

PSC NO: 1 GAS LEAF: 137
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 4
INITIAL EFFECTIVE DATE: 11/01/03 SUPERSEDING REVISION: 3
STAMPS: Issued in compliance with order in Case 02-M-0515 dated April 24, 2003

SERVICE CLASSIFICATION NO. 5 **Firm**
Transportation Service (continued)
(Rate Codes: 127, 137, 147, 167, 177, 158, 159, 257, 267, 277, XXX)

This option is only available to the extent the Company, in its reasonable discretion, has upstream interstate pipeline capacity available for release. In exercising its reasonable discretion, the Company will limit the available capacity for release to a Seller on a monthly basis.

The Company will not make available for release any capacity that the Company determines is required to meet its firm sales requirements, to meet its balancing requirements, to maintain its system reliability, or to meet third party obligations existing before April 1, 1996.

The Company, in its reasonable discretion, may determine the term of all prearranged capacity release transactions. A Seller that wishes to become a replacement shipper of the Company's available released capacity must notify the Company of its intention to become a replacement shipper at least forty-five (45) days before the first day of the proposed capacity release transaction. The Company will notify the Seller of its acceptance or rejection of the offer to become a replacement shipper of the company's released capacity no later than five (5) business days after the company's receipt of a capacity release proposal. The Company will confirm the release transaction no later than twenty (20) days before the first day of the proposed capacity release transaction.

Sellers are charged monthly the Pipeline Cost Adjustment to recover the cost of upstream capacity, balancing service demand, and balancing service peaking demand. This adjustment is calculated on a per therm basis and is set forth on the Statement of Gas and Pipeline Costs and Adjustments.

A Seller opting for the release of the Company's upstream transportation can elect the following option for its Customers.

Issued by Alfred C. Bereche, Asst. General Counsel and Secretary, Hicksville, NY