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COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. REVISION: 5
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GENERAL INFORMATION - Continued

VII. Gas Adjustment Clause - Continued

3. Average Cost of Gas - Continued

The Company's apportioned share of fixed costs will be reduced by the following:

(i) eighty-five percent of the allocated capacity release revenue credits associated with capacity release for other than capacity freed up as a result of firm customers migrating to transportation on and after April 1, 1999;
(ii) the revenue derived from load following service;
(iii) eighty-five percent of SC No. 20 standby capacity charge revenues other than those reflected in the Transition Cost Surcharge as explained in General Information Section IX (5);
(iv) 100 percent of the revenue up to 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 plus 50 percent of these revenues derived above the annual target;
(v) revenue derived from the Transition Surcharge collected from firm sales and transportation customers as explained in General Information Section IX (5); and
(vi) the estimated fixed cost of gas allocated to interruptible and off-peak firm customers taking service under Service Classification Nos. 12 and 19.

The Company's apportioned share of fixed costs, net of the foregoing reductions, will be divided by the forecast quantities of gas to be taken for delivery to the Company's firm sales customers for the 12 calendar months ending the following August 31;

(B) Variable Cost

Variable gas costs include purchased gas cost, storage gas cost, alternate gas suppliers, i.e., 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 cost shall be allocated between the companies in proportion to their respective monthly firm sales sendout quantities. The variable cost shall be determined by:

(i) applying the variable rates and charges of the transporters, storage and peaking providers, and suppliers to the billing determinents associated with transportation, storage and peaking, and gas supply for 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 adjustment 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 adjustment will be in effect.

(General Information - Continued on Leaf No. 157.0)

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