



Consolidated Edison Company
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November 24, 2023

Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

Re: Case 22-S-0659, Steam Rate Case – Rate Year One

Dear Secretary Phillips:

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

The tariff amendments are issued with an effective date of December 1, 2023. The specific Steam Tariff leaves and statement being revised are identified in Appendix A.

Reason for Filing

The Commission’s *Order Adopting Terms of a Joint Proposal* issued and effective November 16, 2023, in Case 22-S-0659 (the “Order”), adopted the Joint Proposal (“JP”) as set forth in Attachment 1 to the Order.

The Order provides for a three-year steam rate plan (“Steam Rate Plan”) in which Rate Years (“RY”) 1, 2, and 3 are the twelve-month periods commencing November 1, 2023, November 1, 2024, and November 1, 2025, respectively. Under the Steam Rate Plan, base rates will be increased on an annual basis, including gross receipts tax, by \$77.8 million in each of RYs 1, 2,

and 3. The revenue requirements are levelized during the three years to provide rate stability over the term of the Steam Rate Plan.¹

Revenue Allocation and Rate Design

Allocation of Rate Increase Among the Customer Classes

The Company allocated the revenue increase to the Company's service classifications ("SC"s) pursuant to Appendix 10, Table 1A and Table 2, of the Joint Proposal. Specifically, the revenue increase was allocated as follows:

- 1) Pure base revenues² at the current rate level were realigned in each Rate Year to address one-sixth of the revenue surpluses/deficiencies resulting from the Company's 2020 Embedded Cost of Service ("ECOS") study before applying the otherwise applicable revenue changes.
- 2) The \$76.0 million total increase in the Company's revenue requirement, excluding gross receipts taxes, was then allocated to SCs 1, 2, 3 and corresponding SC 4 by applying an overall pure base rate percentage increase to each class's Rate Year re-aligned pure base revenues at the current rate level. The overall pure base rate percentage increase was developed by dividing the Rate Year revenue increase by the total Rate Year system pure base revenues.

Appendix B shows the estimated effect of the rate increase on customers' bills and Company revenues for RY 1 (i.e., November 1, 2023, through October 31, 2024) based on forecasted sales and revenues.

Rate Design Within the Classes

Appendix 10 of the JP describes the rate design process, for which major items are summarized below:

- 1) Customer charges, excluding the fixed fuel component, for each class were set at levels closer to the customer costs indicated in the ECOS study. The revenue change related to changes in customer charges was excluded from the Rate Year pure base revenue increase to be applied to usage and/or demand charges in the individual classes.
- 2) The usage and/or demand charges in SC 1, SC 2 Rate I, SC 2 Rate II, SC 3 Rate I, and SC 3 Rate II, as applicable, were then increased to recover the balance of each class's assigned

¹ The levelized rates result in base rates at the end of the Steam Rate Plan that are greater than they would be under a non-levelized approach. Therefore, if the Company does not file for new rates to be effective November 1, 2026, the Company will make a compliance filing to set rates effective November 1, 2026, at a level designed to produce base rate revenues on an annual basis that are lower by \$33.8 million.

² Pure Base Revenue means the total revenue, less the revenues attributed to the Increase in Rates and Charges, Fuel Adjustment Charge (including the Weather Normalization Adjustment), Base Cost of Fuel, Tax Sur-credit, and Delivery Revenue Surcharge.

revenue increase after adjusting for changes in revenues associated with increases in customer charges. For SCs 1, 2 Rate I, 2 Rate II, 3 Rate I, and 3 Rate II, usage and demand charges, as applicable, were increased by a percentage equal to (1) the adjusted pure base revenue increase divided by (2) usage and demand charge revenues at the current rate level. Both usage and demand charges were adjusted for the expected change in corresponding SC 4 revenues.

- 3) Consistent with the SC 4 rate design approved by the Commission in its Opinion and Order Adopting Term of Settlement in Case 99-S-1621, issued and effective December 1, 2000, SC 4 rates were designed to recover the same revenues that would be recovered if all eligible customers were billed at the applicable non-standby rate. Accordingly, SC 4 Rate I and Rate II customer charges were set equal to the proposed SC 2 and SC 3 Rate I customer charges, respectively, and SC 4 Rate III and Rate IV customer charges were set equal to the proposed SC 2 and SC 3 Rate II customer charges, respectively. The balance of each class's required annual revenues was collected through contract demand charges and winter usage charges. The usage charges during the summer months for both peak and off-peak period customers were set to the base cost of fuel.
- 4) The usage charges in each SC were changed to reflect the \$1.170 per Mlb decrease in the base cost of fuel from \$7.349 per Mlb to \$6.179 per Mlb.

