

LEAF: 152.1
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 11

CAPACITY OPTIONS FOR SELLERS:

A Seller must obtain firm upstream pipeline capacity equal to its Maximum Aggregated Daily Contract Quantity ("MAX ADCQ") as defined in the Balancing Service Option and Winter Bundled Sales Service Option sections set forth herein. Seller must use such capacity to serve its firm transportation customers behind the Company's citygate during the months of November through March when the temperature is forecast to be below the prescribed temperature established in accordance with the Company's Gas Transportation Operating Procedures. Sellers taking service hereunder will be notified of the prescribed temperature in accordance with the Company's Gas Transportation Operating Procedures. Such pipeline capacity may be obtained by using one or both of the following options:

Capacity Option A - Capacity Released by the Company

Sellers electing Service Classification No. 11 who wish to provide gas supplies to customers served by the Company pursuant to Service Classification No. 6 or who will be supplying gas to themselves under Service Classification No. 6 and the provisions herein, may contract for a portion of the Company's firm interstate pipeline capacity, if available, and abide by the nomination procedures established herein. This option is available to Sellers who have executed agency agreements between the Seller and the customer stipulating that the Seller is acting as the customer's agent for capacity released by the Company. Available pipeline capacity will be released by the Company directly to Seller and allocated in accordance with the Company's Gas Transportation Operating Procedures, in accordance with the terms and conditions of the interstate pipeline's FERC gas tariff and the rules and regulations of the FERC.

Effective November 1, 2001, capacity releases under this option are available during the three-year period November 1, 2001 through October 31, 2004 and Sellers must contract for capacity releases for either a 12-month period, a 24-month period, a 36-month period, with each period commencing on November 1, 2001. Effective November 1, 2004, Sellers may elect to contract for capacity under this option for the period November 1, 2004 through October 31, 2005. Sellers electing the capacity release option must make a binding commitment and must execute a Capacity Release Service Agreement. Deadlines for making a binding commitment and for executing a Capacity Release Service Agreement may be found in the Company's Gas Transportation Operating Procedures. Seller will be required to execute new or amended service agreements for any net increase in load after its initial commitment, as provided for in the next paragraph.

If a Seller has a net increase in its firm load (as confirmed by the Company), between the date the Seller makes its initial commitment for capacity hereunder and October 31, 2005, it must obtain additional capacity under Capacity Option A and/or Capacity Option B to meet that net increase. Requests for additional capacity after October 31, 2001 for the three-year capacity release program and after October 31, 2004, for the one-year capacity release program, must be received by the Company by the 21st day of the month preceding the request's effective date.

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