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..TXT: PSC NO: 4 GAS LEAF: 73
COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 2
INITIAL EFFECTIVE DATE: 08/24/98 SUPERSEDING REVISION: 1
STAMPS:
Cancelled
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GENERAL INFORMATION

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

12.1 APPLICABLE TO SERVICE CLASSIFICATION NOS. 1 AND 2 (Cont'd.)

(D) Average Cost of Gas (Cont'd.)

- (2) Applying the average unit cost of basic liquefied petroleum feedstock and enrichment products in storage at the computation date to the quantities of said products used in the manufacture of gas for the Company's own customers during the twelve consecutive calendar months immediately preceding the computation date.
- (3) Applying the rates and charges of the Company's gas suppliers, which include the interim recovery of FERC Order 636 transition costs as provided in the New York State Public Service Commission's Opinion and Order Establishing Regulatory Guidelines for Natural Gas Distributors, Opinion 94-26 in Case 93-G-0932, issued and effective December 20, 1994, (excluding take-or-pay charges) which are or will be in effect on the date the Gas Adjustment Charge becomes effective, for new or substantially amended gas supply contracts (substantially amended gas contracts mean changes have the effect of increasing or decreasing either the quantities of gas or the cost of that gas by more than five (5) percent), under which gas has not been purchased during all of the twelve calendar months immediately preceding the computation dates, to volumes equal to the annual volumes to be taken under each such contract.
- (4) Reducing such cost by:
 - (a) The amount received from the transfer of gas to the Company's Electric Department during that time period less the cost of gas;
 - (b) All costs recovered via the Balancing Charge for service rendered under Service Classification No. 6.
 - (c) All penalty charges assessed under Service Classification No. 11, Special Provisions A, D and F.
 - (d) All gas costs recovered via the rates and charges for service rendered under Service Classification No. 9 or 10 of this Schedule;
 - (e) The cost incurred to serve customers that chose the Fixed-Price Gas Option.
 - (f) The annual cost of capacity associated with Service Classification No. 12.

Issued By: R. Lee Haney, Chief Financial Officer, Pearl River, New York
(Name of Officer, Title, Address)