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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 1
INITIAL EFFECTIVE DATE: 11/01/97 SUPERSEDING REVISION: 0
STAMPS: Issued in Compliance with PSC Order in Case 97-G-1441 dated 10/24/97.
Cancelled by 2 Rev. Leaf No. 153 Effective 08/01/2001
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SERVICE CLASSIFICATION NO. 11 (Cont'd.)

CAPACITY RELEASE: (Cont'd.)

Firm interstate pipeline capacity released to Seller under this Service Classification shall be released at the interstate pipeline's maximum firm transportation rate under its FERC Gas Tariff and Seller shall be directly billed by the pipeline for such capacity. Seller shall receive from the Company, on a monthly basis, either a credit or surcharge reflecting the difference between the interstate pipeline's maximum firm transportation rate and the Company's weighted average cost of firm pipeline capacity.

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 city gate each day.

Each customer must elect either the Balancing Service Option or the Functional Storage Service Option for each customer account. A Seller must specify in the nomination procedures which customers within its Aggregation Group are to receive the Balancing Service and which customers are to receive the Functional Storage Service. A Seller must retain a customer in the Balancing Service Option, or Functional Storage Service Option aggregation group initially through March 31, and annually thereafter.

BALANCING SERVICE OPTION:

For Balancing Service Option customers, the DCQ for each calendar month shall be calculated by the Company by dividing each customer's weather-normalized usage for each month of the most recent twelve billing months by the total number of days in each billing month and restating the billing month usage on a calendar month basis. The Company may adjust each customer's DCQs during the year due to changes in the customer's gas equipment or pattern of usage. For new customers, the initial monthly DCQ will be estimated by the Company based on the rating of the customer's gas-fired equipment and the expected utilization of such equipment.

Issued By: **R. Lee Haney, Chief Financial Officer, Pearl River, New York**
(Name of Officer, Title, Address)