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EXECUTIVES-ALBANY

Orange and Rockland Utilities, Inc.
4 Irving Place
New York NY 10003-0987
www.oru.com

2007 OCT 15 AM 11:49

October 15, 2007

Honorable Jaclyn A. Brillong
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: 2007 Annual GSC Reconciliation

Dear Secretary Brillong:

In accordance with its Schedule for Gas Service, P.S.C. No. 4 – Gas, General Information Section 12.1, Orange and Rockland Utilities, Inc. (“O&R” or the “Company”) hereby submits for filing an original and ten copies of its Annual Gas Supply Charge (“GSC”) Reconciliation for the twelve month period ended August 31, 2007.

For the twelve-month period ended August 31, 2007, the Company experienced a GSC under-collection of \$7,088,844, including interest. This results in a proposed GSC Surcharge of \$0.6427/Mcf for the twelve-month period commencing January 1, 2008.

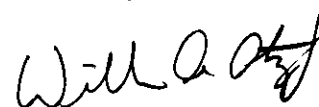
Exhibit 1 sets forth the calculation of lost and unaccounted for (“LAUF”) gas for the twelve-month period ended August 2007 as well as the calculation of the Factor of Adjustment for the Second Rate Year (i.e., November 1, 2007 through October 31, 2008) of the Joint Proposal in Case No. 05-G-1494. As provided for in Section 7 of the Joint Proposal, the Factor of Adjustment for the Second Rate Year will be calculated so as to reflect the Company’s three-year average actual line losses, as determined for the 36 months ended August 31, 2007.

In addition, the Company would note that it included information regarding power generation in the Company’s Sharing of Benefits filing dated October 15, 2007, to become effective November 1, 2007. Information regarding the level of interruptible deliveries made during the reconciliation year ending October 31, 2007 also can be found in the Company’s Sharing of Benefits Filing.

Honorable Jaclyn A. Brillig
October 15, 2007
Page 2

Any questions regarding this reconciliation can be directed to me at (212) 460-3308.

Sincerely,

A handwritten signature in black ink, appearing to read "William A. Atzl, Jr.", written in a cursive style.

William A. Atzl, Jr.
Director - O&R Rates

Cc: Michael Salony, PSC Staff

ORANGE AND ROCKLAND UTILITIES, INC.

**Annual Reconciliation of Purchased Gas Costs
for the Twelve Months Ending August 31, 2007**

Detail Pages

Total Cost of Gas for Resale	145,249,113.49	2
Plus:		
Gas Hedging Program	18,271,612.72	
Off System Sales	1,379,799.28	
Mirant	2,162,467.07	
Overdeliveries	201,257.56	
Purchased Gas - Hadson Gas Firm Com	(6,018.28)	
Winter Bundled Storage	(16,284,971.56)	
Demand Winter Bundled Storage	(2,244,213.92)	
Variable Winter Bundled Storage	<u>16,166,650.29</u>	
Subtotal	19,646,583.16	2
Less:		
Gas Withdrawals from/Deliveries to Storage	(7,636,604.09)	
NYSEG Sales	30.00	
Off System Transactions	(1,304,225.39)	
Algonquin Demand Charges	(14,780.00)	
Accrual vs Actual Adjustment	(1,443,071.42)	
Other System Transaction	<u>-</u>	
Subtotal	<u>(10,398,650.90)</u>	2
Amount to be Recovered through GAC	\$154,497,045.75	2
 Gas Cost Recoveries		
SC1 &2	116,372,892.13	
SC3	201.13	
SC5	42,792.80	
SC6	230,159.02	
SC10	19,512,798.75	
Company Use	588,517.48	
Wholesale Pike	1,355,768.86	
Other Balancing Charges (Mirant)	1,766,683.28	
Other Balancing Charges (Alliance)	38,125.19	
Capacity Release Service Charge	106,690.83	
Lederle Capacity	1,412,121.90	
Capacity Release	6,409,408.72	
Off-System Sales	55,926.62	
Interest on Hedging Gains/Losses	(90,534.71)	
Subtotal	147,801,551.99	2
2006/07 GSC (Over)/Under Collection	6,695,493.76	2
Add: Annual Reconciliation of Unaccounted for Gas Gains/(Losses) for the Twelve Months Ending August 31, 2007	<u>(1,030,347.46)</u>	3
Net GSC (Over)/Under Collection	5,665,146.30	
Other Reconciling Items:		
Add: Under-collection of 2004-05 GSC Surcharge	1,135,159.43	4
	<u>1,135,159.43</u>	
Net Undercollection	6,800,305.73	
Add: Projected Interest	<u>288,538.04</u>	5
Total 2007 GSC (Over)/Under Collection to be (Refunded)/Surcharged	<u>7,088,843.77</u>	

2007 Gas Supply Charge Reconciliation	
Determination of Surcharge/(Refund) Rate (\$/Mcf)	
Total GSC (Over)/Under Collection	\$7,088,843.77
Total Projected Sales SC1 & SC2 (Mcf)	<u>11,029,686</u>
Total GSC Surcharge/(Refund) Rate (\$/Mcf)	\$0.6427

