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COMPANY: MARKETSPAN GAS CORPORATION DBA BROOKLYN UNION REVISION: 0
INITIAL EFFECTIVE DATE: 04/01/99 SUPERSEDING REVISION:
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SERVICE CLASSIFICATION NO. 8
Seller Service (continued)

- 2) In the event that the total quantity of gas delivered to the city gate is less than 98% of the Customer's ADDQ, a penalty charge equal to \$1.00 per therm will be applied to deliveries less than 98% of the Customer's ADDQ. A \$2.50 per therm penalty charge for under-deliveries in excess of 2% of the applicable DDQ or ADDQ on critical days for gas supply. This amount will be increased by any amount equal to the deliveries less the Customer's ADDQ multiplied by the Company's Daily ICOG, bringing the imbalance in the Customer's ADDQ to zero each day.

Termination of Service for Failure to Deliver Daily Transportation Quantities:

The Company shall have the right to terminate service under this Service Classification to any Seller that fails to deliver at least ninety (90) percent of the applicable DDQ or ADDQ for any three (3) days of a calendar month or any five (5) days within a twelve (12) month period.

Terms of Payment:

The Customer shall pay the balance due in cash or its equivalent on receiving the bill, or be subject to late payment charge in accordance with provisions of Rule II.3E.2. The Company may elect to utilize the deposit to satisfy late payments.

Term:

A Seller Agreement shall have a minimum term of one year, but may be terminated by the Seller on sixty (60) days written notice to the Company and by the Company in a manner provided by Law and the Rules and Regulations set forth in this Service Classification. This term will be extended for additional twelve (12) month periods unless otherwise terminated.

Statement of Unbundled Transportation Service Cash Out Charges

Not less than four business days following the effective Month, the Company will file with the Commission a Statement of Unbundled Transportation Service Cash Out Charges, which statement will contain the following charges applicable to this Service Classification: Monthly Average Commodity Cost of Gas and ICOG; Daily Commodity Cost of Gas and Daily ICOG.

Actual Monthly ICOG - The actual monthly incremental cost of gas including demand charges incurred by the Company as be determined by the Company.

Monthly Average Commodity Cost of Gas - The Company's weighted average commodity cost per therm of gas delivered to the city gate facilities from the Company's suppliers for the month as determined by the Company.

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 as be determined by the Company.

Daily ICOG - The daily incremental cost of gas, including demand charges as This cost will be determined by the Company.

Issued by Robert J. Fani, Senior Vice President, Hicksville, NY