Received: 05/14/2012

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May 10, 2012

Hon. Jaclyn A. Brilling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: Case Nos. 09-E-0428 and 12-E-0008

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") is filing with the New York State Public Service Commission (the "Commission") amendments to its Schedule for Electricity Service, PSC No. 10 – Electricity, applicable to its customers in the City of New York and the County of Westchester. Also enclosed for filing are revised schedule leaves issued by the Company to its Schedule for PASNY Delivery Service – P.S.C. No. 12 - Electricity (also referred to as the "PASNY Rate Schedule"),[1] applicable to delivery by the Company of power and associated energy to customers of the New York Power Authority ("NYPA" or "PASNY").

The Company's schedule leaves identified below are issued on not less than one day's notice to become effective on May 11, 2012:

PSC No. 10 – Electricity: Leaf No. 351, Revision No. 5[2]
PSC No. 12 – Electricity: Leaf No. 22, Revision No. 3

[1] This is the Delivery Service Rate Schedule Implementing and Part of the Service Agreement between PASNY and the Company dated March 10, 1989.

[2] Fourth Revised Leaf No. 351, which was issued in Cases 12-E-0008 and 09-E-0428 on March 29, 2012, superseded First Revised Leaf No. 351, effective April 1, 2012, and Third Revised Leaf No. 351, which was issued in Case 09-E-0428 on March 1, 2012, to become effective April 1, 2012, was canceled. Second Revised Leaf No. 351 was issued February 29, 2012, and is proposed to become effective June 1, 2012, pending Commission review and approval in Case 11-M-0542, Excelsior Jobs Program. If the changes proposed to Second Revised Leaf No. 351 are approved by the Commission, they must be incorporated into Leaf 351. (Second Revised Leaf No. 351 proposes to revise General Rule 26.2 - Revenue Decoupling Mechanism ("RDM") Adjustment to indicate that SC 9 allowed pure base revenue under the RDM will be decreased/increased for load transfers to/from EJP service, as appropriate.)

Received: 05/14/2012

Background

Pursuant to Ordering Clause 5 of the Commission's Order Establishing Three-year Electric Rate Plan, issued March 26, 2010, in Cases 09-E-0428 and 08-M-0152 (the "2010 Order'), the Company filed tariff changes on March 1, 2012, reflecting revised delivery rates for the Rate Year ("RY") commencing April 2012 ("RY 3"). Thereafter, the Commission issued its Order Directing Use of Certain Credits to Offset $133.5 Million Surcharge, issued and effective March 22, 2012, in Cases 12-E-0008 and 09-E-0428 (the "2012 Order"), which directed the Company to use approximately $52.5 million of deferred credits that are not the result of the 2010 Order and $81 million of credits resulting from tax law changes to offset a $133.5 million RY 3 surcharge that had been approved in the 2010 Order. As a result, on March 29, 2012, the Company modified the delivery rates filed on March 1, 2012, in compliance with the 2012 Order ("March 2012 Compliance Filing"). As part of the March 2012 Compliance Filing, the Company filed revenue targets applicable under the RDM to reflect the revised allowed pure base revenues by service class for RY 3 (including PASNY as a single class), due to the change in base delivery rates. Those revisions were issued March 29, 2012, and became effective on April 1, 2012. As directed in the 2012 Order, the revisions reflected in that filing will not become effective on a permanent basis until approved by the Commission.

Reasons for Filing

In this filing, the Company is restating RY 3 RDM revenue targets to reflect the following: (1) a $5.6 million reallocation of pure base revenues between the RY 3 revenue targets for Service Classification No. ("SC") 1 – Residential and Religious and SC 7 – Residential and Religious - Heating; and (2) a $186,000 reallocation of pure base revenues between the RY 3 revenue targets for SC 6 and all other SCs subject to the RDM (including PASNY as a single class).

1. SC 7 Revenue Reallocation to SC 1

The SC 7 pure base revenue target reflected in the Company's March 2012 Compliance Filing for SC 7 is being decreased by $5.6 million, while the pure base revenue target for SC 1 is being increased by the same amount. As set forth in paragraph J.3.3 of the Joint Proposal, dated November 24, 2009, which was adopted by the Commission's 2010 Order, SC 1 and SC 7 will be consolidated into a single SC under SC 1 commencing April 1, 2013, and applications for SC 7 have not been accepted since April 1, 2010 (the onset of RY 1). New residential and religious heating customers and successor customers to existing SC 7 customers are being served under SC 1. At the onset of RY 1, there were approximately 17,400 SC 7 customers. Since then, approximately 5,000 customers being served in SC 1 were either successors to SC 7 customers transferred from SC 7 to SC 1 or are entirely new residential and religious heating customers that would have otherwise been served under SC 7. Based on actual experience from RY 2, the SC 1 and SC 7 pure base revenue targets for RY 3 are being reset to reflect the transfer of successor customers from SC 7 to SC 1 and actual new residential and religious heating customers being served under SC 1. In May 2011, the Company made a similar filing to revise the RY 2 targets

Received: 05/14/2012

for SC 1 and SC 7.[3] If revenues are not reallocated between SC 1 and SC 7, there would be an unintended revenue deficiency in SC 7, resulting in an RDM surcharge to the remaining SC 7 customers (and an offsetting credit to SC 1 customers).[4] The change to the revenue targets has no impact on the SC 1 and SC 7 T&D delivery rates, since SC 1 and 7 rates were designed based on a consolidated revenue requirement.

