NEW YORK STATE | Public Service Commission

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Rory M. Christian, Chair

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PSC Cuts Con Edison's Electric and Gas Rate Request by 60 Percent

New Efficiency and Electrification Initiatives Will Reduce Need for Natural Gas

To Ensure Public Safety and Reduce Methane Emissions, Con Edison Ordered to Replace 240 Miles of Leak-Prone Pipe

Gas Safety Remains a Top Concern and Priority for Commission

NYC, Consumer & Industry Groups Support Approved Plan

ALBANY — The New York State Public Service Commission (Commission) today established a three-year rate plan for electric and gas customers of Consolidated Edison Company of New York, Inc. (Con Edison) by adopting the terms of a joint proposal that is much more favorable to customers than the company's original request, reducing the initial rate year request by almost two-thirds.

"The forward-looking plan we have adopted — endorsed with stakeholder support by consumer groups, large business customers, and the largest municipality in the region — benefits customers and includes provisions that further important State and Commission objectives," **said Commission Chair Rory M. Christian.** "With today's decision, Con Edison is required to pursue important energy efficiency initiatives among other progressive policies to advance the goals of New York State's nation-leading climate change targets while mitigating bill impacts for most low-income customers, as part of New York's nation-leading policy for energy affordability."

Today's decision requires Con Edison to pursue important energy efficiency initiatives and non-wires and new non-pipeline alternatives, update aging infrastructure, and implement important electric reliability and gas pipeline safety programs, while helping low-income customers. The decision advances important initiatives that advance New York State's clean energy goals, including discontinuing oil-to-gas conversion incentives, undertaking more aggressive natural gas leak management, and pursuing beneficial electrification and cost-effective alternatives to traditional infrastructure investment. The decision also supports efforts to build a cleaner, more resilient and affordable energy system.

The increases in rates over the three-year term of the electric and gas rates plan are necessary to meet increased company costs, including increases in the property tax burden representing more than 30 percent of the increased cost over the three-year period, and to support spending for capital improvements and employee additions, which are necessary to improve electric and gas operations and enhance overall electric and gas system integrity, safety and reliability. Meanwhile, operating costs are lower due to stronger operational efficiencies.

Parties who signed the joint proposal include Con Edison, Department of Public Service staff, New York City, New York Energy Consumers Council, Consumer Power Advocates, Walmart, and the Metropolitan Transportation Authority. Other parties, including New York Power Authority, the National Resource Defense Council, and New York Geothermal Organization, signed the joint proposal with respect to the electric provisions only.

Highlights of the decision include:

Gas Safety: The agreement also continues the company's gas safety performance mechanisms in the areas of leak management, emergency response, damage prevention, gas infrastructure reduction or replacements, and compliance with safety regulations and procedures, maintaining or enhancing both the targets and potential positive and negative revenue adjustments. The agreement requires Con Edison to replace 240 miles of leak prone pipe over the next three years, which will help ensure public safety.

Customer Service Performance Mechanisms: The agreement provides for customer service performance metrics designed to measure and enhance the company's activities and interactions it has with its customers.

Customer Energy Solutions Provisions: The agreement contains several provisions that would promote energy solutions for customers. Such provisions include the development of a suite of "Customer Recommendation and Analysis Tools" to aide customers with the clean energy transition and development of a low-income Distributed Energy Resources (DER) Make Ready Program that would support qualified DER projects by reducing all or a portion of the utility upgrade costs for the installation of DER projects that will benefit low-income customers.

Low-Income Assistance: The agreement includes target costs for the electric discount component of the Energy Affordability Program (EAP) of $166.3 million per rate year and a gas discount component of the EAP of $35.8 million per rate year.

Under its initial proposal, the utility sought a first-year electric revenue increase of $1.2 billion, or 11.2 percent increase in total revenues. The company also sought a $503 million gas revenue increase, or 18.2 percent increase in total revenues.

Instead, the Commission approved a levelized electric rate increase of $457.5 million for each of the three rate years. On a total electric bill basis, the results yield 4.2 percent, 4 percent, and 3.8 percent increases in each of the rate years, respectively. In addition, the Commission approved a levelized gas rate increase of $187.2 million for each of the three rate years. On a total gas bill basis, the results yield 6.7 percent, 6.3 percent, and 5.9 percent increases in each of the rate years, respectively.

Under the new rate plan, a residential electric customer using 600 kWh per month would see an average total monthly bill increase of $14.44 or 9.1 percent in August of this year, $7.20 or 4.2 percent starting January 2024, and $2.43 or 1.4 percent starting January 2025. A residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of $17.28 in August of this year, or 8.4 percent, an $14.90 increase in the second year, or 6.7 percent, and a $15.61 increase in the third year, or 6.6 percent. These increases reflect the revenue requirement recovery related to the delay in making the rates effective on January 1, 2023 until August 1, 2023.

The company's uncollectible expense balance has more than doubled as a result of the COVID-19 pandemic. Under the agreement approved today, Con Edison would defer the difference between its actual uncollectible expense and the level included in rates each rate year. The deferred amount would be subsequently reconciled to the company's actual net write-offs, with the variance being recovered from or refunded to ratepayers via surcharge or sur-credit, as applicable.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 22-E-0064 or 22-G-0065 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.

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