STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 15-E-0050 – 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 13-E-0030 – 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.

ORDER ADOPTING TERMS OF JOINT PROPOSAL TO EXTEND ELECTRIC RATE PLAN

Issued and Effective: June 19, 2015

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At a session of the Public Service Commission held in the City of Albany on June 17, 2015

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Gregg C. Sayre
Diane X. Burman, concurring

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BY THE COMMISSION:

INTRODUCTION

In this Order, the Commission approves a one-year extension of the current electric rate plan[1] for Consolidated Edison Company of New York, Inc. (Con Edison or the Company). Pursuant to the rate plan extension, the net impact of electric revenue requirement increases and the use of customer credits is

[1] Case 13-E-0030, et al., Order Approving Electric, Gas and Steam Rate Plans in Accord with Joint Proposal (issued February 21, 2014)(Electric Rate Plan or 2014 Rate Order). The 2014 adopted, with certain modifications, a joint proposal dated December 31, 2013 (2013 Joint Proposal).

a freeze of electric base delivery rates for this additional year. The rate plan extension also includes, among other things, a collaborative framework for addressing the Company's Advanced Metering Infrastructure (AMI) initiative, and modifications to the Company's Standby Service, including, establishing a performance-based credit mechanism to provide Standby customers the opportunity to earn a credit against their contract demand charges based on the performance of their generating facilities.

The Commission adopts the terms of the unopposed Joint Proposal Regarding Extension of Electric Rate Plan (Joint Proposal) made by the Company and other parties.

BACKGROUND AND HISTORY OF THE PROCEEDING

On January 30, 2015, Con Edison filed tariff leaves and testimony by which it proposed to increase its revenue requirement for electric delivery service by $368.1 million, or a 7.2% increase on a delivery revenue basis (3.2% on overall customer bills including estimated commodity costs). By Untitled Order issued February 23, 2015 in Case 15-E-0050 (2105 Filing), the Commission suspended the effective date of the major rate change through June 28, 2015 and instituted a proceeding to investigate the Company' rate filing.

Based on Con Edison's projections of capital investment and operations and maintenance (O&M) expense, and the level of available customer credits, the Company, Staff of the Department of Public Service (Staff) and several interested parties held an exploratory technical discussion on February 19, 2015 to discuss whether there was an opportunity to extend the current Electric Rate Plan in lieu of the 2015 Filing. Presently, the Electric Rate Plan encompasses two rate years, January 1, 2014 through December 31, 2014 (RY1) and January 1, 2015 through December 31, 2015 (RY2). The Joint Proposal would extend the Electric Rate Plan to a third rate year (from January 1, 2016 to December 31, 2016 (RY3)). The Joint Proposal is attached as Appendix A.

On February 23, 2015, the Company filed a Notice of Impending Settlement Negotiations pursuant to 16 NYCRR §3.9 with the Secretary to the Commission. Thereafter, interested parties met on February 27th and in March and April to discuss the extension of the Electric Rate Plan. This resulted in the Joint Proposal before the Commission. The following parties executed the Joint Proposal: Con Edison; Staff; New York Power Authority (NYPA); City of New York (City); the Utility Intervention Unit, Division of Consumer Protection, New York State Department of State (UIU), Consumer Power Advocates (CPA); New York Energy Consumers Council, Inc. (NYECC); Metropolitan Transportation Authority (MTA); Pace Energy and Climate Center (Pace); Environmental Defense Fund (EDF); NRG Energy (NRG); General Services Administration (GSA); Northeast Clean Heat and Power Initiative (NECHPI); ECubed Company LLC and the Joint Supporters (Joint Supporters/Ecubed); and, Bernhard Energy (Bernhard).

On May 15, 2015, Con Edison held a meeting with several Standby customers to discuss the performance credit as proposed in the Joint Proposal. This program is discussed in full below. It was determined that it was technically infeasible for customers to purchase and install revenue grade meters and associated telecommunications equipment compatible with the Con Edison system for the first test period beginning June 15, 2015, as contemplated by the Joint Proposal. As a result, an alternative measure was discussed and agreed upon by the parties, which would allow a different means of measuring generator output to verify performance during the test period. These changes to the Standby rate proposal are included in the addendum to the Joint Proposal, which was filed on June 2, 2015, and is attached as Appendix B.

THE JOINT PROPOSAL

The Joint Proposal contains the terms and conditions for RY3 by modifying specific provisions of the Electric Rate Plan, reflected by instruction and/or text under the applicable section of Appendix C of the 2014 Rate Order. Other provisions that are not changed are indicated with a heading, but no instructions and/or text. Unless otherwise noted, any provisions of the Appendix C of the 2014 Rate Order that reference RY1 and RY2 for electric shall be read to also apply to RY3, consistent with paragraph L.1 of Appendix C, which provides that its provisions will continue after RY2 for electric unless and until electric base delivery rates are changed by Commission order. Similarly, for any credits due to electric customers or Con Edison’s recovery of costs from electric customers that are being amortized over a three or more year period, the Joint Proposal indicates that the revenue requirement for RY3 reflects the annual amount of such credits due electric customers or costs due the Company.

Incremental Revenue Requirement for RY3

The Joint Proposal recommends that the Commission increase the Company’s revenue requirement by $74.857million for RY3. An incremental revenue requirement increase of $74.857 million would address projected increases in expenditures over RY2, including a small increase to O&M, carrying charges on projected capital expenditures, which include continuing storm hardening and resiliency programs, and the initial capital expenditures related to AMI.

To achieve the freeze of base electric delivery rates proposed under the Joint Proposal, the Company would recognize in other operating revenues $92.6 million of customer credits that have accrued to customers,[2] plus an additional $30.1 million of customer credits that have accrued resulting from the amounts of annual revenue requirement changes for RY1 and RY2 in accordance with the Electric Rate Plan, with interest.[3] $47.776 million of the credits would be applied in 2016 as a bill credit to fully offset the delivery revenue requirement increase approved for RY2, thus, the base delivery rate freeze would continue for RY3. Because the Joint Proposal would not make any changes to revenue allocation or rate design, base electric delivery rates for RY3 would be frozen at the same level as RY2.

According to the Joint Proposal, because the delivery revenue change (which uses accrued customer credits) will not cause any electric base delivery rate changes, no interclass revenue adjustments were made for RY3. In addition, the Joint Proposal provides that the Company's next rate filing will be premised upon an Embedded Cost of Service (ECOS) study using calendar year data that is no more than two years prior to the calendar year in which the filing is made. However, this requirement would not apply to any rate filing made in 2016. The Joint Proposal also would continue the requirement in the 2014 Rate Order that the Company continue discussions with the parties with regard to whether any additional, more current data, will further inform the next ECOS study and/or the proposed revenue allocation. The other requirements regarding the Company's future ECOS study in Appendix C of the 2014 Rate

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[2] According to Staff, $153 million of customer credits are projected to remain on the books of the Company, and should be available to ameliorate future need by the Company for revenue requirement relief. A list of the credits and debits to be applied during RY3 is in Appendix 4 of the Joint Proposal.

[3] An explanation of derivation of the $30.1 million credit may be found in the 2014 Rate Order at 44-46.

Order would be applicable to Con Edison's next electric rate filing.

Return on Equity and Sharing of Overearnings

The current Electric Rate Plan provides the Company with the opportunity to earn an allowed ROE of 9.2%. The Joint Proposal recommends that the Commission adopt an ROE of 9.0% for RY3. In addition, it provides that the earnings sharing thresholds would be adjusted to reflect the lower allowed ROE, but would otherwise be unchanged from those adopted in the 2014 Electric Rate Order.

Cost of Debt

The Joint Proposal recommends that the Commission determine a weighted average cost of long-term debt of 5.09% for electric in RY3, rather than the 5.17% (RY1) or 5.23% (RY2) allowed under the 2014 Rate Order. Included in this weighted average cost rate is 2.28% for electric Variable Rate Debt (i.e., the Company's entire tax-exempt debt portfolio). Under the proposal, Con Edison would be allowed to true-up its actual weighted average cost of Variable Rate Debt during RY3 to the costs rates for Variable Rate Debt set forth in Appendix 8 of the Joint Proposal. Should the Variable Rate Debt be refinanced by the Company with tax-exempt or taxable debt (which may include retiring the Variable Rate Debt) prior to January 1, 2017 for electric (including under circumstances not contemplated by the Commission in its Order in Case 12-M-0401,[4] thus requiring Commission authorization), the Joint Proposal would require that Con Edison include its costs associated with

[4] Case 12-M-0401, Petition of Con Edison Under Section 69 of the Public Service Law for Authority to Issue and Sell Unsecured Debt Obligations Having a Maturity of More than One Year, Order Authorizing Issuance of Securities (issued December 17, 2012).

refinancing the Variable Rate Debt in the amounts to be reconciled.

Deferred Storm Costs

Under the Joint Proposal, the signatory parties recommend that the Commission determine that the review of Non-Superstorm Sandy Deferred Major Storm Costs of $78.3 million as of December 31, 2014 be the final amount determined. The final cost of $78.3 million is equal to the amount reflected in rates ($26.1 million for each of RY1, RY2, and RY3). Since Staff has completed its audit of the storm costs, the Joint Proposal recommends that the Commission determine that the Non-Superstorm Sandy Deferred Major Storm Costs no longer be subject to Staff review and, therefore, no longer be subject to refund.

Superstorm Sandy Deferred Costs total $251.6 million as of December 31, 2014. The Joint Proposal recommends that these deferred costs be reduced by $4.375 million, to $247.225 million. This amount is $3.025 million more than the $244.2 million reflected in rates for RY1, RY2 and RY3. Under the Joint Proposal, this $3.025 million balance would remain as a charge against the Major Storm Reserve and would be addressed in the next electric base rate proceeding for the Company. As with the Non-Superstorm Sandy Deferred Major Storm Costs, the Joint Proposal recommends that the Commission determine that the Superstorm Sandy Deferred Costs no longer be subject to Staff review and no longer subject to refund.

Other Proposals to Implement RY3

A number of other recommendations are made under the Joint Proposal to allow for the continuation of the requirements of the 2104 Rate Order.

Storm Hardening and Resiliency Collaborative

To reflect the fact that the Commission directed that the Storm Hardening and Resiliency Collaborative address electric matters in Phase Three of the collaborative,[5] the Joint Proposal would continue the process established to review the RY2 electric hardening and resiliency work and would also apply to the projected expenditures to harden the electric system in RY3.

Tariff Changes

The Joint Proposal provides for a number of technical tariff changes that need to be made to effectuate the various terms of the extension of the Electric Rate Plan to RY3, as discussed in the body of this Order. Of particular note, the Joint Proposal provides that, upon adoption of the Joint Proposal, Con Edison would file supplements with the Secretary to the Commission canceling the tariff leaves filed in Case 15-E-0050. This would close Case 15-E-0050 and prevent the tariffs filed under that case from going into effect.

Low Income Reconnection Fee Waiver

Among the tariff changes proposed, the Joint Proposal requires the Company to file an amendment to General Rule 15.2 to extend the effectiveness of the reconnection fee waiver for low income customers. Reconnection fee waivers would be capped at $500,000 for RY3.

AMI Collaborative

The Joint Proposal recommends that the Commission reflect capital expenditures in the Company’s revenue requirement for several initiatives associated with the Company’s implementation of AMI in its electric and gas systems.

In the collaborative process, the Company is to consider the feasibility of providing access to near real-time data to customers and third parties authorized to have access to customer data, including authorized energy services companies

[5] Case 13-E-0030, et al., supra, at 69.

(ESCOs) in the design and formation of its AMI business plan. The Joint Proposal also requires that Con Edison consider experiences by utilities in other states and Canada in the design and formation of its AMI business plan. This is intended to identify the benefits, best practices, and impediments experienced and identified by these utilities, for Con Edison to take into account in the design and formation of its AMI business plan.

The Company's AMI business plan is to be comprised of seven primary components, according to the Joint Proposal. For the following components specific costs and a schedule for implementation in 2016 would be provided: a Meter Asset Management System (MAMS); a Meter Data Management System (MDMS); and, system software integration. The remaining four primary components are: Meters and Communication Systems (including equipment costs); Meters and Communication System Installation (which would include a "high" level estimate of costs and a preliminary schedule); an updated and detailed Benefit Cost Analysis (BCA) (which would consider, among other things, net remaining plant associated with existing meters and related components to be replaced with AMI meters and a sensitivity analysis to examine the impacts on cost-effectiveness of a range of potential meter and/or communication cost overruns); and, a Consumer Engagement plan, with privacy principles and rules for third-party access to data consistent with the REV proceeding and other proceedings and rules involving access to meters.

The signatory parties propose that the AMI collaborative meet certain deadlines in order to develop the AMI business plan for the Company, with the final business plan subject to Commission review and approval. The AMI collaborative process provides for specific considerations to be taken into account, various meeting dates, and party input on iterations of the plan prior to the Company filing the plan with the Commission.

The revenue requirement in the Joint Proposal includes the Company's preliminary estimates of capital costs for several initiatives related to AMI. The revenues included in the proposed revenue requirement are subject to reconciliation in the event that the Commission approves a lower budget when it reviews the Company's AMI business plan filing.

Standby Service

The Joint Proposal recommends that the Commission adopt three changes to the current Standby tariff. Under the first proposal, the three MAC charge components would be replaced with a single per-kWh MAC charge applicable to Standby customers, similar to the per-kWh MAC charge applicable to all other customers taking service under P.S.C. No. 10.

The second change would apply to Offset customers, defined as those customers taking service under General Rule 20.2.1(b)(7) or General Rule 20.2.1(b)(8). Presently, these customers are assessed certain charges on a per-kWh basis based on the customer's total kWh usage, including kWh produced by the customer's generating facility. The Joint Proposal recommends that the assessment of per-kWh charges for such customers be based on the customer's total usage net of kWh produced by the customer's generating facility.

Finally, the Joint Proposal recommends that the Commission allow the Company to provide Standby customers of Con Edison and NYPA the opportunity to earn performance-based credits against their contract demand charges based on the performance of their generating facilities connected at a voltage lower than 100 kV, thus advancing the Commission's REV agenda. The contract demand credit would allow customers the opportunity to earn credit for reliable performance of their generator(s). The credit would offset the customer's contract demand charges, based on the minimum generation output during the period from June 15, 2015 to September 15, 2015, 10:00 a.m. to 10:00 p.m. each day.

The Joint Proposal originally provided that in order to take advantage of this opportunity, customers' generating facilities must be separately metered using Commission-approved, revenue grade, interval metering with telecommunications capability with Con Edison's system. However, subsequently the parties determined that there was not enough time for customers to purchase and install the required metering equipment and telecommunications with Con Edison's system for the 2015 summer season. Therefore, there is a modification to the Joint Proposal (Appendix B). Under the modification, for 2015, the requirements allow the alternative process of using a Meter Data Service Provider to verify performance during the 2015 test period, only. For 2016, the original requirement that customers' generating facilities must be separately metered using Commission-approved, revenue grade, interval metering with telecommunications capability would be in effect. All signatory parties who filed comments addressing the issue have indicated that they agree with and support the modification.

For 2016, the customer would still be responsible for the costs and installation of Commission-approved, revenue grade, interval metering with telecommunications capability. Communication service for meter(s) measuring the generator's output must also be provided by the customer at its expense. As required by the Joint Proposal, on May 15, 2015 the Company notified all existing Standby customers of the potential availability of the performance credit, subject to Commission approval of this particular Standby rate provision of the Joint Proposal.[6]

As proposed, the credits to contract demand charges would be determined each year in October based on the performance of the customer's generating facility during a pervious measurement period for which interval data is available from the output meter. In instances where the customer participates in the program for the first year, the measurement period will be from 10:00 AM to 10:00 PM during the previous full summer period, which is defined as June 15th through September 15th, and adjusted for outage events.[7]

For customers billed under General Rule 20.2(b)(8), the kilowatts (kW) to be credited on each Standby Service account supplied by the generating facility's output would be based on the total kW to be credited, multiplied by the ratio of the contract demand on the Standby Service account to the aggregated contract demands on all the Standby Service accounts supplied by the generating facility's output.

Standby customers must notify the Company by October 1st of each year that they are seeking a performance-based credit and specify the outage events that it requests be excluded from the measurement period. Credits provided to Con Edison

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[6] The Joint Proposal also requires that the Company inform customers that the performance mechanism requires Commission approval and that the Commission may not adopt the proposal, so customers would be at risk for the expenses they incurred to meet the requirements of performance mechanism.

