

**PSC NO. 4 GAS**

**ORANGE AND ROCKLAND UTILITIES, INC.** LEAF: 80.2  
INITIAL EFFECTIVE DATE: November 1, 2007 REVISION: 7  
Issued in compliance with Commission order in Case 05-G-1494, dated 10/20/06 SUPERSEDING REVISION: 6

**GENERAL INFORMATION**

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

12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)

(D) Gas in Storage Working Capital (applicable to Service Classification Nos. 1, 2 and 6)

The Monthly Gas Adjustment shall be adjusted by a per Ccf rate to reflect gas in storage working capital costs associated with storage assets used for reliability and balancing purposes. Such rate shall be equal to 20 percent of the total gas in storage working capital rate applicable to firm sales customers in accordance with the Commission's Order Establishing Rates in Phase 2 ("Order"), issued and effective October 18, 2001, in Case No. 99-G-1695. Such rate shall be applied to (1) sales to Service Classification Nos. 1 and 2 customers and (2) deliveries to Service Classification No. 6 customers. The difference between the rate included in the Monthly Gas Adjustment and the total gas in storage working capital rate applicable to firm sales customers, determined in accordance with the above Order, shall be deemed to be sales related and shall be included in the Merchant Function Charge applicable to Service Classification No. 1 and Service Classification No. 2 customers. Gas in storage working capital costs recovered through the Monthly Gas Adjustment and the Merchant Function Charge shall be combined and trued up annually to actual costs determined by multiplying the actual twelve-month average gas in storage balance by the effective Other Customer Capital Rate. This true up will be part of an annual reconciliation of the Monthly Gas Adjustment.

(E) Research and Development Surcharge (applicable to Service Classification Nos. 1, 2 and 6)

Customers will be assessed a Research and Development ("R&D") Surcharge to provide funding for gas R&D projects in accordance with the Commission's February 14, 2000 Order in Case No. 99-G-1369.

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