

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

Tariff Filing by Consolidated Edison Company of New York, Inc. to Modify Its Electronic Tariff Schedule P.S.C. No. 10 - Electricity, Regarding Customer Responsibility Related to Required Transformers and Associated Equipment.

Case No. 24-E-0376

**REPLY COMMENTS OF
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

On October 15, 2024, the City of New York (“City”),¹ the New York Energy Consumers Council and the Real Estate Board of New York (“NYECC/REBNY”),² and Consumer Power Advocates (“CPA”)³ filed separate comments opposing Con Edison’s request to amend its electric tariff to require the small population of customers that need dedicated transformers to receive service to install those transformers inside their buildings or premises instead of the Company installing them in the public right-of-way.⁴ Most of the commenters’ concerns relate to how broadly the proposed tariff changes would apply and the costs associated with building

¹ Case 24-E-0376, Comments of the City of New York in Opposition to Proposed Tariff Changes, October 15, 2024. (“City Comments”).

² Case 24-E-0376, (New York Energy Consumers Council and the Real Estate Board of New York’s joint letter in opposition, October 14, 2024 (“NYECC/REBNY Comments”).

³ Case 24-E-0376, Consumer Power Advocates – Comments on Proposed Tariff, October 14, 2024 (“CPA Comments”).

⁴ Case 24-E-0376, Proposed Tariff Change for Customer-Required Transformers and Associated Equipment, June 25, 2024, p. 1 (“Con Edison Filing”).

retrofits and modifications needed to install service transformers inside an existing customer premises instead of in the public right-of-way.

Con Edison has met or plans to meet with all commenters.⁵ In those meetings, the Company explained that it did not intend the proposed tariff language to apply as broadly as the commenters feared. Further, Con Edison has included with these comments revised draft (Attachment A) tariff leaves that clarify that the new rules will apply only to electric service requests for new buildings. This reduced scope addresses the vast majority of the concerns submitted, including most cost concerns.

Commenters also raise concerns about safety. These concerns do not acknowledge that interior transformer installations are not a new concept and that there are interior transformer installations inside buildings throughout the Company's service territory. Moreover, tariffs for other New York State electric utilities (as well as other utilities in major urban areas) require customers to provide space on their property for transformers, and a large number of buildings in New York City have safely and economically provided space for these transformers, even on higher floors.⁶

Finally, NYECC and RENY asked the Commission to reject the Company's proposal and defer it to the Company's next base rate case. But filings like this one are appropriate outside

⁵ Con Edison has met with the City (three times), RENY, and CPA, and has reached out to NYECC.

⁶ And, as is the current practice, interior transformer installations will continue to be subject to local code requirements and Con Edison internal specifications.

of rate cases and afford stakeholders the opportunity to comment. The Company has found merit in certain comments and has reduced the scope of the filing accordingly. Deferring this matter for a year or more, however, would only delay the benefits of this proposal and leave customers without regulatory certainty in the interim.

I. The Tariff Change Will Apply Prospectively Only to New Buildings

Most of the commenters raised concerns about the costs to redesign and retrofit existing buildings, the inability of customers to allocate space for transformers in existing buildings, and the displacement of existing uses in customer buildings that customers may not be able to replicate elsewhere.⁷

As noted in this City's comments, during a meeting with the City and Con Edison, the Company explained that it intended to apply the tariff modification only to new buildings and gut renovations (as opposed to all existing buildings).⁸ After hearing from our customers, the Company has decided to reduce the scope of its proposal. To that end, the attached revised draft tariff leaves clarify that the new rules will apply only to customer requests for service to new buildings (Rule 5.6.3). The revised leaves also restore the existing tariff language for all other customers (Rules 5.6.1 and 5.6.2) to leave no doubt that the current rules will continue to apply to the vast majority of customers.

⁷ City Comments, pp. 3-6, 10-12, 13, 15; CPA Comments, pp. 2-4.

⁸ City Comments, p. 3.

In a more recent meeting between the City and the Company, the City raised concerns about building projects where the design and/or construction were complete or nearly complete, thereby requiring revisions to the engineering and design plans. To account for these concerns, while the effective date of the revised tariff remains February 1, 2025, the requirement to install transformers inside customer buildings or premises will only apply to applications for service received after September 1, 2025.

II. Interior Distribution Transformers Are More Reliable

The City raised concerns about the safety of transformers installed inside buildings.⁹ These comments do not consider that such installations are not new. While the Company can serve nearly all customers from its regular distribution system, very large buildings with high electrical loads require dedicated transformers. In Con Edison's service territory, 255 customers have installed 873 transformers inside their buildings or premises. Our experience is that installations on customer premises are safer and more reliable, on average, than transformers installed in the public right-of-way. Over the last two decades, customer transformers installed in the right-of-way have been about three times more likely to fail than internal installations. Specifically, since 2005, about 3 percent of customer-specific transformers (28 out of a current population of 873) have resulted in unplanned replacements when installed in a customer

⁹ City Comments, pp. 7-10.

building or premises, while nearly 9 percent of customer-specific transformers in the right-of-way (2,411 out of a current population of 27,247) failed during the same period.

