



**Marc Richter**  
Vice President  
Regulatory Services

August 8, 2016

**BY ELECTRONIC MAIL**

Hon. Kathleen H. Burgess  
Secretary to the Commission  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: 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.

Dear Secretary Burgess:

By orders issued February 10, 2016, and June 7, 2016, in the captioned proceedings, the Commission suspended through December 26, 2016 (“Suspension Date”) Consolidated Edison Company of New York, Inc.’s (“Con Edison or the “Company”) filed amendments to its electric and gas tariff schedules by which the Company proposed general increases in its rates and charges for delivery services. On July 8, 2016, the Company filed a letter with the Secretary indicating its willingness to accept a one-month extension of the Suspension Date, subject to a “make-whole” provision that would keep the Company and its customers in the same position they would have been absent the extension.

For the reasons explained below, if an extension of the Suspension Date becomes necessary, Con Edison is willing to accept a further extension of the Suspension Date through February 28, 2017, subject to the Commission contemporaneously establishing both (i) a “make-whole” provision covering the period January 1, 2017 through February 28,

2017, and (ii) the additional provisions discussed below, which collectively would keep the Company and its customers in the same position they would have been absent the extensions. The reasons for the Company's willingness to accept an extension of the Suspension Date are (i) to provide additional time for the parties to conduct settlement discussions in lieu of preparing for the hearings currently scheduled to commence on August 17, 2016; (ii) the understanding that Staff and the parties support such extensions and make-whole provisions as set forth in this letter; and (iii) the further understandings that the extension of the Suspension Date beyond December 26, 2016 will only be necessary if the parties are unable to complete settlement negotiations and submit a Joint Proposal to the Commission and that the Commission will act on the Joint Proposal in time for new rates to become effective January 1, 2017. Absent a Joint Proposal, these proceedings would revert to a litigated track.

While the Company determined that a make-whole provision would keep the Company and its customers in the same position they would have been in absent a one-month extension, additional provisions are necessary to maintain this balance if the Suspension Date is extended further. The reason is that an extension of the Suspension Date through February 28, 2017, would, absent the required relief set forth below, effectively deny the Company its rights to file for new rates to be effective January 1, 2018, if these proceedings do not result in Commission adoption of multi-year rate plans on terms acceptable to the Company. Accordingly, the Company's willingness to accept an additional extension of the Suspension Date through February 28, 2017, is subject to:

- (i) a make whole provision covering the extension of the suspension period through February 28, 2017;<sup>1</sup>
- (ii) a Commission grant of a limited waiver of the Commission's Policy Statement on Test Periods in Major Rate Proceedings, permitting the Company to utilize a historic test year consisting of the twelve months ending September 30, 2016, in presenting the Company's next electric and/or gas major rate change requests, (a) should the outcome of these proceedings be other than Commission adoption of multi-year rate plans on terms acceptable to the

---

<sup>1</sup> As explained in the Company's July 8, 2016 letter, for purposes of these proceedings, the Company understands being "made whole" to mean that the Company would recover or refund any revenue undercollections or overcollections, respectively, resulting from the extended suspension period. The Company would calculate any revenue adjustments as the difference between (i) sales revenues Con Edison would have billed at new rates during the extension of the suspension period and (ii) the same level of sales revenues at current rates. The revenue adjustments would include all applicable surcharges, and would be subject to reconciliation in accordance with all applicable adjustment mechanisms (including revenue decoupling mechanisms, where applicable). In addition, the amortization of net deferrals reflected in the Commission order will commence effective with the month of January 2017, on an earnings neutral basis. For accounting purposes, the Company would, in accordance with SEC requirements, defer certain incurred costs equal to any revenue undercollections (rather than accrue revenues) and defer any revenue overcollections. The financial true-up targets established in the Commission order will be applied to the extension of the suspension period.

Company, and (b) such filing(s) is made on or before April 28, 2017;<sup>2</sup> and

- (iii) a Commission determination that a make whole provision will be implemented effective January 1, 2018, in connection with new rates established by Commission order in response to the Company's next electric and/or gas major rate change request(s) that will keep the Company and its customers in the same position as they would have been had the Company filed for new rates on or about February 1, 2017,<sup>3</sup> (a) should the outcome of these proceedings be other than Commission adoption of multi-year rate plans on terms acceptable to the Company, and (b) the Company files for new rates on or about fifteen (15) days following issuance of a Commission order in the captioned proceedings.<sup>4</sup>

Please contact me if you have any questions regarding this matter.

Very truly yours,



- c: Administrative Law Judge Ben Wiles (via e-mail)  
Administrative Law Judge Dakin LeCakes (via e-mail)  
All Active Parties (via e-mail)

---

<sup>2</sup> The Commission granted a similar request in the current proceedings. See *Order Approving Limited Waiver Of The Commission's Policy Statement On Test Periods In Major Rate Proceedings* (Issued and Effective July 23, 2013). In that Order, the Commission found (p. 3) "Con Edison's request is reasonable given the circumstances and does not appear to prejudice any of the parties." The Company submits that the grant of a waiver for the Company's next rate filing(s) would also not prejudice any party while not granting such waiver in connection with an extension of the Suspension Date would prejudice the Company and is therefore a condition to the Company's willingness to extend the Suspension Date in these proceedings.

<sup>3</sup> The make whole would be calculated as explained in the Company's July 8, 2016 letter. For example, for the month of January 2018, the Company would recover or refund any revenue undercollections or overcollections, respectively, where undercollections or overcollections would be calculated as the difference between (i) sales revenues Con Edison would have billed at new rates during January 2018 and (ii) the same level of sales revenues at 2017 rates.

<sup>4</sup> If the Company files for new rates more than fifteen days following issuance of a Commission order in the captioned proceedings, the effective date of new rates would be delayed by a number of days equivalent to the number of days beyond fifteen (15) days that the filings are delayed.