

..DID: 13681  
..TXT:

October 31, 2000

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
4 Irving Place  
New York, NY 10003**

Hon. Janet Hand Deixler  
Secretary  
Public Service Commission  
State of New York  
Three Empire State Plaza  
Albany, New York 12223

**Re: Case 99-M-0631 - In the Matter of Customer Billing Arrangements**

Dear Secretary Deixler:

Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") is filing today with the Public Service Commission ("the Commission") amendments to its Schedule for Gas Service, P.S.C. No. 9 - Gas. Revisions to the Company Sales and Transportation Operating Procedures (the "Operating Procedure") will also be submitted under separate cover letter.

The Company's schedule leaves are issued October 31, 2000 to become effective February 1, 2001. The specific leaves are identified on Appendix A.

**Reason for Filing**

The Company is filing tariff amendments and Operating Procedure changes pursuant to the Commission's Order Providing for Customer Choice of Billing Entity, issued and effective March 22, 2000 (the "March Order") and Order Denying Petitions for Rehearing, issued and effective September 1, 2000 (the "September Order"), in Case 99-M-0631. As directed in Ordering Clause 2 of the September Order, the Company is filing the tariff amendments within sixty days of the Order's issuance to become effective on February 1, 2001. A separate filing is being made today to amend the Company's Electric Schedule for Retail Access, PSC No. 2 - Retail Access. Conforming changes are

also being made to the Company's Phase 3 Retail Access Implementation Plan and Operating Procedures.

-2-

### Summary of the Proposed Changes

As required by the Commission's March and September Orders, the Company is filing tariff amendments to provide billing options for its firm gas transportation customers. Firm gas transportation Customers will have the following billing options: (a) to continue to receive separate bills from the Company and from a Marketer, (b) to receive a single, consolidated bill from the Company (a "Utility Single Bill"), or (c) to receive a single, consolidated bill from a Marketer (a "Marketer Single Bill"). The tariff identifies Marketer back-out credits, applicable to customers who receive Marketer Single Bills, and charges applicable to Marketers for which Utility Single Bills are issued. In accordance with the March Order, as a temporary proxy for long-run avoided costs, the backout credits are based on embedded costs related to printing and mailing of bills, customer care, and payment processing. The credit is based on a combination of 1999 actual billing expenses and 2000 estimated expenses, depending on the function, and includes Administrative and General ("A&G") expenses and common plant and a portion of customer care costs based on select billing and payment-related customer contacts. The charge to a Marketer for a Utility Single Bill is set equal to the back-out credit. The Company is also proposing to increase its Account Separation Fee.

### Summary of Tariff Changes

Specific changes to Service Classification Nos. 9 and 12 of the Schedule for Gas Service, P.S.C. No. 9 - Gas to implement Alternative Billing Arrangements include the following:

- E Definitions of "Single Bill," "Marketer Single Bill," and "Utility Single Bill" were added.
- E Tariff provisions relating to Billing Agency were deleted, since customers now have the option of a Utility or Marketer Single Bill.
- E A Marketer may request a Marketer Single Bill or a Utility Single Bill arrangement if it executes a Billing Services Agreement with the Company and meets the requirements of the Sales and Transportation Operating Procedures, including notifying the Company at least 10 calendar days prior to the customer's next scheduled reading date of a change in billing option.
- E The Company will not disclose information to a Marketer about another Marketer's charges issued under the Utility Single Bill arrangement.
- E The Company will charge a Marketer a Billing Services Charge per Utility Single Bill issued, except that it will not charge when rebilling results from the Company's

cancellation and rebilling procedures. The Company will also charge a fee based on its incremental costs for inclusion of Marketer bill inserts or bill messages in excess of 400 characters.

-3-

- E The Company will provide a credit per monthly bill to a customer who receives a Marketer Single Bill.
- E The Company has increased its account separation fee, as described below.

#### **Changes to the Operating Procedure**

The revised Sales and Transportation Operating Procedure adds provisions relating to Utility Single Bill billing services and Marketer Single Bill billing services and modifies the provisions governing Billing Agency so that they are consistent with the provision of the new billing alternatives. Provisions describing the parties' rights and responsibilities under the Utility Single Bill or Marketer Single Bill arrangement are also new.