[7] For this mechanism, the measurement period will exclude up to three outage events each summer, regardless of cause, comprised of no more than five 24-hour weekday periods, where (i) each outage event may be comprised of one or more consecutive 24-hour periods, and (ii) any part of a 24-hour period (excluding weekends and holidays) will count as one of the five 24-hour periods. The 24-hour periods cannot be applied on a partial basis.

customers under this program would be collected through the MAC, while credits provided to NYPA Standby customers would be recovered from NYPA through a separately identified Standby surcharge applicable only to NYPA. Under the proposed mechanism, Con Edison would be required to file an annual report with the Secretary to the Commission detailing the number of customers that received the credit, the number of customers that applied for the credit but did not qualify, aggregated reasons why the customers did not qualify, and the total cost of the credits.

The Joint Proposal provides that this mechanism would be re-evaluated and is subject to change at the earlier of changes to Standby rates resulting from determinations made in Track Two REV proceeding or the effective date of the next change in base electric delivery rates for the Company.

NOTICE OF PROPOSED RULEMAKING AND COMMENTS

The Secretary to the Commission issued a Notice Soliciting Comments on April 29, 2015 seeking comments from the public regarding the Joint Proposal on or before June 8, 2015. In addition, pursuant to the State Administrative Procedure Act (SAPA) §202(1), Notice of Proposed Rulemaking on the Joint Proposal (13E0030SP8) was published in the State Register on April 22, 2015 and the SAPA comment period also expired on June 8, 2015. In response to these Notices, the Commission received comments from Staff, Con Edison, NYC, CPA, NYPA, NYECC, Joint Supporters/Ecubed, NECHPI, and Utility Workers Union of America, AFL-CIO, Local 1-2 (Local 1-2 or the Union), Pace, EDF and Grassroots Environmental Education.[8]

Public Comments

A number of comments were received and posted on the Commission's website in Cases 15-E-0050 and 13-E-0030 before and after the Joint Proposal was filed. The majority of the comments were from residential customers, almost all of whom opposed the Company's proposed rate increase. The general theme of these comments in opposition to a rate increase was that the Company already collects enough money from its customers; some of whom are on a fixed income or have not seen their wages increase. Citing personal economic hardships, some felt that Con Edison should be the one to "tighten its belt" instead of them. Customers complained that Con Edison should decrease the dividend to its shareholders instead of seeking more money from customers, noting that dividends have been increasing over the last 10 years. One customer pointed to perceived failures in responding to Superstorm Sandy as a reason to reject the request. Other customers believed that website design and taxes should not be recovered from customers.

Comments were also received from residential customers complaining about the deployment of "smart" meters; claiming detrimental health effects from Electromagnetic fields (EMF) and expressing privacy concerns regarding the use of data derived from these meters. Most of these commentators asked the Commission to prevent their use by not funding them and to

[8] Both Pace and EDF filed their comments on June 9, 2015 along with a "motion for leave" to file the comments a day late. Grassroots Environmental Education filed its comments dated June 8, 2015 on June 11th. Because these comments may improve the record before the Commission and no party appears to be harmed by the late filings, the comments are accepted.

require the Company to allow the use of the old analog meters at their residences.

On March 6, 2015, Bernhard and Related Companies filed comments expressing their appreciation of a Standby rate proposal presented by Staff in the REV proceeding[9], but suggest their own proposals, including establishing a rate structure for customers that have paid for the installation of high tension and low tension electric distribution infrastructure, but are billed under the low tension tariff and that for Offset customers, that their contract demand charges be based on generator output, not building load.

Comments in Response to Notices

Comments filed in response to the SAPA Notice and the Commission’s Notice Soliciting Comments were received from the signatory parties, which are addressed below. Comments were also received from a non-signatory party, Local 1-2(the Union). The Union requests that the Commission condition any approval of the Joint Proposal on the Company “committing” to two obligations, as discussed below. On June 11, 2015, Grassroots Environmental Education filed regarding its concerns about “smart” meters. These comments are also addressed below.

Staff

Staff comments address a number of issues related to the Joint Proposal including incremental revenue requirement needs, ROE, cost of debt, the sharing mechanism for overearnings, correcting a Federal income tax error, deferred storm costs, reconciliations, low income reconnection fee waiver, AMI collaborative, and changes to Standby Service. Staff recommends that the Commission find the terms of the Joint

[9] Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.

Proposal meet the requirements of the Settlement Guidelines and, therefore, that the Commission adopt the Joint Proposal in its entirety.

According to Staff, Con Edison’s capital expenditure plan is driven by system expansion addressing load growth and the needed Transmission and Distribution (T&D) capital work to ensure the provision of safe and adequate service and reliability relating to the storm hardening and resiliency work the Company is undertaking to mitigate the impact of strong storms, like Superstorm Sandy, and to ensure that the system is resilient enough to ensure continuity of service. The Joint Proposal provides for adjustments of $26.137 million to the Company’s proposed 2016 capital spending plan as presented in the 2015 Rate Filing. This adjustment equates to a revenue requirement reduction of approximately $2.6 million. Staff indicates that detailed individual project and program descriptions, workpapers, pre-filed interrogatory responses, plant-in-service models, were reviewed. In addition, it points out that the record in the fully litigated case, Case 13-E-0030, was reviewed and that it included Con Edison’s proposed capital expenditures through 2017. Regarding O&M, Staff notes that the Joint Proposal would provide Con Edison with an additional $9 million increase over the RY2 level, or 0.7%, substantially lower than inflation. Staff, however, states its belief that this level is sufficient to allow the continuation of safe and adequate service.

Regarding the cost of long-term debt, Staff states that this cost is projected to decrease due to decreases in the embedded cost of unsecured debt. Staff indicates that a long-term debt cost rate of 5.09% for RY3 (compared to the 5.23% reflected for RY2) is appropriate. Because short-term interest rates remain highly unpredictable, difficult to forecast, and because the cost rates associated with Con Edison’s variable rate debt is almost entirely out of its control, as allowed in the 2014 Rate Order, the cost rate of the variable rate tax-exempt debt should continue to be trued-up. This will protect customers if the increase in short-term debt projected in the Joint Proposal is less than anticipated.

The ROE would be reset under the Joint Proposal and Staff states that an allowed ROE of 9.0% (compared to an allowed 9.2% in the 2014 Rate Order) reflects the Commission’s methodology in determining the cost of equity, with allowances that reflect Con Edison’s acceptance of some terms that potentially increase its exposure to earnings variation. Staff notes that, since the 2014 Rate Order, capital costs have declined and also that the proposed ROE is the same as authorized by the Commission in a recent order for KeySpan Gas East Corporation d/b/a National Grid. The 48.0% common equity ratio reflected in the Joint Proposal is the same as common equity ratio in the Electric Rate Plan.

Staff explains in detail how the earnings sharing mechanism under the Electric Rate Plan would be modified to reflect the lower proposed ROE of 9.0%. The electric earnings sharing threshold would be set at 60 basis points above the recommended ROE of 9.0% in the rate year, or 9.6%. Earnings above the thresholds up to and including 10.25% would be shared equally (50%/50%) between customers and the Company. Earnings above 10.25% and up to and including 10.75% would be shared 75%/25% between customers and the Company, respectively. Earnings in excess of 10.75% would be shared 90%/10% between customers and the Company, respectively. Staff also notes that the earnings sharing mechanism would continue after RY3, thus ensuring potential sharing of overearnings after the expiration of the rate plan extension.

Staff explains in its comments that a material error in the calculation of Federal income tax (FIT) expense was found in the Electric Rate Plan. According to Staff, a tax benefit related to removal costs was flowed to customers twice. In the first instance, the projected removal costs were reflected as a reduction to FIT expense. Second, Con Edison made an error in its computation of flow through tax depreciation by adding tax depreciation for removal costs as an offset to book depreciation expense. Thus, removal costs were double counted in determining FIT expense for ratemaking purposes. Correction of this error requires a $93 million increase to the RY3 revenue requirement. Staff supports correction of the error on a prospective basis.

In its comments, Staff indicates that it has completed its audit of both Superstorm Sandy Deferred Major Storm Costs and Non-Superstorm Sandy Deferred Major Storm Costs and recommends the Commission adopt the results of its audits. According to Staff, Con Edison claimed Superstorm Sandy Deferred Major Storm Costs totaling $251.6 million as of December 31, 2014. Based on Staff’s review, the Joint Proposal recommends that the costs be reduced by $4.375 million, to $247.255 million. This amount is $3.025 million more than the $244.2 million reflected in the Joint Proposal. Staff indicates that as a result, $3.025 million would remain as a charge against the Major Storm Reserve and would be addressed in the Company’s next rate filing.

Staff indicates that for Non-Superstorm Sandy Deferred Major Storm Costs, the Commission should determine that the final amount as of December 31, 2014 is $78.3 million. Since the $78.3 million was amortized over three years in the 2014 Rate Order, the Joint Proposal would reflect in RY3 the remaining amortized amount, or one-third of $78.3 million.

Staff recommends that Non-Superstorm Sandy Deferred Major Storm Costs no longer be subject to refund.

Regarding the reconciliations in the Joint Proposal, Staff states that the reconciliations established in the 2014 Rate Order would continue in RY3, but would be updated for net plant and the variable rate component of long term debt cost. Staff states that the mechanisms are appropriate as they are designed to protect both customers and the Company against variations in estimated costs as well as to maintain stability and consistency in both earnings and rates.

Staff's comments also address the continuation in the Joint Proposal of the low income reconnection fee waiver. According to Staff, waiver would be continued at the same RY2 funding level of $500,000. To accomplish this, Con Edison would file an amendment to its tariff, General Rule 15.2. Staff notes that this program should be continued because it allows low income customers who have fallen behind in paying their electric bills to be reconnected to the Company's system without paying the reconnection fee.

According to Staff, the AMI collaborative process proposed in the Joint Proposal should be adopted because it would provide parties the opportunity to fully review Con Edison's AMI business plan, affording the parties input into the Company's plans and the technology it would deploy. The AMI business plan would then be presented to the Commission for its review and action. Staff further states the Joint Proposal does not contemplate the actual deployment of AMI meters to measure service, and the $3.4 million included in the revenue requirement would be used by the Company to perform preliminary work on development of its AMI business plan. Staff also notes this funding is subject to "claw-back" should the Commission later determine, based on its review of the AMI business plan, that the funding should not have been provided, in whole or in part.

In its comments, Staff explains that the Joint Proposal recommends three changes related to Standby Service. The first would result in the Monthly Adjustment Clause (MAC) costs being collected on a per kilowatt hour (kWh) basis rather than by the current Standby rate elements, which are a customer charge, a contract demand charge, and a daily as-used demand charge. Staff indicates that this change is appropriate as it would make recovery of MAC costs from Standby customers consistent with MAC cost recovery from non-Standby customers and would simplify calculation of the MAC, thus allowing customers to check and verify these charges on their bills.

The second change would apply only to Offset customers and provides that the kWh surcharges applicable to them would be based on kWh consumption net of generation. Staff indicates that the purpose of this change is to treat Offset customers the same as other Standby customers.

Staff states that the third change proposed to Standby Service would establish a performance-based credit to Offset customers' contract demand charges that could be earned by Standby customers based on the performance of their generation during a set time period. Staff further notes that this is not a comprehensive solution for valuing the contributions of distributed generation, but an interim measure which will capture data to allow for more robust design process in future proceedings before the Commission. It will allow generators to show that they can perform as reliable distribution level system assets and help advance the Commission's REV policies.
Finally, Staff also supports the modification to this program for 2015, as described in the addendum to the Joint Proposal, because due to technical issues the metering and communication

equipment originally required could not be installed by June 15, 2015 for the first test period. The modification in the addendum will ensure that those who wish to participate in the program will be able to do so.

Con Edison

According to the Company, it supports the Joint Proposal because, if adopted by the Commission, it would provide the Company with the funds needed to build, operate and maintain safe and adequate electric systems, including funds for storm hardening and resiliency projects, provides for sufficient returns to allow it to raise capital at reasonable terms and to maintain its financial integrity. In addition, Con Edison states that the Joint Proposal mitigates rate increases, continues to impose on it the responsibility to perform efficiently, maintains the low income program and performance metrics, establishes a collaborative framework for its AMI initiative, and modifies Standby Service to, among other things, provide Standby customers the opportunity to earn a credit against their contract demand charges based on the performance of their generating facilities. Con Edison notes that the Joint Proposal comports with the Commission's Settlement Guidelines and the outcome proposed falls within the reasonably expected range of potential litigated outcomes of the 2015 Filing.

Con Edison states that customers would benefit from the adoption of the Joint Proposal because it would avoid an increase in delivery rates while providing the Company with additional revenues, albeit significantly less than those requested in the 2015 Filing. Regarding Return on Equity (ROE), the Company comments that it was very difficult for the Company to accept, but it did so in the context of the other provisions of the Joint Proposal and in recognition of the Commission's policy regarding ROEs for both one-year and multi-year rate plans. Absent the entire negotiated framework, the ROE of 9.0% would not be acceptable to the Company.

The Company notes that the Joint Proposal reflects $68 million of projected capital expenditures for its AMI program during 2016. These expenditures are primarily for its implementation of a MAMS and a MDMS. According to the Company, there are certain limitations with its existing meter asset management system (ADAMS) as it was built on obsolete technology from the 1980s. The new MDMS will support additional future interval metering processing requirements, including connection with anticipated increases in demand response program participation and to support the integration of Distributed Energy Resources (DER) resulting from the Commission's REV initiatives.

According to Con Edison, AMI is a multi-dimensional platform that will improve customer functionality in energy management and will advance the goals of REV, as detailed in the testimony in the 2015 Filing. The collaborative process proposed in the Joint Proposal will facilitate stakeholder input into the development of its AMI business plan, providing Staff and the parties with transparency as to the Company's activities and projected costs.

The Company also discusses the proposed changes to Standby Service, noting that it was willing to make certain changes to Standby Service rather than defer those changes to the next rate filing or Track two of the REV proceeding.[10] These changes, according to Con Edison, are beneficial to Standby customers and reasonable in the context of cost allocation to its non-Standby customers.

[10] Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan, at 19.

Con Edison concludes that the Joint Proposal should be adopted in its entirety because it resolves the myriad issues presented in a manner fully consistent with the public interest, falls within the range of results that could be expected in a litigated outcome, reflects agreement among normally adverse parties and comports with the Commission's current policies.

NYC

NYC notes that it is one of the largest customers on Con Edison's electric system and indicates that adoption of the Joint Proposal would result in fair and reasonable rates. NYC states that the Joint Proposal reasonably resolves a limited set of issues from the 2015 Rate Filing and continues the terms and conditions of the Electric Rate Plan for one additional year. It notes that one of the positive outcomes is the fact that there generally will not be any bill impact for NYC customers. It also notes that the Joint Proposal includes other issues important to NYC.

One of these important issues is AMI. According to the NYC, AMI offers many benefits to Con Edison customers and NYC. In particular, AMI would allow the Company to identify with great granularity those customers experiencing an outage of service rather than having to rely, as it does now, on customers, its crews and field inspectors and substation-level data to notify it of outages. AMI data will allow the Company to improve and expedite its response efforts; thereby limiting the time people are without electricity, which NYC states is a basic human need. Other benefits include: enhancing Con Edison's coordination with NYC and other governmental officials – particularly the provision of restoration information and the implementation of emergency response plans, and allowing customers to more actively monitor and control their energy usage. NYC states that even though the costs seem high, AMI is the future of metering technology.

NYC comments that current Standby rates are an impediment to the full development of distributed generation in the Company's service territory. According to it, two of the three proposed Standby Service changes in the Joint Proposal, the modification of the MAC to charge Standby customers a single per kWh charge and applying the per kWh surcharges to campus-style combined heat and power facilities net of self-generation, are appropriate. The first change would streamline and simplify the billing process and the second proposed change would allow campus-style customers to be treated in the same manner as other Standby customers. According to NYC the third proposal, the performance credit to the Standby customer's contract demand, would provide what it views as much needed rate relief and affords what it calls a bridge to a more comprehensive review of Standby rates that will be undertaken in the REV proceeding.[11] According to NYC, the contract demand credit is an initial step forward as it attempts to monetize the value of distributed generation to the Company's electric system and provides some relief from the current Standby rates, so long as the customer meets the reliability requirements proposed.

NYC highlights that the low income program is of great importance to it and supports the Joint Proposal since it would continue the low income provisions of the Electric Rate Plan,

[11] Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015) at 110.

while also reflecting the potential for Commission action in the current generic low income proceeding.[12]

NYC states that there is no dispute among the parties that the revenue requirement and capital structure are adequate to support the Company's short and long term operations and credit ratings. NYC agrees with others that the Joint Proposal allow shareholders to earn a reasonable return on their investment while maintaining just and reasonable rates, thus balancing the interests of shareholders and customers.

