

GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments

(A) Increase in Rates Applicable in Municipality Where Service is Supplied

1. Percentage Increase in Rates and Charges

The rates and charges under all Service Classifications, payable in the municipality where service is supplied, shall be increased to reflect the taxes imposed on the Company within such municipality pursuant to the following statutes:

- (a) New York Tax Law, Sections 186-a (Gross Receipt Tax), 209-B, and 1201(a);
- (b) New York Tax Law 186-c;
- (c) General City Law Section 20-b; and
- (d) Village Law Section 5-530.

Refund of all such increases will be made to a Customer who is a vendor of electricity to the extent that revenue derived from such vendor to which such increase was applied is not taxed to the Company under such statutes, as shown by the Customer's resale remission certificate.

2. Statement of Percentage Increase in Rates and Charges

The Statement of Percentage Increase in Rates and Charges ("Statement") sets forth the applicable percentage increase in rates and charges in effect for the various municipalities served by the Company. The Statement will reflect: the currently effective rate under Section 186-a of the New York Tax Law; the effective rate under Section 186-c of the New York Tax Law, and a tax surcharge to recover tax expense imposed by the Temporary Metropolitan Transportation Business Tax Surcharge under Tax Law Section 209-B; and the currently effective rates under the New York Tax Law Section 1201(a), General City Law Section 20-b and Village Law Section 5-530. Separate percentage increases will be applied to the commodity rates and charges and to delivery rates and charges and the Company's other charges pursuant to Section 186-a of the New York Tax Law. Separate percentage increases will be applicable to residential and non-residential service, as defined in this section. Commodity rates and charges shall mean the "Market Supply Charge" and "Adjustment Factors – MSC" as set forth in General Information Section VII, the "Merchant Function Charge" as set forth in General Information Section VIII(B), and various other charges set forth in the General Information Section of this Rate Schedule and the Retail Access Rate Schedule except for late payment charges and security deposits. Delivery rates and charges shall mean all other rates and charges of this Rate Schedule and the Retail Access Rate Schedule except for late payment charges and security deposits.

Revisions to the Statement of Percentage Increase in Rates and Charges will be made, if appropriate, in accordance with the procedure for other changes in the Statement, to reflect periodic reconciliations for actual tax expense incurred under all Sections of the New York Tax Law and the revenues collected to recover such tax expense.

The Statement also shows percentage increases applicable to other charges.

When a new revenue tax or an increase in the rate of revenue taxes is enacted by a city or a village, the Company will file with the Public Service Commission a revised Statement, apart from this Rate Schedule, not less than fifteen business days before the date on which the Company proposes to increase the percentage increase in rates and charges, but no sooner than the date of the tax enactment to which the Statement responds.

(General Information - Continued on Leaf No. 166)

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GENERAL INFORMATION - Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments - Continued

(A) Increase in Rates Applicable in Municipality Where Service is Supplied - Continued

2. Statement of Percentage Increase in Rates and Charges - Continued

When a municipality eliminates or reduces the rate of revenue taxes, the Company will, within the following five business days, cancel the Statement then in effect and, where applicable, replace such canceled Statement with a revised Statement setting forth the reduced percentage increase in rates and charges. All such revised Statements shall become effective no sooner than the date when the tax enactment is filed with the Secretary of State and shall be applicable to bills subject to the tax enactment that are rendered on or after the effective date of the Statement. A copy of the Statement in effect will be available to the public at Company offices at which applications for service may be made.

3. Temporary Metropolitan Transportation Business Tax Surcharge

The rates and charges under all Service Classifications shall also be adjusted to recover the tax expenses imposed on the Company by the Temporary Metropolitan Transportation Business ("MTA") Tax Surcharge pursuant to Tax Law Sections 186-c and 209-B, as applicable, and reflected on the Statement of Percentage Increase in Rates and Charges ("Statement"). Any changes to the Company's MTA tax expense pursuant to Tax Law Sections 186-c and 209-B shall be reflected on a revised Statement filed with the Public Service Commission not less than fifteen days before the effective date of any change. Each such change filed pursuant to this paragraph shall remain in effect for a twelve-month period. A new Statement reflecting changes to the Company's MTA tax expense shall be filed for each year the MTA Tax Surcharge is applicable. In the second month following the conclusion of each twelve-month period, the Company will reconcile the revenues collected during that twelve-month period with the actual tax surcharge expense incurred by the Company in the corresponding year. In the event the revenues collected in each twelve-month period are substantially higher or lower (equal to or greater than plus or minus 0.5 percent) than the tax expenses incurred, the Company will make a one-time reconciliation adjustment after each twelve-month period.

