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August 31, 2009

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

RE: Case Number 06-G-1332 and Case Number 09-M-0114

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 its Schedule for Gas Service ("the Schedule"), PSC No. 9 - Gas. The changes to the Schedule are set forth in the attached tariff leaves and Statement, which bear an effective date of October 1, 2009, and a notation that the leaves are issued in compliance with the Commission's Order dated September 25, 2007 ("September 2007 Order") in Case No. 06-G-1332[1] and the Statement is issued in compliance with the Commission Order dated June 25, 2009 ("June 2009 Order"), in Case No. 09-M-0114.[2] A list of the revised tariff leaves and Statement is set forth in Appendix A.

Reasons for the Proposed Changes

The Joint Proposal in subject Case No. 06-G-1332 provided for a three-year gas rate plan covering the period October 1, 2007 through September 30, 2010 ("Gas Rate Plan"). The Gas Rate Plan includes provisions for increases to the Company's base delivery service rates in Rate Year 3 ("RY3"), which begins on October 1, 2009. The tariff amendments being filed herewith include the rates and other tariff revisions for the third year of the Gas Rate Plan and are in compliance with the Commission's September 2007 Order.

As directed by the June 2009 Order in Case No. 09-M-0114, $32 million of annual gas delivery revenues are to be recovered subject to refund pursuant to a Rate Adjustment Clause

[1] 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,* Order Adopting In Part the Terms of a Joint Proposal, issued and effective September 25, 2007.
[2] Case 09-M-0114, *Proceeding on Motion of the Commission to Examine the Prudence of Certain Capital Program and Operation and Maintenance Expenditures by Consolidated Edison Company of New York, Inc. ,* Order Establishing Adjustment Clause Mechanisms to Recover Gas and Steam Rates, issued and effective June 25, 2009.

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mechanism, pending the outcome of the Commission's audit and review of Company capital and O&M expenditures in that proceeding. As a result, Statement of Rate Adjustment Clause No.1 was filed on June 30, 2009 to become effective July 1, 2009. With the filing of rates for the third year of the Gas Rate Plan, Statement of Rate Adjustment Clause No.2 is filed here accordingly. The revised Statement of Rate Adjustment Clause mechanism sets forth the portion of the rates and charges in each Service Classification, effective October 1, 2009, associated with that portion of the Company's revenue requirement that is being collected subject to refund pursuant to the June 2009 Order.

Summary of Proposed Changes

The Rates have been designed to produce an increase in revenues of approximately $67.5 million in RY3, commencing October 1, 2009, based on the estimated level of firm delivery volumes for the twelve months ended September 30, 2010. The $67.5 million increase includes an increase in non-competitive delivery rates as well as an increase in revenue collected through the fixed components of the Merchant Function Charge ("MFC") and the Billing and Payment Processing Charge ("BPP"). The last increase in gas delivery rates was in October 2008.

Appendix B shows, by service classification, the annualized revenues for the twelve months ended September 30, 2010, at current October 1, 2008 rates, the corresponding annualized revenues at the October 1, 2009 rates, the total increase in annualized revenues and the associated number of customers' bills.

The attached tariff leaves reflect the following:

Rate Design

1. Allocation of Increased Non-Competitive Delivery Revenue Requirement

In accordance with the September 2007 Order, the RY3 non-competitive delivery revenue increase, excluding gross receipts taxes, was allocated to the Company's firm sales and firm transportation Customers in Service Classification Nos. ("SC") 1, 2, 3, 9 and 13 in the following manner:

- The RY3 revenue increase was divided by the RY3 forecasted revenue priced at RY2 delivery rates to determine the overall average percentage increase;
- The overall average percentage rate increase was applied to the RY3 revenue at current rate levels for each rate class to determine class revenue responsibility.

2. Non-Competitive Delivery Rate Design within the Firm Classes

The gas non-competitive delivery rates were designed for each firm service class to collect its respective assigned increase as follows:

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- The minimum charges (the charge for the first 3 therms or less) for SCs 1and 2 and for the corresponding SC9 rates for RY3 were increased to better reflect the Company's cost to provide service. In accordance with the Gas Rate Plan, the minimum charge for SC 3 was set at $15.38 for RY2 and RY 3. The SC 13 minimum charge and the corresponding SC 9 minimum charge, which collect minimum charges over seven months as opposed to twelve months, were increased accordingly.
- The remaining SC 1 rate block (for usage over 3 therms per month) was designed to collect the balance of the revenue increase assigned to SC 1 after accounting for the increased revenues to be collected through the proposed minimum charge.
- The remaining rate blocks within SC 3 were increased by an equal cents per therm in order to collect the remaining SC3 class revenue increase after deducting the increase in annual revenues resulting from the changes to the minimum charge.
- The 4-90 therm blocks for SC2 Heating and SC2 Non Heating were assigned the average ¢/therm increase for each class after deducting the increase in annual revenues resulting from the change to the applicable minimum charge. The remaining rate blocks within SC2 Heating and SC2 Non Heating were set to collect the remainder of each class's revenue increase after deducting the increase in annual revenues resulting from the change to the applicable minimum charge and the changes to the 4-90 therm blocks, based on an equal percentage increase.
- All of the increased revenue to be collected from SC 13 for RY3 was set to be collected through the SC 13 Minimum Charge. The block rates for SC 13 remained unchanged. The SC 2 and 3 air-conditioning rates were set equal to the block rates in SC 13.
- For low income customers, the RY3 minimum charge for eligible SC 1 customers was set at the minimum charge applicable to SC1 customers not eligible for the low income rate. The RY3 minimum charge applicable to SC3 low income customers was set at the minimum charge for SC1 customers. The low income delivery block rate reduction for monthly usage in excess of 3 therms for an eligible SC1 customer and for monthly usage between 4 – 90 therms for an eligible SC3 customer will continue to be $0.2029 for RY3. In accordance with the Gas Rate Plan, no change in low income rates is necessary since the Company estimates that aggregate actual rate reductions to low income customers over the 3 rate years is expected to total between $5-$6 million.
- Riders G and I incentive rates, for usage up to 250 therms per month, were set equal to the proposed SC 2 rates. The delivery rates for usage in excess of 3,000 therms per month ("terminal rate") were set at 50% of the corresponding SC 2 delivery rates. To maintain the existing rate differential between the SC 2 penultimate and terminal rates, the Riders G and I delivery rates for usage between 250-3,000 therms ("penultimate rate") were set at the increased terminal rates plus the difference between the proposed SC 2 penultimate rate and the proposed SC 2 terminal rate.
- The Rider H and J Distributed Generation rates were increased by the average rate increase for RY3.
- No increases were allocated to SC 14 or to bypass Customers taking firm service under contract rates.

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Competitive Charges

For RY 3, the Supply-Related component of the MFC and the Credit and Collections/Theft ("C&C") components of the MFC will be updated at the end of September 2009, to reflect increases in the revenue levels as shown on Table 2 of Appendix D of the Joint Proposal. The updated C&C components will be taken into account in the POR discount rate.

Unbundling Updates

1. Gas in Storage Working Capital

For RY3, at the end of September 2009, Gas in Storage Working Capital will be allocated between firm full service customers (through the MFC) and all firm customers (through the MRA) such that the volumetric rate for all customers will be the same.

2. Transition Adjustment for Competitive Services

The reconciliation rates for RY2 will be determined at the end of the Rate Year and will be assessed to all firm sales and transportation customers during RY3 at the same rate for all customers.

3. Merchant Function Charge

In accordance with the Gas Rate Plan, the Supply Related and C&C components of the MFC will be reconciled to the Rate Year design targets for RY2 prior to the commencement of RY3. The Gas in Storage Working Capital component of the MFC (and the Gas in Storage Working Capital included in the Monthly Rate Adjustment) will be reconciled, prior to the commencement of RY3, to the actual costs incurred for RY2. Variations in any of these components will be included in the determination of the applicable MFC components for RY3 (and in the case of Gas in Storage Working Capital, the MRA component), which will be included in the Statement of Merchant Function Charge and the Statement of Monthly Rate Adjustment, effective October 1, 2009, to be filed with the Commission under separate cover, not less than 2 business days prior to October 1.

Housekeeping Changes

The Company is filing minor housekeeping changes to the following tariff leaves primarily to make cosmetic changes, correct spelling errors and remove repeated language: Leaves 2, 4, 125, 174, 303.1, 343, 349, and 389.1.

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Statement of Revenue Adjustment Clause

The rates included in Statement of Revenue Adjustment Clause No.2 reflect the amounts included in base rates for the third rate year of the Gas Rate Plan that are subject to further Commission audit and review and refund pursuant to the June 2009 Order and were calculated in a manner consistent with the design of the non-competitive delivery rates in Case No. 06-G-1332.