Finally, with regard to rate design, NYC notes that the Joint Proposal reflects the current requirements of the Electric Rate Plan which provides that if the Company files for a rate increase in 2017 instead of 2016, it will also prepare a new ECOS study using calendar year data that is no more than two years old. NYC notes that the remaining rate design and revenue allocation provisions of the Joint Proposal generally continue and clarify the current requirements in the Electric Rate Plan.

CPA

CPA states that the Joint Proposal is in the best interests of its members and is "superior" to its expectations of the potential result of any settlement for Case 15-E-0050, and that it spares the parties from the costly effort involved in a major rate case. CPA points to the improvements in the Standby Service recommended in the Joint Proposal; which include restructuring of the MAC charge, the use of net energy purchased in place of gross energy taken from the Con Edison system and the potential to earn credit on Standby customers' contract demand. CPA notes that the Joint Proposal would allow these

[12] Case 14-M-0565, Examination of Programs to Address Energy Affordability for Low Income Utility Customers.

changes to be effective for Summer 2015, rather than Summer 2016, which would not have occurred but for the Joint Proposal.

Regarding AMI, CPA states that the proposed collaborative process will provide the parties the opportunity to ensure that AMI meets the customers' needs and avoid potentially costly "missteps" in Con Edison's implementation of AMI.

Finally, CPA notes that, while the Joint Proposal does not resolve all issues, such as depreciation and revenue allocation, it believes that these issues can be deferred without undue harm to its members and to customers in general. Thus, CPA urges the Commission to adopt the Joint Proposal.

NYPA

NYPA recommends that the Commission adopt the Joint Proposal without modification as it supports the continuation of the current delivery rates (the freeze of base rates), the continuation of the current revenue allocation and the preservation of the rate design mechanism that caps NYPA customers' exposure to PJM Interconnection, L.L.C. costs. It further states that settling these issues through the continuation of RY2 rate provisions for another year is appropriate in the current economic and budgetary climate. According to NYPA, the Joint Proposal, if adopted, would preserve valuable resources of Staff and other parties, maintain Con Edison's financial integrity, and help relieve electric customers from potential economic hardship.

NYPA also indicates that it supports the Joint Proposal since it would ensure that the Company use its 2013 Embedded Cost of Service (ECOS) study for any delivery rate filing that is made in 2015 or 2016. According to NYPA, this recognizes the challenges faced by Con Edison in developing a new ECOS study, while requiring it to file a revised ECOS study if it makes an electric rate filing in 2017 or later. NYPA also supports the Joint Proposal’s requirements that the Company re-evaluate the cost-of-service methodologies, conduct a post-filing “walk-though” with the parties to explain the ECOS study, and provide a detailed explanation in support of the study.

NYPA also indicates its support of the recommended revisions to Standby Service since it sees distributed generation as a growing area in the long term. The performance-based credit to offset a standby customer’s contract demand is viewed as a positive step that will encourage more distributed generation. NYPA notes that NYPA customers will only pay for the performance based credits provided to NYPA Standby customers, while customers of the Company will pay for the performance based credits provided to its customers through the MAC. NYPA believes this to be appropriate since more Con Edison customers likely could participate in this program than NYPA customers.

NYECC

NYECC states that the Joint Proposal continues “virtually all” of the provisions from the Electric Rate Plan by an additional year and uses available customer credits to offset incremental revenue requirement needs instead of a potential $416 million increase proposed under Case 15-E-0050. After explaining a number of changes to the Electric Rate Plan proposed in the Joint Proposal, NYECC explains that it believes that the Joint Proposal would confer significant benefits compared to litigating the 2015 Filing, thus it should be adopted by the Commission.

Joint Supporters/Ecubed and NECHPI

Joint Supporters/Ecubed and NECHPI’s letters in support of the Joint Proposal state that the performance based credit against Standby Service contract demand is particularly important to its members and their customers and, therefore, they request that the Commission adopt the Joint Proposal.

Local 1-2

While it does not oppose the Joint Proposal, because it "…contains elements which are beneficial to ratepayers and a number of parties…" the Union requests that the Commission condition the adoption of the Joint Proposal on the imposition of two additional commitments. It asserts that the Joint Proposal cannot be found just or reasonable absent the imposition of the following two additional conditions: 1) a commitment by Con Edison that it follow its July 2010 Human Resources Guidance Memo when deciding whether to use contractors to perform work instead of its union employees and 2) a commitment that the Company implement a program to recruit and hire veterans and inner-city youths for its internal work force.

The Union claims that the Company is understaffed and that its failure to hire sufficient in-house staff has material impacts on reliability and is detrimental to a safe work environment for its personnel. The Union notes that it raised these issues in Case 13-E-0030, and takes note that the Commission instituted Case 13-M-0449 to review the employment practices of investor-owned utilities regarding the use of in-house and contractor labor.[13] It is concerned that in the meantime customers are put at risk by Con Edison's labor practices and the Joint Proposal does not address labor issues. The Union also notes that the staffing study required by the 2014 Rate Order has been completed, but does not resolve what it views as key questions about Con Edison's staffing practices.

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[13] Case 13-M-0449, In the Matter of Focused Operations Audit of the Internal Staffing Levels and the Use of Contractors for Selected Core Utility Functions at Major New York Energy Utilities.

Local 1-2’s comments offer what it views as detailed support for its position and concludes that the use of contractors instead of in-house labor poses reliability, safety and cost effectiveness concerns, and concerns regarding the training of contractor employees. According to it, work associated with normal day-to-day operations and maintenance is currently being performed by contractor personnel. The use of contractors for such activities, according to the Union, raises questions in the study, especially in light of the study’s assertion that it maintains a cadre of in-house personnel sufficient to handle day-today operations and maintenance of its energy systems. Therefore, the Union states that its proposed condition regarding the “commitment” to use the July 2010 Human Resources Guidance Memo should be adopted by the Commission since a requirement to follow its own process should not be objectionable.

The Union also seeks a commitment that the Company implement a program to recruit and hire veterans and inner-city youths for its internal work force. It states that this “commitment” on the part of Con Edison would address its concern that a significant number of in-house employees will be reaching retirement age in the next two years. The Union believes that it would be beneficial to it, the Company and customers if Con Edison employed in-house veterans who have served their country as well as inner-city youths who have “pride in their City and wish to serve it while being gainfully employed.”

Pace

Pace supports the Joint Proposal because of the provisions regarding AMI and Standby Service and recommends that the Commission adopt it without modifications. According to Pace, the AMI collaborative will allow parties to work with Con Edison to develop its AMI business plan and to fully evaluate the Company’s proposals while affording parties the opportunity to propose their own ideas and concerns regarding AMI implementation. Citing the February 26, 2015 order in the REV proceeding, Pace believes that the collaborative process proposed in the Joint Proposal is consistent with the goals of stakeholder engagement.

Regarding Standby Service, Pace notes that the various changes to the service will benefit customers. It notes that the June 2, 2015 modification addresses the fact that the metering requirement for the period commencing June 15, 2015 was found to be technically challenging for customers by providing for an alternative means to verify generator performance. Pace supports the Standby Service changes as an important first step in realizing an integrated market place that values customer-sided assets.

EDF

In its comments, EDF reviews some of what it views as salient background information regarding the widespread adoption of more efficient price signals, including full roll-out of AMI and how such technology and “advanced pricing” could be tested in the context of a REV demonstration project. Since the AMI collaborative proposal affords EDF an opportunity to examine and critique Con Edison’s AMI proposal prior to the initial phase of deployment, it recommends that the Commission adopt the Joint Proposal without modification.

Grassroots Environmental Education

Grassroots Environmental Education (GEE) filed comments urging the Commission to reject Con Edison’s requested rate increase, immediately establish a moratorium on the installation of “smart” meters and ensure that analog meters are made available to replace digital meters. According to GEE, the wireless radiation from smart meters has been linked to adverse health impacts and also claims that the meters pose fire risks.

DISCUSSION

Under the Joint Proposal, base electric delivery rates for all customers for RY3 would remain unchanged from RY2. Incremental revenue needs of the Company would be provided through the application of customer credits. The Joint Proposal recommends that the Commission allow Con Edison to increase its revenue requirement in RY3 for base electric delivery service by $74.857 million. In addition, the Joint Proposal provides for the continued use of customer credits to offset during RY3 the $47.776 million rate increase approved in the 2014 Rate Order, as discussed more fully below.[14]

Because the incremental revenues recommended under the Joint Proposal total $74.857 million, the proposed extension of the Electric Rate Plan is not a “major change” in rates, as defined in Public Service Law (PSL) §66(12)(c), thus hearings are not required.[15]

Standard of Review

The Commission’s Settlement Guidelines state that all decisions, including those to adopt the terms of settlement agreements (joint proposals) must be just and reasonable and in

[14] The Commission notes that the recovery of the $47.776 million was already authorized in the 2014 Rate Order in the event the Company did not file for new rates, absent any intervening actions taken by the Commission. 2014 Rate Order at 45-46.

[15] Con Edison’s aggregate electric revenues are approximately $10 billion, base electric revenue increase of $74.857 million amounts to approximately 0.75% of the Company’s aggregate electric revenues, which is below the PSL threshold of 2.5% for “major changes”.

the public interest.[16] In addition to compliance with proper procedures, determining whether the terms of the Joint Proposal are in the public interest involves substantive consideration of the following:

1. consistency with the law and regulatory, economic, social and environmental State and Commission policies;
2. whether the terms of the Joint Proposal compare favorably with the likely result of a fully litigated case and produces a result within the range of reasonable outcomes;
3. whether the Joint Proposal fairly balances the interests of ratepayers, investors and the long-term soundness of the utility; and,
4. whether the Joint Proposal provides a rational basis for the Commission’s decision.

Additional consideration is given to the completeness of the record and whether the Joint Proposal is contested. The Settlement Guidelines also explain that parties’ burden to show that the agreement compares favorably with a litigated result increases when the record is less developed.[17]

The Joint Proposal resolves all outstanding issues required to extend the Electric Rate Plan and comports with the Commission’s Settlement Guidelines. That 16 parties to these proceedings, representing a wide diversity of interests, have executed the Joint Proposal is a testament to the extensive efforts employed by the parties to address the issues pertaining to the extension of the Electric Rate Plan and the equitable

[16] Cases 90-M-0225 and 92-M-0138, Opinion, Order and Resolution Adopting Settlement Procedures and Guidelines, Opinion No. 92-2 (issued March 24, 1992) at 30.

[17] Id. at 31.

resolution, comprehensiveness and reasonableness of the Joint Proposal's provisions.

The Joint Proposal would produce a result within the range that could be expected in litigation, and arguably provide a better result than litigation would since the Electric Rate Plan's freeze of base delivery rates in RY2 would be extended to RY3, while the Company in its 2015 Filing sought a revenue increase of $368 million. The continued base delivery rate freeze proposed in the Joint Proposal is drastically lower than the incremental revenues the Company requested in the 2015 Filing. Overall, the parties employed a constructive process that resulted in a resolution that is balanced and provides the utility adequate financial resources to continue the provision of safe and adequate service and allows customers to benefit from a freeze in base delivery rates for another year.

Turning to the specifics of the Joint Proposal, as explained above, unless otherwise specifically modified in the Joint Proposal, the terms of the 2014 Rate Order would remain in effect and any provisions of the 2014 Rate Order, Appendix C that reference RY1 and RY2 for electric shall be read to also apply to RY3, consistent with paragraph L.1 of Appendix C. Similarly, for any credits due to electric customers or Con Edison's recovery of costs from electric customers that are being amortized over a three or more year period, the Joint Proposal indicates that the revenue requirement for RY3 reflects the annual amount of such credits due electric customers or costs due the Company.

Because the Commission has already adopted, with certain modifications, the 2013 Joint Proposal, the continuing provisions of the Electric Rate Plan will not be discussed below. The Commission, however, has reviewed those provisions that will continue in RY3 to ensure that they should remain applicable. Based on that review, and the review of the Joint Proposal now before the Commission, the Joint Proposal is adopted. The issues and matters addressed below concern the specific modifications that were made to achieve the RY3 extension and novel matters.

Incremental Revenue Requirement for RY3

Capital Spending

According to Staff, the capital spending in the revenue requirement for RY3 reflects information in Case 13-E-0030, which contains a full record of Con Edison’s capital expenditures for five years (through 2017), updated with information contained in the 15-E-0050 filing. This information was used to review and make adjustments to the Company’s capital expenditures for RY3. Staff states that Con Edison’s capital expenditure plan for 2016 is driven by system expansion and reliability. For system expansion, the Joint Proposal would provide the Company with sufficient funds to ensure the provision of safe and adequate service. In addition, the Joint Proposal addresses funding for the Company’s continuing storm hardening and resiliency work. The total adjustment under the Joint Proposal to the capital spending for 2016 as updated in the 2015 Filing totals $26.137 million, or a revenue requirement effect of $2.6 million. Staff states that the capital spending plan is based on recent cost information and recent Company performance. The capital spending plan proposed in the Joint Proposal is, therefore, reasonable and adopted.

Operations & Maintenance

In its comments, Staff explains that it reviewed Con Edison’s projected 2016 electric O&M expenses as detailed in the Company’s 2015 Filing. In light of this review, Staff determined that Con Edison required only a 0.7% increase in the O&M funding level set by the Commission in the 2014 Rate Order.

Staff indicates in its comments that this increase in O&M funding is significantly lower than the one-year projection of inflation of 1.9% using the Gross Domestic Product (GDP) deflator[18] for the 12 months ended December 2016. The level of incremental O&M is, therefore, substantially less than inflation. Despite this, the incremental O&M recommended under the Joint Proposal will be sufficient for the Company to provide safe and adequate electric service in RY3. Therefore, it is adopted.

Return on Equity and Sharing of Overearnings

The recommended allowed ROE of 9.0% results in roughly a $30 million decrease to the RY3 revenue requirement, as compared to the 9.2% ROE allowed in the 2104 Rate Order. Staff and NYC explain in their comments that the proposed ROE for RY3 reflects the current interest rate environment and comparable returns authorized by the Commission when considering the risks of the Company’s operations. It is the same ROE that the Commission recently authorized in Case 14-G-0214, which also provided some form of rate relief to allow for additional capital expenditures.[19]

The Commission reviewed the sharing mechanism proposed in the 2014 Rate Order and found it to be reasonable as it affords the Company the opportunity to pursue efficiencies in its electric business and to capture some of the potential benefits of efficiencies and productivity enhancements the

[18] The GDP deflator is the Commission’s standard for measuring inflation.

[19] Case 14-G-0214, KeySpan Gas East Corporation d/b/a National Grid – Authority to Defer Costs Associated with Incremental Capital Expenditures and Other Related Relief, Order Directing Investments and Allowing, In Part, Deferral Authority for Costs Associated with Incremental Capital Expenditures and Establishing A Surcharge (issued December 15, 2014) at 36.

Company may achieve. It also protects customers by allowing for potential sharing, should the Company's ROE be substantially greater than 9.0%. The earnings sharing mechanism proposed here would modify the thresholds to reflect the fact that the allowed ROE is 9.0%, not 9.2%. The Commission finds the proposed ROE and earnings sharing mechanism to be reasonable, thus, they are approved.

Cost of Debt

As noted by Staff, the proposed cost of debt for RY3 electric reflects the current conditions in the market for Con Edison debt issuances. Staff states that it is appropriate to update the cost of debt because it is projected that the Company's embedded cost of unsecured debt will decrease and short-term interest rates remain highly unpredictable. Therefore, the cost rates associated with the Company's variable rate tax-exempt debt should continue to be trued-up, as under the Electric Rate Plan. Thus, in light of these factors, the Commission finds it reasonable to adopt the cost of debt for electric in RY3 since it will provide only what the Company needs in revenue to cover its cost of debt.

Federal Income Tax Correction

According to its comments, Staff discovered that the Company was, and has been for some time, flowing though duplicative tax benefits related to removal costs for ratemaking purposes. The tax benefits were flowed through to customers once as a component of accrued book depreciation and a second time as the costs were projected to be incurred when plant is retired and removed from service. This error went undetected in Case 13-E-0030, as well as in prior cases. Staff indicates that the correction of this error on a prospective basis increases the revenue requirement for RY3 by approximately $93 million.

It is proper to make this correction going forward and the adjustment is adopted for RY3.

Deferred Storm Costs

Staff indicates in its comments that it has completed its audit of both the Non-Superstorm Sandy Deferred Major Storm Costs and the Superstorm Sandy Deferred Costs. The adjustments to the Company's storm reserve recommended by Staff have been accepted by Con Edison. Based on its audit, Staff recommends that final amounts be adopted by the Commission and that these costs no longer be subject to refund. In light of Staff's audit and conclusions, the Commission adopts the findings and recommendations of the Joint Proposal regarding these storm costs.

