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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 0
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SERVICE CLASSIFICATION NO. 20 (Continued)

Rate Schedule 2:

The rate for service under this Rate Schedule will be set forth in the service agreement negotiated between the Company and the Customer and filed with the Public Service Commission. Negotiated contracts at similar overall terms shall be available to all similarly situated customers. The minimum rate charged must be sufficient to recover all incremental costs incurred to serve the customer and provide a reasonable contribution to fixed costs and long run marginal costs. Depending upon the character of service provided, the rate may include one or more of the following components:

A. Minimum On-System Transportation Charge:

All customers receiving firm service will be required to pay a minimum on-system transportation charge commensurate with the level of service provided and guaranteed by the Company.

B. Annual Minimum Bill Obligation

The Company reserves the right to negotiate an Annual Minimum Bill Obligation as part of the contract between the Customer and Company.

C. Daily and/or Monthly Cashout Provisions

The negotiated contract between the Company and the Customer may include provisions for the daily and/or monthly balancing of transportation quantities expected against transportation quantities actually received.

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