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conEdison

March 31, 2008

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

Re: Case 06-G-1332 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") hereby submits for filing the following tariff leaves proposing revisions to its Schedule for Gas Service, P.S.C. No. 9 – GAS (the “Gas Tariff”) in compliance with the Commission’s Order in Case No. 06-G-1332, issued and effective January 16, 2008 (the “January 2008 Order”) :

Leaf	178	Revision	6	Superseding Revision	5
Leaf	179	Revision	5	Superseding Revision	4
Leaf	180	Revision	6	Superseding Revision	5
Leaf	315.2	Revision	5	Superseding Revision	4
Leaf	361	Revision	7	Superseding Revision	6
Leaf	383	Revision	7	Superseding Revision	6

Pursuant to Ordering Clause 2 of the January 2008 Order, the foregoing tariff leaves, which the Company is filing electronically today, are effective April 1, 2008.

<u>Summary of Tariff Modifications</u>

The January 2008 Order allowed the tariff leaves filed on September 28, 2007 and October 25, 2007, in Case 06-G-1332 to become effective on a permanent basis except that the Company was directed to file revisions to its Gas Tariff to further amend

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certain BPP tariff provisions. As a result, the Company is making the following tariff modifications:

1. The tables on tariff leaf nos. 179 and 180 were revised primarily to reflect that when the Company issues a consolidated bill on behalf of an ESCO who is participating in the Purchase of Receivables ("POR") program, the ESCO will be responsible for paying the BPP charge to the Company, and the customer will avoid such payment
2. The Company has added language into its SC 20 Transportation Receipt Service tariff to describe the ESCO payment responsibilities for BPP.
3. A provision has been added to the Transition Adjustment for Competitive Services to allow for recovery of any lost revenue associated with the changes made to the BPP provisions.
4. The following revisions have been made to Appendix D of the Joint Proposal in the subject case:
    a. Paragraph 3.C. has been revised per modification 3 above.
    b. Table 4 has been revised to reflect changes to the tables on leaf nos. 179 and 180 (see modification 1 above).

In addition to the tariff modifications, an additional table showing cost responsibilities for both electric and gas customers and ESCOs is being attached to this filing.

Notices

The Company respectfully requests waiver of the requirements of Public Service Law § 66 (12) (B) as to newspaper publication of the changes proposed by the tariff amendments filed today, since required publication of notice of the remaining tariff amendments to the subject case has been completed (except for the tariff amendments filed on October 25, 2007 for which newspaper publication has been waived) and because the effect on revenue is de minimis.

Copies of this filing are being served today on all Parties to this proceeding.

Questions regarding this filing may be directed to me at (212) 460-3325.

Very truly yours,

Christine Colletti
Director – Rate Engineering

Attachments

c.c. All Parties (with Attachments)

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BILLING AND PAYMENT PROCESSING CHARGES PAID BY GAS AND ELECTRIC CUSTOMERS AND ESCOs SERVING GAS AND/OR ELECTRIC CUSTOMERS

