1 Interruptible Reconciliation:

- The annual revenue reconciliation was modified so that the reconciliation will be performed after May 31 of each year for the preceding twelve-month period ending May 31 (instead of the twelve-month period ending April 30) except for the first year this change goes into effect (i.e., for the reconciliation performed in RY1 after May 31, 2017). For the first year this change goes into effect, the period of the reconciliation will be increased from twelve months to thirteen months and cover the period May 1, 2016 through May 31, 2017.

(2) Off-Peak Firm Rates:

- The rate per therm for one, two, and three-year contracts for Off-Peak Firm service customers for Rate Year 1 will remain at the current level of 8.0 cents per therm, except for existing customers who entered into contracts prior to March 1, 2014. These customers will continue to be charged 7.0 cents per therm until their contracts expire. Rates for contracts entered into during RY2 and RY3 will be set at 8.25 and 8.75 cents per therm, respectively, for one, two and three year contracts until the contracts expire. An existing customer will be charged the new rate after the expiration of its current contract. The existing 1.0 cent per therm discount for monthly usage greater than 500,000 therms will remain in effect.

Other Tariff Changes

Other tariff changes made in accordance with the Order are described below:

- Low Income Program: SC 1 and equivalent SC 9 customers enrolled in the low-income program will receive a $3.00 discount off the SC 1 Rate I minimum monthly charge during RY1 and the low-income reconnection fee waiver program will continue in each RY until the target cost of $75,000 is reached in that RY. The reconciliation of low-income discounts will continue through the Monthly Rate Adjustment ("MRA").

- SC 14 Rate II: The SC 14 Rate II minimum charge was set at $113 per month.

- Rider D (Excelsior Jobs Program or "EJP"): EJP was modified to (a) require existing customers to have incremental usage of at least 25 percent over their baseline usage in order to receive EJP benefits in any month; and (b) to set the EJP rates as a percentage discount from the applicable SC 2 base tariff rates, including the minimum charge. The percentage discounts will be set at 41% for SC 2 Rate I and 0% for SC 2 Rate II, for the term of the Rate Plan.

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- <u>Rider J (Residential DG) rate:</u> The Rider J rate available to SC 3 and equivalent SC 9 residential customers in buildings with 5 or more dwelling units was eliminated.

- <u>Service Application-Residential Identification:</u> The application for service was amended to indicate that an Individual Taxpayer Identification Number ("ITIN") or New York City Identification Card ("IDNYC") is an acceptable form of identification for residential service applications, in addition to the currently-accepted forms of identification.

- <u>Aggregated Whole Building Data:</u> There will be no charge for requests for building-level data, provided in aggregated form, which covers the lesser of 24 months or the months of data in the Company's database of current customers (General Information IV. 3.(c)(1)). The charge was previously $102.50 per request.

- <u>Westchester Area Growth Program:</u> A Westchester Area Growth Program is established.

- <u>Inside Gas Meters:</u> Rules have been modified regarding the installation and relocation of gas meters outside that are currently located inside a customer's premises.

- <u>Balancing Provisions:</u> Certain balancing provisions were modified including: increasing the unauthorized use charge applicable to generators under SC 9 and the deficiency imbalance charge/failure to deliver during an Operational Flow Order ("OFO") charge to marketers under SC 20 from $4.50 per therm to $5.00 per therm; modifying price indices used in setting certain cashout prices; utilizing fixed percentage weightings for the volumes associated with each of the pipeline indices; noting in the tariff that cashout prices and imbalance charges for all volumes above the first balancing tier will be considered penalty gas (except that individually negotiated agreements may provide for balancing services that include cashouts where gas used above the first balancing tier is not considered to be penalty gas), and amending the definition of OFO to clarify that it applies to Direct Customers.

- <u>Uncollectible Bill Factor ("UB") associated with the Gas Cost Factor ("GCF") and the MRA:</u> The UB factors associated with the GCF and MRA are each reconciled to a system UB factor of 0.69 percent. (The residential UB factor was set at 1.09 percent and the non-residential UB factor was set at 0.41 percent).

