

PSC NO. 4 GAS LEAF: 80
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 8
INITIAL EFFECTIVE DATE: November 1, 2003 SUPERSEDING REVISION: 7
Issued in compliance with Order in Case No. 02-G-1553, dated 10/23/03

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) Credit/Surcharge for Sharing of Benefits (applicable to Service Classification Nos. 1, 2 and 6)

The monthly gas adjustment shall be adjusted to reflect the net benefits available to S.C. Nos. 1, 2, and 6 customers from a) interruptible (S.C. No. 3, 4 and 8) sales and transportation and firm dual fuel (S.C. No. 5) service; b) transfer of gas to electric generating facilities previously owned by the Company; and c) off-system sales. Such benefits shall be determined as follows:

- (1) Interruptible benefits shall be defined as total interruptible (S.C. Nos. 3, 4 and 8) revenues 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.
- (3) Net benefits from off-system sales shall be revenues received for all efforts of the Company to generate revenue from its portfolio of assets, less any associated gas costs and taxes.

For each of the twelve-month periods ending October 31, 2004, 2005 and 2006, a base rate revenue imputation of \$6,725,000 shall be in effect. Any variances between total net benefits and the \$6,725,000 imputation shall be shared 80 percent/20 percent between customers and the Company respectively in accordance with Appendix G of the Joint Proposal, dated June 24, 2003 and approved by the Commission in its Order issued and effective October 23, 2003 in Case No. 02-G-1553.

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 share, 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 Service Commission as any of the provisions of Section 66, subsection 20 of the Public Service Law of the State of New York.

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