

PSC NO. 4 GAS LEAF: 152.1
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 2
INITIAL EFFECTIVE DATE: April 1, 2004 SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION NO. 11 (Cont'd.)

CAPACITY OPTIONS FOR SELLERS: (Cont'd)

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.

Capacity releases under this option are available during the three-year period November 1, 2001 through October 31, 2004. Sellers electing this option 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. Sellers electing this 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, 2004, 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, must be received by the Company by the 21st day of the month preceding the request's effective date.

After October 31, 2001 and until October 31, 2004, if a Seller does not elect to take capacity released by the Company to supply all or part of the customer's needs behind the citygate when the Seller's customer first elects to take firm service under Service Classification No. 6 of this Rate Schedule, the Company will have no obligation under this option to provide capacity to the Seller's customer at any future date, except as noted in (ii) below. In addition, once a Seller's contract expires, the Company will have no obligation to continue to provide capacity for the load previously served under such contract, except as noted in (ii) below.

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