

PSC NO. 4 GAS LEAF: 156
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 5
INITIAL EFFECTIVE DATE: April 1, 2004 SUPERSEDING REVISION: 3

SERVICE CLASSIFICATION NO. 11 (Cont'd.)**BALANCING SERVICE OPTION: (Cont'd)**

At the end of 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.

The MAX ADCQ shall be the amount of daily pipeline capacity to be obtained by the Seller. The ADCQ is the amount of gas that Seller must deliver to the Company daily. If Seller is also serving customers that have elected the Winter Bundled Sales Service Option, the ADCQ and the MAX ADCQ determined for the Winter Bundled Sales Service Option shall be added to the ADCQ and MAX ADCQs determined herein.

WINTER BUNDLED SALES SERVICE OPTION:

For customers electing the Winter Bundled Sales ("WBS") Service Option pursuant to Service Classification No. 6, the Company will provide to the Seller the Winter Bundled Sales Volume ("WBSV"), the ADCQ, and the MAX ADCQ for its customers as defined and determined in the manner set forth below:

- a) The WBSV shall be equal to the sum of the WBS gas allocated to each customer in Seller's Aggregation Group 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 Adjustments. The Seller is required to purchase the WBSV from the Company during the period November through March (winter period) in accordance with the provisions set forth below. Each customer, through an Agency Agreement with its Seller, will be allocated a portion of the WBSV based on the percentage of the Company's system gas requirements that are served by storage service. If there is a change in the percentage of the Company's system requirements that are met through storage service, the new percentage will be used to re-determine the allocated volume of WBSV the following April. WBSV is to be measured in Dths.

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