Consumer Power Advocates

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Via e-mail: secretary@dps.ny.gov

March 12, 2012

Hon. Jaclyn A. Brilling
Secretary
Public Service Commission
3 Empire Plaza
Albany, New York 12223

Re: Case 12-E-0008: Consolidated Edison Electric Rates: Disposition of certain customer credits

Dear Ms. Brilling,

Consumer Power Advocates (CPA) has previously responded to the Commission's January 24, 2012 Notice Soliciting Comments in the above captioned case requesting comments as to whether the Commission should use all or a portion certain deferred credits to offset all or a portion of the $133.5 million temporary surcharge scheduled to take effect on April 1, 2012. Please accept these further comments in response to the comments of Consolidated Edison (Con Ed) filed on February 17.

The Company disputes the total value of credits available for rate mitigation, and recommends that only credits in the Other Credits category be used to mitigate customer bills during the current rate plan. This is too restrictive. Staff's consideration of the various deferrals and reconciliations shows some $245 million of credits owed customers. The greatest differences between Staff and the Company regarding the total value of credits are caused by the Company's inclusion of Environmental Remediation deferrals, for which ratemaking treatment has been determined, and the by the inclusion of the balance of the deferred rate increase which is the subject of this case. Nevertheless, the Company's own Attachment A shows that there are sufficient credits available to offset the entire $133 million temporary surcharge, without harm to the Company's balance sheet.

The Company goes on to argue that carrying the remaining credits on its books for another year is in customers' interest by "… minimizing electric rate and bill levels and volatility over a longer period of

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time…" While CPA cannot speak for all customers, we do speak for some, and we disagree with the Company. The Company's own position that $52.5 million be used to reduce rates during the summer period would in fact maximize the volatility effect of that refund during the critical summer months. The Company also states its intent to avoid a delivery rate increase when the current Rate Plan expires. In that case, the Company is proposing a large increase followed by a rate freeze, when in fact from a customer perspective a moderate increase followed by an even more moderate increase is preferable. In any event, the Commission has broad authority manage the recovery of costs over time, even in the context of a one-year litigated rate decision. Of course, the opportunities to levelize costs and rates in a multi-year rate plan are even greater. The Company's putative concern for the interests of ratepayers misguided here, and apparently not based on any discussion of the issues with actual customers.

Finally, the Company notices a press release by Deutsche Bank (Attachment B), which characterized the NOPR in this case as "...a negative development...", and goes on to express its fear that a Commission decision reducing the temporary surcharge "…could prompt a greater and more substantial response from the financial community." Deutsche Bank's full statement was:

> *"While we view this as a negative development for ED [Con Ed], we note that a lower rate increase under the plan would only negatively impact cash flow. Apart from a potential impact from higher financing costs, a result of reduced cash flow, ED's earnings would not be impacted materially."*

The financial community reacts to many Commission decisions.   There is no reason to believe that this decision, which does not materially impact earnings, would have unmanageable consequences in the financial markets.

Thank you for this opportunity to respond.

Very truly yours,

Catherine M. Luthin

Executive Director