- <u>Revenue Decoupling Mechanism Adjustment ("RDM")</u>: General Information Section IX.14 has been modified to change the RDM adjustment period from 11 months to 12 months.

- <u>Make Whole:</u> "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 or per-bill adjustments as described in General Information Section IX.20. Delivery Revenue Surcharge; (b) Uncollectible expense under- or over-collections associated with the MRA and MFC will be reconciled through each component, respectively, over a one-month period; (c) Revenue under- or over-collections associated with competitive revenues (including

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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) GCF under- or over-collections associated with certain SC 2 customers moving between Rate I and Rate II will be recovered or refunded through subclass-specific GCF per-therm adjustments, and (e) existing SC 1 low income customers and newly enrolled SC 1 and SC 3 low income customers will receive a one-time credit on their bills for the March 2017 cycle billing month.

- Temporary Rate Adjustment: The Temporary Rate Adjustment was deleted from General Information IX because it is no longer applicable under the new rate plan. A revised Statement of Temporary Rate Adjustment ("STRA Statement") is being filed to indicate that the statement is cancelled as of February 1, 2017.

- Changes to MRA and GCF:
    a. Revenue neutral changes to the MRA and GCF are made as follows:
        1. The customer share of balancing charge revenues included as part of Non-Firm Revenues, which are currently credited through the GCF, will be credited through the MRA once the imputation of $65 million attributable to Non-Firm Revenues is exceeded.
        2. Gas Supplier Refunds, currently credited to firm sales customers through the GCF, will be moved to the MRA.
    b. The following new categories of costs will be included in the MRA:
        1. A Safety and Reliability Surcharge Mechanism will recover carrying costs on incremental capital expenditures and O&M expenses associated with the replacement of leak prone pipe above the levels established under the Rate Plan and incremental O&M expenses associated with lowering the Company's leak backlog below the applicable target;
        2. A Pipeline Facilities Adjustment will recover up to $9 million each for upgrades to interstate pipeline facilities at two of the Company's gate stations;
        3. An Earnings Adjustment Mechanism related to AMI Customer Awareness;
        4. A surcharge to recover gas customers' share of a Climate Change Vulnerability Study; and
        5. A New York Facilities Adjustment to reconcile any differences between the Company's share of the New York Facilities revenues and costs embedded in base delivery rates and the Company's actual costs and revenues resulting from any new or amended New York Facilities Agreement.

- Factor of Adjustment ("FOA") for Lost and Unaccounted for Gas: For RY1, the FOA is 1.0198. 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 remains the same as described in Section B.2.d. of the JP.

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

- Weather Normalization Adjustment: The Weather Normalization Adjustment in General Information Section IX.1.(A) has been modified to reflect the use of a 30-year average in calculating normal weather.

- Housekeeping Changes: Housekeeping changes were made as follows:
    a. Several obsolete and expired New York State tax provisions were removed from the Gas Tariff.
    b. Various minor housekeeping changes were made throughout the Gas Tariff, primarily to insert clarifying language, as specified in Section H.2.d. in the JP.

Statement

The current filing includes the STRA Statement – STRA No. 3.

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 one day’s notice, effective February 1, 2017.

As directed by Ordering Clause 4, the Company is serving copies of this filing electronically upon all parties to this proceeding.

