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..TXT: PSC NO: 12 GAS LEAF: 138.9
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.)

If the rating of a bank or insurance company or other financial institution from whom an ESCO/Marketer/Direct Customer has obtained a letter of credit or surety bond falls below an "A" rating, the ESCO/Marketer/Direct Customer shall have 5 calendar days to obtain a substitute letter of credit or surety bond from an "A" rated bank or insurance company or other financial institution.

If the ESCO/Marketer/Direct Customers credit standing ceases to meet the Company's credit requirements or if its financial exposure changes due to increased usage during the period of service, then the Company has the right to require security or prepayment as specified herein. The Company, however, may not request additional security unless the credit exposure increases by at least 10%, or a reasonable Company specified threshold. If the security is not tendered within 5 calendar days after such request, then the Company may initiate a process to discontinue retail access service to the ESCO/Marketer/Direct Customer. Deposits received in cash will accumulate interest at the applicable rate per annum approved by the New York State Public Service Commission for Other Customer Capital. If the ESCO/Marketer/Direct Customer subsequently satisfies the credit appraisal without the need for some or all of the security requirement, the Company shall return the appropriate portion of the ESCO/Marketer/Direct Customers advance deposit with accumulated interest. Similarly, if the Company's credit risk is determined to decrease by at least 10%, or a reasonable Company specified threshold, relative to the amount of security on deposit, the excess shall be refunded with accumulated interest within 5 calendar days of such determination.

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