

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Case 08-E-0539

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Electric Rates

September 29, 2008

Rebuttal Testimony of

JOHN J. DOWLING, P.E.
Senior Associate
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15 Walling Place
Avon-By-The-Sea, New Jersey 07717

On behalf of

Consumer Power Advocates

1 **Q. Please state your name and business address**

2 A. My name is John J. Dowling, and my business address is 15 Walling
3 Place, Avon-By-The-Sea, New Jersey 07717.

4

5 **Q. Have you previously testified in this proceeding?**

6 A. Yes.

7 **Q. What is the purpose of your rebuttal testimony?**

1 A. I will propose two modifications to Staff Witness Kennedy's proposal to
2 require all SC8 customers to install meters on all apartments, and discuss Staff
3 Witness Padula's recommendations regarding Contributions in Advance of
4 Construction (CIAC).

5
6 **Q. What was Ms. Kennedy's proposal regarding SC8?**

7 A. Ms. Kennedy would require all SC8 customers to separately meter all
8 apartments within four years. She proposes this because she believes that
9 such separate meters will increase the incentive for tenants to take energy
10 saving measures, and that customer installed meters are more cost effective
11 than utility installed meters.

12
13 **Q. What are the two changes you are offering?**

14 A. First, I would exempt any building which is not required by code to have
15 installed wiring capable of supporting individual meters for each apartment,
16 and, secondly, exempt buildings operated for temporary housing, such as
17 student dormitories. With these improvements, and with further changes
18 related to service eligibility for dormitories as proposed in my pre-filed
19 testimony, CPA can support Ms. Kennedy's proposal.

20 **Q. What is Ms. Kennedy's evidence regarding the benefit of**
21 **submetering?**

22 A. At page 24, lines 1-12, she refers to a NYSERDA study:

Q. Are you aware of any studies that indicate benefits of submetering to individual tenants?

A. Yes. Research administered through New York State Energy Research and Development Authority (NYSERDA) in 2004 on the Comprehensive Energy Management (CEM) Program, a component of its New York Energy \$mart™ Program, indicates that participating residential and low income multifamily dwellings have experienced between 22% to 55% in energy savings through installation of energy efficiency measures, including submetering

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2

3 **Q. Is this a sufficient basis to support the submetering requirement on all**
4 **customers?**

5 A. No. First, submetering is only one of the measures that produced the
6 claimed effect of reduced energy use. Neither the cost of submetering nor the
7 magnitude of the effect of that single measure is stated. It is impossible to
8 judge whether submetering is a cost effective measure. Second, it is Ms.
9 Kennedy's unsupported opinion that customers can install such meters at less
10 cost than Con Edison can install utility meters. It is certainly the case that the
11 cost to Con Edison will be less under the Staff proposal, but it is equally
12 certain the cost to customers will be significant. The unintended consequence
13 of this rule may be that some landlords may not have sufficient equity in
14 particular buildings to finance these installations, particularly during this time
15 of greater uncertainty in credit markets.

1

2 **Q. Are there exceptions to the conclusion that individually metered**
3 **apartments represent the maximum incentive for efficiency measures?**

4 A. Yes. As I have previously testified in this case, assigning utility bills to
5 individual tenants actually decreases the incentive for efficiency measures in
6 building which are operated for temporary occupancy, such as dormitories. In
7 those cases, the building owner has every interest in reducing the long term
8 cost of energy, while individual tenants can expect to enjoy saving for only a
9 very limited time.

10

11 **Q. What do you propose?**

12 A. Ms. Kennedy's proposal should be modified to exempt any building not
13 subject to codes requiring wiring capable of supporting individual metering,
14 and any building used as temporary housing. These two modifications will
15 preserve most of the benefit of improved incentives, and in some cases
16 increase those incentives, while at the same time minimizing the cost.

17

18

19 **Q. Have you reviewed Staff Witness Padula's proposal regarding**
20 **Contributions in Aid of Construction (CIAC)?**

21 A. Yes. Mr. Padula would require customers who add load to the system to
22 pay all the cost of necessary system upgrades. The current tariff requires

1 customers to pay a contribution only for facilities in excess of those normally
2 provided. This is unnecessarily burdensome to customers, creates an entry
3 barrier and is unfair.

4

5 **Q. Why is this unfair?**

6 A. It is unfair because new or increased loads would be required to take
7 service under significantly different terms and conditions than existing
8 customers. In effect, new customers would pay more than existing customers
9 for the same service. This is no different than providing service at different
10 energy or demand rates, except that the additional payment is required up
11 front, rather than on a monthly basis.

12

13 **Q. Do you believe that it is appropriate for the customer to fund all the**
14 **necessary facilities required to serve a specific site?**

15 A. No, and, to my knowledge, this requirement has never been part of any
16 electric tariff in New York. Utilities build facilities to serve customers, retain
17 ownership and receive revenue over the useful life of those facilities. In the
18 event that a customer discontinues service, the utility has the opportunity to
19 use those same facilities to serve replacement load. There is no reason to
20 believe that the provision of facilities to new loads is a particularly risky or
21 costly requirement for the utility, but it puts the new customer at risk because
22 the customer who discontinues service has no opportunity to recover that cost.

1

2 **Q. Does this proposal create a more equitable balancing of cost**
3 **responsibility between new and current customers?**

4 A. No. Utility rates recover costs that were incurred at any time in the past, or
5 which may be incurred in the future, as well as current costs. Logically, if it is
6 the customer's responsibility to fund facilities at the time of service
7 connection, that requirement should also extend to replacement of those
8 facilities at the end of their useful service life. That creates a perverse
9 incentive for infrastructure disaster, in which savings related to deferred
10 maintenance would be retained by utilities, but the cost of early replacement
11 would be born by individual customers. This is certainly not the result the
12 Commission or any responsible utility manager would desire, and apparently
13 Con Edison's management agrees, as they oppose this measure.

14

15 **Q. What was the basis for the Company's objection to this proposal?**

16 **A. The Company had three objections:**

- 17 1. This would create a barrier to economic development,
18 2. It would require an allocation between the cost of facilities required
19 for a specific load and the cost resulting from building in excess
20 capacity to allow for growth, and
21 3. It would not allow the Company to earn a return on those facilities.

22

1 **Q. How did Mr. Padula respond to those objections?**

2 A. Mr. Padula stated his opinion that these should be considered, but he gave
3 no opinion as to how much weight each should be given, or what
4 modifications could be made to address those concerns.

5

6 **Q. Does this complete your rebuttal testimony?**

7 A. Yes.

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