GAS TRANSPORTATION OPERATING PROCEDURE MANUAL

FOR

THE BROOKLYN UNION GAS COMPANY D/B/A NATIONAL GRID NY (KEDNY) AND KEYSPAN GAS EAST CORPORATION D/B/A NATIONAL GRID (KEDLI)

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I. INTRODUCTION

A. <u>Brief Description of Manual Contents</u>

Pursuant to the New York Public Service Commission's direction, these operating procedures are intended to provide both ESCOs and Direct Customers using gas transportation service in National Grid's service territories with a guide to the general rules, regulations, terms and conditions for eligibility and utilization of gas transportation service in their service territories. "National Grid" (or the "Company") includes:

The Brooklyn Union Gas Company d/b/a National Grid NY (formerly d/b/a KeySpan Energy Delivery New York (KEDNY)), hereinafter referred to as "Brooklyn Union Gas" or "KEDNY" and KeySpan Gas East Corporation d/b/a National Grid (formerly d/b/a/ KeySpan Energy Delivery Long Island (KEDLI)), hereinafter referred to as "KeySpan Gas East" or "KEDLI."

National Grid's Gas Transportation Operating Procedure Manual is subject to periodic update and change. The manual will be available on National Grid's website, www.nationalgrid.com, which should be visited for the latest downloadable version.

This manual should be used in conjunction with the Brooklyn Union Gas Company and KeySpan Gas East Corporation gas tariffs. It is not intended to supersede any of the existing tariffs.

New York State Public Service Commission information and requirements may be obtained by visiting its web site at: www.dps.state.ny.us

II. OVERVIEW OF NATIONAL GRID

A. Corporate Structure

National Grid

National Grid is an international electricity and gas company and one of the largest investor-owned utilities in the world.

National Grid is the largest utility in the United Kingdom and the second largest utility in the United States, focused on delivering energy safely, reliably and efficiently. National Grid owns the high-voltage electricity system in England and Wales and operates the system across Great Britain. National Grid also owns and operates the high pressure gas transmission system in Britain, and our distribution networks deliver gas to 11 million homes and businesses in Britain.

In the northeastern United States, National Grid has electricity transmission systems and distribution networks that deliver electricity to 3.3 million customers. In addition, National Grid owns and operates generation stations with a total capacity of 4,100 MW and provides services to the 1.1 million electricity customers of the Long Island Power Authority. National Grid owns gas storage facilities and provides natural gas to approximately 3.4 million customers.

National Grid also has a number of businesses operating in related areas such as LNG importation, land remediation, metering and interconnectors.

All our networks are highly complex – requiring a unique mixture of skills, experience and planned investment.

Further detailed information on National Grid's business can be found on the National Grid web site: www.nationalgrid.com.

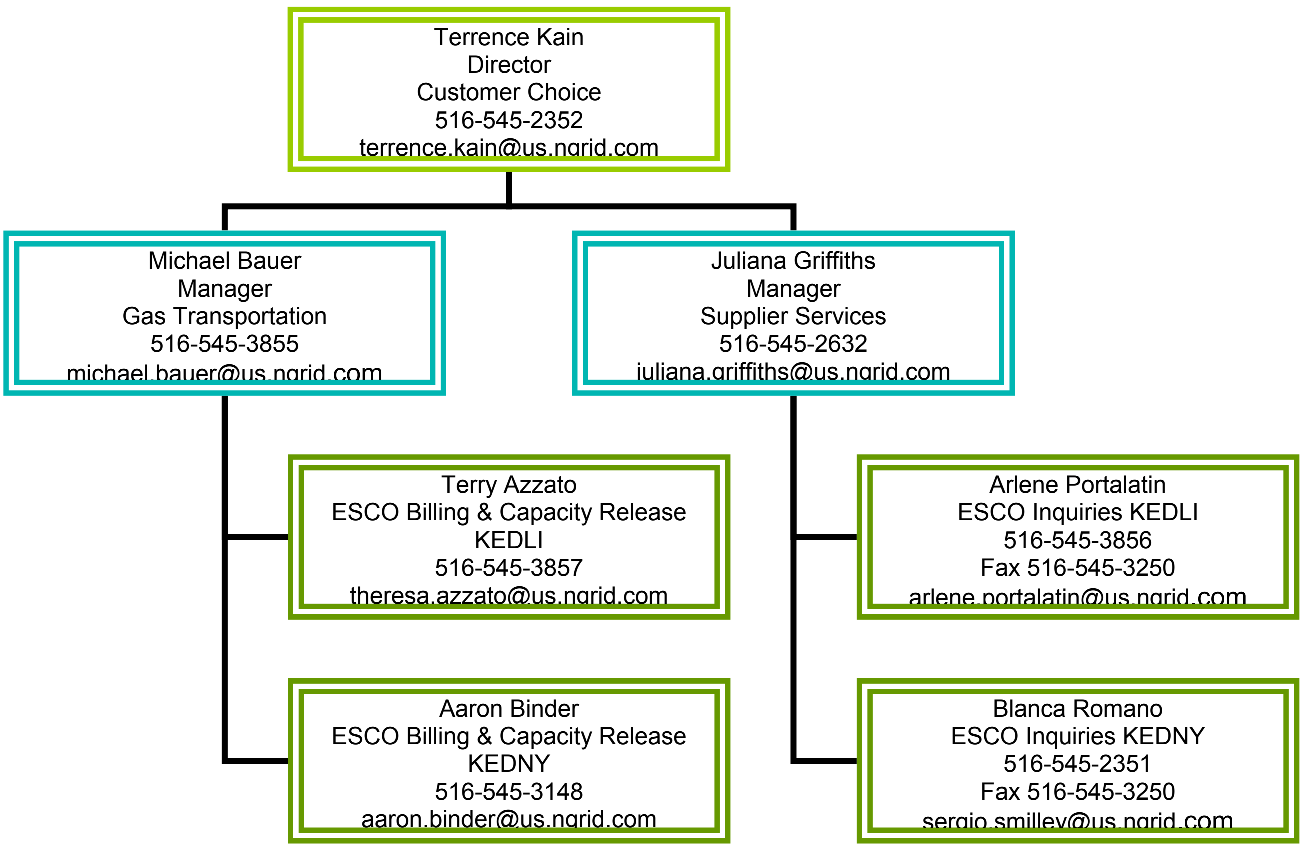
Customer Choice Department

National Grid customers have the option to purchase their gas and electric commodity from eligible entities other than National Grid. These entities are called Energy Service Companies or ESCOs. The Customer Choice Department manages all aspects of the relationship between National Grid and the ESCOs under the guidelines of state regulatory agencies. Customer Choice handles the ESCO relationships within the respective Gas and Electric businesses in the Downstate NY, Upstate NY, Long Island, MA, NH and RI territories. The Customer Choice Department is comprised of the following sections.

Customer Choice is responsible for ESCO gas delivery and balancing requirements, ensuring pipeline capacity, as well as all aspects of ESCO billing. Gas Transportation works very closely with Gas Supply, Gas Control and Energy Trading areas.

The Customer Choice Department also documents all processes for each region with the objective of streamlining and improving operations and adding automated systems to enable one process, one way wherever feasible. Compliance with Sarbanes Oxley and the development of projects pursuant to regulatory orders, inclusion and advocacy of projects in the US Investment Plan and EDI processes with associated standards is also a key function of the department.

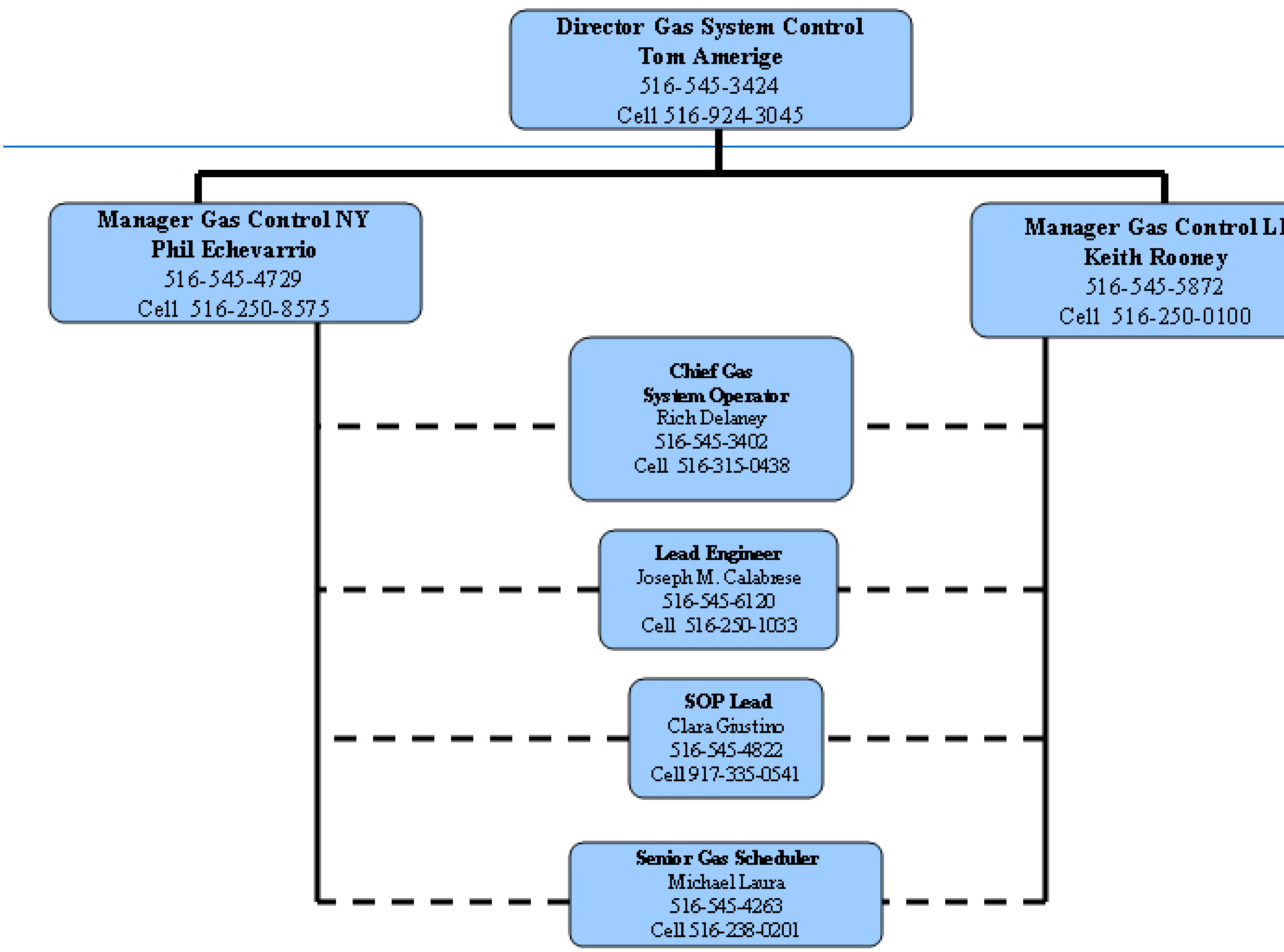
Customer Choice is committed to ensuring timely enrollment of ESCOs into National Grid's programs, and is the first point of contact for the ESCOs, across all the regions, for customer enrollments, drops, usage history, switches and billing concerns. Customer Choice works with the ESCOs to support the marketing standards required by the regulatory agencies. Regulatory complaints and slamming issues are followed within this area until a resolution is reached. Customer Choice provides load capacity, migration report sand ESCO related statistics. ESCOs are provided a premier service for all inquiries through a dedicated mailbox LI-NYSupplierServices@us.ngrid.com. Individual customers should contact KEDLI Customer Assistance Center at 1-800-490-0025 and KEDNY Customer Assistance Center at 1-718-643-4050.



Gas Control

Gas Control is responsible for the day-to-day operation of the National Grid gas transportation and distribution system. Gas Control handles all work impacting the movement of gas throughout the system and coordinates all construction and maintenance work which may impact gas delivery. Gas Control also provides city gate allocations and the availability of capacity at National Grid's city gates.

Interfacing with the gas pipelines on deliveries and maintenance work, Gas Control is also responsible for issuing and controlling System Alerts, Operational Flow Orders and Curtailments. Gas Control is the central hub of communication between pipelines and ESCOs and for National Grid's gas transportation and distribution activities. As such, Gas Control verifies daily system requirements and confirms all gas deliveries for the Company and third parties through the Company's Electronic Bulletin Board. The 24/7 phone numbers for Gas Control for KEDLI are 516-545-4272; 4696; phone numbers for Gas Control, KEDNY are 516-545-4501; 4502. E-mail for both groups can be sent to GasControlDownstateNY@us.ngrid.com.



B. Affiliate Transaction Standards

Set forth below are the Company's affiliate transaction standards that were adopted as part of the Merger & Gas Revenue Requirement Joint Proposal that the Public Service Commission approved in 2007 in Case No. 06-M-0878 when it authorized KeySpan Corporation to merge with National Grid plc.

1. Definitions

Corporate and Administrative Services – means all services performed by KeySpan Corporate Services LLC and KeySpan Utility Services LLC, as well as any services performed by ServiceCo or not otherwise prohibited from being performed by ServiceCo. Corporate and Administrative Services will include, without limitation, all administrative and office support for the benefit of US HoldCo and any of its subsidiaries.

Customer Information - means any of the following information about an individual customer or any aggregation of individual customers collected or compiled by KEDNY or KEDLI: name, address, telephone number, identifying information, consumption history, individual usage characteristics, payment history, complaint history and the contents of any application for service.

National Grid Other Affiliates-- means affiliates of HoldCo, including affiliates in the United States and throughout the world, but excluding ServiceCo, KEDNY, KEDLI, Unregulated Competitive Energy Affiliates and Regulated Affiliates.

Personal Property—means any and all property that is not real property, including leases and all other property not deemed to be "real property."

Regulated Affiliates – means the subsidiaries (other than KEDNY and KEDLI) of US HoldCo, including future subsidiaries, that provide the full range of regulated gas and/or electric transmission or distribution services, including Niagara Mohawk Power Corporation, New England Power Company, Massachusetts Electric Company, New England Electric Transmission Corporation, Nantucket Electric Company, Granite State Electric Company, The Narragansett Electric Company, Boston Gas Company, Essex Gas Company, Colonial Gas Company, EnergyNorth Gas Company, New England Hydro-Transmission Corporation, New England Hydro-Transmission Electric Company, Inc., and each of their successors, and any affiliate to the extent that such affiliate provides services to LIPA pursuant to the LIPA Agreements.

ServiceCo — means National Grid USA Service Company, Inc., KeySpan Corporate Services LLC, and/or KeySpan Utility Services LLC, or any successors thereto, which provide a variety of traditional corporate and administrative services for the National Grid USA system, and to LIPA pursuant to the LIPA Agreements.

System Information — means non-public information or data regarding the operation of or capacity constraints on and/or expansion plans relating to the energy delivery system of KEDNY or KEDLI.

Unregulated Affiliate — means any affiliate of HoldCo other than KEDNY, KEDLI, or any Regulated Affiliate.

Unregulated Competitive Energy Affiliate — means any of US HoldCo's current or future affiliates that directly provides competitive electric or gas commodity sales or service or heating, ventilation and air conditioning ("HVAC") sales or service in New York State, *i.e.,* KeySpan Energy Services and KeySpan Home Energy Services.

UK HoldCo — means National Grid plc or its successor as the highest level holding company in the National Grid group.

