



Consolidated Edison Company
of New York, Inc.
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New York NY 10003
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October 26, 2010

Jaclyn A Brilling, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Statement of Revenue Decoupling Mechanism Adjustment No.7

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") is filing today with the New York State Public Service Commission (the "Commission") Statement of Revenue Decoupling Mechanism Adjustment No.7, effective November 1, 2010, replacing the Statement of Revenue Decoupling Mechanism Adjustment No. 6 effective January 1, 2010

Statement of Revenue Decoupling Mechanism Adjustment No.7
for Service Classification Nos. 2, 3 and 9
Effective November 1, 2010

Explanation of Filing

Pursuant to the Joint Proposal included in the Gas Rate Plan in Case 06-G-1332 ("2007 Gas Rate Plan"), adopted by the Gas Rates Order,¹ and to the Commission's "Order Continuing Revenue Decoupling Mechanism," issued and effective May 19, 2009 ("Gas RDM Continuation Order") the Company will reconcile at the end of each rate year, for each grouping, the Actual Pure Base Revenues to the Allowed Pure Base Revenues and either refund customers if the Actual Pure Base Revenues are more than the Allowed Pure Base Revenues or surcharge customers if the Actual Pure Base Revenues are less than the Allowed Pure Base Revenues. The resulting surcharge or refund to customers in each grouping for Rate Year ("RY") 3, inclusive of adjustments for RY2, will be charged or credited to eligible RDM customers on a volumetric basis commencing November 1, 2010, over the next 11 months. The components of each surcharge or refund are discussed below:

Reconciliation of Rate Year 2 (October 1, 2008 to September 30, 2009)

On November 1, 2009 the Company implemented a RDM adjustment for RY2 of the Gas Rate Plan (October 1, 2008 to September 30, 2009). RDM adjustments for RY2 for SC2NH, SC2H, SC3 (1-4), and SC3 (Multi), were developed to recover \$4,799,870, \$7,142,848, \$20,847,605, and (\$2,488,577), respectively.

¹ Case No. 06-G-1332, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service, Order Adopting in Part the Terms and Conditions of the Parties' Joint Proposal* (issued September 25, 2007) ("Gas Rates Order").

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The Company estimates that the annual reconciliation of the RDM adjustments implemented on November 1, 2009 for all RDM groupings for RY2 will result in the need for a net principal surcharge of \$78,078. This consists of a surcharge/(refund) of RDM principle for SC2NH, SC2H, SC3 (1-4), and SC3 (Multi) of (\$480,638), (\$265,974), \$747,209, and \$77,481, respectively. The Company has also reconciled the actual interest expense for RY2 against the carrying charges recovered through the RDM surcharge. The under/(over) recovery of interest expense for SC2NH, SC2H, SC3 (1-4), and SC3 (Multi) was \$10,970, \$24,320, \$122,948, and (\$13,882), respectively. Thus the total principle and interest expense for RY2, for SC2NH, SC2H, SC3 (1-4), and SC3 (Multi) is (\$469,668), (\$241,654), \$870,157, and \$63,599, respectively, and will be included in each grouping's RDM adjustment effective November 1, 2010.

Reconciliation of Rate Year 3 (October 1, 2009 to September 30, 2010)

On January 1, 2010 the Company implemented new interim RDM adjustments for RY3 (October 1, 2009 to September 30, 2010). In October 2010 the Company established final RDM targets for RY3 based on a comparison of Allowed Pure Base Revenue vs. Actual Pure Base Revenue for each of the four groupings. The targets established for SC2NH, SC2H, SC3 (1-4), and SC3 (Multi) are \$5,143,332, \$4,605,380, \$23,437,520, and (\$10,401,901), respectively.

Including the effects of the interim RDM adjustments established for RY3 the Company estimates that the annual reconciliation of all RDM groupings for RY3 will result in a net principal surcharge of \$1,549,484. This consists of a surcharge/(refund) of RDM principle for RY3 for SC2NH, SC2H, SC3 (1-4), and SC3 (Multi) of \$816,022, \$301,967, \$6,384,787, and (\$5,953,292), respectively. The Company has also estimated the interest expense for the surcharge/(refund) period, November 1, 2010 through September 30, 2011. The total estimated interest expense, for SC2NH, SC2H, SC3 (1-4), and SC3 (Multi) is \$3,619, \$335, \$60,214, and (\$50,920), respectively, and will be included in the RDM adjustments effective November 1, 2010.

Summary

In total the RDM adjustment effective November 1, 2010 is \$1,785,166. This consists of \$349,973 for SC2NH, \$60,648 for SC2H, \$7,315,158 for SC3 (1-4), and (\$5,940,613) for SC3 (Multi). As a result, effective November 1, 2010, the Company, by this filing, is implementing surcharges of 0.2233¢ per therm, 0.0197¢ per therm, and 2.6096¢ per therm, for the SC2 Non-Heating, SC2 Heating, SC3 Single Family (1 to 4 dwelling units) groupings, respectively, and a refund of 2.1983¢ per therm for the SC3 Multi Family (greater than four dwelling units) grouping. The surcharges and refund are designed to be in effect from November 2010 through September 2011.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Christine Colletti
Director
Rate Engineering Department