

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments

A. Market Supply Charge

The rates for electric service include a Market Supply Charge ("MSC") applicable to Customers served under this Rate Schedule, including Customers served under Special Provision C of SC 14-RA of the Retail Access Schedule, except as specified below. The MSC varies by Service Classification and rate class and will be calculated based on best available information, as described in Subsection 1 below. MSC amounts will be billed in cents per kilowatthour for energy-only Service Classifications and in both dollars per kilowatt and cents per kilowatthour for demand-billed Service Classifications. The MSC is not applicable to Customers served under Service Classification No. 11 of this Rate Schedule. The MSC is also not applicable to energy and power supplied by NYPA under Special Provision Q of Service Classification No. 9. The cents per-kilowatthour component of the MSC is not applicable to Customers served under Rider M of this Rate Schedule. Except for Customers served under Special Provision C of Service Classification No. 14-RA, the MSC is not applicable to Customers served under the Retail Access Rate Schedule.

Customers subject to the MSC will also be subject to the Adjustment Factor – MSC I, as explained in General Information Section VII.A.2(a), and the Adjustment Factor – MSC II, as explained in General Information Section VII.A.2(b).

Definitions:

"Public Policy Contracts" include contracts that are entered into by the Company for electricity in support of public policy goals, such as system reliability, environmental considerations, fuel diversity, or market power mitigation, consistent with the order of the Public Service Commission, dated August 25, 2004, in Case 00-M-0504.

"Purchased Power Contracts" include contracts for the purchase of power from non-utility generators ("NUG"s) and other power purchase contracts.

"Company-owned Generation Assets" include gas turbines and the share of Con Edison's steam/electric units that are assigned to the electric system, including the East River Repowering Project.

1. MSC Components

(a) The MSC includes the following cost components, adjusted for losses:

- (1) the cost of energy based on NYISO market prices;
- (2) the cost of capacity based on NYISO market prices;
- (3) Ancillary Services Charges including certain NYISO Schedule 1 charges, such as the Scheduling, System Control & Dispatch ("S, SC & D") Service Charge, Local Reliability S, SC & D Service Charge and Market Administration and Control Area Service Charge, and any other NYISO commodity-related charges;
- (4) NYPA Transmission Adjustment Charge ("NTAC"); and
- (5) certain other transmission-related charges and credits for Customers served under this Rate Schedule.

(General Information - Continued on Leaf No. 159-A)

Date of Issue: October 31, 2011

Date Effective: November 1, 2011

Issued in compliance with Order in Case 11-E-0176, dated 9/19/2011

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

A. Market Supply Charge – Continued

1. MSC Components - Continued

- (b) For bills having a “from date” before January 31, 2010:

The MSC will be shown on the Statement of Market Supply Charge and Monthly Adjustment Clause. The final Statement of Market Supply Charge and Monthly Adjustment Clause will reflect the estimated costs of energy, capacity, Ancillary Services, and NTAC for February, March, and April 2010 and will be filed with the Public Service Commission apart from this Rate Schedule no later than January 27, 2010, to become effective on February 1, 2010. (The final Statement will not contain a charge for the Monthly Adjustment Charge (“MAC”), since the MAC will be filed monthly pursuant to General Information Section VII.B.)

- (c) For bills having a “from date” on or after January 31, 2010:

The cost of energy per kilowatthour applicable during each Customer’s billing period will be based on NYISO day-ahead Locational Based Marginal Prices load-weighted by the applicable rate class’s hourly load shape. Energy costs will be calculated separately for Customers served in the New York City NYISO zone and for Customers served in each of the Westchester NYISO zones as defined in General Information Section I.