ORANGE AND ROCKLAND UTILITIES, INC.
RECONCILIATION OF THE GAS ADJUSTMENT CLAUSE - UNDER/OVER COLLECTIONS OF REVENUES

	Sept-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Total
Costs to be Recovered													
Commodity Charges	4,829,069.86	4,829,069.86	6,150,744.92	13,151,589.82	13,685,562.87	22,656,367.92	17,209,251.80	11,972,557.20	1,983,456.61	1,897,272.28	3,186,038.67	2,659,353.87	103,511,242.49
Bundle Sales for WBS	2,423,675.10	1,693,374.03	6,150,744.92	13,151,589.82	13,685,562.87	22,656,367.92	17,209,251.80	11,972,557.20	1,983,456.61	1,897,272.28	3,186,038.67	2,659,353.87	17,833,270.26
Commodity Charges (including Bundle Sales for WBS)	5,961,781.56	6,593,228.79	12,301,489.84	26,303,179.64	27,371,125.74	45,312,735.84	34,418,503.60	23,945,114.40	3,966,913.22	3,794,544.56	6,372,077.34	5,318,707.74	121,344,512.74
Change in Storage Balance	866,338.19	(1,030,352.77)	1,294,461.85	(222,527.51)	(4,505,545.55)	(11,856,008.00)	(4,497,192.21)	(3,212,682.18)	4,724,373.69	2,155,057.38	4,141,484.89	2,345,818.45	(10,186,566.17)
Demand Charge	2,653,000.61	2,650,795.40	2,568,929.64	2,793,208.96	2,919,951.60	2,959,421.83	2,818,269.03	3,121,301.72	3,041,434.39	2,555,423.24	2,498,620.51	2,757,762.35	33,329,538.28
Demand Charge Adjustment													
Wholesale Billing Adjustment	771,727.64												771,727.64
Plus:													
Gas Hedging Program	622,674.75	2,206,525.29	1,270,982.06	1,210,121.40	4,525,978.71	3,310,361.62	2,397,194.13	1,169,716.51	285,556.98	198,412.92	421,609.14	633,376.71	18,271,813.72
On-System Sales	19,206.73	16,049.20	544,511.53	53,152.14	92,642.33	34,500.75	105,172.38	59,034.43	146,079.91	336,087.00	234,677.51	552,357.16	1,793,798.28
Miscellaneous	31,647.83												201,257.56
Purchased Gas - Hedson Gas Firm Com				(6,016.28)									(6,016.28)
Winter Bundled Storage			(1,635,230.42)	(3,296,799.98)	(3,951,727.62)	(4,135,803.06)	(3,200,157.45)	52,219.05		(127,475.09)			(16,284,971.58)
Demand Winter Bundled Storage			(225,849.48)	(460,261.00)	(945,781.88)	(571,262.91)	(442,045.72)	5,993.37		(17,606.20)			(2,244,213.82)
Variable Winter Bundled Storage			1,618,153.61	3,294,483.11	4,045,198.03	4,031,930.31	3,178,872.55	731.87		(2,783.19)			15,199,650.29
Subtotal	673,529.31	2,301,872.49	2,896,540.81	804,850.39	4,136,250.27	2,692,639.62	2,039,035.89	1,306,285.23	599,823.76	353,369.29	693,902.23	1,185,733.87	19,846,583.16
Less:													
Gas Withdrawals from/Deliveries to Storage	(1,290,011.29)	(633,011.75)	(1,294,951.85)	222,597.51	4,905,545.55	11,656,309.00	4,822,042.19	293,507.48	(7,725,359.47)	(5,095,051.08)	(6,910,242.86)	(4,788,068.51)	(7,635,804.09)
NYSEG Sales	(9,871.41)	4,167.39	(15,875.36)	(4,586.57)	(16,961.25)	(156,441.67)	114,560.77	112,833.51	50,418.37	29,968.95	(13,068.46)		92,238.67
Sales Off the System	(9,871.41)	4,167.39	(15,875.36)	(4,586.57)	(16,961.25)	(156,441.67)	114,560.77	112,833.51	50,418.37	29,968.95	(13,068.46)		92,238.67
OR System Transactions	(7,350.00)		(1,339,638.33)	3,439.06	6,025.83	(25,006.01)	9.60			(35,057.34)	(2,805.74)	(3,300.00)	(1,396,482.06)
Algonquin Demand Charges	(3,307,272.70)	(636,234.37)	(2,634,560.18)	226,038.57	4,974,729.87	11,674,361.32	4,936,611.96	408,441.35	(7,674,560.10)	(5,103,209.47)	(6,926,105.06)	(4,791,386.51)	(14,789,000.00)
Subtotal	(443,876.23)	(512,281.56)	(607,745.84)	(402,075.98)	171,814.54	(255,191.80)	109,499.34	426,427.36	372,546.28	(191,669.33)	(12,191.03)	(68,335.19)	(1,443,071.42)
Accrual vs Actual Adjustment													
Other Gas Supply Expense													
Amount to be Recovered through GAC	7,175,204.78	9,366,618.48	9,659,831.10	16,350,932.27	20,882,783.40	28,062,088.89	22,291,625.83	16,945,415.42	6,017,679.41	4,596,247.29	6,351,278.18	6,801,239.90	154,497,045.75
Gas Cost Recoveries													
GAC Surcharge	2,442,940.88	3,257,549.26	7,329,842.84	11,608,629.74	15,156,940.41	22,294,369.28	22,050,561.06	13,478,521.22	7,416,955.51	3,696,778.19	2,733,395.00	2,356,109.89	113,798,988.05
Interim Surcharge - 02/07													
Interim Surcharge - Current Month	6,501.63	8,652.26	16,701.71	16,093.70	(26.68)	30.04	36.80	11.67	1,644,343.25	194,526.26	156,029.13	139,434.31	1,644,343.25
GAC Stranded Cost Recoveries	2,449,492.51	3,266,201.52	7,349,344.53	11,624,619.44	15,156,613.53	22,284,399.32	22,050,597.86	13,476,532.88	7,416,955.51	3,696,778.19	2,733,395.00	2,356,109.89	113,798,988.05
SC 1 & 2	15.80	15.80	15.80	15.80	15.80	15.80	15.80	15.80	15.80	15.80	15.80	15.80	15.80
SC3	2,711.25	2,596.59	8,335.73	4,765.78	5,752.32	7,024.12	5,926.09	2,768.30	1,237.35	608.19	395.47	681.59	42,792.90
Stranded Cost Surcharge	9,020.42	(36.95)	10,006.76	19,228.57	14,596.33	280.74	34.66	1.86	7.33	(2.97)		0.85	180,034.64
SC8 balancing Charge	7,416.76	8,964.06	30,135.33	46,312.33	34,511.65	46,863.27	51,488.60	4,442.82	4.36	(1.61)	0.79	0.85	50,124.38
SC10	1,688,265.22	1,506,373.06	1,101,843.12	1,757,093.80	1,423,177.60	1,463,864.77	1,792,435.09	1,791,826.82	1,789,996.80	1,668,996.80	1,788,124.22	1,741,796.61	19,512,798.75
Company Use	6,911.62	29,901.03	35,760.10	60,000.55	65,346.50	107,153.44	132,772.23	84,028.81	41,565.01	12,508.30	5,610.01	5,969.53	230,159.02
Wholesale Pike Recoveries	35,366.43	58,494.53	165,662.78	187,633.81	195,406.26	219,139.94	183,431.31	120,063.49	73,941.48	37,888.50	34,935.80	33,824.54	588,517.48
Other Balancing Charges (Misc)	5,257.22	5,050.28	5,044.62	8,440.96	36,113.33	47,251.21	54,672.09	56,488.86	108,101.96	151,318.18	207,331.03	576,427.34	1,766,663.28
Capacity Release Service Charge	12,171.34	15,518.06	18,939.32	7,982.94	6,461.91	12,914.06	12,011.18	7,807.52	4,490.07	2,368.59	2,037.26	1,776.56	106,690.83
Interest on Adjustment													
Loans Capacity													
Capacity Release													
On-System Sales													
Interest on Hedging Gains/Losses													
total Recoveries	4,207,608.16	4,993,014.88	9,816,697.48	14,421,803.67	17,885,791.86	25,017,629.00	20,510,805.86	16,451,873.41	12,395,868.46	6,362,326.02	5,633,895.17	5,651,344.91	147,601,551.99
Over/Under Collection	2,967,596.62	4,373,603.50	(260,866.38)	1,929,028.60	3,016,991.54	3,044,460.89	(2,719,175.03)	490,442.01	(6,347,887.07)	(1,766,078.63)	717,383.01	1,148,894.99	6,695,483.78

