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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 1

INITIAL EFFECTIVE DATE: 10/01/98 SUPERSEDING REVISION: 0

STAMPS: Issued in compliance - C.98-G-0824 (8/27/98) and C.95-G-0761 (9/22/98)

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SERVICE CLASSIFICATION No. 16 - Continued

BALANCING SERVICE RATES AND CHARGES

Company shall provide balancing service for Customer up to an aggregate total quantity equal to Customer's RCQ. The Customer's RCQ shall be determined by the Company (See Special Provisions) and shall be set forth in Customer CTB Service Agreement. During the Delivery Period, Customer shall be directed by the Company to deliver gas to Company for Customer's account. The Company may issue an Operational Flow Order (OFO) directing the delivery of such gas to either a specific upstream storage field or directly to the Company. Company shall endeavor to monitor Customer's Daily Delivery Quantities, Daily Redelivery Quantities and Redelivery Balance; however, Customer shall at all times remain responsible for compliance with all restrictions and limitations provided for in this Service Classification and in the Customer's CTB Service Agreement. The rates and charges associated with this service are listed below:

Balancing Service Demand Charge

The total Balancing Service Demand Charge that results from multiplying the monthly per therm Balancing Service Demand Charge by 1/12 of the Customer's Redelivery Capacity Quantity, as determined by the Company (See Special Provisions) and included in the Customer's CTB Service Agreement. The per therm charge is determined by the Company and set forth on the Statement of Unbundled Transportation Service Charges on file with the Commission.

Balancing Service Peaking Demand Charge

The total Balancing Service Peaking Demand Charge that results from multiplying the monthly per therm Balancing Service Peaking Demand Charge by 1/12 of the Customer's annual quantity of pipeline capacity needed to provide balancing as determined by the Company. The per therm charge is determined by the Company and set forth on the Statement of Unbundled Transportation Service Charges on file with the Commission.

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