Reconciliations

According to the Joint Proposal, the reconciliations established in the 2014 Rate Order would continue in RY3 using the targets reflected in Appendix 8 to the Joint Proposal, which are unchanged from RY2, except for the reconciliations for net plant and the variable rate component of long term debt costs.[20] Because these reconciliations have allowed the capture of revenues not needed for certain cost of service items (accrual of customer credits) for the benefit of customers, they are important facets of the 2014 Rate Order and are adopted.

The reconciliations hedge the risk of cost variations over a longer forecast time period. Many of these reconciled costs are largely beyond the control of Con Edison, such as property taxes, but can have a material impact on actual revenue needs. The reconciliations hedge the risk of cost variations over the term of the Electric Rate Plan and thus, offer protection to customers should costs decrease; and to the

[20] Joint Proposal at 12-13, 17.

Company, if the costs increase. While the reconciliations allow for a lower ROE, they also make the Company's stock and bonds more attractive to investors due to the stabilizing effect such mechanisms have on earnings. Thus, the reconciliation is appropriate and is adopted.

Low Income Reconnection Fee Waiver

Staff, Con Edison, and NYC support continuation of the reconnection fee waiver program. The program provides significant assistance to low income customers who have fallen behind in their financial responsibilities to the Company, by allowing them to be reconnected to Con Edison's electric system without paying the reconnection fee. The continuation of this program in RY3 is a benefit to low income customers and, therefore, is adopted. The Commission notes, however, that Staff has filed its report in the low income proceeding, which has been issued for comment.[21] The low income proceeding is expected to be decided before the end of the year, and the outcome of that proceeding should be reflected by the Company at the time it makes its next rate case filing.

AMI Collaborative Process

In their comments, Staff, the Company, NYC, CPA, PACE, and EDF indicated that they believe that the AMI collaborative process proposed in the Joint Proposal should be adopted because the collaborative affords the opportunity to fully consider and review the AMI business plan, including the ability of the technology to meet the Company's, Commission's and customers' needs and will allow a thorough review of the systems to be deployed and the costs of those systems and their components. Many noted that the proposed AMI collaborative would work very

[21] Case 14-M-0465, supra.

similarly to the ongoing Storm Hardening and Resiliency Collaborative established by the Commission.[22]

According to the signatory parties, while the Company's business case has not been developed, the Joint Proposal reflects their general support of Con Edison's pursuit of the initiatives. The Joint Proposal provides that a collaborative process should be established to permit the parties, including Staff, to further consider Con Edison's AMI implementation plans based on additional information to be provided by the Company and provides the opportunity for parties to comment on such plans.

The collaborative process to review AMI systems and expenditures set forth in the Joint Proposal is adopted. It affords the parties and the Commission the opportunity to fully vet the Company's proposals, while offering parties the opportunity to provide input on the AMI business plan and the functionality of the AMI system components prior to a filing with the Commission. The Commission directs that Con Edison, in developing the business plan for and functionality of AMI consider ways in which third parties can be an active partner in realizing the totality of the benefits that can be extracted from this technology and information. For example, the Company should consider whether third party ownership of AMI meters is possible,[23] giving attention to concerns regarding cyber security. The business plan shall also incorporate lessons

[22] Case 13-E-0030, et al., supra, at 64-72.

[23] Case 94-E-0952, In the Matter of Competitive Opportunities Regarding Electric Service, Order Providing for Competitive Metering (issued June 16, 1999) at 20-21. The Commission requires that the utilities make third party competitive metering available for customers with demands of 50 kW and greater, through authorized Meter Service Providers (MSP).

learned from demonstration projects that incorporate innovative pricing and business models that will allow the utilities to both reduce the expense and gain the full value of advanced communication and AMI implementation. The Commission also expects that the AMI business plan address third-party access to AMI meter data, as required under the Joint Proposal.[24] Moreover, Con Edison is directed to explore how AMI can help facilitate the integration of DER resources into the Distributed System Platform (DSP) associated with REV.

Standby Service

As discussed above, the Joint Proposal recommends that the Commission adopt three changes to the current Standby tariff. As Staff, CPA, NYC, CPA, NYECC, and PACE state in their comments, changes to the Company's Standby Service were proposed to expand and enhance the benefits of customers' generating facilities. Currently, the Monthly Adjustment Clause (MAC) is assessed on Standby customer accounts billed, pursuant to the electric tariff (P.S.C. No. 10), through three components: 1) the Customer Charge (collected through the MAC); 2) the Contract Demand Charge (collected through the MAC); and, 3) the As-used Daily Demand Charge (also collected through the MAC). Under the proposal, the three MAC charge components would be replaced with a single per-kWh MAC charge applicable to Standby customers, similar to the per-kWh MAC charge applicable to all other customers taking service under P.S.C. No. 10. As correctly noted by Staff, Con Edison and NYC, this change benefits customers because it simplifies the calculation of the MAC charge to these customers, allowing them to more easily verify the charges incurred.

[24] Joint Proposal, at 16.

For the second change, which would apply to Offset customers, the Joint Proposal recommends that the assessment of per-kWh charges for such customers be based on the customer's total usage net of kWh produced by the customer's generating facility. According to Staff, Con Edison and NYC, the purpose of this change is to revise the assessment of per-kWh charges to be consistent with the as-used daily demand charge, which is based on net metered demand.

The Joint Proposal also recommends that the Commission allow the Company to provide Standby customers of Con Edison and NYPA the opportunity to earn performance-based credits against their contract demand charges based on the performance of their generating facilities. Parties recognize that this is not a comprehensive solution for properly valuing contributions by Distributed Energy Resource (DER) providers, but rather an interim measure designed to capture data and allow for a more robust design process in future proceedings before the Commission. This credit program will allow generators to show they can perform reliably as distribution level system assets and help significantly advance the policies outlined in the REV proceeding.

The proposal that, for 2015, the requirements be modified to allow an alternative by using a Meter Data Service Provider to verify performance during the 2015 test period only is adopted because the modification is a practical solution to the metering and communications problem. It will further facilitate customers' ability to reap the benefits of the generation assets they own and removes a barrier to advancing the Commission's REV policies.

In their comments, Staff, CPA, NYC, PACE, and NYPA state that the performance mechanism proposed for Standby customers should be approved because they expand and recognize the benefits of customers’ reliable generating facilities. Standby customers will now have the opportunity to prove the reliability of their generating facilities and to be rewarded for such performance. For the Company, it allows measurement and verification of Standby customers’ generating units and thus provides critical information necessary for Con Edison to incorporate distributed generation into its system planning process. All of these benefits may provide useful information for future proceedings, are goals of the REV proceeding, and forward the REV agenda, while allowing for changes to the program, if necessary, when determinations on Standby rates have been made by the Commission in the Track Two REV process. The Commission adopts the changes to Standby Service as proposed in the Joint Proposal and addendum.

Comments of Local 1-2

Local 1-2 does not oppose the Joint Proposal, but requests that the Commission not adopt it unless adoption is conditioned on the imposition of two additional commitments. The first is that Con Edison follow its own July 2010 Human Resources - Guidance Memo when deciding whether to use contractors or its in-house employees to perform work. The second is that the Company implements a program to recruit and hire veterans and inner-city youths for its internal work force.

As the Union notes, there is already an ongoing proceeding (Case 13-M-0449) which is investigating these issues in a focused operations audit of the major utilities. Thus, it would be premature to address the Union’s proposals prior to a final report in that proceeding. Therefore, the Union may raise these issues in the Company’s next general rate proceeding, which should occur after the final report in 13-M-0449 is expected to be issued.

Residential Customers – Advanced Meter Concerns

A number of residential customers and Grassroots Environmental Education expressed concerns with and objection to the use of Automated Meter Reading (AMR) and AMI meters in and around their residences. Many do not want such meters installed or request that their AMR meter be replaced by a traditional meter because they perceive potential health, fire, and/or privacy impacts. The Commission is encouraged that, under the Joint Proposal, the AMI collaborative will afford the opportunity to discuss these issues and requires that the Company's AMI business plan, which will be presented to the Commission for review and action, address customer engagement and privacy principles. This should afford the parties the opportunity to discuss potential health concerns as well. In addition, the Commission notes that there are pending petitions by Con Edison to allow customers to "opt-out" of the use of an AMR or AMI meter to measure their electric and gas consumption.[25]

Cancelation Supplements and Revised Tariff

The Joint Proposal recommends that the Commission authorize the Company to file cancelation supplements in Case 15-E-0050 to cancel the pending, but suspended, tariff amendments filed in that proceeding. Because the Commission is adopting the extension of the 2014 Rate Order and Electric Rate Plan as recommended by the Joint Proposal, the Company is directed to file the necessary cancelation supplements,

[25] Case 14-E-0570, Tariff filing by Consolidated Edison Company of New York, Inc. to establish General Rule 6.10 - AMR/AMI Meter Opt-Out contained in P.S.C. No. 10 – Electricity and Case 14-G-0571, Tariff filing by Consolidated Edison Company of New York, Inc. to establish a new provision under General Information Section III.8 - Metering and Billing titled AMR/AMI Meter Opt-Out contained in P.S.C. No. 9 –Gas. These petitions are under review.

effective on not less than one day's notice, on or before June 30, 2015, canceling the tariff amendments and supplements listed in Appendix C to this Order. In addition, Con Edison is directed to file in Case 13-E-0030 amendments to its electric tariff, effective January 1, 2016, designed to produce the revenue requirement set forth in the Joint Proposal and to incorporate any provisions that were previously approved by the Commission since the tariff amendments listed in Appendix C to this Order were filed.

CONCLUSION

Based on the record and consistent with the foregoing discussion, the public interest will be advanced by our adoption of the terms of the Joint Proposal and will result in just and reasonable electric rates for the customers of Con Edison.

The Commission orders:

1. The terms of the Joint Proposal, set forth in Appendix A of this Order, are adopted in their entirety.

2. Consolidated Edison Company of New York, Inc. is directed to file cancellation supplements, effective on not less than one day's notice, on or before June 30, 2015, canceling the tariff amendments, supplements and addenda filed in Case 15-E-0050.

3. Consolidated Edison Company of New York, Inc. is authorized to file amendments to its electric tariff schedules designed to implement the Standby Service provisions set forth in the Joint Proposal, on not less than one day's notice, to become effective on a temporary basis on July 1, 2015.

4. Consolidated Edison Company of New York, Inc. is directed to file amendments to its electric tariff schedules designed to produce the revenue requirement and implement the

provisions set forth in the Joint Proposal, on not less than thirty days notice, to become effective on a temporary basis on January 1, 2016.

5. Consolidated Edison Company of New York, Inc. shall serve copies of its compliance filings pursuant to Order Clauses 3 and 4 on all parties in these proceedings. Any comments on the compliance filings must be received within fifteen days of service of Consolidated Edison Company of New York, Inc.'s proposed amendments, which shall not become effective on a permanent basis until approved by the Commission.

6. Consolidated Edison Company of New York, Inc. is authorized to file, on not less than one day's notice to become effective on or before July 1, 2015, any amendments to its electric tariff schedules that were previously approved by the Commission since the tariff amendments listed in Appendix C of this Order were filed.

7. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1 that newspaper publication be completed before the effective dates of the amendments authorized in Ordering Clause 2, 3, and 6 are waived.

8. The Secretary at her sole discretion may extend the deadlines set forth in this Order, provided the request for such extension is in writing, including a justification for the extension, and filed on a timely basis, which should be on at least one day's notice prior to any affected deadline.

9. Case 15-E-0050 shall be closed upon compliance with Ordering Clause 2.

10. Case 13-E-0030 is continued.

By the Commission,

(SIGNED) KATHLEEN H. BURGESS
Secretary

Commissioner Diane X. Burman, concurring:

As reflected in my comments made at the public session on June 17, 2015, I concur.

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 13-E-0030 – 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.

JOINT PROPOSAL REGARDING EXTENSION OF ELECTRIC RATE PLAN

THIS JOINT PROPOSAL ("2015 Joint Proposal" or "Proposal") is made as of the 20th of April, 2015, by and among Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company"), New York State Department of Public Service Staff ("Staff"), New York Power Authority ("NYPA"), the City of New York, the Utility Intervention Unit, Division of Consumer Protection, New York State Department of State, Consumer Power Advocates, New York Energy Consumers Council, Inc., Metropolitan Transportation Authority, the Pace Energy and Climate Center, the Environmental Defense Fund, NRG Energy, General Services Administration, Northeast Clean Heat and Power Initiative, the ECubed Company LLC and The Joint Supporters, Bernhard Energy and other parties whose signature pages are or will be attached to this Proposal (collectively referred to herein as the "Signatory Parties").

Procedural Setting

Con Edison is operating under an *Order Approving Electric, Gas and Steam Rate Plans In Accord With Joint Proposal,* issued and effective February 21, 2014, in Case 13-E-0030, *et. al.* ("2014 Rate Order"). The 2014 Rate Order established, *inter alia*, electric rates effective January 1, 2014 through December 31, 2015 ("2014 Electric Rate Plan" or the "Plan"). The 2014 Rate Order adopted, with modifications, the Joint Proposal submitted by parties to those proceedings on December 31, 2013 ("2013 Joint Proposal").

On January 30, 2015, Con Edison filed for electric rates to be effective January 1, 2016 ("2015 Electric Rate Filing"). The Commission assigned Case 15-E-0050 to the 2015 Electric Rate Filing ("2015 Electric Rate Case").

On February 12, 2015, the presiding Administrative Law Judge in the 2015 Electric Rate Case issued a *Notice of Procedural and Technical Conference*, providing for both a procedural and a technical conference to be held on March 11, 2015.

Based upon projections of capital investment needs, operation and maintenance ("O&M") expenses and customer credits as reflected in the 2015 Electric Rate Filing, as well as the projections of capital investment needs and O&M expenses for calendar year 2016 that were examined by Staff and other parties in Case 13-E-0030, Staff suggested that the Company, Staff and several parties to the Company's last electric rate case explore whether there is interest in seeking to extend the 2014 Electric Rate Plan, in lieu of the Commission processing to conclusion the 2015 Electric Rate Filing. The objective of the extension would be to avoid an increase in the delivery portion of customer electric bills for a one-year period commencing January 1, 2016, while providing the Company with adequate revenues through the application of available customer credits to meet its projected capital and O&M expense requirements.

On February 19, 2015, Staff, the Company and several parties in the 2015 Electric Rate Case and Case 13-E-0030 met to explore the feasibility of, and potential interest in, extending the 2014 Electric Rate Plan for an additional year to December 31, 2016, in lieu of processing to conclusion the Company's 2015 Electric Rate Filing. As a result of this meeting, a joint decision was made to commence confidential settlement negotiations on the terms pursuant to which the 2014 Electric Rate Plan could be extended through December 31, 2016.

On February 23, 2015, the Company notified all parties to Cases 13-E-0030 and 15-E-0050 of the commencement of settlement negotiations. This notice was also filed with the Secretary to the Commission.

On March 4, 2015, in Case 15-E-0050, the presiding Administrative Law Judge issued a *Notice of Postponement of Technical and Procedural Conferences* postponing the technical conference indefinitely and postponing the procedural conference to April 14, 2015. The procedural conference was further postponed to May 15, 2015 by a *Notice of Further Postponement of Procedural Conference,* issued on April 7, 2015.

The Company, Staff and interested parties met on February 27, March 10, March 16, March 24, April 9, April 10, April 15 and April 17 to discuss the terms under which the 2014 Electric Rate Plan could be extended for an additional year. The settlement meetings were held in person and by teleconference for those unable to attend in person. All settlement negotiations were subject to the Commission's Settlement Rules, 16 NYCRR §3.9, and appropriate notices for negotiating sessions were provided.

The parties' negotiations have been successful and have resulted in this Proposal, which is presented to the Commission for its consideration.

Overall Framework

This 2015 Joint Proposal extends the two-year term of the 2014 Electric Rate Plan by an additional rate year on the terms and conditions set forth below. This 2015 Joint Proposal follows the framework of the 2013 Joint Proposal, which addressed the following topics:

A. Term

B. Rates and Revenue Levels

C. Computation and Disposition of Earnings

D. Capital Expenditures and Net Plant Reconciliation

E. Reconciliations

F. Additional Rate Provisions

G. Revenue Allocation/Rate Design

H. Performance Metrics

I. Customer Service/Retail Access

J. Electric and Gas Low Income Program

K. Studies and Reports

L. Miscellaneous Provisions

Any provision or sub-provision of the 2013 Joint Proposal that is not changed is indicated in this Proposal by a heading with no underlying instruction and/or text.[1]

Any provision or sub-provision of the 2014 Electric Rate Plan that is modified in order to address the additional rate year for electric service is reflected by instruction and/or text under the applicable heading.

