



Craig S. Ivey  
President

January 25, 2013

Honorable Jeffrey C. Cohen  
Acting Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223

Dear Acting Secretary Cohen:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") today is submitting proposals for new rate plans for the electric, gas and steam services we provide to our customers in New York City and Westchester County. As you may be aware, we postponed rate filings planned for November 2012 in order to focus our attention on the response to and recovery from Superstorm Sandy. Based on our experience with Sandy, these new rate filings focus on the need for investments and preventive measures to further strengthen critical infrastructure designed to reduce the impact of future major storms on our customers. Specifically, the filings include approximately \$1 billion in potential storm hardening structural improvements over the next four years that are intended to reduce the size and scope of service outages from major storms, as well as to improve responsiveness and expedite the recovery process to better serve our customers. The \$1 billion includes a Con Edison commitment to spend \$250 million on storm protection measures over the next two years. We note that the cost impact of these investments on customers will be mitigated to the extent federal assistance or other forms of external funding become available.

We have identified several strategies based on our own recent experience, as well as our understanding of several preliminary recommendations made by new commissions established by Governor Cuomo following Superstorm Sandy. Con Edison plans to continue to work with representatives of New York State, New York City, Westchester County, industry and civic organizations, among others, in an effort to protect critical infrastructure from major storms. Our plans include strategic undergrounding and flood protection projects, including flood walls for certain electric and steam equipment, raising critical equipment in light of higher potential flood levels, upgrading gas system equipment, and accelerating installation of submersible equipment, where appropriate. We also propose various projects to improve the flexibility of the electric distribution system, including the installation of additional switches and related smart grid technology as well as the reconfiguration of certain networks to reduce the impact to customers most affected by certain storms, and to reduce or eliminate the impact to other customers.

Today's filings initiate an extensive public review process by the Commission and other interested parties on a schedule designed to implement new rate plans on or before January 1, 2014. By reflecting our plans to invest \$1 billion in structural improvements, we believe our proposed rate plans provide a timely and efficient vehicle for the Company, Staff and other major stakeholders to agree upon the appropriate investments to prepare our energy delivery systems for future major weather events like Superstorm Sandy.

Separate from the efforts described in these filings, Con Edison is moving forward with efforts to improve its process for providing individual estimated restoration times to customers, as well as offering text messaging and other mobile technologies for those who prefer them. We are also working to enhance our already robust community outreach and liaison programs with local officials during storms.

The proposed rate plans also reflect Con Edison's continued commitment to work aggressively to contain costs and operate more efficiently in our day-to-day activities. We present details of our plans to address future customer needs through new infrastructure investments in addition to storm hardening investments. Our filings explain why certain investments are needed to maintain safety and reliability and why other investments will reduce costs and improve the environment by increasing the use of natural gas and reducing Company and customer use of fuel oil. We describe how we have delayed or avoided new capital investments through targeted demand side management programs and have worked with our customers to reduce their energy usage through energy efficiency programs. We also discuss the Company's significant efforts and investments associated with supporting New York City infrastructure improvements, including new water tunnels among other important municipal projects. Although these major improvement efforts increase our costs without adding new delivery volumes, they do serve as a growth engine for jobs in the New York metropolitan area.

The Company continues to review and refine our defenses against cyber security threats. Our proposed rate plans reflect our actions to address new cyber security standards, including our Cyber Security and NERC (North American Electric Reliability Corporation) Compliance Program and our Critical Infrastructure Protection Security Upgrades Program. Projects include additional electronic and physical perimeters around critical cyber assets, card access control to equipment and same day access revocation; the installation of new intrusion prevention systems and security tools to protect critical Company facilities against advanced persistent threats; upgrading control systems associated with critical infrastructure equipment by enhancing system monitoring; and establishing dedicated cyber security personnel who will be responsible for implementing and monitoring the Company's improved cyber security policies and procedures, as well as the development and implementation of employee training modules.

We have improved how we prioritize and manage our work, and are using innovative design techniques, enhanced asset management strategies and individual customer actions to reduce energy use and the demand for energy as well as contain costs. We continue to sharpen our focus on cost consciousness in all of our business activities. One example is our deployment of a new work management system for our Electric operations organization that is expected to save approximately \$45 million annually in capital and operating costs after it is fully deployed in the last quarter of 2014. We are also managing expenses in various other ways, including

taking actions to reduce the rate of rising health care costs by implementing new programs to help our employees better manage their individual needs. In addition, our employees are now paying an increased share of their health care expenses.

Our proposals are also the product of more engagement with the Company's external stakeholders. The filings reflect, to the extent practicable, the results of continued Company outreach efforts with various stakeholders in a variety of forums and meetings, including meetings with major rate case parties. These efforts contributed, in part, to our decision in Spring 2012 to defer filing for a new electric rate plan, to our filing today to reduce steam rates, and to our decision to file all three rate plans contemporaneously for the first time, which provides a more complete view of our business. We do anticipate this process will be more challenging for the Company, your Staff and other interested parties; but, it will also be a more efficient venue for resolving issues common to more than one service.