The cost of capacity for each six-month capability period (i.e., the calendar months of May through October and November through April) will be separately estimated for each rate class based on NYISO strip auction prices. Capacity costs will be separately estimated for the New York City NYISO zone and for the combined Westchester NYISO zones. Estimated capacity costs will be shown on the Statement of Market Supply Charge – Capacity filed with the Public Service Commission apart from this Rate Schedule no less than three days before the Statement is to become effective. A three-month Statement of Market Supply Charge – Capacity will be filed to become effective for the period February through April 2010. Subsequent Statements will be filed for six-month periods.

Ancillary Services Charges and NTAC per kilowatthour will become effective commencing with the eighth billing cycle of each calendar month and will remain in effect until changed. The Ancillary Services Charges and NTAC component of each Customer’s MSC will be the Ancillary Services Charges and NTAC per kilowatthour in effect on the “to date” of the Customer’s bill. Ancillary Services Charges and NTAC amounts will be posted on the Company’s website prior to their effective date. (Bills having a “from date” on or after February 1, 2010, which are issued in February 2010 before the eighth billing cycle, will be subject to the Ancillary Services Charges and NTAC that became effective commencing with the eighth billing cycle of January 2010.)

- (d) The MSC per-kilowatthour rate for each Customer in an energy-only rate class will be equal to the sum of components (1) through (4) listed above in (a), that is, the cost of energy and capacity based on NYISO market prices plus the Ancillary Services Charges and NTAC. The MSC per-kilowatthour rate for each Customer in a demand-billed rate class will be the sum of components (1), (3), and (4) listed above in (a); component (2), that is, capacity costs, will be billed as a separate per-kilowatt MSC rate.

(General Information - Continued on Leaf No. 159-B)

Date of Issue: December 22, 2009

Date Effective: February 1, 2010

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

A. Market Supply Charge – Continued

2. Adjustment Factors – MSC

(a) Adjustment Factor – MSC I

Estimated MSC amounts recovered in rates on a calendar month basis shall be reconciled to actual MSC costs on a calendar month basis. The actual MSC costs include the costs the Company would have incurred if the requirements to serve Customers under this Rate Schedule would have been purchased solely from the NYISO market calculated on a load-weighted average market price based on available NYISO billing data at the end of each month. These costs will be increased by the value of any capacity credits that the Company receives from pledging MW associated with the Direct Load Control Program into the NYISO Special Case Resources program, priced at the strip auction price for the capability period and determined separately for the New York City and the combined Westchester NYISO zones. The MSC will be reconciled separately for New York City and the combined Westchester NYISO zones as defined in General Information Section I.

The rates under all Service Classifications shall be subject each month to an adjustment based on the MSC reconciliation amount, which adjustment is referred to as the "Adjustment Factor - MSC I." All Customers who receive supply from the Company, except for Customers served under Rider M, are subject to the Adjustment Factor – MSC I.

(General Information - Continued on Leaf No. 160)

Date of Issue: December 22, 2009

Date Effective: February 1, 2010

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

A. Market Supply Charge - Continued

2. Adjustment Factors – MSC – Continued

(a) Adjustment Factor – MSC I – Continued

Separate Adjustment Factors - MSC I will be determined for New York City and the combined Westchester NYISO zones by dividing the reconciliation amounts determined for each zone by estimated zonal sales in kwhr to Customers served under this Rate Schedule, except for Customers served under Rider M, during the period over which the adjustments are to be applied. The Adjustment Factor – MSC I per zone will be applied on a cents per kilowatthour basis, taken to the nearest 0.0001 cent, and will be the same for all Service Classifications.