In particular, the new provisions address

- E the timing and prerequisites for a Marketer election of a single bill option and the timing for termination of that option,
- E the time for transferring a customer to an alternative billing arrangement or to a separate bills arrangement and the conditions for the Marketer's election or the customer's involuntary transfer to a separate bills arrangement, and
- E the parties' obligations for providing data necessary for billing and for remitting customer payments to the non-billing party.

Billing services agreements, one for Utility Single Bill billing services and one for Marketer Single Bill billing services will be included with the revised Operating Procedures. Marketers desiring to utilize a billing alternative would be obligated to enter into a billing services agreement with the Company for the service to be provided and to qualify as compliant with Commission requirements on electronic data interchange, as appropriate.

Con Edison is offering Utility Single Bill billing services in a "rate ready" format. This means that the Marketer contracting with the Company to bill its firm gas transportation customers will submit rate information no more than once per customer for each billing cycle; the Company will calculate the marketer portion of the bill from this information and the meter data from the customer's meter. Under Marketer Single Bill billing, Con Edison will send the Marketer "bill-ready" information, that is, the Company rates and charges will be calculated and provided to the Marketer to be incorporated "as is" on the customer's bill.

The Company has had a mechanism available to Marketers acting as customers' billing agent that allowed the Marketer to bill for only one of the customer's services, if the customer took both electric and gas service from Con Edison. This involved the Marketers paying an account separation fee and the Company separating the customer's account into separate gas and electric accounts. The Company would continue to provide this service but is proposing an increase in the

-4-

account separation fee applicable when a Firm Gas Customer takes transportation service involving a Marketer Single Bill. The increased fee will permit the Company to recover the incremental cost of continuing its billing function. The fee increase is equal to 12 times the billing credit provided to the Customer. The Company expects to review the credit level and account separation periodically and to propose changes as appropriate.

#### **Recovery of Costs and Future Determination of Back-out Credits**

The Company plans to track actual costs for the services made competitive in order to determine what costs have been avoided. Pursuant to the March Order, and reiterated in the July Order, the Commission acknowledged that utilities may petition the Commission "for recovery of any difference between costs that are ultimately avoided and the projected costs assumed here and for any net incremental costs associated with implementation of the billing arrangements." In order to set the back-out credits on an avoided cost basis, the Company plans to perform and file a long-run avoided cost study of billing services and for consideration by the Commission as provided in the Commission's March and July Orders.

#### **Conclusion**

Tariff leaves submitted herewith are issued October 31, 2000 to become effective on February 1, 2001. The Company will submit changes to its Sales and Transportation Operating Procedures, including a Utility Single Bill Billing Services Agreement and a Marketer Single Bill Billing Services Agreement.

As provided by Ordering Clause 2 of the Commission's September Order, the requirement for newspaper publication has been waived. This filing is being served on the parties to this proceeding and on energy service companies presently serving retail access customers in Con Edison's service territory by email.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: \_\_\_\_\_  
Edwin W. Scott

Appendix A

PSC No. 9 - Gas

Third Revised Leaf No. 118.0  
Superseding Second Revised Leaf No. 118.0

Second Revised Leaf No. 261.1  
Superseding First Revised Leaf No. 261.1

Second Revised Leaf No. 315.0  
Superseding First Revised Leaf No. 315.0

Original Leaf No. 315.1

Fourth Revised Leaf No. 316.0  
Superseding Third Revised Leaf No. 316.0

Second Revised Leaf No. 326.1  
Superseding First Revised Leaf No. 326.1

First Revised Leaf No. 364.0  
Superseding Original Leaf No. 364.0

Second Revised Leaf No. 391.2  
Superseding First Revised Leaf No. 391.2

Second Revised Leaf No. 391.4  
Superseding First Revised Leaf No. 391.4

Fourth Revised Leaf No. 393.0  
Superseding Third Revised Leaf No. 393.0

Original Leaf No. 397.2