

PSC NO. 4 GAS	LEAF:	154
ORANGE AND ROCKLAND UTILITIES, INC.	REVISION:	7
INITIAL EFFECTIVE DATE: May 1, 2004	SUPERSEDING REVISION:	4

**SERVICE CLASSIFICATION NO. 11 (Cont'd.)****DETERMINATION OF AGGREGATED DAILY CONTRACT QUANTITY: (Cont'd.)**

Each customer must elect either the Balancing Service Option or the Functional Storage Service Option for each customer account. A Seller must specify in the nomination procedures which customers within its Aggregation Group are to receive the Balancing Service Option and which customers are to receive the Functional Storage Service Option. A Seller must retain a customer in the Balancing Service Option, or Functional Storage Service Option aggregation group initially through March 31, and annually thereafter.

**BALANCING SERVICE OPTION:**

For Balancing Service Option customers, the DCQ for each calendar month shall be calculated by the Company by dividing each customer's weather-normalized usage for each month of the most recent twelve billing months by the total number of days in each billing month and restating the billing month usage on a calendar month basis. The Company may adjust each customer's DCQs during the year due to changes in the customer's gas equipment or pattern of usage. For new customers, the initial monthly DCQ will be estimated by the Company based on the rating of the customer's gas-fired equipment and the expected utilization of such equipment.

The daily DCQs determined, as set forth above, reported on a volumetric basis shall be aggregated by month for each of the twelve months for all Balancing Service Option customers within a Seller's Aggregation Group. The result obtained shall be the monthly ADCQ. The monthly ADCQ shall be multiplied by the Company's factor of adjustment as defined in General Information Section 12 and then converted to an energy basis by using the conversion factor shown in the Statement of Monthly Gas Adjustment. The highest ADCQ determined in the twelve-month period is the ("MAX ADCQ"). Seller shall be obligated to deliver the ADCQ each day during the month.

A Seller must elect annually, by April 15th, for all customers in the Seller's Aggregation Group electing the Balancing Service Option either the Rollover Option or the Cash-Out Option described below. Such election shall become effective on May 1 of each year.

**Rollover Option**

For each month the Company will calculate the difference between the Seller's Balancing Service Option customer's actual usage and the ADCQ multiplied by the number of days in the billing period, taking into consideration any adjustment from prior months, and shall adjust the ADCQ for a succeeding month by that difference divided by the total number of days in the month, provided that such adjustment will neither increase that month's adjusted ADCQ to a level greater than the Seller's MAX ADCQ for the year nor decrease that month's adjusted ADCQ to a level less than zero. The increment of any such adjustment that results in a particular month's ADCQ being greater than the MAX ADCQ or less than zero will be carried to a future month.

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