Received: 02/18/2004
Status: CANCELLED
Effective Date: 02/19/2004

SERVICE CLASSIFICATION No. 19 - Continued

Merchant Function Backout Credit - Effective December 1, 2003 and continuing through May 31, 2005, a credit of $.21/dth will be applied to any firm transportation service customer-s bill except customers taking service under CTBS-21 or CTS-21. This credit will consist of reduced or avoided costs regarding uncollectible expenses associated with the cost of gas, working capital costs associated with storage gas used for firm sales service customers and certain gas supply procurement functions. This credit will appear on the Statement of Gas and Pipeline Costs and Adjustments. The Company may recover lost revenue arising from the Merchant Function Back-out Credit from the Transition Balancing Account, which Account is referenced in and will survive the expiration of the Gas Restructuring Joint Proposal approved by the Commission on May 23,2002 in Case 99-G-1469. On a quarterly and annual basis, the Company will provide to Commission Staff a report of the balance of the TBA, showing funds added to and costs recovered from the TBA.

APPLICABLE TO USE OF AGGREGATED TRANSPORTATION SERVICE FOR:

Any Seller requesting to sell gas to a Pool, provided that (1) the total average annual normalized consumption of the Pool is at least 50,000 therms, (2) each Customer in the Pool has executed a transportation service agreement with the Company under S.C. Nos. 16, 17 or 18, (3) Seller and the Company have executed a mutually agreed upon Seller's Service Agreement and (4) each Customer in the Pool has signed an agreement with the Seller to purchase gas from the Seller. The agreement between the Seller and Customer must include the name and address of the Customer, the Customer's Brooklyn Union account number, the term of the agreement, the Customer's signature, and the additional information set forth in the Special Provisions.

Each Pool shall be comprised of Customers belonging to a single Service Classification.

To the extent applicable to Customers in a Pool, the terms and conditions under S.C. Nos. 16, 17 and 18, as the case may be, shall remain in full force and effect.

The Company, based upon the Pool's historical normalized load profile and/or estimates of consumption, shall determine the Pool's annualized Load Profile Factor under design conditions. Based upon this result, the Company will determine the Seller's MDDQ, ADDQ and, where applicable, RCQ. These allocations shall be set forth in the Seller's Service Agreement with the Company, and will be used to determine rates and charges Seller is required to pay, as set forth under this service classification.

Seller may add customers to, or delete customers from, a Pool on the first day of each month, provided that the Seller has notified the Company of such change as instructed by the Uniform Business Practices for Retail Access Section 5.D. The Company shall recalculate the requirements of the Pool to determine the revised rates, charges and other requirements applicable as a result of the change.

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