

PSC NO: 9 GAS**LEAF: 183.2****COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.****REVISION: 5****INITIAL EFFECTIVE DATE: October 1, 2004****SUPERSEDING REVISION: 3****STAMPS: Issued in compliance with order in Case 03-G-1671 dated September 27, 2004****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. Gas Energy Efficiency Surcharge

In accordance with the Public Service Commission Order issued September 27, 2004, approving the Joint Proposal ("Joint Proposal") dated May 28, 2004 in Case Nos. 03-G-1671 and 03-S-1672, all Firm Sales and Firm Transportation Customers will be subject to a gas energy efficiency surcharge commencing October 1, 2004. The gas energy efficiency surcharge shall fund gas energy efficiency programs ("the Efficiency Program") in the Company's service territory and a gas energy efficiency study ("the Study"). The funding level, scope, administration, and implementation of the Efficiency Program and the Study will be in accordance with the Proposal.

Prior to each "Rate Year" commencing October 1, with the first Rate Year beginning October 1, 2004, the Company will estimate the costs associated with funding that Rate Year's efficiency program and study, as well as lost revenues. The gas energy efficiency surcharge effective during each Rate Year will be computed by dividing estimated annual costs by the estimated annual therm deliveries to Firm Sales and Firm Transportation Customers. At the end of each Rate Year, the Company will reconcile actual costs with the actual amounts collected through the surcharge and any under or over-collection of costs will be recognized in the calculation of the following Rate Year's surcharge. The Company will retain the flexibility to adjust the surcharge during each Rate Year to recognize significant differences between actual program costs and actual revenues collected. The surcharge will terminate when actual funding levels reach \$5.2 million.

(General Information - Continued on Leaf No. 183.3)

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