

PSC NO: 9 GAS

LEAF: 181.1

COMPANY: CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

REVISION: 3

INITIAL EFFECTIVE DATE: 03/01/14

SUPERSEDING REVISION: 1

STAMPS: Issued in Compliance with Order in Case 13-G-0031 dated February 21, 2014

GENERAL INFORMATION - Continued**IX. Special Adjustments - Continued****14. Revenue Decoupling Mechanism ("RDM") Adjustment**

For the years commencing January 1, 2014, January 1, 2015 and January 1, 2016 (Rate Year 1, Rate Year 2, and Rate Year 3, respectively) Delivery Revenue from firm gas sales customers served under Service Classification ("SC") Nos. 2 and 3 and from firm transportation customers taking service under SC 9 who would otherwise have taken service under SC 2 or SC 3, will be subject to a partial reconciliation through a Revenue Decoupling Mechanism ("RDM") Adjustment using a revenue per customer ("RPC") measurement, as described below. For purposes of the RDM adjustment, Delivery Revenue is defined as revenue derived from the base tariff rates applicable to SC 2 and 3, and from the associated SC9 firm transportation tariff rates and weather normalization credits and surcharges. The RDM applies to the following customer groups, including all customers taking service under SC 9 that would have taken service under such group:

- SC No. 2 – Rate 1;
- SC No. 2 – Rate 2;
- SC No. 3 customers with 1-4 dwelling units; and
- SC No. 3 customers with more than 4 dwelling units;

The groups will also include, as applicable, (1) customers taking service under Rider G (Economic Development Zone); (2) all gas volumes associated with customers receiving air conditioning service under SC 2 and 3; (3) the usage up to and including the Baseline Billing Determinants for customers taking service under Rider D (Excelsior Jobs Program) and (4) SC 3 customers participating in the Low Income Program. The groups will exclude (1) customers taking service under Rider H (Distributed Generation Rate), Rider I (Gas Manufacturing Incentive Rate), and Rider J (Residential Distributed Generation Rate); (2) customers receiving service under firm by-pass rates; and (3) the usage above the Baseline Billing Determinants for customers taking service under Rider D.

For each customer group subject to the RDM, the Company will, at the end of each Rate Year, make an RDM adjustment to the extent that Actual Delivery Revenue varies from Allowed Delivery Revenue. Actual Delivery Revenue, calculated for each customer group, is the total of the Rate Year's revenue derived from the base tariff rates applicable to SC 2 and 3, and from the associated SC 9 firm transportation tariff rates, and weather normalization credits or surcharges, but excluding revenues derived from the RDM adjustment as described below. Actual Delivery Revenue will be adjusted to add (1) the effect of any rate discounts provided to low income customers being served under the SC 3 customer groups, and (2) for the first month that new base rates go into effect in each rate year, the effect of proration between old and new rates as further described in Appendix 6 of the Joint Proposal included in the Gas Rate Plan adopted by the Commission in Case 13-G-0031 ("2014 Gas Rate Plan").

(General Information - Continued on Leaf No. 181.2)

Issued By: **Robert Hoglund, Senior Vice President & Chief Financial Officer, 4 Irving Place, New York, NY 10003**

(Name of Officer, Title, Address)