Key provisions of our filings are summarized below.

### **Electric Service**

We seek an increase in revenues for electric delivery of approximately \$375 million, our smallest electric delivery rate request since 2004. This revenue increase would result in an overall customer bill increase of approximately 3.3 percent (7.2 percent on a delivery revenue basis). However, we anticipate that our customers' electricity bills will be reduced by the scheduled end of certain state-mandated supply contracts with non-utility generators. The Company estimates that the expiration of some of these contracts will result in savings to customers of \$46 million in 2014 and more in future years. In addition to enhanced storm hardening, the filing explains the need for continuing capital investments designed to maintain the safety and reliability of our electric delivery system. The filings also propose a regulatory process designed to facilitate investments to harden the Company's electric (as well as gas and steam) infrastructure against future storms in addition to the projects contemplated by the rate plans established in this proceeding.

### **Gas Service**

We seek an increase in revenues for gas delivery of approximately \$25 million, resulting in an overall customer bill increase of approximately 1.3 percent (2.6 percent on a delivery revenue basis). Our proposal constitutes the smallest gas rate request by the Company since 2000. We expect our natural gas infrastructure to grow significantly in the coming years due to the rapidly increasing gas usage resulting from oil-to-gas conversions. This expansion in gas heating use is due both to the declining cost of natural gas and to New York City's Clean Heat program that requires large buildings that burn No. 6 and No. 4 heating oil to discontinue their use over the next twenty years. We expect that many of these large buildings will switch their heating systems to natural gas over that period, producing additional revenues that should more than offset, over time, the Company's investment in gas infrastructure to support these conversions. In addition to our enhanced storm hardening efforts, there are other additional capital needs to maintain the safety and reliability of our gas delivery system, including a lower

Manhattan connection to a new gas transmission pipeline being developed by Spectra Energy, and the construction of a 10-mile gas main from the Bronx to White Plains.

### **Steam Service**

We propose a \$5 million decrease in steam rates for our approximately 1,750 steam customers in Manhattan. This decrease is in addition to an estimated \$66 million in annual fuel cost savings that will result from the conversion of two Con Edison steam plants from burning fuel oil to burning natural gas. These delivery rate and fuel cost reductions reflect the proactive approach we have taken to reduce steam system costs and their combined effect is equivalent to an overall decrease in customers' bills of approximately 10.1%. The overall decrease is 13.8% considering the October 2013 elimination of the temporary surcharge included in the levelized Rate Year 3 rates established in the 2010 steam rate plan. We are also proposing a weather normalization mechanism for steam, which will benefit customers by reducing volatility in steam bills as a result of dramatic variations in weather from one winter to the next winter. Finally, in addition to our enhanced storm hardening efforts, we are addressing additional capital needs to maintain the safety and reliability of our steam system.

### **All Services**

As part of the costs of providing reliable electric, gas and steam services, Con Edison incurs many costs over which we have limited or no control. These costs include property taxes, payroll and other taxes, state assessments and fees, municipal infrastructure support, and pensions. In addition, reflecting national trends in expenses, the 2013 health care costs paid for by both the Company and our employees are expected to exceed \$250 million, approximately \$100 million more than in 2008. To mitigate the impact of these costs on our customers, we have made diligent efforts to reduce health care and pension costs, and restructure our employees' compensation and benefits in a way that will lead to significant savings over time. Our customer bills will be further reduced by the scheduled expiration of the temporary portion of a regulatory assessment imposed on all utilities in 2009, if the surcharge is not extended as recently proposed. Expiration of this assessment would provide an immediate and direct annual savings of \$100 million to electric customers, \$20 million to gas customers, and \$8 million to steam customers starting in July 2014, and thereby offset bill increases due to storm hardening and other infrastructure investment needs.

To protect our customers from variations between actual and forecasted costs for certain hard-to-estimate expenses, the filing proposes continuation of reconciliation mechanisms to adjust rates to actual costs for certain categories of expense, such as property taxes, pension and other retiree costs, municipal infrastructure support and environmental remediation.

While our submissions today are for one-year rate plans, we intend to explore multi-year rate plans for all three services in settlement discussions with the Commission Staff and interested parties. Multi-year rate plans benefit customers by providing more certainty as to the level of the Company's delivery rates over a number of years. Multi-year rate plans would also facilitate implementation of the Company's initial plans to invest \$1 billion in structural

improvements to minimize the impact of future storms by setting rates for three years that reflect the projected investments in storm hardening through 2016.

### **Request for Limited Waiver of Test Period Policy Statement**

The Company is requesting a waiver and/or extension of the 150-day “rule” set forth in the Commission's "Statement of Policy on Test Periods in Major Rate Proceedings." A copy of the request is attached.

