

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

RATE - THREE PART - MONTHLY: (Continued)

(1) Unit Charge (Cont'd.)

The Unit Charge shall not be less than the "Average Commodity Cost of Gas".

The Unit Charge shall not be greater than the sum of (i) the lowest per unit delivery charge for service under Service Classification No. 2, plus (ii) the Gas Supply Charge and Monthly Gas Adjustment applicable to service under Service Classification No. 2.

The "Average Commodity Cost of Gas" shall be computed monthly by:

- (a) applying the commodity rates and charges of the Company's gas suppliers, which are or will be in effect on the date the gas supply charge applicable to Service Classification Nos. 1 and 2 becomes effective, to the respective quantities of purchased gas taken from each supplier during the twelve consecutive calendar months immediately preceding the date of computation.
- (b) applying the commodity rates and charges of the Company's gas suppliers, which are or will be in effect on the date the gas supply charge applicable to Service Classification Nos. 1 and 2 becomes effective for new or substantially amended gas supply contracts (substantially amended gas contracts mean changes have the effect of increasing or decreasing either the quantities of gas or the cost of the gas by more than 5 percent) under which gas has not been purchased during all of the twelve calendar months immediately preceding the computation dates, to volumes equal to the annual volumes to be taken under each such contract.
- (c) dividing the sum of items (a) and (b) by the quantity of gas purchased during such twelve months.

(2) Temporary State Assessment Surcharge

The Temporary State Assessment Surcharge as described in General Information Section 24 shall apply to all gas delivered under this Service Classification.

(3) Increase in Rates and Charges

The rates and charges under this Service Classification will be increased pursuant to General Information Section 15.

STATEMENT OF INTERRUPTIBLE GAS RATES:

Not less than three working days prior to the first day of each billing period, the Company shall file with the Commission a statement showing the Maximum Allowable Unit Charge, the Minimum Allowable Unit Charge, the actual Unit Charges to be billed, the Difference and the Effective Charges as provided for above.

Issued By: William Longhi, President, Pearl River, New York
(Name of Officer, Title, Address)

PSC NO. 4 GAS
ORANGE AND ROCKLAND UTILITIES, INC.
INITIAL EFFECTIVE DATE: October 1, 2005

LEAF: 120
REVISION: 7
SUPERSEDING REVISION: 6

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

MINIMUM CHARGE:

None.

TERMS OF PAYMENT:

Bills are due when rendered, subject to a late payment charge in accordance with the provisions of General Information Section 6.6.

TERM:

One year and successive annual periods thereafter until terminated by the customer at the end of any contract year upon not less than ninety (90) days prior notice in writing to the Company; terminable by the Company upon like notice to the customer; also terminable by the Company in the manner provided by law and provisions of this rate schedule.

In addition to all other remedies available to the Company, the Company reserves the right to discontinue service immediately, temporarily or permanently, to the customer or to the premises where there is a violation or any failure to comply with any of the provisions of this Service Classification, the Company's Sales and Transportation Operating Procedures, or this Rate Schedule.

SPECIAL PROVISIONS:

(A) Metering

The unit of measurement shall be a cubic foot of gas at an absolute pressure of fourteen and seventy-three one-hundredths pounds (14.73#) per square inch, a temperature of sixty degrees Fahrenheit and without adjustment for water vapor content. In determining the volume of gas delivered, the Average Absolute Atmospheric (Barometric) Pressure shall be assumed to be fourteen and four-tenths pounds (14.4#) to the square inch, irrespective of actual elevation or location of the delivery point above sea level or variations in actual barometric pressure from time to time.

(B) Supply

Gas supplied hereunder is in addition to and not a part of the Company's system requirements. During the term of the Order dated October 26, 1971, as amended on December 14, 1971, of the Public Service Commission Case 25766, a customer served under the rate schedule may not shift to any other rate schedule to effect any change in availability of gas to his premises.

Issued By: John D. McMahon, President, Pearl River, New York
(Name of Officer, Title, Address)

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(C) Availability

Service under this rate schedule is available only to those customers being served prior to December 22, 1972 and only at the location of such service prior to December 22, 1972.

(D) Firm Base Load

A customer, at its option, may declare, prior to November 1 of each year, a fixed volume of its daily usage as Firm Base Load. A Customer electing this option may use its Firm Base Load volume during periods of interruption without incurring the Charge for Unauthorized Use of Gas set forth in Special Provision F (2) of this Service Classification for usage up to the Firm Base Load declared. Such use of Firm Base Load volume shall not be considered a violation under Special Provision F (1) of this Service Classification. All Firm Base Load usage will be considered first through the meter and be billed at the rates and charges contained in Service Classification No. 2. Declared Firm Base Load volumes will remain fixed for a period of one year.

