

PSC NO. 4 GAS

ORANGE AND ROCKLAND UTILITIES, INC.

INITIAL EFFECTIVE DATE: February 25, 2018

LEAF: 80.3.6
REVISION: 2
SUPERSEDING REVISION: 1

GENERAL INFORMATION

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

12.2 MONTHLY GAS ADJUSTMENT (Cont'd.)

(K) Revenue Adjustments Mechanism (applicable to Service Classification Nos. 1, 2 and 6) (Cont'd.)

The credit or charge for the Revenue Adjustments Mechanism shall be determined by dividing the amount to be credited or charged and any prior period reconciliation (i.e., the difference between actual collections and the target amount from the prior period's Revenue Adjustments Mechanism) by the forecasted Ccf deliveries to Service Classification Nos. 1, 2, and 6 customers for the period the Revenue Adjustments Mechanism will be in effect.

(L) System Performance Adjustment ("SPA") Mechanism (applicable to Service Classification Nos. 1, 2 and 6)

The Monthly Gas Adjustment shall be adjusted by a per Ccf rate to refund or surcharge customers for differences in actual gas losses as compared to estimated gas losses based on the actual Factor of Adjustment within a pre-determined dead-band.

For purposes of the SPA Mechanism, the Line Loss Factor ("SPA Mechanism LLF") will be based on the fixed factor of adjustment as stated in General Information Section 12.1(A).

The Company will compare the actual line loss factor for the 12-month period ending the previous August 31 ("actual LLF") to a Target Dead Band based on the SPA Mechanism LLF. The Target Dead Band limits are set at minus two standard deviations of the SPA Mechanism LLF ("Dead Band Lower Limit" or "DBLL") and plus two standard deviations of the SPA Mechanism LLF ("Dead Band Upper Limit" or "DBUL"). If the actual LLF is less than 0%, the actual LLF shall be set to 0%.

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