Gas Service & Bill Type	Electric Service & Bill Type	BPP Charge to the Gas Customer	BPP Charge to Gas ESCO	BPP Charge to the Electric Customer	BPP Charge to the Electric ESCO	Total BPP Charge to the Customer (Col. 3 + Col 5)	Total BPP Charge to ESCOs (Col. 4 + Col. 6)	Total BPP Charges (Col. 7 + Col. 8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Full Service	No Electric Service	$0.94	N/A	N/A	N/A	$0.94	N/A	$0.94
Retail Choice-POR	No Electric Service	$0.00	$0.94	N/A	N/A	$0.00	$0.94	$0.94
Retail Choice Two-Bill	No Electric Service	$0.94	$0.00	N/A	N/A	$0.94	$0.00	$0.94
Retail Choice ESCO Single Bill	No Electric Service	$0.00	$0.00	N/A	N/A	$0.00	$0.00	$0.00
Full Service	Full Service	$0.47	N/A	$0.47	N/A	$0.94	N/A	$0.94
Retail Choice-POR	Full Service	$0.00	$0.94	$0.00	$0.00	$0.00	$0.94	$0.94
Retail Choice Two-Bill	Full Service	$0.47	$0.00	$0.47	$0.00	$0.94	$0.00	$0.94
Retail Choice ESCO Single Bill	Full Service	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Full Service	Retail Choice-POR	$0.00	$0.00	$0.00	$0.94	$0.00	$0.94	$0.94
Retail Choice-POR (One ESCO)	Retail Choice-POR (One ESCO)	$0.00	$0.47	$0.00	$0.47	$0.00	$0.94	$0.94
Retail Choice-POR (Separate ESCOs)	Retail Choice-POR (Separate ESCOs)	$0.00	$0.47	$0.00	$0.47	$0.00	$0.94	$0.94
Retail Choice Two-Bill	Retail Choice-POR	$0.00	$0.00	$0.00	$0.94	$0.00	$0.94	$0.94
Retail Choice ESCO Single Bill	Retail Choice-POR	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Full Service	Retail Choice Two-Bill	$0.47	$0.00	$0.47	$0.00	$0.94	$0.00	$0.94
Retail Choice-POR	Retail Choice Two-Bill	$0.00	$0.94	$0.00	$0.00	$0.00	$0.94	$0.94
Retail Choice Two-Bill	Retail Choice Two-Bill	$0.47	$0.00	$0.47	$0.00	$0.94	$0.00	$0.94
Retail Choice ESCO Single Bill	Retail Choice Two-Bill	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Full Service	Retail Choice ESCO Single Bill	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Retail Choice-POR	Retail Choice ESCO Single Bill	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retail Choice Two-Bill	Retail Choice ESCO Single Bill	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Retail Choice ESCO Single Bill (One ESCO)	Retail Choice ESCO Single Bill (One ESCO)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Retail Choice ESCO Single Bill (Separate ESCOs)	Retail Choice ESCO Single Bill (Separate ESCOs)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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APPENDIX D

GAS RATE DESIGN

1. Billing Determinants and Rate Design Revenue Targets

Table 1 provides the billing determinants for the delivery rate design. Table 2 provides the rate design revenue targets for the Supply-Related and Credit and Collections ("C&C") components of the Merchant Function Charge ("MFC") for RY1, the C&C component of the POR discount rate for RY1, the Supply-Related component of the MFC for RY2 and RY3, the total C&C applicable to the MFC and POR discount rate[1] for RY2 and RY3, the Billing and Payment Processing charges for RY1, RY2 and RY 3, and delivery charges for RY1, RY2 and RY3. The allocation of the C&C rate design "Total" target between C&C for the MFC and C&C for the POR discount rate will be determined prior to RY2 and RY3 based upon the most recent information available.

2. Allocation of Increased Revenue Requirement

The Revenue Allocation for each Rate Year was designed to achieve the rate design revenue targets shown on Table 2. The detailed revenue allocation is shown on Table 3.

For the first Rate Year, the total increase in the Company's revenue requirement of $36,277,000, less gross receipts tax of $787,859, was allocated to firm sales and firm transportation customers in SC 1, 2, 3, 9 and 13 in the following manner: (a) Revenue deficiencies/surpluses as indicated in (Table 3) were used to realign Rate Year revenue at current rate levels for SC 1, SC 2 Heating and SC 2 Non-Heating; (b) The average percentage rate increase was applied to the realigned revenues for all classes; (c) The total rate increase for each class was determined by adding the rate increase for each class and the deficiency or surplus indicated in Table 3. The overall average percentage rate increase for RY1 was determined by dividing the RY1 rate increase by delivery revenues at current rates.

