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FILES
ALBANY, N.Y.

April 14, 2000

VIA FEDERAL EXPRESS

Honorable Debra Renner
Acting Secretary
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

OLG Files! 97-6-1380
cc! to R. Krieger
L. Van Vranken
P. Catalano

Re: Case No. 97-G-1380 - In the Matter of
Issues Associated with the Future of
the Natural Gas Industry and the Role
of Local Gas Distribution Companies

Dear Acting Secretary Renner:

The Brooklyn Union Gas Company and KeySpan Gas East Corporation d/b/a Brooklyn Union of Long Island (together, the "KeySpan Energy Delivery Companies" or the "Companies"), hereby file an original and three (3) copies of their joint Gas Transportation Operating Procedures Manual as required by the Commission's Order issued on December 21, 1999 (the "December 21st Order") and its Notice, issued on March 28, 2000, in the above-captioned proceeding.

The KeySpan Energy Delivery Companies' Gas Transportation Operating Procedures Manual contains all the pertinent information required by the December 21st Order.

In accordance with the December 21st Order, the Companies are also filing electronically today amendments to the following tariff leaves, to become effective on a temporary basis on April 17, 2000, in order to make their tariffs conform to the operating procedures contained in the Manual:

I. The Brooklyn Union Gas Company - P.S.C. No. 12-GAS

Second Revised Leaf No. 308
Second Revised Leaf No. 316
Second Revised Leaf No. 345
Second Revised Leaf No. 353
Second Revised Leaf No. 378
Second Revised Leaf No. 386
Second Revised Leaf No. 414
Fourth Revised Leaf No. 419
First Revised Leaf No. 427.16

Honorable Debra Renner
Acting Secretary
April 14, 2000
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II. KeySpan Gas East Corporation d/b/a Brooklyn Union
of Long Island - P.S.C. No. 1-GAS

First Revised Leaf No. 64
Fourth Revised Leaf No. 139
First Revised Leaf No. 148
First Revised Leaf No. 154
First Revised Leaf No. 161.4
First Revised Leaf No. 183
First Revised Leaf No. 199

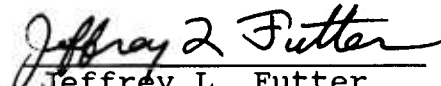
Copies of this filing are being served on all eligible
marketers in the Companies' service territories.

If you have any questions regarding this filing, please
contact Mike Bauer at (516) 545-3855 or the undersigned at (718)
403-3013.

Respectfully submitted,

THE KEYSpan ENERGY
DELIVERY COMPANIES

By:


Jeffrey L. Futter
Senior Counsel

JLF:dh
Attachments

**KEYSPAN ENERGY DELIVERY COMPANIES'
GAS TRANSPORTATION OPERATING
PROCEDURES MANUAL**

April 14, 2000

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INTRODUCTION

I. INTRODUCTION

Pursuant to the New York Public Service Commission's direction, these operating procedures are intended to provide both marketers and customers using gas transportation service in the KeySpan Energy Delivery Companies' service territories, with a comprehensive guide to the general rules, regulations, terms and conditions for eligibility and utilization of gas transportation service in their service territories. The KeySpan Energy Delivery Companies are KeySpan Gas East Corporation d/b/a Brooklyn Union of Long Island (also referred to as BULI) and The Brooklyn Union Gas Company (also referred to as BUNY or BU) .

This manual should be used in conjunction with the KeySpan Energy Companies' gas tariffs. It is not intended to supersede any of the Companies' existing tariffs.

New York State Public Service Commission information and requirements may be obtained by visiting their web site at: www.dps.state.ny.us

OVERVIEW OF KEYSPAN ENERGY

II. OVERVIEW OF KEYSpan ENERGY (Including the Delivery Companies)

A. Corporate Structure

1. Table of Organization
2. The Delivery Companies' Gas System Operations

KEYSPAN ENERGY

Chairman & Chief Executive Officer
Robert B. Catell

Board of Directors

**President &
Chief Operating Officer**
Craig G. Matthews

**VP
Internal
Audit**
L. Dryer

**Executive VP
KeySpan Services**

W. Feraudo

**Senior VP
Corporate
Development
& Asset
Management**
N. Nichols

**VP
Energy
Supply
Asset Mgmt.**
C. Daverio

**Sr. VP
& General
Counsel**
S. Zeikowitz

**VP
Deputy Gen'l
Counsel &
Corporate
Secretary**
Open

**Energy
Marketing
Services**

**Executive VP
Strategic Services**

R. Fani

**Sr. VP
& Chief
Financial
Officer**
G. Luterman

**VP
Controller/
Financial
Services**
R. Jendras

**VP
Financial
Planning**
A. Jordan

**VP
Investor
Relations**
M. Taunton

**VP
Treasurer**
R. Wiczorek

**VP
Strategic
Planning &
Management**
C. Ceriello

**VP
Comp &
Benefits**
J. Orlando

**VP
Staffing &
Development**
E. Weinstein

**VP
Strategic
Marketing &
E-Business**
C. Watson

**Employee &
Labor Relations**

**Sr. VP
Corporate
Affairs**
D. Manning

**VP
Public
Affairs**
A. Melick

**VP
Government &
Regulatory
Relations**
D. Taylor

**Corporate
Philanthropy**

**VP
Environmentl
Operations**
B. McCaffrey

**Sr. VP
& CIO
Information
Technology**
C. Smith

**VP
Technology
Operations**
R. Siegel

**Executive VP
Shared Services**

L. Puleo

**VP
Customer
Services**
J. Fernandez

**VP
Operating
Services**
Open

**VP
Customer
Strategy**
Open

**Business
Improvement**

**Executive VP
KeySpan Gas**

W. Parker

**VP
KeySpan
Gas NYC**
J. Haran

**VP
KeySpan
Gas LI**
G. Jongeling

**VP
Gas Sales
& Marketing**
Open

**VP
Gas
Engineering**
Open

**Executive VP
KeySpan Electric**

A. Nozzolillo

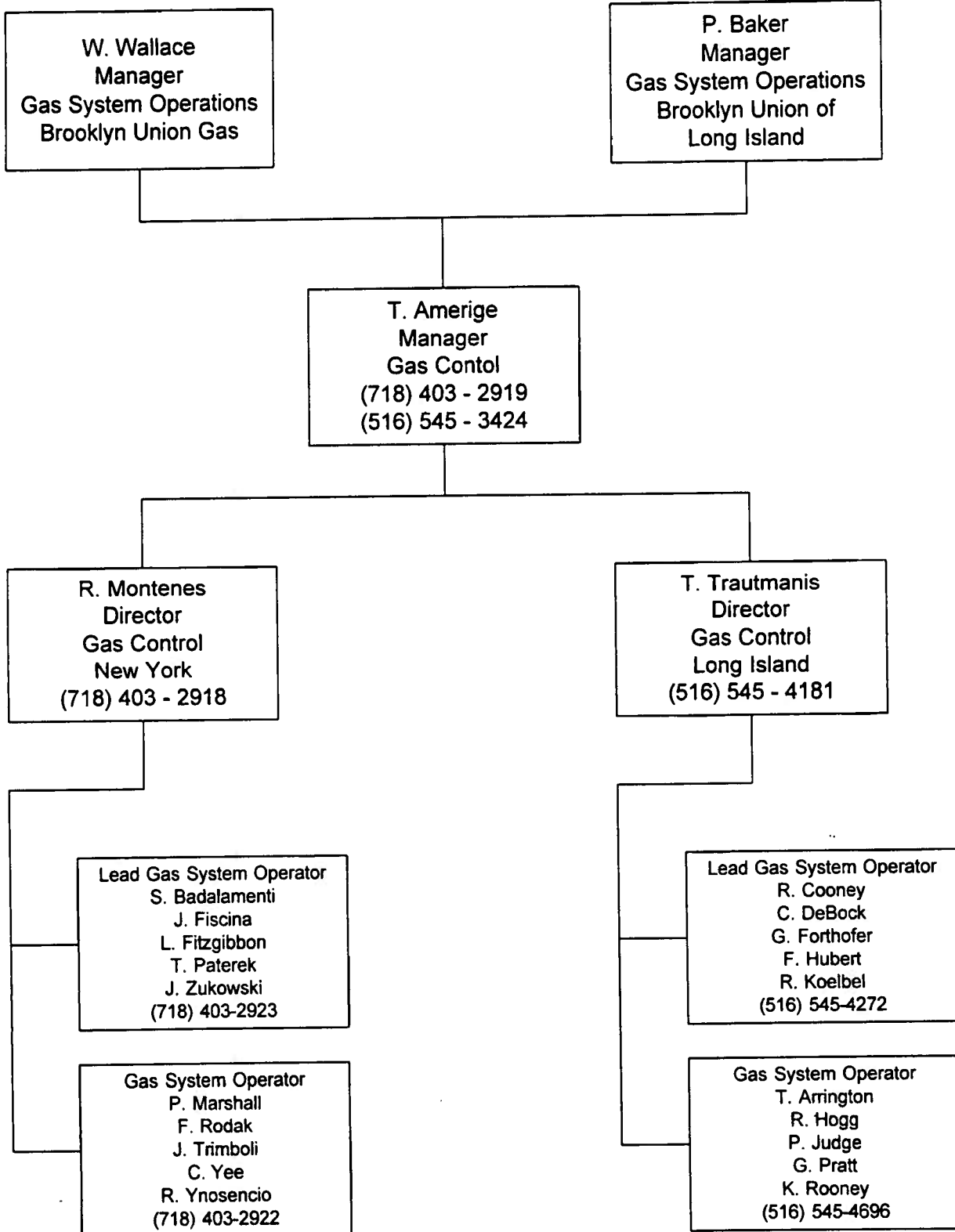
**VP
KeySpan
Electric
Services**
W. Schweiger

**VP
KeySpan
Generation**
H. Kosel

**VP
Electric
Planning,
Marketing &
Ops Support**
E. Youngling

February 1, 2000

The Delivery Companies' Gas System Operations



3. Transportation Customer And Marketer Support Personnel/Services

Questions regarding gas transportation for both LI and NY can be answered by the Marketing Services area. The following list includes the contacts for marketer billing and other inquiries.

- **Marketer Support:**

Long Island

Arlene Portalatin
Retail Access Coordinator
Ph: 516-545-3856
Fx: 516-545-3252
E-mail: aportalatin@keyspanenergy.com

Gary Smith
Retail Access Coordinator
Ph: 516-545-3857
Fx: 516-545-3252
E-mail: gsmith3@keyspanenergy.com

New York

Patrick Rubertone
Retail Access Coordinator
Ph: 718-403-3136
Fx: 718-596-7802
E-mail: prubertone@keyspanenergy.com

Frank Zychowski
Retail Access Coordinator
Ph: 718-403-2988
Fx: 718-596-7802
E-mail: fzychowski@keyspanenergy.com

Manager - Retail Access
Michael A. Bauer
Ph: 516-545-3855
FX: 516-545-3252
E-mail: mbauer@keyspanenergy.com

- **Customer Support**

Long Island

Customer Assistance Center
Ph: 1-800-490-0025

New York

Customer Assistance Center
Ph: 718-643-4050

B. Affiliate Transaction Standards

Set forth below are the Companies' affiliate transaction standards that were adopted as part of the Settlement Agreement ("the Agreement") that the Public Service Commission approved in 1998 in Case No. 97-M-0567 when it authorized The Brooklyn Union Gas Company to merge with the Long Island Lighting Company.

Definitions:

1. "Accounting Instruction" means the cost allocation methodology collaboratively developed by the Signatory Parties and attached hereto as Appendix "B" made a part hereof.
2. "Affiliate" means HoldCo and any Subsidiary of HoldCo.
3. "Affiliate Transaction" means any interaction between either of the Jurisdictional Subsidiaries and an Affiliate by which an item of value, whether tangible or intangible, is transferred.
4. "Annual Report" means the report that will be served on the parties within ninety (90) days after the end of each calendar year during the term of this Agreement, beginning with the first full calendar year following the Consummation Date, which will contain the information detailed in various sections of this Agreement.
5. "Approval Order" means the Commission order approving this Agreement on terms and conditions acceptable to the Companies and each other Signatory Party.
6. "August 1 Filing" means the annual filing of tariff leaves that may be made by LILCO by no later than August 1 of each year of the term of the LILCO Gas Rate Plan, which leaves will have a proposed effective date no earlier than December 1 of the same calendar year, and which leaves may reflect revisions to LILCO Core Service rates implementing changes contemplated by the LILCO Gas Rate Plan contained in this Agreement.
7. "Balancing Account" means the regulated accounts where certain deferred debits or credits arising out of the operation of this Agreement and the Brooklyn Union Rate Plan or the LILCO Gas Rate Plan will be recorded. The Balancing Account for Brooklyn Union is referred to in this Agreement as the "Brooklyn Union Balancing Account," and the Balancing Account for LILCO is referred to herein as the "LILCO Gas Balancing Account."
8. "Brooklyn Union" means The Brooklyn Union Gas Company. After the Consummation Date, Brooklyn Union will be one of the utility subsidiaries of HoldCo:
9. "Brooklyn Union Core Customer" means a customer taking sales service under either Service Classification (SC) No. 1A (Residential Non-Heating), 1AR (Residential Non-Heating Low-Income), 1B (Residential Heating), 1BR (Residential Heating Low-Income), 1BI (Residential Heating Introductory), 2 (General Service), 3 (Multi-Family Heating), 4A (High Load Factor), 4B (Year-Round Air Conditioning) or 7 (Seasonal Off-Peak), or transportation and related balancing and swing service under SC Nos. 16 (Comprehensive Transportation and Balancing) or 17 (Core Transportation and Swing) of the Brooklyn Union Tariff.

10. "Brooklyn Union Core Service" means sales or transportation service provided under SC Nos. 1A, 1AR, 1B, 1BR, 1BI, 2, 3, 4A, 4B, 7, 16 and 17 of the Brooklyn Union Tariff.
11. "Brooklyn Union Rate Plan" means the rate plan for Brooklyn Union reflected in the Holding Company Agreement, which plan will continue in effect as amended by and as described in this Agreement.
12. "Brooklyn Union Tariff" means Brooklyn Union's Schedule for Gas Service - P.S.C. No.1 1-GAS.
13. "Brooklyn Union Temperature Controlled Service" means sales service provided under SC Nos. 6C (Temperature Controlled Commercial), 6G (Temperature Controlled Governmental) or 6M (Temperature Controlled Multi-Family), or transportation service under the corresponding rate schedule in SC 18 (Non-Core Transportation) of the Brooklyn Union Tariff.
14. "Combination" means the business combination of KeySpan and LILCO under holding company form as described in this Agreement.
15. "Companies" means The Brooklyn Union Gas Company and Long Island Lighting Company before the Consummation Date. Where the context requires, the agreements, rights and obligations of the Companies reflected in this Agreement will become agreements, rights and obligations of HoldCo, and/or KeySpan and/or Brooklyn Union and/or LILCO on and after the Consummation Date.
16. "Complying Investment" means an investment by HoldCo in a Non-Utility engaged in one or more of the lines of business contained in Appendix "C" attached hereto and made a part hereof.
17. "Consummation Date" means the date on which the transactions to effect the Combination are consummated.
18. "Corporate Administrative Services" means the general supervision, corporate planning, oversight and conduct of centralized administrative services for HoldCo and its Subsidiaries. Such supervision, planning, oversight and conduct includes the following activities: human resources planning and administration, accounting, finance and treasury services, insurance and risk management, regulatory and governmental relations, corporate communications and external relations, consumer outreach and education, information systems and technology, materials management and procurement, legal services, call center operations, corporate and strategic planning, internal auditing, billing and payment processing, budget administration, security services, fleet management and maintenance (provided it does not interfere with the availability of vehicles necessary for the provision of safe, adequate and reliable service by a Utility), and building design, maintenance and management of Affiliate-owned or leased buildings. The term "fleet management and maintenance" does not include the joint ownership and leasing of vehicles between a Jurisdictional Subsidiary and an Affiliate, other than between LILCO and a Successor Company.
19. "Corporate ServeCo" means one or more Subsidiaries which may be formed to perform Corporate Administrative Services for HoldCo and any of its Subsidiaries.

20. "Customer Information" means any of the following information about an individual customer or any aggregation of individual customers, collected or compiled by a Jurisdictional Subsidiary: name, address, telephone number, identifying information, consumption history, individual usage characteristics, payment history, complaint history and the contents of any application for service.
21. "ESCO" means an entity engaged in an Energy-Related Business (as described in Appendix "C") and which does business in the service territory of a Jurisdictional Subsidiary. A Jurisdictional Subsidiary engaged in an Energy-Related Business is also an "ESCO."
22. "ESCO Affiliate" means an Affiliate that is an ESCO but is not (a) a Jurisdictional Subsidiary, (b) a Successor Company, or (c) an Affiliate that is engaged exclusively in providing services pursuant to filed tariffs subject to the jurisdiction of the Federal Energy Regulatory Commission or a state utility regulatory agency.
23. "Exogenous Costs" means any unanticipated cost increases or decreases for Brooklyn Union or LILCO's gas operations resulting from any new mandatory regulatory, legislative or accounting change or tax law change, each in excess of three percent (3%) of pre-tax utility income for the year in which the change first occurs.
24. "HoldCo" means the holding company that will be formed to effectuate the Combination with the result that, on and after the Consummation Date, KeySpan, Brooklyn Union and LILCO each will be direct or indirect wholly-owned subsidiaries of HoldCo.
25. "Holding Company Agreement" means the "Stipulation and Agreement Resolving Corporate Structure Issues and Establishing Multi-Year Rate Plan" among Brooklyn Union, Staff, the State Consumer Protection Board (CPB) and the City of New York, dated June 25, 1996.
26. "June 1 Filing" means the annual filing of tariff leaves that may be made by Brooklyn Union by no later than June 1 of each year of the term of the Brooklyn Union Rate Plan, which leaves will have a proposed effective date no earlier than October 1 of the same calendar year, and which leaves may reflect revisions to Brooklyn Union Core Service rates, Temperature Controlled Service rates and other terms and conditions of service implementing the revenue requirement and rate design changes for the Brooklyn Union Rate Plan contained in this Agreement.
27. "Jurisdictional Subsidiary" means Brooklyn Union and/or LILCO.
28. "KeySpan" means KeySpan Energy Corporation, the company that is the parent holding company of Brooklyn Union.
29. "LILCO" means Long Island Lighting Company before the Combination, or any Subsidiary succeeding to the gas distribution business currently conducted by LILCO.
30. "LILCO Core Customer" means a LILCO customer taking gas sales or transportation service under either SC Nos. 1 (Residential Service), 2 (General Service), 6 (Commercial Heating Service), 6-MD (Multiple Dwelling Heating Service), or 7 (Firm Transportation Service) of the LILCO Gas Tariff.

31. "LILCO Core Service" means firm gas sales and firm transportation service provided under SC Nos. 1, 2, 6, 6-MD and 7 of the LILCO Gas Tariff.
32. "LILCO Gas Rate Plan" means the rate plan for LILCO's gas rates applicable to LILCO Core Customers, as described in this Agreement.
33. "LILCO Gas Tariff" means LILCO's Schedule for Gas Service - P.S.C. No. 4-GAS.
34. "Non-Complying Investment" means an investment by HoldCo in a Non-Utility that is engaged in one or more lines of business not contained in Appendix "C" attached hereto and made a part hereof.
35. "Non-Utility" means an entity, other than a ServeCo, that is not a Utility.
36. "PSL" means the Public Service Law of the State of New York.
37. "ServeCo" means a Corporate ServeCo or a Utility ServeCo.
38. "Staff" means the Staff of the Department of Public Service.
39. "Subsidiary" means an entity that directly or indirectly is controlled by HoldCo or one of its other Subsidiaries. "Controlled" for the purpose of this definition means either (i) owning, directly or indirectly, ten percent (10%) or more of the voting equity interest of an entity, or (ii) having the power to direct the actions, management or policies of that entity.
40. "Successor Company" means any Subsidiary that provides goods or services to the Long Island Power Authority (LIPA) under the terms of agreements then in effect and does not provide services to any other entity, other than to a Jurisdictional Subsidiary or another Successor Company, and other than assistance to other Utilities to enable them to restore service in the event of any emergency.
41. "System Information" means information or data regarding the operation of or capacity constraints on and expansion plans relating to the transportation system of a Jurisdictional Subsidiary.
42. "Total Capital" of an entity means the sum of (i) Total Debt, (ii) common shareholder's equity, and (iii) preferred stock, appearing on the consolidated balance sheet of that entity.
43. "Total Debt" of an entity means an amount equal to (i) long-term debt, plus (ii) notes payable (including current maturity of long-term debt), minus (iii) cash and cash equivalents; appearing on the consolidated balance sheet of that entity.
44. "Utility" means an entity, except an ESCO Affiliate, that is subject to the general supervisory jurisdiction of a state or Federal regulatory agency under a general scheme of utility regulation similar to that contained in the PSL. For example, "Utilities" include interstate and intrastate pipeline systems and storage projects and related activities regulated either by the Federal Energy' Regulatory Commission or a state utility regulatory commission. A Successor Company that would not otherwise meet the definition of "Utility," but provides goods or services to LIPA

under the terms of agreements then in effect and does not provide services to any other entity, other than to a Jurisdictional Subsidiary or another Successor Company, and other than assistance to other Utilities to enable them to restore service in the event of any emergency, is considered to be a "Utility" for the purposes of this definition.

45. "Utility Employee" means, at any time, a current or former employee of either LILCO or Brooklyn Union, any part of whose time was allocated "above the line" for rate making purposes in any period during the twelve months immediately preceding such time.
46. "Utility ServeCo" means one or more Subsidiaries that may be formed to perform for only the Jurisdictional Subsidiaries and the Successor Companies (a) gas and electric transmission and distribution systems planning, (b) marketing (planning, administration and support), (c) gas supply planning, and procurement, (d) research, development and demonstration, (e) meter repair operations, and (f) Corporate Administrative Services.

Relationships of LILCO, Brooklyn Union, HoldCo and Affiliates

To ensure that there is no potential for customer harm resulting from the Combination, the Companies will implement a number of customer protections relating to: (1) Affiliate Transactions and cost allocations; (2) personnel allocations and transfers; (3) access to books and records; (4) maintenance of the financial integrity of the Jurisdictional Subsidiaries; (5) diversion of management attention and potential conflicts of interest; (6) anti-competitive concerns; and (7) maintenance of customer service. The Signatory Parties agree, and the Companies explicitly recognize, that HoldCo, the ServeCos and the Jurisdictional Subsidiaries may not accomplish indirectly what they may not accomplish directly under this Agreement, including indirect arrangements that would circumvent pricing at 110% of fully loaded cost where otherwise applicable.

1. Cost Allocation.

- a. All allocations of the costs of HoldCo among its Subsidiaries will be made in accordance with the Accounting Instruction. All allocations of the costs of the Corporate ServeCos and the Utility ServeCos among the Affiliates to or on behalf of which they are providing services will be made in accordance with the Accounting Instruction. All allocations of costs between Jurisdictional Subsidiaries will be made in accordance with the Accounting Instruction. It is the intent of the Companies to minimize any expenses subject to allocation over the term of this Agreement. Notwithstanding this, the Signatory Parties recognize that HoldCo's and the Corporate and Utility ServeCos' costs incurred to provide Corporate Administrative Services will be allocated or charged in accordance with the Accounting Instruction.
- b. Any amendment to the Accounting Instruction, which amendment may be proposed by the Jurisdictional Subsidiaries or Staff, will be filed with the Commission and served on all parties, and will be subject to review and approval by the Director of A&F. If such Director does not act to approve or disapprove such amendment within ninety (90) days after filing, the amendment will be deemed approved and will take effect.

2. Affiliate Transactions

- a. Unless the Companies obtain specific approval of the Commission in advance after a showing that granting such approval would be in the public interest, the following provisions will govern transactions among or between HoldCo and any of its Subsidiaries.
- b. One or more Corporate ServeCos may provide Corporate Administrative Services on behalf of HoldCo and any of its Subsidiaries, including the Jurisdictional Subsidiaries and any other Utility Subsidiary or Non-Utility Subsidiary. In no event will the provision of Corporate Administrative Services by a Corporate ServeCo on behalf of a Non-Utility Subsidiary result in such Subsidiary gaining access to or receiving any Customer Information or System Information. All Corporate Administrative Services shall be charged or allocated to the respective Subsidiary at the respective Corporate ServeCo's fully loaded cost of performing the service or providing the goods.
- c. The Utility ServeCos may provide the following services to or on behalf of the Jurisdictional Subsidiaries and the Successor Companies, but may not provide such services to or on behalf of any other Subsidiaries: (i) gas and electric transmission and distribution system planning, (ii) marketing (planning, administration or support), (iii) gas supply planning and procurement, (iv) research, development and demonstration, (v) meter repair operations, and (vi) Corporate Administrative Services. All services performed by a Utility ServeCo on behalf of a Jurisdictional Subsidiary or a Successor Company shall be charged or allocated to the respective Jurisdictional Subsidiary or Successor Company at the Utility ServeCo's fully loaded cost of performing the service.
- d. The Corporate ServeCos may perform call center operations for the Jurisdictional Subsidiaries and the other Subsidiaries. However, any Corporate ServeCo providing call center operations to both a Jurisdictional Subsidiary and Non-Utility Subsidiaries shall implement and enforce such policies and procedures; including technological safeguards, to ensure that Customer Information or System Information is not disclosed to a Non-Utility Subsidiary. At least thirty (30) days prior to the performance of call center operations by a Corporate ServeCo for a Non-Utility Subsidiary, HoldCo will provide a report to the parties detailing specifically the measures that will be taken to ensure compliance with the requirements of this subsection, including a certification by the Chief Information Officer of HoldCo (or equivalent if there is no Chief Information Officer) that such technological safeguards will be in place.
- e. HoldCo may engage in general governance, policy and corporate planning oversight and strategic management and direction for its Subsidiaries. All services performed by HoldCo on behalf of a Subsidiary shall be charged or allocated to the respective Subsidiary at HoldCo's fully loaded cost of performing the service.
- f. Any non-tariffed goods or services provided by a Jurisdictional Subsidiary to HoldCo or a ServeCo shall be priced at the Jurisdictional Subsidiary's fully loaded cost of providing the goods or performing the service.
- g. Jurisdictional Subsidiaries may engage in non-tariffed transactions with each other and with any other Utility Subsidiary. Any such transaction shall be priced at the fully loaded cost

of providing the goods or performing the service.

- h. Jurisdictional Subsidiaries, Utility Subsidiaries and Non-Utility Subsidiaries may engage in tariffed and non-tariffed Affiliate Transactions, except that Jurisdictional Subsidiaries may not engage in providing marketing or sales services, electric and gas transmission and distribution systems planning, marketing (planning, administration and support), gas supply planning and procurement, or use any of its marketing or sales employees to provide any services for any Non-Utility Subsidiaries. Any provision of goods or services between a Jurisdictional Subsidiary and any Non-Utility Subsidiary, other than tariffed transactions, will be pursuant to written contract that will be filed with the Commission within five (5) days of its execution and, with respect to any Affiliate that is not a Jurisdictional Subsidiary or a Successor Company, be subject to the requirements of subsection IV.H.2.e of this Agreement.
 - i. Any non-tariffed goods or services provided by a Jurisdictional Subsidiary to any Non-Utility Subsidiary shall be priced at the greater of fair market value or 110% of the fully loaded cost of providing the particular goods or performing the particular services. Any tariffed goods or services provided by a Jurisdictional Subsidiary to any Affiliate shall be provided pursuant to the terms and conditions of the applicable tariff and, with respect to any Affiliate that is not a Jurisdictional Subsidiary or a Successor Company, be subject to the requirements contained in subsection IV.H.2.e of this Agreement.
 - j. Any goods and services provided by a Non-Utility Subsidiary to a Jurisdictional Subsidiary shall be priced at the lesser of fair market value or fully loaded cost.
3. Separation of LILCO, Brooklyn Union, HoldCo and Subsidiaries

In addition to the provisions regarding Affiliate Transactions contained in section IV.C.2, HoldCo and its Subsidiaries will be required to comply with the following requirements:

- a. The costs of operating HoldCo and the Subsidiaries will be accurately and separately accounted for and, where necessary, appropriately allocated based upon the Accounting Instruction and all additional applicable orders of the Commission or other regulatory authority.
- b. No operating Non-Utility Subsidiary will be located in the same building as a Jurisdictional Subsidiary. HoldCo, the ServeCos, KeySpan, the Jurisdictional Subsidiaries, any Utility Subsidiary and any non-operating Subsidiary may be located in the same building. For the purposes of this subsection, the "non-operating" Subsidiary shall mean a Subsidiary that holds only equity interests in other entities and has no operating employees. The Jurisdictional Subsidiaries must have their main offices located in New York State.
- c. HoldCo will prepare and issue an Ethical Business Conduct Statement as of the Consummation Date incorporating the requirements of this Agreement. The Ethical Business Conduct Statement, to which will be attached a relevant extract of this Agreement detailing the separation requirements hereof, will apply to HoldCo, the ServeCos, KeySpan, LILCO, Brooklyn Union and the other majority-owned (i.e., more than 50% equity interest) Subsidiaries. At least annually throughout the term of this Agreement, the Ethical Business

Conduct Statement will be issued to all employees of HoldCo and its majority-owned Subsidiaries, and signed by all management employees of HoldCo and each of its majority-owned Subsidiaries.

4. Royalty Credit

The Brooklyn Union Rate Plan and the LILCO Gas Rate Plan and the annual revenue requirements established thereunder are intended to and do resolve all issues surrounding the royalty credit to gas utility customers to compensate them for the affiliation of Non-Utility Subsidiaries with the Jurisdictional Subsidiaries. The Companies agree, for the term of this Agreement, not to contest or otherwise challenge the generic authority of the Commission to impose a royalty as a rate making credit to (a) compensate utility customers for the benefit of use of the name, reputation and expertise of a Jurisdictional Subsidiary and (b) capture any "unquantifiable" subsidies or misallocations resulting from Affiliate Transactions.

5. Annual Report - Affiliate Transactions.

The Annual Report will contain (a) a certification from the respective Chief Accounting Officer of each of the Jurisdictional Subsidiaries that the Accounting Instruction has been followed in connection with all Affiliate Transactions for the year covered by the particular Annual Report; (b) a list of all asset transfers between the Jurisdictional Subsidiaries, the ServeCos and HoldCo and the price at which such assets are transferred; (c) a list of all Utility Employees transferred to or hired by HoldCo, a ServeCo or any Non-Utility Subsidiary, including the name of each individual transferred or hired, as well as that individual's Utility salary, new salary, Utility title and new title; (d) a summary of all Affiliate Transactions, aggregated by the dollar amount of transactions for each Affiliate dealt with and the dollar amount of transactions aggregated by major transaction type, and (e) a list of all Corporate Administrative Services that are allocated among the Jurisdictional Subsidiaries and other Affiliates during the calendar year in question, broken down by Affiliate, major function, dollar amount allocated and method of allocation. This report does not preclude the Jurisdictional Subsidiaries from complying with any future generic reporting requirements regarding Affiliate Transactions. The Jurisdictional Subsidiaries shall maintain available for inspection by Staff and the CPB, written documentation of all individual Affiliate Transactions including terms, prices and determinations of fair market value, as applicable.

6. Funding of Outside Auditor

The Commission may, during the term of this Agreement, require that an independent auditor review the compliance of HoldCo, each Jurisdictional Subsidiary and any other Subsidiary with the terms of this Agreement. The identity of the independent auditor will be determined by the Commission. The cost of such audit and review shall not be recorded by any Jurisdictional Subsidiary as an "above the line" expense.

Personnel Allocation and Transfers

1. Prohibition on Loan or Allocation of Employees

The Jurisdictional Subsidiaries will not lend or allocate the time of any Utility Employees to any

Subsidiary or Affiliate that is not a Jurisdictional Subsidiary or a Successor Company. The Jurisdictional Subsidiaries may lend or allocate the time of any Utility Employees to any other Jurisdictional Subsidiary or Successor Company, but only if such loan or allocation of time does not impair the ability of any Jurisdictional Subsidiary to provide safe, adequate and reliable service to its customers.

2. Transfer of Employees.

a. Utility Employees may be transferred to HoldCo and to any Subsidiary, except that no transfer will be made if such transfer would impair the ability of a Jurisdictional Subsidiary to discharge effectively its obligations under the PSL to provide safe and adequate utility service; provided that any Utility Employee transferred, other than a Utility Employee who (i) has been transferred to another Jurisdictional Subsidiary or Successor Company, (ii) has been transferred to a ServeCo, or (iii) is covered by a collective bargaining agreement between a Jurisdictional Subsidiary and an exclusive bargaining representative, may not transfer back until after the expiration of an eighteen (18) month period.

b. Except for the transfer of Utility Employees (i) to HoldCo or KeySpan within six (6) months following the Consummation Date, (ii) to a Utility Subsidiary, (iii) to a ServeCo, (iv) to a Non-Utility Subsidiary if any function currently being performed by Utility Employees for a Jurisdictional Subsidiary may no longer be performed by the Jurisdictional Subsidiary pursuant to statutory requirement, regulation or Commission policy, or (v) who are covered under a collective bargaining agreement between a Jurisdictional Subsidiary and a collective bargaining representative, LILCO or Brooklyn Union, as the case may be, will accrue a rate making credit equal to twenty percent (20%) of the first year anticipated total compensation for each Utility Employee transferred. The amount of any such credit will be reflected in the Brooklyn Union Balancing Account or the LILCO Gas Balancing Account, as the case may be, for later reflection in rates.

c. Benefits Plans

Employees of HoldCo and its Subsidiaries may participate in common employee benefit plans; provided, however, that for so long as LILCO is subject to a reconciliation of its actual and forecast pension and other post-employment benefits (P&OPEB) expense, it shall not have common P&OPEB plans with Brooklyn Union/KeySpan. The costs of such plans will be allocated among HoldCo and such Subsidiaries in accordance with the Accounting Instruction.

Access to Books and Records

1. HoldCo, KeySpan, ServeCo, and Jurisdictional Subsidiaries.

Staff and the CPB will have unrestricted direct access to all books and records, contracts and Board of Director's minutes of HoldCo, KeySpan, the ServeCos and the Jurisdictional Subsidiaries.

2. Majority-held Non-Utility Subsidiaries

Staff and the CPB will have unrestricted access, given reasonable notice, to all books and records, contracts and Board of Directors' minutes of HoldCo's majority-owned (more than fifty percent (50%)) Non-Utility Subsidiaries.

3. Other Subsidiaries

Staff and the CPB will be provided access to any information regarding any Non-Utility Subsidiary that is not majority-owned directly or indirectly by HoldCo, to the extent that such information concerns Affiliate Transactions between such Non-Utility Subsidiary and a Jurisdictional Subsidiary.

4. Equipment and Space for On-Site Staff

Staff personnel working or stationed on-site at a Jurisdictional Subsidiary will be afforded the equipment, electronics and training to access directly, on a comparable basis to the personnel of such Jurisdictional Subsidiary (but subject to applicable trade secret protections), all books and records, contracts and Board of Directors' minutes - Staff will be afforded an adequately equipped office in the headquarters of each Jurisdictional Subsidiary.

5. Privileged Information

Nothing contained in sections IV.E.1-4 requires or will be construed to require HoldCo, any Jurisdictional Subsidiary or any other Subsidiary to provide Staff or the CPB access to, or to make disclosure to Staff or CPB of, any information as to which the entity in possession of such information would be entitled to assert a legal privilege, if either (i) the privilege could be asserted against Staff or the CPB in a proceeding before the Commission, or (ii) providing Staff or the CPB access to or making disclosure of such information to Staff and the CPB would impair in any manner the right of the entity in possession of such information to assert such privilege against third parties. If Staff or the CPB seeks access to or disclosure of any information that either HoldCo or any, Subsidiary believes is privileged, then HoldCo or the affected Affiliate may utilize applicable Commission procedures to assert such privilege and protect such information from access or disclosure.

6. Confidentiality of Records

- a. HoldCo and the Jurisdictional Subsidiaries will designate as confidential any non-public information to or of which Staff or the CPB requests access or disclosure and which HoldCo and the Jurisdictional Subsidiaries believe is entitled to be treated as a trade secret. Any party will have the right to contest the trade secret nature of such designated confidential information.
- b. In the event that a party receiving any information designated as confidential pursuant to the procedures described in this Agreement desires to use such information in a litigated proceeding before the Commission, or desires to use or refer to such information in a memorandum or other document which may become an "agency record" as that term is

defined in the New York Freedom of Information Law, such party first will so notify counsel for HoldCo and afford HoldCo and/or the Jurisdictional Subsidiaries the opportunity to apply to the presiding administrative law judge or the Commission's Records Access Officer, as the case may be, for a ruling designed to maintain the confidentiality of such information under Part 6-1 of the Commission's Rules of Procedure. Staff and any other party may object to any such application on the grounds that such information is not entitled to be treated as a trade secret under Part 6-1.

c. **Company Liaisons**

The chief financial officer of each of HoldCo and each Jurisdictional Subsidiary (or, in the event that there is no named chief financial officer for any one or more of those companies, a senior officer of such company having comparable responsibilities to a chief financial officer) will designate a company employee, as well as an alternate to act in the absence of such designee, to act as liaison between HoldCo, the Jurisdictional Subsidiaries and Staff (Company Liaisons). The Company Liaisons will be responsible for ensuring adherence to the established procedures and production of information for Staff and will be authorized to provide Staff access to any requested information.

d. **Discovery by Other Parties**

If any party to a proceeding before the Commission to which a Jurisdictional Subsidiary also is a party desires discovery of information that has been disclosed to Staff or the CPB, or to which Staff or the CPB has had access, pursuant to the terms of this Agreement, the Jurisdictional Subsidiary will not raise as a ground for objecting to such discovery request the fact that such information is not in its possession. All other grounds for objection to any such discovery request should apply.

e. **Lists and Copies of Securities and Exchange Commission Filings**

A list of all filings made with the Securities and Exchange Commission by HoldCo or any Subsidiary will be provided quarterly to the Director of A&F and any other party requesting such list, along with an acknowledgment that upon request, Staff or such other party will be provided with a copy of any such filing.

f. **Annual Report - Non-Utility Investments**

The Annual Report will contain: (a) a description of all Non-Utility investments made by HoldCo during the fiscal year, and (b) financial statements for each Non-Utility Subsidiary for the fiscal year.

Maintaining the Financial Integrity of the Jurisdictional Subsidiaries

Diversion of Management Attention/Conflicts of Interest

1. **Common Officers**

The Secretary and/or Treasurer of any Jurisdictional Subsidiary may serve in the equivalent

position for HoldCo or another Subsidiary, but no other officer of a Jurisdictional Subsidiary may serve as an officer of an operating Non-Utility Subsidiary. For the purposes of this section, the term "operating" Subsidiary shall not include a Subsidiary that holds only equity interests in other entities and has no operating employees.

2. Compensation of Jurisdictional Subsidiary Employees

- a. The compensation of the officers and employees of each Jurisdictional Subsidiary will be based only on the service and profitability of that company; provided, however, that the form of such compensation can be HoldCo common stock.
- b. The compensation of common officers and employees of HoldCo, a ServeCo and/or a Jurisdictional Subsidiary may be based on service and profitability of both HoldCo and the Jurisdictional Subsidiaries.
- c. Notwithstanding the foregoing, the Signatory Parties recognize that the nature and amount of the compensation of employees of Jurisdictional Subsidiaries who are represented by a collective bargaining representative will be established by the collective bargaining agreement between such representative and the Jurisdictional Subsidiary in question.

Competitive Conduct

1. General Provision

The standards of conduct described in this part of the Agreement govern conduct between a Jurisdictional Subsidiary and any ESCO Affiliate. Further, these standards are subject to any generic conditions imposed in the Gas Industry Restructuring Proceeding and the Electric Competitive Opportunities Proceeding (Case 94-E-0952) regarding the standards of conduct between Utilities, their Non-Utility affiliates, and third party competitors of such Utilities and/or Non-Utility affiliates. In the event that the Commission issues a generic determination in one or both of such proceedings imposing standards of conduct materially different than those contained in this Agreement, a conference of the parties will be convened to discuss the necessary changes to the standards contained herein. These standards do not preclude the Jurisdictional Subsidiaries from complying with any generic reporting requirements regarding Affiliate Transactions.

2. Standards of Conduct.

- a. The Jurisdictional Subsidiaries and their ESCO Affiliates will operate independently to ensure that the Jurisdictional Subsidiaries will be isolated from any liabilities of the ESCO Affiliates, will not provide the ESCO Affiliates with an unfair competitive advantage in the service territories of the Jurisdictional Subsidiaries, and will be in compliance with the separation requirements contained elsewhere in this Agreement with respect to such matters as officers and employees, office space, books and records and Affiliate Transactions. The Jurisdictional Subsidiaries will maintain complete separation between their gas purchasing activities and the gas purchasing activities of Non-Utility Subsidiaries.
- b. The Jurisdictional Subsidiaries may share information and computer systems with ESCO

Affiliates through a Corporate ServeCo. However, such Corporate ServeCo will establish policies and procedures, including technological safeguards, to ensure that the ESCO Affiliates do not have access to and do not receive Customer Information or System Information. At least thirty (30) days prior to the sharing of information and computer systems with ESCO Affiliates through a Corporate ServeCo, HoldCo will provide a report to the parties detailing specifically the measures that will be taken to ensure compliance with the requirements of this subsection, including a certification by the Chief Information Officer of HoldCo (or equivalent if there is no Chief Information Officer) that such technological safeguards will be in place.

- c. The Jurisdictional Subsidiaries will avoid any situations that give the appearance that they speak on behalf of their ESCO Affiliates or that their ESCO Affiliates speak on behalf of them. The Jurisdictional Subsidiaries will maintain a list of all ESCOs that are in the business of selling gas at retail in the service territories of the Jurisdictional Subsidiaries and which have been qualified to do so pursuant to Commission requirements. Such list will be provided to customers in response to requests regarding information about securing any retail gas service from an entity other than the Jurisdictional Subsidiary. The Jurisdictional Subsidiaries will not engage in any joint advertising or marketing programs with any Non-Utility Subsidiaries other than as part of a joint promotional, advertising or marketing program involving either or both of the Jurisdictional Subsidiaries and a group of other similarly situated unaffiliated Non-Utility entities.
- d. The Jurisdictional Subsidiaries must not provide their ESCO Affiliates any preferential treatment in obtaining Customer Information or System Information. The Jurisdictional Subsidiaries will establish procedures for providing any Customer Information and System Information to ESCOs and apply these equally to affiliated and unaffiliated ESCOs. The Jurisdictional Subsidiaries will not disclose to ESCO Affiliates any Customer Information or System Information relative to the service territories of the Jurisdictional Subsidiaries that it has not disclosed contemporaneously on an equal basis to all unaffiliated ESCOs. Release of Customer Information will be subject to the prior authorization of the customer and subject to the customer's direction regarding the entity to which the information may be released.
- e. Solely with respect to the provision of Commission-regulated electric and gas service, LILCO and Brooklyn Union each shall offer the same prices, terms and conditions of service within the service territories of LILCO and Brooklyn Union to all similarly situated non-affiliated suppliers or customers that they each offer their Affiliates that are not Jurisdictional Subsidiaries (other than Successor Companies) or customers of such Affiliates. In the event either LILCO or Brooklyn Union enters into an agreement to provide such services at individually negotiated prices, terms or conditions, for any such Affiliate or any customer of one of such Affiliates within the service territories of LILCO and Brooklyn Union, it shall post expeditiously and conspicuously on its electronic bulletin board or World Wide Web site a detailed summary of the prices, terms and conditions of service under such agreement.
- f. If a Jurisdictional Subsidiary makes a new service offering for which ESCO Affiliates or customers of ESCO Affiliates would qualify, or any ESCO Affiliate or customer of an ESCO Affiliate requests use of a specific facility of a Jurisdictional Subsidiary, and the

availability of such new service or facility is limited, then such offering or facility must be made on the basis of an "open season," pursuant to which eligible customers would be permitted to subscribe for service during a fixed period of time and, if the service is oversubscribed, then the subscription of each subscriber will be proportionately reduced based on the relative subscriptions of all customers.

