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COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. REVISION: 3

INITIAL EFFECTIVE DATE: 05/01/02 SUPERSEDING REVISION: 2

STAMPS: Issued in compliance with order in C. 00-G-1456 et al dated April 22,

Cancelled by 4 Rev. Leaf No. 157 Effective 05/20/2002

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**GENERAL INFORMATION - Continued****VII. Gas Cost Factor and Monthly Rate Adjustment - Continued****(A) Gas Cost Factor Components - Continued****1. Average Cost of Gas - Continued****(b) Variable Costs**

Variable gas costs include purchased gas cost (including gas costs incurred in connection with capacity that enables the Company to offer Capacity Release Service), storage gas cost, alternate gas supplies, (e.g., liquefied natural gas, liquefied propane gas and propane air), variable transportation costs, fuel retention costs, applicable surcharges and taxes, and the cost associated with risk management programs.

The variable costs shall be allocated between the Companies in proportion to their respective monthly firm sales sendout quantities. The variable costs shall be determined by:

- (i) applying the variable rates and charges of the transporters, storage and peaking providers, and suppliers to the billing determinants associated with transportation, storage and peaking, and gas supply for the forecasted weather normalized quantities of gas to be taken for delivery to firm sales customers during the month in which the Gas Cost Factor will be in effect adjusted further for the costs associated with risk management, plus
- (ii) applying the average unit cost of gas in storage at the date of computation to the quantities of gas estimated to be withdrawn from storage for both Companies' firm sales Customers during the month in which the Gas Cost Factor will be in effect.

The Company's apportioned share of variable costs shall be divided by the forecasted weather normalized quantities of gas to be taken for delivery to the Company's firm sales customers during the month in which the Gas Cost Factor will be in effect.

**(c) Total Average Cost of Gas**

The total average costs of gas are the sum of the unit amounts determined in (a) and (b) above multiplied by a factor of adjustment of 1.0235 to reflect distribution line losses.

(General Information - Continued on Leaf No. 158.0)

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

(Name of Officer, Title, Address)