

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

July 31, 2006

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

Re: Proposed Extension of Capacity Release Service

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") is filing today with the Public Service Commission ("the Commission") amendments to the Company's Schedule for Gas Service, P.S.C. No. 9 – Gas (the "Gas Tariff").

The tariff leaves filed electronically today are proposed to become effective on November 1, 2006. Attachment A to this letter sets forth the tariff leaves that are being amended in this filing.

Purpose of Proposed Tariff Modifications

The purpose of this filing is to extend the Company's Capacity Release Service (the "Program") in order to continue to provide gas marketers serving firm customers participating the Company's gas retail choice program ("Marketers") the opportunity to obtain upstream pipeline capacity from the Company to satisfy the Commission's firm primary delivery point requirement. The current Program will expire on October 31, 2006. The Company proposes (a) to continue the Program until further notice; (b) to move the provisions governing Capacity Release Service from Service Classification ("SC") No. 9 to SC No. 20; and (c) to limit the amount of change that the Company is required to accommodate from year to year in the percentage of Marketers' total capacity requirements that are obtained from the Company.

(a) Extension of the Program

Since its inception in 2001, the Program has offered Marketers the opportunity to obtain upstream pipeline capacity from the Company in order to satisfy the Commission's firm primary delivery point requirement¹. The current one-year extension of the Program expires on October 31, 2006. By this filing, the Company proposes to extend the Program until further notice, thereby eliminating the need for the Company to file for further extensions of the Program.

¹ The Program, which was filed in compliance with a Commission order dated July 10, 2001 in Case 97-G-1380, was originally available through October 31, 2004. On June 4, 2004, the Company filed to extend the Program for one additional year through October 31, 2005. On July 25, 2005 (as modified on October 31, 2005), the Company filed to extend the Program for another year through October 31, 2006 in compliance with a Commission order, dated October 27, 2005, in Case 05-G-0919.

(b) Movement of the Program to SC No. 20

Since the Program provides for capacity releases to Marketers and not to SC 9 Customers (except where a customer is acting as a Direct Customer) the appropriate place for the Capacity Release Service is in SC No. 20 which addresses Marketers' receipts of gas and delivery of gas to the Citygate for their customers.

(c) Year-to-Year Overall Limit on Capacity Obtained from the Company

Marketers may, on a year-to-year basis, request increases (up to 100% of their respective customers' loads) or decreases in the amount of upstream pipeline capacity that they want to obtain from the Company. Under the proposed modification, such requests may be met in full if the increase or decrease in the aggregate percentage of all Marketers' total capacity requirements to be obtained from the Company does not exceed 20% of the aggregate percentage of all Marketers' total capacity requirements obtained from the Company during the prior year. If the increase or decrease in the aggregate percentage of all Marketers' total capacity requirements to be obtained from the Company exceeds 20%, the Company will have the right to adjust proportionately such requests so that they meet the 20% limitation.

The above 20% limitation, which the Company is proposing to implement starting with the 2007-2008 capacity release period, is necessary for the Company to better plan the capacity needs of the Program from year to year. Subjecting the Company to unlimited increases and decreases in capacity requirements for Marketers (who currently may opt to use third party capacity for all of their needs one year and then request a release of Company capacity for all such needs the following year) could have material impacts on the Company's weighted average cost of transportation to the detriment of its full service customers and other Sellers. A 20% swing (as described above) provides a reasonable tolerance band within which capacity can be managed by the Company from year to year under the proposed Program, and at the same time provides Marketers with significant flexibility in deciding whether to rely on the Company or on third parties to meet the Commission's firm delivery point requirement.

Summary of Tariff Changes

The following tariff changes are being proposed:

- (1) The deletion of language providing for expiration of Capacity Release Service on October 31, 2006.
- (2) Capacity Release Service tariff is being moved from SC No. 9 to SC No. 20;
- (3) Capacity Release Service is being revised so as to limit from one capacity release period to the next the aggregate percentage increase or decrease in the overall percentage of upstream pipeline capacity that the Company is obligated to provide to Marketers under the Program; and
- (4) Other housekeeping changes.

The Company will make corresponding changes to its Gas Sales and Transportation Operating Procedures ("GTOP") upon Commission approval of the tariff changes proposed herein.

Proposed Schedule for Capacity Release Program

Marketers interested in participating in the Company's Capacity Release Service Program for the upcoming 2006-07 winter period must each execute a Capacity Release Service Agreement, including making a binding commitment for the amount of capacity that is being requested from the Company, no later than 5:00 P.M. EDT on Tuesday, August 22, 2006.

Notices

The Company will provide for public notice of the tariff changes proposed in this filing by means of newspaper publication once a week for four consecutive weeks prior to the effective date of the proposed Capacity Release Program. Enclosed is a proposed form of Notice of Proposed Rule Making for publication in the State Register pursuant to the State Administrative Procedure Act.

Very truly yours,

Christine Colletti
Director
Rate Engineering Department

Enclosures

P.S.C NO. 9 – GAS

Leaf 256 Revision 6 Superseding Revision 5	Leaf 362 Revision 9 Superseding Revision 8
Leaf 307 Revision 7 Superseding Revision 6	Leaf 389.4 Revision 5 Superseding Revision 4
Leaf 307.1 Revision 4 Superseding Revision 3	Leaf 390 Revision 6 Superseding Revision 5
Leaf 308 Revision 3 Superseding Revision 2	Leaf 390.1 Revision 0
Leaf 309 Revision 9 Superseding Revision 8	Leaf 390.2 Revision 0
Leaf 310 Revision 9 Superseding Revision 8	Leaf 390.3 Revision 0
Leaf 311 Revision 5 Superseding Revision 4	Leaf 390.4 Revision 0
Leaf 312 Revision 5 Superseding Revision 4	Leaf 390.5 Revision 0
Leaf 313 Revision 4 Superseding Revision 3	