



Consolidated Edison Company  
of New York, Inc.  
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March 29, 2012

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

**RE: Cases 09-E-0428 and 12-E-0008**

Dear Secretary Brillling:

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 Electricity Service, P.S.C. No. 10 - Electricity ("Electric Rate Schedule"), 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"),<sup>1</sup> applicable to delivery by the Company of power and associated energy to customers of the New York Power Authority ("NYPA" or "PASNY"), and to its Schedule for Economic Development Delivery Service ("EDDS") – P.S.C. No. 11 - Electricity (also referred to as the "EDDS Rate Schedule"),<sup>2</sup> applicable to delivery service to PASNY, the New York City Public Utility Service ("NYCPUS") and the County of Westchester Public Utility Service Agency ("COWPUSA").

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<sup>1</sup> This is the Delivery Service Rate Schedule Implementing and Part of the Service Agreement between PASNY and the Company dated March 10, 1989.

<sup>2</sup> This is the Delivery Service Rate Schedule Implementing and Part of: (1) the "Service Agreement for the Delivery of Power and Energy" between PASNY and the Company, dated March 10, 1989, for the delivery by the Company of Power and Associated Energy to Authority Economic Development Customers, (2) the "Agreement for the Delivery of Power and Energy from the James A. FitzPatrick Power Project" between the County of Westchester, acting through COWPUSA, and the Company, made April 24, 1987, and (3) the "Agreement between the City of New York and Consolidated Edison Company of New York, Inc., for the Delivery of Power and Energy from the James A. FitzPatrick Nuclear Power Project" between the City of New York, acting through NYCPUS, and the Company, made October 23, 1987.

The Company's schedule leaves and statements have an effective date of April 1, 2012. The specific leaves and statements being revised in the Electric Rate Schedule, the PASNY Rate Schedule, and the EDDS Rate Schedule are identified in Appendices A, B, and C, respectively.

### **Reason for Filing**

The Commission's Order Establishing Three-Year Electric Rate Plan, issued and effective March 26, 2010, in Cases 09-E-0428 and 08-M-0152 (the "2010 Order"), provided for levelized delivery rate increases of \$420.4 million to be implemented in each year over the three years commencing April 1, 2010. Pursuant to the 2010 Order, on March 1, 2012, the Company filed rates for the third rate year ("RY 3"), commencing April 1, 2012, providing for a RY 3 delivery rate increase of \$420.4 million, inclusive of a \$133.5 million temporary surcharge to be collected through March 31, 2013. The temporary surcharge of \$133.5 million was reflective of the implementation of levelized rate increases of \$420.4 million in each rate year, resulting in delivery rates being \$133.5 million higher at the end of the three-year plan than they would otherwise have been under a non-levelized approach.

Subsequent to the Company's RY 3 filing, 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"), directing the Company to offset the \$133.5 million RY 3 surcharge through use of approximately \$52.5 million of deferred credits that are not the result of the 2010 Order (i.e., "Other Credits," which include gains on the sale of real property and credits related to prior tax refunds (non-real property)) plus \$81 million of credits resulting from tax law changes.<sup>3</sup> Specifically, the 2012 Order (at p. 24) directed the Company to cancel the tariff leaves the Company filed on March 1, 2012, and file revised tariff leaves, effective April 1, 2012, that reflect the RY 3 revenue requirement increase of \$420.4 million but exclude the \$133.5 million surcharge from non-competitive delivery base rates, for a net revenue requirement increase of \$286.9 million.

Accordingly, rates for RY 3 commencing April 1, 2012, will provide for an overall net rate increase of \$286.9 million,<sup>4</sup> of which \$248.3 million is allocable to customers served under the Electric Rate Schedule. Of the remaining \$38.6 million, \$36.7 million is allocable to customers served under the PASNY Rate Schedule, and \$1.9 million is allocable to customers served under the EDDS Rate Schedule.

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<sup>3</sup> As explained at page 2 of the 2012 Order, "the Rate Plan provides for ...deferrals related to tax law changes other than local property taxes, that result in a change in the Company's annual electric costs in an amount of \$12.5 million or more (Bonus Depreciation)."