(b) Adjustment Factor – MSC II

All Customers who receive supply from the Company, except for Customers served under Rider M, are subject to the Adjustment Factor - MSC II. The Adjustment Factor – MSC II includes the following:

- (1) NYISO commodity-related rebills issued to the Company; provided, however, that charges/credits to be flowed through the Adjustment Factor - MSC II related to rebills will be limited to five percent of the total MSC/MAC costs for that month. Residual amounts will be deferred with interest and flowed through the Adjustment – Factor MSC II in subsequent month(s) subject to the same five percent limitation; and
- (2) the costs/benefits of “hedges,” applicable unless the Customer would have taken service under Rider M on a mandatory basis if not for one or more of the conditions described in Special Provision (D)2 of that Rider. The costs/benefits of hedges include the following:
 - (i) the Cost Increment/Decrement of energy and capacity obtained from any source other than Purchased Power Contracts entered into prior to May 1, 2000, Company-owned Generation Assets, and Public Policy Contracts. The Cost Increment/Decrement of energy and capacity reflects the difference between the actual monthly costs of these purchases, including fixed and variable costs, and the imputed revenue associated with pricing these purchases at the market price(s) included in the MSC;
 - (ii) all costs incurred and benefits received from financial hedging instruments associated with transactions intended to reduce price volatility to customers (e.g., transaction costs, such as option premiums, costs of providing credit support and margin requirements, and professional fees, and gains and losses associated with such transactions made in the commodities exchanges and with other counterparties);
 - (iii) monthly amortized costs of Transmission Congestion Contracts (“TCCs”) purchased through the NYISO auctions, direct sales or from the secondary market on behalf of Full-service Customers; and
 - (iv) revenues received from TCCs held on behalf of Full-service Customers.

The Adjustment Factor - MSC II is separately determined for Customers who would have taken service under Rider M on a mandatory basis if not for one or more of the conditions described in Special Provision (D)(2) of that Rider, to reflect the fact that they do not receive the costs/benefits of hedges.

The Adjustment Factor – MSC II amount will be estimated each month, and a true-up to actual MSC II costs will be included in the Adjustment Factor – MSC II in the following month. The Adjustment Factor – MSC II will be applied on a cents per kilowatthour basis, taken to the nearest 0.0001 cent.

(General Information - Continued on Leaf No. 160-A)

Date of Issue: May 6, 2009

Date Effective: ~~August 26, 2009~~ October 20, 2009
See Supplement No. 76

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

A. Market Supply Charge – Continued

2. Adjustment Factors – MSC – Continued

(c) Reconciliation

The amounts recovered or credited through the Adjustment Factor - MSC I and the Adjustment Factor – MSC II will be reconciled to actual amounts to be recovered. Any differences will be passed through the Adjustment Factor – MSC I and the Adjustment Factor – MSC II in a subsequent month.

3. Special Provisions

(a) Tax Reimbursement Recovery Provision

The Adjustment Factor - MSC I per kwhr, as determined above, shall be subject to a separate surcharge, applicable to only non-residential use of electricity, to enable the Company to recover, as authorized by Section 66-h of the Public Service Law, tax reimbursements made by the Company to non-utility generators pursuant to such law, including tax reimbursements made under the provisions of the Company's Service Classification 11 "Buy-Back Service." This separate surcharge shall not be applicable to Customers taking service under Service Classification ("SC") Nos. 1, 7, 8, 12, or 13 of this Rate Schedule or to residential usage under any other SC of this Rate Schedule. For Customers served under SCs other than 1, 7, 8, 12 or 13, the proportion of a Customer's usage that is residential usage shall be considered to be zero unless the Customer has supplied the Company with the properly completed "Certification of Residential Use" (New York State Tax Form TP-385). Customers taking service under a Service Classification subject to the surcharge and wishing to establish that a proportion of their usage is residential must provide the Company with the aforementioned form, properly completed, and will be exempt from the surcharge for such residential usage in future billing periods.

(b) Demand Response Program Cost Recovery Provision

The Adjustment Factor – MSC I will in each month include an amount equal to the difference, if any, between (i) the amounts billed in such month to Customers served under Rider M for actual energy usage priced at the applicable hourly energy prices in accordance with the provisions of Rider M, and (ii) the actual market supply costs for such month, as defined in Paragraph A.2. of General Information Section VII, for such Customer's actual energy usage. The Adjustment Factor – MSC I will in each month include a credit for any Rider W penalty amounts received by the Company in excess of those paid by the Company to the NYISO under the NYISO's Day Ahead Demand Response Program.

