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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 0
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SERVICE CLASSIFICATION No. 16 - Continued

CAPACITY RELEASE SURCHARGE/(CREDIT)

Company and Customer shall enter into a prearranged pipeline capacity release transaction for a term corresponding to the term of Customer's CTB Service Agreement. The Company shall determine the quantity to be released (See Special Provisions) and the pipeline on which such capacity will be released. Both the quantity of capacity and pipeline on which such capacity will be released shall be set forth in the Customer's CTB Service Agreement. Customer shall pay the pipeline directly for such released capacity at the pipeline's maximum rate. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) to provide Standby Service in the event such service is utilized by the Customer; (3) at the Company's option, whenever the Customer fails to deliver gas in an amount equal to his ADDQ and (4) any other conditions set forth in the capacity release transaction between the Customer and the Company.

The Capacity Release Surcharge/(Credit) will be applied each month to the total monthly quantity of capacity released by the Company to the Customer. The per therm charge is calculated by subtracting the Customer's actual cost per therm of released pipeline capacity from the Company's Average Upstream Transportation Cost as filed with the Commission on the Statement of Unbundled Transportation Service Charges. This calculation results in a per therm surcharge when the difference yields a positive result; and a per therm credit when the difference yields a negative result. However, this charge will not be applicable during any period when the Customer utilizes its or his rights under Standby Service (see Leaf No. 306).

Issued by: Robert J. Fani, Senior Vice President, Brooklyn, New York