Unless otherwise noted in the provisions set forth below, any provisions of the 2013 Joint Proposal that reference RY1 and RY2 for electric shall be read to also apply to RY3, consistent with paragraph L.1 of the 2013 Joint Proposal, which provides that

[1] A major heading with no underlying instruction or text (*e.g.*, Customer Service/Retail Access Issues) means there are also no changes to text under any of the sub-headings of that section of the 2013 Joint Proposal.

provisions of the Joint Proposal will continue after RY2 for electric unless and until electric base delivery service rates are changed by Commission order. Similarly, for any credits due electric customers or the Company's recovery of costs from electric customers that are being amortized over a three or more year period (see Appendix 4 to this Proposal), the revenue requirement for RY3 reflects the annual amount of such credits due electric customers or costs due the Company, as applicable.

In addition, the following Appendices supplement the comparably numbered Appendices to the 2013 Joint Proposal to reflect RY3 and are attached to this Proposal:

Appendix 1 – Electric Revenue Requirement

Appendix 4 – Amortization of Regulatory Deferrals (Credits/Debits)

Appendix 5 – Electric Revenue Forecast

Appendix 8 – Electric Reconciliation Targets

Appendix 27 – Projected Capital Expenditures

A. Term

The following text supplements, and does not replace, the text under this heading of the 2013 Joint Proposal.

The Signatory Parties recommend that the Commission extend the 2014 Electric Rate Plan by one additional year on the terms and conditions set forth herein, effective as of January 1, 2016 and continuing through December 31, 2016 (*i.e.*, RY3).

B. Rates and Revenue Levels

1. **Electric**

The following text supplements, and does not replace, the text under this sub-heading of the 2013 Joint Proposal.

The 2014 Electric Rate Plan set the Company's electric delivery service rates and charges, including the fixed component of the Monthly Adjustment Clause ("MAC"), at levels designed to produce a $76.192 million reduction in revenues on an annual basis starting in RY1 and a $123.968 million increase in revenues on an annual basis starting in RY2.

These base rate changes have been implemented on a levelized basis to provide rate stability over the term of the 2014 Electric Rate Plan. The annual levelized revenue changes associated with T&D delivery revenue, the retained generation component of the MAC and purchased power working capital were set to zero in each of RY1 and RY2.[2]

The Company is deferring the amounts of the annual revenue requirement changes in each of RY1 and RY2 as shown in Appendix 1, page 7 of 7, to the 2013 Joint Proposal, in accordance with the 2014 Electric Rate Plan. PSC Account 456-Other Electric Revenues has and/or will be debited/credited with the offset recorded in PSC Account 256-Regulatory Liabilities. Interest on the outstanding balance is accruing at the Other Customer Provided Capital Rate. The amount to be deferred for the benefit of customers at December 31, 2015 is approximately $30 million.

Since these two annual levelized rate changes result in lower base rates at the end of the original two-year term of the 2014 Electric Rate Plan than base rates would otherwise be under a non-levelized approach, $47.776 million of the levelized change in RY2 was effectuated in RY2 via class-specific temporary credits. Under the 2014 Electric Rate Plan, such credits were set to be effective only for the duration of RY2. The credits, which are shown on statements filed separately from the Company's rate

[2] The levelized rate changes are inclusive of interest on the deferred rate decrease calculated at the 2014 Other Customer-Provided Capital Rate of 3.0 percent. The Company calculated the change in the Other Customer-Provided Capital Rate in 2015, and the balance is reflected in the approximately $30 million customer credit above.

schedules, are being credited in the same manner as if they were credited in non-competitive delivery base rates. Therefore, RY2 delivery rates were set to reflect revenues that are \$47.776 million greater than the levelized RY2 revenue level. During RY2, the \$47.776 million is being offset by the temporary credits. In addition, in the 2014 Rate Order, the Commission ordered the approximate \$30 million customer credit discussed above to be applied to reduce customer bills in the year after RY2 if rates are not otherwise reset by the Commission for that year.

This 2015 Joint Proposal reflects an increase in the Company's revenue requirement in RY3 of \$74.857 million, in addition to the \$47.776 million increase approved by the Commission in the 2014 Rate Order. In order to effectuate no change in RY3 electric delivery service base rates, the Company will recognize in other operating revenues \$92.6 million of customer credits, in addition to the approximate \$30 million of customer credits discussed above. The accounting for the customer credits in RY3 as shown on Appendix 1, page 5 of 5, to this 2015 Joint Proposal will result in a debit to PSC Account 256-Regulatory Liabilities and a credit to PSC Account 456-Other Electric Revenues.

Therefore, electric base delivery rates established for RY2 will continue in RY3 unchanged and the \$47.776 million of class-specific temporary credits will be effective only for the duration of RY2 and RY3. At the end of RY3, the temporary credits will expire and the delivery rates will remain in effect.

The Company will continue to recover on an annual basis \$248.8 million through the Rate Adjustment Clause ("RAC") pending a Commission determination in Case 09-M-0114.

The major components of the electric revenue requirement underlying this Proposal are set forth in Appendix 1 to this Proposal. This revenue requirement is net of the amortizations of various customer credits and debits on the Company's books of account that have previously been deferred by the Company. The list of deferred customer credits and debits to be applied during RY3 is set forth in Appendix 4 to this Proposal.

a. Monthly Supply Charge and Monthly Adjustment Clause

b. RDM[3]

The text under this sub-heading remains unchanged except for the first sentence, which is amended and restated as follows:

The Revenue Decoupling Mechanism ("RDM") prescribed by the Commission in Cases 07-E-0523, 08-E-0539 and 09-E-0428, subject to the modifications described in this paragraph and paragraph G.1.j. of this Proposal, will remain in effect unless and until changed by Commission Order, except for restating RDM targets for the Rate Year commencing January 1, 2017 to reflect the expiration of the temporary credits of $47.776 million discussed in paragraph B.1 above, if the Company does not file for new base delivery rates to be effective within fifteen (15) days after the expiration of RY3.

c. Spent Nuclear Fuel Litigation Costs

d. Sale of John Street Property

e. PJM OATT Charges

f. Other Charges

2. <u>**Gas**</u>

[3] The RY2 RDM targets for electric will remain in effect during RY3.

3. **Steam**

4. **Common Items**

a. **Productivity**

b. **Sales Forecasts**

C. Computation and Disposition of Earnings

The following text supplements, and does not replace, the text under this heading of the 2013 Joint Proposal, for the purpose of setting forth the computation and disposition of earnings for electric service for RY3.

Following RY3 for electric, Con Edison will compute, separately, the earned rate of return on common equity for its electric business for RY3. The Company will submit to the Secretary this computation of earnings no later than sixty (60) days after the end of RY3.

1. **Electric Earnings Sharing Threshold**

For electric, if the level of earned common equity return for RY3 exceeds 9.6 percent ("Electric RY3 Earnings Sharing Threshold"), the amount in excess of the Electric RY3 Earnings Sharing Threshold will be deemed "shared earnings" for the purposes of this Proposal. One-half of the revenue requirement equivalent of any shared earnings above 9.6 percent but less than 10.25 percent will be deferred for the benefit of electric customers and the remaining one-half of any such shared earnings will be retained by the Company; seventy-five (75) percent of the revenue requirement equivalent of any shared earnings equal to or in excess of 10.25 percent but less than 10.75 percent will be deferred for the benefit of electric customers and the remaining twenty-five (25) percent of any shared earnings will be retained by the Company; and ninety (90) percent of the revenue requirement equivalent of any shared earnings equal to or in excess of 10.75 percent will be deferred for the benefit of electric customers and the remaining ten (10) percent of any shared earnings will be retained by the Company.

2. **Gas and Steam Earnings Sharing Threshold**

3. **Earnings Calculation Method**

For purposes of determining whether the Company has earnings above the Electric RY3 Earnings Sharing Threshold:

a. The calculation of return on common equity capital will be "per books," that is, computed from the Company's books of account for RY3, excluding the effects of (i) Company incentives and performance-based revenue adjustments; (ii) the Company's share of property tax refunds earned during RY3; (iii) any other Commission-approved ratemaking incentives and revenue adjustments in effect during RY3; (iv) the amount of expense for awards under the Company's Executive Incentive Program; (v) $9.7 million, which represents a portion of expense and rate base carrying charges for the Company's Supplemental Retirement Income Plan; and (vi) the amount of expense associated with resolution of Case 09-M-0114 on or before December 31, 2016, concerning the Commission's examination of the prudence of certain of the Company's capital program and O&M expenditures.

b. Such earnings computations will reflect the lesser of: (i) an equity ratio equal to fifty (50) percent, or (ii) Con Edison's actual average common equity ratio. Con Edison's actual common equity ratio will exclude all components related to "other comprehensive income" that may be required by generally accepted accounting principles; such charges are recognized for financial accounting reporting purposes but are not recognized or realized for ratemaking purposes.

c. If the Company does not file for new electric base delivery rates to take effect within fifteen (15) days after the expiration of RY3, the Electric RY3 Earnings Sharing Threshold and the other electric earnings sharing thresholds will continue until base electric delivery rates are reset by the Commission. Such calculation will be performed on an annual basis in the same manner as set forth above. Revenue targets and trued-up expenses contained in Appendices 5 and 8 to this Proposal will be based on RY3 levels for electric.

d. To the extent any stay-out period is less than twelve (12) months, the earnings sharing calculation will be in accordance with the methodology illustrated in Appendix 13 of the 2014 Electric Rate Plan.[4]

4. **Disposition of Shared Earnings**

For earnings above the Electric RY3 Earnings Sharing Threshold, the Company will apply fifty (50) percent of its share and the full amount of the customers' share of electric earnings above the sharing threshold that would otherwise be deferred for the benefit of customers under this Proposal, to reduce deferred under-collections of Site Investigation and Remediation ("SIR") costs. In the event the amount of shared earnings for electric available to reduce deferred under-collections of SIR costs exceeds the amount of such deferred under-collections, the Company will apply the amount of the excess to reduce other deferred costs. The Company's annual earnings report will include the amount, if any, of deferred undercollections of SIR costs written down with the Company's and the customers' respective shares of earnings above the Electric RY3 Earnings Sharing Threshold. If applicable, the Company's annual earnings report will identify any other deferred costs reduced by application of shared earnings and the

[4] Under the methodology set forth in Appendix 13, actual rate base during the stay-out period is adjusted to reflect the effect of seasonal variations of sales on earnings.

amount of shared earnings used for that purpose.

D. Capital Expenditures and Net Plant Reconciliation

Provisions D.1 (Electric) and D.4 (Storm Hardening and Resiliency Collaborative) are supplemented and modified, respectively, and not replaced, as explained below, and a new provision D.5 (AMI Collaborative) is added.

1. **Electric**

a. Net Plant Reconciliation

The following text supplements, and does not replace, the text under this sub-heading of the 2013 Joint Proposal.

With respect to Advanced Metering Infrastructure ("AMI") program costs reflected in the Average Electric Plant In Service Balances, the Commission's order regarding RY3 AMI projects in response to the Company's October 15, 2015 AMI report (see section D.5 below) may call for AMI capital expenditures in RY3 in an amount more or less than the amount reflected in the Average Electric Plant In Service Balances for RY3.[5]

If the Commission's order approves for RY3 AMI capital expenditures greater than the amount reflected in the AMI portion of the Average Electric Plant In Service Balances for RY3, the net plant reconciliation mechanism will continue to apply as described in the 2013 Joint Proposal with no change to the RY3 target set forth in Appendix 4 to this 2015 Joint Proposal.

If the Commission's order approves for RY3 AMI capital expenditures less than

[5] The AMI project is common to the electric and gas systems and the costs are therefore allocated 83 percent to the electric system and 17 percent to the gas system in accordance with Appendix 15 to the 2013 Joint Proposal. Accordingly, the RY3 revenue requirement reflects the electric system's 83 percent share of the net plant associated with $68.5 million of projected capital expenditures for AMI for 2016.

the amount reflected in the AMI portion of Average Electric Plant In Service Balances for RY3, the Company will recalculate the AMI portion of the Average Electric Plant In Service Balances for RY3 using such lower capital expenditures and (1) reduce the net plant amount for the T&D category of the Average Electric Plant In Service Balances for RY3 and (2) defer for future credit to customers the revenue requirement impact (*i.e.*, carrying costs, including depreciation, as identified in Appendix 8 to this Proposal) of the difference between the average net plant balance for the AMI portion of the Average Net Plant In Service Balances for RY3 and the recalculated amount.

The last paragraph under D.1.a "Net Plant Reconciliation" is restated as follows to recognize that the reconciliations will be calculated over a 36-month period, and not the 24-month period as stated in the 2013 Joint Proposal.

The reconciliations to Average Electric Plant In Service Balances for RY1, RY2 and RY3 will be cumulative within each of the net plant categories; that is, a revenue requirement impact deferral will be required under this provision only if the actual average net plant balances for the 36-month period covered by this 2015 Joint Proposal for a category of the Average Electric Plant In Service Balances is below the amount for the category included in the Average Electric Plant In Service Balances over such period as shown on Appendix 8 to this Proposal.

b. Capital Expenditures for Brooklyn Networks Load Growth

c. Smart Grid

d. Indian Point 2 Contingency Plan

e. Outage Management Pilot

f. Reporting Requirements

2. <u>Gas</u>

3. **Steam**

4. **Storm Hardening and Resiliency Collaborative**

This provision is modified in the following respect and otherwise remains unchanged: the storm hardening collaborative process established to review the Company's projected expenditures in RY2 to storm harden the Company's electric system will also apply to the Company's projected expenditures to storm harden the Company's electric system in RY3.

5. **AMI Collaborative**

The revenue requirement for RY3 reflects capital expenditures for several initiatives associated with the Company's proposed implementation of AMI across the entirety of the Company's electric and gas systems. The Signatory Parties are generally supportive of the Company pursuing these initiatives, subject to the Signatory Parties further considering the Company's proposed plans based upon additional information that the Company will provide, and on which Staff and other interested parties will have the opportunity to comment. The Company will consider in the design and formation of its AMI business plan the feasibility of providing access to near real-time data to customers and third parties that are authorized to have access to customer data, including authorized third party energy services providers (*e.g.*, an energy services company). The Company will also consider experiences by utilities in other states and Canada that have implemented AMI in order to identify benefits, best practices, and impediments experienced and/or identified by these utilities, and how these utilities addressed the impediments. The Company will collaborate with Staff and parties on the development of the Company's AMI business plan, and present all costs for AMI, which for 2016 are all capital costs, pursuant to the following scheduled activities:

- No later than June 8, 2015, Con Edison will convene a meeting among Staff and other interested parties at which the Company will make a technical presentation regarding its preliminary AMI business plan, which will include a discussion about the Company's preliminary plans for customer engagement.

- On or about June 15, 2015, the Company will provide to Staff and interested parties its preliminary AMI business plan, including a preliminary benefit cost analysis ("BCA").

- On or before June 30, 2015, Staff and/or interested parties may submit to the Company written comments and/or proposed modifications to the preliminary AMI business plan.

- On or about July 15, 2015, the Company will respond to comments and/or proposed modifications submitted by Staff and/or interested parties.

- On or about August 11, 2015, the Company will convene a second meeting of Staff and interested parties, at which meeting the Company will provide new information, if any, on the AMI implementation schedule and plan, and further discuss any questions, comments or proposed modifications of Staff and parties.

- No later than September 30, 2015, the Company will convene a third meeting of Staff and interested parties, at which meeting the Company will provide new information, if any, on the AMI implementation schedule and plan, and further discuss any questions, comments or proposed modifications of Staff and parties.

- No later than October 15, 2015, the Company will file its AMI business plan with the Commission. The primary components of this plan will be:

    1. Meter Asset Management System ("MAMS"), which will include costs and a schedule for implementation activities in 2016;
    2. Meter Data Management System ("MDMS"), which will include costs and a schedule for implementation activities in 2016;
    3. System Integration, which will include an estimate of costs and a schedule for implementation of software integration activities in 2016;
    4. Meters and Communication Systems, which will include equipment costs;
    5. Meter and Communication System Installation, including a high level estimate of costs and a preliminary schedule;
    6. an updated and detailed BCA, that will consider, *inter alia*, net remaining plant associated with existing meters and related components to be replaced with AMI meters, and a sensitivity analysis for any potential meter and/or communication cost overruns; and

7. a plan for customer engagement, including privacy principles and third-party access to data consistent with the REV proceeding and other proceedings and rules involving access to customer data.

- By mid-November 2015, the Company will provide to Staff and parties updated costs and schedules for (i) System Integration and (ii) Meter and Communication System Installation.