### **Information Accompanying These Rate Filings**

The proposed rate plans require increases or decreases to charges for electric, gas and steam service and changes to other provisions of the Company's rate schedules (“Tariffs”).<sup>1</sup> Revised Tariff leaves, descriptions of revisions, and revenue impacts are provided in the following appendices to this letter:

- Appendix A – List of Electric Tariff Leaves
- Appendix B – List of PASNY Tariff Leaves
- Appendix C – List of Gas Tariff Leaves
- Appendix D – List of Steam Tariff Leaves
- Appendix E – Description of Electric and PASNY Tariff Revisions
- Appendix F – Description of Gas Tariff Revisions
- Appendix G – Description of Steam Tariff Revisions
- Appendix H – Electric Revenue Impacts
- Appendix I – PASNY Revenue Impacts
- Appendix J – Gas Revenue Impacts
- Appendix K – Steam Revenue Impacts

The Tariff leaves, as well as the Supplement issued to cancel the EDDS Tariff<sup>2</sup> are issued as of January 25, 2013, to become effective on February 24, 2013. The Company requests the Commission to suspend the effective dates of the proposed Tariff changes in order for the proposed rates and other changes to become effective on and as of January 1, 2014.

The Company has also included a draft Notice of Proposed Rulemaking in the form required by the State Administrative Procedure Act and the Commission's form regarding consent to receive electronic-only service of Commission orders.

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<sup>1</sup> Schedule for Electricity Service, P.S.C. No. 10 – Electricity (“Electric Tariff”), applicable to customers in the City of New York and the County of Westchester; Schedule for PASNY Delivery Service, P.S.C. No. 12 – Electricity (“PASNY Tariff”), applicable to delivery of power and associated energy to customers of the Power Authority of the State of New York (“PASNY” or “NYPA”); Schedule for Gas Service, P.S.C. No. 9 – Gas (“Gas Tariff”), applicable to customers in Manhattan and The Bronx, the First and Third Wards of Queens, and certain municipalities in the County of Westchester; and Schedule for Steam Service, P.S.C. No. 4 – Steam (“Steam Tariff”), applicable to customers in Manhattan.

<sup>2</sup> The Company is issuing a supplement to cancel its Schedule for Economic Development Delivery Service, P.S.C. No. 11 – Electricity (“EDDS Tariff”), applicable to delivery service to NYPA, the New York City Public Utility Service, and the County of Westchester Public Utility Service Agency.

**Conclusion and Public Notice**

The Tariff leaves, testimony and exhibits submitted with this filing explain the reasons for and nature of the proposed changes, and establish the reasons for the rate changes requested by the Company. As noted above, the Company will pursue discussions with Staff and other interested parties to the proceeding established by the Commission to consider these filings in an effort to reach agreement on the issues presented and to develop multi-year rate plans for each of the Company's services.

The Company respectfully requests that, in the absence of agreement of the parties, the Commission approve the changes to become effective on and as of January 1, 2014.

The Company will provide for public notice of the Tariff changes proposed in this filing by means of newspaper publication once a week for four consecutive weeks prior to February 24, 2013.

Very truly yours,

  
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
Craig Ivey  
President

cc: New York State Department of State, Utility Intervention Unit  
Active Parties to Cases 09-E-0428, 09-G-0795, and 09-S-0794

## Appendix A

PSC No. 10 – Electricity: List of Tariff Changes

<u>Leaf</u> <u>No.</u>	<u>Revision</u> <u>No.</u>	<u>Superseding</u> <u>Rev. No.</u>	<u>Leaf</u> <u>No.</u>	<u>Revision</u> <u>No.</u>	<u>Superseding</u> <u>Rev. No.</u>	<u>Leaf</u> <u>No.</u>	<u>Revision</u> <u>No.</u>	<u>Superseding</u> <u>Rev. No.</u>
3	1	0	351	7	6	474	2	1
17	1	0	352	1	0	476	2	1
40	1	0	353	1	0	479	3	2
62	1	0	354	1	0	480	3	2
85	1	0	359	3	2	483	3	2
88	1	0	363	2	1	485	3	2
89	1	0	388	3	2	486	3	2
90	1	0	389	3	2	487	3	2
91	1	0	389.1	0	-	488	3	2
95	3	2	390	2	1	495	3	2
119	1	0	391	2	1	496	3	2
121	1	0	395	2	1	500	2	1
122	1	0	397	3	2	501	4	3
126	1	0	398	3	2	502	4	3
147	1	0	406	3	2	503	3	2
152	1	0	408	3	2			
154	1	0	409	3	2			
164	2	1	410	3	2			
167	1	0	416	3	2			
168	1	0	432	3	2			
171	1	0	435	3	2			
181	3	2	437	3	2			
183	1	0	438	3	2			
184	1	0	439	3	2			
192	3	2	443	2	1			
204	1	0	445	3	2			
207	1	0	446	6	5			
208	1	0	449	3	2			
239	2	1	451	3	2			
240	2	1	452	3	2			
241	1	0	452.1	0	-			
242	1	0	453	3	2			
243	1	0	453.1	0	-			
328	2	1	456	3	2			
329	1	0	458	3	2			
330	1	0	459	3	2			
334	1	0	459.3	2	1			
336	2	1	459.4	1	0			
338	1	0	462	2	1			
343	1	0	463	3	2			
344	1	0	466	2	1			
345	1	0	467	2	1			
349	3	2	471	2	1			
350	1	0	472	2	1			

