

**PSC NO. 4 GAS**

**ORANGE AND ROCKLAND UTILITIES, INC.**

INITIAL EFFECTIVE DATE: November 1, 2008      SUPERSEDING REVISION: 6

Issued in compliance with Commission order in Case 05-G-1494, dated 10/20/06

LEAF: 82  
REVISION: 7

**GENERAL INFORMATION**

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

12.4 Merchant Function Charge (MFC) (Cont'd.)

(B) Fixed MFC Components (Cont'd.)

These fixed MFC components shall remain in effect until changed by an order of the Commission.

(C) Determination of MFCs

The MFCs applicable to Service Classification Nos. 1 and 2 customers shall be the sum of (1) the applicable fixed MFC components set forth; (2) a per Ccf charge, determined in accordance with General Information Section 12.2 (D) of this Rate Schedule, to recover gas in storage working capital costs associated with firm sales customers; and (3) the applicable monthly uncollectibles charge ("UC charge") per Ccf to recover the cost of commodity-related uncollectibles. The MFCs applicable to certain Service Classification No. 6 customers shall be the fixed MFCs set forth above.

The monthly UC charge component of the MFC described in (3) above shall be based on the Gas Supply Charge ("GSC") determined in accordance with General Information Section 12.2 of this Rate Schedule and the uncollectibles percentage ("UC percentage") applicable to Service Classification No. 1 and the UC percentage applicable to Service Classification No. 2. The UC percentages shall be reset annually effective November 1 based on the Company's actual uncollectibles experience for the thirty-six month period ended the previous June 30 applicable to all electricity and gas customers eligible for the Company's Purchase of Receivables Program. The UC percentages effective for the twelve-month period commencing November 1, 2008 are 0.340 percent applicable to Service Classification No. 1 and 0.037 percent applicable to Service Classification No. 2. The UC charge component of the MFC shall be determined using the following formula rounding to the nearest 0.001 cents per Ccf:

UC Charge = GSC/(1-applicable UC percentage) - GSC

(D) Reconciliation of Fixed MFC Components

Revenues associated with the fixed MFC components shall be reconciled annually in accordance with the operation of the Transition Adjustment for Competitive Services, as set forth in General Information Section 12.2 (B) of this Rate Schedule.

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