In addition, the life span of transformers installed in customer buildings or premises is more than 20 years longer than the life span of transformers installed in the right-of-way. This increased lifespan benefits the customers that require this equipment for service and, as noted in the Company's initial filing,¹⁰ reduces costs for all customers.¹¹

Finally, the City raised concerns about existing code requirements, including flood zones, ventilation, and access requirements. The 255 existing customers with 837 transformers in their buildings or premises were required to follow all applicable code requirements, and so will new customers.

III. Costs for Interior Distribution Transformers Are Appropriately Borne by the Customer Requiring the Dedicated Transformer

Many of the issues raised by the commenters concern the costs required for customers to install transformers in their buildings or premises. Most of those comments, however, focused on costs to existing customers and for retrofits or modifications to existing buildings to move transformers from the right-of-way and into customer buildings. As noted above, this was never

¹⁰ Con Edison Filing, pp. 5-6.

¹¹ The City seems to suggest that the “negligible savings” from the tariff change are too small given the overall annual revenue requirement for the Company. City Comments, p. 13. The Company respectfully disagrees. The City fails to consider the year over year cost avoidances that will materialize, and the Company believes these cost reductions have value to our customers.

the Company's intent. But by limiting the applicability of the new requirement to electric service requests for new buildings only, the Company has addressed these concerns.

It is appropriate, however, for customers requesting electric service to new buildings to be required to accommodate space for dedicated transformers and associated equipment in the design of the building as they do in other New York State utility service territories and other major cities, including Chicago, San Francisco, and Boston.¹² As the Company has explained, these customer-specific transformers are solely for the benefit of the customer requesting service.¹³ Over the last 10 years, Con Edison has logged 37,807 new service requests, but only 180 of these—less than one half of 1 percent—required dedicated transformers.

Assigning these costs to the customers that required this equipment is consistent with other provisions of the Company's electric tariff, which require individual customers to share the burden of high-cost construction projects undertaken for their benefit instead of allowing them to socialize those costs across the Company's other customers.¹⁴

¹² See, e.g., Pacific Gas and Electric Company Tariff, Electric Rule No. 16 , Sheet 14 (Cal. P.U.C. Sheet No. 57235-E), available at https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_RULES_16.pdf; Eversource Energy Electric Tariff, Terms and Conditions – Distribution Service, p. 4 (M.D.P.U. No. 3C), available at https://www.eversource.com/content/docs/default-source/rates-tariffs/ma-electric/3-tariff-ma.pdf?sfvrsn=810f413d_6; Commonwealth Edison Company Electric Tariff, General Terms and Conditions, Original Sheet No. 158 (ILL.C.C. No. 10), available at <https://www.comed.com/current-rates-tariffs>.

¹³ Con Edison Filing, p. 3.

¹⁴ See, e.g., Rule 5.2.1 (requiring customers to take service through a single service line, even when a premise includes multiple buildings); Rule 5.2.2 (requiring customers to bear the cost of changes to the point of service termination or location of a service line or appurtenant facilities); Rule 5.2.4 (requiring customers to bear the cost of excess distribution facilities); Rule 5.3.5 (requiring customers to bear the cost of distribution feeder extensions; feeder, secondary distribution, and service reinforcements; structure placements; and local voltage transformation above a threshold set by the Commission); *see generally* Case 08-E-0539, Proceeding on Motion of the Commission

Finally, several commenters have suggested that the Company’s tariff proposal will negatively impact the State’s efforts toward building electrification, clean energy, and its Climate Leadership and Community Protection Act goals.¹⁵ That is not the case.

The costs to electrify buildings in New York State and in the Company’s service territory are real. The question at hand is whether all customers, including customers in disadvantaged communities and low-income customers, should share in the costs for equipment that solely benefits a single customer, or whether the customer requiring dedicated transformers should be responsible. The Company submits that having the customer that solely benefits pay for some portion¹⁶ of those costs is in the public interest and consistent with the Commission’s policies.

IV. The Company’s Petition Is the Correct Procedural Mechanism for This Determination

NYECC and RENY ask the Commission to defer this petition to the Company’s next base rate case on the grounds that the Company’s request can only be fully investigated in the

as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, Order (issued Feb. 17, 2010) (“In the 2009 Rate Order, the Commission found that some real estate development projects impose significant capital costs on the Company that benefit the individual customer or developer more than the general body of ratepayers. The Commission indicated that the fact that ratepayers as a whole have borne all of these costs in the past does not justify the continuation of the practice, and that it agreed with Staff’s recommendation that steps should be taken to permit the imposition of a greater share on the customers that would directly benefit by any expenditures that the Company would make to serve them.”).

