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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 2
INITIAL EFFECTIVE DATE: 04/01/99 SUPERSEDING REVISION: 1
STAMPS: Issued in compliance with order in Case 97-G-1380 dated 3/24/99
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GENERAL INFORMATION - Continued

Notwithstanding the foregoing, pursuant to the Commission's Order in Case 98-G-0824 and the Commission's March 2, 1999 Order in Case 97-G-1380 during any period in which a Gas Supply Management Arrangement similar to that in effect on the effective date of the Commission's Order in Case 98-G-0824 remains in effect, the product of 1.1 million dekatherms multiplied by the average credit per dekatherm received by the Company from capacity released during the twelve months ending March 31, 1998 multiplied by .1 shall be added to eighty percent of (a) margin revenues from Off-System Transactions rendered to off-system customers, other than (i) margin revenues from sales to Central Hudson under the current agreement between Brooklyn Union and Central Hudson, and (ii) margin revenues from balancing service rendered to customers under SC 13, and (b) capacity release credits, other than capacity release credits resulting from the release of capacity to Core Customers converting to transportation service under Service Classification No. 16 - Comprehensive Transportation and Balancing Service and capacity release credits associated with each new dekatherm of capacity brought to the Company's citygate by a marketer serving transportation customers on the Company's system after April 1, 1999, and that total shall be fully credited to the Gas Cost applicable to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A and 4B.

Gas Cost Year - the twelve months beginning each September 1 and ending on the following August 31.

Gas Supply Management Arrangement - Gas Supply Management Arrangement means a transaction where the Company releases or assigns all or a part of the Company's capacity rights to a third party as part of a comprehensive agreement. Under such an arrangement, the third party satisfies all or a portion of the gas supply and/or transportation and related service requirements of identified sales and/or transportation customers as may be agreed to between the Company and any such third party or as may be required by the Commission.

Issued by: Steven L. Zelkowitz, Sr. Vice President and General Counsel, Brooklyn, NY