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Consolidated Edison Company of New York, Inc.
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July 21, 2016

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

Re: – Case 16-G-xxxx - Proposed Gas Tariff Revisions, Including New Daily Delivery Service for Gas Marketers

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") the following tariff leaves proposing revisions to its Schedule for Gas Service, P.S.C. No. 9 – Gas (the "Gas Tariff"):

Leaf No.	Revision No.	Superseding Revision No.
155.1	5	4
156	17	15
157	10	9
158	10	8
164	11	10
177	12	11
178	16	15
178.1	10	8

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178.2	2	0
181	16	14
255	18	17
259	9	7
260	9	8
262	6	5
267	4	3
279	8	7
324	8	6
361	9	8
362	13	12
365	8	7
370	3	2
371	6	4
379	5	4
380	5	4
382	7	6
384	5	4
385	2	1
386	4	3
386.1	0	
386.2	0	
386.3	0	
387	6	5
387.1	0	
388	4	3
389	8	7
389.1	11	10
389.2	9	8
390	12	11
390.1	3	2
390.5	4	3
391	3	2
391.1	4	3
394	2	1
397.2	8	7

The revised tariff leaves are proposed to become effective on November 1, 2016.

Reasons for Proposed Tariff Modifications

Since 2014, Con Edison has been meeting periodically through a collaborative process with Department of Public Service Staff ("Staff") and the gas marketers serving firm transportation customers in the Company's service territory ("Gas Marketers") to discuss transportation and balancing issues relating to the Company's gas retail access firm transportation monthly balancing program. As a result of those meetings, this past winter Con Edison offered to the Gas Marketers, with Commission approval,[1] a pilot Managed Supply Service ("MSS") program designed to (i) provide Gas Marketers

[1] See, Case 15-G-0578, Order Approving Tariff Amendments, issued December 17, 2015 (the "December 2015 Order").

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with additional flexibility in scheduling their daily gas supply as well as additional access to the Company's storage and associated pipeline assets and (ii) minimize the Gas Marketers' end-of-month cash-outs due to large gas imbalances. In its June 21, 2016 Report to the Commission, filed pursuant to the December 2015 Order, Con Edison explained why it proposed to discontinue the MSS program as a stand-alone program and, instead, would roll key elements of it into a new Daily Delivery Service ("DDS").

With additional input on these same subjects in the first half of 2016 from the Gas Marketers and Staff, the Company now is proposing to replace the Company's existing Firm Balancing Programs (*i.e.*, its Load Following Service and Managed Supply Service) with the DDS as a new Gas Tariff program effective November 1, 2016, to which its Service Classification ("SC") No. 20 Gas Marketers would be required to subscribe. In addition, the Company is proposing to continue a modified Winter Bundled Sales Service ("WBSS") for the period from December 1, 2016 through March 1, 2017 and to terminate WBSS on March 1, 2017. WBSS will provide Gas Marketers with a tool to address a potential operating condition on one of the Company's upstream pipelines this upcoming winter season. Under the modified WBSS program, Gas Marketers will be responsible for the reservation costs to provide WBSS, regardless of whether they elect the baseload amount prior to each month.

Under the new DDS program, the Company will, commencing November 1, 2016, provide Gas Marketers or their Agents with daily delivery quantity requirements to meet the forecasted gas consumption of their respective aggregated customers. The aggregated amount of gas for each Marketer will be based upon an equation that utilizes the forecast day-ahead temperature and the Marketer's customers' temperature-dependent profiles. The Gas Marketers will be billed directly for the demand and commodity costs associated with their allocated shares of the Company's gas assets and their respective usage of the DDS. The daily DDS requirement for each Gas Marketer or Agent will be established pursuant to terms and conditions set forth in the Company's Gas Transportation and Operating Procedures Manual ("GTOP").

Summary of Proposed Tariff Changes

The following is a summary of the Gas Tariff changes that are proposed to implement the new DSS program and the optional WBSS and to discontinue the Company's Load Following Service:

- The DDS will provide Gas Marketers with design-day peak allocations of Company gas assets to deliver gas to meet the daily forecasted consumption of their customers. Gas Marketers will be required to deliver gas to the Company's citygates according to an aggregated customer temperature-dependent equation using a customer profile inclusive of line loss. All Gas Marketers must accept their allocated shares of the Company's gas assets, which are comprised of three tiers: (i) Tier 1 – Mandatory Capacity Release; (ii) Tier 2 – Managed Supply ("MS") (Storage); and (iii) Tier 3 – Peaking.

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- Under Tier 1 – Mandatory Capacity Release, the Company will release allocated shares of firm interstate pipeline capacity to the Gas Marketers/Agents at the Company's weighted average cost of capacity in effect each November 1 for a twelve-month release term.

- Under Tier 2 – MS (Storage), the Company will provide allocated shares of its storage assets to the Gas Marketers based on their heat-sensitive peak load ("heat slope"). MS may be used to adjust the difference in demand due to changes in forecasted versus actual temperature on a daily basis. The bundled rate for Tier 2 – MS (Storage) will be designed to recover commodity costs, storage costs, and pipeline costs associated with storage, variable transportation costs, and storage injection/withdrawal costs.

- Under Tier 3 – Peaking, the Company will provide allocated shares of its peaking assets to the Gas Marketers based on the individual Gas Marketer's heat slope. The Tier 3 - Peaking will be automatically utilized for a Gas Marketer after the Gas Marketer's pipeline capacity and storage limits are exhausted to meet its daily delivery requirement. The bundled rate for Tier 3 - Peaking will be designed to recover commodity costs and reservation charges.

- Under the modified WBSS program, Gas Marketers will be given the option to elect base load monthly supply prior to the start of each month. The parameters and operational details of the modified WBSS program will be fully set forth in revisions that the Company will propose to make to its GTOP in the near future.

- To secure payment for the Tier 2 – MS (Storage) and Tier 3 – Peaking bundled rates, unless a Gas Marketer is participating in the Company's Purchase of Receivables ("POR") program, the Gas Marketer will be required to make a prepayment to the Company. The prepayment must be made via wire transfer or ACH payment by no later than three (3) business days prior to the last day of the month preceding the month in which the Gas Marketer will receive its Tier 2 – MS (Storage) and Tier 3 – Peaking allocations. The prepayment will consist of two parts: (i) the portion for commodity will be calculated by taking the total amount of gas in storage allocated to the Gas Marketer, dividing that amount by 5, and multiplying it by the latest 1st of the month weighted average cost of gas in storage; and (ii) the portion for the pipelines' reservation charges will be calculated by multiplying 0.9 times the estimated price of the Tier 2 MS (Storage) and Tier 3 Peaking reservation charges for that month. (The prepayment amount will be trued-up when the actual costs of the Tier 2 - MS (Storage) and Tier 3 - Peaking are available and any necessary adjustment will be made in the Gas Marketer's succeeding bill period.) For Gas Marketers participating in the POR program (who fail to make timely payments), their Tier 2 - MS (Storage) and Tier 3 – Peaking monthly bundled rate payments will be netted against the monthly POR payment that the Company pays to the participating Gas Marketer.

- Corresponding Gas Tariff changes have been inserted to reflect the discontinuance of

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the Company's Load Following Service, including revisions to the Gas in Storage Working Capital Charge and SC No. 9 Balancing Service Charges. The cost of assets used for balancing provided to firm sales customers will be collected through the Gas Cost Factor with the elimination of the Load Following Service.

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 (4) consecutive weeks prior to the effective date of the DDS. 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

Enclosure (SAPA Notice)