



Consolidated Edison Company  
of New York, Inc.  
4 Irving Place  
New York NY 10003  
www.conEd.com

January 25, 2010

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

**Re: PSC Case No. 08-E-0751, Reactive Power Demand Charges**

Dear Secretary Brillling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") is filing with the New York Public Service Commission (the "Commission") revisions to the Company's Schedule for Electricity Service, P.S.C. No. 9 -- Electricity, applicable to its customers in the City of New York and the County of Westchester.

The Company is also filing changes to its Schedule for New York Power Authority ("NYPA" or "PASNY") Delivery Service - PASNY No. 4 (also referred to as the "PASNY Rate Schedule"),<sup>1</sup> applicable to delivery by the Company of power and associated energy to Authority Public Customers under PASNY No. 4, and to its Schedule for Economic Development Delivery Service ("EDDS") – EDDS No. 2 (also referred to as the "EDDS Rate Schedule"),<sup>2</sup> applicable to delivery service to NYPA, the New York City Public Utility Service and the County of Westchester Public Utility Service Agency.

---

<sup>1</sup> This is the Delivery Service Rate Schedule Implementing and Part of the Service Agreement Between the Power Authority of the State of New York (PASNY) and the Consolidated Edison Company of New York, Inc. (the Company) dated March 10, 1989.

<sup>2</sup> This is the Delivery Service Rate Schedule Implementing and Part of: (1) the "Service Agreement for the Delivery of Power and Energy" between the Power Authority of the State of New York ("PASNY") and the Consolidated Edison Company of New York, Inc. ("the Company"), dated March 10, 1989, for the delivery by the Company of Power and Associated Energy to Authority Economic Development Customers, (2) the "Agreement for the Delivery of Power and Energy from the James A. FitzPatrick Power Project" between the County of Westchester, acting through the Westchester Public Utility Service Agency ("Agency") and the Company, made April 24, 1987, and (3) the "Agreement between the City of New York and Consolidated Edison Company of New York, Inc., for the Delivery of Power and Energy from the James A. FitzPatrick Nuclear Power Project" between the City of New York, acting through the New York City Public Utility Service ("Agency") and the Company, made October 23, 1987.

Tariff leaves reflecting the proposed changes are identified below.

P.S.C. No. 9 – Electricity

Eighth Revised Leaf No. 9  
Superseding Seventh Revised Leaf No. 9

First Revised Leaf No. 59-J  
Superseding Original Leaf No. 59-J

PASNY No. 4

First Revised Leaf No. 10-E  
Superseding Original Leaf No. 10-E

EDDS No. 2

Third Revised Leaf No. 6-A-1  
Superseding Second Revised Leaf No. 6-A-1

The tariff leaves have an issue date of January 25, 2010, and an effective date of March 1, 2010.

**Background**

On October 21, 2009, the Company made a tariff filing to comply with the Commission's Order Adopting Reactive Power Tariffs with Modifications, issued and effective September 22, 2009, in Case 08-E-0751, "Proceeding on Motion of the Commission to Identify the Sources of Electric System Losses and the Means of Reducing Them."

The Company proposed a Reactive Power Demand Charge beginning with bills having a "from date" on or after October 1, 2010, applicable to the following customers: (a) existing customers having a demand of 1,000 kW or greater in two or more months during the annual period ending September 30, 2009; (b) new customers whose maximum demand is expected to exceed 1,000 kW between October 1, 2010 and September 30, 2011; and (c) customers having induction-generation equipment with a nameplate rating equal to or greater than 1,000 kW. The Company also proposed that the Reactive Power Demand Charge be applicable beginning with bills having a "from date" on or after October 1, 2011, to the following customers: (a) existing customers having a demand of 500 kW or more in two or more months during the annual period ending September 30 of the preceding year; (b) new customers whose maximum demand was expected to exceed 500 kW in any two months during the first year of service commencing on or after October 1, 2011; and (c) customers having induction-generation equipment with a nameplate rating equal to or greater than 500 kW.<sup>3</sup>

---

<sup>3</sup> The Reactive Power Charge would also be applicable to successor customers of those meeting the above criteria.

The Company proposed a Reactive Power Demand Charge of \$1.42 for each kVar of reactive power demand.<sup>4</sup> The charge would be applied if, at the time of the kW maximum demand, a customer's power factor was below 95 percent.

### **Tariff Changes Proposed**

Following discussions with Staff of the Department of Public Service, the Company proposes two changes to its October 2009 filing.

First, the Company proposes a change to the methodology that will be used to determine the number of kVar to be assessed a charge for Reactive Power Demand. The billable Reactive Power Demand, in kVar, shall be equal to the kVar at the time of the kW maximum demand (as defined in General Rule III-11(D)) during the billing period (all hours, all days) less one-third of such kW maximum demand; provided, however, that, if this difference is less than zero, the billable reactive power demand shall be zero.