(General Information - Continued on Leaf No. 160-B)

Date of Issue: May 6, 2009

Date Effective: ~~August 26, 2009~~ October 20, 2009
See Supplement No. 76

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

A. Market Supply Charge – Continued

4. Statement of Adjustment Factors – MSC

Commencing with the eighth billing cycle of each month, the Adjustment Factor - MSC I per kwhr, as determined above, shall be effective during the succeeding billing month after the month for which the Adjustment Factor – MSC – I shall have been determined, and shall continue in effect until changed. The Adjustment Factor – MSC II as determined above shall be effective commencing with the eighth billing cycle of the month for which the Adjustment Factor – MSC II shall have been determined and shall continue in effect until changed. The Adjustment Factors – MSC will be applicable to bills that are rendered on or after the effective date of the Statement.

Not less than 3 business days prior to any change in the rate adjustments per kwhr resulting from this provision for Adjustment Factors – MSC, a Statement of Adjustment Factors – MSC (Statement) will be duly filed with the Public Service Commission, apart from this Rate Schedule, showing the Adjustment Factor – MSC I per kilowatthour and, the Adjustment Factor – MSC II per kilowatthour, The date at which and the period for which the Adjustment Factor – MSC I was determined will also be shown. The adjustment amounts will also be shown on the Company's website.

(General Information - Continued on Leaf No. 161)

Date of Issue: March 31, 2008

Date Effective: April 1, 2008

Issued under authority of PSC order in Case 07-E-0523 made March 25, 2008.

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause

Rates for electric service include a Monthly Adjustment Clause ("MAC") applicable to all Customers served under this Rate Schedule, except for Service Classification No. ("SC") 11, and under the Retail Access Rate Schedule, except for SC 15-RA to the extent the MAC does not apply under the EDDS Rate Schedule.

The MAC is estimated on a monthly basis and shown on the Statement of Monthly Adjustment Clause filed with the Public Service Commission apart from this Rate Schedule no less than three days before the Statement is to become effective. Commencing February 1, 2010, the Statement will be issued monthly. MAC amounts will be shown per kilowatthour for all SCs, except for SC 14-RA, which will show a customer charge per month and per kilowatt charges; provided, however, that MAC amounts applicable under Special Provision I of SC 14-RA will be shown per kilowatthour. A copy of the Statement of Monthly Adjustment Clause in effect will be available to the public on the Company's website.

1. MAC Components

The components of the MAC include:

- (1) prior to May 1, 2008, the Cost Increment/Decrement of all Purchased Power Contracts; and, commencing May 1, 2008, the Cost Increment/Decrement of Purchased Power Contracts that were entered into prior to May 1, 2000. The Cost Increment/Decrement of Purchased Power Contracts reflects the difference between the actual monthly costs of these purchases, including fixed and variable costs, and the imputed revenue associated with pricing these purchases at the market price(s) included in the MSC;
- (2) the Cost Increment/Decrement of Public Policy Contracts. The Cost Increment/Decrement of Public Policy Contracts reflects the difference between the actual monthly costs of these purchases, including fixed and variable costs, and the imputed revenue associated with pricing these purchases at the market price(s) included in the MSC;
- (3) the Cost Increment/Decrement of Company-owned Generation Assets. The Cost Increment/Decrement of Company-owned Generation Assets reflects the difference between the actual costs of the Company-owned Generation Assets, including fixed, variable, and fuel costs, and oil storage and handling costs, and the imputed revenues associated with pricing these assets at the market price(s) included in the MSC;
- (4) the difference between amortized revenues from sales of the Company's system Transmission Congestion Contracts ("TCCs") and the amount reflected in setting applicable rates;

(General Information - Continued on Leaf No. 162)