US HoldCo — means National Grid USA or its successor as the immediate parent and holding company for National Grid plc's United States utility operations. Immediate wholly- owned subsidiaries of National Grid USA will, upon completion of the Merger, include KeySpan, Niagara Mohawk Holdings, Inc., National Grid USA Service Company, Inc., and National Grid's New England utility affiliates.

Where the term "HoldCo" is used, it refers to either or both of UK HoldCo and US HoldCo. Where explicit reference to one of the HoldCos is required, the term "UK HoldCo" or "US HoldCo" are used in full. Other capitalized terms have the meaning assigned to them in the Joint Proposal.

2. Corporate Structure Following the Merger

Following the Merger, National Grid plc, a public limited company incorporated under the laws of England and Wales, through its wholly-owned subsidiary, National Grid USA, will merge a merger subsidiary with and into KeySpan Corporation, leaving KeySpan Corporation as the surviving corporation, a wholly owned subsidiary of National Grid USA. None of KeySpan's current subsidiaries will be affected by the Merger, and, following the Merger, all will exist as the separate corporate entities they are today. However, at some point following the Merger, all corporate and administrative services in the National Grid USA holding company system, including those now provided by KeySpan Corporate Services LLC and KeySpan Utility Services LLC, may be provided by ServiceCo, defined below, using the cost allocation methodology set forth in section 4.2, below.

Specifically, National Grid USA intends to combine or reorganize the existing service company subsidiaries of National Grid and KeySpan. National Grid USA also intends to adopt the KeySpan allocations for ServiceCo costs that are not otherwise charged directly to affiliates. The combination of service companies and the change in allocation method will occur when they can be implemented most effectively following the receipt of necessary regulatory approvals and the completion of necessary system modifications:

3. Accounting Issues

Under United States Generally Accepted Accounting Principles (US GAAP) for purchase accounting, the total acquisition price, together with transaction costs, in excess of the fair market value assigned to the assets and liabilities of the acquired company are recorded as goodwill on the acquired company's accounts. National Grid plans to "push down" and allocate the excess among KeySpan Corporation and its subsidiaries. This approach is fully consistent with US GAAP and with the practice adopted in the National Grid acquisition of Niagara Mohawk Holdings and its other US acquisitions. Under FASB standards for accounting for goodwill, goodwill is not amortized against earnings. Instead, goodwill is reviewed for impairment and written down and expensed only in a period in which the goodwill's recorded value exceeds its fair value. As set forth in section 1 of Appendix 5, no goodwill will be recorded on KEDNY's or KEDLI's regulatory accounts that are subject to the jurisdiction of the Commission. As a result, there will be no ratemaking effects associated with recording goodwill under GAAP US for KEDNY and KEDLI.

The Commission's approval of the KEDNY and KEDLI Merger Rate Plans signifies that such Rate Plans meet the accounting requirements of Statement of Financial Accounting Standards No. 71 and will do so throughout their terms.

As of the Rate Effective Date, KEDNY's and KEDLI's fiscal year will be changed to a year ending March 31st. In any calendar year, KEDNY and KEDLI will limit the dividends paid to US HoldCo in accordance with section 2 of Appendix 5.

4. Rules Governing Affiliate Transactions

4.1 Separation and Location: HoldCo, KEDNY, KEDLI, and all affiliates will each be operated as separate entities and will maintain separate books and records of account. KEDNY, KEDLI, HoldCo, ServiceCo, Regulated Affiliates, and National Grid Other Affiliates may occupy the same building. An Unregulated Competitive Energy Affiliate may share a building with KEDNY or KEDLI for no longer than 180 days after its formation.

4.2 Cost Allocation Procedures: Cost allocation procedures will assure an appropriate allocation on a fully distributed basis to HoldCo, KEDNY, KEDLI, and each Affiliate of the costs of any HoldCo or ServiceCo personnel, property, or services used by them. HoldCo will implement ServiceCo cost allocations for its HoldCo subsidiaries that reflect the methodology approved for use by KeySpan, when this conversion can be implemented efficiently and following receipt of required regulatory approvals. Specifically, rather than using operation and maintenance (O&M) expenses as the basis for the general allocation of ServiceCo expenses, the three-part allocator currently used by KeySpan Corporate Services LLC, based on revenues, O&M expenses, and assets, will be used by ServiceCo. This change, which will only affect the pre-merger National Grid USA companies, may require approval of the regulatory commissions having jurisdiction over the rates of the Regulated Affiliates, and is conditioned on the receipt of such regulatory approvals. Following consummation of the Merger, the receipt of required approvals, and the implementation of necessary accounting systems and controls, KeySpan's allocation methods will be adopted and KeySpan's service companies, KeySpan Corporate Services LLC and KeySpan Utility Services LLC, will be phased out and consolidated with ServiceCo to the extent permissible and when this conversion can be implemented efficiently.

4.3 Revisions of Methodology and Audits: Any future revisions to the cost allocation methodology will be filed with the Commission's Director of Finance and Accounting and, assuming adequate support is provided for such revisions, will become effective after 60 days, unless an objection is raised.

Staff will have the right to audit ServiceCo, including the examination of authorized cost allocation calculations and review of internal audit policies, procedures, and reports, to receive assurance that applicable transactions and /or allocations are being carried out properly.

4.4 ServiceCo Services: Following the close of the Merger, ServiceCo will be authorized to perform Corporate and Administrative Services to KEDNY, KEDLI, Regulated Affiliates, Unregulated Competitive Energy Affiliates and National Grid Other Affiliates. In the course of providing such Corporate and Administrative Services, ServiceCo employees will not disclose Customer Information or System Information to any Unregulated Competitive Energy Affiliate or act as a conduit for such Information, excepting disclosures that are in compliance with these rules, Commission orders, rules or regulations. While ServiceCo may perform call center operations for any US HoldCo subsidiary, ServiceCo will establish policies and procedures, including technological safeguards, to ensure that Unregulated Competitive Energy Affiliates and National Grid Other Affiliates do not have access to and do not receive Customer Information or System Information.

4.5 Provision of Services: (a) In accordance with section VI of the Joint Proposal, the service companies of KeySpan and National Grid may continue to provide the services currently provided to US HoldCo, any US HoldCo subsidiary, KeySpan and any KeySpan subsidiary, and to LIPA pursuant to the LIPA Agreements for a transition period pending the assumption of such services by ServiceCo or in the event that the necessary approvals are not received; (b) KEDNY and KEDLI may provide any affiliate with regulated utility services pursuant to the applicable tariff; (c) Non-tariffed services provided between and among KEDNY, KEDLI, Regulated Affiliates, ServiceCo, HoldCo, KeySpan Utility Services LLC and KeySpan Corporate Services LLC will be priced on a fully-loaded cost basis; (d) Non-tariffed services provided by KEDNY or KEDLI to affiliates not identified in part (c) will be priced at the higher of fair market value or fully-loaded cost; and (e) Any services provided to KEDNY or KEDLI by an affiliate other than one another, Regulated Affiliates, ServiceCo, HoldCo, KeySpan Utility Services LLC and Key Span Corporate Services LLC will be priced at the lesser of fair market value or fully-loaded cost.

Contracts or other documentation will be required for any services identified in parts (d) and (e) that are expected to exceed $5 million over any 12 month period.

4.6 June 2001 Niagara Mohawk Policy Statement: Affiliate transactions involving Niagara Mohawk are currently governed by a document titled "June 2001 Policies and Procedures for Affiliate Transactions." National Grid will file with the Director of Accounting, Finance and Economics of the Department of Public Service revised policies, procedures, and agreements pertaining to transactions among affiliates and for Niagara Mohawk, KEDNY, and KEDLI prior to the consolidation of the service companies under section 4.4 above. That filing will be included as a Merger Reserved Issue in the Joint Proposal. Any disagreement associated with the filing shall be referred to the Commission for decision.

5. Rules Governing Human Resources

5.1 Separation of Employees and Officers: KEDNY, KEDLI, and the Unregulated Competitive Energy Affiliates will have separate operating employees, which restriction will not be deemed to preclude shared Corporate and

Administrative Services. The Secretary and/or Treasurer of KEDNY or KEDLI may serve in the equivalent position for HoldCo or any affiliate, but no other officer of KEDNY or KEDLI may serve as an officer of an Unregulated Competitive Energy Affiliate.

5.2 Employee Transfers: Employees may be transferred from KEDNY or KEDLI to an Unregulated Competitive Energy Affiliate. Such transferred employees will be required to resign from KEDNY or KEDLI unless there is a conflict with the collective bargaining agreement, in which case the collective bargaining agreement would control. Transferred employees may not be reemployed by KEDNY or KEDLI for a minimum of one year. Employees returning to KEDNY or KEDLI may not be transferred back to the Unregulated Competitive Energy Affiliate for a minimum of one year. Similarly, employees may be transferred from an Unregulated Competitive Energy Affiliate to KEDNY or KEDLI. Such transferred employees will be required to resign from the Unregulated Competitive Energy Affiliate unless there is a conflict with the collective bargaining agreement, in which case the collective bargaining agreement would control. Transferred employees may not be reemployed by the Unregulated Competitive Energy Affiliate for a minimum of one year after transfer. Employees returning to the Unregulated Competitive Energy Affiliate may not be transferred back to KEDNY or KEDLI for a minimum of one year. Any transferred employee will be prohibited from sharing, copying or taking any Customer Information or System Information from KEDNY or KEDLI. Otherwise, employees may be transferred between KEDNY or KEDLI and HoldCo and any of its subsidiaries without restriction.

KEDNY's and KEDLI’s annual reports to the Commission will show employee transfers between them and Unregulated Competitive Energy Affiliates.

5.3 Emergency Access to Employees: The foregoing provisions will not restrict HoldCo or any of its subsidiaries from making its employees available to KEDNY or KEDLI to assist in an emergency that threatens the safety or reliability of service to KEDNY or KEDLI customers. In such event, KEDNY or KEDLI will pay the fully-loaded costs for the services of such employees.

5.4 Compensation for Transfers to other than HoldCo or a Regulated Affiliate: An employee transfer credit equal to 25% of the employee's annual base salary will be applied to KEDNY's or KEDLI' s respective Balancing Account for all transfers from KEDNY or KEDLI to an Unregulated Competitive Energy Affiliate. The requirement to pay such transfer credit will be waived for a period of four years immediately following the close of the Merger.

5.5 Employee Compensation and Benefits: The compensation of KEDNY and KEDLI employees and officers may not be tied to the financial and/or stock performance of any Unregulated Competitive Energy Affiliate or National Grid Other Affiliate, but may be tied to the financial performance of Holdco and stock performance of UKHoldCo.

Employees of HoldCo and all or any subset of its subsidiaries may participate in common pension and benefit plans, and the costs of such common plans will be equitably allocated in accordance with the approved cost allocation procedures.

6. Access to Books, Records and Reports

Staff will have full access, on reasonable notice, and subject to resolution of issues relative to confidentiality and privilege (e.g., attorney client, attorney work product, self critical), to: i) the books and records of HoldCo and its majority-owned subsidiaries; and ii) the books and records of all other HoldCo subsidiaries or affiliates, in English, to the extent necessary to audit and monitor any transactions that have occurred between KEDNY or KEDLI and such subsidiaries or affiliates. Such access to books and records will be provided at KEDNY's or KEDLI's New York headquarters; provided, however, that if such access is not practicable, access will he provided at another location in KEDNY's or KEDLI's service territory at the Company's expense.

7. Standards of Competitive Conduct

7.1 Use of Corporate Name and Royalties: These Standards of Conduct will be in lieu of any and all royalty payments that could or might be asserted to be payable by HoldCo or any HoldCo subsidiary or imputed to KEDNY or KEDLI or credited to their customers at any time. No provision herein will be deemed to restrict any HoldCo subsidiary from using the same name, trade names, trademarks, service names, service marks or a derivative of a name of HoldCo, KEDNY or KEDLI, or in identifying itself as being affiliated with the HoldCo, KEDNY, KEDLI or any other affiliate. Promotional material may identify any HoldCo subsidiary as being affiliated with KEDNY, KEDLI or HoldCo.

7.2 Sales Leads: Except as set forth in this Appendix 4, or as otherwise approved by the Commission, KEDNY and KEDLI will not provide sales leads involving customers in its service territory to any Unregulated Affiliate.

7.3 Customer Inquiries: KEDNY and KEDLI will respond to customer inquiries as to non-utility services in conformance with the following Standards of Competitive Conduct:

-If a customer requests information from KEDNY or KEDLI about securing commodity sales service from an ESCO, KEDNY or KEDLI will provide a list of all ESCOs authorized to do business in its service territory.

-If a customer requests information from KEDNY or KEDLI about oil-to-gas heating system conversions, KEDNY or KEDLI will provide contact information of licensed contractors pursuant to a program substantially the same as KEDNY's and KEDLI's ValuePlus Program.

-If a customer requests information from KEDNY or KEDLI about appliance service contracts, KEDNY or KEDLI will provide, on a rotational basis, contact information of licensed contractors offering service contracts in the customer's vicinity.

-If a customer requests information from KEDNY or KEDLI about gas-to-gas equipment replacement, KEDNY or KEDLI will provide, on a rotational basis, contact information of licensed contractors performing such services in the customer's vicinity.

KEDNY and KEDLI may only provide customers information about competitive affiliates operating in the business areas identified above as part of a response to a customer inquiry or as part of a wider dissemination of information to the public about these topics. In either situation, the information provided about any

HoldCo subsidiary, including Unregulated Affiliates, may not in any way be discriminatory to other competitors.

All information made available pursuant to the foregoing will also be made available on KEDNY's and KEDLI's website.

7.4 No Advantage Gained by Dealing with Affiliate: KEDNY and KEDLI will refrain from giving any appearance that they speak on behalf of an Unregulated Affiliate or that an Unregulated Affiliate speaks on behalf of them. KEDNY and KEDLI will not engage in any joint promotion or joint marketing with its Unregulated Competitive Energy Affiliates, provided, however, that this will not prohibit the use of a common corporate web site that delineates regulated and unregulated entities and services.

KEDNY and KEDLI will not represent to any customer, supplier or third party that an advantage may accrue to such customer, supplier or third party in the use of their services as a result of that customer, supplier or third party transacting with any US HoldCo subsidiary.

US HoldCo subsidiaries will not represent to any customer, supplier or third party that an advantage may accrue to such customer, supplier or third party in the use of KEDNY's or KEDLI's services as a result of that customer, supplier or third party transacting with such subsidiary.

7.5 No Rate Discrimination: All similarly situated customers will pay the same rates for the same tariffed services provided by KEDNY or KEDLI. If there is discretion in the application of any tariff provision, KEDNY and KEDLI will not offer any affiliate more favorable terms and conditions than it offers to all similarly situated competitors of the affiliate.

7.6 Complaint Procedures: Any competitor or customer of KEDNY or KEDLI or any affiliate who believes that KEDNY or KEDLI or an affiliate has violated these Standards of Conduct may file a written complaint with KEDNY or KEDLI or the subject affiliate, which will respond in writing within fourteen business days. Thereafter, the complainant and KEDNY or KEDLI or the affiliate will meet to resolve the complaint informally. If no resolution can be reached within thirty days following the complainant's receipt of KEDNY's or KEDLI's or the affiliate's response, either party may request the assistance of Staff. If Staff is unable to assist the parties in resolving the complaint within a reasonable time, either party may seek resolution by the Commission.

If the Commission determines, at any time, whether as a result of the procedure outlined above or otherwise, that KEDNY or KEDLI or an affiliate has violated these Standards of Conduct, it will provide KEDNY or KEDLI or the affiliate an opportunity to remedy such conduct or explain why such conduct is not a violation. If KEDNY or KEDLI or the affiliate fails to remedy such conduct within a reasonable time after receiving such notice, the Commission may take such remedial action as is warranted and for which it has authority under the Public Service Law.

