

Consumer Power Advocates

Columbia University Medical Center
Continuum Health Partners
Fordham University
Luthin Associates, Inc.
Memorial Sloan Kettering Cancer Center

Montefiore Medical Center
Mount Sinai Medical Center
New York Presbyterian Hospital
New York University
NYU Hospitals Center

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

September 11, 2012

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

Re: C. 11-E-0176: ReCharge New York, Petition for clarification regarding the applicability of the Revenue Decoupling Mechanism as it applies to Con Edison's ReCharge NY Customers

Dear Ms. Brillling,

Consumer Power Advocates is an association of large, non-profit universities and medical institutions that collectively employ over 115,000 people with over \$13 billion in annual operating expenditures. CPA's primary goal is to decrease the cost of energy to consumers through regulatory intervention, advocacy before governmental officials, and the development of energy efficiency, economic development, and other programs and initiatives targeted to large energy consumers in New York City. Seven of CPA's recent member hospitals are among the fifteen largest regional health organizations, including six of the ten biggest, and eight are among New York City's eighteen largest employers. Member organizations include Continuum Health Partners, Fordham University, Memorial Sloan Kettering Cancer Center, NYU Medical Centers, Mount Sinai Medical Center, Montefiore Medical Center, New York University, and New York Presbyterian Hospital. Our members purchase gas, steam and electric services from Con Edison.

Recently, each of these members was awarded allocations of economic development power under the new ReCharge New York program. They received RNY awards totaling 26 megawatts. These same organizations are being asked to make a commitment of retaining and expanding to 79,000 jobs. Our members have also budgeted more than \$6 billion in capital improvements over the next five years. Clearly, they are counting on the benefits of this program to help revitalize the economy of New York. The legislative intent of ReCharge New York is to support economic development by providing reduced cost power to customers. To achieve this end, participants receive an allocation of low price energy from NYPA hydro production and a further reduction from reduced utility delivery rates. The reduction in utility delivery rates was designed to be achieved by providing ReCharge

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New York recipients with exemptions from Systems Benefit charges (SBC), Renewable Portfolio Standard (RPS) charges, and, the Revenue Decoupling Mechanism (RDM).

Since May 1, 2010, Con Edison's SC9 RDM charges have been negative, causing a reduction on bills for RDM customers (Attachment 1). However, ReCharge New York customers are exempt from RDM charges, and this exclusion reduces the value of their benefit. This reduction has at times been as much as one cent per kWh, and has averaged almost 4 mils for the past year. Since the combination of SBC and RPS totals \$0.009 per kWh, the negative impact of the RDM exclusion erodes a significant portion of any benefit. For those periods where the RDM credit exceeds \$0.009, the ReCharge New York program recipients would wind up paying a higher utility delivery rate than non-economic development customers.

The Commission's order of September 4, 2012 in the above captioned case has several non-revenue-neutral effects. First, it does not require the ReCharge New York revenue to be included in the RDM reconciliation. Furthermore, along with the passage of ReCharge New York, the EDDS service has been cancelled. To the extent EDDS customers receive service at ReCharge New York rates, this revenue will be retained by the Company, when in fact the Joint Proposal requires that this revenue be subject to reconciliation through the RDM. Conversely, to the extent ReCharge New York customers were formerly SC9 customers, the remaining SC9 customers will suffer increased RDM rates to recover that lost revenue. Finally, to the extent EDDS customers convert to regular tariff service, that revenue will be reconciled through RDM, and therefore effectively lost to Con Edison. None of these changes are revenue neutral, and nor were they anticipated at the time that the current rate plan was developed.

CPA is primarily concerned with the effect of the RDM exclusion on the rate discount available to ReCharge New York customers. The exclusion of these customers from RDM has reduced the effective rate reduction enjoyed by eligible customers, but the fact that, as implemented, the ReCharge New York program does not appear to be revenue neutral is a concern as well. In order to preserve the full benefit of this economic development program, and to restore the revenue levels as provided by the current rate plan, the Commission should clarify that Con Edison should combine the EDDS RDM targets with its regular service RDM targets, and apply the RDM rates to all ReCharge New York customers on a revenue neutral basis.

Thank you for your consideration of this petition.

Sincerely,

Catherine M. Luthin
Executive Director