In addition to the foregoing, throughout this process, Staff and interested parties will have the ability to present questions to the Company about the AMI project, to which the Company will respond within a reasonable timeframe, either in advance of or during the collaborative meetings.[6]

Staff and interested parties may also submit comments on the Company's updated AMI business plan to the Commission no later than the date established by the notice to be published in the State Register. The Signatory Parties recommend that the Commission act on the proposed plan in December 2015, but no later than January 2016.

E. Reconciliations

The following text supplements, and does not replace, the text under this heading of the 2013 Joint Proposal.

For RY3 for electric service, all reconciliations will continue in RY3 using the targets reflected in Appendices 1 and 8 to this Proposal, which are unchanged from RY2 except for net plant and the variable rate component of the Long Term Debt Cost Rate.

1. **Property Taxes (Electric, Gas and Steam)**

2. **Municipal Infrastructure Support (Other Than Company Labor) (Electric, Gas and Steam)**

3. **Pensions/OPEBs (Electric, Gas and Steam)**

[6] If the Company expects that it will not be able to respond to a question(s) in less than two weeks, the Company will confer with the party submitting the question(s) to discuss the nature of the information the Company is able to provide (or not) and a timeframe for providing such information.

4. **<u>Environmental Remediation (Electric, Gas and Steam)</u>**

5. **<u>Long Term Debt Cost Rate (Electric, Gas and Steam)</u>**

The following text supplements, and does not replace, the text under this sub-heading of the 2013 Joint Proposal, to address RY3 for electric service.

As set forth in Appendix 1 to this Proposal, the weighted average cost of long term debt is 5.09 percent for RY3 for electric. As set forth in Appendix 8 to this Proposal, included in the weighted average cost rate is 2.28 percent in RY3 for electric for Variable Rate Debt (*i.e.*, the Company's entire tax-exempt portfolio). The Company will be allowed to true-up its actual weighted average cost of Variable Rate Debt during RY3 to the cost rates for Variable Rate Debt reflected in Appendix 8 to this Proposal. In the event the Variable Rate Debt[7] is refinanced with tax-exempt or taxable debt (which may include retiring the Variable Rate Debt) prior to January 1, 2017 for electric (including under circumstances not contemplated by the Commission's *Order Authorizing Issuance of Securities*, issued December 17, 2012, in Case 12-M-0401, and therefore requiring Commission authorization), the Company will include its costs associated with the refinancing of the Variable Rate Debt in the amounts to be reconciled.

6. **<u>Major Storm Cost Reserve</u>**

a. Electric

The following text supplements, and does not replace, the text under this sub-heading of the 2013 Joint Proposal.

The following text is added to the end of provision E.6.a.ii – Non-Superstorm Sandy Deferred Major Storm Costs.

[7] The cost of Variable Rate Debt includes the costs of any credit support measures, such as a letter of credit or bond insurance.

Staff has concluded its review of Non-Superstorm Sandy Deferred Major Storm Costs of $78.3 million as of December 31, 2014 and recommends no change to the deferred balance of these costs. The Company agrees to $78.3 million as the final amount, which is equal to the amount reflected in rates (*i.e.*, $26.1 million per year for RY1, RY2 and RY3). Accordingly, the Signatory Parties recommend that these Non-Superstorm Sandy Deferred Major Storm Costs no longer be subject to Staff review and therefore no longer be subject to refund.

The following text is added to the end of provision E.6.a.iii – Superstorm Sandy Deferred Costs.

Staff has concluded its review of Superstorm Sandy Deferred Costs of $251.6 million as of December 31, 2014 and recommends a reduction of $4.375 million to that amount. The Company agrees to $247.225 as the final amount of Superstorm Sandy Deferred Costs, which is $3.025 million greater than the $244.2 million reflected in rates (*i.e.*, $81.4 million per year for RY1, RY2 and RY3). The $3.025 million balance of Superstorm Sandy Deferred Costs will remain as a charge against the Major Storm Reserve and will be addressed, as appropriate, in the Company's next electric base rate proceeding. Accordingly, the Signatory Parties recommend that these Superstorm Sandy Deferred Costs no longer be subject to Staff review and therefore no longer be subject to refund.

b. Steam

7. **<u>Non-Officer Management Variable Pay (Electric, Gas and Steam)</u>**
8. **<u>Workers Compensation Insurance (Electric, Gas and Steam)</u>**
9. **<u>ERRP Major Maintenance Cost Reserve (Electric)</u>**
10. **<u>Other Transmission Revenues (Electric)</u>**

11. **<u>Brownfield Tax Credits (Electric)</u>**

12. **<u>NEIL Dividends (Electric)</u>**

13. **<u>Proceeds from the Sales of SO_2 Allowances (Electric and Steam)</u>**

14. **<u>Adjustments for Competitive Services (Electric and Gas)</u>**

15. **<u>Pipeline Integrity Costs – New York Facilities Charges (Gas)</u>**

16. **<u>Research and Development Expense (Gas and Steam)</u>**

17. **<u>Discontinued Reconciliations</u>**

18. **<u>Additional Reconciliation/Deferral Provisions</u>**

F. <u>Additional Rate Provisions</u>

G. <u>Revenue Allocation/Rate Design</u>

1. <u>Electric</u>

a. Revenue Allocation

The following text supplements, and does not replace, the text under this sub-heading of the 2013 Joint Proposal.

The delivery revenue change for RY3 will not cause any electric base delivery rate changes; electric base delivery rates established for RY2 will continue in RY3 unchanged. No interclass revenue adjustments were made for RY3. An additional $3.45 million in annual purchased power working capital costs above the level in RY2 rates will be recovered through the merchant function charge commencing January 1, 2016.

The 2013 Joint Proposal provided that the proposed base electric delivery rates in the Company's next electric rate filing will be premised upon an ECOS study using calendar year data that is no more than two years prior to the calendar year in which the filing is made (*i.e.*, if the Company files at any time in 2015, the proposed rates will be premised upon a 2013 ECOS study year). This requirement was met by the 2015 Electric

Rate Filing, which used a 2013 ECOS study year. This requirement does not apply to any electric rate filing by the Company during calendar year 2016 (*i.e.*, the Company may use the 2013 ECOS study year for such filing). If the Company's next electric rate filing is made on or after January 1, 2017, the rate filing will be premised upon an ECOS study using calendar year data that is no more than two years prior to the calendar year in which the filing is made (*i.e.*, if the Company files at any time in 2017, the proposed rates will be premised upon a 2015 ECOS study year).

The 2013 Joint Proposal also required that following issuance of a Commission order in Case 13-E-0030, the Company will continue discussions with interested parties with regard to whether any additional, more current, data will further inform the next ECOS study and/or the proposed revenue allocation. This requirement has been satisfied and is not applicable to the Company's next electric rate filing.

The 2013 Joint Proposal also provided that for the Company's next electric rate filing, the Company will (i) re-evaluate its cost of service methodologies related to how the Company classifies and allocates customer costs; (ii) conduct, for interested parties, a post-filing walk-through of the ECOS study and rate design underlying the proposed electric base delivery rates; and (iii) provide a more detailed explanation of supporting ECOS and rate design work paper documentation, which will include a process flow chart (including a basic explanation of the purpose of each file and cross-references of the underlying data sources), a table of acronyms used, a table of contents and index of files. The first and third of these foregoing requirements were satisfied in connection with the Company's 2015 Electric Rate Case; all are applicable to the Company's next electric rate filing.

b. Rate Design

c. Make-Whole Provision

d. VTOU Rates

e. SC9 Max Rate

f. SC1 Special Provision D (Water Heating)

g. Standby Rates

The following text supplements, and does not replace, the text under this sub-heading of the 2013 Joint Proposal, except for the last paragraph of provision G.1.g of the 2013 Joint Proposal, as noted below.

Effective on the first day of the first calendar month following the Commission's adoption of this 2015 Joint Proposal, the Company will implement the following changes to its Standby Service.

1. <u>Monthly Adjustment Clause ("MAC")</u>

The MAC is assessed on the accounts of standby customers billed under the Company's Schedule for Electricity Service P.S.C. No. 10 – Electricity ("Electric Tariff") through three components: (a) a customer charge, (b) a contract demand charge, and (c) as-used daily demand charges. The assessment of the MAC to standby customers will change from these three components to a single per-kWh MAC charge applicable to standby customers and all other customers taking service under the Electric Tariff.

2. <u>Per kWh Charges for Offset Customers</u>

Customers taking service under General Rule 20.2.1(B)(7) or General Rule 20.2.1(B)(8) of the Electric Tariff ("offset customers") are assessed certain charges on a per-kWh basis (the Adjustment Factor – MAC, SBC and RPS Charge) based on the customer's total kWh usage, including kWh produced by the customer's generating facility. The assessment of per-kWh charges for an offset customer will change from being based on a customer's total kWh usage to being based on the customer's total usage net of kWh produced by the customer's generating facility.

3. **Performance-based Credit**

Standby customers will be provided an opportunity to earn credits against their contract demand charges based on the performance of their generating facilities. The opportunity to earn credits will be available to Con Edison and NYPA customers with generating facilities connected at a voltage lower than 100 kV.

The output of the generating facility must be separately metered using Commission-approved, revenue grade, interval metering with telecommunications capability that the customer arranges to be furnished and installed at customer expense.[8] The customer, at its expense, must provide and maintain the communications service for the meter(s) recording the generating facility's output (the "output meter"). A customer that is interested in the opportunity to earn credits based on summer 2015 performance, and whose generating facility is not currently separately metered using interval metering with telecommunications capability, must arrange to have the metering and telecommunications capability installed before June 15, 2015, at customer's expense and accept the risk of the Commission not adopting this performance-based credit. Within two weeks following execution of this Proposal, the Company will notify all existing standby customers and parties to this proceeding of the potential availability of this

[8] An example of an existing meter that is acceptable for this program is the meter used for NYISO EDRP programs.

performance credit[9] and the steps to be taken by standby customers interested in qualifying for this credit. On or before May 15, 2015, the Company will host a meeting for standby customers, parties to this proceeding and other interested parties, to explain and answer questions about this program.

The credits to the contract demand charges will be determined each year in October based on generating facility performance during a previous measurement period for which interval data was available from the output meter. For the first year of a customer's participation, the measurement period will be weekdays from 10:00 am to 10:00 pm during the previous full summer period (defined for the purposes of this credit provision as June 15 through September 15) adjusted for Outage Events as described below. The measurement period for the second and subsequent years of a customer's participation will be weekdays from 10:00 am to 10:00 pm during the previous two consecutive full summer periods adjusted for Outage Events as described below. The credit for any measurement period will be equal to the product of: (a) the lesser of the lowest kW recorded on the output meter during the measurement period, or the customer's Contract Demand and (b) the Contract Demand Delivery Charge per kW in effect on October 1 of the year in which the credit is determined. The credit will be applied to the customer's successive 12 monthly bills commencing in November until the following October, when the credit will be re-determined.

The measurement period will exclude up to three Outage Events each summer (regardless of cause) comprised of no more than five 24-hour weekday periods, where (i)

[9] For example, the notice will disclose the fact that the Signatory Parties are proposing this performance mechanism for Commission approval but that the Commission may not adopt this proposal and, therefore, customers are at risk for the expense of installing interval metering with telecommunications capability necessary to qualify for this program.

each Outage Event may be comprised of one or more consecutive 24-hour periods, and (ii) any part of a 24-hour period (excluding weekends and holidays[10]) will count as one of the five 24-hour periods (i.e., the 24-hour periods cannot be applied on a partial basis).

If the customer is billed under General Rule 20.2.1(B)(8), the kW to be credited on each standby service account supplied by the generating facility's output will be based on the total kW to be credited, multiplied by the ratio of the Contract Demand on the standby service account to the aggregated Contract Demands on all the standby service accounts supplied by the generating facility's output.

A customer seeking a performance-based credit must request such credit by October 1 of each year and, at the same time, specify the outage events the customer requests to be excluded from the measurement period.

Credits provided to Con Edison standby customers will be recovered from all Con Edison customers, including standby customers, through the MAC. Credits provided to NYPA standby customers will be recovered from NYPA through a separately-identified standby surcharge applicable only to NYPA.

This performance-based credit will be re-evaluated and is subject to change at the earlier of (1) changes to standby rates resulting from determinations made in Track Two of the Reforming the Energy Vision ("REV") proceeding (Case 14-M-0101); or (2) the effective date of the Company's next change in base electric delivery rates.

The Company will file an annual report with the Secretary to the Commission detailing the number of customers that received a credit, the number of customers that

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[10] If an Outage Event commences on a Friday and extends beyond Saturday and Sunday, the first 24-hour period will be calculated from the hour of commencement on Friday (*e.g.*, 10:00 am) until the same hour on Monday (*i.e.*, 10:00 am), or Tuesday, if Monday is a holiday.

applied but did not qualify for a credit, the reason(s) for not qualifying (without attribution to individual customers), and the total cost of the credits. The Company will confer with Staff to determine what, if any, additional information should be included in the annual report.

The following text replaces in its entirety the last paragraph of provision G.1.g of the 2013 Joint Proposal.

Nothing in this Proposal precludes any Signatory Party from proposing to the Commission additional changes to the Company's standby service terms and conditions as part of Track Two of the REV proceeding, in which the Commission has announced its intention to review the Commission's standby rates policy, in any other generic proceeding established by the Commission to consider standby rates for all New York State electric utilities, or in the Company's next electric delivery rate filing. The Signatory Parties reserve all rights to participate in such proceedings without limitation. If as a result of the REV or such other generic proceeding the Commission directs a change in standby rates to take effect before new base electric delivery rates are set, the Company will be permitted at the time of any such rate changes to make rate adjustments to offset the revenue effect, if any, of any changes to electric standby rates being less than the amount assumed in setting rates.

h. Business Incentive Rate ("BIR")

i. Marginal Cost Study ("MCOS")

j. Tariff Changes

The following text supplements, and does not replace, the text under this sub-heading of the 2013 Joint Proposal.

The following tariff changes are required to implement this Proposal as recommended by the Signatory Parties; the specific language of the changes will be shown on tariff leaves to be filed with the Commission:

20. Modify General Rule 20 of the Electric Tariff to reflect:
    - the performance credit applicable to standby customers; and
    - the change in the billing of per kWh charges to offset customers as set forth in paragraph G.1.g.1 and G.1.g.2 of this Proposal.

21. Modify the Schedule for PASNY Delivery Service, P:S.C. No. 12 – Electricity ("PASNY Tariff") to indicate that the performance credit is applicable to PASNY customers.

22. Modify General Rule 26.1 of the Electric Tariff to:
    - change the manner in which the MAC is assessed on standby customers; and
    - provide for recovery through the MAC of standby performance credits issued to Con Edison standby customers.

23. Modify the PASNY Tariff to provide for recovery of standby performance credits issued to NYPA customers.

24. File a Supplement cancelling the tariff leaves submitted in Case 15-E-0050.

The following tariff changes are also required to implement this Proposal as recommended by the Signatory Parties; the specific language of the changes will be shown on tariff leaves to be filed with the Commission by December 1, 2015 with an effective date of January 1, 2016:

25. Change the Statements of Temporary Rate Adjustment applicable to the Electric Tariff and the PASNY Tariff to extend the effectiveness of the temporary credit through December 31, 2016.

26. Change the Temporary Rate Adjustment sections in the Electric Tariff (General Rule 26.8) and PASNY Tariff (Leaf 10) to extend the effectiveness of the Temporary Credit and modify the temporary credit amounts.

27. Modify the RDM sections of the Electric Tariff (General Rule 26.2(3)) and PASNY Tariff (Leaf 22) to change the effective dates of

RDM targets.

28. Modify General Rule 15.2 of the Electric Tariff to extend the effectiveness of the reconnection fee waiver applicable to low income customers and specify that reconnection fee waivers will be capped at $500,000 for RY3 in accordance with paragraph J.4.b.[11]

2. **Gas**

3. **Steam**

4. **Other**

H. **Performance Metrics**

I. **Customer Service/Retail Access Issues**

J. **Electric and Gas Low Income Programs**[12]

K. **Studies and Reports**

L. **Miscellaneous Provisions**

1. **Continuation of Provisions; Rate Changes; Reservation of Authority**

This provision continues as set forth in the 2013 Joint Proposal except for (1) paragraphs 1 and 2, which are restated in their entirety with respect to electric service as follows, and (2) the addition to the text of provision L.1.d as set forth below.

Unless otherwise expressly provided herein, the provisions of this Proposal will continue after RY3 for electric, unless and until electric base delivery service rates are changed by Commission order. For any provision subject to RY1, RY2 and RY3 targets, the RY3 target shall be applicable to any additional Rate Year(s).

Nothing herein precludes Con Edison from filing a new general electric rate case

[11] The Signatory Parties recognize that low income program issues are currently under consideration by the Commission in Case 14-M-0565 and that Commission action in that proceeding may dictate an alternative to this anticipated tariff change. The Signatory Parties reserve all of their administrative and judicial rights in connection with this generic proceeding.

