

PSC NO: 4 - Steam
Consolidated Edison Company of New York, Inc.
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GENERAL INFORMATION - Continued

3. General Rules, Regulations, Terms and Conditions under Which Steam Service Will Be Supplied, Applicable to and Made a Part of All Agreements for Steam Service - Continued

3.1. How to Obtain Service – Continued

3.1.5 Agreement and Prepayment, As May Be Required, for Extension or Reinforcement of Mains - Continued

If a Customer who is required to make a prepayment meets the Company's credit standards, such Customer may alternatively enter into an agreement with the Company to make annual payments over a ten-year period. The first installment, payable prior to or upon the commencement of service, will be equal to the estimated cost of the main extension or reinforcement times the Company's weighted capital recovery factor. Each subsequent installment, payable on the anniversary of the commencement of service, will be equal to:

- a. the estimated cost of the main extension or reinforcement times the Company's weighted capital recovery factor, less
- b. one-tenth of the revenue collected in bills (as set forth below) over the preceding 12-month period for steam supplied to the Customer and to other new Customers connected to such main extension by a service.

On the tenth anniversary of the Customer's commencement of service, the Company will apply a credit to the Customer's account equal to one-tenth of the revenue collected in bills over the preceding 12-month period for steam supplied to the Customer and to other new Customers connected to such main extension by a service. For the purpose of determining the annual installment payments and the tenth-anniversary credit, the revenue collected in bills is the total revenue collected from the Customer less revenues attributable to the Increase in Rates and Charges, fuel adjustment revenues, and the base cost of fuel. Should the use of the Company's service be terminated by the Customer for any cause or discontinued by the Company for cause as provided herein before the end of ten years, the Customer will be required to pay any remaining amount at the time of termination or discontinuance unless such Customer, with the approval of the Company, assigns the agreement to a successor Customer at the premises, subject to the same terms and conditions.

The capital recovery factor is computed as follows:

$$[(i * (1 + i)^n) / [(1 + i)^n - 1]] \text{ where}$$

- i = pre-tax return approved by the PSC in the Company's most recent rate case, and
n = 10, the number of years in the surcharge period.

The Customer may retroactively be required to make a payment, subject to the provisions described above, if the Company determines subsequent to extending or reinforcing the Company's mains that the Customer did not provide sufficient revenue to justify the expenditure involved within two years of the extension or reinforcement for applications received on or after October 1, 2008 but before May 1, 2017, and within five years of the extension or reinforcement for applications received on or after May 1, 2017.

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