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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 7
INITIAL EFFECTIVE DATE: 11/01/02 SUPERSEDING REVISION: 6
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

12.1 GAS SUPPLY CHARGE

The Gas Supply Charge is applicable to customers taking service under Service Classification Nos. 1 and 2.

The rate for the Gas Supply Charge shall be equal to the Average Cost of Gas used in retail gas operations of Orange and Rockland Utilities, Inc. multiplied by the Factor of Adjustment and rounded to the nearest 0.001 cents per Ccf. The Gas Supply Charge shall also include a surcharge or refund to recover Gas Supply Charge under-recoveries or refund Gas Supply Charge over-collections. Such surcharge or refund shall be calculated in accordance with (E) below.

(A) Factor of Adjustment

The factor of adjustment, used to adjust the cost of gas to reflect lost and unaccounted for gas, equals 1.034.

(B) Conversion Factor

The conversion factor, used to convert the average cost of gas calculated on a Dth basis to an Mcf basis, shall be the estimated Btu content of the gas delivered each month.

(C) Average Cost of Gas

Pursuant to the Settlement Agreement adopted by the Commission in its Order Authorizing Merger, issued and effective April 2, 1999 and Confirming Order, issued and effective April 14, 1999 in Case No. 98-M-0961, gas will be purchased under a common supply arrangement for both Consolidated Edison Company of New York and Orange and Rockland Utilities ("Companies"). The arrangement will be administered by a single corporate department or entity for the benefit of the Companies. The department or entity will purchase gas and services for the Companies in a manner that minimizes their total cost.

The Company's monthly average cost of gas applicable to the rates under Service Classification Nos. 1 and 2 shall be based upon the Company's apportioned share of fixed, balancing and variable costs and shall be computed as follows:

(1) Fixed Cost

Fixed gas costs include pipeline demand charges, capacity costs associated with Capacity Option A of Service Classification No.11, supplier gas inventory charges, storage demand charges, and any similar charges that do not vary with the volume of gas purchased except for balancing costs as described below.

Issued By: Stephen B. Bram, President, Pearl River, New York

(Name of Officer, Title, Address)