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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 10
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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) (Cont'd.)

The unit rate determined as described above will be applied to the monthly gas adjustment charge. At the end of the fiscal year, the Company will determine the actual benefits accrued and compare this amount to the benefits disbursed to (or recovered from) the firm gas customers during the fiscal year.

Any difference between the benefits accrued and the benefits disbursed (or recovered) shall be reflected in the estimated credit (or surcharge) for the next fiscal year.

The Company shall modify the unit rate determined as described above if a significant change to its estimate of benefits and/or sales volumes occurs during a fiscal year.

(C) Gas in Storage Working Capital (applicable to Service Classification Nos. 1, 2 and 6)

The monthly gas adjustment charge shall be adjusted to reflect gas in storage working capital costs. Separate rates for firm sales and firm transportation customers will be set such that the firm transportation customer rate will be 20% of the firm sales rate. Recoveries shall be trued up annually to actual costs by multiplying the actual twelve-month average gas in storage balance by the effective Other Customer Capital Rate. This true up will be part of an annual reconciliation of the monthly gas adjustment.

(D) Interim Backout Credit (applicable to Service Classification No. 6)

The monthly gas adjustment for Service Classification No. 6 customers shall be adjusted to reflect an interim backout credit of \$0.008 per ccf. An additional interim backout credit of \$0.002 per ccf shall be applicable to customers receiving a Marketer Single Bill or Two Separate Bills as defined in General Information Section 6.5 of this Schedule. The \$0.002 per ccf interim backout credit shall be paid directly to the customer's marketer.

(E) Research and Development Surcharge (applicable to Service Classification Nos. 1, 2 and 6)

Customers will be assessed a Research and Development ("R&D") Surcharge to provide funding for gas R&D projects in accordance with the Commission's February 14, 2000 Order in Case No. 99-G-1369.

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