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 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 0
 INITIAL EFFECTIVE DATE: 05/17/99 SUPERSEDING REVISION:
 STAMPS: Issued in compliance with Order in Case 98-G-0122 dated 03/17/99
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SERVICE CLASSIFICATION NO. 14

RATE - SIX PART - MONTHLY: (Continued)

(3) Real-time Value Component (Continued)

The Real-time Value Component (\$/Dth) for each day shall be equal to:

$$0.05 * \frac{\text{Daily Spark Spread}(\$/\text{MWh}) - \text{Base Spark Spread}(\$/\text{MWh}) * 1,000,000 \text{ Btu/Dth}}{\text{Heat Rate}(\text{Btu/kWh}) * 1,000 \text{ kWh/MWh}}$$

where

$$\text{Daily Spark Spread}(\$/\text{MWh}) = \text{Wholesale Price of Electricity} - \frac{\text{Cost of Gas}(\$/\text{Dth}) * \text{Heat Rate}(\text{Btu/kWh}) * \frac{1,000 \text{ kWh}}{1,000,000 \text{ Btu Dth}}}{1,000,000 \text{ Btu Dth}}$$

The Base Spark Spread and Heat Rate shall be established upon commencement of a customer's service agreement hereunder.

The Wholesale Price of Electricity shall be defined as the New York Independent System Operator's daily weighted average location based marginal price of energy for the zone in which the customer is located. The Cost of Gas shall be defined as the highest "Midpoint" rate of the "Louisiana-Onshore South", "Tennessee" receipt points for the applicable gas flow day as published in Gas Daily in the table "Daily Price Survey" - "Flow Date", plus the Tennessee Gas Pipeline FT-A transportation rate from Zone 1 to Zone 5 plus the corresponding Tennessee fuel retention plus the Transportation Charge and Marginal Cost Charge above.

Application of this Real-time Value Component shall not reduce the total of the Transportation Charge, Marginal Cost Charge and Real-time Value Component to less than \$0.05 per Dth.

(4) Over and Under-delivery Charges

If the amount of gas delivered to the boundary of the Company's service area on behalf of a customer varies from the amount of gas used by the customer on a daily basis, the customer will have an over-delivery or an under-delivery.

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

(Name of Officer, Title, Address)