Date of Issue: December 22, 2009

Date Effective: February 1, 2010

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments – Continued

B. Monthly Adjustment Clause – Continued

1. MAC Components - Continued

- (5) charges for and/or revenues from the Company's system TCCs that are not sold;
- (6) monthly amortized costs prior to May 1, 2008, of TCCs purchased through the NYISO auctions, direct sales or from the secondary market on behalf of Full-service Customers;
- (7) revenues received prior to May 1, 2008, from TCCs held on behalf of Full-service Customers;
- (8) certain NYISO-related charges and credits, including all rebills issued to the Company prior to May 1, 2008, non-commodity-related rebills issued to the Company beginning May 1, 2008, and NYISO Schedule 1 charges that are not covered under the MSC. Miscellaneous charges/credits to be flowed through the MAC, such as rebills, will be limited to five percent of the total MSC/MAC costs for that month. Residual amounts will be deferred with interest and flowed through the MAC in subsequent month(s) subject to the same five percent limitation;
- (9) Customers' share of the cost of the savings passed on to Madison Square Garden in accordance with Section 3, Chapter 459, 1982 N.Y. Laws;
- (10) any incremental costs incurred by the Company resulting from divestiture of its electric generation facilities as described in Con Edison's Generation Divestiture Plan in Case 96-E-0897 and approved by the Public Service Commission's order dated July 21, 1998;
- (11) adjustments applicable to periods prior to May 1, 2000;
- (12) certain NYISO Transmission Owners Charges such as Congestion Balancing Settlement, Rochester Station 80 Capacitor Bank and Ramapo Phase Angle Regulator and any other transmission-related charges;
- (13) net revenues from sales to other utilities, LSEs and others;
- (14) certain other transmission-related charges and credits for Customers served under this Rate Schedule and the Retail Access Rate Schedule;
- (15) the difference between costs used in the calculation of the Adjustment Factors – MSC and total actual costs incurred, including all costs incurred and benefits received prior to May 1, 2008 from financial hedging instruments associated with transactions intended to reduce price volatility to customers (e.g., transaction costs, such as option premiums, costs of providing credit support and margin requirements, and professional fees, and gains and losses associated with such transactions made in the commodities exchanges and with other counterparties);
- (16) foregone delivery service revenues associated with the provision of service under Rider I, Rider M (voluntary service only), Rider P, Rider W, and the Company's Direct Load Control Program to the extent such revenues are not recovered through a revenue decoupling mechanism. Foregone delivery service revenues associated with Rider I refers to the difference between those revenues received under Rider I and the delivery service revenues that would otherwise have been received if the Rider I Customer had continued to be billed under Service Classification No. 8 Rate I;

(General Information - Continued on Leaf No. 163)

