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 ..TXT: PSC NO: 4 GAS LEAF: 177
 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 2
 INITIAL EFFECTIVE DATE: 03/04/99 SUPERSEDING REVISION: 1
 STAMPS: Issued in compliance with Order in Case 98-G-1892 dated 02/24/99
 Cancelled by 3 Rev. Leaf No. 177 Effective 06/01/1999
 RECEIVED: 03/03/99 STATUS: Cancelled EFFECTIVE: 03/04/99

SERVICE CLASSIFICATION NO. 12 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

- (1) For any underdeliveries of the Seller's ADCQ, as reflected in the table below, the Seller will be cashed out at a rate equal to the Company's weighted average transportation cost including fuel losses, calculated at 100% load factor ("WACOT") plus a gas cost equal to the highest daily "Midpoint" rate of the "Louisiana - Onshore South", "Tennessee" receipt points for the applicable day as published in Gas Daily in the table, "Daily Price Survey" as follows:

| <u>Percentage of ADCQ Underdelivered</u> | <u>Gas Daily Gas Cost</u> |
|--|-------------------------------|
| 0 to 2% | 100% |
| 2% to 5% | 110% |
| 5% or greater | 120% |

For any underdeliveries greater than five percent of the Seller's ADCQ on any day other than on days during a Strict Adherence Order ("SAO") period as defined below, the Seller will pay, in addition to the above gas costs, a penalty charge equal to \$10.00 per dekatherm, and, upon the second occurrence of an underdelivery of five percent or more, Seller will be required to post the Security specified in Special Provision B. If the Seller has no additional incidents of underdeliveries exceeding 5% within a twelve-month period from when the Security was paid and otherwise satisfies the Company's credit criteria as set forth in Special Provision B, the Company will refund the Security to the Seller with interest. Interest on funds deposited with the Company as Security shall be calculated at the Commission specified rate for customer deposits in accordance with General Information Section 3.3.

- (2) Strict Adherence Orders:
 Upon no less than eight hours notice, the Company may, on any days that it determines that its gas supply condition is critical, issue a SAO. For any underdeliveries greater than five percent of the Seller's ADCQ during a SAO period, the Seller will pay a penalty charge equal to \$25.00 per dekatherm, plus the cost of gas specified in (1) above.
- (3) For any overdeliveries, the Seller will be cashed out at a rate equal to the Company's monthly average commodity cost of gas. The Company, at its sole discretion, may refuse to accept any overdeliveries from a Seller.
- (4) If Seller overdelivers or underdelivers gas at any time, the cashout volume will be treated as a purchase or sale of gas supply by the Company and the customers served by the Seller will not have such overdeliveries or underdeliveries credited to their accounts.

Issued By: R. Lee Haney, Chief Financial Officer, Pearl River, New York

(Name of Officer, Title, Address)