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By E-Mail: secretary@dps.ny.gov

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

Re: Case 15-E-0050 – 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-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.

Dear Secretary Burgess:

Pursuant to the Notice in the New York State Register regarding the Commission's consideration of the AMI Business Plan submitted by Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") regarding the full implementation of AMI within its service territory, and in the above reference proceedings, the New York Energy Consumers Council, Inc. ("NYECC") submits its comments on the October 16, 2015 Corrected AMI Business Plan filed in accordance with the Order Adopting Terms of the Joint Proposal to Extend Electric Rate Plan, filed June 19, 2015 in the above referenced cases.¹

¹ Cases 15-E00050 and 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 (Order Adopting Terms of the Joint Proposal to extend Electric Rate Plan), filed June 19, 2015.

NYECC was created on July 30, 2004 as a result of the consolidation of the Owners Committee on Electric Rates (a/k/a OCER) and the New York Energy Buyers Forum (a/k/a NYEBF). NYECC's members represent a broad spectrum of energy buyers, including hospitals, universities, financial institutions, residential and commercial property owners and managers, public benefit corporations, energy service companies and energy consultants. NYECC and its predecessor organizations have intervened in rate cases before the Commission for more than 60 years.

NYECC is a signatory to the Joint Proposal extending the Con Edison electric rate plan and is generally supportive of the Company pursuing its proposed implementation of AMI as set forth in the Joint Proposal.² Nevertheless, NYECC believes that the AMI business plan requires further supplementation and much more information than has been provided in order for the Commission to reasonably determine whether the contemplated expenditure for AMI is justified in whole or in part by the Company's business plan.

Consideration and review of the AMI business plan, includes the ability of the technology to meet the Company's, the Commission's, and the customers' needs and allowing a thorough review of the systems to be deployed and the costs of those systems and their components.³

Con Edison contends that the customer, operational and financial benefits justify a full deployment of AMI.⁴ However, no alternative to anything less than a full deployment of AMI is presented by the Company. Absent presentation of such an alternative, there is no way to ascertain whether a less than full deployment is the preferable alternative. The Company cannot be permitted to unilaterally foreclose discussion of alternatives by failing to discuss them in its report. Perhaps a targeted approach based on a roll out of AMI based on system needs in the short term is preferable and more justified than full deployment. Perhaps after a certain amount of justified AMI, there is a diminishing return on further benefits for further AMI versus the additional costs, thereby rendering full deployment of AMI less than optimum.

Accordingly, NYECC recommends that options for less than full deployment of AMI should be presented to the Commission for its consideration before any decision can reasonably be made upon whether full deployment of AMI is justified.

Con Edison claims that over the 20 year evaluation period (which assumes a six-year project life with a five-year meter deployment scenario) benefits exceed costs by \$1.149 billion resulting in a ten year payback period.⁵ However, Con Edison did not include an estimated \$400 million of unrecovered book costs associated with the existing meters that will be replaced notwithstanding the Company's agreement in the Joint Proposal that an updated and detailed BCA⁶ of the AMI business plan was supposed to consider, *inter alia*, net remaining plant associated with existing

² Id. at 3, 39.

³ Id. at 38.

⁴ Con Edison AMI Business Plan, October 15, 2015 (Corrected), at 39.

⁵ Id.

⁶ Benefit Cost Analysis.

meters and related components to be replaced with AMI meters as a primary component of this plan.⁷

Accordingly, NYECC requests that the Commission, in evaluating the BCA of the AMI business plan, consider the estimated \$400 million of unrecovered book costs associated with the existing meters and any additional amounts for related components to be replaced with AMI meters as part of the BCA of the AMI business plan as agreed to by Con Edison in the Joint Proposal.

The Nexant Study performed for the Company contains an inordinate number of qualifications and caveats so as to render the study virtually meaningless.⁸ For example, the three paragraph section on the “Study Time Frame” 1) assumes all AMI meters are in place throughout the Company’s territory and that new TVP tariffs will be offered only beginning in 2021, 2) all startup costs are incurred prelaunch, but no benefits are realized because the new tariffs are unavailable until 2021, 3) there was no attempt to forecast changes in the Company’s population, base rates or avoided costs for the six (6) years between 2015 and 2021 when all meters are assumed in place, 4) the effect of expected avoided distribution capacity needs and costs and the expected increased penetration of distributed resources other than TVP are completely ignored due to alleged uncertainty. While there is an example given of a utility (PG&E) that employed an alternative approach (marketing the new rates to a customer as soon as they receive a new meter), this scenario, which on its face would appear to be an option the Commission may wish to consider even if the startup costs are incurred sooner, is not discussed for Con Edison. Benefits would presumably be realized sooner also under such a scenario. These study terms and conditions are not realistic and arguably defy common sense. For example, it is inconceivable that Con Edison in its rate cases before the Commission would ever elect not to forecast changes over a six year time frame especially when it would stand to benefit from such forecasts. The Company should therefore not be allowed to engage in such unrealistic analysis in REV or in any other Commission proceedings even if the benefit to the Company is not as favorable (or even if detrimental) to the Company’s objectives from such forecast changes.