4. Definition of Residential and Non-Residential Service for the Application of the Percentage Increase in Rates and Charges

For purpose of applying the appropriate percentage increase in rates and charges, the term "residential service" will apply to customers where 75 percent or more of the usage has been certified by the customer on Form TP-385 as for residential purposes. All other customers are deemed to be taking non-residential service for the purpose of this Section VIII.

(General Information - Continued on Leaf No. 167)

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GENERAL INFORMATION - Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments

The following charges and adjustments shall be applied prior to the Increase in Rates and Charges:

(1) System Benefits Charge

The rates and charges for each Service Classification under this Rate Schedule (excluding Service Classification No. 11) and under the Retail Access Rate Schedule (excluding Service Classification No. 15-RA of the Retail Access Rate Schedule) contain a separate charge for System Benefits. The System Benefits Charge, and any surcharge thereto authorized by the Commission, is applicable to all Customers who utilize the Company's distribution system and recovers costs required to be spent on necessary environmental and other public policy programs. The applicable unit charge shall be set forth on the Statement of System Benefits Charge. The Statement and changes thereto will be filed with the Commission no less than three business days before its effective date.

The System Benefits Charge is expected to collect \$69,794,960 annually for the five years beginning 2001 and \$34,897,480 for the first half of 2006, pursuant to the Commission's January 26, 2001, and July 3, 2001 Orders in Case 94-E-0952. Any over- or under-collections each year through 2005 will be reconciled and included in the subsequent year's amount to be collected. Any over- or under-collections of the System Benefits Charge during the first half of 2006, will be reconciled and included in the subsequent year's amount to be collected commencing January 1, 2007, as explained below.

The System Benefits Charge will continue from July 1, 2006 to December 31, 2014. The System Benefits Charge is expected to collect \$43,738,426 for the second half of 2006, \$87,476,852 for each of the four years beginning 2007, and \$43,738,426 for the first half of 2011, pursuant to the Commission's December 21, 2005 Order in Case 05-M-0090. Pursuant to the Commission's June 23, 2008 Order in Case 07-M-0548 ("Energy Efficiency Order"), the System Benefits Charge is also expected to collect \$14,652,901 for the fourth quarter 2008 and \$58,611,603 for each of the three years beginning 2009. In addition, pursuant to the Commission's October 23, 2009 Order in Case 08-E-1127 et al., the Systems Benefits Charge is also expected to collect the following amounts for the five years beginning 2010: \$48,484,504, \$53,970,043, \$3,003,086, \$3,003,086, and \$1,214,731, in 2010, 2011, 2012, 2013, and 2014, respectively. Pursuant to the Commission's Orders of November 13, 2009 and January 4, 2010 in Case 08-E-1127 et al., the System Benefits Charge is expected to collect the following additional incremental amounts: \$9,883,824 from April through December 2010, and \$16,933,228, \$212,177, and \$187,728 in 2011, 2012, and 2013, respectively.

Any over- or under-collections for each calendar year through 2013 will be reconciled and reflected in the subsequent year's amount to be collected, commencing January 1 of each year. Any over- or under-collections of the System Benefits Charge during 2014 will also be reconciled and credited to or collected from Customers. Commencing fourth quarter 2008, incremental amounts required to be collected pursuant to the Energy Efficiency Order will be reduced by amounts returned by NYSERDA to Con Edison and by amounts collected through the Monthly Adjustment Clause to fund energy efficiency programs pursuant to the Commission's Order in Case 07-E-0523, dated March 25, 2008, and the Energy Efficiency Order.

