

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

8.5 Annual Adjustment

8.5.1 At the end of each 12-month period beginning with the 12 months ending September 30, 2005, the annual steam system variance will be determined by subtracting sales for the annual period from sendout produced by the Company and purchased from others for resale for the same corresponding annual period. Commencing with the 12-month period ending September 30, 2011, if the variance exceeds 4,200 MMlb in any annual period, the Company will recover 90% of the variance-related fuel costs in excess of 4,200 MMlb, provided, however, that its unrecovered variance-related fuel costs will not exceed \$5 million. If the variance is less than 3,900 MMlb in any annual period, the Company will credit Customers with 90% of the variance-related fuel cost savings less than 3,900 MMlb, provided, however, that the Company will retain no more than \$5 million. Fuel costs associated with the exceedance or savings relative to the target variance amounts will be computed by multiplying (1) the difference between the variance and the target MMlb amount by (2) 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") for such annual period divided by the total MMlb sendout. The Company will recover from or credit to customers 100% of the variance-related fuel costs or savings associated with the variance above 4,200 MMlb or below 3,900 MMlb that exceeds \$5 million in any annual period. For the 12-month period ending September 30, 2010, the variance bands are 4,541 MMlb and 4,322 MMlb instead of 4,200 MMlb and 3,900 MMlb respectively.

Surcharge or credit amounts shall bear interest at the rate prescribed by the Public Service Commission on unamortized balances. The surcharge or credit will be applied monthly over the 12-month period starting with the first November billing cycle date of each year commencing 2005.

8.5.2 The Annual Adjustment surcharge or credit shall be shown separately on the monthly Fuel Statement for the 12 months ending October. At the end of each 12-month period, the actual amount to be collected or credited through the fuel adjustment will be compared to the actual amount collected or passed back. If the reconciliation is greater than plus or minus .5 percent, an adjustment will be made in a subsequent month.

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