

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of  
Consolidated Edison Company of New York, Inc.

Case No. 06-G-1332

March 2007

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Prepared Testimony of:

SANDRA D. REULET  
Gas Policy Development  
Coordinator  
State of New York  
Department of Public Service  
Three Empire State Plaza  
Albany, New York 12223-1350

1 Q. Please state your full name and business  
2 address.

3 A. My name is Sandra D. Reulet, and my business  
4 address is New York State Department of Public  
5 Service, Three Empire State Plaza, Albany, New  
6 York 12223.

7 Q. By whom are you employed and in what capacity?

8 A. I am employed by the New York State Department  
9 of Public Service (Department) and currently  
10 serve as the Gas Policy Development Coordinator  
11 and as a Business Advocate.

12 Q. Please state your educational background and  
13 professional experience.

14 A. I received a Bachelor of Science degree in  
15 Biomedical Engineering from Boston University in  
16 1986. I joined the Department in 1989 and have  
17 served in a number of positions. I held various  
18 engineering positions in the Office of Gas and  
19 Water (in the Policy Section, Gas Rates Section,  
20 and the Water Rates Section). Most recently, I  
21 worked in the Office of Economic Development and  
22 Policy Coordination serving as both a Business  
23 Advocate and Gas Policy Liaison for the past 2.5  
24 years. However, our Department is currently

1           undergoing organizational changes. As a result  
2           of those on-going organizational changes, and  
3           that fact that my previous roles are now split  
4           among various offices and duties, I am currently  
5           awaiting my assignment to a new office.

6    Q.    Please describe your responsibilities within the  
7           Department.

8    A.    My current responsibilities encompass gas and  
9           other policy related matters, as well as  
10           Business Advocacy duties associated with  
11           economic development. As a Business Advocate,  
12           I'm responsible for the analysis of economic  
13           development matters related to the attraction,  
14           retention, and expansion of businesses in New  
15           York State. Additionally, I evaluate customer  
16           disputes between businesses and the gas,  
17           electric and telecommunications utilities, and,  
18           facilitate resolution of those disputes.  
19           Further, I have broad experience performing rate  
20           case analysis, including utility revenue  
21           requirement, construction programs, operation  
22           and maintenance expenses, cost of service  
23           determinations, billing/metering practices,  
24           depreciation and rate base, and development of

1 tariff schedules.

2 Q. Have you previously testified before the New  
3 York State Public Service Commission?

4 A. Yes, I have testified before the Commission.

5 Q. What is the purpose of your testimony?

6 A. The purpose of my testimony is to address the  
7 Consolidated Edison Company of New York Inc.  
8 (Con Edison or the Company) proposal regarding  
9 tariff Rider I Gas Manufacturing Incentive Rate,  
10 or MIR, that provides economic assistance to gas  
11 manufacturing businesses that increase their gas  
12 usage in their manufacturing process.

13 Q. Please summarize the Company's proposal?

14 A. The Company proposes an additional provision to  
15 expand the MIR qualification criteria and allow  
16 "existing Con Edison gas manufacturing  
17 customers" to apply for the MIR incentive rate  
18 if their turn-on date was prior to January 1,  
19 2004, the initial commencement of the MIR rate.  
20 Con Edison also proposes to extend the deadline  
21 for accepting applications for the MIR program  
22 two additional years, through December 31, 2010,  
23 and make a housekeeping change to clarify  
24 eligibility requirements.

1 Q. Please describe the current MIR program.

2 A. The MIR was developed in conjunction with New  
3 York City (NYC) as part of a comprehensive  
4 package of economic development services which  
5 include special reduced gas rates to non-  
6 governmental manufacturing customers that  
7 utilize all or a portion of their gas for  
8 industrial or commercial processes, to attract  
9 and retain businesses and jobs in NYC and  
10 Westchester County areas in New York State  
11 (NYS). Qualified manufacturing customers that  
12 occupy new or vacant premises, or negotiate a  
13 comprehensive package of incentives from NYS or  
14 NYC after January 1, 2004, are eligible to apply  
15 for the reduced gas rates under the current MIR  
16 program. The discount is approximately 30 to 50  
17 percent off the delivery component of the bill  
18 for five years. Further, the Rider specifically  
19 states that: 1) "gas furnished under this Rider  
20 is to be used directly in manufacturing or  
21 processing," 2) applications to commence  
22 service under the MIR program will be accepted  
23 through December 31, 2008, and 3) this Rider  
24 shall remain in effect no later than December

1 31, 2013.

2 Q. How many customers have received the MIR  
3 incentive?

4 A. None. In fact, Con Edison has not yet received  
5 any applications for the MIR to date.

6 Q. Explain the Company's proposal to expand the MIR  
7 qualification criteria.

8 A. The Company's proposal will allow "existing Con  
9 Edison gas manufacturing customers" to take  
10 advantage of the MIR program if their turn-on  
11 date was prior to the January 1, 2004 initial  
12 commencement of the rate. The program would be  
13 open to those customers who increase their gas  
14 usage in their manufacturing process by 25  
15 percent per month for three consecutive months  
16 when compared to the same period in the prior  
17 year, and have been awarded a comprehensive  
18 package of economic incentives within 90 days of  
19 making an application for service under Rider I.  
20 The Company also proposes to extend this program  
21 for an additional two years: 1) applications  
22 will be accepted through December 31, 2010, and  
23 2) Rider I shall remain in effect no later than  
24 December 31, 2015.

1 Q. What is the Company's rationale for expanding  
2 the eligibility criteria for the MIR?

3 A. Con Edison states that the proposed changes will  
4 enhance the Company's customer retention by  
5 assisting existing manufacturers in their  
6 efforts to remain competitive. Con Edison  
7 further maintains that any retention and  
8 economic expansion should benefit employment  
9 preservation and economic growth in its service  
10 territory by manufacturers who would otherwise  
11 consider discontinuing or relocating their  
12 operations.

