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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 3
INITIAL EFFECTIVE DATE: 01/04/02 SUPERSEDING REVISION: 2
STAMPS:
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SERVICE CLASSIFICATION NO. 8 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(G) Reserve Requirements (Cont'd.)

housing patients or residents on an overnight basis including, nursing homes, hospitals, community residences, and shelters.

- (2) New customers commencing service under this Service Classification on and after December 1, 2001, must, in addition to meeting the other requirements above, have three days or more of on-site inventory of alternate fuel, based on the customer's peak winter requirements as determined in accordance with the Company's Gas Transportation Operating Procedures.

- (3) Other interruptible customers must maintain reserve levels acceptable to the Company.

A customer with an inadequate alternate fuel reserve that fails to interrupt gas service at any time during the first 10 days of interruption in any winter season shall be billed an additional charge equal to the greater of a) 130% of the cost of its alternate fuel, as established with reference to appropriate fuel price indices as determined in accordance with the Company's Gas Transportation Operating Procedures or b) 130% of the rates charged by the Company for service under Service Classification No. 3 of this Schedule, minus the rates paid by the customer under this Service Classification. Any customer with an inadequate alternate fuel reserve as of November 1 of each year will similarly be subject to the same additional charge. This additional charge shall be applied to all gas consumed during the billing period, excluding any Firm Base Load volumes, in which there is non-compliance and for any subsequent billing periods during which the non-compliance continues.

(H) Imbalance Trading

Direct Customers shall be permitted to trade imbalances with other Direct Customers and Qualified Sellers taking service under Service Classification No. 13 on both a daily and monthly basis in accordance with the provisions below. For the purposes of this provision, the term "Seller" shall refer to both Qualified Sellers and Direct Customers.

(1) Daily Imbalance Trading

The Company shall post imbalance information on its Retail Access Internet site. The posting will include a list of Sellers with telephone and e-mail information, the pipeline on which the imbalance occurred, and a + or - sign to indicate the direction of each Seller's imbalance for that given day. The actual daily imbalance for each Seller listed will not be disclosed. It will be the responsibility of the Seller to review the imbalance site and to contact those Sellers with whom a daily imbalance trade appears feasible. Imbalance information will be posted by 4:00 p.m. Monday through Friday for gas days ending on a business day. Imbalance information for gas days ending on Saturday, Sunday or on a Company-

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