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COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. REVISION: 4
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STAMPS: Issued in compliance with order in C. 97-G-1380 et.al. dated August 19
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GENERAL INFORMATION - Continued

VII. Gas Adjustment Clause - Continued

3. Average Cost of Gas - Continued

Fixed gas costs include pipeline demand charges, supplier gas inventory charges, storage demand charges, and any similar charges that do not vary with the volume of gas purchased.

(A) Total Cost of Gas Purchases:

The total cost of gas shall be the sum of the variable gas costs and fixed gas costs of (a) firm gas purchases (b) spot gas purchases, and (c) storage and peaking gas.

(1) Cost of Firm Gas Purchases:

The variable cost of gas purchased from firm gas suppliers shall be determined by applying the variable rates and charges of the Company's firm gas suppliers which will have been in effect not less than fifteen days prior to the effective date of the gas adjustment to the respective quantities of gas taken for delivery to the Company's own Customers from each supplier during the 12 successive calendar months immediately preceding the date of computation, except as may be modified in (4) below. The fixed gas cost shall be determined by annualizing the fixed charges of the Company's firm gas suppliers which will have been in effect not less than fifteen days prior to the effective date of the gas adjustment. The cost of gas applicable to firm sales Customers will be credited with revenue derived from load following service; 85% of SC No. 20 standby capacity charge revenues other than those revenues reflected in the Transition Surcharge as explained in General Information Section IX (5); 50 percent of the revenue above an annual target amount of \$805,000 derived from gas balancing services under Service Classification No. 9 "Rates" (H) and (I), Service Classification No. 12, and Service Classification No. 20 "Charges" (A) - (C) and (F) and power generation; with revenue derived from the Transition Surcharge collected from firm sales and transportation customers as explained in General Information Section IX (5).

(General Information - Continued on Leaf No. 157.0)

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