



Consolidated Edison Company
of New York, Inc
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April 25, 2012

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

Re: Case Nos. 07-E-0523, 08-E-0539 and 09-E-0428, Revenue Decoupling Mechanism

Dear Secretary Brillling:

Consolidated Edison Company of New York, Inc. (the “Company”) is filing with the New York State Public Service Commission (the “Commission”) a revised “Statement of Revenue Decoupling Mechanism Adjustment” (“RDM”) to the Company’s Schedule for Electricity Service, P.S.C. No. 10 – Electricity, applicable to its customers in the City of New York and the County of Westchester. The Company is also filing with the Commission a revised “Statement of Revenue Decoupling Mechanism Adjustment” (“RDM-PASNY”) to its Schedule for New York Power Authority (“NYPA” or “PASNY”) Delivery Service - PSC No. 12, applicable to delivery by the Company of power and associated energy to Authority Public Customers under PASNY No. 12.¹

The statements submitted herewith are as follows:

RDM Statement No. 2 to P.S.C. No. 10 – Electricity
RDM-PASNY Statement No. 2 to PSC No. 12

The statements are issued on April 25, 2012, to become effective on May 1, 2012.

Reason for Filing

Pursuant to General Rule 26.2 of P.S.C. No. 10 – Electricity and the “Additional Delivery Charges and Adjustments” section of PSC No. 12, the cumulative difference between actual pure base revenues and allowed pure base revenues under each service classification (“SC”) for the six-

¹ PSC No. 12 is the Delivery Service Rate Schedule Implementing and Part of the Service Agreement between the Power Authority of the State of New York (PASNY) and the Consolidated Edison Company of New York, Inc. (the Company) dated March 10, 1989.

months ended March is to be charged or credited to customers in that SC, with interest, through the RDM adjustment over the six-month period that commences May.² The RDM adjustment is also required to reflect the difference between actual Low Income Program discounts and the amount of these discounts included in rates (i.e., \$38.75 million annually). Through this filing, the Company is resetting the RDM adjustment applicable to each SC³ commencing May 1, 2012, to recognize net under/over-collections of pure base revenues by SC, with interest, for the six-month period, including reconciliation of prior period RDM adjustments.

Except for SC 6, the full net revenue under/over collections for the six-month period ended March 2012 period will be recovered/refunded over the six-month period May 2012 through October 2012. SC 6 is a population of about 3,500 small energy-usage customers. The SC 6 allowed revenues under the RDM for the period ending March 31, 2012, were set too high, anticipating growth in that customer class that never materialized. This has resulted in a significant under-collection of SC 6 revenues. To mitigate the effect of the RDM under-collection on customers' bills, the Company in this filing is recovering only a portion of the SC 6 under-collection. The Company plans to file with the Commission a methodology for recovering the \$178,000 balance of the SC 6 under-collection from all classes, including reducing the SC 6 revenue target for the new rate year commencing April 2012 and increasing, on a pro rata basis, the allowed pure base revenues for the other SCs and for PASNY, in order to collect the same total annual allowed pure base revenues from the RDM classes.⁴

The RDM unit adjustments per SC (expressed on a per kWh basis) reflected on the RDM statement to P.S.C. No. 10, effective May 1, 2012, are set to credit \$31.3 million, plus interest, to Con Edison customers over the six months commencing May 1, 2012. This credit is comprised of a \$4.6 million net over-collection of pure base revenues for the six-month period ending March 31, 2012, and a \$26.7 million net over-collection for the difference between the amounts required to be charged or credited to Customers and amounts actually charged or credited to Customers through March 31, 2012. The RDM-PASNY Statement to PSC No. 12 reflects a net charge of \$13.4 million, plus interest, associated with a net under-collection of pure base revenues for the six-month period ending March 31, 2012, which will be collected from PASNY in equal monthly amounts over the six-month period.

² The tariffs specify that the RDM determined for the six-month period October through March is to be collected over the six months May through October, and the RDM determined for the six-month period April through September is to be collected over the six months November through April. (This schedule may be accelerated if the cumulative difference equals or exceeds \$10 million.)

³ For purposes of the RDM, PASNY is treated as a single SC, and differences are credited or charged to PASNY as a single monetary amount.

⁴ Should the Commission reject the Company's proposal, the Company would recover the amount it is permitted to collect under its tariff from the SC 6 class. For the rate year ending March 2010, there was a large under-collection in SC 6 revenues of \$483,000 and the Company filed a petition on June 18, 2010, to recover SC 6's under-collection from all other classes. By order dated September 16, 2010, the PSC approved the Company's petition to recover the under-collection from all other classes. Based on the under-collection of SC 6 revenues experienced during the rate year ending March 31, 2010, the Company also filed in June 2010 to revise the SC 6 allowed pure base revenue for the 12 months ending March 2011, and make offsetting adjustments to other SCs, thereby avoiding a significant under-collection during that rate year.

As specified in our tariffs, the revised Statements are being filed with the Commission no less than three days before May 1, 2012, the start of the period that the RDM Adjustments are to be in effect.

Very truly yours,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

/s/Christine Colletti
Director
Rate Engineering