(General Information - Continued on Leaf No. 167-A)

Date of Issue: February 22, 2010

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GENERAL INFORMATION - Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments – Continued

(2) Renewable Portfolio Standard Charge

Customers taking service under any Service Classification under this Rate Schedule (excluding Service Classification No. 11) and under the Retail Access Rate Schedule (excluding Service Classification No. 15-RA) are subject to a separate charge for the Renewable Portfolio Standard ("RPS") program, as directed by the Public Service Commission in its September 24, 2004 Order in Case 03-E-0188. The RPS Charge is applicable to all Customers who pay the System Benefits Charge, as described above, and is required to fund above-market costs of renewable resources under the RPS program to be administered by the New York State Energy Research and Development Authority. The applicable unit charge shall be set forth on the Statement of Charge for Renewable Portfolio Standard Program. The Statement and changes thereto will be filed with the Commission no less than three business days before its effective date. RPS collections will be in the amounts and for the periods directed by the Commission. Each collection period will be for 12 months, commencing three months prior to the applicable calendar year. Any over- or under-collections for each calendar year will be reconciled and included in the subsequent year's amount to be collected. Any over- or under-collections of the RPS Charge for the last calendar year for which the RPS Charge is applicable will also be reconciled and credited to or collected from Customers in a manner to be determined by the Commission.

(3) PASNY Customers Transferring to this Rate Schedule

Customers served under the Delivery Service Rate Schedule - PASNY No. 4 as of October 1, 1996 (including "In-rem" accounts of the City of New York listed in the October 16, 1996 letter from the City of New York to the Company and the accounts of the New York State Urban Development Corporation at the Queens West Development when transferred to service under PASNY No. 4) who subsequently transfer to service under this Rate Schedule or the Schedule for Retail Access will receive a credit each month for the above-market costs of non-divested generation assets that are recovered through the Monthly Adjustment Clause ("MAC") and Adjustment Factor - MAC and that would be applicable if the Customer received service under the Schedule for Retail Access, to the extent that the weather-adjusted contribution of PASNY Customers to the franchise area peak load does not exceed the load stated in Appendix E for such year of the Agreement and Settlement, dated September 19, 1997, in PSC Case No. 96-E-0897, adjusted in accordance with Section II, paragraph 31 of the Agreement and Settlement. If such amount is exceeded, the above-market costs of non-divested generation assets that are recovered through the MAC and Adjustment Factor - MAC and that would otherwise be applicable if the Customer received service under the Schedule for Retail Access will apply to such excess. When a Customer served under PASNY No. 4 as of October 1, 1996 adds an additional account to that rate schedule (other than accounts transferred from this Rate Schedule or the Schedule for Retail Access) such account will be considered part of the Customer's load served under PASNY No. 4 as of October 1, 1996.

(General Information - Continued on Leaf No. 168)

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4 Irving Place, New York, N.Y. 10003

GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments – Continued

(4) Transition Adjustment for Competitive Services

Applicability

A Transition Adjustment will be determined for Customers served under this Rate Schedule and the Retail Access Rate Schedule, including Customers served under Rider Q but excluding Customers served under either Service Classification No. (“SC”) 11 of this Rate Schedule or SC 15-RA of the Retail Access Rate Schedule.

Components of the Transition Adjustment

The Transition Adjustment will be the sum of the following components, based on the 12 months ending March 31:

- (a) the difference between the targeted level of revenues from competitive supply-related charges and competitive credit and collection-related charges (including purchased power working capital) reflected in the Merchant Function Charge (“MFC”) and billed revenues from the competitive supply-related and competitive credit and collection-related components of the MFC;
- (b) the Company’s lost revenues attributable to the Billing and Payment Processing (“BPP”) Charge. The lost revenues attributable to the BPP will be equal to the total BPP charges that are avoided by Customers (as detailed in General Information Section VIII(B)(6)) less charges paid by ESCOs for Company-issued Consolidated Bills less costs avoided by the Company when ESCOs issue Consolidated Bills;
- (c) the Company’s lost revenues attributable to Metering Services. The lost revenues attributable to Metering Services will be equal to the total Metering Services charges (*i.e.*, the total of meter ownership charges, meter service provider charges, and meter data service provider charges) that are avoided by Customers who take Metering Services competitively less the costs that are avoided by the Company when Metering Services are taken competitively; and
- (d) the difference between the targeted level of credit and collection costs reflected in the discount rate applicable to ESCOs under the Purchase of Receivables (“POR”) program and revenues from the credit and collection-related component reflected in the discount rate under the POR program.

As directed by the Public Service Commission in its Order, issued and effective April 24, 2009, in Case 08-E-0539, the Transition Adjustment in effect for the 12-month period commencing April 2010 will also collect shortfalls in the targeted level of revenues for items (a) and (d) above and revenue shortfalls for Metering Charges that result from extension of the Case 08-E-0539 suspension period, plus interest at the Company’s pre-tax rate of return.

