

..DID: 8852
..TXT: PSC NO: 4 GAS LEAF: 166.4
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. 166.4 Effective 10/01/1999
RECEIVED: 05/26/99 STATUS: Cancelled EFFECTIVE: 06/01/99

SERVICE CLASSIFICATION NO. 11 (Cont'd.)

CREDITWORTHINESS: (Cont'd.)

Credit Limit and Security Determination

Unless the Seller chooses to provide the Company the maximum security permitted, the Company will evaluate the information provided and consider the results of any reference checks to determine the amount of credit limit applicable to the Seller. In order to ensure that the credit evaluation and associated security calculation is determined in a non-discriminatory manner, the Company, at its sole discretion, may utilize the services of an independent major credit rating agency to determine the Seller's credit limit. All costs associated with determination of the Seller's credit limit by an independent third-party shall be the responsibility of the Seller.

The credit limit determination shall be completed within 10 business days from the receipt by the Company of the financial and credit information. The Seller will be provided a written statement describing the result of the credit evaluation, rationale and calculations, if any, supporting the established credit limit and any resulting security requirement.

If the Seller does not meet the credit requirements identified, security in an amount equal to the Company's credit exposure shall be required. The credit exposure will be determined as follows:

- 1) If the Seller bills customers for both delivery and gas supply under a mutually acceptable agreement with the Company, the credit exposure will be equal to 60 days of a Seller's customers' projected peak period aggregate energy requirements over the next 12 months - priced at the rates and charges of the customers' applicable Service Classifications.
- 2) Credit exposure associated with natural gas balancing and settlement transactions shall be determined seasonally. Seasons are defined as Summer (April 1 through October 31) and Winter (November 1 through March 31). The credit exposure shall be determined by: (a) the Seller's MAX ADCQ based on the appropriate season of the past year; (b) priced at the highest month's average daily closing NYMEX price, at the Henry Hub, plus upstream capacity charges to the Company's citygate, for the appropriate season of the past year; and (c) times 30 days. The Seller may, at its option, elect to have the security determined annually, rather than seasonally in which case it will be based on the winter season.
- 3) If the Company bills customers on behalf of a Seller, and has the right to retain funds collected through such customer billing to offset amounts due from the Seller, no security for balancing and settlement transactions will be required.

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

(Name of Officer, Title, Address)