

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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CASE 16-E-0060 - 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 16-G-0061 - 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.

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**METROPOLITAN TRANSPORTATION AUTHORITY**

**DIRECT TESTIMONY OF**

**STEVEN D. WISLO**

Dated: May 27, 2016

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1 Q. Please state your name and business address.

2 A. Steven D. Wislo. My address is: Metropolitan Transportation Authority,  
3 2 Broadway, 16th Floor, New York, NY 10004-2207.

4 Q. Please state your educational and work experience.

5 A. I am a Manager in the Metropolitan Transportation Authority (“MTA”) Office of  
6 Strategic Initiatives. I started in August 2015 and am responsible for project management  
7 during the implementation of an MTA-wide Energy Management System, as well as  
8 analytical work on various energy-related projects, including analytical work associated  
9 with the New York Power Authority (“NYPA”) Long Term Agreement. Previously, I  
10 worked as a Senior Research Associate in Equity Research at Sanford C. Bernstein, LLC,  
11 covering North American transportation and other companies. I graduated Summa Cum  
12 Laude from Dartmouth College in June 2001 with an A.B. in Economics, and from The  
13 Wharton School of the University of Pennsylvania in June 2009 with a Master of  
14 Business Administration.

15 Q. What is the purpose of your testimony?

16 A. The MTA is addressing one issue concerning high tension/low tension cost recovery and  
17 rate design. The MTA supports Con Edison’s proposal to have low tension rates reflect  
18 their true costs of service and to stop the current subsidy that high tension rates provide to  
19 low tension customers.

20 Without introducing any new evidence herein, we are also supporting the direct  
21 testimony we understand that NYPA intends to file that (1) opposes the proposal of Con

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1 Edison to allocate to NYPA costs associated with the PJM OATT Wheeling Contract and  
2 (2) opposes the allocation of gas transmission costs to electric ratepayers.

3 Q. Please describe the transportation services provided by the MTA.

4 A. The MTA and its subsidiary and affiliate agencies (collectively with MTA, the “MTA  
5 Group”) operate North America’s largest public transportation network, serving a  
6 population of 15.2 million people in the 5,000 square mile area fanning out from New  
7 York City through Long Island, southeastern New York State and Connecticut (“MTA  
8 Service Area”). The MTA Group includes:

- 9 i) MTA New York City Transit
- 10 ii) MTA Long Island Rail Road
- 11 iii) MTA Metro-North Railroad
- 12 iv) MTA Bridges and Tunnels
- 13 v) MTA Staten Island Railway
- 14 vi) MTA Capital Construction Company
- 15 vii) MTA Bus Company

16 The MTA Group operates more subway and commuter rail cars than the rest of the  
17 country’s subways and railroads combined. It is a high-volume electric consumer in the  
18 Con Edison service territory that relies upon electricity for many of its operations to serve  
19 the public. The MTA purchases its power from NYPA, who in turn purchases delivery  
20 service from Con Edison under Service Classification PASNY 12.

21 The MTA Group was billed by NYPA for approximately 6.97 million kilowatts  
22 and 2.91 billion kilowatt hours in 2013 and 6.9 million kilowatts and 2.9 billion kilowatt

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1 hours in 2014. Out of all NYPA customers, the MTA Group is the biggest consumer of  
2 high tension power. Of the total 6.97 million kilowatts received in 2013, 81.77% were  
3 for high tension power, and of the total 6.9 million kilowatts received in 2014, 81.89%  
4 were for high tension power.

5 Spread throughout the Con Edison service territory are 294 traction power  
6 substations owned and operated by the MTA Group. These MTA Group substations  
7 receive high-tension electricity delivered from the Con Edison system and step it down to  
8 the voltages required to operate the subways and railroads, all at the MTA Group's  
9 expense.