13 Q. Explain how the Company proposes to implement  
14 the discount for eligible existing gas  
15 manufacturing customers.

16 A. Con Edison will review an applicant's most  
17 recent gas usage by month and compare that to  
18 the billed therms for the same months during a  
19 twelve month period preceding the application  
20 for the MIR program. The discount will be  
21 applied if the customer's usage exceeds the  
22 monthly base load quantities by 25 percent for  
23 three consecutive months, and will pertain to  
24 all usage above the monthly established base

1 load amounts.

2 Q. Is the Company proposing any changes to the MIR  
3 program funding level?

4 A. No. The funding level was set at \$3 million for  
5 the four year period ending December 31, 2010.

6 Q. Describe the Company's proposed housekeeping  
7 change in Rider I to clarify eligibility  
8 requirements.

9 A. Con Edison revised the language under section  
10 (A) in Rider I to clarify that eligible  
11 customers must receive either a substantial real  
12 property tax incentive, energy savings under  
13 NYC's Energy Cost Savings Program, or a  
14 Comprehensive Package of Economic Incentives in  
15 order to participate in the program. It states  
16 that this change is consistent with the  
17 definition of New Customer in the existing  
18 tariff.

19 Q. Please summarize your findings and  
20 recommendations regarding the Company's  
21 proposal?

22 A. I agree with the Company that its proposed  
23 changes regarding the MIR program are  
24 reasonable, and that implementation of those



1 changes could provide positive economic benefits  
2 to Con Edison's service territory, and NYS as a  
3 whole. Retention is a key component of the  
4 economic development process. It is difficult  
5 to attract new businesses, or expand investment  
6 in existing businesses, if there is a climate of  
7 closures or cutbacks in an area. Keeping  
8 businesses healthy acts to energize that area,  
9 thereby making it attractive for additional  
10 growth opportunities. The MIR will provide  
11 customers with currently unavailable economic  
12 benefits that, combined with municipal or state  
13 economic incentives, should further invite  
14 retention and new manufacturing industry  
15 investment which should also benefit employment  
16 preservation and growth by manufacturers who  
17 would otherwise consider discontinuing their  
18 operations. As a matter of fact, the Commission  
19 has a long standing policy of promoting economic  
20 development and maximizing the efficiency of  
21 existing facilities in NYS through short-term  
22 availability of discounted delivery service  
23 rates. Therefore, I believe that expanding the  
24 MIR criteria to afford existing customers an

1 opportunity to qualify for the reduced gas rate  
2 will be beneficial to Con Edison and its  
3 ratepayers. However, I do believe that one  
4 modification must be made regarding the  
5 Company's proposal for evaluating and  
6 implementing the discount for the "existing gas  
7 customers". In addition, a couple of minor  
8 corrections need to be made to the Rider I  
9 tariff leaves filed in this case.

10 Q. What modification are you recommending with  
11 regard to Con Edison's proposal for evaluation  
12 and implementation of the discount for "existing  
13 gas customers?"

14 A. I am recommending that a provision be added that  
15 any "existing gas customer" who is deemed  
16 eligible for the MIR program must have separate  
17 meters for heating and process load, or that the  
18 Company must submit a written request for a  
19 waiver of this provision from the Office of  
20 Economic Development. Such a waiver request  
21 must include sufficient justification to  
22 demonstrate that a comprehensive analysis has  
23 been performed by the Company to ensure that the  
24 MIR discount will not be applied to heating load

1 (i.e., weather normalization).

2 Q. Please discuss your rationale for requiring  
3 separate meters for heating and processes load  
4 for "existing gas customers" in the MIR program.

5 A. It's possible that year-to-year changes in an  
6 "existing gas customer's" heating load could  
7 result in a 25 percent additional base load for  
8 three consecutive months, due to variations in  
9 weather, and thereby improperly qualify that  
10 customer for the MIR discount. Rider I clearly  
11 states that the MIR discount is for gas used  
12 directly in manufacturing or processing, and for  
13 that reason, the MIR discount should not be  
14 applied to heating load.

15 Q. Please continue.

16 A. However, there may be special circumstances  
17 where it's cost prohibitive for a particular  
18 customer to install facilities capable of  
19 metering heating load separately from  
20 manufacturing or processes. Therefore, Con  
21 Edison should be allowed to request a waiver of  
22 the separate metering provision. The waiver  
23 request, with supporting justification to ensure  
24 the proper application of the MIR incentive,

1           should be sent to the Chief of Economic  
2           Development, or any other designee as determined  
3           by the Department. These changes ensure the  
4           responsible distribution of the MIR funds.

5    Q.    Please discuss the minor corrections that need  
6           to be made to the Rider I tariff leaves filed in  
7           this case.

8    A.    Rider I is applicable to Service Classification  
9           No. 2 and No. 9. However, the Rider I tariff  
10          leaves filed in this case inadvertently omitted  
11          any reference to Service Class No. 9. After  
12          confirmation with the Company, this correction  
13          should be made to the following Rider I tariff  
14          leaves with an initial effective date of  
15          December 2, 2006: Leaf Nos. 154.12, 154.13,  
16          154.14, 154.17, and 154.18. Further, tariff  
17          Leaf No. 154.18 is also missing references to  
18          the applicable "Service Class No. 9 - Rate A  
19          (2)" under section H(1), and "Service Class No.  
20          9 - Rate A (4)" under section H(2).

21   Q.    Does this conclude your testimony?

22   A.    Yes.