

Consumer Power Advocates

Columbia University Medical Center
Fordham University
Memorial Sloan Kettering Cancer Center
Montefiore Medical Center

Mount Sinai Health System
New York Presbyterian Hospital
New York University
NYU Langone Medical Center

January 9, 2014

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

RE: Cases 13-E-0030, 13-G-0031 & 13-S-0032
Con Edison Electric, Gas and Steam Rates

Dear Secretary Burgess:

Statement In Support of the Joint Proposal

On December 31, 2013, Consumer Power Advocates (“CPA”) along with Consolidated Edison (“the Company”) and other interested parties filed a Joint Proposal (“JP”) to establish rates and other terms of service covering the two year period ending December 31, 2015 for electric service, and for the three year period ending December 31, 2016 for gas and steam services. CPA believes the JP addresses the concerns of both the Company and its customers as expressed during the extensive series of negotiating sessions. Many complex issues, including several of great importance to our members, were resolved in this process. It is our judgment that any decision resulting from a process of litigation would likely come to an inferior resolution of first year issues, without the added benefits accruing from a multi-year settlement. In reaching this result, CPA compromised on many issues of importance to our members, and our support is premised on the acceptance of all of its terms and conditions. Taken in its entirety, we believe the JP is far superior to the uncertain result of a litigated decision.

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The overall amount of rate relief is reasonable and adequate to maintain the Company's strong financial position, while still providing for reasonable bill impacts for all customers. We believe that the Company has accepted significantly reduced revenue in exchange for the reduced risk provided by the two and three year rate plans. Moreover, we believe that this reduced risk provides financial stability to the Company.

The electric rate stability provided by the JP is of particular importance to our members, as is the realignment of rates to more accurately reflect costs. As in past cases, the quantification of the cost of service was a contentious issue in this case. The JP resolves these issues, and allows significant mitigation for several customer classes, without abandoning the principles of cost based rates. In fact, it strengthens the signatories' commitment to objective cost based ratemaking by requiring increased transparency for cost studies in future cases.

The JP resolves interruptible service issues fairly. The large increase originally proposed for certain interruptible rates would have caused burdensome increases for our members who operate large boiler plants. The risk, however small, that the Commission would have accepted those increases is an important reason for our support of the JP. Moreover, the JP provides for earlier notice of supply interruptions, an important benefit for boiler operators. It continues the use of temperature controlled interruptions for existing customers, and allows new interruptible customers flexibility in financing required for new distribution facilities.

The JP also addresses power quality issues. It requires the Company to spend up to \$3 million annually for fuse replacement and/or other fault current mitigation provided by the operators of distributed generation, and requires the Company to conduct a study on the effects of voltage reductions on sensitive customer equipment, specifically including medical equipment.

The JP includes an increase in the allocation of power available for bio-medical research in non-profit institutions under Rider J, the Business Incentive Rate ("BIR"), to insure

that adequate low cost power will be available to support this important part of New York City's economy. From the perspective of CPA, this resolution is equal or superior to the outcome resulting from litigation in the past. The extension of the BIR program to small business customers affected by Superstorm Sandy will aid the recovery effort, and is particularly welcomed by our members who are located in some of the neighborhoods most devastated by that event.

The JP benefits all New Yorkers by implementing storm hardening/resiliency projects and programs proposed by the Company, and provides for the possibility for additional projects and programs to be implemented during the term of the rate plans that may be developed through the Storm Hardening and Resiliency Collaborative.

Other important provisions of the JP include enhancements to various safety and reliability performance incentive mechanisms, the acceleration of the replacement of leak prone gas pipe, and the development of a microgrid pilot project. Few of these were likely to be part of a litigated resolution on this case, in our judgment.

The JP accomplishes all the above benefits while also providing for enhanced low income customer protections, including continued rate discounts and improved reconnection procedures.

For all of the above reasons, CPA urges the Commission to approve the Joint Proposal in its entirety.

Respectfully submitted,

Catherine Luthin

Executive Director