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Consolidated Edison Company of New York, Inc.
4 Irving Place
New York NY 10003
www.conEd.com

July 3, 2017

Hon. Kathleen Burgess
Secretary
State of New York
Public Service Commission
Three Empire State Plaza Albany,
NY 12223-1350

Re: Case 16-G-0406 - Proposed Gas Tariff Revisions, Including Revised Daily Delivery Service for Gas Marketers

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") hereby submits for filing with the Public Service Commission (the "Commission") the following tariff leaves proposing revisions to its Schedule for Gas Service, P.S.C. No. 9 – Gas (the "Gas Tariff"):

Leaf No.	Revision No.	Superseding Revision No.
156	19	18
157	12	11
158	13	12
165	13	12
181	18	17
259	12	11
385	3	2
386.1	2	1
386.2	2	1
386.4	1	0
388	6	5

The revised tariff leaves are proposed to become effective on November 1, 2017.

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Reasons for Proposed Tariff Modifications

Since 2014, Con Edison has been meeting periodically with Department of Public Service Staff ("Staff") and gas marketers serving firm transportation customers in the Company's service territory ("Gas Marketers" or "Marketers") to discuss transportation and balancing issues relating to the Company's gas retail access firm transportation monthly balancing program. As a result, Con Edison first filed a pilot Managed Supply Service ("MSS") program that became effective on January 1, 2016. Con Edison continued to meet with Gas Marketers and Staff, which resulted in the development and Con Edison's filing of the Daily Delivery Service ("DDS") program for Gas Marketers in July 2016. When the DDS program became effective on November 1, 2016[1], it replaced the Company's existing Firm Balancing Programs (*i.e.*, its Load Following Service and Managed Supply Service). The DDS program consists of the following three tiers: Tier 1 – Mandatory Capacity Release; Tier 2 – Managed Supply (Storage); and Tier 3 – Peaking. Under the DDS program, the Company provides Gas Marketers with a daily delivery quantity that is needed to meet the forecasted gas consumption of their respective aggregated customers based upon an equation that uses the forecast day-ahead temperature and the Gas Marketer's customers' temperature-dependent profiles.

After implementation of the DDS program, the Company, as directed by the Commission's October 2016 Order, continued to meet with the Gas Marketers and Staff to gather additional information in order to refine the program. Based upon the additional information obtained, as well as specific requests received from the Gas Marketers, the Company is proposing to modify its DDS program.

Summary of Proposed Tariff Changes

The following is a summary of Con Edison's proposed changes to the Gas Tariff in order to modify the current DDS program.

- Under the Tier 2 Managed Supply (Storage), Marketers will be allowed to use storage in the months of April and October on any day in those months when the day-ahead temperature is forecast to be at or below 46 degrees on those days. Currently the temperature has to be below 46 degrees. The language in the tariff, related to this same provision, is also being modified to clarify that the use of storage in the month of October is related to the use of the Marketer's storage allocation for the upcoming November through March period rather than the Marketer's remaining storage at the end of the previous March, as is the case for the use of storage in the month of April.

- The language in the tariff is being modified to clarify that the annual fixed costs reflected in the Tier 2 Demand Charge, for service commencing each November 1, reflects the pipeline

[1] Pursuant to the Commission's Order Approving Tariff Amendments, issued October 17, 2016, in Case 16-G-0406 ("October 2016 Order").

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storage and transportation costs for the 12 months commencing with the preceding April and continuing through the following March.

- Under the Tier 2 Managed Supply (Storage), the Company would now have the right, at its sole discretion, to waive its rules regarding the mandatory use of Tier 1 Pipeline Capacity before using Tier 2 Managed Supply (Storage) at the temperature levels designated in the tariff, but only during the month of March based upon the Company's unilateral evaluation of system conditions as a result of warmer than normal weather experienced in the prior December through February period.

- Under the Operational Limitations for the March storage capacity limit for the Tier 2 Managed Supply (Storage), the Company would now have the right, at its sole discretion, to waive the surcharge to Marketers if warmer than normal weather conditions during the previous December through February period caused all Marketers to exceed the 35% threshold for their capacity storage allocation on March 31 of that year.

- For Marketers participating in the purchase of receivables ("POR") program, the Company will now net any payment owed the Company by a Marketer for Tier 2 and Tier 3 demand and commodity charges against the Company's POR payment to the Marketer. In any month that the POR payment amount is insufficient to cover the Tier 2 and Tier 3 demand and commodity components, the Marketer will be required to pay the Company directly for the full amount due to the Company. Consistent with the provisions associated with Marketers not participating in the POR program, the Company will now have the right to require a prepayment or the posting of a Letter of Credit for any potential amount that may be owed to the Company that arises from the netting of the Tier 2 and Tier 3 demand and commodity charges against the POR payment.

- The language in the tariff is being modified to clarify that Tier 3 Peaking also includes CNG.

- Commencing November 1, 2017, net revenues derived from off-system transactions related to the release of storage and firm transportation associated with storage will be credited to both firm sales and firm transportation customers through the Non-Firm Revenue credit, after the $ 65 million target is reached. Currently, these net revenues are credited to the firm sales customers through the gas cost factor ("GCF"). The change from the GCF to the Non-Firm Revenue credit is appropriate because both sales and transportation customers pay for these assets and the Company continues to manage these assets. Net revenues derived from off-system transactions, other than those related to the release of storage and firm transportation associated with storage, will continue to be credited to firm sales customers through the GCF.

The Winter Bundled Sales Service, that was in effect for the period December 1, 2016

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through March 1, 2017, has expired and is not being extended.

The Company will make a Gas Transportation Operating Procedure (“GTOP”) Manual filing that will provide additional information concerning the DDS program changes described above.

Conclusion and Notice

As directed by Ordering Clause 3 of the Order in Case 16-G-0406 dated October 17, 2016, the Company is filing tariff amendments to reflect its proposed updates to its Retail Access Program.

As The Company will provide for public notice of the tariff changes proposed in this filing by means of newspaper publication once a week for four consecutive weeks prior to the effective date. Enclosed is a proposed form of Notice of Proposed Rule-Making for publication in the State Register pursuant to the State Administrative Procedure Act.

Sincerely,

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

Enclosure (SAPA Notice)