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Each new dekatherm (dt) of capacity brought to the Citygate by a Seller on and after April 1, 1999 is assumed for purposes of the following formula to generate stranded cost.

Calculation of capacity costs related to customers migrating from firm sales to transportation service would be by apportionment.

The portion of capacity costs (\$cap) associated with customers that have switched from firm sales to transportation service on and after April 1, 1999 or who have had capacity assigned but are no longer taking such assignment, will be calculated as follows:

$$\$cap = \{(tcap/ucap) \times ucap\} - \text{Capacity Release Credits("CRC")} - \text{Standby Capacity Charges ("SCC")}$$

ucap\$ = Company's allocated share of upstream capacity costs.

tcap = amount of capacity associated with firm customers using their own capacity to bring gas to the Citygate (dt).

ucap = Company's allocated share of upstream pipeline capacity (dt).

CRC = allocated share of the capacity release credits associated with tcap.

SCC = Standby Capacity Charges associated with tcap.

The transition surcharge will be collected from firm sales and firm transportation customers as a separate surcharge through the Gas Adjustment (see Section VII 4.(E)(5)) and the Adjustment to Base Rates (See SC 9 Rates (J)(1)), respectively. It will be calculated as follows:

Transition Surcharge ("TS") = $\frac{\$cap}{\text{actual therms}}$ where,

Actual therms = annual firm sales and firm transportation volumes

The surcharge will become effective on the first day of the second calendar month succeeding the month in which strandable costs are incurred. Surcharge collections will be subject to periodic reconciliation.

(General Information - Continued on Leaf No. 184.0)

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