

Comments

05-S-1376

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June 16, 2006

**BY FEDERAL EXPRESS**

Jaclyn A. Brillig  
Secretary to the Commission  
Public Service Commission  
3 Empire State Plaza  
Albany, NY 12223-1350

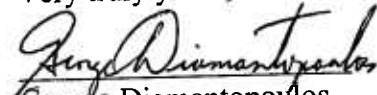
Re: Case 05-S-1376 Consolidated Edison Company of New York, Inc. –  
Steam Rates

Dear Secretary Brillig:

Enclosed please find the original and five copies of the New York Energy Consumers Council, Inc.'s ("NYECC") Statement in Support of the Joint Proposal in the above referenced PSC proceeding.

Please advise if you require anything further, or if you have any questions. Thank you for your attention to this matter. Your courtesy is appreciated.

Very truly yours,

  
George Diamantopoulos

Enclosures

cc: Hon. Rafael A. Epstein (By E-mail on June 19 and First Class Mail)  
Kevin Lang, Esq. (By E-mail on June 19 and First Class Mail)  
Mary Krayske, Esq. (By E-mail on June 19 and First Class Mail)  
Other Active Parties (By E-mail only on June 19)



# NEW YORK ENERGY CONSUMERS COUNCIL, INC.

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June 16, 2006

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## BY E-MAIL AND FIRST CLASS MAIL

Hon. Rafael A. Epstein

Administrative Law Judge

NYS Department of Public Service

Three Empire State Plaza

Albany, NY 12223-1350

Re: Case 05-S-1376 – Consolidated Edison Company of New York, Inc. – Steam Rates

NYECC's Statement in Support of the Joint Proposal

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David F. Bomke

Dear Judge Epstein:

Pursuant to your directive on the telephonic scheduling conference held with the Active Parties on June 8, 2006 in the above referenced proceeding, please consider this letter as the Statement in Support of the Joint Proposal ("JP") on behalf of the New York Energy Consumers Council, Inc. ("NYECC") due on June 19, 2006. The NYECC and its predecessor organizations have represented the energy interests of commercial property owners and managers in New York City before State agencies for over 50 years. NYECC also represents hospitals, colleges, governmental agencies, cultural and financial institutions, industrials, housing cooperatives and real estate organizations. NYECC's membership includes landmark member properties such as the Empire State Building and Rockefeller Center.

Although NYECC is a signatory to the JP in this proceeding, NYECC's Co-Presidents, Gerard V. Schumm and Timothy J. Clancy, did so by expressly taking exception to the agreement as to any information to which it is not privy and therefore takes no position on the findings of the Steam Production Study.

At the July 12, 2006 starting date for hearings in the above referenced proceeding, I will be NYECC's sponsoring witness for the purpose of any cross-examination on this Statement in Support of the JP.

## NYECC's STATEMENT IN SUPPORT OF THE JOINT PROPOSAL

By this letter, the NYECC respectfully requests, with the above noted exception, that your Honor recommend to the Public Service Commission ("PSC") adoption of the JP in the above referenced proceeding as agreed to and filed on June 2, 2006 by the signatories thereto. NYECC believes that the provisions of the JP are in the best interest of the public in general and of the signatories in particular because of the significant negotiated reductions by the Active Parties from the amounts originally sought by the Company over the two year Rate Plan as well as Con Edison's affirmation of its commitment to its steam business.

Con Edison's proposed increases in its original filing provided for base rate increases of \$102.1 million (to have been repeated in the second year) and an additional base rate increase of \$15.1 million in the second year. Although some of that \$219.3 million increase during the next two years was anticipated to be offset by reductions in the Fuel Adjustment Charge ("FAC"), the JP memorializes a significant accomplishment over the two years, namely, the absence of any change (or a zero change) to base rates. Although some costs currently recovered in the FAC will still be transferred into base rates in the second rate year of the JP, the net impact on consumers will nonetheless remain flat. Unfortunately, of course, consumers can still anticipate possible increases in their costs of steam, which are driven by rising fuel costs that are outside the control of Con Edison.

