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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.  
 RECEIVED: 10/28/97 STATUS: Effective EFFECTIVE: 11/01/97

**SERVICE CLASSIFICATION NO. 11 (Cont'd.)**

**FUNCTIONAL STORAGE SERVICE OPTION: (Cont'd.)**

The purchase price for Company gas in storage shall be the higher of the Company's average cost of gas in storage on the first day of the month in which the Functional Storage Service customer commences service, or the Market Price of gas on that day determined by reference to Inside F.E.R.C.'s Gas Market Report for Tennessee Gas Pipeline Company, Louisiana and Offshore (Zone 1) Index, plus Tennessee's FT-A maximum commodity rate and fuel to the Company's city gate, plus the Demand Transfer Rate on Purchases ("DTRP") and all applicable taxes. The DTRP rate shall equal the per Dth System Average Unrecovered or Overrecovered Demand Charge revenue beginning with the preceding September up to but not including the month that Functional Storage Service commences. The System Average Unrecovered or Overrecovered Demand Charge revenue shall equal the sum of the differences between the average demand charge revenues and the average fixed demand costs for the same period. The DTRP rate shall be filed with the Public Service Commission not less than three (3) business days prior to the beginning of the month for which the rate shall be in effect.

The Company shall deliver the Company's storage gas to Seller's customers that purchased the Functional Storage Service Option, less the average fuel retained by the pipeline and the factor of adjustment contained in General Information Section 12 of the Company's tariff, based on the schedule shown below. The Company's storage gas delivered to customers shall be defined as the first gas through the meter during the months of November through March.

Gross amount of gas withdrawn from storage is:

<u>Month</u>	<u>Amount Withdrawn Stated As a % of Storage Space</u>
November	10%
December	20
January	25
February	25
March	20

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

(Name of Officer Title, Address)