2. SC 6 Revenue Reallocation to all Other Classes

As described in the Company's filing letter of April 25, 2012, which accompanied revised RDM Statements for PSC No. 10 – Electricity and for the PASNY Rate Schedule,[5] the SC 6 pure base revenue RDM target was set too high for RY2, anticipating growth in that customer class that never materialized. This resulted in a significant under-collection of SC 6 revenues for RY 2. The Company's April 25th filing letter indicated that the revised RDM Statement was filed to recover only a portion of the SC 6 under-collection over the six-month period May 2012 through October 2012, so as to mitigate the effect of the RDM under-collection on SC 6 customers' bills. In that filing, the Company also noted its plan to file with the Commission a methodology for recovering the $178,000 balance of the SC 6 under-collection for RY 2, including making a separate filing to reduce the SC 6 revenue target for RY 3 and increasing, on a pro rata basis, the allowed RY 3 pure base revenues for the other SCs and for PASNY, in order to collect the same total annual allowed pure base revenues from the RDM classes.[6]

The SC 6 reallocation for RY 3 is included in this filing. Specifically, the RY 3 SC 6 pure base revenue RDM target reflected in the Company's March 2012 Compliance Filing is being decreased by $186,000 based on actual experience from RY 2, and the RDM revenue targets for the other classes are being increased in proportion to each class's share of total allowed pure base revenues, excluding SC 6 pure base revenues. The Company will make a separate filing to establish the methodology to be used by the Company to recover under-collected SC 6 revenues for RY 2.

Revised RDM Targets by Class

The chart below shows the net effect of the SC 6 pure base revenue reallocation and the SC 7 to SC 1 pure base revenue reallocation. As demonstrated by the chart, the change in

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[3] The revised targets were adopted on a permanent basis by the Commission's Order, dated July 15, 2011, in Case 09-E-0428.

[4] Without a revenue reallocation, the credit to each SC 1 customer would be de minimis (given that there are almost three million SC 1 accounts) as compared to the surcharge that would be applied to each of the remaining SC 7 customers.

[5] The Company filed RDM Statement No. 2 to P.S.C. No. 10 – Electricity and RDM-PASNY Statement No. 2 to the PASNY Rate Schedule to recover/refund over the six months commencing May 1, 2012, the difference, plus interest, between allowed and actual pure base revenues for the six-month period October 2012 through March 2012, plus the reconciliation of prior-period RDM collections.

[6] Based on the under-collection of SC 6 revenues experienced during the rate year ending March 31, 2010, the Company also filed in June 2010 to revise the SC 6 allowed pure base revenue for the 12 months ending March 2011 and make offsetting adjustments to other SCs, thereby avoiding a significant under-collection during that rate year. This was approved by the Commission's Order, dated September 20, 2010, in Case 09-E-0428. At the time of the Company's March 2012 Compliance Filing, the final RDM results for RY 2 were not known.

Received: 05/14/2012

allowed pure base revenue per class is de minimis for all SCs except for SCs 6 and 7. The change in the SC 1 class revenues is the sum of the change in the SC 7 class RDM target and the SC 1 class's share of the change in the SC 6 class RDM target.

SC	Original Amounts ($000's)	Revised Amounts ($000's)	Change ($000's)
1	$1,880,260	$1,885,971	$5,711
2	$311,705	$311,718	$13
5	$4,514	$4,514	$0
6	$2,482	$2,296	-$186
7	$16,569	$10,936	-$5,633
8	$132,707	$132,712	$5
9	$1,816,284	$1,816,351	$67
12	$21,819	$21,820	$1
13	N/A	N/A	N/A
CECONY Total	$4,186,340	$4,186,318	-$22
NYPA	575,813	$575,835	$22
Total	$4,762,153	$4,762,153	$0

Conclusion and Notice

As directed by Ordering Clause 1 of the 2012 Order, these amendments of the tariff provision setting out the RY 3 RDM targets are being filed on not less than one day's notice, to become effective on May 11, 2012.

The Company requests waiver of the requirement for newspaper publication of these changes, because the Company does not typically provide notice of RDM target changes. Newspaper publication of the major tariff changes that were filed on March 29, 2012, pursuant to the 2012 Order, was made April 9, 16, 23, and 30, 2012.

Pursuant to Ordering Clause 5 of the 2010 Order, the Company is serving copies of its filing by all active parties in this proceeding electronically and by first class mail.

Very truly yours,

FILED FOR CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

/s/Christine Colletti
Director
Rate Engineering