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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 0
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STAMPS:
Cancelled by 1 Rev. Leaf No. 411.1 Effective 08/01/1999
Effective date postponed to 08/01/99. See Supplement No. 2, 1
RECEIVED: 02/25/99 STATUS: Cancelled EFFECTIVE: 08/01/99

SERVICE CLASSIFICATION No. 19 - Continued

Monthly Standby Gas Service Charge Waiver:

Standby Demand Charges will be waived for an Human Needs transportation customer provided that the direct purchase Human Needs transportation customer or such customers' Seller satisfies either one of the following two options:

Option 1) Seller shall demonstrate, to the Company's satisfaction, no later than the close of business on the first day of the NYMEX three day settlement, that he has committed to either primary receipt point capacity to the Company's citygate or primary receipt point natural gas deliveries to the Company's citygate in a quantity sufficient to supply the Average Daily Delivery Quantity (ADDQ) for such Human Needs requirements for the upcoming month; and,

Seller shall provide the Company a written agreement assigning to the Company the rights of such Seller to either their primary receipt point capacity to the Company's citygate or primary receipt point natural gas deliveries to the Company's citygate in a quantity sufficient to supply the Average Daily Delivery Quantity (ADDQ) for such Human needs requirements. In the event the direct purchase transportation customer or Seller fails to deliver gas to the citygate to meet their ADDQ requirement under this option for three consecutive days, the Company may call upon its assignment rights to the Seller's assets.

Option 2) Seller may provide the Company with a letter of credit in lieu of assigning to the Company either primary receipt point capacity to the Company's citygate or primary receipt point natural gas deliveries to the Company's citygate, when one or both is not demonstrated in the first option. The letter of credit posted shall be equal to the cost of procuring fully delivered natural gas necessary to supply the Human Needs customer(s)' maximum monthly ADDQ. Such cost shall be computed by multiplying the Human Needs customer(s)' maximum monthly ADDQ by the Company's Incremental Cost of Gas (ICOG) for the preceding January. The Company shall be given the authority to call upon such letter of credit in the event the Seller fails to deliver gas to the Company's citygate to meet their applicable ADDQ requirement for three consecutive days.

The Company reserves the right to discontinue the above option upon breach of the customer.

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