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..TXT: PSC NO: 12 GAS

LEAF: 286

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 0

INITIAL EFFECTIVE DATE: 10/01/98

SUPERSEDING REVISION:

STAMPS:

Cancelled by 1 Rev. Leaf No. 286 Effective 10/01/1998

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

**SERVICE CLASSIFICATION No. 15 - Continued**

**ALLOCATION PRIORITIES AND REQUEST EVALUATION**

If there is more than one qualified request for released capacity and all such requests are not identical, the party whose request would yield the highest present value, (taking into account the requestor's willingness to pay the pipeline's maximum rate or match any higher bid offered, quantity and term), shall be proposed to the pipeline as the Company's Replacement Shipper or Prearranged Replacement Shipper, as applicable. Qualified requests from parties willing to enter into a prearranged capacity release arrangement shall be given priority by the Company.

If there is more than one qualified request and all such qualified requests are identical and are not at maximum rates, the request that was received first in time shall be proposed to the pipeline as the Company's Replacement Shipper or Prearranged Replacement Shipper, as applicable. If there is more than one qualified request and all such requests are at maximum rates, the available capacity shall be allocated among them by a lottery, unless all of the Customers or parties in question agree to a pro-rated allocation.

If there are no qualified requests, or if capacity remains available after a Replacement Shipper is selected as provided above, the Company may post the capacity as available for release pursuant the pipeline's bidding procedures in order to locate a Replacement Shipper.

**PIPELINE PROCEDURES**

Capacity Releases shall be subject to the terms of the Company's service agreement(s) with the pipeline(s), the applicable pipeline rate schedule(s), the general terms and conditions of the pipeline's FERC tariff(s), and all procedures and requirements applicable to capacity releases of the pipeline(s) involved. The Company and each Replacement Shipper shall execute all agreements with the pipeline(s) necessary to implement the Capacity Release. Prior to the initiation of service under the Capacity Release Agreement, the Replacement Shipper shall reimburse the Company for all initiation or administrative charges imposed by the pipeline(s) in connection with the Capacity Release.

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