Appendix B

PSC No. 12 – Electricity: List of Tariff Changes

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Rev. No.</u>
4	3	2
5	3	2
6	3	2
7	3	2
8	3	2
9	3	2
10	3	2
14	5	4
15	1	0
16	1	0
17.2	1	0
22	4	3



## Appendix C

PSC No. 9 – Gas: List of Tariff Changes

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Rev. No.</u>	<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Rev. No.</u>
30	1	0	241	4	3
31	2	1	242	3	2
43	3	2	243	11	10
50	1	0	252	3	2
76.1	4	3	269	17	16
117	4	3	270	16	15
128	6	5	271	16	15
129	4	3	272	13	12
148	1	0	274	9	8
149	1	0	275	8	7
152	15	14	276	3	2
154.1	3	2	277	4	3
154.6	10	9	277.3	1	0
154.8	10	9	300.3	7	6
154.9	13	12	303.1	10	9
154.10	2	1	314	3	2
154.17	5	4	329	3	2
154.18	13	12	330	3	2
154.19	2	1	331	5	4
154.24	13	12	332	12	11
154.25	10	9	334	2	1
154.26	10	9	349	18	17
154.27	6	5	353	1	0
157.1	4	3	382	5	4
159	11	10	390	10	9
166	12	11			
166.2	9	8			
173	4	3			
175	5	4			
178	12	11			
178.1	6	5			
179	8	7			
180	10	9			
181	12	11			
181.1	2	1			
181.2	3	2			
182	14	13			
183.1	17	16			
228	19	18			
230	16	15			
231	19	18			
232	1	0			
233	3	2			
234	10	9			
240	19	18			

## Appendix D

PSC No. 4 – Steam: List of Tariff Changes

<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Rev. No.</u>	<u>Leaf No.</u>	<u>Revision No.</u>	<u>Superseding Rev. No.</u>
3	1	0	102	6	5
20	1	0	103	6	5
24	1	0	104	6	5
24.1	0	-	105	6	5
35	1	0	106	1	0
39	3	2	107	2	1
40	1	0	110	1	0
41	1	0			
42	4	3			
42.1	0	-			
42.2	0	-			
43.1	0	-			
51	3	2			
55	1	0			
56	1	0			
68	7	6			
70	1	0			
71	6	5			
73	6	5			
74	6	5			
75	4	3			
78	3	2			
79	3	2			
80	1	0			
81	6	5			
83	6	5			
84	6	5			
85	4	3			
88	3	2			
89	3	2			
90	1	0			
91	6	5			
92	6	5			
93	6	5			
94	6	5			
95	2	1			
98	1	0			

Changes proposed to the Schedule for Electricity Service, P.S.C. No. 10 – Electricity, and  
the Schedule for PASNY Delivery Service, P.S.C. No. 12 – Electricity,  
to be effective January 1, 2014

The Company is filing revisions to the following in P.S.C. No. 10 – Electricity: rates under electric Service Classifications (“SC”s) 1, 2, 5, 6, 7, 8, 9, 11, 12 and 13; Uncollectible Bill (“UB”) factors associated with the Market Supply Charge (“MSC”) and Monthly Adjustment Clause (“MAC”) UB expense; the Billing and Payment Processing charge (and corresponding charge to ESCOs); competitive metering charges; reactive power demand charges; and charges under Riders D and I. The Company is also filing revisions to the following in P.S.C. No. 12 – Electricity: rates under Rates I, II, III, and IV; competitive metering credits; and reactive power demand charges, which are the same as those under P.S.C. No. 10.

The Company is proposing a new voluntary time-of-use (“VTOU”) rate in SC 1 – Residential and Religious to reflect the current load profile of the class and to recognize the goals of avoiding incremental capacity expansion and maintaining network reliability associated with the charging of plug-in electric vehicles (“PEVs”). The new rate has low year-round, off-peak delivery rates daily from 1 AM to 7 AM, intended to promote off-peak PEV charging, and collects all supply capacity charges during super-peak hours (Monday through Friday, 2 PM to 6 PM during the summer period). Customers taking service under the existing VTOU rate in SC 1 will be permitted to transfer to the new rate but not return to the existing rate, and no new customers may elect the existing rate after December 31, 2013.

