

PSC NO: 9 GAS

LEAF: 178

COMPANY: **CONSOLIDATED EDISON COMPANY OF NEW YORK, INC**

REVISION: 5

INITIAL EFFECTIVE DATE: 10/26/07

SUPERSEDING REVISION: 4

STAMPS: Issued in Compliance with Order in Case 06-G-1332 dated September 25, 2007

GENERAL INFORMATION - Continued**IX. Special Adjustments - Continued****7. Transition Adjustment for Competitive Services**

The Transition Adjustment for Competitive Services ("TACS") is a per therm adjustment. Firm Sales customers taking service under Service Classification Nos. 1, 2, 3 and 13 and Riders G, H, J and I of this Rate Schedule and Firm Transportation customers taking service under SC 9 will be assessed a TACS as set forth in the Monthly Rate Adjustment (MRA). The TACS will include (1) lost revenues attributable to the Billing and Payment Processing Charge (BPP); and (2) any variation between the level of Credit and Collections/theft ("C&C") revenues applicable to POR customers and included in the POR discount rate, and actual C&C revenues received through the POR discount rate. The level of C&C POR reflected in the discount rate will be, for the Rate Year commencing October 1, 2007, the design target established in the Joint Proposal that was adopted in part by the Commission's September 25, 2007 "Order Adopting in Part the Terms and Conditions of the Parties' Joint Proposal" in Case 06-G-1332 ("2007 Gas Rate Plan"); and, for the two subsequent Rate Years, will be based upon an allocation of C&C costs between full service and POR customers. The lost revenue attributable to the BPP equals the total BPP charges by retail choice customers resulting from an ESCO issued consolidated bill. The TACS will be effective for the Rate Year commencing October 1, 2007.

For Service Classification Nos. 1, 2, 3 and 13, and for SC9 firm transportation the TACS shall be determined by dividing the BPP lost revenues and the C&C variation for each rate year by the total of firm full service and transportation therms for the twelve month period for which the TACS is to be effective.

The difference between the amount to be recovered through the TACS and the actual amount recovered through the TACS will be reconciled. Any under-recovery or over-recovery resulting from such reconciliation plus interest (calculated at the Other Customer's Capital Rate) shall be included in the calculation of the subsequent year's TACS.

8. Merchant Function Charge (MFC)

The Merchant Function Charge (MFC) consists of the following components: (a) a Supply component which includes commodity procurement (including commodity revenue based allocation of information resources and education and outreach costs); (b) an uncollectible expense component associated with supply; (c) a gas in storage working capital component and (d) a credit and collections/theft component.

The MFC will be charged monthly to Firm Full Service Customers served under SC 1, 2, 3 and 13. The uncollectible expense component will be aligned with service classes consistent with the monthly Gas Costs Factors and will reflect uncollectible factors of \$.8053 per \$100 of commodity costs for residential customers and \$.3466 per \$100 of commodity costs for non-residential customers. The gas in storage working capital component for the period October 1, 2007 through September 30, 2008 will be calculated such that the MFC component per therm will be twice the rate of the MRA component.

(General Information - Continued on Leaf No. 178.1)

Issued By: **Robert N. Hoglund, Senior Vice President & Chief Financial Officer, 4 Irving Place, New York, NY 10003**

(Name of Officer, Title, Address)