(E) Customer Responsibilities

Customers must maintain operable alternate fuel equipment, adequate fuel storage capacity at the customer's location for use in such alternate fuel equipment and fuel supply that is adequate and replenished as necessary to enable the customer to operate satisfactorily such equipment without gas whenever and so long as service under this Service Classification is interrupted. The customer must also maintain a dedicated customer-installed telephone line to enable the Company to obtain remote readings of the customer's meter.

(1) Alternate Fuel/Energy Facilities

The customer shall immediately: (i) notify the Company of any condition that would prevent the required interruption of gas service or prevent the Company from determining whether the customer is using gas during an interruption, (ii) take immediate action to correct such condition, and (iii) notify the Company when such condition has been corrected.

Customers with inoperable alternate fuel or alternate energy facilities, including associated customer-installed telephone lines, will be entitled to a forty-eight hour grace period to correct the condition from the time when the condition is first reported by the customer or from when the condition is first discovered by the Company with notice to the customer, whichever is earlier. Any such grace period permitted under this Special Provision shall not exempt the customer from the "two violation rule" set forth in Special Provision F(1). Customers that fail to correct the condition within the forty-eight hours shall be subject to the Charge for Inoperable Alternate Fuel/Energy Facilities or

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(E) Customer Responsibilities (Cont'd.)

(1) Alternate Fuel/Energy Facilities (Cont'd.)

Inadequate Fuel Reserves set forth in Special Provision F (3) of this Service Classification.

The customer must comply with an annual inspection of its alternate fuel or alternate energy facilities, at a date and time determined by the Company, to determine whether such facilities are operable. In addition, the Company shall have the right to require compliance with a planned interruption to test customers' alternate fuel or alternate energy facilities. The customer must comply with any such planned interruption.

(2) Reserve Requirements

Prior to October 1 of each year, customers are required to demonstrate to the Company that they will have in place by November 1 adequate reserves of their alternate fuel based on their peak winter period requirements and in accordance with the provisions below.

- (a) All Distillate Users and Human Needs Customers shall have a ten days supply of alternate fuel. If the customer does not have ten days storage capability on site, the customer must fill available on-site storage and prove, to the Company's satisfaction, that a relationship exists with an alternate fuel provider to supply the customer for the difference between its on-site supply and the ten days of required alternate fuel supply.

For the purposes of this provision, Distillate Users are those customers using No. 2 fuel oil, diesel fuel or kerosene as their alternate fuel source and Human Needs Customers are those who receive service for their own or another's residential uses and purposes whether involving temporary or permanent occupancy, which includes residential hotels, single room occupancies, prisons, dormitories, living facilities of clergy and acute care or nursing home providers housing patients or residents on an overnight basis including, nursing homes, hospitals, community residences, and shelters.

- (b) New customers commencing service under this Service Classification on and after December 1, 2001, must, in addition to meeting the other requirements above, have three days or more of on-site inventory of alternate fuel, based on the customer's peak winter requirements as determined in accordance with the Company's Gas Transportation Operating Procedures.

Issued By: John D. McMahon, President, Pearl River, New York
(Name of Officer, Title, Address)

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(E) Customer Responsibilities (Cont'd.)

(2) Reserve Requirements (Cont'd.)

- (c) Other interruptible customers must maintain reserve levels acceptable to the Company.

A customer with an inadequate alternate fuel reserve that fails to interrupt gas service at any time during the first 10 days of interruption in any Winter Period or who has inadequate alternate fuel reserve as of November 1 of each year shall be subject to the Charge for Inoperable Alternate Fuel/Energy Facilities or Inadequate Fuel Reserves set forth in Special Provision F (3) of this Service Classification.

To the extent required by the Order Directing Utilities to File Revised Interruptible Gas Service Tariffs, issued and effective August 24, 2000, in Case 00-G-0996, the Company will consider, on a case-by-case basis, requests to be exempt from the applicable reserve requirement from individual customers that elect to shut down operations during interruption periods for as long as gas service is interrupted, where the customer agrees to (i) install or to have installed, all equipment (including an automatic shut-off valve and communications equipment) deemed necessary by the Company, at customer's sole cost and expense, (ii) reimburse the Company for any other costs incurred by the Company in connection with such election and its implementation, and (iii) execute all documents deemed necessary by the Company to consider such election as verifiable.

