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 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 0
 INITIAL EFFECTIVE DATE: 06/28/01 SUPERSEDING REVISION:
 STAMPS:
 Cancelled by 1 Rev. Leaf No. 152.2 Effective 08/01/2001
 Effective date postponed to 08/01/01. See Supplement No. 18
 RECEIVED: 05/21/01 STATUS: Cancelled EFFECTIVE: 08/01/01

SERVICE CLASSIFICATION NO. 11

CAPACITY OPTIONS FOR SELLERS - (Cont'd.)

Capacity Option A - Capacity Released by the Company - (Cont'd.)

After October 31, 2001, 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. In addition, the Company will have no obligation to release capacity to a Seller for its customers as of October 31, 2001, beyond Seller's initial commitment for capacity hereunder.

Firm interstate pipeline capacity will be released to the Seller, acting as an agent for the customer, at the interstate pipeline's maximum firm transportation rate under its FERC gas tariff and the Seller shall be directly billed by the pipeline for such capacity. The rates shall be subject to adjustment each month to the extent that the maximum firm rate at which the capacity is released varies from the Company's weighted average cost of firm pipeline capacity, which includes the capacity cost of citygate bundled purchases (for purposes of this section "WACOC"). If the Seller pays the pipeline for the capacity released at a rate higher than the Company's WACOC, the Seller will receive a credit on the customer's behalf for the difference between the rate the Seller paid the pipeline and the Company's WACOC multiplied by the quantity of released capacity. If the Seller pays the pipeline at a rate that is lower than the Company's WACOC, the Seller will pay a charge on the customer's behalf for the difference between the rate the Seller paid the pipeline and the Company's WACOC multiplied by the quantity of released capacity. The Company's WACOC shall be updated periodically to reflect the Company's costs of firm pipeline capacity and the cost of capacity associated with bundled citygate purchases. Such WACOC is as shown on the "Statement of Rates to Qualified Sellers and Firm Transporters of Gas".

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.

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