ORANGE AND ROCKLAND UTILITIES, INC.**Determination of the Allowance for Unaccounted for Gas
For the Twelve Months Ending August 31, 2007**

1	Net Gas Sendout		22,410,544	Mcf
2	Gas Sales		21,864,393	Mcf
3	Actual Line Loss -- [(Line 1 - Line 2) / Line 1]		0.024370	
4	Actual Line Loss Factor -- [100.0 / (100.0 - Line 3*100)]		1.024979	
	<u>Calculation of Benefit / (Shortfall):</u>			
5	Total Cost of Gas 12 months Ended August 2007 (Page 2)		\$154,497,045.75	
	Less:			
	Demand Charge	(Page 2)	\$33,329,539.28	
	Cost of Gas for Company Use	(Page 2)	\$588,517.48	
6	Subtotal		\$33,918,056.76	
7	Net Adjusted Commodity Cost of Gas (Line 5 (-) Line 6)		\$120,578,988.99	
8	Fixed Line Loss Factor	1.016221		
	-----	-----		
	Line Loss Factor (Line 4 above)	1.024979		0.991455
9	Net Adjusted Commodity Cost of Gas for Resale (Line 7 x Line 8)		\$119,548,641.53	
10	Benefit / (Penalty) due to Improved Line Losses (Line 9 - Line 7)		(\$1,030,347.46)	

Orange And Rockland Utilities, Inc.
 Amortization of 8/31/05 GAC Overcollection
 From 9/1/05 - 1/31/07
 Journal Entry 133B

Acct. 186265						
Activity	Month Ended	Monthly Amortization	Ending Balance	Interest Rate	Interest Accrual	Acct 186266 Balance
8/31/05 GAC Undercollection	08/31/05		\$ 6,724,638.09			\$0.00
GAC Surcharge JE 54	09/30/05	-	6,724,638.09	4.35%	24,053.94	24,053.94
GAC Surcharge JE 54	10/31/05	-	6,724,638.09	4.35%	24,855.74	48,909.68
GAC Surcharge JE 54	11/30/05	-	6,724,638.09	4.35%	24,053.94	72,963.62
GAC Surcharge JE 54	12/31/05	-	6,724,638.09	4.35%	24,855.74	97,819.36
GAC Surcharge JE 54	01/31/06	(478,195.80)	6,246,442.29	4.75%	25,199.69	(9,759.10) 113,259.95
GAC Passback JE 54	02/28/06	(930,409.16)	5,316,033.13	4.75%	19,370.75	(18,987.94) 113,642.76
GAC Passback JE 54	03/31/06	(1,004,586.44)	4,311,446.69	4.75%	17,393.44	(20,501.76) 110,534.44
GAC Passback JE 54	04/30/06	(584,652.08)	3,726,794.61	4.75%	14,549.81	(11,931.68) 113,152.57
GAC Passback JE 54	05/31/06	(308,499.12)	3,418,295.49	4.75%	13,790.25	(6,295.90) 120,646.92
GAC Passback JE 54	06/30/06	(211,903.08)	3,206,392.41	4.75%	12,518.11	(4,324.55) 128,840.48
GAC Passback JE 54	07/31/06	(159,451.20)	3,046,941.21	4.75%	12,292.11	(3,254.12) 137,878.47
GAC Passback JE 54	08/31/06	(133,008.41)	2,913,932.80	4.75%	11,755.52	(2,714.46) 146,919.53
GAC Surcharge JE 54	09/30/06	(155,794.66)	2,758,138.14	4.75%	10,768.07	(3,179.50) 154,508.10
GAC Surcharge JE 54	10/31/06	(214,479.28)	2,543,658.86	4.75%	10,261.75	(4,377.13) 160,392.72
GAC Surcharge JE 54	11/30/06	(469,991.28)	2,073,667.58	4.75%	8,095.83	(9,591.67) 158,896.88
GAC Surcharge JE 54	12/31/06	(663,169.87)	1,410,497.71	4.75%	5,690.30	(13,534.08) 151,053.10
GAC Surcharge JE 54	01/31/07	(467,753.58) <i>Last time - then just interest</i>	942,744.13	5.40%	4,323.71	(9,545.98) 145,830.83
GAC Surcharge JE 54	02/28/07		942,744.13	5.40%	3,905.29	149,736.12
GAC Surcharge JE 54	03/31/07		942,744.13	5.40%	4,323.71	154,059.83
GAC Surcharge JE 54	04/30/07		942,744.13	5.40%	4,184.23	158,244.06
GAC Surcharge JE 54	05/31/07		942,744.13	5.40%	4,323.71	162,567.77
GAC Surcharge JE 54	06/30/07		942,744.13	5.40%	4,184.23	166,752.00
GAC Surcharge JE 54	07/31/07		942,744.13	5.40%	4,323.71	171,075.71
GAC Surcharge JE 54	08/31/07		942,744.13	5.40%	4,323.71	175,399.42
GAC Surcharge JE 54	09/30/07		942,744.13	5.40%	4,184.23	179,583.65
GAC Surcharge JE 54	10/31/07		942,744.13	5.40%	4,323.71	183,907.36
GAC Surcharge JE 54	11/30/07		942,744.13	5.40%	4,184.23	188,091.59
GAC Surcharge JE 54	12/31/07		942,744.13	5.40%	4,323.71	192,415.30
Total Principal & Interest						1,135,159.43

