

Filed Session of September 16, 2010  
Approved as Recommended  
and so Ordered  
By the Commission

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JACLYN A. BRILLING  
Secretary

Issued and Effective September 16, 2010

STATE OF NEW YORK  
DEPARTMENT OF PUBLIC SERVICE

September 7, 2010

TO: THE COMMISSION

FROM: OFFICE OF ELECTRIC, GAS AND WATER – Electric Rates & Tariffs

SUBJECT: CASE 08-E-0751 – Proceeding on Motion of the Commission to identify the Sources of Electric System Losses and the Means of Reducing Them.

Consolidated Edison Company of New York, Inc. has made a tariff filing proposing that customers be provided with access to reactive power usage information prior to the effective date of the reactive power charges.

SUMMARY OF

RECOMMENDATION: Staff recommends that the tariff filing as listed in the Appendix be approved.

Summary

The Commission ordered utilities to establish charges for reactive power and required utility companies to provide advance notice of the new reactive power charges to customers that would be subject to such charges. To satisfy the advance notice requirement, Consolidated Edison Company of New York, Inc. (Con Edison) sends letters to customers once they receive a meter capable of measuring reactive power to inform them of the implementation of the charges. Con Edison also provides customers access to its "Customer Care" website, where customers can access their reactive power

usage information and calculate their reactive power charge prior to live billing. The Company consulted with Staff and filed additional tariff changes to reflect that customers will have access to the additional reactive power usage information for at least six months prior to live billing. The access to the reactive power usage information prior to the live billing allows customers the opportunity to plan and/or react before the actual changes go into effect. Staff recommends that the revised tariff amendments be approved.

### Introduction

On October 21, 2009, the Con Edison made a tariff filing to comply with the Commission's Order Adopting Reactive Power Tariffs with Modifications, issued and effective September 22, 2009 (the September 2009 Order) in Case 08-E-0751. On January 25, 2010, the Company made a supplemental tariff filing proposing to change the methodology that will be used to determine the number of kVar to be assessed a charge for Reactive Power Demand and to change the Reactive Power Demand Charge per kVar to \$1.10 per kVar. Both filings became effective on March 1, 2010 pursuant to the Commission's Order dated February 17, 2010, in Case 08-E-0751.

As required by the September 2009 Order, the Company filed with the Commission on December 21, 2009, an implementation plan for installing VAR capable meters for customers with loads above 1,500 kW and an estimate of the Company's system-wide reactive power savings associated with customer actions to improve their power factor. The Company's implementation plan proposed that existing customers receiving a VAR capable meter prior to October 1, 2010, receive reactive power usage information for a period of at least six months prior to live billing on October 1, 2010, and that existing customers receiving a VAR capable meter after October 1, 2010, receive at least three months of reactive power usage information prior to live billing.

Public Notice and Comments

Pursuant to the State Administrative Procedure Act (SAPA), Notice of Proposed Rulemaking in Case 08-E-0751 was published in the State Register on June 9, 2010. The public comment period expired July 24, 2010 and comments received are presented below.

Comments

On July 23, 2010, the City of New York (City), the New York Power Authority (NYPA) and the Port Authority of New York and New Jersey (PANYNJ) submitted comments. The City, NYPA and PANYNJ have several concerns with the Company's tariff filing. The first concern is how customers will receive six months of data prior to being charged for reactive power. The second concern relates to access to the Customer Care website, which they claim is not yet functional. The City, NYPA and PANYNJ assert that they could not access the website and analyze the reactive power data. They requested that the Company provide customers with itemized monthly “shadow bills” for six months before the reactive power charges are effective. They also requested that the Commission require the Company to provide customers with all relevant reactive power usage data and suggested that the date for commencement of reactive power charges be extended until six months after Con Edison’s reactive power website becomes functional.

On July 26, 2010, the County of Westchester (COW) submitted comments in regard to this matter. The COW requested that Con Edison provide customers with monthly “shadow bills” for six months before reactive power charges become effective. It also requested an explanation of all backup calculations of reactive power charges and that the Commission require Con Edison to have a functional reactive power website.

On August 24, 2010, the Company responded to the City’s, NYPA’s, PANYNJ’s and COW’s comments. The Company explained that customers, for whom a VAR capable meter and telecommunications equipment have been installed, were

provided access to the Customer Care website which was up and running as of March 30, 2010. Con Edison stated that customers can access their reactive power usage information and calculate the reactive power demand charge since the system is operational. The Company also provided customers with a Customer Care Manual (Manual). This Manual explains the method of calculating the reactive power charge from data provided on the website. The Company stated that in March 2010 it held several forums for customers and energy service companies (ESCOs) regarding the reactive power demand charges and the Customer Care website. The Company also stated that it will provide reactive power data as a shadow charge on the electric bills commencing on and after October 1, 2010, whether or not such customers are currently subject to reactive power demand charges, but have VAR metering capability. Lastly, the Company claims that the Customer Care website provides customers with the required data for calculation of the reactive power demand charge and therefore the need to provide six months of shadow bills is unnecessary.

