

Filed Session of July 15, 1998  
Approved as Recommended  
and so Ordered  
By the Commission

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JOHN C. CRARY  
Secretary

Issued & Effective July 20, 1998  
STATE OF NEW YORK  
DEPARTMENT OF PUBLIC SERVICE

July 6, 1998

TO: THE COMMISSION

FROM: ELECTRIC DIVISION - RATES - UPSTATE

SUBJECT: Case 97-E-1641 - Consolidated Edison Company of New York, Inc. Petition for Rehearing of the Commission's Order On Power For Jobs Tariffs, Issued March 27, 1998

SUMMARY OF  
RECOMMENDATIONS: The Commission should grant the company's petition, consistent with the company's June 2, 1998 proposal for making retail access available to partial requirements PFJ customers, and with the modifications described below.

Summary

By letter dated April 27, 1998, Consolidated Edison Company of New York, Inc. (Con Edison) filed a petition for rehearing to seek reversal of the Commission's finding, in the PFJ Order,<sup>1/</sup> that the company within 90 days of the Order "make retail access available to Power for Jobs (PFJ) customers that are otherwise eligible for retail access, for that portion of the customers' load not served under the PFJ program."<sup>2/</sup> By letter dated June 2, 1998, however, Con Edison said it would be amenable to making retail access service available to partial requirements PFJ customers, and proposed the basis for such service. Staff

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<sup>1/</sup> Case 97-E-1640, et al., Order on Power Jobs Tariffs (issued March 27, 1998).

<sup>2/</sup> PFJ Order, Ordering Clause 4.

has reviewed the letter and recommends that it be approved with clarification and with the exception that the company's request for recovery of incremental costs be denied.

Con Edison's Petition

The PFJ Order required Con Edison to make retail access available to partial requirements PFJ customers within 90 days of the Order. Therefore, Con Edison would be required to provide such retail access by June 25, 1998.<sup>1/</sup>

Upon rehearing, the company requests elimination of that requirement, with any renewed consideration of it deferred until after the ISO has been operational for a reasonable period of time. In the alternative, the company requests that it be permitted to delay, until April 1, 1999, amending its retail access schedule to provide for PFJ customer participation. The company also requested authorization to recover incremental costs of implementing this program either directly from PFJ customers affected or from the general body of ratepayers.

Con Edison indicates that the retail access limitation incorporated into Rider Q (Power For Jobs Program) was a conforming change to bring its PFJ tariff provisions into conformance with its Schedule for Retail Access. The company designed its Schedule for Retail Access and computer programs to implement its Retail Choice program on the basis of one ESCO per account. The requirement that an ESCO serve the entire load of an account precludes PFJ service being taken in conjunction with retail access for the balance of the account.

Con Edison states that it would have to redesign its computer systems to accommodate partial requirements PFJ customers and believes it would be more appropriate to defer this option until after the Retail Choice program has been in full operation for a reasonable period of time and until the parties can fully assess the impact of multiple ESCOs serving the same account under an ISO-administered balancing and settlement process.

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<sup>1/</sup> By notice issued June 25, 1998, the utility's time for compliance was extended by an additional 30 days.

MI's Response

On May 12, 1998, Multiple Intervenors (MI) responded in opposition to the petition. MI states that Con Edison's request contravenes the Commission's vision of a fully competitive market, that administrative difficulties are insufficient reason to deny retail access to partial requirements PFJ customers, and that the utility's proposals could thwart economic development efforts.

Discussion

Con Edison has given further consideration to this matter and is amenable to making retail access available to partial requirements PFJ customers as proposed in its June 2, 1998 letter (Copy attached). Con Edison would make retail access service available on the later of November 1, 1998 or 60 days after the company receives notification that a customer, who is already participating in its retail access program, has received a PFJ allocation. The company would also make this option available to all participating customers in future phases of the retail access program (including Phase II scheduled to begin no later than April 1, 1999) assuming the first customer for which this option would be utilized gives the company adequate notice to place into effect the necessary system changes.

The company's proposal would not allow existing partial requirements PFJ customers to sign up for retail access at this time, because the company will not be adding new retail access customers until Phase II of its retail access program. With the clarification that the existing PFJ customers are permitted to sign up for Phase II, with partial requirements deliveries commencing April 1, 1999, staff believes limiting the availability of retail access prior to April 1, 1999 to customers already participating in Phase I of Con Edison's retail access program, and who hereafter receive a PFJ allocation, is reasonable. There have been no complaints from existing PFJ customers regarding retail access, no customer participating in Phase I of the retail access program is also receiving PFJ power, and the company has not denied any existing PFJ customer from

signing up for retail access in Phase I. As a result, the company has not found it necessary to enforce its Rider Q tariff limitation on PFJ customer participation in the retail access program.

Staff believes the proposed implementation dates are reasonable because program changes would be deferred until at least one of the company's retail access customers would receive a PFJ allocation. This deferral would avoid the unnecessary incurrence of costs and investment of time. The November 1, 1998 date will allow company personnel, which are already committed through the end of August to work on computer systems, to implement the further computer system changes. The 60 day lead time needed for system changes coincides with the time NYPA, the company and customers have taken to prepare for initiation of PFJ deliveries once an allocation is authorized.

Customers currently taking retail access service and approved for participation in PFJ, but awaiting commencement of deliveries, also benefit. Once additional supplies of PFJ become available, they may begin to take both PFJ and retail access service. With recent legislation expanding the PFJ program and the potential for additional PFJ deliveries commencing in calendar year 1998, there is a process in place for eligible customers awaiting delivery, even if there are no customers in a position to benefit on November 1, 1998. In addition, the process for customers seeking to participate in Phase II and also applying for PFJ allocations is simplified, because the application deadline for both Phase II participation and new PFJ allocations is February 1, 1999.

Staff believes the incremental cost recovery requested in the company's petition and reiterated in its letter should be denied. The company has not provided any estimates for these costs and recovering them from the PFJ recipients would ameliorate the benefits of the PFJ program. The company may seek

recovery only within the confines of its rate and restructuring settlement approved in Opinion No. 97-16.<sup>1/</sup>

This memorandum has been reviewed by Leonard Van Ryn of Counsel's office.

It is recommended that:

1. Consolidated Edison Company of New York, Inc.'s April 27, 1998 petition for rehearing should be granted to the extent discussed above;
2. Consolidated Edison Company of New York, Inc. should make retail access available to partial requirement PFJ customers as proposed in its June 2, 1998 letter, as clarified above; and
3. Consolidated Edison Company of New York, Inc.'s request for authorization to recover incremental costs should be denied.

Respectfully submitted,

KENNETH SCHULTZ  
Senior Valuation Engineer

Approved by:

DOUGLAS E. LUTZY  
Chief, Upstate Rates  
Electric Division

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<sup>1/</sup> Case 96-E-0897, Consolidated Edison Company of New York, Inc. Opinion and Order Adopting Terms of Settlement Subject to Conditions and Understandings, Opinion No. 97-16 (issued November 3, 1998).