



Consolidated Edison Company
of New York, Inc.
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March 30, 2007

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

Dear Secretary Brillling:

RE: Case No. 06-E-0894

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") is filing today with the Public Service Commission (the "Commission") an amendment to its electric rate schedule, P.S.C. No. 9 – Electricity identified below:

P.S.C. No. 9 – Electricity

Seventh Revised Leaf No. 63
Superseding Sixth Revised Leaf No. 63

The tariff leaf bears an issue date of March 30, 2007 and an effective date of July 1, 2007.

Reason for Filing

The *Department of Public Service Staff Report on Its Investigation of the July 2006 Equipment Failures and Power Outages in Con Edison's Long Island City Network in Queens, County, New York*, dated February 2007 ("Report"), recommends that "[t]he Commission should examine the sufficiency and appropriateness of Con Edison's claims tariff, and if appropriate, make modifications to such tariff prior to Summer 2007 and then in all of the Company's subsequent rate cases." Pursuant to Staff's recommendation, Con Edison is issuing a tariff amendment to increase the compensation amounts and limits on claims by electric users for losses relating to perishable items sustained as a result of power failures attributable to malfunctions in the Company's local distribution system.

Description of Tariff Change

The tariff change increases compensation amounts and limits for losses resulting from the lack of refrigeration associated with power failures attributable to malfunctions in the Company's local distribution system, regardless of Company culpability, as follows: (a) from \$ 350 to \$450 for residential customers for food spoilage, (b) from \$7,000 to \$9,000 for commercial customers for loss of perishable merchandise, and (c) from \$10 million to \$15 million in total liability for each incident. In addition, the amount that may be reimbursed without proof of loss is increased from \$150 to \$200. The tariff change also specifies that the Company will reimburse residential users for medicine spoiled due to lack of refrigeration.

The compensation structure was last approved by the Commission in its Order Concerning Tariff Provisions Governing Reimbursement for Food Spoilage, issued and effective March 1, 2001 ("March 1 Order"), in Case 99-E-0930, "Proceeding on Motion of the Commission to Investigate the July 6, 1999 Power Outage of Con Edison Company of New York Inc.'s Washington Heights Network." The March 1 Order approved an increase of the Company's tariff compensation limits based on the application of the Gross Domestic Product Deflator ("GDP Deflator") over the time span since the compensation limit was last established. Specifically, the March 1 Order increased the tariff compensation from \$100 to \$350 for residential customers and from \$2000 to \$7,000 for commercial customers, reflecting the application of the GDP Deflator for the period of January 1, 1973 through December 31, 1999.¹ The March 1 Order also approved a "two-tier approach for claims by residential customers" to allow compensation without proof of loss for claims up to \$150. The Commission there concluded that \$150 "would certainly cover the vast majority of residential customers' claims for food spoilage" while the \$350 allowance "subject to verification, recognizes the potential for more expensive losses."²

The GDP Deflator for personal consumption expenditures has increased by 15.69 percent from January 1, 2000 through December 31, 2006.³ The increases in the amounts and limits on compensation proposed by the Company are, in each case, in excess of the change in the GDP Deflator since 2000,⁴ and are the compensation amounts and limits recommended by the City of New York.⁵

A number of parties to Case 06-E-0894 have also recommended that the provisions of the Company's tariff providing spoilage compensation be expanded to

¹ March 1 Order, p 3, fn 8.

² Id., p 6.

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<http://www.bea.gov/bea/dn/nipaweb/TableView.asp?SelectedTable=13&FirstYear=2004&LastYear=2006&Freq=Qtr>. [99.317 (first quarter 2002 index) - 114.928 (fourth quarter 2006 index) = 15.693]

⁴ The increase from \$150 to \$200 equates to 33%; the increase from \$350 to \$450 equates to 29%; the increase from \$7,000 to \$9,000 equates to 29%; the increase from \$10 million to \$15 million equates to 50%.

⁵ *Investigation by the City of New York into the Northwest Queens July 2006 Power Outages*, dated March 2, 2007, pp. 128, 140. filed in Case 06-E-0894.

include property and consequential damage. These recommendations are addressed in the Company's response to the reports by Staff and others in Case 06-E-0894.

Conclusion and Notice

The proposed increases in compensation amounts and limits adjust the current compensation levels for inflation and should be approved.

Newspaper publication of the proposed tariff changes will be made on April 6, 13, 20, and 27, 2007. Enclosed is a proposed form of Notice of Proposed Rule Making for publication in the State Register pursuant to the State Administrative Procedure Act. Copies of this filing are being e-mailed to all parties to Case 06-E-0894.

The filing has an effective date of July 1, 2007, but the Company would be amenable to Commission approval of an earlier effective date.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Christine Colletti

Christine Colletti
Director
Rate Engineering

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

14. Liability - Continued

(A) Continuity of Supply - Continued

Notwithstanding other limitations of liability contained in this tariff, the Company will compensate Customers for losses, of the type and to the extent set forth below, which result from power failures attributable to malfunctions in the Company's local distribution system as set forth below.

The Company will reimburse residential Customers served directly under Service Classification Nos. 1 and 7, and those served indirectly under Service Classification Nos. 8, 12, and 13, for actual losses of food and medication spoiled due to lack of refrigeration, up to \$200 upon submission of an itemized list and over \$200 upon submission of an itemized list and proof of loss, up to a maximum of \$450 for any one Customer for any one incident.

The Company will reimburse Customers under other Service Classifications for actual losses of perishable merchandise spoiled due to lack of refrigeration, upon submission of an itemized list and proof of loss, up to a maximum of \$9,000 for any one Customer for any one incident.

The Company's total liability under this section is limited to \$15,000,000 per incident. In the event the total aggregate amount claimed under this provision exceeds \$15,000,000, the approved amounts of individual claims will be adjusted downward on a pro rata basis to the extent required to hold payments to a total of \$15,000,000. All claims under this section must be filed with the Company within 30 days from the date of occurrence.

(General Information - Continued on Leaf No. 63-A)

Date of Issue: March 30, 2007

Date Effective: July 1, 2007