



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

September 30, 2010

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

Re: Case 09-S-0794, Steam Rate Case

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") to its Schedule for Steam Service, P.S.C. No. 4 – Steam, applicable to its steam customers in the Borough of Manhattan, New York City.

The tariff leaves and statements filed herewith are identified in Appendix A. The Company's schedule leaves and statements have an effective date of October 1, 2010.

Reason for Filing

On November 6, 2009, the Company submitted a filing to the Commission proposing rate and other tariff changes to become effective on October 1, 2010. On May 18, 2010, the Company, the Department of Public Service Staff, the City of New York, and other parties submitted a Joint Proposal to the Commission proposing a three-year steam rate plan commencing October 1, 2010.

The Commission's Order Establishing Three-Year Steam and Gas Rate Plans and Determining East River Repowering Project Cost Allocation Methodology (the "Order"), issued and effective September 22, 2010, in Cases 09-S-0794, *et al.*, adopted the terms and conditions of the steam rate plan contained in the Joint Proposal, except as modified by Ordering Clause 1 of the Order. In accordance with the Order, base rates will increase by \$49.5 million, including gross receipts taxes, in each year of the three-year plan. Appendix B shows the estimated effect of the rate increase on customers' bills and Company revenues for the First Rate Year (*i.e.*, October 1, 2010 through September 30, 2011) based on sales and revenues for the historical period, *i.e.*, the twelve months ended June 30, 2009.¹

¹ The rate increase represents approximately a 14.5 percent increase to pure base revenues or 7.0 percent on total

The Commission's Order adopted the revenue allocation and rate design methodologies specified in Appendix H of the Joint Proposal. It also adopted certain tariff changes, effective October 1, 2010, as specified in Section VI.H of the Joint Proposal.

Rate Changes

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 H, page 1, of the Joint Proposal. Specifically, the revenue increase was allocated as follows:

- The Rate Year pure base revenues for SC 2 and SC 3 at the October 1, 2009 rate level were first reallocated among SC 2 and 3 Rates I and II, respectively, to recognize the lowering of the threshold for SC 2 and SC 3 customers subject to steam demand billing from the current level of 22,000 Mlbs to 14,000 Mlbs annually. Rate Year "pure base revenues" means service class base revenues less the base cost of fuel, which includes the component in the Customer Charge relating to the fuel costs associated with steam fixed line losses ("fixed fuel component").
- The total increase in the Company's revenue requirement of \$49.5 million, excluding gross receipts taxes, was then allocated to SCs 1, 2, 3 and corresponding SC 4 based on applying an overall pure base rate percentage increase to each class's Rate Year pure base revenues at the current October 1, 2009 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.
- For rate design purposes, each class's assigned rate year increase was restated on the basis of the historical period by dividing the rate year increases by a ratio representing the relationship of Rate Year pure base revenues to historical period pure base revenues.

Except where the terms of negotiated contracts specifically reference tariff rates, the revenue increases were not allocated to SC 5 customers, since their charges are fixed by contract. Also, SC 6 was not allocated any of the revenue increase because there are presently no customers taking service under that SC.

bills. Since pure base revenues represent only about 48 percent of the total average bill, the 7.0 percent total bill impact is more representative of what customers take into account when considering the actual bill impacts.

Rate Design Within the Classes

Rates have been designed to collect the increased revenue requirement assigned to each class, pursuant to Appendix H, pages 2 and 3, of the Joint Proposal. Highlights include the following changes to the steam SCs:

- Current SC 2 and SC 3 Rate II rates at the current October 1, 2009 rate level were redesigned to recognize the lowering of the annual threshold for SC 2 and SC 3 customers subject to Rate II from 22,000 Mlbs annually to 14,000 Mlbs annually. The Rate II rates were designed to collect the same annual revenues that would be derived from all such customers with annual usage over 14,000 Mlbs at the currently applicable October 2009 rates.
- After the SC 2 and SC 3 Rate II demand rates were redesigned at the current October 2009 rate level, the SC 1, 2, and 3 rates were designed to collect each class's assigned rate increase as follows:

The customer charges in SC 1 and in SC 3 Rate II, excluding the fixed fuel component, were increased by 1.1 times and 1.5 times the class's overall pure base revenue percentage increase, respectively. The SC 2 Rate I (Non-Demand) and SC 2 Rate II (Demand) customer charges, excluding the fixed fuel component, were increased by the percentage increase necessary to raise them to the level of the embedded-cost-of-service study ("ECOS") customer costs for each class adjusted by the individual class's overall pure base revenue percentage increase. The SC 3 Rate I (Non-Demand) customer charge, excluding the fixed fuel component, was increased by the percentage increase necessary to raise it to the ECOS study level of customer costs.

