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SERVICE CLASSIFICATION No. 19 - Continued

Standby Gas Service

Sellers providing service to customers under this Service Classification pursuant to Service Classification No. 17 must elect one of the following standby gas options for all firm load aggregated Pools no later than October 15th each year:

Option 1 - Company Provided Standby Service

Under this option, the Seller elects to pay the rates and charges applicable for Standby Gas Service as provided by the Company. The rates and charges are as follows:

Demand Charge - \$0.043 per therm multiplied by the Core Customers Aggregated Pools' normalized consumption from November 1st through March 31st, both inclusive, as determined by such Pools' load profile. The resulting aggregate demand charge shall be divided by five and be payable on the first of each winter month, beginning with November 1st. The Company shall provide the Seller with the monthly demand charge prior to October 15th of each year.

Variable Rate - in the event the Seller is unable to continue delivery of natural gas for his account as provided for in the CTS agreement from November 1st through March 31st, both inclusive, such Pool shall return to sales service and pay a cost of gas equal to the Company's Actual Monthly ICOG multiplied by the such Customer's consumption for the duration of the winter season. If, after the winter season, such Customers have not elected to be served under this Service Classification, then they will remain on sales service for one year.

Option 2 - Seller Demonstration of Primary Receipt Point Capacity and/or Primary Receipt Point fully bundled delivery of natural gas from November 1st through March 31st, both inclusive

The Seller demonstrates, 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 firm, non-recallable, primary receipt point capacity to the Company's citygate or firm, non-recallable, primary receipt point natural gas deliveries to the Company's citygate in a quantity sufficient to supply the Average Daily Delivery Quantity (ADDQ) for his Aggregated Core Customers for the upcoming month and that such commitment is assignable to the Seller. The Seller shall provide the Company written proof that the Customer has either firm, non-recallable, primary receipt point capacity to the Company's city gate or firm, non-recallable primary receipt point natural gas deliveries to the Company's city gate in a quantity sufficient to supply the Average Daily Delivery Quantity (ADDQ) of the Core Customer Aggregated Pool.

If in any month the Seller fails to provide the required proof of capacity or bundled gas, the Seller will pay 110 percent of the Standby Demand Charges on the full five winter months of normalized consumption as calculated under Option 1 and shall be subject to the variable rate under Option 1.

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