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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 3

INITIAL EFFECTIVE DATE: 09/01/99 SUPERSEDING REVISION: 2

STAMPS: Issued in compliance - C.99-G-0878 (8/19/99) and C.97-G-1380 (8/19/99)

Cancelled by 4 Rev. Leaf No. 342 Effective 11/01/1999

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SERVICE CLASSIFICATION No. 17 - Continued

Daily Swing Service Monthly Imbalance Charge

The Company shall balance the Customer's account after each actual meter reading to zero. This shall be done by comparing the sum of the Customer's deliveries to the Company for the month to the Customer's actual usage for the same period. If the Customer consumed more gas than delivered to the Company for his account, the excess shall be purchased by the Customer at the Company's Monthly Cash Out Price for the same period. If the Customer consumed less gas than delivered to the Company for his account, the shortfall shall be credited to the Customer at the Company's Monthly Cash Out Price for the same period.

Standby Gas Service

Direct Purchase Core Customers taking service under this Service Classification must elect one of the following standby gas options no later than October 15th each year:

Option 1 - Company Provided Standby Service

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

<u>Demand Charge</u> - \$0.043 per therm multiplied by the Customers' normalized consumption from November 1st through March 31st, both inclusive, as determined by the Customer's 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 Direct Purchase Core Customer with the monthly demand charge prior to October 15th of each year.

<u>Variable Rate</u> - in the event the Direct Purchase Core Customer 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, the Customer shall return to sales service and pay a cost of gas equal to the Company's Actual Monthly ICOG multiplied by the Customer's consumption for the duration of the winter season. If, after the winter season, the Customer has not elected to be served under this Service Classification, than the Customer will remain on sales service for one year.

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