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 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 1
 INITIAL EFFECTIVE DATE: 08/24/98 SUPERSEDING REVISION: 0
 STAMPS:
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 RECEIVED: 07/24/98 STATUS: Cancelled EFFECTIVE: 08/24/98

SERVICE CLASSIFICATION NO. 11 (Cont'd.)**SPECIAL PROVISIONS: (Cont'd.)**

- (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 posting for the applicable month as published in Gas Daily in the table, "Daily Price Survey" for the Tennessee Louisiana Zone 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%

For any underdeliveries greater than five percent of the Seller's ADCQ on any day other than on days during a Strict Adherence Order ("SAO") period as defined below, the Seller will pay, in addition to the above gas costs, a penalty charge equal to \$10.00 per dekatherm. Upon the second occurrence of an underdelivery of five percent or more, Seller will be required to post the Security specified in Special Provision B.

- (2) Strict Adherence Orders:
 Upon no less than eight hours notice, the Company may, on any days that it determines that its gas supply condition is critical, issue a SAO. For any underdeliveries greater than five percent of the Seller's ADCQ during a SAO period, the Seller will pay a penalty charge equal to \$25.00 per dekatherm, plus the cost of gas specified in (1) above.
- (3) For any overdeliveries, the Seller will be cashed out at a rate equal to the Company's monthly average commodity cost of gas. The Company, at its sole discretion, may refuse to accept any overdeliveries from a Seller.
- (4) If Seller overdelivers or underdelivers gas at any time, the cashout volume will be treated as a purchase or sale of gas supply by the Company and the customers served by the Seller will not have such overdeliveries or underdeliveries credited to their accounts.

- (B) The Company's acceptance of an Application for Service under this Service Classification is contingent upon Seller satisfying a credit appraisal by the Company. The Company shall apply, on a non-discriminatory basis, consistent financial evaluation standards to determine the acceptability of Seller's overall financial condition. The Company shall perform such evaluations no less frequently than once every twelve months. The following credit data shall be submitted with Seller's request for service. Credit evaluation shall be completed within two weeks after all information has been received by the Company.

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

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Effective Date: 08/24/1998

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