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SERVICE CLASSIFICATION NO. 5A - Continued

E. Charge for Late Payment:

A late payment charge at the rate of one and one half percent (1-2%) per month will be applied to the accounts of all customers, except state agencies, taking service under this service classification. The charge will be applied to all amounts billed, including arrears, unpaid late payment charge amounts applied to previous bills, and penalties, which are not received by the Company on or before the date specified on the customer's bill. The date so specified shall be not less than twenty-eight days after the date the bill was mailed to the customer. Service to state agencies will be rendered in accordance with the provisions of Article XI-A of the State Finance Law (Chapter 153 of the Laws of 1984, effective July 1, 1984). Notwithstanding the foregoing, the Company reserves the right to discontinue service and/or to take any other action permitted by law with respect to any customer who fails to make full and timely payment of all amounts due the Company, including amounts due for late payment charges and penalties imposed hereunder.

F. Contract Addenda:

Summaries of individually negotiated service agreements with customers taking service under Rate Schedule 2 of this service classification will be available as contract addenda to this service classification.

G. Customer Failure

During each winter season, a customer that does not interrupt gas service when required to do so, for any two occurrences (consecutive or non-consecutive), will be notified that they have violated the service requirements of the interruptible tariff. A winter season is defined as October through March. Effective with the next billing period, customers with two violations will be transferred to the equivalent firm service classification unless the Company has been notified in writing that the customer has chosen to terminate gas service. Customers transferred from interruptible to firm service are required to remain on firm service for the remainder of that winter season through the end of the next winter season. After that time a customer becomes eligible to re-apply for interruptible service.

A "warning letter" will be sent to customers after their first violation of the winter season. Failure to comply during the first system-wide test of the season, or any follow-up tests, is considered a violation.

There is an amnesty clause available to customers that experience an equipment failure. Should a customer's equipment fail to switch, it must notify the Company within one hour of the failure, and provide proof within two days that the equipment has been repaired and is operable. If a customer meets this criteria, the violation will be waived. However, there will be only one waiver of a violation allowed per winter season. Such waiver does not exempt the customer from having to pay any related overrun or unauthorized use charges.

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