8. Transfers and Leases of Property

8.1 Personal Property: Transfers of Personal Property (or rights to use such property) from KEDNY or KEDLI to an Unregulated Competitive Energy Affiliate or any National Grid Other Affiliate will be priced at the higher of book value or fair market value. Any direct or indirect transfer of Personal Property to KEDNY or KEDLI from an unregulated affiliate shall be at the lower of book value or fair market value.

Transfers of Personal Property (or rights to use such property) from KeySpan Corporate Services LLC or KeySpan Utility Services LLC to KEDNY, KEDLI, Regulated Affiliates, ServiceCo, or HoldCo to KEDNY or KEDLI will be priced at book value.

Transfers of Personal Property (or rights to use such property) between and among KEDNY, KEDLI, Regulated Affiliates, ServiceCo, and HoldCo will be priced at book value or cost.

Gains associated with the transfer or lease of Personal Property in KEDNY's or KEDLI's rate base will be credited to the applicable depreciation reserve. KEDNY or KEDLI will have the opportunity to file a fully supported petition seeking recovery of any loss associated with the transfer or lease of Personal Property in KEDNY's or KEDLI's rate base_ KEDNY and KEDLI will retain gains or losses on the transfer or lease of Personal Property not included in their respective rate base.

Based on KEDNY's and KEDLI's adherence to the foregoing parameters and if the property is not needed for providing regulated utility service, the Commission's consent pursuant to PSL §§ 69 or 70 is granted as being in the public interest if the transfer or lease of Personal Property is for $3 million or less. KEDNY or KEDLI will petition the Commission for its consent pursuant to §§69 or 70 for the transfer or lease of Personal Property that exceeds $3 million. The provisions governing transfers of Personal Property to KEDNY and KEDLI in this section do not assure the future rate recovery of these amounts,

8.2 Real Property: If and when a facility is no longer needed to provide regulated gas services, KEDNY or KEDLI will evaluate commercially reasonable disposition alternatives for the facility, including, but not limited to, sale to an affiliate or sale or lease to a third party. In the event it decides to sell or lease a facility, KEDNY or KEDLI will use commercially reasonable efforts to obtain fair market value for the facility based on independent appraisals and market conditions. KEDNY and KEDLI may utilize brokers or other service providers to identify prospective buyers or tenants, or may utilize other means designed to realize fair market value from the sale or lease.

Gains associated with the sale of real property in KEDNY's or KEDLI's rate base will be credited to the applicable Balancing Account. KEDNY or KEDLI will have the opportunity to file a fully supported petition seeking recovery of any loss associated with the sale of real property in KEDNY's or KEDLI's rate base. KEDNY and KEDLI will retain gains or losses on the sale of real property not included in their respective rate base. Under no circumstances will the sale or lease of a facility prevent KEDNY or KEDLI from providing gas services to its customers, or from otherwise being able to discharge its public service responsibilities. Moreover, any sale-leaseback transaction involving a KEDNY or KEDLI facility will not increase KEDNY's or KEDLI's annual cost of occupying or utilizing the subject property.

All contract documents relative to the sale of facilities will include provisions limiting, to the extent commercially practicable, KEDNY's or KEDLI's liabilities, including environmental liabilities. In the case of lease transactions, tenants will be required, inter alia, to maintain commercially reasonable insurance coverage to protect the leased property, and to observe KEDNY's or KEDLI's requirements regarding the use of the premises. Any initial lease term will not exceed five (5) years,

Based on KEDNY's and KEDLI's adherence to the foregoing parameters, to the extent that efficient management of KEDNY's or KEDLI's property portfolio warrants the sale or lease of a facility subject to the Commission's consent pursuant to PSL §§69 or 70, that consent is granted as being in the public interest if the sale or lease or sale/leaseback of facilities is for $3 million or less. KEDNY or KEDLI will petition the Commission for its consent pursuant to §§69 or 70 for facility sales, leases, or sales/leasebacks for over $3 million.

9. Miscellaneous Provisions

9.1 Annual Meeting: Senior management of KEDNY, KEDLI, and US HoldCo will meet annually with Senior Staff to discuss their plans related to capital attraction and financial performance.

9.2 Reporting Requirements: To further the Commission's ability to efficiently assess compliance with the terms of the Appendix 4, KEDNY, KEDLI and HOLDCO shall file a report summarizing asset transfers, employee transfers, cost allocations, affiliate transactions, and competitor/customer complaints prior to each year's Annual Meeting.

9.3 Adherence to Standards: If the Commission at any time makes a finding that compliance with these Rules Governing Affiliate Transactions has been lacking, the Commission may order an independent audit of all applicable transactions, at KEDNY's or KEDLI's expense.

9.4 Insurance: KEDNY, KEDLI and HoldCo subsidiaries may be covered by common property/casualty and other business insurance policies. The costs of such policies will be equitably allocated in accordance with the approved cost allocation procedures.

9.5 Research and Development: KEDNY and KEDLI may invest in the commercialization of research and development products and technologies that they have developed consistent with these Standards of Competitive Conduct. If an affiliate elects to invest in the same, it will fairly compensate KEDNY and/or KEDLI based, among other things, on the expected future benefits of the investments, assume the applicable business risks, and will be entitled to the benefits associated with that investment to the extent approved by the Commission**.**

<u>In the event a situation arises where these standards are not being complied with, please contact National Grid's Ethical Business Conduct Advice Team at (315) 428-6341.</u>

C. Territories

1. The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY)

   The City of New York comprising the Boroughs of Brooklyn, Queens (former Wards 2 and 4 only) and Staten Island. See territorial map below.

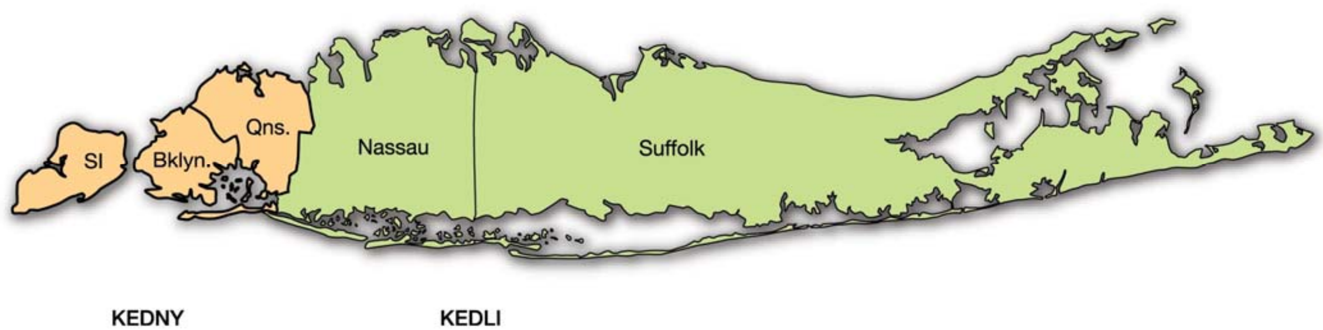
   KeySpan Gas East Corporation d/b/a National Grid (KEDLI)

   All of Nassau and Suffolk Counties and the Fifth Ward of the Borough of Queens. See territorial map below.

2. Pipelines Serving the Franchise Areas with Designations of Receipt Points

Pipeline	Receipt Point
Iroquois	South Commack
	Huntspoint
Tennessee	White Plains
Transcontinental Gas Pipe Line	Manhattan (2 locations)
	Narrows
	Long Beach
Texas Eastern	Goethals

3. Territorial Map



D. Service Classifications (Updated with Rates effective 1/1/2012)

Service Classification NY
The Brooklyn Union Gas Company

SC No.	Description	Rate Code	Rate (per month)			
1A	Residential Non-Heating Service	080	First	3 therms or less	$13.51	
			Next	47 therms @	$0.3369/therm	
			All over	50 therms @	$0.2000/therm	
			COG is determined every month by the Company on the GAC Statement.			
1B	Residential Heating Service	010 012	First	3 therms or less	$16.51	
			Next	47 therms @	$0.5644/therm	
			All over	50 therms @	$0.2500/therm	
			COG is determined every month by the Company on the GAC Statement.			
1AR	Residential Non-Heating Reduced Rate Service (Low Income)	085	First	3 therms or less	$11.01	
			Next	47 therms @	$0.3369/therm	
			All over	50 therms @	$0.2000/therm	
			COG is determined every month by the Company on the GAC Statement.			
1BI	3 to 5 Family Residential Heating Conversion Service (Intro)	018	First	3 therms or less	$16.51	
			Next	47 therms @	$0.4069/therm	
			All over	50 therms @	$0.1790/therm	
			COG is determined every month by the Company on the GAC Statement.			
1BR	Residential Heating Reduced Rate Service (Low Income)	015			Summer (May-Oc	Winter (Nov-Apr)
			First	3 therms or less	$7.01	$7.01
			Next	47 therms @	$0.5644/therm	$0.2998/therm
			All over	50 therms @	$0.2500therm	$0.2500/therm
			COG is determined every month by the Company on the GAC Statement.			
1B-DG	Residential Distributed Generation Service (Distributed Gene	019	First	3 therms or less	$32.93	
			All over	3 therms @	$0.136/therm	
			COG is determined every month by the Company on the GAC Statement.			
2	General Service (Non-Residential)					
	2-1 Non-Heating	020 021 026 027 028 029	First	3 therms or less	$29.51	
			Next	87 therms @	$0.3621/therm	
			Next	2,910 therms @	$0.23000/therm	
			All over	3,000 therms @	$0.1800/therm	
	2-2 Heating	022 023 024	First	3 therms or less	$29.51	
			Next	87 therms @	$0.3621/therm	
			Next	2,910 therms @	$0.2800/therm	
			All over	3,000 therms @	$0.2300/therm	
			COG is determined every month by the Company on the GAC Statement.			
3	Heating and/or Water Heating Service (Multi-Family Buildings	030	First	3 therms or less	$39.51	
			Next	997 therms @	$0.2719/therm	
			All over	1,000 therms @	$0.2000/therm	
			COG is determined every month by the Company on the GAC Statement.			
4A	High Load Factor Service (Cogeneration)	041	First	10 therms or less	$120.33	
4A-CNG	High Load Factor Service (Compressed Natural Gas Equipment	045	Next	990 therms @	$0.1657/therm	
			All over	1,000 therms @	$0.1550/therm	
			COG is determined every month by the Company on the GAC Statement.			
4B	Year-Round Air Conditioning Service (None-Residential)	040 046 049	First	1 therm or less	$99.51	
			Next	199 therms @	$0.7389/therm	
			All over	200 therms @	$0.2500/therm	
			COG is determined every month by the Company on the GAC Statement.			
5A	On-System Large Volume Sales Service (Interruptible Gas)	050 051	Rate is determined every month by the Company on the SOP Statement.			
5B	Off-System Large Volume Sales Service (Firm or Interruptible Gas)		Rates are negotiated with customers shown on the service			
			Please refer to the tariff for details.			
6C	Temperature Controlled Service (Commercial/Industrial)					
	Rate 1 < 10,000 dth	161 164 166 174 176 461 760 762	First	10 therms or less	$189.76	
	Rate 2 - or > 10,000 dth	162 165 167 175 177 462 761 763	First	10 therms or less	$294.71	
	Rate 3 Bulk Purchases	163 463	Rate is determined every month by the Company on the TC Statement.			

6G	Temperature Controlled Service (Government Agencies)					
	Rate 1 < 10,000dth	261 764	First	10 therms or less	$189.76	
	Rate 2 - or > 10,000dth	262 765	First	10 therms or less	$294.71	
	Rate 3 Bulk Purchases	263 264 266 267 268	Rate is determined every month by the Company on the TC Statement.			
6M	Temperature Controlled Service (Multi-Family Buildings)					
	Rate 1 < 3,500dth	361 766	First	10 therms or less	$189.76	
	Rate 2 - 3,500dth but not > 8,999dth	363 767	First	10 therms or less	$189.76	
	Rate 3 - 9,000dth but not > 25,999dth	362 563 564 663 664 768	First	10 therms or less	$294.71	
	Rate 4 - or > 26,000dth	561 769	First	10 therms or less	$294.71	
	Rate 5 Bulk Purchases		Rate is determined every month by the Company on the TC Statement.			
7	Seasonal Off-Peak Service	070 071 072			Apr-Nov	Dec-Mar
			First	3 therms or less	$39.51	Please refer to the
			All over	3 therms @	$0.1787/therm	tariff for details.
			COG is determined every month by the Company on the GAC Statement.			
11	Transportation Service (for SC...)					
	2 Firm General Service Transportation		First	3 therms or less	$10.80	
			Next	47 therms @	$0.621/therm	
			Next	200 therms @	$0.508/therm	
			Next	250 therms @	$0.488/therm	
			Next	500 therms @	$0.434/therm	
			All over	1,000 therms @	$0.360/therm	
	4A High Load Factor Service Transportation		First	4,200 therms or les	$856.47	
			All over	4,200 therms @	$0.172/therm	
	4B Year Round Air Conditioning Service Transportation		First	4,200 therms or les	$1,456.10	
			All over	4,200 therms @	$0.333/therm	
	5 Interruptible Service Transportation			Minimum	Maximum	
	< 6,000,000			$0.10	$3.19	
	. - or > 6,000,000		First 500,000	$0.10	$3.19	
			All over 500,00	$0.10	$0.50	
	5n Interruptible Service Transportation		Rates are negotiated with customers shown on the service			
			service agreement. Please refer to the tariff for details.			
	5LR Interruptible Load Retention Service Transportation		Rates are negotiated with customers shown on the service			
			service agreement. Please refer to the tariff for details.			
	6C, 6G & 6M Temperature Controlled Service Transportation					
	Rate 1		First	4,200 therms or les	$187.37 + 4,190 th * net margin/th	
	Rate 2		All over	4,200 therms @	$292.32 + 4,190 th * net margin/th	
13	Balancing Service		Please refer to the tariff for details.			
14	Natural Gas Vehicle (NGV) Service					
	Rate 1		All gas used		$0.3601/therm	
	Rates 2 and 3		Rate is determined every month by the Company on the NGV Statement.			
			The floor price is shown on the GAC also.			
15	Release of Interstate Pipeline Capacity Entitlements		Please refer to the tariff for details.			
16	Cancelled					
17	Core Transportation and Swing Service (for SC...)					
	1A Residential Non-Heating	380	First	3 therms or less	$13.51	
			Next	47 therms @	$0.3369/therm	
			All over	50 therms @	$0.2000/therm	
	1AR Residential Non-Heating Reduced Rate	385	First	3 therms or less	$11.01	
			Next	47 therms @	$0.3369/therm	
			All over	50 therms @	$0.2000/therm	
	1B Residential Heating	310	First	3 therms or less	$16.51	
			Next	47 therms @	$0.5644/therm	
			All over	50 therms @	$0.2500/therm	
	1BI Residential Heating Conversion	318	First	3 therms or less	$16.51	
			Next	47 therms @	$0.4069/therm	
			All over	50 therms @	$0.1790/therm	
	1BR Residential Heating Reduced Rate	315			Summer (May-Oc	Winter (Nov-Apr)
			First	3 therms or less	$7.01	$7.01
			Next	47 therms @	$0.5644/therm	$0.2998/therm
			All over	50 therms @	$0.2500/therm	$0.2500/therm
	2 Firm General					
	2-1 Non-Heating	320 326 329	First	3 therms or less	$29.51	
			Next	87 therms @	$0.3621/therm	
			Next	2,910 therms @	$0.2300/therm	
			All over	3,000 therms @	$0.1800/therm	