Additional Tariff Changes

Tariff changes were made in accordance with the Order as follows:

- 1) Implemented the Smart Metering Systems (“SMS”) program, by:
 - a) Adding to the definition for Actual Reading in General Information Section 2, that meters can be read remotely.
 - b) Specifying customer installation requirements in General Information Section 3.3 – Customer’s Piping and Equipment, to accommodate customer requirements to allow for the installation of SMS.
- 2) Added “Trap monitoring equipment (temperature transmitter, thermocouple wire, and Remote Telemetric Unit or “RTU”)” to General Information 3.2.6 – Service Equipment as an additional type of service equipment on the service side of the meter that the Company will furnish and maintain.
- 3) Added a new section in General Information Section 3.5 – Notices, to specify the rules for third parties that represent customers and provide letters of authorization to the Company. The Company specified that the letter of authorization by the third party is required:
 - a) to be on the customer’s letterhead;
 - b) to be signed by an active contact in the Company’s Customer Relationship Management or Billing systems; and
 - c) to be dated within twelve months of such request.

- 4) Updated the charge to replace a damaged meter and/or associated equipment in General Information Section 3.10. The charge will be the cost of the meter and/or associated equipment, plus the cost to install the meter and/or associated equipment.
- 5) Updated charges for the temporary disconnection and reconnection of service and for steam repairs and other services in General information Section 4 – Special Services Performed by the Company for Customers at a Charge.
- 6) Specified that there will be no charge for billing information when the request is a part of a specific billing dispute in General Information Section 4 – Special Services Performed by the Company for Customers at a Charge.
- 7) Amended General Information Section 5.1 – Tax Sur-credit to indicate that tax sur-credits will no longer be provided after November 1, 2023, since the benefits associated with the Tax Cuts and Jobs Act of 2017 will be reflected in base rates.
- 8) Added a Delivery Revenue Surcharge in General Information Section 5, to collect shortfalls in Pure Base Revenue that result from the extension of the Case 22-S-0659 suspension period, plus interest at the Other Customer Capital Rate, over 10 months commencing January 1, 2024.³ The unit amount to be collected from customers will be shown on the Statement of Delivery Revenue Surcharge (“SDR Statement”) to the Steam Tariff. Any difference between amounts required to be collected and actual amounts collected will be charged or credited to customers over a reasonable period after October 31, 2024.
- 9) The Company amended General Information Section 8 – Adjustment of Rates Related to Changes in the Cost of Fuel to reflect the modifications described below:
 - a) Changed the title of this section to clarify that it includes adjustments other than those related to the cost of fuel.
 - b) Revised the base cost of fuel from 734.90 cents/Mlb to 617.90 cents/Mlb.
 - c) Amended the Special Monthly Adjustments section to reflect the modifications described below:
 - i) Added language for the COVID Late Payment Fee Reconciliation to recover the difference, plus interest at the Other Customer Provided Capital Rate, between the actual annual Late Payment Fees and Commission approved levels in rates for the period January 1, 2020, through October 31, 2026, and collect/refund any variance.
 - ii) Added language for the COVID Uncollectible Reconciliation Adjustment to recover the difference, plus interest at the Other Customer Provided Capital Rate, between the actual annual uncollectible expense and Commission approved levels in rates. The deferral amount will be fully reconciled with the cumulative actual write-offs for the period January 1, 2020, through October 31, 2026, and the Company will collect/refund any variance.

³ The Company will file the SDR Statement on not less than three days’ notice, to take effect on January 1, 2024.