(General Information - Continued on Leaf No. 168-A)

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GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments – Continued

(4) Transition Adjustment for Competitive Services - Continued

Calculation of the Transition Adjustment

Any Reconciliation Amounts and prior period deferrals due to the calculation of the Transition Adjustment determined in accordance with the Commission's Orders issued April 15, 2005 and October 31, 2005 in Case 04-E-0572 will be collected in the Transition Adjustment in effect for the 12-month period commencing April 2008, subject to reconciliation. Each year, beginning 2009, the Transition Adjustment in effect for the 12-month period commencing April will be equal to the sum of the transition adjustment components shown on Leaf 168, for the 12-month period that ended March 31 of that year, including any Reconciliation Amounts from the Transition Adjustment in effect for prior periods and prior period deferrals. The Reconciliation Amount is the difference between the amount to be recovered through the Transition Adjustment and the actual amount recovered through the Transition Adjustment, plus interest (calculated at the Other Customer Capital Rate). Each Transition Adjustment will be in effect for a 12-month period; provided, however, that the Company may adjust the Transition Adjustment for the remaining months of a 12-month period on not less than three days' prior notice if the total deferred debit or credit amount exceeds \$5 million.

Half of the amount to be collected from or credited to Customers through the Transition Adjustment will be assigned to Customers served under this Rate Schedule plus Customers served under Special Provision C of SC 14-RA; the balance will be collected from or credited to both Customers served under this Rate Schedule and Customers served under the Retail Access Rate Schedule. The amounts to be collected from or credited to Customers will be divided by the estimated total annual kilowatt-hour deliveries to which the Transition Adjustment will be applied to determine the per-kwhr Transition Adjustment, expressed to the nearest 0.0001 cent per kwhr. If the above calculation results in a Transition Adjustment of less than 0.0001 cent per kwhr under either Rate Schedule, the total amount to be recovered from or credited to Customers will be deferred, with interest, for later recovery or refund through application to Customers' bills in a subsequently determined Transition Adjustment.

The Transition Adjustment will be calculated on an annual or more frequent basis, as provided herein. The per-kilowatt-hour adjustment to be put into effect for Customers served under this Rate Schedule and the Retail Access Rate Schedule will be collected from or credited to Customers through the Adjustment Factor – MAC described in General Information Section VII.B.2. The per-kilowatt-hour adjustment to be put into effect for Customers served under this Rate Schedule and Customers served under SC 14-RA, Special Provision C, of the Retail Access Rate Schedule will be collected from or credited to Customers through the Merchant Function Charge described in General Information Section VIII(B)(5).

(General Information - Continued on Leaf No. 168-B)

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GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments – Continued

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(General Information - Continued on Leaf No. 168-C)

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GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments – Continued

(5) Billing and Payment Processing (“BPP”) Charge

(a) Definitions

A reference to the “Company’s charges” means charges for only delivery or for both Company-provided supply and delivery, as applicable.

“Consolidated Bill” means a bill that combines the Company’s charges and an ESCO’s supply charges. Consolidated Bills for residential Customers are limited to Utility Consolidated Bills.

“ESCO Consolidated Bill” means a Consolidated Bill issued by an ESCO for its charges and the Company’s charges.

“Full-service Bill” means a bill that includes charges for both Company-provided supply and delivery for either electric or gas service.

“Separate Utility/ESCO bills” means that the Company’s delivery charges and ESCO’s supply charges for electric or gas service are not issued on the same bill; the Company’s delivery charges may be issued on a full-service bill or a Utility Consolidated Bill or an ESCO Consolidated Bill for the other service.

“Utility Consolidated Bill” means a Consolidated Bill issued by the Company for its charges and an ESCO’s supply charges.

(b) BPP Charge

The charge for BPP is applicable unless the Customer receives a Consolidated Bill for electric on an electric account or for electric or gas on a combined electric and gas account.

