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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. 168 Effective 11/01/1999
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SERVICE CLASSIFICATION NO. 12 (Cont'd.)

DETERMINATION OF AGGREGATED DAILY CONTRACT QUANTITY:

An Aggregated Daily Contract Quantity ("ADCQ"), stated in dekatherms (Dth's), shall be calculated monthly for each Seller taking service hereunder. The ADCQ shall be equal to the sum of the DCQs ("Daily Contract Quantity") for all Balancing Service customers and Functional Storage Service customers in the 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.

A customer must elect either the Balancing Service Option or the Functional Storage Service Option for each customer account. A Seller must specify in the nomination procedures which customers within its Aggregation Group are to receive the Balancing Service and which customers are to receive the Functional Storage Service. A Seller must retain a customer in the Balancing Service Option, or Functional Storage Service Option aggregation group initially through March 31, and annually thereafter.

BALANCING SERVICE OPTION:

For Balancing Service Option customers, the DCQ for each calendar month shall be calculated by the Company by dividing each customer's weather-normalized usage for each month of the most recent twelve billing months by the total number of days in each billing month and restating the billing month usage on a calendar month basis. The Company may adjust each customer's DCQs during the year due to changes in the customer's gas equipment or pattern of usage. For new customers, the initial monthly DCQ will be estimated by the Company based on the rating of the customer's gas-fired equipment and the expected utilization of such equipment.

The daily DCQs determined, as set forth above, reported on a volumetric basis shall be aggregated by month for each of the twelve months for all Balancing Service Option customers within a Seller's Aggregation Group. The result obtained shall be the monthly ADCQ. The monthly ADCQ shall be multiplied by the Company's factor of adjustment as defined in General Information Section 12 and then converted to an energy basis by using the conversion factor shown in the Monthly Statement of

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