



Consolidated Edison Company  
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September 26, 2018

Honorable Kathleen H. Burgess  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223

**RE: Case 17-M-0815, Proceeding on Motion of the Commission on Changes in Law that May Affect Rates**

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (the “Commission”) amendments to its Schedule for Steam Service, P.S.C. No. 4 – Steam (the “Rate Schedule” or the “Tariff”), applicable to its steam customers in the Borough of Manhattan, New York City.

The Tariff leaves and Statement filed herewith, which are identified in Appendix A, have an effective date of October 1, 2018.

**Reason for Filing**

This filing is being made pursuant to the Commission’s Order Determining Rate Treatment of Tax Changes, issued and effective August 9, 2018 in the above proceeding (“Order”). The Order directed the Company to implement sur-credits related to the tax savings from the Tax Cuts and Jobs Act of 2017 (“Tax Sur-credit”).

**Tariff Changes**

Pursuant to the Order, the Company has created new General Information Section 5.1, “Tax Sur-credit”, to implement the Tax Sur-credit. General Information Section 5.1 specifies that Customers will receive sur-credits per Mlb as shown on the Statement of Tax Sur-credit commencing October 1, 2018. The following tax saving elements are included in the Company’s steam Tax Sur-credit calculation: (1) the annual ongoing tax savings effective October 1, 2018, (2) an amortization of the January 1, 2018 through September 30, 2018 tax savings over a three-year period unless a cash flow or credit quality concern is demonstrated, and (3) an amortization

of the protected and unprotected excess accumulated deferred federal income tax reserve balances over the life of the assets.

Any difference between the Tax Sur-credit amounts to be credited and actual amounts credited, excluding gross receipts taxes, will be reflected in a subsequent period sur-credit; provided, however, that any reconciliation amount required to be credited or collected after the last year that the surcharge is in effect, will be reconciled in the next rate case.

The Tax Sur-credits will be allocated to each steam Service Classification (“SC”) based on the class contribution to the Company’s steam Pure Base Revenue, and will be collected on a monthly basis per Mlb. The Tax Sur-credit applicable to an SC 5 Customer will be the Tax Sur-credit specified under such Customer’s otherwise applicable SC. The Company will implement sur-credits for the 12-month period commencing October 1, 2018 to September 30, 2019. This will continue for each 12-month period effective October 1 until the net benefits of the Tax Sur-credit are fully reflected in rates in the next rate case.

The Company is filing the new Statement of Tax Sur-credit No. 1 showing the sur-credits applicable to Customers effective October 1, 2018 through September 30, 2019.

The Company also added to General Information Section No. 2 the definition for “Pure Base Revenue” to mean the total revenue, less the revenues attributed to the Increase in Rates and Charges, Fuel Adjustment Charge, Base Cost of Fuel, and Tax Sur-credit, all as described in the Rate Schedule, to incorporate the effect of the Tax Sur-credit on the calculation of Pure Base Revenue. General Information Nos. 3.1.5, 3.2.2, and 7 have been revised to incorporate the newly defined term Pure Base Revenue.

### **Conclusion**

As directed by Ordering Clause 2 of the Order, the tariff amendments and Statement are being filed on not less than five days’ notice, to become effective on October 1, 2018. Pursuant to Ordering Clause 10 of the Order, the Company will file with the Commission no later than six weeks following October 1, 2018, proof that a notice to the public of the changes set forth in the tariff amendments has been published.

Sincerely,

/s/ William A. Atzl, Jr.  
Director  
Rate Engineering

**Appendix A**

**PSC No. 4 – Steam: List of Revised Tariff Leaves and Statement Filed**

| <u>Leaf No.</u> | <u>Revision No.</u> | <u>Superseding Revision No.</u> |
|-----------------|---------------------|---------------------------------|
| 2               | 3                   | 2                               |
| 6               | 1                   | 0                               |
| 15              | 4                   | 3                               |
| 16              | 4                   | 3                               |
| 18.1            | 3                   | 2                               |
| 42              | 10                  | 9                               |
| 44              | 3                   | 2                               |
| 45              | 3                   | 2                               |

Statement  
Statement of Tax Sur-credit

Statement Type  
TAX

Statement No.  
1