



Sent via Email

October 21, 2016

Hon. Ben Wiles  
Hon. Dakin Lecakes  
Administrative Law Judges  
NYS Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223-1350

*RE: New York Power Authority Reply Statement in Response to October 13, 2016  
Statement of Utility Intervention Unit, Cases 16-E-0060, et al.*

Dear Judges Wiles and Lecakes:

The New York Power Authority (“NYPA”) submits this reply statement in accordance with the September 28, 2016 Ruling on Schedule in this proceeding.

Contrary to the arguments of the Utility Intervention Unit (“UIU”), the Company’s Embedded Cost of Service Study (“ECOS”) used in the Joint Proposal for electric delivery rates filed September 20, 2016 (“JP”), is fair, reasonable and in the public interest. It should be adopted without modification.

The purpose of the ECOS is to allocate historic (2013) costs to the various service classes, including NYPA, and calculate each classes rate of return, as compared to the system average. The results of the ECOS in this case was reviewed by a diverse set of ratepayer interests and 20 parties, including the New York State Department of Public Service (“DPS”), the City of New York (“City”), the Metropolitan Transportation Authority (“MTA”), Consumer Power Advocates, the New York Energy Consumers Council, Inc., the Community Housing Improvement Program, the Environmental Defense Fund, the Acadia Center, the United States General Services Administration, as well as NYPA. These parties participated in discussions concerning the ECOS and concluded that the allocation of costs was suitable. Most importantly, the DPS, the advisors to the New York State Public Service Commission (“Commission”), has found this ECOS study to be fair and reasonable. Thus, the Commission should adopt the ECOS in full.

UIU implies that, in some way, NYPA and its customers received an unfair advantage in the ECOS methodology and through past litigated proceedings and Joint Proposals in Con Edison rate cases.<sup>1</sup> It states that such ECOS methodologies “tended to benefit larger-customer parties.”<sup>2</sup> UIU cites a Memorandum of Understanding (“MOU”) dated March 17, 2006 and

<sup>1</sup> Statement of the UIU on the Joint Proposal, Cases 16-E-0060 *et al.*, filed October 13, 2016, pages 8-10.

<sup>2</sup> *Id.* at 9.

developed subsequent to the conclusion of the Con Edison rate proceeding in Case 04-E-0572 to buttress its claim. However, this MOU was the product of a fair and open, Commission-ordered collaborative, and is signed by eight parties, including the DPS. In fact, an examination of the actual Con Edison delivery rates over the last eleven years shows that the NYPA class consistently paid rates *in excess* of the Con Edison system-wide rate in *nearly all* of those years, including a span from 2007-2010 where the NYPA customers' delivery rate increase was an average of 4.5% higher than the generally applicable rate increase in Con Edison's service territory, and in one year, 2008, the NYPA class rate was nearly 12% higher.<sup>3</sup>

UIU distorts the interests of NYPA and mischaracterizes NYPA as a "larger customer" as if it were a private entity, unconnected to the concerns of residential or small commercial ratepayers.<sup>4</sup> In fact, NYPA serves governmental load within Con Edison's service territory. These customers include not only the City of New York, the MTA, the County of Westchester and its over 100 towns, villages, fire districts and school districts, but also the New York City Housing Authority ("NYCHA"). NYCHA manages some 177,000 residential units, and through its own residential buildings or subsidy programs, serves nearly 600,000 New Yorkers. And of course, the electric consumers living in NYCHA units are residential customers.

Moreover, NYPA's electric services for the City and MTA support myriad essential government functions benefitting New York City residents and small businesses alike. For the City, NYPA electric service assists public schools, police, fire and emergency services, hospitals, environmental protection, sanitation, parks and recreational facilities, among others. With respect to the MTA, the NYPA class includes New York City's subways and buses, commuter buses, as well as commuter rail services serving the greater metropolitan area.

Increases in electricity rates for these governmental entities would result in direct fiscal impacts to them when they face their own budget constraints in meeting the needs for essential services for the residents of New York City. Thus, changing the ECOS in a manner that would raise rates to the NYPA customers in excess of what is contained in the JP may result in negative unintended consequences that UIU purports to avoid.

For these reasons, the UIU's criticisms of the ECOS and the JP should be rejected, and the JP should be adopted by the Commission in its entirety without modification.

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<sup>3</sup> See Attachment, pp. 1 and 2.

<sup>4</sup> Statement of the UIU at 24-25.

Thank you for your consideration of this reply statement.