The Company also proposes to:

- continue a low-income rate program, including customer charge reductions and reconnection charge waivers, at the customer benefit levels established in Case 09-E-0428;
- revise the Rate Adjustment Clause to indicate that amounts subject to refund pending the Commission’s determination in Case 09-M-0114 will be limited to amounts collected through December 31, 2013;
- reduce standby rates applicable to wholesale generators that take distribution service for station use in SC 9 and in P.S.C. No. 12 – Electricity, based on a FERC decision that was affirmed on appeal;
- extend the deadline for accepting applications under the Company’s Business Incentive Rate (“BIR”) Program, so that the Company can continue to foster economic development through the acceptance of new customers;
- limit the applicability of the SC 9 maximum rate to customers who commence service under Rate I before January 1, 2014, because there is no cost basis for this rate, which was established in 1970 to mitigate the impact of the establishment of a two-part energy and demand rate for General – Large customers;
- phase out the demand reduction that has been available to General – Large customers with electric space heating (SC 9 Special Provision D), because there is no cost basis for the rate;
- establish coincident demand billing in lieu of additive demand billing for customers with multiple meters installed for Company purposes, because the metering being installed under the Reactive Power Program accomplishes the collection of coincident demand meter data without physical wiring between the meters;
- authorize the Company to approve or modify customer-selected contract demands under standby service rates so that other customers do not subsidize customers with on-site generation, and eliminate penalties for contract demand exceedances because the Company will have the right to approve or modify customer-selected contract demands;

- increase the amount of compensation payable due to power failures attributable to malfunctions in the Company's lines, in accordance with the standard established by the Commission based on changes in a specific economic index;
- extend the Revenue Decoupling Mechanism ("RDM") to customers billed under the Recharge New York program and the Excelsior Jobs program ("EJP");
- update the percentage reduction applicable to customers who newly commence service under BIR or EJP to be reflective of current marginal costs;
- add MAC components for costs, as incurred, related to the purchase of emission allowances or credits, and revenues, as received, from the sale of emission allowances or credits, to address potential changes in federal, state and local rules on emissions;
- eliminate the Schedule for Economic Development Delivery Service, P.S.C. No. 11 – Electricity, and SC 15 – Delivery Service to Governmental Agencies in P.S.C. No. 10 because service is no longer being requested by the New York Power Authority or the municipal distribution agencies in the Company's service territory.

In addition, the Company proposes to:

- revise the calculation of customers' contribution to total construction costs that exceed \$2 million;
- reduce and state in the tariff the factor of adjustment for line losses that is applied to MSC cost components;
- establish deadlines for applications for series metering (Riders E and F) because series metering is offered only in certain areas of the service territory, and submetering is a viable alternative; establish deadlines for applications for the off-peak water heating rate under SC 1 (Special Provision D) because it applies the current SC 1 VTOU rates, which are proposed to be closed to applicants after December 31, 2013; and terminate SC 1 Special Provision D under Rate II on December 31, 2023;
- clarify how charges are prorated and adjustments are applied to customer bills;
- amend Special Provision A of SC 9 with respect to redistribution of service under that SC to remove a prohibition applicable only in certain areas of the service territory and clarify that "tenants" occupying less than 10 percent of the space served at low tension refers to "residential" tenants; and
- state that export of electric energy and power in accordance with SC 11 – Buy-back must comply with Company protocols if in excess of 1 MW in any hour and provide payment rate information.

Finally, the Company proposes to update the following fees and percentages to reflect current costs:

- the percentage of the cost of interconnection facilities to be used to calculate annual maintenance charges for those facilities for standby service and buy-back service customers;
- the percentages used for handling costs and for corporate overheads in the definition of costs associated with Special Services to reflect current costs; and
- some of the charges for Special Services at Stipulated Rates.

The Company also proposes housekeeping changes to various other provisions of its electric rate schedules, including the elimination of obsolete provisions.

For information on all changes being proposed, please consult the tariff leaves being filed and the testimony of the Company's witnesses.

Changes proposed to the Schedule for Gas Service, P.S.C. No. 9 – Gas,  
to be effective January 1, 2014

The Company is filing revised rates to PSC No. 9 – Gas for the following: Service Classifications 1, 2, 3, 9, and 13; Riders D, G, H, I and J; and the Billing and Payment Processing charge as well as revising the minimum monthly charge for SC 14 Rate II.

The Company proposes to retain its Oil-To-Gas Conversion Program, change the reconciliation period for the Gas Facilities Cost Credit, and increase the allowance for losses in the deliveries to Power Generation Transportation Customers.