- iii) Added language for the Reconciliation of Property Taxes to collect from or refund to customers the amount by which actual annual property taxes differ from Commission approved levels in base rates, plus interest at the Other Customer Provided Capital Rate.
 - iv) Added a provision to credit customers for the revenue requirement impact of any federal funding received for infrastructure or research & development.
 - v) Added a provision to recover up to \$3 million in costs for the Decarbonization Study and Implementation Plan.
 - vi) Added a provision to recover the costs associated with the work related to future Decarbonization Projects, as authorized by the Commission.
 - vii) Added a provision to recover costs, up to \$0.75 million, related to the Steam Business Development Plan.
 - viii) Added a provision to refund to customers any negative revenue adjustments and recover from customers any positive revenue adjustments during the Steam Rate Plan.
 - d) Specified that the determination of the Annual Adjustment as described in General Information Section 8.5 will end after December 31, 2023. Any surcharge or credit amounts associated with the Annual Adjustment for that final 12-month period ending December 31, 2023 will be applied to steam customer bills over a 12-month period commencing February 1, 2024.
 - e) Added a provision for the Weather Normalization Adjustment (“WNA”):
 - i) The WNA will be in effect for customers billed under SCs 1, 2, 3, and 5 who use steam for space heating.
 - ii) The WNA will be applied to total steam usage during each November 1 through April 30 period as a per Mlb adjustment.
 - iii) The WNA will be calculated using a formula specified in the Steam Tariff.
 - f) Added language enabling recovery of large fuel cost variations over more than one month to mitigate bill volatility.
- 10) Extended the period for accepting applications for the SC 2 and SC 3 steam air conditioning incentive programs described in Special Provisions D and E through the Steam Rate Plan, and providing the reduction in base rates (*i.e.*, \$2 per Mlb during each summer billing cycle month for steam usage in excess of 250 Mlbs under SC 2 and in excess of 50 Mlbs under SC 3).
- 11) Increased the annual carrying charge percentage associated with interconnection charges assessed under SC 4 from 10.0 percent to 13.7 percent.
- 12) Eliminated SC 6 and all references to it throughout the Steam Tariff to reflect elimination of the service class.
- 13) Made certain housekeeping tariff changes, as described in the JP, as follows:
- a) Corrected the General Information Section number from 3.4.5 to 3.4.6 for the provisions for backbills.

- b) Indicated in General Information Section 3.11 – Charge for Investigating a Broken Company Seal that a customer may be charged for a broken seal pursuant to General Information Section 3.4.3.a.
 - c) Eliminated Rider F – Demand Response Pilot Programs, and all references to it, because this program expired in 2013.
 - d) Eliminated Rider G – Customer Sited Supply Pilot Program, and all references to it since the application deadline for this program was December 31, 2020 and no customers enrolled in this program.
 - e) Eliminated obsolete provisions related to coal as a fuel source in General Information Section 8.
 - f) Removed the recovery of costs for consultant(s) to study thermal efficiency/losses pursuant to the Commission’s Order in Case 07-S-1315 and Case 09-S-0794 from the Special Monthly Adjustments in General Information Section 8.4 as the costs have been fully recovered.
 - g) In General Information Section 10A – Application for Steam Service:
 - i) Removed “84” from the beginning of the Steam Account Number, since this is no longer applicable.
 - ii) Made minor updates such as updates for phone numbers.
 - iii) Specified that tax-exemption forms are available from the NYS Department of Finance and that tax-exempt organizations that redistribute steam should contact their tax advisor to determine if they are eligible for remission of the gross receipts tax.
- 14) The Company is including the following additional housekeeping changes in this RY 1 compliance filing:⁴
- a) Revised the definition for Pure Base Revenue in General Information Section 2 to include the effects of the new Weather Normalization Adjustment and Delivery Revenue Surcharge.
 - b) Clarified Rider E to indicate that Rider E customers are subject to all components of the Special Monthly Adjustment component of the Fuel Adjustment, not just the New York City sewer use charges.
 - c) Removed the recovery of the steam energy efficiency program that resulted from Case 07-S-1315 from the Special Monthly Adjustments in General Information Section 8.4, since this specific energy efficiency program is obsolete.

Statement

The Statement of Fuel Adjustment – FAC Statement No. 184 is included with this filing, to reflect the updated base cost of fuel.

⁴ Section G.3.k)vi)(5) of the JP allows the Company to make additional changes of a housekeeping nature in each RY compliance filing.