(F) Provisions Relating Interruptions

(1) Failure to Interrupt

Customers that fail to fully interrupt their use of gas for any two interruption periods (including any Company announced planned interruptions)("two-violation rule") during each Winter Period will thereafter be ineligible for service hereunder and will be transferred to Service Classification No. 1, 2, or 6, whichever is applicable, commencing with the first billing month following the month in which the second violation occurs, unless the Company has received written notification requesting that the service be disconnected and the Company has verified that that it has been disconnected and locked.

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(F) Provisions Relating Interruptions (Cont'd.)

(1) Failure to Interrupt (Cont'd.)

A customer's failure to fully interrupt its gas use during an interruption will not count towards the two-violation rule if it qualifies for the one-time exception rule described below. Customers removed from this Service Classification because of the two-violation rule will be ineligible for service under this Service Classification for the remainder of the current Winter Period plus the next twelve succeeding months. For periods thereafter, the customer may reapply for service under this Service Classification not less than ninety days prior to the proposed commencement date, except that the customer may not request a commencement date that falls within the Winter Period.

A customer's failure to interrupt its use of gas due to inoperable alternate fuel or alternate energy facilities (excluding, for purposes of this paragraph, associated customer-installed phone lines) counts as a violation towards the above-described two-violation rule, except as follows. On one occasion during each Winter Period, a customer's failure to interrupt the use of gas due to documented inoperable alternate fuel or alternate energy facilities will not be counted as a violation toward the two-violation rule, provided that the Customer (i) notifies the

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(F) Provisions Relating Interruptions (Cont'd.)

(1) Failure to Interrupt (Cont'd.)

Company within one hour of the failure of its equipment; (ii) repairs and makes operable its equipment within forty-eight hours of the equipment's failure; and (iii) provides the Company with an affidavit or other sufficient documentation that it has repaired and made operable its alternate fuel or alternate energy equipment and immediately complies with the earlier of the ongoing interruption or a separate planned interruption. The Company will extend the one-time forty-eight hour repair deadline to a period not to exceed seven days provided the customer demonstrates, to the Company's satisfaction, that such extension was necessary due to the unavailability of a part and its installation during such forty-eight hour repair period. All three conditions set forth above must be satisfied for this exception to the two-violation rule to apply. During the forty-eight hour repair period, or, if applicable, the extended seven day repair period, the customer will be subject to all applicable charges of this Service Classification for all gas consumed, except for the charge for inoperable alternate fuel/energy facilities or inadequate fuel reserves set forth in Special Provision (F)(3), provided that the customer makes operable its alternate fuel/energy facilities within the forty-eight hour or seven day repair period, whichever is applicable.

(2) Charge for Unauthorized Use of Gas

All gas consumed by a customer during a period of interruption in excess of the customer's firm base load volume shall be subject to a charge equal to the greater of a) two times the sum of (i) the cost of gas delivered to the Company's citygate on the day of the violation, as defined below, plus (ii) the applicable interruptible transportation rate determined in accordance with Service Classification No. 8 and as set forth in the "Statement of Interruptible Transportation and Supplemental Sales Charges" for the month in which the violation occurred or b) nine times the applicable interruptible sales rate determined in accordance with this Service Classification and as set forth in the monthly "Statement of Interruptible Gas Rates" for the month in which the violation occurred. For the purposes of this provision, the cost of gas shall be equal to the highest daily "Midpoint" rate of the "Louisiana-Onshore South", "Tennessee" receipt points for the appropriate day as published in Gas Daily in the table "Daily Price Survey" plus the Company's weighted average cost of transportation (WACOT) and fuel losses at 100% load factor.

PSC NO. 4 GAS
ORANGE AND ROCKLAND UTILITIES, INC.
INITIAL EFFECTIVE DATE: October 1, 2005

LEAF: 122.3
REVISION: 0
SUPERSEDING REVISION:

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

(F) Provisions Relating Interruptions (Cont'd.)

(3) Charge for Inoperable Alternate Fuel/Energy Facilities or Inadequate Fuel Reserves

Customers that fail to comply with the requirements set forth in Special Provision E above shall be subject to a charge equal to the greater of a) 130% of the cost of its alternate fuel, as established with reference to appropriate fuel price indices as determined in accordance with the Company's Gas Transportation Operating Procedures or b) 130% of the rates charged by the Company under this Service Classification, minus the rates paid by the customer under this Service Classification. This additional charge shall be applied to all gas consumed during the billing period, excluding any Firm Base Load volumes, in which there is non-compliance and for any subsequent billing periods during which the non-compliance continues.

Issued By: John D. McMahon, President, Pearl River, New York
(Name of Officer, Title, Address)