- g. The Jurisdictional Subsidiaries shall strictly enforce against their Affiliates any applicable tariff provision for which there is no discretion under the tariff for the application of such provision.
- h. No Jurisdictional Subsidiary may require the provision of any service or price from a Non-Utility Subsidiary as a condition to the provision of any service or rate offered by the Jurisdictional Subsidiary. This section does not prohibit two or more Non-Utility Subsidiaries from lawfully tying or linking their services or prices to each other.

Market Penetration

In the Annual Report, HoldCo will provide information that would allow assessment of the market penetration in each Jurisdictional Subsidiary's service territory by any ESCO Affiliate.

C. Territories

1. Brooklyn Union Gas

The City of New York comprising the Boroughs of Brooklyn, Queens (former Wards 2 and 4 only) and Staten Island. See accompanying territorial maps.

2. Brooklyn Union of Long Island

All of Nassau and Suffolk Counties and the Fifth Ward of the Borough of Queens. See accompanying territorial maps.

3. Pipelines serving the franchise area and their receipt points:

Pipeline

Receipt Point

Iroquois

South Commack

Tennessee

White Plains

Transcontinental Gas Pipe Line

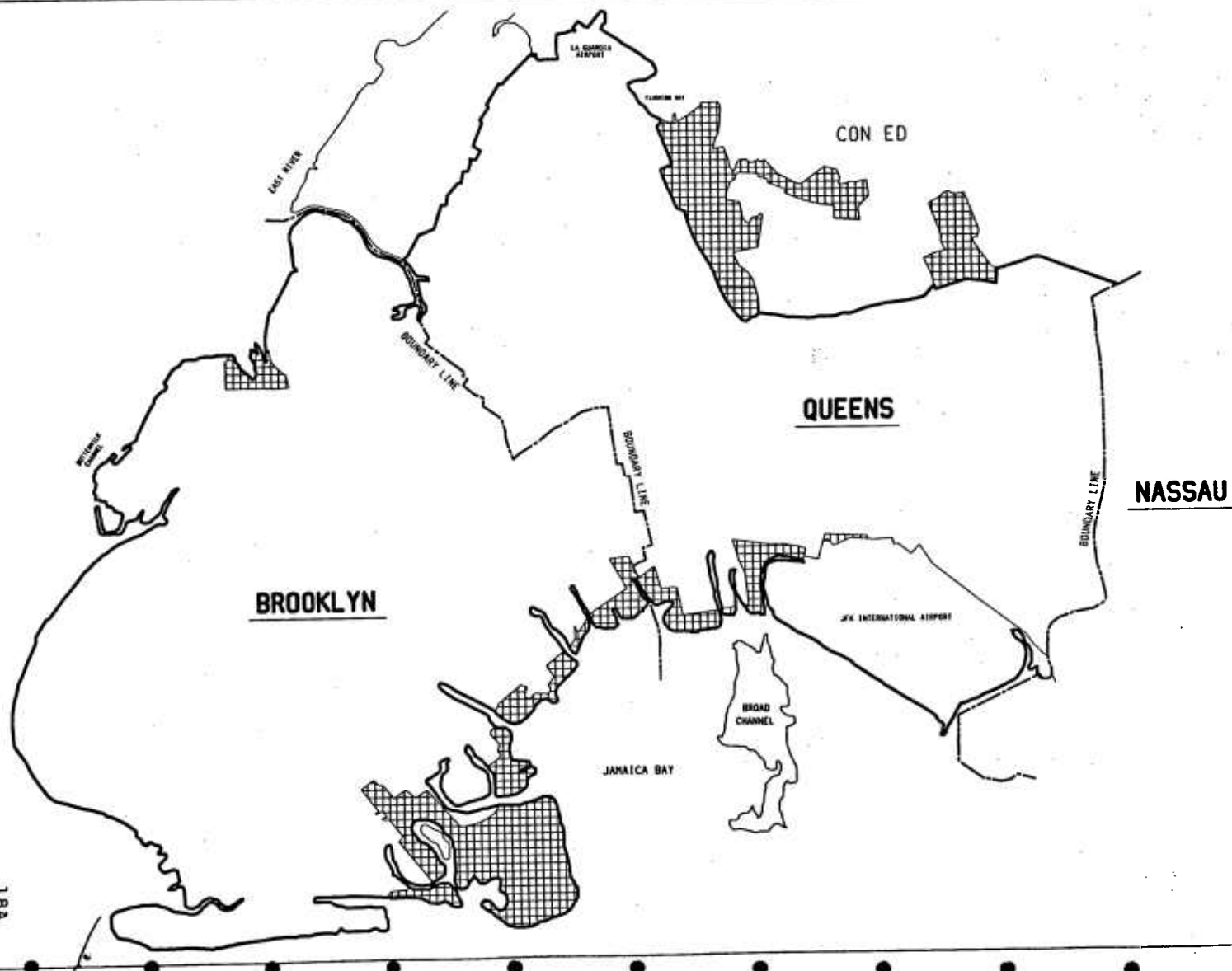
Manhattan (2 locations)

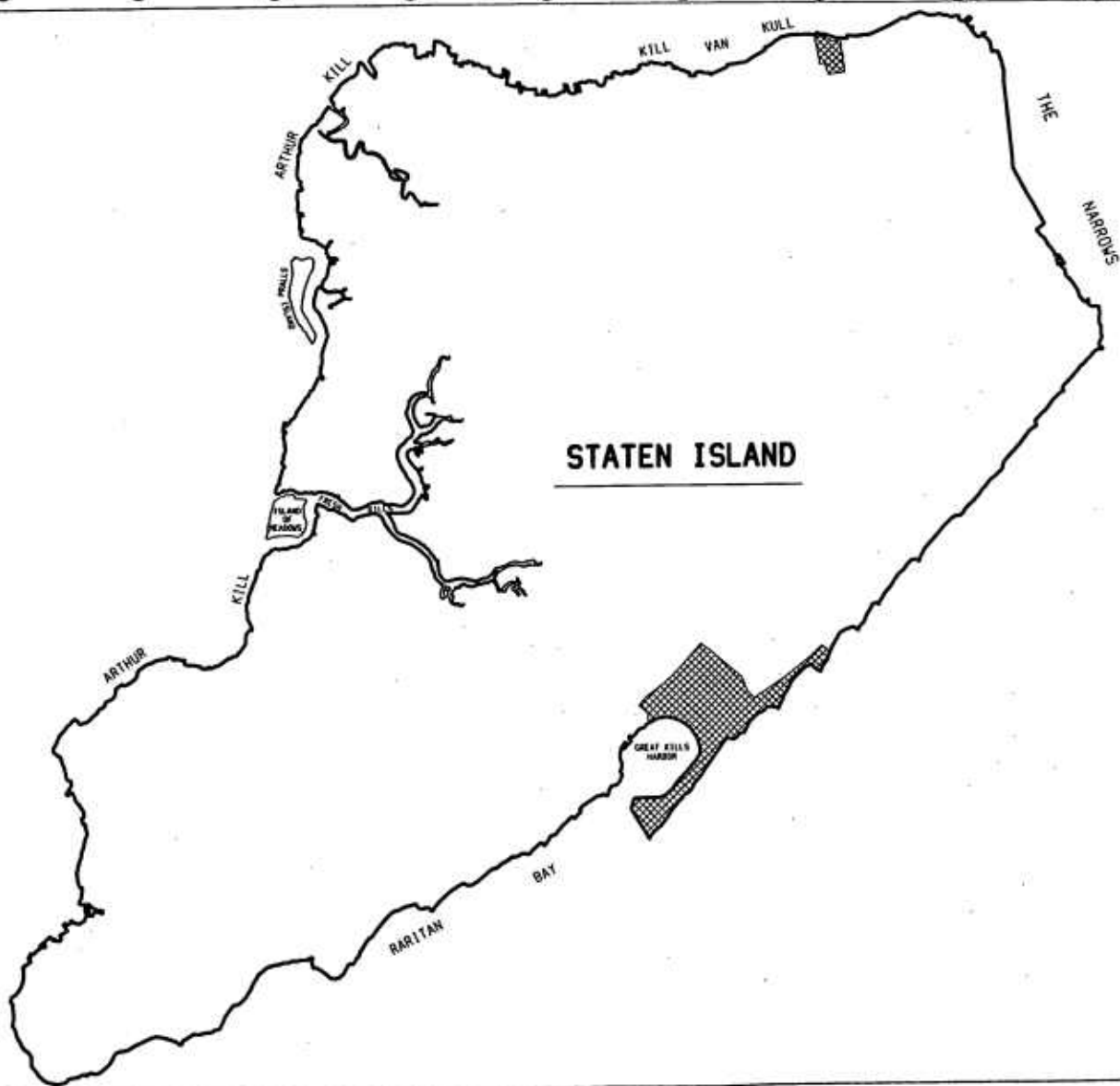
Narrows

Long Beach

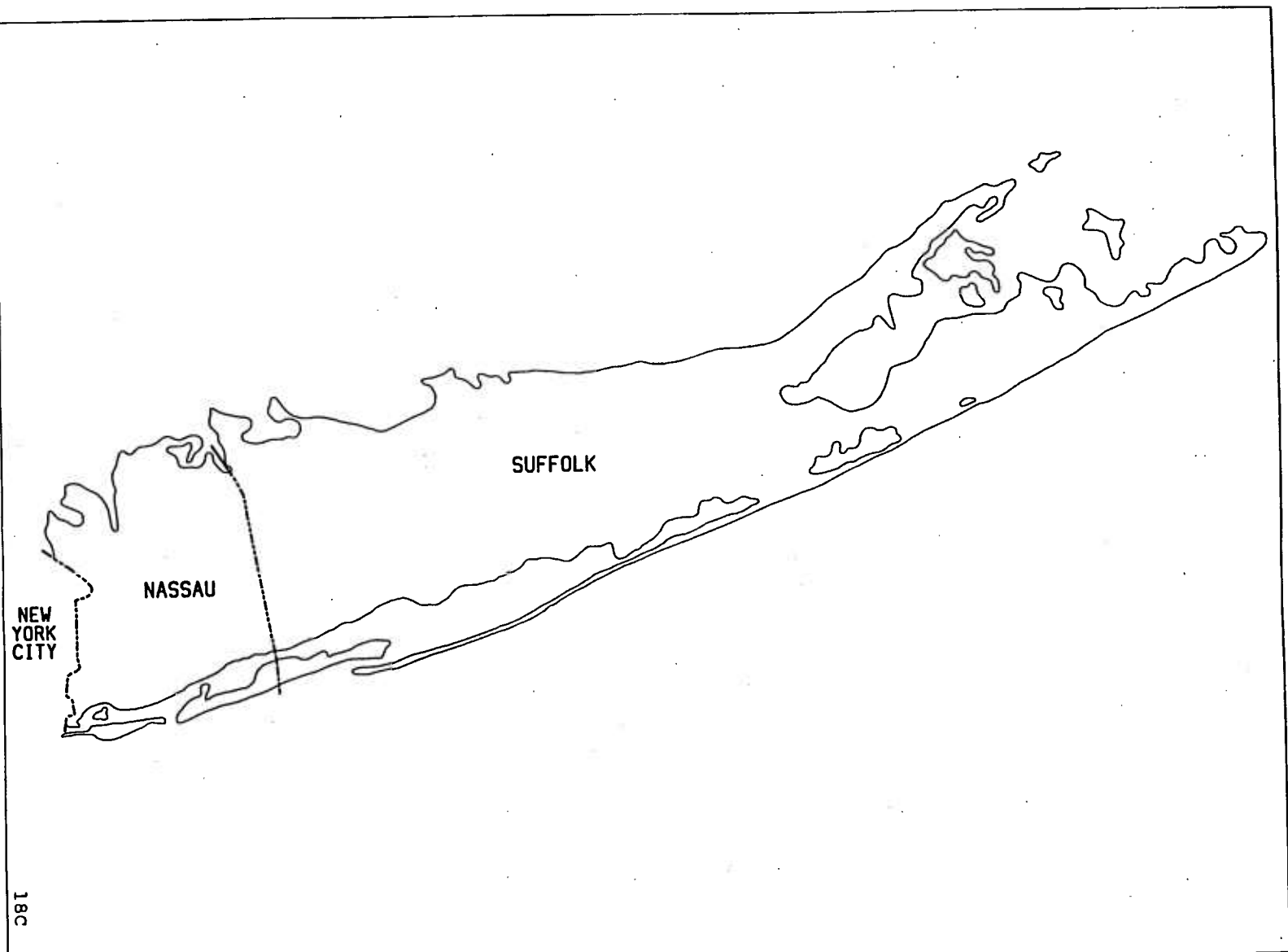
Texas Eastern

Goethals





STATEN ISLAND

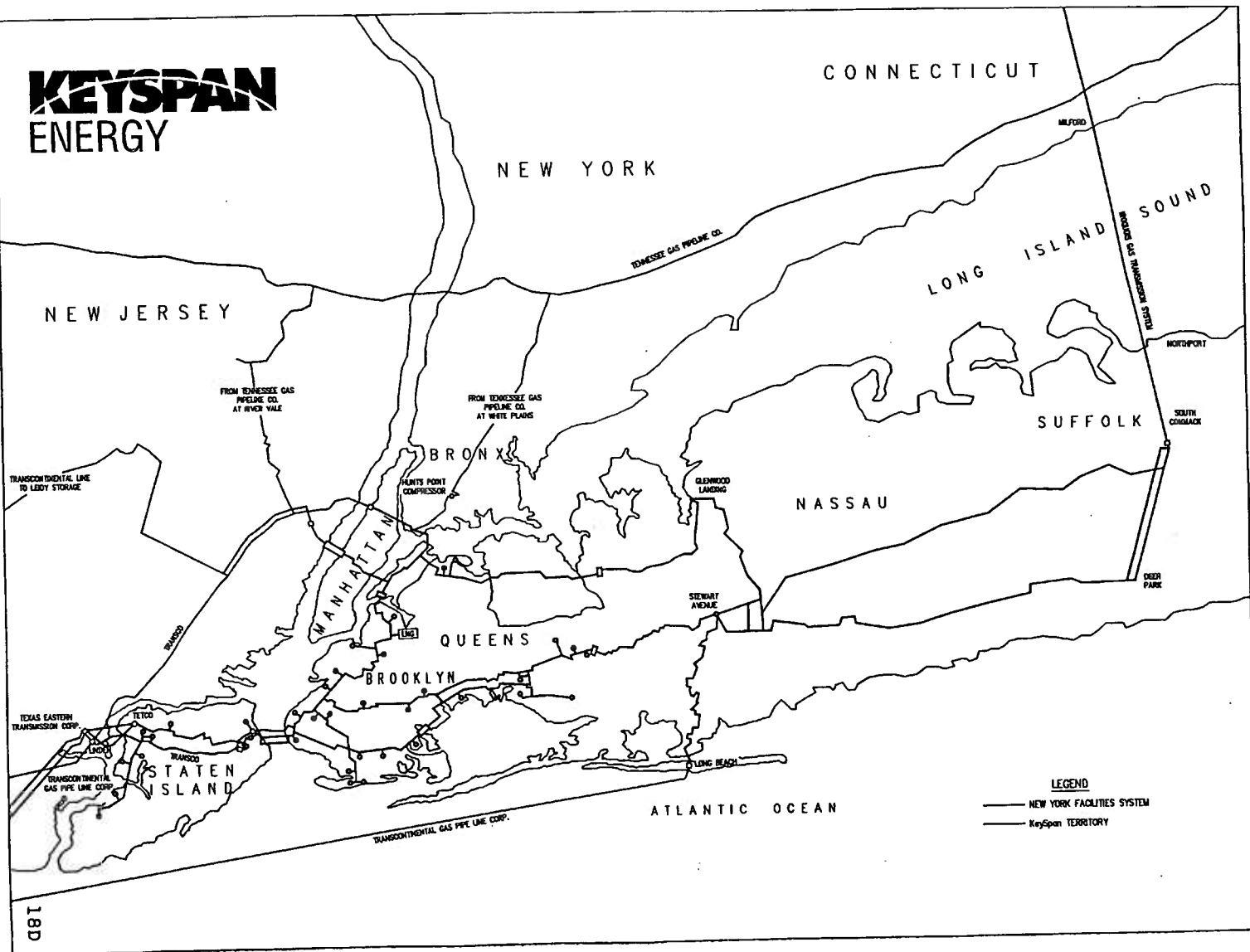


NEW
YORK
CITY

NASSAU

SUFFOLK

KEYSPAN ENERGY



D. Service Classifications

The service classifications outlined in this manual describe the requirements and special provisions that all potential customers must meet in order to qualify for such service class.

The following service classification tariff leaves may be obtained from the New York State Public Service Commissions web site: www.dps.state.ny.us

1. Firm Sales Services: BUNY

Residential

a. SC 1A - RESIDENTIAL NON-HEATING SERVICE

Applicable to Use of Service for:

The use of gas for domestic purposes other than space heating by a single residential consumer residing in a one-family or a two-family dwelling and in separately metered apartments of a multiple dwelling; also in two-family houses for use in appliances supplying water heating, where the services are rendered in common to both families; also water heating in rooming houses and multi-family buildings having not more than five individual dwelling units. Not more than 50% of the cubical content can be occupied by non-residential activities. Also for use of gas for purposes other than space heating by any corporation or association organized and conducted in good faith for religious purposes. The gas must be utilized exclusively in connection with such religious purposes. Applicable also for use to any building or premises owned or leased by a not-for-profit veterans organization. Applicable also to use for purposes other than space heating exclusively in connection with a community residence, provided that the facility is operated by a not-for-profit corporation and if supervisory staff is on premises on a 24 hour per day basis, that the residence provides living accommodations for 14 or fewer residents.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provision:

Gas service will be supplied under this Service Classification for non-heating domestic purposes in multi-family buildings having two or more individual dwelling units, but not more than 50% of the cubical content is occupied by non-residential activities and such service is rendered in common to several dwelling units through a master meter. Customers taking gas service under this Special Provision will be subject to the rates and charges and all terms and conditions applicable to Service Classification No. 1A.

b. SC 1B - RESIDENTIAL HEATING SERVICE

Applicable to Use of Service for:

- (1) One-family and two-family dwellings; or
- (2) Separately metered units of a multiple dwelling; or
- (3) Multiple dwellings in which: there are not more than five (5) individual dwelling units, not more than fifty percent (50%) of the cubical content is occupied by nonresidential activities the units receiving gas service are on a master meter.
- (4) Any building or premises owned or occupied by a corporation or association organized and conducted in good faith for religious purposes where gas is utilized exclusively in connection with religious purposes.
- (5) Any building or premises owned or leased by a not-for-profit veterans organization.
- (6) Any community residence as long as:
 - (a) The facility is operated by a not for profit corporation; and
 - (b) If supervisory staff is on site on a 24 hour per day basis, that the residence provides living accommodations for 14 or fewer residents.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provision:

A consumer has the option, with the consent of Brooklyn Union, of paying for service taken under this classification for a limited period in equal monthly amounts based on the application of the rate to the estimated usage during the period. At the end of this period, or at the discontinuance of service, the consumer will pay or be given credit for the difference between the amount paid and the charges for the actual usages under this rate. This payment or refund shall be made under arrangements agreed upon by the consumer and Brooklyn Union.

c. SC 1BR - RESIDENTIAL HEATING REDUCED RATE SERVICE

Applicable to Use of Service for:

Applicable for this rate, the customer must be the person on record and provide proof of current enrollment at the time of application in one of the following programs: Aid to Families with Dependent Children, Home Relief, Supplement Security Income, Medicaid, Food Stamps, Home Energy Assistance Program, Veteran's Disability Pension or Veteran's

Surviving Spouse Pension. Subject to the Special Provision listed below, Service Classification No. 1BR is available to customers using gas service to supply the principal residential space heating requirements of any of the following premises:

- (1) One-family and two-family dwellings; or
- (2) Separately metered units of a multiple dwelling.

Also, the Public Service Commission approved a stipulation and agreement that restricted the maximum number of customers under Service Classification Nos. 1AR and 1BR to 27,000, in fiscal year 1997 (October 1, 1996 - September 30, 1997). However, any new participants in 1997 will be SSI recipients only. In fiscal year 1998, the maximum number of customers under Service Classification Nos. 1AR and 1BR will be 32,000, and that maximum will increase each fiscal year by 5,000 customers per year, through fiscal year 2002, when the maximum number of customers will be 52,000. Beginning in fiscal year 1998, and continuing through fiscal year 2002, all new customers must be either SSI recipients or "vendorized" customers to which payment for these customers' gas service charges is received by the Company directly from the New York City Human Resources Administration. In all cases, vendorized customers will receive preference over SSI recipients for participation in Service Classification Nos. 1AR and 1BR.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provision:

A consumer has the option, with the consent of Brooklyn Union, of paying for service taken under this classification for a limited period in equal monthly amounts based on the application of the rate to the estimated usage during the period. At the end of this period, or at the discontinuance of service, the consumer will pay or be given credit for the difference between the amount paid and the charges for the actual usages under this rate. This payment or refund shall be made under arrangements agreed upon by the consumer and Brooklyn Union

d. SC 3 - HEATING AND/OR WATER HEATING SERVICE
(MULTI-FAMILY BUILDINGS)

Applicable to Use of Service for: . . .

Space heating and/or water heating in multifamily buildings having six or more individual flats or apartments, but not more than 50% of the cubical content is occupied by nonresidential activities and such service is rendered in common to all families.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than

four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provisions:

- (1) The consumer has the option, with the consent of Brooklyn Union, of paying for service taken under this classification for a limited period in equal monthly amounts based on the application of the rate to the estimated usage during the period. At the end of this period, or at the discontinuance of service, the consumer will pay or be given credit for the difference between the amount paid and the charges for the actual usages under this rate. This payment or refund shall be made under arrangements agreed upon by the consumer and Brooklyn Union
- (2) New gas service will be supplied under this Service Classification when it is determined by the Company that the total rated hourly Btu input to supply the gasfired equipment installed for such use does not exceed 2,500,000 Btu per hour.
- (3) Exemption from the limitation mentioned in (b)above will be granted by Brooklyn Union provided that a contribution payment necessary for required service laterals and/or system reinforcement is submitted prior to the commencement of gas service by the applicant for such gas service.

Commercial:

e. SC 2 - GENERAL SERVICE (NON-RESIDENTIAL)

Applicable to Use of Service for:

Gas used by any consumer for non-residential purposes. Subject to the Special Provisions in Brooklyn Union's tariff. Non-heating customers will be pay the rates set in the tariff under Rate Schedule 1; heating customers will pay the rates under Rate Schedule 2. For the purposes of this Service Classification, customers whose annual load factor is 50% or less as determined by the Company will be considered heating customers; all others will be considered non-heating.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provisions:

- (1) Gas at pressures up to one pound will be furnished provided the consumer l pays the cost of connection between the Company's transmission system and his premises.
- (2) New gas service will be supplied under this Service Classification when it is determined by the Company that the total rated hourly Btu input to supply the gas-fired equipment installed for such use does not exceed 2,500,000 Btu per hour.

- (3) Exemption from the limitation mentioned in (b) above will be granted by Brooklyn Union provided that a contribution payment necessary for required service laterals and/or system reinforcement is submitted prior to the commencement of gas service by the applicant for such gas service.

f. SC 4A - HIGH LOAD FACTOR SERVICE

Applicable to Use of Service for:

Any consumer, with a written application and acceptance by Brooklyn Union, for gas service used for the operation of either cogeneration or other gasfired equipment where the ratio of average hourly use to the maximum rated hourly input to supply the gasfired equipment installed for use is 50% or greater. A separate meter will be installed for gas supplied under this service classification and the use of gas measured by this meter for other than that described above is prohibited.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provisions:

- (1) For purposes of this Schedule for Gas Service, cogeneration means the sequential production of electricity and/or mechanical energy and useful form of thermal energy from a single input energy source.
- (2) Prior to receiving gas service under this service classification, consumers will be required to certify to Brooklyn Union that installed cogeneration equipment would meet the requirements for qualification under Part 292 of title 18 of the Code of Federal Regulations or as a "cogeneration facility" as defined in Section 2 of the New York Public Service Law.
- (3) Brooklyn reserves the right to accept only such applications under this service classification as will, in the Company's sole judgement, permit it to dispose of the gas it has available for sale without requiring an unreasonable or uneconomic extension of facilities.
- (4) Exemption from the limitation provisions in © above will be granted by Brooklyn Union provided that a contribution payment for capital costs incurred to make the attachment is submitted prior to the commencement of service by the applicant for gas service.
- (5) The consumer will agree to permit access by Brooklyn Union employees or representatives, at all reasonable times, to the consumer's premises for the purpose of determining that the operation of installed cogeneration equipment and related facilities is in compliance with all terms and conditions for service required under this

service classification. The consumer must agree that Brooklyn Union may measure gas consumption in any reasonable manner, including but not limited to automatic recording devices ("telemetry").

g. SC 4B - YEAR-ROUND AIR CONDITIONING SERVICE (NON-RESIDENTIAL)

Applicable to Use of Service for:

Any non-residential consumer with a written application for service for the heating and cooling in common of the consumer's premises or any portion used for heating and cooling in common, provided that the applicant will guarantee Brooklyn Union a minimum revenue of not less than \$200.00, plus the revenue from the applicable gas adjustment, during the cooling season which is defined as being the period between May 1st and October 31st, both inclusive. A separate meter will be installed for gas supplied under this Classification and the use of gas measured by this meter for other than year-round air conditioning is prohibited.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provisions:

Where water is incidentally heated in the air conditioning equipment, gas used for such purpose is available under this Classification.

h. SC 7 - SEASONAL OFF-PEAK SERVICE

Applicable to Use of Service for:

Any consumer, upon written application for gas for space heating, air conditioning, water heating, and/or steam generation, during the months of April to November, both inclusive, provided the applicant will guarantee to Brooklyn Union a minimum revenue of not less than \$108.00, plus the revenue from the applicable gas adjustment, during the season in which this rate is available; also available during the months of December to March, on an interruptible basis at the sole option of Brooklyn Union. This service class is not available to consumers receiving similar gas service at the same location under any other service classification.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Continuous during the period from April 1st to November 30th. Interruptible, at the sole option of Brooklyn Union, during the period from December 1st to March 31st. After notice (by telephone, or otherwise) by Brooklyn Union to the consumer, the consumer will

discontinue the use of gas in accordance with the notice. Service will be limited to natural gas available over and above the requirements of consumers taking continuous service.

Special Provisions:

During the months of December to March, both inclusive:

- (1) Pilot light consumption of equipment supplied under this Classification may be taken under Service Classification No. 2 (General Service).
- (2) Gas service may be supplied under this Service Classification during the months of December to March, and at the option of Brooklyn Union, only when and to the extent that Brooklyn Union has capacity available at the time sufficient for the service requested, and Brooklyn Union, after supplying consumers taking continuous service, will have sufficient gas available to supply the applicant.
- (3) Gas service supplied during the months of December to March, both inclusive, under this Service Classification will be curtailed at the option of Brooklyn Union

Additional Charge:

Gas consumed in violation of the provisions under this Service Classification, and/or gas consumed after notice to interrupt has been given by Brooklyn Union in accordance with the terms of this Service Classification and without specific authorization by Brooklyn Union will be subject to an additional charge of nine (9) times the charge indicated in the terminal (lowest) block for the months of April to November including the Revenue Tax Surcharge.

Interruptible Sales Service

i. SC 5A - ON-SYSTEM LARGE VOLUME INTERRUPTIBLE SALES SERVICES

Customer Eligibility

Available to on-system customers whose normal daily use is in excess of 200 dth. An on-system customer is a customer that consumes gas at facilities located in Brooklyn Union's service territory. To get service under this service classification, the customer must enter into a service agreement with Brooklyn Union (see appendix under forms). Prior to the initiation of service, the customer will elect to take either standard offer price interruptible service under Rate Schedule 1 of this service classification or individually negotiated service under Rate Schedule 2 of this service classification. Customers choosing service under Rate Schedule 2 may contract for firm or interruptible service. Customers contracting for interruptible service must have complete standby fuel and equipment available for use in the event of a service interruption, unless this requirement is waived by Brooklyn Union.

Also available to the owner or operator of a natural gas compression facility (CNG facility) located in Brooklyn Union's service territory provided that the gas transported is (i) compressed at the CNG facility and injected into motor vehicle fuel tanks to be consumed

as a motor fuel, and/or (ii) used at the CNG facility as compressor fuel. Service may be firm, interruptible, or off-peak firm, as negotiated by the Customer and Brooklyn Union under Rate Schedule 2. Customers are not subject to the 200 dth restriction otherwise required.

Character of Service

For service to a delivery point within Brooklyn Union's service territory, Brooklyn Union will provide gas to the customer that contains not less than 975 Btu, on a dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the customer's end of the service line. For service to a delivery point outside the Company's service territory under Rate Schedule 2, the Company will provide gas of a quality and at a pressure and heat value content conforming to either the Company's specifications or the specifications of the Company's pipeline transporter.

Service under Rate Schedule 1 is interruptible. Service under Rate Schedule 2 may either be firm or interruptible. Interruptible service will be interrupted at the option of Brooklyn Union after not less than two hours' notice (by telephone or otherwise) to the customer. When the customer receives notice, the customer must curtail or discontinue use of gas as instructed by Brooklyn Union

Special Provisions:

(1) Level of Service:

For customers taking service under Rate Schedule 2, the degree of interruption, if any, and the interruption notice requirements will be specified in the customer's service agreement. The order of interruption for interruptible customers taking service under Rate Schedule 2 will be determined based on customers' rates, with the customer paying the highest rate being offered gas first.

(2) Responsibility for Transportation:

Customers taking service under Rate Schedule 2 of this service classification having service agreements specifying a delivery point that is not at the meter of the customer's facilities located in the service territory will be responsible for securing (1) interstate pipeline transportation to transport the gas from the delivery point to the Company's facilities, if necessary, and (2) local transportation service from Brooklyn Union under Service Classification No. 11 to transport the gas from a point of receipt at the Company's facilities to the customer's facilities located in the service territory.

(3) Creditworthiness:

Customers with service agreements of less than one year may be required to pay their minimum commodity charge in advance each month. Customers with service agreements of less than one year, whose minimum commodity charge is defined over a period of more than one month, may be required to make advance monthly minimum bill payments at a rate which, in Brooklyn Union's sole discretion, is equivalent to one month's service. For

service agreements whose term is one year or more, the obligation to pay the minimum commodity charge will be secured by a letter of credit from a responsible financial institution, or by other security acceptable to Brooklyn Union. If, at any time, Brooklyn Union determines, in its sole discretion, that the continuation of service to a customer presents an undue credit risk, Brooklyn Union may require, as a condition to continuing service, that the customer post a letter of credit or other financial security satisfactory to Brooklyn Union to secure payment of the minimum commodity charge.

(4) Waiver of Standby Fuel Requirement:

Brooklyn Union may, in its sole discretion, grant an express waiver of the standby fuel requirements under this service classification where the customer does not have available an easily convertible dual fuel option and is willing to have gas service interrupted as otherwise provided in the service agreement.

(5) Charge for Late Payment:

A late payment charge at the rate of one and one half percent (1-1/2%) per month will be applied to the accounts of all customers, except state agencies, taking service under this service classification. The charge will be applied to all amounts billed, including arrears, unpaid late payment charge amounts applied to previous bills, and penalties, which are not received by Brooklyn Union on or before the date specified on the customer's bill. The date specified will not be less than twenty-eight days after the date the bill was mailed to the customer. Service to state agencies will be rendered in accordance with the provisions of Article XI-A of the State Finance Law (Chapter 153 of the Laws of 1984, effective July 1, 1984).

(6) Contract Addenda:

Summaries of individually negotiated service agreements with customers taking service under Rate Schedule 2 of this service classification will be available as contract addenda to this service classification.

j. SC 6C, 6G, 6M - TEMPERATURE CONTROLLED SERVICE

Applicable to Use of Service for:

(1) SC 6C - Commercial

Any consumer in buildings used for commercial or industrial purposes upon written application for heating and water heating or heating and water heating and process steam; and/or air conditioning or cogeneration where the total rated hourly Btu input to supply gas-fired equipment installed for such use is 1,000,000 Btu per hour or greater. Customers whose weather normalized annual usage is less than 10,000 dth per year will be subject to the rates under Rate Schedule 1; Customers whose weather normalized annual usage is equal to or greater than 10,000 dth will be subject to the rates under Rate Schedule 2. Customers qualifying under Rate Schedule 3 will be eligible for individually negotiated rates.

(2) SC 6G - Government

Any government agency upon written application for heating and water heating or heating and water heating and process steam; and/or air conditioning or cogeneration where the total rated hourly Btu input to supply gas-fired equipment installed for such use is 1,000,000 Btu per hour or greater subject to the Special Provisions herein. Customers whose weather normalized annual usage is less than 10,000 dth per year will be subject to the rates under Rate Schedule 1; Customers whose weather normalized annual usage is equal to or greater than 10,000 dth will be subject to the rates under Rate Schedule 2. Customers qualifying for Rate Schedule 3 will be eligible for individually negotiated rates. See Special Provisions.

(3) SC 6M Multi-Family

Any consumer in multi-family buildings upon written application for heating and water heating or heating and water heating and process steam; and/or air conditioning or cogeneration where the total rated hourly Btu input to supply gas-fired equipment installed for such use is 1,000,000 Btu per hour or greater. Customers whose weather normalized annual usage is less than 3,500 dth per year will be subject to the rates under Rate Schedule 1; Customers whose weather normalized annual usage is at least 3,500 dth but not greater than 8,999 dth will be subject to the rates under Rate Schedule 2; Customers whose weather normalized annual usage is at least 9,000 dth but not greater than 24,999 dth will be subject to the rates under Rate Schedule 3; Customers whose weather normalized annual usage is equal to or greater than 25,000 dth shall be subject to the rates under Rate Schedule 4; Customers qualifying under Rate Schedule 5 will be eligible for individually negotiated rates.

Character of Service:

Natural gas of not less than 975 Btu, dry basis, per cubic foot at a pressure of not less than four inches of water column gauge, as measured at the consumer's end of the service line.

Special Provisions:

1. Gas Service will be supplied under these Service Classification only when and to the extent that Brooklyn Union has capacity available at the time of application sufficient for the service requested and Brooklyn Union, after supplying consumers taking continuous service, will have sufficient gas available to supply the applicant.
2. As a condition of service, consumers will be required to transfer their fuel supply from gas to an alternate fuel source whenever the outside temperature falls below the temperature specified by Brooklyn Union.

The "alternate fuel" and "outside temperature" for the purposes of this Service Classification will be the temperature measured outside of the customer's premises except, if the information is not readily and accurately available, Brooklyn Union will be entitled to utilize the temperature measured at The Central Park Observatory.

3. The consumer will install and maintain at all times a sufficient standby alternate fuel supply and the dual-fuel equipment necessary to utilize them in the event that transfer of fuel sources is required. The temperature settings of the control devices, whether automatic or semi-automatic, are to be established solely by Brooklyn Union.
4. The consumer will agree to be solely responsible for the service, maintenance, repair and upkeep of all dual-fuel equipment and all associated control devices. Brooklyn Union assumes no responsibility for the adequacy of standby facilities and shall not be liable for any loss, damage or expense, direct or indirect, which may be incurred by the customer or others in connection with or as a result of any curtailment or discontinuance of gas service.

Brooklyn Union neither accepts nor assumes any responsibility for any malfunction of equipment or devices, nor for any consumption of gas when the outside temperature falls below the specified transfer temperature. If any control device fails to switch over to the alternate fuel when the outside temperature falls below the specified temperature, the consumer will immediately switch manually from the use of gas to the alternate fuel.

5. The consumer must agree to permit access by Brooklyn Union employees or representatives, at all times, to the consumer's premises for the purposes of (i) inspection and testing all dual-fuel equipment and associated control devices and (ii) the measurement and verification of dual-fuel consumption.
6. If operation or supply conditions warrant, Brooklyn Union may designate the "outside temperature" as the temperature measured at The Central Park Observatory for the purpose of requiring the customer to switch to an alternate fuel source.
7. If the Brooklyn Union declares an emergency, the consumer must immediately manually switch from the use of gas to the alternate fuel upon oral or written request of Brooklyn Union at any time and the consumer shall not switch back to gas until notified by an authorized representative of Brooklyn Union.
8. In conjunction with installed telemetering equipment, Brooklyn Union reserves the right to install and operate such remote control switching devices as may be necessary to allow for the immediate switchover between gas service and alternate fuel usage as priced for under this Service Classification.

2. Firm Sales Services: BULI

Residential:

a. SC 1 - RESIDENTIAL SERVICE

Rate Codes: 120 Residential General
130 Residential Water Heating
140 Residential Space Heating

Applicable to Use of Service for:

All residential and religious purposes as fully defined in tariff rule II.7C. Availability of such service will be subject to the conditions stated in tariff rule II.7B.

Character of Service:

Continuous natural gas, or a suitable mixture of natural and manufactured gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) Customers under this service classification who use gas for (1) religious purposes in accordance with tariff rule II.9C.2.1.3, (2) community residences that are supportive/supervised living facilities in accordance with tariff rule II.9C.2.1.5 or (3) any building or premises owned or leased by a not-for-profit veterans organization in accordance with tariff rule II.9C.2.1.6, may apply for service on an appropriate non-residential classification after a minimum term of one year. The transferring Customer is required to submit a new application form to the Company prior to the transfer and will be allowed to transfer at the time of the customer's next meter reading.

Commercial:

b. SC 2 - NON-RESIDENTIAL SERVICE

(Rate Codes: 160, 170, 250)

Applicable to Use of Service for:

All non-residential purposes excluding Multi-Dwelling, and including building heating. Availability of such service will be subject to the conditions stated in tariff rule II.7B.

Rate Codes: 160 - Water Heating
170 - Space Heating
250 - General

Character of Service:

Continuous natural gas, or a suitable mixture of natural and manufactured gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) A customer with less than two years on this service and who received extension of facilities without charge, will be required to conform to tariff rule II.2B.1.2 for purposes of transferring to an interruptible service.

Customers under this service classification who use gas for religious purposes or community residences that are supportive/supervised living facilities, may apply for service on an appropriate residential classification after a minimum term of one year. The transferring customer is required to submit a new application form to the Company prior to the transfer and will be allowed to transfer at the time of the customer's next meter reading.

c. SC 3 - MULTIPLE-DWELLING SERVICE

(Rate Codes: 151, 152)

Applicable to Use of Service for:

Apartments, Condominiums, or Co-operative Residences only, with five or more residential dwelling units (containing individual kitchen/bath/sleeping facilities) connected to a common meter when gas is the sole means of space heating and/or water heating. Availability of such service will be subject to the conditions stated in tariff rules II.7B and 7C.

Character of Service:

Continuous natural gas, or a suitable mixture of natural and manufactured gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) A customer with less than two years on this service and who received extension of facilities without charge, will be required to conform to tariff rule II.2B.1.2 for purposes of transferring to an interruptible service.
- (2) Customers currently served under this Service Classification who are not eligible for this service will be transferred to their appropriate service classification. For the first year that these customers are billed on the new rate, their maximum annual charges will be capped at 110% of the annual charges as calculated under S.C. No.3. For the second and third years, the maximum annual charge will be limited to no more than an additional ten (10) percent each year as calculated under S.C. No. 3. Thereafter, these customers will be subject to the full effects of their new rate.
- (3) Customers under this service classification who use gas for religious purposes as stated in tariff rule II.7C.2.1.3, or community residences that are supportive/supervised living facilities in accordance with tariff rule II.7C.2.1.5, may apply for service on an appropriate residential classification after a minimum term of one year. The transferring customer is required to submit a new application form to the Company prior to the transfer and will be allowed to transfer at the time of the customer's next meter reading.

d. SC 15 - HIGH LOAD FACTOR SERVICE
(Rate Code: 260)

Applicable to Use of Service for:

Available to any consumer, upon written application and acceptance by the Company, for gas service used for the operation of distributed generation equipment used for mechanical and electrical power applications employing reciprocating engines, gas turbines and emerging gas technologies such as fuel cells and micro turbines, subject to the Special Provisions. A separate meter will be installed for gas supplied under this service classification, and the use of gas measured by this meter for other than that above described is expressly prohibited.

Character of Service:

Continuous natural gas, or a suitable mixture of natural and manufactured gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) For purposes of this Schedule for Gas Service, distributed generation means the on-site production of electricity and/or mechanical energy.
- (2) In no event will the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation service. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in the Company's sole judgment are required or must be incurred by the Company to provide transportation service, will be the sole responsibility of the Customer, and will be payable in full prior to the initiation of service. The Company may require Customer to provide security such as a letter of credit or other acceptable security prior to incurring any additional facilities costs.
- (3) The consumer agrees to permit access by the Company's employees or representatives, at all reasonable times, to the consumer's premises for the purpose of determining that the operation of installed cogeneration equipment and related facilities is in compliance with all terms and conditions for service required under this service classification. The consumer further agrees that the Company may measure gas consumption in any reasonable manner, including but not limited to automatic recording devices ("telemetering").
- (4) A customer with less than two years on this service and who received extension of facilities without charge or received a cash incentive, will be required to conform to tariff rule II.2B.1.2. for purposes of transferring to an interruptible type service.

e. SC16 - YEAR-ROUND SPACE CONDITIONING SERVICE
(Rate Code: 270)

Applicable to Use of Service for:

Available to any non-residential consumer upon written application for gas for the heating and cooling in common of the consumer's premises or such portion thereof as uses gas for heating and cooling in common, provided that such applicant shall guarantee to the Company a minimum revenue of not less than \$200.00, plus the revenue from the applicable gas adjustments and taxes, during the cooling season which is defined as being the period between May 1st and October 31st, both inclusive. A separate meter will be installed for gas supplied under this Classification and the use of gas measured by this meter for other than year-round air conditioning is expressly prohibited.

