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..TXT: PSC NO: 4 GAS LEAF: 182.7
COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 0
INITIAL EFFECTIVE DATE: 06/01/99 SUPERSEDING REVISION:
STAMPS: Issued in compliance with Order in Case 98-M-1343 dated 02/16/99
Cancelled by 1 Rev. Leaf No. 182.7 Effective 11/01/1999
RECEIVED: 05/26/99 STATUS: Cancelled EFFECTIVE: 06/01/99

SERVICE CLASSIFICATION NO. 12 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(A) (Cont'd.)

(1) (Cont'd.)

For any underdeliveries greater than five percent of the Seller's ADCQ on any day other than on days during a Strict Adherence Order ("SAO") period as defined below, the Seller will pay, in addition to the above gas costs, a penalty charge equal to \$10.00 per dekatherm. Upon the second occurrence of an underdelivery of five percent or more, Seller will be required to post the Security specified in "Creditworthiness". If the Seller has no additional incidents of underdeliveries exceeding 5% within a twelve-month period from when the Security was paid and otherwise satisfies the Company's credit criteria as set forth in "Creditworthiness", the Company will refund the Security to the Seller with interest. Interest on funds deposited with the Company as Security shall be calculated at the Commission specified rate for customer deposits in accordance with General Information Section 3.3.

(2) Strict Adherence Orders:

Upon no less than eight hours notice, the Company may, on any days that it determines that its gas supply condition is critical, issue a SAO. For any underdeliveries greater than five percent of the Seller's ADCQ during a SAO period, the Seller will pay a penalty charge equal to \$25.00 per dekatherm, plus the cost of gas specified in (1) above.

(3) For any overdeliveries, the Seller will be cashed out at a rate equal to the Company's monthly average commodity cost of gas. The Company, at its sole discretion, may refuse to accept any overdeliveries from a Seller.

(4) If Seller overdelivers or underdelivers gas at any time, the cashout volume will be treated as a purchase or sale of gas supply by the Company and the customers served by the Seller will not have such overdeliveries or underdeliveries credited to their accounts.

(B) In the event that, during any month, the sum of the month-to-date underdeliveries for non-Force Majeure reasons, for a particular Seller exceeds three times the Seller's ADCQ, the Company will immediately notify the Seller via telephone and facsimile. If underdeliveries reach five times the Seller's ADCQ, at the option of the Company, the following will occur: (1) Seller's Functional Storage Service Option shall terminate, any gas remaining in inventory shall be credited to the under deliveries at a rate equal to that specified for volume purchased by the Company in the Termination of the Functional Storage Option, and any remaining amount shall be returned to the Seller; (2) the Seller is no longer eligible for service hereunder unless and until the conditions below are satisfied, but not before the first day of the following month; and (3) the affected Seller's customers will be supplied natural gas by the Company and will be billed Emergency Interim Sales Service pursuant to Service Classification No. 6.

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

(Name of Officer, Title, Address)