<sup>4</sup> The percentage rate increase is approximately 4.7 percent on delivery revenues or 2.3 percent on a total bill basis. The delivery revenue increase equals: (1) the delivery revenue increase divided by (2) total T&D revenues at current rates plus estimated revenues to be derived from the Monthly Adjustment Clause, the System Benefits Charge/Renewable Portfolio Standard charge, and the Surcharge to Collect Assessments under Section 18-a of the Public Service Law. The increase on a total bill basis equals the delivery revenue increase divided by total revenues (i.e., supply and delivery related charges including related taxes).

Appendices D, E, and F show the percentage bill increases for the Con Edison Service Classifications, for customers served under the PASNY Rate Schedule, and for customers served under the EDDS Rate Schedule, respectively.

### **Rate and Tariff Changes**

Appendix G describes the allocation of the net rate increase of \$286.9 million (\$420.4 million offset by \$133.5 million of deferred credits) to Con Edison, PASNY and EDDS customers and the associated rate design.

The Company has modified the revenue targets applicable under the Revenue Decoupling Mechanism ("RDM") in the Electric Rate Schedule and the PASNY Rate Schedule to reflect the revised allowed pure base revenue by service class for RY 3, due to the change in base delivery rates (JP, p. 7) without the portion of the \$133.5 million surcharge attributable to RDM customers. For purposes of the RDM, PASNY is considered to be a single class. The Company has also eliminated RDM text about revenue targets being reset after expiration of the temporary surcharge, because the surcharge will not be in effect pursuant to the 2012 Order.

Because the tariffs filed on March 1, 2012 contained a provision for a rate adjustment clause for collection of the temporary surcharge, the Company has eliminated that provision from each schedule (i.e., Leaf 359 of the Electric Rate Schedule, Leaf 9 of the EDDS Rate Schedule, and Leaf 13 of the PASNY Rate Schedule.)

### **Other**

The Company is filing a revised Statement of Merchant Function Charge, MFC Statement No. 3 to the Electric Rate Schedule. It is also filing revised Statements of Rate Adjustment Clause: RAC Statement No. 3 to the Electric Rate Schedule, RAC PASNY Statement No. 3 to the PASNY Rate Schedule, and RAC EDDS Statement No. 3 to the EDDS Rate Schedule.

Pursuant to Ordering Clause 2 of the 2012 Order, the Company is also filing herewith Appendix H showing the monthly RDM revenue targets for RY 3, with and without the portion of the \$133.5 million temporary surcharge that is attributable to RDM customers (i.e., \$127.639 million excluding gross receipts taxes).

### **Conclusion and Notice**

As directed by Ordering Clause 1 of the Order, the Company is filing its tariff amendments to take effect on a temporary basis, on not less than one day's notice, effective April 1, 2012. As further directed by Ordering Clause 1 of the Order, the Company is filing Supplement No. 3 to the Electric Rate Schedule, Supplement No. 1 to the PASNY Rate Schedule, and Supplement No. 1 to the EDDS Rate Schedule to cancel the leaves and statements filed on March 1, 2012. The cancellation supplements are filed on not less than one day's notice to become effective March 30, 2012.

Publication of notice of these revisions will be made on April 9, 16, 23, and 30, 2012.

Very truly yours,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

/s/ Christine Colletti  
Director  
Rate Engineering Department

PSC No. 10 – Electricity  
List of Tariff Changes

<u>Leaf Number</u>	<u>Revision Number</u>	<u>Superseding Revision Number</u>
95	2	0
181	2	0
192	2	0
351	4*	1
359	2	0
388	2	0
389	2	0
397	2	0
398	2	0
406	2	0
408	2	0
409	2	0
410	2	0
416	2	0
423	2	0
424	2	0
432	2	0
435	2	0
437	2	0
438	2	0
439	2	0
445	2	0
446	4*	1
449	2	0
451	2	0
452	2	0
453	2	0
463	2	0
479	2	0

<u>Leaf Number</u>	<u>Revision Number</u>	<u>Superseding Revision Number</u>
480	2	0
483	2	0
485	2	0
486	2	0
487	2	0
488	2	0
495	2	0
496	2	0
501	3	1
502	3	1

\*Revision No. 2 is pending. They were issued in Case 11-M-0542 and have a proposed effective date of June 1, 2012.

