

# CONSUMER POWER ADVOCATES

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June 17, 2002

## STATE OF NEW YORK PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission )  
In the Matter of Consolidated Edison )  
Company )  
Of New York, Inc.'s Plans for Electric Rate ) Case 00-E-1208  
Restructuring With Respect to Service )  
Provided )  
In Westchester County.

### STATEMENT OF POSITION: CONSUMER POWER ADVOCATES

Consumer Power Advocates, ("CPA"), a party to the above-referenced proceedings, is an association of institutional, commercial and industrial organizations, including many of Consolidated Edison Company of New York, Inc.'s ("Con Ed") largest customers. The objective of the Consumer Power Advocates is to lower its members energy costs. At present, our membership represents over 82,000 jobs in New York City and a total peak load of over 1,000 MW within the Consolidated Edison service territory. Pursuant to the Notice Soliciting Comments, issued April 17, 2002, CPA would like to formally support the City of New York's position on the above referenced case concerning the County of Westchester's proposal to modify the manner by which Con Edison allocates its' monthly adjustment clause or "MAC".

As an aggressive consumer representative and an active member of the New York Independent System Operator, we are particularly concerned that the position presented by the County of Westchester effectively places customers located in different areas of the same service territory in opposition of each other based on differentials in early market prices resulting from the infant stages of electric deregulation that is far from its final phase. The current state of deregulated energy markets is worsening the struggles currently facing our membership. The recession economy and resulting impact on electricity demand have not fundamentally changed New York's need for additional power generation. Within the State of New York, the principles of supply and demand are clearly at work. Strict permitting and emissions policy for new generating projects coupled with the kind of price sensitive economics that typically accompany such projects, have created time lags and outright cancellations that exacerbate upward pressure on power pricing.

The Consumer Power Advocates position fully supports the current MAC allocation methodology, designed to ensure that full service rates throughout the entire Con Edison territory are fair. We oppose the position of the County of Westchester to change this methodology in such a way that will negatively impact the City's economy, jobs, and citizens. We concur with the City of New York's assessment that Westchester is supporting its argument based solely on the fact that Con Edison does pay a lower wholesale price for the electricity it then will resell to its Westchester customers than the electricity it will resell to its City customers. The Consumer Power Advocates has serious concerns that no recent cost-of-service study has been performed within this proceeding. Without such a study, the cost differential between power purchased for Westchester and New York City electric customers cannot be known. Staff also came to the conclusion of the necessity of a cost-of-service study when earlier in this proceeding, Staff initially supported a proposal from the County of Westchester contending that the MAC methodology should be altered so that the recovery of stranded costs does not reflect different locational prices for electricity. Staff later withdrew its support stating that the evidentiary record was not complete enough to support a Commission decision. Westchester is basing its single argument on the theory that costs between Westchester and New York City are different, however the Consumer Power Advocates would like to also call attention to the fact that revenues generated as a result of the sale of Con Edison's in-city generators were shared equally by Westchester and New York City customers alike.

We are in accordance with the City of New York in that the consequences of a decision on the side of Westchester in this case will have serious and considerable economic implications to all New York City electric consumers. In comments filed by the City of New York, it is estimated that the proposed MAC reallocation as proposed by Westchester will then produce an annual rate increase of approximately \$100 million to New York City ratepayers. In addition the City has also determined that, this proposal would also cause the loss of 2,000 New York City jobs and further economic losses totaling at least \$2.7 billion. Such a loss would be a devastating blow to our membership, consisting solely of not-for-profit hospitals and universities located in New York City who have extremely tight operating budgets with which they struggled prior to the crippling blow and drastic budget shortfalls following the terrorist attacks of September 11<sup>th</sup>.

In conclusion, the Consumer Power Advocates would like to express concern that any decision to "deaverage" retail rates should only be undertaken with a comprehensive cost-of-service study and a workably competitive deregulated market that does not currently exist. In addition, Consumer Power

Advocates is hopeful that Staff will carefully review the impact such a change in policy would affect on New York City's economy.

For the reasons described herein, the Consumer Power Advocates would like to wholly support the position of the City of New York on the above referenced case.

Dated: Albany, New York  
June 17, 2002

Respectfully submitted,

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