

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to DPS Interrogatories – Set DPS13
Date of Response: 06/23/2008
Responding Witness: Rate Panel

Question No. :202

Subject: Reactive Power Charges - Provide confirmation that reactive power charges only exist in the Company's SC-14 RA Standby Service tariffs. Provide workpapers on the development of the Reactive Power Demand Charge of \$0.31 per kilovar per month that is contained in the SC-14 RA Standby Service tariff. Has the Company considered adding a power factor adjustment charge to other service classes? Explain why the Company has or has not considered adding a power factor adjustment charge to other service classes. How would the Company develop a power factor adjustment charge for its other service classes? What data and information would be necessary? Does the Company have the necessary data to develop such a charge? Provide copies of any studies that the Company has performed that have included an estimate of the reactive power losses on its transmission and distribution system.

Response:

1. Reactive power charges also exist in SC 11 - Buy-back service.
2. The Company issued a filing on March 7, 1989 to, among other things, charge for reactive power for induction-type generation equipment. The Company's March 1989 filing letter states, "The proposed reactive power demand charge is based on the cost of installing capacitors, which is the principal additional cost the Company incurs in supplying reactive power to induction-type generators. The average installation cost of a capacitor is \$18.50 per kilovar. Using a thirty-six percent carrying charge rate, the annual cost is \$6.66 per kilovar or about \$0.50 per kilovar per month."

The reactive power demand charge was first implemented effective June 22, 1989, pursuant to Special Permission Order EL-2291 dated June 13, 1989. As indicated in that Order, The PSC approved the tariff amendments filed by the Company on March 8, 1989, with the exception of the \$0.50 per kVar per month charge. The Order indicates that the calculation of the charge was in error and the Company agreed to lower the charge to \$0.25, the amount approved by the Commission. Subsequently, the reactive power demand charge has been increased in rate case proceedings based on the Con Ed and NYPA average increases.

3. Con Edison's reactive power charge applies only to induction generation equipment. The charge is applied on induction generation equipment used both by customers billed for standby service under standby service rates and customers billed for standby service under firm rates (i.e., under the firm-rate option). The Company does not assess a reactive power demand charge on induction generation equipment billed under net metering, because Public Service Law Section 66-h prohibits the assessment of charges that would not otherwise be applicable if the customer did not have on-site generation.

4. As indicated in the joint reply brief of Con Edison and O&R, dated April 18, 2008, in the proceeding in Case 07-M-0548, "Energy Efficiency Portfolio Standard," the Companies would be willing to develop a scope of work for a study of both transmission and distribution losses and provide it to Staff within 90 days of a Commission order in that Case. The scope of work would set forth a timeline for completion and the need for any incremental cost recovery for consultants. Such a study would probably have to be performed in two phases - one to determine the areas of potential improvement and the second to determine the cost-effectiveness of such improvements. One point of study could be the consideration of a power factor adjustment charge for other service classes.

5. We are unaware of any Company studies of reactive power losses on our transmission or distribution system.

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Pages 3 to 115 of Exhibit__(MLP-1)

Company Response to Information Request DPS-433

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Pages 116 to 117 of Exhibit__(MLP-1)

Company Response to Information Request DPS-460

Company Name: Con Edison
Case Description:
Case: 08-E-0539

Response to DPS Interrogatories – Set DPS30
Date of Response: 08/01/2008
Responding Witness:

Question No. :462

Subject: Service Connections: a) Provide copies of any corporate instructions, operating procedures or tariffs related to how the Company determines whether a large campus-like development will be served with one service or multiple services. b) What are the factors that impact this determination? c) Does the determination include any type of cost benefit analysis? If yes, describe that analysis. If not, what parameters could be used to perform such an analysis?

Response:

a) The Company's tariff obligation is to provide service "to each building or premises through a single service line." General Rule III.3.(B)(1), second unnumbered paragraph. Exceptions to this service arrangement, listed in the tariff, are based on Company engineering considerations. See attached Schedule for Electricity, P.S.C. No. 9 – Electricity, Fifth Revised Leaf No. 27. This is consistent with the Company's obligations under the Transportation Corporations Law §12 and the Public Service Commission's regulations, 16 NYCRR Part 98.

b) Factors bearing on this determination include whether there is a single entity responsible for development of the parcel, whether a single entity owns the buildings on the parcel, whether the buildings are interconnected (for example, have a common basement), and whether the buildings share necessary systems or services (for example, hot water or heating from a central plant). The Company's right to provide more than one service connection under one of the conditions stated on Leaf 27 may override one or more of these factors.

c) No. As to what parameters could be used to perform a cost benefit analysis, the Company installs facilities to meet its service obligations. Electric service is supplied to each building or premises through a single service line, except where, for reasons of Company economy, conditions on the Company's distribution system, improvement of service conditions, or magnitude of the Customer's load, the Company elects to install more than one service line. In addition, installing a single service in lieu of multiple service lines should also result in lower ongoing maintenance costs. See also response to DPS29-433 (e)-(h).