

PSC NO. 4 GAS LEAF: 79.1  
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****(B) Transition Adjustment for Competitive Services****(1) Applicability**

A Transition Adjustment is applicable to customers taking service under Service Classification Nos. 1, 2, and 6 of this Rate Schedule. Such customers will be assessed a Transition Adjustment per Ccf of gas as set forth in the Statement of Monthly Gas Adjustment.

**(2) Definitions for Purposes of this Transition Adjustment Provision**

"Avoided Costs" are the costs avoided by the Company when Competitive Services are provided by an entity other than the Company for customers served under this Rate Schedule and are based on migration to Competitive Services above the level for the twelve-month period ended June 2005.

"Competitive Services" are gas supply (including, where applicable, credit and collections and theft investigation) and billing and payment processing.

"Competitive Services Credits" are the aggregate of credits on Service Classification No. 6 and No. 8 customers' gas bills from the application of billing credits as set forth under General Information Section 6.5 (2) "Transportation Customers Billing Options" of this Rate Schedule, less billing service charges applicable to Marketers participating in the Company's Gas Transportation Service Program and electing the Utility Single Bill Option under General Information Section 6.5 (2).

"Competitive Services Rates" are applicable to Service Classification No. 6 and refer to the aggregate of (i) Competitive Supply-Related Charge that is avoided by all Service Classification No. 6 customers multiplied by the number of Ccf billed to such customers and (ii) the Competitive Supply Collections-Related Surcharge that is avoided by non-POR Service Classification No 6 customers multiplied by the number of such customers.

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