<u>Statement</u>	<u>Statement Type</u>	<u>Statement No.</u>
Statement of Rate Adjustment Clause	RAC	3
Statement of Merchant Function Charge	MFC	3

## Appendix B

PSC No. 12 – PASNY  
List of Tariff Changes

<u>Leaf Number</u>	<u>Revision Number</u>	<u>Superseding Revision Number</u>
4	2	0
5	2	0
6	2	0
7	2	0
8	2	0
9	2	0
10	2	0
13	3*	0
14	3*	0
22	2	0

\*Revision No. 2 is pending. They were issued in Case 11-E-0299 and have a proposed effective date of June 22, 2012.

<u>Statement</u>	<u>Statement Type</u>	<u>Statement No.</u>
Statement of Rate Adjustment Clause	RAC PASNY	3

Appendix C

PSC No. 11 - EDDS  
List of Tariff Changes

<u>Leaf Number</u>	<u>Revision Number</u>	<u>Superseding Revision Number</u>
5	2	0
6	2	0
7	2	0
9	2	0

<u>Statement</u>	<u>Statement Type</u>	<u>Statement No.</u>
Statement of Rate Adjustment Clause	RAC EDDS	3



Cases 09-E-0428 and 12-E-0008  
**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**  
 Estimated Effect on Con Edison Conventional and TOD Customers' Bills and Revenue  
 Resulting from the Application of Conventional and TOD Rates and Charges Effective April 1, 2012  
 Based on Sales and Revenues for the Twelve Months Ended December 31, 2007

Con Edison Service Classification - Conventional Rates		Total Revenues * @ April 2011 Rates	Total Revenues * @ April 2012 Rates	Estimated Change @ April 2012 Rates	Percentage Change	Estimated Number of Customers' Bills		
						Increased	Decreased	Unchanged
1 - Rate I **	Residential & Religious	\$3,736,356,396	\$3,838,876,501	\$102,520,105	2.74%	31,695,277	0	1,800
2	General - Small	\$623,155,703	\$641,272,577	\$18,116,874	2.91%	4,039,066	0	0
5 - Rate I	Electric Traction Systems	\$184,344	\$191,184	\$6,840	3.71%	132	0	0
6	Public & Private Street Lighting	\$3,785,785	\$3,913,865	\$128,080	3.38%	41,796	0	0
7 - Rate I**	Residential & Religious - Space or Space and Water Heating	\$44,696,421	\$46,510,881	\$1,814,460	4.06%	199,784	0	328
8 - Rate I	Multiple Dwellings - Redistribution	\$395,067,078	\$402,570,782	\$7,503,704	1.90%	21,870	0	0
9 - Rate I	General - Large	\$3,901,136,201	\$3,981,442,569	\$80,306,368	2.06%	1,442,349	0	0
12 - Rate I	Multiple Dwelling - Space Heating	<u>\$38,777,853</u>	<u>\$39,344,588</u>	<u>\$566,735</u>	1.46%	<u>5,407</u>	<u>0</u>	<u>0</u>
Sub-Total	Con Edison's Conventional Rates	\$8,743,159,781	\$8,954,122,947	\$210,963,166	2.41%	37,445,681	0	2,128
Con Edison Service Classification - Time-of-Day Rates								
1 - Rate II	Residential & Religious	\$23,384,052	\$23,836,810	\$452,758	1.94%	28,128	0	0
2 - Rate II	General - Small	\$1,009,273	\$1,029,914	\$20,641	2.05%	2,498	0	0
5 - Rate II	Electric Traction Systems	\$20,157,725	\$20,191,913	\$34,188	0.17%	59	0	1
7 - Rate II	Residential & Religious - Space or Space and Water Heating	\$882,747	\$898,919	\$16,172	1.83%	1,460	0	0
8 - Rate II	Multiple Dwellings - Redistribution	\$22,965,838	\$23,374,187	\$408,349	1.78%	192	0	0
8 - Rate III	Multiple Dwellings - Redistribution - Voluntary	\$6,882,279	\$7,012,197	\$129,918	1.89%	276	0	0
9 - Rate II	General - Large	\$1,875,800,349	\$1,906,895,671	\$31,095,322	1.66%	8,004	0	0
9 - Rate III	General - Large - Voluntary	\$116,909,814	\$118,845,937	\$1,936,123	1.66%	12,408	0	0
12 - Rate II	Multiple Dwelling - Space Heating	\$50,296,151	\$51,043,961	\$747,810	1.49%	336	0	0
13 - Rate II	Bulk Power - High Tension - Housing Developments	<u>\$24,891,890</u>	<u>\$25,160,728</u>	<u>\$268,838</u>	1.08%	<u>12</u>	<u>0</u>	<u>0</u>
Sub-Total	Con Edison's Time-of-Day Rates	\$2,143,180,118	\$2,178,290,237	\$35,110,119	1.64%	53,373	0	1
Con Edison Total	Con Edison's Total Excluding Special Contract	\$10,886,339,899	\$11,132,413,184	\$246,073,285	2.26%	37,499,054	0	2,129

