

..DID: 8271

..TXT: PSC NO: 12 GAS

LEAF: 138.8

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.)

D. Security Instruments

Upon notification by the Company that an ESCO/Marketer/Direct Customer has failed to satisfy the credit requirements or, subsequently, while providing service to retail customers, no longer satisfies the credit requirements, such ESCO/Marketer/Direct Customer may still obtain or retain credit approval from the Company if it pays any outstanding balance due the Company for services rendered and elects to provide one of the following, as mutually agreed by the parties:

1. an advance deposit or prepayment;
2. a standby irrevocable letter of credit issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
3. security interest in collateral found to be satisfactory to the Company;
4. a guarantee, acceptable to the Company, by another party or entity with a satisfactory credit rating of at least "BBB" by S&P, "Baa2" by Moody's or "BBB" by Fitch;
5. a lockbox mechanism as described in Section F below (not applicable for Direct Customers);
6. a surety bond from a bank, insurance company or other financial institution with at least an "A" bond rating; or,
7. other mutually acceptable means of providing or establishing adequate security (e.g., escrow accounts, loss pooling, etc.).

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