

PSC NO. 4 GAS LEAF: 76
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 10
INITIAL EFFECTIVE DATE: February 25, 2018 SUPERSEDING REVISION: 9

GENERAL INFORMATION

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

12.1 GAS SUPPLY CHARGE (Cont'd.)

(D) Annual Reconciliation (Cont'd.)

(1) (Cont'd.)

and Peak Shaving Supply Fees assessed under Service Classification No. 6 as recorded on the Company's books during the determination period, adjusting that cost to reflect a level of purchased gas commensurate with actual sales and a fixed factor of adjustment as described below:

- (a) For purposes of the Annual Reconciliation of gas costs and recoveries for the twelve months ending August 31, 2019 and each twelve-month period ending August 31 thereafter, the Line Loss Factor ("Annual Reconciliation LLF") will be based on the fixed factor of adjustment in effect as stated in General Information Section 12.1(A).
- (b) 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 Annual Reconciliation LLF. The Target Dead Band limits are set at minus two standard deviations of the Annual Reconciliation LLF ("Dead Band Lower Limit" or "DBLL") and plus two standard deviations of the Annual Reconciliation LLF ("Dead Band Upper Limit" or "DBUL").
- (c) If the actual LLF falls within the Target Dead Band, there is no adjustment to the cost of gas.
- (d) If the actual LLF is greater than the DBUL, the cost of gas will be adjusted by the ratio of the factor of adjustment based on the DBUL and the factor of adjustment based on the actual LLF.
- (e) If the actual LLF is less than the DBLL, the cost of gas will be adjusted by the ratio of the factor of adjustment based on the DBLL and the factor of adjustment based on the actual LLF. However; 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)