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause - Continued

1. MAC Components – Continued

- (17) foregone electric revenues resulting from decreased electric requirements associated with steam air conditioning installations by Customers under Special Provision E of Service Classification Nos. 2 and 3 of Con Edison's Schedule for Steam Service, P.S.C. No.3 - Steam to the extent such revenues are not recovered through a revenue decoupling mechanism;
- (18) foregone steam revenues associated with steam rate discounts for steam air conditioning installations by Customers under Special Provision E of Service Classification Nos. 2 and 3 of Con Edison's Schedule for Steam Service, P.S.C. No. 3 - Steam;
- (19) all costs on an as-incurred basis, including but not limited to payments to Customers where applicable and capital costs for enabling technologies, associated with the implementation of programs conducted under Rider I, Rider M, Rider P, Rider U, the Company's Direct Load Control Program, the Targeted Demand Side Management Program to the extent authorized by the Public Service Commission in Case 03-E-1332, the steam rate discount under Special Provision E of Service Classification Nos. 2 and 3 of Con Edison's Schedule for Steam Service, P.S.C. No. 3 - Steam, and the Company's marketing program for demand response programs; provided, however, that Rider U cost recovery will exclude any "lost" Summer payments made pursuant to the Commission's order issued April 8, 2009, in Cases 08-E-1463 and 08-E-0176, and Rider U cost recovery through the MAC beginning with costs incurred for the 2011 summer program will be equal to the total program costs less the program costs allocated for collection under the PASNY and EDDS Rate Schedules pursuant to the Commission's Order issued January 20, 2011, in Case 10-E-0530;
- (20) certain costs related to the restoration and operation of Hudson Avenue Unit 10/100 as authorized in the Public Service Commission's Memorandum Order in Case 01-E-0147, issued April 27, 2001, and decommissioning costs if approved by the Public Service Commission;
- (21) the Company's lost revenues associated with service rendered prior to April 1, 2008, for both targeted and system-wide demand management programs, above the levels associated with the System Benefits Charge. Lost revenues will be calculated by multiplying actual measured and verified kW and kWhr, as determined using Commission-approved demand management measurement and verification protocols, by average seasonal per-kW and per-kWhr rates, differentiated by service class, based on seasonal delivery revenues (excluding customer charge revenue) expressed at the then current effective rate level;
- (22) the Company's costs on an as-incurred basis, including marketing costs and costs for program evaluation, staffing, program development and market research, for both targeted and other demand management programs that the Company implements or helps to implement as well as any demand management program-related incentives, other than costs addressed in MAC components 19 and 34;
- (23) [Reserved for future use]
- (24) Switching and Retention Incentive Payments earned prior to April 1, 2008, as approved by the Public Service Commission in Case 04-E-0572;
- (25) any net revenue shortfalls between retail access rates and NYPA delivery rates resulting from laws that would permit NYPA to serve non-governmental Customers in the Company's service area;
- (26) any difference between the level of NEIL distributions reflected in rates and the actual NEIL distributions received on an annual basis;

(General Information - Continued on Leaf No. 163-A)

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause – Continued

1. MAC Components – Continued

- (27) any variance between the wholesale Transmission Service Charge revenues reflected in base rates and the actual wholesale Transmission Charge revenues received, other than from firm transmission contracts, on an annual basis net of any NYISO-related adjustments;
- (28) any variance between the wheeling revenues for firm Transmission contracts reflected in rates and the actual wheeling revenues for firm Transmission contracts received on an annual basis;
- (29) the electric department's allocated share of common costs for the 59th and 74th Street Stations;
- (30) costs, as incurred, related to the Regional Greenhouse Gas Initiative ("RGGI"), to the extent such costs are not recoverable through the market prices reflected in the Market Supply Charge, with respect to the following: (i) Company-owned generating facilities and (ii) non-Company owned generation facilities (net of any amounts that may be received from the owners of such facilities) pursuant to a settlement agreement among the parties to *Indeck v. Paterson*, Index No. 5280-09, Supreme Court, Albany County;
- (31) revenues received from the sale of RGGI allowances;
- (32) costs incurred pursuant to Section 185 of the Clean Air Act;
- (33) a credit equal to the value of any adjustment made to the Adjustment Factor – MSC I for capacity associated with the Direct Load Control Program that is pledged into the NYISO Special Case Resources program and a credit for payments received from NYSERDA or any other source for Direct Load Control installations;
- (34) all program costs, as incurred, to be collected over a reasonable period of time, associated with the implementation of the Commercial System Relief Program ("CSR"), the Critical Peak Rebate Program, the Residential Smart Appliance Program, and the Network Relief Program, as well as the Targeted Demand Side Management Program established in Case 09-E-0115 net of revenues received from Penalties paid under the CSR but inclusive of Penalties returned to 2010 CSR participants after October 2011, and excluding Lost Reservation Payments made under CSR. The amount recovered through the MAC will be equal to the total net program costs less the net program costs allocated for collection under the PASNY and EDDS Rate Schedules;
- (35) the amount to be collected for Smart Grid Projects, as described in General Information Section VII.B.4, "Smart Grid Projects";
- (36) credit for any payments made by NYSERDA pursuant to a settlement agreement among the parties to *Indeck v. Paterson*, Index No. 5280-09, Supreme Court, Albany County; and
- (37) other appropriate costs as may be approved by the Public Service Commission.