As directed by Ordering Clause 6, 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 – Gas: List of Tariff Changes

Leaf No.	Revision No.	Superseding Rev. No.	Leaf No.	Revision No.	Superseding Rev. No.	Leaf No.	Revision No.	Superseding Rev. No.
2	6	4	155	16	14	269	22	20
5	19	17	156	18	17	270	21	19
6	11	10	157.1	9	7	271	21	19
12	2	0	158	12	11	272	18	16
13	2	0	162	10	8	274	14	12
14	2	0	163	6	4	275	11	9
15	3	1	165	12	10	289	5	4
38.1	3	1	166	15	13	294	4	2
38.2	2	0	166.2	12	10	298	5	3
38.3	1	-	171	7	5	300.1	3	1
38.4	1	-	172	2	1	300.2	3	1
43	5	4	173	7	5	300.3	10	8
44	1	0	178	17	16	302	7	6
51	3	1	178.1	11	10	303.1	14	12
76.1	9	7	178.2	3	2	303.2	12	10
117	7	5	180	14	12	316.4	5	3
118.1	6	4	181	17	16	323	5	3
125	5	3	181.1	5	3	324	9	8
127	6	4	181.2	6	4	326	8	6
128	11	9	182	19	18	331	8	6
152	20	18	183.1	19	18	332	15	13
154.1	7	5	183.2	12	11	333	5	3
154.2	5	3	183.3	5	3	334	5	3
154.3	5	1	183.4	1	-	335	3	2
154.4	4	2	183.5	1	-	341.3	9	8
154.5	5	3	185	3	2	341.4	4	1
154.6	17	16	190	3	1	349	23	21
154.7	8	6	227	4	2	351	2	0
154.8	17	16	228	24	22	352	2	0
154.9	20	19	229	2	1	353	3	0
154.10	5	3	230	21	19	354	2	0
154.11	6	4	234	15	13	355	3	1
154.11.1	1	0	235	8	6	356	2	0
154.18	18	16	240	24	22	357	2	0
154.20	3	1	243	16	14	365	9	8
154.21	3	1	244	4	2	366	3	2
154.22	4	2	251	9	7	367	7	5
154.23	5	3	255	19	18	367.1	6	4
154.24	18	16	258	6	5	367.2	6	4
154.25	15	13	259	11	10	371	7	6
154.26	15	13	261	3	2	377	8	6
154.27	9	7	261.1	8	7	382	8	7
154.28	5	3	268	4	3			

Statement	Statement Type	Statement No.
Statement of Temporary Rate Adjustment	STRA	3

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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, 2017 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)	Annual Therms	Total Annual Revenues at Current 01/01/16 Rates (b) (c)	Total Annual Revenues at Proposed Rates (b) (c)	Estimated Total Annual Revenues Increase/(Decrease)	Percent Change	Number of Customers' Bills Increased	Number of Customers' Bills Decreased	Number of Customers' Bills Not Changed (d)
1 - Residential & Religious	43,620,000	$204,199,955	$214,119,386	$9,919,431	4.9%	6,701,021	1,049,063	68,000
2 - General - Rate I - Non-Heating (a)	245,160,000	$237,564,574	$236,177,275	($1,387,298)	-0.6%	175	469,309	263,868
2 - General - Rate I - Distribution Generation	30,990,000	$20,970,813	$20,894,463	($76,351)	-0.4%	0	1,395	141
2 - General - Rate II - Heating (a)	319,360,000	$327,635,962	$333,075,140	$5,439,178	1.7%	684,087	0	148,798
2 - Total Commercial	595,510,000	$586,171,349	$590,146,879	$3,975,529	0.7%	684,261	470,704	412,807
3 - Residential & Religious - Heating (a)	954,380,000	$1,111,289,580	$1,132,863,096	$21,573,515	1.9%	3,675,265	0	113,645
13 - Seasonal Off Peak Firm Service	840,000	$869,491	$884,016	$14,524	1.7%	2,793	0	2,082
14 - Natural Gas Vehicles	220,000	$394,185	$394,185					
Total Firm Sales & Firm Transportation	1,594,570,000	$1,902,924,561	$1,938,407,561	$35,483,000	1.9%	11,063,341	1,519,767	596,534

(a) Gas air-conditioning is included in SC 2 and SC 3.
(b) 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) Annual Revenues include gas supply costs for transportation customers equivalent to what these customers would have paid as full service customers.
(d) Number of customer bills not changed have bill impacts ranging from -0.01% to 0.01%