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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 2

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SERVICE CLASSIFICATION No. 16 - Continued

Transition Costs Surcharge

The transportation rates under this Service Classification shall reflect a surcharge for Transition Costs calculated in accordance with the Commission's Opinion No. 94-26 in Case 93-G-0932 as described on General Information Leaf No. 86. This charge will be included on the Statement of Unbundled Transportation Service Charges filed with the Commission.

Strandable Cost Surcharge

The transportation rates under this Service Classification shall reflect a surcharge for Strandable Cost Surcharge calculated in accordance with the Commission's Policy Statement issued in Case 93-G-0932 and 97-G-1380 as described on General Information Leaf No. 89.1. This charge will be included on the Statement of Unbundled Transportation Service Charges filed with the Commission.

Delivery Penalty Refunds

The transportation rates under this Service Classification shall reflect a credit for Delivery Penalty Refunds as described on General Information Leaf No. 90. Such credit shall be set forth on the Statement of Unbundled Transportation Service Charges filed with the Commission.

Pipeline Refunds

The transportation rates under this Service Classification shall reflect a credit for Pipeline Refunds calculated in accordance with the Commission's Order in Case 98-G-0824 as described on General Information Leaf Nos. 84 and 85. This credit will be included on the Statement of Comprehensive Transportation and Balancing Service Rates and Charges filed with the Commission.

DETERMINATION OF ON-SYSTEM BILLING QUANTITY

For the purpose of computing the quantity of gas delivered to a Customer's delivery point, the quantity of gas delivered each month to the Company for the account of a Customer taking service under this Service Classification shall be reduced by a percentage factor, as determined annually on August 31, to provide for system use and losses within the Company's distribution system as specified in the Customer's CTB Service Agreement. The Company reserves the right to petition the Public Service Commission for permission to change such percentage factor in the event it determines that a change is required to more accurately reflect system use and losses.

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