

PSC NO: 9 GAS
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
INITIAL EFFECTIVE DATE: December 21, 2003

LEAF: 183.2
REVISION: 4
SUPERSEDING REVISION: 3

GENERAL INFORMATION - Continued

IX. Special Adjustments - Continued

5. Research and Development Surcharge Applicable to Firm Customers

In accordance with the Public Service Commission Order issued February 14, 2000 in Case 99-G-1369, all Firm Sales and Firm Transportation Customers will be subject to a research and development ("R&D") surcharge to provide funding for R&D projects.

6. Transition Adjustment for Competitive Services

A Transition Adjustment will be applied, per therm, to the monthly bills of Customers receiving firm sales service under SC Nos. 1, 2, 3, and 13 ("Firm Sales Customers") and Customers receiving firm transportation service under Rate A of SC No. 9 ("Firm Transportation Customers"). The Transition Adjustment is designed to collect "net retail choice credits" equal to (a) Competitive Retail Choice Credits ("CRCC") on firm transportation customer bills, less 0.12 cent per therm times the applicable firm transportation volumes; plus (b) aggregate credits on customers' bills from the application of Billing Credits for Consolidated Bills issued by Marketers to Firm Transportation Customers, and (c) Marketer and Direct Customer non-payments for rates and charges billed Marketers and Direct Customers that exceed the corresponding security deposits held by the Company.

The net retail choice credits to be applied on Customer bills will be estimated for each year, beginning October 1, 2004. The net retail choice credits determined in accordance with this provision will be divided by the estimated total annual therm deliveries to which the Transition Adjustment will be applied to determine the per-therm Transition Adjustment, expressed to the nearest 0.0001 cent per therm. If the above calculation results in a Transition Adjustment less than 0.0001 cent per therm, the amount to be recovered from or credited to Customers will be deferred, with interest, for later recovery from Customers or later refund to Customers. The CRCC will not be included in the Transition Adjustment for annual periods beginning on and after October 1, 2005.

The net retail choice credits will be reconciled to the amounts collected through the Transition Adjustment on a monthly basis. Any net over- or under-collection amount remaining after September 30, 2005 related to the CRCC will be deferred with interest and disposed of in a manner to be determined by the Public Service Commission. Any net over- or under-collection amount related to items (b) and (c) above that are remaining at the end of September of each year, will be included in the computation of the next applicable Transition Adjustment. Whenever the cumulative deferred amount plus interest exceeds \$250,000, the Company may adjust the Transition Adjustment on 30 days' prior notice during the annual period that the Transition Adjustment is in effect.

(General Information - Continued on Leaf No. 183.3)

Issued By: Joan S. Freilich, Executive Vice President & Chief Financial Officer, 4 Irving Place, New York, NY 10003
(Name of Officer, Title, Address)