

PSC NO. 4 GAS

ORANGE AND ROCKLAND UTILITIES, INC. LEAF: 76
 INITIAL EFFECTIVE DATE: January 1, 2015 REVISION: 8
SUPERSEDING REVISION: 7

GENERAL INFORMATION12. 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 the fixed factor of adjustment as described below:

- (a) If the absolute value of the difference between the actual line loss factor ("actual LLF") and Five Year Average (as defined in 12.1(A) above) is less than two standard deviations ("SD") from the Five-Year Average, there is no adjustment to the cost of gas.
- (b) If the actual LLF is greater than the Five-Year Average plus two SD ("Dead Band Upper Limit" or "DBUL"), the cost of gas will be adjusted by the ratio of a Factor of Adjustment ("FOA") based on a LLF equal to the DBUL and the lesser of the Actual FOA or the FOA equal to the DBUL plus two SD, as shown in the following formula:

$$\text{Adjusted Cost of Gas} = \text{Cost of Gas} \times \frac{\text{FOA based on DBUL}}{\text{Lesser of Actual FOA or FOA based on DBUL} + 2 * \text{SD}}$$

- (c) If the actual LLF is less than the Five-Year Average minus two SD ("Dead Band Lower Limit" or "DBLL"), the cost of gas will be adjusted by the ratio of a FOA based on a LLF equal to the DBLL and the greater of the Actual FOA or the FOA equal to the DBLL minus two SD, as shown in the following formula:

$$\text{Adjusted Cost of Gas} = \text{Cost of Gas} \times \frac{\text{FOA based on DBLL}}{\text{Greater of Actual FOA or FOA based on DBLL} - 2 * \text{SD}}$$

In no event shall the FOA based on DBLL or FOA based on DBLL minus 2 SD be less than 1 for purposes of the above calculation.

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