

PSC NO. 4 GAS

ORANGE AND ROCKLAND UTILITIES, INC.

INITIAL EFFECTIVE DATE: November 1, 2007 SUPERSEDING REVISION: 14

Issued in compliance with Commission order in Case 07-G-0299, dated 08/30/07

LEAF: 73
REVISION: 15

GENERAL INFORMATION

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

12.1 GAS SUPPLY CHARGE (Cont'd.)

(C) Average Cost of Gas (Cont'd.)

(1) Fixed Cost (Cont'd.)

The fixed gas cost of the Companies associated with pipeline capacity, storage capacity, and purchased gas contract entitlements, except costs associated with balancing service, shall be allocated to each company using fixed percentages. The fixed percentages are based on ratios of each Company's forecasted winter peak day capacity requirement to the total forecasted peak day capacity requirement of the Companies. The fixed percentages shall be revised at least annually to become effective each November 1. The Company shall be permitted to make interim revisions to the fixed percentages, if necessary, to reflect a significant shift in peak day capacity requirements between the Companies. The Company shall advise Commission Staff on or before October 1 of each year of any changes to the fixed percentages to be implemented the following November 1.

The Company's apportioned share of fixed costs, determined in the manner set forth above, shall then be reduced by annual estimates of the revenues, fees and charges set forth below and then divided by the forecast quantities of gas to be taken for delivery to the Company's firm sales customers for the 12 calendar months ending the following August 31:

- (a) Revenues from off-system sales, less any associated gas costs;
- (b) Capacity related revenues associated with Service Classification No. 10; and
- (c) Transition Surcharge revenues.

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