

PSC NO. 4 GAS
ORANGE AND ROCKLAND UTILITIES, INC.
INITIAL EFFECTIVE DATE: December 26, 2008

LEAF: 113
REVISION: 4
SUPERSEDING REVISION: 3

GENERAL INFORMATION

24. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT

Actual delivery revenues for certain customer classes are subject to reconciliation through an RDM Adjustment. The RDM Adjustment is applicable to Service Classification Nos. 1, 2, and 6. For purposes of applying the RDM Adjustment, these service classifications shall be assigned to service classification groups as follows:

Group A - Service Classification No. 1 and 6 residential customers.

Group B - Service Classification No. 1, 2 and 6 non-residential customers.

The RDM is not applicable to customers taking service under Riders B and C.

(A) Determination of RDM Adjustment

For each service classification group subject to the RDM Adjustment, the Company will compare, on a monthly basis, the difference between actual delivery revenue and corresponding delivery revenue targets. Actual delivery revenue, determined for each customer class on a monthly basis, is defined as the sum of (a) total revenue derived from delivery charges, as defined in Service Classification Nos. 1 and 2; (b) transportation charges as defined in Service Classification No. 6; and (c) revenues derived from the weather normalization adjustment. Actual delivery revenue shall not include revenues derived from the RDM Adjustment.

For each service classification group subject to the RDM Adjustment, the Company will, on a monthly basis, compare actual delivery revenue to a delivery revenue target. If the monthly actual delivery revenue exceeds the delivery revenue target, the delivery revenue excess will be accrued for refund to customers at the end of the Annual RDM Period as defined below. Likewise, if the monthly actual delivery revenue is less than the delivery revenue target, this delivery revenue shortfall will be accrued for recovery from customers at the end of the Annual RDM Period.

On a monthly basis, interest at the Commission's rate for other customer provided capital will be calculated on the average of the current and prior month's cumulative delivery revenue excess/shortfall (net of state and federal income tax benefits).

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