

PSC NO: 12 GAS LEAF: 408.1
 COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 0
 INITIAL EFFECTIVE DATE: 11/03/06 SUPERSEDING REVISION:
 STAMPS:

SERVICE CLASSIFICATION No. 19 - Continued

Daily Penalty Cashout Provisions

For daily volumes delivered to KEDNY that differ from the daily volume set by KEDNY, the ESCO will be assessed a daily penalty cashout. The daily price will reflect the *Gas Daily*, Citygate, Transco Zone 6, NY index price for each Gas Day.

For Under Deliveries:

Percentage of City Gate Use	Charge Per Therm
0 to 5%	Transco Zone 6, NY
>5% to 10%	105% Transco Zone 6, NY
>10% to 15%	110% Transco Zone 6, NY
>15% to 20%	130% Transco Zone 6, NY
>20% to 50%	140% Transco Zone 6, NY
>50%	150% Transco Zone 6, NY

For Over Deliveries:

Percentage of City Gas Use	Payment Per Therm
0 to 5%	Transco Zone 6, NY
>5% to 10%	95% Transco Zone 6, NY
>10% to 15%	90% Transco Zone 6, NY
>15% to 20%	70% Transco Zone 6, NY
>20% to 50%	60% Transco Zone 6, NY
> 50%	50% Transco Zone 6, NY

End of Month Cash-out Provisions

The Company shall balance the Customer's account after each meter reading to zero. This shall be done by comparing the sum of the Customer's normalized deliveries to the Company for the month to the Customer's 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 Seller 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 Seller at the Company's Monthly Cash Out Price for the same period.

Monthly Cash Out Price is set based on the average of the weekly Natural Gas Weekly Spot Prices, Northeast/MidAtlantic, Transco Zone 6 NY Index. This price is posted as set forth in the weekly publication entitled "Natural Gas Week" for the applicable month.

Issued by: John J. Bishar, Jr., Executive Vice President, General Counsel, and Secretary, Brooklyn, NY