

..DID: 8272

..TXT: PSC NO: 12 GAS

LEAF: 138.7

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.)

1. Delivery

The maximum security associated with the natural gas delivery risk, where the ESCO/Marketer bills customers for both delivery and commodity services, may be no more than 60 days of an ESCO/Marketers customers projected peak period energy requirements over the coming 12 months priced at the Company's applicable delivery tariff rate, including relevant competitive transition and customer charges.

The maximum security associated with the natural gas delivery risk, where the ESCO/Marketer is acting as the customer's Billing Agent, may be no more than 45 days of an ESCO/Marketer's customers' projected peak period energy requirements over the coming 12 months priced at the Company's applicable delivery tariff rate, including relevant competitive transition and customer charges. The amount of security may be reduced to the extent the ESCO/Marketer's customers maintain direct debit agreements with the Company.

2. Gas Imbalances

The maximum security associated with natural gas balancing and settlement risk will be determined for each season. The seasons are defined as Summer (April 1 - October 31) and Winter (November 1 - March 31). This credit exposure may be no more than as determined by: (a) the maximum daily quantity (MDQ) of a Marketer's customers projected aggregate consumption (or Direct Customer's projected consumption), based on the appropriate season of the past year; (b) priced at the highest month's average daily closing NYMEX price, at the Henry Hub, plus upstream capacity charges to the city gate, for the appropriate season of the past year; and (c) times 30 days. The ESCO/Marketer may, at its option, elect to have the security determined annually, rather than seasonally in which case it will be based on the winter season.

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