

PSC NO: 9 GAS

LEAF: 178.1

COMPANY: **CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

REVISION: 4

INITIAL EFFECTIVE DATE: 01/01/12

SUPERSEDING REVISION: 3

STAMPS: Issued in Compliance with Order in Case 10-G-0467 et al. dated September 16, 2011

**GENERAL INFORMATION – Continued****IX. Special Adjustments – Continued****8. Merchant Function Charge (MFC)**

The Merchant Function Charge (MFC) consists of the following components: (a) a Supply component which includes commodity procurement (including commodity revenue based allocation of information resources and education and outreach costs); (b) an uncollectible expense component associated with supply; (c) a gas in storage working capital component and (d) a credit and collections/theft ("C&C") component.

The MFC will be charged monthly to Firm Full Service Customers served under SC 1, 2, 3 and 13. The uncollectible expense component will be aligned with service classes consistent with the monthly Gas Cost Factors and will reflect uncollectible factors of \$1.0617 per \$100 of commodity costs for residential customers and \$0.5613 per \$100 of commodity costs for non-residential customers.

The rates for recovery of gas in storage working capital costs will be set such that the per therm rate included in the MFC will be equal to the per therm rate included in the MRA.

For each twelve month period commencing October 1, 2010, October 1, 2011 and October 1, 2012 (Rate Year 1, Rate Year 2 and Rate Year 3, respectively), amounts collected through the Supply component and the C&C component of the MFC will be reconciled to Rate Year design targets established in the 2010 Gas Rate Plan. Any differences will be included in the Supply and C&C components of the MFC in the subsequent Rate Year.

The allocation of the C&C design targets between their MFC and POR components for Rate Year 2 and Rate Year 3, will be determined prior to the beginning of each Rate Year based upon an estimate of full service and POR transportation volumes during the subsequent Rate Year, and will be included in the subsequent Rate Year's MFC and POR components.

For each Rate Year, actual gas in storage working capital costs recovered through the MFC and MRA will be reconciled to actual costs of gas in storage working capital. Any differences will be reflected in the subsequent Rate Year's MFC and MRA gas in storage working capital components.

The Company shall file with the Public Service Commission ("PSC") a monthly statement of the Merchant Function Charge ("MFC Statement"). Each component of the MFC will be shown separately by Service Class (i.e., SC 1, 2 Heating, 2 Non-Heating, 3 and 13). Separate Merchant Function Charges shall be filed for air-conditioning customers served under SC2 Heating and SC3. Each MFC Statement shall be filed with the PSC no later than two working days prior to the effective date of the statement.

(General Information - Continued on Leaf No. 179)

**Issued By: Robert Hoglund, Senior Vice President & Chief Financial Officer, 4 Irving Place, New York, NY 10003**

(Name of Officer, Title, Address)