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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.)

Credit Review (Cont'd.)

A Seller can satisfy the Company's credit requirement by:

- 1) it or its guarantor having a minimum rating of "BBB" from S&P and/or Fitch or "Baa2" from Moody's; or
- 2) if no credit rating is available as in (1) above, having a minimum "1A2" rating from D&B coupled with 24 months of good payment history for amounts equal to or greater than the credit exposure amounts identified herein with the Company, however, such unsecured credit granted the Seller herein is limited as follows:

<u>Rating</u>	<u>Unsecured Credit Available</u>
4A1 or 4A2	30% of the Seller's equity
3A1 or 3A2	30% of the Seller's equity
2A1 or 2A2	50% of the Seller's equity, up to \$500,000
1A1 or 1A2	50% of the Seller's equity, up to \$375,000

and such Seller shall provide the Company current financial statements, annual reports, 10-K reports or other filings with regulatory agencies, as deemed necessary by the Company, to determine the above unsecured credit limitations and Seller shall post security for the amount of the Company's credit exposure as identified in "Credit Limit and Security Determination" in excess of the above credit limitations; or

- 3) posting security in an acceptable form as identified in "Acceptable Forms of Financial Security".

The Company shall have the option to require a Seller having the minimum credit rating identified above to post security with the Company for the amount by which the Company's credit exposure with the Seller exceeds 5% of the Company's gas revenues from retail customers during the time period security is required to be posted.

A Seller having the minimum credit rating identified above, shall provide the Company the maximum security identified herein if:

- 1) the Seller or its guarantor is placed on credit watch with negative implications by any rating agency or the Company receives information that indicates that the Seller or its guarantor's credit rating could be downgraded below the minimum rating required. The resulting increase in the security requirement will be lifted if the Seller's or its guarantor's credit rating fails to be downgraded within 60 days; or
- 2) the Seller's status as a billing agent is terminated by another New York utility for failing to render timely bills to customers or make timely payments to the utility.

Issued By: R. Lee Haney, Chief Financial Officer, Pearl River, New York
 (Name of Officer, Title, Address)