



Consolidated Edison Company  
of New York, Inc.  
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August 31, 2012

Hon. Jaclyn A. Brillling  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, N.Y. 12223-1350

RE: Case Number 09-G-0795

Dear Secretary Brillling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") is filing today with the Public Service Commission ("the Commission") amendments to its Schedule for Gas Service, PSC No. 9 - Gas ("the Gas Tariff"). The changes to the Gas Tariff are set forth in the attached tariff leaves and Statement, which bear an effective date of October 1, 2012, and a notation that the leaves are issued in compliance with the Commission's Order dated September 22, 2010 ("September 2010 Order") in Case Nos. 09-G-0795, et al.<sup>1</sup> A list of the revised tariff leaves and Statement is set forth in Appendix A.

### **Reasons for the Proposed Changes**

The September 2010 Order established a three-year gas rate plan covering the period October 1, 2010, through September 30, 2013 ("Gas Rate Plan"). The Gas Rate Plan includes increases to the Company's base delivery service rates in Rate Year 3 ("RY 3"), which begins on October 1, 2012 and runs through September 30, 2013. The tariff amendments being filed herewith include the rates for RY 3 of the Gas Rate Plan in compliance with the September 2010 Order.

### **Summary of Proposed Changes**

Rates have been designed to produce an increase in revenues of approximately \$46.7 million in RY 3. The \$46.7 million increase includes an increase in non-competitive delivery rates as well as an increase in revenue collected through the fixed components of the Merchant Function Charge ("MFC"), the Credit and Collection ("C&C") component of the Purchase of

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<sup>1</sup> Case 09-G-0795, et al., *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service*, Order Establishing Three Year Steam and Gas Rate Plans and Determining East River Repowering Project Cost Allocation Methodology, issued and effective September 22, 2010.

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Receivables ("POR") discount<sup>2</sup> and the Billing and Payment Processing Charge. The last increase in gas delivery rates was in October 2011.

Appendix B shows, by service classification, the annualized revenues for the twelve months ending September 30, 2013, at current October 1, 2011 rates, the corresponding annualized revenues at the October 1, 2012 rates, the total increase in annualized revenues and the associated effect on customers' bills.

The attached tariff leaves reflect the design of rates for RY 3 in accordance with the Gas Rate Plan, and is generally described below:

### **Rate Design**

#### ***1. Allocation of Increased Non-Competitive Delivery Revenue Requirement***

The RY 3 non-competitive delivery revenue increase, excluding gross receipts taxes, allocated to the Company's firm sales and firm transportation Customers in Service Classification Nos. ("SC") 1, 2, 3, 9 and 13 was determined as shown in Table 3 of Appendix H to the Gas Rate Plan.

The overall average percentage increase for RY 3 was determined by dividing the RY 3 delivery revenue increase by the RY 3 sales and transportation volumes priced at Rate Year 2 ("RY 2") rates (including competitive and non-competitive rates).

#### ***2. Non-Competitive Delivery Rate Design within the Firm Classes***

The non-competitive gas delivery rates for RY 3 were designed for each firm service class to collect its respective assigned increase as follows:

- The minimum charges (the charge for the delivery of the first 3 therms or less) for SCs 1, 2 and 3 and for the corresponding SC 9 rates were increased, as provided in Appendix H, to better reflect the Company's cost to provide service. The SC 13 and corresponding SC 9 minimum charges, which collect minimum charges over seven months as opposed to twelve months, were increased accordingly.
- The rate for the remaining SC 1 and corresponding SC 9 rate block (for usage over 3 therms per month) was designed to collect the balance of the revenue increase assigned to SC 1 after accounting for the increased revenues to be collected through the minimum charge.
- The rates for the remaining rate blocks within SC 3 were increased on an equal percentage basis in order to collect the remaining SC 3 class revenue increase after deducting the increase in annual revenues resulting from the changes to the minimum charge and the air-conditioning rates (as explained below).

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<sup>2</sup> The POR discount is applied to ESCOs' receivables billed to retail access customers receiving consolidated utility bills to determine Con Edison's payments to ESCOs for those receivables.

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- The rates for the remaining blocks for SC 2 Heating and SC 2 Non Heating were increased on an equal percentage basis after deducting the increase in annual revenue assigned to the increased minimum charges for those classes.
- For SC 13, the increase in the minimum charge produced more than the total revenue increase assigned to the class. Therefore, the rates in the remaining SC 13 rate blocks were decreased. The SC 2 and 3 air-conditioning rates were set equal to the block rates in SC 13.
- Riders D, G and I rates were set using the same relationship that exists between SC 2 delivery rates and Riders D, G and I rates for RY 2.
- The Rider H and J Distributed Generation ("DG") rates were increased by the average rate increase allowed for their applicable non-DG classes.
- No increases were allocated to SC 14 or to bypass Customers taking firm service under contract rates.
- Low Income SC 1 (Rate II) and corresponding SC 9 minimum charges reflect a reduction of \$1.50 from the non-Low Income SC 1 (Rate I) (and corresponding SC 9) minimum charges. The rate for the over-3-therm block in SC 1 Rate II remains equal to the rate for the corresponding block in SC 1 Rate I.
- Low Income SC 3 (Rate II) and corresponding SC 9 rates continue to reflect a reduction in the 4-90 block of \$0.3833 per therm from the equivalent non-Low Income rate (SC 3 Rate I). The SC3 Rate II minimum charge was set equal to the SC 3 Rate I minimum charge.
- Rates were increased to all other customers in the SC 1, SC 2 Heat, SC 2 Non-Heat, SC 3 and SC 13 classes to account for the rate reduction provided to low-income customers.

