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PSC NO. 4 GAS

ORANGE AND ROCKLAND UTILITIES, INC.

INITIAL EFFECTIVE DATE: November 1, 2009

Issued in compliance with Commission order in Case 08-G-1398, dated 10/16/09

GENERAL INFORMATION

12. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS (Cont'd.)

12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)

- (C) <u>Credit/Surcharge for Sharing of Benefits (applicable to Service Classification Nos. 1, 2 and 6)</u> (Cont'd.)
 - (1) Interruptible Benefits (Cont'd)

provisions of Section 66, subsection 20 of the Public Service Law of the State of New York.

(2) Power Generation Benefits

Power Generation Benefits from the transfer of gas to electric generating facilities previously owned by the Company shall be defined as the amount received for the transfer of gas to such facilities, less any associated gas costs.

For each twelve-month period ending October 31, with the first twelve-month period ending October 31, 2010, a power generation base rate revenue imputation of \$650,000 shall be in effect. Any variance between the actual total Power Generation Benefits and the power generation base rate revenue imputation for each twelve-month period shall be credited (or surcharged if negative) to S.C. Nos. 1, 2, and 6 customers. The rate of credit (or surcharge) shall be determined by dividing the estimated power generation benefits available to S.C. Nos. 1, 2, and 6 customers for the twelve-month period ending October 31 of each year by the S.C. Nos. 1, 2, and 6 deliveries estimated for that period.

The unit rates as determined in (1) and (2) above will be applied to the Monthly Gas Adjustment. At the end of the fiscal year, the Company will determine the actual benefits accrued and compare this amount to the benefits disbursed to (or recovered from) S.C. Nos. 1, 2, and 6 customers during the fiscal year.

Any difference between the benefits accrued and the benefits disbursed (or recovered) shall be reflected in the estimated credits (or surcharges) for the next fiscal year.

The Company shall modify the unit rates determined as described above if a significant change to its estimates of benefits and/or sales volumes occurs during a fiscal year.