



Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York NY 10003-0987

September 1, 2009

Hon. Jaclyn A. Brillling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

RE: Case 07-S-1315, Con Edison Steam Rate Case, and
Case 09-M-0114 Related to Certain Capital and O&M Expenditures

Dear Secretary Brillling:

Enclosed for filing with the Public Service Commission (the "Commission") are revised schedule leaves issued by Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") that make changes to Con Edison's Schedule for Steam Service, P.S.C. No. 4 – Steam, applicable to its customers in the Borough of Manhattan, New York City.

The tariff changes are being made in compliance with the Commission's Order dated September 22, 2008, in Case No. 07-S-1315.¹ The Company is also filing a revised Statement of Steam Rate Adjustment Clause in compliance with the Commission's Order dated June 25, 2009, in Case No. 09-M-0114.² Appendix A identifies the specific leaves and statement being revised. They have an effective date of October 1, 2009.

Summary of Changes

The Company is filing tariff amendments to reflect rate changes for the 12 months ending September 30, 2010 (the "Second Rate Year") pursuant to the Commission's September 2008 Order. The rate changes provide for a Second Rate Year base rate increase of \$43.7 million, including gross receipts taxes.

¹ Case 07-S-1315, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service*, Order Establishing Rate Plan, issued and effective September 22, 2008 (the "September 2008 Order").

² Case 09-M-0114, *Proceeding on Motion of the Commission to Examine the Prudence of Certain Capital Program and Operation and Maintenance Expenditures by Consolidated Edison Company of New York, Inc.*, Order Establishing Adjustment Clause Mechanisms to Recover Gas and Steam Rates, issued and effective June 25, 2009 (the "June 2009 Order").

Appendix B shows the estimated effect on customers' bills and Company revenues of the rate increase for the Second Rate Year, based on sales and revenues for the historical period, i.e., the twelve months ended June 30, 2007.³

The Company also is making two housekeeping changes. It is amending the leaf numbers referenced on Leaf 4 (the Table of Contents) and correcting a section reference on Leaf 50, which changed as a result of the conversion of the steam rate schedule, P.S.C. No. 3 to PSC No. 4 as of January 1, 2009.

Rate Changes

The Second Rate Year revenue allocation and rate design described below were implemented following the same procedures used for the 12 months ending September 30, 2009 (the "First Rate Year"), in accordance with the revenue allocation and rate design methodologies specified in Appendix H of the Joint Proposal that was adopted by and incorporated into the September 2008 Order.

Allocation of Increased Revenue Requirement

For the Second Rate Year, the total increase in the Company's revenue requirement is \$43.7 million, including gross receipts taxes. The increased revenue requirement was allocated to the five steam service class groups as follows⁴:

First, an overall pure base rate percentage increase was developed by dividing the Rate Year revenue increase of \$42.7 million (excluding gross receipts taxes) by the total system Rate Year pure base revenues. Second, the remaining one-half of the embedded cost-of-service ("ECOS") study revenue deficiencies/surpluses from the Company's 2005 ECOS study were used to realign the rate year pure base revenues for each of the five steam service class groups.⁵ The overall pure base rate percentage increase was then applied to the realigned pure base revenues for each class group to determine the Rate Year increase for each of the five class groups. Finally, the rate year increase assigned to each class was then decreased or increased to reflect the remaining one-half of the ECOS surpluses and deficiencies.

Rate Design Within Each Service Class Group

The rates were designed to collect each class's assigned rate increase as follows:

- The customer charge (excluding the component relating to the fuel costs associated with steam fixed line losses) for Rate Year 2 was determined as follows: (a) the SC 1, SC 2 Rate I

³ The Second Rate Year increase represents an approximately 6.0 percent increase on a total revenue basis, or a 13.2 percent increase to pure base revenues (total revenues excluding fuel costs and taxes).

⁴ The five service class groups are: (1) SC No. 1; (2) SC No. 2 Rate I (Non-Demand) and corresponding SC No. 4; (3) SC No. 2 Rate II (Demand); (4) SC No. 3 Rate I (Non-Demand) and corresponding SC No. 4; and (5) SC No. 3 Rate II (Demand).

⁵ One-half of the 2005 ECOS deficiencies/surpluses were reflected in the rates that became effective October 2008.

(Non-Demand), SC 2 Rate II (Demand) and SC 3 Rate I (Non-Demand) customer charges in effect October 2008 were each increased by their respective RY 2 class's overall pure base percentage increase; and (b) the SC 3 Rate II (Demand) customer charge in effect October 2008 was increased by approximately 1.5 times its RY 2 class pure base percentage increase.

