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 COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. REVISION: 3
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 STAMPS: Issued in compliance with order in C. 00-G-1456 et al dated April 22,
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GENERAL INFORMATION - Continued

VII. Gas Cost Factor and Monthly Rate Adjustment

The rates for gas service under SC Nos. 1, 2, 3 and 13 shall be increased each month by a Gas Cost Factor to reflect the Average Cost of Gas for the month, as adjusted by the following:

- (1) Annual Surcharge or Refund Adjustment
- (2) Gas Supplier Take-or-Pay Charges;
- (3) Pipeline Transition Costs;
- (4) Cost of Compensation Adjustment;
- (5) Gas Supplier Refunds (except as provided in (A) 6 below); and

a Monthly Rate Adjustment to reflect the following:

- (1) Non-Firm Revenue Credit;
- (2) Gas Facility Costs Credit;
- (3) Transition Surcharge for Capacity Costs;
- (4) R & D Surcharge; and

a Weather Normalization Adjustment.

The Gas Cost Factor and Monthly Rate Adjustment shall be expressed to the nearest .0001 of one cent.

(A) Gas Cost Factor Components

1. Average Costs of Gas

Pursuant to the Settlement Agreement adopted by the Commission in its Order Authorizing Merger, issued and effective April 2, 1999, gas is purchased under a common supply arrangement for both Consolidated Edison Company and Orange and Rockland Utilities ("Companies"). The arrangement is administered by a single corporate department or entity for the benefit of the Companies, which purchase gas and services for the Companies in a manner that minimizes their total cost.

The Company's monthly average cost of gas applicable to the rates under SC Nos. 1, 2, 3 and 13 shall be based upon the Company's apportioned share of fixed and variable costs and shall be computed as follows:

(a) Fixed Gas Costs:

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 (including the cost of capacity that enables the Company to offer Capacity Release Service), and applicable surcharges and taxes.

The fixed gas costs of the Companies shall be developed by applying the fixed rates and charges of the transporters, storage providers, and suppliers to the annual billing determinants associated with pipeline capacity, storage capacity, and purchase contract entitlements. Excluding capacity release credits and fixed costs associated with assets used for balancing and standby service, fixed gas costs shall be allocated to each Company using a fixed percentage based on the ratio of each Company's fixed gas costs as of June 30, 2000. Fixed gas costs associated with assets used for balancing and standby service will be allocated to each Company based on the ratio of each Company's cost of those assets.

(General Information - Continued on Leaf No. 156.0)

Issued By: Joan S. Freilich, Executive Vice President & Chief Financial Officer, 4 Irving Place, New York, N. Y. 10003

(Name of Officer, Title, Address)