

PSC NO: 9 GAS
 COMPANY: **CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**
 INITIAL EFFECTIVE DATE: 10/01/07
 STAMPS: Issued in Compliance with Order in Case 06-G-1332 dated September 25, 2007

LEAF: 176
 REVISION: 4
 SUPERSEDING REVISION: 2

GENERAL INFORMATION - Continued

IX. Special Adjustments - Continued

4. Transition Surcharge for Capacity Costs

Each new dekatherm (dt) of capacity brought to the Citygate by a Seller on and after April 1, 1999 is assumed for purposes of the following formula to generate stranded cost.

Calculation of capacity costs related to customers migrating from firm sales to transportation service would be by apportionment.

The portion of capacity costs (\$cap) associated with customers that have switched from firm sales to transportation service on and after April 1, 1999 or who have had capacity assigned but are no longer taking such assignment, will be calculated as follows:

$$\text{\$cap} = \{(\text{tcap}/\text{ucap}) \times \text{ucap}\$ \} - \text{Capacity Release Credits("CRC")}$$

ucap\$ = Company's allocated share of upstream capacity costs.

tcap = amount of capacity associated with firm Customers using their own capacity to bring gas to the Citygate (dt).

ucap = Company's allocated share of upstream pipeline capacity (dt).

CRC = allocated share of the capacity release credits associated with tcap, adjusted for the capacity release revenues used to fund the Competitive Retail Choice Credit in Rate Provision J.7 of Service Classification No. 9.

The transition surcharge for capacity costs will be collected from Firm Sales and Firm Transportation Customers as a separate surcharge through the Monthly Rate Adjustment in General Information Section VII (B) and in SC 9 Rates (J) (1), respectively. It will be calculated as follows:

$$\text{Transition Surcharge ("TS")} = \frac{\text{\$cap}}{\text{actual therms}} \quad \text{where,}$$

$$\text{Projected therms} = \frac{\text{annual firm sales and firm transportation volumes}}{\text{actual therms}}$$

The surcharge will become effective on the first day of the second calendar month succeeding the month in which strandable costs are incurred. Surcharge collections will be subject to periodic reconciliation.

(General Information - Continued on Leaf No. 177)

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(Name of Officer, Title, Address)