

PSC NO. 4 GAS LEAF: 80.3
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 6
INITIAL EFFECTIVE DATE: December 28, 2005 SUPERSEDING REVISION: 5

GENERAL INFORMATION**12. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS (Cont'd.)****12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)****(H) Migration and Retention Incentive Adjustment (applicable to Service Classification Nos. 1, 2, and 6) (Cont'd.)**

The Migration and Retention Incentive Adjustment shall be set annually and shall take effect on November 1 of each year, based on the migration and retention incentive earned by the Company for the prior twelve-month period ending October 31. The initial Migration and Retention Incentive Adjustment shall take effect on November 1, 2007, based on the incentive earned by the Company for the twelve months ending October 31, 2007. The adjustment shall be determined by dividing the incentive earned for the twelve-month period by an estimate of the S.C. Nos. 1, 2, and 6 sales and transportation volumes for the recovery period.

Any difference between the amount collected from customers through the Migration and Retention Incentive Adjustment and the actual earned incentive amount shall be reconciled annually and reflected in the Migration and Retention Incentive 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.

(I) Statement of Monthly Gas Adjustment

- (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.
- (2) The Statement of Monthly Gas Adjustment shall be filed with the Public Service Commission and apart from this Rate Schedule not less than three days prior to the date on which it is proposed to be effective. Such Statement will be available to the public at Company offices at which applications for service may be made.

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