ORANGE AND ROCKLAND UTILITIES, INC.**Projected Interest on Net 2007 GAC Undercollection**

<u>Month Ending</u>	<u>Projected SC1&SC2 Sales - Mcf</u>	<u>Monthly Ratio</u>	<u>Monthly Surcharge</u>	<u>Undercollection Balance</u>	<u>Interest Rate</u>	<u>Days of Month</u>	<u>Monthly Interest Factor</u>	<u>Projected Interest</u>
9/30/2007				6,800,305.73	5.40%	30	0.004438	30,182.18
10/31/2007				6,800,305.73	5.40%	31	0.004586	31,188.25
11/30/2007				6,800,305.73	5.40%	30	0.004438	30,182.18
12/31/2007				6,800,305.73	5.40%	31	0.004586	31,188.25
1/31/2008	835,785	7.58%	515,299.65	6,285,006.08	5.51%	31	0.004680	29,412.11
2/28/2008	1,782,900	16.16%	1,099,239.34	5,185,766.74	5.51%	29	0.004378	22,702.29
3/31/2008	1,718,200	15.58%	1,059,348.83	4,126,417.91	5.51%	31	0.004680	19,310.51
4/30/2008	1,072,800	9.73%	661,430.23	3,464,987.68	5.51%	30	0.004529	15,692.12
5/31/2008	661,600	6.00%	407,906.64	3,057,081.04	5.51%	31	0.004680	14,306.30
6/30/2008	414,600	3.76%	255,619.85	2,801,461.19	5.51%	30	0.004529	12,687.17
7/31/2008	355,300	3.22%	219,058.69	2,582,402.50	5.51%	31	0.004680	12,084.94
8/31/2008	307,100	2.78%	189,341.19	2,393,061.31	5.51%	31	0.004680	11,198.87
9/30/2008	353,800	3.21%	218,133.87	2,174,927.44	5.51%	30	0.004529	9,849.74
10/31/2008	424,000	3.84%	261,415.38	1,913,512.06	5.51%	31	0.004680	8,954.71
11/30/2008	710,500	6.44%	438,055.72	1,475,456.34	5.51%	30	0.004529	6,682.00
12/31/2008	1,382,300	12.53%	852,251.13	623,205.21	5.51%	31	0.004680	2,916.43
1/31/2009	<u>1,010,801</u>	<u>9.16%</u>	<u>623,205.20</u>	0.01	5.51%	31	0.004680	<u>0.00</u>
Total	11,029,686	100.00%	\$6,800,305.72					<u>\$288,538.04</u>

Exhibit 1

ORANGE AND ROCKLAND UTILITIES, INC.

Case No. 05-G-1494
GAS LOST AND UNACCOUNTED FOR

Calculation of Rate Year 2 Factor of Adjustment*

Determination of Rate Year 1 Factor of Adjustment and Cap for Three-Year Rate Plan

Actual LAUF Percentage 12 Mo. Ended 8/31/06	1.900%
Actual LAUF Percentage 12 Mo. Ended 8/31/05	1.300%
Actual LAUF Percentage 12 Mo. Ended 8/31/04	1.640%
Three Year Average LAUF Percentage	1.613%
Rate Year Factor of Adjustment / Cap (1/(1-LAUF))	1.016

Rate Year 2 Factor of Adjustment

Deadband Lower Limit (0.95 * Prior 3-Yr Avg)	1.533%	
Deadband Upper Limit (1.05 * Prior 3-Yr Avg)	1.694%	
Actual LAUF Percentage 12 Mo. Ended 8/31/07	2.440%] See Below
Actual LAUF Percentage 12 Mo. Ended 8/31/06	1.900%	
Actual LAUF Percentage 12 Mo. Ended 8/31/05	1.300%	
Three Year Average	1.880%	
Calculated Factor of Adjustment - Rate Year 2 (1/(1-LAUF))	1.019	
Actual Factor of Adjustment - Rate Year 2 (subject to deadband and cap)	1.016	

<u>(Mcf)</u>	<u>Twelve Months Ending August 31,</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Actual Gas Sendout	24,206,227.3	22,104,461.9	22,410,544.4
Retail Sales & Firm Transportation	23,891,209.7	21,685,061.0	21,864,393.0
Lost and Unaccounted for Gas Deliveries	315,017.6	419,400.9	546,151.4
Percent of Gas Sendout Lost and Unaccounted for	1.300%	1.900%	2.440%

* Calculation as per Appendix C of Joint Proposal as approved by the Commission in its Order dated October 20, 2006 in Case No. 05-G-1494.



Orange and Rockland Utilities, Inc.
4 Irving Place
New York NY 10003-0987
www.oru.com

October 15, 2007

Honorable Jaclyn A. Brillling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: 2007 Annual GSC Reconciliation

Dear Secretary Brillling:

In accordance with its Schedule for Gas Service, P.S.C. No. 4 – Gas, General Information Section 12.1, Orange and Rockland Utilities, Inc. (“O&R” or the “Company”) hereby submits for filing an original and ten copies of its Annual Gas Supply Charge (“GSC”) Reconciliation for the twelve month period ended August 31, 2007.

For the twelve-month period ended August 31, 2007, the Company experienced a GSC under-collection of \$7,088,844, including interest. This results in a proposed GSC Surcharge of \$0.6427/Mcf for the twelve-month period commencing January 1, 2008.