NYECC is also pleased to note that, despite a prohibition against rate escalation during this two-year rate plan, the JP incorporates a provision for the Company's annual capital investment of \$45 million into the steam system, as well as retaining a commitment to critical Operational and Maintenance investments during the two-year rate plan.

The JP also incorporates Con Edison's affirmation of its ongoing and long-term commitment to its Steam Business. The past several steam rate cases have documented consumer concerns about the rising costs of steam service and the apparent degradation of the consumer basis necessary to maintain a healthy business model. In 2005, members of the Steam Business Development Task Force, which was established by the previous Con Edison steam rate case, issued a Steam Business Development Plan (BDP) that noted, among other points, that, "The fundamental barrier to development of the New York City steam system is steam's cost relative to other heating and cooling options." Not only does the zero rate increase incorporated into this JP help address this fundamental barrier, the multiple commitments identified in other sections of the JP effectively document Con Edison's commitment to maintaining and developing its steam business unit.

Several of Con Edison's commitments in the JP warrant additional comment. First, the JP memorializes a broad-based commitment to expanding the summertime (off-peak) use of steam to supplement customer cooling requirements. Second, the JP incorporates a requirement to conduct energy audits of those 30 customers whose steam consumption and load profiles represent the best opportunities for energy efficiency improvements; the commitment also includes a provision to incorporate lessons learned from those energy audits into a series of best practices that will be made available to all of Con Edison's steam customers. Third, Con Edison confirms its commitment to meeting with and responding to the concerns of its steam customers; and in tandem with such meetings, Con Edison commits to expanding its ability to respond to customer requests for assistance on multiple levels -- including expanded use of its existing Account Executives and the establishment of new points of contact and advocacy for all steam customers. Fourth, Con Edison commits to implementing and/or expanding its existing steam repair service program, a microturbine demonstration project, and a district energy study. In order to ensure that it better understands the needs of its steam customers, the JP recognizes Con Edison's commitment to implementing customer focus groups and customer survey instruments. Equally important, the JP commits Con Edison to the continued collaboration with customers and other key market participants in the ongoing Steam Business Development Task Force, which will meet quarterly during the two years of the rate plan.

Also of critical importance to steam consumers is language that stipulates and memorializes a commitment to further investigation of several rate provisions to ensure that all customers are treated fairly and are actively encouraged to remain as customers of the steam system. These provisions include further consideration of Con Edison's existing Negotiated Steam Fuel Cost Option and potential for enhancement and expansion of that option; development of guidelines to help customers complete the SC 5 template form to qualify for special negotiated rates, as applicable to preserve customer base; development of formal, written technical specifications and interconnection procedures for Combined Heat and Power facilities; and, most importantly, the implementation of a collaborative study designed to review and potentially improve the designs of rates for steam customers who will be facing demand rates in the second year of the rate plan, as well as customers seeking standby service, and all customers.

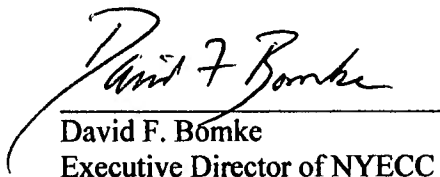
In addition, based upon the extensive negotiations and discussions among the Active Parties and Con Edison, held intermittently over a period of approximately three months by the Active Parties in this case, and after weighing the probable costs of litigation, the probability of success, the litigation's complexity, the litigation's attendant expense, inconvenience and delay, NYECC believes that the Joint Proposal confers upon the public and the signatories in

particular significantly greater benefits than costs and falls within the expected range of a fully litigated case and therefore the Joint Proposal should be approved.

Finally, NYECC commends the hard work of all of the Active Parties in this proceeding and of the Department of Public Service Staff in particular, without whose efforts the filed JP would not have been possible.

Accordingly, the NYECC respectfully requests that your Honor recommend to the PSC the adoption of the Joint Proposal as filed.

Respectfully submitted,

  
David F. Bomke  
Executive Director of NYECC

cc: Kevin Lang, Esq. (By E-mail and First Class Mail)  
Mary Krayeske, Esq. (By E-mail and First Class Mail)  
Other Active Parties (By E-mail only)