Character of Service:

Continuous natural gas, or a suitable mixture of natural and manufactured gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) Where water is incidentally heated in the air conditioning equipment, gas used for such purpose is available under this Classification.
- (2) In no event will the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation service. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in the Company's sole judgment are required or must be incurred by the Company to provide transportation service, will be the sole responsibility of the Customer, and will be payable in full prior to the initiation of service hereunder. The Company may require Customer to provide security such as a letter of credit or other acceptable security prior to incurring any additional facilities costs.
- (3) The consumer agrees to permit access by the Company's employees or representatives, at all reasonable times, to the consumer's premises for the purpose of determining that the operation of installed year-round space conditioning equipment and is in compliance with all terms and conditions for service required under this service classification. The consumer further agrees that the Company may measure gas consumption in any reasonable manner, including but not limited to automatic recording devices ("telemetering").
- (4) A customer with less than two years on this service and who received extension of facilities without charge or received a cash incentive, will be required to conform to tariff rule II.2B.1.2. for purposes of transferring to an interruptible type service.

Interruptible Gas Service:

f. SC 4 - INTERRUPTIBLE GAS SERVICE

Rate Codes:

- 310- Category A - Customers who are exempt from the Petroleum Business Tax and whose annual thermal energy requirements are less than 100,000 dth;
- 320- Category B - Customers who are exempt from the Petroleum Business Tax and whose annual thermal energy requirements are equal to or greater than 100,000 dth;
- 311- Category C - Customers who are non-exempt from the Petroleum Business Tax and whose annual thermal energy requirements are less than 55,000 dth;
- 321- Category D - Customers who are non-exempt from the Petroleum Business Tax and whose annual thermal energy requirements are equal to or greater than 55,000 dth.

Applicable to Use of Service for:

Service is available under this Service Classification for provision of natural gas to commercial and industrial Customers who by written contract agree to:

- (1) Use this service only in the equipment specified in said contract;
- (2) Not use in this equipment any gas service furnished by the Company other than the gas service furnished under this Service Classification or under Service Classification No. 7;
- (3) Discontinue the use of gas service, upon 4 hours notice (or on one hour notice in the case of system emergencies) to the Customer by the Company;
- (4) Provide and maintain complete and adequate standby facilities except as may be permitted by the Company in its sole discretion because of the nature of the customer's operations; and
- (5) Where standby facilities are required, keep available at all times sufficient standby fuel to maintain continuous plant operation during periods of discontinuance of service.

Availability of such service shall be subject to the conditions set forth in the Special Provisions and tariff rule II.7B. New customers will be required to use at least 5,000 DTH annually to qualify for this service.

Character of Service:

Gas Service provided under this Service Classification shall be on an interruptible basis.

In providing service under this Service Classification, the Company will, upon four hours notice (or one hour notice in the case of system emergency), interrupt deliveries of gas to any or all Customers taking service under this Service Classification whenever and to the extent that it may be advisable in the Company's judgement. This includes interruptions in order for the Company to obtain exemption from curtailment under the Company's pipeline suppliers' curtailment plans.

Special Provisions:

1. **Distribution Facilities Allowances:** Applicants will be furnished service when, in the Company's judgement, there is sufficient natural gas supply, capacity and facilities available for the service requested after taking into consideration the requirements of firm Customers, all Company uses and obligations, and existing Customers taking interruptible service.

If an applicant requests and is approved for gas service as an interruptible Customer, the Company will furnish, place and construct all mains, service lines, service connections and appurtenant facilities necessary to render the service requested. The applicant, prior to construction, must either 1) pay the estimated cost of these facilities in full, or 2) pay the estimated cost of these facilities less the Company's contribution as determined by a revenue test described below in a(i) and sign the service agreement, thus agreeing to be subject its terms.

(a)(i) The Company's contribution will be equal to an estimate of sales for the first twenty-four months of service multiplied by the three month average unit margin as defined in tariff rule II.1 and in effect on the date of the service agreement.

(a)(ii) An applicant who selects the revenue test option in a (2) must deliver to the Company, prior to the commencement of construction of any facilities, a surety bond or other security satisfactory to "Brooklyn Union" equal to the Company's contribution, which will be canceled whenever the total excess revenue is equal to the Company's contribution. If, within a five year period, the Customer's total excess revenue fails to meet the Company's contribution, the Customer shall forfeit that portion of the surety bond equal to the difference between the Company's contribution and the total excess revenue. The Company's contribution will include any adjustments in (a)(iii) below.

(a)(iii) If, after twenty-four months of service, the actual excess revenue exceeds the amount that is estimated in (a)(i) above, the Customer will be reimbursed the revenue that exceeds the amount estimated in (a)(i). Special Provisions (continued):

(a)(iv) Whenever a new Customer is connected to a main extension for which the Company received a Customer contribution(s) within the previous five years, the new Customer shall pay a share of the facilities costs. The original Customer(s) who contributed to the main extension will be entitled to a refund. The refund shall be reasonably allocated among the original Customer(s) in proportion to the length of main used by each served from the main extension, taking into account that portion of facilities which the Company is providing without charge based on the revenue from all interruptible Customers or required to provide without charge to each firm

Customer, and the share of facilities cost from the new Customer. Whenever more than one Customer is connected to a main extension for which the Company receives a Customer contribution(s), all Customer contributions will be adjusted as to yield to the Company not more than the cost applicable to the extension from all Customers served from the main extension.

(a)(v) The Applicant or the Company may apply to the Public Service Commission for a ruling as to the necessity for, or reasonableness of, any of the above requirements in a specific case.

(b) Service Separately Metered: Service furnished under this service classification will be separately metered and will not be substituted for nor used interchangeably with service under any other service classification except for Interruptible Transportation Service under Service Classification No. 7.

(c) Prorated Charges: In the event the service is interrupted by the Company, the Minimum Charge and the rate shall be prorated on the basis of the number of days that service is available to the Customer for a full day relative to the number of days in the billing period.

(d) Fuel for Electric Generation: Gas service will not be available under this classification as fuel used in the generation of electric energy for sale, except to Customers whose rates are regulated by the Public Service Commission.

(e) Penalties: Customers that continue to take gas during a period of interruption will be subject to a penalty charge of \$2.50 per therm for the unauthorized gas recorded on the meter for the billing period in which the violation occurred. If "Brooklyn Union" is unable to determine the precise amount of unauthorized gas taken during the period of interruption via a remote reading device, the Company shall have the right to estimate the amount of gas used during the unauthorized period. The method of estimation will be based upon either the normal average daily consumption and if applicable, adjusted for degree days or other reasonable methods. In addition, the Company may take immediate action to terminate the Customer's gas supply.

(f) Remote Reading Devices: Remote reading devices are required for all Customers contracting for this service. New Customers will be required to pay, prior to the initiation of service and subject to Special Provision (a), the additional cost of the remote device in excess of a regular meter. All Customers will bear all telephone charges for communicating meter usage information to the Company.

(g) Negotiated Contracts: The Company reserves the right to negotiate individual contracts with Customers whose annual natural gas requirements equal or exceed 100,000 dth.

(h) Notice of Interruption: "Brooklyn Union" is deemed to have provided adequate notice if the Company has made a good faith effort to notify by attempting to call the telephone number designated by the Customer in the Interruptible Gas Service Agreement for purposes of such notification whether or not the Customer is available

to answer such call.

g. SC 12 - TEMPERATURE-CONTROLLED SERVICE - NON-RESIDENTIAL

Rate Codes: 330 Rate 1
331 Rate 2
332 Rate 3

Applicable to Use of Service for:

All non-residential purposes, including multi-dwelling, that exceed 2,000 Dth annually. Customers with natural gas fueled equipment capable of using more than 100,000 Dth annually and with demonstrable alternatives, will be eligible for individually negotiated contracts. Availability of these services will be subject to the conditions stated in the Special Provisions below, and in tariff rule II.7B.

Character of Service:

Natural gas, or a suitable mixture of natural and manufactured gas on a BTU content of no less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) Availability of Service: gas service will be supplied under this service classification only when:
 - (a) the Company has, at the time of application, sufficient capacity available for the service requested after supplying all consumers taking continuous service, and
 - (b) in the Company's sole discretion, the Company will not have to install unreasonable or uneconomic extension of facilities to provide service.
- (2) Temperature Related Interruptions: Service to customers will be interrupted when the temperature drops below the temperature level specified by the Company. Temperature settings of the control devices, whether automatic or semi-automatic, will be established solely by the Company. For purposes of this service classification, the temperature is:
 - (a) measured outside the customer's premises, except when such information is not readily or accurately available, or if operation or supply conditions warrant, then
 - i) the Company will use the temperature measured at the Company's weather monitoring station located at Hicksville, New York.
- (3) Standby Fuel Requirements: Customers with human needs, such as multi-dwellings and hospitals, are required:

- (a) to install and maintain at all times a sufficient standby alternate fuel supply and the dual-fuel equipment necessary to utilize same in the event of an interruption, and
- (b) unless otherwise expressly authorized by the Company in writing, to maintain a supply of alternate fuel sufficient to at least meet the customer's fuel consumption needs for a period of ten days.
 - i) The installation and subsequent operation of such dual-fuel equipment and all associated control devices shall be subject to the approval of the Company.

(4) Maintenance of Equipment:

- (a) The customer will be solely responsible for the service, maintenance, repair and upkeep of all dual-fuel equipment and all associated control devices.
- (b) The customer will permit access by Company's employees or representatives, at all times, to the consumer's premises for the purpose of:
 - i) inspecting and testing all dual-fuel equipment and associated control devices, and
 - ii) measuring and verifying dual-fuel usage.

(5) Customer's Responsibility:

- (a) The customer is solely responsible for the service, maintenance repair and upkeep of all dual-fuel equipment and all associated control devices.
- (b) The Company will not be responsible for:
 - i) the adequacy of standby facilities, nor
 - ii) any loss, damage or expense, direct or indirect, which were incurred by the customer or others in connection with or as a result of any curtailment or discontinuance of gas service, nor
 - iii) any malfunction of the dual-fuel equipment and associated control devices, nor any consumption of gas when temperature falls below the specified temperature level for interrupting service.
- (c) The customer is responsible for the immediate manual switching from natural gas use to the alternate fuel if any control device fails to switch over to the alternate fuel when the temperature drops below the specified temperature level for interrupting service.

- (d) The customer is responsible for all telephone charges for communicating meter reading information to the Company by telemetering.
- (e) The customer will ensure that the telephone lines to the telemeter are operational at all times. Failure to maintain the operation of these lines may result in the discontinuance of service.
- (6) Meter Reading Devices: Remote and automatic meter reading devices ("telemetering") are required for all customers contracting for this service.
- (7) Termination of Service: The Company reserves the right to terminate service to a customer if a customer:
 - (a) fails, for any reason whatsoever, to interrupt service upon written or oral notice from the Company, or
 - (b) suffers or allows gas to be consumed in violation of interruption provisions of this service, or
 - (c) in the case of human needs customers, fails to maintain the dual-fuel equipment and associated control devices in proper working order, or
 - (d) interferes in any manner with the operation of such control devices, or
 - (e) interferes with or hinders in any manner, the Company's rights to access, metering and inspection, or
 - (f) fails to maintain the operation of all telephone lines used in the remote reading of telemetering equipment, or
 - (g) otherwise violates any provision of this service classification.
- (8) Additional Charges to Customers:
 - (a) For gas consumed during an interruption period without expressed written authorization of the Company, the Company will impose an additional charge of \$2.50 per therm for the unauthorized gas.

3. Transportation Service: BUNY

a. SC 16 - COMPREHENSIVE TRANSPORTATION AND BALANCING SERVICE

Applicable to use of transportation and balancing service for:

Any Existing Core Customer who (1) qualifies for service metered at a single delivery point under the applicable Comprehensive Transportation and Balancing Service (CBTS) rate schedule as described hereunder; and (2) meets the terms and conditions for service provided for under the corresponding sales Service Classification as contained in this

Schedule for Gas Service; and (3) can provide, to the Company's satisfaction, proof of firm gas supply providing clear and marketable title to gas adequate to meet the Customer's requirements as determined by the Company (see Special Provisions), sufficient to provide transportation and redelivery by the Company of natural gas meeting the quality specifications of this Schedule of Gas Service at a minimum annual normalized quantity of 35,000 therms to the Customer's delivery point; and (4) desires to contract for the use of the Company's upstream transportation capacity; and (5) has entered into a mutually agreed upon CTB Service Agreement with the Company (in the form provided herein), subject to the Special Provisions hereof. This service may be offered at the Company's option to a potential New Core Customer provided such potential customer meets the other qualifications listed above. The minimum annual quantity requirement is not applicable to Existing Core Customers or potential New Core Customers who or which participate as part of a small customer aggregation Pool, if (a) the total annual normalized consumption of all Customers included in such Pool is at least 50,000 therms, (b) the Company and the third party supplying the Pool have entered into an agreement regarding the terms and conditions of such aggregation program and the other terms and conditions of Service Classification No. 19 have been complied with in all respects. The applicable rates and charges for CTB service are as follows:

- Rate CTBS-1A (Residential Non-Heating Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 1A - Residential Non-Heating Service.
- Rate CTBS-1AR (Residential Non-Heating Reduced Rate Service)
Available to customers who would otherwise qualify for sale service under Service Classification No. 1AR - Residential Non-Heating Reduced Rate Service.
- Rate CTBS-1B (Residential Heating Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 1B - Residential Heating Service.
- Rate CTBS-1BR (Residential Heating Reduced Rate Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 1B - Residential Heating Reduced Rate Service.
- Rate CTBS-2 (Non-Residential Firm General Service Transportation)
Available to customers who would otherwise qualify for sales service under Service Classification No. 2 - General Service (Non-Residential).
- Rate CTBS-3 (Non-Residential Heating and/or Water Heating Service - Multi-Family Buildings)
Available to customers who would otherwise qualify for sale service under Service Classification No. 3 - Heating and/or Water Heating Service (Multi-Family Buildings).
- Rate CTBS-4A (Non-Residential High Load Factor Service Transportation)
Available to customers who would otherwise qualify for sales service under Service Classification No. 4A - High Load Factor Service.

- Rate CTBS-4B - (Non-Residential Year-Round Air Conditioning Service Transportation)
Available to customers who would otherwise qualify for sales service under Service Classification No. 4B - Year-Round Air Conditioning Service.
- Rate CTBS-7 (Non-Residential Seasonal Off-Peak Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 7 - Seasonal Off-Peak Service.

Character of Service:

Firm transportation, balancing and standby service, as determined by the Character of Service provisions of the sales service classification corresponding to the applicable CTBS rate classification indicated above, which provisions are incorporated herein by reference. Subject to the provisions of this Service Classification, the Company will transport natural gas, owned by the Customer, that meets the quality specifications hereof from a mutually agreed upon existing point for direct receipt by the Company, to a specified delivery point on the Company's existing facilities at the customer's point of service.

The Company shall control the dispatch of gas received for transportation. Transportation and balancing service hereunder for New Core Customers shall be available only upon a Company determination that its existing delivery and storage capacity and facilities are adequate to the total estimated gas requirements of its customers receiving service under sales service classifications and to Existing Core Customers taking service under this Service Classification and Service Classification No. 17. The Company will not be obligated to expand its facilities or construct new facilities for new customers seeking such service.

Subject to the provisions contained herein, Company shall receive gas delivered by Customer hereunder for Customer's account and transport and/or redeliver such gas to Customer. Company shall not be required to accept deliveries of gas in excess of Customer's MDDQ.

Each month, the Company shall determine the Customer's ADDQ (see Special Provisions) and the Customer shall be obligated to deliver this amount each day unless otherwise notified by the Company.

The Company shall be required to receive Daily Delivery Quantities only during the Delivery Period, and redeliver Daily Redelivery Quantities only during the Redelivery Period.

Special Provisions:

- (1) In no event shall the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation services hereunder. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities that in the Company's sole judgment are required or must be incurred by the Company to provide transportation and balancing service, shall be the sole responsibility of the

Customer, and shall be payable in full prior to the initiation of service hereunder.

- (2) Whenever the Customer's account with the Company becomes delinquent and/or the Customer has failed to deliver gas to the Company for the Customer's account, the Company shall have the right to request and the Customer, upon such request, shall provide the Company, for its review, copies of all contracts between the Customer and third parties providing for the purchase of pipeline capacity by such Customer. The Customer should redact all information deemed confidential, provided however, that all such contracts shall assure, in a manner satisfactory to the Company, reliable deliveries of sufficient quantities of gas for the Customer's account to meet the Customer's full hourly, daily or seasonal requirements for the term of service hereunder, unless otherwise agreed to in writing by the Company. The Company does not warrant the performance of such third parties under such contracts.
- (3) The Customer warrants that it will have good and marketable right and title to all gas he or it tenders or causes to be tendered to the Company hereunder and such gas shall be free and clear of all liens, encumbrances and claims whatsoever. The Customer shall hold harmless and indemnify the Company against any adverse claim by a third party, and against any loss or cost incurred by the Company on account of any such liens, encumbrances and claims of third parties. In addition to any other rights the Company may have, in the event any adverse claim is asserted against the Company by a third party, the Company may, at its sole option, suspend the transportation and balancing of gas hereunder, until such claim is resolved to the Company's satisfaction.
- (4) The Customer shall use its best efforts to keep the hourly quantities delivered to the Company for the Customer's account, adjusted for system use and losses, equal to the Customer's ADDQ, divided by 24.
- (5) Upon termination of service hereunder, the Customer may apply as a new applicant for gas service under the appropriate sales Service Classification as contained in this Schedule for Gas Service, pursuant to the conditions for gas service contained therein.
- (6) All gas transported to the Company's point(s) of receipt for the Customer's account shall conform to all of the quality specifications set forth in 16NYCRR Part 229. The Company shall notify the Customer of any deficiencies in such quality specifications and may, at its option, refuse to accept delivery pending correction by the Customer.
- (7) Except as specified above, or in the Customer's CTB Service Agreement, all provisions of the sales Service Classification that would otherwise apply to service to the Customer are specifically incorporated herein and shall apply to transportation and balancing service provided hereunder.
- (8) The Company, based upon the Customer's historical load profile and/or estimates of consumption, shall determine the Customer's annualized load profile under design conditions. Based upon this load profile, the Company will determine the Customer's RCQ, MDDQ and ADDQ.
- (9) Customers commencing service under this Service Classification on other than the

beginning of a Delivery Period may not be able to accumulate a Redelivery Balance by the beginning of the next Redelivery Period that is sufficient to result in a positive Redelivery Balance at the end of such Redelivery Period. Accordingly the Company may, at its option, require such Customer to purchase an initial Redelivery Balance at the beginning of the commencement of service under this Service Classification that is, in the Company's sole judgment, and in consideration of Customer's estimated Daily Delivery Quantities and Daily Redelivery Quantities, sufficient to result in the Customer having a positive Redelivery Balance at the end of the next Redelivery Period. The rate to be charged for such initial Redelivery Balance shall be equal to the Company's then current average inventory per therm cost of gas in storage times the number of therms in such initial Redelivery Balance.

- (10) The Company shall not be obligated to enter into a CTB Service Agreement with any party unless such party satisfies the credit requirements prescribed by each of the Customer's Transporters and provides the Company with documentation from the Transporter of such party's compliance with the Transporter's credit requirements. In addition to satisfying the Transporter's credit requirements, a Customer may at any time be required by the Company to provide further financial assurances, such as providing a letter of credit or other acceptable security. Furthermore, Customer shall have any ongoing obligation to notify the Company immediately of any change in financial circumstances that may result in non-compliance with the Transporter's requirements. These standards will not apply to Customers taking an aggregated service.

The Company may terminate the CTB Service Agreement if such a change does result in non-compliance with a Transporter's requirements, or if the Customer fails to provide the financial assurance required by the Company.

- (11) Customers who do not have remote metering devices will have their meters read on their cycle billing dates. However, bills for service rendered under this Service Classification shall be rendered monthly. Off-cycle bills rendered to such Customers may be based on the Company's estimate of the Customer's usage.

- (12) The Company will provide CTB service only to Customers who enter into agreements with third party sellers of gas who meet the following requirements:

- (a) If the Customer is a residential customer:

The contract between the Customer and its third party supplier of gas must contain specific language advising the Customer of protections that have been waived under the Home Energy Fair Practices Act and Part 11 of the Commission's Regulations, 16 NYCRR §§11.1 et seq. The third party supplier of gas must file its standard contract with the staff of the Consumer Services Division of the Public Service Commission.

The third party supplier of gas must have an operational customer complaint system and provide Customers with the Public Service Commission help and hotline numbers.

Third party suppliers of gas must render bills that are clear and in plain language and submit sample copies of such bills to the Consumer Services Division of the Public Service Commission.

Third party suppliers of gas must have procedures in place to ensure that Customers receive adequate prior notice of termination of gas supply services. The procedures must provide that notifications be sent to the Customer and the Company at least 15 days before the discontinuation of gas supply service to allow Customers the opportunity to pay the overdue bill and/or request service from another provider of gas.

(b) If the Customer is a non-residential customer:

The contract between the Customer and its third party supplier of gas must contain a statement advising the Customer of protections that have been waived under the Commission's Regulations, 16 NYCRR§§13.1 et seq. The third party supplier of gas must file its standard contract with the staff of the Consumer Services Division of the Public Service Commission.

The third party supplier of gas must establish a reasonable customer dispute resolution process. Until such time as a dispute resolution process is developed and put into effect (a period no greater than 6 months) third party suppliers of gas shall allow Customers to approach the Consumer Services Division of the Public Service Commission for resolution of such disputes.

- (13) Any Customer receiving CTB service that wishes to return to sales service before the completion of the first year of Customer's CTB Service Agreement may apply for sales service as a new applicant. If accepted as a sales service customer by the Company, Customer *may* be required to remain a sales service customer for a period of time, not to exceed 12 months.

- (14) The Company will permit Customers served under this service classification to trade City Gate imbalances with Customers served under S.C. Nos. 16, 17 and 18, and with Sellers providing service to a Pool under S.C. No. 19 provided that: (1) all imbalance trading occurs on the same interstate pipeline (2) all imbalances being traded occur on the same day (3) the Company is notified by the parties of their intention to trade imbalances in writing no later than 48 hours following the day on which the imbalance occurs to and (4) trading parties consent to the imbalance trade.

Notwithstanding anything else herein, any charges for which Seller is responsible under Service classification No. 19 shall not be Customer's responsibility under this Service Classification No. 16. In the event of a conflict between the terms and conditions of this Service Classification No. 16 and the terms and conditions of Service Classification No. 19, the terms and conditions of Service Classification No. 19 shall govern.

b. SC 17 - CORE TRANSPORTATION AND SWING SERVICE

Applicable to use of Transportation and Swing Service for:

Any Existing Core Customer who (1) qualifies for service metered at a single delivery point under the applicable Core Transportation and Swing Service (CTS) rate as described hereunder; and (2) meets the general terms and conditions for service provided for under the corresponding sales Service Classification as contained in this Schedule for Gas Service; and (3) can provide, to the Company's satisfaction, proof of firm gas supply providing clear and marketable title to gas adequate to meet the Customer's requirements as determined by the Company (see Special Provision), sufficient to provide transportation by the Company of natural gas meeting the quality specifications of this Schedule of Gas Service at a minimum annual normalized quantity of 35,000 therms to the Customer's delivery point; and (4) has contracted for direct delivery of such supplies to the Company; and (5) has entered into a mutually agreed upon CTS Service Agreement, subject to the Special Provisions hereof. This service may be offered at the Company's option to any New Core Customer provided such potential customer meets the other qualifications listed above. The minimum quantity requirement is not applicable to Existing Core Customers or potential New Core Customers who or which participate as part of a small customer aggregation pool, if (a) the total annual normalized consumption of all customers included in such pool is 50,000 therms, (b) the Company and the third party supplying such Pool have entered into an agreement regarding the terms and conditions of such aggregation program and the other terms and conditions of Service Classification No. 19 have been complied with in all respects.

The applicable rates and charges for CTS service are as follows:

- Rate CTS-1A (Residential Non-Heating Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 1A - Residential Non-Heating Service.
- Rate CTS-1AR (Residential Non-Heating Reduced Rate Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 1AR - Residential Non-Heating Reduced Rate Service.
- Rate CTS-1B (Residential Heating Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 1B - Residential Heating Service.
- Rate CTS-1BR (Residential Heating Reduced Rate Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 1B - Residential Heating Reduced Rate Service.
- Rate CTS-2 (Non-Residential Firm General Service Transportation)
Available to customer who would otherwise qualify for sales service under Service Classification No. 2 - General Service (Non-Residential).
- Rate CTS-3 (Non-Residential Heating and/or Water Heating Service - Multi-Family

Buildings)

Available to customers who would otherwise qualify for sales service under Service Classification No. 3 - Heating and/or Water Heating Service (Multi-Family Buildings).

- Rate CTS-4A (Non-Residential High Load Factor Service Transportation)
Available to customers who would otherwise qualify for sales service under Service Classification No. 4A - High Load Factor Service.
- Rate CTS-4B (Non-Residential Year-Round Air Conditioning Service Transportation)
Available to customers who would otherwise qualify for sales service under Service Classification No. 4B - Year-Round Air Conditioning Service.
- Rate CTS-7 (Non-Residential Seasonal Off-Peak Service)
Available to customers who would otherwise qualify for sales service under Service Classification No. 7 - Seasonal Off-Peak Service.

Character of Service:

Firm transportation, as determined by the Character of Service provisions of the sales service classification corresponding to the applicable CTS rate classification indicated above, which provisions are incorporated herein by reference. Subject to the provisions of this Service Classification, the Company will transport gas, owned by the Customer, that meets the quality specifications hereof from a mutually agreed upon existing point for direct receipt by the Company of pipeline supplies, to a specified delivery point on the Company's existing facilities at the Customer's point of service.

The Company shall control the dispatch of gas received for transportation. Transportation service hereunder for New Core Customers shall be available only upon a Company determination that its existing delivery capacity and facilities are adequate to supply the total estimated gas requirements of its customers receiving service under sales service classifications and to Existing Core Customers taking service under this Service Classification and under Service Classification No. 16, and to provide the transportation service required for the term of service hereunder. The Company will not be obligated to expand its facilities or construct new facilities for potential New Core Customers seeking such service.

Each month the Company shall determine the Customer's ADDQ (See Special Provisions) and the Customer shall be obligated to deliver this amount each day unless otherwise notified by the Company.

In any event, the Company shall not be required to accept deliveries of gas in excess of Customer's MDDQ. Customer's MDDQ shall be set forth in Customer's CTS Service Agreement.

The Company also will provide daily swing service to Customers taking service under this Service Classification.

The Company also will provide standby gas service to Customer's taking service under this

Service Classification, as set forth in the Standby Gas Service section. Standby Gas Service shall be mandatory for Human Needs Customers, and optional for Customers that are not Human Needs Customers.

Special Provisions:

- (1) In no event shall the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation, swing and standby gas services hereunder. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities that in the Company's sole judgment are required or must be incurred by the Company to provide transportation service, shall be the sole responsibility of the Customer, and shall be payable in full prior to the initiation of service hereunder.
- (2) Whenever the Customer's account with the Company becomes delinquent and/or the Customer has failed to deliver gas to the Company for the Customer's account, the Company shall have the right to request and the Customer, upon such request, shall provide the Company, for its review, copies of all contracts between the Customer and third parties providing for the purchase of pipeline capacity by such Customer. The Customer should redact all information deemed confidential, provided however, that all such contracts shall assure, in a manner satisfactory to the Company, reliable deliveries of sufficient quantities of gas for the Customer's account to meet the Customer's full hourly, daily or seasonal requirements for the term of service hereunder, unless otherwise agreed to in writing by the Company. The Company does not warrant the performance of such third parties under such contracts.
- (3) The Customer warrants that it will have good and marketable right and title to all gas he or it tenders or causes to be tendered to the Company hereunder and such gas shall be free and clear of all liens, encumbrances and claims whatsoever. The Customer shall hold harmless and indemnify the Company against any adverse claim by a third party, and against any loss or cost incurred by the Company on account of any such liens, encumbrances and claims of third parties. In addition to any other rights the Company may have, in the event any adverse claim is asserted against the Company by a third party, the Company may, at its sole option, suspend the transportation of gas hereunder, until such claim is resolved to the Company's satisfaction.
- (4) The Customer shall use its best efforts to keep the hourly quantities delivered to the Company for the Customer's account, adjusted for system use and losses, equal to the Customer's ADDQ, divided by 24.
- (5) Upon termination of service hereunder, the Customer may apply as a new applicant for and receive gas service under the appropriate sales Service Classification as contained in this Schedule for Gas Service, pursuant to the conditions for gas service contained therein.
- (6) All gas transported to the Company's point(s) of receipt for the Customer's account shall conform to all of the quality specifications set forth in 16NYCRR Part 229. The Company shall notify the Customer of any deficiencies in such quality specifications

and may, at its option, refuse to accept delivery pending correction by the Customer.

- (7) Except as specified above, or in the Customer's CTS Service Agreement, all provisions of the sales Service Classification that would otherwise apply to services to the Customer are specifically incorporated herein and shall apply to the transportation, swing and standby gas services provided hereunder.
- (8) The Company, based upon the Customer's historical load profile and/or estimates of consumption, shall determine the Customer's annualized load profile under normal conditions. Based upon this load profile, the Company will determine the Customer's MDDQ and ADDQ.

The Company may permit the Customer to reduce deliveries of the ADDQ on one or more days during any winter month to prevent surplus deliveries when the temperature is projected to be higher than normal and increase deliveries of the ADDQ on one or more days during any winter month to prevent shortage deliveries when the temperature is projected to be lower than normal. The change in deliveries will be based on current and forecasted variations from normal weather.

- (9) The Company shall not be obligated to enter into a CTS Service Agreement with any party unless such party satisfies the credit requirements prescribed by each of the Customer's Transporters and provides the Company with documentation from the Transporter of such party's compliance with the Transporter's credit requirements. In addition to satisfying the Transporter's credit requirements, a Customer may at any time be required by the Company to provide further financial assurances, such as providing a letter of credit or other acceptable security. Furthermore, Customer shall have any ongoing obligation to notify the Company immediately of any change in financial circumstances that may result in non-compliance with the Transporter's requirements. These standards will not apply to Customers taking an aggregated service.

The Company may terminate the CTS Service Agreement if such a change does result in non-compliance with a Transporter's requirements, or if the Customer fails to provide the financial assurance required by the Company.

- (10) Customers who do not have remote metering devices will have their meters read on their cycle billing dates. However, bills for service rendered under this Service Classification shall be rendered monthly. Off-cycle bills rendered to such customers may be based on the Company's estimate of the Customer's usage.
- (11) The Company will provide CTS service only to Customers who enter into agreements with third party sellers of gas who meet the following requirements:

- (a) If the Customer is a residential customer:

The contract between the Customer and its third party supplier of gas must contain specific language advising the Customer of protections that have been waived under the Home Energy Fair Practices Act and Part 11 of the Commission's

Regulations, 16 NYCRR §§11.1 et seq. The third party supplier of gas must file its standard contract with the staff of the Consumer Services Division of the Public Service Commission.

The third party supplier of gas must have an operational customer complaint system and provide Customers with the Public Service Commission help and hotline numbers.

Third party suppliers of gas must render bills that are clear and in plain language and submit sample copies of such bills to the Consumer Services Division of the Public Service Commission.

Third party suppliers of gas must have procedures in place to ensure that Customers receive adequate prior notice of termination of gas supply services. The procedures must provide that notifications be sent at least 15 days before the discontinuation of gas supply service to allow Customers the opportunity to pay the overdue bill or request service from another provider of gas.

(b) If the Customer is a non-residential customer:

The contract between the Customer and its third party supplier of gas must contain a statement advising the Customer of protections that have been waived under the Commission's Regulations, 16 NYCRR §§13.1 et seq. The third party supplier of gas must file its standard contract with the staff of the Consumer Services Division of the Public Service Commission.

The third party supplier of gas must establish a reasonable customer dispute resolution process. Until such time as a dispute resolution process is developed and put into effect (a period no greater than 6 months) third party suppliers of gas shall allow Customers to approach the Consumer Services Division of the Public Service Commission for resolution of such disputes.

- (12) Any Customer receiving CTS service that wishes to return to sales service before the completion of the first year of Customer's CTS Service Agreement may apply for sales service like any other new applicant. If accepted as a sales service customer by the Company, Customer shall be required to remain a sales service customer for a minimum of one year.
- (13) The Company will permit Customers served under this service classification to trade City Gate imbalances with Customers served under S.C. Nos. 16, 17 and 18, and with Sellers providing service to a Pool under S.C. No. 19 provided that: (1) all imbalance trading occurs on the same interstate pipeline (2) all imbalances being traded occur on the same day (3) the Company is notified by the parties of their intention to trade imbalances in writing no later than 48 hours following the day on which the imbalance trading occurs to and (4) trading parties consent to the imbalance trade.
- (14) Notwithstanding anything else herein, any charges for which Seller is responsible under Service Classification No. 19 shall not be Customer's responsibility under this

Service Classification No. 17. In the event of any conflict between the terms and conditions of this Service Classification No. 17 and the terms and conditions of Service Classification No. 19, the terms and conditions of Service Classification No. 19 shall govern.

c. SC 18 - NON-CORE INTERRUPTIBLE TRANSPORTATION SERVICE

Applicable to use of transportation service for:

Any Existing Non-Core Customer who (1) qualifies for service metered at a single delivery point under the applicable Non-Core Transportation Service (NCT) rate schedule as described hereunder; and (2) meets the general terms and conditions for service provided for under the corresponding sales Service Classification as contained in this Schedule for Gas Service; and (3) can provide, to the Company's satisfaction, proof of gas supply providing clear and marketable title to gas adequate to meet the Customer's requirements as determined by the Company (see Special Provision), sufficient to provide transportation by the Company of natural gas meeting the quality specifications of this Schedule of Gas Service at a minimum annual quantity of 35,000 therms to the customer's delivery point; and (4) has contracted for direct delivery of such supplies to the Company; and (5) has entered into a mutually agreed upon Transportation Service Agreement, subject to the Special Provisions hereof. This service may be offered at the Company's option to any New Non-Core Customer provided such potential customer meets the other qualifications listed above. The minimum annual quantity requirement is not applicable to Existing Non-Core Customers or potential New Non-Core Customers who or which participate as part of a small customer aggregation pool, if (a) the total annual consumption of all Customers included in such pool is at least 50,000 therms, (b) the Company and the third party supplying the pool have entered into an agreement regarding the terms and conditions of such aggregation program and the other terms and conditions of Service Classification No. 19 have been complied with in all respects. The applicable rates and charges for NCT service are as follows:

- Rate NCTS-5A (On-System Large Volume Service Transportation
Available to customers who would otherwise qualify for sales service under Service Classification No. 5A - On-System Large Volume Sales Service.
- Rate NCTS-6C (Temperature Controlled Service Transportation - Commercial/Industrial)
Available to customers who would otherwise qualify for sales service under Service Classification No. 6C - Temperature Controlled Service - Commercial/Industrial.
- Rate NCTS-6G (Temperature Controlled Service Transportation - Governmental Agencies)
Available to customers who would otherwise qualify for sales service under Service Classification No. 6G - Temperature Controlled Service - Governmental Agencies.
- Rate NCTS-6M (Temperature Controlled Service Transportation - Multi-Family Buildings)
Available to customers who would otherwise qualify for sales service under Service

Classification No. 6M - Temperature Controlled Service - Multi-Family Buildings.

Character of Service:

Firm, interruptible or temperature controlled transportation, as determined by the Character of Service provisions of the sales service classification corresponding to the applicable NCTS rate classification indicated above, which provisions are incorporated herein by reference. Subject to the provisions of this Service Classification, the Company will transport natural gas, owned by the Customer, that meets the quality specifications hereof from a mutually agreed upon existing point for direct receipt by the Company of pipeline supplies, to a specified delivery point on the Company's existing facilities at the Customer's point of service.

The Company shall control the dispatch of gas received for transportation. Transportation service hereunder for New Non-Core Customers shall be available only upon a Company determination that its existing delivery capacity and facilities are adequate to supply the total estimated gas requirements of its customers receiving service under sales service classifications and to Existing Core Transportation Customers taking service under Service Classification Nos. 16 and 17, and to provide the transportation service required for the term of service hereunder. The Company will not be obligated to expand its facilities or construct new facilities for New Non-Core Customers seeking such service.

Each month the Company shall determine the Customer's ADDQ (See Special Provisions) and the Customer shall be obligated to deliver this amount each day unless otherwise notified by the Company.

In any event, the Company shall not be required to accept deliveries of gas in excess of Customer's MDDQ. Customer's MDDQ shall be set forth in Customer's NCT Service Agreement.

The Company also will provide standby gas service to Customer's taking service under this Service Classification, as set forth in the Standby Gas Service section hereunder.

Special Provisions:

- (1) In no event shall the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation and standby gas services hereunder. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in the Company's sole judgment are required or must be incurred by the Company to provide transportation service, shall be the sole responsibility of the Customer, and shall be payable in full prior to the initiation of service hereunder.
- (2) Whenever the Customer's account with the Company becomes delinquent and/or the Customer has failed to deliver gas to the Company for the Customer's account, the Company shall have the right to request and the Customer, upon such request, shall provide the Company, for its review, copies of all contracts between the Customer and third parties providing for the purchase of pipeline capacity by such Customer. The

Customer should redact all information deemed confidential, provided however, that all such contracts shall assure, in a manner satisfactory to the Company, reliable deliveries of sufficient quantities of gas for the Customer's account to meet the Customer's full hourly, daily or seasonal requirements for the term of service hereunder, unless otherwise agreed to in writing by the Company. The Company does not warrant the performance of such third parties under such contracts.

- (3) The Customer warrants that it will have good and marketable right and title to all gas he or it tenders or causes to be tendered to the Company hereunder and such gas shall be free and clear of all liens, encumbrances and claims whatsoever. The Customer shall hold harmless and indemnify the Company against any adverse claim by a third party, and against any loss or cost incurred by the Company on account of any such liens, encumbrances and claims of third parties. In addition to any other rights the Company may have, in the event any adverse claim is asserted against the Company by a third party, the Company may, at its sole option, suspend the transportation of gas hereunder, until such claim is resolved to the Company's satisfaction.
- (4) The Customer shall use its best efforts to keep the hourly quantities delivered to the Company for the Customer's account, adjusted for system use and losses, equal to the Customer's ADDQ, divided by 24.
- (5) Upon termination of service hereunder, the Customer may apply as a new applicant of the Company, gas service under the appropriate sales Service Classification as contained in the Company's Schedule for Gas Service, pursuant to the conditions for gas service contained therein.
- (6) All gas transported to the Company's point(s) of receipt for the Customer's account shall conform to all of the quality specifications set forth in 16NYCRR Part 229. The Company shall notify the Customer of any deficiencies in such quality specifications and may, at its option, refuse to accept delivery pending correction by the Customer.
- (7) Except as specified above, or in the Customer's NCT Service Agreement, all provisions of the sales Service Classification that would otherwise apply to services to the Customer are specifically incorporated herein and shall apply to the transportation, swing and standby services provided hereunder.
- (8) The Company, based upon the Customer's historical load profile and/or estimates of consumption, shall determine the Customer's annualized load profile under normal weather conditions. Based upon this load profile, the Company will determine the Customer's MDDQ and ADDQ.
- (9) In addition to the foregoing charges, an additional charge shall be paid by any Customer for gas consumed in violation of the applicable provisions of the appropriate sales service classification including, but not limited to failure of the Customer to interrupt service after notice has been given by the Company in accordance with the term of the customer's applicable sales service classification. Such additional charge shall be the charge specified under the Additional Charge provisions of the applicable sales service classifications of this Schedule for Gas Service.

- (10) The Company shall not be obligated to enter into a NCT Service Agreement with any party unless such party satisfies the credit requirements prescribed by each of the Customer's Transporters and provides the Company with documentation from the Transporter of such party's compliance with the Transporter's credit requirements. In addition to satisfying the Transporter's credit requirements, a Customer may at any time be required by the Company to provide further financial assurances, such as providing a letter of credit or other acceptable security. Furthermore, Customer shall have any ongoing obligation to notify the Company immediately of any change in financial circumstances that may result in non-compliance with the Transporter's requirements. These standards will not apply to Customers taking an aggregated service.

The Company may terminate the NCT Service Agreement and if such a change does result in non-compliance with a Transporter's requirements, or if the Customer fails to provide the financial assurance required by the Company.

- (11) Customers who do not have remote metering devices will have their meters read on their cycle billing dates. However, bills for service rendered under this Service Classification shall be rendered monthly. Off-cycle bills rendered to such Customers may be based on the Company's estimate of the Customer's usage.

- (12) The Company will provide NCT service only to Customers who enter into agreements with third party sellers of gas who meet the following requirements:

- (a) If the Customer is a residential customer:

The contract between the Customer and its third party supplier of gas must contain specific language advising the Customer of protections that have been waived under the Home Energy Fair Practices Act and Part 11 of the Commission's Regulations, 16 NYCRR §§11.1 et seq. The third party supplier of gas must file its standard contract with the staff of the Consumer Services Division of the Public Service Commission.

The third party supplier of gas must have an operational customer complaint system and provide Customers with the Public Service Commission help and hotline numbers.

Third party suppliers of gas must render bills that are clear and in plain language and submit sample copies of such bills to the Consumer Services Division of the Public Service Commission.

Third party suppliers of gas must have procedures in place to ensure that Customers receive adequate prior notice of termination of gas supply services. The procedures must provide that notifications be sent at least 15 days before the discontinuation of gas supply service to allow Customers the opportunity to pay the overdue bill or request service from another provider of gas.

(b) If the Customer is a non-residential customer:

The contract between the Customer and its third party supplier of gas must contain a statement advising the Customer of protections that have been waived under the Commission's Regulations, 16 NYCRR§§13.1 et seq. The third party supplier of gas must file its standard contract with the staff of the Consumer Services Division of the Public Service Commission.

The third party supplier of gas must establish a reasonable customer dispute resolution process. Until such time as a dispute resolution process is developed and put into effect (a period no greater than 6 months) third party suppliers of gas shall allow Customers to approach the Consumer Services Division of the Public Service Commission for resolution of such disputes.

- (13) Any Customer receiving NCT service that wishes to return to sales service before the completion of the first year of Customer's NCT Service Agreement may apply for sales service like any other new applicant. If accepted as a sales service customer by the Company, Customer shall be required to remain a sales service customer for a minimum of one year.
- (14) The Company will permit Customers served under this service classification to trade City Gate imbalances with Customers served under S.C. Nos. 16, 17 and 18, and with Sellers providing service to a Pool under S.C. No. 19 provided that: (1) all imbalance trading occurs on the same interstate pipeline (2) all imbalances being traded occur on the same day (3) the Company is notified by the parties of their intention to trade imbalances in writing no later than 48 hours following the day on which the imbalance trading occurs to and (4) trading parties consent to the imbalance trade.
- (15) Notwithstanding anything else herein, any charges for which Seller is responsible under Service classification No. 19 shall not be Customer's responsibility under this Service Classification No. 18. In the event of any conflict between the terms and conditions of this Service Classification No. 18 and the terms and conditions of Service Classification No. 19, the terms and conditions of Service Classification No. 19 shall govern.

d. SC 20 - NON-CORE TRANSPORTATION SERVICE FOR ELECTRIC GENERATION

Applicable to use of Transportation Service for:

Any dual-fuel electric generator having capacity of at least fifty (50) Megawatts applying on or after May 18, 1999 for natural gas transportation service for their electric generation equipment for a term of (5) years. This Service Classification does not apply to electric generation customers receiving service prior to May 18, 1999 during the term of such customers' existing contracts. Natural gas transportation service for any requirement other than electric generation, such as ignition gas, space heating, etc, whether or not separately metered, does not qualify for service under this Service Classification.