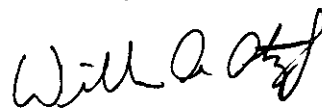
Exhibit 1 sets forth the calculation of lost and unaccounted for (“LAUF”) gas for the twelve-month period ended August 2007 as well as the calculation of the Factor of Adjustment for the Second Rate Year (i.e., November 1, 2007 through October 31, 2008) of the Joint Proposal in Case No. 05-G-1494. As provided for in Section 7 of the Joint Proposal, the Factor of Adjustment for the Second Rate Year will be calculated so as to reflect the Company’s three-year average actual line losses, as determined for the 36 months ended August 31, 2007.

In addition, the Company would note that it included information regarding power generation in the Company’s Sharing of Benefits filing dated October 15, 2007, to become effective November 1, 2007. Information regarding the level of interruptible deliveries made during the reconciliation year ending October 31, 2007 also can be found in the Company’s Sharing of Benefits Filing.

Honorable Jaclyn A. Brillling
October 15, 2007
Page 2

Any questions regarding this reconciliation can be directed to me at (212) 460-3308.

Sincerely,

A handwritten signature in black ink, appearing to read "Will A. Atzl, Jr.", written in a cursive style.

William A. Atzl, Jr.
Director – O&R Rates

Cc: Michael Salony, PSC Staff

ORANGE AND ROCKLAND UTILITIES, INC.

Annual Reconciliation of Purchased Gas Costs
for the Twelve Months Ending August 31, 2007

Detail Pages

2007 Gas Supply Charge Reconciliation		Determination of Surcharge/(Refund) Rate (\$/Mcf)	
Total GSC (Over)/Under Collection		\$7,088,843.77	
Total Projected Sales SC1 & SC2 (Mcf)		11,029,686	
Total GSC Surcharge/(Refund) Rate (\$/Mcf)		\$0.6427	
Plus:			
Gas Hedging Program		18,271,612.72	
Off System Sales		1,379,799.28	
Miran		2,162,467.07	
Overdeliveries		201,257.56	
Purchased Gas - Hudson Gas Firm Com		(6,018.28)	
Winter Bundled Storage		(16,284,971.56)	
Demand Winter Bundled Storage		(2,244,213.92)	
Variable Winter Bundled Storage		16,166,650.29	
Subtotal		19,646,583.16	
Less:			
Gas Withdrawals from/Deliveries to Storage		(7,636,604.09)	
NYSEG Sales		30.00	
Off System Transactions		(1,304,225.39)	
Algonquin Demand Charges		(14,780.00)	
Accrual vs Actual Adjustment		(1,443,071.42)	
Other System Transaction		-	
Subtotal		(10,398,650.90)	
Amount to be Recovered through GAC		\$154,497,045.75	
Gas Cost Recoveries			
SC1 & 2		116,372,892.13	
SC3		201.13	
SC5		42,792.80	
SC6		230,159.02	
SC10		19,512,798.75	
Company Use		588,517.48	
Wholesale Pike		1,355,768.86	
Other Balancing Charges (Miran)		1,766,683.28	
Other Balancing Charges (Alliance)		38,125.19	
Capacity Release Service Charge		106,690.83	
Federle Capacity		1,412,121.90	
Capacity Release		6,409,408.72	
Off System Sales		55,926.62	
Interest on Hedging Gains/Losses		(90,534.71)	
Subtotal		147,801,551.99	
2006/07 GSC (Over)/Under Collection		6,695,493.76	
Add: Annual Reconciliation of Unaccounted for Gas Gains/(Losses) for the Twelve Months Ending August 31, 2007		(1,030,347.46)	
Net GSC (Over)/Under Collection		5,665,146.30	
Other Reconciling Items:			
Add: Under-collection of 2004-05 GSC Surcharge		1,135,159.43	
4			
Net Undercollection		6,800,305.73	
Add: Projected Interest		288,538.04	
5			
Total 2007 GSC (Over)/Under Collection to be (Refunded)/Surcharged		7,088,843.77	
2			
Total Cost of Gas for Resale		145,249,113.49	
2			