	2-2 Heating	322 426 429	First	3 therms or less	$29.51	
			Next	87 therms @	$0.3621/therm	
			Next	2,910 therms @	$0.2800/therm	
			All over	3,000 therms @	$0.2300/therm	
	3 Heating and/or Water Heating (Multi-Family Buildings)	330	First	3 therms or less	$39.51	
			Next	997 therms @	$0.2719/therm	
			All over	1,000 therms @	$0.2000/therm	
	4A & 4A-CNG High Load & CNG Equipment	4A- 341	First	10 therms or less	$120.33	
		4A-CNG- 345	Next	990 therms @	$0.1657/therm	
			All over	1,000 therms @	$0.1550/therm	
	4B Year Round Air Conditioning	340 346 349	First	1 therms or less	$99.51	
			Next	199 therms @	$0.7389/therm	
			All over	1,200 therms @	$0.2500/therm	
	7 Seasonal Off Peak	370	First	3 therms or less	$39.51	
			All over	3 therms @	$0.1787/therm	
	21 Baseload Distributed Generation				Apr-Oct	Nov-Mar
	Rate 1 < 1MW	342	First	10 therms or less	$235.61	
			All over	10 therms	$0.094/therm	$0.120/therm
	Rate 2 - or > 1MW but < 5MW	343	First	10 therms or less	$333.14	
			All over	10 therms	$0.094/therm	$0.120/therm
	Rate 3 - or > 5MW but < 50MW	344	First	10 therms or less	$771.69	
			All over	10 therms	$0.023/therm	$0.032/therm
			Rate is determined every month by the Company on the TAC Statement.			
18	Non-Core Transportation Service (for SC...)					
	5A On System Large Volume	350 351	Please refer to the tariff for details.			
	6C & 6G Temperature Controlled					
	Rate 1	6C- 354 364 386 388 396 398	First	10 therms or less	$187.37	
		6G- 366	All over	10 therms @	Please refer to the tariff for details.	
	Rate 2	6C- 355 365 387 389 397 399	First	10 therms or less	$292.32	
		6G- 367	All over	10 therms @	Please refer to the tariff for details.	
	6M Temperature Controlled					
	Rate 1	368	First	10 therms or less	$187.37	
	Rate 2	661	All over	10 therms @	Please refer to the tariff for details.	
	Rate 3	369	First	10 therms or less	$292.32	
	Rate 4	662	All over	10 therms @	Please refer to the tariff for details.	
			Rate is determined every month by the Company on the NCT Statement.			
19	Transportation Aggregation Service		Rate is determined every month by the Company on the SCA Statement.			
20	Non-Core Transportation Service for Electric Generation					
	Rate 1		Contribution for fixed costs		$0.10/dth	
			Unitized long run marginal costs		$0.10/dth	
	Rate 2		Rates are negotiated with customers shown on the service			
			service agreement. Please refer to the tariff for details.			
21	Baseload Distributed Generation Sales Service				Apr-Oct	Nov-Mar
	Rate 1 < 1MW	042	First	10 therms or less	$235.61	
			All over	10 therms	$0.094/therm	$0.120/therm
	Rate 2 - or > 1MW but < 5MW	043	First	10 therms or less	$333.14	
			All over	10 therms	$0.094/therm	$0.120/therm
	Rate 3 - or > 5MW but < 50MW	044	First	10 therms or less	$771.69	
			All over	10 therms	$0.023/therm	$0.032/therm
			COG is determined every month by the Company on the GAC Statement.			

Service Classification LI

Keyspan Gas East Corp. DBA Brooklyn Union of LI

SC No	Description	Rate Cod	Rate (per month)			
1	Residential Service					
	1A General	120	First	3 therms or less	$13.66	
	1A Water Heating	130	Next	47 therms @	$0.6320/therm	
			Excess of	50 therms @	$0.2000/therm	
	1AR General Reduced Rate Non-Heating	120R	First	3 therms or less	$8.84	
	1AR Water Heating Reduced Rate Non-Heating	130R	Next	47 therms @	$0.6320/therm	
			All over	50 therms @	$0.2000/therm	
	1B Space Heating	140	First	3 therms or less	$16.66	
			Next	47 therms @	$0.8739/therm	
			Excess of	50 therms @	$0.2500/therm	
					Summer (May-Oc	Winter (Nov-Apr)
	1BR Space Heating Reduced Rate Heating	140R	First	3 therms or less	$3.64	$3.64
			Next	47 therms @	$0.8739/therm	$0.5117/therm
			All over	50 therms @	$0.2500/therm	$0.2500/therm
	1DG Distributed Generation	150	First	3 therms or less	$33.0	
			Excess of	3 therms @	$0.1260/therm	
			COG is determined every month by the Company on the GAC Statement.			
2	Non-Residential Service					
	2A General	250	First	3 therms or less	$29.66	
	2A Water Heating	160	Next	87 therms @	$1.2160/therm	
			Next	2,910 therms @	$0.2800/therm	
			Excess of	3,000 therms @	$0.1800/therm	
	2B Space Heating	170	First	3 therms or less	$29.66	
			Next	87 therms @	$1.2160/therm	
			Next	2,910 therms @	$0.3300/therm	
			Excess of	3,000 therms @	$0.2300/therm	
			COG is determined every month by the Company on the GAC Statement.			
3	Multiple Dwelling Service					
	3A Water Heating	152	First	3 therms or less	$74.66	
			Next	997 therms @	$0.3617/therm	
			Excess of	1,000 therms @	$0.2000/therm	
	3B Heating	151	First	3 therms or less	$74.66	
			Next	997 therms @	$0.3617/therm	
			Excess of	1,000 therms @	$0.2000/therm	
			COG is determined every month by the Company on the GAC Statement.			
4	Interruptible Gas Service					
	Category A	310	Rate is determined monthly by the Company on the IRS Statement.			
	Category DSRS	310A				
	Category B	320				
	Category C	311				
	Category D	321				
5	Firm Transportation Service (for...)					
	1A Residential General	127	First	3 therms or less	$13.66	
	1A Residential Water Heating	137	Next	47 therms @	$0.6320/therm	
			Excess of	50 therms @	$0.2000/therm	
	1AR Residenital Water Heating Reduced Rate	137R	First	3 therms or less	$8.84	
			Next	47 therms @	$0.6320/therm	
			Excess of	50 therms @	$0.2000/therm	
	1B Residential Space Heating	147	First	3 therms or less	$16.66	
			Next	47 therms @	$0.8739/therm	
			Excess of	50 therms @	$0.2500/therm	
					Summer (May-Oc	Winter (Nov-Apr)
	1BR Residential Space Heating Reduced Rate	147R	First	3 therms or less	$3.64	$3.64
			Next	47 therms @	$0.8739/therm	$0.5117/therm
			Excess of	50 therms @	$0.2500/therm	$0.2500/therm

	2A Commercial Water Heating	167	First	3 therms or less	$29.66
	2A Commercial General	257	Next	87 therms @	$1.2160/therm
			Next	2,910 therms @	$0.2800/therm
			Excess of	3,000 therms @	$0.1800/therm
	2B Commercial Space Heating	177	First	3 therms or less	$29.66
			Next	87 therms @	$1.2160/therm
			Next	2,910 therms @	$0.3300/therm
			Excess of	3,000 therms @	$0.2300/therm
	3A Multiple Dwelling Non-Heating	159	First	3 therms or less	$74.66
			Next	997 therms @	$0.3617/therm
			Excess of	1,000 therms @	$0.2000/therm
	3B Multiple Dwelling Heating	158	First	3 therms or less	$74.66
			Next	997 therms @	$0.3617/therm
			Excess of	1,000 therms @	$0.2000/therm
	15 High Load Factor	267	First	10 therms or less	$153.35
			Excess of	10 therms @	$0.130/therm
	16 Year-Round Space Conditioning	277	First	3 therms or less	$199.66
			Next	497 therms @	$1.1753therm
			Excess of	500 therms @	$0.2000/therm
	17 Baseload Distributed Generation				
	Rate 1	347	First	10 therms or less	$180.16
			All over	10 therms (Apr-Oct	$0.133/therm
			All over	10 therms (Nov-Ma	$0.171/therm
	Rate 2	357	First	10 therms or less	$328.22
			All over	10 therms (Apr-Oct	$0.133/therm
			All over	10 therms (Nov-Ma	$0.171/therm
	Rate 3	367	First	10 therms or less	$949.35
			All over	10 therms (Apr-Oct	$0.033/therm
			All over	10 therms (Nov-Ma	$0.045/therm
	9 Uncompressed Natural Gas Vehicle	807	First	3 therms of less	$52.92
			Excess of	3 therms @	Rate is determined monthly by the Company on the NGV Statement.
			Rate is determined monthly by the Company on the TAC Statement.		
6	Large Volume Gas Bypass Transportation Service		Rates are negotiated individually with customers. The minimum rate will recover for the life of the service agreement a reasonable contribution to system costs over and above the incremental costs to serve that customer. Please refer to the tariff for details.		
7	Interruptible Transportation Service				
	Category A	710	Rate is determined monthly by the Company on the IRS Statement.		
	Category DSRS	710A			
	Category B	720			
	Category C	711			
	Category D	721			
8	Seller Service		Rate is determined monthly by the Company on the SCA Statement.		
9	Uncompressed Natural Gas Vehicle Full Service	800	First	3 therms or less	$38.70
			Excess of	3 therms @	Effective rate
			Rate is determined monthly by the Company on the NGV Statement.		
10	Compressed Natural Gas Vehicle Full Service	801	Rate is determined monthly by the Company on the NGV Statement.		
11	Uncompressed Natural Gas Vehicle Transportation Ser	802	Reserved for Future Use		
12	Temperature Controlled Service (Non-Residential)				
	Rate 1 - Small	330	First	3 therms or less	$154
	Rate 2 - Large	331	Excess of	3 therms @	Rate is determined monthly by the Company on the TC Statement.
	Rate 3 - Large	332	Rates are negotiated individually with customers. The minimum rate will recover all costs incurred to serve the customer including a reasonable contribution to fixed costs, subject to increase in rates and charges. Please refer to the tariff for details.		

13	Temperature Controlled Transportation Service				
	Rate 1	730	First	3 therms or less	$154
	Rate 2	731	Excess of	3 therms @	Rate is determined monthly by the Company on the TC Statement.
	Rate 3	732	Rates are negotiated individually with customers. The minimum rate will recover all costs incurred to serve the customer including a reasonable contribution to fixed costs, subject to increase in rates and charges.		
			Please refer to the tariff for details.		
14	Non-Core Transportation Service for Electric Generation		Please refer to the tariff for details.		
15	High Load Factor Service	260	First	10 therms or less	$153.35
			All over	10 therms @	$0.130/therm
			COG is determined every month by the Company on the GAC Statement.		
16	Year-Round Space Conditioning Service	270	First	3 therms or less	$199.66
			Next	497 therms @	$1.1753/therm
			All over	500 therms @	$0.2000/therm
			COG is determined every month by the Company on the GAC Statement.		
17	Baseload Distributed Generation Sales Service				
	Rate 1 < 1MW (per meter, per month)	340	First	10 therms or less	$180.61
			All over	10 therms (Apr-Oct	$0.133/therm
			All over	10 therms (Nov-ma	$0.171/therm
	Rate 2 - or > 1MW but < 5MW	350	First	10 therms or less	$328.22
			All over	10 therms (Apr-Oct	$0.133/therm
			All over	10 therms (Nov-ma	$0.171/therm
	Rate 3 - or > 5MW but < 50MW	360	First	10 therms or less	$949.35
			All over	10 therms (Apr-Oct	$0.033/therm
			All over	10 therms (Nov-ma	$0.045/therm
			COG is determined every month by the Company on the GAC Statement.		

E. Customer Breakdown

The following statistics show a breakdown of KEDNY and KEDLI by customer segments.

Customers and Annual DTH as of December 31, 2011, except Sales KEDNY and KEDLI Annual DTHs shown are as of December 2010.

Sales: KEDNY

	Customers	Annual DTH
Residential	931,277	58,476,319
C/I	32,595	19,246,179
Interruptible	1	0
TC Interruptible	3,006	19,467,617

Sales: KEDLI

	Customers	Annual DTH
Residential	447,157	42,509,281
C/I	39,189	13,776,915
Interruptible	142	0
TC Interruptible	163	48,133

Transportation: KEDNY

	Customers	Annual DTH
Residential	220.280	17,703,686
C/I	19,646	34,457,748
Interruptible	3	21,430,625
TC Interruptible	398	3,282,066

Transportation: KEDLI

	Customers	Annual DTH
Residential	51,085	10,112,640
C/I	18,521	124,002,345
Interruptible	1	1479
TC Interruptible	0	12643

III. UNIFORM BUSINESS PRACTICES GENERIC TO AGGREGATION AND LARGE VOLUME TRANSPORTATION CUSTOMERS

The Uniform Business Practices Case 98-M-1343 (UBP) set forth in this section were originally approved by the New York State Public Service Commission on January 22, 1999 and updated as of December 2010. For the entire the Uniform Business Practices see Appendix or www.dps.state.ny.us. If conflict arises between the GTOP and the UBP, the UBP shall govern.

A. Creditworthiness

National Grid establishes unsecured credit limits for all entities, including Marketers, Gas Suppliers who act as Marketers, and customers to whom the Company makes sale of gas for resale, by applying on a consistent, non-discriminatory basis the same financial evaluation standard. Credit limits are reviewed regularly. If an entity is assigned an unsecured credit limit that is not sufficient to meet the requirements, these requirements may be met by providing security in a form that is acceptable to National Grid. Please refer to UBP, Section 3.

B. Customer Information

This section establishes practices for release of customer information by distribution utilities or Meter Data Service Provider (MDSP) to ESCOs and Direct Customers and identifies the content of information sets. The distribution utility or MDSP and an ESCO shall use EDI standards, to the extent developed, for transmittal of customer information and may transmit data, in addition to the minimum information required, via EDI or by means of an alternative system. Please refer to UBP, Section 4.

C. Billing, Collection Services and Charges

The process that an applicant is required to follow for a PSC finding of eligibility to sell natural gas or electricity as an ESCO, that an ESCO is required to follow to maintain eligibility, and that a distribution utility is required to follow for discontinuance of an ESCO's or Direct Customer's participation in a distribution utility's retail access program is detailed in UPB Section 2. For additional details and for failure to make a payment please refer to UBP, Section 2.

Procedures for invoices of charges for services provided by the distribution utility directly to an ESCO or Direct Customer are detailed in UPB Section 7. A distribution utility and ESCO or Direct Customer may agree to establish other arrangements and procedures for presentation and collection of invoices for services rendered. This section also describes billing questions and disputes and Charges to ESCOs from the Company. For additional details, please refer to UBP, Section 7.

Requirements for billing and payment processing options offered by a distribution utility and ESCO in a multi-retailer model are outlined in UPB Section 9. The Section does not establish requirements for billing and payment processing in a single retailer model. A distribution utility and ESCO shall comply with the requirements established in Section 9, unless they agree upon modifications or other procedures for billing and payment processing in a Billing Services Agreement. For additional details, please refer to UBP, Section 9.