For the second Rate Year, the delivery rate increase was determined by subtracting Rate Year 2 forecasted sales priced at Rate Year 1 delivery rates from the Rate Year 2 delivery revenue requirement. The resulting delivery rate increase was divided by revenues resulting from Rate Year 2 sales priced at Rate Year 1 delivery rates to determine the overall average delivery rate percentage increase. The overall average delivery rate increase and delivery rate percentage increase for RY3 were determined in a similar manner.

[1] Any C&C charges related to gas transportation customers whose ESCOs participate in the Company's Purchase of Receivables program ("POR") will be included in the POR discount rate, based upon the rate design revenue target in Table 2.

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For the second and third Rate Years all classes will be assigned the average percentage delivery rate increase.

3. Unbundling Changes

Con Edison will implement the following unbundling changes:

A. **Merchant Function Charge**

1. The Merchant Function Charge ("MFC") will be applicable to full service firm customers only and will consist of the following components:

- Supply-Related Component.
- Credit and Collections/Theft ("C&C") Component.
- Uncollectible Accounts Expense ("UBs") associated with supply (this component will change each month, and will be determined in the manner described below).
- Gas in Storage Working Capital (this component will change each Rate Year, and will be determined in the manner described below).

2. Separate MFC charges will be established for SC 1, SC 2 Heating, SC 2 Non-Heating and SC 13, and SC 3. For the Supply-Related component and for the C&C component, different unit costs will be set for residential and for non-residential classes. At the end of each Rate Year, the Supply-Related and C&C components of the MFC will be trued up to the Rate Year design targets and any reconciliation amount will be included in the subsequent year's calculation of the MFC.

   The charge for UBs associated with supply will be based upon actual supply costs for each month as shown in the Company's monthly Gas Cost Factor ("GCF"). The UBs associated with supply costs as shown in the GCF will be included in the MFC. Separate UB factors will be calculated for each of the three GCF groupings and will reflect the overall uncollectible rate of 0.543%, with uncollectible rates of .8053% for residential customers and .3466% for non-residential customers for Rate Year 1. The UB rates for residential and non-residential customers will be updated annually, prior to each Rate Year to reflect the overall uncollectible rate of .543%.

   The Gas in Storage Working Capital charge will be allocated between full service customers (MFC Component) and all customers (MRA Component) and will be the same for all classes. For RY1, the allocation between full service and all customers will be such that the volumetric rate for full service customers will be twice the rate applicable to all customers. For RY2 and RY3, the volumetric rate for full service customers will be 1½ times and 1 time the rate to all customers,

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respectively. At the end of each Rate Year, the Gas in Storage Working Capital included in the MFC and MRA will be trued-up to actual costs and the difference included in the subsequent year's calculation.

B. **Billing and Payment Processing Charge**

The Billing and Payment Processing ("BPP") Charge for gas will be set at $0.94 for single service gas customers who purchase both their commodity and delivery from the Company and for retail access customers receiving separate bills from the Company and the ESCO. Dual service customers will pay no more than $0.47 for gas BPP, although they will also pay $0.47 for electric BPP under the order issued in Case 07-E-0523 (March 25, 2008). Table 2 provides the rate design targets for BPP for each Rate Year. Table 4 includes the gas BPP charges for single service and dual service gas customers.

C. **Transition Adjustment for Competitive Services**

The Transition Adjustment for Competitive Services ("TACS") will reconcile (1) actual revenues received from the C&C component for POR customers included in the discount rate with the amount reflected in the discount rate, and (2) the lost revenue attributable to the BPP charges associated with customers migrating to retail access and being billed for their gas use through an ESCO consolidated bill, and (3) the loss in revenue from changes in the targeted BPP charges resulting from the Commission's January 16, 2008 Order in Case 06-G-1332. The reconciliation in (1) above will be calculated using the Rate Year design target in Table 2 for C&C POR for RY1, and will be based on an allocation of the C&C Total from Table 2 for RY2 and RY3.

The TACS will apply to firm full service customers and to firm transportation customers and will be assessed through the MRA. The rates will be designed so that lost revenues will be recovered at the same rate from all firm customers.

