

PSC NO: 12 GAS
COMPANY: THE BROOKLYN UNION GAS COMPANY
INITIAL EFFECTIVE DATE: 11/01/06
STAMPS:

LEAF: 343
REVISION: 9
SUPERSEDING REVISION: 7

SERVICE CLASSIFICATION No. 17 – Continued

If a Marketer chooses to take a volume of Tier 1 released capacity that is less than its Tier 1 Maximum Capacity Release Volume, then the Marketer's capacity election, expressed as a percent of the Tier 1 Maximum Capacity Release Volume available to the Marketer, will become that Marketer's cap, *i.e.*, its Tier 1 Maximum Capacity Release Volume, for the following three years.

The Tier 1 capacity released on the Selected Pipelines will be at the Selected Pipelines' maximum rates. The Selected Pipelines will bill the Marketer each month for the released capacity at their respective maximum rates. The Marketer is responsible for all fixed and variable costs associated with the released capacity.

Marketers electing to receive Tier 1 capacity must deliver supply to the Company by means of that capacity. The Marketer is obligated to deliver gas to the Company for the Marketer's customers as required by the Company's tariff. The Marketer is required to meet all obligations required by the Selected Pipelines under their respective tariffs.

Capacity Release Option - Tier 2

The Marketer's Tier 2 Maximum Daily Quantity ("Tier 2 MDQ") will be set at 25% of the Marketer's estimated November daily load. On a monthly basis, the Company will recalculate the equivalent November daily load to reflect any increase or decrease in the number of customers and/or delivery volumes in the Marketer's pool, and adjust the Marketer's Tier 2 MDQ accordingly.

Marketers may deliver the Tier 2 MDQ volume to the Company's city gates using any available resource, at their discretion. The capacity Marketers use to supply their Tier 2 MDQ is not required to be primary. Marketers must deliver this capacity to the Company's city gates in accordance with the Company's Gas Transportation Operating Procedures Manual.

Alternatively, the Company will provide a bundled winter sales service each winter month (November through March, inclusive) to facilitate Marketers supplying their Tier 2 MDQ.

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