D. New Delivery Customer Requirements

UBP Section 5 establishes practices for receiving, processing and fulfilling requests for changing a customer's natural gas provider and for obtaining a customer's authorization for the change. A change in a provider includes transfer from (1) one ESCO to another; (2) an ESCO to a distribution utility; and (3) a distribution utility to an ESCO. This Section also establishes practices for: an ESCO's drop of a customer or a customer's drop of an ESCO, retention of an ESCO after a customer's relocation within a distribution utility's service area, assignment of a customer, and initiation or discontinuance of procurement of natural gas supplies by a Direct Customer. This Section does not establish practices for obtaining other energy-related services or changing billing options.

The process of changing a service provider is comprised of two steps. For enrollment with an ESCO, the first step is obtaining customer agreement to accept natural gas service, according to the terms and conditions of an offer. A sales agreement establishes the terms and conditions of the customer's business arrangement with the ESCO. The second step is enrollment and the distribution utility's modification of its records to list the customer's transfer to a provider on a specific date. This transaction is primarily between the ESCO and the distribution utility. For additional details, please refer to UBP, Section 5.

E. Switching Customers

An ESCO shall transmit an enrollment request to a distribution utility no later than 15 calendar days prior to the effective date of the enrollment. The enrollment request shall contain as a minimum, the information required for processing set forth in Attachment 4, Enrollment Request of the UBP. The distribution utility shall process enrollment requests in the order received. The distribution utility shall accept only one valid enrollment request for each commodity per customer during a switching cycle. If the distribution utility receives multiple enrollment requests for the same customer during a switching cycle, it shall accept the first valid enrollment request and reject subsequent requests. An ESCO shall submit an enrollment request after it provides the sales agreement to the customer and, for residential customers, after the expiration of the cancellation period. For additional details, please refer to UPB, Section 5.

F. Slamming Prevention (Unauthorized Customer Transfers)

A change of a customer to another energy provider without the customer's authorization, commonly known as slamming is not permitted. The distribution utility shall report slamming allegations to the Department on at least a monthly basis. For additional details, please refer to UBP, Section 5.

G. Discontinuance of Service

Customers returning to full utility service shall arrange to return to full utility service by contacting either the ESCO or the distribution utility in accordance with UPB Section 5 (H). An ESCO contacted by the customer shall, within two days, process the customer's request to return to full utility service. A utility contacted by a customer shall remind the customer to contact the ESCO about their returning to full utility service provided, however, that if the customer has already contacted the ESCO or wants to proceed without contacting the ESCO, the utility shall, within two days, process the customer's request to return to full utility service. If a change to full utility service results in restrictions on the customer's right to choose another supplier or application of a rate that is different than the one applicable to other full service customers, the distribution utility shall provide advance notice to the customer. For additional details, please refer to UBP, Section 5.

For involuntary discontinuance of an ESCO or Direct customer's participation, please refer to UBP Section 2.

H. Dispute Resolution

UPB Section 8 describes the process whereby disputes involving distribution utilities, ESCOs or Direct Customers shall be handled, including disputes alleging anti-competitive practices. The processes are not available to resolve disputes between retail customers and ESCOs or distribution utilities. They are also not applicable to matters that, in the opinion of the PSC Staff, should be submitted by formal petition to the PSC for its determination or are pending before a court, state or federal agency. The availability of the processes does not limit the rights of a distribution utility, ESCO or Direct Customer to submit any dispute to another body for resolution. For additional details, please refer to UPB, Section 8.

I. Consolidated Billing

A distribution utility and ESCO shall establish in a billing services agreement (BSA) detailed expectations for their responsibilities, including consequences for any failure to carry out such responsibilities. A distribution utility may use the bill ready or the rate ready method for issuing consolidated bills. An ESCO that offers consolidated billing shall use a bill ready method. For additional details, please refer to UPB Section 9.

J. Marketing Standards

The standards that ESCOs and ESCO marketing representatives must follow when marketing to customers in New York are detailed in UPB Section 10. It specifies standards relative to training of marketing representatives and in-person and telephone contact with customers. ESCOS shall not engage in misleading or deceptive conduct as defined by State or federal law, or by Commission rule, regulation or Order. ESCOs will maintain an internal process for handling customer complaints and resolving disputes arising from marketing activities and shall respond promptly to complaints forwarded by the Department. For additional details, please refer to UPB Section 10.

IV. GAS DELIVERY MANAGEMENT PROCEDURES FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS – FIRM TRANSPORTATION

A. Monthly Balancing Service

1. Become An Approved Gas Supplier

There are several requirements to become an approved gas supplier:

Step One:

Approval from the New York State Department of Public Service (PSC) and completion of their Energy Service Company Retail Access Application which can be obtained on the PSC website at www.dps.state.ny.us/escoapp.htm

Step Two:

Once an ESCO has been approved by the PSC, completion of the KEDLI and/or KEDNY tariff application form along with the Seller Service Agreement, NAESBE contract for the applicable territory and a capacity release agreement, if necessary, as well as tax forms, taxpayer Form W-9 and a Resale Certificate ST-120, which can be obtained at www.irs.gov/pub/irs-pdf/w9.pdf are required. An ESCO interested in consolidated billing services should complete the appropriate form along with the application.

Fax and mail originals of these documents to: National Grid, Supplier Services, 175 East Old Country Road, Hicksville, NY 11801 Attention: Arlene Portalatin, 516-545-3856; Sergio Smilley 516-545-2468; or Juliana Griffiths, 516-545-2632. The Fax number is 516-545-3250. Once these documents have been received, the approval process to determine creditworthiness will begin. These documents are available for download at http://www2.nationalgridus.com/partners/marketers.

Step Three:

Once the application and creditworthiness requirement, as specified in the Uniform Business Practices Section III, are satisfied the ESCO must successfully complete Electronic Data Interchange ("EDI") testing with both the Public Service Commission and KEDLI and/or KEDNY.

Prior to beginning EDI testing with KEDLI and/or KEDNY, the ESCO will be required to post a cash deposit based on the level of testing required which will accrue interest, at the same rate as customer deposits, and be refunded at the time of commencing retail sales in the KEDLI and/or KEDNY service territories. If for any reason the ESCO fails to commence retail operations within three months of completing EDI testing, the deposit will be forfeited to the Company.

EDI Core Transactions only: $5,000

EDI Core Transaction and Single Bill Testing: $10,000

The EDI Pre-Testing Request form must be completed and returned to the above-mentioned personnel or e-mailed to them: Arlene.Portalatin@us.ngrid.com; Sergio.Smilley@us.ngrid.com; Juliana.Griffiths@us.ngrid.com. For additional information on EDI Data Dictionaries and Implementation Guides, please refer to the PSC website at www.dps.state.ny.us/98m0667_current.htm.

2. Customer Eligibility

Service is available under KEDLI SC 5 and KEDNY 17 SC for the transportation by KEDLI and/or KEDNY of customer-owned natural gas to:

(i) a single Customer with a single facility or meter, that can demonstrate annual natural gas consumption of at least 3,500 DTHM at the single meter; (ii) a group of Customers that can demonstrate annual natural gas consumption of at least 5,000 DTHM; (iii) a single entity or firm with facilities at more than one location or having more than one meter that can demonstrate annual natural gas consumption of at least 3,500 DTHM at a single meter; and (iv) a single entity or firm with facilities at more than one location or having more than one meter that can demonstrate annual natural gas consumption of at least 5,000 DTHM.

Service to a single Customer will commence under these Service Classifications only after KEDLI and/or KEDNY has received documentable notice and agreement in addition to a Seller Agreement for service under this Service Classification executed by Seller for the applicable service period. Service to a group of Customers will commence under these Service Classifications only after KEDLI and/or KEDNY has received documentable notice and agreement and a Seller Agreement for service under these Service Classifications executed by Seller for the applicable service period.

For a Seller Agreement to be effective under these Service Classifications, the Seller must be qualified in conformance with the provisions of Service Classifications No. 8 and/or 19.

Service under this Service Classification will commence on the first day of the month provided that the Company is in receipt of all applications by the fifteenth day of each month.

3. Enrollment Procedures

Enrollments are processed via EDI. Effective dates for enrollments will always be the first day of the following month. The deadlines to submit the ENROLL and DROP transactions will adhere to the Uniform Business Practices as amended from time to time.

Enrollments and Drops may be submitted fifteen calendar days prior to the start of the following month.

For Example: For an effective date of October 1, the enrollment or drop must be submitted between September 1 and September 15 (September has 30 days). The transmittal must be received on September 15, to be effective for October 1.

4. Delivery Quantity Determination Procedures - Monthly and Daily Transportation Quantities

At the beginning of the applicable twelve-month period, KEDLI and/or KEDNY will determine each customer's Monthly Delivered Quantity (MDQ) and Daily Delivered Quantity (DDQ) for each month of the upcoming year.

MDQ Calculation

Customer

In order to establish the customer's profile and Monthly Delivery Quantity (MDQ) the Customer System calculates the daily therm usage based on the customer's two-year usage history. If two-year customer history is unavailable, the calculation is based on as much account history as is available. If no historical usage exists, a set schedule of projected usage based on the rate classification of the customer account is utilized.

The Customer System calculates a base factor for non-heat gas usage for summer by using daily usage from July 1st through August 31st. The base equals the summer therms divided by the number of summer days.

For heating rates, a slope is calculated by taking the sum of the total therms less the base multiplied by the number of days for the period divided by the actual degree days for the period.

The base and slope, if applicable, are used in conjunction with normal degree days to calculate the customer's MDQ.

ESCO

The ESCO's pool will display the MDQ for each customer in DTH. This usage is aggregated for the ESCO's entire pool and adjusted for unaccounted for gas (UFG).

The adjusted monthly quantity is divided by the number of days in the month and rounded to the nearest whole DTH. This is the Aggregated Daily Delivery Quantity (ADDQ) which is posted to the Electronic Bulletin Board (EBB) as the ESCO's daily requirement.

Therefore, a customer's MDQ will be based on that Customer's weather-normalized historical consumption. KEDLI and/or KEDNY may adjust a Customer's MDQ as necessary during the year to reflect changes in a customer's gas equipment or pattern of consumption. In addition, if inadequate historical consumption data exists, KEDLI and/or KEDNY may estimate a Customer's MDQ based on, among other things, the rating of a Customer's gas equipment and the expected utilization of such equipment.

A Customer's DDQ will be calculated by dividing a customer's MDQ by the total number of days for each calendar month. The DDQ is adjusted by 1.0281 for KEDLI and 1.0240 for KEDNY as an allowance for losses incurred in the process of delivery to the customer's metered facilities.

By the first business day following the 21st of each month, KEDLI and/or KEDNY shall provide to the Seller notice of each Customer's DDQ and, in the case of a Seller that supplies gas to more than one Customer, the Customers' Aggregated Daily Delivery Quantity (ADDQ) for the succeeding calendar month.

5. Capacity Assignment - Winter Capacity Program Options

If an ESCO chooses to use a third party to manage supply and capacity, both entities are required to complete a Capacity Release Agreement. See Appendix XIII.

Mandatory Capacity Program

Sellers must participate in the Company's Mandatory capacity Program subject to the terms and conditions of the KEDLI and KEDNY tariffs and this Gas Transportation Operational Procedures Manual. The Mandatory Capacity Program consists of three capacity tiers: 1) Tier 1 – Capacity Release; 2) Tier 2 – Bundled Sales Service and 3) Tier 3 – Bundled Storage Service.

Capacity Release Option Tier 1

Subject to the conditions described below, KEDLI and/or KEDNY will release interstate pipeline capacity each month. In light of the issuance of FERC Order 712-B (April 16, 2009), the Company may release its interstate pipeline capacity in the Program to an ESCO either as principal or as an agent for its customers for the 12-month period beginning November 1st of each year (the "Gas Year.") The amount of interstate capacity to be released known as the "Tier 1 Capacity Release Volume" will be set at 75% of estimated November daily load, grossed up for UFG, of the Seller's Customers at the start of the Gas Year. KEDLI and/or KEDNY will release interstate pipeline capacity, which must be used for deliveries to the City Gate, 75% on Transcontinental Gas Pipeline and 25% on Texas Eastern in an amount determined by the marketer's estimated November DDQ, not to exceed the Tier 1 Maximum Capacity Release Volume for that Marketer. KEDLI and/or KEDNY reserve the right to change the Selected Pipelines to one or more of the pipelines named in the Pipeline and Receipt Point Section of this GTOP determined by the capacity and operational availability of the respective pipelines during the program to accommodate capacity or operational concerns or issues. On a monthly basis, KEDLI and/or KEDNY will recalculate the equivalent November daily load ,grossed up for UFG, of the Seller's customers to reflect an increase or decrease in the number or demand of Customers and adjust the Tier 1 Capacity Release Volume accordingly. If the Tier 1 Capacity Release Volume is insufficient to fully meet the requirements of the Seller's Customers during the summer months of May through October, KEDLI and/or KEDNY will increase the Tier 1 Capacity Release Volume each summer month, as required, to match the estimated load of the pool of the Seller's Customers for that month, grossed up for UFG.

The Tier 1 capacity released on the Selected Pipelines will be at the Company's WACOC. The Seller or Seller's Agent is responsible for all fixed and variable costs associated with the released capacity.

Marketers must deliver supply to KEDLI and/or KEDNY by means of the Tier 1 released capacity. The Marketer is obligated to deliver gas to KEDLI and/or KEDNY for the Marketer's customers as required by tariffs. The Marketer is required to meet all obligations required by the Selected Pipelines under their respective tariffs.

Capacity Release Option Tier 2 - Bundled Sales Service

KEDLI and/or KEDNY will provide a Tier 2 Bundled Sales Service from November through March (and April, as required) that is equal to the Marketer's Tier 2 Daily Delivery Quantity ("Tier 2 DDQ"). The Tier 2 DDQ will be set at 25% of the Marketer's estimated November daily load on a monthly basis, grossed up for UFG, of the Marketer's customers at the start of the Gas Year. As the year progresses, KEDLI and/or KEDNY will recalculate the equivalent November daily load grossed up for UFG of the Seller's pool each month to reflect any increase or decrease in the number or demand of customers in the Marketer's pool, and adjust the Marketer's Tier 2 DDQ accordingly.

The per dekatherm price of the Tier 2 – Bundled Sales Service Price reflects the gas commodity and variable transportation costs associated with providing the service. Specifically, the company will compute the per dekatherm price by adding: 1) the NYMEX contract price for the month, plus; 2) the weighted average of the published basis from the Henry Hub to the Selected Pipeline receipt points, plus; 3) the weighted average variable transportation costs and fuel losses to transport gas from the Selected Pipeline receipt points to the company's city gate plus; 4) the company's WACOC. This price will be included on the Statement of Seller Charges and Adjustments filed with the Commission by the fourth business day following the effective month.

Seller shall pay on a monthly basis the cost of the Tier 2 – Bundled Sales Service, which will be computed by multiplying 1) the Tier 2 – Bundled Sales Service per dekatherm price by 2) the Tier 2 DDQ by 3) the number of days each month.

Marketers that do not meet the creditworthiness guidelines set forth in the Uniform Business Practices will be required to prepay for bundled sales service. The prepayment must be made via wire transfer or ACH payment by no later than three (3) business days prior to the last day of the month preceding the month in which the bundled sales are to be made. The prepayment will be calculated by taking the product of 0.9 times the estimated price of Tier 2 winter bundled sales for that month. The prepayment amount will be trued up when actual costs of the bundled sales are available and any adjustment will be made in the succeeding bill period. Marketers may elect to make alternative security arrangements consistent with the Uniform Business Practice to secure credit for the purchase of bundled sales, provided that any such alternative security must be in place no less than 60 days before the November 1st start date of the bundled sales service period. Marketers participating in our Purchase of Receivables Program that have given KEDLI and/or KEDNY first priority interest in their receivables will be exempt from this requirement.