### **Competitive Charges**

For RY 3, the Supply MFC ("Supply -Related Component"), and total C&C (including C&C MFC and C&C POR components) Competitive Charges will be updated to reflect increases in the revenue levels as shown on Table 2 of Appendix H to the Gas Rate Plan. The MFC reflecting the updated Supply-Related Component and the C&C MFC Component (as well as the Gas In Storage Working Capital component of the MFC) will be shown on the Statement of Merchant Function Charge to be filed in September 2012 and effective October 1, 2012. The C&C POR component will be taken into account in establishing the POR discount rate effective October 1, 2012.

### **Other Tariff Changes**

#### **1. Revenue Per Customer ("RPC") Targets**

Appendix I to the Gas Rate Plan sets forth the formula for calculating RPC targets for each rate year. The general formula for determining each customer group's RPC target for each rate year is the average delivery revenue per bill multiplied by twelve. The average delivery revenue per bill is calculated by dividing the pre-determined rate year delivery revenues for each group by the estimated number of rate year equivalent 30-day bills for that group. For RY 3, the number of bills for each customer group is based on the total actual number of equivalent 30-day

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bills for the twelve months ended July 2012, adjusted to recognize potential customer growth. The adjustments for growth were pre-determined and included on Page 3 of Appendix I to the Gas Rate Plan. Leaf 181.2 is being revised to include the RPC targets for RY 3.

## 2. Housekeeping Changes

Various minor housekeeping changes were made throughout the tariff, primarily to remove obsolete language, insert clarifying language, move tariff language and adjust tariff formats for proper presentation, and correct erroneous tariff language and references. For example, tariff leaf references in the General Information section Table of Contents were changed to reflect the correct leaf references for particular categories.

## **Statement of Rate Adjustment Clause**

In accordance with Additional Rate Provision V.G of the Gas Rate Plan, enclosed with this filing is a revised Statement of Rate Adjustment Clause. As directed by the June 25, 2009 *Order Establishing Adjustment Clause Mechanisms to Recover Gas and Steam Rates* in Case 09-M-0114 ("June 2009 Order"), \$32 million of annual gas 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 operations and maintenance expenditures in that proceeding. As a result, Statement of Rate Adjustment Clause No. 1 was filed on June 30, 2009, effective July 1, 2009, Statement of Rate Adjustment Clause No. 2 was filed on August 31, 2009, effective October 1, 2009, Statement of Rate Adjustment Clause No. 3 was filed September 30, 2010, effective October 1, 2010, and Statement of Rate Adjustment Clause No. 4 was filed on August 31, 2011, to be effective October 1, 2011. With this compliance filing in Case 09-G-0795, Statement of Rate Adjustment Clause No. 5 is being filed on August 31, 2012, to be effective October 1, 2012. The Statement of Rate Adjustment Clause sets forth the portion of the rates and charges per therm in each Service Classification, effective October 1, 2012, associated with that portion of the Company's revenue requirement that is being collected subject to refund pursuant to the June 2009 Order.

## **Conclusion**

Pursuant to Ordering Clause 4 of the September 2010 Order, the Company is filing tariff changes for RY 3 on not less than 30 days notice, to take effect on a temporary basis on October 1, 2012. Pursuant to Ordering Clause 6, in accordance with the requirements of Public Service Law §66 (12) (b), publication of notice of these changes will be completed prior to October 1, 2012.

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The Company is serving copies of this filing upon all parties to this proceeding by electronic mail.

Respectfully submitted,  
Consolidated Edison Company of New York, Inc.

By: \_\_\_\_\_

/s/Christine Colletti

Director

Rate Engineering Department

Attachments

**PSC NO. 9 – GAS**

The following leaves and Statement bear an effective date of October 1, 2012:

