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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 2
INITIAL EFFECTIVE DATE: 06/28/01 SUPERSEDING REVISION: 1
STAMPS:
Effective date postponed to 08/01/01. See Supplement No. 18
RECEIVED: 05/21/01 STATUS: Effective EFFECTIVE: 08/01/01

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 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.

If Seller does not obtain capacity meeting the requirements set forth above by October of each year, the Company shall provide firm sales service, if available, to Seller's customers commencing on the following November 1 and Seller shall be prohibited from serving such customers for a period of one year.

If a Seller fails to maintain the requisite firm, non-recallable, primary delivery point capacity, as stated in its affidavit, at any time throughout the winter season (November through March), Seller shall pay the Company a charge equal to \$50.00 per dekatherm times the required daily volume of pipeline capacity that the Seller failed to maintain. The above-described charge is in addition to any charges that may be levied on Seller for its failure to deliver the required quantities of gas on any given day and any and all other remedies the Company may have in law or equity.

DETERMINATION OF AGGREGATED DAILY CONTRACT QUANTITY:

An Aggregated Daily Contract Quantity ("ADCQ"), stated in dekatherms (Dth's), shall be calculated monthly for each Seller taking service hereunder. The ADCQ shall be equal to the sum of the DCQs ("Daily Contract Quantity") for all Balancing Service customers and Functional Storage Service customers in the Seller's Aggregation Group. The ADCQ represents the volume of gas the Seller is required to deliver to the Company's citygate each day.

Issued By: Stephen B. Bram, President, Pearl River, New York
(Name of Officer, Title, Address)