PSC NO. 4 GASLEAF:77ORANGE AND ROCKLAND UTILITIES, INC.REVISION:9INITIAL EFFECTIVE DATE: November 1, 2006SUPERSEDING REVISION:7Issued in compliance with Commission order in Case 05-G-1494, dated 10/20/06

## GENERAL INFORMATION

- 12. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS (Cont'd.)
- 12.1 <u>GAS SUPPLY CHARGE</u> (Cont'd.)
  - (E) Annual Reconciliation

Actual gas cost recoveries shall be reconciled with actual gas expenses each year, and a surcharge or refund to recover Gas Supply Charge under-recoveries or refund Gas Supply Charge overcollections shall be computed as follows:

- (1) taking the cost of gas, adjusted for supplier refunds, revenues from off-system sales net of any associated gas costs, capacity-related revenues associated with Service Classification No. 10, liquefied propane consumed, and any Over- and Under-delivery Charges assessed under Service Classification Nos. 8 and 13 and the Charge for Unauthorized Use of Gas assessed under Service Classification Nos. 3 and 8 as recorded on the Company's books during the determination period, adjusting that cost to reflect a level of purchased gas commensurate with actual sales and the fixed factor of adjustment determined in accordance with the Joint Proposal adopted by the Commission by order dated October 20, 2006 in Case 05-G-1494, and subtracting therefrom an amount equal to:
  - (a) Gas Supply Charge revenues recorded during the determination period, adjusted to eliminate associated revenue tax recoveries;
  - (b) costs recorded during the determination period assignable to gas sold to customers not subject to the Gas Supply Charge; and
  - (c) (i) the previous year's over-collection including interest, to the extent not refunded, or
    - (ii) adding the previous year's under-collection including interest, to the extent not recovered.
- (2) The amount derived in paragraph (1) of this subdivision shall be divided by the quantities of gas to be sold by the Company to its customers during the surcharge/refund period.
- (3) Surcharge or refund amounts shall bear interest, at a rate prescribed by the Commission, on unamortized balances.
- (4) The determination period to be used in the computation of the surcharge or refund shall be the 12 months ended August 31 of each year. The computation shall be filed with the Commission on or before October 15, and the resulting surcharge or refund shall be effective with the first January billing cycle date.
- Issued By: John D. McMahon, President, Pearl River, New York
  (Name of Officer, Title, Address)