ORANGE AND ROCKLAND UTILITIES, INC.
RECONCILIATION OF THE GAS ADJUSTMENT CLAUSE - UNDER/OVER COLLECTIONS OF REVENUES

	Sept-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Total
Costs to be Recovered													
Commodity Charges	3,338,066.86	4,629,854.76	6,150,744.82	13,151,569.82	13,695,582.87	22,656,587.92	17,209,251.80	11,972,557.20	1,893,456.61	1,867,272.28	3,186,938.67	2,959,358.87	103,511,242.48
Bundle Sales for WBS	2,423,675.10	1,653,374.03	6,150,744.82	13,151,569.82	13,695,582.87	22,656,587.92	17,209,251.80	11,972,557.20	3,000,884.78	2,398,693.70	2,768,757.87	2,442,250.06	17,833,270.26
Commodity Charges (Including Bundle Sales for WBS)	5,861,761.96	6,593,228.79	12,301,489.64	26,303,139.64	27,391,165.74	45,313,175.84	34,418,503.60	23,945,114.40	4,894,341.39	4,266,966.98	5,955,696.54	5,401,608.93	121,344,512.74
Change in Storage Balance	866,336.19	(1,030,362.27)	1,294,961.85	(222,591.50)	(4,805,545.55)	(11,896,309.00)	(4,487,192.21)	(3,212,682.18)	4,724,373.69	2,345,057.38	4,141,484.99	2,345,816.45	(10,196,686.17)
Demand Charges	2,653,000.61	2,850,795.40	2,558,929.64	2,793,208.98	2,819,951.60	2,869,821.83	2,819,289.03	3,121,301.72	3,041,434.39	2,985,423.24	2,499,820.51	2,797,752.35	33,329,539.28
Demand Charge Adjustment	771,727.64												771,727.64
Wholesale Billing Adjustment	10,552,829.40	8,213,681.92	10,004,628.91	15,722,181.27	11,899,988.92	13,960,080.75	15,206,478.64	14,800,251.44	12,750,259.47	9,537,746.80	12,585,802.04	10,505,209.73	145,249,113.48
Total Cost of Gas for Resale	10,552,829.40	8,213,681.92	10,004,628.91	15,722,181.27	11,899,988.92	13,960,080.75	15,206,478.64	14,800,251.44	12,750,259.47	9,537,746.80	12,585,802.04	10,505,209.73	145,249,113.48
Plus:													
Gas Hedging Program	622,674.75	2,285,626.29	1,270,982.06	1,010,121.40	4,825,978.71	3,310,361.62	2,397,194.13	1,168,716.51	286,558.98	138,412.42	421,609.14	633,376.71	18,271,612.72
Off System Sales	1,920,673.51	1,321,963.51	1,321,963.51	1,321,963.51	9,950.80	13,112.81			26,680.34	6,091.72	234,877.51	552,357.16	1,379,789.28
Miscellaneous	19,206.73	16,046.20	544,511.53	53,152.14	52,842.33	34,500.75	105,172.38	68,034.43	148,078.91	336,087.00	31,423.86	201,287.56	2,162,487.07
Overdeliveries	31,647.83								138,185.87				(6,018.28)
Purchased Gas - Hudson Gas Firm Com			(1,635,230.42)	(3,296,798.88)	(3,951,727.62)	(4,135,803.96)	(3,200,157.45)	62,219.08		(127,475.08)			(16,294,971.56)
Winter Bundled Storage			(225,849.48)	(450,251.00)	(643,791.88)	(871,282.81)	(442,045.72)	8,593.37		(17,006.20)			(2,244,213.92)
Demand Winter Bundled Storage			16,181,931.81	3,284,483.11	4,945,198.03	4,031,930.31	3,178,872.55	731.87		(2,729.19)			16,186,859.29
Variable Winter Bundled Storage			2,896,540.81	804,690.39	4,136,250.27	2,682,839.62	2,039,035.89	1,309,295.23	569,823.78	353,869.29	693,802.23	1,185,733.87	19,646,583.16
Subtotal	873,529.31	2,301,672.49	2,896,540.81	804,690.39	4,136,250.27	2,682,839.62	2,039,035.89	1,309,295.23	569,823.78	353,869.29	693,802.23	1,185,733.87	19,646,583.16
Less:													
Gas Withdrawals from/Deliveries to Storage	(3,290,011.29)	(633,011.76)	(1,294,951.65)	222,897.51	4,905,545.55	11,896,309.00	4,822,042.19	293,607.48	(7,725,388.47)	(5,095,051.08)	(6,910,242.86)	(4,788,068.51)	(7,836,604.09)
NYSEGS Sales	(9,871.41)	4,167.39	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	50,418.37	26,888.95	(13,066.46)		92,236.67
Sales to Marketers	(9,871.41)	4,167.39	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	50,418.37	26,888.95	(13,066.46)		92,236.67
Sales Off the System	(9,871.41)	4,167.39	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	(1,675,361.36)	50,418.37	26,888.95	(13,066.46)		92,236.67
Off System Transactions	(7,390.00)	(7,390.00)	(1,339,638.33)	3,439.06	(3,018,588.83)	(181,947.68)	114,569.77	112,833.91	50,418.37	(6,188.39)	(15,882.20)	(3,300.00)	(1,304,225.38)
Algonquin Demand Charges	(7,390.00)	(7,390.00)	(1,339,638.33)	3,439.06	(3,018,588.83)	(181,947.68)	114,569.77	112,833.91	50,418.37	(6,188.39)	(15,882.20)	(3,300.00)	(1,304,225.38)
Subtotal	(3,307,272.70)	(659,234.37)	(2,634,580.18)	236,036.57	4,874,728.87	11,674,361.32	4,936,811.96	406,441.38	(7,674,950.10)	(5,103,209.47)	(6,928,136.06)	(4,791,368.51)	(9,955,578.48)
Accruals Actual Adjustment	(443,678.23)	(512,281.56)	(607,745.94)	(402,075.96)	171,814.54	(256,191.80)	109,489.34	426,027.36	372,546.28	(191,659.33)	(12,181.03)	(88,335.19)	(1,443,071.42)
Other Gas Supply Expense													
Amount to be Recovered through GAC	7,175,204.78	9,566,818.48	9,658,311.10	16,350,832.27	20,882,783.40	28,062,089.89	22,291,625.83	16,942,415.42	6,017,978.41	4,598,247.09	6,351,278.18	6,801,238.90	154,487,045.73
Gas Cost Recoveries													
GAC Surcharge	2,442,940.88	3,257,549.26	7,229,642.84	11,608,525.74	15,156,640.41	22,284,389.28	22,050,561.06	13,476,521.22	7,415,955.51	3,686,776.19	2,733,395.00	2,356,109.66	113,768,989.05
Interim Surcharge - 02/07 - 04/07									1,644,343.25				1,644,343.25
GAC Stranded Cost Recoveries	2,449,492.51	3,266,201.52	7,249,344.53	11,624,619.44	15,156,613.53	22,284,389.32	22,050,561.06	13,476,521.89	7,415,955.51	3,686,776.19	2,733,395.00	2,356,109.66	113,768,989.05
SC 1 & 2	6,551.63	8,652.26	18,701.71	16,083.70	(26.88)	30.04	36.80	11.67	7.90	5.24	1.67	(0.44)	51,065.30
SC3	15.80	15.80	36.88	13.48	14.88	16.48	16.48	16.48	13.48	14.88	11.98	14.98	201.13
SC5	2,711.26	2,596.59	8,335.73	4,765.78	5,752.32	7,024.12	5,926.09	2,768.30	1,237.35	608.19	395.47	681.59	42,752.80
Stranded Cost Surcharge	7,416.76	9,020.42	19,228.57	14,566.33	14,566.33	280.74	34.66	1.69	7.33	(1.61)	0.79	0.65	50,124.38
SC6 balancing Charge	7,416.76	9,020.42	19,228.57	14,566.33	14,566.33	280.74	34.66	1.69	7.33	(1.61)	0.79	0.65	50,124.38
SC6	7,416.76	9,020.42	19,228.57	14,566.33	14,566.33	280.74	34.66	1.69	7.33	(1.61)	0.79	0.65	50,124.38
Company Use	1,888,265.22	1,906,373.05	1,101,843.12	1,757,099.80	1,423,177.60	1,463,884.77	1,792,435.09	1,788,124.82	1,788,124.82	1,788,124.82	1,788,124.82	1,741,796.51	19,512,789.75
Wholesale Pike Recoveries	6,811.62	29,801.08	36,780.10	80,200.95	65,236.40	107,153.44	120,093.81	84,028.81	41,865.01	12,508.30	5,610.01	5,689.53	588,517.48
Other Balancing Charges (Alliance)	35,366.43	58,454.53	165,862.78	197,933.81	195,406.26	219,139.54	183,431.31	120,093.81	73,841.48	37,888.50	34,486.80	33,824.54	1,355,768.86
Other Balancing Charges (Mirant)	5,257.22	5,050.28	509,420.82	8,240.96	36,113.33	47,281.21	54,872.09	56,488.88	108,101.96	151,218.18	207,331.03	97,842.34	1,766,683.28
Capacity Release Service Charge Adjustment	12,171.34	15,518.05	19,839.32	7,252.94	8,451.91	12,914.05	12,011.18	7,807.52	4,490.07	2,398.59	2,037.29	1,778.56	19,963.99
Interest on Adjustment													
Ledger Capacity			87,012.10	138,262.00	154,319.20	149,617.30	151,301.50	150,331.90	150,331.90	139,605.10	153,187.00	154,333.20	1,412,121.90
Capacity Release			571,389.88	779,584.91	779,905.15	690,547.32	577,823.63	756,666.13	742,337.06	524,501.10	548,007.84	625,346.64	6,409,408.72
Off-System Sales			34,709.86	(555.06)	7,281.22	4,733.98	9.00			7,387.63	5,819.99	(3,300.00)	55,926.62
Interest on Hedging Gains/Losses										(87,760.40)	(90,534.46)	(2,437.85)	(90,534.46)
Total Recoveries	4,207,608.16	4,893,014.68	9,919,697.48	14,421,903.67	17,885,781.66	25,017,528.00	25,017,528.00	16,451,973.41	12,365,666.48	6,362,326.02	5,633,895.17	5,651,344.91	147,801,551.99
(Over)/Under Collection	2,967,596.62	4,473,803.30	(260,866.38)	1,929,028.60	3,016,981.54	3,044,460.89	(2,710,175.03)	490,442.01	(6,347,987.07)	(1,768,078.93)	717,383.01	1,148,894.99	8,695,493.76

