

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

December 16, 2004

Hon. Jaclyn A. Brillling  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, N.Y. 12223-1350

RE: Case Number 03-G-1671

Dear Secretary Brillling:

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, PSC No. 9 – Gas (“Gas Tariff”), as it relates to service to marketers taking service under Service Classification (“SC”) No. 20 in compliance with the Commission’s Order dated September 27, 2004 (“September 2004 Order”) in the subject case.<sup>1</sup> The specific leaves being revised, which bear an effective date of April 1, 2005, are identified in Appendix A. Related revisions to the Company’s Sales and Transportation Operating Procedures Manual (“Operating Procedures”) will be filed with the Commission (with copies sent to Staff and other interested persons).

**Reasons for the Proposed Changes**

The tariff changes proposed herein (i) modify the Company’s cash-out mechanism for gas imbalances for marketers serving monthly-metered firm Customers and (ii) provide for recovery of actual incremental costs associated with implementation of such mechanism through retention of firm Customers’ share of Non-Firm Revenues in compliance with Appendix J “ESCO/Marketer Issues” of the Commission’s September 2004 Order.

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<sup>1</sup> Case 03-G-1671, *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*, Order Adopting the Terms of a Joint Proposal, issued and effective September 27, 2004.

### **Summary of Proposed Changes**

The tariff has been amended to incorporate changes to the current method of determining the cash-out prices applied to the Net Surplus and Deficiency Imbalances of Marketers serving monthly-metered firm Customers. Such changes will be implemented effective April 1, 2005. The proposed changes incorporate a tiered structure that establish (1) cash-out rates for Net Surplus and Deficiency Imbalances up to 2% that will be cashed out at a first-of-the-month Transco Zone 6 – NY Citygate price; and (2) cash-out rates for Net Surplus and Deficiency Imbalances above 2% based on a simple average of the daily Transco Zone 6 – NY Citygate midpoint price. Corresponding changes will be made to the Company's Gas Sales and Transportation Operating Procedures to recognize the new cash-out methodology.

In addition, the tariff has been amended to allow for a reduction to firm Customers' allocated share of Non-Firm Revenues to provide for recovery of the actual incremental costs associated with implementation of the above-stated tiered cash-out mechanism through modifications to the Company's Transportation Customer Information System.

### **Notices**

The Company respectfully requests that the Commission waive the requirement of newspaper publication of the changes proposed herein since this filing is in compliance with the September 2004 Order, and a copy of this filing will be sent via electronic mail to all parties in Case No. 03-G-1671, including gas marketers.

Sincerely,

Joel H. Charkow  
Director  
Rate Engineering Department

Enclosures

**PSC NO. 9 – GAS**

Leaf 166 - Revision 5  
Superseding Revision 4

Leaf 370 - Revision 1  
Superseding Revision 0

Leaf 371 - Revision 2  
Superseding Revision 1

Leaf 374 - Revision 2  
Superseding Revision 1

Leaf 375 - Revision 2  
Superseding Revision 1