

PSC NO: 9 GAS

COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC

INITIAL EFFECTIVE DATE: 12/02/06

LEAF: 178

REVISION: 3

SUPERSEDING REVISION: 2

GENERAL INFORMATION - Continued**IX. Special Adjustments - Continued****7. Transition Adjustment for Competitive Services**

The Transition Adjustment for Competitive Services ("TACS") is a per therm adjustment. Firm Sales customers taking service under Service Classification Nos. 1, 2, 3 and 13 of this Rate Schedule and Firm Transportation customers taking service under SC 9 will be assessed a separate TACS as set forth in the Monthly Rate Adjustment (MRA). The TACS will include (1) the lost revenues associated with the Merchant Function Charge (MFC) and the lost revenues attributable to the Billing and Payment Processing Charge (BPP). The lost revenue attributable to the MFC will be the difference between Rate Year MFC target of \$27,773,607 and the revenue received through the MFC each Rate Year. The lost revenue attributable to the BPP equals the total BPP charges avoided by retail choice customers less charges paid by ESCO's resulting from a Company Consolidated Bill less avoided costs when an ESCO issued consolidated bills. The TACS will be effective for the Rate Year commencing October 1, 2007.

For Service Classification Nos. 1, 2, 3 and 13, the TACS shall be determined by dividing the first 50 percent of lost revenues by the forecasted full service therms for the twelve month period for which the TACS is to be effective, plus the remaining 50 percent of lost revenues divided by the total of full service and transportation therms for the same twelve month period. For Service Classification No. 9, the TACS will be at the rate associated with the remaining 50 percent of lost revenues described above.

The difference between the amount to be recovered through the TACS and the actual amount recovered through the TACS will be reconciled. Any under-recovery or over-recovery resulting from such reconciliation plus interest (calculated at the Other Customer's Capital Rate) shall be included in the calculation of the subsequent year's TACS.

8. Merchant Function Charge (MFC)

The Merchant Function Charge (MFC) consists of (a) a Supply component which includes commodity procurement cost (including commodity revenue based allocation of information resources and education and outreach costs) and an uncollectible expense component; and (b) a credit and collections/theft component. Full service customers served under SC 1, 2, 3 and 13 will be charged an MFC that includes both components. For Firm Transportation Customers taking Service under SC 9, only those Customers whose Marketer/ESCO participates in the Company's Purchase of Receivables ("POR") Program will be charged the MFC, which includes only the credit and collections/theft component. The following Table indicates applicable MFC charges for each service class.

TABLE - MFC FACTORS BY FIRM GAS SERVICE CLASS:

RATE CLASS	CUSTOMER TYPE	SUPPLY RELATED	CREDIT AND COLLECTIONS	TOTAL
SC1 and SC3	Full Service	\$0.0234	\$0.0217	\$0.0451
SC2H, SC2NH, and SC13	Full Service	\$0.0106	0.0062	\$0.0168
SC9 (SC1 and SC3) (POR)	Retail Access	\$0.000	\$0.0217	\$0.0217
SC9 (SC2H, SC2NH, and SC13) (POR)	Retail Access	\$0.000	0.0062	\$0.0062
SC9 (SC1 and SC3)	Retail Access	\$0.000	\$0.0217	\$0.0217
SC9 (SC2H, SC2NH, and SC13)	Retail Access	\$0.000	0.0062	\$0.0062

(General Information - Continued on Leaf No. 179)

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

(Name of Officer, Title, Address)