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..TXT:

May 14, 1999

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
4 Irving Place
New York, NY 10003

Hon. Debra Renner
Acting Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Dear Secretary Renner:

Subject: Case 98-G-0122 - In the Matter of the Proceeding on Motion of the Commission to
Review the Bypass Policy Relating to the Pricing of Gas Transportation for Electric
Generation

Pursuant to Ordering Clause 1 of the Commission's March 16, 1999 order in the above captioned proceeding, Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") herewith files amendments to its Schedule for Gas Service to provide for a basic gas transportation service for electric generators of at least 50 MW. The new rate and terms of service have been incorporated as part of the Company's Service Classification No. 9 Transportation tariff. In accordance with the Commission's January 13, 1999 order, the plants to be divested by the Company will be charged bypass-derived prices for the period covered by the Company's electric rate settlement.

The tariff leaves affected by this filing are shown on Appendix A and bear an effective date of May 17, 1999.

Summary of Proposed Changes

The basic gas-for-electric-generation rate has been designed to meet the Commission's principles that the rates not be an impediment to the development of generation in the Company's service territory; be set at a level that would minimize incentives to negotiate, bypass or locate elsewhere; and be significantly lower than the rates for other large volume services, considering the economies of scale. In line with such principles, the rate consists of four basic elements: (a) a 10.0 cents/dth system cost component; (b) a 9.2 cents/dth marginal cost component; (c) a real-time value component and (d) an annual minimum bill component based on applying the system and marginal cost components to fifty percent of a generator's maximum annual therm capability. The marginal cost component is based on the Company's long-run marginal cost of transmission for load growth.

Consistent with the position taken in the Company's April 16, 1999 Petition for Rehearing, (a) the minimum bill calculation excludes the real-time value component and (b) the application of the real-time value component has been limited such that the ultimate rate will not fall below the marginal cost component plus 50% of the system cost component, nor exceed the cost that the Customer would pay under the otherwise applicable interruptible or off-peak firm rate.

Notices

Pursuant to Ordering Clause 2 of the Commission's March 16, 1999 order, newspaper publication of the proposed changes is waived.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: _____
Edwin W. Scott

Appendix A

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

PSC NO. 9 GAS

First Revised Leaf No. 266.0
Superseding Original Leaf No. 266.0

First Revised Leaf No. 269.0
Superseding Original Leaf No. 269.0

First Revised Leaf No. 277.0
Superseding Original Leaf No. 277.0

Original Leaf No. 277.1

Original Leaf No. 277.2

First Revised Leaf No. 278.0
Superseding Original Leaf No. 278.0

Original Leaf No. 278.1

First Revised Leaf No. 279.0
Superseding Original Leaf No. 279.0

Third Revised Leaf No. 300.0
Superseding Second Revised Leaf No. 300.0

Original Leaf No. 300.1

Original Leaf No. 300.2

First Revised Leaf No. 302.0
Superseding Original Leaf No. 302.0

First Revised Leaf No. 314.0
Superseding Original Leaf No. 314.0

First Revised Leaf No. 317.0
Superseding Original Leaf No. 317.0

First Revised Leaf No. 321.0
Superseding Original Leaf No. 321.0