

PSC NO. 4 GAS LEAF: 153  
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 3  
INITIAL EFFECTIVE DATE: April 1, 2004 SUPERSEDING REVISION: 2

**SERVICE CLASSIFICATION NO. 11 (Cont'd.)****CAPACITY OPTIONS FOR SELLERS: (Cont'd)****Capacity Option A - Capacity Released by the Company (Cont'd)**

The capacity released to the Seller will be recalled by the Company if: (1) the MAX ADCQ applicable to firm customers served by the Seller behind the Company's citygate decreases; (2) the Seller fails to comply with the terms and conditions of this Rate Schedule, and/or the Company's Gas Transportation Operating Procedures; or (3) the Seller fails to comply with an interstate pipeline company's capacity release provisions. The Company may also recall capacity in the event of non-performance by Seller as specified in Special Provision B below.

The Seller shall indemnify the Company from all losses and damages resulting from the actions or inactions of the Seller under the Capacity Release Service Agreement with the Company and the pipeline service agreement(s). The Seller, acting as the customer's agent, shall also warrant title to the gas transported under these agreements.

**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 October 1st of each year, 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.

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.

If the Seller's load increases during the winter months of November through March, and such increase will be served with capacity obtained by the Seller under this capacity option, Seller will be subject to the same documentation requirements set forth above for the incremental volumes.

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