

PSC NO. 4 GAS LEAF: 120
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 6
INITIAL EFFECTIVE DATE: November 1, 2004 SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

RATE - FOUR PART - MONTHLY: (Continued)

(2) Penalty Charge (if applicable)

All gas used by a customer during a period of interruption shall be subject to a penalty equal to the higher of a) \$2.50 per Ccf plus the cost of gas or b) \$4.50 per Ccf except for such gas taken under Special Provision D. For the purposes of this provision, the cost of gas shall be equal to the highest daily "Midpoint" rate of the "Louisiana-Onshore South", "Tennessee" receipt points for the appropriate day as published in Gas Daily in the table "Daily Price Survey" plus the Company's weighted average cost of transportation (WACOT) and fuel losses at 100% load factor.

(3) Penalty Surcharge (If applicable)

The Penalty Surcharge ("Surcharge") shall be in addition to the Penalty Charge. The Company may apply the Surcharge on the second and all subsequent occasions that a customer uses gas during an interruption period in any heating season. The heating season is defined as the five consecutive calendar months commencing with November 1 and terminating on March 31. The surcharge will commence with the billing month following the month in which the second or subsequent occasion occurred. The Surcharge will be billed each month for a twelve-month period at the rates and charges contained in Service Classification No. 2. The Service Classification No. 2 rates shall be multiplied by the lesser of (a) all usage in the applicable billing month excluding any Firm Base Load volumes, or (b) the maximum daily amount used during the second or any subsequent interruption period excluding any Firm Base Load volumes, multiplied by the number of days in the billing period. Surcharge volumes and Firm Base Load volumes, if applicable, shall be combined for the purpose of determining usage in each of the Service Classification No. 2 rate blocks, with Firm Base Load volumes being considered first through the meter. Any additional volumes used by a customer in any billing month shall be billed in accordance with the applicable rates contained in Rate - Four Part - Monthly herein. For purposes herein, a Day is defined as a period of 24 consecutive hours ending 9:00 a.m. Central Clock Time and the date of the Day shall be that of its beginning.

Customers paying the Surcharge shall remain interruptible customers and be subject to all terms and conditions herein.

(4) Increase in Rates and Charges

The rates and charges under this Service Classification will be increased pursuant to General Information Section 15.

Issued By: John D. McMahon, President, Pearl River, New York
(Name of Officer, Title, Address)