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SERVICE CLASSIFICATION No. 17 – Continued

Marketers that choose not to participate in the Company's Tier 3 virtual storage program will be required to procure their own supply and primary point capacity for these volumes and provide the Company with an affidavit attesting to the fact that the capacity being utilized is primary point capacity.

As an alternative to participating in the Company's Winter Capacity Program, Marketers may procure their own capacity to the KED city gates. During the five winter months (November through March) the amount of capacity delivered by the Marketers that is not required to be primary firm is capped 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. The Marketers will adjust their non primary firm deliveries accordingly. The balance of supply delivered by the Marketers during the five winter months must be primary firm capacity.

A Marketer who elects to procure its own firm capacity must provide the Company with an affidavit for the five winter months, signed by an officer or principal of Marketer, attesting that the Marketer has primary firm capacity to the Company's city gates for the applicable month(s) and that it will retain that capacity throughout the five months. Additionally, the Marketer must provide sufficient information to enable the Company to verify that it has the requisite capacity. The affidavit is required to be on file with the Company no later than (2) business days prior to the beginning of the month for which the gas is to be delivered. Marketers delivering gas to the Company's city gates will deliver in accordance with the Company's Gas Transportation Operating Procedures Manual GTOP recommended guidelines. Failure to comply may result in a supply curtailment and possible delivery imbalance penalties.

The Company will review the Marketer's affidavit and may, at its discretion, request additional information from the Marketer to support the affidavit. The Marketer will provide the Company with a reply to its inquiry concerning the affidavit within five (5) business days after receiving the request for additional information. The Company will then have (5) business days after receiving the Marketer's reply to respond to the Marketer.

If the Company and the Marketer are unable to resolve the matter, after making reasonable efforts to do so, then either party may invoke the dispute resolution procedure outlined in the UBP (see Appendix B).

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