

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

**4 Irving Place  
New York, N.Y. 10003**

March 14, 2006

Honorable Jaclyn Brilling,  
Secretary  
New York State  
Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

**Re: Case 98-G-0122 – Value Added Charge**

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") is filing with the Public Service Commission (the "Commission") an amendment to the Company's Schedule for Gas Service, P.S.C. No. 9 - Gas ("the Schedule" or "the Gas Tariff") in compliance with the Commission's "Order Approving Staff Proposal," issued November 23, 2005 ("November Order") in the subject proceeding. The specific leaves being revised are identified below and are scheduled to become effective on March 15, 2006, on a temporary basis in accordance with ordering paragraphs 2 and 3 of the November Order:

P.S.C. No. 9 – Gas

Leaf No. 277.0, Revision 2 Superseding Revision 1  
Leaf No. 277.1, Revision 1 Superseding Original  
Leaf No. 277.2, Revision 4 Superseding Revision 3  
Original Leaf No. 277.3

Summary of Tariff Changes

The November Order directs the Company to make further tariff revisions regarding the methodology used in the calculation of the Real Time Value Component for Power Generation Customers covered under Service Classification ("SC") No. 9. Specifically the Real Time Value Component is to be replaced with a Value Added Charge ("VAC").

Reason for Tariff Changes

In October 2003, KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island (herein collectively referred to as "KeySpan") filed with the Commission proposed changes to the methodology used in calculating the VAC set forth in its gas transportation tariff applicable to power generation customers. The November Order directed KeySpan to revise its

gas tariff consistent with the changes outlined in the November Order and directed the other gas utilities in the State to file similar changes to their tariffs.

### Value Added Charge

Consistent with the November Order, the Company is replacing the Real Time Value Component applicable to its SC No. 9 Power Generation Transportation customers with the VAC. The VAC is an additional per therm charge related to power generators based upon 5% of the positive differential between the base year and test year spark spreads of the generator and is calculated using the annual consumption of the generating facility. The base year is defined as the first 12 months of operations of the NYISO beginning December 1, 1999 and the test year is defined as the latest 12 months of operations ending December 31 of the most current year. The tariff includes a provision for reconciliation of the actual vs. estimated VAC during the prior test year. To the extent that the Company over or under collects in the prior test year, the VAC may be negative or positive, respectively.

At this time, all of the Company's SC 9 Power Generation Transportation customers are currently receiving service under negotiated contracts, to which the VAC is not applicable.

A sample of the VAC calculation will be available to any customer upon request.

Please call Alan Schain at (212) 460-6826 or [schaina@coned.com](mailto:schaina@coned.com) if you have any question or concerns.

### **Notices**

In accordance with ordering paragraph 4 of the November Order, which waives the requirements of Section 66(12) of the Public Service Law relating to newspaper publication, the Company will not publish a public notice of the tariff changes that become effective March 15, 2006.

Sincerely,  
Christine Colletti  
Director  
Rate Engineering Department