Capacity Release Option Tier 3 – Bundled Storage Service

KEDLI and/or KEDNY will provide a Tier 3 Bundled Storage Service Supply from December through March that is equal to the Marketer's Tier 3 Daily Delivered Quantity ("Tier 3 DDQ"). The Tier 3 DDQ will be set at the Daily Delivery requirement for any given month December through March less the November Aggregated DDQ of any Marketer/Direct Customer less any applicable Tier 3 grandfathered capacity. The Tier 3 DDQ will be reset each winter month based on the Marketer's incremental load requirements. Incremental load requirements, in this context, mean the delivery volume that exceeds the sum of the Marketer's Tier 1 Capacity Release Volume and Tier 2 DDQ.

The price of the Tier 3 Bundled Storage Service Supply will be computed assuming domestic US gas supply is injected on a pro-rata basis into each of the KEDLI/KEDNY's market area storage services throughout the summer injection season (May 1st to Oct 31st). KEDLI/KEDNY will compute the weighted average inventory price of gas injected into Tier 3 Bundled Storage Service Supply by taking the sum of 1) the gas commodity price as represented by the NYMEX contract price for the month; 2) the weighted average published basis from the Henry Hub to the liquid trading points in the US that KEDLI/KEDNY relies on to purchase storage supplies; 3) the weighted average variable transportation costs and fuel losses to transport gas from the receipt points on each of the KEDLI/KEDNY domestic pipeline transportation contracts to the storage injection points 4) the weighted average variable injection costs and fuel losses to inject gas into each of the KEDLI/KEDNY storage services, and 5) the commodity cost of inventory carried over from the prior year.

KEDLI and/or KEDNY require no payment from the Marketers prior to the start of the winter season for the gas available as Tier 3 Bundled Storage Service Supply. KEDLI and/or KEDNY will compute the per dekatherm price of the Tier 3 Bundled Storage Service Supply billed to the Marketers by taking the sum of 1) the weighted average inventory price as of the end of the injection season; 2) the weighted average variable withdrawal costs and fuel losses to withdraw gas from each of KEDLI and/or KEDNY storage services; 3) the weighted average variable transportation costs and fuel losses to transport storage gas on each of KEDLI and/or KEDNY storage transportation contracts to the city gates; plus 4) the KEDLI and/or KEDNY unitized demand cost of non-swing storage.

The cost of the Tier 3 – Bundled Storage Service Supply Marketer shall pay each month shall be computed by multiplying: 1) the Tier 3 Bundled Storage Service Supply per dekatherm price by 2) the Tier 3 DDQ by 3) the number of days each month.

Marketers that do not meet the creditworthiness guidelines (as defined in the Uniform Business Practices) will be required to prepay for the bundled storage service prior to the month of the sale. The prepayment must be made by wire transfer or ACH payment no later than three (3) business days prior to the last day of the month proceeding the month for which the bundled storage service is to be purchased. The prepayment will be calculated by taking the product of 0.9 times the estimated delivered cost of the bundled storage as described above. The prepayment amount will be trued up when actual costs are available and any adjustment will be made in the succeeding bill period. Marketers participating in our Purchase of Receivables Program that have given KEDLI and/or KEDNY first priority interest in their receivables will be exempt from this requirement.

6. Nominations Process (NAESB Standards & Gas Delivery Scheduling)

Direct Customers and ESCOs who have elected firm transportation service are required to make their own gas nomination to KEDLI/KEDNY Gas Transportation Electronic Bulletin Board and to the interstate pipelines in accordance with the procedures developed by the North American Energy Standard Board (NAESB) and adopted by the Federal Energy Regulatory Commission (FERC), effective April 2, 2009 in 18 C.F.R. Section 284.12, or as stated below. See http://www.ferc.fed.us. In general KEDLI/KEDNY will not confirm any gas that is nominated on an interstate pipeline without a corresponding nomination on the KEDLI/KEDNY Gas Transportation Electronic Bulletin Board (EBB). The acceptance of any gas without a corresponding nomination on the Gas Transportation EBB will be at the discretion of the KEDLI and/or KEDNY and may result in an imbalance penalty.

On a monthly basis, KEDLI and/or KEDNY will provide each ESCO and/or Direct Customer with the total daily monthly volume to be delivered to their city gate(s) in accordance with the capacity released on the Selected Pipelines for Tier 1 and the sales done for Tier 2 and Tier 3 where applicable.

The quantity of gas deemed received by KEDLI and/or KEDNY for the Direct Customer and/or ESCO at the Receipt Point(s) will equal the volume so scheduled by the Upstream Pipeline less the amount to be retained by KEDLI and/or KEDNY as an allowance for fuel losses.

KEDLI/KEDNY has accepted the standard nomination deadlines and procedures as developed by the NAESB and adopted by the FERC, effective April 2, 2009 in 18 C.F.R. Section 284.12. As such, there are four distinct nomination cycles. Two cycles provide for gas deliveries before the Gas Day and two cycles provide for gas deliveries during the Gas Day. KEDLI/KEDNY will only accept nomination according to the schedule outlined below.

a. Time Line for Gas Nominations

(1) Timely Nominations

Timely Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Timely Nominations or by 1:30 pm EST for gas to flow the following morning at 10:00 am EST. KEDNY/KEDLI will confirm its acceptance of the ESCO's nominated delivery volumes by 4:30 pm EST.

(2) Evening Nominations

Evening Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Evening Nominations or by 8:00 pm EST for gas to flow the following morning at 10:00 am EST. KEDNY/KEDLI will confirm its acceptance of the ESCO's nominated delivery volumes by 10:00 pm EST.

(3) Intraday 1 Nominations

Intraday 1 Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Intraday 1 Nominations or by 12:00 pm (noon) EST for gas to flow the same day at 6:00 pm EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming uniform hourly flow pattern of 1/24. KEDNY/KEDLI will confirm its acceptance of the ESCO's nominated delivery volumes by 2:00 pm EST. An Intraday 1 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

(4) Intraday 2 Nominations

Intraday 2 Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Intraday 2 Nominations or by 7:00 pm EST for gas to flow the same day at 10:00 pm EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming a uniform hourly flow pattern of 1/24. KEDNY/KEDLI will confirm its acceptance of the ESCO's nominated delivery volumes by 9:00 pm EST. An Intraday 2 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

b. Outlined below are the current monthly pipeline nomination deadlines and delivery points:

(1) Iroquois Gas Transmission System South Commack Station - 11:00 AM EST on the last business day before the end of the month;

(2) Texas Eastern Transmission Corporation - Goethals Station, Staten Island - 11:00 AM EST on the last business day before the end of the month;

(3) Transcontinental Gas Pipe Line Corporation - Narrows Station, Central Manhattan Station, Manhattan Station and Long Beach Station - 11:00 AM on the last business day before the end of the month; and

(4) Tennessee Gas Pipeline Corporation - White Plains Station - 11:00 AM EST on the last business day before the end of the month.

c. Information required:

(1) Direct Customer and/or ESCO Name
(2) Start of gas flow- date/time

(3) End of gas flow- date/time
(4) Delivering Pipeline
(5) Volume to be delivered (includes losses) in Dth
(6) Receipt point
(7) Contract Number
(8) Activity Number
(9) Type of customer being supplied - Firm or Interruptible

d. Weekends and Holidays

Nomination changes in accordance with KEDNY/KEDLI Policies and Procedures may be made during hours other than normal business hours by contacting System Control personnel listed in the Communications Protocols Section of this manual.

Receipt and Delivery of Gas

The Seller must deliver or cause to be delivered at the City Gate the applicable Customer's DDQ or Customers' ADDQ, grossed up by the applicable UFG, for each day of the month. KEDLI and/or KEDNY will deliver to each Customer the Customer's gas requirements for each day of the month and will provide daily swing and balancing services to the extent such requirements differ from each Customer's DDQ.

By the last business day of each month, the Seller shall provide to KEDLI and/or KEDNY notice of the natural gas scheduled for delivery at the City Gate by interstate pipeline for each day based on NAESB guidelines. The scheduled nomination for each Customer must equal the Customer's DDQ. The scheduled nomination for a Seller with more than one Customer must equal the Customers' ADDQ.

KEDLI and/or KEDNY is not obligated to accept any volumes that have been nominated by the Seller to the extent that such volumes exceed a Seller's Customer's DDQ or the Seller's Customers' ADDQ.

7. Balancing, Tolerances, Reconciliation/True Ups, Penalties, Imbalance Trading

Sellers shall pay, after the utility issues a bill detailing applicable rates and charges, as set forth on the Statement of Seller Charges and Adjustments which shall be filed by KEDLI and/or KEDNY with the Commission not less than four business days following the last day of each month.

The Statement of Seller Charges and Adjustments shall contain the following charges:

Swing Service Demand Charge

Applicable to Sellers participating in the Company's Monthly Balancing Program.

The Swing Service Demand Charge is a per dekatherm charge of the cost of firm interstate pipeline transportation capacity, storage capacity and supply contracts the Company uses to provide swing service to Sellers.

Daily Cash Out Prices

Applicable to Sellers participating in the Company's Monthly Balancing Program.

City Gate Balancing Penalty Charge

The City Gate Balancing Penalty Charge is equal to $10.00 per dekatherm and is charged on any day that the total quantity of gas delivered to the city gate by the Seller is less than 98% of the Seller's DDQ.

Operational Flow Order ("OFO") Penalty Charge

The Operational Flow Order Penalty Charge is equal to $25.00 per dekatherm and is charged to Sellers on any day KEDLI and/or KEDNY issues an OFO and the total quantity of gas delivered to the city gate by the Seller is less than 98% of the Seller's DDQ.

Monthly Cash Out Prices

Applicable to Sellers participating in either the Company's Monthly Balancing Program or Daily Balancing Program.

Weighted Average Cost of Capacity ("WACOC")

The WACOC is a per dekatherm charge as described in the Appendix "Definitions."

Tier 2 – Bundled Sales Service Price

The Tier 2 – Bundled Sales Service Price is a per dekatherm price.

Tier 3 – Bundled Storage Service Price

The Tier 3 – Bundledl Storage Service Price is a per dekatherm price.

Merchant Function Charges

Applicable to Sellers participating in the Company's Purchase of Receivables (POR Program)

The Billing Service Fee will be applied to ESCOs who are participating in POR, which is a charge per customer invoice.

Commodity-Related Credit and Collection Expenses

The Commodity-Related Credit and Collection Expenses is a per dekatherm charge applicable to Sellers who participate in the Company's Purchase of Receivables program, and the equivalent level of Commodity-Related Credit and Collection Expenses is included in the Merchant Function Charge applicable to each service classification.

Commodity-Related Credit and Collection Expenses Annual Imbalance Surcharge/Refund

The Commodity-Related Credit and Collection Expenses Annual Imbalance Surcharge or Refund is a per dekatherm surcharge to recover Commodity-Related Credit and Collection Expense undercollections or refund Commodity-Related Credit and Collection Expense overcollections each Gas Cost Year from Sellers participating in the KEDLI and/or KEDNY Purchase of Receivables (POR) program.

Unaccounted for Gas (UFG)

A percentage UFG described which is 1.0281 for KEDLI and 1.0240 for KEDNY.

Unitized Fixed Cost Credits: Unitized Fixed Cost Credits are applicable to Sellers serving transportation customers and are determined in accordance with tariff specifications.

Monthly Balancing Program

Sellers serving customers taking transportation service under KEDNY SC 18 or KEDLI SC 7 or SC 13 may elect to participate in either the Company's Monthly Balancing Program or Daily Balancing Program. Sellers serving customers taking transportation service under KEDNY SC 17 must participate in the Company's Monthly Balancing Program.

Sellers that participate in the Company's Daily Balancing Program will be allowed to return to the Monthly Balancing Program on a best efforts basis. If approved to switch by the Company, the Seller's customers must remain in the Monthly Balancing Program for at least 12 months.

The following provisions are applicable to the Monthly Balancing Program:

Delivery Quantity

The Company, based upon the Pool's historical normalized consumption and/or estimates of consumption under normal conditions, shall determine the Seller's DDQ. These allocations shall be set forth in the Seller's Service Agreement with the Company, and will be used to determine rates and charges Seller is required to pay, as set forth in tariff specifications.

Swing, Balancing and Cashout Provisions

Swing Service Demand Charge

KEDLI and/or KEDNY will utilize upstream assets and gas supply to manage differences between the quantity of gas delivered each day by the Seller and the quantity of gas actually consumed each day by the Seller's Pool.

Sellers shall pay a daily balancing service demand charge which is calculated by multiplying: 1) the Daily Swing Service Monthly Demand charge set forth on the Statement of Seller Charges and Adjustments; by 2) 1/12 of the Pool's annual normalized consumption.

City Gate Balancing

Each day, Seller or Seller's Agent shall nominate and schedule deliveries of gas to KEDLI and/or KEDNY's city gate in an amount equal to the Seller's DDQ within a tolerance of plus or minus 2%.

In the event that the total quantity of gas delivered to the city gate is less than 98% of the Seller's DDQ, Seller shall pay a per therm amount equal to the Company's Daily Cash Out price plus a City Gate Balancing Penalty Charge of $10.00 per dekatherm multiplied by the difference between 98% of the Seller's DDQ for such day and the total quantity of gas delivered by Seller to KEDLI and/or KEDNY on such day. However, when KEDLI and/or KEDNY issues an OFO, the Seller shall pay a per therm amount equal to the Company's Daily Cash Out Price plus an OFO Penalty Charge equal to $25.00 per dekatherm.

In the event that the total quantity of gas delivered to the city gate is more than 102% of the Seller's DDQ, and KEDLI and/or KEDNY at its discretion accepts the gas, the Company shall pay Seller a per therm amount equal to the Company's Daily Cash Out Price multiplied by the difference between the quantity of gas delivered by Seller to the company on such day and 102% of Seller's DDQ for such day.

Monthly Imbalance Account

At the end of each month, the Company will determine the balance in each Seller's Monthly Imbalance Account. This shall be done by: 1) adjusting the monthly quantity of gas delivered by the Seller to the KEDLI and/or KEDNY city gate to reflect any quantities that were cashed out daily during the month and 2) comparing the adjusted monthly delivery quantity to the Pool's monthly consumption grossed up for UFG.

KEDLI and/or KEDNY shall adjust the monthly delivery quantity to reflect any quantities that were cashed out daily as follows:

On days in which the quantity of gas delivered to the city gate is less than 98% of the Seller's DDQ, the quantities cashed out shall be added to the Seller's monthly delivery quantity. On days in which the quantity of gas delivered to the city gate and accepted by KEDLI and/or KEDNY is greater than 102% of the Seller's DDQ, the quantity cashed out shall be subtracted from the Seller's monthly delivery quantity.

If the Pool's monthly consumption grossed up for UFG exceeds the adjusted monthly quantity of gas delivered by the Seller to the city gate, the shortfall shall be purchased by the Seller at the KEDLI and/or KEDNY's Monthly Cash Out Price.

If the Pool's monthly consumption grossed up for UFG is less than the adjusted monthly quantity of gas delivered by the Seller to the city gate, the excess shall be credited to the Seller at the KEDLI and/or KEDNY Monthly Cash Out Price.

Imbalance Trading

Sellers within the same Service Classification may trade city gate imbalances with other Sellers provided that: (1) all imbalance trading occurs on the same interstate pipeline (2) all imbalances being traded occur on the same day (3) KEDNY is notified by the parties of their intention to trade imbalances in writing no later than 48 hours following the day on which the imbalance trading occurs to and (4) trading parties consent to the imbalance trade. Any trades must move both parties to an improved imbalance position.

