

PSC NO. 4 GAS LEAF: 113.1
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 3
INITIAL EFFECTIVE DATE: November 1, 2012 SUPERSEDING REVISION: 2

GENERAL INFORMATION

25. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT

Actual delivery revenues for certain customer classes are subject to reconciliation through an RDM Adjustment based on a revenue per customer ("RPC") methodology. Under the RPC methodology, Actual Delivery Revenue is compared, on an annual basis, with an annual Delivery Revenue Target equal to the product of the average number of customers and an annual RPC Target for each customer group subject to the RDM.

(A) Applicability

The RDM Adjustment is applicable to Service Classification Nos. 1, 2, and 6. For RDM purposes, these service classifications shall be assigned to service classification groups as follows:

Group A - Service Classification No. 1 and Service Classification No. 6 Rate Schedule IA customers.

Group B - Service Classification No. 2 and Service Classification No. 6 Rate Schedule IB and Rate Schedule II customers.

The RDM is not applicable to customers taking service under Riders B and C, and usage above the Baseline Billing Determinants for customers taking service under Rider E.

(B) Actual Delivery Revenue

Actual Delivery Revenue, determined for each customer group, will be calculated as the sum of billed revenue derived from: a) delivery charges as defined in Service Classification Nos. 1 and 2; b) transportation charges as defined in Service Classification No. 6; and c) the Weather Normalization Adjustment as described in General Information Section 12.3. For the 12-month period ending October 31, 2012, Actual Delivery Revenue will also include revenues associated with the Temporary Surcharge as described in General Information Section 12.2(H) ("Temporary Surcharge"). Actual Delivery Revenues will not include revenues derived from the RDM Adjustment described below. Actual Delivery Revenues in November 2009, 2010 and 2011 will be adjusted upward to reverse the effect of proration between old and new rates in the actual revenues.

(C) Delivery Revenue Targets

RPC Targets are set for each 12-month period beginning November 1, 2009, 2010 and 2011 based on the respective period's total (billed and unbilled) delivery revenues (revenues associated with delivery charges as defined in Service Classification Nos. 1 and 2, revenues associated with transportation charges as defined in Service Classification No. 6, and revenues associated with the

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