The Company also proposes to:

- extend the manufacturing incentive rate through an end date of December 31, 2018, to allow customers that are expected to become eligible prior to October 1, 2013 to take advantage of the rate;
- continue a low-income rate program at the aggregate annual funding level established in Case 09-G-0795, which results in minimum charge and per-therm reductions based on a forecast of increased participation; also continue reconnection charge waivers;
- modify the calculation of the gas factor of adjustment and line loss incentive/penalty;
- revise the Rate Adjustment Clause to indicate that amounts subject to refund pending the Commission's determination in Case 09-M-0114 will be limited to amounts collected through December 31, 2013;
- extend the Revenue Decoupling Mechanism to customers billed under the Excelsior Jobs Program (EJP), for usage above their baseline usage levels, and to customers who convert to firm gas service from #4 or #6 fuel oil;
- include a minimum charge provision for existing firm dual-fuel customers whose annual allocation is less than 100,000 therms and for all new dual-fuel customers who commence dual-fuel firm service on or after January 1, 2014, so that dual-fuel firm customers who choose to burn oil are not subsidized by non-dual fuel firm gas customers;
- modify for individually metered dwelling units using gas for space heating the rules for Company cost responsibilities associated with main and service line extensions to be consistent with the Commission's rules for electric line extensions to multiple dwellings and to prevent an unfair burden on other customers;
- recognize that the Company is not accepting applications under Rider G (Empire Zone) because the State is no longer accepting applications for the Empire Zones program;
- institute a Gas Transmission Reinforcement Charge for Power Generation customers;
- change the rate structure for Rate 1 interruptible customers by eliminating priorities and introducing block rates including a minimum charge;
- change the annual reconciliation for Rate 1 interruptible sales customers to base it only on delivery rate components, consistent with current calculation for Rate 1 interruptible transportation customers;
- establish a minimum annual usage criterion for new Rate 1 interruptible customers and a minimum annual usage threshold to remain on that rate;
- increase Rate 2 off-peak firm rates and eliminate the option of multi-year agreements; and

- increase the sharing percentage applicable to firm customers for Non-Firm Revenue amounts over \$58 million from 75 percent to 80 percent for the period January 1, 2014 through December 31, 2014.

The Company further proposes to update the percentages used for handling costs and for corporate overheads in the definition of costs associated with Special Services to reflect current costs.

Finally, the Company proposes housekeeping changes to various other provisions of its gas rate schedules, including the elimination of obsolete provisions.

For information on all changes being proposed, please consult the tariff leaves being filed and the testimony of the Company's witnesses.

Changes proposed to the Schedule for Steam Service, P.S.C. No. 4 – Steam,  
to be effective January 1, 2014

The Company is filing revised rates for Service Classifications (“SC”s) 1, 2, 3, 4, and 6.

The Company proposes a weather normalization mechanism, effective January 2014, by which the Company will credit or charge customers when weather varies from the norm in order to mitigate bill volatility due to atypical winter weather.

The Company also proposes to:

- revise the Rate Adjustment Clause to indicate that amounts subject to refund pending the Commission’s determination in Case 09-M-0114 will be limited to amounts collected through December 31, 2013;
- continue its steam air conditioning discount programs under SC 2 and SC 3 and extend the deadline for applications;
- specify customer responsibility for the status of customer equipment before Company service is turned on;
- clarify that the average cost of fuel will include costs, as incurred, related to the purchase of emission allowances or credits, and revenues, as received, from the sale of emission allowances or credits to address potential changes in federal, state and local rules on emissions; and
- clarify how charges are prorated and adjustments are applied to customer bills.

The Company further proposes to update the following fees and percentages to reflect current costs and to make housekeeping changes to its steam rate schedule:

- the charges for temporary disconnection and reconnection of service and for steam repairs and other services;
- the percentage of the cost of interconnection facilities to be used to calculate annual maintenance charges for those facilities for back-up and transportation service;
- fees for special services; and
- housekeeping changes to various other provisions of its steam rate schedule, such as summarizing Riders applicable to each SC on one leaf and changing “base rate” to “usage rate” in SC 1 to be consistent with terminology in other SCs.

For information on all changes being proposed, please consult the tariff leaves being filed and the testimony of the Company’s witnesses.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
 Estimated Effect on Con Edison Conventional and TOD Customers' Bills and Revenue  
 Resulting from the Application of Proposed Conventional and TOD Rates and Charges  
 Based on Sales and Revenues for the Twelve Months Ended December 31, 2010