\* Total Revenues for all customers include: T&D delivery charge and estimated market supply charge, monthly adjustment clause, system benefits/renewable portfolio standard program charges, the surcharge to collect Public Service Law, Section 18-a Assessments, and the associated gross receipts taxes.  
 The market supply charge revenues for retail access customers are equivalent to what these customers would have paid as full service customers.

\*\* Total Revenues in Service Classification No. 1 include Rider D. Total Revenues in SC 1 and 7 include \$38.75 million of low income program credits (i.e., \$38.25 million of low income rate reductions and \$500,000 for waived reconnection fees).

\*\*\* The increase in Con Edison P.S.C. No. 10 revenues for the rate year, i.e., the twelve months ending March 31, 2013, equates to \$248.3 million, or an overall increase of 2.3%. Pursuant to Section J.3 a of the Joint Proposal, the merchant function charge, effective April 1, 2012, will be further increased to recover the incremental purchase power working capital costs associated with the change from monthly to weekly billing by the New York Independent System Operator.

Cases 09-E-0428 and 12-E-0008  
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
Estimated Effect on NYPA Delivery Service Conventional and TOD Revenue Resulting from the Application of  
Conventional and TOD Rates and Charges Effective April 1, 2012  
Based on Sales and Revenues For the 12 Months ended December 31, 2007

	Total Revenue @ April 2011 Rates*	Total Revenue @ April 2012 Rates*	Estimated Change @ April 2012 Rates	Percentage Change
NYPA Delivery Service				
NYPA Total	\$1,468,911,653	\$1,503,218,308	\$34,306,655	2.34%

\* Total Revenues include delivery service revenues and estimated supply revenues and the surcharge to collect Public Service Law, Section 18-a Assessments associated with customers billed under the PASNY Delivery Service - P.S.C. No. 12 tariff.

\*\* Based on sales and revenues for the rate year, i.e., the twelve months ending March 31, 2013, such increase in NYPA Delivery Service revenue equates to \$36.7 million or an overall increase of 2.3%.

Cases 09-E-0428 and 12-E-0008  
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
Estimated Effect on Economic Development Delivery Service Conventional and TOD Revenue Resulting from the Application of  
Conventional and TOD Rates and Charges Effective April 1, 2012  
Based on Sales and Revenues For the 12 Months ended December 31, 2007

Economic Development Delivery Service   *	Total Revenue	Total Revenue	Estimated Changes	Percentage
	@ April 2011 Rates	@ April 2012 Rates*	@ April 2012 Rates	Change
			**	**
EDDS Total	\$116,222,016	\$118,229,074	\$2,007,058	1.73%

\* Total Revenues include Economic Development Delivery Service revenues and estimated supply revenues and the surcharge to collect Public Service Law, Section 18-a Assessments associated with customers billed under the Economic Development Delivery Service - P.S.C. No. 11 tariff.