Leaf 2 – Revision 3  
Superseding Revision 2

Leaf 3 – Revision 3  
Superseding Revision 2

Leaf 4 – Revision 11  
Superseding Revision 10

Leaf 5 – Revision 16  
Superseding Revision 15

Leaf 8 – Revision 2  
Superseding Revision 1

Leaf 128 – Revision 5  
Superseding Revision 4

Leaf 152 – Revision 14  
Superseding Revision 13

Leaf 154 – Revision 1  
Superseding Revision 0

Leaf 154.6 – Revision 9  
Superseding Revision 8

Leaf 154.8 – Revision 9  
Superseding Revision 8

Leaf 154.9 – Revision 12  
Superseding Revision 11

Leaf 154.18 – Revision 12  
Superseding Revision 11

Leaf 154.24 – Revision 12  
Superseding Revision 11

Leaf 154.25 – Revision 9  
Superseding Revision 8

Leaf 154.26 – Revision 9  
Superseding Revision 8

Leaf 181.2 – Revision 2  
Superseding Revision 1

Leaf 228 – Revision 18  
Superseding Revision 17

Leaf 230 – Revision 15  
Superseding Revision 14

Leaf 231 – Revision 18  
Superseding Revision 17

Leaf 234 – Revision 9  
Superseding Revision 8

Leaf 240 – Revision 18  
Superseding Revision 17

Leaf 243 – Revision 10  
Superseding Revision 9

Leaf 257 – Revision 5  
Superseding Revision 4

Leaf 258 – Revision 5  
Superseding Revision 4

Leaf 269 – Revision 16  
Superseding Revision 15

Leaf 270 – Revision 15  
Superseding Revision 14

Leaf 271 – Revision 15  
Superseding Revision 14

**Appendix A**  
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Leaf 272 – Revision 12  
Superseding Revision 11

Leaf 316.2 – Revision 6  
Superseding Revision 4

Leaf 316.3 – Revision 3  
Superseding Revision 1

Leaf 327 – Revision 3  
Superseding Revision 0

Leaf 330 – Revision 2  
Superseding Revision 0

Leaf 331 – Revision 4  
Superseding Revision 3

Leaf 339 – Revision 6  
Superseding Revision 5

Leaf 341.3 – Revision 5  
Superseding Revision 3

Leaf 341.4 – Revision 1  
Superseding Revision 0

Leaf 349 – Revision 17  
Superseding Revision 16

Leaf 367 – Revision 5  
Superseding Revision 4

Leaf 367.1 – Revision 4  
Superseding Revision 3



Leaf 367.2 – Revision 4  
Superseding Revision 3

Leaf 368 – Revision 2  
Superseding Revision 1

Leaf 369 – Revision 1  
Superseding Revision 0

Leaf 370 – Revision 2  
Superseding Revision 1

Leaf 371 – Revision 4  
Superseding Revision 3

Leaf 372 – Revision 4  
Superseding Revision 3

Leaf 373 – Revision 4  
Superseding Revision 3

Leaf 374 – Revision 5  
Superseding Revision 4

Leaf 375 – Revision 6  
Superseding Revision 5

Leaf 376 – Revision 5  
Superseding Revision 4

Leaf 377 – Revision 6  
Superseding Revision 5

Leaf 378 – Revision 4  
Superseding Revision 3

Leaf 379 – Revision 4  
Superseding Revision 3

Leaf 380 – Revision 4  
Superseding Revision 3

Leaf 381– Revision 4  
Superseding Revision 3

Leaf 382 – Revision 4  
Superseding Revision 3

Statement of Rate Adjustment Clause No. 5

## Appendix B

**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 Ended September 30, 2013 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 Rates In Effect 10/01/11 Rates (b) (c)	Total Annual Revenues at Proposed Rates (b) (c)	Estimated Total Annual Revenues Increase/(Decrease) (d)	Percent Change	Number of Customers' Bills Increased	Number of Customers' Bills Decreased	Number of Customers' Bills Unchanged
1 - Residential & Religious	46,450,254	\$ 219,393,702.17	\$ 228,542,170.61	\$ 9,148,468.44	4.2%	8,463,086	-	-
2 - General - Rate I - Non-Heating (a)	197,562,579	\$ 304,607,900.05	\$ 309,739,020.08	\$ 5,131,120.03	1.7%	730,738	75	-
2 - General - Rate I - Distribution Generation	47,650,000	\$ 54,997,121.37	\$ 55,281,965.63	\$ 284,844.26	0.5%	469	-	-
2 - General - Rate II - Heating (a)	294,023,874	\$ 471,489,892.82	\$ 480,103,813.38	\$ 8,613,920.56	1.8%	723,753	156	-
2 - Total Commercial	539,236,453	\$ 831,094,914.24	\$ 845,124,799.09	\$ 14,029,884.85	1.7%	1,454,960	231	-
3 - Residential & Religious - Heating (a)	612,302,725	\$ 1,080,838,743.95	\$ 1,104,273,228.24	\$ 23,434,484.29	2.2%	3,254,706	39	-
13 - Seasonal Off Peak Firm Service	1,279,509	\$ 1,856,370.51	\$ 1,883,520.10	\$ 27,149.59	1.5%	6,498	185	54
14 - Natural Gas Vehicles	120,000	\$ 198,998.40	\$ 198,998.40	\$ -	0.0%	-	-	-
Total Firm Sales & Firm Transportation	1,199,388,941	\$ 2,133,382,729.27	\$ 2,180,022,716.44	\$ 46,639,987.17	2.20%	13,179,250	455	54

(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.

(d) Includes revenue increase associated with the Credit and Collections component applicable to Purchase of Receivables