[12] Consistent with Footnote 60 of the 2013 Joint Proposal, the reconnection fee waiver program for electric will continue in RY3 with an annual cap of $500,000.

prior to January 1, 2017, for new rates to be effective on or after January 1, 2017. Except pursuant to rate changes permitted by this subparagraph, the Company will not file electric rates to become effective prior to January 1, 2017.

The following text is added to provision L.1.d:

In addition, nothing herein will preclude Con Edison from (i) petitioning the Commission to extend, modify or establish programs relating to energy efficiency, demand response (including, for example, but not limited to, direct load control) and demand management (including, for example, but not limited to, targeted demand management), (ii) filing for approval of programs in response to an order(s) or other issuances in the REV proceeding or otherwise designed to implement REV objectives and principles, including, but not limited to, the Distributed System Platform and demonstration projects, and/or (iii) filing to provide for recovery of Indian Point 2 Contingency Plan projects, pursuant to paragraph D.1.d of the 2013 Joint Proposal.[13] None of the foregoing filings shall delay or otherwise interfere with the Company's right to file for new electric base delivery rates effective January 1, 2017.

2. <u>**Legislative, Regulatory and Related Actions**</u>

This provision of the 2013 Joint Proposal continues unchanged except to add a new footnote to reflect that ten basis points of return on common equity for electric in RY3 is estimated to be $14.8 million.[14]

[13] The revenue requirement to electric service for RY3 does not reflect any of the Company's costs for transmission projects approved by the Commission in its November 4, 2013 order in Case 12-E-0503 ("Indian Point Contingency Plan Order").

[14] For electric, such amount is estimated to be $14.8 million in RY3.

3. **Trade Secret Protection**

Provisions L.4, 5, 6, 7 and 10 are restated for purposes of this Proposal as set forth below.

4. **Provisions Not Separable**

It is understood that each provision of this Proposal is in consideration and support of all the other provisions, and expressly conditioned upon acceptance by the Commission. Except as set forth herein, none of the Signatory Parties is deemed to have approved, agreed to or consented to any principle, methodology or interpretation of law underlying or supposed to underlie any provision herein. If the Commission fails to adopt this Proposal according to its terms, then the Signatory Parties to the Proposal will be free to pursue their respective positions in this proceeding without prejudice.

5. **Provisions Not Precedent**

The terms and provisions of this Proposal apply solely to, and are binding only in, the context of the purposes and results of this Proposal. None of the terms or provisions of this Proposal and none of the positions taken herein by any party may be referred to, cited, or relied upon by any other party in any fashion as precedent or otherwise in any other proceeding before this Commission or any other regulatory agency or before any court of law for any purpose other than furtherance of the purposes, results, and disposition of matters governed by this Proposal.

Concessions made by Signatory Parties on various electric issues do not preclude those parties from addressing such issues in future rate proceedings or in other proceedings.

6. **Submission of Proposal**

The Signatory Parties agree to submit this Proposal to the Commission and to individually support and request its adoption by the Commission as set forth herein. The Signatory Parties hereto believe that the Proposal will satisfy the requirements of Public Service Law §§65(1) that Con Edison provide safe and adequate service at just and reasonable rates.

7. **Effect of Commission Adoption of Terms of this Proposal**

No provision of this Proposal or the Commission's adoption of the terms of this Proposal shall in any way abrogate or limit the Commission's statutory authority under the Public Service Law. The Parties recognize that any Commission adoption of the terms of this Proposal does not waive the Commission's ongoing rights and responsibilities to enforce its orders and effectuate the goals expressed therein, nor the rights and responsibilities of Staff to conduct investigations or take other actions in furtherance of its duties and responsibilities.

8. **Further Assurances**

9. **Scope of Provisions**

10. **Execution**

This Proposal is being executed in counterpart originals, and shall be binding on each Signatory Party when the counterparts have been executed.

IN WITNESS WHEREOF, the Signatory Parties hereto have affixed their signatures below as evidence of their agreement to be bound by the provisions of this Proposal.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

Dated: April 20, 2015

By Robert Hoglund
Robert Hoglund

Appendix A

Cases: 15-E-0050 and 13-E-0030

NEW YORK STATE DEPARTMENT OF
PUBLIC SERVICE

Dated: 4/20/15

By: ______________________
Steven Kramer

NEW YORK POWER AUTHORITY

Dated: 4/16/15 **By:** ______________________

James F. Pasquale
Senior Vice President
Economic Development & Energy Efficiency

THE CITY OF NEW YORK
by its counsel,
COUCH WHITE, LLP

Dated: April 20, 2015

Kevin M. Lang

THE UTILITY INTERVENTION UNIT
DIVISION OF CONSUMER PROTECTION
NEW YORK STATE DEPARTMENT OF STATE

Dated: 4/20/15

By: Erin Hogan
Erin Hogan
Director, Utility Intervention Unit

CONSUMER POWER ADVOCATES

Dated: 4/20/15

By: [signature]

NEW YORK ENERGY CONSUMERS COUNCIL, INC.

Dated: 4/16/15

By: ______________________

NEW YORK ENERGY CONSUMERS COUNCIL, INC.

Dated: 4/13/15

By: ______________________

PACE ENERGY AND CLIMATE CENTER

Dated: 9/17/2015

By: [signature]

John Bowie
Energy and Climate Law Advisor
Pace Energy and Climate Center

THE ENVIRONMENTAL DEFENSE
FUND

James T.B. Tripp, Senior Counsel

Dated: 9-20-2015 By: ________________

Elizabeth B. Stein, Senior Attorney

BERNHARD ENERGY

Dated: April 20th, 2015

By:

Frank L. Norcross
Bernhard Energy, LLC

Cases: 15-E-0050 and 13-E-0030

Appendix A

GENERAL SERVICES ADMINISTRATION

Dated: 4/20/2015 By: [signature]

NORTHEAST CLEAN HEAT AND POWER INITIATIVE

Dated: April 17, 2015

By: ____________________

Herbert D, Dwyer
President of ASI Energy
Incoming Chairman of NECHPI

The E Cubed Company, LLC and The Joint Supporters

Dated:_April 17, 2015

By:

Ruben S. Brown, M.A.L.D.,
President, The E Cubed Company, LLC

NRG ENERGY, INC

Dated: 4/20/15 ____________________ **By:** ____________________
Jennifer S. Hsia

** NRG signs onto the AMI portion (D.5. AMI Collaborative Section) and Standby portions (G.1.g. Standby Rates Section). NRG takes no position on any other portion of this Agreement.**

The Metropolitan Transportation Authority's ("MTA") support for the Joint Proposal is premised upon the MTA herein reserving its rights to petition the Commission to conduct, commencing on or about the first quarter of 2016, a thorough investigation of the Con Edison SC 12 PASNY rate design, for the twelve month rate year ending December 31, 2017 or equivalent thereof, focusing, *inter alia*, on the existing tariff rate differential between tariff rates for high and low tension delivery service, including within SC PASNY 12.

METROPOLITAN TRANSPORTATION AUTHORITY

Dated: April 22, 2015

By: Sam M Laniado

Sam M. Laniado
READ AND LANIADO, LLP
Counsel to the Metropolitan Transportation Authority
25 Eagle St.
Albany, NY 12207
T: 518-465-9313
F: 518-465-9315
sml@readlaniado.com

Consolidated Edison Company of New York, Inc.
Case 13-E-0030 – One Year Extension

Index of Appendices

Consolidated Edison Company of New York, Inc.
Case 13-E-0030 - One Year Extension
Electric Revenue Requirement
For The Twelve Months Ending December 31, 2016
$ 000's

	2015 Rate Year 2 With Rate Change	Rate Year 3 Revenue/Expense Rate Base Changes	Rate Change	2016 Rate Year 3 With Rate Change
Operating revenues				
Sales revenues	$ 7,805,402	$ 3,359	$ -	$ 7,808,761
Other operating revenues	225,465	11,068	-	236,533
Amortization of regulatory deferrals T&D deferral and SIR	(62,520)	-	-	(62,520)
Amortization of regulatory deferrals - all other (net credit)	40,476	74,857	-	115,333
Total operating revenues	8,108,824	89,284	-	8,198,108
Operating expense				
Fuel & purchased power costs	1,830,194	-	-	1,830,194
Operations & maintenance expenses *	2,146,822	9,000	-	2,155,822
Depreciation	823,289	39,987	-	863,276
Taxes other than income taxes	1,568,003	(4,997)	-	1,563,006
Total operating expenses	6,368,308	43,990	-	6,412,298
Operating income before income taxes	1,740,516	45,294	-	1,785,810
New York State income taxes	89,308	(4,280)	-	85,028
Federal income tax	369,150	68,368	-	437,518
Utility operating income	$ 1,282,058	$ (18,794)	$ -	$ 1,263,264
Rate Base	$ 18,112,550	$ 168,978		$ 18,281,528
Rate of Return	7.08%			6.91%

* The Company will use reasonable efforts to expend in RY3 the amount reflected in O&M expense for inspections and repairs for RY2.

Consolidated Edison Company of New York, Inc.
Electric Case 13-E-0030 - One Year Extension
Average Electric Rate Base
For The Twelve Months Ending December 31, 2016
($000's)

	RY2	RY3	
	As Adjusted	Adjustments	As Adjusted
Electric Utility Plant			
Plant in Service	$25,837,735	$1,552,765	$27,390,500
Accumulated Reserve for Depreciation	(5,978,170)	(394,930)	(6,373,100)
Net Electric Utility Plant	19,859,565	1,157,835	21,017,400
Non-Interest Bearing CWIP	798,967	(123,962)	675,005
Working Capital	815,903	73,821	889,725
Unbilled Revenues	100,494	0	100,494
Deferred Fuel - Net of Tax	75,732	(6,321)	69,411
MTA Surtax - Net of Income Taxes	8,910	3,632	12,542
Unamortized Debt Discount/Premium/Expense	106,109	7,941	114,050
Unamortized Preferred Stock Expense	20,590	(771)	19,819
Preliminary Survey & Investigation Costs	1,832	753	2,585
FIT Interest Refund	1,506	(1,506)	0
Customer Advances for Construction	(706)	(2,836)	(3,542)
Amounts Billed in Advance of Construction	(5,182)	(832)	(6,014)
Regulatory Deferrals			
T&D Carrying Charge Deferral	28,440	(13,855)	14,585
Case 13-E-0030 Deferred Balances	25,930	(68,000)	(42,070)
Accumulated Deferred Income Taxes			
ADR / ACRS / MACRS Deductions	(2,357,535)	(276,913)	(2,634,448)
Repair Allowance	(452,958)	(302,075)	(755,033)
Change of Accounting Section 263A/SSCM Deduction	(383,818)	89,287	(294,531)
Amortization of Computer Software	(73,860)	33,438	(40,422)
Excess Deferred FIT	(140,668)	(13,617)	(154,285)
Excess Deferred SIT	(722)	(29,630)	(30,352)
Vested Vacation	12,345	(17,246)	(4,901)
Prepaid Insurance Expenses	(2,934)	3,088	154
Unbilled Revenues	103,870	(38,354)	65,516
Contributions In Aid of Construction	26,583	(3,688)	22,895
Deferred State MTA	(18,529)	1,778	(16,751)
Capitalized Interest	19,411	(10,702)	8,709
Repair & Maintenance Allowance (IRS Audits)	2,969	(2,969)	0
Call Premium	(10,333)	3,799	(6,534)
Deferred S.I.T. -- net of F.I.T.	(288,240)	(82,862)	(371,102)
Rate Base before EBCap Adjustment	18,273,672	379,233	18,652,905
Earnings Base Capitalization Adjustment	(161,123)	(210,254)	(371,377)
Total Electric Rate Base	$18,112,550	$168,979	$18,281,528

Consolidated Edison Company of New York, Inc.
Electric Case 13-E-0300 - One Year Extension
Average Capital Structure & Cost of Money
For The Twelve Months Ending December 31, 2016

	Capital Structure %	Cost Rate %	Cost of Capital %	Pre Tax Cost %
Long term debt	50.56%	5.09%	2.57%	2.57%
Customer deposits	1.44%	1.15%	0.02%	0.02%
Subtotal	52.00%		2.59%	2.59%
Common Equity	48.00%	9.00%	4.32%	7.11%
Total	100.00%		6.91%	9.70%

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Electric Case 13-E-0300 - One Year Extension
LONG TERM DEBT
Forecast - For The Twelve Months Ending December 31, 2016

CECONY		Issue Date	Maturity Date	Amount Outstanding	Original Issue Amount	Premium or Discount	Expense of Issuance	Net Proceeds	Cost of Debt	Effective Annual Cost
Debentures:										
2003 Series A	5.8750%	4/7/03	04/01/33	175,000,000	175,000,000	(1,022,000)	1,662,326	172,315,674	5.93%	10,370,728
2003 Series C	5.1000%	6/10/03	06/15/33	200,000,000	200,000,000	(336,000)	1,866,135	197,797,865	5.14%	10,273,404
2004 Series B	5.7000%	2/9/04	02/01/34	200,000,000	200,000,000	(538,000)	1,864,406	197,597,594	5.74%	11,480,080
2005 Series A	5.3000%	3/7/05	03/01/35	350,000,000	350,000,000	(1,193,500)	3,541,534	345,264,966	5.35%	18,707,634
2005 Series B	5.2500%	6/20/05	07/01/35	125,000,000	125,000,000	(731,250)	1,142,914	123,125,836	5.30%	6,624,972
2006 Series A	5.8500%	3/6/06	03/15/36	400,000,000	400,000,000	(60,000)	3,616,500	396,323,500	5.88%	23,522,550
2006 Series B	6.2000%	6/13/06	06/15/36	400,000,000	400,000,000	(756,000)	3,669,000	395,575,000	6.24%	24,947,500
2006 Series C	5.5000%	9/20/06	09/15/16	263,333,333	400,000,000	(1,540,000)	2,777,637	395,682,363	5.61%	15,689,166
2006 Series D	5.3000%	11/20/06	12/01/16	229,166,667	250,000,000	(710,000)	1,700,000	247,590,000	5.40%	12,368,750
2006 Series E	5.7000%	11/20/06	12/01/36	250,000,000	250,000,000	(712,500)	2,262,500	247,025,000	5.74%	14,349,167
2007 Series A	6.3000%	8/23/07	08/15/37	525,000,000	525,000,000	(2,924,250)	4,751,250	517,324,500	6.35%	33,330,850
2008 Series A	5.8500%	4/1/08	04/01/18	600,000,000	600,000,000	(264,000)	4,099,750	595,636,250	5.92%	35,536,375
2008 Series B	6.7500%	4/1/08	04/01/38	600,000,000	600,000,000	(1,758,000)	5,449,750	592,792,250	6.79%	40,740,258
2008 Series C	7.1250%	12/2/08	12/01/18	600,000,000	600,000,000	(2,148,000)	3,962,633	593,889,367	7.23%	43,361,083
2009 Series B	6.6500%	3/23/09	04/01/19	475,000,000	475,000,000	(693,500)	3,284,067	471,022,433	6.73%	31,965,257
2009 Series C	5.5000%	12/2/09	12/01/39	600,000,000	600,000,000	(2,268,000)	5,673,813	592,058,187	5.54%	33,284,727
2010 Series A	4.4500%	6/2/10	06/15/20	350,000,000	350,000,000	(759,500)	2,518,935	346,721,565	4.54%	15,902,843
2010 Series B	5.7000%	6/2/10	06/15/40	350,000,000	350,000,000	(1,701,000)	3,306,369	344,992,631	5.75%	20,116,912
2012 Series A	4.2000%	3/13/12	03/15/42	400,000,000	400,000,000	(1,424,000)	4,228,381	394,347,619	4.25%	16,968,413
2013 Series A	3.9500%	2/28/13	03/01/43	700,000,000	700,000,000	(4,872,000)	6,866,027	688,261,973	4.01%	28,041,288
2014 Series A	4.4500%	3/6/14	03/15/44	850,000,000	850,000,000	(714,000)	8,804,659	840,481,341	4.49%	38,142,289
2014 Series B	3.3000%	11/24/14	12/01/24	250,000,000	250,000,000	(867,500)	2,042,195	247,090,305	3.42%	8,540,970
2014 Series C	4.6250%	11/24/14	12/01/54	750,000,000	750,000,000	(1,912,500)	7,815,667	740,271,833	4.67%	35,011,772
2015 Series A	4.0000%	6/1/15	06/01/45	250,000,000	250,000,000	(1,050,000)	2,562,500	246,387,500	4.05%	10,120,417
2015 Series B	4.0000%	11/1/15	11/01/45	400,000,000	400,000,000	(1,680,000)	4,100,000	394,220,000	4.05%	16,192,667
2016 Series A	4.0000%	3/1/16	03/01/46	291,666,667	350,000,000	(1,316,000)	3,587,500	345,096,500	4.05%	11,802,675
2016 Series B	4.0000%	6/1/16	06/01/46	408,333,333	700,000,000	(2,632,000)	7,175,000	690,193,000	4.05%	16,524,025
2016 Series C	4.0000%	12/1/16	12/01/46	70,833,333	850,000,000	(3,196,000)	8,712,500	838,091,500	4.05%	2,868,413
				11,083,333,333	12,350,000,000	(39,779,500)	113,043,947	12,197,176,553	5.30%	567,001,544
Tax Exempt Debt Issue through New York State										
1999 Series A	VAR	7/10/01	05/01/34	292,700,000	292,700,000	-	4,577,677	288,122,323	2.68%	7,983,077
2010 Series A	VAR	11/9/10	06/01/36	224,600,000	224,600,000	-	4,803,976	219,796,024	1.56%	3,733,448
2001 Series B	VAR	10/18/01	10/01/36	98,000,000	98,000,000	-	1,169,324	96,830,676	2.68%	2,659,609
2004 Series A	VAR	1/22/04	01/01/39	98,325,000	98,325,000	-	1,534,332	96,790,668	2.68%	2,678,948
2004 Series B1	VAR	1/22/04	05/01/32	127,225,000	127,225,000	-	1,985,912	125,239,088	2.68%	3,480,555
2004 Series B2	VAR	1/22/04	10/01/35	19,750,000	19,750,000	-	307,066	19,442,934	2.68%	539,205
2004 Series C	VAR	11/5/04	11/01/39	99,000,000	99,000,000	-	1,834,951	97,165,049	1.58%	1,618,627
2005 Series A	VAR	5/19/05	06/01/39	126,300,000	126,300,000	-	1,842,329	124,457,671	1.58%	2,049,726
				1,085,900,000	1,085,900,000	-	18,055,567	1,067,844,433	2.28%	24,741,397
Subtotals				12,169,233,333	13,435,900,000	(39,779,500)	131,099,515	13,265,020,985	5.03%	611,742,941
Redemption of Preferred Stock										993,442
Unamortized Loss on Reacquired Debt Expense										6,965,014
Total CECONY				12,169,233,333					5.09%	619,701,397

