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..TXT: PSC NO: 1 GAS LEAF: 119.11
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1
INITIAL EFFECTIVE DATE: 07/24/02 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with order in Case No. 00-M-0504 dated 5 /9/02
RECEIVED: 07/23/02 STATUS: Effective EFFECTIVE: 07/24/02
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GENERAL INFORMATION (Cont.)

G. Calling on Security

The Company may call upon the security posted by an ESCO/Marketer/Direct Customer after providing 5 days' notice to the ESCO/Marketer/Direct Customer whenever the ESCO/Marketer/Direct Customer fails to pay the Company on a timely basis, unless the ESCO/Marketer/Direct Customer makes payment in full within the 5-day notice period.

The Company may call upon the security posted by an ESCO/Marketer/Direct Customer without prior notice if the ESCO/Marketer/Direct Customer files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the ESCO/Marketer/Direct Customer) or for any reason an ESCO/Marketer ceases to provide service to its customers under the Company's program.

If an ESCO/Marketer, acting as a Billing Agent, has posted security with the Company, the Company will apply the security to the customers' delivery charges and customer late payment charges (if applicable) for any unpaid amounts due from customers.

H. ESCOs/Marketers Requesting Customer Deposits

If an ESCO/Marketer requests deposits from its customers, the ESCO/Marketer must have a required bond rating (a minimum rating of "BBB" from S&P, "Baa 2" from Moody's or "BBB" from Fitch), or escrow account or letter of credit from an "A" rated financial institution. ESCOs/Marketers shall present this evidence to the Company on August 1, 2002 and on August 1 of each subsequent year.

I. ESCOs/Marketers Requesting Customer Prepayments

If an ESCO/Marketer requests prepayments from its customers, the ESCO/Marketer must have the required bond rating, a minimum rating of "BBB" from S&P, "Baa 2" from Moody's or "BBB" from Fitch. Evidence of this requirement shall be presented to the Company on August 1, 2002 and on August 1 of each subsequent year.

Issued by Robert D. Ekholm, Manager, Corporate Secretary's Office, Hicksville, NY