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October 5, 2016

BY E-MAIL

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

NYECC's Statement in Support of the Joint Proposal

Dear Judges Wiles and Lecakes:

Pursuant to your Ruling on Schedule, Issued September 28, 2016, in the above referenced proceedings, 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 by October 13, 2016.

The NYECC and its predecessor organizations[1] have represented the energy interests of commercial property owners and managers in New York City before State agencies for nearly 70 years. NYECC also continues to represent hospitals, colleges, governmental agencies, cultural and financial institutions, industrials, housing cooperatives, and real estate organizations. NYECC's membership includes landmark member properties such as 7 World Trade Center and Rockefeller Center.

NYECC is a signatory to the JP in these proceedings, which covers three-year rate plans for Consolidated Edison Company of New York, Inc.'s ("Con Edison" or the "Company") electric and gas services from January 1, 2017 through December 31, 2019.

NYECC's STATEMENT IN SUPPORT OF THE JOINT PROPOSAL

By this letter, the NYECC respectfully requests, that your Honors recommend to the Commission adoption of the JP in the above referenced proceedings as agreed to by the party signatories and

[1] The Owners' Committee on Electric Rates (OCER) and The New York Energy Buyers Forum (NYEBF)

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filed with the Commission's Secretary on or about September 20, 2016. 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 three-year Rate Plans as well as other provisions in the JP which reflect negotiated compromise.

Salient features of the JP include the following:

- Con Edison's proposed increases in its original January 2016 filing provided for a total annual revenue increase in Rate Year 1 of $482 million for its electric service and $154 million for its natural gas service. In Con Edison's March 25, 2016 preliminary update the total annual revenue increase in Rate Year 1 was decreased to $479.6 million for its electric service and increased to $158.9 million for its natural gas service. Con Edison had also proposed increases for two additional rate years of $180 million and $141 million for its electric service and $97 million and $109 million for its natural gas service. In Con Edison's March 25, 2016 preliminary update the total annual revenue increase for electric service for Rate Year 2 was changed to $177 million and remained at $141 million for Rate Year 3. In Con Edison's March 25, 2016 preliminary update the total annual revenue increase for natural gas service was changed to $93 million for Rate Year 2 and to $104 million for Rate Year 3. Significantly, under the JP, these amounts have been reduced for electric service to a $194.5 million increase in Rate Year 1, a $155.315 million increase in Rate Year 2, and a $155.206 million increase in Rate Year 3. Under the JP, the proposed increases have also been reduced for natural gas service resulting in a $5.373 million reduction in Rate Year 1, a $92.337 million increase in Rate Year 2 and an $89.453 million increase in Rate Year 3 for gas. Under the JP, the signatories have proposed that ratepayers in the electric rate plan take advantage of levelized rates, which included expiration of $47.776 million in credits before Rate Year 1, resulting in levelized rates of $199 million per rate year during the term of the three -year electric rate plan. The signatories are not proposing levelized rates for the natural gas rate plan. Accordingly, under the two three-year rate plans, ratepayers will pay far less under the three-year rate plans in the JP than under the original or updated amounts previously sought by Con Edison.
- For both of the Company's electric and natural gas services, the JP provides for the following customer favorable sharing mechanisms as between customers and the Company when the following Return on Equity ("ROE") thresholds are attained or exceeded:
    - At or greater than 9.5% to less than 10.0% ROE – equal sharing between the customers and the Company;
    - At 10.0% to less than 10.5% ROE – sharing is 75% customers and 25% Company;
    - At or above a 10.5% ROE – sharing is 90% customers and 10% Company.
- The JP also contains an 86%/14% customer/company sharing mechanism of benefits obtained for property tax refunds and reductions attained through Company efforts.
- Regarding Non-Officer Management Variable Pay, the JP provides for recovery of this expense during the rate plans but will defer for future credit to customers the amount by which the actual expense by service in any Rate Year is less than the amount in Appendices 8 and 9 for that service for that Rate Year. In addition, the Company will reflect changes to safety, reliability and customer service performance metrics within its reciprocal index portions of its Management Variable Pay program. In addition, the Company will continue to support in its next rate case its comparative peer group study to achieve at least a 50% matching of positions, or more, to the extent practicable.
- The JP provides for a 1% labor productivity adjustment during each rate year of each of the electric and gas rate plans as well as an additional 1% productivity adjustment for Gas Operations Labor only in rate years two and three.
- 2% of the costs incurred and chargeable to the major storm cost reserve (net of insurance and other recoveries) due to a major storm will be excluded by the Company. In addition, the Company has agreed to write off 100% of its deferred underground costs ($6.8 million for 2015 and $10.326 million for 2014 events) from its storm reserve account.
- The JP reflects agreement among the signatories as to Con Edison's embedded cost of service studies and the three-year electric rate plan revenue allocation in the JP includes compromise on phasing in over three years (1/3 per rate year) of the surpluses and deficiencies as reflected in Con Edison's embedded cost of service study.

- The SC12 Rate 2/SC9 Rate C rates for interruptible gas customers in Rate Year 1 will remain at 8 cents per therm for one, two and three year contracts instead of the 11.5 cents per therm proposed by the Company in its litigated case. In Rate Years 2 and 3, rates will be set at 8.25 cents per therm and 8.75 cents per therm, respectively, for one, two and three year contracts. The one cent/therm discount for monthly usage greater than 500,000 therms is retained. Also, the Company will participate with Staff and other parties in an Interruptible Gas Collaborative in which the Company, with input from Staff and parties, will conduct an interruptible gas study of the value of interruptible service, costs incurred to serve interruptible customers, as well as costs incurred by interruptible customers to become eligible for interruptible service. The parties will then seek to reach consensus on a report to be filed with the Commission on the results of the study.
- The JP contains total revenue adjustment exposure to the Company for certain electric performance mechanisms of $110.5 million in each of Rate Years 1 and 2 and $115 million in Rate Year 3, and $150 million of such exposure for each of the Rate Years in the natural gas case. In addition, the JP contains numerous opportunities for the Company to earn more than $100 million in further revenue through Earnings Adjustment Mechanisms proposed in the JP.
- The JP contains a compromise in which during the first Rate Year of the nascent Standby Reliability Credit, the same dates and times as in the expiring Standby Performance Credit, will continue, in order to enable a transition to the Standby Reliability Credit dates and times in Rate Years two and three.
- The Company will implement a standby/export pilot and will convene a collaborative on or about February 1, 2017 to develop proposed pilot rates for submission to the Commission to become effective January 1, 2018.

Based upon the extensive negotiations and discussions between Con Edison and Active Parties normally adversarial to Con Edison, held over a prolonged period of approximately three months by the Active Parties in these cases, and after weighing the probable costs of further litigation, the probability of success, the litigation's complexity, further 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 the 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 whose efforts resulted in the filed JP.

Accordingly, the NYECC respectfully requests that your Honors recommend to the Commission that the Joint Proposal be adopted as filed.

Respectfully submitted,

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David F. Bomke
Director
New York Energy Consumers Council

cc: John Favreau, Esq. (By E-mail Only)
Marc Richter, Esq. (By E-mail Only)
Kathleen H. Burgess, Commission Secretary (By E-mail)
Other Active Parties (By E-mail only)