Consumer Power Advocates

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

October 29, 2012

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

Re: Case 12-M-0369: Con Edison, Revised estimated billing procedure

Dear Ms. Brilling,

Consumer Power Advocates (CPA) 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, whose 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, maintain numerous non-demand-metered residential and general service accounts, and suffer estimated bills from time to time.

We recognize the problems that arise from mis-estimated bills, and any plan to minimize those problems should be judged on principles of fairness and reasonableness. The first principle is that, to the extent feasible, all bills should be based on actual meter readings. While this should be obvious, it is worth restating. With changes in metering and information technology, and with the development of competitive meter service providers, we expect that in the future estimated bills may be caused as often by data handling failures as by the typical "no access" situation. In many cases, lost or delayed data may be recoverable, and the Company should always re-bill to this correct data.

The second principle is that no customer should be disadvantaged by an estimate developed by the Company. No customer should be subject to any penalty, minimum bill or rate reclassification because of an estimated bill, even if subsequently recovered actual data would have justified such measures. The fair application of penalties or other unfavorable actions requires reasonable notice to the customer, and an estimated bill cannot be considered as meaningful notice of any action by the Company.

We have two specific concerns regarding the Company's filing. First, it is not clear to us that the proposed algorithm is the best way to mitigate the problem. It should be obvious that over-estimated bills are a greater concern than under-estimated bills, and while the Commission must be aware of many high bill complaints, but we have no way of knowing how many bills are underestimated. The new estimating method adjusts the current method to reduce all estimates whenever the Company finds that the current method overestimates load in the aggregate. This means that any bill which would have been under-estimated would be reduced, leading to a less accurate bill and a greater subsequent correction. The Commission should consider replacing this with the simple rule that no estimated bill can be greater than the highest bill in a similar prior month. We think this is reasonable because we believe that high estimates occur when weather is so extreme that customer equipment runs around the clock, and no further load increase is possible. This simple limit will eliminate the worst over-estimates, not exacerbate any under-estimates, and is transparent and verifiable by the customer.

Finally, the re-billing required when estimated bills prove to be incorrect highlights an issue of fairness. When a customer is re-billed, the Company prorates the MSC and delivery rates for the new, longer billing period. Simple daily averaging raises a question of fairness whenever there is a material change in rates from one period to the next. The Commission should consider whether or not the Company should develop a daily load weighted basis for applying rates to all bills for which interval data is not available.

Thank you for the opportunity to comment on this important matter.

Very truly yours,

Catherine M. Luthin

Catherine M. Luthin
Executive Director

Cc: Active Parties List (via e-mail)