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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 3
INITIAL EFFECTIVE DATE: 06/01/99 SUPERSEDING REVISION: 2
STAMPS: Issued in compliance with Order in Case 98-M-1343 dated 02/16/99
Cancelled by 4 Rev. Leaf No. 167 Effective 11/01/1999
RECEIVED: 05/26/99 STATUS: Cancelled EFFECTIVE: 06/01/99

SERVICE CLASSIFICATION NO. 12**APPLICABLE TO USE OF SERVICE FOR:**

Qualified Sellers ("Sellers") of natural gas, or Direct Customers, who, without the use of interstate transportation released by the Company, transport the volume of natural gas specified by the Company to various pipeline delivery points that interconnect with the Company's distribution system, for receipt and redelivery of the transported volume by the Company on a firm basis to the firm transportation customer(s) pursuant to Service Classification No. 6. In order for a party to qualify as a Seller, it must have received a determination of eligibility from the Department of Public Service, execute an Application for Service, satisfy the Company's credit requirements and meet the requirements specified under "Consumer Protection."

Sellers must demonstrate to the Company, by October 1st of each year, that they have firm, non-recallable, primary delivery point capacity to the Company's citygate, for the months of November through March, sufficient to serve the needs of their firm transportation customers. The citygate delivery points shall be the citygate delivery points specified by the Company. Prior to purchasing pipeline capacity, Seller must obtain from the Company the citygate delivery points that are operationally acceptable to the Company.

Demonstration of capacity shall consist of a copy of Seller's capacity contract and/or an affidavit signed by an officer of Seller, and notarized, setting forth information sufficient to allow the Company to verify that the Seller does have capacity meeting the requirements set forth above. Price-sensitive or proprietary data other than that required hereunder may be redacted from capacity contracts provided to the Company.

In the event Seller cannot obtain capacity or cannot satisfactorily demonstrate, in the manner set forth above, that it has obtained capacity, or in the event the capacity obtained does not meet the criteria set forth above, Seller has the option to serve its customers pursuant to Service Classification No. 11 of this Schedule.

If Seller cannot obtain capacity meeting the requirements set forth above and Seller declines to purchase capacity pursuant to Service Classification No. 11, the Company shall provide firm sales service to Seller's customers commencing on November 1 and Seller shall be prohibited from serving such customers for a period of one year.

CHARACTER OF SERVICE:

Continuous receipt of Sellers' or customer-owned gas for subsequent delivery by the Company to customers taking service under Service Classification No. 6.

RATE:

Rates and charges pursuant to this Service Classification are as specified under "Functional Storage Service Option", and under Special Provisions A, C, and E.

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

(Name of Officer, Title, Address)