

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 -Continued

8.2 Base Cost of Fuel

The base cost of fuel under all Service Classifications is composed of the following:

- a. a charge of 1004.90 cents for each Mlb of steam used by the Customer, plus
- b. the per unit equivalent, as determined on a monthly basis, of fuel costs collected through the Customer Charge.

The per unit equivalent will be expressed on the basis of cents per Mlb of steam used by the Customer and will be calculated by multiplying (1) fuel cost revenues collected through the Customer Charge divided by sendout for the month of computation by (2) sendout for the 12-month period ending with the month of computation divided by sales for the 12-month period ending with the month of computation.

8.3 Average Cost of Fuel

The weighted average cost of fuel will be determined monthly by dividing the cost of coal, oil, gas, and other fuel incurred by the Company (excluding storage and handling costs as described below) plus the contractual variable cost of steam purchased from others for resale including BNYCP charges and credits, by the sum of the number of pounds of steam produced by such fuel and the number of pounds of steam purchased from others for resale. The average cost of fuel includes the costs of financial hedging instruments associated with transactions intended to reduce price volatility to customers (e.g., transaction costs, such as option premiums, costs of providing credit support and margin requirements, and professional fees, and gains and losses associated with such transactions made in the commodities exchanges and with other counterparties). If applicable, the average cost of fuel will also include the recovery of purchases of Regional Greenhouse Gas Initiative allowances and credits to customers of proceeds from the sale of such allowances.

Alongside, as used herein, means alongside the Company's generating stations, or alongside leased plants, or alongside the storage yard, wherever the Company accepts delivery of the coal or other fuel from the supplier or transportation agency. The alongside costs include:

- a. cost of coal at the mine or of other fuel at the point of delivery by the vendor;
- b. transportation from the mine or point of delivery by the vendor to alongside the generating station or storage yard;
- c. New York City compensating use tax, the Federal transportation tax and other similar taxes;
- d. cargo insurance and uninsured cargo losses on barge, collier or tanker deliveries;
- e. unloading, handling and reloading at the storage yard;
- f. transportation from storage yard to alongside generating stations; and
- g. license fees imposed under Article 12 of the Navigation Law entitled "Oil Spill Prevention, Control and Compensation."

Alongside, costs do not include:

- a. demurrage or damage to barges, colliers or tankers;
- b. unloading or handling at generating stations; and
- c. interest and taxes on fuel in storage or on property and equipment used for storage of fuel.

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