Con Edison Service Classification - Conventional Rates		Total Revenues* @ April 2012 Rates	Total Revenues* @ January 2014 Rates	Estimated Change @ January 2014 Rates	Percentage Change	Estimated Number of Customers' Bills ****		
						Increased	Decreased	Unchanged
1 - Rate I **	Residential & Religious	\$3,665,009,478	\$3,786,926,000	\$121,916,522	3.33%	32,608,504	0	0
2	General - Small	\$586,128,585	\$623,139,421	\$37,010,836	6.31%	4,150,459	0	0
5 - Rate I	Electric Traction Systems	\$121,076	\$127,188	\$6,112	5.05%	108	0	0
6	Public & Private Street Lighting	\$3,487,533	\$3,624,398	\$136,865	3.92%	45,672	0	0
8 - Rate I	Multiple Dwellings - Redistribution	\$368,516,308	\$387,725,129	\$19,208,821	5.21%	21,949	0	0
9 - Rate I	General - Large	\$3,514,836,613	\$3,609,476,064	\$94,639,451	2.69%	1,467,531	0	0
12 - Rate I	Multiple Dwelling - Space Heating	<u>\$33,978,738</u>	<u>\$35,868,368</u>	<u>\$1,889,630</u>	5.56%	<u>5,298</u>	<u>0</u>	<u>0</u>
Sub-Total	Con Edison's Conventional Rates	\$8,172,078,331	\$8,446,886,568	\$274,808,237	3.36%	38,299,521	0	0
Con Edison Service Classification - Time-of-Day Rates								
1 - Rate II ***	Residential & Religious	\$20,458,361	\$22,159,548	\$1,701,187	8.32%	26,116	725	4
2 - Rate II	General - Small	\$1,284,169	\$1,368,659	\$84,490	6.58%	3,400	0	0
5 - Rate II	Electric Traction Systems	\$18,848,291	\$18,987,031	\$138,740	0.74%	47	13	0
8 - Rate II	Multiple Dwellings - Redistribution	\$20,658,531	\$21,586,748	\$928,217	4.49%	192	0	0
8 - Rate III	Multiple Dwellings - Redistribution - Voluntary	\$8,855,850	\$9,226,577	\$370,727	4.19%	504	0	0
9 - Rate II	General - Large	\$1,750,697,192	\$1,776,760,712	\$26,063,520	1.49%	8,232	0	0
9 - Rate III	General - Large - Voluntary	\$151,368,964	\$154,610,936	\$3,241,972	2.14%	18,780	0	0
12 - Rate II	Multiple Dwelling - Space Heating	\$42,120,841	\$44,502,949	\$2,382,108	5.66%	335	1	0
13 - Rate II	Bulk Power - High Tension - Housing Developments	<u>\$3,282,316</u>	<u>\$3,298,150</u>	<u>\$15,834</u>	0.48%	<u>12</u>	<u>0</u>	<u>0</u>
Sub-Total	Con Edison's Time-of-Day Rates	\$2,017,574,515	\$2,052,501,310	\$34,926,795	1.73%	57,618	739	4
Con Edison Total	Con Edison's Total Excluding Special Contract	\$10,189,652,846	\$10,499,387,878	\$309,735,032	3.04%	38,357,139	739	4

\* Total Revenues for all customers include: T&D delivery charge and estimated market supply charge, monthly adjustment clause, system benefits/renewable portfolio standard program charges, the surcharge to collect Public Service Law, Section 18-a Assessments, and the associated gross receipts taxes.

The market supply charge revenues for retail access customers are equivalent to what these customers would have paid as full service customers.

\*\* Total Revenues in Service Classification No. 1 include customers currently served under SC7 and Rider D. Total Revenues in SC 1 include \$38.75 million of low reductions income program credits (i.e., \$38.25 million of low income rate and \$500,000 for waived reconnection fees).

\*\*\* Total Revenues in Service Classification No. 1 include customers currently served under SC7.

\*\*\*\* Current rates used in the bill impact for SC1, SC2 and SC9 Rate I reflect the revenue neutral change effective 4/1/2013 as adopted by the PSC in Case 09-E-0428.

\*\*\*\*\* The increase in Con Edison P.S.C. No. 10 revenues for the rate year, i.e., the twelve months ending December 31, 2014, equates to \$312.0 million, or an overall increase of 3.1%.



CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
Estimated Effect on NYPA Delivery Service Conventional and TOD Revenue Resulting from the Application of  
Proposed Conventional and TOD Rates and Charges Based on Sales and Revenues For the 12 Months Ended December 31, 2010

	Total Revenue @ April 2012 Rates*	Total Revenue @ January 2014 Rates*	Estimated Change @ January 2014 Rates	Percentage Change
NYPA Delivery Service				
NYPA Total	\$1,483,800,950	\$1,544,810,839	\$61,009,889	4.1%

\* Total Revenues include delivery service revenues and estimated supply revenues and the surcharge to collect Public Service Law, Section 18-a Assessments associated with customers billed under the PASNY Delivery Service - P.S.C. No. 12 tariff.

\*\* Based on sales and revenues for the rate year, i.e., the twelve months ending December 31, 2014, such increase in NYPA Delivery Service revenue equates to \$63.4 million or an overall increase of 4.3%.

