

PSC NO: 1 GAS LEAF: 159.1
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 4
INITIAL EFFECTIVE DATE: 04/04/08 SUPERSEDING REVISION: 3
STAMPS: Issued in compliance with Order of PSC in C. 07-G-0299 dated 03/28/08

SERVICE CLASSIFICATION NO. 8
Seller Service (continued)

MARKETER/DIRECT CUSTOMER CAPACITY PROGRAM

Tier 1 - Capacity Release

Subject to the conditions described below, the Company will release capacity each month for the 12-month period beginning November 1st of each year equal to the "Tier 1 Maximum Capacity Release Volume." Initially, the Tier 1 Maximum Capacity Release Volume will be set at 75% of the Marketer's estimated November daily load less any Marketer/Direct Customer capacity pursuant to the section above. The Company will release pipeline capacity on the "Selected Pipelines" as specified in the Company's Gas Transportation Operating Procedures Manual in an amount, determined by the Marketer, not to exceed the Tier 1 Maximum Capacity Release Volume for that Marketer. 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 capacity release volume accordingly.

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 must deliver supply to the Company by means of the Tier 1 released 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.

Tier 2 - Bundled Winter Sales

The Company will provide a Tier 2 bundled winter sales service from November through March (and April, as required) that is equal to the Marketer's Tier 2 Maximum Daily Quantity ("Tier 2 MDQ"). The 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.

Issued by: Nick Stavropoulos, Executive Vice President, Hicksville, NY