On September 2, 2010 NYC and NYPA submitted additional comments which addressed claimed errors and inaccurate statements in Con Edison's Reply Comments. The NYC and NYPA made the following points: (1) reactive power information has not been consistently available to customers; (2) the six month period should not start on the date the telecommunications equipment and VAR meter were installed; and (3) the Commission should suspend the effective date of the tariff amendments. NYC claims to have experienced a problem with accessing the reactive power usage information from the Customer Care website for many of its 37 accounts. It provided an e-mail from the Company in which Con Edison's employee agreed with NYC that problems with the Customer Care website exist and the Company was working to fix the problems. NYC states that the period before which the live billing begins should not commence until all problems with the telecommunication equipment and data access have been fixed. It explains that beside the problem with getting the reactive

power usage data from the website it also has problems calculating the reactive power charge. NYPA experienced similar problems with obtaining the data and calculating the reactive power charge for many of its accounts. The City and NYPA ask the Commission to delay the effective date of the proposed tariff until at least three months after the technical difficulties have been addressed.

### Discussion

Con Edison's May 18, 2010 tariff filing proposed that customers be given access to additional reactive power usage information before commencing reactive power demand billing. The Company proposed that customers in the 1,000 kW demand group and above that would be billed for reactive power beginning on or after October 1, 2010, would receive six months of reactive power information via the Internet. Customers in the 500-1,000 kW demand group that will be billed for reactive power beginning on or after October 1, 2011 would receive twelve months of reactive power information via the Internet. Lastly, each existing customer who will be subject to the reactive power charges in October of subsequent years would be billed for reactive power charges beginning the later of the first bill with a from date on or after October 1 of that year or six months after reactive power information is made available to the customer via the Internet.

On August 23, 2010, Con Edison issued further tariff revisions. These revised tariffs more clearly specify the number of months of reactive power data to be provided to various categories of customers and when the reactive power billing will commence relative to the date that kVar interval data is first made available via the Internet. The Company also clarifies that if the same kW maximum demand is reached two or more times during the billing cycle, the reactive power demand will be determined at the time of the first kW maximum demand occurrence.

As part of its review Staff requested: (1) the reactive power introduction

letters which were sent to the customers; (2) the customer's information forum presentation that was held on March 22, 2010; (3) Con Edison's Customer Care website manual; and (4) access to the Customer Care website. Staff confirmed that the Customer Care website provides access to the reactive power usage information and that the Manual explains how to calculate the reactive power charge. Staff did experience some problems when accessing the data from the customer care website for a sample customer. For example, data for a complete month was not available.

Staff recognizes that the Customer Care website has some technical problems that need to be addressed by the Company and that each customer should receive several months of reactive power usage information prior to the commencement of live billing. Con Edison in its reply comments stated that for all customers with VAR capable meters, bills commencing on or after October 1, 2010 will include reactive power information whether or not such customers are currently subject to reactive power demand charges. As a way to address the NYC, NYPA and COW concerns, Staff recommends that the Commission delay the actual billing effective date to January 1, 2011 for the existing customers with usage between 1,000 kW and 1,500 kW who would have otherwise been billed for reactive power beginning on October 1, 2010. These three months will give the Company time to resolve problems with the Customer Care website and each of the customers will receive at least three months of the reactive power demand charge information on their actual bill. The NYC and NYPA in its reply comments stated that three months would be an acceptable time for them before live billing commences and this would give customers time to understand their reactive power demand charge and it further allow customers the opportunity to react before the actual charges go into effect.

Recommendation

It is recommended that:

- (1) the amendments listed in the Appendix be allowed to become effective on September 23, 2010;
- (2) Consolidated Edison Company of New York, Inc. be directed to file further revisions to become effective on not less than one day's notice on October 1, 2010, that specify that reactive power demand charges will be applicable to existing customers who's maximum demand both (a) equal or exceeds 1,000 kW in any two months during the annual period ending September 30, 2009 and (b) exceeds 300 kW in any month during the annual period ending September 30, 2010 as of January 1, 2011;
- (3) the requirement of Section 66(12)(b) of the Public Service Law as to newspaper publication of the changes proposed by the amendments be waived; and
- (4) this proceeding be continued.

Respectfully submitted,

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CASE 08-E-0751

BRUCE E. ALCH  
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Office of Electric, Gas and Water

Approved by:

RAJ ADDEPALLI  
Deputy Director, Electric  
Office of Electric, Gas and Water



SUBJECT: Filings by CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Amendment to Schedule P.S.C. No. 9 – Electricity

Second Revised Leaf No. 59-I

Amendment to Schedule PASNY No. 4

First Revised Leaf No. 10-D

Amendment to Schedule EDDS No. 2

Tenth Revised Leaf No. 6-A

Issued: May 19, 2010                      Effective: August 23, 2010\*

\*Postponed to September 23, 2010.

Amendments to Schedule P.S.C. No. 9 – Electricity

Original Leaf No. 59-K

Third Revised Leaves Nos. 59-I, 59-J

Amendment to Schedule PASNY No. 4

Original Leaf No. 10-F

Second Revised Leaf No. 10-D

Third Revised Leaf No. 10-E

Amendment to Schedule EDDS No. 2

Original Leaf No. 6-A-2

Fifth Revised Leaf No. 6-A-1

Eleventh Revised Leaf No. 6-A

Issued: August 23, 2010

Effective: September 23, 2010

SAPA: 08-E-0751SP11 – STATE REGISTER – June 9, 2010

NEWSPAPER PUBLICATION: Waived.