To obtain service under this Service Classification, Customer must follow procedures for processing requests from electric generators for gas transportation service which appears on Leaf Nos. 427.17 - 427.21. In addition, Customer must enter into a service agreement with the Company, the form of which appears on Leaf Nos. 427.22-427.27. Any Customer that qualifies for service under this Service Classification may take service under Rate Schedule 1. In addition, the Company may, at its option, enter into individually negotiated service arrangements with Customer under Rate Schedule 2, provided that negotiated contracts at similar overall terms shall be available to similarly situated customers. Customers contracting for interruptible service must have complete standby fuel and equipment available for use in the event of a service interruption, unless this requirement is waived by the Company.

Character of Service:

For Customers taking service under Rate Schedule 1, service may be interrupted at the Company's discretion for up to 30 days during the calendar year. The Company may require a higher degree of interruptibility from the Customer in cases where the Company determines that the Customer's requirements cannot be served by the Company for up to 335 days. For Customers taking service under Rate Schedule 2, service may be firm or interruptible, as mutually agreed upon by the Customer and the Company. Subject to the provisions of this Service Classification, the Company will transport natural gas, owned by the Customer, that meets the quality specifications hereof from a mutually agreed upon existing point for direct receipt by the Company of pipeline supplies, to a specified delivery point on the Company's existing facilities at the Customer's point of service.

The Company shall control the dispatch of gas received for transportation. Transportation service hereunder shall be available only upon a Company determination that its existing delivery capacity and facilities are adequate to (i) supply the total estimated gas requirements of its customers receiving service under sales service classifications and core transportation service classifications, and (ii) provide the transportation service required for the term of service hereunder. The Company will not be obligated to expand its facilities or construct new facilities for potential customers seeking service under this Service Classification.

Customer shall be obligated to provide the Company with daily nominations to the Company's city gate for transportation service anticipated under this Service Classification. Such nominations shall take into consideration the Company Lost and Unaccounted for factor. The Customer shall be obligated to deliver its Daily Nomination Quantity unless modified by the Customer pursuant to the terms of this Service Classification. In any event, the Company shall not be required to accept deliveries of gas in excess of the Customer's MDDQ. The Customer's MDDQ shall be set forth in the Customer's Service Agreement.

Special Provisions:

- (1) In no event shall the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation service hereunder. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in the

Company's sole judgment are required or must be incurred by the Company to provide transportation service, shall be the sole responsibility of the Customer, and shall be payable in full prior to the initiation of service hereunder. The Company may require Customer to provide security such as a letter of credit or other acceptable security prior to incurring any additional facilities costs.

- (2) Whenever the Customer's account with the Company becomes delinquent and/or the Customer has failed to deliver gas to the Company for the Customer's account, the Company shall have the right to request and the Customer, upon such request, shall provide the Company, for its review, copies of all contracts between the Customer and third parties providing for the purchase of pipeline capacity by such Customer. The Customer should redact all information deemed confidential, provided however, that all such contracts shall assure, in a manner satisfactory to the Company, reliable deliveries of sufficient quantities of gas for the Customer's account to meet the Customer's full hourly, daily or seasonal requirements for the term of service hereunder, unless otherwise agreed to in writing by the Company. The Company does not warrant the performance of such third parties under such contracts.
- (3) The Customer warrants that it will have good and marketable right and title to all gas that Customer tenders or causes to be tendered to the Company hereunder and such gas shall be free and clear of all liens, encumbrances and claims whatsoever. The Customer shall hold harmless and indemnify the Company against any adverse claim by a third party, and against any loss or cost incurred by the Company on account of any such liens, encumbrances and claims of third parties. In addition to any other rights the Company may have, in the event any adverse claim is asserted against the Company by a third party, the Company may, at its sole option, suspend the transportation of gas hereunder, until such claim is resolved to the Company's satisfaction.
- (4) The Customer shall use its best efforts to keep the hourly quantities delivered to the Company for the Customer's account, adjusted for system use and losses, equal to the Customer's Daily Nomination Quantity, divided by 24.
- (5) Upon termination of service hereunder, the Customer may apply as a new applicant of the Company, for gas service under the appropriate sales Service Classification as contained in the Company's Schedule for Gas Service, pursuant to the conditions for gas service contained therein.
- (6) All gas transported to the Company's point(s) of receipt for the Customer's account shall conform to all of the quality specifications set forth in 16NYCRR Part 229. The Company shall notify the Customer of any deficiencies in such quality specifications and may, at its option, refuse to accept delivery pending correction by the Customer.
- (7) The Company shall not be obligated to enter into a Service Agreement with any party unless such party satisfies the credit requirements prescribed by each of the Customer's Transporters and provides the Company with documentation from the Transporter of such party's compliance with the Transporter's credit requirements. In addition to satisfying the Transporter's credit requirements, a Customer may at any

time be required by the Company to provide further financial assurances, such as a letter of credit or other acceptable security. Furthermore, Customer shall have an ongoing obligation to notify the Company immediately of any change in financial circumstances that may result in non-compliance with the Transporter's requirements. The Company may terminate the Service Agreement and if such a change does result in non-compliance with a Transporter's requirements, or if the Customer fails to provide the financial assurance required by the Company.

4. Transportation Service: BULI

a. SC 5 - Firm Transportation Service

Rate Code: 127 - Residential General
137 - Residential Water Heating
147 - Residential Space Heating
167 - Commercial Water Heating
177 - Commercial Space Heating
158 - Multiple Dwelling Heating
159 - Multiple Dwelling Non-Heating
257 - Commercial General
267 - Distributed Generation
277 - Year-Round Space Conditioning

Availability and Applicability of Service :

Service is available under this Service Classification for the transportation by the Company of customer-owned natural gas to:

- (i) a single Customer with a single facility or meter, that can demonstrate annual natural gas consumption of at least 3,500 DTHM at the single meter;
- (ii) a group of Customers that can demonstrate annual natural gas consumption of at least 5,000 DTHM;
- (iii) a single entity or firm with facilities at more than one location or having more than one meter that can demonstrate annual natural gas consumption of at least 3,500 DTHM at a single meter; and
- (iv) a single entity or firm with facilities at more than one location or having more than one meter that can demonstrate annual natural gas consumption of at least 5,000 DTHM.

Service to a single Customer will commence under this Service Classification only after the Company has received in hard copy or by telephone facsimile:

(1)The customers name, address and account number

For a Seller Agreement to be effective under this Service Classification, the Seller must be qualified in conformance with the provisions of Service Classification No. 8.

Service under this Service Classification will commence on the first day of the month for the second calendar month following the date of notification provided that the Company is in receipt of all applicable Agreements.

Character of Service:

Transportation service under this Service Classification will be on a firm basis. In providing service under this Service Classification, the Company will transport and control the dispatch of the natural gas from the City Gate to the customer's metered facilities.

Service under this Service Classification shall consist of transportation of natural gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Three firm transportation service options are available to the Customers:

- 1) Non-Utility Capacity Option,
- 2) Release of the Company's Upstream Transportation with Seasonal Deliveries, and
- 3) Release of the Company's Upstream Transportation with Projected Use Deliveries.

Special Provisions:

- (1) Remote Reading Devices: Customers choosing a remote reading device are required to provide a telephone connection point within fifteen (15) feet of the remote reading device and bear all applicable telephone charges for communicating meter usage information to the Company. All Customers electing not to have a remote reading device installed *must be* willing to accept the accuracy of the Company's estimates for the purpose of calculating the Customer's DDQ.
- (2) Service Separately Metered: Service provided under this Service Classification will be separately metered and will not be combined with service provided by the Company under any other Service Classification.
- (3) Reassignment of Gas: A Customer that takes service under this Service Classification must take delivery of the gas at its facilities and may not remeter (or submeter), resell, assign, or otherwise dispose of the customer-owned gas to others for delivery at other facilities on the company's system.
- (4) Seller Obligations: Sellers who arrange for upstream gas supply and pipeline capacity will make all necessary arrangements, obtain all necessary regulatory approvals and be responsible for all costs including taxes to appropriate governmental entities for the acquisition and transportation of the customer's gas supply.
- (5) Errors in Calculating DDQ and ADDQ: A Customer that takes service under this Service Classification accepts the company's calculation of the DDQ and/or ADDQ. The Company will not be liable for errors in the calculation of the customer's DDQ or

customers' ADDQ.

- (6) Extension of Facilities Charge: A Customer that takes service under this Service Classification for less than two (2) years, that is transferring to an interruptible service, and that received an extension of facilities without charge, will be required to conform to tariff rule II.2B.1.2 for purposes of transferring to an interruptible service.
- (7) Customer Verification: A Customer that takes service under this Service Classification must provide the Company with proof of the customer's identification upon the Company's request.
- (8) Seller Limitation: A Customer that takes service under this Service Classification is limited to receiving supply service from one Seller during the service term except as provided for in the section entitled "Availability of Firm Sales Service".
- (9) Agent for Pipeline Demand Charges: No provision of this Service Classification shall be construed to prohibit the Company from becoming a Customer's or Customers' agent for the purpose of paying a pipeline's demand charges in a capacity release transaction.

b. SC 7 - INTERRUPTIBLE TRANSPORTATION SERVICE

Rate Code: 710 - Interruptible Transportation - Category A
711 - Interruptible Transportation - Category C
720 - Interruptible Transportation - Category B
721 - Interruptible Transportation - Category D

Availability and Applicability of Service:

Service for the interruptible transportation of customer-owned natural gas by the Company under this Service Classification is available to a single large volume non-residential Customer than can demonstrate annual natural gas consumption of at least 5,000 DTHM at a single meter. Customers will agree to the following:

- (i) To only use gas delivered by the Company under this Service Classification in the equipment specified on Attachment A to the Interruptible Transportation Service Agreement;
- (ii) To discontinue the use of gas service furnished upon notice to the Customer by the Company as provided in Special Provision (c);
- (iii) To provide and maintain complete and adequate standby facilities except as may be permitted by the Company in its sole discretion because of the nature of the customer's operations; and
- (iv) To keep available at all times sufficient standby fuel to maintain continuous plant operation during periods of discontinuance of service except as may be permitted by the Company in its sole discretion because of the nature of the customer's operations.

The provision of service under this Service Classification is conditioned on Customer signing an Interruptible Transportation Service Agreement which shall provide the conditions of delivery acceptable to the Company, including the annual, daily and hourly quantities, where applicable, and the Service Classification under which the Customer will take supplemental service.

Character of Service:

Transportation service under this Service Classification will be for delivery up to the Maximum Interruptible Hourly Quantity in any single hour, will be subject to reduction or interruption, and is conditioned upon the availability of capacity on Company facilities.

The Company will, upon four hours notice (or one hour notice in the case of system emergencies), require that deliveries of gas be interrupted by any or all customers taking service under this Service Classification whenever and to the extent that it may be advisable in the company's judgement. This includes interruptions in order for the Company to obtain exemptions from curtailment under the company's pipeline suppliers' curtailment plans.

In providing service under this Service Classification, the Company will transport and control the dispatch of the customer-owned natural gas from the City Gate to the customer's metered facilities.

Service under this Service Classification shall consist of transportation of natural gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) Distribution Facilities Allowances: Applicants will be furnished service when, in the Company's judgment, there is sufficient capacity and facilities available for the service requested after taking into consideration the requirements of firm customers and all Company uses and obligations.

If an applicant requests and is approved for gas service as an interruptible customer, the Company will furnish, place and construct all mains, service lines, service connections and appurtenant facilities necessary to render the service requested. The applicant, prior to construction, must either 1) pay the estimated cost of these facilities in full, or 2) pay the estimated cost of these facilities less the company's contribution as determined by a revenue test described below in subsection a(i) and sign the Interruptible Transportation Service Agreement, thus agreeing to be subject to its terms.

(a)(i) The company's contribution will be equal to an estimate of natural gas deliveries for the first twenty-four months of service multiplied by the three month average Transportation Rate shown on Statement of Rates and Charges for Interruptible Service and in effect on the date of the service agreement.

a)(ii) An Applicant who selects the revenue test option in subsection (a)(2) must

deliver to the Company, prior to the commencement of construction of any facilities, a surety bond or other security satisfactory to "Brooklyn Union" equal to the Company's contribution, which will be canceled whenever the total transportation net-of-tax revenue, and Adjusted Gas Revenue from supplemental service, are equal to or exceed the Company's contribution. If, within a five year period, the customer's total revenue described above is less than the company's contribution, the Customer will forfeit that portion of the surety bond equal to the difference between the company's contribution and the total revenue described above. The Company's contribution will include any adjustments in (a)(iii) below.

(a)(iii) If, after twenty-four months of service, the actual transportation revenue, and Adjusted Gas Revenue from supplemental service exceed the amount estimated in subsection (a) (i) above, the Customer will be reimbursed the revenue that exceeds the amount estimated in(a)(i).

(a) (iv) Whenever a new Customer is connected to a main extension for which the Company received customer contribution(s) within the previous five years, the new Customer will pay a share of the facilities costs. The original Customer(s) who contributed to the main extension will be entitled to a refund. The refund will be reasonably allocated among the original Customer(s) in proportion to the length of main used by each served from the main extension, taking into account that portion of facilities which the Company is providing without charge based on the transportation revenues, and adjusted gas revenues from supplemental service from all interruptible Customers or required to provide without charge to each firm Customer, and the share of facilities cost from the new Customer. Whenever more than one Customer is connected to a main extension for which the Company receives customer contribution(s), all customer contributions will be adjusted as to yield to the Company not more than the cost applicable to said extension from all customers served from the main extension.

(a) (v) The Applicant or the Company may apply to the Public Service Commission for a ruling as to the necessity for, or reasonableness of, any of the above requirements in a specific case.

(b) Fuel Use and Loss Allowance: Charges for gas are applicable to quantities metered at the customer's metered facilities. As an allowance for fuel use and losses incurred in the process of delivery between the City Gate and the customer's metered facilities, the Customer will provide the Company at its City Gate with a thermal equivalent amount of gas equal to four percent of the amount transported for the Customer.

(c) Notice of Interruption: "Brooklyn Union" is deemed to have provided adequate notice if the Company has made a good faith effort to notify by attempting to call the telephone number designated by the Customer in the Interruptible Transportation Agreement for purposes of such notification whether or not the Customer is available to answer such call.

(d) Remote Reading Devices: A Customer is required to have a remote reading device

installed for service under this Service Classification. Customers transferring from a firm service are required to pay, prior to the initiation of service, the cost of the remote device that exceeds the cost of a non-remote meter. A Customer must provide a dedicated telephone connection point within fifteen (15) feet of the remote reading device and bear all applicable telephone charges for communicating meter usage information to the Company.

(e) Service Separately Metered: Service rendered hereunder will be for a single Customer at a single location. Service provided under this Service Classification will be separately metered and will not be combined with service provided by the Company under any other Service Classification, except under Service Classification No. 4.

(f) Penalties: Customers that take gas during a period of interruption will be subject to a penalty charge of \$2.50 per therm for the unauthorized gas recorded on the meter for the billing period in which the violation occurred. In addition, the Company may take immediate action to terminate the customer's gas supply.

(g) Reassignment of Gas: A Customer that takes service under this Service Classification must take delivery of the gas at its facilities and may not remeter (or submeter), resell, assign, or otherwise dispose of the customer-owned gas to others for delivery at other facilities on the company's system.

(h) Customer's Obligations: Customers or Suppliers will make all necessary arrangements, obtain all necessary regulatory approvals and be responsible for all costs including taxes to appropriate governmental entities for the acquisition and transportation of the customer's gas supply.

c. SC 13 - TEMPERATURE-CONTROLLED TRANSPORTATION SERVICE

Rate Codes: Rate 1 - 730

Rate 2 - 731

Rate 3 - 732

Availability and Applicability of Service:

All non-residential purposes, including multi-dwelling, that exceed 2,000 Dth annually of customers-owned natural gas and for which the customer requires Transportation service. Customers with natural gas fueled equipment capable of using more than 100,000 Dth annually and with demonstrable alternatives, will be eligible for individually negotiated contracts. Customers will agree to the following:

To only use gas delivered by the Company under this Service Classification in the Equipment Specified in Attachment A to the Temperature Controlled Service Agreement.

The provision of service under this Service Classification is conditioned on Customers signing an Temperature-Controlled Transportation Service Agreement which shall provide the conditions of delivery acceptable to the Company, including the annual, daily, and hourly quantities, where applicable.

Character of Service:

Service under this Service Classification shall consist of transportation of natural gas of a BTU content of no less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

Special Provisions:

- (1) Availability of Service: gas service will be supplied under this service classification only when:
 - (a) the Company has, at the time of application, sufficient capacity available for the service requested after supplying all consumers taking continuous service, and
 - (b) in the Company's sole discretion, the Company will not have to install unreasonable or uneconomic extension of facilities to provide service.
- (2) Temperature Related Interruptions: Service to customers will be interrupted when the temperature drops below the temperature level specified by the Company. Temperature settings of the control devices, whether automatic or semi-automatic, will be established solely by the Company. For purposes of this service classification, the temperature is:
 - (a) measured outside the customer's premises, except when such information is not readily or accurately available, or if operation or supply conditions warrant, then
 - i) the Company will use the temperature measured at the Company's weather monitoring station located at Hicksville, New York.
- (3) Standby Fuel Requirements: Customers with human needs, such as multi-dwellings and hospitals, are required:
 - (a) to install and maintain at all times a sufficient standby alternate fuel supply and the dual-fuel equipment necessary to utilize same in the event of an interruption, and
 - (b) unless otherwise expressly authorized by the Company in writing, to maintain a supply of alternate fuel sufficient to at least meet the customer's fuel consumption needs for a period of ten days.
 - i) The installation and subsequent operation of the dual-fuel equipment and all associated control devices will be subject to the approval of the Company.
- (4) Maintenance of Equipment:
 - (a) The customer shall be solely responsible for the service, maintenance, repair and upkeep of all dual-fuel equipment and all associated control devices.

- (b) The customer will permit access by Company's employees or representatives, at all times, to the consumer's premises for the purpose of:
 - i) inspecting and testing all dual-fuel equipment and associated control devices, and
 - ii) measuring and verifying dual-fuel usage.
- (5) Customer's Responsibility:
 - (a) The customer is solely responsible for the service, maintenance repair and upkeep of all dual-fuel equipment and all associated control devices.
 - (b) The Company will not be responsible for:
 - i) the adequacy of standby facilities, nor
 - ii) any loss, damage or expense, direct or indirect, which were incurred by the customer or others in connection with or as a result of any curtailment or discontinuance of gas service, nor
 - iii) any malfunction of the dual-fuel equipment and associated control devices, nor any consumption of gas when temperature falls below the specified temperature level for interrupting service.
 - (c) The customer is responsible for the immediate manual switching from natural gas use to the alternate fuel if any control device fails to switch over to the alternate fuel when the temperature drops below the specified temperature level for interrupting service.
 - (d) The customer is responsible for all telephone charges for communicating meter reading information to the Company by telemetering.
 - (e) The customer will ensure that the telephone lines to the telemeter are operational at all times. Failure to maintain the operation of these lines may result in the discontinuance of service.
 - (f) The Customer will make all necessary arrangement, obtain all necessary regulatory approvals and be responsible for all costs including taxes to appropriate governmental entities for the acquisition and transportation of the customer's gas supply.
- (6) Meter Reading Devices: Remote and automatic meter reading devices ("telemetering") are required for all customers contracting for this service.
- (7) Termination of Service: The Company reserves the right to terminate service to a customer if a customer:

- (a) fails, for any reason whatsoever, to interrupt service upon written or oral notice from the Company, or
- (b) suffers or allows gas to be consumed in violation of interruption provisions of this service, or
- (c) in the case of human needs customers, fails to maintain the dual-fuel equipment and associated control devices in proper working order, or
- (d) interferes in any manner with the operation of such control devices, or
- (e) interferes with or hinders in any manner, the Company's rights to access, metering and inspection, or
- (f) fails to maintain the operation of all telephone lines used in the remote reading of telemetering equipment, or
- (g) otherwise violates any provision of this service classification.

(8) Additional Charges to Customers:

- (a) For gas consumed during an interruption period without expressed written authorization of the Company, the Company will impose an additional charge of \$2.50 per therm for the unauthorized gas.
- (b) If the Company is unable to determine the precise amount of unauthorized gas taken during the period of interruption from the remote reading device, the Company will estimate the amount of gas used during the unauthorized period. The method of estimation will be based on either:
 - i) the normal average daily consumption, and if applicable, adjusted for degree days, or
 - ii) other reasonable methods.
- (c) Where a condition is experienced by a customer which prevents the required interruption of gas use, the customer will not be charged the additional charge if the customer:
 - i) immediately notifies the Company, and
 - ii) takes immediate action to correct such action, and
 - iii) notifies the Company when the condition is corrected, and
 - iv) corrects the condition within a four-hour period.
- (d) The imposition of an additional charge should not limit any rights of the Company

to terminate gas service in accordance with provisions of the Company's Rate Schedule or otherwise.

- (e) In the event the Company finds that gas is being used during an interruption period, and that its interruption would create a danger or threat to health and safety, the Company:

- i) may not interrupt gas use, and
- ii) the customer will be charged the additional charge for the gas used.

(9) Fuel Use and Loss Allowances:

- (a) Charges for gas are applicable to quantities metered at the customer's metered facilities.
- (b) As an allowance for fuel use and losses incurred in the process of delivery between the City Gate and the customer's metered facilities, the Customer will provide the Company at its City Gate with a thermal equivalent amount of gas equal to four percent of the amount transported for the Customer.

- (10) Reassignment of Gas: A Customer that takes service under this Service Classification must take delivery of the gas at its facilities and may not remeter (or submeter), resell, assign, or otherwise dispose of the customer-owned gas to others for delivery at other facilities on the company's system.

d. SC 14 - NON-CORE TRANSPORTATION SERVICE FOR ELECTRIC GENERATION

Applicable to use of Transportation Service for:

Any dual-fuel electric generator having capacity of at least fifty (50) Megawatts applying on or after May 18, 1999 for natural gas transportation service for their electric generation equipment for a term of (5) years. This Service Classification does not apply to electric generation customers receiving service prior to May 18, 1999 during the term of such customers' existing contracts. Natural gas transportation service for any requirement other than electric generation, such as ignition gas, space heating, etc, whether or not separately metered, does not qualify for service under this Service Classification.

To obtain service under this Service Classification, Customer must follow procedures for processing requests from electric generators for gas transportation service. In addition, Customer must enter into a service agreement with the Company. Any Customer that qualifies for service under this Service Classification may take service under Rate Schedule 1. In addition, the Company may, at its option, enter into individually negotiated service arrangements with Customer under Rate Schedule 2, provided that negotiated contracts at similar overall terms will be available to similarly situated customers. Customers contracting for interruptible service must have complete standby fuel and equipment available for use in the event of a service interruption, unless this requirement is waived by the Company.

Character of Service:

For Customers taking service under Rate Schedule 1, service may be interrupted at the Company's discretion for up to 30 days during the calendar year. The Company may require a higher degree of interruptibility from the Customer in cases where the Company determines that the Customer's requirements cannot be served by the Company for up to 335 days. For Customers taking service under Rate Schedule 2, service may be firm or interruptible, as mutually agreed upon by the Customer and the Company. Subject to the provisions of this Service Classification, the Company will transport natural gas, owned by the Customer, that meets the quality specifications hereof from a mutually agreed upon existing point for direct receipt by the Company of pipeline supplies, to a specified delivery point on the Company's existing facilities at the Customer's point of service.

The Company will control the dispatch of gas received for transportation.

Transportation service hereunder shall be available only upon a Company determination that its existing delivery capacity and facilities are adequate to (i) supply the total estimated gas requirements of its customers receiving service under sales service classifications and core transportation service classifications, and (ii) provide the transportation service required for the term of service hereunder. The Company will not be obligated to expand its facilities or construct new facilities for potential customers seeking service under this Service Classification.

Customer will be obligated to provide the Company with daily nominations to the Company's city gate for transportation service anticipated under this Service Classification. The nominations will take into consideration the Company Lost and Unaccounted for factor. The Customer shall be obligated to deliver its Daily Nomination Quantity unless modified by the Customer pursuant to the terms of this Service Classification. In any event, the Company will not be required to accept deliveries of gas in excess of the Customer's MDDQ. The Customer's MDDQ will be set forth in the Customer's Service Agreement.

Special Provisions:

- (1) In no event will the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation service hereunder. Nonetheless, in the event the Company elects to incur these costs, the costs of any additional facilities, including but not limited to any necessary telemetering equipment, that in the Company's sole judgment are required or must be incurred by the Company to provide transportation service, will be the sole responsibility of the Customer, and will be payable in full prior to the initiation of service hereunder. The Company may require Customer to provide security such as a letter of credit or other acceptable security prior to incurring any additional facilities costs.
- (2) Whenever the Customer's account with the Company becomes delinquent and/or the Customer has failed to deliver gas to the Company for the Customer's account, the Company will have the right to request and the Customer, upon such request, will provide the Company, for its review, copies of all contracts between the Customer and third parties providing for the purchase of pipeline capacity by the Customer. The

Customer should redact all information deemed confidential, provided however, that all contracts shall assure, in a manner satisfactory to the Company, reliable deliveries of sufficient quantities of gas for the Customer's account to meet the Customer's full hourly, daily or seasonal requirements for the term of service hereunder, unless otherwise agreed to in writing by the Company. The Company does not warrant the performance of third parties under these contracts.

- (3) The Customer warrants that it will have good and marketable right and title to all gas that Customer tenders or causes to be tendered to the Company and the gas shall be free and clear of all liens, encumbrances and claims. The Customer will hold harmless and indemnify the Company against any adverse claim by a third party, and against any loss or cost incurred by the Company on account of any liens, encumbrances and claims of third parties. In addition to any other rights the Company may have, in the event any adverse claim is asserted against the Company by a third party, the Company may, at its sole option, suspend the transportation of gas, until the claim is resolved to the Company's satisfaction.
- (4) The Customer will use its best efforts to keep the hourly quantities delivered to the Company for the Customer's account, adjusted for system use and losses, equal to the Customer's Daily Nomination Quantity, divided by 24.
- (5) Upon termination of service hereunder, the Customer may apply as a new applicant of the Company, for gas service under the appropriate sales Service Classification as contained in the Company's Schedule for Gas Service, pursuant to the conditions for gas service.
- (6) All gas transported to the Company's point(s) of receipt for the Customer's account will conform to all of the quality specifications set forth in 16NYCRR Part 229. The Company shall notify the Customer of any deficiencies in the quality specifications and may, at its option, refuse to accept delivery pending correction by the Customer.
- (7) The Company will not be obligated to enter into a Service Agreement with any party unless the party satisfies the credit requirements prescribed by each of the Customer's Transporters and provides the Company with documentation from the Transporter of the party's compliance with the Transporter's credit requirements. In addition to satisfying the Transporter's credit requirements, a Customer may at any time be required by the Company to provide further financial assurances, such as a letter of credit or other acceptable security. The Customer shall have an ongoing obligation to notify the Company immediately of any change in financial circumstances that may result in non-compliance with the Transporter's requirements. The Company may terminate the Service Agreement and if such a change does result in non-compliance with a Transporter's requirements, or if the Customer fails to provide the financial assurance required by the Company.

5. Seller Service Agreement: BUNY/BULI

a. SC 19 - TRANSPORTATION AGGREGATION SERVICE - BUNY

Applicable to use of Aggregated Transportation Service for:

Any Seller requesting to sell gas to a Pool, provided that (1) the total average annual normalized consumption of the Pool is at least 50,000 therms, (2) Seller and the Company have executed a mutually agreed upon Seller's Service Agreement and (3) each Customer in the Pool has signed an agreement with the Seller to purchase gas from the Seller. The agreement between the Seller and Customer must include the name and address of the Customer, the Customer's Brooklyn Union account number, the term of the agreement, the Customer's signature, and the additional information set forth in the Special Provisions.

Each Pool shall be comprised of Customers belonging to a single Service Classification.

To the extent applicable to Customers in a Pool, the terms and conditions under S.C. Nos. 16, 17 and 18, as the case may be, shall remain in full force and effect.

The Company, based upon the Pool's historical normalized load profile and/or estimates of consumption, shall determine the Pool's annualized Load Profile Factor under design conditions. Based upon this result, the Company will determine the Seller's MDDQ, ADDQ and, where applicable, RCQ. These allocations shall be set forth in the Seller's Service Agreement with the Company, and will be used to determine rates and charges Seller is required to pay, as set forth under this service classification.

Seller may add customers to, or delete customers from, a Pool on the first day of each month, provided that the Seller has notified the Company of the change as instructed by the Uniform Business Practices for Retail Access Section V.A.2 and/or Section VI.A.1. The Company will recalculate the requirements of the Pool to determine the revised rates, charges and other requirements applicable as a result of the change.

Character of Service:

Firm, interruptible or temperature-controlled aggregated transportation, balancing and swing service, as determined by the Character of Service provisions of the sales service classification corresponding to the applicable transportation service classification for the Customers in the Pool, which provisions are incorporated herein by reference. Subject to the provisions of this Service Classification, the Company will transport gas, owned by the Pool, that meets the quality specifications hereof from a mutually agreed upon existing point for direct receipt by the Company, to specified delivery points on the Company's existing facilities at the points of service for each Customer in the Pool.

The Company will control the dispatch of gas received for transportation.

Subject to the provisions contained herein, Company will receive gas delivered by Seller hereunder for the Pool's account and transport and/or redeliver such gas to the Pool. Company shall not be required to accept deliveries of gas in excess of Seller's MDDQ.

Each month, the Company will determine the Seller's ADDQ (see Special Provisions) and the Seller will be obligated to deliver this amount each day unless otherwise notified by the Company.

The Company will be required to receive Daily Delivery Quantities only during the Delivery Period, and redeliver Daily Redelivery Quantities only during the Redelivery Period.

Special Provisions:

- (1) In no event will the Company be obligated to incur any additional costs for additional facilities necessary to provide transportation, swing and standby gas services hereunder. Nonetheless, in the event the Company elects to incur such costs, the costs of any additional facilities that in the Company's sole judgment are required or must be incurred by the Company to provide transportation service, shall be the sole responsibility of the Customer, and shall be payable in full prior to the initiation of service hereunder.
- (2) Whenever the Pool's account with the Company becomes delinquent and/or the Seller has failed to deliver gas to the Company for the Pool's account, the Company shall have the right to request and the Seller, upon such request, shall provide the Company, for its review, copies of all contracts between the Customer and third parties providing for the purchase of pipeline capacity by such. The Customer should redact all information deemed confidential, provided however, that all such contracts shall assure, in a manner satisfactory to the Company, reliable deliveries of sufficient quantities of gas for the Pool's account to meet the Pool's full hourly, daily or seasonal requirements for the term of service hereunder, unless otherwise agreed to in writing by the Company. The Company does not warrant the performance of such third parties under such contracts.
- (3) The Seller warrants that it will have good and marketable right and title to all gas he or it tenders or causes to be tendered to the Company hereunder and such gas shall be free and clear of all liens, encumbrances and claims whatsoever. The Seller shall hold harmless and indemnify the Company against any adverse claim by a third party, and against any loss or cost incurred by the Company on account of any such liens, encumbrances and claims of third parties. In addition to any other rights the Company may have, in the event any adverse claim is asserted against the Company by a third party, the Company may, at its sole option, suspend the transportation of gas hereunder, until such claim is resolved to the Company's satisfaction.
- (4) The Seller shall use its best efforts to keep the hourly quantities delivered to the Company for the Seller's account, adjusted for system use and losses, equal to the Seller's ADDQ, divided by 24.
- (5) All gas transported to the Company's point(s) of receipt for the Seller's account shall conform to all of the quality specifications set forth in 16NYCRR Part 229. The Company shall notify the Seller of any deficiencies in such quality specifications and may, at its option, refuse to accept delivery pending correction by the Seller.
- (6) The Company will provide Transportation Aggregation Service only to the extent that a Seller enters into an agreement with each Customer in a Pool, and the Seller meets the following requirements:

(a) If the Customer is a residential customer:

The contract between the Customer and the Seller must contain specific language advising the Customer of protection that have been waived under the Home Energy Fair Practices Act and Part 11 of the Commission's Regulations, 16 NYCRR§§11.1 et seq. The Seller must file its standard contract with the staff of the Consumer Service Division of the Public Service Commission.

The Seller must have an operational customer complaint system and provide Customers with the Public Service Commission help and hotline numbers.

The Seller must render bills that are clear and in plain language and submit a sample copy of such bill to the Consumer Service Divisions of the Public Service Commission.

The Seller must have procedures in place to ensure Customers receive adequate prior notice of termination of gas supply services. The procedures must provide that notifications be sent at least 15 days before the discontinuation of gas supply service to allow Customers the opportunity to pay the overdue bill or request service from another provider of gas.

(b) If the Customer is a non-residential customer:

The contract between the Customer and the Seller must contain a statement advising the Customer of protections that have been waived under the Commission's Regulations, 16 NYCRR§§13.1 et seq. The Seller must file its standard contract with the staff of the Consumer Service Divisions of the Public Service Commission.

The Seller must establish a reasonable customer dispute resolution process. Until such time as a dispute resolution process is developed and put into effect (a period no greater than 6 months) the Seller shall allow Customers to approach the Consumer Services Divisions of the Public Service Commission for resolution of such disputes.

- (7) The Company will permit Customers served under this service classification to trade City Gate imbalances with Customers served under S.C. Nos. 16, 17 and 18, and with Sellers providing service to a Pool under S.C. No. 19 provided that: (1) all imbalance trading occurs on the same interstate pipeline (2) all imbalances being traded occur on the same day (3) the Company is notified by the parties of their intention to trade imbalances in writing no later than 48 hours following the day on which the imbalance trading occurs to and (4) trading parties consent to the imbalance trade.
- (8) The Company, based upon the Customer's historical load profile and/or estimates of consumption, shall determine the Customer's annualized load profile under normal conditions. Based upon this load profile, the Company will determine the Customer's MDDQ and ADDQ.

The Company may permit the Customer to reduce deliveries of the ADDQ on one or more days during any winter month to prevent surplus deliveries when the temperature is projected to be higher than normal and increase deliveries of the ADDQ on one or more days during any winter month to prevent shortage deliveries when the temperature is projected to be lower than normal. The change in deliveries will be based on current and forecasted variations from normal weather.

b. SC 8 - SELLER SERVICE - BULI

Availability and Applicability of Service:

Services for all deliveries of natural gas at the Company's City Gate by:

- (i) Qualified Customers that purchase natural gas for their own use that have executed an agreement with a qualified seller
- (ii) Qualified Sellers of natural gas on behalf of Customers that have executed an agreement

Service will commence under this Service Classification only after the Company has received in hard copy or by telephone facsimile:

The customers name, address and account number.

Service under this Service Classification will commence on the first day of the month for the second month following the date of notification.

Character of Service:

Pursuant to the terms of this Service Classification and Service Classification No. 5, the Company will accept customer-owned natural gas delivered by Seller at the Company's City Gate.

In providing service under this Service Classification and Service Classification No. 5, the Company will transport and control the dispatch of the customer-owned natural gas from the City Gate to the customer's metered facilities. The Company will utilize its City Gate entitlement as a member of the New York Facilities to receive the customer-owned natural gas.

Service under this Service Classification shall consist of transportation of natural gas, or a suitable mixture of natural and manufactured gas of a Btu content of not less than 950 Btu per cubic foot (dry basis) on a monthly average, supplied at pressures within the limits prescribed by the Public Service Commission.

The receipt of natural gas at the City Gate under this Service Classification will be limited to the customer's Daily Transportation Quantity ("DTQ") or, in the case of a group of Customers, the customers' Aggregated Daily Transportation Quantity ("ADTQ") for each day of each month under Service Classification No. 5.

Special Provisions:

- (1) Subject to Terms of Service Classification No. 5: Sellers that execute a Seller Agreement under this Service Classification are bound by the applicable provisions of Service Classification No. 5.
- (2) Remote Reading Devices: Each Customer has the option of having a remote reading device installed for service under Service Classification No.5. Sellers that contract to sell natural gas to Customers electing not to have a remote reading device installed agree to accept the accuracy of the company's estimates for calculating a customer's DDQ.
- (3) Regulatory Approvals: Sellers shall make all necessary arrangements, obtain all necessary regulatory approvals and be responsible for all costs including taxes to appropriate governmental entities for the acquisition and transportation of the gas supply delivered to the company's City Gate on behalf of a Customer or an aggregation group.
- (4) Errors in Calculating DDQ or ADDQ: A Customer that takes service under this Service Classification accepts the company's calculation of the DDQ or ADDQ. The Company shall not be liable for errors in the calculation of the applicable DDQ and/or ADDQ.
- (5) Force Majeure: Seller will be excused from delivering the required DTQ or ADTQ on any given day for Force Majeure events which directly and substantially affect a seller's natural gas deliveries to the Company. For purposes of this Service Classification, a Force Majeure event will be any failure of the final pipeline delivering gas to the Company or an upstream pipeline feeding such pipeline, with such failure having been classified as a Force Majeure event pursuant to the terms of that pipeline's Federal Energy Regulatory Commission-approved tariff. A legitimate Force Majeure event that curtails the seller's firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a seller's natural gas deliveries to the Company, will excuse a Seller from performing pursuant to this Service Classification to the extent of such curtailment. If at such time the Seller is delivering gas to Customers on other systems, the volume excused from performance on the company's system will be no more than a proportionate amount of the affected deliveries curtailed by the Force Majeure event. The Seller is responsible for supplying complete information and verifiable proof of all the particulars requested by the Company related to any such Force Majeure exclusion. In order to validate a claim of Force Majeure, the Seller must have a firm, non-interruptible service with the affected pipeline that is covered by the Force Majeure event and must be willing to present such agreements to the Company.

Volumes curtailed pursuant to this Special Provision must be made up by Seller as soon as possible at a delivery rate to be established by the Company. Any curtailed volumes which are not made up within thirty (30) days will be sold to Seller at a rate of \$10.00 per DTHM.

- (6) **Warranty of Title:** Seller warrants that, at the time of delivery of gas to the Company, Seller or Customer will have good title to deliver all gas volumes made available.
- (7) **Control and Possession of Gas:** After Seller delivers gas or causes gas to be delivered to the Company at the company's City Gate, the Company will be deemed to be in control and possession of the gas until it is redelivered to Customer at customer's meter. Seller will have no responsibility, unless otherwise specified herein, with respect to any gas delivered by the Company or on account of anything which may be done, happen or arise with respect to such gas while such gas is in the control and possession of the Company.

The Company will have no responsibility with respect to such gas before Seller delivers such gas to the Company or after the Company redelivers such gas to Customer at customer's meter, or on account of anything which may be done, happen or arise with respect to the gas before delivery or after redelivery.

E. Customer Breakdown

The following statistics show a breakdown of NY and LI by customer segments. These statistics will be updated annually.

Customers and Annual Consumption as of December 31, 1999.

1. Sales: BUNY

	Customers	Annual DTH
Residential	1,101,052	73,621,067
C/I	40,022	11,486,265
Interruptible	25	1,620,400
TC Interruptible	3,076	31,205,268

Sales: BULI

	Customers	Annual DTH
Residential	425,265	38,176,700
C/I	45,953	17,330,154
Interruptible*	718	9,325,400

2. Transportation: BUNY

	Customers	Annual DTH
Residential	31,600	7,094,250
C/I	8,350	7,706,300

Interruptible	5	27,954,247
TC Interruptible	241	1,865,850

Transportation: BULI

	Customers	Annual DTH
Residential	1,646	211,674
C/I	4,059	5,182,556
Interruptible*	166	1,228,089

*** BULI interruptible sales and transportation accounts are combined on one meter.**

**BUSINESS RULES
GENERIC TO
AGGREGATION AND
LARGE VOLUME
TRANSPORTATION
CUSTOMERS**

III. BUSINESS RULES GENERIC TO AGGREGATION AND LARGE VOLUME TRANSPORTATION CUSTOMERS

The Public Service Commission of the State of NY recognized inconsistencies among utilities within the state pertaining to retail access business practices and procedures. As a result, the uniform business practices (UBP) were adopted, effective June 1, 1999. Set forth below are both Companies' ("KeySpan's") Retail Access Business Practices and Procedures.

A. Creditworthiness

1. Applicability:

These standards apply to Marketers selling natural gas to retail customers and to retail customers procuring their own energy supplies (Direct Customers). Each entity must qualify on an individual basis. No security is required in situations where, and to the extent, KeySpan bills customers on behalf of a Marketer and has the right to retain funds collected by the billing to offset KeySpan's charges (e.g., imbalance charges). KeySpan may require security for its delivery charges in situations where a Marketer acts as a Billing Agent for the customer, as described under the Billing Agency Arrangement section, herein.

Under the applicable circumstances, the Marketer/Direct Customer's participation in KeySpan's retail access program is contingent upon the Marketer/Direct Customer satisfying a credit appraisal based on independent bond/credit ratings and supplying any security that may be found necessary to meet KeySpan's credit requirements. Credit appraisals and security requirements will be reviewed by KeySpan annually, at a minimum.

2. Creditworthiness Determinants for Marketers (See Section E below for credit requirements for Direct Customers)

a. A Marketer can satisfy KeySpan's credit requirement by:

- (1) it or its guarantor having a minimum rating of "BBB" from S&P's, "Baa2" from Moody's, or "BBB" from Fitch ("Minimum Rating"); or
- (2) posting security in an acceptable form as listed in Section D below; but KeySpan will have the option to require a Marketer having the Minimum Rating to post security:
- (3) for the amount by which KeySpan's Credit Exposure (see Section C below) for any Marketer exceeds 5% of KeySpan's applicable revenues for the applicable time period (e.g., 30 days of gas revenues for gas balancing); or
- (4) for the full amount of the Credit Exposure if (1) the Marketer or its guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or KeySpan receives information that indicates that the Marketer or its guarantor credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the Marketer or its guarantor credit rating is not downgraded during the ensuing 60 days), or (2) the Marketer's status as a Billing Agent is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to the utility.

- b. A Marketer having a minimum "1A2" rating from Dun & Bradstreet coupled with 24 months good payment history will satisfy the KeySpan's credit requirement, but unsecured credit will be limited as indicated below:

Rating:	Unsecured Credit:
(1) 4A1 or 4A2	30% of a Marketer's equity, up to five percent (5%) of the KeySpan's applicable revenues for the applicable time period
(2) 3A1 or 3A2	30% of a Marketer's equity, up to five percent (5%) of the KeySpan's applicable revenues for the applicable time period
(3) 2A1 or 2A2	50% of a Marketer's equity, up to \$500,000
(4) 1A1 or 1A2	50% of a Marketer's equity, up to \$375,000

KeySpan will have the option to require a Marketer to post security to cover the Marketer's credit exposure in excess of the above limits.

