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COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. REVISION: 0
INITIAL EFFECTIVE DATE: 02/15/01 SUPERSEDING REVISION:
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SERVICE CLASSIFICATION NO. 20 - Continued

TRANSPORTATION RECEIPT SERVICE (TRS) - Continued

Operational Matters - Continued

(C) Balancing Services - Continued

(4) Virtual Storage Option Service - Continued

- (d) Direct Customers or Sellers taking VSOS will be subject to a virtual storage charge, seasonal variable delivery charges, and a backhaul charge. Such charges will be set forth in the Company's Statement of Balancing Service Charges.

The virtual storage charge will be computed by applying a fixed charge to the Direct Customer's or Seller's VSOS Allocation, or such lesser amount as was elected by Direct Customer or Seller pursuant to (b) above, and will be collected as follows;

- (i) For Direct Customers or Sellers commencing VSOS on April 1st, in equal monthly installments over the twelve month period ending March 31st of each year;
- (ii) For Direct Customers or Sellers commencing VSOS after April 1st but no later than September 30, the virtual storage charge that would otherwise have been due had VSOS commenced on April 1st will be payable in one lump sum prior to the date of commencement, and the remainder of the virtual storage charge will be payable in equal monthly installments over the remaining months ending March 31st of each year;
- (iii) For Direct Customers or Sellers terminating their participation in VSOS at any time during the year, the remaining installments of the virtual storage charge become payable in full on the termination date.

The virtual storage charge will be revised annually and will be based on pipeline deliverability and capacity charges associated with the Company's Production Area Storage that is used to provide VSOS, plus any applicable taxes.

The seasonal variable delivery charges consist of:

- (i) a charge applied to the monthly quantity of gas credited to the Direct Customer's or Seller's virtual storage account in each month during the Summer Period; and
- (ii) a charge applied to the monthly quantity of gas redelivered by the Company from the Direct Customer's or Seller's virtual storage account in each month during the Winter Period.

The seasonal variable delivery charges will be revised periodically and based on interstate pipeline tariff injection and withdrawal rates, plus any applicable taxes, as explained in the Company's Sales and Transportation Operating Procedures Manual.

(Service Classification No. 20 - Continued on Leaf No. 389.3)

Issued By: Joan S. Freilich, Executive Vice President & Chief Financial Officer, 4 Irving Place, New York, N. Y. 10003
(Name of Officer, Title, Address)