

**PSC NO. 4 GAS** LEAF: 191.1  
**ORANGE AND ROCKLAND UTILITIES, INC.** REVISION: 0  
 INITIAL EFFECTIVE DATE: March 15, 2006 SUPERSEDING REVISION:  
 Issued in compliance with Order in Case 98-G-0122, dated November 23, 2005

**SERVICE CLASSIFICATION NO. 14**

**RATE - SIX PART - MONTHLY:** (Continued)

(3) Value Added Charge ("VAC") (Continued)

**DEFINITIONS** (Continued)

Heat Rate Tier Level - the heat rate tier level based on the technology of the unit:

Tier	Heat Rate	Description
1	17.5 MMBTU/MWH	Old simple cycle peaking units that commenced operation prior to December 31, 1998
2	11.0 MMBTU/MWH	Rankine cycle steam units
3	10.0 MMBTU/MWH	New simple cycle peaking units
4	7.4 MMBTU/MWH	Combination cycle plants

Market Electric Price - The Day Ahead Locational Based Marginal Price (LBMP), expressed in \$/MWH, for Zone G and for each applicable hour as set forth on the NYISO web site.

Reconciliation Adjustment: The Reconciliation Adjustment is an adjustment that will be made prospectively for any Value Added Charge over/under collected. This adjustment is the difference between the sum of the Value Added Charges billed to the customer in the Test Year and the customer's Actual Value Added Charges in the Test Year.

Spark Spread - The Spark Spread is the Market Electric Price minus the Fuel Cost of Generation, expressed in \$/MWH.

Test Year - The Test Year is the calendar year prior to the Effective Period.

**Estimated Value Added Charge (\$/Dth)**

The Estimated Value Added Charge is a unitized per Dth rate, derived from the increase in Spark Spread from the Base Year to the Test Year. An Estimated Value Added Charge shall be determined for each customer taking service under this service classification and applied to every Dth delivered to such customer under this Service Classification, commencing May 1, 2006.

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