

PSC NO: 9 GAS

LEAF: 178.1

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

REVISION: 1

INITIAL EFFECTIVE DATE: 10/26/07

SUPERSEDING REVISION: 0

STAMPS: Issued in Compliance with Order in Case 06-G-1332 dated September 25, 2007

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

For the periods October 1, 2008 to September 30, 2009, and October 1, 2009 to September 30, 2010, the gas in storage working capital cost will be such that the per therm MFC components will be 1.5 times and 1 time, respectively, the per therm rate applicable to the MRA.

For each twelve month period commencing October 1, 2007, October 1, 2008 and October 1, 2009 (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 2007 Gas Rate Plan. Any differences will be included in the MFC charge for the Supply and C&C components 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 transportation sales during the subsequent Rate Year, and will be included in the subsequent Rate Year's MFC and MRA component.

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 component.

The Company shall file with the Public Service Commission ("PSC") a monthly statement of Merchant Function Charge ("MFC Statement") with the first MFC statement effective October 1, 2007. 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 N. Hoglund, Senior Vice President & Chief Financial Officer, 4 Irving Place, New York, NY 10003

(Name of Officer, Title, Address)