At the end of each month, an ESCO requiring a trade on their city gate imbalance is required to arrange this trade with another ESCO. Once trading ESCOs have agreed upon the trade volumes, each ESCO should inform KEDLI and/or KEDNY of the trade volumes via the Electronic Bulletin Board.

Termination of Service for Failure to Deliver Daily Transportation Quantities

The Company shall have the right to terminate service under this Service Classification to any seller that fails to deliver at least ninety (90) per cent of the applicable DDQ or ADDQ for any three (3) days of a calendar month or any five (5) days within a twelve (12) month period.

8. Meter Reading

Customers will have their meters read on their cycle billing dates. Off-cycle bills rendered to such customers may be based on the Company's estimate of the customer's usage.

V. GAS DELIVERY NOMINATION PROCEDURES FOR LARGER COMMERCIAL AND INDUSTRIAL CUSTOMERS (NON-FIRM, INTERRUPTIBLE AND TEMPERATURE CONTROLLED)

A. Monthly & Daily Balancing Services

1. Become An Approved Gas Supplier

There are several requirements to become an approved gas supplier:

Step One:

Approval from the New York State Department of Public Service (PSC) and completion of their Energy Service Company Retail Access Application which can be obtained on the PSC website at www.dps.state.ny.us/escoapp.htm

Step Two:

Once an ESCO has been approved by the PSC, completion of the KEDLI and/or KEDNY tariff application form along with the Seller Service Agreement, NAESBE contract for the applicable territory and taxpayer Form W-9 which can be obtained at www.irs.gov/pub/irs-pdf/w9.pdf is required. An ESCO interested in consolidated billing services should complete the appropriate form along with the application.

Fax and mail originals of these documents to: National Grid, Supplier Services, 175 East Old Country Road, Hicksville, NY 11801 Attention: Arlene Portalatin, 516-545-3856; Sergio Smilley 516-545-2468; or Juliana Griffiths, 516-545-2632. The Fax number is 516-545-3250. Once these applications have been received, the approval process to determine creditworthiness will begin. Once these applications have been received, the approval process to determine creditworthiness, as specified under the Uniform Business Practices Section III, will begin.

2. Customer Eligibility

Any existing Non-Core customer who qualifies for service metered at a single delivery point and meets the terms and conditions for service provided for under the corresponding sales service classification as contained in KEDLI and/or KEDNY's gas tariffs:

KEDLI SC 7 Interruptible Transportation Services (IT)
KEDLI SC 13 Temperature-Controlled Transportation Service (TC)
KEDNY SC 18 – SC 5A On-system Large Volume Sales Services & SC 5B Off-System Large Volume Gas Service (IT) and SC 6 KEDNY SC 6C Temperature-Controlled Service (TC) .

Daily Balancing Program

Sellers serving customers taking transportation service under these service classifications, with the exception of power generators, have the option to select either the Company's Daily Balancing Transportation Service or the Monthly Balancing Program. In order to be eligible for the Daily Balancing Program, the Sellers' customers must have Automatic Remote Meter equipment installed at their premises as well as a dedicated communication link that will allow the Company to access the customer's meter readings periodically throughout the day. The customer is required to pay for the Automatic Remote Meter and dedicated communication link.

Sellers that participate in the Company's Daily Balancing Program will be allowed to return to the Monthly Balancing Program on a best efforts basis. If approved to switch by the Company, the Seller's customers must remain in the Monthly Balancing Program for at least 12 months.

Power generators must select the Daily Balancing Transportation Service option.

KEDLI Service is available to a single large volume non-residential Customer that can demonstrate annual natural gas consumption of at least 5,000 Dth (IT), 2,000 Dth (TC) at a single meter. KEDNY Service is available to on-system customers whose anticipated daily use for SC 18 (5A IT) is in excess of 200 Dth per day . For KEDNY SC 18 (SC 6 TC) service is available to a single large volume non-residential Customer that can demonstrate annual natural gas consumption of at least 5,000 Dth (TC) at a single meter.

The provision of service under the KEDLI Service Classifications is conditioned on the Customer signing an Interruptible/Temperature Controlled Transportation Service Agreement which will provide the conditions of acceptable delivery.

3. <u>Enrollment Procedure</u>

a. ESCO/Direct Customer will submit the customer name, service address and account number via e-mail to the Supplier Services mailbox at LI-NYSupplierServices @us.ngrid.com.

b. New customer enrollments will be accepted no later than 15 days preceding the first of the month.

c. KEDLI and/or KEDNY will respond via e-mail that the enrollment has been processed.

4. <u>Delivery Quantity Determination</u>

The Seller is responsible for estimating the consumption of its Pool and for determining the quantity of gas to be delivered to its Pool throughout the day. The Seller will have access to the telemetered consumption of the Pool three times each day and will be expected to make intra-day nominations to align deliveries grossed up for UFG with the Pool's actual consumption throughout the day.

Sellers serving pools comprised of KEDNY NCTS-6C, NCTS-6G, NCTS-6M and/or KEDLI SC 13 customers are responsible for delivering gas to the company, except when such transportation service has been interrupted by the Company.

Sellers serving pools comprised of KEDNY NCTS-5A and/or KEDLI SC7 customers are responsible for delivering gas to the Company, except when such transportation has been interrupted by the Company or when the Seller elects to burn an alternate fuel. The Company will use reasonable efforts to provide customers 24 hours' notice of interruption.

MDQ Calculation

Customer

In order to establish the customer's profile and Monthly Delivery Quantity MDQs, the Customer System calculates the daily therm usage based on the customer's two-year usage history. If two-year customer history is unavailable, the calculation is based on as much account history as is available. If no historical usage exists, a set schedule of projected usage based on the rate classification of the customer account is utilized.

The Customer System calculates a base factor for non-heat gas usage for summer by using daily usage from July 1st through August 31st. The base equals the summer therms divided by the number of summer days.

For heating rates, a slope is calculated by taking the sum of the total therms less the base multiplied by the number of days for the period divided by the actual degree days for the period.

The base and slope, if applicable, are used in conjunction with normal degree days to calculate the customer's MDQ.

ESCO

The ESCO's pool will display the MDQ for each customer in DTH. This usage is aggregated for the ESCO's entire pool and adjusted for unaccounted for gas (UFG).

The adjusted monthly quantity is divided by the number of days in the month and rounded to the nearest whole DTH. This is the Aggregated Daily Delivery Quantity (ADDQ) which is posted to the Electronic Bulletin Board (EBB) as the ESCO's daily requirement.

A Customer's MDQ will be based on that Customer's weather-normalized historical consumption. KEDLI may adjust a Customer's MDQ as necessary during the year to reflect changes in a customer's gas equipment or pattern of consumption. If inadequate historical consumption data exists, KEDNY may estimate a customer's MDQ based on, among other things, the rating of a customer's gas equipment and the expected utilization of such equipment.

A customer's DDQ will be calculated by dividing a customer's MDQ by the total number of days for each calendar month and adjusted by 1.0240 as an allowance for losses incurred in the process of delivery to the customer's metered facilities.

Errors in calculating DDQ: A Seller that takes service under this Service Classification accepts KEDLI and/or KEDNY's calculation of the DDQ. KEDLI and/or KEDNY shall not be liable for errors in the calculation of the applicable DDQ.

By the first business day following the 21st of each month, KEDNY shall provide to the Seller notice of each Customer's DDQ and, in case of a Seller that supplies gas to more than one Customer, the Customers' Aggregated Daily Delivery Quantity (ADDQ) for the succeeding calendar month.

5. Nominations Process (NAESB Standards & Gas Delivery Scheduling)

Direct Customers and ESCOs who have elected non-firm transportation service are required to make their own gas nomination to the KEDLI/KEDNY Gas Transportation Electronic Bulletin Board. ESCOs/Direct Customer's are also required to make their nominations to the interstate pipelines in accordance with the procedures as developed by the North American Energy Standard Board (NAESB) and adopted by the Federal Energy Regulatory Commission (FERC), effective April 2, 2009 in 18 C.F.R. Section 284.12, or as stated below. In general KEDLI and/or KEDNY will not confirm any gas that is nominated on an interstate pipeline without a corresponding nomination on the KEDLI/KEDNY Gas Transportation Electronic Bulletin Board (EBB). The acceptance of any gas without a corresponding nomination on KEDLI and/or KEDNY's Gas Transportation EBB will be at the discretion of KEDLI and/or KEDNY and may result in an imbalance penalty.

Direct Customers and/or ESCOs electing non-firm transportation service will have secondary rights through the City Gate(s). To the extent station capacity is not utilized to meet firm and TC sales and transportation service, gate capacity will be allocated to Direct Customers and/or ESCOs electing interruptible transportation service. To the extent an interruptible transportation customer (s) can create incremental capacity for the benefit of firm Direct Customers at a constrained City Gate station, KEDLI and/or KEDNY, in its sole discretion, will increase the interruptible Direct Customer's and/or ESCO's allocated capacity through the constrained station.

For KEDLI a Direct Customer and/or ESCO's Interruptible Daily Quantity (IDQ) under this Service Classification will be based upon the Direct Customer's previous day's telemetered consumption. The ESCO and/or Direct Customer shall deliver an amount each day, at its discretion. Direct Customers and/or ESCOs who have negotiated gas transportation agreements are required to deliver gas in accordance with their agreements.

For KEDNY a Direct Customer and/or ESCO's Interruptible Daily Quantity (IDQ) under this Service Classification will be based upon the Direct Customer's 24 months historical usage. If 24 months is not available then 12 months will be used. The Interruptible Daily Quantity (IDQ) will remain the same for the month.

If the total daily volume to be delivered is less than or equal to 500 Dth, the Direct Customer and/or ESCO will be allowed to deliver this volume in whole or part on one interstate pipeline (Transco, TETCO, Tenn. or Iroquois).

If the total daily volume to be delivered is greater than 500 Dth, the Direct Customer and/or

ESCO will be required to diversify its portfolio delivery on Transco, TETCO, Tenn. and Iroquois according to the following percentage allocation. In an effort to provide as much flexibility as possible, KEDLI and/or KEDNY will allow Direct Customers and/or ESCOs to deliver volumes on a modified percentage allocation schedule provided that the Direct Customer and/or ESCO has KEDLI and/or KEDNY's permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed KEDLI and/or KEDNY's rights with respect to allocated capacity or system design, KEDLI and/or KEDNY reserves the right to redirect or reallocate the Direct Customers and/or ESCOs deliveries to mitigate such constraints. On a periodic basis, KEDLI and/or KEDNY will review the allocation percentages identified below to insure that the percentages reflect KEDLI and/or KEDNY's allocation rights at its City Gate Stations and/or that the supply diversification continues to support the overall reliability of the KEDLI and/or KEDNY gas system.

KEDNY and/or KEDLI

Delivering Pipeline	Percentage
Transco	Up To 100%
TETCO	Up To 50%
Tennessee	Up To 6%
Iroquois	Up To 50%

All ESCOs will be required to deliver transportation volumes in accordance with the above referenced allocation percentages.

The quantity of gas deemed received by KEDLI and/or KEDNY for the ESCO and/or Direct Customer at the Receipt Point(s) will equal the volume scheduled by the Upstream Pipeline less the amount to be retained by KEDLI and/or KEDNY as an allowance for fuel losses.

Daily and Monthly Gas Flow

KEDLI and/or KEDNY have accepted the standard nomination deadlines and procedures developed by the NAESB and adopted by FERC, effective April 2, 2009 in 18 C.F.R. Section 284.12. As such KEDLI and/or KEDNY maintains four distinct nomination cycles. Two cycles provide for gas deliveries at the beginning of the Gas Day and two cycles provide for gas deliveries during the Gas Day. KEDLI and/or KEDNY will only accept nominations according to the schedule outlined below.

If the total daily volume to be delivered is less than or equal to 500 Dth, the ESCO/Direct Customer will be allowed to nominate this volume in whole or part on one interstate pipeline (Transco, TETCO, Tennessee or Iroquois).

If the total daily volume to be delivered is greater than 500 Dth, the ESCO/Direct Customer will be required to diversify its portfolio delivery on Transco, TETCO, Tennessee and Iroquois in accordance with the percentages identified above. In an effort to provide as much flexibility as possible, KEDLI and/or KEDNY may allow ESCOs/Direct Customers to deliver volumes on a modified percentage allocation schedule provided, that the ESCO/Direct Customer has KEDLI and/or KEDNY's written permission and the allocation does not result in a loss of system reliability and/or supply diversification. Should any of the City Gate(s) become constrained or exceed KEDLI and/or KEDNY's rights with respect to allocated capacity or system design, KEDLI and/or KEDNY reserves the right to reallocate the ESCO's/Direct Customer's deliveries to mitigate such constraints.

KEDLI/KEDNY has accepted the standard nomination deadlines and procedures as developed by the NAESB and adopted by FERC, effective April 2, 2009 in 18 C.F.R. Section 284.12. See http://www.ferc.fed.us. As such, there are four distinct nomination cycles. Two cycles provide for gas deliveries at the beginning of the Gas Day and two cycles provide for gas deliveries during the Gas Day. KEDLI/KEDNY will only accept nomination according to the schedule outlined below.

a. Time Line for Gas Nominations

(1) Timely Nominations

Timely Nominations are due to KEDLI and/or KEDNY one (1) hour after the NAESB pipeline nomination deadline for Timely Nominations or by 1:30 pm EST for gas to flow the following morning at 10:00 am EST. KEDLI and/or KEDNY will confirm its acceptance of the ESCO's nominated delivery volumes by 4:30 pm EST.

(2) Evening Nominations

Evening Nominations are due to KEDLI and/or KEDNY one (1) hour after the NAESB pipeline nomination deadline for Evening Nominations or by 8:00 pm EST for gas to flow the following morning at 10:00 am EST. KEDLI and/or KEDNY will confirm its acceptance of the ESCO's nominated delivery volumes by 10:00 pm EST.

(3) Intraday 1 Nominations

Intraday 1 Nominations are due to KEDLI and/or KEDNY one (1) hour after the NAESB pipeline nomination deadline for Intraday 1 Nominations or by 12:00 pm (noon) EST for gas to flow the same day at 6:00 pm EST. Gas Flow will be prorated over the remaining hours in the current Gas Day assuming uniform hourly flow pattern of 1/24. KEDLI and/or KEDNY will confirm its acceptance of the ESCO's nominated delivery volumes by 2:00 pm EST. An Intraday 1 Nomination may not cause a previously scheduled and confirmed ESCO's gas to be bumped.

(4) Intraday 2 Nominations

Intraday 2 Nominations are due to KEDLI and/or KEDNY one (1) hour after the NAESB pipeline nomination deadline for Intraday 2 Nominations or by 7:00 pm EST for gas to flow the same day at 10:00 pm EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming a uniform hourly flow pattern of 1/24. KEDLI and/or KEDNY will confirm its acceptance of the ESCO's nominated delivery volumes by 9:00 pm EST. An Intraday 2 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

b. Outlined below are the current monthly pipeline nomination deadlines and delivery points:
   (1) Iroquois Gas Transmission System B South Commack Station - 11:00 AM EST on the last business day before the end of the month;

   (2) Texas Eastern Transmission Corporation - Goethals Station, Staten Island - 11:00 AM EST on the last business day before the end of the month;

   (3) Transcontinental Gas Pipe Line Corporation - Narrows Station, Central Manhattan Station, Manhattan Station and Long Beach Station - 11:00 AM on the last business day before the end of the month; and

   (4) Tennessee Gas Pipeline Corporation - White Plains Station - 11:00 AM EST on the last business day before the end of the month.

c. Information required:

   (1) ESCO/Direct Customer Name
   (2) Start of gas flow- date/time
   (3) End of gas flow- date/time
   (4) Delivering Pipeline
   (5) Volume to be delivered (includes losses) in Dt.
   (6) Receipt point
   (7) Contract Number
   (8) Activity Number
   (9) Type of customer being supplied - Firm or Interruptible

d. Weekends and Holidays

   Nomination changes in accordance with KEDLI and/or KEDNY's Policies and Procedures may be made during hours other than its normal business hours by contacting System Control personnel listed in the Communications Protocols Section of this Manual (Section VII).