(1) BPP Charge on an Electric Only Account

Bill Type	Charge, per bill
Full-service Bill	\$0.94
Utility Consolidated Bill	0
Separate Utility/ESCO Bills	\$0.94
ESCO Consolidated Bill	0

(General Information - Continued on Leaf No. 168-D)

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GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments – Continued

(5) Billing and Payment Processing (“BPP”) Charge - Continued

(b) BPP Charge – Continued

(2) BPP Charge on a Combined Electric and Gas Account

Electric Service and Bill Type	Gas Service and Bill Type	Charge, per bill, for the electric portion	Charge, per bill, for the gas portion	Total
Full-service	Full-service	47 cents	47 cents	94 cents
Full-service	Utility Consolidated Bill	0	0	0
Full-service	Separate Utility/ESCO Bills	47 cents	47 cents	94 cents
Full-service	ESCO Consolidated Bill	0	0	0
Utility Consolidated Bill	Full-service	0	0	0
Utility Consolidated Bill	Utility Consolidated Bill	0	0	0
Utility Consolidated Bill	Separate Utility/ESCO Bills	0	0	0
Utility Consolidated Bill	ESCO Consolidated Bill	N/A	N/A	N/A *
Separate Utility/ESCO Bills	Full-service	47 cents	47 cents	94 cents
Separate Utility/ESCO Bills	Utility Consolidated Bill	0	0	0
Separate Utility/ESCO Bills	Separate Utility/ESCO Bills	47 cents	47 cents	94 cents
Separate Utility/ESCO Bills	ESCO Consolidated Bill	0	0	0 **
ESCO Consolidated Bill	Full-service	0	0	0
ESCO Consolidated Bill	Utility Consolidated Bill	N/A	N/A	N/A *
ESCO Consolidated Bill	Separate Utility/ESCO Bills	0	0	0 **
ESCO Consolidated Bill	ESCO Consolidated Bill	0	0	0 ***

* This scenario is not possible on a combined electric and gas account. The ESCO must request account separation.

** This scenario is only possible if there are two separate ESCOs. One ESCO issues Consolidated Bills for the utility’s electric and gas charges and its charges. The second ESCO issues bills only for its own charges.

*** This scenario is only possible if there is one ESCO for both electric and gas. If there are two ESCOs, one ESCO must request account separation.

(General Information - Continued on Leaf No. 168-E)

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GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments – Continued

(6) Merchant Function Charge

The Merchant Function Charge (“MFC”) is applicable to Full-service Customers and Customers who purchase supply from the Company under Special Provision C of SC 14-RA. The MFC is determined on a calendar-month basis and is equal to the sum of the following components:

- (a) a competitive supply-related charge, inclusive of a charge for purchased power working capital;
- (b) a credit and collection-related charge;
- (c) a charge or credit to reflect the Transition Adjustment amount (including any Reconciliation Amounts from the prior Rate Year’s Transition Adjustment and prior period deferrals, plus interest) applicable to Customers served under this Rate Schedule and Customers served under SC 14-RA, Special Provision C, of the Retail Access Rate Schedule, pursuant to General Information Section VIII(B)(4); and
- (d) a charge for the Uncollectible-bill Expense associated with the Market Supply Charge (“MSC”) and Adjustment Factors – MSC charges. The Uncollectible-bill Expense will be determined each month for Customers billed in SC 1 and SC 7 (the “Residential Classes”) based on an estimate of costs recoverable through the MSC and Adjustment Factors – MSC charges for the Residential Classes and an Uncollectible Bill Factor of 0.0097. The Uncollectible-bill Expense will be determined each month for Customers billed in other SCs (the “Other Classes”) based on an estimate of costs recoverable through the MSC and Adjustment Factors – MSC charges for the Other Classes and an Uncollectible Bill Factor of 0.0044. The resulting Uncollectible-bill expenses for Residential Classes and Other Classes will then be adjusted to reflect a system Uncollectible Bill Factor of 0.0067, as approved in Case 08-E-0539. Any difference between the monthly Uncollectible-bill Expense as determined above and the Uncollectible-bill Expense determined for the Residential Classes based on billed MSC and Adjustment Factors - MSC charges will be collected from or credited to the Residential Classes through the Uncollectible-bill Expense determined for the Residential Classes in a subsequent month. Any difference between the monthly Uncollectible-bill Expense as determined above and the Uncollectible-bill Expense determined for the Other Classes based on billed MSC and Adjustment Factors – MSC charges will be collected from or credited to the Other Classes through the Uncollectible-bill Expense determined for the Other Classes in a subsequent month. The Company will true-up its Uncollectible Bill Expenses for the Residential Classes and for the Other Classes for the April 2009 MSC and the April 2009 Adjustment Factors - MSC charges using the Uncollectible Bill Factor approved in Case 07-E-0523 for charges determined through April 5, 2009, and the Uncollectible Bill Factor approved in Case 08-E-0539 for charges determined thereafter.

