June 13, 2011

Honorable Jaclyn A. Brilling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 09-E-0115, Order New Targeted Demand Side Management Program

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") is filing with the Public Service Commission (the "Commission") a revision to the Company's Schedule for Electricity Service, P.S.C. No. 9 - Electricity (the "Full Service Schedule"), applicable to its customers in the City of New York and the County of Westchester.

The Company is also submitting herewith tariff revisions to its Schedule for New York Power Authority ("NYPA" or "PASNY") Delivery Service - PASNY No. 4 (also referred to as the "PASNY Rate Schedule"),\(^1\) applicable to delivery by the Company of power and associated energy to Authority Public Customers under PASNY No. 4, and to its Schedule for Economic Development Delivery Service ("EDDS") - EDDS No. 2 (also referred to as the "EDDS Rate Schedule"),\(^2\) applicable to delivery service to NYPA, the

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\(^1\) This is the Delivery Service Rate Schedule Implementing and Part of the Service Agreement Between the Power Authority of the State of New York ("PASNY") and the Consolidated Edison Company of New York, Inc. (the "Company"), dated March 10, 1989.

\(^2\) This is the Delivery Service Rate Schedule Implementing and Part of: (1) the "Service Agreement for the Delivery of Power and Energy" between the Power Authority of the State of New York ("PASNY") and the Consolidated Edison Company of New York, Inc. (the "Company"), dated March 10, 1989, for the delivery by the Company of Power and Associated Energy to Authority Economic Development Customers, (2) the "Agreement for the Delivery of Power and Energy from the James A. FitzPatrick Power Project" between the County of Westchester, acting through the Westchester Public Utility Service Agency ("Agency") and the Company, made April 24, 1987, and (3) the "Agreement between the City of New York and Consolidated Edison Company of New York, Inc., for the Delivery of Power and Energy from the James A. FitzPatrick Nuclear Power Project" between the City of New York, acting through the New York City Public Utility Service ("Agency") and the Company, made October 23, 1987.
New York City Public Utility Service ("NYCPUS") and the County of Westchester Public Utility Service Agency ("COWPUSA").

Tariff leaves reflecting changes to P.S.C. No. 9 – Electricity, PASNY No. 4, and EDDS No. 2 are identified below.

P.S.C. No. 9 - Electricity

Twenty-sixth Revised Leaf No. 163
Superseding Twenty-fifth Revised Leaf No. 163

Twenty-fourth Revised Leaf No. 163-A
Superseding Twenty-third Revised Leaf No. 163-A

PASNY No. 4

Third Revised Leaf No. 7-F
Superseding Second Revised Leaf No. 7-F

EDDS No. 2

Third Revised Leaf No. 7-F
Superseding Second Revised Leaf No. 7-F

The leaves bear an issue date of June 13, 2011, and an effective date of June 14, 2011.

Background

The Commission’s Order Adopting With Modifications a New Targeted Demand Side Management Program for Consolidated Edison Company of New York, Inc. (the "Order"), issued and effective June 1, 2011, in Case 09-E-0115, approved, with modifications, the Company’s proposed new Targeted Demand Side Management ("DSM") Program. The Order directed that the Company file tariff changes within 30 days of the Order’s issuance, to allocate to the PASNY Rate Schedule and to the EDDS Rate Schedule a portion of the costs of the new Targeted DSM Program. The allocation is to be done on a pro-rata basis based on forecasted rate year delivery revenues under each rate schedule to the total combined forecasted delivery revenues under the Full Service Schedule, the Retail Access Rate Schedule (PSC No. 2 - Retail Access), the PASNY Rate Schedule, and the EDDS Rate Schedule. (Order, p. 14)

Tariff Changes

As directed by the Order, the Company is filing tariff amendments to indicate that costs of the Targeted DSM Program that was approved by the Order will be allocated on a pro-rata basis based on forecasted rate year delivery revenues for collection under the
PASNY and EDDS Rate Schedules. The monthly charge applicable for program costs allocated under the PASNY Rate Schedule will be collected along with charges for other Demand Management Programs, inclusive of the Increase in Rates and Charges, as a single monetary amount on the monthly bill rendered to PASNY. The monthly charge applicable for program costs allocated under the EDDS Rate Schedule will be collected along with charges for other Demand Management Programs, inclusive of the Increase in Rates and Charges, as a separate surcharge on the monthly bills issued to NYPA, COWPUSA and NYCPUS. Program costs recovered through the Monthly Adjustment Clause (“MAC”) of the Full Service Schedule, applicable to full-service and retail access customers, will be equal to total program costs less the program costs allocated for collection under the PASNY and EDDS Rate Schedules.

