

..DID: 9470

..TXT:

July 28, 1999

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

Hon. Debra Renner  
Acting Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Dear Secretary Renner:

Subject: Case 98-M-0961 – Joint Petition of Consolidated Edison, Inc. ("CEI"), Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") and Orange and Rockland Utilities, Inc. ("O&R"), for Approval of a Certificate of Merger and Stock Acquisition

Enclosed are revised schedule leaves issued by Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") embodying changes to its Schedule for Gas Service, PSC No. 9 – Gas. Appendix "A" identifies the specific tariff leaves being filed today. Pursuant to the Commission's *Order Authorizing Merger* ("Order") in Case 98-M-0961, issued and effective April 2, 1999, the foregoing tariff leaves are issued July 28, 1999, to become effective August 1, 1999.

Summary of Proposed Changes

The Order provides that effective the first month following consummation of the merger of CEI, Con Edison and O&R, Con Edison will reduce gas base rates by approximately \$1.08 million (excluding fuel costs and gross receipt taxes) to reflect the gas ratepayer share of post-merger benefits as set forth in Appendix "F" of the Settlement Agreement approved by the Order.<sup>1</sup>

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<sup>1</sup> In accordance with the Order, the base rate reduction reflects the "prior to May 1, 1999 consummation date" gas customer benefit amounts stated in Appendix F, Schedule 4 of the Settlement Agreement, as revised.

### **Rate Design and Revenue Allocation**

The rates shown on the revised tariff leaves submitted herewith have been designed to provide for a total revenue decrease of \$1,126,000 in the first rate year, i.e., based on projected sales and volumes in the twelve months ending September 30, 2000. Appendix B shows the effect on annual revenues for the historical billing period for which detailed billing data is available, i.e., the twelve months ended December 31, 1996. Appendix B also shows the estimated effects on customers' bills based on firm sales and revenues for the historical period.

Using the rate design principles employed in prior rate case proceedings, the revenue decrease was allocated to firm service classifications ("SC") in the following manner:

- E An overall base rate percentage decrease was developed by dividing the rate year base revenue decrease by the rate year base revenue, excluding the base cost of gas.
- E All firm service classes (SC 1, 2, 3 and 13) were assigned the overall base rate percentage decrease.
- E Once the overall base revenue decreases were developed for each service class, the minimum charge, which is currently the same in all firm service classifications (SC 1, SC 2 Rates I and II, and SC 3), was decreased by the overall base rate percentage decrease.
- E In SC 1, the remainder of the required revenue decrease, after the decrease in the minimum charge, was applied to the remaining block rate.
- E The 4-90 block rates in SC 2 rates I and II and SC 3 were set equal to the terminal rate in SC 1.
- E In SC 1, SC 2 rates I and II and SC 3, the 91-3,000 and the over 3,000 therm block rates were assigned the remaining base revenue decrease corresponding to each service class, after the decrease in the minimum charge and taking into account the decrease associated with the 4-90 block rate.
- E The rates applicable to area development, business incentive and economic development zone customers (Riders E, F and G) were revised to reflect the proposed changes to the SC 2 base rates.
- E The air-conditioning rates in SC 2 and 3 were reduced by the overall base rate percentage decrease.

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- E The SC 13 minimum charge was decreased to reflect the reduced minimum charge for SC 1, 2 and 3. The block rates were set equal to the air-conditioning rates in SC 2 and 3.
- E The SC 9 firm transportation rates have been revised to reflect the changes to the corresponding firm sales service classifications.

**Notice**

The Company is affecting service by regular mail today, July 28, 1999, on all parties in case 98-M-0961. In accordance with Ordering Clause 4 of the Order, the Company shall provide for newspaper publication of the proposed changes, and submit proof of such publication to the Commission, no later than six weeks after the effective date of the enclosed tariff leaves.

Very truly yours,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: \_\_\_\_\_  
Edwin W. Scott  
Vice President and  
Deputy General Counsel

Enclosures

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

**PSC NO. 9 GAS**

First Revised Leaf No. 132.0  
Superseding Original Leaf No. 132.0

First Revised Leaf No. 146.0  
Superseding Original Leaf No. 146.0

First Revised Leaf No. 152.0  
Superseding Original Leaf No. 152.0

First Revised Leaf No. 228.0  
Superseding Original Leaf No. 228.0

First Revised Leaf No. 230.0  
Superseding Original Leaf No. 230.0

First Revised Leaf No. 231.0  
Superseding Original Leaf No. 231.0

First Revised Leaf No. 234.0  
Superseding Original Leaf No. 234.0

First Revised Leaf No. 240.0  
Superseding Original Leaf No. 240.0

First Revised Leaf No. 243.0  
Superseding Original Leaf No. 243.0

Second Revised Leaf No. 269.0  
Superseding First Revised Leaf No. 269.0

First Revised Leaf No. 270.0  
Superseding Original Leaf No. 270.0

First Revised Leaf No. 271.0

Superseding Original Leaf No. 271.0

Appendix A  
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**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

**PSC NO. 9 GAS**

Second Revised Leaf No. 272.0  
Superseding Original Leaf No. 272.0

Second Revised Leaf No. 273.0  
Superseding Original Leaf No. 273.0

Second Revised Leaf No. 274.0  
Superseding Original Leaf No. 274.0

First Revised Leaf No. 349.0  
Superseding Original Leaf No. 349.0

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC**

**GAS**

**Estimated Effect on Customer's Bills and Company Revenues Resulting from the New Gas Rates Effective August 1, 1999  
Based on Sales and Revenues for the Twelve Months Ended December 31, 1996, for Service Classification Nos. 1, 2, 3 and 13**

<u>Service Classification</u>	<u>Revenue for the 12 Months Ended December 31, 1996</u>	<u>Estimated Annual Decrease</u>	<u>Percent Change</u>	<u>Annual Number of Customer's Bills Decreased</u>
<b>1 - Residential and Religious</b>	<b>\$ 143,218,549</b>	<b>\$ (256,029)</b>	<b>(0.18)</b>	<b>8,761,371</b>
<b>2 - General - Rate I - Non-Heating</b>	<b>114,155,130</b>	<b>(141,632)</b>	<b>(0.12)</b>	<b>658,960</b>
<b>2 - General - Rate II - Heating</b>	<b>176,252,925</b>	<b>(201,986)</b>	<b>(0.11)</b>	<b>546,677</b>
<b>2 - Total (a)</b>	<b>290,404,055</b>	<b>(343,618)</b>	<b>(0.12)</b>	<b>1,205,637</b>
<b>3 - Residential and Religious (a)</b>	<b>441,627,144</b>	<b>(538,881)</b>	<b>(0.12)</b>	<b>2,587,069</b>
<b>13 - Seasonal Off-Peak Service</b>	<b><u>267,675</u></b>	<b><u>(533)</u></b>	<b>(0.20)</b>	<b><u>491</u></b>
<b>Total - Firm Sales</b>	<b>875,519,423 12,554,568</b>	<b>(1,139,061) (b)</b>	<b>(0.13)</b>	

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- (a) Including Air-Conditioning**
- (b) Based on projected sales and revenues for the first rate year, i.e., the 12 months ending September 30, 2000, such decrease in revenues equates to \$1,126,000.**