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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 5
INITIAL EFFECTIVE DATE: 12/01/00 SUPERSEDING REVISION: 4
STAMPS: Issued in compliance with Order in Case 99-G-1695 dated 11/20/00.
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GENERAL INFORMATION

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

12.1 GAS SUPPLY CHARGE (Cont'd.)

(E) Annual Reconciliation

Actual gas cost recoveries shall be reconciled with actual gas expenses each year, and a surcharge or refund to recover Gas Supply Charge under-recoveries or refund Gas Supply Charge over-collections shall be computed as follows:

- (1) taking the cost of gas, adjusted for supplier refunds, liquified propane consumed, and any Over- and Under-delivery Charges, Emergency Service Charges and Penalty Charges assessed under Service Classification Nos. 3, 4, 8 and 13 as recorded on its books during the determination period, adjusting that cost to reflect a level of purchased gas commensurate with actual sales and the fixed factor of adjustment as determined in the preceding rate proceeding, and subtracting therefrom an amount equal to:
 - (a) Gas Supply Charge revenues recorded during the determination period, adjusted to eliminate associated revenue tax recoveries;
 - (b) costs recorded during the determination period assignable to gas sold to customers not subject to the Gas Supply Charge; and
 - (c)
 - (i) the previous year's over-collection including interest, to the extent not refunded, or
 - (ii) adding the previous year's under-collection including interest, to the extent not recovered.
- (2) The amount derived in paragraph (1) of this subdivision shall be divided by the quantities of gas to be sold by the Company to its customers during the surcharge/refund period.
- (3) Surcharge or refund amounts shall bear interest, at a rate prescribed by the Commission, on unamortized balances.
- (4) The determination period to be used in the computation of the surcharge or refund shall be the 12 months ended August 31 of each year. The computation shall be filed with the Commission on or before October 15, and the resulting surcharge or refund shall be effective with the first January billing cycle date.

Issued By: Stephen B. Bram, President, Pearl River, New York
(Name of Officer, Title, Address)