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MARKETSPAN CORPORATION D/B/A BROOKLYN UNION
175 E. Old Country Road
Hicksville, NY

February 2, 1999

Honorable Debra Renner
Acting Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: Establishment of Business Incentive Rates for commercial and industrial customers within
the service territory of MarketSpan Gas Corporation d/b/a Brooklyn Union

Dear Acting Secretary Renner:

Attached for filing electronically with the Commission are the following tariff leaves, issued by
MarketSpan Gas Corporation d/b/a Brooklyn Union ("Brooklyn Union", "the Company") to
become effective on or before May 1, 1999:

Original Leaf Nos. 78.1 and 78.2 to Schedule for Gas Service, PSC NO. 1-GAS.

The purpose of this filing is to create a new Business Incentive Rate (BIR) available to customers
who would otherwise be eligible for gas sales service under Service Classification No. 2
(Commercial Firm), Subclassification Nos. 2A (Non-heating) and 2B (Heating) or gas
transportation service under Service Classification No. 5 (Firm Transportation Service),
Subclassification Nos. 2A (Non-heating) and 2B (Heating).

Brooklyn Union believes that the offering of a BIR in its service territory would provide Long
Island with an added incentive to attract new business within its borders. Such an offering also
helps the Company reach out to potential new businesses, providing a competitive alternative fuel
choice. New businesses usually incur most of their financial burdens in the beginning years. The
BIR is designed to relieve some of the natural gas costs for new businesses for the first ten years,
giving them time to become established. The existence of an electric BIR on Long Island has
helped the area's economy and the inclusion of a similar program for gas rates would enhance the
benefits already available to potential new businesses. New businesses interested in becoming
established on Long Island can apply for State and local municipalities economic incentives as
well as electric and gas BIR's. The ability to attract and retain new businesses into the area results
in cascading benefits to the area's economy that ultimately down flow to the ratepayers on Long
Island.

Eligibility under the proposed BIR is limited to commercial and industrial customers receiving

substantial financial incentives from the State or local municipalities. In Nassau and Suffolk Counties, participants must receive an Economic Development Zone (EDZ), Industrial Development Agency (IDA), Small Business Administration 504 Loans (SBA) or other documentable loan or grant for a capital improvement administered by the State or local municipalities. In the Rockaway Peninsula, participants must receive Economic Development Zone (EDZ), Economic Cost Savings Program (ECSP), Industrial Commercial Incentive Program (ICIP) or other documentable loan or grant for a capital improvement administered by the State or City. Application for a BIR must be made within twelve months of application for new gas service or within six months of receipt of the above incentives.

Participants must also occupy a new or vacant premises or increase their existing gas consumption by fifteen percent. New premises shall mean land upon which the construction for a new building began after the initial effective date of this filing. Vacant premises shall mean a previously occupied building which is vacant at the time of application and where applicant can demonstrate that premises have been unoccupied for the six month period preceding application for the BIR. For existing premises, the Company shall determine increased gas consumption by establishing a monthly base usage pattern at the premises based upon the historical consumption, normalized for weather conditions, for the twelve month period immediately preceding the customer's application for service. Where actual gas usage, as normalized for weather conditions, increases over such base by fifteen percent in each of the three successive months following application, then the applicant will be eligible for the BIR.

Such eligibility requirements are designed to prevent "free ridership" under the program. The BIR is designed to benefit businesses that truly need an incentive as determined by State and local governments and the Company.

Features of the BIR include:

1. Eligible commercial and industrial customers will receive a thirty-five percent reduction off local distribution rates for gas service in excess of 250 therms per month. Based on the current rates in effect, non-heating rates will be discounted from \$0.4172 per therm to \$0.2712 for monthly consumption over 250 therms but less than 3,000 therms and for monthly consumption over 3,000 therms, the rate will be discounted from \$0.2909 per therm to \$0.1891 per therm. Heating rates will be discounted from \$0.4172 per therm to \$0.2712 for monthly consumption over 250 therms but less than 3,000 therms and for monthly consumption over 3,000 therms, the rate will be discounted from \$0.2729 per therm to \$0.1774 per therm. The attached worksheet nos. 1, 2 and 3 detail the rate structure with the BIR.
2. The BIR will continue for ten years. At the end of the seventh year, the benefits will be reduced annually by twenty-five percent. The attached worksheet no. 3 illustrates the rate structure and the effect of the phase out periods.

3. Applications for the BIR will be accepted through September 30, 2001. The Company does request the right to reevaluate the BIR and file for an extension on or about September 30, 2001.

If you have any questions regarding this filing, please contact Mark Marra at 718-403-3046.

Respectfully submitted,

MARKETSPAN GAS CORPORATION
D/B/A BROOKLYN UNION

By:_____

MM:dh
Att.