

March 13, 2018

**VIA ELECTRONIC FILING**

Hon. Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: Case No. 15-E-0751—In the Matter of the Value of Distributed Energy Resources  
Case No. 17-01277—In the Matter of the Value of Distributed Energy Resources Working  
Group Regarding Rate Design

Dear Secretary Burgess:

At the March 6, 2018 Value of Distributed Energy Resources (“VDER”) Rate Design Working Group meeting, Department of Public Service Staff indicated that parties will be provided the right to submit questions regarding utility electric cost of service methodologies within five (5) business days of March 6, 2018, pursuant to the “VDER Value Stack and Rate Design Working Group Process and 2018 Schedule,” published on December 22, 2017 and updated on February 6, 2018.

Pace Energy and Climate Center (“Pace”) submits the following information requests to each of the utilities participating as “Joint Utilities” (Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation) for filing in the above-referenced matters, in furtherance of developing a full record in the proceedings on the issues of rate design and electric cost of service methodologies.

Pace requests that responses be provided no later than ten (10) days from the filing of these questions. If any individual utility is unable to provide a response within 10 days, Pace requests that that utility inform Pace as to the time frame within which it anticipates it will provide a response.

Unless otherwise indicated below, the questions are directed at each utility individually, and Pace requests that all spreadsheets and work papers be provided in Excel format with all formulas enabled.

Sincerely,



Radina Valova  
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Case 15-E-0751 – In the Matter of the Value of Distributed Energy Resources  
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Regarding Rate Design

**Request for Information**

**Requesting Party:** Pace  
**To:** Joint Utilities  
(Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation)  
**Request No.:** JRP-1  
**Date of Request:** March 13, 2018  
**Response Due Date:** March 23, 2018  
**Subject:** General

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1. Does the Company assert that economic efficiency is enhanced on a Company or societal basis when fixed costs are recovered using fixed charges? If yes, please provide citations to any authorities that support this assertion. Please explain how the Company reflects its position in its cost of service approaches.
2. Please provide spreadsheets and data associated with the presentation to the VDER meeting on March 6, 2018.
3. Please provide spreadsheets for all data associated with the cost of service and rate design for all current mass market customer rates.

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**To:** Joint Utilities  
(Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation)  
**Request No.:** JRP-2  
**Date of Request:** March 13, 2018  
**Response Due Date:** March 23, 2018  
**Subject:** Marginal Cost Recovery

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1. Does the Company assert that its current mass market rates do or do not collect marginal costs for serving customers in the mass market classes? Please explain and provide documentation, including the marginal costs for each rate component of service and for each mass market rate classification.
2. Please provide an explanation of the sources of marginal costs recovered in mass market rates.

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**Request for Information**

**Requesting Party:** Pace  
**To:** Joint Utilities  
(Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation)  
**Request No.:** JRP-3  
**Date of Request:** March 13, 2018  
**Response Due Date:** March 23, 2018  
**Subject:** Cost of Service Methodology

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1. Please provide a detailed explanation of the cost of service methodology used by the Company in establishing mass market rates.
2. Please describe and numerically display the methodologies used for determining the classification and functionalization of costs in the cost of service study.
3. Please explain why the Company is using the methodology or methodologies that it is currently uses for each aspect of the ECOSS that the Company uses.
4. If the Company uses any form of minimum system, zero-intercept, zero-load, or other similar methodology, please provide a detailed description of the method. Please provide any citations or authorities supporting the selected method, and the reason for rejecting alternative methods.
5. Please provide a detailed list of the types and levels of costs that are: (1) included in costs that are classified as customer costs, (2) included in demand-related costs, and (3) included in energy-related costs in the cost of service study.
6. Please describe the Company's preferred cost of service methodologies. Please explain how the methods currently in use differ from the preferred approach. Please detail the cost and rate consequences of any deviation between the preferred method and the currently used methods. Please detail the Company's plans to change the methodologies that it currently uses in future rate proceedings.
7. Please detail the actual incremental costs the Company incurs to connect a new customer or initiate new customer service in each mass market rate class.
8. Please detail the costs that the Company would allocate to the customer cost category if the Company used a "Basic Customer Cost" methodology.

