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PSC NO. 4 GAS

ORANGE AND ROCKLAND UTILITIES, INC.

INITIAL EFFECTIVE DATE: November 1, 2006

Issued 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.)

12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)

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

The Monthly Gas Adjustment applicable to Service Classification ("S.C.") Nos. 1, 2, and 6 shall be adjusted to reflect the net benefits from 1)interruptible (S.C. Nos. 3 and 8) sales and transportation, firm withdrawable transportation and sales (S.C. Nos. 9 and 10), and firm dual fuel (S.C. No. 5) service (collectively "Interruptible Benefits") and 2) transfer of gas to electric generating facilities previously owned by the Company ("Power Generation Benefits"). Such benefits shall be determined as follows:

(1) Interruptible Benefits

Interruptible benefits shall be defined as (1) total interruptible revenues from S.C. Nos. 3 and 8 minus any associated gas costs and revenue tax surcharge revenues; (2) total firm withdrawable delivery revenues from S.C. No. 9 and S.C. 10 minus any associated gas costs and revenue tax surcharge revenues; and (3) total firm dual fuel revenues from S.C. No. 5 minus gas costs and revenue tax surcharge revenues.

For each of the twelve-month periods ending October 31, 2007, 2008, and 2009, an interruptible Sharing Target of \$3,966,500 relating to the interruptible benefits described above shall be in effect. Any variance between the actual total interruptible benefits and the interruptible Sharing Target for each twelve-month period shall be shared 80 percent/20 percent between customers and the Company respectively, in accordance with Appendix E of the Joint Proposal, dated June 21, 2006, and approved by the Commission in its Order issued and effective October 20, 2006, in Case No. 05-G-1494.

Customers' share of the interruptible benefits so determined 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 customer share available to S.C. Nos. 1, 2, and 6 customers for the twelvemonth period ending October 31 of each year by the S.C. Nos. 1, 2, and 6 deliveries estimated for that period.

The Company's share of Interruptible Benefits, if any, shall be retained by the Company and shall be excluded from any determination of Company earnings in excess of the level allowed by the Public Service Commission as any of the