

..DID: 5488
..TXT: PSC NO: 12 GAS LEAF: 287
COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 1
INITIAL EFFECTIVE DATE: 10/01/98 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance - C.98-G-0824 (8/27/98) and C.95-G-0761 (9/22/98)
RECEIVED: 09/25/98 STATUS: Effective EFFECTIVE: 10/01/98

SERVICE CLASSIFICATION No. 15 - Continued

AGREEMENT EXECUTION REQUIREMENTS

As a condition of any capacity release, the Company will require that the Replacement Shipper execute a Capacity Release Agreement prior to the actual release of the capacity. The Company shall prepare and execute the Capacity Release Agreement with each Replacement Shipper once the pipeline(s) capacity release, creditworthiness and other applicable requirements have been satisfied. A Replacement Shipper under a release having a term of one month or less shall execute a Capacity Release Agreement substantially in the form appended hereto by the end of the second business day after it is received from the Company. A Replacement Shipper under a longer term release shall execute a Capacity Release Agreement within the time reasonably prescribed by the Company. Each Replacement Shipper is responsible for assuring the compliance by any Subsequent Replacement Shipper of the requirements hereunder including the requirement to execute a Capacity Release Agreement with the Company.

CREDIT REQUIREMENTS

The Company shall not be obligated to enter into a Capacity Release Agreement with any party unless such party satisfies the credit requirements prescribed by each of the pipelines involved in the Capacity Release and provides the Company with documentation from the pipeline(s) of such party's compliance with the pipeline's credit requirements. In addition to satisfying the pipelines credit requirements, a Replacement Shipper may at any time be required by the Company to provide further financial assurances, such as providing a letter of credit or other acceptable security. Furthermore, Replacement Shippers shall have an ongoing obligation to notify the Company immediately of any change in financial circumstances that may result in non-compliance with the pipeline's requirements.

The Company may terminate the Capacity Release Agreement and recall the released capacity if such a change does result in non-compliance with the pipeline's requirements, or if the Replacement Shipper fails to provide the financial assurance required by the Company.

Issued by: Steven L. Zelkowitz, Sr. Vice President and General Counsel, Brooklyn, NY