ORANGE AND ROCKLAND UTILITIES, INC.

**Determination of the Allowance for Unaccounted for Gas
For the Twelve Months Ending August 31, 2007**

1	Net Gas Sendout	22,410,544	Mcf
2	Gas Sales	21,864,393	Mcf
3	Actual Line Loss -- [(Line 1 - Line 2) / Line 1]	0.024370	
4	Actual Line Loss Factor -- [100.0 / (100.0 - Line 3*100)]	1.024979	
	<u>Calculation of Benefit / (Shortfall):</u>		
5	Total Cost of Gas		
	12 months Ended August 2007 (Page 2)	\$154,497,045.75	
	Less:		
	Demand Charge	(Page 2) \$33,329,539.28	
	Cost of Gas for Company Use	(Page 2) \$588,517.48	
6	Subtotal	\$33,918,056.76	
7	Net Adjusted Commodity Cost of Gas (Line 5 (-) Line 6)	\$120,578,988.99	
8	Fixed Line Loss Factor	1.016221	
	-----	-----	
	Line Loss Factor (Line 4 above)	1.024979	0.991455
9	Net Adjusted Commodity Cost of Gas for Resale (Line 7 x Line 8)	\$119,548,641.53	
10	Benefit / (Penalty) due to Improved Line Losses (Line 9 - Line 7)	(\$1,030,347.46)	

Orange And Rockland Utilities, Inc.
 Amortization of 8/31/05 GAC Overcollection
 From 9/1/05 - 1/31/07
Journal Entry 133B

Acct. 186265						
Activity	Month Ended	Monthly Amortization	Ending Balance	Interest Rate	Interest Accrual	Acct 186266 Balance
8/31/05 GAC Undercollection	08/31/05		\$ 6,724,638.09			\$0.00
GAC Surcharge JE 54	09/30/05	-	6,724,638.09	4.35%	24,053.94	24,053.94
GAC Surcharge JE 54	10/31/05	-	6,724,638.09	4.35%	24,855.74	48,909.68
GAC Surcharge JE 54	11/30/05	-	6,724,638.09	4.35%	24,053.94	72,963.62
GAC Surcharge JE 54	12/31/05	-	6,724,638.09	4.35%	24,855.74	97,819.36
GAC Surcharge JE 54	01/31/06	(478,195.80)	6,246,442.29	4.75%	25,199.69	(9,759.10) 113,259.95
GAC Passback JE 54	02/28/06	(930,409.16)	5,316,033.13	4.75%	19,370.75	(18,987.94) 113,642.76
GAC Passback JE 54	03/31/06	(1,004,586.44)	4,311,446.69	4.75%	17,393.44	(20,501.76) 110,534.44
GAC Passback JE 54	04/30/06	(584,652.08)	3,726,794.61	4.75%	14,549.81	(11,931.68) 113,152.57
GAC Passback JE 54	05/31/06	(308,499.12)	3,418,295.49	4.75%	13,790.25	(6,295.90) 120,646.92
GAC Passback JE 54	06/30/06	(211,903.08)	3,206,392.41	4.75%	12,518.11	(4,324.55) 128,840.48
GAC Passback JE 54	07/31/06	(159,451.20)	3,046,941.21	4.75%	12,292.11	(3,254.12) 137,878.47
GAC Passback JE 54	08/31/06	(133,008.41)	2,913,932.80	4.75%	11,755.52	(2,714.46) 146,919.53
GAC Surcharge JE 54	09/30/06	(155,794.66)	2,758,138.14	4.75%	10,768.07	(3,179.50) 154,508.10
GAC Surcharge JE 54	10/31/06	(214,479.28)	2,543,658.86	4.75%	10,261.75	(4,377.13) 160,392.72
GAC Surcharge JE 54	11/30/06	(469,991.28)	2,073,667.58	4.75%	8,095.83	(9,591.67) 158,896.88
GAC Surcharge JE 54	12/31/06	(663,169.87)	1,410,497.71	4.75%	5,690.30	(13,534.08) 151,053.10
GAC Surcharge JE 54	01/31/07	Last time - then just interest (467,753.56)	942,744.13	5.40%	4,323.71	(9,545.98) 145,830.83
GAC Surcharge JE 54	02/28/07		942,744.13	5.40%	3,905.29	149,736.12
GAC Surcharge JE 54	03/31/07		942,744.13	5.40%	4,323.71	154,059.83
GAC Surcharge JE 54	04/30/07		942,744.13	5.40%	4,184.23	158,244.06
GAC Surcharge JE 54	05/31/07		942,744.13	5.40%	4,323.71	162,567.77
GAC Surcharge JE 54	06/30/07		942,744.13	5.40%	4,184.23	166,752.00
GAC Surcharge JE 54	07/31/07		942,744.13	5.40%	4,323.71	171,075.71
GAC Surcharge JE 54	08/31/07		942,744.13	5.40%	4,323.71	175,399.42
GAC Surcharge JE 54	09/30/07		942,744.13	5.40%	4,184.23	Last time - New GAC 179,583.65
GAC Surcharge JE 54	10/31/07		942,744.13	5.40%	4,323.71	183,907.36
GAC Surcharge JE 54	11/30/07		942,744.13	5.40%	4,184.23	188,091.59
GAC Surcharge JE 54	12/31/07		942,744.13	5.40%	4,323.71	192,415.30
Total Principal & Interest						1,135,159.43