Second, the Company proposes a change to the Reactive Power Demand Charge per kVar. The Company has reassessed its calculation of the per-kVar charge proposed in its October 2009 filing and eliminated the adjustments made for size and losses. The revised calculation reduces the Reactive Power Demand Charge to \$1.10 per kVar. The methodology for developing this charge is shown in Attachment A.

In addition, the Company is proposing a housekeeping change to the definition of "Power Factor," which was included in our October 2009 tariff filing. That definition contained the formula for calculating Power Factor as well as the following sentence: "Maximum demand" is as defined in General Rule III-11(D), except as specified in General Rule III-8(A). The exception has been removed, as it does not affect the determination of the kW maximum demand.

### **Notification and Conclusion**

The Company will send invitations to customers potentially eligible for reactive power demand charges to attend an information session in March 2010. The invitation will include a link to the Company's reactive power website, which will contain the tariff leaves and other information. The Company will also notify PASNY, COWPUSA and NYCPUS of the tariff changes.

Public notice of the Reactive Power changes proposed in the October 2009 filing were made by means of newspaper publication on October 30, and November 6, 13, and 20, 2009. The Company respectfully requests waiver of the requirement for further newspaper publication.

---

<sup>4</sup> The Company proposed to continue to charge the existing \$0.35 per kVar to customers with induction-generation equipment not meeting the kW nameplating rating criteria established above.

Copies of this filing are being served electronically to all parties to this proceeding.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

*Christine Colletti*  
Christine Colletti  
Director  
Rate Engineering

Consolidated Edison Company of New York, Inc.

PSC Case No. 08-E-0751

Reactive Power Demand Charge

Equipment	Investment Cost (\$ / kVAr)	Annual Carrying Charge (%)	Annual Rate (\$ / kVAr)	Size Adjustment Factor (%)	Annual Adjusted Rate (\$ / kVAr)	Loss Adjustment Factor (%)	Annual Adjusted Rate (\$ / kVAr)	Monthly Adjusted Rate (\$ / kVAr)	Rounded Monthly Adjusted Rate (\$ / kVAr)
	(1)	(2)	(3 = 1 x 2)	(4)	(5 = 3/(100% - 4))	(6)	(7 = 5x(100%+6))	(8 = 7 / 365)*30	(9)
Substation	\$67.00	20.00%	\$13.4000	0.00%	\$13.4000	0.00%	\$13.4000	\$1.1014	\$1.10

Attachment A

**P.S.C. No. 9 – Electricity**

GENERAL INFORMATION - Continued

II. Definitions and Abbreviations of Terms Used in this Rate Schedule – Continued

26. The term "non-residential Customer" is any person, corporation or other entity supplied with service under this Rate Schedule and pursuant to an accepted application for service who is not a residential Customer.
27. The term "PASNY Rate Schedule" refers to the Company's PASNY No. 4 Rate Schedule on file with the Public Service Commission and its leaves, terms and conditions and Rates, as the same may be modified or superseded from time to time.
28. "Payment" is considered to be made on the date when it is received by the Company or one of its authorized agents.
29. The term "point of service termination" means the point at which the Company terminates its service lateral and the Customer's wiring begins.
30. The term "Power Factor" refers to the result obtained by applying the formula  $\frac{kW}{\sqrt{kW^2 + kVar^2}}$ , where "kW" is the Customer's maximum demand during the billing period (all hours, all days) and "kVar" is the Customer's lagging reactive demand measured at the time of the kW maximum demand (as defined in General Rule III-11(D)).
31. The term "public right-of-way" means the territorial limits of any street, avenue, road or way (other than a limited access thoroughfare) that is for any highway purpose under the jurisdiction of the State of New York or the legislative body of any county, city, town or village and is open to public use.
32. The term "Pure Base Revenue" means revenue attributable to Demand Delivery Charges, Energy Delivery Charges, and the Customer Charge, if applicable under the Customer's Service Classification, after application of any applicable Rider J rate reductions and before application of the Increase in Rates and Charges; provided, however, that if the Minimum Monthly Charge (as described in General Rule III-11(U)) would apply, then "Pure Base Revenue," as stated in General Rule III-3(D) and under the Rider J and Rider Y facilities' cost tests, means revenue attributable to the Minimum Monthly Charge after application of any applicable Rider J rate reductions and before application of the Increase in Rates and Charges.
33. The term "this Rate Schedule," also sometimes referred to as the "Tariff" or the "Full Service Schedule," means the Company's Schedule for Electricity Service as filed with the New York State Public Service Commission. A Customer taking service under this Rate Schedule shall receive generation capacity, energy, and delivery service as a bundled service. The term "delivery service" means the transmission and distribution of electric energy and capacity to a Customer under this Rate Schedule.
34. The term "residential applicant" is any person who requests electric service at a premises to be used as their residence or the residence of a third party on whose behalf that person is requesting service where:
- (a) the Company's effective tariff specifies a residential rate for such service;
  - (b) such service will primarily be used for the user's residential purposes, the applicant has so notified the Company, and the applicant will be receiving service under a rate not normally used for residential service; or
  - (c) the Company knows or reasonably should have known that any such service will be provided through a single meter to both units of a two-family dwelling.

