SERVICE CLASSIFICATION NO. 7

APPLICABLE TO USE OF SERVICE FOR:

Service in the entire territory to any customer for the sole purpose of fueling motor vehicles as described in the Character of Service Section below. Service shall be separately metered from all other service taken and shall not be combined with use under any other Service Classification of this Rate Schedule. Customers with compressed natural gas (“CNG”) fueling stations located in the Company’s service territory and requiring firm service shall take service under SC No. 2 or SC No. 6 of this Schedule and be required to pay all of the associated charges of those service classifications.

CHARACTER OF SERVICE:

Negotiated sale or transportation of Interruptible natural gas to owners or operators of CNG fueling stations located in the Company’s service territory.

A customer taking interruptible transportation service under this Service Classification is required to: (1) nominate and schedule the volumes to be delivered to the delivery point each day; and (2) balance the volumes delivered to the Company with actual usages each day and month within the sub-paragraph “Over and Under-delivery Charges”. A customer may elect to have a Qualified Seller perform the balancing service pursuant to Service Classification No. 13. For customers electing to have a Qualified Seller perform the balancing service, the over-delivery and under-delivery charges specified in “Rate-Monthly” will be billed to the Qualified Seller and the Qualified Seller will be primarily responsible for such charges. If for any reason a Qualified Seller does not pay the under-delivery or over-delivery charges, however, the Company retains the right to bill the customer for such charges.

Issued By: Timothy Cawley, President, Pearl River, New York
(Name of Officer, Title, Address)
SERVICE CLASSIFICATION NO. 7 (Cont’d.)

CHARACTER OF SERVICE: (Cont’d.)

Customers also have the option, in lieu of taking interruptible transportation service, to purchase Supplemental Sales Service on a monthly basis. Supplemental Sales Service is the sale of interruptible natural gas owned by the Company having a heating value of not less than 1,000 Btu per cubic foot delivered at a pressure agreed upon by the customer and the Company, but not in excess of the available pressure at the point of delivery, as determined by the Company. To purchase Supplemental Sales Service, a customer must notify the Company by the twenty-fifth day of any month to commence Supplemental Sales Service on the first calendar day of the following month. Customers electing Supplemental Sales Service will be precluded from transporting gas under this Service Classification commencing with the first day of the calendar month following such notification requesting Supplemental Sales Service until the customer submits a subsequent notification by the twenty-fifth day of any calendar month to resume transportation service under this Service Classification commencing on the first day of the calendar month following such notification.

SERVICE AGREEMENT:

The Company and customer shall execute a service agreement prior to the commencement of service hereunder. The service agreement shall contain all information necessary for the Company to supply service to the customer, including but not limited to:

(a) the term of service, options for continuing service and options for canceling service;

(b) the exact character of service including volumes, pressures and customer’s equipment to be served;

(c) receipt and/or delivery points, intervening pipelines and suppliers;

(d) additional facilities to be constructed or installed; and

(e) a listing of all charges to be made for services rendered.

Rates and terms offered to one customer under a negotiated service agreement will be made available to other similarly situated customers on a non-discriminatory basis. The Company will make available, on request, the criteria it will use to determine which customers are similarly situated. Negotiated service agreements between the Company and its customers will be filed with the Commission at least 30 days before becoming effective.

Issued By: Timothy Cawley, President, Pearl River, New York
(Name of Officer, Title, Address)
SERVICE CLASSIFICATION NO. 7  (Cont'd.)

RATE - MONTHLY:

(1) Customers shall be subject to a “Delivery Charge” as stated in the negotiated service agreement. Customers shall also be responsible for paying the Over and Under-delivery Charges and the other applicable rates and charges stated in this Service Classification and in the customer’s service agreement. In addition, should a customer purchase Supplemental Sales Service, the customer will also be responsible for paying the Supplemental Sales Supply Charge set forth on the “Statement of Interruptible Transportation and Supplemental Sales Charges” filed with the Commission each month.

(2) Over and Under-delivery Charges

If the amount of gas delivered to the Company by a customer electing interruptible transportation service varies from the amount of gas used by the customer on a daily basis, (adjusted for losses as defined in Special Provision D “Loss Adjusted Usage”), the customer will have an over-delivery or an under-delivery. If on any day the over-delivery or under-delivery is less than 7.5% of a customer’s actual daily Loss Adjusted Usage, the customer may adjust subsequent daily deliveries to the Company by an amount not to exceed 7.5% of any day’s Loss Adjusted Usage to eliminate any over- or under-deliveries by the end of the month. Any over- or under-delivery remaining at the end of each month will be cashed out. To cash out over- or under-deliveries, the customer must sell the over-delivered volumes to the Company or purchase the under-delivered volumes from the Company as specified below.
SERVICE CLASSIFICATION NO. 7 (Cont’d.)

(2) Over and Under-delivery Charges (Cont’d.)

(a) Over-deliveries - Daily

If on any day a customer's over-delivery is greater than 7.5% of a customer's actual Loss Adjusted Usage, the over-delivered volumes in excess of 7.5% will be purchased by the Company at the rates set forth below.

<table>
<thead>
<tr>
<th>For Over-deliveries</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;7.5% up to and including 10%</td>
<td>90% of Index Price</td>
</tr>
<tr>
<td>&gt;10% up to and including 20%</td>
<td>80% of Index Price</td>
</tr>
<tr>
<td>&gt;20% – Winter</td>
<td>60% of Index Price</td>
</tr>
<tr>
<td>&gt;20 – Summer</td>
<td>70% of Index Price</td>
</tr>
</tbody>
</table>

The Index Price used to determine the applicable rate shall be equal to the simple average of the daily Algonquin, City-gates, and Millennium East midpoint price index on the day in which the over-delivery occurs.