(General Information – Continued on Leaf No. 163-B)

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause – Continued

2. Adjustment Factor - MAC

The Adjustment Factor – MAC includes the following components. Each component, applied on a cents per kilowatthour basis to the nearest 0.0001 cent, is determined by dividing the amount to be collected or credited by the sum of the estimated sales in kwhr to Customers served under this Rate Schedule plus the estimated sales in kwhr to Customers served under the Retail Access Rate Schedule over the period for which the adjustment is to be applied:

(a) MAC Reconciliation

The Company will reconcile the estimated MAC amount recovered in rates on a calendar month basis to actual MAC costs on a calendar month basis. Rates under all Service Classifications shall be subject each month to an adjustment reflecting the MAC reconciliation amount.

The amounts recovered or credited through the MAC Reconciliation component of the Adjustment Factor - MAC will be reconciled to actual amounts to be recovered. Any differences will be passed through the Adjustment Factor - MAC in a subsequent month.

(General Information - Continued on Leaf No. 164)

Date of Issue: April 1, 2010

Date Effective: ~~June 30, 2010~~ November 1, 2010

See Supplement #85 and #86

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause – Continued

2. Adjustment Factor – MAC – Continued

(b) Uncollectible-bill Expense

The Adjustment Factor – MAC will contain a separate charge to reflect the Uncollectible-bill Expense associated with MAC and Adjustment Factor – MAC charges. The Uncollectible-bill Expense will be determined each month by multiplying an estimate of costs recoverable through the MAC and the MAC Reconciliation component of the Adjustment Factor – MAC charges by an Uncollectible Bill Factor of 0.0076. Any difference between the monthly Uncollectible-bill Expense as determined above and the Uncollectible-bill Expense determined by multiplying the Uncollectible Bill Factor by the billed MAC charges and the billed MAC Reconciliation component of the Adjustment Factor – MAC charges will be collected from/credited to Customers through the Uncollectible-bill Expense determined in a subsequent month.

At least once every 12 months, the Company will reconcile the Uncollectible-bill Expense required to be collected with the amounts billed, and any under-recovery or over-recovery will be passed through the Uncollectible-bill Expense, with interest, in a subsequent month. Interest will be calculated at the Other Customer Capital Rate.

(c) Transition Adjustment

The Adjustment Factor – MAC will contain a separate per-kilowatt-hour charge or credit to reflect the Transition Adjustment amount (including any Transition Adjustment Reconciliation Amounts and prior period deferrals, plus interest) applicable to Customers served under this Rate Schedule and the Retail Access Rate Schedule, pursuant to General Information Section VIII(B)(4).

3. Statement of Adjustment Factor – MAC

Commencing with the eighth billing cycle of each month, the MAC Reconciliation component of the Adjustment Factor – MAC per kwhr, as determined above, shall be effective during the succeeding billing month after the month for which the Adjustment Factor – MAC shall have been determined, and shall continue in effect until changed. The Uncollectible-bill Expense and the Transition Adjustment components of the Adjustment Factor – MAC, as determined above, shall be effective commencing with the eighth billing cycle of the month for which the components have been determined and shall continue in effect until changed. The Adjustment Factor – MAC will be applicable to bills that are rendered under this Rate Schedule and the Retail Access Rate Schedule, including Service Classification No. 14-RA, on or after the effective date of the Statement.

Not less than 3 business days prior to any change in the rate adjustment per kwhr resulting from this provision for MAC adjustment, a Statement of Adjustment Factor – MAC (Statement) will be duly filed with the Public Service Commission, apart from this Rate Schedule, showing the rate adjustment per kilowatt-hour for each component of the Adjustment Factor – MAC and the date at which and the period for which the MAC Reconciliation component was determined. The per-kilowatt-hour amount for each component of the Adjustment Factor – MAC will also be shown on the Company's website.