4. <u>Rate Design Within The Service Classes</u>

A summary of the proposed delivery rates resulting from the rate design described below is shown on Table 5.

A. The minimum charges (the charge for the delivery of the first three therms or less) in all three Rate Years for SC 1, SC 2 Heating, SC 2 Non-Heating, and SC 3, and for the corresponding SC 9 rates, will be increased to better reflect the Company's cost to provide service. The SC 13 minimum charge and the corresponding SC 9 firm transportation minimum charge, which is designed to collect minimum charges over seven months as

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opposed to twelve months, will be increased accordingly. For SC 3, the minimum charge will be $13.21 for RY1 and $15.38 for RYs 2 and 3. For SC 1, the minimum charge for RY 1, RY 2 and RY 3 will be 13.17, $14.34 and 15.28, respectively.

B. For SC 1 and SC 3 (and their associated SC 9 rates), the remaining revenue increase assigned to those classes in all three Rate Years, after allocating a portion of the revenue increase to the minimum charge, will be allocated among the blocks on an equal ¢/therm basis.

C. For SC 2 Heating and SC 2 Non-Heating, the Company will distribute the net revenue increases for each Rate Year, for rate blocks of more than 3 therms in the following manner: The 4-90 block will be assigned the average ¢/therm increase for each class after assigning a portion of the revenue increase to the minimum charge; all remaining blocks in each class will be assigned an equal percentage increase.

D. For SC 13, for each Rate Year, the remaining blocks will be assigned revenue increases only to the extent that any revenue increase for SC 13 remains after assigning the revenue increase to the SC 13 minimum charge. The air-conditioning rates within SC 2 and SC 3 will be set equal to the proposed block rates in SC 13.

E. The rates for Riders G and I will be set using the same relationship that exists between SC 2 delivery rates and Riders G and I rates today.

F. No increase will be allocated to SC 14, and firm bypass rate customers. However distributed generation rates under Riders H and J will be increased by the average rate increase allowed for each Rate Year.

5. **<u>Low Income Rate Changes</u>**

The Company will continue to implement a low-income customer rate program, pursuant to the terms set forth in this Appendix D, targeted at low-income residential customers taking service under SC 1 (non-heating) and 3 (heating), and corresponding SC 9 customers. To qualify for the program, a customer must be receiving benefits under any of the following governmental assistance programs: Supplemental Security Income, Temporary Assistance to Needy Persons, Safety Net Assistance, Medicaid, or Food Stamps, or have received a Home Energy Assistance Program grant in the preceding 12 months.

The Company will set the rate reduction at $0.2029 per therm in the over-3 therm block for eligible SC 1 customers and in the 4-90 block for eligible SC 3 customers. Similar rate reductions will be set for equivalent SC 9 transportation customers. Eligible SC 3 customers will receive a reduction in their minimum charge as well. The minimum charge for eligible low income SC 3 customers will be set at the minimum charge for SC

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1; the Company has designed rates to recover the estimated revenue loss of $100,000 associated with this reduced minimum charge. A customer receiving the low-income rate reduction will be subject to all other applicable rates and charges of the customer's applicable service classification.

The program will be designed to provide approximately $5.0 million of rate reductions in total over the RY 1 through the RY 3 period based on the currently forecasted customer participation levels. If the Company, in consultation with active parties, estimates that the aggregate actual rate reductions to be provided to low income customers over the three Rate Years ending September 30, 2010 will exceed $6 million or be less than $5.0 million, the Company may, after consultation with active parties, revise the rate reduction applicable in RY3. Revised rates to implement this revision may be filed on 30 days' notice. If the Company determines to revise such rate(s), the rate reduction established for RY3 shall not increase or decrease by more than 25 percent. At the end of RY3, any difference remaining between $5.0 million and the aggregate actual level of low income reductions provided over the three Rate Years ending September 30, 2010 shall be credited or surcharged to SC 1, 2, 3 and 13 firm customers and corresponding SC 9 firm transportation customers, including low income customers, as an adjustment to the MRA over a twelve-month period, commencing October 1, 2010.