(b) Over-deliveries - Monthly

If there is an over-delivery at the end of the month, the over-delivered volumes will be purchased at a rate equal to the lower of the monthly average of the daily Algonquin, City-gates, and Millennium-East midpoint prices or the average of the Algonquin, City-gates and Millennium-East First-of-Month Low Range Price as published in Platt’s Gas Daily.

(c) Under-deliveries - Daily

If on any day a customer's under-delivery is greater than 7.5% of a customer's actual Loss Adjusted Usage, the under-delivered volumes in excess of 7.5% will be sold to the customer by the Company at the rates set forth below.

<table>
<thead>
<tr>
<th>For Under-deliveries</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;7.5% up to and including 10%</td>
<td>110% of Index Price</td>
</tr>
<tr>
<td>&gt;10% up to and including 20%</td>
<td>120% of Index Price</td>
</tr>
<tr>
<td>&gt;20% – Winter</td>
<td>140% of Index Price</td>
</tr>
<tr>
<td>&gt;20 – Summer</td>
<td>130% of Index Price</td>
</tr>
</tbody>
</table>

The Index Price used to determine the applicable rate shall be equal to the simple average of the daily Algonquin, City-gates, and Millennium East midpoint price index on the day in which the under-delivery occurs.

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SERVICE CLASSIFICATION NO. 7  (Cont'd.)

RATE - MONTHLY:  (Cont’d.)

(2) Over and Under-delivery Charges  (Cont’d.)

(d) Under-deliveries – Monthly

If there is an under-delivery at the end of the month, the under-delivered volumes will be sold to the customer by the Company at a rate equal to the higher of the monthly average of the daily Algonquin, City gates, and Millennium-East midpoint prices or the average of the Algonquin, City-gates and Millennium-East First-of-Month High Range Price as published in Platt’s Gas Daily.

(3) Increase in Rates and Charges

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

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:

The initial term and renewal options for a customer shall be as provided for in the customer’s service agreement. 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 customer’s service agreement, the Company’s Gas Transportation Operating Procedures, or this Rate Schedule.
SPECIAL PROVISIONS:

(A) Emergency Service

The Company may sell CNG at Company fueling facilities in emergency situations only at the Company’s sole discretion. An emergency situation is defined as a customer’s planned or spontaneous inability to fuel at a third-party operated CNG fueling facility, which may arise due to circumstances such as, but not limited to, equipment failure, environmental factors, or planned maintenance.

The charges applicable to customers taking service under this Special Provision for the sale of gas in an emergency situation will be subject to the charges contained in Part (1), Parts (3) through (8), and Part (10) of RATE – MONTHLY of SC No. 2. A customer who owns their own natural gas vehicle fueling facility will also be subject to a supply price of gas equal to: (a) the highest incremental cost of gas if the emergency situation requires additional, unexpected gas purchases; or (b) the weighted average cost of gas if no additional gas purchases are required. A customer that does not have their own natural gas vehicle fueling facility will be subject to a supply price of gas equal to the highest incremental cost of gas.

(B) Budget Billing

The Company’s budget billing plan is not available to customers taking service hereunder.

(C) Notification of Use of Liquified Petroleum Gas

At certain times, the Company introduces liquified petroleum gas into its system at various points. The Company will notify a designated representative of each customer whose operation may be affected by the introduction of liquified petroleum gas of the planned introduction and will notify said representative when the introduction has ceased. Each customer assumes full responsibility for any injuries and damages resulting from such customer’s continued operation after notification of the planned introduction of liquid petroleum gas into the Company’s system.

Issued By: Timothy Cawley, President, Pearl River, New York
(Name of Officer, Title, Address)
SERVICE CLASSIFICATION NO. 7 (Cont’d.)

SPECIAL PROVISIONS: (Cont’d.)

(C) Notification of Use of Liquified Petroleum Gas (Cont’d.)

The Company will not be liable for any injury, casualty or damage resulting in any way from a customer's continued operation after notification of a planned introduction of liquid petroleum into the Company's system, except injuries or damages resulting from the negligence of the Company.

(D) Loss Adjusted Usage

The customer or its Seller shall deliver additional gas to compensate the Company for losses incurred in transporting customer’s gas. The total quantity of gas to be delivered shall be equal to the customer’s metered usage multiplied by the factor of adjustment as defined in General Section 12.

(E) Customer Responsibilities

All customers taking service under this Service Classification must maintain a dedicated customer-installed telephone line to enable the Company to obtain meter readings of the customer’s meter. In addition, customers must comply with Company-initiated interruptions as detailed in the negotiated service agreement. If a customer fails to interrupt its use of gas during a period of interruption, the Company may, at its sole discretion, physically shut down the customer's gas service. In addition to any other applicable charges under this Service Classification associated with such failure to interrupt, the customer must reimburse the Company for any costs incurred to perform the physical shutdown.

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SPECIAL PROVISIONS: (Cont’d.)

(F) Provisions Related to 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 (November through March), will thereafter be ineligible for service hereunder and will be transferred to Service Classification No. 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 it has been disconnected and locked. 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 renegotiate its contract with the Company 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.

(2) Charge for Unauthorized Use of Gas

All gas consumed by a customer during a period of interruption as defined in the negotiated service agreement shall be subject to a charge equal to the higher 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 "Delivery Charge" as set forth in the customer’s service agreement or b) nine times the sum of the customer’s negotiated transportation charges as set forth on the "Statement of Interruptible Sales Service Supply Charge" applicable to sales customers 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.