After increasing customer charges, the applicable energy and demand rates in each class were then proportionally increased to recover the balance of each class's assigned rate increase.

- The SC 4 standby service rates and SC 6 transportation rates were designed consistent with the SC 4 and SC 6 rate designs approved by the Commission's Opinion and Order Adopting Terms of Settlement in Case 99-S-1621, issued and effective December 1, 2000. That is, SC 4 and SC 6 rates were designed to recover the same revenues that would be recovered if all eligible customers were billed under SC 2 and SC 3 rates. Specifically, SC 4 and 6 Rate I and Rate II Customer Charges were set equal to the revised SC 2 and SC 3 Rate I (Non-Demand) Customer Charges, respectively, and the SC 4 and 6 Rate III and IV Customer Charges were set equal to the revised SC 2 and SC 3 Rate II (Demand) Customer Charges, respectively. For SC 4, the balance of the required annual class revenues will be collected through Contract Demand Charges and winter Usage Charges. During the summer months, the usage charge applicable to on and off-

peak period customers will be equal to the base cost of fuel. For SC 6, the balance of required annual class revenues will be collected through the applicable contract demand and usage charges.

- The usage charges in each SC were increased to reflect the \$2.00 per Mlb increase in the base cost of fuel from \$8.049 per Mlb to \$10.049 per Mlb.

Additional Tariff Changes

The tariff has been amended to indicate that SC 2 and SC 3 customers will be transferred from Rate I (Non-Demand) to Rate II (Demand) commencing with the billing period terminating within the month of November if they use 14,000 Mlb annually. (The threshold for demand billing has been lowered from 22,000 Mlb to 14,000 Mlb annually.) The tariff has also been amended to indicate that SC 2 and SC 3 customers will be transferred from Rate II (Demand) to Rate I (Non-demand) commencing with the billing period terminating within the month of November if they use no more than 12,000 Mlb annually. (The threshold for removal from demand billing has been lowered from 14,000 Mlb to 12,000 Mlb annually.) Corresponding changes have been made to the applicability sections of SC 4 Rates III and IV and SC 6 Rates III and IV to reflect the changes made to SC 2 and SC 3.

The Special Provisions sections of SC 2 and SC 3 have been amended to allow the Company to continue accepting applications for the air-conditioning incentive program until September 30, 2013. That program provides eligible customers with a \$2.00 per Mlb reduction in base rates during each summer billing cycle month for two years for steam usage in excess of 250 Mlb under SC 2 and in excess of 50 Mlb under SC 3.

The charge for the temporary disconnection and reconnection of service, currently applicable to a request in excess of one disconnection and reconnection performed in a 12-month period, will be applicable to all requests. (Leaf 39)

The language of the Fuel Adjustment Clause ("FAC") has been modified to: (a) eliminate obsolete text related to the 12-month reconciliation period ending September 30, 2008 (Leaf 50) and ERRP carrying charges incurred prior to October 1, 2007 (Leaf 53); (b) update the base cost of fuel to \$10.049/Mlb from the prior cost of \$8.049/Mlb (Leaf 51); (c) indicate that, if applicable, the average cost of fuel will include the recovery of purchases of Regional Greenhouse Gas Initiative allowances and credits to customers of proceeds from the sale of such allowances (Leaf 51); (d) indicate that the "Special Monthly Adjustments" component of the Monthly Adjustment recovers the costs for the consultant(s) to study thermal efficiency/losses pursuant to the Commission's Order in Case 09-S-0794 and recovers the steam system's allocable share of Clean Air Act §185 fees (Leaf 53); and (e) revise the steam system variance to apply to variances above 4,200 MMBtu and below 3,900 MMBtu beginning with the 12-month period ending September 30, 2011 (Leaf 54).

Because the Company's revenue requirement has been changed, the Company is enclosing with this filing a revised statement of Rate Adjustment Clause –RAC Statement No. 3. The Company is also enclosing a revised Statement of Fuel Adjustment – FAC No. 23 to reflect the change in the base cost of fuel from \$8.049 per Mlb to \$10.049 per Mlb. Both Statements have an effective date of October 1, 2010.

Conclusion

As directed by Ordering Clause 4 of the Order, the Company has filed its tariff amendments to take effect on a temporary basis, on one day's notice, effective October 1, 2010. Publication of notice of these revisions is scheduled for October 8, 15, 22, and 29, 2010. As directed by Ordering Clause 5 of the Order, the Company is serving copies of this filing upon the all parties to Case 09-S-0794 electronically or, where a party cannot accept electronic service, by first class mail.