Conclusion

The Company has filed the tariff changes and Statement to become effective October 1, 2009 on not less than 30 days notice. Pursuant to Ordering Clause No. 6 of the September 2007 Order, publication of notice of these changes will be completed after October 1, 2009. Pursuant to Ordering Clause 3 of the June 2009 Order, the requirements of Public Service Law § 66 (12)(b) as to newspaper publication of the change filed today are waived.

The Company is serving copies of this filing upon all parties to this proceeding.

Respectfully submitted,
Consolidated Edison Company of New York, Inc.

By: ___________________________
Christine Colletti
Director
Rate Engineering Department

Attachments

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PSC NO. 9 – GAS

Appendix A
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The following leaves and Statement bear an effective date of October 1, 2009:

Leaf 2 – Revision 2
Superseding Revision 1

Leaf 4 – Revision 6
Superseding Revision 5

Leaf 125 – Revision 1
Superseding Revision 0

Leaf 152 – Revision 10
Superseding Revision 9

Leaf 154.6 – Revision 5
Superseding Revision 4

Leaf 154.8 – Revision 5
Superseding Revision 4

Leaf 154.9 – Revision 8
Superseding Revision 7

Leaf 154.18 – Revision 8
Superseding Revision 7

Leaf 154.24 – Revision 8
Superseding Revision 7

Leaf 154.25 – Revision 5
Superseding Revision 4

Leaf 154.26 – Revision 5
Superseding Revision 4

Leaf 174 – Revision 2
Superseding Revision 1

Leaf 228 – Revision 14
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Leaf 230 – Revision 11
Superseding Revision 10

Leaf 231 – Revision 14
Superseding Revision 13

Leaf 240 – Revision 14
Superseding Revision 13

Leaf 269 – Revision 11
Superseding Revision 10

Leaf 270 – Revision 10
Superseding Revision 9

Leaf 271 – Revision 11
Superseding Revision 10

Leaf 272 – Revision 8
Superseding Revision 7

Leaf 303.1 – Revision 7
Superseding Revision 6

Leaf 343 – Revision 4
Superseding Revision 3

Leaf 349 – Revision 13
Superseding Revision 12

Leaf 389.1 – Revision 6
Superseding Revision 5

Statement of Rate Adjustment Clause No. 2

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Appendix B

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Estimated Effect on Gas Customers' Bills and Company Revenues Resulting from the Change in Gas Delivery Rates Effective October 1, 2009
Based on Sales for the Twelve Months Ending September 30, 2010 for Service Classification Nos. 1, 2, 3, 13 and 14
and the Corresponding SC 9 Firm Transportation Sub-classes

Firm Service Classification (Sales and Transportation)	Forecasted Annual Therms (c)	Annual Revenues at 10/01/08 Rates	Annual Revenues at 10/01/09 Rates (b) (d)	Estimated Annual Revenue Increase	Percent Change	Number of Customers' Bills: Increased	Unchanged	Decreased
1 - Residential & Religious	47,306,822	$ 185,534,253	$ 199,435,329	$ 13,901,076	7.49%	8,354,714	-	-
2 - General - Rate I - Non-Heating (a)	203,860,422	$ 242,576,139	$ 250,037,670	$ 7,461,531	3.08%	719,702	394	-
2 - General - Rate II - Heating (a)	309,492,001	$ 419,799,496	$ 432,577,424	$ 12,777,928	3.04%	723,355	152	-
2 - Total	513,352,423	$ 662,375,635	$ 682,615,094	$ 20,239,459	3.06%	9,797,771	546	-
3 - Residential & Religious - Heating (a)	619,057,209	$ 937,871,845	$ 971,092,938	$ 33,221,093	3.54%	3,181,861	38,697	-
13 - Seasonal Off Peak Firm Service	870,000	$ 1,075,772	$ 1,113,353	$ 37,581	3.49%	5,413	-	-
14 - Natural Gas Vehicles	120,000	$ 223,892	$ 223,892	$ -	0.00%	-	480	-
Total Firm Sales & Firm Transportation	1,180,706,454	$ 1,787,081,397	$ 1,854,480,606	$ 67,399,209	3.77%	12,985,044	39,723	-

(a) Gas air-conditioning is included in SC 2 and SC 3.
(b) Annual Revenues reflect projected gas cost factors and monthly rate adjustments, other adjustments, and projected gross receipt taxes.
(c) Based on projected firm sales and transportation volumes for the Rate Year Ended September 30, 2010 from the Gas Rate Plan in Case 06-G-1332.
(d) Annual Revenues include gas supply costs for transportation customers equivalent to what these customers would have paid to an ESCO.