

PSC NO: 4 - Steam
Consolidated Edison Company of New York, Inc.
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GENERAL INFORMATION - Continued

8. Adjustment of Rates Related to Changes in the Cost of Fuel

8.1 Monthly Adjustment

The rates under all Service Classifications shall be subject each month to a charge or credit when the average cost of fuel increases or decreases from a specified base cost. Such charge or credit will be determined by subtracting the base cost of fuel from the sum of:

- a. the product of the average cost of fuel and the sendout for the 12 month period ending with the month of computation divided by the sales for the 12 month period ending with the month of computation; and
- b. the uniform per unit charge for storage and handling as described in Section 8.3.

The cost of fuel in providing one thousand pounds of steam for Company Customers refers hereunder to the total of the monthly weighted average cost of fuel alongside as burned by the Company plus the contractual variable cost of steam purchased from others for resale, including Brooklyn Navy Yard Cogeneration Partners, L.P. ("BNYCP") charges set forth below under the paragraph entitled "BNYCP Adjustments."

At the end of each October, the Company will compare actual expenses incurred for fuel used by the Company plus the contractual variable cost of steam purchased from others for resale (including BNYCP charges as described under the paragraph entitled "BNYCP Adjustments") over the 12-month period ending September 30 to the total of:

- a. the amount recovered through the base cost of fuel over the 12-month period ending September 30;
- b. the amount recovered through the Monthly Adjustment over the 12-month period ending October 31;
- c. fuel revenues recovered from Rider E customers; plus
- d. for the 12-month reconciliation period ending September 30, 2008, October 2007 base fuel costs that were unrecovered as of the end of October due to the change in the base cost of fuel effective October 1, 2007, and whose amount shall be calculated by multiplying the estimated September 2007 usage billed in October 2007 by the increase in the base cost of fuel.

Any under-collections or over-collections will be reflected in the Monthly Adjustment, expressed to the nearest tenth of a cent, over the subsequent 12 months beginning in December. Surcharge or credit amounts shall bear interest at the rate prescribed by the Commission on unamortized balances.

The Monthly Adjustment shall be subject each month to the adjustments set forth below under the section entitled "Annual Adjustment." The Monthly Adjustment will also be subject to adjustments set forth below under the sections entitled "Special Monthly Adjustments." The Monthly Adjustment shall be expressed to the nearest tenth of a cent.

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