

..DID: 8258

..TXT: PSC NO: 12 GAS

LEAF: 138.4

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 0

INITIAL EFFECTIVE DATE: 06/01/99

SUPERSEDING REVISION:

STAMPS:

RECEIVED: 04/26/99 STATUS: Effective EFFECTIVE: 06/01/99

GENERAL INFORMATION (Cont.)

B. Creditworthiness Determinants for ESCOs/Marketers
(See Section E below for credit requirements for Direct Customers)

1. An ESCO/Marketer can satisfy the Company's credit requirement by:

- it or its guarantor having a minimum rating of "BBB" from S&P's, "Baa2" from Moody's, or "BBB" from Fitch ("Minimum Rating");
or
- posting security in an acceptable form as listed in Section D below;

but the Company will have the option to require an ESCO/Marketer having the Minimum Rating to post security:

- for the amount by which the Company's Credit Exposure (see Section C below) for any ESCO/Marketer exceeds 5% of the Company's applicable revenues for the applicable time period (e.g., 30 days of gas revenues for gas balancing);
or
- for the full amount of the Credit Exposure if (1) the ESCO/Marketer or its guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or the Company receives information that indicates that the ESCO/Marketer's or its guarantor's credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the ESCO/Marketer's or its guarantor's credit rating is not downgraded during the ensuing 60 days), or (2) the ESCO's status as a Billing Agent is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to the utility.

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