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 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
 RECEIVED: 05/26/99 STATUS: Effective EFFECTIVE: 06/01/99

SERVICE CLASSIFICATION NO. 11 (Cont'd.)

CREDITWORTHINESS: (Cont'd.)

Calling on Security Deposits

If the Seller fails to render payment on a timely basis, the Company will notify the Seller of its intent to call upon the security posted by the Seller to satisfy the outstanding invoices. If payment in full is not received within 5 business days from the date of notification to the Seller, the Company will draw from the security and notify the Seller that the amount drawn from the security must be fully reinstated within 5 calendar days or the Seller's eligibility to take service hereunder will be terminated.

The Company shall call upon the security posted by a Seller without prior notice if the Seller files a petition in bankruptcy or if, for any reason, a Seller ceases to provide service to its customers.

If the Company calls upon security posted by a Seller rendering bills to customers for both gas supply and delivery services, the funds will be applied to the Seller's customers' delivery charges and late payment charges, if any, for any unpaid amounts due to the Company from such customers.

SPECIAL PROVISIONS:

- (A) Subject to the Force Majeure provisions in Special Provision C, Seller must deliver to the Company on each day of the month at specified interconnection points with the Company's distribution system, which points are determined by the Company, the ADCQ as provided to the Seller pursuant to the above Nomination Procedures.

On a day the Seller delivers a volume other than the ADCQ, the Seller will be subject to a daily cashout and/or penalty as follows:

- (1) For any underdeliveries of the Seller's ADCQ, as reflected in the table below, the Seller will be cashed out at a rate equal to the Company's weighted average transportation cost including fuel losses, calculated at 100% load factor ("WACOT") plus a gas cost equal to the highest daily "Midpoint" rate of the "Louisiana - Onshore South", "Tennessee" receipt points for the applicable day as published in Gas Daily in the table, "Daily Price Survey" as follows:

<u>Percentage of ADCQ Underdelivered</u>	<u>Gas Daily Gas Cost</u>
0 to 2%	100%
2% to 5%	110%
5% or greater	120%

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

(Name of Officer, Title, Address)