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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 1
INITIAL EFFECTIVE DATE: 11/07/97 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with PSC Order in Case 97-G-0600 dated 10/07/97
Cancelled by 5 Rev. Leaf No. 81 Effective 12/01/2000
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GENERAL INFORMATION

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

12.2 APPLICABLE TO ALL SERVICE CLASSIFICATIONS

(A) Supplier Refund Provision

In the event that the rates and charges of a gas supplier are retroactively reduced and the Company receives a refund of excess charges paid to the supplier during the period to which the retroactive reduction is applicable, the Company will allocate the refund, including Company interest, to its various customer classes by months, based on the volumes sold to those customer classes during the months that the supplier's rates subject to refund were in effect. The demand portion of the refund will be allocated to Firm Customers, Service Classification Nos. 1 and 2, and to Wholesale Customers and Company Use. The commodity portion will be allocated to Firm Customers, Service Classification Nos. 1 and 2, to Wholesale Customers and to Company Use. Refunds will be made to the customers as follows:

- (1) A lump sum distribution of the refund allocations will be made to Wholesale Customers and Company Use.
- (2) The refund allocations shall be returned to the Company's Service Classification Nos. 1 and 2 customers by crediting the Gas Adjustment Charge over the succeeding twelve month period. The refund credits will be determined by dividing the allocated portions of the refund, including interest, by the quantities of gas estimated to be sold during the refunding period.
- (3) Any excess or deficiency in distributing the refund allocation remaining at the end of the refunding period will be reconciled in the Company's next Annual Surcharge or Refund Calculation following the conclusion of the refunding period.
- (4) If the Company receives a refund that cannot be related to a specific time period and is too small to be credited separately, the amount of such refund will be combined with other refunds or included in the next Annual Surcharge or Refund Calculation.

Issued By: R. Lee Haney, Chief Financial Officer, Pearl River, New York

(Name of Officer, Title, Address)