

..DID: 4040

..TXT: PSC NO: 12 GAS

LEAF: 405

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 0

INITIAL EFFECTIVE DATE: 10/01/98

SUPERSEDING REVISION:

STAMPS:

Cancelled by 1 Rev. Leaf No. 405 Effective 10/01/1998

RECEIVED: 06/01/98 STATUS: Cancelled EFFECTIVE: 10/01/98

SERVICE CLASSIFICATION No. 19 - Continued**CAPACITY RELEASE SURCHARGE/(CREDIT)**

The Company and Seller shall enter into a prearranged capacity release transaction for a term corresponding to the term of the Seller's Service Agreement. The Company shall determine the quantity of the capacity to be released and the interstate pipeline on which such capacity will be released. Any change to the composition of the Customers in a Pool shall result in a concomitant change to the capacity allocated to that Pool. The quantity of capacity and the pipeline on which such capacity is to be released, and the name and account number of each Customer for whom a release is to be effectuated, shall be set forth in the Seller's Service Agreement. Seller shall pay the pipeline directly for such released capacity at the pipeline's maximum rate. All capacity releases hereunder will be subject to recall on 24 hours notice under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) to provide Standby Service for a Customer in the Pool; (3) at the Company's option whenever the Seller fails to deliver gas in an amount equal to the Seller's ADDQ; (4) a Customer leaves the Pool, for any reason, prior to the expiration of the Customer's CTB Service Agreement; or (5) and under any other conditions set forth in the capacity release transaction between the Seller and the Company.

The Capacity Release Surcharge/(Credit) will be applied each month to the total monthly quantity of capacity released by the Company to the Seller. The per therm charge is calculated by subtracting the Seller's actual cost per therm of released pipeline capacity from the Company's Average Upstream Transportation Cost as filed with the Commission on the Statement of Unbundled Transportation Service Charges. This calculation results in a per therm surcharge when the difference yields a positive result; and a per therm credit when the difference yields a negative result. However, this charge will not be applicable to the extent that a Customer in a Pool utilizes its rights under Standby Service.

Issued by: Robert J. Fani, Senior Vice President, Brooklyn, New York