Respectfully submitted,

/s/ David J. Appelbaum

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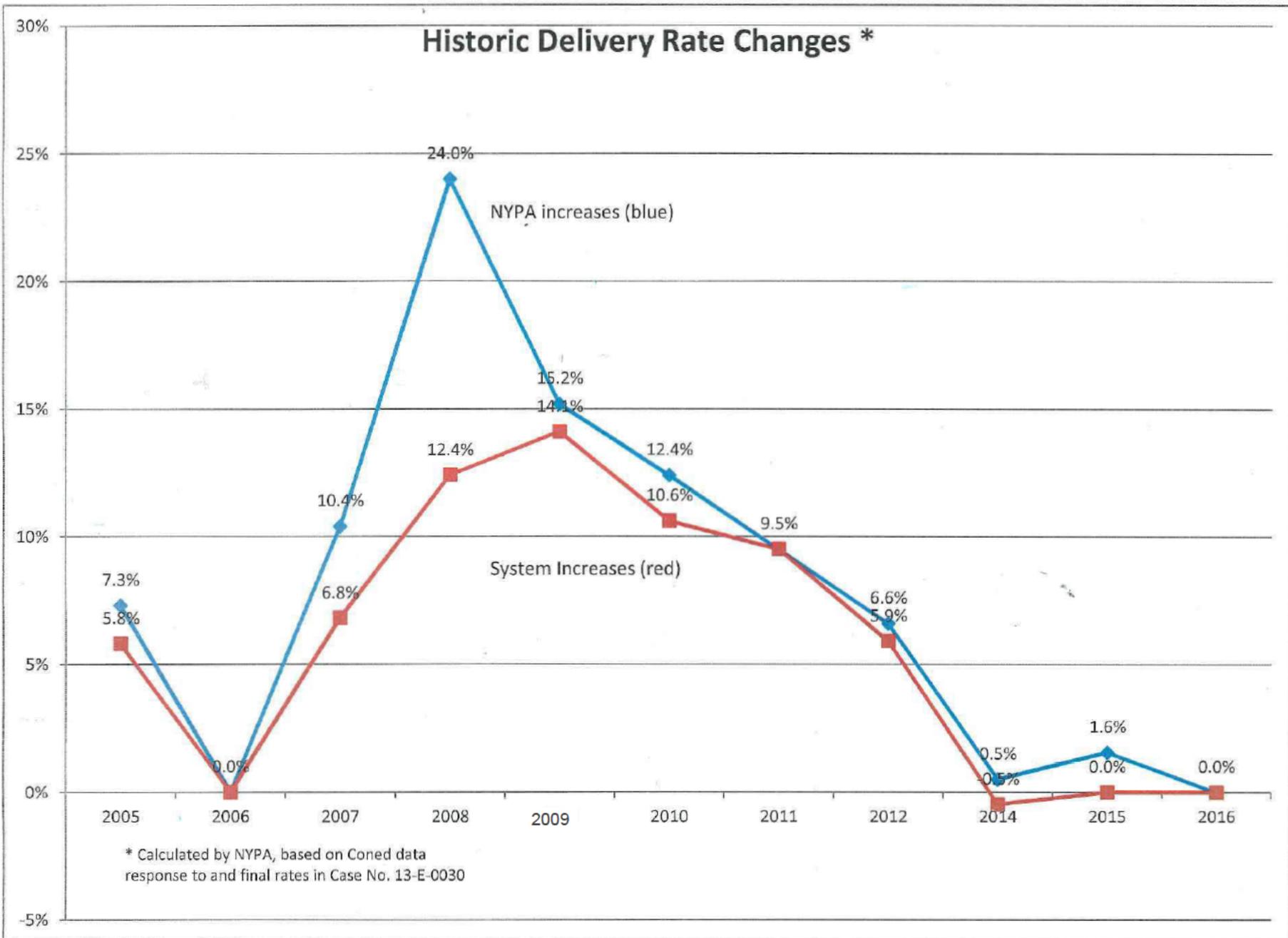
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Counsel to New York Power Authority

(cc) Hon. Kathleen H. Burgess  
Active Party List

Attachment (two pages)



CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
 Response to City of NY Interrogatories - Set City -15  
 Case No. 13-E-0030

**Question 619.** For each of the past 10 years in which there was an increase in Con Edison's electric delivery rates, please provide (in percentages):

- a. The system average delivery rate increase; and
- b. The delivery rate increase for the NYPA class.

**Response: a & b**

Year		Percentage Increase in electric T&D delivery rates
		**
2003	a. System	*
	b. NYPA	*
2004	a. System	*
	b. NYPA	*
2005	a. System	5.8%
	b. NYPA	7.3%
2006	a. System	*
	b. NYPA	*
2007	a. System	6.8%
	b. NYPA	10.4%
2008	a. System	12.4%
	b. NYPA	24.0%
2009	a. System	14.1%
	b. NYPA	15.2%
2010	a. System	10.6%
	b. NYPA	12.4%
2011	a. System	9.5%
	b. NYPA	9.5%
2012	a. System	5.9%
	b. NYPA	6.6%

\* There were no increases in T&D delivery rates in years 2003, 2004 and 2006.

\*\* Excludes Low Income Discount, PPWC and GRT.