

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

May 27, 2009

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

Re: Statement of Revenue Decoupling Mechanism Adjustment No.3

Dear Secretary Brilling:

Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") is filing today with the New York State Public Service Commission (the "Commission") Statement of Revenue Decoupling Mechanism Adjustment No.3, effective June 1, 2009.

Statement of Revenue Decoupling Mechanism Adjustment No.3
for Service Classification Nos. 2, 3 and 9
Effective June 1, 2009

Explanation of Filing

Pursuant to the Joint Proposal in Case 06-G-1332 ("Joint Proposal"), adopted by the Gas Rates Order,¹ the Company instituted a Revenue Decoupling Mechanism ("RDM") for the period October 1, 2007 through September 30, 2008 ("Rate Year 1"). The Joint Proposal also provided that if, during Rate Year 1, the Company projects that the combined annual reconciliation of the RDM for all

¹ Case No. 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 and Conditions of the Parties' Joint Proposal* (issued September 25, 2007) ("Gas Rates Order").

groupings will equal or exceed \$10 million, the Company will implement interim surcharges or refunds by grouping, subject to further reconciliation at the end of the Rate Year.

Pursuant to Ordering Clause No. 1 of the Commission's "Order Continuing Revenue Decoupling Mechanism," issued and effective May 19, 2009 ("Gas RDM Continuation Order"), the Gas RDM methodology established for Rate Year 1 has been continued for Rate Year 2 (October 1, 2008 through September 30, 2009) and Rate Year 3 (October 1, 2009 through September 30, 2010).

Based on current projections, the Company estimates that the combined annual reconciliation of all groupings will result in an overall surcharge at the end of Rate Year 2 of approximately \$32.3 million. This overall surcharge consists of projected pure base revenue shortfalls for Rate Year 2 of \$9.1 million for the SC 2 Heating grouping, \$2.9 million for the SC 2 Non-Heating grouping, \$20.1 million for the SC 3 1-4 dwelling units grouping, and \$0.2 million for the SC 3 > 4 dwelling units grouping. As a result, the Company, by this filing, is implementing, effective June 1, 2009, interim surcharges of 3.1718¢ per therm, 2.1398¢ per therm, 6.3581¢ per therm, and 0.0653 ¢ per therm for the SC 2 Heating, SC 2 Non-Heating, SC 3 1-4 dwelling units, and SC 3 > 4 dwelling units groupings, respectively. These surcharges, when added to the RDM adjustments currently in effect for Rate Year 1 will result in surcharges of 3.6944¢ per therm, 4.3801¢ per therm, 10.5825¢ per therm for the SC 2 Heating, SC 2 Non-Heating, and SC 3 1-4 dwelling units groupings, respectively, and a refund of 1.9169¢ per therm for the SC 3 > 4 dwelling units grouping. The interim surcharges are designed to be in effect from June 2009 through May 2010, except that as provided for in the Joint Proposal and the Gas RDM Continuation Order, the surcharges will be subject to further reconciliation at the end of Rate Year 2, when actual shortfalls and excesses are known.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Christine Colletti
Director
Rate Engineering Department