

..DID: 20841

..TXT: PSC NO: 12 GAS

LEAF: 138.32

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 2

INITIAL EFFECTIVE DATE: 02/11/03

SUPERSEDING REVISION: 1

STAMPS:

Effective date postponed to 05/01/03. See Supplement No. 13

RECEIVED: 11/12/02 STATUS: Pending EFFECTIVE: 05/01/03

GENERAL INFORMATION (Cont.)

4. Upon mutual agreement between the ESCO/Marketer and the Company, a lockbox arrangement for administering the Billing Agency arrangement may be arranged. The allocation of funds in the lockbox must be consistent with the terms described under the Creditworthiness rules. ESCO/Marketers must comply with all the requirements above, except that where a lockbox is used the Company may not require more than 50% of the security that would otherwise be required from ESCOs/Marketers. The administrative rules shall specify the terms under which the lockbox mechanism will be terminated for noncompliance.
5. The Company may terminate a Billing Agency arrangement and send its invoices for delivery charges directly to the ESCO's customers after providing 5 calendar days' notice to the ESCO/Marketer/Billing Agent if:
 - a. the ESCO/Marketer agent has not paid the Company on a timely basis for its delivery charges, unless such payment is made in full before the expiration of the 5 calendar day notice period (note: untimely payments may be a basis for a termination if a pattern of such payments develops); or
 - b. the ESCO/Marketer's credit rating or security is no longer adequate and the ESCO/Marketer fails to post the necessary additional security within the 5 calendar day notice period; or
 - c. the Company draws on the ESCO's/Marketer's security deposit and the ESCO does not reinstate the required security within 5 calendar days; or
 - d. the ESCO/Marketer has on several occasions failed, after notice from the Company, to meet its other obligations as Billing Agent, as set forth herein and/or in agreement(s) with the Company (if applicable).

Issued by Richard A. Rapp, Jr., Vice President and Deputy General Counsel, Brooklyn, NY