In other Orders issued in Case 09-E-0115, the Commission has directed the collection of costs for the Commercial System Relief Program, the Critical Peak Rebate Program, the Residential Smart Appliance Program, and the Network Relief Program on a pro rata basis under the PASNY and EDDS Rate Schedules. As a result, the Company has specified in its tariffs the names of the programs for which costs are to be collected on a pro rata basis, for clarification. In addition, the Company has clarified in its Full Service Schedule that MAC item 22 pertains to costs other than those addressed in MAC items 19 and 34.3

**Conclusion and Notice**

As directed by Ordering Clause 3 of the Order, the amended tariff leaves are being filed on not less than one day’s notice, to become effective within thirty days of the June Order’s issuance. As directed by Ordering Clause 4 of the Order, the Commission has waived the requirement for newspaper publication of these changes.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

/s/
Christine Colletti
Director
Rate Engineering

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3 MAC item 19 collects costs associated with various programs including the Targeted DSM Program in Case 03-E-1332. MAC item 34 collects costs for programs established in Case 09-E-0115 including the new Targeted DSM Program.
VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause - Continued

1. MAC Components - Continued

(17) foregone electric revenues resulting from decreased electric requirements associated with steam air conditioning installations by Customers under Special Provision E of Service Classification Nos. 2 and 3 of Con Edison’s Schedule for Steam Service, P.S.C. No. 3 - Steam to the extent such revenues are not recovered through a revenue decoupling mechanism;

(18) foregone steam revenues associated with steam rate discounts for steam air conditioning installations by Customers under Special Provision E of Service Classification Nos. 2 and 3 of Con Edison’s Schedule for Steam Service, P.S.C. No. 3 - Steam;

(19) all costs on an as-incurred basis, including but not limited to payments to Customers where applicable and capital costs for enabling technologies, associated with the implementation of programs conducted under Rider I, Rider M, Rider P, Rider U, the Company’s Direct Load Control Program, the Targeted Demand Side Management Program to the extent authorized by the Public Service Commission in Case 03-E-1332, the steam rate discount under Special Provision E of Service Classification Nos. 2 and 3 of Con Edison’s Schedule for Steam Service, P.S.C. No. 3 - Steam, and the Company’s marketing program for demand response programs; provided, however, that Rider U cost recovery will exclude any “lost” Summer payments made pursuant to the Commission’s order issued April 8, 2009, in Cases 08-E-1463 and 08-E-0176, and Rider U cost recovery through the MAC beginning with costs incurred for the 2011 summer program will be equal to the total program costs less the program costs allocated for collection under the PASNY and EDDS Rate Schedules pursuant to the Commission’s Order issued January 20, 2011, in Case 10-E-0530;

(20) certain costs related to the restoration and operation of Hudson Avenue Unit 10/100 as authorized in the Public Service Commission’s Memorandum Order in Case 01-E-0147, issued April 27, 2001, and decommissioning costs if approved by the Public Service Commission;

(21) the Company’s lost revenues associated with service rendered prior to April 1, 2008, for both targeted and system-wide demand management programs, above the levels associated with the System Benefits Charge. Lost revenues will be calculated by multiplying actual measured and verified kW and kWhr, as determined using Commission-approved demand management measurement and verification protocols, by average seasonal per-kW and per-kWhr rates, differentiated by service class, based on seasonal delivery revenues (excluding customer charge revenue) expressed at the then current effective rate level;