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 applicable to both the Residential Classes and the Other Classes, with interest, in a subsequent month. Interest will be calculated at the Other Customer Capital Rate.

Each component of the MFC will be charged on a cents per-kilowatt-hour basis, taken to the nearest 0.0001 cent. The Company will file a Statement of Merchant Function Charge (“Statement”), apart from this Rate Schedule, showing the MFC amount per kilowatt-hour in effect for the calendar month and the date on which the MFC was determined. Amounts will be separately shown for the following: (i) Customers billed under SC 1 and SC 7, (ii) Customers billed under SC 2, and (iii) Customers billed under other SCs of this Rate Schedule (except for SC 11) plus Customers billed under SC 14-RA, Special Provision C, of the Retail Access Rate Schedule. Unless otherwise directed by the Commission, the Company will file Statements no less than three days prior to MFC changes.

(General Information - Continued on Leaf No. 168-F)

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GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments - Continued

(7) Rate Adjustment Clause

Pursuant to the Order of the Public Service Commission (the “Commission”), dated April 24, 2009, in Case 08-E-0539, \$254.4 million of the revenue requirement for the rate year ending March 31, 2010, is to be recovered pursuant to a rate adjustment clause mechanism and shall be subject to refund based on the Commission’s audit and review of the Company’s capital expenditures, as set forth in the Commission’s Order, dated March 25, 2008, in Case 07-E-0523 and on the Commission’s audit and review of the Company’s contract-related capital, O&M and related expenditures, as set forth in the Commission’s Order, dated February 12, 2009, in Case 09-M-0114. The portion of the rates and charges shown in each Service Classification that comprise the rate adjustment clause mechanism for the rate year ending March 31, 2010, are shown on the Statement of Rate Adjustment Clause filed apart from this Rate Schedule for Service Classifications (“SC”s) of this Rate Schedule and the corresponding SCs of the Retail Access Rate Schedule (except for SC 14-RA and SC 15-RA), and on the Statement of Rate Adjustment Clause filed apart from the Retail Access Rate Schedule for SC 14-RA and SC 15-RA. This portion of the Company’s revenue requirement will continue to be recovered in this manner until such time as the Commission determines otherwise.

(8) Revenue Decoupling Mechanism (“RDM”) Adjustment

Pure Base Revenue (as defined in General Information Section II) is subject to reconciliation through an RDM Adjustment. The RDM is applicable to Pure Base Revenue received from Customers in SCs 1, 2, 4, 5, 6, 7, 8, 9, and 12 of this Rate Schedule and the corresponding SCs of the Retail Access Rate Schedule. It is also applicable to Pure Base Revenue from SC 13 Customers through April 2009. The RDM is not applicable to revenues from the following: (a) Customers billed under SC 11 rates, SC 14-RA rates, and contract or negotiated rates; (b) Customers served under Rider J and Rider Y; (c) load served under Rider Q; and (d) load served under SC 15-RA of the Retail Access Rate Schedule and under the Company’s EDDS Rate Schedule. A separate RDM Adjustment is in effect for service under the PASNY Rate Schedule.

(1) Mechanism

The Company will reconcile, for each SC, the difference between actual Pure Base Revenue and Allowed Pure Base Revenue, as follows:

- (a) Every month, the Company will reconcile the difference between actual Pure Base Revenue and Allowed Pure Base Revenue under each SC. Except as provided below, every six months, the cumulative difference will be charged or credited to Customers in that SC, with interest (calculated at the Other Customer Capital Rate), over the six-month period that commences two months later. The first RDM collection/refund period will be determined for the six-month period April 2008 through September 2008, for collection or refund to Customers over the six months commencing November 2008.

If the cumulative difference between actual Pure Base Revenue and Allowed Pure Base Revenue equals or exceeds \$10 million under the combined SCs plus the PASNY Rate Schedule before the end of six months, the Company may initiate collection or refund of RDM amounts prior to the onset of a six-month RDM collection/refund period or adjust the amounts to be collected or refunded for the remaining months of an RDM collection/refund period.

