

October 26, 2009

**Re: Negotiated Steam Fuel Cost Program
For SC2 & SC3 Customers**

Dear Steam Customer,

Con Edison is pleased to offer you the opportunity to participate in our Negotiated Steam Fuel Cost Program, which will allow you to obtain a fixed price for a portion of your steam fuel cost for the coming winter period (December 2009 – March 2010). The volume of steam used, for which the fuel price may be fixed, cannot exceed 60% of the average of your monthly usage during comparable months over the past two years. The program will help to reduce volatility in fuel cost, but the fixed price may turn out to be higher or lower than the actual monthly market price.

If you would like to enroll in the Negotiated Steam Fuel Cost Program go to www.coned.com/steam and click on the [Negotiated Fuel Cost Program Enrollment Form](#). To participate in this program, you must notify the Con Edison by returning a signed base agreement between November 2 and November 9, 2009 (**please note, all customers must enroll by noon, on Friday, November 6th to receive the Customer Base Agreement**). This agreement will stipulate the monthly volume of steam for which you authorize the Company to obtain a fixed fuel cost on your behalf and the method for confirming acceptance of the fixed cost (i.e., fax or e-mail).

We will then notify all customers (who have executed base agreements) of the fixed cost that has been established and the time frame within which the customer may accept the Company's offer to provide steam at that cost, for the volume stated in the signed base agreement.

To accept the offer, you must notify Con Edison Steam Business Development by returning the signed form according to the base agreement's established process and within the specified time frame. If you accept the Company's offer, you will be required to pay the agreed-upon fixed cost, in lieu of the average cost of fuel, for the agreed-upon volume of steam for the specified months.

If you have any questions concerning the Negotiated Steam Fuel Cost Program, contact the Steam Business Development group at 1-212-460-2011.

Sincerely,

Sheria Stallings
Steam Business Development Group