

PSC NO. 4 GAS

ORANGE AND ROCKLAND UTILITIES, INC. LEAF: 81.1
 INITIAL EFFECTIVE DATE: November 1, 2006 REVISION: 5
 Issued in compliance with Commission order in Case 05-G-1494, dated 10/20/06 SUPERSEDING REVISION: 4

GENERAL INFORMATION

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

12.4 Merchant Function Charge (MFC)

(A) Applicability

Beginning November 1, 2006, customers taking service under Service Classification Nos. 1 and 2 of this Rate Schedule shall be subject to a Merchant Function Charge ("MFC"). Separate MFCs will be determined for Service Classification No. 1 and for Service Classification No. 2 of this Rate Schedule and will be applied to all gas volumes sold under such service classifications to recover the costs associated with commodity-related competitive services. Commodity-related costs include commodity procurement costs (including commodity revenue-based allocation of information resources and education and outreach costs), credit and collections costs, gas in storage working capital costs related to firm sales, and commodity-related uncollectibles. Separate MFCs will be determined for Service Classification No. 6 customers taking service under Rate Schedule IA and for Service Classification No. 6 customers taking service under Rate Schedule IB or Rate Schedule II whose Sellers participate in the Company's Purchase of Receivables ("POR") Program. The MFCs applicable to Service Classification No. 6 customers will be applied to the respective volumes of gas delivered to such customers and are designed to recover the costs associated with credit and collections activities under the POR program.

(B) Fixed MFC Components

The fixed components of the MFC, effective November 1, 2006, are as follows:

<u>Cents per Ccf</u>			
<u>Service Classification</u>	<u>Commodity Procurement, IR, and Education And Outreach</u>	<u>Credit and Collections</u>	<u>Total</u>
SC No. 1	1.392	0.703	2.095
SC No. 2	0.516	0.311	0.827
SC No. 6 - RS IA	N/A	0.703	0.703
SC No. 6 - RS IB & RS II	N/A	0.311	0.311

Issued By: John D. McMahon, President, Pearl River, New York
 (Name of Officer, Title, Address)