\*\* Based on sales and revenues for the rate year, i.e., the twelve months ending March 31, 2013, such increase in Economic Development revenue equates to \$1.9 million or an overall increase of 1.7%.

**CONSOLIDATED EDISON COMPANY OF NEW YORK**  
**Cases 09-E-0428 and 12-E-0008**

**Rate Changes**

**Allocation of Rate Increase to Con Edison Customers**

The Company allocated the delivery revenue increase pursuant to Appendix I, pp. 1-3, of the JP. The delivery revenue increase includes an increase in T&D-related revenues and an increase in purchased power working capital costs.

For Con Edison classes, a portion of the Rate Year T&D-related delivery revenue increase was assigned to competitive service revenues in setting the rates for the following: (1) the supply-related component of the Merchant Function Charge (“MFC”) excluding the purchased power working capital cost component; (2) the credit and collection-related component of the MFC, inclusive of credit and collection-related costs attributable to the Purchase of Receivables Discount Rate; and (3) competitive metering charges. No change was made to the billing and payment processing charge. The balance of the T&D-related delivery revenue increase applicable to each Con Edison class was then used in setting the non-competitive T&D rates for each class. The increase associated with a change to purchased power working capital (“PPWC”) of \$233,000 will be reflected in the supply-related component of the MFC.<sup>1</sup>

**Rate Design**

Rates were designed to collect the increased RY 3 revenue requirement assigned to each class, pursuant to both Section J and Appendix I of the JP and to reflect the Commission’s directives in 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. Specifically, the Rate Year 3 rates were developed based on the revenue requirement increase of \$420.4 million offset by the \$133.5 million surcharge applied to non-competitive delivery base rates, for a net revenue requirement increase of \$286.9 million. Highlights include the following changes to the Service Classifications (“SCs” or “service classes”) of the Schedule for Electricity Service:

- Non-competitive delivery rates in Rate I of SC 1 and in Rate I of SC 7 reflect the phase-out of declining block energy rates over the four years that commenced in RY 1. Rate II rates were set the same for both SC 1 and SC 7.
- The phase-in, which commenced in RY 1, of an increased minimum charge (for 5 kW of demand) and elimination of the declining demand rate blocks in Rate I of SC 9, will continue. (In year 5, the summer and winter rates for demand over 100 kW will be eliminated, and the respective summer and winter rates will be set the same for all demand over 5 kW.)

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<sup>1</sup> As provided by the JP in Case 09-E-0428, the MFC for the new rate year commencing April 1, 2012, will be further increased to reflect incremental PPWC associated with the change from monthly to weekly billing by the NYISO.

- The phase out, which commenced in RY 1, of SC 2 Rate I declining energy rate blocks will continue. (Declining block rates will be gradually increased so that, in year 5, the summer and winter rates for the rate block for usage over 2,000 kWhr will be eliminated, and the respective summer and winter rates will be the same for all usage.)
- Charges to Con Edison customers associated with competitive functions (*i.e.*, the MFC, including the credit and collection-related component of the Purchase of Receivables Discount Rate, and competitive metering charges) were set to reflect the Rate Year revenue requirement, as explained in Appendix I of the JP. The metering charges applicable to customers in Rates I, III and IV of SC 8, 9, and 12 demand and Rate I and Rate III of SC 5 who are served under Rider M on a mandatory basis (or would be served under Rider M if they purchased supply from the Company) were increased by the overall Con Edison T&D average percentage rate increase. The revised credit and collection and supply-related components of the MFC, including the increase in PPWC costs and the annual change in the transition adjustment, effective April 1, 2012, and the monthly change in the uncollectible bill expense associated with the Market Supply Charge, are reflected on the revised Statement of MFC to Con Edison's Electric Rate Schedule being filed herein.
- The Company decreased the discount applicable to the low-income customer charge from \$9.00 to \$8.50. Other than this change, no change was made to the customer charge applicable to residential customers taking service under Rate I of SC 1 and SC 7. The change to the low-income discount was made pursuant to Section K of the JP, which provides that the low-income discount may be increased or decreased by up to \$0.50 if the annual cost of customer charge discounts in any year differs by more than five percent of \$38.25 million (*i.e.*, less than \$36,337,500 or more than \$40,162,500). The Company estimates that the annual cost would be greater than \$40,162,500 in RY 3 based on the current discount of \$9.00.
- Standby Service rates contained in SC 5, 8, 9, 12 and 13<sup>2</sup> were designed to be revenue-neutral at the new revenue level, *i.e.*, to produce the same revenues as if the full-service class (not any individual customers) were priced under either the standard SC rates or the standby rates.
- The reactive power charge applicable to small induction generators was increased by the overall Con Edison system non-competitive T&D percentage increase. No change was made to the reactive power demand charge filed in Case 08-E-0751, which is applicable to customers billed for metered reactive power demand.

