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 COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 3
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SERVICE CLASSIFICATION NO. 8
Seller Service (continued)

Standby Gas Service:

Sellers taking service under this Service Classification, must subscribe to Standby Gas Service no later than October 15th each year. The Standby Gas Service applicable is based upon the type of capacity or citygate delivery service the Seller has procured for its winter (November through March) requirements as follows:

Standby Gas Service for Sellers Who Have Secondary Capacity to the Company's Citygate for the Winter Period (November 1 through March 31 Inclusive) - Seller shall pay the following rates and charges:

Demand Charge - \$0.030 per therm multiplied by the Customers' normalized consumption from November 1st through March 31st, inclusive, as determined by the Customers' load profile. The resulting aggregate demand charge shall be divided by five and be payable on the first of each winter month, beginning with November 1st. The Company shall provide the Seller with the monthly demand charge prior to October 15th of each year.

Variable Rate - in the event the Seller is unable to continue delivery of natural gas for its account as provided for in the CTS agreement from November 1st through March 31st, both inclusive, the Customer shall return to sales service and pay a cost of gas equal to the Company's Actual Monthly ICOG multiplied by the Customer's consumption for the duration of the winter season. If, after the winter season, the Customers have not elected to be served under this Service Classification, then they will remain on sales service for one year.

The Company will provide service under Standby Gas Service only in the event the Seller's capacity is curtailed by the pipeline. The Seller must provide documentation substantiating the curtailment of capacity.

Standby Gas Service for Sellers Demonstrating Primary Delivery Point Capacity and/or Primary Delivery Point Fully Bundled Delivery of Natural Gas from November 1st through March 31st

The Seller shall demonstrate by written affidavit or through provision of the contract, to the Company's satisfaction, no later than the close of business on the first day of the NYMEX three day settlement, that it has committed to either firm, non-recallable, primary delivery point capacity to the Company's citygate or firm, non-recallable, primary delivery point natural gas deliveries to the Company's citygate in a quantity sufficient to supply the Average Daily Transportation Quantity (ADTQ) for that upcoming winter month. No Standby Gas Service charges shall apply to a Seller meeting these requirements.

If in any winter month the Seller fails to provide the required proof of capacity or bundled gas, the Seller will pay 110 percent of the Standby Demand Charges on the full five winter months of normalized consumption as calculated under the Standby Gas Service rates and charges applicable to Sellers who have secondary capacity to the Company's citygate and shall be subject to the terms and conditions of such service for the duration of the winter period.

Any Seller bringing primary delivery point capacity and/or primary delivery point fully bundled sales gas to the Company's city gate who fails to deliver gas for his account for any two (2) days during the winter period shall be required to pay, in addition to applicable cashout penalties for such days, 110 percent of the Standby Demand Charges on the full five winter months of normalized consumption as calculated under the Standby Gas Service rates and charges applicable to Sellers who have secondary capacity to the Company's citygate and shall be subject to the terms and conditions of such service for the duration of the winter period.

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