

July 25, 2003

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

Jaclyn A. Brilling, Acting Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

RE: Posting of Gas Prices for SC 12, Rate 2

Dear Acting 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 its Schedule for Gas Service ("the Schedule"), PSC No. 9 – Gas.

The changes to the Company's Schedule for Gas Service are set forth in Second Revised Leaf No. 333 to become effective November 1, 2003.

**Reason for the Proposed Changes**

Con Edison establishes a rate for its SC 12, Rate 2 ("off-peak firm") customers effective on the first calendar day of each month. One of the factors in setting the commodity component of the rate is the NYMEX futures market. In this filing, the Company is proposing to modify the timing associated with notifying its off-peak firm customers of monthly rate changes in order to recognize NYMEX closing prices in the establishment of the monthly rate.

Currently, Con Edison posts its final off-peak firm rate at 2:00 p.m. on the third business day prior to the first day of the following month and gives customers until 5:00 p.m. to lock into that rate. Since the NYMEX market posts the closing prices by 3:30 p.m., the Company can only make use of estimated NYMEX prices in determining its monthly off-peak firm rate. NYMEX market futures have a substantial impact on gas prices industry wide. Especially in a time of wide market price fluctuations (as experienced this past winter), using estimated NYMEX prices to set the commodity component of the rate does not present the customer with a competitive alternative.

To correct this anomaly, the Company proposes to wait until the NYMEX market closes so that it would be better able to set a more realistic rate for its off-peak firm customers. By posting the rate at 4:00 pm on the third business day prior to the first day of the following month (i.e. only two hours later than at present) and giving the customer until 9:00 a.m. on the following day to lock in, the customer will have a rate more closely reflecting the market to compare to its other alternatives and more time to make that comparison.

### **Notices**

Enclosed is a proposed form of Notice of Proposed Rule Making for publication in the State Register pursuant to the State Administrative Procedure Act.

### **Conclusion**

For the foregoing reasons, Con Edison requests that the Commission authorize the Company to implement the change and approve the proposed amendment to its Gas Tariff.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: \_\_\_\_\_  
Joel H. Charkow