In addition, the following changes were made to the PASNY and EDDS Rate Schedules:

- Rate I and Rate II charges under the PASNY Rate Schedule were increased by the overall T&D delivery revenue percentage increase applicable to NYPA. Consistent with the standby rate guidelines, Rate III and Rate IV rates were developed for each class within the PASNY Rate Schedule to be revenue-neutral at the new revenue level, *i.e.*, Rate III and Rate IV were

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<sup>2</sup> Standby Service rates are Rates III and IV of SC 5, Rates IV and V of SC 8, 9, and 12, and Rate II of SC 13.

## Appendix G

developed to produce the same delivery revenues as the equivalent non-standby class. Competitive metering back-outs were set to reflect the Rate Year revenue requirement.

- The current conventional and TOD rates under the EDDS Rate Schedule and SC 15 of the Schedule for Electricity Service were increased by the overall T&D delivery revenue percentage increase applicable to EDDS.
- The reactive power charges applicable to small induction generators under the PASNY and EDDS Rate Schedules were increased by their applicable overall T&D delivery percentage increases. No change was made to the reactive power demand charges filed in Case 08-E-0751, which are applicable to customers billed for metered reactive power demand.

**CONSOLIDATED EDISON COMPANY OF NEW YORK**  
**Cases 09-E-0428 and 12-E-0008**

**Rate Year 3 Ending 3/31/2013 ("RY 3") RDM Targets Priced at RY 3 Rates Including  
and Excluding RDM Customers' Share of the \$133.5 million Temporary Surcharge  
(\$000)**

	RDM Targets			Monthly Allocation of \$133.5 million Temporary Surcharge (before GRT)	
	Includes Temporary Surcharge	Excludes Temporary Surcharge	Difference in RDM Targets	%	\$000's
Apr-12	\$326,269	\$317,864	\$8,405	6.5850%	\$8,547
May	\$328,144	\$319,649	\$8,495	6.6555%	\$8,638
June	\$421,216	\$410,048	\$11,168	8.7497%	\$11,356
July	\$534,609	\$520,477	\$14,132	11.0719%	\$14,370
Aug	\$541,906	\$527,570	\$14,336	11.2317%	\$14,578
Sept	\$532,800	\$518,725	\$14,075	11.0272%	\$14,312
Oct	\$419,944	\$409,125	\$10,819	8.4762%	\$11,001
Nov	\$349,339	\$340,302	\$9,037	7.0801%	\$9,189
Dec	\$366,013	\$356,532	\$9,481	7.4280%	\$9,641
Jan-13	\$366,886	\$357,391	\$9,495	7.4389%	\$9,655
Feb	\$358,158	\$348,883	\$9,275	7.2666%	\$9,431
Mar	<u>\$344,508</u>	<u>\$335,587</u>	<u>\$8,921</u>	<u>6.9892%</u>	<u>\$9,071</u>
RY3	\$4,889,792	\$4,762,153	\$127,639	100.00%	\$129,789

Note: RY3 Temporary surcharge of \$133.5 million less GRT = \$129,789,000