

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

October 31, 2005

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

Re: Case 05-G-0918 – Filing by Consolidated Edison of New York, Inc. to extend its Capacity Release Service for an additional year and to eliminate the mechanism that provides for the company to credit or surcharge the difference between the average cost of capacity released to marketers and the company's average cost of capacity

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") in compliance with the Commission's Order dated October 27, 2005 ("October 27<sup>th</sup> Order") in the above case.

The specific tariff leaves being revised are identified in Attachment A to this letter and are being filed on not less than one day's notice to become effective on November 1, 2005 on a temporary basis, in accordance with Ordering Clause 2 of the October 27<sup>th</sup> Order.

Reasons for Proposed Tariff Modifications

On July 25, 2005, the Company filed tariff amendments to extend Capacity Release Service for an additional 12-month period in order to provide gas marketers serving firm transportation customers the opportunity to obtain upstream pipeline capacity from the Company to satisfy the Commission's firm primary delivery point requirement. The current Extended One-Year Capacity Release Service expires on October 31, 2005. The new Extended Capacity Release Service would expire on October 31, 2006.

The Company also proposed to modify its Capacity Release Service by (1) eliminating the current mechanism that provides for the Company to credit or surcharge for the difference between the average cost of capacity released to Marketers (as agents for customers) and the Company's weighted average cost of capacity applicable to Capacity Release Service ("WACOC"); or (2) as an alternate proposal, implementing an alternative credit/surcharge mechanism which would surcharge firm transportation customers directly for the difference between the average cost of capacity released to Marketers and the WACOC.

### Summary of Tariff Changes

In the October 27<sup>th</sup> Order, the Commission ordered the Company to continue its Capacity Release Service program and to implement the alternative credit/surcharge mechanism. Today's filing amends the tariffs filed in July 2005 to conform to the October 27<sup>th</sup> Order with respect to the following:

- For the annual period commencing November 1, 2005, the Company will continue to release capacity to interested Marketers pursuant to pre-arranged deals at maximum lawful pipeline prices, except that the releases will be to Marketers as principals instead of as agents for customers.
- The existing credit/surcharge mechanism (referred to as the Capacity Release Service Adjustment) will be superseded by a new Capacity Release Service Adjustment (the "CRSA"), which will be calculated as the difference between the Company's WACOC and the weighted cost of Transco and Texas Eastern capacity released to Marketers. However instead of the Marketer receiving this adjustment as the customer's agent, the firm transportation customer will be directly credited or surcharged through the Monthly Rate Adjustment applicable to Service Classification No. 9 firm transportation customers ("MRA"), whether or not the customer's Marketer elects to take Capacity Release Service from the Company.
- The CRSA has been calculated for the annual period commencing November 1, 2005, based on the Company's estimate of its WACOC for the applicable annual period, the current interstate pipeline reservation rates upon which the Company releases capacity to Marketers, and the estimated annual therm deliveries to Service Classification No. 9 firm transportation customers. A CRSA of 1.3324 ¢/therm has been included in the MRA applicable to Service Classification No. 9 customers.<sup>1</sup>
- At the end of the twelve-month period, the Company will reconcile the projected WACOC adjustment with the calculated adjustment based upon actual released capacity and actual firm transportation therms over the twelve-month period. Any reconciling amounts will be included in the MRA applicable to firm transportation customers in the second month following the end of the twelve month period, either as an adjustment to a new CRSA (assuming the Capacity Release Service continues beyond October 2006) or

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<sup>1</sup> The Monthly Rate Adjustment applicable to Service Classification No. 9 Firm Transportation Customers was filed under separate cover on October 28, 2005.

as a separate reconciling adjustment (if Capacity Release Service is not continued). The tariff provides the Company flexibility to apply the adjustment over more than one month if the impact on the MRA would be material.

Corresponding revisions to the Company's Sales and Transportation Operating Procedures Manual incorporating the proposed tariff modifications will be submitted under separate cover.

Notices

Pursuant to Ordering Clause 3 of the October 27<sup>th</sup> Order, the Company will provide for public notice of the tariff changes included in this filing by means of newspaper publication once a week for four consecutive weeks. The Company will file with the Commission proof of such notice within six weeks following the effective date of the tariff changes proposed herein.

Very truly yours,

Christine Colletti  
Director  
Rate Engineering Department

Enclosure

P.S.C NO. 9 – GAS

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Revision 9  
Superseding Revision 8

Leaf 256  
Revision 5  
Superseding Revision 4

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Revision 4  
Superseding Revision 3

Leaf 300.3  
Revision 4  
Superseding Revision 3

Leaf 303  
Revision 7  
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