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 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 3
 INITIAL EFFECTIVE DATE: 06/01/01 SUPERSEDING REVISION: 1
 STAMPS: Issued in compliance with Order in Cases 99-M-0631 and 98-M-1343, date
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SERVICE CLASSIFICATION NO. 13 (Cont'd.)

CREDITWORTHINESS: (Cont'd.)

Credit Limit and Security Determination

The credit limit determination shall be completed within 10 business days from the receipt by the Company of the financial and credit information. The Seller will be provided a written statement describing the result of the credit evaluation, rationale and calculations, if any, supporting the established credit limit and any resulting security requirement.

If the Seller does not meet the credit requirements identified, security in an amount equal to the Company's credit exposure shall be required. The credit exposure will be determined as follows:

- 1) If the Seller bills customers for both delivery and gas supply in accordance with General Information Section No. 6.5(2), the credit exposure will be equal to 45 days of a Seller's customers' projected peak period aggregate energy requirements over the next 12 months - priced at the rates and charges of the customers' applicable Service Classifications.
- 2) Credit exposure associated with natural gas balancing and settlement transactions shall be determined seasonally. Seasons are defined as Summer (April 1 through October 31) and Winter (November 1 through March 31). The credit exposure shall be determined by: (a) the Seller's MAX ADCQ based on the appropriate season of the past year; (b) priced at the highest month's average daily closing NYMEX price, at the Henry Hub, plus upstream capacity charges to the Company's citygate, for the appropriate season of the past year; and (c) times 30 days. The Seller may, at its option, elect to have the security determined annually, rather than seasonally in which case it will be based on the winter season.
- 3) If the Company bills customers on behalf of a Seller, and has the right to retain funds collected through such customer billing to offset amounts due from the Seller, no security for balancing and settlement transactions will be required.

The creditworthiness standards identified herein shall be waived for a Direct Customer provided that such customer's accounts with the Company have been, and remain, current for 12 months and provided that, if applicable, the customer's unsecured debt securities are rated, and remain, rated a minimum of BBB, Baa2 or BBB by Standard & Poor's, Moody's or Fitch, respectively. If the customer's debt is not rated, its account with the Company must be current, and it must not have a poor payment history with the Company for the most recent 24 months.

Issued By: Stephen B. Bram, President, Pearl River, New York
 (Name of Officer, Title, Address)