

PSC NO. 4 GAS	LEAF:	153
ORANGE AND ROCKLAND UTILITIES, INC.	REVISION:	5
INITIAL EFFECTIVE DATE: May 1, 2004	SUPERSEDING REVISION:	2

SERVICE CLASSIFICATION NO. 11 (Cont'd.)**CAPACITY OPTIONS FOR SELLERS:** (Cont'd.)

Capacity Option B - Capacity Available from Third Parties

Subject to the requirements otherwise set forth herein, a Seller may obtain some or all of its upstream pipeline capacity from third parties. For such capacity, each Seller must demonstrate to the Company, by August 1 of each year, (i) that it has firm, non-recallable, primary delivery point capacity from the source(s) of gas supply (as defined in the Company's Gas Transportation Operating Procedures) to the Company's citygate, for the winter months of November through March, and (ii) that it has binding commitments among the Company, Seller, and applicable third parties providing such Seller with capacity and/or capacity bundled with commodity, that shall provide the Company with access to or transferability of all or a portion of such capacity and/or capacity bundled with commodity without any additional consents from the parties. If a Seller fails to make such demonstration by August 1 of each year, such Seller will be prohibited from utilizing Capacity Option B for that year.

The citygate delivery points shall be the citygate delivery points specified by the Company. Prior to purchasing pipeline capacity, Seller must obtain from the Company the citygate delivery points that are operationally acceptable to the Company.

Demonstration of firm, non-recallable, primary delivery point capacity shall consist of an affidavit signed by an officer of Seller, and notarized, setting forth information sufficient to allow the Company to verify that the Seller does have capacity meeting the requirements set forth above. The Company shall have the right to request additional documentation in support of the affidavit. Price-sensitive or proprietary data other than that required hereunder may be redacted from any capacity contracts or other documents provided to the Company.

To effectuate the transferability of or access to all or a portion of Seller's bundled city gate supplies, the Seller, the applicable third parties providing such Seller with capacity bundled with commodity, and the Company must execute a binding three-party assignment agreement, in the form set forth in the Company's Gas Transportation Operating Procedures, that provides the Company an irrevocable right to effectuate an assignment(s) under defined circumstances during which time the third party shall act upon the Company's directions, notwithstanding contrary direction or protest from Seller. Such assignment agreement shall expire on March 31st of the following year.

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