

STATE OF NEW YORK

Public Service Commission

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FOR RELEASE: IMMEDIATELY

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PSC Votes to Approve Con Ed Delivery Rate Reduction for Certain Large Gas Customers – 33% to 50% Savings to Attract and Retain Qualifying Manufacturing Customers –

New York, NY, 12/17/03 – The New York State Public Service Commission today voted to approve a new incentive gas delivery rate for Consolidated Edison Company of New York, Inc. (Con Edison) that provides lower natural gas delivery rates to qualified non-governmental manufacturing customers. The new rate, to take effect on January 1, 2004, is designed to retain and invite new manufacturing industry investment throughout Con Edison's service region.

"Con Edison's new manufacturing incentive gas delivery rate service will contribute to the general good and economic viability of New York City, Westchester County and the state," Commission Chairman William M. Flynn stated. "It will complement the company's other targeted economic development and business incentive rates to further add to the company's ability to promote customer investment in plant and job growth in its service territory."

Con Edison's new gas delivery rate, which will be known as the Rider I Gas Incentive Rate Service, was developed in conjunction with the City of New York as part of a comprehensive package of economic services to manufacturing customers. It will provide Con Edison added flexibility to retain or attract new load for the benefit of all of its customers. Rate reductions for qualified customers under the new rate will range from 33% to 50%. As an example, a qualifying manufacturing customer under the Rider I rate service that uses 10,000 therms of gas monthly can expect to have the utility gas delivery portion of its bill reduced from a current monthly level of \$2,180 to \$1,240 per month or approximately 43%. The delivery portion of a bill appears separately from the cost of the gas itself, often referred to as the "commodity price." The commodity price of natural gas was deregulated by Congress beginning in 1978 and is determined by market conditions, not the Commission or New York utilities.

The new Rider I incentive rate plan will be available to any non-governmental manufacturing customers who are eligible to receive service under the company's S.C. No. 2 Rate I (General - Non-Heating), S.C. No. 2 Rate II (General - Heating) and the corresponding rates in S.C. No. 9 (Transportation). Customers will qualify for the Rider I rate if they are occupying new or vacant premises and receiving:

- (1) a substantial real property tax incentive of at least five years duration established under the New York State Real Property Tax Law;
- (2) energy rebates from the City of New York's Energy Cost Savings Program; or
- (3) a "Comprehensive Package of Economic Incentives".

A "Comprehensive Package of Economic Incentives" is a separately negotiated comprehensive package of economic incentives of at least five years duration conferred by the local municipality or state authorities in exchange for a long-term commitment by the customer to locate or re-locate in the company's service area. Such a comprehensive package must include a substantial property tax incentive or energy rebates under the Energy Cost Savings Program and may also include other tax or similar incentives designed to maintain or increase employment levels in the company's service area.

Con Edison's Rider I incentive gas delivery rate service was developed on a revenue neutral basis. It will not increase other existing customer gas delivery rates. Con Edison serves approximately 1.1 million gas customers in New York City and Westchester County.

The Commission will issue a written decision detailing today's vote. The decision in Commission Case 03-G-1461, when available, can be obtained from the Commission's website at <http://www.dps.state.ny.us> by accessing the Commission Documents section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, 3 Empire State Plaza, Albany, NY 12223 (518-474-2500).