Conclusion

As directed by Ordering Clause 3 of the Order, the Company has filed its tariff amendments on not less than five days' notice, to take effect on December 1, 2023, on a temporary basis. As directed by Ordering Clause 6, the Company will file proof of newspaper publication within six weeks of the effective date of the tariff amendments. As directed by Ordering Clause 4 of the Order, the Company will serve copies of this filing to all parties in this proceeding.

Sincerely,

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

Appendix A

P.S.C. No. 4 – Steam: List of Revised Steam Tariff Leaves

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Revision No.</u>	<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Revision No.</u>
2	4	3	51	6	4
3	5	3	53	5	3
4	3	1	54	5	3
5	2	0	54.1	0	
6	2	1	54.2	0	
19	1	0	55	3	2
20	5	3	58	3	1
24.1	3	1	60	2	0
33	2	0	61	3	1
38	2	0	63	3	1
38.1	2	0	68	13	11
39	6	4	71	12	10
40	4	2	73	11	9
41	4	2	74	11	9
42	12	10	78	8	6
43.1	3	1	79	8	6
44	5	3	81	12	10
45	5	3	83	11	9
46	2	0	84	11	9
47	2	0	88	8	6
48	2	0	89	8	6
49.1	3	1	91	12	10
49.2	3	1	92	12	10
49.3	3	1	93	12	10
49.4	3	1	94	12	10
49.5	3	1	95	5	3
49.6	4	2	102	12	10
49.7	4	2	103	12	10
49.8	4	2	104	12	10
49.9	3	1	105	12	10
49.10	4	2	106	3	0
49.11	4	2	107	5	3
49.12	6	4	108	2	0
49.13	2	0	109	2	0
49.14	3	1	110	4	2
50	5	3			

Statement
Statement of Fuel Adjustment

Statement Type
FAC

Statement No.
184

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM - Estimated Change on Customers' Bills and Company Revenues Resulting from
Revised Steam Rates - Based on Sales and Revenues for the Twelve Months Ending October 31, 2024
(Excluding Tax Sur-Credit) ⁽¹⁾

Service Classification	Pure Base Revenue at ⁽²⁾		Total Revenue at		Change from Present Rates			Estimated Number of Customers' Bills ⁽³⁾		
	Present Rates Effective 1/1/2022	Revised Rates Effective 11/1/2023	Present Rates Effective 1/1/2022	Revised Rates Effective 11/1/2023	Change	Pure Base Revenue	Total Revenue	Increased	Decreased	Unchanged
	(1)	(2)	(3)	(4)	(5)=(4)-(3)	(6)=(5)/(1)	(7)=(5)/(3)	(8)	(9)	(10)
1 - General Service	\$20,531,059	\$25,689,954	\$25,084,424	\$30,243,319	\$5,158,895	25.1%	20.6%	4,691	0	0
2 - Annual Power Service - Rate I - Non Demand	73,344,855	87,769,345	90,498,089	104,922,579	14,424,489	19.7%	15.9%	4,224	0	0
2 - Annual Power Service - Rate II - Demand	193,175,887	230,703,301	261,204,242	298,731,654	37,527,412	19.4%	14.4%	3,036	0	0
3 - Apartment House Service - Rate I - Non Demand	54,948,097	65,590,035	73,463,518	84,105,457	10,641,939	19.4%	14.5%	5,064	0	0
3 - Apartment House Service - Rate II - Demand	50,648,371	60,457,769	71,353,084	81,162,482	9,809,398	19.4%	13.7%	1,524	0	0
4 - Backup/Supplementary Service	<u>8,843,885</u>	<u>9,091,753</u>	<u>10,403,254</u>	<u>10,651,122</u>	<u>247,869</u>	2.8%	2.4%	117	63	0
Total	\$401,492,154	\$479,302,156	\$532,006,611	\$609,816,612	\$77,810,002	19.4%	14.6%	18,656	63	0

Notes:

⁽¹⁾ Excludes the effect of changes outside the Commission-approved base rate level related to the expiration of the tax sur-credit.

⁽²⁾ Pure Base Revenue means the total revenue, less the revenues attributed to the Increase in Rates and Charges, Fuel Adjustment Charge (including the Weather Normalization Adjustment), Base Cost of Fuel, Tax Sur-credit, and Delivery Revenue Surcharge.

⁽³⁾ Based on usage for the 12-month period ended December 31, 2020.