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COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 0
INITIAL EFFECTIVE DATE: 08/24/98 SUPERSEDING REVISION:
STAMPS:
Cancelled by 2 Rev. Leaf No. 169 Effective 11/01/1999
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SERVICE CLASSIFICATION NO. 12 (Cont'd.)

BALANCING SERVICE OPTION: (Cont'd.)

Adjustments to Firm Transportation Rates, Service Classification No. 6. The highest ADCQ determined in the twelve-month period is the ("MAX ADCQ"). Seller shall be obligated to deliver the ADCQ each day during the month. At the end of each month, the Company will calculate the difference between the Seller's Balancing Service Option customer's actual usage and the ADCQ multiplied by the number of days in the billing period, taking into consideration any adjustment from prior months, and shall adjust the ADCQ for a succeeding month by that difference divided by the total number of days in the month, provided that such adjustment will neither increase that month's adjusted ADCQ to a level greater than the Seller's MAX ADCQ for the year nor decrease that month's adjusted ADCQ to a level less than zero. The increment of any such adjustment that results in a particular month's ADCQ being greater than the MAX ADCQ or less than zero will be carried to a future month.

The ADCQ is the amount of gas that Seller must deliver to the Company daily. If Seller is also serving customers that have elected the Functional Storage Service Option, the ADCQ and the MAX ADCQ determined for the Functional Storage Service Option shall be added to the ADCQ and MAX ADCQs determined herein.

FUNCTIONAL STORAGE SERVICE OPTION:

For customers electing the Functional Storage Service Option pursuant to Service Classification No. 6, the customer's Seller will be provided by the Company:

- a) an ADCQ which shall be equal to the sum of the DCQs required each month for all Functional Storage Service customers in Seller's Aggregation Group. The ADCQ represents the volume of gas the Seller is required to deliver to the Company's city gate each day.
- b) the ("FASC") which shall be equal to the sum of the functional annual storage capacity allocated to each customer in Seller's Aggregation Group.

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