

PSC NO: 9 GAS

LEAF: 277.1

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

REVISION: 1

INITIAL EFFECTIVE DATE: 03/15/06

SUPERSEDING REVISION: 0

STAMPS: Issued in compliance with order in Case 98-G-0122 dated November 23, 2005.

SERVICE CLASSIFICATION No. 9 - Continued**TRANSPORTATION SERVICE - Continued****Rates - Continued****(D) Rates for CNG, Bypass and Power Generation Transportation Customers – Continued****(2) Rate for Power Generation Transportation Customers - Continued**

A new VAC will become effective at the beginning of each Effective Period. The new VAC will be based upon the Base Year spark spread average and a new Test Year spark spread. The new test year spark spread shall be recalculated once a year based on the Customer's MWH Generated Output, Daily Gas Delivery Quantities, actual NYISO Market Electric Price and Daily Market Gas Cost for the preceding 12month period ending on December 31. As part of the new VAC calculation the Company will incorporate a Reconciliation Charge based upon the Customer's actual operations during the previous year. The Reconciliation Charge is an adjustment that will be made prospectively for any Value Added Charge over/under collected.

The Company shall establish a VAC for each Customer's generating facilities based upon one of four predetermined heat rates that are applicable to the Customer's generating facility. The VAC is to be filed with the NYSPSC annually on March 1. Each Effective Year begins May 1 and ends April 30. The VAC will be applied to every therm delivered under this rate.

Definitions

Customer's Heat Rate - The Heat rate expressed in mmBtu/MWH in the Heat Tier Level that applies to the customer's equipment.

Base Year – The first full year of the operation of the New York Independent System Operator ("NYISO") starting December 1, 1999.

Base Year Spark Spread - The simple average of the Spark Spread for all 8,784 hours of the Base Year.

Heat Rate Tier Level – the heat rate tier level based on the technology of the unit:

Tier 1	17.5	mmBTU/MWH	Old simple cycle peaking units that commenced operation prior to December 31, 1998.
Tier 2	11.0	mmBTU/MWH	Rankine cycle steam units
Tier 3	10.0	mmBTU/MWH	New simple cycle peaking units
Tier 4	7.4	mmBTU/MWH	Combination cycle plants

Daily Market Gas Cost - The average per dth market cost of gas reported in Gas Daily as the Transco Zone 6 (NY) midpoint and high price for the day of flow. The midpoint is calculated by averaging the Daily high and low prices for the day of flow as reported in Gas Daily. For the purpose of this calculation the cost of gas shall include the Transco Zone 6 price plus a variable transportation rate of 1.0 cents per therm.

(Service Classification No. 9 - Continued on Leaf No. 277.2)

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

(Name of Officer, Title, Address)