Very truly yours,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Christine Colletti
Director
Rate Engineering

List of Tariff Leaves Effective October 1, 2010

PSC No. 4 - Steam

Leaf 39 – Revision 2
Superseding Version 0

Leaf 50 – Revision 2
Superseding Version 1

Leaf 51 – Revision 1
Superseding Version 0

Leaf 53 – Revision 1
Superseding Version 0

Leaf 54 – Revision 1
Superseding Version 0

Leaf 68 – Revision 4
Superseding Revision 2

Leaf 71 – Revision 3
Superseding Revision 1

Leaf 72 – Revision 2
Superseding Version 0

Leaf 73 – Revision 3
Superseding Revision 1

Leaf 74 – Revision 3
Superseding Revision 1

Leaf 75 – Revision 3
Superseding Revision 1

Leaf 78 – Revision 2
Superseding Version 0

Leaf 79 – Revision 2
Superseding Version 0

Leaf 81 – Revision 3
Superseding Revision 1

Leaf 82 – Revision 2
Superseding Version 0

Leaf 83 – Revision 3
Superseding Revision 1

Leaf 84 – Revision 3
Superseding Revision 1

Leaf 85 – Revision 3
Superseding Revision 1

Leaf 88 – Revision 2
Superseding Version 0

Leaf 89 – Revision 2
Superseding Version 0

Leaf 91 – Revision 3
Superseding Revision 1

Leaf 92 – Revision 3
Superseding Revision 1

Leaf 93 – Revision 3
Superseding Revision 1

Leaf 94 – Revision 3
Superseding Revision 1

Leaf 102 – Revision 3
Superseding Revision 1

Leaf 103 – Revision 3
Superseding Revision 1

Leaf 104 – Revision 3
Superseding Revision 1

Leaf 105 – Revision 3
Superseding Revision 1

Statement of Rate Adjustment Clause – RAC Statement No. 3

Statement of Fuel Adjustment – FAC Statement No. 23

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
 STEAM - Estimated Effect on Customers' Bills and Company Revenues Resulting from
 New Steam Rates Effective October 1, 2010 - Based on Sales and Revenues for the Twelve Months Ended June 30, 2009

SERVICE CLASSIFICATION	TOTAL REVENUE AT CURRENT RATES EFFECTIVE 10/1/2009	TOTAL REVENUE AT PROPOSED RATES EFFECTIVE 10/1/2010	CHANGE **	% CHANGE **	ESTIMATED NUMBER OF CUSTOMERS' BILLS		
					INCREASE	DECREASE	UNCHANGE
1 - GENERAL SERVICE	\$27,952,468	\$30,502,006	\$2,549,538	9.1%	6,108	0	0
2 - ANNUAL POWER SERVICE - RATE I - NON DEMAND	\$89,028,958	\$96,712,524	\$7,683,566	8.6%	4,176	0	0
2 - ANNUAL POWER SERVICE - RATE II - DEMAND (EXISTING)	\$365,000,702	\$390,904,881	\$25,904,179	7.1%	2,652	0	0
ANNUAL POWER SERVICE - RATE II - DEMAND (NEW) *	<u>\$51,807,441</u>	<u>\$54,117,938</u>	<u>\$2,310,497</u>	4.5%	<u>844</u>	<u>151</u>	<u>0</u>
ANNUAL POWER SERVICE - RATE II - DEMAND (TOTAL)	\$416,808,143	\$445,022,819	\$28,214,676	6.8%	3,496	151	0
3 - APARTMENT HOUSE SERVICE - RATE I - NON DEMAND	\$88,709,461	\$95,236,629	\$6,527,168	7.4%	5,508	0	0
3 - APARTMENT HOUSE SERVICE - RATE II - DEMAND (EXISTING)	\$79,082,552	\$85,095,284	\$6,012,732	7.6%	828	0	0
3 - APARTMENT HOUSE SERVICE - RATE II - DEMAND (NEW) *	<u>\$33,050,822</u>	<u>\$34,290,886</u>	<u>\$1,240,064</u>	3.8%	<u>773</u>	<u>7</u>	<u>0</u>
3 - APARTMENT HOUSE SERVICE - RATE II - DEMAND (TOTAL)	\$112,133,374	\$119,386,170	\$7,252,796	6.5%	1,601	7	0
4 - BACKUP/SUPPLEMENTARY SERVICE	\$15,321,622	\$16,318,175	\$996,553	6.5%	156	0	0
TOTAL	\$749,954,026	\$803,178,323	\$53,224,297	7.1%	21,045	158	0

Notes:

* For SC 2 and 3 Rate II new Demand Customers who will commence demand billing Winter 2010/2011, the total revenue at current rates is based on the SC 2 and 3 Rate I (Non-Demand) rates effective October 1, 2009.

** Based on sales and revenues for the rate year ending September 30, 2011, the increase in Con Edison revenues equates to \$49.5 million or 7.0%.