(General Information - Continued on Leaf No. 168-G)

GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments - Continued

(8) Revenue Decoupling Mechanism (“RDM”) Adjustment - Continued

(1) Mechanism – Continued

- (b) The amount to be charged or credited to Customers in each SC will be determined by dividing the amount to be charged or credited to Customers in that SC by estimated total kilowatthour deliveries to Customers in that SC over the collection/refund period. If the per-kilowatthour adjustment to any SC would be less than a debit or credit of 0.0001 cents per kWhr, the amount will be collected or refunded, as applicable, in a subsequent period, or as determined by the Public Service Commission if no RDM is in effect.
- (c) Following each RDM collection/refund period, any difference between amounts required to be charged or credited to Customers in each SC and amounts actually charged or credited will be charged or credited to Customers in that SC, with interest, over a subsequent RDM collection/refund period, or as determined by the Public Service Commission if no RDM is in effect.

(2) Statement

The RDM Adjustment unit amount to be collected from or credited to Customers per kilowatthour will be shown for each SC on the Statement of Revenue Decoupling Mechanism Adjustment. The Company will file such Statement with the Public Service Commission no less than three days prior to the start of the period that the RDM Adjustment is to be in effect (and no less than three days prior to any change in the RDM Adjustment as set forth herein).

(3) Allowed Pure Base Revenue

Allowed Pure Base Revenue (in \$000’s), by SC, is as follows:

SC	April 2008 thru March 2009*	April 2009 thru March 2010*	Commencing April 2010 **
1	\$1,219,705	\$1,409,188	\$1,423,135
2	\$213,034	\$240,413	\$242,921
4	\$311,576	\$351,527	\$354,269
5	\$3,325	\$3,931	\$3,990
6	\$1,488	\$2,254	\$2,272
7	\$11,622	\$13,218	\$13,326
8	\$95,697	\$110,742	\$111,550
9	\$1,023,533	\$1,132,888	\$1,140,752
12	\$15,625	\$17,927	\$18,129
13	\$3,308	\$212	N/A

* Allowed Pure Base Revenue through April 2009 is based on revenue targets set in Case 07-E-0523. Allowed Pure Base Revenue from May 2009 through March 2010 is based on revenue targets set in Case 08-E-0539. Allowed Pure Base Revenue for SC 13 is set for the month of April 2009 only.

** Allowed Pure Base Revenue commencing April 2010 and continuing unless and until changed will be based on revenue targets set in Case 08-E-0539.

(General Information - Continued on Leaf No. 168-H)

Date of Issue: April 30, 2009

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Effective under authority of PSC Order in Case 08-E-0539 made April 24, 2009

GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments - Continued

(8) Revenue Decoupling Mechanism (“RDM”) Adjustment – Continued

(3) Allowed Pure Base Revenue – Continued

Annual Allowed Pure Base Revenue will be revised whenever there is a change in Demand Delivery Charges, Energy Delivery Charges, or the Customer Charge applicable under one or more of the SCs. Furthermore, if, for any reason, an SC no longer has existing customers, the Allowed Pure Base Revenue for that SC will be reallocated to other SCs with existing Customers and to the PASNY Rate Schedule to provide for equitable treatment of revenue deficiencies from the discontinued class. In the event Allowed Pure Base Revenue is reallocated, the Company will notify the Department of Public Service Commission Staff of the revised Allowed Pure Base Revenue amount(s). The Company will be allowed to defer collection of any revenue shortfall or refund of any revenue surplus that results from a delay in the approval of a reallocation of Allowed Pure Base Revenue.

(9) Delivery Revenue Surcharge

As directed by the Public Service Commission in its Order, issued and effective April 24, 2009, in Case 08-E-0539, the Delivery Revenue Surcharge (the “Surcharge”) will collect Allowed Pure Base Revenue shortfalls which result from extension of the Case 08-E-0539 suspension period, plus interest at the Company’s pre-tax rate of return, over 23 months commencing May 2009.

The Surcharge that is applicable to service under this Rate Schedule and the Retail Access Rate Schedule, except for Service Classification (“SC”) 15-RA, will be collected on a monthly basis applicable to billings issued under the SCs of this Rate Schedule and corresponding SCs of the Retail Access Rate Schedule and under SC 14-RA of the Retail Access Rate Schedule as follows:

- (a) SCs 1, 2, 4, 5, 6, 7, 8, 9, and 12, including load served under Rider Q, per kWhr;
- (b) SC 14-RA, excluding former SC 13 accounts, per kW of Contract Demand; and
- (c) SC 13, including former SC 13 accounts served under another SC, per monthly bill as a separate charge.