- c. KeySpan may, at its discretion, reduce or eliminate any security requirements as long as this standard is applied equitably to all Marketers existing and new.
- d. KeySpan may require Marketers that act as Billing Agents post security to cover the KeySpan's delivery charges as set forth in Section C.1 (Credit Exposure/Security calculation) below.
- e. KeySpan's evaluation will be completed within 10 calendar days after receiving the application. KeySpan will provide the rationale for its determination and the calculation supporting the credit limit and any resulting security requirement (as discussed in Section C below). KeySpan will perform its credit evaluation and associated security calculation in a non-discriminatory manner.

3. Credit Exposure/Security Calculation

If the Marketer meets the credit requirements in Section B, or a Direct Customer receives a waiver as set forth in Section E below, no security may be required. If the Marketer does not meet the credit requirements in Section B, or the requirements of Section E cannot be met for Direct Customers, security in an amount equal to the credit exposure may be sought and provided in a form as set forth in Section D below.

The maximum security amounts identified below are associated with the risk of the failure of a Marketer, delivering a single bill for delivery and commodity service to the retail customer, to pay KeySpan (Paragraph 1 below) and, the failure of a gas marketer to pay KeySpan for under deliveries when that marketer has under delivered by up to 100% of its customers' needs (Paragraphs 2 and 3 below).

a. Delivery

The maximum security associated with the natural gas delivery risk, where the Marketer bills customers for both delivery and commodity services, may be no more than 60 days of

a Marketer's customers' projected peak period energy requirements over the coming 12 months priced at KeySpan's applicable delivery tariff rate, including relevant competitive transition and customer charges.

The maximum security associated with the natural gas delivery risk, where the Marketer is acting as the customer's Billing Agent, may be no more than 45 days of a Marketer's customers' projected peak period energy requirements over the coming 12 months priced at KeySpan's applicable delivery tariff rate, including relevant competitive transition and customer charges. The amount of security may be reduced to the extent the Marketer's customers maintain direct debit agreements with KeySpan.

b. Gas Imbalances

The maximum security associated with natural gas balancing and settlement risk will be determined for each season. The seasons are defined as Summer (April 1 - October 31) and Winter (November 1 - March 31). This credit exposure may be no more than as determined by: (a) the maximum daily quantity (MDQ) of a Marketer's customers' projected aggregate consumption (or Direct Customer's projected consumption), 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 city gate, for the appropriate season of the past year; and (c) times 30 days. The Marketer 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.

4. Security Instruments

Upon notification by KeySpan that a Marketer/Direct Customer has failed to satisfy the credit requirements or, subsequently, while providing service to retail customers, no longer satisfies the credit requirements, such Marketer/Direct Customer may still obtain or retain credit approval from KeySpan if it pays any outstanding balance due KeySpan for services rendered and elects to provide one of the following, as mutually agreed by the parties:

- a. an advance deposit or prepayment (minimum \$25,000);
- b. a standby irrevocable letter of credit issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
- c. security interest in collateral found to be satisfactory to KeySpan;
- d. a guarantee, acceptable to KeySpan, by another party or entity with a satisfactory credit rating of at least "BBB" by S&P, "Baa2" by Moody's or "BBB" by Fitch;
- e. a lockbox mechanism as described in Section F below (not applicable for Direct Customers);
- f. a surety bond from a bank, insurance company or other financial institution with at least an "A" bond rating; or,

- g. other mutually acceptable means of providing or establishing adequate security (e.g., escrow accounts, loss pooling, etc.).

If the rating of a bank or insurance company or other financial institution from whom a Marketer/Direct Customer has obtained a letter of credit or surety bond falls below an "A" rating, the Marketer/Direct Customer shall have 5 calendar days to obtain a substitute letter of credit or surety bond from an "A" rated bank or insurance company or other financial institution.

If the Marketer/Direct Customer's credit standing ceases to meet KeySpan's credit requirements or if its financial exposure changes due to increased usage during the period of service, then KeySpan has the right to require security or prepayment as specified herein. KeySpan, however, may not request additional security unless the credit exposure increases by at least 10%, or a reasonable KeySpan specified threshold. If the security is not tendered within 5 calendar days after such request, then KeySpan may initiate a process to discontinue retail access service to the Marketer/Direct Customer. Deposits received in cash will accumulate interest at the applicable rate per annum approved by the New York State Public Service Commission for Other Customer Capital. If the Marketer/Direct Customer subsequently satisfies the credit appraisal without the need for some or all of the security requirement, KeySpan shall return the appropriate portion of the Marketer/Direct Customer's advance deposit with accumulated interest. Similarly, if KeySpan's credit risk is determined to decrease by at least 10%, or a reasonable KeySpan specified threshold, relative to the amount of security on deposit, the excess shall be refunded with accumulated interest within five calendar days of such determination.

5. Retail customers procuring their own energy (Direct Customers)

The aforementioned creditworthiness standards shall be waived for a customer procuring its own energy, provided that such customer's accounts are current and have been maintained current for 12 months, and provided that the customer's long-term unsecured debt securities are, and remain, rated a minimum of BBB, Baa2 or BBB by S&P's Moody's or Fitch, respectively. If the customer's debt is not rated, its account with KeySpan must be current, and it must not have a poor payment history with KeySpan for the past 24 months.

6. Lockbox Mechanism

An alternative security mechanism for Marketers shall be available in the form of a "lockbox" for any of the security requirements specified above. A lockbox will reduce any security requirements to 50% of what would otherwise be required. Under the lockbox, a Marketer's customer's payments will be made to a lockbox, which will be administered by a mutually agreed upon entity. All costs associated with implementing and administering the lockbox will be the responsibility of the Marketer. The allocation of funds in the lockbox between KeySpan and the Marketer, and other administrative rules, must be agreed to by both parties, with KeySpan having first rights on funds in the lockbox to off-set its charges.

The administrative rules shall specify the terms under which the lockbox mechanism shall be terminated for non-compliance. KeySpan, after petition to the Commission, is permitted to terminate the lockbox and request full security if expected customer payments are not received

in a timely manner.

7. Calling on Security

KeySpan may call upon the security posted by a Marketer/Direct Customer after providing 5 days' notice to the Marketer/Direct Customer whenever the Marketer/Direct Customer fails to pay KeySpan on a timely basis, unless the Marketer/Direct Customer makes payment in full within the 5-day notice period. KeySpan may call upon the security posted by an Marketer/Direct Customer without prior notice if the Marketer/Direct Customer files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the Marketer/Direct Customer) or for any reason a Marketer ceases to provide service to its customers under KeySpan's program.

If a Marketer, acting as a Billing Agent, has posted security with KeySpan, it will apply the security to the customers' delivery charges and customer late payment charges (if applicable) for any unpaid amounts due from customers.

B. Customer Information:

KeySpan will provide, free of charge to customers or their authorized designees, at least 24 consecutive months (or for the life of the account, if less) of the customer's most recent usage and billing information for each of the customers' accounts (**The usage and billing information shall be made available in the manner(s) utilities currently use until EDI mechanisms are functional**). A fee of \$15.00 will be charged for each year of data beyond the 24 month period and for any third request for a customer load profile in any 12 month period. Information not identified below shall be supplied, if available, at KeySpan's incremental cost. The usage and billing information shall be made available in the manner KeySpan currently uses.

The usage and billing information that is provided shall include: meter reading dates, consumption, total dollars billed for the billing period, service classification, currently listed tax district, current meter number (where applicable) and type of meter reading (by company, by customer, or estimated). Where more than one meter is associated with an account, the applicable information will be provided for each meter, where available.

Credit information shall also be made available free of charge for the most recent 12 month period, but only upon written authorization from the customer. A fee of \$15 will be charged for each year of credit information beyond the 12 month period. Credit information to be provided, shall be limited to whether or not the customer had late payments and/or had been disconnected during the past 12 months (**All free information must be available at the time requested or as prescribed by the utilities tariff until EDI mechanisms are functional**).

KeySpan will not disclose a customer's billing, usage and credit history to a Marketer if that customer has notified KeySpan, in writing, that such information should not be disclosed or, for credit history information, has not provided written authorization for its release. The information may thereafter be disclosed to a Marketer only with the customer's written authorization

C. Uniform Utility Billing and Collection Services and Charges:

1. Invoices

Invoices shall be issued to Marketers/Direct Customers monthly for imbalances, extraordinary customer data provided on request (over and above the information provided without charge), special meter reading charges, adjustments to prior invoices, and other retail tariff services provided at the request of the Marketers/Direct Customers. Services requested directly by customers will be billed directly to the customers unless a Marketer request that those charges be billed to them instead. This option does not apply to the single retailer model. The provisions described below relate only to retail access billing and collection services and charges to be paid by Marketers/Direct Customers. The costs of any payment defaults that occur due to mutually agreed-upon terms between KeySpan and a Marketer/Direct Customer may not be borne by any other customers/ratepayers and other Marketers/Direct Customers.

2. Invoice Payments

a. Terms of Payment

Bills are payable upon presentation and are subject to late payment charges. Marketers/Direct Customers shall pay the full amount stated in the invoice, without deduction, set-off or counterclaim, within 20 calendar days from the date of the invoice transmittal. On the first day following the grace period, late payment charges at the rate of 1.5% per month will be applicable to all overdue billed amounts, including arrears and unpaid late payment charges. (Note: Payment of customers' charges, on behalf of customers, by a Marketer/Billing Agent, are due within 25 calendar days of the Billing Agents' receipt of the customers' billing information, subject to the requirements under "Billing Agency Requirements" herein.) Because a Marketer/Direct Customer or KeySpan may request expeditious resolution by the Department of Public Service of a complaint or dispute, bills will not be suspended as a consequence of a complaint filed. KeySpan and Marketers/Direct Customers are permitted to, by mutual agreement, develop customized billing and collection arrangements. Claims that invoices are not correct must be made in writing and postmarked no later than three months after the disputed invoice was mailed or provided electronically.

b. Payment Form

Payment for services shall be rendered to the KeySpan by electronic funds transfers. KeySpan and Marketers/Direct Customers are permitted to, by mutual agreement, establish other forms of payment.

c. Application of Payments

Unless otherwise agreed to by KeySpan and the Marketer/Direct Customer, payments will be applied to arrears first and then to current charges.

d. Failure to Make Payment

Upon failure of the Marketer/Direct Customer to make any payment when due, KeySpan may draw down on any security that may be available (as described in the Creditworthiness

section).

3. Billing Questions and Disputes

- a. Access to Billing Back-up Information Upon implementation of KeySpan's EDI systems, Marketers/Direct Customers shall have access to data elements that will enable them to perform necessary billing back-up calculations.
- b. Inquiries
 - (1) All questions concerning invoices should be directed to a pre-specified department (by department name and telephone number) within KeySpan. This department shall direct such inquiries to the appropriate areas of responsibility which shall be available to explain how the invoice amounts were determined.
 - (2) Responses to billing inquiries must be acknowledged in writing or by electronic transmission promptly, but no later than five calendar days from KeySpan's receipt of the inquiry. KeySpan must investigate and respond to the complainant, in writing, no later than 20 calendar days from KeySpan's receipt of the inquiry.

4. Overpayments

- a. Overpayments made by a Marketer as a result of an inaccurate invoice or as determined through the Dispute Resolution Process shall be credited to the Marketer's account if a prior shortage exists or be refunded otherwise. Such credit or refund must occur within five calendar days of a determination that an overpayment occurred. Such overpayments shall earn interest at the rate of 1.5% per month from the date of the overpayment until the date of the credit or repayment, whichever applies. The refund shall be rendered to the ESCO/Marketer by electronic funds transfers.
- b. Overpayments made voluntarily by a Marketer/Direct Customer shall be credited to the ESCO/Marketer's account and shall not earn interest unless the overpayment is applied to the security deposit account.

Charges to ESCO/Marketers from KeySpan may charge Marketers/Direct Customers for the following:

- (1) Energy imbalances, based on each KeySpan's tariff or operating agreement.
- (2) Late payment charges, at a rate of 1.5% per month, applicable to all overdue billed amounts, including arrears and unpaid late payment charges and to underbillings, as determined through the Dispute Resolution Section, herein. Interest on the latter is only payable when associated with a finding of deficiency on the part of the party holding the funds determined to be due the other party.
- (3) Additional historical customer usage, billing and credit information available upon request under the Historic Customer Information Section requirements.

- (4) Special meter reading charges, as described in the "Switching Requirements" Section.
- (5) Other rates and charges approved by the Public Service Commission and set forth in KeySpan's tariff, including, but not limited to, transportation or distribution rates, miscellaneous surcharges and taxes.

D. New Delivery Customer Requirements:

1. Process Required for ESCOs/Marketers/Direct Customers to Notify KeySpan of New Delivery Customers (e.g., Customers That Are Initiating Delivery Service)

A uniform statewide format shall be used for the notice once EDI is operational.

- a. New delivery customers may initiate service by contacting KeySpan and/or a Marketer. Marketers/Direct Customers shall provide KeySpan notices of new delivery customers choosing the ESCO/Marketers for supply with the Marketers/Direct Customers' authorized signatures or unique identifiers. The KeySpan shall acknowledge receipt of the notices within five calendar days.
 - b. The notices for new residential service for applicants whose previous KeySpan bills, if any, have been paid or are covered by a deferred payment plan, and that do not require construction must be submitted at least 25 business days prior to the requested service date; other notices must be submitted at least 25 calendar days prior to the requested service date. All notices shall contain the information identified below.
 - c. A uniform statewide format shall be used for the notice once EDI is operational.
 - d. The point to which this information is to be submitted, e.g., person, number, and/or office, shall be identified in KeySpan's operating procedures.
2. Information to be submitted by the Marketer/Direct Customer
 - a. Marketers/Direct Customers shall provide the name, service address, mailing address, and telephone number (and universal account number when established) of new customers that will need delivery service from KeySpan.
 - b. Marketers acting as the customer's agent in establishing KeySpan's delivery service shall provide the information about the customer that KeySpan needs to establish service, as specified in the KeySpan' tariffs.
 - c. Marketers/Direct Customers shall also provide information about the customer's special needs, if any, including life support equipment.
 3. Commencement of Service:

For new delivery customers, services will commence after all connections are complete in accordance with provisions of KeySpan's non-retail access tariff. A special meter reading as applicable will then be performed at no charge. Except for the "Single Retailer" model, new

delivery customers must be accepted by KeySpan before service may commence; any conditions set forth in the tariffs for the initiation of service to such new delivery customers apply.

4. Initiation of Service Fees, Deposits, or Other Requirements

Any fees, deposits requirements, or other charges identified in KeySpan's tariff will apply to initiation of service to new delivery customers.

5. Special Meter Reading Fees

There will be no KeySpan fees for special meter readings if performed in conjunction with the initiation of new delivery service.

E. Switching Customers

Initial Enrollment

Marketer shall provide the name, service address and account number of the customer to be enrolled. The information shall be submitted by fax or e-mail to KeySpan. See appendix F.

The notice for enrollment must be submitted 25 calendar days before the first day of the calendar month for the month following the date of notification provided by the Marketer.

1. Switching Requirements

- a. No restrictions, except as may result from the notice period requirement or as may be specified in contracts between Marketers and customers or as may result from KeySpan requirements for bundled service. Customers voluntarily returning to KeySpan bundled service may be required to remain with KeySpan's bundled service for a minimum period of time, not to exceed 12 months, as may be specified in KeySpan's tariff, unless KeySpan addresses its risk through mechanisms such as a fuel adjustment clause or pass through of the market price. The 12 month requirement will not apply to a customer that returns to KeySpan service as a result of a supplier's failure to deliver.
- b. Switching Fees - There may be no charge for a customer's switch from KeySpan's bundled service at any time, (i.e., each switch away from KeySpan). There are no charges for involuntary switches. Involuntary switches are those initiated by a Marketer rather than the customer, when for example the Marketer goes out of business, assigns its customers to another supplier, or decides to no longer serve a customer. In addition there will be no charge for the first voluntary switch from a Marketer to another Marketer during the first twelve months following a customer's initial participation with retail access. A voluntary switch is one initiated by the customer. A switching fee, of \$10, will be charged for all other voluntary switches.

2. Verification of Enrollment/switch

- a. KeySpan shall provide notice of receipt of a enrollment/ switching request to the current Marketer through the nomination reports and e-mail notification of switches.

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F. Slamming Prevention:

1. Slamming, defined as a switch of a retail customer from one provider to another without the customer's authorization, is not permitted. To minimize the chance of slamming, the following process will be used:
 - a. To request a switch, Marketers must notify the KeySpan of the switch using the process outlined under "Switching Requirements".
 - b. Upon receipt of the switch request from a Marketer, KeySpan will, at least five calendar days prior to the switch date, send a verification letter to the affected customer and notify the incumbent Marketer via e-mail, if any, that is serving the customer at that time. **After EDI becomes available, utilities will notify incumbent Marketers about customer enrollment information electronically.**
 - c. The verification letter will advise the customer of the switch request and ask that he/she contact the KeySpan within five calendar days if the switch request information is incorrect.
 - d. If the customer notifies KeySpan that the request is not valid, the switch will not be made or will be reversed.

All unauthorized switches will be reported by KeySpan to the Department of Public Service.

2. Marketers that switch customers without the customers' authorizations will be fully responsible for all wrongful charges applied to the customers' bills and for all reasonable costs incurred by KeySpan. Such Marketers' eligibility to serve retail customers in New York State may also be terminated by the New York State Public Service Commission and/or a monetary penalty may be imposed.
3. Marketers must retain for six years documentation of a customers' authorizations to switch. Such documentation must be in the form of one of the following:
 - a. written agreements signed by the customers;
 - b. written statements by independent third parties that witnessed or heard verbal commitments by the customers;
 - c. tape recordings made by Marketers of the customers' verbal commitments; and
 - d. electronic transmittals that can be shown to have originated with the customers.

G. Discontinuance of Service

1. Voluntary Discontinuance of Marketer Operations in KeySpan's Service Area
 - a. A Marketer may discontinue operations (in whole or significant part) in a KeySpan's service territory at will (subject to any penalties or sanctions that may arise due to contractual obligations), upon submission of a written notice to KeySpan and the

Marketer's customers at least 25 calendar days prior to the discontinuance date. The notice to retail customers shall inform them:

- (1) that the discontinuance shall occur at the first meter reading date or the first of the month after the notice period expires (if timely), or KeySpan may estimate the readings at the discontinuance date or provide a special reading;
 - (2) of their option either to select another Marketer to be their energy service provider or to return to KeySpan service;
 - (3) that if they do select other Marketers, those entities will file switch requests with KeySpan on their behalf, and there will be no fee charged by the KeySpan for the switches;
 - (4) that after the discontinuance and unless/until new Marketers are selected and the switches are completed, service will be provided by KeySpan under its applicable tariff rate, unless KeySpan has notified the customer that delivery services will be terminated on or before the discontinuance date, and
 - (5) that there will be no switching fee charged by KeySpan to the customer for a switch back to KeySpan, whether as an interim measure until a new Marketer is selected or as a permanent action.
- b. KeySpan must, within five calendar days of the notice from the Marketer, also send a notice to the Marketer's customers containing the same information as required above, but also providing a list with names and telephone numbers of eligible Marketers who have indicated a willingness to serve retail customers in KeySpan service area.
- c. If KeySpan learns that an Marketer has discontinued operations in its service territory without giving the proper notice to Retail Customers and to KeySpan in accordance with the above requirements prior to discontinuing operations, KeySpan shall immediately inform the Public Service Commission and then, if directed, notify all of the Marketer's customers as required above. In the notification, KeySpan shall also advise the customers that effective immediately their service is being provided by KeySpan under the standard tariff rate and that payment for such service from the date of the notice until a subsequent switch takes place must be made to KeySpan.
- d. If the Marketer does not give notice to its Retail Customers and to KeySpan in accordance with the above requirements prior to discontinuing operations, the Marketer may be determined ineligible by the New York State Public Service Commission to sell natural gas to retail customers in New York State and/or may be assessed a monetary penalty by the New York State Public Service Commission.
- e. Upon the discontinuance of a Marketer, the Marketer shall remain responsible for payment or reimbursement of any and all sums owed under the Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any agreements between the Marketer and KeySpan. The Marketer shall also remain obligated to customers to the extent provided for in any contracts with them.

- f. Upon receipt of a switch request from a subsequent Marketer following the discontinuance notice, KeySpan will verify the intended switch with the customer in accordance with the Slamming Prevention Process (e.g., KeySpan must notify the customer within five calendar days of the switch request).
- g. If a more expeditious discontinuance process is judged to be needed in a specific situation, the Marketer may request such expedited treatment upon a showing of need to the Public Service Commission or its designee, who shall have the authority to grant such a request. The Commission or its designee may also, for good cause, initiate an expeditious discontinuance process on its own motion. KeySpan shall also have standing in any such processes.
- h. Sample copies of the form of the notices to customers under this process shall be provided to the Department of Public Service for review at least five calendar days before the letters are sent to customers.

2. Discontinuance of Sales by the Marketer to Individual Retail Customer

- a. A Marketer may discontinue sales to individual retail customers in a KeySpan's service territory at will (except as may be otherwise limited by contracts with customers), upon submission of a notice to those individual customers and to KeySpan at least 25 calendar days prior to the discontinuance date. The notice to retail customers shall inform them:
 - (1) of the date of the discontinuance (which will be the first of the month);
 - (2) of their option either to select another Marketer to be their energy service provider or to return to regulated KeySpan bundled service;
 - (3) that if they do select other Marketers, those entities will file switch requests with KeySpan on their behalf, and there will be no fee charged by KeySpan for the switches; and
 - (4) that after the discontinuance and until new Marketers are selected and the switches are completed, service will be provided by KeySpan under its applicable tariff rate, unless KeySpan has notified the customer that delivery services will be terminated on or before the discontinuance date.
- b. Sample copies of the form of the notices to customers under this process shall be provided to the Department of Public Service for review at least five calendar days before the letters are sent to customers.
- c. If the Marketer does not give the required notice to its retail customers and to KeySpan, the Marketer may be determined ineligible by the New York State Public Service Commission to sell natural gas to retail customers in New York State and/or may be assessed a monetary penalty by the New York State Public Service Commission.
- d. Upon receipt of a switch request from a subsequent Marketer following the discontinuance

notice, KeySpan will verify the intended switch with the customer.

3. Involuntary Discontinuance of a Marketer/Direct Customer's Right to Provide Service to Retail Customers

- a. KeySpan shall have the right to initiate a process to discontinue a Marketer/Direct Customer's participation in the its Retail Access Program:
 - (1) where KeySpan determines that it is necessary or desirable for safety or for system reliability reasons (including, capacity to meet the needs of customers), which shall include an understanding that:
 - (a) actual scheduled deliveries must not deviate consistently and unreasonably beyond a 2% tolerance of the Marketer/Direct Customer's natural gas supply requirements
 - (b) day ahead forecast schedules must not deviate consistently and unreasonably beyond a 2% tolerance of the Marketer/Direct Customer's actual aggregate customer load in the service territory, unless balancing service is provided by KeySpan
 - (c) where the Marketer/Direct Customer fails to comply with the terms and conditions of the KeySpan's tariff or distribution operating agreement;
 - (d) where there is a continued pattern of attempts to transfer retail customers without proper customer authorization (slamming).
 - (e) where the FERC issues an order authorizing discontinuance of participation by the Marketer/Direct Customer under KeySpan's open access transmission tariff; or
 - (f) where a court of competent jurisdiction issues an order authorizing discontinuance of the Marketer/Direct Customer; or,
 - (g) where the New York State Public Service Commission has determined that the Marketer is not eligible to sell natural gas to retail customers in the state, for reasons including:
 - i) a Marketer's failure to adhere to the policies and procedures described in its disclosure to customers;
 - ii) failure to comply with prescribed consumer protections;
 - iii) an unacceptably high volume of customer complaints;
 - iv) failure to comply with prescribed reporting requirements;
 - v) failure to comply with oversight requirements;

- vi) failure to apprise the New York State Public Service Commission of all material changes in the information in the applicant's initial filing;
 - vii) failure to comply with the voluntary discontinuance requirements set forth above; or,
 - viii) failure to comply with other applicable requirements of the New York State Public Service Commission.
- (h) where the Marketer/Direct Customer fails to pay a bill for delivery services or an imbalance charge when due, does not pay the bill within 10 calendar days after being notified of the non-receipt of payment, and the available security is or will be insufficient to cover the amount of default.
- b. KeySpan may initiate the process to discontinue a Marketer/Direct Customer by providing the Marketer/Direct Customer a notice (with a copy to the New York State Public Service Commission) that advises the Marketer/Direct Customer that its right to switch additional customers is suspended immediately. The notice shall also state that unless the stated cause for the discontinuance is corrected within a designated period (not less than 10 calendar days) from the Marketer's receipt of the notice, or the New York State Public Service Commission, or its designee, requires otherwise, the Marketer's existing customers will be notified that the Marketer will be discontinued. The discontinuance will take place no longer than 15 calendar days after the end of the designated period to cure the problem except that in cases of non-payment of invoices, the discontinuance will take place at the end of the designated period. Discontinuance of Direct Customers may be initiated by a similar notice stating that unless the identified cause is corrected within the designated period (e.g., not less than 10 calendar days), or the New York State Public Service Commission, or its designee, requires otherwise, the Direct Customer will no longer be allowed to procure its own energy supplies. The discontinuance process will stop if the Marketer/Director Customer corrects the problem within the 10 day period unless otherwise directed by the Commission. If a more expedited process is deemed necessary for any discontinuance, the process outlined in Sub-section 6 below may be followed.
- c. KeySpan may suspend or discontinue a Marketer/Direct Customer immediately if an imminent risk exists that compromises the safety or operational reliability of the its system. Notices shall be sent to customers as specified in Subsection 4 below.
- d. The notices to be sent to customers by KeySpan shall advise them:
- (1) that the discontinuance shall occur at the first of the month, or another date where KeySpan may estimate the readings at the discontinuance date or provide for a special meter read;
 - (2) of their option to either select another Marketer to be their energy service provider or to return to KeySpan bundled service;
 - (3) of the names and telephone numbers of eligible Marketers that have indicated a willingness to serve retail customers in the service territory;

- (4) that if they do select other Marketers, those entities will file switch requests with KeySpan on their behalf, and there will be no fee charged by KeySpan for the switches; and
 - (5) that after the discontinuance and unless/until new Marketers are selected and the switches are completed, service will be provided by KeySpan under its applicable tariff rate, unless KeySpan has notified the customer that delivery services will be terminated on or before the discontinuance date.
- e. Sample copies of the form of the notices to customers shall be submitted to the Department of Public Service for review at least five calendar days before the letters are sent to customers.
- f. If a more expeditious discontinuance process is judged to be needed in a specific situation, KeySpan may request such expedited treatment upon a showing of need to the Public Service Commission or its designee, who shall have the authority to grant such a request. The Commission or its designee may also, for good cause, initiate an expeditious discontinuance process without a request by KeySpan. The Marketer/Direct Customer shall have standing in any such process.
- g. Marketers may contest any suspension or proposed discontinuance by use of the "Dispute Resolution Process" if that process is initiated in a timely manner.
- h. Upon any discontinuance of a Marketer, the Marketer shall remain responsible for payment or reimbursement of any and all sums owed under the Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any agreements between the Marketer and KeySpan. The Marketer shall also remain obligated to customers to the extent provided for in any contracts with them.
- i. Upon receipt of a switch request from a subsequent Marketer following the discontinuance notice, KeySpan will verify the intended switch with the customer(e.g., KeySpan notify customers within five calendar days of the switch request).
- j. Discontinuance of a Direct Customer

A Direct Customer may voluntarily discontinue securing its own energy supplies by notifying KeySpan of its intent to discontinue acting as a Direct Customer and to switch to another supplier or to return to KeySpan bundled service in accordance with the "Switching Requirements" previously presented. A Direct Customer may be involuntarily discontinued for the reasons, and in the same manner, as a Marketer would be discontinued, to the extent applicable (see Section C above), except that notices to customers are not required where the Direct Customer is a single customer.
- k. Assignment of Marketer Contracts
 - (1) A Marketer may assign customer contracts to other eligible Marketers, and transfer the rights to serve those customers, provided that the Marketer's contracts and disclosure

statements clearly state that such assignments and transfers may occur. The assignment and transfer may be initiated upon submission of a notice to KeySpan, the Public Service Commission and the Marketer's customers at least 15 calendar days prior to the transfer date. The notice to KeySpan and the Public Service Commission shall include a copy of the assignment document(s) executed by officers of all the involved Marketers and a copy of the notice being sent to customers. The notice to retail customers shall inform them:

- (a) of the date(s) of the assignments;
 - (b) that service will be provided by the assigned Marketer;
 - (c) of any changes in the contract or disclosure statement terms (to the extent permitted by the existing contracts or disclosure statements), including ministerial changes such as telephone numbers, mailing addresses, etc.
- (2) KeySpan will, within five calendar days of the notice from the Marketer, also send a notice to the Marketer's assigned customers advising them that transfer requests have been received and will be executed.
 - (3) Sample copies of the form of the notice to customers shall be submitted to the Department of Public Service for review at least five calendar days before the letters are sent to customers.
 - (4) If KeySpan learns that a Marketer has assigned customers and transferred service to other Marketers without giving the required notices (in contracts and/or disclosure statement and in the letters to be sent at least 15 days prior to the transfer of service) to Retail Customers and to KeySpan in accordance with the above requirements, KeySpan shall immediately inform the Department of Public Service and then, if directed, notify all of the Marketer's customers in accordance with the procedures noted above.
 - (5) If a Marketer does not give the required notices to its Retail Customers, KeySpan and the Commission in accordance with the above requirements prior to transferring customers, the Marketer may be determined ineligible by the New York State Public Service Commission to sell natural gas to retail customers in New York State and/or may be assessed a monetary penalty by the New York State Public Service Commission.
 - (6) The assignment document(s) (copies of which shall be provided to KeySpan and the Commission) shall indicate which party will be responsible for payment or reimbursement of any and all sums owed under the Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any agreements between the Marketer and KeySpan and between the Marketer and customers.
 - (7) If a more expeditious transfer process is needed in a specific situation, the Marketer may request such expedited treatment upon a showing of need to the Public Service Commission or its designee, who shall have authority to grant such a request. KeySpan

shall have standing in any such process.

H. Dispute Resolution

The following process is expected to be followed to address all retail access disputes/complaints between Marketers/Direct Customers and KeySpan with respect to retail access program issues. Disputes involving retail customers, of either the Marketers or of KeySpan, are not addressed by this process. Each Marketer/Direct Customer and KeySpan shall designate specific personnel to be responsible for responding to complaints and disputes under this process (see Marketer Support Personnel). The parties may also pursue other legal mechanisms to address complaints and disputes.

1. Any Marketer/Direct Customer or KeySpan may initiate the dispute resolution process by presenting a written description of the dispute/complaint, and a proposed resolution, to the other party(ies) involved in the dispute, sent in a manner that will verify its receipt.
2. The other party(ies) must, as soon as possible, but in no case more than 15 calendar days following receipt of the complaint, provide a written response to the complaining party(ies), with an alternative resolution proposal if the complaining party's(ies') proposed resolution is deemed unacceptable; or, with the results of any informal resolution that may have been reached with the other party(ies) prior to that date.
3. If the initial exchange of written material (and perhaps verbal discussions) does not resolve the dispute, the complaining party(ies) may request a meeting(s) to discuss the matter further. The responding party(ies) must agree to such a meeting(s) to be held within 15 calendar days following the request.
4. The parties may agree to use alternative dispute resolution techniques with mutually agreed-upon time frames that may differ from those defined in the dispute solution process.
5. If a resolution is not obtained within 45 calendar days after the initial complaint letter or the mutually agreed-upon time frame, either party may file the complaint with the Department of Public Service for resolution.
6. If a Marketer/Direct Customer or KeySpan believes that special circumstances (such as an emergency involving public safety, system reliability or significant financial risk) exist that would require more expeditious resolution of a dispute or complaint than might be expected under the process described here, it may submit its complaint to the Department of Public Service, with a copy provided to the other party(ies) involved in the dispute. The Department will respond to such a filing by:
 - a. expeditiously resolving the dispute; or
 - b. advising that the standard dispute resolution process described above be followed.
7. If a dispute involves the accuracy of invoiced charges, the invoiced charges must be paid, subject to refund with the applied interest (1.5% per month). This interest is only payable when associated with a finding of deficiency on the part of the party holding the funds determined to

be due the other party.

8. If any reasonable resolution between a Marketer/Direct Customer, including all KeySpan's affiliate, and the company results in generic competitive benefits, those benefits should also be available to other Marketers/Direct Customers, including the affiliates of KeySpan, where applicable.
9. All correspondence or documents to be delivered from one party to another under this process must be sent in a manner that provides verification that it is received within the time periods specified by this dispute resolution process.

I. Partial Requirements Customers

KeySpan at this time, has the option of allowing eligible retail customers to select more than one Marketer at a time per customer account - per commodity, except that customers currently with more than one Marketer may continue that practice. Eligible customers who have a designated portion of their load supplied by KeySpan, at an economic development discount or any other discount authorized by tariff, regulation or law or supplied by the New York Power Authority (NYPA), with the remaining portion of their load provided at KeySpan's applicable tariff provisions, shall be permitted retail access for the portion of their load served at the applicable tariff rates. Also, unless prohibited by a prior settlement agreement, retail customers that receive an economic development discount for all their standard load may continue to receive a discount and take retail access unless the discount was specified as a generation discount or a result of rate design differences.

Retail customers with discounts on delivery services will not be required to forego such discounts to participate in retail access for the commodity portion of their service.

J. Billing Agency Arrangements

1. Marketers and KeySpan may elect to offer customers a "Billing Agency" arrangement in which the customer will authorize a Marketer to act as a Billing Agent, hereafter Marketer/Billing Agent, to receive the customers' bills from KeySpan, consolidate them with the Marketer/Billing Agent's charges, rebill the entire amount to the customer, receive payments from the customer, and then remit payments to KeySpan for its services, with the balance being retained by or transmitted to the Marketer. The customer must choose the Billing Agency arrangement before it may be used as the mechanism to bill the customer. If the Marketer/Billing Agent and the customer use such an arrangement, the Marketer/Billing Agent must comply with the conditions listed below.
 - a. The Marketer/Billing Agent must apply all customer payments, unless otherwise directed by the customer, first to KeySpan's charges, past due and current, then to Marketer/Billing Agent charges, past due and current. If the customer has entered into a deferred payment agreement with KeySpan, customer payments shall be applied, first to current KeySpan charges, including the agreed upon installment payment under the deferred payment agreement, then to Marketer/Billing Agent charges, past due and current. If a customer with a deferred payment agreement pays more than the current bill and agreed upon installment payment charges, payments should be allocated first to all current plus agreed upon deferred charges and the balance first to KeySpan and then to the Marketer/Billing Agent account,

unless otherwise directed by the customer.

- b. Marketer/Billing Agents can negotiate deferred payment arrangements or intercede on behalf of a customer on other related KeySpan matters provided it can demonstrate that the customer has given it the authority to do so.
 - c. Marketers must include a clear, plain language explanation of Billing Agency and its implications in their standard contract/disclosure statements, if such an arrangement is to be offered.
 - d. Marketers must distribute annually, to each customer, the "Summary of Customer Rights Notice", and to each gas customer, the "Annual Gas Safety Notice", which will be provided, in bulk, by KeySpan.
2. Where KeySpan and the Marketer elect a Billing Agency arrangement, KeySpan must comply with the following requirements.
- a. KeySpan must provide the Marketer with the "Summary of Customer Rights Notice" and the "Annual Gas Safety Notice", in bulk, for distribution by the Marketer to customers annually.
 - b. KeySpan should incorporate bill messages regarding a customer's specific bill (e.g., messages regarding adjustments, level billing plan) into the billing information transmitted electronically.
 - c. KeySpan must send all disconnection-related notices and deferred payment agreements directly to the customer.
 - d. KeySpan should inform customers of what communications to expect from them and what to expect from Billing Agents, upon customers' elections of Marketer Billing Agents.
 - e. KeySpan may assess late payment charges on Marketers only if payment is not received within 25 calendar days of the Billing Agent's receipt of the customers' billing information. Until EDI is implemented and fully operational, no late payment charges will be assessed to a Marketer/Billing Agent provided the Marketer/Billing Agent uses the dispute resolution procedure and can demonstrate that the payment to KeySpan was late due to the fault of KeySpan. (Once EDI is implemented, the grace period may be modified.)
 - f. Any delays in transmitting billing data caused by KeySpan must be reflected as a comparable adjustment in the corresponding due date for both the Marketer/Billing Agent and the customer.
 - g. Security may be collected from the Marketer as specified by the Creditworthiness requirements described elsewhere.
 - h. KeySpan must continue to accept payment of KeySpan's charges at all agencies where payments for customers who have not selected Billing Agency are accepted.

- i. KeySpan and Marketers/Billing Agents are permitted, by mutual agreement, to develop customized billing and collection arrangements.
 - j. Upon the failure of an Marketer/Billing Agent to remit the customer's payment to KeySpan on time, KeySpan must notify the customer of that failure.
 - k. KeySpan may not attempt to collect such payments directly from customers who have previously paid their Billing Agent.
 - l. Any losses that may result from such nonpayment shall be recovered from available security and any remaining balances shall be deferred.
3. Upon mutual agreement between the Marketer and KeySpan a lockbox arrangement for administering the Billing Agency arrangement may be arranged. The allocation of funds in the lockbox must be consistent with the terms described under the Creditworthiness rules. Marketers must comply with all the requirements above, except that where a lockbox is used KeySpan may not require more than 50% of the security that would otherwise be required from Marketers. The administrative rules shall specify the terms under which the lockbox mechanism shall be terminated for noncompliance.
4. KeySpan may terminate a Billing Agency arrangement and send its invoices for delivery charges directly to the ESCO's customers after providing five calendar days' notice to the Marketer/Billing Agent if:
- a. the Marketer agent has not paid KeySpan on a timely basis for its delivery charges, unless such payment is made in full before the expiration of the five calendar day notice period (note: untimely payments may be a basis for a termination if a pattern of such payments develops); or
 - b. the Marketer's credit rating or security is no longer adequate and the Marketer fails to post the necessary additional security within the five calendar day notice period; or
 - c. KeySpan draws on the Marketer's security deposit and the Marketer does not reinstate the required security within five calendar days; or
 - d. the Marketer has on several occasions failed, after notice from KeySpan, to meet its other obligations as Billing Agent, as set forth in KeySpan's tariff, operating procedures and/or agreement(s) with KeySpan (if applicable).

K. Metering

Unless and until such time as the Commission determines otherwise, the following metering provisions shall apply. Customers that choose to take part in retail access programs may continue to use the same metering equipment that is in place at the time of their applications for retail access. Such customers, however, may request the installation of a different Commission-approved meter, with the cost of such meter and installation to be borne by the customer and with KeySpan retaining sole control of the meter and responsibility for the installation, maintenance and compliance with

Commission regulations. Customers electing to have such meters installed will be billed, for retail access purposes, based on the data collected from these meters. KeySpan shall own such meters, except as noted below.

KeySpan will allow large commercial and industrial customers to have the option of owning Commission-approved meters (ie. Telemetry), with KeySpan retaining sole control of those meters. Such customers, or their designees, shall be allowed to receive meter data on a real-time or other basis, without incurring a fee, provided that such customers install and maintain, at their own expense, the necessary ancillary equipment required to provide such data. Such access may require the installation by KeySpan of a different type of meter/recorder that will allow multiple access, with the cost responsibility of such meter/recorder and installation to be borne by the customer and with KeySpan retaining sole control of the meter and responsibility for the installation, maintenance and compliance with Commission regulations.

A schedule of meter upgrade charges shall be provided or referenced in the tariff. Additional metering information, consistent with Public Service Commission Opinion No. 97-13, is available from KeySpan upon request.

**GAS DELIVERY
NOMINATION
PROCEDURES FOR
RESIDENTIAL AND
SMALL COMMERCIAL
CUSTOMERS**

IV. GAS DELIVERY NOMINATION PROCEDURES FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS

The following procedures describe the nomination process for both BUNY and BULI. Any questions pertaining to these procedures should be directed to the personnel listed in Section 7, Communications Protocol, sub section "A".

A. Customer Eligibility

Any existing core customer who qualifies for service metered at a single delivery point and meets the terms and conditions for service provided for under the corresponding sales service classification as contained in the Companies' gas tariff agreement.

Enrollment Procedure

Marketer/ESCO will submit the customer name, service address and account number to Brooklyn Union.

Method of customer submission shall be via fax or e-mail to your respective marketer representative until such time that the Electronic Data Interchange has been implemented.

New customer enrollment will be accepted no later than the 5th of each month for customers starting transportation service the 1st of the next month.

B. Delivery Quantity Determination

The Companies will develop a customer profile to determine gas supply requirements.

To develop a profile, 24 months of historical data is obtained from the customer account if available. If 24 months of data is not available 12 months will be used but less than 12 months will require manual review.

In BUNY, if a marketer/ESCO obtains their own pipeline capacity, the marketer/ESCO will deliver to the citygate the customer's normal weather demand. If the marketer/ESCO uses BU pipeline capacity, then the marketer/ESCO will deliver to the citygate the customer design weather demand.

In BULI, if a marketer/ESCO obtains their own pipeline capacity or BU pipeline capacity, the marketer/ESCO will deliver to the citygate the customer's normal weather demand.

C. Capacity Assignment

1. A Marketer/Direct Customer who has selected BU's released capacity must meet the requirements of the pipelines to which BU releases its capacity.
2. BU's Retail Access group will determine the capacity to be released monthly. The volume will be based on the Marketer/Direct Customers pool requirements for the next delivery month.

3. The capacity volumes will be released on the predetermined pipeline in the name of the approved Marketer/Direct Customer or their agent prior to bid week of the delivery month.
4. The approved Marketer/Direct Customer or their agent will contact the pipeline and take receipt of their released capacity.

D. Nominations Process (GISB Standards & Gas Delivery Scheduling)

1. Firm transportation Service

Customers and marketers who have elected firm transportation service are required to make their own gas nomination to the interstate pipelines in accordance with the procedures as developed by the GISB effective November 1, 1998 or as stated below.

On a monthly basis the company will provide each Customer and/or Marketer with the total daily monthly volume to be delivered to the companies city gate(s) in accordance with the following schedule.

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer and/or marketer will be allowed to deliver this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn. or Iroquois).

If the total daily volume to be delivered is greater than 1,000 Decatherms, the customer and/or marketer will be required to diversify its portfolio delivery on Transco, TETCO, Tenn. and Iroquois according to the following percentage allocation. In an effort to provide as much flexibility as possible, the company will allow customers and/or marketers to deliver volumes on a modified percentage allocation schedule provided, that the customer and /or marketer has the companies permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed the companies rights with respect to allocated capacity or system design, the company reserves the right to redirect or reallocate the customers and/or marketers deliveries to mitigate such constraints. On a periodic basis the company will review the allocation percentages identified below to insure the percentages reflect the companies allocation rights at its City Gate Stations and/or that the supply diversification continues to support the overall reliability of the BU gas system.

