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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 3  
INITIAL EFFECTIVE DATE: 08/01/00 SUPERSEDING REVISION: 0  
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### GENERAL INFORMATION

#### 12. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS

##### 12.1 APPLICABLE TO SERVICE CLASSIFICATION NOS. 1 AND 2

###### (A) Gas Adjustment Charge

The rate for gas service under Service Classification Nos. 1 and 2, shall be subject each month to an addition or deduction of 0.001 cents per 100 cubic feet for each 0.001 cents per 100 cubic feet increase or decrease in the average cost of gas used in retail gas operations above or below the specified base cost of gas of Orange and Rockland Utilities, Inc. Such increase or decrease shall be multiplied by the Factor of Adjustment and rounded to the nearest 0.001 cents per 100 cubic feet.

###### (B) Factor of Adjustment

The factor of adjustment, used to adjust the cost of gas to reflect lost and unaccounted for gas, equals 1.046.

The factor of adjustment shall be determined in each Company rate case proceeding.

###### (C) 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.

###### (D) Base Cost of Gas

The base cost of gas per 100 cubic feet purchased is 30.000 cents.

###### (E) 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.

Issued By: Kevin Burke, President, Pearl River, New York  
(Name of Officer, Title, Address)