

**PSC NO: 9 GAS****LEAF: 159****COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.****REVISION: 11****INITIAL EFFECTIVE DATE: 02/24/13****SUPERSEDING REVISION: 10****STAMPS:****GENERAL INFORMATION - Continued****VII. Gas Cost Factor and Monthly Rate Adjustment - Continued****(A) Gas Cost Factor Components - Continued****2. Annual Surcharge or Refund Adjustment- Continued**

- (b) By taking the cost of gas derived in paragraph (a) above, excluding firm demand costs, adjusted to reflect a level of purchased gas commensurate with actual sales and the allowed Factor of Adjustment as described below:

- (i) If the absolute value of the difference between the actual line loss factor ("actual LLF") and Five Year Average (as defined in (A) 1. (d) above) is less than two standard deviations ("SD") from the Five-Year Average, there is no adjustment to the cost of gas.
- (ii) If the actual LLF is greater than the Five-Year Average plus two standard deviations ("Dead Band Upper Limit" or "DBUL") the cost of gas will be adjusted by the ratio of a Factor of Adjustment ("FOA") based on a LLF equal to the DBUL and the lesser of the Actual FOA or the FOA equal to the DBUL plus two SD, as shown in the following formula:

$$\text{Adjusted Cost of Gas} = \text{Cost of Gas to Firm Customers} \times \frac{\text{FOA based on DBUL}}{\text{Lesser of Actual FOA or FOA based on DBUL} + 2*SD}$$

- (iii) If the actual LLF is less than the the Five-Year Average minus two standard deviations ("Dead Band Lower Limit" or "DBLL") the cost of gas will be adjusted by the ratio of a FOA based on a LLF equal to the DBLL and the greater of the Actual FOA or the FOA equal to the DBLL minus two SD, as shown in the following formula:

$$\text{Adjusted Cost of Gas} = \text{Cost of Gas to Firm Customers} \times \frac{\text{FOA based on DBLL}}{\text{Greater of Actual FOA or FOA based on DBLL} - 2*SD}$$

- (iv) The Company or any interested party may petition the Commission to modify the GCF reconciliation for any reconciliation period where the Company or such party believes the actual LLF to be anomalous or the result of an error.
- (c) By taking the adjusted cost of gas derived in paragraph (b) above reduced by the following to determine the actual Gas Cost Factor under- or over- collections:
- (i) the Gas Cost Factor revenues adjusted to eliminate the Increase in Rates Applicable in Municipality Where Service is Supplied as defined in General Information Section VIII and the effect of the adjustments to the Average Cost of Gas set forth in this Section (A); and
- (ii) the previous year's over-collection including interest, to the extent not refunded, or adding the previous year's under-collection including interest, to the extent not recovered;

**(General Information - Continued on Leaf No. 160)****Issued By: Robert Hoglund, Senior Vice President & Chief Financial Officer, 4 Irving Place, New York, NY 10003**

(Name of Officer, Title, Address)