

PSC NO. 4 GAS LEAF: 80
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 9
INITIAL EFFECTIVE DATE: December 28, 2005 SUPERSEDING REVISION: 8

GENERAL INFORMATION

12. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS
(Cont'd.)12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)(C) Credit/Surcharge for Sharing of Benefits (applicable to Service Classification Nos. 1, 2 and 6)

The monthly gas adjustment applicable to Service Classification ("S.C.") Nos. 1, 2, and 6 shall be adjusted to reflect the net benefits from 1) interruptible (S.C. Nos. 3 and 8) sales and transportation, withdrawable transportation and sales (S.C. Nos. 9 and 10), and firm dual fuel (S.C. No. 5) service and 2) transfer of gas to electric generating facilities previously owned by the Company. Such benefits shall be determined as follows:

- (1) Interruptible benefits shall be defined as total interruptible revenues from S.C. Nos. 3 and 8 minus any associated gas costs and revenue tax surcharge revenues. Withdrawable benefits shall be defined as total withdrawable revenues from S.C. Nos. 9 and 10 minus any associated gas costs and revenue tax surcharge revenues. Firm dual fuel benefits shall be defined as total revenue obtained from firm dual fuel S.C. No. 5 sales minus gas costs and revenue tax surcharge revenues.
- (2) Net benefits from the transfer of gas to electric generating facilities previously owned by the Company shall be defined as the amount received for the transfer of gas to such facilities, less any associated gas costs.

For each twelve-month period ending October 31, with the first 12-month period ending October 31, 2007, a base rate revenue imputation relating to the net benefits described above shall be in effect. The base rate revenue imputation for the twelve-month period ending October 31, 2007 shall be \$4,057,000. The base rate revenue imputation for each subsequent twelve-month period ending October 31 shall be \$3,579,000. Any variance between the actual total net benefits and the respective base rate revenue imputation for each twelve-month period shall be shared 80 percent/20 percent between customers and the Company respectively.

The customer share so determined shall be credited (or surcharged if negative) to S.C. Nos. 1, 2, and 6 customers. The rate of credit (or surcharge) shall be determined by dividing the estimated customer share available to S.C. Nos. 1, 2, and 6 customers for the twelve-month period ending October 31 of each year by the S.C. Nos. 1, 2, and 6 sales volumes estimated for that period.

The Company's share of net benefits, if any, shall be retained by the Company and shall be excluded from any determination of Company earnings in excess of the level allowed by the Public

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