

PSC NO: 9 GAS

LEAF: 177

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

REVISION: 10

INITIAL EFFECTIVE DATE: 01/17/13

SUPERSEDING REVISION: 9

STAMPS: Issued in Compliance with Order in Case 10-G-0643 et al. dated March 15, 2012

GENERAL INFORMATION - Continued**IX. Special Adjustments - Continued****5. Research and Development Surcharge Applicable to Firm Customers**

In accordance with the Public Service Commission Order issued February 14, 2000 in Case 99-G-1369, all Firm Sales and Firm Transportation Customers will be subject to a research and development ("R&D") surcharge to provide funding for R&D projects.

6. Load Following Charge

All firm sales and firm transportation service customers are subject to a Load Following charge to recover fixed gas costs associated with assets used for balancing service.

Gas is purchased under a common supply arrangement for both Con Edison and Orange and Rockland Utilities ("Companies") as described in General Information Section No. VII (A) 1. The fixed gas costs associated with assets used for balancing services are allocated to each Company based upon a fixed percentage. The fixed percentage is based upon the ratio of each Company's forecasted balancing service requirements to the total of both Companies' balancing requirements and is applied to the balancing cost requirements of each Company. The fixed percentage shall be revised at least annually and shall become effective each November 1. The Company shall advise the Commission Staff on or before each October 1 of any changes to the fixed percentage to be implemented the following November 1. Fixed gas costs associated with assets used for balancing services will be recovered through the Load Following charge.

The Load Following charge is a per therm charge determined by dividing the Company's share of fixed gas costs associated with balancing by the forecasted total of firm sales and firm transportation therms for the twelve-month period commencing each November 1. The Load Following charge for both firm sales and firm transportation customers will be included in the Monthly Rate Adjustments, at the same rate, and may be adjusted in any month if there are changes in the Company's projected annualized cost to provide this service and/or changes in the projected annual volume for delivery to firm full service and firm transportation customers. At the end of each twelve-month period commencing November 1, Load Following Charge recoveries shall be reconciled with actual balancing costs and any over- or under-recovery shall be refunded or recovered through the Load Following Charge during the next twelve-month period commencing November 1.

In addition, Load Following charge also includes a transportation surcharge consisting of the following components.

- (a) Effective January 1, 2012, the transportation surcharge includes a surcharge to recover transportation load requirement shortfalls pursuant to the Public Service Commission Order issued and effective September 16, 2011 in Case 10-G-0467 et al.,. This component for each calendar year is calculated by (1) multiplying the under-delivery of firm transportation therms attributable to the difference between 1.0133 (the factor of adjustment on leaf 157.1) and 1.0297 for the twelve month period ending each August 31 of the prior calendar year ("the annual period"), by the average commodity cost of gas per therm excluding the effect of the under-deliveries for the annual period, (2) dividing

(General Information - Continued on Leaf No. 178)

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

(Name of Officer, Title, Address)