10 Q. Please address the cost subsidy currently provided by high tension to low tension  
11 customers.

12 A. Con Edison's Demand Analysis and Cost of Service Panel's Direct Testimony (P. 1)  
13 sponsored the 2013 Embedded Cost of Service Study ("ECOS Study"). Relying upon the  
14 results of that ECOS Study, the Con Edison Electric Rate Panel is proposing to adjust the  
15 high tension/low tension rate differentials ". . .to address the high tension/low tension  
16 cost relationships based on the ECOS Study" (P. 31, L. 19). The Panel explained later in  
17 its testimony that high tension/low tension ratios, based on costs shown in the ECOS  
18 Study, were compared to the high tension/low tension ratios reflected in current rates  
19 (P. 37, L. 10). The ECOS Study found that it was 33 percentage points less expensive to  
20 serve high tension customers than low tension customers (*i.e.*, that the cost to deliver high  
21 tension energy per unit constituted 67% of the cost to deliver low tension energy.  
22 Exhibit \_\_ (ERP-1), Con Edison Electric Rate Panel direct testimony). That makes sense

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1 because the high tension customers do not require, according to Con Edison,  
2 transformers, transformer containment equipment, transformer vaults, primary  
3 switchgear, overhead and underground feeders, feeder bands, relays and relay protection  
4 equipment, interlock systems, ground mat and loop systems, G&T devices and ground  
5 switches, splice kits, wiring and connections of the revenue metering instrument  
6 transformers to the metering devices, and other equipment necessary to step-down and  
7 deliver low tension power for its use by the Customer. (See “General Specification for  
8 High Tension Service-Specification EO-2022, Revision 15, Effective 12/31/09.”) But the  
9 Electric Rate Panel also calculated that low tension rates were set at only approximately  
10 10% higher than high tension rates, meaning that low tension rates were under-recovering  
11 their costs, and therefore were being subsidized by high tension rates (Exhibit \_\_ (ERP-  
12 1)). Thus, high tension accounts are essentially paying **twice** for the same service: once  
13 to support their own substations and then again to partially support substations for low  
14 tension accounts. Because a high percentage of the MTA Group accounts are high  
15 tension, the MTA Group is particularly impacted by the subsidy to low tension accounts.

16 Q. What did the Electric Rate Panel recommend be done to address this subsidy?

17 A. In order to limit the bill impacts to low tension customers from raising their rates to fully  
18 eliminate the subsidy, the Electric Rate Panel is “. . .proposing to eliminate only one-third  
19 of the difference between the [high tension/low tension cost] ratios” (P. 38, L. 1). Con  
20 Edison is proposing to reflect one-third of the cost differential in low tension rates in each  
21 of the next three rate years. The transition proposal by Con Edison represents, according  
22 to the information presented in Response to NYECC-3 51(a) (Exhibit \_\_ (SDW-1),

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1 shifting approximately one-third of the existing Con Edison estimated \$19.7 million  
2 subsidy, being unfairly shouldered by NYPA's high tension customers, to low tension  
3 customers. That would amount to leaving high tension rates subsidizing low tension rates  
4 in the amount of approximately \$13 million until the transition is completed in the next  
5 two years.

6 Q. Does the MTA support the Con Edison phase-in proposal?

7 A. Yes, but reluctantly so.

8 Q. Please explain.

9 A. It is our understanding that high tension rates have been subsidizing low tension rates for  
10 at least the last five years. Given that the NYPA high tension customers' subsidy of  
11 NYPA's low tension customers is \$19.7 million, and considering that MTA's high  
12 tension usage constituted 69.2% and 67.6% of overall NYPA high tension usage in 2013  
13 and 2014, respectively, the MTA's annual overpayment can be estimated as  
14 approximately \$13.6 million and \$13.3 million in 2013 and 2014, respectively. There is  
15 no cost justification for this subsidy and it is unfair.

16 We understand, however, the desire by customers with low tension accounts to  
17 gradually rectify this inequity and we will support the transition over a three year period.

18 Q. Does this conclude your direct testimony at this time?

19 A. Yes it does.