## Appendix J

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

Estimated Effect on Gas Customers' Bills and Company Revenues Resulting from Proposed Gas Rates  
Based on Forecasted Sales and Revenues for the Twelve Months Ending December 31, 2014 for Service Classification Nos. 1, 2, 3, 13 and 14  
and the Corresponding SC 9 Firm Transportation Sub-classes

Firm Service Classification (Sales and Transportation)	Annual Therms	Total Annual Revenues at Current 10/01/12 Rates (b) (c)	Total Annual Revenues at Proposed Rates (b) (c)	Estimated Total Annual Revenues Increase/(Decrease)	Percent Change	Number of Customers' Bills Increased	Number of Customers' Bills Decreased	Number of Customers' Bills Not Changed
1 - Residential & Religious	44,260,000	\$ 215,463,806.64	\$ 221,700,180.77	\$ 6,236,374.13	2.9%	7,971,559	2,899	8,810
2 - General - Rate I - Non-Heating (a)	196,910,000	\$ 240,793,219.96	\$ 243,938,019.73	\$ 3,144,799.77	1.3%	721,249	4,671	14,307
2 - General - Rate I - Distribution Generation	26,740,000	\$ 23,519,155.02	\$ 23,720,467.86	\$ 201,312.84	0.9%	852	0	0
2 - General - Rate II - Heating (a)	318,750,000	\$ 405,728,220.04	\$ 406,153,361.86	\$ 425,141.82	0.1%	647,845	101,769	21,424
2 - Total Commercial	542,400,000	\$ 670,040,595.02	\$ 673,811,849.45	\$ 3,771,254.43	0.6%	1,369,946	106,440	35,731
3 - Residential & Religious - Heating (a)	706,430,000	\$ 1,006,892,113.10	\$ 1,022,219,806.79	\$ 15,327,693.69	1.5%	3,581,663	131	1,294
13 - Seasonal Off Peak Firm Service	930,000	\$ 1,061,935.76	\$ 1,072,453.73	\$ 10,517.97	1.0%	3,748	438	114
14 - Natural Gas Vehicles	150,000	\$ 356,606.95	\$ 356,606.95	\$ -	0.0%	0	0	0
Total Firm Sales & Firm Transportation	1,294,170,000	\$ 1,893,815,057.46	\$ 1,919,160,897.68	\$ 25,345,840.22	1.3%	12,926,916	109,908	45,949

(a) Gas air-conditioning is included in SC 2 and SC 3.

(b) Annual Revenues reflect the gas cost factor and monthly rate adjustments, merchant function charges and various other charges used in calculating Rate Year Revenues.

(c) Annual Revenues include gas supply costs for transportation customers equivalent to what these customers would have paid as full service customers.

## CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STEAM - Estimated Effect on Customers' Bills and Company Revenues Resulting from  
Proposed Steam Rates - Based on Sales and Revenues for the Twelve Months Ended December 31, 2011

SERVICE CLASSIFICATION	TOTAL REVENUE AT PRESENT RATES TO BE EFFECTIVE 10/1/2013 (1)	TOTAL REVENUE AT PROPOSED RATES TO BE EFFECTIVE 1/1/2014 (2)	CHANGE <sup>(1)(2)</sup> FROM PRESENT RATES (3)=(2)-(1)	% CHANGE <sup>(1)(2)</sup> FROM PRESENT RATES (3A)=(3)/(1)	ESTIMATED NUMBER OF CUSTOMERS' BILLS		
					INCREASE	DECREASE	UNCHANGE
					(4)	(5)	(6)
1 - GENERAL SERVICE	\$29,392,967	\$27,523,066	-\$1,869,901	-6.4%	2,832	2,983	0
2 - ANNUAL POWER SERVICE - RATE I - NON DEMAND	\$100,236,892	\$92,306,207	-\$7,930,685	-7.9%	0	4,254	0
2 - ANNUAL POWER SERVICE - RATE II - DEMAND	\$381,999,888	\$341,544,758	-\$40,455,130	-10.6%	0	3,516	0
3 - APARTMENT HOUSE SERVICE - RATE I - NON DEMAND	\$92,819,881	\$83,681,413	-\$9,138,468	-9.8%	0	5,407	0
3 - APARTMENT HOUSE SERVICE - RATE II - DEMAND	\$110,441,989	\$97,806,165	-\$12,635,824	-11.4%	23	1,645	0
4 - BACKUP/SUPPLEMENTARY SERVICE	\$17,390,339	\$14,599,703	-\$2,790,636	-16.0%	0	180	0
TOTAL	\$732,281,956	\$657,461,312	-\$74,820,644	-10.2%	2,855	17,985	0

## Notes:

(1) Reflects the proposed base rate decrease of \$5.4 million and fuel cost savings associated with gas addition project.

(2) Based on sales and revenues for the rate year ending December 31, 2014, the proposed decrease in Con Edison Steam revenues equates to \$5.4 million or 0.8% with no change in the fuel cost.