(22) the Company’s costs on an as-incurred basis, including marketing costs and costs for program evaluation, staffing, program development and market research, for both targeted and other demand management programs that the Company implements or helps to implement as well as any demand management program-related incentives, other than costs addressed in MAC components 19 and 34;

(23) [Reserved for future use]

(24) Switching and Retention Incentive Payments earned prior to April 1, 2008, as approved by the Public Service Commission in Case 04-E-0572;

(25) any net revenue shortfalls between retail access rates and NYPA delivery rates resulting from laws that would permit NYPA to serve non-governmental Customers in the Company’s service area;

(26) any difference between the level of NEIL distributions reflected in rates and the actual NEIL distributions received on an annual basis;

(General Information - Continued on Leaf No. 163-A)
GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause – Continued

1. MAC Components – Continued

(27) any variance between the wholesale Transmission Service Charge revenues reflected in base rates and the actual wholesale Transmission Charge revenues received, other than from firm transmission contracts, on an annual basis net of any NYISO-related adjustments;

(28) any variance between the wheeling revenues for firm Transmission contracts reflected in rates and the actual wheeling revenues for firm Transmission contracts received on an annual basis;

(29) the electric department’s allocated share of common costs for the 59th and 74th Street Stations;

(30) costs, as incurred, related to the Regional Greenhouse Gas Initiative ("RGGI"), to the extent such costs are not recoverable through the market prices reflected in the Market Supply Charge, with respect to the following: (i) Company-owned generating facilities and (ii) non-Company owned generation facilities (net of any amounts that may be received from the owners of such facilities) pursuant to a settlement agreement among the parties to Indeck v. Paterson, Index No. 5280-09, Supreme Court, Albany County;

(31) revenues received from the sale of RGGI allowances;

(32) costs incurred pursuant to Section 185 of the Clean Air Act;

(33) a credit equal to the value of any adjustment made to the Adjustment Factor – MSC 1 for capacity associated with the Direct Load Control Program that is pledged into the NYISO Special Case Resources program and a credit for payments received from NYSE/RDA or any other source for Direct Load Control installations;

(34) all program costs, as incurred, to be collected over a reasonable period of time, associated with the implementation of the Commercial System Relief Program ("CSRP"), the Critical Peak Rebate Program, the Residential Smart Appliance Program, and the Network Relief Program, as well as the Targeted Demand Side Management Program established in Case 09-E-0115 net of revenues received from Penalties paid under the CSRP but inclusive of Penalties returned to 2010 CSRP participants after October 2011, and excluding Lost Reservation Payments made under CSRP. The amount recovered through the MAC will be equal to the total net program costs less the net program costs allocated for collection under the PASNY and EDDS Rate Schedules;

(35) the amount to be collected for Smart Grid Projects, as described in General Information Section VII.B.4, "Smart Grid Projects";

(36) credit for any payments made by NYSERDA pursuant to a settlement agreement among the parties to Indeck v. Paterson, Index No. 5280-09, Supreme Court, Albany County; and

(37) other appropriate costs as may be approved by the Public Service Commission.

(General Information – Continued on Leaf No. 163-B)
Consolidated Edison Company of New York, Inc.

PASNY No. 4
Third Revised Leaf No. 7-F
Superseding Second Revised Leaf No. 7-F

DELIVERY SERVICE CLASSIFICATION - GENERAL - Continued

Common Provisions Applicable to Rate I, Rate II, Rate III, and Rate IV - Continued

Special Provision Adjustments - Continued

(J) Charge for Demand Management Programs

(1) A charge will be applicable to service under this Rate Schedule to recover the allocation to PASNY of program costs, as incurred, to be collected over a reasonable period of time, associated with the implementation of the Commercial System Relief Program ("CSRP"), the Critical Peak Rebate Program, the Residential Smart Appliance Program, and the Network Relief Program, as well as the Targeted Demand Side Management Program established in Case 09-E-0115. A portion of total net program costs (i.e., all program costs net of revenues received from Penalties paid under the CSRP but inclusive of Penalties returned to 2010 CSRP participants after October 2011, and excluding Lost Reservation Payments made under CSRP) will be collected under this Rate Schedule based on the ratio of forecasted Rate Year Delivery Revenues under this Rate Schedule to total combined forecasted Rate Year Delivery Revenues under this Rate Schedule, the Company’s Schedule for Electricity Service, the Retail Access Rate Schedule, and the EDDS Rate Schedule for the Rate Year in effect at the commencement of the collection period.

