

..DID: 8234

..TXT: PSC NO: 12 GAS

LEAF: 138.10

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 0

INITIAL EFFECTIVE DATE: 06/01/99

SUPERSEDING REVISION:

STAMPS:

RECEIVED: 04/26/99 STATUS: Effective EFFECTIVE: 06/01/99

GENERAL INFORMATION (Cont.)

E. Retail customers procuring their own energy (Direct Customers)

The aforementioned creditworthiness standards shall be waived for a customer procuring its own energy, provided that such customers accounts are current and have been maintained current for 12 months, and provided that the customers long-term unsecured debt securities are, and remain, rated a minimum of BBB, Baa2 or BBB by S&Ps Moodys or Fitch, respectively. If the customers debt is not rated, its account with the Company must be current, and it must not have a poor payment history with the Company for the past 24 months.

F. Lockbox Mechanism

An alternative security mechanism for ESCOs/Marketers shall be available in the form of a lockbox for any of the security requirements specified above. A lockbox will reduce any security requirements to 50% of what would otherwise be required.

Under the lockbox, an ESCO/Marketers customers payments will be made to a lockbox, which will be administered by a mutually agreed upon entity. All costs associated with implementing and administering the lockbox will be the responsibility of the ESCO/Marketer. The allocation of funds in the lockbox between the Company and the ESCO/Marketer, and other administrative rules, must be agreed to by both parties, with the Company having first rights on funds in the lockbox to off-set Company charges. The administrative rules shall specify the terms under which the lockbox mechanism shall be terminated for non-compliance. The Company, after petition to the Commission, is permitted to terminate the lockbox and request full security if expected customer payments are not received in a timely manner.

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