

STATE OF NEW YORK

# Public Service Commission

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14013/13-E-0030;13-G-0031;13-M-0376;13-M-0040;09-E-0428

## **PSC APPROVES NEW RATES FOR CON EDISON**

**— No Increase in Residential Delivery Charges for 2-3 Years; \$1B for Storm-Hardening —**

Albany, NY – 02/20/14 – The New York State Public Service Commission (Commission) today adopted a two-year electric rate plan and three-year natural gas and steam rate plans for Consolidated Edison Company of New York, Inc. (Con Edison) that keeps flat the charges paid by customers for delivery service.

The electric rate plan adopted by the Commission will keep delivery charges for residential and small commercial customers virtually unchanged from such charges paid in 2013 for the next two years; meanwhile, delivery charges paid by gas and steam customers will remain virtually unchanged for the next three years.

The adopted multi-year, rate-stabilizing agreement is far better for customers than what Con Edison had proposed. Con Edison had requested approval of an 8 percent increase (\$417.6 million) to electric delivery revenues, a 2.5 percent (\$27.3 million) increase to gas delivery revenues, and a 2.3 percent (\$7.9 million) increase to steam delivery revenues effective January 2014, among other things. Additionally, Con Edison could have returned to the Commission for approval of further rate increases to be effective January 2015.

“This represents the best of two worlds,” said Commission Chair Audrey Zibelman. “We are keeping average base delivery charges flat, while Con Edison will be making significant investments to improve grid resiliency and to improve service to all customers: electric, gas and

steam. The improvements that will be made will yield significant benefits for many years to come.”

In addition to stabilizing delivery charges to customers, other benefits for customers include:

- Improving and increasing the discounts associated with the electric and gas low-income programs;
- Ensuring quicker reconnections of residential electric service by providing the company resources to expand its capability to reconnect most customers the same day they are eligible for service reconnection;
- A new business incentive rate program to assist small businesses recovering from the effects of Superstorm Sandy;
- Strengthening performance measure metrics for customer service;
- Strengthening performance measure metrics for electric reliability; and
- Expanding performance measure metrics for gas safety violations.

In recognition of the impact climate change is having on Con Edison’s energy distribution systems in New York City and Westchester County, Con Edison is investing \$1 billion over a four-year period to harden and make more resilient its electric, gas and steam systems. The Commission’s decision also creates a process to potentially fund other approved storm hardening and resiliency collaborative proposals developed during the term of the rate plans.

The Commission is also significantly increasing the amount of leak-prone pipe to be replaced, and expanding the program to include replacement of leak-prone pipes in flood zones. It is also requiring a study on ways to reduce the amount of methane, a greenhouse gas that leaks from the gas distribution system.

The new electric rate plan advances cleaner fuels and new technologies to enhance efficiency and reliability. Con Edison will study the feasibility and cost-effectiveness of expanding the use of microgrid systems, which are small-scale versions of the centralized electricity system designed to achieve specific local goals, such as reliability, carbon emission reduction,

diversification of energy sources, and cost reduction. Con Edison will also be required to improve and expand its oil-to-gas conversion program.

In addition to providing much-valued delivery bill stability, spreading out of revenue collections in this manner results in a \$30.1 million credit to electric customers that will be available at the end of the two-year rate plan, which will be used to offset rates in the future.

Pursuant to the agreement, in the event the company does not file for new electric rates to be effective on January 1, 2016, electric delivery charges would increase 0.41 percent over current levels on a total bill basis, followed by no further rate increases, until the company seeks and gains approval for new rates. The Commission determined today that it would apply the \$30.1 million credit and reduce the potential increase to 0.15 percent absent a rate filing by Con Edison.

Meanwhile, the three-year gas rate plan spreads out collections so that they are equal to current revenues for three entire years. In addition to providing delivery bill stability, a \$32.3 million customer credit will be available at the end of the the three-year rate plan. After staying flat for three years, gas delivery charges would increase 2.16 percent over the current level on a total bill basis in 2017, and then remain at that level until the company seeks and gains approval for new rates. The Commission determined today that it would apply the \$32.3 million credit and reduce the potential increase to 0.45 percent absent a rate filing by Con Edison.

For the three-year steam rate plan, delivery bills will hold to the current level, and will result in a \$8.2 million customer credit being available at the end of the three-year rate plan. At the end of the agreement, steam delivery charges paid by customers would rise 2.66 percent on a total bill basis, and then remain at that level until the company seeks and gains approval for new rates. The Commission determined today that it would apply the \$8.2 million credit and reduce the potential increase to 1.43 percent absent a rate filing by Con Edison.

Con Edison's last electric major rate order was issued March 26, 2010 and established a three-year electric rate plan through March 31, 2013. Con Edison's last gas and steam major rate order was issued September 22, 2010 and established three-year gas and steam rate plans through September 30, 2013.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Numbers 13-E-0030, 13-G-0031, 13-S-0032, 13-M-0376, 13-M-0040, and 09-E-0428 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.