

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Case 04-E-0572
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Electric Rates
October 2004

Rebuttal Testimony on behalf of Consumer Power Advocates

by

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- 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 Q. Have you previously testified in this proceeding?
- 5 A. Yes.
- 6 Q. What is the purpose of this testimony?

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1 A. My purpose is to rebut certain revenue allocation proposals made on
2 behalf of NYPA and the City of New York, and to support the
3 correction to the Company's revenue allocation proposed by Staff.

4 Q. Do you support the Staff's correction to allocate all TCC revenue to
5 Con Edison's retail customers?

6 A. Yes. The TCC revenues are, by the current tariff, refundable to
7 current customers through the MAC. There is no record in this case
8 that supports any other use for that revenue other than to refund it to
9 Con Edison customers, as the tariff requires.

10 Q. Do you agree that that this results in an unacceptable impact on
11 NYPA?

12 A. Not necessarily. As in most case, it is likely that the ultimate rate
13 relief allowed by the Commission may be much less than that which
14 was originally sought by the Company. In the event of a small
15 increase, it may be that the impact on NYPA is moderate, even if it is
16 several times the system average. In the event of an actual decrease,
17 an increase to NYPA may still be warranted to address the inequities
18 evident in the current revenue allocation.

19 Q. Is it appropriate to modify the ECOS in the specific ways
20 recommended by New York City Witness Rosenberg?

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1 A. No. Modification of the ECOS study should not be done on a
2 piecemeal basis. If any allocators are to be adjusted, all allocators
3 must be reviewed in a systematic way. If that were done, it is possible
4 that modifications would be found that would increase the City's
5 revenue responsibility. In any event, it now seems likely that some
6 adjustment to the ultimate revenue allocation will be made, regardless
7 of the results of the ECOS study, to recognize the adverse impact of
8 the proposed rate relief on certain classes. In that circumstance,
9 modifications designed to reduce the revenue responsibility of
10 particular classes are unnecessary.

11 Q. Is it appropriate to modify the revenue allocation by increasing the
12 dead band around return by class from 10% to 20%?

13 A. No. To my knowledge, the Commission has never modified revenue
14 allocation in such an extreme way. Such a change would prevent
15 reallocation of revenue responsibility of most classes of customers,
16 and virtually guarantee certain that significant inequities in revenue
17 contribution would not be adjusted in this case. Furthermore, this
18 approach does not resolve the concern that there may be an
19 unacceptable impact on some customers. If the Commission
20 determines that it must mitigate the impact on particular customers, it

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1 should do so in a way that does not prevent the correction of other
2 inequities. Again, this modification of Commission policy is
3 unnecessary if, as now seems probable, the revenue allocation is
4 adjusted to mitigate impacts on those classes that have historically
5 failed to provide an adequate contribution to the cost of providing
6 service.

7 Q. If the Commission determines that it must grant an amount of rate
8 relief that is so great that it results in an unacceptable impact on
9 specific customers or classes, how should it mitigate that impact?

10 A. I propose to follow the Company's originally filed revenue allocation,
11 as corrected by Staff to assign all TCC revenue to Con Edison's retail
12 customers. After the completion of this allocation, the increase to any
13 customer class should be limited to twice the overall average increase.
14 If the average overall increase is greater than 6%, the increase to
15 specific classes could be limited to 1.5 times the overall average. The
16 revenue reduction associated with this adjustment should then be
17 allocated back to all other customer classes on an equal percentage
18 basis. This recognizes the concerns of NYPA, while still allowing
19 significant relief for those classes that have been suffering rate
20 inequities in recent years.

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- 1 Q. Does this complete your rebuttal testimony?
- 2 A. Yes, it does.