KeySpan - Brooklyn Union:

Delivering Pipeline	Percentage
Transco	56 %
TETCO	26 %
Tenn.	8%
Iroquois	10 %

KeySpan - Long Island:

Delivering Pipeline	Percentage
Transco	64 %
TETCO	23 %

Tenn.	3 %
Iroquois	10 %

To accommodate existing transportation Customers and/or Marketers who are not delivering in accordance with the above listed allocation percentages, Customers and/or Marketers will have until October 31, 2000 to modify their existing supply arrangements. All Customers and/or marketers will be required to deliver transportation volumes in accordance with the above referenced allocation percentages beginning November 1, 2000.

Nominations for the first Day of a Month shall be submitted to the Company by the first business day following the 25th of the month.

The quantity of gas deemed received by the Company for the customer and/or marketer at the Receipt Point(s) will equal the volume so scheduled by the Upstream Pipeline less the amount to be retained by the company as an allowance for Fuel losses.

2. Interruptible Transportation Service:

Customers and marketers who have elected Interruptible transportation service are required to make their own gas nomination to the interstate pipelines in accordance with the procedures as developed by the GISB effective November 1, 1998 or as stated below.

Customers and/or marketers electing interruptible transportation service will have secondary rights through the City Gate(s). To the extent station capacity is not utilized to meet firm sales and transportation service, gate capacity will be allocated to customers and/or marketers electing interruptible transportation service. To the extent an interruptible transportation customer(s) can create incremental capacity for the benefit of firm customers at a constrained City Gate station, the company in its sole opinion, will increase the interruptible customers and/or marketers allocated capacity through the constrained station.

On a monthly basis the company will provide each Customer and/or Marketer with the total daily monthly volume to be delivered to the companies city gate(s) in accordance with the following schedule. Customers and/or marketers who have negotiated gas transportation agreements are required to deliver gas in accordance with their agreement

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer and/or marketer will be allowed to deliver this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn. or Iroquois).

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer and/or marketer will be allowed to deliver this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn. or Iroquois).

If the total daily volume to be delivered is greater than 1,000 Decatherms, the customer and/or marketer will be required to diversify its portfolio delivery on Transco, TETCO, Tenn. and Iroquois according to the following percentage allocation. In an effort to provide as much flexibility as possible, the company will allow customers and/or marketers to deliver volumes on a modified percentage allocation schedule provided, that the customer and /or marketer has

the companies permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed the companies rights with respect to allocated capacity or system design, the company reserves the right to redirect or reallocate the customers and/or marketers deliveries to mitigate such constraints. On a periodic basis the company will review the allocation percentages identified below to insure the percentages reflect the companies allocation rights at its City Gate Stations and/or that the supply diversification continues to support the overall reliability of the BU gas system.

KeySpan - Brooklyn Union:

Delivering Pipeline	Percentage
Transco	56 %
TETCO	26 %
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Delivering Pipeline	Percentage
Transco	64 %
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To accommodate existing transportation Customers and/or Marketers who are not delivering in accordance with the above listed allocation percentages, Customers and/or Marketers will have until October 31, 2000 to modify their existing supply arrangements. All Customers and/or marketers will be required to deliver transportation volumes in accordance with the above referenced allocation percentages beginning November 1, 2000.

Nominations for the first Day of a Month shall be submitted to the Company by the first business day following the 25th of the month.

The quantity of gas deemed received by the Company for the customer and/or marketer at the Receipt Point(s) will equal the volume so scheduled by the Upstream Pipeline less the amount to be retained by the company as an allowance for losses.

3. Daily and Monthly Gas Flow

BU has accepted the standard nomination deadlines and procedures as developed by the Gas Industry Standards Board (GISB) that became effective November 1, 1998. As such BU maintains four distinct nomination cycles. Two cycles provide for gas deliveries at the beginning of the Gas Day and two cycles provide for gas deliveries during the Gas Day. While some interstate pipelines may allow more flexibility with respect to nomination deadlines, BU will only accept nomination according to the schedule outlined below.

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer

and/or marketer will be allowed to nominate this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn or Iroquois).

If the total daily volume to be delivered is greater than 1,000 Decatherms, the customer and/or marketer will be required to diversify its portfolio delivery on Transco, TETCO, Tenn and Iroquois in accordance with the percentages identified in Section VIII. In an effort to provide as much flexibility as possible, the company may allow customers and/or marketers to deliver volumes on a modified percentage allocation schedule provided, that the customer and /or marketer has the companies written permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed the companies rights with respect to allocated capacity or system design, the company reserves the right to reallocate the customers and/or marketers deliveries to mitigate such constraints.

a. Time Line for Gas Nominations

(1) Timely Nominations;

Timely Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Timely Nominations or by 1:30 pm EST for gas to flow the following morning at 10:00 am EST. BU will confirm its acceptance of the marketers nominated delivery volumes by 4:30 pm EST.

(2) Evening Nominations

Evening Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Evening Nominations or by 8:00 pm EST for gas to flow the following morning at 10:00 am EST. BU will confirm its acceptance of the marketers nominated delivery volumes by 10:00 pm EST.

(3) Intraday 1 Nominations

Intraday 1 Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Intraday 1 Nominations or by 12:00 am (noon) EST for gas to flow the same day at 6:00 pm EST. Gas Flow will be prorated over the remaining hours in the current Gas Day assuming uniform hourly flow pattern of 1/24. BU will confirm its acceptance of the marketers nominated delivery volumes by 2:00 pm EST. An Intraday 1 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

(4) Intraday 2 Nominations

Intraday 2 Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Intraday 2 Nominations or by 7:00 pm EST for gas to flow the same day at 10:00 pm EST. Gas Flow will be prorated over the remaining hours in the current Gas Day assuming a uniform hourly flow pattern of 1/24. BU will confirm its acceptance of the marketers nominated delivery volumes by 9:00 pm EST. An Intraday 2 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

- b. Outlined below are the current monthly pipeline nomination deadlines and delivery points:
- (1) Iroquois Gas Transmission System B South Commack Station - 11:00 AM EST on the last business day before the end of the month;
 - (2) Texas Eastern Transmission Corporation - Goethals Station, Staten Island - 11:00 AM EST on the last business day before the end of the month; and
 - (3) Transcontinental Gas Pipe Line Corporation - Narrows Station, Central Manhattan Station, Manhattan Station and Long Beach Station - 11:00 AM on the last business day before the end of the month.
 - (4) Tennessee Gas Pipeline Corporation - White Plains Station - 11:00 AM EST on the last business day before the end of the month.
- c. What Information is required (see appendix)
- (1) Customer and/or Marketer Name
 - (2) Start of gas flow- date/time
 - (3) End of gas flow- date/time
 - (4) Delivering Pipeline
 - (5) Volume to be delivered (includes losses) in Dt.
 - (6) Receipt point
 - (7) Contract Number
 - (8) Activity Number
 - (9) Type of customer being supplied - Firm or Interruptible

E. Balancing

1. City Gate Balancing - BUNY

Customer shall be responsible for delivery each day to the Company a quantity of gas equal to the ADDQ.

- a. Each day, Customer shall nominate and schedule deliveries of gas to the Company in an amount equal to the Customer's ADDQ. If the total quantity of gas delivered by Customer to the Company on any day is within $\pm 2\%$ of Customer's ADDQ for such day, and Customer has met its nomination and scheduling obligations hereunder then,
- b. In the event that the total quantity of gas delivered is more than Customer's ADDQ, the company shall credit the Customer a per therm amount equal to the Company's Daily Commodity Cost of Gas multiplied by the difference between (i) the total quantity of gas delivered by Customer to the Company on such day and (ii) Customer's ADDQ for such day, bringing the imbalance in Customer's ADDQ to zero each day.

In the event that the total quantity of gas delivered is less than Customer's ADDQ, Customer shall pay the Company a per therm charge equal to the Company's Daily ICOG multiplied by the difference between (i) Customer's ADDQ for such day and (ii) the total quantity of gas delivered

by Customer to the Company on such day, bringing the imbalance in Customer's ADDQ to zero each day.

2. City Gate Balancing - BULI

The Seller must deliver or cause to be delivered at the City Gate the applicable Customer's DDQ or Customers' ADDQ for each day of the month. The Company will deliver to each Customer the Customer's gas requirements for each day of the month and will provide daily swing and balancing services to the extent such requirements differ from each Customer's DDQ.

The Company is not obligated to accept any volumes that have been nominated by the Seller to the extent that such volumes exceed a Seller's Customer's DDQ or the Seller's Customers' ADDQ.

F. Reconciliation

1. SC 16 Balancing Service Imbalance Cash Out

After the end of a Redelivery Period, the Company will reconcile the total of the Daily Delivery Quantities and Daily Redelivery Quantities for Customer during the twelve month period ending at the end of such Redelivery Period. If the total Daily Redelivery Quantities exceeds the total Daily Delivery Quantities, the Customer did not deliver enough gas to meet his annual demand for the period and the Customer shall be billed by multiplying such excess per therm by the Company's Actual Monthly ICOG for the period in which such Redelivery Period ends, as set forth on the Statement of Unbundled Transportation Service Cash Out Charges on file with the Commission. If the total of the Daily Delivery Quantities for such period exceeds the total of the Daily Redelivery Quantities, such excess shall be added to the Customer's Redelivery Balance for the beginning of the next twelve month period or cashed out at BU's average inventory cost of gas.

In the event the Company determines, in its sole discretion, during the twelve months preceding the Redelivery Period that design winter conditions will not occur, the Customer shall have the option of reducing its year-end inventory to zero for such Redelivery Period. Such customer requests shall be individually scheduled with each customer.

2. SC 17 Daily Swing Service Monthly Imbalance Cash Out

The Company will balance the Customer's account after each actual meter reading to zero. This will be done by comparing the sum of the Customer's deliveries to the Company for the month to the Customer's actual usage for the same period. If the Customer consumed more gas than delivered to the Company for his account, the excess shall be purchased by the Customer at the Company's Monthly Cash Out Price for the same period. If the Customer consumed less gas than delivered to the Company for his account, the shortfall shall be credited to the Customer at the Company's Monthly Cash Out Price for the same period.

3. SC 18 Monthly Balancing Cash Out

The Company will balance the Customer's account at the end of each month to zero. This will be done by comparing the sum of the Customer's deliveries for the month to the Customer's actual usage for the same period. If the Customer delivered more gas to the Company for its account than it consumed, the excess will be purchased by the Company at the Company's Monthly Average Commodity Cost of Gas for the same period. If the Customer consumed more gas than delivered to the Company for its account, the excess shall be deemed purchased by the Customer at the Company's Actual Monthly ICOG for the same period, and will be reflected as a charge on the Customer's next monthly invoice.

G. Standby Services

1. BUNY/BULI

Direct Purchase Core Customers taking service under these Service Classification must subscribe to Standby Gas Service no later than October 15th each year. The Standby Gas Service applicable is based upon the type of capacity the Direct Purchase Core Customer has procured for its winter (November 1 through March 31) requirements as follows:

Standby Gas Service for Direct Purchase Core Customers Who Have Secondary Capacity to the Company's Citygate for the Winter Period (November 1 through March 31 Inclusive) - The Direct Purchase Core Customer shall pay the following rates and charges:

The Direct Purchase Core Customer will demonstrate by written affidavit or through provisions of the contract, to the Company's satisfaction, no later than the close of business on the first day of the NYMEX three day settlement, that it has committed to at least secondary firm capacity to the Company's citygate in a quantity sufficient to supply the Average Daily Delivery Quantity (ADDQ) for that upcoming winter month. (This monthly demonstration is effective for the 1999/2000 winter season and shall be reevaluated by the Company each year thereafter.)

Demand Charge - \$0.030 per therm multiplied by the Customers' normalized consumption from November 1st through March 31st, inclusive, as determined by the Customer's load profile. The resulting aggregate demand charge will be divided by five and be payable on the first of each winter month, beginning with November 1st. The Company will provide the Direct Purchase Core Customer with the monthly demand charge prior to October 15th of each year.

Variable Rate - in the event the Direct Purchase Core Customer is unable to continue delivery of natural gas for his account as provided for in the Core Transportation and Swing Service(CTS) agreement from November 1st through March 31st, inclusive, the Company will provide a fully bundled sales service to the citygate to meet the ADDQ of the Direct Purchase Core Customer. The Direct Purchase Core Customer will pay a cost of gas equal to the Company's Actual Monthly ICOG less \$0.030 per therm multiplied by the Direct Purchase Core Customer's ADDQ for each day service is provided in that winter month.

The Company will provide service under Standby Gas Service only in the event the Direct Purchase Core Customer's capacity is curtailed by the pipeline. The Direct Purchase Core Customer must provide documentation substantiating the curtailment of capacity.

Standby Gas Service for Direct Purchase Core Customers Demonstrating Primary Delivery Point Capacity and/or Primary Delivery Point Fully Bundled Delivery of Natural Gas for the Winter Period (November 1st through March 31st Inclusive)

The Direct Purchase Core Customer will demonstrate by written affidavit or through provision of the contract, to the Company's satisfaction, no later than the close of business on the first day of the NYMEX three day settlement, that it has committed to either firm, non-recallable, primary delivery point capacity to the Company's city gate or firm, non-recallable, primary delivery point natural gas deliveries to the Company's city gate in a quantity sufficient to supply the Average Daily Delivery Quantity (ADDQ) for that upcoming winter month. (This monthly demonstration is effective for the 1999/2000 winter season and will be reevaluated by the Company each year thereafter.) No Standby Gas Service charges will apply to a Direct Purchase Core Customer meeting these requirements.

If in any winter month the Direct Purchase Core Customer fails to provide the required proof of capacity or bundled gas, the Direct Purchase Core Customer will pay 110 percent of the Standby Demand Charges on the full five winter months of normalized consumption as calculated under the Standby Gas Service rates and charges applicable to Direct Purchase Customers who have secondary capacity to the Company's city gate and will be subject to the terms and conditions of such service for the duration of the winter period.

Any Direct Purchase Customer bringing primary delivery point capacity and/or primary delivery point fully bundled sales gas to the Company's city gate who fails to deliver gas for his account for any two (2) days during the winter period will be required to pay, in addition to applicable cashout penalties for such days, 110 percent of the Standby Demand Charges on the full five winter months of normalized consumption as calculated under the Standby Gas Service rates and charges applicable to Direct Purchase Customers who have secondary capacity to the Company's city gate and will be subject to the terms and conditions of such service for the duration of the winter period.

H. Storage/Peaking Services

1. Storage Service - SC 16 Only (BUNY)

Company will provide balancing service for Customer up to an aggregate total quantity equal to Customer's RCQ. The Customer's RCQ will be determined by the Company and shall be set forth in Customer's Comprehensive Transportation and Balancing (CTB) Service Agreement. During the Delivery Period, Customer shall be directed by the Company to deliver gas to Company for Customer's account. The Company may issue an Operational Flow Order (OFO) directing the delivery of such gas to either a specific upstream storage field or directly to the Company. Company shall endeavor to monitor Customer's Daily Delivery Quantities, Daily Redelivery Quantities and Redelivery Balance; however, Customer shall at all times remain responsible for compliance with all restrictions and limitations provided for in this Service Classification and in the Customer's CTB Service Agreement.

2. Storage (Seasonal Delivery) Service - SC 5 (BULI)

A Customer may choose to receive the Company's Seasonal Delivery Service for the entire

period commencing with each service term by notifying the Company at least 30 days before the beginning of each service term. If a Customer fails to notify the Company of a change in the election of Seasonal Delivery Service by the notification deadline, no change in service will be implemented for the term. For a Customer that elects Seasonal Delivery Service, the Company will estimate the customer's total usage based upon the customer's MDQ for the months of November, December, January, February and March (winter season) during the service term. Customers electing Seasonal Delivery Service will be directed, through adjustment to the customer's DDQ, to deliver a portion of the estimated total usage in equal daily amounts during the months of April, May, June, July, August, September and October (summer season) as follows:

Percentage of Winter Seasonal:

Customer's Load Factor: usage to be delivered during the summer season:

Less than or equal to 40%	50
Less than or equal to 60%, but greater than 40%	40
Less than or equal to 80%, but greater than 60%	30
Greater than 80%	20

Where a Customer's initial service term commences after April 1 and before November 1, the percentage of winter season usage to be delivered during the summer season will be reduced pro rata based upon the number of days prior to November 1 in the initial service term for which Seller makes seasonal deliveries.

In the event the Company determines, in its sole discretion, during the twelve months preceding the period that colder than normal winter conditions will not occur, the Seller will have the option of reducing its year-end inventory to zero for the period. Notwithstanding this option, any year-end imbalance will be treated in the manner set forth in this section.

I. Meter Reading

Customers will have their meters read on their cycle billing dates. However, bills for service rendered under this Service Classification shall be rendered monthly. Off-cycle bills rendered to such Customers may be based on the Company's estimate of the Customer's usage.

A fee of \$20.00 will be charged to the marketer/direct customer or retail access customer requesting a special meter reading. A special meter reading is a meter reading performed on a date other than the customers regular scheduled meter reading date.

J. Applicable Fees, Charges and Penalties

1. SC 16 - Capacity Release Surcharge/Credit (BUNY)

Company and Customer shall enter into a prearranged pipeline capacity release transaction for a term corresponding to the term of Customer's CTB Service Agreement. The Company shall determine the quantity to be released (See Special Provisions) and the pipeline on which such capacity will be released. Both the quantity of capacity and pipeline on which such capacity will

be released shall be set forth in the Customer's CTB Service Agreement. Customer shall pay the pipeline directly for such released capacity at the pipeline's maximum rate. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) to provide Standby Service in the event such service is utilized by the Customer; (3) at the Company's option, whenever the Customer fails to deliver gas in an amount equal to his ADDQ and (4) any other conditions set forth in the capacity release transaction between the Customer and the Company.

The Capacity Release Surcharge/(Credit) will be applied each month to the total monthly quantity of capacity released by the Company to the Customer. The per therm charge is calculated by subtracting the Customer's actual cost per therm of released pipeline capacity from the Company's Average Upstream Transportation Cost as filed with the Commission on the Statement of Unbundled Transportation Service Charges. This calculation results in a per therm surcharge when the difference yields a positive result; and a per therm credit when the difference yields a negative result. However, this charge will not be applicable during any period when the Customer utilizes its or his rights under Standby Service

2. SC 16 - Balancing Service Demand Charge (BUNY)

The total Balancing Service Demand Charge that results from multiplying the monthly per therm Balancing Service Demand Charge by 1/12 of the Customer's Redelivery Capacity Quantity, as determined by the Company (See Special Provisions) and included in the Customer's CTB Service Agreement. The per therm charge is determined by the Company and set forth on the Statement of Unbundled Transportation Service Charges on file with the Commission.

3. SC 16 - Balancing Service Peaking Demand Charge (BUNY)

The total Balancing Service Peaking Demand Charge that results from multiplying the monthly per therm Balancing Service Peaking Demand Charge by 1/12 of the Customer's annual quantity of pipeline capacity needed to provide balancing as determined by the Company. The per therm charge is determined by the Company and set forth on the Statement of Unbundled Transportation Service Charges on file with the Commission.

4. SC 17 - Daily Swing Service Monthly Demand Charge (BUNY)

Customer shall pay a daily swing service monthly demand charge which is calculated by multiplying the per therm daily swing service demand charge (as stated on the Statement of Unbundled Transportation Service Charges) by Customer's Load Profile Factor, and then multiplying that product by 1/12 of Customer's annual normalized consumption. The Seller has the option of calculating the Daily Swing Service Monthly Demand Charge either separately or combined for residential (CTS-1A, 1AR, 1B, 1BR, and 3) and non-residential (CTS-2, 4A, 4B, and 7) pool(s).

5. SC 5 & 8 - Capacity Release Surcharge/Credit (BULI)

a. Upstream Transportation Credits:

The UTC will be equal to the Monthly Pipeline Cost Adjustment less Daily Swing Service

Monthly Demand Charge and less Load Factor Adjustments based on the sum of the customers' load factors. The per unit credit will be multiplied by the actual DDQ.

b. Daily Swing Service Rates and Charges:

The Company will utilize upstream assets and gas supply required to accommodate variations in the Customer's daily account balance between the Customer's deliveries and actual consumption. The rates and charges associated with this service are as follows:

c. Daily Swing Service Monthly Demand Charge:

Seller will pay a daily swing service monthly demand charge which is calculated by multiplying the per therm daily swing service demand charge (as stated on the Statement of Unbundled Transportation Service Charges) by the weighted average load factor allocation and then multiplying that product by 1/12 of the customers' annual normalized consumption.

d. Release of the Company's Upstream Transportation Option:

As an alternative to acquiring its own upstream transportation, a Seller may choose to deliver at the City Gate the customer's DDQ or, in the case of more than one customer, the customers' ADDQ by becoming pre-arranged replacement shippers of the Company's released upstream interstate pipeline capacity. When a Seller pays the interstate pipeline's demand charges for such capacity release directly to the interstate pipeline, the Company will provide a Released Transportation Credit (RTC) to such replacement shipper in an amount equal to the credit received by the Company from the interstate pipeline for such release. To the extent that a customer's DDQ or customers' ADDQ is reduced because the Seller is no longer delivering gas to the Company on behalf of one or more Customers, the RTC payable to Seller will be reduced pro rata and a pro rata amount of the released capacity will be recalled by the Company. Any pipeline refunds associated with such released capacity, regardless of when received by the replacement shipper, will be immediately refunded to the Company by the replacement shipper.

6. Penalty Charges (BUNY/BULI)

If the total quantity of gas delivered by Customer to the Company on any day is more than 2% greater or less than Customer's ADDQ or the Customer has not met its nomination and scheduling obligations, for such day then,

- a. In the event that the total quantity of gas delivered to the city gate is more than 102% of the Customer's ADDQ, a penalty charge equal to \$1.00 per therm will be applied to deliveries in excess of 102% of the Customer's ADDQ. This amount will be reduced by an amount equal to the deliveries in excess of the Customer's ADDQ multiplied by the Company's Daily Commodity Cost of Gas, bringing the imbalance in the Customer's ADDQ to zero each day.
- b. In the event that the total quantity of gas delivered to the city gate is less than 98% of the Customer's ADDQ, a penalty charge equal to \$1.00 per therm will be applied to deliveries

less than 98% of the Customer's ADDQ. This amount will be increased by any amount equal to the deliveries less the Customer's ADDQ multiplied by the Company's Daily ICOG, bringing the imbalance in the Customer's ADDQ to zero each day.

Provided, however, that the \$1.00 per therm charge in B(1) and B(2) may be increased during critical periods (i.e. gas shortage).

**GAS DELIVERY
NOMINATION
PROCEDURES FOR
LARGER COMMERCIAL
AND INDUSTRIAL
CUSTOMERS, FIRM AND
INTERRUPTIBLE**

V. DELIVERY NOMINATION PROCEDURES FOR LARGER COMMERCIAL AND INDUSTRIAL CUSTOMERS (FIRM, INTERRUPTIBLE AND TEMPERATURE CONTROLLED)

A. Customer Eligibility - BUNY

Any existing Non-Core customer who qualifies for service metered at a single delivery point and meets the terms and conditions for service provided for under the corresponding sales service classification as contained in Brooklyn Union's gas tariff agreement.

1. Enrollment Procedure (Excluding SC 5A, 5B)

- a. Marketer/ESCO will submit the customer name, service address and account number to Brooklyn Union.
- b. Method of customer submission shall be via fax or e-mail to your respective marketer representative.
- c. New customer enrollment will be accepted no later than the 5th of each month for customers starting transportation service the 1st of the next month.

2. Delivery Quantity Determination (Excluding SC 5A, 5B)

- a. Brooklyn Union will develop a customer profile to determine gas supply requirements.
- b. To develop a profile 24 months of historical data is obtained for the customer account if available. If 24 months of data is not available 12 months will be used but less than 12 months will require manual review.
- c. If a marketer/ESCO obtains their own pipeline capacity, the marketer/ESCO will deliver to the city gate the customer's normal weather demand. If the marketer/ESCO uses Brooklyn Union pipeline capacity then the marketer/ESCO will deliver to the city gate the customer design weather demand.

3. Customer Eligibility - BULI SC 7 & 13

Service is available to a single large volume non-residential Customer that can demonstrate annual natural gas consumption of at least 5,000 DTHM (interruptible), 2,000 DTHM (temperature controlled) at a single meter.

a. Enrollment Procedure

The provision of service under these Service Classification is conditioned on the Customer signing an Interruptible/Temperature Controlled Transportation Service Agreement which will provide the conditions of delivery acceptable to the Company, including the annual, daily and hourly quantities, where applicable, and the Service Classification under which the Customer will take supplemental service.

B. Delivery Quantity Determination

A customer's Interruptible Daily Quantity (IDQ) under these Service Classifications equals 1/365 of the customer's annual consumption. The Maximum Interruptible Daily Quantity MIDQ will be one hundred and fifty percent (150%) of a customer's IDQ. The Customer or Supplier must not deliver or cause to be delivered at the City Gate more than the Maximum Interruptible Daily Quantity (MIDQ). Unless interrupted on the Company's system, the Company will deliver to the Customer the customer's daily usage requirements without exceeding the customer's Maximum Interruptible Hourly Quantity during any hour.

The Company is not obligated to accept the customer's nominations to the Company's City Gate to the extent that such nomination exceeds a customer's MIDQ. In the event the Customer tenders quantities in excess of the MIDQ, the Company may, in its sole discretion, transport such excess volumes if sufficient capacity is available on the Company's system.

The Company may not accept the customer's nominations to the Company's City Gate if the Company has interrupted service to the customer's facilities.

C. Capacity Assignment

1. A Marketer/Direct Customer who has selected BU's released capacity must meet the requirements of the pipelines to which BU releases its capacity.
2. BU's Retail Access group will determine the capacity to be released monthly. The volume will be based on the Marketer/Direct customers pool requirements for the next delivery month.
3. The capacity volumes will be released on the predetermined pipeline in the name of the approved Marketer/Direct Customer or their agent prior to bid week of the delivery month.
4. The approved Marketer/Direct customer or their agent will contact the pipeline and take receipt of their released capacity.

D. Nominations Process (GISB Standards & Gas Delivery Scheduling)

1. Firm transportation Service

Customers and marketers who have elected firm transportation service are required to make their own gas nomination to the interstate pipelines in accordance with the procedures as developed by the GISB effective November 1, 1998 or as stated below.

On a monthly basis the company will provide each Customer and/or Marketer with the total daily monthly volume to be delivered to the companies city gate(s) in accordance with the following schedule.

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer and/or marketer will be allowed to deliver this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn. or Iroquois).

If the total daily volume to be delivered is greater than 1,000 Decatherms, the customer and/or marketer will be required to diversify its portfolio delivery on Transco, TETCO, Tenn. and Iroquois according to the following percentage allocation. In an effort to provide as much flexibility as possible, the company will allow customers and/or marketers to deliver volumes on a modified percentage allocation schedule provided, that the customer and /or marketer has the companies permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed the companies rights with respect to allocated capacity or system design, the company reserves the right to redirect or reallocate the customers and/or marketers deliveries to mitigate such constraints. On a periodic basis the company will review the allocation percentages identified below to insure the percentages reflect the companies allocation rights at its City Gate Stations and/or that the supply diversification continues to support the overall reliability of the BU gas system.

KeySpan - Brooklyn Union:

Delivering Pipeline	Percentage
Transco	56 %
TETCO	26 %
Tenn.	8%
Iroquois	10 %

KeySpan - Long Island:

Delivering Pipeline	Percentage
Transco	64 %
TETCO	23 %
Tenn.	3 %
Iroquois	10 %

To accommodate existing transportation Customers and/or Marketers who are not delivering in accordance with the above listed allocation percentages, Customers and/or Marketers will have until October 31, 2000 to modify their existing supply arrangements. All Customers and/or marketers will be required to deliver transportation volumes in accordance with the above referenced allocation percentages beginning November 1, 2000.

Nominations for the first Day of a Month shall be submitted to the Company by the first business day following the 25th of the month.

The quantity of gas deemed received by the Company for the customer and/or marketer at the Receipt Point(s) will equal the volume so scheduled by the Upstream Pipeline less the amount to be retained by the company as an allowance for Fuel losses.

2. Interruptible Transportation Service:

Customers and marketers who have elected Interruptible transportation service are required to make their own gas nomination to the interstate pipelines in accordance with the procedures as developed by the GISB effective November 1, 1998 or as stated below.

Customers and/or marketers electing interruptible transportation service will have secondary rights through the City Gate(s). To the extent station capacity is not utilized to meet firm sales and transportation service, gate capacity will be allocated to customers and/or marketers electing interruptible transportation service. To the extent an interruptible transportation customer(s) can create incremental capacity for the benefit of firm customers at a constrained City Gate station, the company in its sole opinion, will increase the interruptible customers and/or marketers allocated capacity through the constrained station.

On a monthly basis the company will provide each Customer and/or Marketer with the total daily monthly volume to be delivered to the companies city gate(s) in accordance with the following schedule. Customers and/or marketers who have negotiated gas transportation agreements are required to deliver gas in accordance with their agreement

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer and/or marketer will be allowed to deliver this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn. or Iroquois).

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer and/or marketer will be allowed to deliver this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn. or Iroquois).

If the total daily volume to be delivered is greater than 1,000 Decatherms, the customer and/or marketer will be required to diversify its portfolio delivery on Transco, TETCO, Tenn. and Iroquois according to the following percentage allocation. In an effort to provide as much flexibility as possible, the company will allow customers and/or marketers to deliver volumes on a modified percentage allocation schedule provided, that the customer and /or marketer has the companies permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed the companies rights with respect to allocated capacity or system design, the company reserves the right to redirect or reallocate the customers and/or marketers deliveries to mitigate such constraints. On a periodic basis the company will review the allocation percentages identified below to insure the percentages reflect the companies allocation rights at its City Gate Stations and/or that the supply diversification continues to support the overall reliability of the BU gas system.

KeySpan - Brooklyn Union:

Delivering Pipeline	Percentage
Transco	56 %
TETCO	26 %
Tenn.	8%
Iroquois	10 %

KeySpan - Long Island:

Delivering Pipeline	Percentage
Transco	64 %
TETCO	23 %

Tenn.	3 %
Iroquois	10 %

To accommodate existing transportation Customers and/or Marketers who are not delivering in accordance with the above listed allocation percentages, Customers and/or Marketers will have until October 31, 2000 to modify their existing supply arrangements. All Customers and/or marketers will be required to deliver transportation volumes in accordance with the above referenced allocation percentages beginning November 1, 2000.

Nominations for the first Day of a Month shall be submitted to the Company by the first business day following the 25th of the month.

The quantity of gas deemed received by the Company for the customer and/or marketer at the Receipt Point(s) will equal the volume so scheduled by the Upstream Pipeline less the amount to be retained by the company as an allowance for losses.

3. Daily and Monthly Gas Flow

BU has accepted the standard nomination deadlines and procedures as developed by the Gas Industry Standards Board (GISB) that became effective November 1, 1998. As such BU maintains four distinct nomination cycles. Two cycles provide for gas deliveries at the beginning of the Gas Day and two cycles provide for gas deliveries during the Gas Day. While some interstate pipelines may allow more flexibility with respect to nomination deadlines, BU will only accept nomination according to the schedule outlined below.

If the total daily volume to be delivered is less than or equal to 1,000 Decatherms, the customer and/or marketer will be allowed to nominate this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn or Iroquois).

If the total daily volume to be delivered is greater than 1,000 Decatherms, the customer and/or marketer will be required to diversify its portfolio delivery on Transco, TETCO, Tenn and Iroquois in accordance with the percentages identified in Section VIII. In an effort to provide as much flexibility as possible, the company may allow customers and/or marketers to deliver volumes on a modified percentage allocation schedule provided, that the customer and /or marketer has the companies written permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed the companies rights with respect to allocated capacity or system design, the company reserves the right to reallocate the customers and/or marketers deliveries to mitigate such constraints.

a. Time Line for Gas Nominations

(1) Timely Nominations;

Timely Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Timely Nominations or by 1:30 pm EST for gas to flow the following morning at 10:00 am EST. BU will confirm its acceptance of the marketers nominated delivery volumes by 4:30 pm EST.

(2) Evening Nominations

Evening Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Evening Nominations or by 8:00 pm EST for gas to flow the following morning at 10:00 am EST. BU will confirm its acceptance of the marketers nominated delivery volumes by 10:00 pm EST.

(3) Intraday 1 Nominations

Intraday 1 Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Intraday 1 Nominations or by 12:00 am (noon) EST for gas to flow the same day at 6:00 pm EST. Gas Flow will be prorated over the remaining hours in the current Gas Day assuming uniform hourly flow pattern of 1/24. BU will confirm its acceptance of the marketers nominated delivery volumes by 2:00 pm EST. An Intraday 1 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

(4) Intraday 2 Nominations

Intraday 2 Nominations are due to BU one (1) hour after the GISB pipeline nomination deadline for Intraday 2 Nominations or by 7:00 pm EST for gas to flow the same day at 10:00 pm EST. Gas Flow will be prorated over the remaining hours in the current Gas Day assuming a uniform hourly flow pattern of 1/24. BU will confirm its acceptance of the marketers nominated delivery volumes by 9:00 pm EST. An Intraday 2 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

b. Outlined below are the current monthly pipeline nomination deadlines and delivery points:

- (1) Iroquois Gas Transmission System B South Commack Station - 11:00 AM EST on the last business day before the end of the month;
- (2) Texas Eastern Transmission Corporation - Goethals Station, Staten Island - 11:00 AM EST on the last business day before the end of the month; and
- (3) Transcontinental Gas Pipe Line Corporation - Narrows Station, Central Manhattan Station, Manhattan Station and Long Beach Station - 11:00 AM on the last business day before the end of the month.
- (4) Tennessee Gas Pipeline Corporation - White Plains Station - 11:00 AM EST on the last business day before the end of the month.

c. What Information is required (see appendix)

- (1) Customer and/or Marketer Name
- (2) Start of gas flow- date/time
- (3) End of gas flow- date/time
- (4) Delivering Pipeline

- (5) Volume to be delivered (includes losses) in Dt.
- (6) Receipt point
- (7) Contract Number
- (8) Activity Number
- (9) Type of customer being supplied - Firm or Interruptible

E. Balancing (Excluding SC 5A & 5B)

1. BUNY

City Gate Balancing

Customer shall be responsible for delivery each day to the Company of a quantity of gas equal to the ADDQ.

- a. Each day, Customer shall nominate and schedule deliveries of gas to the Company in an amount equal to the Customer's ADDQ. If the total quantity of gas delivered by Customer to the Company on any day is within $\pm 2\%$ of Customer's ADDQ for such day, and Customer has met its nomination and scheduling obligations hereunder then,
 - (1) In the event that the total quantity of gas delivered is more than Customer's ADDQ, the company shall credit the Customer a per therm amount equal to the Company's Daily Commodity Cost of Gas multiplied by the difference between (i) the total quantity of gas delivered by Customer to the Company on such day and (ii) Customer's ADDQ for such day, bringing the imbalance in Customer's ADDQ to zero each day.
 - (2) In the event that the total quantity of gas delivered is less than Customer's ADDQ, Customer shall pay the Company a per therm charge equal to the Company's Daily ICOG multiplied by the difference between (i) Customer's ADDQ for such day and (ii) the total quantity of gas delivered by Customer to the Company on such day, bringing the imbalance in Customer's ADDQ to zero each day.

2. BULI

The Customer will schedule deliveries to the Receipt Point so that the customer's daily consumption will equal, as near as may be possible, the deliveries made to the Receipt Point on behalf of the customer less four (4) percent to reflect fuel use and losses in the process of transportation and delivery. To the extent that the customer's daily usage differs from the amount of gas delivered to the Receipt Point less four (4) percent that day, the Company will, within existing limitations of its system and for limited periods, balance the volume of the customer's gas requirements and the delivered volumes adjusted for fuel use and losses.

F. Reconciliation

1. BUNY

SC 18 - Monthly Balancing Cash Out

The Company shall balance the Customer's account at the end of each month to zero. This shall be done by comparing the sum of the Customer's deliveries for the month to the Customer's actual usage for the same period. If the Customer delivered more gas to the Company for its account than it consumed, the excess shall be purchased by the Company at the Company's Monthly Average Commodity Cost of Gas for the same period. If the Customer consumed more gas than delivered to the Company for its account, the excess shall be deemed purchased by the Customer at the Company's Actual Monthly ICOG for the same period, and shall be reflected as a charge on the Customer's next monthly invoice.

2. BULI

SC 7 & 13

At the end of each month, the Company will determine the net surplus or deficiency in deliveries of gas to the customer's Service Location above or below the volume of gas transported to the Receipt Point adjusted for fuel use and losses. In the case of a net deficiency, the Customer will be charged for any net deficiency at the applicable rate pursuant to Service Classification No. 4.

At the end of a billing cycle, if a customer's account contains a net surplus (the volume of customer-owned gas delivered to the Company's City Gate adjusted for fuel use and losses exceeded the customer's consumption during the period), the Company will have the discretion to purchase the excess Gas from the Customer or Supplier at the lowest price paid by the Company for gas purchased in that month on the spot market or to reduce the customer's Interruptible Daily Quantity (IDQ) in a subsequent month to eliminate the net surplus.

G. Meter Reading

Customers will have their meters read on their cycle billing dates. However, bills for service rendered under this Service Classification shall be rendered monthly. Off-cycle bills rendered to such Customers may be based on the Company's estimate of the Customer's usage.

A fee of \$20.00 will be charged to the marketer/direct customer or retail access customer requesting a special meter reading. A special meter reading is a meter reading performed on a date other than the customers regular scheduled meter reading date.

H. Applicable Fees, Charges and Penalties

Penalty Charges (Excluding SC 5A, 5B, 7, 13)

If the total quantity of gas delivered by Customer to the Company on any day is more than 2% greater or less than Customer's ADDQ or the Customer has not met its nomination and scheduling obligations, for such day then,

1. In the event that the total quantity of gas delivered to the city gate is more than 102% of the Customer's ADDQ, a penalty charge equal to \$1.00 per therm will be applied to deliveries in excess of 102% of the Customer's ADDQ. This amount will be reduced by an amount equal to the deliveries in excess of the Customer's ADDQ multiplied by the Company's Daily Commodity Cost of Gas, bringing the imbalance in the Customer's ADDQ to zero each day.

2. In the event that the total quantity of gas delivered to the city gate is less than 98% of the Customer's ADDQ, a penalty charge equal to \$1.00 per therm will be applied to deliveries less than 98% of the Customer's ADDQ. This amount will be increased by any amount equal to the deliveries less the Customer's ADDQ multiplied by the Company's Daily ICOG, bringing the imbalance in the Customer's ADDQ to zero each day.

Provided, however, that the \$1.00 per therm charge in B(1) and B(2) may be increased during critical periods (i.e. gas shortage)

REQUIREMENTS OF POOL OPERATIONS

COMMUNICATIONS PROTOCOLS

VII. COMMUNICATIONS PROTOCOLS

A. Communication between Marketer and LDC

Contact : BUNY

Anne Filas

Tel: 718-403-2981

Fax: 718-643-6306

Pager: 917-289-8573

E-mail: afilas@keyspanenergy.com

Patrick Rubertone

Tel: 718-403-3136

Fax: 718-596-7802

Pager: 917-988-1259

E-Mail: prubertone@keyspanenergy.com

Contact: BULI

Gary Smith

Tel: 516-545-3857

Fax: 516-545-3252

Pager: 917-390-9606

E-mail: gsmith3@keyspanenergy.com

Arlene Portalatin

Tel: 516-545-3856

Fax: 516-545-3252

Pager: 917-433-1922

E-Mail: aportalatin@keyspanenergy.com

System Control

BUNY - Gas Control Center

Main Phone Numbers

(718) 403-2920

(718) 403-2921

(718) 403-2922

(718) 403-2923

Emergency Numbers (In the event of a power failure)

(718) 488-1711

(718) 488-1712

Facsimile Number

(718) 624-1402

Director(Gas Control)

R. Montenes

(718) 403-2918 rmontenes@keyspanenergy.com

Manager (Gas System Operations)

W. Wallace

(718) 403-2914 wwallace@keyspanenergy.com

Manager(Gas Control & Regulation)

T. Amerige

(516) 545-3424 tamerige@keyspanenergy.com

BULI - Gas Control Center

Main Phone Numbers

(516) 545-4272

(516) 545-4696

(516) 545-8125

(516) 545-8127

Facsimile Number

(516) 545-5061

Lead Gas Controller

E-mail: GSO1@keyspanenergy.com

Gas System Operator

E-mail: GSO2@keyspanenergy.com

Director(Gas Control)

Toms Trautmanis

(516) 545-4181 ttrautmanis@keyspanenergy.com

Manager(Gas System Operations)

Peter Baker

(516) 545-5572 pbaker@keyspanenergy.com

Manager(Gas Control & Regulation)

T. Amerige

(516) 545-3424 tamerige@keyspanenergy.com

B. Electronic Bulletin Board (EBB)

Until such time that an electric bulletin board has been developed, operational communications will be transmitted utilizing standard electronic means (e-mail, fax, courier pigeon)

C. Semi-annual "Reliability Forums"

A reliability forum will be established as a vehicle for on going communications among BU, marketers, pipelines and others. The reliability forum will meet at least twice a year (pre-post winter) and address expected market requirements and supplies to meet those requirements. Marketer notification will be conducted via e-mail and facsimile.

D. Other Means of Transferring Information

Until such time that EDI based transactions are developed and implemented, all information will be transmitted by conventional means. Wherever possible, electronic transmission of data (e-mail) will be the preferred method.

E. Regular Meetings/Teleconferences

In order to improve lines of communication BU will set up an operational conference call on a regular basis that would be open to participation by all marketers and direct customers operating within its system. The frequency of the conference calls is expected to be more frequent during the winter heating system.

There will also be regular meeting among BU, marketers and direct customers prior to the heating season and after the heating season. These meetings will address issues of concern to all individuals as gas suppliers.

OPERATIONAL FLOW ORDERS (OFOs)

VIII. OPERATIONAL FLOW ORDERS (OFOs)

The KeySpan Companies (KeySpan) have the right to issue Operational Flow Orders (OFOs) in order to maintain system integrity or to ensure their continued ability to provide service to their firm customers.

A. Critical Periods:

During forecasted peak load conditions the company may declare a System Alert (SA) or Operational Flow Order (OFO) to ensure system reliability and operational integrity. During these periods, it is the Customers and/or Marketers responsibility to access the companies EBB (when developed) to determine if a SA or OFO has been issued.

In general a SA or OFO will be issued when the temperature is forecasted to be less than 15 degrees or greater than 90 degrees, system maintenance will impact Transportation Service or in response to Intrastate pipeline operations.