¹⁵ CPA Comments, pp. 5-6, NYECC/RENY Comments, p. 2 (“support of CPA’s comments”).

¹⁶ Under the Tariff, the Company remains responsible for the costs of furnishing, delivering, and maintaining the transformer and associated equipment, as well as other costs as provided for in the Tariff.

context of a base rate proceeding. The Company disagrees and urges the Commission to consider this revised proposal on its merits.

The Public Service Law permits utilities to make tariff filings outside of rate cases and the Commission routinely approves them. Affected parties can and are participating in this proceeding, including by submitting comments and meeting with the Company.

In addition, Con Edison's current rate plan is effective through the end of 2025. An artificial delay will not benefit customers, but instead will increase uncertainty. Customers and other stakeholders are making plans for electric vehicles and new buildings now. And since it will take time to start to see the benefits of fewer vaults in the public right-of-way and additional sidewalk space for additional infrastructure to support electric vehicle charging and other policy needs, it makes sense to implement the new policy as soon as practicable.

V. Conclusion

The Commission should approve the revised draft tariff leaves submitted with these comments. Because the Company's revisions are not "major changes," but instead reduce the applicability of the already-noticed tariff change to fewer customers and provide customers with additional time before any new requirements become effective, there is no need for a new period of notice and comment under the State Administrative Procedure Act. If the Commission deems it appropriate, the Company does not object to a short, additional reply period for any party

seeking to submit additional comments. Upon approval of the revised draft tariff leaves, the Company will make a compliance filing reflecting the approved tariff changes.

New York, N.Y.
November 7, 2024

Sincerely,

A handwritten signature in blue ink, appearing to read "D.P. Warner".

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ATTACHMENT A

GENERAL RULES

5. Installation and Maintenance of Overhead and Underground Facilities – Continued

5.6 Transformers and Associated Equipment

5.6.1 Space for Transforming Apparatus in Existing Buildings

Except as provided in General Rules 5.6.2 and 5.6.3 below, where the Company considers transformers and associated equipment reasonably necessary for the adequate supply of service to a Customer or a Customer's premises, the Customer shall provide suitable space and reasonable access thereto, without rental charge. To facilitate access and ventilation, such suitable space shall be immediately adjacent to the property line and outside the building and, for underground service, immediately below street grade. Space for non-submersible transformers and associated equipment must be protected from flooding in accordance with the Company's specifications, to be provided upon request.

Where such suitable space for transformers and associated equipment is provided, the Company, at its expense, will construct the transformer enclosures abutting the property line and will assume any compensation payable by the Company to the municipal authorities for any necessary sub-sidewalk transformer vaults and structures, and the Company will furnish, install and maintain the transformers and associated equipment therein. Where the Customer does not provide such suitable space, the transformers and associated equipment will be furnished by the Company and installed and maintained by the Customer in accordance with the Company's specifications.

5.6.2 Interior Distribution Installation in Existing Buildings

At the request of the Customer, the Company's transformers and associated equipment may be installed by the Customer at one or more points in the building or premises on the same or different levels, provided that the entire service installation within the premises, including the installation of, and connections to the Company's transformers and associated equipment, or replacements thereof, is made at the Customer's expense in accordance with the Company's specifications.

GENERAL RULES

5. Installation and Maintenance of Overhead and Underground Facilities – Continued

5.6 Transformers and Associated Equipment - Continued

5.6.3 Space for Transforming Apparatus for New Buildings

For applications for service received by the Company after September 1, 2025, where the Company considers transformers and associated equipment reasonably necessary for the adequate supply of service to a new building -a new or existing Customer or a Customer's premises, and the Company finds that existing spaces for transformers and associated equipment are inadequate for the installation of the transformers and associated equipment reasonably necessary to provide service to the new building, the Company shall, at its sole discretion, require the Customer to provide suitable space for transformers and associated equipment and reasonable access thereto, without rental charge, at one or more Company-approved locations in the Customer's building or on the premises. In these circumstances, the Company shall furnish the transformers and associated equipment to the Customer outside the building or premises. The entire service installation within the building or premises, including the installation of and connections to the Company's transformers and associated equipment, or replacements thereof, shall be made at the Customer's expense in accordance with the Company's procedures and specifications. Thereafter, the Customer shall provide the Company clear access for periodic maintenance of the transformer(s) and associated equipment. In the event the Company determines the transformer(s) and/or associated equipment must be replaced, or no longer meet the Company's specifications, the Company shall furnish additional or replacement equipment to the Customer for the Customer to install at the Customer's expense in accordance with the Company's procedures and specifications. The Customer shall also be responsible for maintenance of the space provided for the Company's transformer(s) and associated equipment, in accordance with the Company's procedures and specifications.