Any difference remaining between $4.8 million and the aggregate actual level of low income reductions provided over the three Rate Years ending September 30, 2007, will be credited or surcharged to all firm gas customers through an adjustment to the MRA over the twelve months commencing October 1, 2007.

6. **Recovery of Interruptible Plant**

For the first and second Rate Years recovery of the cost of plant applicable to interruptible and off-peak firm customers through September 30, 2004 will continue to be recovered by reducing the deferred balance of firm customers' share of non-firm revenues at the end of each month. This is a continuation of the amortization established in the prior rate plan which allowed for a five year amortization of the unrecovered plant. Any amount remaining unrecovered at the end of the second Rate Year will be deferred for future recovery.

The revenues for interruptible customers commencing service on or after October 1, 2007 will no longer be used to offset installation costs of those customers. Any interruptible customers commencing service on or after October 1, 2004 whose facility costs have not been fully offset against revenues as of September 30, 2007, will continue to have their revenue applied against those facility costs until such facility costs are completely offset.

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Appendix D
Table 4

BILLING AND PAYMENT PROCESSING CHARGES

A. Single Service (Gas only) accounts - BPP and ESCO charges				
	Full Service Single Bill	**Retail Choice Utility Single Bill (POR)**	**Retail Choice Two Bills**	**Retail Choice ESCO Single Bill**
Gas Customer	$0.94	$0.00	$0.94	$0.00
Gas ESCO	N/A	$0.94	$0.00	$0.00

B. Dual Service (Gas and Electric) - Gas BPP charges and Gas ESCO charges for accounts with both services served by either Con Edison or by one ESCO or with only one service served by an ESCO					
	Electric Service Type	**Gas Full Service Single Bill**	**Gas Retail Choice Utility Single Bill (POR)**	**Gas Retail Choice Two Bills**	**Gas Retail Choice ESCO Single Bill**
Gas Customer	Electric Full Service Single Bill	$0.47***	$0.00	$0.47***	$0.00
Gas ESCO	Electric Full Service Single Bill	N/A	$0.94	$0.00	$0.00
Gas Customer	Electric Retail Choice Utility Single Bill (POR)	$0.00	$0.00	$0.00	N/A
Gas ESCO	Electric Retail Choice Utility Single Bill (POR)	$0.00*	$0.47**	$0.00*	N/A
Gas Customer	Electric Retail Choice Two Bill	$0.47***	$0.00	$0.47***	$0.00
Gas ESCO	Electric Retail Choice Two Bill	$0.00	$0.94	$0.00	$0.00
Gas Customer	Electric Retail Choice ESCO Single Bill	$0.00	N/A	$0.00	$0.00
Gas ESCO	Electric Retail Choice ESCO Single Bill	$0.00	N/A	$0.00	$0.00

C. Dual Service (Gas and Electric) – Gas BPP and Gas ESCO charges for accounts served with each service served by a different ESCO				
	Electric Service Type	**Gas Retail Choice Utility Single Bill (POR)**	**Gas Retail Choice Two Bills**	**Gas Retail Choice ESCO Single Bill**
Gas Customer	Electric Retail Choice Utility Single Bill (POR)	$0.00	$0.00	N/A
Gas ESCO	Electric Retail Choice Utility Single Bill (POR)	$0.47**	$0.00*	N/A
Gas Customer	Electric Retail Choice Two Bill	$0.00	$0.47***	$0.00
Gas ESCO	Electric Retail Choice Two Bill	$0.94	$0.00	$0.00
Gas Customer	Electric Retail Choice ESCO Single Bill	N/A	$0.00	N/A
Gas ESCO	Electric Retail Choice ESCO Single Bill	N/A	$0.00	N/A

*The electric ESCO will pay $0.94.
**The electric ESCO will also pay $0.47.
***The Customer, as an electric customer, will also pay $0.47.