- For SC No. 1, SC No. 2 Rate I (Non-Demand), SC No. 2 Rate II (Demand), SC No. 3 Rate I (Non-Demand) and SC No. 3 Rate II (Demand), the energy and demand charges, as applicable, were then proportionally increased to recover the balance of each class's assigned revenue requirement.
- Consistent with the SC No. 4 rate design approved by the Commission's Opinion and Order Adopting Terms of Settlement in Case 99-S-1621, issued and effective December 1, 2000 ("1999 Steam Rate Order"), Rates I through IV of SC No. 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. For the Second Rate Year, SC No. 4 Rate I and Rate II Customer Charges were set equal to the Second Rate Year SC No. 2 and SC No. 3 Rate I (Non-Demand) Customer Charges, respectively, and the SC No. 4 Rate III and IV Customer Charges were set equal to the Second Rate Year SC No. 2 and SC No. 3 Rate II (Demand) Customer Charges, respectively. The balance of each class's required annual revenues is being collected through Contract Demand Charges and winter Usage Charges for each class. During the summer months, the usage charge, applicable to on and off-peak period customers, is equal to the base fuel cost.
- Consistent with the SC No. 6 rate design approved by the 1999 Steam Rate Order, Rates I through IV of SC No. 6 rates were designed to recover the same revenues that would be recovered if all eligible customers were billed at the corresponding SC Nos. 2 and 3 rates. Accordingly, the SC No. 6 Rate I and Rate II Customer Charges have been set equal to the SC No. 2 and SC No. 3 Rate I (Non-Demand) Customer Charges, and the SC No. 6 Rate III and IV Customer Charges have been set equal to the proposed SC No. 2 and SC No. 3 Rate II (Demand) Customer Charges, respectively. The balance of each class's required annual revenues at the proposed rate level is being collected through contract demand and/or usage rates.

As directed by the June 2009 Order in Case No. 09-M-0114, \$6 million of annual delivery revenues are to be recovered subject to refund pursuant to a Rate Adjustment Clause mechanism, pending the outcome of the Commission's audit and review of Company capital and O&M expenditures in that proceeding. With the filing of the Second Year Rates, the Company is filing Statement of Rate Adjustment Clause No. 2 to replace Statement of Rate Adjustment Clause No. 1, which became effective on July 1, 2009. The revised Statement of Rate Adjustment Clause sets forth the portion of the rates and charges in each Service Classification, effective October 1, 2009, associated with that portion of the Company's revenue requirement that is being collected subject to refund pursuant to the June 2009 Order.

Conclusion and Notice

As directed by Ordering Clause 3 of the Order, the Company has filed its tariff amendments no later than September 1, 2009, to take effect on a temporary basis, on not less than one day's notice, effective October 1, 2009. Publication of notice of these revisions will be made on September 9, 16, 23, and 30, 2009. As further directed by Ordering Clause 3, the Company is serving copies of this filing upon all parties to this proceeding by first class mail.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Christine Colletti
Director
Rate Engineering Department

PSC No. 4 - Steam

First Revised Leaf No. 4
Superseding Original Leaf No. 4

First Revised Leaf No. 50
Superseding Original Leaf No. 50

Second Revised Leaf No. 68
Superseding First Revised Leaf No. 68

First Revised Leaf No. 71
Superseding Original Leaf No. 71

First Revised Leaf No. 73
Superseding Original Leaf No. 73

First Revised Leaf No. 74
Superseding Original Leaf No. 74

First Revised Leaf No. 81
Superseding Original Leaf No. 81

First Revised Leaf No. 83
Superseding Original Leaf No. 83

First Revised Leaf No. 84
Superseding Original Leaf No. 84

First Revised Leaf No. 91
Superseding Original Leaf No. 91

First Revised Leaf No. 92
Superseding Original Leaf No. 92

First Revised Leaf No. 93
Superseding Original Leaf No. 93

First Revised Leaf No. 94
Superseding Original Leaf No. 94

First Revised Leaf No. 102
Superseding Original Leaf No. 102

First Revised Leaf No. 103
Superseding Original Leaf No. 103

First Revised Leaf No. 104
Superseding Original Leaf No. 104

First Revised Leaf No. 105
Superseding Original Leaf No. 105

Statement of Steam Rate Adjustment Clause - RAC Statement No. 2

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM - Estimated Effect on Customers' Bills and Company Revenues Resulting from
New Steam Rates Effective 10/01/2009 - Based on Sales and Revenues for the Twelve Months Ended June 30, 2007

SERVICE CLASSIFICATION	TOTAL REVENUE AT CURRENT RATES EFFECTIVE 10/01/2008	ESTIMATED CHANGE @ PROPOSED RATES *	PERCENTAGE CHANGE	<u>ESTIMATED NUMBER OF CUSTOMERS' BILLS</u>		
				INCREASED	DECREASED	UNCHANGED
1 - GENERAL SERVICE	\$24,594,373	\$2,816,736	11.5%	6,595	0	0
2 - ANNUAL POWER SERVICE - RATE I - NON DEMAND	\$122,391,808	\$13,460,792	11.0%	5,093	0	0
2 - ANNUAL POWER SERVICE - RATE II - DEMAND	\$343,277,810	\$13,834,715	4.0%	2,712	0	0
3 - APARTMENT HOUSE SERVICE - RATE I - NON DEMAND	\$107,856,650	\$7,255,936	6.7%	6,005	0	0
3 - APARTMENT HOUSE SERVICE - RATE II - DEMAND	\$84,867,328	\$3,162,369	3.7%	756	0	0
4 - BACKUP/SUPPLEMENTARY SERVICE	\$8,564,815	\$665,437	7.8%	102	0	0
TOTAL	\$691,552,783	\$41,195,985	6.0%	21,263	0	0

* Based on sales and revenues for the rate year, 12 months ending September 30, 2010, the increase in Con Edison revenues equates to \$43.7 million, or about a 6.0% increase.