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**To:** Joint Utilities  
(Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation)  
**Request No.:** JRP-4  
**Date of Request:** March 13, 2018  
**Response Due Date:** March 23, 2018  
**Subject:** Cost Allocation

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1. Please explain what cost allocation methods (i.e., coincident or non-coincident peak, and number of peak hours, months per year) the Company uses for each of the cost components of mass market rates. Please explain how these allocation methods operate to determine the revenue requirement associated with each component of each mass market rate. For example, if Cost “A” is allocated according to class NCP, please show the basis for calculating the class NCP, the costs to be allocated and their source, the calculations applying the allocator to the costs, and the resulting addition to the class revenue requirement.) Please provide electronic (Excel) tables with formulas intact for this information.
2. Please provide a detailed explanation and citations to authorities for each cost allocation method used in the Company’s mass market rates. Please explain how these authorities support the use of the particular allocation method for that cost or category of costs.

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**To:** Joint Utilities  
(Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation)  
**Request No.:** JRP-5  
**Date of Request:** March 13, 2018  
**Response Due Date:** March 23, 2018  
**Subject:** Rate Design

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1. Does the Company agree with the content of the Brattle Group presentation that was discussed in the March 6, 2018 meeting? If there are any aspects of the presentation that the Company does not agree with, please identify them.
2. Does the Company agree with the statement of Dr. Faruqui that all policy matters (such as low income customer support or incentives for DG systems) should be excluded from rate design considerations? Would the Company support policy changes such as an increased and permanent ITC for solar and “e-stamps” to help reduce the energy burden on low-income customers if these aspects were removed from rate design?
3. If the Company proposes a rate design that generally conforms with the Brattle Group recommendations (i.e. a three-part rate for mass-market customers), please describe the following aspects of the rate design:
  - a. What costs (e.g. primary distribution, secondary distribution, transformers, etc) will be recovered through the demand charge?
  - b. Will demand be measured based on NCP or CP? If based on CP, will it be based on the system (ISO) CP, the utility-specific CP, the zonal CP, the class CP, or some other measure?
  - c. What is the duration of the demand interval that would be used (i.e. 15 minute, 60 minute, etc)?
  - d. Will there be any time of use demand charges? If so, what will be the methodology for determining the peak seasons/days/hours?
  - e. For customers served by the Company under a standard offer service tariff, will any of the supply costs be recovered through demand charges? If so, please describe the demand rate structure for supply costs and whether it differs from the demand rate structure for T&D costs.

4. If a customer whose previous highest individual peak demand was 10 kW hits a new highest individual monthly peak demand of 12 kW at a time when neither the system nor the class is peaking, what equipment must be added to serve this incremental peak demand? If no equipment must be added, what are the incremental costs associated with serving the additional 2 kW of customer peak demand?
5. What steps would the Company take to educate mass-market customers that would be subject to the three-part rate?
6. Does the Company believe that pilots or actions described on page 45 of the Brattle presentation should be performed before implementing mass-market three-part rates for NEM customers on January 1, 2020? Does the Company believe that there is sufficient time to design, implement, and learn from these pilots by January 1, 2020?
7. Slide 42 of the Brattle presentation shows that energy usage for medium and large customers increased by 0.8% and 2.1%, respectively, under the residential demand charge tariff compared to the flat rate. Does this increase in energy usage from this rate design concern the Company?
8. Will each of the Companies have metering infrastructure and billing systems in place that will:
  - a. Allow NEM customers to see the date and time of their peak usage in their monthly bill by January 1, 2020?
  - b. Allow all mass-market customers to see this value by January 1, 2020?
  - c. If the answer to either part (a) or part (b) is no, please indicate when the necessary metering and billing infrastructure will be operational for NEM and all mass-market customers to be able to receive this value on their monthly bill.