The unit amount to be collected per SC, except SC 14-RA, will be shown on the Statement of Delivery Revenue Surcharge filed apart from this Rate Schedule and on the Statement of Delivery Revenue Surcharge filed apart from the Retail Access Rate Schedule for SC 14-RA. Amounts applicable to SC 15-RA will be collected under the EDDS Rate Schedule.

Statements will be filed with the Public Service Commission no less than three days before its effective date or such later date as directed by the Commission.

Any difference between amounts required to be collected through the Surcharge and the actual amounts collected will be charged or credited to customers through a surcharge over a reasonable period after April 30, 2011.

(General Information - Continued on Leaf No. 168-I)

Date of Issue: April 30, 2009

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GENERAL INFORMATION – Continued

VIII. Increase in Rates Relating to Taxes and Other Charges and Adjustments – Continued

(B) Other Charges and Adjustments - Continued

(10) Surcharge to Collect Assessments Under Section 18-a of the Public Service Law

To implement the change to Section 18-a of the Public Service Law (“PSL”), signed into law on April 7, 2009, the Company will collect through a delivery service surcharge, applicable under each Rate Schedule, the amount assessed to the Company, excluding gross receipts taxes, in excess of the amount reflected in base rates. As directed in the Public Service Commission’s Order, dated June 19, 2009, in Case 09-M-0311, delivery service surcharges for each 12-month period commencing July will be designed to collect any Section 18-a assessment for the State fiscal year that commenced April of that year above the amount reflected in base rates, plus uncollectible expenses at the rate reflected in base rates and working capital costs at the Company’s pre-tax rate of return. Amounts surcharged pursuant to the Commission’s Order, issued and effective April 24, 2009, in Case 08-E-0539, will be applied to the amount to be collected over the 12 months commencing July 1, 2009. To the extent the amount of the surcharge decreases in any year due to a fluctuation in annual intrastate gross operating revenues, the Company will maintain the prior year’s surcharge to improve its cash flow position without increasing Customers’ bills.

Any difference between Section 18-a amounts to be recovered and actual amounts collected, excluding gross receipts taxes, will be reflected in a subsequent period surcharge; provided, however, that any reconciliation amount required to be collected after the last year that the surcharge is in effect, will be deferred, plus working capital costs, for future disposition.

The delivery service surcharge will be allocated to each customer class based on the class contribution to the Company’s total electric revenues, including gross receipts taxes. The contribution of each class will include both delivery and supply charges for all Service Classifications (“SC”s), (including estimated supply charges for retail access classes), delivery charges only for the PASNY and EDDS classes, and gross receipts taxes for all.

The delivery service surcharge that is applicable to service under this Rate Schedule and the Retail Access Rate Schedule, except for SC 15-RA, will be collected on a monthly basis applicable to billings issued under the SCs of this Rate Schedule and corresponding SCs of the Retail Access Rate Schedule and under SC 14-RA of the Retail Access Rate Schedule as follows:

- (a) SCs 1, 2, 4, 5, 6, 7, 8, 9, and 12, including load served under Rider Q, per kWhr;
- (b) SC 11 and SC 14-RA, excluding former SC 13 accounts, per kW of Contract Demand; and
- (c) SC 13, including former SC 13 accounts served under another SC, per monthly bill as a separate charge.

The unit amount to be collected per SC, except SC 14-RA, will be shown on the Statement of Surcharge to Collect PSL Section 18-a Assessments (the “Statement”) that is filed with the Public Service Commission apart from this Rate Schedule and on the Statement of Surcharge to Collect PSL Section 18-a Assessments filed apart from the Retail Access Rate Schedule for SC 14-RA. Amounts applicable to SC 15-RA will be collected under the EDDS Rate Schedule.

Unless otherwise directed by the Commission, any change to the unit amounts to be collected will be filed with the Commission on a revised Statement no less than 15 days prior to the Statement’s effective date.

(General Information - Continued on Leaf No. 169)

Date of Issue: June 29, 2009

Date Effective: July 1, 2009

Issued in compliance with PSC order in Case 09-M-0311 made June 19, 2009.