

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**  
**4 Irving Place**  
**New York, NY 10003**

October 7, 2005

Honorable Jaclyn A. Brillling  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: Case 03-G-1671 – Proceeding on Motion of the Commission as to  
The Rates, Charges, Rules and Regulation of Consolidated Edison  
Company of New York, Inc. for Gas Service

Dear Secretary Brillling:

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) is filing today with the Public Service Commission (“the Commission”) amendments to its Schedule for Gas Service, PSC No. 9 – Gas (“Gas Tariff”) that implement an Automatic Netting of Imbalances Program, in compliance with the Commission’s Order dated September 27, 2004 (“September 2004 Order”) in the above case.

The specific Leaves being revised are identified in Appendix A and bear an effective date of November 6, 2005. Related revisions to the Company’s Gas Sales and Transportation Operating Procedures Manual (“GTOP”) will be filed with the Commission (with copies sent to Staff and all active marketers in the Company’s service area).

**Reasons for the Proposed Changes**

Pursuant to the Commission’s September 2004 Order, Con Edison submitted on February 1, 2005, a report outlining the Company’s proposal for automatic netting of imbalances for marketers serving daily-metered interruptible and off-peak firm gas transportation customers, along with draft tariff language.

Prior to filing the February 1, 2005 report, the Company, as required by the September 2004 Order, met with gas marketers and Commission Staff to discuss approaches for the development of an automatic netting of imbalances program. After the report was issued, Commission Staff solicited informal comments from gas marketers and other interested parties on the report. Thereafter, the Company initiated a conference call to discuss the report.

The Company received no objections to the implementation of its proposed program. One gas marketer did express a preference for an alternative program that the marketer presented. The Company is considering implementing an adjustment to its program in Spring 2006 to address the marketer's comments.

### **Summary of Proposed Changes**

The tariff changes proposed herein implement an automatic netting of imbalances program ("the Program") for marketers serving daily-metered interruptible or off-peak firm gas transportation customers, to be effective November 6, 2005. The Program is designed as an additional means for marketers serving daily-metered interruptible and off-peak firm gas transportation customers to reduce imbalances and not as a replacement for any existing programs the Company currently offers. A marketer may opt to not participate in the Program by notifying the Company via e-mail at least two (2) business days prior to the start of the calendar month. If the Company does not receive an opt-out notification, the marketer will be included in the Program for that calendar month.

Under the Program, the Company will identify and net imbalances for the same gas day for two or more marketers using Daily Balancing Service or who have elected the same Minimum Delivery percentage ("band") of Monthly Balancing Service and determine the cash-out tiers to be applied to end-of-month cash-out imbalances for such marketers. There will be no automatic netting of imbalances under the Program on any day that an Operational Flow Order is in effect. Consistent with these tariff changes the Company is extending its Monthly Imbalance Trading Service ("MITS") and Daily Imbalance Trading Service ("DITS") through September 30, 2007.

Pursuant to the September 2004 Order, Con Edison will recover any costs associated with implementation of the Program from firm customers' allocated share of non-firm revenues; to the extent that firm customers' share of non-firm revenues is inadequate, the Company will defer any such deficient amount for future recovery.

### **Notices**

The Company will provide for public notice of the tariff changes proposed in this filing by means of newspaper publication once a week for four consecutive weeks prior to the effective date of the proposed tariff leaves. Also, a copy of this filing will be sent

via electronic mail to all active parties in this case, including gas marketers qualified to serve interruptible and off-peak firm customers in the Company's service territory.

Sincerely,

Christine Colletti  
Director  
Rate Engineering Department

**PSC No. 9 Gas**

Leaf 166  
Revision 7  
Superseding Revision 6

Leaf 362  
Revision 8  
Superseding Revision 7

Leaf 389  
Revision 4  
Superseding Revision 3

Leaf 389.1  
Revision 5  
Superseding Revision 4

Leaf 389.2  
Revision 5  
Superseding Revision 4

Leaf 389.3  
Revision 3  
Superseding Revision 2