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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 1
INITIAL EFFECTIVE DATE: 10/01/98 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with order in C. 98-M-0489 dated 8/26/98
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GENERAL INFORMATION

15. INCREASE IN RATES APPLICABLE IN MUNICIPALITY WHERE SERVICE IS SUPPLIED

- 15.1 The rates and charges for service under all Service Classifications, including the gas adjustment charge, the unauthorized use of gas charge and minimum charges, where applicable, shall be increased to reflect the aggregate percentage rate of the taxes imposed on the Company's gas revenues pursuant to Sections 186 and 186-a of the State Law, Section 20-b of the General City Law, and Section 5-530 of the Village Law. The total of all rates and charges will be divided by a factor of 1 minus the tax rate for the appropriate municipality.
- 15.2 The aggregate tax rate imposed on the Company's gas revenues pursuant to Sections 186 and 186-a of the State Tax Law is 4.00 percent.
- 15.3 The applicable revenue tax surcharge factor shall be set forth on statements filed with the Public Service Commission. Whenever a city or village levies a new tax on the Company's gross revenues, repeals such a tax, or changes the rate of such tax, the Company shall file a new statement.

Every such statement shall be filed not less than fifteen (15) business days before the date on which the statement is proposed to be effective, and no sooner than the date of the tax enactment to which the statement responds; shall become effective no sooner than the date when the tax enactment is filed with the Secretary of State; shall be applicable to bills subject to the tax enactment that are rendered on or after the effective date of the statement; and shall be canceled not more than five (5) business days after the tax enactment either ceases to be effective or is modified so as to reduce the tax rate.

Such statement will be available to the public at the Company offices at which application for service may be made.

- 15.4 The rates and charges for service under all Service Classifications, including the gas adjustment charge, the unauthorized use of gas charges and the minimum charge applicable in the counties of Orange and Rockland, shall be increased to recover the tax expense imposed by the temporary Metropolitan Transportation Authority Business Tax Surcharge, pursuant to Section 186-b and 186-c of the Tax Law. The additional surcharge shall be set forth on the statement described in Section 15.3.

A revised surcharge will be filed for each year the Metropolitan Transportation Authority Business Tax Surcharge is applicable. The actual business tax surcharge expense shall be reconciled with revenues produced during each twelve month period and an adjustment will be made, if necessary, in the last two months of each twelve month period.

Issued By: R. Lee Haney, Chief Financial Officer, Pearl River, New York
(Name of Officer, Title, Address)