B. Guidelines for Instituting SAs or OFOs

KeySpan may declare an "OFO" for any reason that threatens the operational Integrity of its transmission or distribution system, including extreme weather conditions, reduced gas availability, market conditions, maintenance, other operational conditions and/or in response to the declaration of an OFO on a supplying interstate/intrastate pipeline or low pressures on an interstate pipeline. OFO conditions, time periods and required Customer behaviors will be fully described in communications with Customers and/or Marketers as far in advance as possible.

KeySpan, at its sole discretion, shall have the right to issue SA's and OFO's to sales and transportation Customers, Marketers, and Aggregation Pool Operators. Such OFOs may be issued: (a) to alleviate conditions which threaten the integrity of KeySpan's system, and (b) to avoid costs or penalties associated with transportation Customers' excess imbalances. Therefore an OFO will be issued for all interruptions and curtailments in service.

KeySpan shall notify all party's four (4) hours prior to invoking an OFO via a posting on one or more of the following communication mediums, the electronic bulletin board (when developed), telephone or facsimile. Except in urgent circumstances (System Emergency) where an immediate response is needed, the company will endeavor to provide twenty-four (24) hours advance notice of an OFO. When an OFO is preceded by a System Alert (SA), the twenty four (24) hour advance notice begins with the issuance of the SA, however, the company will endeavor to provide a minimum period of eight (8) hours advance notice when a SA is to be changed to an OFO.

KeySpan is not obligated to issue a SA before an OFO, but will endeavor to do so.

KeySpan shall issue an OFO as localized as is reasonably practicable based on KeySpan's good faith and reasonable judgment concerning the situations requiring remediation such that an OFO will be directed: (a) first to OFO recipients causing the problem necessitating the OFO or transporting gas in the area of the system in which there is an operational problem; and (b) second to those OFO recipients transporting gas in the area of the system where action is required to correct the problem.

C. System Alerts (SAs)

KeySpan, at its sole discretion, shall have the right to issue System Alerts (SA) to sales and transportation Customers, Marketers, and Aggregation Pool Operators. Such SA's may be issued: (a) to alleviate forecasted conditions which threaten the integrity of KeySpan's system, and (b) to avoid costs or penalties associated with transportation customers' imbalances. The primary purpose of a SA is for customers and/or Marketers to make the necessary arrangements to bring their gas usage and imbalances in line with tariff and system requirements thereby mitigating the need for the issuance of an OFO.

KeySpan shall notify all parties a minimum of eight (8) hours prior to invoking an OFO via a posting on one or more of the following communication mediums, the electronic bulletin board (when developed), telephone or facsimile. Except in urgent circumstances (System Emergency) where an immediate response is needed, KeySpan will endeavor to provide twenty-four (24) hours advance notice of an OFO. When an OFO is preceded by a System Alert (SA), the twenty four (24) hour advance notice begins with the issuance of the SA, however, the company will endeavor to provide a minimum period of eight (8) hours advance notice when a SA is to be changed to an OFO.

KeySpan is not obligated to issue a SA before an OFO, but will endeavor to do so. In general a SA will be issued when the temperature is forecasted to be less than or equal to 15 degrees, system maintenance will impact Transportation Service or in response to Intrastate pipeline operations.

Operational Flow Orders (OFOs)

KeySpan, at its sole discretion, shall have the right to issue Operational Flow Orders (OFO's) to sales and transportation Customers, Marketers, and Aggregation Pool Operators. Such OFOs may be issued: (a) to alleviate conditions which threaten the integrity of KeySpan's system, and (b) to avoid costs or penalties associated with transportation Customers' excess imbalances. Therefore an OFO will be issued for all interruptions and curtailments in service.

KeySpan shall notify all parties four (4) hours prior to invoking an OFO via a posting on one or more of the following communication mediums, the electronic bulletin board (when developed), telephone or facsimile. Except in urgent circumstances (System Emergency) where an immediate response is needed, the company will endeavor to provide twenty-four (24) hours advance notice of an OFO. When an OFO is preceded by a System Alert (SA), the twenty four (24) hour advance notice begins with the issuance of the SA, however, the company will endeavor to provide a minimum period of eight (8) hours advance notice when a SA is to be changed to an OFO.

KeySpan is not obligated to issue a SA before an OFO, but will endeavor to do so.

KeySpan shall issue an OFO as localized as is reasonably practicable based on KeySpan's good faith and reasonable judgment concerning the situations requiring remediation such that an OFO will be directed: (a) first to OFO recipients causing the problem necessitating the OFO or transporting gas in the area of the system in which there is an operational problem; and (b) second to those OFO recipients transporting gas in the area of the system where action is required to correct the problem.

Operational Flow Orders may take the following forms:

1. Limitation of Customers and/or marketers to deliver natural gas to specific delivery points.
2. Directing customers and/or marketers to correct imbalances or operate within the limitations on transportation as set forth in the Customer's Gas Transportation Agreement or applicable rate Schedule.
3. Limitation of system flexibility and the need for uniform hourly gas consumption.

Customers and/or Marketers who fail to comply with the OFO shall be subject to service termination and the applicable penalty provisions as identified by tariff.

During forecasted peak load conditions KeySpan may declare an OFO or SA to ensure system reliability and operational integrity. During these periods, it is the Customers and/or Marketers responsibility to access the companies EBB (when developed) to determine if an OFO has been issued.

When an OFO is declared, all Customers and/or Marketers will be issued a notice via EBB or fax notifying them of the effective date and time, the situation making the OFO necessary, the actions expected of all parties, and the consequences for not complying. When conditions allow, KeySpan will endeavor to provide twenty-four (24) hours advance notice of an OFO. It should be understood that the minimum advance notice requirement is four (4) hours. It is the Customers and/or Marketers' responsibility to ensure KeySpan has the correct phone or fax number. On an annual basis, each Customer and/or Marketer will be required to provide KeySpan with a 24-hour contact number.

1. Notice of Service Curtailments and Interruptions:

An interruption may occur for a variety of reasons. Interruptions are generally caused by either a loss or limit of the gas supply or a limitation on the amount of system capacity available. Transportation customers and their associated marketers assume the responsibility for insuring the delivery of gas to the company. If the full volumes of gas is not delivered on a daily basis, an interruption has occurred. The customer's marketer is responsible for notifying the customer of this type of interruption. Customers who have elected interruptible service may also experience interruptions due to the companies imposed limitations or constraints.

KeySpan will provide four (4) hours' advance notice of a service curtailment to Interruptible Sales and Transportation Customers. When possible KeySpan will endeavor to provide twenty-four (24) hours' advance notice of a service curtailment or interruption. Customers and/or Marketers who continue transporting and/or using natural gas during an interruption will be subject to the applicable penalty charge.

2. Interruptions

There are generally two types of interruptions that may be imposed on gas transportation customers.

a. Interstate Pipeline Interruptions:

A pipeline interruption occurs when upstream pipeline(s) are unable to deliver Customer owned natural gas to the Receipt Point.

When an interstate pipeline interruption has occurred and transportation gas is not being delivered to KeySpan's city gate, it is the responsibility the nominating party and/or marketer to notify the customer of this type of interruption. KeySpan will not notify the customer of this type of interruption.

When an interstate interruption has occurred the Customer and/or Marketer has the following options:

1. Discontinue using natural gas.
2. Switch to an alternate fuel.
3. Contact another natural gas supplier to secure an alternate supply.

b. KeySpan System Interruption

KeySpan's system is unable to deliver interruptible natural gas volumes due to system operations. The following types of Customers are subject to KeySpan system interruptions:

Interruptible transportation customers, interruptible sales customers, temperature controlled transportation customers and temperature controlled sales customers.

Interruption and curtailments under this situation will be based upon KeySpan's system needs and economic requirements.

KeySpan will notify the Customers and/or Marketers of a system interruption (24-hours in advance in most cases).

Customer is required to switch to an alternate fuel or terminate operations.

If a Customer does not switch to an alternate fuel during a system the customer will be subject to the applicable penalties and/or turning off of natural gas service.

System Emergency

During a System emergency immediate action is required by the Customer and/or Marketer. If in KeySpan's sole judgment it can provide advance notice it will endeavor to do so provided such notice does not jeopardize the integrity or reliability of the gas system. It should be understood that during a system emergency, immediate action is required. Customers and/or marketers who do not follow the directives issued during a system emergency will be subject to the applicable penalty charge and may have their service physically terminated.

In the event of a curtailment of gas supplies to KeySpan Energy's city gate stations, that threatens the operational reliability of the system, KeySpan will interrupt service in accordance with the

following schedule. To the extent the emergency curtailment can be spread to a wider population base without impacting core and human needs customers, the company in its sole opinion will endeavor to do so provided such actions are deemed practical and administratively possible.

1. Power Generation
2. Interruptible Customers
3. Temperature Controlled Customers
4. Firm Commercial /Industrial Customers
5. Firm Residential

To ensure operational integrity, Marketers will be directed to continue making deliveries even though the customers and/or marketers gas supply is being diverted from its intended delivery point. To the extent the company can curtail service to None-core customers and/or marketers who have failed to meet their daily delivery schedule, it will do so.

In the event of a short term interruption or force majeure condition threatens to impair deliveries and/or sales to firm Customers, and gas supply is otherwise available and received by KeySpan for delivery to non-firm customers, KeySpan shall have the right to divert such gas supply as necessary to avoid such impairment of deliveries and/or sales to firm Customers. Gas Marketers of dual fuel transportation customers will be notified through the EBB, by fax or phone as timely as conditions allow that their gas deliveries shall be diverted to firm Customers.

The Customers(s), from whom gas supply is diverted, will be compensated in accordance with the following methodology. Except as otherwise provided pursuant to prior agreement with the affected Customers(s), or any pre-existing negotiated contract or service agreement, such compensation shall be based on the replacement cost of fuel. If gas is diverted from a customer who must switch to an alternate fuel, the replacement cost of fuel shall be the market value of the equivalent quantity of such alternate fuel on the day(s) of such diversion. If gas is diverted from a Customer who does not utilize an alternate fuel, the replacement cost of fuel shall be the market value of the diverted gas on the day(s) of such diversion. When gas is diverted to serve firm sales service classifications, payments made by the company will be recovered through the gas adjustment clause. When gas is diverted to serve a firm transportation customer, that customer will reimburse KeySpan for its payments.

D. Responsibilities of Marketers/Customers and LDCs during a SA or OFO

1. Customer and/or Marketer Curtailment Plans:

In the event of a curtailment wherein a marketer has insufficient supplies to serve its customers (core and non-core), KeySpan will allocate available supply in accordance with the marketer's curtailment plan. On an annual basis, each marketer shall submit a curtailment plan in writing, before the start of the Winter Period. Each plan shall list the order of curtailment and diversion of gas among all its customers with Core and Human Needs customers being given the highest priority with respect to the available gas supply.

To the extent that a firm, interruptible or temperature controlled customer take volumes in excess of the nominated and delivered volumes during any curtailment or OFO declared by KeySpan,

the Customer and/or its marketer shall be subject to the applicable penalty charges as explained in the companies SA and OFO procedures.

2. Notice of Service Curtailments or Interruptions:

KeySpan will provide four (4) hours' advance notice of a service curtailment to Interruptible Sales and Transportation Customers. When possible KeySpan will endeavor to provide twenty-four (24) hours' advance notice of a service curtailment or interruption. Customers and/or Marketers who continue transporting and/or using natural gas during an interruption will be subject to the applicable penalty charge.

3. Notification By electronic means:

KeySpan is currently in the process of developing a web based electronic bulletin Board (EBB). When this EBB becomes available all customers and/or marketers will be required to review this communication medium on a daily basis and take the necessary actions as identified by the communication notice. Web based communications will provide 24 hours notice. If the nature of the communication does not allow for 24 hours notice, the company will supplement its notifications via telephone. In the event of a conflict between telephone and electronic notification requirements, the communication notice with the earliest notice will be deemed the official notice for determining compliance with the notification. Failure to take the necessary actions as indicated by the notice will subject the customer or marketer to the applicable penalty provisions as provided for by the service classification.

KeySpan will use these same methods to notify Customers that they may resume using natural gas when a curtailment is concluded

4. Notification by Telephone:

An automated telephone message will provide the date and time of a curtailment and any necessary Company contact information. It is the customer's responsibility to provide the company with a telephone number that is available for notification requirements 24 hours per day, 365 days per year. Any changes to this number are the responsibility of the customer. Failure to provide a valid telephone number or to take the necessary actions as indicated by the automatic telephone message will subject the customer or marketer to the applicable penalty provisions as provided for by the service classification.

KeySpan will use these same methods to notify Customers that they may resume using natural gas when a curtailment is concluded.

5. Unauthorized use of gas:

- a. Except as noted below, an Interruptible or temperature controlled Customer who has been given proper notice and who fails to switch to its alternate energy supply during a period of curtailment will be subject to an unauthorized use charge of \$2.50 per therm as follows:

- (1) Temperature Controlled Customers (Sales and Transportation) - Applicable to gas consumed during the hours of a service curtailment when the outside temperature is

below the temperature established by the company in its pre-season customer notification letter.

Interruptible Customers (Sales and Transportation) - Applicable to gas consumed during the hours of a service curtailment.

- b. The following exceptions apply to the Unauthorized Use of Gas provisions set forth above:
 - (1) Pilot Fuel (not separately metered) - up to 10 therms per day of a gas usage for pilot/ignition purposes will be allowed during a service curtailment.
 - (2) Equipment Failure - If a Customer is unable to switch to its alternate energy source due to an equipment failure, and the Customer notifies KeySpan prior to or within four hours of the start of a curtailment, the charges for unauthorized gas use for the first four hours of the curtailment period will be waived, provided the customer has taken and can document that he has taken the necessary steps to repair said equipment as soon as possible (requires 24-hour action). The telephone number to notify KeySpan of an equipment failure will be included in the pre-season notification letter.
- c. Any Customer receiving transportation service when a service curtailment is in effect on KeySpan's system is responsible for verifying that the nominated volume of gas was actually confirmed and delivered. Customers receiving transportation service may be curtailed due to system capacity limitations even though the company confirmed their gas supply.

APPENDICES

IX. APPENDICES

A. Glossary of Terms

AGGREGATED DAILY DELIVERY QUANTITY (ADDQ) -Refers to citygate delivery requirements amounting to the sum of the DDQs for all customers in a Marketer's aggregation group. The quantity that the LDC requires a Marketer to deliver on any Gas Day to meet the Marketer's group forecast daily requirement.

AGGREGATION GROUP - A group of customers who have contracted with a specific Marketer who combines the customers' load for purposes of nominations, scheduling, reconciliation of monthly imbalances and supplemental supply billing. (Equivalent to a Marketer Pool)

AGGREGATOR (OR SUPPLIER) - Any party (Marketer) that is approved by the LDC to deliver gas supplies to an Aggregation Group.

ANNUAL TRANSPORTATION QUANTITY - The annual quantity of gas, including an amount to be retained as an allowance for losses, for which transportation service is requested in the Customer's service application.

ANNUAL PERIOD - The 12 Months beginning with the month in which the Customer first receives service under the applicable Service Classification and each succeeding la-month period.

BALANCING - A process that reconciles actual customer use with the amount of natural gas delivered to the LDC's citygate. The difference between these two is called an imbalance.

BASELOAD - As applied to gas, the portion of a customer's or group of customers' load that does not vary seasonally or in response to variation in temperature.

BCF - Billion cubic feet.

BRITISH THERMAL UNIT (Btu) - The quantity of heat required to raise one pound of water (about one pint) one degree Fahrenheit at or near its point of maximum density. It is common in the natural gas industry to use the general/average value of 1034 BTUs = 1 Cubic Foot.

BULI - Brooklyn Union of Long Island

BUNY - Brooklyn Union of New York

CAPACITY RELEASE CUSTOMER - A Customer who receives Capacity Release Service.

CAPACITY RELEASE SERVICE - The release of Company entitlement to interstate pipeline transportation capacity to a Converting Customer or a new Customer for Firm Transportation Service.

CITYGATE - The point of interconnection between a pipeline and a local distribution company where gas is delivered to the LDC. Some LDCs have multiple citygates served by the same or

different pipelines.

CRAMMING - The addition of unauthorized charges to a customer's bill.

CRITICAL CARE CUSTOMER - A Customer(s) that heats all or any portion of any building, including apartment houses, prisons, dormitories, nursing homes, hospitals, hotels and other buildings where persons may dwell on permanent basis, solely with natural gas delivered.

CRITICAL DAY - A critical day exists when the LDC declares an OFO.

CRITICAL PERIOD - A period of operational stress or impending potential stress that may impact the integrity of the LDC's gas distribution system or a force majeure event.

CUBIC FOOT - The amount of gas required to fill a volume of one cubic foot under stated conditions of temperature, pressure and water vapor, usually referenced to 14.7 PSI and 60 degrees Fahrenheit. It is common in the natural gas industry to use the general/average value of 1 Cf = 1034 BTUs.

CURTAILMENT - The reduction of gas deliveries caused by a shortage of supply or a lack of pipeline capacity. Usually there is a stated priority of customers on the pipeline for the purposes of curtailing deliveries. Service to industrial customers, for example, is usually curtailed before service to residential customers.

CUSTOMER ACCOUNT NUMBER - The utility specific unique identifier associated with a utility customer.

DAILY DELIVERY QUANTITY (DDQ) - The quantity of gas to be delivered to the LDC citygate on a given day.

Daily Transportation Quantity - The confirmed scheduled quantity of gas delivered including an amount to be retained as an allowance for losses to the Receipt Point for the Customer's account on any day. For an aggregated group of two or more customers, the Seller is required to submit to the Company one confirmed scheduled quantity of gas representing deliveries to all Customers in the group.

DEGREE DAYS - A measure of deviation in temperature used to indicate the need for gas to serve heating loads. The number of degree days on a day is calculated by subtracting the average daily temperature (average of the daily high and low temperature) from 65 degrees Fahrenheit.

DEKATHERM (Dth) - A unit of heating (or thermal) value equal to 10 Therms or one million Btu's (1MMBtu). 1 MMBtu = 1 Dth (or dt).

DELIVERY POINT - A physical interconnection between the company and the customer at which point the company may deliver gas to the customer or for the customer's account.

DESIGN DAY - A 24-hour period of demand which is used as a basis for planning gas capacity requirements.

DIRECT CUSTOMER - A transportation customer who acts on its own behalf to purchased arrange to bring natural gas to the Company's citygate for its own consumption and not for resale. A Direct Customer may aggregate and schedule load for itself and other Direct Customers, but each Direct Customer continues to be responsible individually for meeting balancing and other requirements placed on Direct Customers.

DUAL-FUEL CAPABILITY - The ability of a commercial or industrial end-user to burn fuels other than natural gas, usually coal or fuel oil, at its option.

ENERGY SERVICE COMPANY (ESCO) - Any non-utility entity that can perform energy and customer service functions in a competitive environment, including provision of energy and assistance in the efficiency of its use. The term ESCO is used herein to refer to entities that are deemed eligible by the Department of Public Service to provide electricity and associated customer service functions to end use customers in New York State.

FEDERAL ENERGY REGULATORY COMMISSION (FERC) [Successor to the Federal Power Commission] An independent federal agency created in 1977 which regulates, among other things, interstate wholesale sales and transportation of natural gas at "just and reasonable" rates.

FIRM SERVICE - The highest quality sales or transmission service offered to customers under a rate schedule that anticipates no interruption in that service.

FORECAST DAILY REQUIREMENT - The estimated daily consumption of an Aggregation Group as calculated by the Consumption Algorithm and forecast effective degree days

FORCE MAJEURE - An "Act of God" or other unexpected and disruptive event beyond the control of buyer or seller which interferes with or precludes a party's ability to perform under a contract. A force majeure clause in a contract is intended to excuse a party from performing a contract obligation if the event asserted is of the type specifically included within the language of the clause. It's strictly construed by most Courts.

FT - Firm Transportation.

FUEL LOSS - An allowance for gas used or lost between the receipt and delivery points due to system operation.

GAS DAY - A period of twenty-four consecutive hours beginning at 10:00 a.m. and ending at 10:00 a.m. Eastern Clock Time, the next calendar day.

GAS WEEK (BID WEEK) - Usually the last full week each month when all parties (LDCs, Marketers, Shippers, etc.) firm up and finalize their required gas purchases and transportation arrangements for the upcoming month.

GAS CONFIRMATION PROCESS - The process by which a gas supplier's nomination to the LDC citygate is verified by the pipelines and the LDC upstream and downstream along the path of the gas suppliers.

GAS INDUSTRY STANDARDS BOARD (GISB) - A nonprofit North American industry association whose mission is to develop and promote standards to simplify and expand electronic communications, and to simplify and streamline business practices that will lead to a seamless marketplace for natural gas.

HUMAN NEEDS CUSTOMER - A customer who receives service under a firm service classification: (i) for the Customer's own or another's residential uses and purposes whether involving temporary or permanent occupancy, which includes residential hotels, single room occupancies, prisons and living facilities of clergy, or (ii) in buildings having no alternate energy facilities that are acute care or nursing home providers housing patients or residents on an overnight basis including, nursing homes, hospitals, community residences, and shelters.

INTERRUPTIBLE SERVICE - Transportation service that is subject to interruption for lack of gas supply or pipeline capacity at the insistence of the gas seller or the pipeline as the case may be. (In the context of a gas purchase contract, it is sometimes referred to as "best efforts" service.) Rates for interruptible service are lower than those for firm service.

INTERRUPTION - An interruption may occur for a variety of reasons. Interruptions are generally caused by either a loss or limit of the gas supply or a limitation on the amount of system capacity available. Transportation customers and their associated marketers assume the responsibility for insuring the delivery of gas to the company. If the full volumes of gas is not delivered on a daily basis, an interruption has occurred. The customer's marketer is responsible for notifying the customer of this type of interruption. Customers who have elected interruptible service may also experience interruptions due to the companies' imposed limitations or constraints.

INTERSTATE GAS - Natural gas transported in interstate pipelines and consumed in a state other than the one in which it was produced.

INTRASTATE GAS - Natural gas produced, sold and consumed in the same state without being transported in interstate commerce and not made subject to federal (FERC) jurisdiction.

INVOLUNTARY SWITCH - A process or situation where a customer's energy supplier is changed from one provider to another without the customer's authorization. This would include situations where a customer returns to utility service as a result of a supplier's failure to deliver. An involuntary switch that is not in accord with the "Discontinuance of Service" provision set forth in the rules is referred to as "slamming." IT - Interruptible transportation.

LINE LOSS - The amount of gas lost in a distribution system or pipeline.

LINE PACK - Inventory of gas in a pipeline or in a gas distribution system.

LIQUEFIED NATURAL GAS (LNG) - Natural gas which has been liquefied by reducing its temperature to minus 260 degrees Fahrenheit at atmospheric pressure. It remains a liquid at minus 116 degrees Fahrenheit and 673 psig. In volume, it occupies a volume 1/600 of that of the vapor.

LOAD FACTOR - The ratio of the average consumption to maximum consumption for the same time period. Most commonly the average annual daily consumption divided by the maximum daily

consumption during a 12 month period.

LOCAL DISTRIBUTION COMPANY (LDC) - The company whose primary function is to distribute gas supply procured by it or by Marketers or Direct Customers, to retail gas users. LDCs also provide transportation service to retail end users as well as other services.

LOCKBOX - A collection mechanism agreed upon by a utility and an Marketer/Direct Customer which employs a third party financial institution to receive and disburse customer payments.

LOST AND UNACCOUNTED FOR GAS (LUFG) - The difference between the quantity of gas available from all sources (purchased, transported, and locally produced) and the quantity accounted for by sales or company uses. Lost and unaccounted for gas is primarily associated with leakage, metering inaccuracies and theft.

MARKET PARTICIPANTS - LDCs, Marketers or their agents, Direct Customers and Pipelines involved in bringing gas to an LDC's citygate.

MARKETER - Any non-utility entity that is determined eligible by the Department of Public Service to provide or arrange to provide gas supply and other services on behalf of end use customers in New York State using the local utility's distribution system.

MAXIMUM ALLOWABLE OPERATING PRESSURE (MAOP) - The maximum pressure at which a gas system may be operated.

MAXIMUM DAILY DELIVERY QUANTITY (MDQ) - The maximum quantity of gas that a gas supplier may deliver to the LDC citygate in a day.

MCF - One thousand cubic feet. The average domestic user consumes 100-200 Mcf annually. Very roughly, 1 Mcf = 1 MMBtu = 1 Dth = 1 gigajoule.

METRETEK - Brand of telemetering equipment which relays electronic measurement information via telephone line on a daily basis to the company.

METSCAN - Brand of telemetering equipment which relays electronic measurement information via telephone line on a daily basis to the company.

MMBTU - On million British Thermal Units.

Mmcf - One million cubic feet.

NEW DELIVERY CUSTOMER - A customer initiating delivery service

NEW YORK MERCANTILE EXCHANGE (NYMEX) - The commodity exchange based in New York City where the natural gas futures and options contract and other energy futures are traded.

NOMINATION - A shipper's request to move a certain volume of gas on a pipeline during a given period. Most nominations are made on a daily basis, although intraday nominations are required by

GISB standards and hourly nominations are possible on some pipeline systems.

NORMAL DEGREE DAYS - Estimated (normalized) degree-days for a given day based on a historical average.

NORMALIZED - Adjusted for weather using weather normalization (degree-day) factors.

OPERATIONAL FLOW ORDER (OFO) - A directive by the Company to a Customer and/or Marketer to adjust its Citygate deliveries of gas to alleviate conditions that threaten the integrity of the system. The company will issue OFOs with at least 4-hour advance notice.

The company may declare an "OFO" for any reason that threatens the operational Integrity of its transmission or distribution system, including extreme weather conditions, reduced gas availability, market conditions, maintenance, other operational conditions and/or in response to the declaration of an OFO on a supplying interstate/intrastate pipeline or low pressures on an interstate pipeline. OFO conditions, time periods and required Customer behaviors will be fully described in communications with Customers and/or Marketers as far in advance as possible.

PEAK DAY - The day in which the highest volume of gas is delivered into the utility's system in order to meet usage demands. Related to operational deliverability of the entire system.

PEAKMONTH - The month in which the highest volume of gas is delivered into the utility's system in order to supply usage demands.

POOL - Pools are groups of customers supplied by one Marketer.

POOLING POINT - A physical or logical point where gas is aggregated from many receipt points to serve a number of contracts without tying a particular receipt point to a particular contract. Pooling points have traditionally been thought of as mainline pipeline receipt points. Under Order 636 that definition was expanded to include places where title passes from the gas merchant to the shipper, or where aggregation, balancing and penalties are determined. Order 636 prohibits tariffs that inhibit the development of pooling points.

PRO RATA ALLOCATION - Methodology that allows all customers within a defined group or pool to receive the same proportion of gas available as their portion of total volumes under contract (as opposed to first-come, first served).

RECEIPT POINT - A physical interconnection between the Company and some other entity, as listed in Customer's Transportation Service Agreement, at which the Customer or marketer may tender gas to the Company for service.

SPECIAL METER READ - A service provided to obtain an actual meter reading on a date that is different than the regularly scheduled meter read date.

SPECIAL NEEDS CUSTOMER - A customer, as defined by the Home Energy Fair Practices Act (HEFPA), with documented medical conditions or who is elderly, blind or physically challenged. HEFPA makes available to these customers special protections regarding utility service and life

threatening situations.

SLAMMING - A switch of a retail customer from one provider to another without the Customers authorization (except as may be allowed under the "Discontinuance of Service" provision set forth in the Uniform Retail Access Business Practices

SHOULDER PERIOD - The period commencing at 10: 00 AM EST on April 1 and ending at 10:00 AM EST on the following May 1 and the period commencing at 10: 00 AM EST on September 1 and ending at 10:00 AM EST on the following October 1.

SUMMER PERIOD - Means the period commencing at 10:00 AM on April 1 and ending at 10:00 AM on the following November 1.

SYSTEM ALERT - A notice issued by the company to a customer and/or marketer indicating that if forecasted conditions continue an Operational Flow Order (OFO) will be issued. System Alerts will generally be issued 24 hours in advance of an OFO.

THROUGHPUT - The volume of gas flowing through a pipeline or distribution system.

VOLUNTARY SWITCH - A process or situation where a customer's energy supplier is changed from one provider to another with the customer's direct authorization

WINTER PERIOD - Means the period commencing at 10:00 AM on November 1st ending at 10:00 AM on the following April 1.

**FORM OF SERVICE AGREEMENT
FOR COMPREHENSIVE TRANSPORTATION AND BALANCING SERVICE
(Service Classification No. 16)**

THIS AGREEMENT entered into this _____ day of _____, _____, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and _____, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 16 (SC-16) pursuant to which the Company offers a transportation and balancing service to qualifying customers (CTB Service);

WHEREAS, Customer has requested Company provide Customer CTB Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Average Daily Delivery Quantity" means the total quantity of gas Customer is required by the Company to deliver each day to the Company. Such quantity shall be determined at least monthly by the Company, and is subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(b) "Daily Delivery Quantity" means the quantity of gas delivered by Customer to the Company (or for Company's account) hereunder on any day which is in excess of the quantity of gas transported and delivered by the Company to Customer hereunder on such day. Such quantity shall be adjusted for fuel allowances.

(c) "Daily Redelivery Quantity" means the quantity of gas transported and delivered by the Company to Customer hereunder on any day which is in excess of the quantity of gas delivered by Customer to the Company (or for the Company's account) hereunder on such day. Such quantity shall be adjusted for fuel allowances.

(d) "Delivery Period" means the period beginning on May 1st and ending on October 31st of a calendar year.

(e) "Human Needs Customer" means a customer who or which cannot be without a sufficient energy back-up and will need to call upon the Company in the event that all of his or its energy options fail. Examples of such customers include, but are not limited to, schools, hospitals, dwellings where gas is used

for heating, cooking and comparable residential requirements, and facilities providing essential public services.

(f) "Maximum Daily Delivery Quantity" means the maximum quantity of gas that Customer may be required to deliver on any day to the Company. Such quantity shall be subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(g) "Redelivery Balance" means, at any time, the sum of all Daily Delivery Quantities during any time period, minus the sum of all Daily Redelivery Quantities during such time period, plus Customer's prior Redelivery Balance (if any) at the start of such time period.

(h) "Redelivery Capacity Quantity" means the maximum quantity of gas that Company shall be required to receive for Customer's account for later redelivery to Customer pursuant to this Agreement. Such quantity shall be subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(i) "Redelivery Period" means the period beginning on November 1st and ending on April 30th of the next calendar year.

(j) "Transporter" means an interstate pipeline transporting gas owned by Customer to the Company for Customer's account.

(k) Monthly Average Commodity Cost of Gas

2. Transportation Service.

(a) Customer represents and warrants that Customer qualifies for service under SC-16, Rate CTBS-____. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-16, Customer hereby agrees to deliver or caused to be delivered daily to Company, for Customer's account, gas in quantities equal to the Average Daily Delivery Quantity, as determined at least monthly by the Company; provided, however, that the Average Daily Delivery Quantity shall not exceed the Maximum Daily Delivery Quantity of _____ dekatherms. In addition, Customer shall deliver or caused to be delivered daily to Company, gas to cover system use and losses in an amount equal to _____ percent of the quantity of all gas delivered to the Company by Customer for transportation hereunder. The Company shall not be required to accept deliveries of gas in excess of Customer's Maximum Daily Delivery Quantity.

(b) The Company agrees to receive, transport, and redeliver on a firm basis to Customer, gas in quantities no less than Customer's Average Daily Delivery Quantity and no greater than Customer's Maximum Daily Delivery Quantity.

3. Seller of Gas. Customer designates _____
to be its seller of gas hereunder.

4. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Customer to the Company hereunder shall be the existing delivery point of _____
(name of pipeline)
known to the Company as _____
(name of metering station)

5. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at _____

(Customer Service Location(s))

6. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Transporter's pipeline

7. Balancing Service.

(a) The Company shall provide balancing service for gas delivered by Customer, or for Customer's account, up to an aggregate quantity no greater than Customer's Redelivery Capacity Quantity of _____ dekatherms. The Company shall be required to receive Customer's Daily Delivery Quantity only during the Delivery Period, and redeliver the Daily Redelivery Quantity only during the Redelivery Period.

(b) Upon the termination of this Agreement for any reason:

(i) if the Redelivery Balance is positive, the Company shall commence redelivery of gas to Customer up to the amount of such Redelivery Balance, at a daily rate no less than Customer's Average Daily Delivery Quantity; and

(ii) if the Redelivery Balance is negative, Customer shall be issued a credit at a rate equal to the Company's then current average inventory per therm cost of gas in storage, multiplied by the number of therms such Redelivery Balance is in the negative.

The terms of this Agreement shall survive with respect to such redelivery.

8. Standby Gas Service. Customer hereby subscribes to Standby Gas Service for the duration of this Agreement. The Company shall provide such Standby Gas Service to Customer for a maximum of forty-five (45) consecutive days during the term of this Agreement.

9. Capacity Release.

(a) Simultaneous to the execution of this Agreement, the Company and Customer shall enter into a prearranged pipeline capacity release transaction for a term equal to the term of this Agreement. Customer shall pay the pipeline directly for such released capacity at such pipeline's maximum rate. All such capacity releases shall be subject, but not be limited, to the following terms and conditions:

(i) Pipeline Contract: _____.

(ii) Quantity of daily capacity to be released: _____ dekatherms.

(b) All capacity releases hereunder shall be subject to recall by the Company under such terms and conditions as the Company may determine are appropriate, in its absolute discretion, including, but not limited to recalls:

(i) necessary to preserve the integrity of the Company's facilities and services;

- (ii) to provide back-up gas supply to Customer pursuant to Customer's Standby Gas Service;
- (iii) at the Company's option, whenever Customer fails to deliver gas to the Company in an amount at least equal to Customer's Average Daily Delivery Quantity; and
- (iv) for any other reason identified by the Company.

10. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company for all service provided hereunder all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-16 and the general terms and conditions of the Tariff, including, but not limited to:

(i) the on-system transportation charges for Rate CTBS _____ Service Transportation, set forth under SC-16;

(ii) the Balancing Service Demand Charges, Balancing Service Peaking Demand Charges and Balancing Service Imbalance Charges set forth under SC-16; and

(iii) the Standby Commodity Gas Charges set forth under SC-16.

(b) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-16, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

11. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on a year to year basis, unless terminated by Customer or the Company upon at least thirty (30) days' advance written notice to the other prior to the end of the initial one (1) year term or any renewal term thereafter, as the case may be. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 10 hereof shall commence on _____, _____.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-16, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation, balancing, and standby gas services provided hereunder if Customer (i) violates any provision of this Agreement, the terms and conditions of SC-16, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

12. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by

prepaid certified or registered mail, to the party notified or (c) or on the business day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: The Brooklyn Union Gas Company
One MetroTech Center
Brooklyn, New York, 11201-3850
Attention: _____

If to Customer: _____

Attention: _____

13. Incorporation by Reference. The terms and conditions of SC-16 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

14. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

THE BROOKLYN UNION GAS COMPANY

By: _____

By: _____

Title: _____

Title: _____

**FORM OF SERVICE AGREEMENT
FOR CORE TRANSPORTATION AND SWING SERVICE
(Service Classification No. 17)**

THIS AGREEMENT entered into this ___ day of _____, _____, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and _____, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 17 (SC-17) pursuant to which the Company offers a transportation and swing service to qualifying customers (CTS Service);

WHEREAS, Customer has requested Company provide Customer CTS Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Average Daily Delivery Quantity" or "ADDQ" means the total quantity of gas Customer is required by the Company to deliver each day to the Company. Such quantity shall be determined at least monthly by the Company, and is subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(b) "Direct Core Customer" means a customer who manages his gas supply and transportation needs with the Company without the use of a supplier as agent.

(c) "Maximum Daily Delivery Quantity" means the maximum quantity of gas that Customer may be required to deliver on any day to the Company. Such quantity shall be subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(d) "Transporter" means an interstate pipeline transporting gas owned by Customer to the Company for Customer's account.

2. Transportation Service.

(a) Customer represents and warrants that Customer qualifies for service under SC-17, Rate CTS-_____. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-17, Customer hereby agrees to deliver or caused to be delivered daily to Company, for Customer's account, gas in quantities equal to the Average Daily Delivery Quantity, as determined at least monthly by the Company;

provided, however, that the Average Daily Delivery Quantity shall not exceed the Maximum Daily Delivery Quantity of _____ dekatherms. In addition, Customer shall deliver or caused to be delivered daily to Company, gas to cover system use and losses in an amount equal to _____ percent of the quantity of all gas delivered to the Company by Customer for transportation hereunder. The Company shall not be required to accept deliveries of gas in excess of Customer's Maximum Daily Delivery Quantity.

(b) The Company agrees to receive, transport, and redeliver on a firm basis to Customer, gas in quantities no less than Customer's Average Daily Delivery Quantity and no greater than Customer's Maximum Daily Delivery Quantity.

3. Seller of Gas. Customer designates _____
to be its seller of gas hereunder.

4. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Customer to the Company hereunder shall be the existing delivery point of _____
(name of pipeline)
to the Company as _____
(name of metering station)

5. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at _____
(Customer Service Location(s))

6. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Transporter's pipeline.

7. Swing Service. The Company will utilize upstream assets and gas supply as required to accommodate variations in Customer's daily account balance between Customer's gas deliveries and Customer's actual gas consumption.

8. Standby Gas Service.

(a) The parties shall indicate below which of the following applies to Customer:

(i) Customer is a Direct Purchase Core Customer and hereby elects to one of the Standby Gas Service options for the duration of this Agreement.

9. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company for all service provided hereunder all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-17 and the general terms and conditions of the Tariff, including, but not limited to:

(i) the on-system transportation charges for Rate CTS-_____ Service Transportation, set forth under SC-17;

(ii) the Daily Swing Service Monthly Demand Charge and the Daily Swing Service Monthly

Imbalance Charge set forth under SC-17; and

(iii) if Customer is subject to Standby Gas Service hereunder, the Standby Gas Demand Charge set forth under SC-17 applicable to Customers otherwise eligible for gas service under Service Classification No. ___, and the Standby Commodity Gas Charges set forth under SC-17. For the purpose of determining Customer's Standby Gas Demand Charge, Customer's normalized winter usage from November to March, both inclusive, will be determined by the Company each October 15th prior to the start of each winter.

(b) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-17, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

10. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on a _____ to _____ basis, until terminated by Customer or the Company upon at least thirty (30) days' advance written notice to the other, specifying the termination date. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 9 hereof shall commence on _____, ____.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-17, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation and standby gas services provided hereunder if Customer (i) violates any provision of this Agreement, the terms and conditions of SC-17, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

11. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or (c) or on the business day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: The Brooklyn Union Gas Company
One MetroTech Center
Brooklyn, New York, 11201-3850
Attention: _____

If to Customer: _____

Attention: _____

12. Incorporation by Reference. The terms and conditions of SC-17 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

13. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

KEYSPAN GAS EAST CORPORATION D/B/A BROOKLYN UNION OF LONG ISLAND
Service Classification No. 5
Firm Transportation Service Agreement

To KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island:

_____ (Customer) is a qualified Seller pursuant to KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island ("Brooklyn Union") Service Classification No. 5C and will arrange for the purchase of natural gas for delivery to "Brooklyn Union" for subsequent redelivery to Customer at _____ (Location) under the terms of Service Classification No. 5.

OR

_____ (Customer) has contracted with _____ (Seller - a qualified seller pursuant to "Brooklyn Union" Service Classification No. 5C) to deliver natural gas to "Brooklyn Union" for subsequent redelivery to customer at _____ (Location) under the terms of Service Classification No. 5.

At least 30 days before the commencement of service for each annual service term, "Brooklyn Union" will calculate the customer's Daily Transportation Quantity (DTQ) of natural gas for each month of the term. Seller is obligated to deliver or cause to be delivered to "Brooklyn Union" at the City Gate the customer's DTQ each day of the service term adjusted during the term to reflect the customer's usage. "Brooklyn Union" may also adjust the customer's DTQ during the term due to changes in the customer's gas equipment or pattern of usage and address balances contained in the customer's Commodity Account as described in Service Classification No. 5. Customer understands and agrees as follows:

(i) Customer shall take and pay for the service in accordance with Service Classification No. 5 and is bound by the terms and conditions contained therein and in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York;

(ii) Customer's term shall begin on and shall expire twelve months thereafter. This term will be extended for additional twelve month periods unless otherwise terminated pursuant to Service Classification No. 5;

(iii) Customer warrants that all information provided to "Brooklyn Union" for the purpose of qualifying for service under Service Classification No. 5 is true and accurate and Customer acknowledges that such information has been provided to "Brooklyn Union" for the purpose of inducing "Brooklyn Union" to provide service pursuant to Service Classification No. 5;

(iv) Seller has satisfied the credit criteria for Sellers pursuant to Service Classification No. 8 and is a qualified Seller without providing security to "Brooklyn Union", or has provided "Brooklyn Union" with an advance deposit, or a standby irrevocable letter of credit, a security interest in collateral, or a guarantee of payment by another person or entity, acceptable to "Brooklyn Union" as Security to ensure performance pursuant to Service Classification No. 8;

(v) Customer and Seller hereby acknowledge that they have current, fully executed agreements with each

other to supply natural gas and to have such natural gas delivered to "Brooklyn Union";

(vi) If any provision herein is construed to be inconsistent with Service Classification Nos. 5 or 8, Customer acknowledges that the provisions of Service Classification Nos. 5 or 8 as modified and approved by the New York State Public Service Commission shall govern; and

(vii) "Brooklyn Union's" waiver or Seller's waiver of any one or more of the provisions of this Service Agreement and/or Service Classification Nos. 5 and 8 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.

Seller as Customer's Agent

_____ Customer hereby authorizes _____, Seller, to act as Customer's agent to act on Customer's behalf in all matters between Customer and "Brooklyn Union" under Service Classification No. 5, including, as a replacement shipper in released pipeline capacity transactions.

OR

_____ Customer chooses to act on its own behalf in all matters between Customer and "Brooklyn Union" under Service Classification No. 5.

Metering

_____ Customer hereby elects not to have a remote reading device installed and will accept the accuracy of "Brooklyn Union's" estimated meter readings for the purpose of adjusting customer's monthly DTQs.

OR

_____ Customer hereby elects to have a remote reading device installed at customer's cost under the provisions of Service Classification No. 5.

Seasonal Delivery Option

_____ Yes

_____ No

ACCEPTED:

Account Number

Customer

By: _____

Title: _____

Date: _____

Seller

By: _____

Title: _____

Date: _____

INSTRUCTIONS

- * Customer should read this Service Agreement and Service Classification Nos. 5 and 8 before executing this Agreement.
- ** After executing this Service Agreement, Customer should send this Agreement to a qualified Seller.
- *** Seller should execute this Service Agreement and the Seller Agreement. Executed Service Agreements for all of Seller's Customers and a single executed Seller Agreement shall be submitted to "Brooklyn Union's" Customer Assistance Center at least 45 days before the anticipated commencement of service to a Customer under Service Classification No. 5.

