

PSC NO. 4 GAS LEAF: 79.2
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 0
INITIAL EFFECTIVE DATE: December 28, 2005 SUPERSEDING REVISION:

GENERAL INFORMATION

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

12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)

(B) Transition Adjustment for Competitive Services (Cont'd.)

(2) Definitions for Purposes of this Transition Adjustment Provision (Cont'd.)

"Lost Revenues" are equal to Competitive Services Credits plus Competitive Service Rates less Avoided Costs, if any, less POR Uncollectibles.

"Estimated Competitive Services Over/Under Collections," if any, are equal to Lost Revenues less the Competitive Service amounts reflected in gas rates. Estimated Competitive Services Over/Under Collections are calculated if the Company estimates that Lost Revenues will be: (i) lower than the Competitive Service amounts reflected in gas rates, or (ii) higher than the Competitive Service Amounts reflected in gas rates, provided that equity earnings are expected to be less than the Company's equity earnings sharing trigger, if any. The Competitive Service amount reflected in gas rates is \$850,000 for the twelve months ending October 31, 2007 and shall be reset annually thereafter.

"POR Uncollectibles" are equal to the uncollectible component in the POR discount rate multiplied by the supply charges billed to Service Classification No. 6 customers who receive a Utility Single Bill. The uncollectible component of the initial POR discount rate shall be reset annually.

"POR" refers to the Company's purchase of receivables program, which is applicable to Marketers' customers receiving a Utility Single Bill.

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