

PSC NO: 1 GAS LEAF: 159.1
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1
INITIAL EFFECTIVE DATE: 11/01/06 SUPERSEDING REVISION:
STAMPS:

SERVICE CLASSIFICATION NO. 8
Seller Service (continued)

Capacity Release Option - Tier 1

Subject to the conditions described below, the Company will make available to participating Marketers released capacity each month for the 12-month period beginning November 1st of each year equal to the "Tier 1 Maximum Capacity Release Volume". Initially, the Tier 1 Maximum Capacity Release Volume will be set at 75% of the Marketer's estimated November daily load. The Company will release pipeline capacity on the ("Selected Pipelines") as specified in the Company's Gas Transportation Operating Procedures Manual in an amount, determined by the Marketer, not to exceed the Tier 1 Maximum Capacity Release Volume for that Marketer. On a monthly basis, the Company will recalculate the equivalent November daily load to reflect any increase or decrease in the number of customers and/or delivery volumes in the Marketer's pool, and adjust the Marketer's capacity release volume accordingly. Any Marketer that chooses to take capacity in an amount that is less than the Tier 1 Maximum Capacity Release Volume must secure primary firm delivery capacity to the appropriate Company city gate for the difference between the amount of Tier 1 capacity the Marketer elects to take and the Tier 1 Maximum Capacity Release Volume.

If a Marketer chooses to take a volume of Tier 1 released capacity that is less than its Tier 1 Maximum Capacity Release Volume, then the Marketer's capacity election, expressed as a percent of the Tier 1 Maximum Capacity Release Volume available to the Marketer, will become that Marketer's cap, i.e., its Tier 1 Maximum Capacity Release Volume, for the following three years.

The Tier 1 capacity released on the Selected Pipelines will be at the Selected Pipelines' maximum rates. The Selected Pipelines will bill the Marketer each month for the released capacity at their respective maximum rates. The Marketer is responsible for all fixed and variable costs associated with the released capacity.

Marketers electing to receive Tier 1 capacity must deliver supply to the Company by means of that capacity. The Marketer is obligated to deliver gas to the Company for the Marketer's customers as required by the Company's tariff. The Marketer is required to meet all obligations required by the Selected Pipelines under their respective tariffs.

Capacity Release Option - Tier 2

The Marketer's Tier 2 Maximum Daily Quantity ("Tier 2 MDQ") will be set at 25% of the Marketer's estimated November daily load. On a monthly basis, the Company will recalculate the equivalent November daily load to reflect any increase or decrease in the number of customers and/or delivery volumes in the Marketer's pool, and adjust the Marketer's Tier 2 MDQ accordingly.

Issued by: Joseph F. Bodanza, Senior Vice President, Hicksville, NY