ORANGE AND ROCKLAND UTILITIES, INC.**Projected Interest on Net 2007 GAC Undercollection**

<u>Month Ending</u>	<u>Projected SC1&SC2 Sales - Mcf</u>	<u>Monthly Ratio</u>	<u>Monthly Surcharge</u>	<u>Undercollection Balance</u>	<u>Interest Rate</u>	<u>Days of Month</u>	<u>Monthly Interest Factor</u>	<u>Projected Interest</u>
9/30/2007				6,800,305.73	5.40%	30	0.004438	30,182.18
10/31/2007				6,800,305.73	5.40%	31	0.004586	31,188.25
11/30/2007				6,800,305.73	5.40%	30	0.004438	30,182.18
12/31/2007				6,800,305.73	5.40%	31	0.004586	31,188.25
1/31/2008	835,785	7.58%	515,299.65	6,285,006.08	5.51%	31	0.004680	29,412.11
2/28/2008	1,782,900	16.16%	1,099,239.34	5,185,766.74	5.51%	29	0.004378	22,702.29
3/31/2008	1,718,200	15.58%	1,059,348.83	4,126,417.91	5.51%	31	0.004680	19,310.51
4/30/2008	1,072,800	9.73%	661,430.23	3,464,987.68	5.51%	30	0.004529	15,692.12
5/31/2008	661,600	6.00%	407,906.64	3,057,081.04	5.51%	31	0.004680	14,306.30
6/30/2008	414,600	3.76%	255,619.85	2,801,461.19	5.51%	30	0.004529	12,687.17
7/31/2008	355,300	3.22%	219,058.69	2,582,402.50	5.51%	31	0.004680	12,084.94
8/31/2008	307,100	2.78%	189,341.19	2,393,061.31	5.51%	31	0.004680	11,198.87
9/30/2008	353,800	3.21%	218,133.87	2,174,927.44	5.51%	30	0.004529	9,849.74
10/31/2008	424,000	3.84%	261,415.38	1,913,512.06	5.51%	31	0.004680	8,954.71
11/30/2008	710,500	6.44%	438,055.72	1,475,456.34	5.51%	30	0.004529	6,682.00
12/31/2008	1,382,300	12.53%	852,251.13	623,205.21	5.51%	31	0.004680	2,916.43
1/31/2009	<u>1,010,801</u>	<u>9.16%</u>	<u>623,205.20</u>	0.01	5.51%	31	0.004680	<u>0.00</u>
Total	11,029,686	100.00%	\$6,800,305.72					<u>\$288,538.04</u>

Exhibit 1

ORANGE AND ROCKLAND UTILITIES, INC.

Case No. 05-G-1494
GAS LOST AND UNACCOUNTED FOR

Calculation of Rate Year 2 Factor of Adjustment*

Determination of Rate Year 1 Factor of Adjustment and Cap for Three-Year Rate Plan

Actual LAUF Percentage 12 Mo. Ended 8/31/06	1.900%
Actual LAUF Percentage 12 Mo. Ended 8/31/05	1.300%
Actual LAUF Percentage 12 Mo. Ended 8/31/04	1.640%
Three Year Average LAUF Percentage	1.613%
Rate Year Factor of Adjustment / Cap (1/(1-LAUF))	1.016

Rate Year 2 Factor of Adjustment

Deadband Lower Limit (0.95 * Prior 3-Yr Avg)	1.533%	
Deadband Upper Limit (1.05 * Prior 3-Yr Avg)	1.694%	
Actual LAUF Percentage 12 Mo. Ended 8/31/07	2.440%] See Below
Actual LAUF Percentage 12 Mo. Ended 8/31/06	1.900%	
Actual LAUF Percentage 12 Mo. Ended 8/31/05	1.300%	
Three Year Average	1.880%	
Calculated Factor of Adjustment - Rate Year 2 (1/(1-LAUF))	1.019	
Actual Factor of Adjustment - Rate Year 2 (subject to deadband and cap)	1.016	

<u>(Mcf)</u>	<u>Twelve Months Ending August 31,</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Actual Gas Sendout	24,206,227.3	22,104,461.9	22,410,544.4
Retail Sales & Firm Transportation	23,891,209.7	21,685,061.0	21,864,393.0
Lost and Unaccounted for Gas Deliveries	315,017.6	419,400.9	546,151.4
Percent of Gas Sendout Lost and Unaccounted for	1.300%	1.900%	2.440%

* Calculation as per Appendix C of Joint Proposal as approved by the Commission in its Order dated October 20, 2006 in Case No. 05-G-1494.