PSC NO. 4 GASLEAF:80.2ORANGE AND ROCKLAND UTILITIES, INC.REVISION:4INITIAL EFFECTIVE DATE: November 1, 2005SUPERSEDING REVISION:3

INITIAL EFFECTIVE DATE: November 1, 2005 SUPERSEDING REVISION: Issued in compliance with Order in Case 05-G-0919, dated October 27, 2005

GENERAL INFORMATION

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

12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)

(F) <u>Interim Backout Lost Revenue Adjustment (applicable to Service</u> <u>Classification Nos. 1, 2, and 6)</u>

The Monthly Gas Adjustment applicable to Service Classification Nos. 1, 2, and 6 shall be adjusted to reflect an Interim Backout Lost Revenue Adjustment to recover the lost revenues associated with the Interim Backout Credit. Any difference between lost revenues recovered through the Interim Backout Lost Revenue Adjustment and actual lost revenues due to the operation of the Interim Backout Credit shall be reconciled annually and reflected in the Monthly Gas Adjustment billed in the following year.

(G) <u>Capacity Release Service Adjustment (applicable to Service</u> <u>Classification No. 6)</u>

The Monthly Gas Adjustment applicable to all Service Classification No. 6 customers shall be adjusted to reflect a Capacity Release Service Adjustment. The Capacity Release Service Adjustment is a charge/credit reflecting the difference between the maximum firm reservation rates at which the capacity is released to Sellers taking service under Capacity Option A of Service Classification No. 11 and the Company's Adjusted WACOT.

The Capacity Release Service Adjustment shall be set annually based on the Company's estimate of its Adjusted WACOT for the applicable annual period, the current interstate pipeline reservation rates for the pipelines upon which the Company releases capacity, and estimated deliveries to Service Classification No. 6 customers.

Any difference between the amount charged/credited to Service Classification No. 6 customers through the Capacity Release Service Adjustment and the actual differences between pipeline reservation rates and the Company's Adjusted WACOT shall be reconciled annually and reflected in either the Capacity Release Service Adjustment or another adjustment to the Monthly Gas Adjustment billed in the second month following the annual period. The Company may apply such adjustment over a period greater than one month, if deemed necessary by the Company, to mitigate the customer bill impact of the adjustment.

- (H) <u>Statement of Monthly Gas Adjustment</u>
 - 1) The Monthly Gas Adjustment shall be effective for service rendered on and after the first day of the calendar month following the computation date and shall continue in effect until changed.

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