Accordingly, NYECC recommends that more realistic and reasonable options need to be presented to the Commission for its consideration which provide for the realization of AMI benefits sooner in time including the effect of startup costs being incurred sooner so that the Commission may assess more realistic and reasonable options before deciding on how to proceed.

Regrettably, this lack of presenting alternatives to the Commission is a recurring theme in the Company’s AMI business plan. For a further example, only a 20 year time horizon is considered in the plan. There no alternative time horizon presented such as a 10 or 15 year time horizon to juxtapose with the Company’s preordained 20 year time horizon.

⁷ Cases 15-E00050 and 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 (Order Adopting Terms of the Joint Proposal to extend Electric Rate Plan), filed June 19, 2015, (Joint Proposal, April 20, 2015) at Appendix A, at 15.

⁸ See for example, Con Edison AMI Benchmarking Report, June 15, 2015, “Study Time Frame” at 75.

Accordingly, NYECC recommends that additional time horizons to the 20 year time horizon should be presented for the Commission's consideration both for a full, as well as a partially targeted AMI rollout based on system needs.

Con Edison is required to consider experiences by utilities in other states and Canada in the design and formation of its AMI business plan.⁹ Con Edison uses only "six" benchmarked utilities, consisting of 5 other states (10% of the states) and 1 Canadian utility. It is worth noting that in Figure 1-1 of the AMI Plan, there are more states (18) with deployment of less than 15% of end users as there are states with deployment to more than 50% of end users (17). The state of Alaska is missing. There are also 14 states with deployment to between 15% and 50% of end users. It appears that the Company's sample of benchmarked utilities is insufficient in size for the intended purpose and probably at least half the size of what it probably should be. It also appears that the six benchmarked utilities may be predominantly or exclusively from states with deployment to more than 50% of end users so that benefits, best practices and impediments experienced by utilities in the other two noted categories of states and other Canadian locations that may be of value to the Commission were ignored or were not considered at all for benchmarking purposes. All known benefits, best practices and impediments for AMI deployment by other utilities, whether benchmarked or not, should be set forth in detail in the report. Significantly, "[c]urrently, **none** of the benchmarked utilities are providing customers with access to real time usage information." (Emphasis supplied).¹⁰ As the availability to real time usage information is the source of much customer support for AMI, this represents a significant omission in the Company's benchmarking.

Accordingly, NYECC recommends including more utilities in the benchmarking pool especially utilities who either provide their customers with access to real time usage information or who provide their customers with as close to real time usage as possible.

The AMI business plan should contain more details of specific uses of AMI that the Company proposes and how those uses will specifically result in customer benefits that are exclusively customer benefits and not only operational benefits for the Company. Customers want to know the specific benefits they will derive from AMI enabled customer programs separate and apart from the Company's benefit to its operations. It is not sufficient to cite generically notable uses by other utilities of the benefits derived from AMI enabled customer programs without a commitment to enact those same programs.¹¹ The AMI business plan needs to contain the specific proposed uses by Con Edison of the customer benefits to be derived from the Company's AMI enabled customer programs, which will benefit customers exclusively. The AMI business plan also needs to provide more detail as to, for example, the expected annual customer savings or the percentage decrease in the customer's bill that the average customer can

⁹ Cases 15-E00050 and 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 (Order Adopting Terms of the Joint Proposal to extend Electric Rate Plan), filed June 19, 2015, at 9.

¹⁰ Con Edison AMI Benchmarking Report, at 5.

¹¹ Id. at 8.

expect from the Company's specific AMI enabled customer programs. While NYECC is glad to hear that "[t]he company's proposed AMI solution will provide additional support and benefits to . . . property owners who must comply with Local Law 84" and that "Con Edison plans to work with key stakeholders in focus groups to gather feedback and help improve compliance capabilities," this detailed information of this unspecified support and benefits (apart from the consumption data with a granularity of at least 15 minutes) needs to be specified in the report. Customers and the Commission should have this information in advance of a determination as to whether a full or partial AMI deployment is cost justified. In addition, the Company needs to specify the customer data to be provided so that both customers and the third party to whom data will be made available know the data available. While the Company has proposed to have this undisclosed data available to a third party for a fee,¹² the amount of the fee is not specified or cost justified.

Accordingly, NYECC recommends that Con Edison be required to provide additional specific details as to its proposed AMI enabled customer programs as set forth above so that the Company's report may reasonably be evaluated based on sufficient information, which, unfortunately, is lacking at this time.

NYECC appreciates this opportunity to comment on these important matters.

Respectfully yours,

/s/ George Diamantopoulos
George Diamantopoulos
Counsel for the NYECC

¹² Con Edison AMI Business Plan, October 15, 2015 (Corrected), at 17.