Consolidated Edison Company of New York, Inc.
Case 13-E-0030 - One Year Extension
Calculation of Customer Credits to Offset RY3 Bill Impact and Revenue Requirement
For The Twelve Months Ending December 31, 2016
$ 000's

Approved by the Commission in Order approving the Joint Proposal in Case 13-E-0030		
Electric delivery service impact due to expiration of Temporary Credit (a)	$	47,776
Credits remaining at the end of RY2 as a result of levelizing RY1 & RY2 revenue requirements (a)		(30,012)
	$	17,764

Requires Commission approval in Order adopting the Joint Proposal in the one year extension to Case 13-E-0030		
Electric delivery service revenue requirement for RY3 (See Appendix 1, Page 1)	$	74,857
Remaining revenue requirement to be offset by customer credits (see above)		17,764
Electric revenue requirement to be offset by customer credits	$	92,621

(a) Consistent with the intent of the order approved by the Commission on February 21, 2014, the deferred over collections of $30.012 million are available to offset the $47.776 million. The remaining $17.764 million will be offset by a credit available from the Customer Portfolio Shared Earnings deferral of $17,440 million and a part of a credit available from the NYSIT Rate Change - Non-Plant Related (w/ gross-up) deferral of $0.324 million.

Consolidated Edison Company of New York, Inc.
Electric Rate Case 13-E-0030 - One Year Extension
Amortization of Regulatory Deferrals
For The Twelve Months Ending December 31, 2016
($000's)

	RY 3*	One Year Extension	Total Amortization
Regulatory Assets			
Superstorm Sandy Restoration	$ 81,368		$ 81,368
Pensions / OPEBS	27,789		27,789
Major Storm Charges	26,100		26,100
Medicare Part D	9,359		9,359
ERRP Spare Parts Maintenance	7,719		7,719
Smart Grid Demonstration Grant	3,280		3,280
TSC Revenue	3,198		3,198
Sale of SO2 Allowances	2,219		2,219
Nuclear Fuel Litigation	1,706		1,706
Reactive Power	1,200		1,200
263a Deferred Taxes	1,105		1,105
Interest - TSC Revenue	127		127
Emergency Demand Response / Demand Reduction Prog.	91		91
Gain on Sale of First Avenue Properties	17		17
Total Regulatory Assets Excluding SIR and T&D Deferral (a)	$ 165,278	$ -	$ 165,278
Regulatory Liabilities			
Property Tax Deferrals	88,146	32,271	120,417
Property Tax Refunds	31,282		31,282
Interest Rate True-Up (Auction Rate / LT Debt)	24,870		24,870
World Trade Center	17,512		17,512
Customer Cash Flow Benefits Bonus Depr	12,419		12,419
Carrying Charges (Net Plant Reconciliation)	5,474		5,474
Verizon Joint Use Poles	5,014		5,014
Customer Cash Flow Benefits Repair Allowance	4,425		4,425
Power for Jobs Tax Credit	3,498		3,498
Interference	2,576		2,576
Former Employee / Contractor Settlements	2,047		2,047
Electric Service Reliability Rate Adjustment	1,734		1,734
Preferred Stock Redemption Savings	1,680		1,680
Sale of Property - John Street	1,645		1,645
Carrying Cost - SIR Deferred Balances	1,227		1,227
Case 09-E-0428 Deferral	872		872
Energy Efficiency Program	398		398
DC Service Incentive	308		308
Reserve for "05-'08" Capital Expenditures	272		272
Targeted DSM	195		195
Electric - BIR Refunds	112		112
Furnace Dock Road Dam	50		50
Pensions / OPEBS		33,020	33,020
NYSIT Rate Change - Non-Plant Related (w/ gross-up)		9,566	9,566
Total Regulatory Liabilities (b)	$ 205,754	$ 74,857	$ 280,611
Subtotal (a - b)	$ (40,476)	$ (74,857)	$ (115,333)
SIR	43,075		43,075
T&D Deferral	19,445		19,445
SIR and T&D Regulatory Assets (c)	$ 62,520	$ -	$ 62,520
Net (credits) / debits (a - b + c)	$ 22,044	$ (74,857)	$ (52,813)

*Consistent with the RY2 level of amortization.

Consolidated Edison Company of New York
Electric Case 13-E-0030 - One Year Extension
Electric Delivery Volume and Delivery Revenue
For The Twelve Months Ending December 31, 2016

	Delivery Volume - GWHs Twelve Months ending December 31st
	2016*
Con Edison Customers	47,119
New York Power Authority	10,224
Recharge New York	745
Total Delivery Volumes	58,088

	Delivery Revenue at April 1, 2012 Rates - $000s Twelve Months ending December 31st
Non Competitive	2016*
Con Edison Customers**	$4,437,276
New York Power Authority	572,893
Recharge New York	36,681
Reactive Power	$1,045
Total Delivery Revenues	$5,047,895
Competitive	
Billing & Payment Processing	$34,655
Metering	17,794
Merchant Function Charge	67,340
Sub Total Competitive Delivery Revenues	$119,789
Total Delivery Revenues	$5,167,684

* Reflects RY2 Volumne and Revenues, except Merchant Function Charge
** Excludes Low Income Discounts

Consolidated Edison Company of New York, Inc.

Electric Case 13-E-0030 - One Year Extension

Other Operating Revenues

($000's)

		RY2 12 months ending 12/31/2015	RY3 Adjustments	RY3 12 months ending 12/31/2016
1	TCC Credits	$ 90,000	$ -	$ 90,000
2	Late Payment Charges	30,370	2,380	32,750
3	POR Discount	30,061	7,081	37,142
4	Rent from Electric Property	17,908	270	18,178
5	Interdepartmental Rents	16,463	31	16,494
6	Miscellaneous Service Revenues	14,762	1,437	16,199
7	Transmission of Energy	8,765	-	8,765
8	Transmission Service Revenues	7,000	-	7,000
9	Excess Distribution Facilities	3,382	274	3,656
10	Reserve for "05-'08" Capital Expenditures	3,089	(100)	2,989
11	Maintenance of Interconnection Facilities	2,402	(119)	2,283
12	The Learning Center Services	766	(119)	647
13	Facility Fees - KeySpan & NRG	741	(29)	712
14	ESCO Fees	525	(496)	29
15	AreaWide Contract Fees	87	(31)	56
16	Substation Operation Services	56	(12)	44
17	Dishonored Check Fees	39	(39)	-
18	NYSERDA on-bill recovery financing program	-	6	6
19	KeySpan and Entergy Credits	(951)	534	(417)
		$ 225,465	$ 11,068	$ 236,533

Consolidated Edison Company of New York, Inc.
Case 13-E-0030 - One-Year Extension
Electric True Up Targets
For The Twelve Months Ending December 31, 2016
$ 000's

	Twelve Months Ending December 31,			
Revenue True-ups	2015	RY3 Change	One-Year Extension 2016	
Proceeds from Sales of TCCs	$ 90,000	$ -	$ 90,000	
Transmission Service Charges	7,000	-	7,000	
Transmission of Energy	8,765	-	8,765	
Environmental Allowances (SO2)*	-	-	-	
Expense True-ups				
Municipal Infrastructure Support				
Interference - excl. Company labor (80/20 True up)	86,575	-	86,575	
Property Tax Expense (90/10 True up)				
New York City	$ 1,130,594		$ 1,130,594	
Upstate and Westchester	121,094		$ 121,094	
Total Property Taxes	1,251,688	-	1,251,688	
Employee Pensions	291,417	-	291,417	
Other Post Employment Benefits	6,933	-	6,933	
Pension / OPEB Expense Before SRIP Adjustment	298,350	-	298,350	
SRIP Adjustment	(4,315)	-	(4,315)	
Net Pension / OPEB Expense Rate Allowance	294,035	-	294,035	
Storm Reserve	21,427	-	21,427	
Management Variable Pay (Net of Capitalized)	24,119	-	24,119	
ERRP - Major Maintenance	7,159	-	7,159	
NEIL Insurance*	-	-	-	
Interest True-Ups (page 2)				
Average Variable Rate	1.11%	1.11%	2.22%	**
Variable Rate Debt Cost	13,260,220	9,175,480	22,435,700	**
Corporate Income Tax				
Brownfield Tax Credits*	-	-	-	

Note

* The Company will defer for the benefit of customers all SO_2 allowances, NEIL Dividends, and Brownfield Tax Credits received during the term of the plan.

** Excludes amortization of debt issuance costs.

Consolidated Company of New York, Inc.
Electric Case 13-E-0030 - One Year Extension
For the Twelve Months Ending December 31, 2016
Variable Rate Debt

Bond	Maturity Date	Amount Outstanding	2016 Effective Cost of Money		2016 Effective Annual Cost	
1999 Series A	05/01/34	292,700,000	2.68%		7,844,360	
2010 Series A	06/01/36	224,600,000	1.58%		3,548,680	
2001 Series B	10/01/36	98,000,000	2.68%		2,626,400	
2004 Series A	01/01/39	98,325,000	2.68%		2,635,110	
2004 Series B1	05/01/32	127,225,000	2.68%		3,409,630	
2004 Series B2	10/01/35	19,750,000	2.68%		529,300	
2004 Series C	11/01/39	99,000,000	1.58%		1,564,200	
2005 Series A	05/01/39	126,300,000	1.58%		1,995,540	
		1,085,900,000	2.22%	b	24,153,220	
		Credit support costs			5,445,335	a
		Total costs			$ 29,598,555	
		Allocation to Electric*			75.8%	
		Electric Target			$ 22,435,700	b

* Interest costs will be allocated monthly based on the ratio of actual electric, gas and steam plant to total plant.

Net Utility Plant (Electric)	$ 19,859,565	
Total Net Utility Plant	$ 26,202,751	
Elec Allocation	75.8%	a

a. Consistent with the amount/percentage used in RY2.
b. Excludes amortization of debt issuance costs.

Consolidated Edison Company of New York, Inc.
Electric Case 13-E-0030 - One Year Extension
Electric True Up Targets
For The Twelve Months Ending December 31, 2016
$ 000's

Average Plant In Service Balances	**Target**			
RY 3	BOOK COST OF PLANT	ACCRUED DEPRECIATION	DEPRECIATION REMOVAL COST	NET PLANT EXCLUDING REMOVAL COST
Other (Production and Shared Services)	2,877,732	(779,419)	(29,248)	2,069,065
T&D - Interference	181,960	3,799	(14,331)	171,429
- Reliability	900,954	9,201	(53,143)	857,012
- All other	22,775,686	(5,692,681)	(182,352)	16,900,654
Storm Hardening	273,444	567	(5,880)	268,132
Total	27,009,777	(6,458,532)	(284,953)	20,266,291

Consolidated Edison Company of New York, Inc.
Case 13-E-0030 - One Year Extension
Carrying Charge Rates
For The Twelve Months Ending December 31, 2016

	T&D and Inference Plant	Production Plant	General Plant
Pre Tax Overall Rate of Return	9.700%	9.700%	9.700%
Composite Book Depreciation Rate*	2.810%	4.760%	7.200%
Total Carrying Charge Rate	12.510%	14.460%	16.900%

* Rate is consistent with RY1 and RY2.

Consolidated Edison Company of New York, Inc.
Electric Case 13-E-0030 - One Year Extension
Electric Capital Expenditures
For The Twelve Months Ending December 31, 2016
$ 000's

Category		Rate Year 3
Other (Production and Shared Services)	$	279,305
T&D - Interference		92,589
- Reliability		504,943
- All other		648,161
Storm Hardening		342,590
Total	$	1,867,589

Appendix 29

ADDENDUM TO JOINT PROPOSAL REGARDING EXTENSION OF ELECTRIC RATE PLAN
Case 13-E-0030

New Section G.1.g.3.a.:

Process for Measurement of Performance for the Standby Performance Credit

Summer 2015:

For the 2015 measurement period, all customers will submit their generator output meter data to the Company in a spreadsheet using the template that will be provided by the Company by June 1, 2015. Spreadsheet content will generally include customer identifying data and 15-minute interval data from the generator meter for the entire measurement period (June 15-September 15). To participate in 2015, the customer will, by October 1, 2015, send to DGExpert@coned.com:

i. A one-line drawing of the generator output metering setup; and
ii. Certification that the generator facility meter(s) meets ANSI C12 standards for accuracy and that the device has been tested and calibrated by the manufacturer.

To be considered for summer 2015, the customer will, by October 1, 2015:

i. Request the standby credit in an email to DGExpert@coned.com and specify the outage events to be excluded from the measurement period; and
ii. Provide a spreadsheet using the template containing 15-minute interval data for the summer to DGExpert@coned.com. A Meter Data Service Provider (MDSP) from a NYPSC pre-approved list must (1) certify that the data submitted was recorded by the meter device(s) depicted in the one-line drawing and not altered, and (2) validate the accuracy of the data.

Summer 2016:

For the 2016 and subsequent measurement periods, all participating customers must meet all of the requirements set forth in Section G.1.g.3 of the Joint Proposal Regarding Extension of Electric Rate Plan, including both metering and telecommunications.

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

Amendments to Schedule P.S.C. No. 10 – Electricity

First Revised Leaves Nos. 56, 77, 136, 139, 142, 373.1
Second Revised Leaves Nos. 37, 78, 79, 154, 193, 196, 199, 200, 343.1, 347
Third Revised Leaves Nos. 121, 122, 126, 167, 171, 201, 337, 338, 344, 346, 352, 358, 389.1, 452.1, 453.1, 459.4, 466
Fourth Revised Leaves Nos. 3, 119, 157, 157.4, 336
Fifth Revised Leaves Nos. 95, 395
Sixth Revised Leaves Nos. 181, 192, 389, 398, 406, 408, 409, 410, 416, 432, 435, 437, 438, 439, 449, 451, 452, 453, 463, 479, 480, 483, 485, 486, 487, 488, 495, 496
Seventh Revised Leaves Nos. 388, 397, 445
Twelfth Revised Leaf No. 351

Addendum NEG No. 2 (Individually Negotiated Contract)

Supplement Nos. 20 and 21

Amendments to Schedule P.S.C. No. 12 – Electricity

First Revised Leaves Nos. 27, 29
Second Revised Leaves Nos. 24, 25, 26
Sixth Revised Leaves Nos. 4, 5, 6, 7, 8, 9, 10
Seventh Revised Leaf No. 22
Eighth Revised Leaf No. 14

Supplement Nos. 12 and 13