(General Information – Continued on Leaf No. 164-A)

Date of Issue: March 31, 2010

Date Effective: April 1, 2010

Issued under authority of PSC order in Case 09-E-0428 made March 26, 2010.

GENERAL INFORMATION – Continued

VII. Market Supply Charge, Monthly Adjustment Clause, and Adjustments - Continued

B. Monthly Adjustment Clause – Continued

4. Smart Grid Projects

Costs will be collected under this Rate Schedule and the Retail Access Rate Schedule for approved Smart Grid projects, as directed by the Public Service Commission in Case 09-E-0310. Costs will be collected for each project based on the date that each unit of project work is placed or expected to be placed in service, except for costs associated with the Smart Grid Demonstration Project, which will be collected over a five-year period.

The total amount to be collected under this Rate Schedule, the Retail Access Rate Schedule, and the EDDS and PASNY Rate Schedules is composed of the incremental revenue requirement associated with the Company's capital and operating expenditures for Smart Grid projects. The revenue requirement includes incremental depreciation, taxes, and operating expenses (including incremental direct and associated indirect costs and contractor costs) for Smart Grid projects and a return on capital, adjusted for annual operational savings or other benefits once a project is placed in service. Customers' share of project costs excludes grants received in connection with these projects, such as grants received from the U.S. Department of Energy under the American Recovery and Reinvestment Act and, if received, a grant from the New York State Office of Science, Technology and Academic Research under the 10% State Innovation Economy Matching Grant Program.

The initial portion of the total amount to be collected will be recovered over the five-month period commencing November 2010 and will reflect the incremental revenue requirement associated with the units of project work that were placed in service plus the incremental revenue requirement associated with the units of project work that are expected to be placed in service through March 2011 as well as a portion of the Demonstration Project costs. Commencing April 2011 and every twelve months thereafter, the portion of the total amount to be collected will be revised to reflect the incremental revenue requirement associated with the units of project work that were placed in service prior to the surcharge period plus the incremental revenue requirement associated with new units of project work expected to be placed in service over the next twelve-month period and additional portions of the Demonstration Project costs. In addition, the amount to be collected over the annual period commencing April of each year will contain an adjustment for prior periods to reflect the difference, with interest (calculated at the Company's authorized pre-tax rate of return), between the incremental revenue requirement for actual project work that was placed in service and the incremental revenue requirement for project work that was expected to be placed in service. (The difference between the amount actually collected and the amount forecasted to be collected will automatically be reconciled through the MAC.)

The amount to be collected under this Rate Schedule and the Retail Access Rate Schedule through the MAC will be determined by multiplying the amount to be collected in the five-month period commencing November 2010 and in any annual period thereafter by the ratio of forecasted Rate Year Delivery Revenues under this Rate Schedule and the Retail Access Rate Schedule to total combined forecasted Rate Year Delivery Revenues under this Rate Schedule, the Retail Access Rate Schedule, the PASNY Rate Schedule, and the EDDS Rate Schedule for the Rate Year in effect at the commencement of each collection period (i.e., five months initially and twelve months thereafter). The amount to be collected under this Rate Schedule and the Retail Access Rate Schedule over the collection period, plus any prior period adjustment, will be collected monthly through the MAC.

The Company will phase out cost recovery through the MAC of Smart Grid projects as the costs of projects are moved into base rates. Costs recovered through the MAC for Smart Grid projects are subject to refund if the Commission determines project costs to have been imprudently incurred or cost calculations to be incorrect.

(General Information - Continued on Leaf No. 165)

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Issued by Robert N. Hoglund, Senior Vice President and Chief Financial Officer, 4 Irving Place, NY, NY 10003