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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 1
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RECEIVED: 09/25/98 STATUS: Cancelled EFFECTIVE: 10/01/98
SERVICE CLASSIFICATION No. 16 - Continued

Balancing Service Imbalance Charge

After the end of a Redelivery Period, the Company will reconcile the total of the Daily Delivery Quantities and Daily Redelivery Quantities for Customer during the twelve month period ending at the end of such Redelivery Period. If the total Daily Redelivery Quantities exceeds the total Daily Delivery Quantities, the Customer did not deliver enough gas to meet his annual demand for the period and the Customer shall be billed by multiplying such excess per therm by the Company's Actual Monthly ICOG for the period in which such Redelivery Period ends, as set forth on the Statement of Unbundled Transportation Service Cash Out Charges on file with the Commission. If the total of the Daily Delivery Quantities for such period exceeds the total of the Daily Redelivery Quantities, such excess shall be added to the Customer's Redelivery Balance for the beginning of the next twelve month period.

In the event the Company determines, in its sole discretion, during the twelve months preceding the Redelivery Period that design winter conditions will not occur, the Customer shall have the option of reducing its year-end inventory to zero for such Redelivery Period. Such customer requests shall be individually scheduled with each customer. Notwithstanding this option, any year-end imbalance shall be treated in the manner set forth in this section.

Standby Gas Service

The Company will provide a back-up to the gas supply of any customer subscribing to Standby Gas Service. All Customers electing CTB service under this service classification are required to subscribe to Standby Gas Service for the duration of their CTB Service Agreement. The Company will recall the Customer's pipeline capacity in order to provide Standby Gas Service. All transportation charges shall remain effective during the period Standby Gas is provided.

The Company will provide Standby Gas Service for a maximum of forty-five (45) consecutive days during the term of Customer's CTB Service Agreement. If deliveries of gas to the Company for transportation to Customer's facilities do not commence within forty-five (45) days after initial interruption, Customer will become a gas sales customer of the Company and will remain as such for at least one year.

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