



Consolidated Edison Company
of New York, Inc.
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December 1, 2016

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
3 Empire State Plaza, 19th Floor
Albany, New York 12223

RE: Case 13-S-0032, Con Edison Steam Rate Case – Rate Year 4

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing with the Public Service Commission (the “Commission”) a Statement of Temporary Rate Adjustment (“STRA Statement”) to its Schedule for Steam Service, P.S.C. No. 4 – Steam (the “Tariff”), applicable to its steam customers in the Borough of Manhattan, New York City. STRA Statement No. 2 has an effective date of January 1, 2017.

Background

The Commission’s Order Approving Electric, Gas and Steam Rate Plans in Accord with Joint Proposal, issued and effective February 21, 2014, in Case 13-S-0032 (the “Order”) adopted the Joint Proposal set forth in an Appendix to the Order. The Order approved a three-year steam rate plan for Rate Years (“RY”)s 1, 2 and 3, (i.e., the twelve-month periods commencing January 1, 2014, January 1, 2015 and January 1, 2016, respectively). Under the rate plan, steam revenue requirements were decreased by \$22.358 million in RY1 and increased by \$19.784 million and \$20.270 million in RY2 and RY3, respectively.¹ The steam revenue requirements for RY1, RY2, and RY3 were levelized during the three-year rate plan to remain equal to the steam revenue level at the end of the rate plan approved in Case 09-S-0794.

¹ The revenue amounts noted in this letter include gross receipts tax. However, rates are designed excluding gross receipts tax, because the tax is collected on customers’ bills as a percentage increase to the rates and charges.

On December 2, 2015, the Company filed changes to rates intended to remain in effect after the end of RY3 absent a new rate plan. Because the annual levelized rate changes were designed to produce revenues that were \$17.696 million lower at the end of the three-year term than they would otherwise have been under a non-levelized approach, RY3 rates were set to reflect revenues that were \$17.696 million greater than the RY3 revenue level, and the \$17.696 million was offset in RY3 by class-specific temporary credits as described in General Information Section 5.3 - Temporary Rate Adjustment (Leaf 42.1) of the Tariff. Class-specific credits for RY3 are shown on STRA Statement No. 1.²

Statement of Temporary Rate Adjustment

Pursuant to the Order, absent new rates to take effect on January 1, 2017, the \$17.696 million annual increase after RY3, due to the expiration of the temporary credits, will be partially offset in RY4 (i.e., the twelve-month period commencing January 1, 2017) by an \$8.121 million deferred credit.³ The credit will be applied through class-specific temporary credits, as shown on an updated STRA Statement, STRA Statement No. 2.

STRA Statement No. 2 is filed to be in effect for the period January 1 through December 31, 2017. The STRA Statement shows the class-specific credits to be applied to the rates and charges for each Service Classification (except Service Classification No. 5) and Rider G.

The effect of the \$9.575 million change (the \$17.696 million increase less the \$8.121 million deferred credit) is an increase of approximately 1.5% on a total bill basis or an increase of 2.1% to pure base revenues.⁴ Appendix A shows the estimated effect of the increase on customers' bills and Company revenues for RY4 based on sales and revenues for the historical period, i.e., the twelve months ended December 31, 2011.

Conclusion and Notice

Consistent with Ordering Clause 5 of the Order, this filing is being made on not less than 30 days' notice to go into effect on a temporary basis on January 1, 2017.

² These changes were approved by the Commission on a permanent basis by its Order Approving Tariff Amendments on a Permanent Basis, issued March 21, 2016, in Case 13-S-0032.

³ This deferred credit is equal to \$7.236 million (based on credits of \$22.358 million for each RY, a RY2 debit of \$19.784 million for 2 years, and a RY3 debit of \$20.270 million) plus interest calculated at the 2014 other customer capital rate of 3.0 percent, updated for the 2015 rate of 2.9 percent, and the 2016 rate of 2.6 percent.

⁴ "Pure base revenue" means base revenues less both the base cost of fuel and the component of the Customer Charge relating to fuel costs (as described in General Information Section 8.2 of the Tariff).

The Company will publish notice of the proposed tariff change on December 9, 16, 23, and 30, 2016. Copies of this filing are being sent electronically to the active party list in Case 13-S-0032.

Sincerely,

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM - Estimated Effect on Customers' Bills and Company Revenues Resulting from
Expiration of a \$17.696 Million (Including GRT) Temporary Credit On December 31, 2016, Off Set By a New Temporary Credit of \$8.121 million (including GRT) Effective January 1, 2017
- Based on Billing Determinants for the Twelve Months Ended December 31, 2011

SERVICE CLASSIFICATION					ESTIMATED NUMBER OF CUSTOMERS' BILLS		
	TOTAL REVENUES AT PRESENT RATES ⁽¹⁾	TOTAL REVENUE AT PROPOSED RATES ⁽²⁾	CHANGE ⁽³⁾ FROM PRESENT RATES	% CHANGE ⁽³⁾ FROM PRESENT RATES	INCREASE	DECREASE	UNCHANGE
	(1)	(2)	(3)=(2)-(1)	(3A)=(3)/(1)	(4)	(5)	(6)
1 - GENERAL SERVICE	\$27,778,851	\$28,245,311	\$466,460	1.7%	5,815	0	0
2 - ANNUAL POWER SERVICE - RATE I - NON DEMAND	\$93,126,658	\$94,658,449	\$1,531,791	1.6%	4,254	0	0
2 - ANNUAL POWER SERVICE - RATE II - DEMAND	\$343,250,029	\$348,170,531	\$4,920,502	1.4%	3,516	0	0
3 - APARTMENT HOUSE SERVICE - RATE I - NON DEMAND	\$84,377,911	\$85,636,311	\$1,258,400	1.5%	5,407	0	0
3 - APARTMENT HOUSE SERVICE - RATE II - DEMAND	\$98,546,291	\$99,916,689	\$1,370,398	1.4%	1,668	0	0
4 - <u>BACKUP/SUPPLEMENTARY SERVICE</u>	<u>\$15,821,803</u>	<u>\$16,062,244</u>	<u>\$240,441</u>	<u>1.5%</u>	<u>180</u>	<u>0</u>	<u>0</u>
TOTAL	\$662,901,543	\$672,689,535	\$9,787,992	1.5%	20,840	0	0

Notes:

(1) Reflects historical sales at rates effective 1-1-16 including a \$17.696 (Including GRT) Temporary Credit set to expire 12-31-16.

(2) Historical sales at tariff rates effective 1-1-17 reflecting expiration of the \$17.696 (including GRT) Temporary Credit Off Set by a new Temporary Credit of \$8.121 million (Including GRT).

(3) Based on Rate Year 3 Sales for the 12 months ended December 31, 2016 the increase due to offsetting credits is \$9.575 million (Including GRT)