(General Information - Continued on Leaf No. 10)

**GENERAL INFORMATION - Continued**

**III. General Rules, Regulations, Terms and Conditions under Which Electric Service Will Be Supplied, Applicable to and Made a Part of All Agreements for Electric Service - Continued**

**11. Metering and Billing - Continued**

**(X) Reactive Power Demand Charge - Continued**

(2) Charge per kVar

\$1.10 per kVar applicable to Customers specified in (1)(a), (b), (c), or (d) above for billable reactive power demand. Billable reactive power demand, in kVar, shall be equal to the kVar at the time of the kW maximum demand (as defined in General Rule III-11(D)) during the billing period (all hours, all days) less one-third of such kW maximum demand; provided, however, that, if this difference is less than zero, the billable reactive power demand shall be zero.

If the Company restricts an existing Customer with synchronous generation from utilizing Customer load power factor correction through the Generator's controls, the Customer will not be subject to the above charge until such time that the Company removes this restriction.

\$0.35 per kVar applicable to Customers specified in (1)(e) above for the kVar requirements of the induction-generation equipment

- (3) A Customer subject to the Reactive Power Demand Charge pursuant to (1)(a), (b), or (c) above will no longer be subject to the Reactive Power Demand Charge commencing in the month following 12 consecutive months in which the maximum demand does not exceed 300 kW.

(General Information – Continued on Leaf No. 60)

Date of Issue: January 25, 2010

Date Effective: March 1, 2010

**PASNY No. 4**

**DELIVERY SERVICE CLASSIFICATION - GENERAL - Continued**

**Common Provisions Applicable to Rate I, Rate II, Rate III, and Rate IV -Continued**

**Reactive Power Demand Charge - Continued**

(2) Charge per kVar

\$1.10 per kVar applicable to Customers specified in (1)(a), (b), (c), or (d) above for billable reactive power demand. Billable reactive power demand, in kVar, shall be equal to the kVar at the time of the kW maximum demand (as defined in General Rule III-11(D)) during the billing period (all hours, all days) less one-third of such kW maximum demand; provided, however, that, if this difference is less than zero, the billable reactive power demand shall be zero.

If the Company restricts an existing Customer with synchronous generation from utilizing Customer load power factor correction through the Generator's controls, the Customer will not be subject to the above charge until such time that the Company removes this restriction.

\$0.35 per kVar applicable to Customers specified in (1)(e) above for the kVar requirements of the induction-generation equipment

- (3) A Customer subject to the Reactive Power Demand Charge pursuant to (1)(a), (b), or (c) above will no longer be subject to the Reactive Power Demand Charge commencing in the month following 12 consecutive months in which the maximum demand does not exceed 300 kW.

(Delivery Service Classification - General - Continued on Leaf No. 11)

Date of Issue: January 25, 2010

Date Effective: March 1, 2010

Issued by Robert N. Høglund, Senior Vice President and Chief Financial Officer, 4 Irving Place, NY, NY 10003

**Economic Development Delivery Service No. 2**

**ECONOMIC DEVELOPMENT DELIVERY SERVICE - Continued**

**Common Provisions Applicable to Rate I and Rate II - Continued**

**Reactive Power Demand Charge - Continued**

(1) - Continued

(d) Customers with induction-generation equipment:

- (i) beginning with bills having a "from" date on or after October 1, 2010, if the equipment has a nameplate rating equal to or greater than 1,000 kW; and
- (ii) beginning with bills having a "from" date on or after October 1, 2011, if the equipment has a nameplate rating equal to or greater than 500 kW; and

(e) Customers with induction-generation equipment not covered under (a) through (d) above. The kVar requirements of the equipment will be determined from the nameplate rating of the Customer's generating equipment or from the design specifications of the manufacturer of the generating equipment. The kVar requirements of the Customer's generating equipment will be reduced by the kVar of any power factor corrective equipment installed by the Customer.

(2) Charge per kVar

\$1.10 per kVar applicable to Customers specified in (1)(a), (b), (c), or (d) above for billable reactive power demand. Billable reactive power demand, in kVar, shall be equal to the kVar at the time of the kW maximum demand (as defined in General Rule III-11(D)) during the billing period (all hours, all days) less one-third of such kW maximum demand; provided, however, that, if this difference is less than zero, the billable reactive power demand shall be zero.

If the Company restricts an existing Customer with synchronous generation from utilizing Customer load power factor correction through the Generator's controls, the Customer will not be subject to the above charge until such time that the Company removes this restriction.

\$0.35 per kVar applicable to Customers specified in (1)(e) above for the kVar requirements of the induction-generation equipment

(3) A Customer subject to the Reactive Power Demand Charge pursuant to (1)(a), (b), or (c) above will no longer be subject to the Reactive Power Demand Charge commencing in the month following 12 consecutive months in which the maximum demand does not exceed 300 kW.

(Economic Development Delivery Service - Continued on Leaf No. 7)

Date of Issue: January 25, 2010

Date Effective: March 1, 2010