The amount to be charged to PASNY will be determined by dividing the amount to be charged over the collection period by the number of months in the collection period.

(2) A charge will be applicable to service under this Rate Schedule to recover the allocation to PASNY of program costs, as incurred, associated with the Distribution Load Relief Program, beginning with costs incurred for the 2011 summer program, pursuant to the Commission’s Order issued January 20, 2011, in Case 10-E-0530. Program costs will be collected under this Rate Schedule based on the ratio of forecasted Rate Year Delivery Revenues under this Rate Schedule to total combined forecasted Rate Year Delivery Revenues under this Rate Schedule, the Company’s Schedule for Electricity Service, the Retail Access Rate Schedule, and the EDDS Rate Schedule for the Rate Year in effect at the commencement of the collection period.

The amount to be charged for Demand Management Programs, increased by the applicable Increase in Rates and Charges, will be shown as a single monetary amount on the monthly bill rendered to PASNY.

(Delivery Service Classification - General - Continued on Leaf No. 8)

Date of Issue: June 13, 2011
Date Effective: June 14, 2011

Issued in compliance with Order in Case 09-E-0115 dated 06/1/2011

Issued by Robert N. Hoglund, Senior Vice President and Chief Financial Officer, 4 Irving Place, New York, N.Y. 10003
Consolidated Edison Company of New York, Inc.

ECONOMIC DEVELOPMENT DELIVERY SERVICE - Continued

Common Provisions Applicable to Rate I and Rate II - Continued

Special Provision Adjustments - Continued

(G) Charge for Demand Management Programs

(1) A charge will be applicable to service under this Rate Schedule to recover the EDDS allocation of program costs, as incurred, to be collected over a reasonable period of time, associated with the implementation of the Commercial System Relief Program ("CSRP"), the Critical Peak Rebate Program, the Residential Smart Appliance Program, and the Network Relief Program, as well as the Targeted Demand Side Management Program established in Case 09-E-0115. A portion of total net program costs (i.e., all program costs net of revenues received from Penalties paid under the CSRP but inclusive of Penalties returned to 2010 CSRP participants after October 2011, and excluding Lost Reservation Payments made under CSRP) will be collected under this Rate Schedule based on the ratio of forecasted Rate Year Delivery Revenues under this Rate Schedule to total combined forecasted Rate Year Delivery Revenues under this Rate Schedule, the Company's Schedule for Electricity Service, the Retail Access Rate Schedule, and the PASNY Rate Schedule for the Rate Year in effect at the commencement of the collection period.

The amount to be charged under this Rate Schedule will be determined by dividing the amount to be charged over the collection period by the number of months in the collection period.

(2) A charge will be applicable to service under this Rate Schedule to recover the EDDS allocation of program costs, as incurred, associated with the Distribution Load Relief Program, beginning with costs incurred for the 2011 summer program, pursuant to the Commission's Order issued January 20, 2011, in Case 10-E-0530. Program costs will be collected under this Rate Schedule based on the ratio of forecasted Rate Year Delivery Revenues under this Rate Schedule to total combined forecasted Rate Year Delivery Revenues under this Rate Schedule, the Company's Schedule for Electricity Service, the Retail Access Rate Schedule, and the PASNY Rate Schedule for the Rate Year in effect at the commencement of the collection period.

The amount to be charged for Demand Management Programs, increased by the applicable Increase in Rates and Charges, will be calculated separately for PASNY, the New York City Public Utility Service, and the Westchester Public Utility Service Agency and shown as a single monetary amount on the monthly bill rendered to each.

Date of Issue: June 13, 2011

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Issued by Robert N. Hoglund, Senior Vice President and Chief Financial Officer, 4 Irving Place, New York, N.Y. 10003