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COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0
INITIAL EFFECTIVE DATE: 03/18/99 SUPERSEDING REVISION:
STAMPS:
Cancelled by 1 Rev. Leaf No. 159 Effective 07/01/1999
Effective date postponed to 07/01/99. See Supplement No. 2, 1, 1
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SERVICE CLASSIFICATION No. 8
Seller Service (continued)

Release of the Company's Upstream Transportation (continued):

The Company will release additional capacity in any month above the aforementioned limitations to the extent such released capacity together with deliveries from Seasonal Delivery Service is needed to deliver a customer's DTQ or customers' ADTQ in that month or the Company will reduce the applicable customer's DTQ to the extent that additional capacity is unavailable.

In addition, the Company will not make available for release any capacity that the Company determines is required to meet its firm sales requirements, to meet its balancing requirements, to maintain its system reliability, or to meet third party obligations existing before April 1, 1996.

The Company, in its reasonable discretion, may determine the term of all pre-arranged capacity release transactions. A Seller that wishes to become a replacement shipper of the company's available released capacity must notify the Company of its intention to become a replacement shipper at least forty-five (45) days before the first day of the proposed capacity release transaction. The Company will notify the Seller of its acceptance or rejection of the offer to become a replacement shipper of the company's released capacity no later than five (5) business days after the company's receipt of a capacity release proposal under this Service Classification. The Company will confirm the release transaction no later than twenty (20) days before the first day of the proposed capacity release transaction.

Charges for Failure to Deliver Daily Transportation Quantities:

For amounts delivered by the Seller to the company's City Gate that are below the applicable DTQ or ADTQ, except due to reasons of Force Majeure or reasons attributable to the actions of the Company, the Company will charge the Seller the following:

- (I) One hundred (100) percent of the highest weekly gas price posted in Natural Gas Week for Transcontinental Gas Pipeline for Zone 3 of the applicable month plus Transcontinental Gas Pipeline's FT variable transportation costs and surcharges and equivalent fuel costs from Zone 3 to Zone 6 for under-deliveries up to or equal to two (2) percent of the applicable DTQ or ADTQ;
- (ii) \$10.00 per DTHM for under-deliveries in excess of two (2) percent of the applicable DTQ or ADTQ except on critical days; and
- (iii) \$25.00 per DTHM for under-deliveries in excess of two (2) percent of the applicable DTQ or ADTQ on critical days for gas supply.

Termination of Service for Failure to Deliver Daily Transportation Quantities:

The Company shall have the right to terminate service under this Service Classification to any Seller that fails to deliver at least ninety (90) percent of the applicable DTQ or ADTQ for any three (3) days of a calendar month or any five (5) days within a twelve (12) month period.

Terms of Payment:

The Customer shall pay the balance due in cash or its equivalent on receiving the bill, or be subject to late payment charge in accordance with provisions of Rule II.3E.2. The Company may elect to utilize the deposit to satisfy late payments.

Issued by Robert J. Fani, Senior Vice President, Hicksville, NY