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January 14, 2014

Hon. Kathleen H. Burgess, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

RE: Case 13-E-0030 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service.

Case 13-G-0031 – 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.

Case 13-S-0032 - 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.

Dear Secretary Burgess:

AARP hereby submits these comments in response to the Notice issued by the New York Public Service Commission (Commission) on January 3, 2014 regarding proposed changes in the electric, gas and steam delivery rates and practices of Consolidated Edison Company of New York, Inc. (Con Edison). The Commission describes the terms of the Joint Proposal as follows:

> Under the Joint Proposal, in lieu of the previously proposed rate increases, it is proposed that there be no increase in overall electric revenues for the two-year 2014 through 2015 period, and that there be no increase in overall gas and steam revenues for the three-year 2014 through 2016 period. These proposed revenue requirements reflect a common equity ratio for all three businesses of 48.00%, and a return on equity (ROE) of 9.2% for electric and 9.3% for gas and steam.[1]

[1] Notice, at 2.

While AARP commends the Commission on their review of the previously proposed rate increases, we take issue with the inaccurate characterization of the Joint Proposal as a rate "freeze."[2] This proposal in no way guarantees that consumer's rates will not increase while the "freeze" is in place as it only applies to delivery charges. Fluctuations within the gas and electricity market can lead to higher prices, which Con Edison will be able to charge to the consumer. Additionally, immediately following the expiration of the 2 year set rates on electric prices and 3 year set rates for gas and steam, increases are scheduled to immediately take effect.

The Joint Proposal also includes a Return on Equity (ROE) that is higher than the 8.7% recommended by the Commission's own staff. The allowed ROE of 9.2% for electric and 9.3% for gas, combined with the "sharing band" of the alternative regulation plan, could be devastating for Con Edison consumers. The utility will be permitted to earn above a reasonable ROE and retain those earnings before passing any savings on to ratepayers. Coupled with the lack of a meaningful consumer assistance program and a dearth of measures to make bills more affordable, the settlement is far more generous to shareholders than it is to ratepayers.

AARP is concerned that this plan does little to offer relief to many of Con Edison's overburdened customers who struggle to afford the utility's rates, which are among the highest in the nation. Each year approximately 80,000 households have their services turned off by Con Edison because they are unable to pay their bills, with hundreds of thousands more being threatened with shut-off every month. According to testimony by William D. Yates on behalf of the Public Utility Law Project, the number of residential customers who are more than 60 days behind in paying their bills is up 30,000 from 2013, and 14,000 more final termination notices were sent out compared to the previous year[3]. Keeping these sky-high rates in place will only lead to more shut-offs for struggling families and older New Yorkers living on a fixed income.

Although Con Edison has long promoted ESCO service as a means for low-income consumers to save money, consumers who use these services are frequently billed at a higher rate than what they would have paid without an ESCO[4], adding unnecessary hardship. AARP makes the recommendation that

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[2] *AARP: Devil's in the Details of Con Ed Rate Deal*, Jan. 2, 2013, available at http://states.aarp.org/aarp-devils-in-details-of-con-ed-rate-deal/.

[3] Case No. 13-E-0030, Filing No. 468, Testimony of William D. Yates on Behalf of the Public Utility Law Project, Jan. 10 2014, p 2-3.

[4] Case No. 13-E-0030, Filing No. 468, Testimony of William D. Yates on Behalf of the Public Utility Law Project, Jan. 10 2014, p 19-23.

Con Edison should implement a robust consumer assistance program to offer real relief to low-income consumers rather than the continued promotion of ESCO services until the Commission makes a decision on cases investigating the ESCO marketplace[5].

The Commission should make every effort to maintain reliable service while mitigating the financial impact on ratepayers. The Joint Proposal should not be approved for the reasons stated here. Alternatively, a one-year plan with rate and bill reductions should be adopted. AARP believes it would possible to provide bill reductions if Con Edison does not keep over-collections, and more significant bill reductions could be made if the ROE is lowered as staff recommended.

I thank you for your attention.

Sincerely,

Beth Finkel

Beth Finkel, State Director
AARP New York

[5] Case No. 12-M-0476, Filing No. 46, Comments of PULP & AARP, Jan. 25, 2013.