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COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0
INITIAL EFFECTIVE DATE: 03/18/99 SUPERSEDING REVISION:
STAMPS:
Cancelled by 1 Rev. Leaf No. 158 Effective 07/01/1999
Effective date postponed to 07/01/99. See Supplement No. 2, 1, 1
RECEIVED: 02/16/99 STATUS: Cancelled EFFECTIVE: 07/01/99

SERVICE CLASSIFICATION No. 8
Seller Service (continued)

Customer Aggregation Notification and Nomination Procedures:

By the first day of each month, for service commencing by the first day of the succeeding calendar month, Seller must notify the Company of any Customer that is added or is deleted from seller's aggregated group. Failure to provide the Company with such notification will constitute Seller's representation that the Customers within seller's aggregated group have not changed. Seller is also obligated to place on file with the Company a copy of customer's written request to be included in seller's aggregated group for the effective time period.

Upstream Transportation Credits:

A Seller that delivers or causes to be delivered at the City Gate a customer's DTQ or, in the case of more than one customer, the customers' ADTQ for each day of the month by acquiring its own upstream transportation shall receive an Upstream Transportation Credit (UTC). The UTC will be equal to the lesser of:

- (I) the market value of transportation capacity from Henry Hub, Louisiana, to New York, New York, derived from Natural Gas Week, "Prices at Major Hubs and Selected City Gates" for the first issue of the applicable month, less Transcontinental Gas Pipe Line's FT variable transportation costs and surcharges and equivalent fuel costs from Zone 3 to Zone 6 for the applicable DTQ or ADTQ; or
- (ii) the 100 percent load factor equivalent of Transcontinental Gas Pipe Line's maximum FT demand rate from Zone 3 to Zone 6 for the applicable DTQ or ADTQ.

Release of the Company's Upstream Transportation:

As an alternative to acquiring its own upstream transportation, a Seller may choose to deliver at the City Gate the customer's DTQ or, in the case of more than one customer, the customers' ADTQ by becoming pre-arranged replacement shippers of the company's released upstream interstate pipeline capacity. The Company will provide a Released Transportation Credit (RTC) to such replacement shipper in an amount equal to the credit received by the Company from the interstate pipeline for such release. To the extent that a customer's DTQ or customers' ADTQ is reduced because the Seller is no longer delivering gas to the Company on behalf of one or more Customers, the RTC payable to Seller will be reduced pro rata and a pro rata amount of the released capacity will be recalled by the Company. Any pipeline refunds associated with such released capacity, regardless of when received by the replacement shipper, shall be immediately refunded to the Company by the replacement shipper.

This option is only available to the extent the Company, in its reasonable discretion, has upstream interstate pipeline capacity available for release. In exercising its reasonable discretion, the Company will limit the available capacity for release to a Seller as follows:

- (I) for the period between November 1 and March 31, to the highest applicable DTQ and ADTQ for any one month within such period as estimated for the first day of the term; and
- (ii) for the period between April 1 and October 31, to the highest applicable DTQ and ADTQ for any one month within such period as calculated based on the latest available data.

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