



Consolidated Edison Company
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December 2, 2015

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's Steam Rate Case – Rate Year 3

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 “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 January 1, 2016.

Background

The Commission’s Order Approving Electric, Gas and Steam Rate Plans in Accord with Joint Proposal, issued and effective February 21, 2014, in Cases 13-E-0030 et al. (the “Order”) adopted the Joint Proposal (“JP”) set forth in Appendix A of the Order.

Pursuant to the JP, there is 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 pure base revenue¹ requirements were decreased by \$22.358 million in RY1 and increased by \$19.784 million and \$20.270 million in RY2 and RY3, respectively (inclusive of gross receipts tax). The pure base revenue requirements for RY1, RY2, and RY3 were levelized during the three-year rate plan to remain equal to the pure base revenue level at the end of the rate plan approved in Case 09-S-0794.

¹ “Pure base revenue” means base revenues less both the base cost of fuel (as described in General Information Section 8.2 of the Tariff) and the component of the Customer Charge relating to the fuel costs associated with steam line losses (the “fixed fuel component”).

Tariff Changes and Temporary Credit

Pursuant to the JP at page 24, the Company is filing changes to rates that will remain in effect after the end of RY3 absent a new rate plan. Because the annual levelized rate changes will result in rates that are \$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 are \$17.696 million (less gross receipts tax) greater than the RY3 revenue level. During RY3, the \$17.696 million (less gross receipts tax) will be offset by class-specific temporary credits.

The temporary credits are described in new General Information Section 5.3 - Temporary Rate Adjustment (Leaf 42.1) of the Tariff. Class-specific credits are shown on the Statement of Temporary Rate Adjustment (“STRA Statement”).

If the Company does not file new rates to take effect on January 1, 2017, the \$17.696 million increase (less gross receipts tax) to be in effect at the end of RY3, due to the expiration of the temporary credit, will be offset for the rate year commencing January 2017, in part, by an \$8.121 million deferred credit² (less gross receipts tax). That credit, if applicable, will be applied through class-specific temporary credits on an updated STRA Statement.

The first “Rate” leaf in each service classification (“SC”) (except SC 5, which is based on negotiated rates) and in Rider G has been annotated to indicate that the charges are reduced by the credit described in General Information Section 5.3 and shown on the STRA Statement. Rate components are the Usage Charge, Customer Charge, Demand Charge, and Contract Demand Charge, as applicable. During the period that the temporary rate adjustment is in effect, customers will pay the tariffed rates less the temporary credits shown on the STRA Statement.

Revenue Allocation and Rate Design

The revenue increase, which is offset by a corresponding decrease through the temporary rate adjustment, was allocated as follows:

- The Company developed an overall percentage increase by dividing the \$17.696 million increase, less gross receipts taxes, by total system RY3 pure base revenues. The percentage increase was then applied to all Rate components of the SCs.
- Pursuant to the Commission’s Order, issued December 16, 2011, in Cases 09-S-0794 and 09-S-0029, the Customer Charge in Rider G - Customer Sited Supply

² This is equal to \$7.236 million (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.

Pilot Program was set equal to the Customer Charge that would otherwise apply under SC 2 or SC 3, as applicable. The Rider G Contract Demand Charge was set equal to the SC 6 Contract Demand Charge (i.e., the SC 4 Contract Demand Charge less generation capacity costs).

Statement

The Company is filing a new Statement of Temporary Rate Adjustment – STRA Statement No. 1 to be in effect for the period January 1 through December 31, 2016. The STRA Statement shows the class-specific credits to be applied to each rate for all SCs, except SC 5, and for Rider G.

Conclusion and Notice

Pursuant to 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, 2016.

The Company will publish notice of the proposed tariff changes on December 9, 16, 23, and 30, 2015. Copies of this filing are being sent electronically to the active party list in 13-S-0032.

Sincerely,

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

Appendix A

PSC No. 4 – Steam: List of Revised Leaf and Statement Numbers

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Revision No.</u>
42.1*	1	
49.12	3	2
68	10	9
71	9	8
72	4	3
73	9	8
74	9	8
81	9	8
82	4	3
83	9	8
84	9	8
91	9	8
92	9	8
93	9	8
94	9	8
102	9	8
103	9	8
104	9	8
105	9	8

<u>Statement</u>	<u>Statement Type</u>	<u>Statement No.</u>
Statement of Temporary Rate Adjustment	STRA	1

* Revision 0 was canceled by Supplement No. 10 in Case 13-S-0032 effective 02/25/2014.