

PSC NO. 4 GAS
ORANGE AND ROCKLAND UTILITIES, INC.
INITIAL EFFECTIVE DATE: January 1, 2015

LEAF: 75
REVISION: 9
SUPERSEDING REVISION: 8

GENERAL INFORMATION

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

12.1 GAS SUPPLY CHARGE (Cont'd.)

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

(2) Variable Cost (Cont'd.)

- (b) The Company's share of the variable cost shall be increased by the replacement cost of fuel established as compensation, under Section 11.1(E)(1) of this Schedule, to customers resulting from the diversion of gas from non-core customers to core customers.

The Company's share of the variable cost, adjusted as described above, shall be divided by the forecasted weather normalized quantities of gas to be taken for delivery to the Company's firm sales customers during the month in which the gas supply charge will be in effect.

(3) Average Cost of Gas

The Average Cost of Gas is the sum of the unit amounts determined in (1) fixed cost and (2) variable cost.

(4) Mcf Conversion

The Average Cost of Gas shall be multiplied by the Conversion Factor in (B) to convert the cost per Dth to a cost per Mcf.

(D) Annual Reconciliation

Actual gas cost recoveries shall be reconciled with actual gas expenses each year, and a surcharge or refund to recover Gas Supply Charge under-recoveries or refund Gas Supply Charge over-collections shall be computed as follows:

- (1) taking the cost of gas, adjusted for supplier refunds, revenues from off-system sales net of any associated gas costs; capacity-related revenues associated with Service Classification No. 9; liquefied propane consumed; Transition Surcharge revenues; and any Over- and Under-delivery Charges assessed under Service Classification Nos. 8 and 13 and the Charge for Unauthorized Use of Gas assessed under Service Classification No. 8; any penalty charges, cash out costs/recoveries and Winter Bundled Sales ("WBS") Service Option recoveries, excluding carrying charges on the cost of WBS gas, associated with Service Classification No. 11;

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