**FORM OF SERVICE AGREEMENT
FOR AGGREGATED NON-CORE
TRANSPORTATION SERVICE
(Service Classification No. 18)**

THIS AGREEMENT entered into this ____ day of _____, _____, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and _____, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 18 (SC-18) pursuant to which the Company offers a non-core transportation service to qualifying customers (NCT Service);

WHEREAS, Customer has requested Company provide Customer NCT Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Average Daily Delivery Quantity" or "ADDQ" means the total quantity of gas Customer is required by the Company to deliver each day to the Company. Such quantity shall be determined at least monthly by the Company, and is subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(b) "Maximum Daily Delivery Quantity" means the maximum quantity of gas that Customer may be required to deliver on any day to the Company. Such quantity shall be subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(c) "Transporter" means an interstate pipeline transporting gas owned by Customer to the Company for Customer's account.

(d) "Seller" means person or entity meeting the Company's qualifications to sell gas to a Pool under this Service Classification.

2. Transportation Service.

(a) Customer represents and warrants that Customer qualifies for service under SC-18, Rate NCTS-____. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-18,

Customer hereby agrees to deliver or caused to be delivered daily to Company, for Customer's account, gas in quantities equal to the Average Daily Delivery Quantity, as determined at least monthly by the Company; provided, however, that the Average Daily Delivery Quantity shall not exceed the Maximum Daily Delivery Quantity of _____ dekatherms. In addition, Customer shall deliver or caused to be delivered daily to Company, gas to cover system use and losses in an amount equal to _____ percent of the quantity of all gas delivered to the Company by Customer for transportation hereunder. The Company shall not be required to accept deliveries of gas in excess of Customer's Maximum Daily Delivery Quantity.

(b) The Company agrees to receive, transport, and redeliver on an interruptible or a temperature-controlled basis to Customer, gas in quantities no less than Customer's Average Daily Delivery Quantity and no greater than Customer's Maximum Daily Delivery Quantity.

3. Seller of Gas. Customer designates _____
to be its Seller of gas hereunder.

4. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at _____

(Customer Service Location(s))

5. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Transporter's pipeline

6. Standby Gas Service.

(a) The parties shall indicate below which of the following applies to Customer:

(i) Customer takes temperature-controlled transportation service and the Company has determined that it has gas supply and capacity available to provide Standby Gas Service to Customer, and is subscribing for Standby Gas Service for the duration of this Agreement.

(ii) Customer is not subscribing for Standby Gas Service. The parties agree that paragraph ____ hereof applies to Customer.

(b) If Customer is subscribing to Standby Gas Service hereunder, the Company shall provide such service to Customer for a maximum of forty-five (45) consecutive days during the term of this Agreement.

(c) If Customer is not subscribing to Standby Gas Service hereunder, the Company will not be obligated to provide gas to Customer on any day when gas is not delivered to the Company for transportation by the Company to Customer's facilities.

7. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company, for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-18 and the general terms and conditions of the Tariff, including, but not limited to:

(i) the on-system transportation charges for Rate NCT-_____ Transportation Service, set forth under SC-18. If Customer is receiving on-system transportation service under Rate NCT-5A, Customer's on-system transportation charges under SC-18 shall be determined by Customer's election of one of the following Rate Schedules. Customer elects Rate Schedule ____.

(A) Rate Schedule 1, for which purposes Customer's annualized transportation volume is projected to be _____ therms; or

(B) Rate Schedule 2, for which purposes the pricing addendum, attached hereto and made a part hereof, shall apply and

8. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on a _____ to _____ basis, until terminated by Customer or the Company upon at least thirty (30) days' advance written notice to the other, specifying the termination date. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 7 hereof shall commence on _____, _____.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-18, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation and standby gas services provided hereunder if Customer (i) violates any provision of this Agreement, the terms and conditions of SC-18, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions of the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

9. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or (c) or on the business day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: The Brooklyn Union Gas Company
One MetroTech Center
Brooklyn, New York, 11201-3850
Attention: _____

If to Customer: _____

Attention: _____

10. Incorporation by Reference. The terms and conditions of SC-18 and SC-19 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

11. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

THE BROOKLYN UNION GAS COMPANY _____

By: _____

By: _____

Title: _____

Title: _____

**FORM OF SERVICE AGREEMENT
FOR
TRANSPORTATION AGGREGATION SERVICE
(Service Classification No. 19)**

THIS AGREEMENT entered into this ___ day of _____, _____, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and _____, a corporation, partnership, individual (Seller).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 19 (SC-19) pursuant to which the Company offers a transportation aggregation service to qualifying sellers of gas (TA Service);

WHEREAS, Seller has requested Company provide Seller TA Service; and

WHEREAS, Company is willing to provide such service to Seller subject to the terms and conditions herein.

NOW, THEREFORE, Company and Seller agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Average Daily Delivery Quantity" or "ADDQ" means the total quantity of gas Seller is required by the Company to deliver each day to the Company for transportation by the Company. Such quantity shall be determined at least monthly by the Company, and is subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(b) "Maximum Daily Delivery Quantity" means the maximum quantity of gas that Seller may be required to deliver on any day to the Company. Such quantity shall be subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(c) "Transporter" means an interstate pipeline transporting gas owned by a Pool to the Company for the Pool's account.

(d) "Pool" means the group of Customers to whom Seller is selling gas under this agreement, who are receiving CTB Service, CTS Service or NCT Service from the Company, and who are aggregated by Seller for the purpose of providing TA service. The Pool shall be comprised of Customers belonging to a single service classification.

(e) "CTB Service" means service under Service Classification No. 16 of the Tariff.

(f) "CTS Service" means service under Service Classification No. 17 of the Tariff.

(g) "NCT Service" means service under Service Classification No. 18 of the Tariff.

2. Transportation Aggregation Service.

(a) Seller represents and warrants that Seller qualifies for service under SC-19. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-19, Seller hereby agrees to deliver, or caused to be delivered daily to Company, for Seller's account, gas in quantities equal to the Average Daily Delivery Quantity, as determined at least monthly by the Company; provided, however, that the Average Daily Delivery Quantity shall not exceed the Maximum Daily Delivery Quantity of _____ dekatherms. In addition, Seller shall deliver or caused to be delivered daily to Company, gas to cover system use and losses in an amount equal to _____ percent of the quantity of all gas delivered to the Company by Seller for transportation hereunder. The Company shall not be required to accept deliveries of gas in excess of Seller's Maximum Daily Delivery Quantity.

(b) The Company agrees to receive, transport, and redeliver on a firm, interruptible or temperature-controlled basis, as determined by the nature of the transportation service received by the Customers in the Pool, gas in quantities no less than Seller's Average Daily Delivery Quantity and no greater than Seller's Maximum Daily Delivery Quantity.

3. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Seller to the Company hereunder shall be the existing delivery point of _____
(name of pipeline)

known to the Company as _____
(name of metering station)

4. Point(s) of Delivery, Customers' Names and Account Numbers. The Point(s) of Delivery for all gas transported by the Company for Seller's account hereunder shall be the outlet of the meter of each Customer in the Pool, which outlets are listed in Appendix "A" to this Agreement, attached hereto and made a part hereof. The name and account number of each Customer in the Pool also shall be set forth in Appendix "A."

5. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Seller, or that Seller causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Transporter's pipeline.

6. Balancing Service (SC-16 Pool). Where a Pool is comprised of Customers taking CTB Service:

(a) The Company shall provide balancing service for gas delivered by Seller, or for Seller's account, up to an aggregate quantity of no greater than Seller's Redelivery Capacity Quantity of _____ dekatherms. The Company shall be required to receive the Daily Delivery Quantity only during the Delivery Period, and redeliver the Daily Redelivery Quantity only during the Redelivery Period.

(b) Upon the termination of this Agreement for any reason:

(i) if there is a positive Redelivery Balance as of the effective date of such termination, the Company shall commence redelivery of gas to Customer's in the Pool up to the amount of such Redelivery Balance, at a daily a rate no less than Seller's Average Daily Delivery Quantity; and

(ii) if the Redelivery Balance is negative, the Customers in the Pool shall be issued a credit at

a rate equal to the Company's then current average inventory per therm cost of gas in storage, times the number of therms such Redelivery Balance is in the negative.

The terms of this Agreement shall survive with respect to such redelivery.

7. Capacity Release (SC-16 Pool). Where a Pool is comprised of Customers taking CTB Service:

(a) Simultaneous to the execution of this Agreement, the Company and Seller shall enter into a prearranged pipeline capacity release transaction for a term equal to the term of this Agreement. The Company shall determine the quantity of capacity to be released and the interstate pipeline on which such capacity is to be released. Any change to the composition of the Customers in the Pool shall result in a concomitant change to the capacity allocated to such Pool. Seller shall pay the pipeline directly for such released capacity at such pipeline's maximum rate. All such capacity releases shall be subject, but not be limited, to the following terms and conditions:

(i) Pipeline Contract: _____.

(ii) Quantity of daily capacity to be released: _____ dekatherms.

(b) All capacity releases hereunder shall be subject to recall by the Company under such terms and conditions as the Company, in its absolute discretion may determine are appropriate, including, but not be limited to, recalls:

(i) made necessary to preserve the integrity of the Company's facilities and service;

(ii) required to provide back-up gas supply to Customers in a Pool, pursuant to such Customers' Standby Gas Service arrangement with the Company;

(iii) at the Company's option, whenever Seller fails to deliver gas to the Company in an amount at least equal to Seller's Average Daily Delivery Quantity;

(iv) when a Customer leaves a Pool for any reason prior to the expiration of such Customer's CTB Service Agreement; and

(vi) for any other reason identified by the Company.

8. Swing Service (SC-17 Pool). Where a Pool is comprised of Customers taking CTS Service, the Company will utilize upstream assets and gas supply as required to accommodate variations in Seller's daily account balance between Seller's gas deliveries and the actual gas consumption of the Pool.

9. Monthly Balancing (SC -18 Pool). Where a Pool is comprised of Customers taking NCT Service, the Company shall balance Seller's account at the end of each month to zero, as provided under the terms and conditions of SC-18.

10. Rates and Charges for Service.

(a) Where a Pool is comprised of Customers taking CTB Service, each month (or other period, if so indicated in the Tariff), Seller shall pay the Company for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-19 and the general terms and

conditions of the Tariff, including, but not limited to the Balancing Service Peaking Demand Charges, Balancing Service Demand Charges, and the Balancing Service Imbalance Charges set forth under SC-19.

(b) Where a Pool is comprised of Customers taking CTS Service each month (or other period, if so indicated in the Tariff), Seller shall pay the Company for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-19 and the general terms and conditions of the Tariff, including, but not limited to the Monthly Swing Service Demand Charges and the Daily Swing Service Imbalance Charges set forth under SC-19.

(c) Where a Pool is comprised of Customers taking NCT Service each month (or other period, if so indicated in the Tariff), Seller shall pay the Company for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-19 and the general terms and conditions of the Tariff, including, but not limited to the Monthly Balancing Charges set forth under SC-19.

(d) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-19, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

11. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on a _____ to _____ basis, until terminated by Seller or the Company upon at least thirty (30) days' advance written notice to the other, specifying the termination date. The Company's obligation to provide service hereunder, and Seller's obligation to pay the charges referenced in paragraph 10 hereof shall commence on _____, _____.

(b) Seller shall comply with this Agreement, the terms and conditions set forth under SC-19, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation and swing services, and associated services provided hereunder if Seller (i) violates any provision of this Agreement, the terms and conditions of SC-19, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

12. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or (c) or on the business day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: The Brooklyn Union Gas Company
One MetroTech Center
Brooklyn, New York, 11201-3850
Attention: _____

If to Seller: _____

Attention: _____

13. Incorporation by Reference. The terms and conditions of SC-19 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

14. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

THE BROOKLYN UNION GAS COMPANY _____

By: _____ By: _____

Title: _____ Title: _____

KEYSPAN GAS EAST CORPORATION D/B/A BROOKLYN UNION OF LONG ISLAND
Service Classification No. 8
Seller Service Agreement

Company Name: _____	Affiliate/Parent: _____
Business Address: _____	Business Address: _____
Dun & Bradstreet Rating Number: _____	Dun & Bradstreet Rating Number: _____
Contact Name: _____	Alternate Contact Name: _____
Day Phone Number: _____	Day Phone Number: _____
Evening Phone Number: _____	Evening Phone Number: _____
Facsimile Number: _____	Facsimile Number: _____

KeySpan Gas East Corporation D/B/A Brooklyn Union of Long island:

_____ (Customer) is a qualified Seller pursuant to KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island ("Brooklyn Union") Service Classification No. 8 and will arrange for the purchase of natural gas for delivery to "Brooklyn Union" for subsequent redelivery to customer under the terms of Service Classification No. 5.

OR

_____ (Seller) is a qualified Seller pursuant to "Brooklyn Union" Service Classification No. 8 to deliver natural gas to "Brooklyn Union" for subsequent redelivery to Customers under the terms of Service Classification No. 5.

_____ (Seller) has aggregated or will be aggregating a group of Customers for the purpose of qualifying such Customers for firm transportation service under "Brooklyn Union" Service Classification No. 5. Attached to this Service Agreement, or to be submitted for attachment to "Brooklyn Union" before the commencement of service under this agreement, is a list of Customers included in seller's aggregated group. The sum of the estimated annual gas usage for these Customers is dekatherms. The list of Customers included in seller's aggregated group will be updated each month pursuant to Service Classification No. 8.

At least 30 days before the commencement of service for each annual service terms, "Brooklyn Union" will calculate the Daily Transportation Quantity (DTQ) of natural gas for each month of the term. Seller is

obligated deliver or cause to be delivered to "Brooklyn Union" at the City Gate the customer's DTQ or the customers' Aggregated Daily Transportation Quantity (ADTQ) each day of the service term. "Brooklyn Union" will adjust the customer's DTQ or the customers' ADTQ as described in Service Classification No. 5.

Seller understands and agrees as follows:

- X. Seller will deliver natural gas to "Brooklyn Union" on behalf of a Customer or Customers that "Brooklyn Union" has determined may receive service in accordance with Service Classification No. 5.
- XI. Seller is bound by the terms and conditions of Service Classification No. 8 and the applicable terms and conditions of Service Classification No. 5 in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York.
- XII. Seller warrants that all information provided to "Brooklyn Union" for the purpose of qualifying for service under Service Classification No. 8 is true and accurate and Seller acknowledges that such information has been provided to "Brooklyn Union" for the purpose of inducing "Brooklyn Union" to provide service pursuant to Service Classification No. 8.
- XIII. Seller has satisfied the credit criteria for Sellers pursuant to Service Classification No. 8 and is a qualified Seller without providing security to "Brooklyn Union", or has provided "Brooklyn Union" with an advance deposit, or a standby irrevocable letter of credit, a security interest in collateral, or a guarantee of payment by another person or entity, acceptable to "Brooklyn Union", as Security to ensure performance pursuant to Service Classification No. 8. The amount of security required to ensure performance will be periodically reviewed by "Brooklyn Union" and Sellers agree to increase or reduce such security as "Brooklyn Union" determines is necessary to reflect increases or decreases in the DTQ's of Customers that are supplied natural gas by Seller. "Brooklyn Union" will respond within ten days to a grievance filed by a Seller that is denied service under Service Classification No. 8 for failure to satisfy the credit criteria.
- XIV. Seller hereby acknowledges that its obligations to deliver natural gas to "Brooklyn Union" under Service Classification Nos. 5 and 8 and pursuant to an executed Service Agreement under Service Classification No. 5 will not be abated by any circumstance, including a breach of the obligations by any Customer to the Seller, except for events of Force Majeure as specified under Service Classification No. 8 or actions by "Brooklyn Union" that prevent performance by Seller.
- XV. If any provision herein is construed to be inconsistent with Service Classification Nos. 5 or 8, Seller acknowledges that the provisions of Service Classification Nos. 5 or 8 as modified and approved by the New York State Public Service Commission shall govern.
- XVI. "Brooklyn Union's" waiver or Seller's waiver of any one or more of the provisions of this Service Agreement and/or Service Classification Nos. 5 and 8 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.
- XVII. By the first day of each month, for service commencing by the first day of the succeeding calendar month, Seller will notify "Brooklyn Union" of any Customer that is added or is deleted from seller's aggregated group by updating the attached Customer list. Failure to provide "Brooklyn Union" with such notification will constitute seller's representation that the Customers within seller's aggregated

group have not changed Seller will also place on file with "Brooklyn Union" a copy of customer's written request to be included in seller's aggregated group for the effective time period.

ACCEPTED:

(Seller)

By: _____

Title: _____

Date: _____

FOR "Brooklyn Union" USE ONLY:

Credit Approved by: _____

Source: Dun & Bradstreet Rating: _____

Affiliate Dun & Bradstreet with Guarantee: _____

Analysis of Finances: _____

Security Posted: _____

Amount of Security: \$ _____

Type of Security: _____

Service Classification No. 8 Aggregated Customer List

[illegible][illegible]

**FORM OF SERVICE AGREEMENT
FOR NON-CORE TRANSPORTATION SERVICE
FOR ELECTRIC GENERATION
(Service Classification No. 20)**

THIS AGREEMENT entered into this ___ day of _____, _____, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and _____, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 20 (SC-20) pursuant to which the Company offers a non-core transportation service for electric generation to qualifying customers (NCTEG Service);

WHEREAS, Customer has requested Company provide Customer NCTEG Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Transportation Service.

(a) Customer represents and warrants that customer qualifies for service under SC-20, Rate NCTEG-1. Subject to the terms and conditions of this Agreement, the Tariff and the terms and conditions of SC-20, Customer hereby agrees to communicate to Company by facsimile transmission or telephone the Daily Nomination Quantity. The Daily Nominations Quantity may not exceed the Maximum Daily Delivery Quantity of _____ dekatherms, exclusive of the factor of adjustment for system losses. Subject to the terms and conditions of this Agreement, the Tariff and the terms and conditions of SC-20, upon Customer's communication of the Daily Nomination Quantity, Customer will be required to deliver or cause to be delivered daily to the Company for Customer's account gas in quantities equal to the Daily Nomination Quantity. The Daily Nomination Quantity shall include a quantity for system loss and unaccounted for gas. The Company shall not be required to accept deliveries of gas in excess of the Maximum Daily Delivery Quantity of _____, exclusive of the factor of adjustment for system losses.

(b) The Company agrees to receive, transport, and redeliver on an interruptible basis to Customer, gas in quantities equal to the Daily Nomination Quantity as adjusted for lost and unaccounted for gas; provided that the Company will not redeliver quantities greater than Customer's Maximum Daily Delivery Quantity.

2. Seller of Gas. Customer designates _____ to be its seller of gas hereunder.

3. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Customer to the Company

hereunder shall be the existing delivery point of _____
(name of pipeline)
known to the Company as _____
(name of metering station)

4. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at _____

(Customer Service Location(s))

5. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Company's system.

6. Daily Balancing. The Company shall balance to zero Customer's account at the end of each day, as provided under the terms and conditions of SC-20.

7. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company, for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-20, Rate Schedule 1 and the general terms and conditions of the Tariff.

(b) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-20, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

8. Term of Agreement.

(a) This Agreement shall be effective for a term of five (5) years, commencing as of the date first above written. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 8 hereof shall commence on _____, _____.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-20, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation service provided hereunder if Customer (i) violates any provision of this Agreement, the terms and conditions of SC-20, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

9. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or (c) or on the business day next following mailing,

when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: The Brooklyn Union Gas Company
 One MetroTech Center
 Brooklyn, New York, 11201-3850
 Attention: _____

If to Customer: _____

 Attention: _____

10. Creditworthiness. In accordance with SC-20, as a condition to Company's execution of this Agreement, Customer shall guarantee payment of \$_____ (the "credit amount") by providing to Company (i) a letter of credit for the credit amount from a financial institution acceptable to Company; (ii) a prepayment of the credit amount, or (iii) a financial guarantee of the credit amount from a financial institution acceptable to the Company. Upon termination of this Agreement, the letter of credit, prepayment or financial guarantee shall be returned to the Customer, to the extent not required to offset or secure any amount owed by Customer to Company.

11. Incorporation by Reference. The terms and conditions of SC-20 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

12. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

10. Creditworthiness. In accordance with SC-20, as a condition to Company's execution of this Agreement, Customer shall guarantee payment of \$_____ (the "credit amount") by providing to Company (i) a letter of credit for the credit amount from a financial institution acceptable to Company; (ii) a prepayment of the credit amount, or (iii) a financial guarantee of the credit amount from a financial institution acceptable to the Company. Upon termination of this Agreement, the letter of credit, prepayment or financial guarantee shall be returned to the Customer, to the extent not required to offset or secure any amount owed by Customer

to Company

11. Incorporation by Reference. The terms and conditions of SC-20 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

12. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

THE BROOKLYN UNION GAS COMPANY _____

By: _____

By: _____

Title: _____

Title: _____

KEYSPAN GAS EAST CORPORATION D/B/A BROOKLYN UNION OF LONG ISLAND
Service Classification No. 13
Temperature-Controlled Transportation Service Agreement

To KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island:

_____ (Customer) requests that KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island ("Brooklyn Union") provide Temperature-Controlled transportation service of natural gas to Customer at _____ (Service Location) under the terms of Service Classification No. 13. Customer also requests supplemental service under the terms of "Brooklyn Union" Service Classification No. 12. Customer (has) or (does not have) a dual fuel capability. Customer will be subject to the interruption provisions in Service Classification No. 12.

Business Name: _____ Account # _____

Company or
Corporation Name: _____ Telephone # _____

Service Address: _____ Zip: _____

Mailing Address: _____ Zip: _____

Service Classification No. _____ Grid # _____

Telephone No. for notification of interruption _____

Alt Rate Code _____

Service Start _____

Check off applicable rate below:

Rate 1 - 730 _____
(Between 2,000 Dth and 5,000 Dth annually)

Rate 2 - 731 _____
(Excess of 5,000 Dth annually)

Rate 3 - 732 _____
(Negotiated contract - annual usage exceeds 100,000 Dth)

Customer understands and agrees as follows:

1. Upon the customer's request, "Brooklyn Union" will estimate the customer's Annualized Transportation

Quantity, based upon the equipment specified as Attachment A, hereto, to determine if the Customer has the capability of consuming at least 2,000 dth per year to qualify for service under Service Classification No. 13. In addition, "Brooklyn Union" will review the customer's historic usage to estimate the customer's annual usage;

2. Customer shall take and pay for the service in accordance with Service Classification No. 13 and is bound by the terms and conditions contained therein and in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York;

3. Customer's term shall begin on _____ and shall expire twelve months thereafter unless otherwise terminated pursuant to Service Classification No. 13. This term will be extended for additional twelve month periods unless the Customer has provided thirty (30) days prior written notice of termination to "Brooklyn Union". Upon such termination, the Customer shall pay for all service rendered through effective date of termination.

4. Customer warrants that all information provided to "Brooklyn Union" for the purpose of qualifying for service under Service Classification No. 13 is true and accurate and Customer acknowledges that such information has been provided to "Brooklyn Union" for the purpose of inducing "Brooklyn Union" to provide service pursuant to Service Classification No. 13;

5. The Customer acknowledges and agrees that the supply and transportation of Customer purchased gas to an existing Receipt Point(s) of the company's gas facilities shall be solely the responsibility of the Customer;

6. Customer is responsible for the costs associated with the installation of 1) remote and automatic meter reading devices ("telemetering") and 2) any new facilities required for the company's provision of service to Customer pursuant to Special Provision (1) of Service Classification No. 13;

7. The customer's annual, daily and hourly quantities shall be as follows:

(A) Annualized Transportation Quantity _____ dth

(B) Daily Quantity _____ dth
[Defined as 1/365 of the Annualized Transportation Quantity].

(c) Maximum Daily Quantity _____ dth
[150% of the Daily Quantity].

(D) Maximum Hourly Quantity _____ dth
[As set forth on Attachment A]

The Customer represents that the total quantities of gas listed above, less the amount of gas to be retained by the Company as an allowance for fuel used and/or lost in the process of transportation and delivery, do not exceed the customer's requirements;

8. Under Service Classification No. 13, service shall be provided at either Rate 1, Rate 2 or Rate 3 set forth under Service Classification No. 13.

9. Service to customers will be interrupted when the temperature drops below the temperature level specified by the Company. Temperature settings of the control devices, whether automatic or semi-automatic, will be established solely by the Company as set forth in Service Classification No. 13. For gas consumed during an interruption period without expressed written authorization of the Company, The Company will impose an additional charge of \$2.50 per therm for the unauthorized gas.

10. All rates and charges under the Service Classification No. 13 tariff are subject to increase pursuant to Rule III.2 of the tariff where service is provided to a Customer in a municipality;

11. Charges for transportation of gas are applicable to quantities metered at the customer's Service Location;

12. By the first business day following the 14th day of every month, the Customer or Supplier shall provide to the Company written notice of the natural gas schedule for delivery at the City Gate by interstate pipeline for the succeeding month for the customer's account.

13. The Customer or Supplier must not deliver or cause to be delivered at the City Gate more than the Maximum Daily Quantity (MDQ).

14. The Company may not accept the customer's nomination to the Company's City Gate if the Company has interrupted service to the customer's facilities.

15. If any provision herein is construed to be inconsistent with Service Classification No. 13, Customer acknowledges that the provisions of Service Classification No. 13 as modified and approved by the New York State Public Service Commission shall govern; and

16. "Brooklyn Union's" waiver of any one or more of the provisions of this Service Agreement and/or Service Classification No. 13 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.

ACCEPTED:

Customer

KeySpan Gas East Corporation
D/B/A Brooklyn Union of Long Island

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INSTRUCTIONS

*Customer should read this Service Agreement
and Service Classification No. 13
before executing this Agreement.*

Attachment A

Type equipment Including Controller if Applicable	Manufacturer	Model	BTUh Input Rating	Maximum Hourly Quantity
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____

APPLICATION FOR INTERRUPTIBLE SERVICE

The undersigned customer (Individual/Corporation) _____,
is requesting temperature controlled service at, _____ which is described
as _____ under Public Service Commission under the following Service Classifications.

The undersigned hereby agrees subject to all terms and conditions to use the gas purchased hereunder only
in the operation of the following equipment which is in regular use, and has an input capacity
of _____ BTU's per hour and not to use in such specified equipment any gas purchased from
the Company other than gas purchased under this Service Classification.

SC 5A - Large Volume Service _____ Leaf Nos. 174 thru 195).

Commercial 6C**Government 6G****MultiFamily 6M**

P.S.C. No. 12 Gas
Leaf No's. 196 thru 205

P.S.C. No. 12 Gas
Leaf No's 206 thru 215

P.S.C. No. 12 Gas
Leaf No's 216 thru 227

SC 6C1 _____

SC 6G1 _____

SC 6M1 - less than 3,500 dth

SC 6C2 _____

SC 6G2 _____

SC 6M2 - 3,500 dth up to 8,999 dth

6C/6G1 - Less than 10,000 DTH annually

SC 6M3 - 9,000 dth up to 25,999 dth

6C/6G2 - Greater than or equal to 10,000 DTH annually

SC 6M4 - 26,000 +

To pay for such service at the applicable rates of the above designated service classification and any amendments,
there of, in effect and on file with the Public Service Commission.

To comply with the rules and regulations set forth in the Rules, Regulations and General Information for Gas
Service, P.S.C. No. 12- Gas and any amendment thereof, in effect and on file with the Public Service Commission.

That service shall be terminable by either party after one year from the commencement of service on six months'
written notice to the other, or terminable in the manner provided by law and the rules and regulation set forth in
the Rules, Regulations, and General information for Gas Service P.S.C. No. 12-GAS, and any amendments thereof,
in effect and on file with Public Service Commission.

Accepted By Brooklyn Union

Accepted By Customer

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

KEYSPAN GAS EAST CORPORATION D/B/A BROOKLYN UNION OF LONG ISLAND

**Service Classification No. 4
Interruptible Gas Service Agreement**

_____ (Customer) requests that KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island ("Brooklyn Union") supply natural gas under the provisions of Service Classification No. 4 to its premises located at the service address listed below.

Business Name: _____ Account # _____

Company Or:

Corporation Name: _____ Telephone# _____

Service Address: _____ Zip: _____

Mailing Address: _____ Zip: _____

Service Classification No. _____ Grid # _____

Telephone No. for Notification of Interruption _____

Customer understands and agrees as follows:

1. Gas supplied under this Service Classification will be separately metered and will not be substituted or used interchangeably with service furnished under any other Service Classification, and will be used only in the operation of the equipment specified as Attachment A, hereto;
2. Customer shall take and pay for the service in accordance with Service Classification No. 4 and is bound by the terms and conditions contained therein and in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York;
3. Customer warrants that all information provided to "Brooklyn Union" for the purpose of qualifying for service under Service Classification No. 4 is true and accurate and Customer acknowledges that such information has been provided to "Brooklyn Union" for the purpose of inducing "Brooklyn Union" to provide service pursuant to Service Classification No. 4;
4. Customer has provided a telephone number that will be active to receive notification of interruption from "Brooklyn Union" 24 hours per day, seven days per week. "Brooklyn Union" shall provide at least four hours notice during non-emergency conditions and one hour notice during emergency conditions. It will be deemed that "Brooklyn Union" has provided adequate notice of interruption if "Brooklyn Union" has made a good faith effort to notify by attempting to call the telephone number designated herein for purposes of such notification whether or not Customer is available to answer such call. "Brooklyn Union" will interrupt deliveries of gas

to any or all Customers taking service under this Service Classification No. 4 whenever and to the extent that it may be advisable in "Brooklyn Union's" judgement. A Customer that continues to take gas after receiving notice of interruption by the Company will be billed at a penalty rate of \$2.50 per therm and "Brooklyn Union" may take immediate action to terminate the Customer's gas supply;

5. All rates and charges under the Service Classification No. 4 tariff are subject to increase pursuant to Section III.2 of the tariff where service is provided to a Customer in a municipality;
6. If any provision herein is construed to be inconsistent with Service Classification No. 4, Customer acknowledges that the provisions of Service Classification No. 4 as modified and approved by the New York State Public Service Commission shall govern;
7. "Brooklyn Union's" waiver of any one or more of the provisions of this Service Agreement and/or Service Classification No. 4 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character; and
8. Customers who are members of energy cooperatives are responsible for identifying themselves to the Company. These Customers are required to provide annually pertinent information required by the Company to certify their cooperative status.

"Brooklyn Union" offers the Customer the following two options with respect to the investment required to attach to the system. The Customer will select an option by placing a check mark in the appropriate box. The Customer agrees to comply with the conditions contained in the option it selects.

(☐) 1. The attachment cost shall be paid by the Customer prior to construction.

(☐) 2. (a)(1) "Brooklyn Union" will allow the Customer a credit against the total attachment cost of \$ _____

(a)(2) The credit allowed is \$ _____ based on an estimate of revenue from the Customer for the first two years of service. This credit will be equal to an estimate of sales for the first twenty-four months of service times the current three month average unit excess revenue.

(a)(3) Excess attachment cost is \$ _____ which is equal to (a)(1) minus (a)(2).

(b) The Customer must pay for the excess attachment cost shown in (a)(3) above prior to construction.

(c) The Customer will be required to provide a five year surety bond or other security satisfactory to "Brooklyn Union" for the amount of the credit allowed in 2(a) (2) above provided by "Brooklyn Union" If at any time during the first five years the Customer's excess revenues are sufficient to meet the credit allowed, referred to as the revenue requirement, the bond obligation shall be void. If the Customer's excess revenues are not sufficient after the first five years to meet the revenue requirement, the Customer forfeits a portion of the bond as detailed in the tariff.

The Customer must install required house piping to the meter outlet, where appropriate, to the point of connection to the service line. The Customer shall execute and deliver to "Brooklyn Union" permanent easements or such other rights-of-way as "Brooklyn Union" may require to install and maintain the necessary mains, service lines, service connections and appurtenant facilities. The easements or rights-of-way delivered to "Brooklyn Union" shall be obtained at the Customer's expense. "Brooklyn Union" shall not be obligated to commence work under this Agreement until "Brooklyn Union" has received either satisfactory permanent easements or rights-of-way or the Customer's authorization to obtain such easements or rights-of-way on the Customer's behalf and at the Customer's expense.

Whenever a new Customer is connected to a main extension for which "Brooklyn Union" received a Customer contribution(s) within the previous five years, the new Customer shall pay a share of the facilities costs. The original Customer(s) who contributed to the main extension will be entitled to a refund. The refund shall be reasonably allocated among the original Customer(s) in proportion to the length of main used by each Customer served from the main extension in accordance with the tariff provisions. Whenever more than one Customer is connected to a main extension for which "Brooklyn Union" receives a Customer contribution(s), all Customer contributions shall be adjusted as to yield to "Brooklyn Union" not more than the cost applicable to said extension from all the Customers served from the main extension.

This Agreement shall inure to the benefit of and bind the successors and assigns of the parties hereto.

ACCEPTED:

Customer

KeySpan Gas East Corporation D/B/A
Brooklyn Union of Long Island

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INSTRUCTIONS

*Customer should read this Service Agreement
and Service Classification No. 4
before executing this Agreement.*

Attachment A

Type equipment Including Controller if Applicable	Manufacturer	Model	BTUh Input Rating	Maximum Hourly Quantity
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____

KEYSPAN GAS EAST CORPORATION D/B/A BROOKLYN UNION OF LONG ISLAND

Service Classification No. 7

Interruptible Transportation Service Agreement

To KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island:

_____ (Customer) requests that KeySpan Gas East Corporation D/B/A Brooklyn Union of Long Island ("Brooklyn Union") provide interruptible transportation service of natural gas to Customer at _____ (Service Location) under the terms of Service Classification No. 7. Customer also requests supplemental service under the terms of "Brooklyn Union" Service Classification No. 4. Customer (has) or (does not have) a dual fuel capability. Customer will be subject to the interruption provisions in Service Classification No. 4.

Business Name: _____ Account # _____

Company or
Corporation Name: _____ Telephone # _____

Service Address: _____ Zip: _____

Mailing Address: _____ Zip: _____

Service Classification No. _____ Grid # _____

Telephone No. for notification of interruption _____

Alt Rate Code _____

Service Start _____

Customer understands and agrees as follows:

1. Upon the customer's request, "Brooklyn Union" will estimate the customer's Annualized Transportation Quantity, based upon the equipment specified as Attachment A, hereto, to determine if the Customer has the capability of consuming at least 5,000 dth per year to qualify for service under Service Classification No. 7. In addition, "Brooklyn Union" will review the customer's historic usage to estimate the customer's annual usage;
2. Customer shall take and pay for the service in accordance with Service Classification No. 7 and is bound by the terms and conditions contained therein and in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York;
3. Customer's term shall begin on _____ and shall expire twelve months thereafter unless otherwise terminated pursuant to Service Classification No. 7. This term will be extended for

additional twelve month periods unless the Customer has provided thirty (30) days prior written notice of termination to "Brooklyn Union". Upon such termination, the Customer shall pay for all service rendered through effective date of termination. If upon such termination of this agreement, a fixed rate is applicable to Customer, Customer may not thereafter renew the service at a variable rate within the term of the fixed rate;

4. Customer warrants that all information provided to "Brooklyn Union" for the purpose of qualifying for service under Service Classification No. 7 is true and accurate and Customer acknowledges that such information has been provided to "Brooklyn Union" for the purpose of inducing "Brooklyn Union" to provide service pursuant to Service Classification No. 7;
5. The Customer acknowledges and agrees that the supply and transportation of Customer purchased gas to an existing Receipt Point(s) of the company's gas facilities shall be solely the responsibility of the Customer,
6. Customer is responsible for the costs associated with the installation of 1) remote meter reading devices to the extent such cost exceeds the cost of non-remote meter reading devices and 2) any new facilities required for the company's provision of service to Customer pursuant to Special Provision (a) of Service Classification No. 7;
7. Customer is responsible for additional charges, including, but not limited to FERC filing fees and any pipeline imbalance penalty charges;
8. The customer's annual, daily and hourly quantities shall be as follows:

(A) Annualized Transportation Quantity _____ dth

(B) Daily Quantity _____ dth
[Defined as 1/365 of the Annualized Transportation Quantity].

(c) Maximum Daily Quantity _____ dth
[150% of the Daily Quantity].

(D) Maximum Hourly Quantity _____ dth
[As set forth on Attachment A]

The Customer represents that the total quantities of gas listed above, less the amount of gas to be retained by the Company as an allowance for fuel used and/or lost in the process of transportation and delivery, do not exceed the customer's requirements;

9. Under Service Classification No. 7, service shall be provided at either a fixed or variable rate. If the Customer elects a fixed rate, Customer shall be billed at that rate for the succeeding twelve (12) months. If the Customer elects a variable rate, the Customer will be billed based upon the applicable variable rate for each month of service. The Customer may during the term of this agreement, convert from a variable to a fixed rate by providing the Company with written notice fifteen (15) days prior to the first day of the month in which the rate change is to take effect. If timely notice is given, the fixed rate applicable will be the rate in effect during the month in which the notice to convert to a fixed rate is received by the Company. The Customer cannot revert to a variable rate until the expiration of the twelve (12) month fixed rate period;

10. Customer has provided a telephone number that will be active to receive notification of interruption from "Brooklyn Union" 24 hours per day, seven days per week. "Brooklyn Union" shall provide at least four hours notice during non-emergency conditions and one hour notice during emergency conditions. It will be deemed that "Brooklyn Union" has provided adequate notice of interruption if "Brooklyn Union" has made a good faith effort to notify by attempting to call the telephone number designated herein for purposes of such notification whether or not Customer is available to answer such call. "Brooklyn Union" will interrupt deliveries of gas to any or all Customers taking service under this Service Classification No. 7 whenever and to the extent that it may be advisable in "Brooklyn Union's" judgement. A Customer that continues to take gas after receiving notice of interruption by the Company will be billed at a penalty rate of \$2.50 per therm and "Brooklyn Union" may take immediate action to terminate the Customer's gas supply;
11. All rates and charges under the Service Classification No. 7 tariff are subject to increase pursuant to Rule III.2 of the tariff where service is provided to a Customer in a municipality;
12. Charges for transportation of gas are applicable to quantities metered at the customer's Service Location;
13. By the first business day following the 14th day of every month, the Customer will provide "Brooklyn Union" with a nomination schedule for the next succeeding month. The nomination schedule shall indicate the pipeline as well as the quantity of gas nominated at the Company receipt point. The Customer may modify its nomination schedule by providing the Company with written notice of the change up to twenty-four (24) hours prior to 08:00 a.m. eastern daylight time for the day of the scheduled delivery;
14. The Customer will deliver or cause to be delivered at the Receipt Point(s), the transportation quantity specified in the customer's nomination schedule submitted to "Brooklyn Union". "Brooklyn Union" may, at its sole discretion, reject any portion of a customer's nomination to the extent that such nomination exceeds the customer's Maximum Interruptible Daily Transportation Quantity. "Brooklyn Union" may, at its sole discretion, transport such volumes if sufficient capacity is available on the Company's system;
15. A net surplus in the monthly quantity delivered to "Brooklyn Union" (reduced by four (4) percent for fuel use and losses) as compared to quantities delivered by "Brooklyn Union" to Customer will be applied to reduce the Customer's Interruptible Daily Quantity for a future month;
16. The Customer represents that _____ is authorized to act as its agent in all dealings with "Brooklyn Union" including, but not limited to, the submittal of monthly Customer nomination schedules. The Customer accepts full responsibility for all acts committed by such agent. The Customer must provide "Brooklyn Union" with at least ten (10) days written notice of changes in a customer's agent before the new agent may nominate deliveries on "Brooklyn Union's" system;
17. If any provision herein is construed to be inconsistent with Service Classification No. 7, Customer acknowledges that the provisions of Service Classification No. 7 as modified and approved by the New York State Public Service Commission shall govern; and
18. "Brooklyn Union's" waiver of any one or more of the provisions of this Service Agreement and/or Service Classification No. 7 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.

ACCEPTED:

Customer

KeySpan Gas East Corporation
D/B/A Brooklyn Union of Long Island

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INSTRUCTIONS

*Customer should read this Service Agreement
and Service Classification No. 7
before executing this Agreement.*

Attachment A

Type equipment Including Controller if Applicable	Manufacturer	Model	BTUh Input Rating	Maximum Hourly Quantity
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____

HOLIDAY SCHEDULE 2000

New Year's Day	Friday, December 31, 1999
Martin Luther King Jr.'s Birthday	Monday, January 17, 2000
President's Day	Monday, February 21, 2000
Memorial Day	Monday, May 29, 2000
Independence Day	Tuesday, July 4, 2000
Labor Day	Monday, September 4, 2000
Thanksgiving Day	Thursday, November 23, 2000
Day After Thanksgiving	Friday, November 24, 2000
Christmas Eve	Monday, December 25, 2000
Christmas Day	Tuesday, December 26, 2000

VI. REQUIREMENTS OF POOL OPERATIONS

A. Marketer Contact Personnel

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Mc Lean, VA 22102

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Toll Free: 877-226-3649

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Pin # 1727728

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E-mail: mtaddeo@hess.com

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Phone: 718-788-8695
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Page: 800-437-7872

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Fax: 703-218-3059

E-mail: CEIHQ@aol.com

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Herndon, VA 20171-4600

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		Fax:	724-873-1389
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<u>Regulatory:</u>	Sarah Bloom-Raskn	Phone:	703-561-6000
<u>Billing/Credit:</u>	Richard Contos	Phone:	703-561-6412
<u>Media:</u>	Michael McGary	Phone:	703-561-6000

Con Ed Solutions
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	Chris Jendras	Cell Phone:	914-993-2130
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		Fax:	914-686-1412
	E-mail: Mannings@conedsolutions.com		

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		Fax:	914-686-1420
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<u>Billing (Comm'l):</u>	Nat Didonato	Phone:	914-286-7013
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Operations/Retail/
Media/Regulatory: Charles Lombardi Phone: 973-759-8100 x1135

Billing: Marion Narucki Phone: 973-759-8100 x1148

Credit: Michael Lombardi Phone: 973-759-8100 x 1104

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End Users, Inc.

3100 Wilcrest

Ste.220

Houston, TX 77042

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E-mail: end.nat@proddigy.net

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Credit: Sue Albrecht Phone: 312-443-5700

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Billing: Carla Williams Phone: 713-853-9279
Fax: 713-646-8588

<u>Regulatory:</u>	Steve Montovano	Phone:	614-792-6030
<u>Credit:</u>	Ann Bertino	Phone:	713-853-4240
<u>Media:</u>	Peggy Mahoney	Phone:	713-345-7034

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Ste. 200

Pittsburgh, PA 15220-2700

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		Fax:	412-920-0655

Retail/Media

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Fax: 856-983-7257

E-mail: rtopolski@txuenergy.com

<u>Billing/Credit:</u>	Denise Augillard	Phone:	713-210-5110
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Operations/Retail

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<u>Regulatory:</u>	Phil Baratz	Phone:	800-273-5161
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<u>Credit:</u>	Fima Podvisoky	Phone:	718-854-5454
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<u>Media:</u>	Allan Brenner	Phone:	718-854-5454
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Fax: 718-886-0571
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Hm. Fax: 718-507-9794
Pager: 917-578-1926

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Energy Trader: Cassie Donohue

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Hm Fax: 718-375-3307
Pager: 917-578-1928

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Billing/Credit: Armand Albano

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Stuyvesant Fuel Services

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