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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 2
INITIAL EFFECTIVE DATE: 08/08/02 SUPERSEDING REVISION: 1
STAMPS: Issued in compliance with order in Case 99-G-1469 dated 5/23/02
Cancelled by 3 Rev. Leaf No. 297 Effective 08/23/2002
RECEIVED: 08/07/02 STATUS: Cancelled EFFECTIVE: 08/08/02

SERVICE CLASSIFICATION No. 16 - Continued

Average Upstream Transportation Cost - The average cost per therm that the Company pays on a monthly basis for firm pipeline transportation capacity upstream of the Company's city gate facilities. This cost will be determined by the Company and included on the Statement of Unbundled Transportation Service Charges filed with the Commission no later than three days before the first of the month for which such statement is to be effective.

Daily Commodity Cost of Gas - The Company's daily commodity cost per therm of gas delivered to the city gate facilities from the Company's suppliers on such day. This cost will be determined by the Company and included on the Statement of Unbundled Transportation Service Cash Out Charges filed with the Commission by the fourth business day following the effective month.

Daily ICOG - The daily incremental cost of gas, including demand charges. This cost will be determined by the Company and included on the Statement of Unbundled Transportation Service Cash Out Charges filed with the Commission by the fourth business day following the effective month.

Transporter - An interstate pipeline transporting gas owned by Customer to the Company for the Customer's account, either for transportation by the Company to Customer on the day of receipt by the Company, or for redelivery by the Company to the Customer on another day.

CTB Service Agreement - The agreement between the Company and Customer to provide service under this Service Classification, the form of which is included in this Schedule for Gas Service, and the term of which shall be for a period of no less than twelve months.

Merchant Function Backout Credit - Effective June 1, 2002, a credit applied to any transportation service customer's bill. This credit will consist of reduced or avoided costs regarding uncollectible expenses associated with the cost of gas, working capital costs associated with storage gas used for firm sales service customers and certain gas supply procurement function costs. This credit will appear on the Statement of Unbundled Transportation Service Charges.

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