Balancing, Tolerances, Reconciliation/True Ups, Penalties, Imbalance Trading

Daily Balancing Service Demand Charge

The Company will utilize upstream assets and gas supply to manage differences between the quantity of gas delivered during the day by the Seller and the quantity of gas actually consumed during the day by the Seller's Pool.

Sellers shall pay a daily swing service monthly demand charge which is calculated by multiplying: 1) the Daily Swing Service Monthly Demand Charge set forth on the Statement of Seller Charges and Adjustments; by 2) 1/12 of the Pool's annual normalized consumption.

Daily Cash Out

At the end of each day, the Company will determine the Aggregate Daily Imbalance Percentage for all Sellers participating in the Daily Balancing Program by subtracting: 1) the total telemetered daily consumption grossed up for UFG of the daily balanced pools, from: 2) the total quantity of gas delivered to the city gate for those pools, divided by: 3) the total telemetered daily consumption grossed up for UFG of the daily balanced pools.

The Company will then compare the Aggregate Daily Imbalance Percentage to the +/-5% Daily Imbalance Tolerance (DIT).

a) If the Aggregate Daily Imbalance Percentage is within the +/-5% DIT then:

The Seller's daily imbalance quantity will be transferred to his Monthly Imbalance Account.

b) If there is a System Wide Positive Imbalance such that the Aggregate Daily Imbalance Percentage Exceeds the 5% DIT and

1) The Seller has a positive daily imbalance that is less than 5% then:

The Seller's positive daily imbalance quantity will be transferred to his Monthly Imbalance Account

2) The Seller has a positive daily imbalance (overdelivery) that exceeds 5% then:

The Seller's positive daily imbalance quantity shall be credited to the Seller at the following daily cash out prices:

0 to 5%	Transferred to the Monthly Imbalance Account
>5% to 10%	95% times the Daily Cash Out Price
>10% to 15%	90% times Daily Cash Out Price
>15% to 20%	80% times the Daily Cash Out Price
>20%	50% times the Daily Cash Out Price

3) The Seller has a negative daily imbalance (underdelivery):

The Seller's negative daily imbalance quantity will be transferred to his Monthly Imbalance Account.

c) If there is a System Wide Negative Imbalance such that the Aggregate Daily Imbalance Percentage Exceeds the -5% DIT and

1) The Seller has a negative daily imbalance that is less than -5% then:

The Seller's negative daily imbalance quantity will be transferred to his Monthly Imbalance Account.

2) The Seller has a negative daily imbalance that exceeds -5% then:

The Seller's negative daily imbalance quantity will be purchased by the Seller at the following daily cash out prices:

0 to -5%	Transferred to the Monthly Imbalance Account
>-5% to -10%	105% of the Daily Cash Out Price
>-10% to -15%	110% of the Daily Cash Out Price
>-15% to -20%	120% of the Daily Cash Out Price
>-20%	150% of the Daily Cash Out Price

3) The Seller has a positive daily imbalance:

The Seller's positive daily imbalance quantity will be transferred to his Monthly Imbalance Account.

Monthly Imbalance Account

At the end of each month, the Company will determine the balance in each Seller's Monthly Imbalance Account. The balance will reflect: 1) any portion of the Seller's daily imbalance not subject to daily cash out and 2) any difference between the total monthly usage actually billed to the Seller's Pool grossed up for UFG and the sum of the Pool's daily telemetered consumption volumes grossed up for UFG.

Monthly Imbalance Trading and Monthly Cashout

All Sellers will have the opportunity to reduce the balance in their Monthly Imbalance Accounts by trading monthly imbalances with other Sellers who have opposing monthly imbalance positions provided that: 1) Sellers that serve KEDNY SC 17 and/or KEDLI SC 5 customers are limited to trading among themselves, 2) Sellers that serve KEDNY SC18 and/or KEDLI SC 7 and/or SC 13 customers and participate in the Company's Monthly Balancing Program are limited to trading among themselves and 3) Sellers that serve KEDNY SC 18 and/or KEDLI SC 7 and/or SC 13 customers and participate in the Company's Daily Balancing Program are limited to trading among themselves. Trading can only occur within the utility not intra-utility.

Monthly Balancing Program

Once monthly imbalance trading is completed, any remaining Monthly Imbalances will be cashed out as follows:

1. Negative Monthly Imbalances will be purchased by the Seller at the Monthly Cash Out Price.

2. Positive Monthly Imbalances will be credited to the Seller at the Monthly Cash Out Price.

Daily Balancing Program

Only monthly imbalance account volumes qualify for trading.

Once monthly imbalance trading is completed, any remaining Monthly Imbalances will be cashed out as follows:

a) The Monthly Cash Out Price for daily balancing will be calculated by summing all the daily cash out prices from the month and dividing by the number of prices.

b) If the Monthly Imbalance Percentage is within the +/-5% level then:

1. Negative monthly imbalances will be purchased by the Seller at the Monthly Cash Out Price for daily balancing in a) above.

2. Positive Monthly Imbalances will be credited to the Seller at the Monthly Cash Out Price for daily balancing in a) above.

c) If the Monthly Imbalance Percentage is outside the +/-5% level then:

1. If the Seller has a positive monthly imbalance that exceeds 5% then:

The Seller's positive daily imbalance quantity shall be credited to the Seller at the following average daily cash out prices for the month:

>5% to 10%	95% times the Monthly Cash Out Price in a) above.
>10% to 15%	90% times the Monthly Cash Out Price in a) above.
>15% to 20%	80% times the Monthly Cash Out Price in a) above.
>20%	50% times the Monthly Cash Out Price in a) above.

2. If the Seller has a negative monthly imbalance that exceeds 5% then:

The Seller's negative daily imbalance quantity will be purchased by the Seller at the following average daily cash out prices for the month:

>-5% to -10%	105% of the Monthly Cash Out Price in a) above.
>-10% to -15%	110% of the Monthly Cash Out Price in a) above.
>-15% to -20%	120% of the Monthly Cash Out Price in a) above.
>-20%	150% of the Monthly Cash Out Price in a) above.

Mandatory Capacity Program

Sellers serving customers taking service under KEDNY SC18 and/or KEDLI SC 7 and SC 13 are not eligible to participate in the company's Mandatory Capacity Program. The Mandatory Capacity Program consists of three capacity tiers: 1) Tier 1 – Capacity Release; 2) Tier 2- Bundled Sales Service and 3) Tier 3 – Bundled Storage Service.

7. Meter Reading

If there is a Company failure of telemetering equipment, the Company will waive the penalty imbalance charge for the period. If there is a Customer failure of telecommunications associated with the telemetering equipment, the Marketer will incur the normal imbalance charges. If there is an inactive telephone line, the customer will have eight (8) weeks to remedy. In the event of any equipment malfunctions, the previous day's actual read will be deemed to be the daily actual read until the situation is corrected. If the malfunction is due to customer reasons and is not remedied after eight (8) weeks, the customer will be returned to the applicable sales service for a minimum of twelve (12) months. The Company shall not be liable for any inaccuracies in the consumption reported if they resulted from malfunctioning telemetering equipment, telephone line problems, customer failure to maintain customer equipment or any other reason outside the control of the Company.

Termination of Service for Failure to Deliver Daily Transportation Quantities

KEDNY and KEDLI shall have the right to terminate service under this Service Classification to any seller that participates in the Monthly Balancing Program that fails to deliver at least ninety (90) per cent of the applicable DDQ or ADDQ for any three (3) days of a calendar month or any five (5) days within a twelve (12) month period.

VI. REQUIREMENTS OF POOL OPERATIONS

A. Marketer Contact Personnel

To access information regarding marketer contact personnel for Authorized Gas ESCOs, please visit the National Grid Websites listed below. If any information listed on the websites requires correction or updating, contact the Customer Choice Supplier Services personnel listed on page 3 of this manual.

For KEDNY http://www2.nationalgridus.com/energy/purchase/suppliers_ny_kedny.jsp

For KEDLI http://www2.nationalgridus.com/energy/purchase/suppliers_ny_kedli.jsp

VII. COMMUNICATIONS PROTOCOLS

A. Need for Open Lines of Communication Between ESCOs and Local Distribution Companies

Each Local Distribution Company (LDC) shall develop, with input from market participants, a communication protocol. The objective of this protocol is to enhance communications among LDCs, Pipelines, ESCOs and Direct Customers bringing gas to the LDC's city gate. Well-developed communications will reduce errors and will provide all entities with the information necessary to properly fulfill their responsibilities. Underlying the protocol is the recognition that as increasing numbers of customers opt for transportation service, the traditional bilateral communication between LDCs and customers increasingly becomes a communication loop including LDCs, Pipelines, ESCOs and Direct Customers.

Communications should be two-way, with numerous ways of communicating and in a manner that is clear and understandable. Each party must accept the responsibility for clarifying and understanding the messages being exchanged.

Communication should be consistent within an organization and to the extent practical consistent over time.

Communication among the LDC, ESCOs and Direct Customers can occur on a regular basis (daily, monthly, seasonally) and on an as-needed basis (clarifications, alerts, operational flow orders, etc.) Different ways of communicating (telephone, fax, internet website, e-mail, mail, and face-to-face meetings) can be utilized depending upon the circumstances and the message, which must be conveyed. The method and number of communications utilized should be responsive to the evolving needs of all market participants as the industry changes.

All market participants must understand that the LDC has the obligation to maintain the reliable operation of the gas distribution system.

During periods of normal operation, the LDC will work with ESCOs and Direct Customers to provide efficient service to customers and to coordinate the flow of information on a multitude of issues including the nomination and confirmation process among Pipelines, ESCOs, Direct Customers and the LDC. This communication process is essential in assuring the uninterrupted flow of gas.

During critical periods, the role of the LDC becomes more demanding and includes the decision as to whether to issue System Alerts (SAs) or Operational Flow Orders (OFOs) to protect the integrity and the reliability of the gas system. In more extreme cases, the LDC may have to institute curtailment procedures to protect service to core customers.

All parties shall at all times be treated evenhandedly. No long or short-term benefit shall be conferred to a party that is not available on an equal basis to others that are similarly situated. As the restructured natural gas industry evolves, LDCs will continue to be responsive to the needs of market participants. As the market evolves and the proportion of customers that arrange their gas supplies increases, either on their own or by relying on ESCOs, LDC procedures need to be responsive. Reliable delivery of gas will also require communication from ESCOs, Direct Customers and Pipelines.

To insure the reliable delivery of gas to all customers in a seamless manner, the LDC should communicate with all market participants so that parties can exchange information.

Please contact Supplier Services for all ESCO-related issues through a dedicated mailbox LI-NYSupplierServices@us.ngrid.com. Individual customers should contact KEDLI Customer Assistance Center at 1-800-490-0025 and KEDNY Customer Assistance Center at 1-718-643-4050. Please refer to the organization chart on Page 8 of this GTOP.

Gas Control is responsible for interfacing with the gas pipelines on deliveries and maintenance work, for issuing and controlling System Alerts, Company-initiated interruptions, Operational Flow Orders and Curtailments. Gas Control is the central hub of communication between pipelines and ESCOs and for National Grid's gas transportation and distribution activities. As such, Gas Control verifies daily system requirements and confirms all gas deliveries for the Company and third parties through the KEDLI/KEDNY Electronic Bulletin Board. The 24/7 phone numbers for Gas Control for KEDLI are 516-545-4272; 4696; 8125; 8127, phone numbers for Gas Control, KEDNY are 516-545-4501; 4502. E-mail for both groups can be sent to GasControlDownstateNY@us.ngrid.com. Please refer to the organization chart on Page 9 of this GTOP.

B. Electronic Bulletin Board

The Electronic Bulletin Board (EBB) is a Web application that allows timely, clear communication between ESCOs, KEDLI and KEDNY. The site offers access to the status of nominations and confirmations and is a significant step in improving the communication flow and ensuring quality service to our customers. The Electronic Bulletin Board is utilized to notify ESCOs of their delivery requirements as well as allowing for the update of gas nomination information on the delivery system. The EBB is also be utilized to notify marketers of defaults, curtailments, system alerts and operational flow orders.

In order for an ESCO to gain access to the EBB, the ESCO, subsequent to the approval process, will complete the EBB Access Request Form and return it to Customer Choice Gas Transportation, Terry Azzato and/or Aaron Binder at 175 East Old Country Road, Hicksville, NY 11801. Each ESCO must have a minimum of one Administrator who will be responsible in conjunction with KEDLI and/or KEDNY for managing the access of their users to the EBB.

C. Semi-Annual Reliability Forums

A reliability forum will be established as a vehicle for on-going communications among ESCOs, pipelines and others. The reliability forum will meet at least twice a year (pre-post winter) and address expected market requirements and supplies to meet those requirements. ESCO notification will be conducted via e-mail and facsimile.

D. Electronic Data Interchange (EDI)

With the exception of non-firm accounts, all ESCO's are required to be EDI compliant. EDI transactions follow Uniform Business Practice Rules and Implementation Guidelines which may be found on the New York State Public Service Commission website at www.dps.state.ny.us/98m0667.

E. Regular Meetings/Teleconferences

In order to improve lines of communication, KEDLI and/or KEDNY will set up operational conference calls on a regular basis that would be open to participation by all ESCOs and Direct Customers operating within its system. The frequency of the conference calls is expected to increase during the winter heating season.

There will also be regular meetings among KEDLI and/or KEDNY, ESCOs and Direct Customers prior to the heating season and after the heating season. These meetings will address issues of concern to all. It is anticipated that the party hosting the meeting will seek input from other parties in formulating an agenda.

KEDLI and/or KEDNY's normal business hours are Monday through Friday from 8:00 am to 5:00 pm. All calls relating to operational issues (nominations and deliveries) during hours other than normal business hours should be directed to the Gas Control telephone numbers listed in this section. For questions relating to New York State's Uniform Business Practices, including customer usage and billing information, see Appendix E of this Manual.

VIII. OPERATIONAL FLOW ORDERS (OFOs)

A. Critical Periods and Critical Days

A Critical Period is a period of disruption to the operational integrity of the system or a force majeure event. A Critical Day exists when the KEDLI and/or KEDLI declares an Operational Flow Order (OFO), but may also be declared independently of an OFO. To improve all parties' understanding or roles during Critical Periods and to test communications procedures, KEDLI and/or KEDNY may conduct a critical day simulation exercise.

B. Electronic Bulletin Board (EBB)

KEDLI and/or KEDNY will facilitate communications with ESCOs and Direct Customers through its Gas Transportation Electronic Bulletin Board (EBB).

1. This communication medium is the primary means of providing timely communications to ESCOs and Direct Customers.

2. ESCOs and Direct Customers should review the EBB on a daily basis and take the necessary actions as identified in the EBB communication notice.

3. KEDLI and/or KEDNY will supplement its EBB notifications with notification via telephone facsimile or pager at the election of the ESCO or Direct Customer.

4. The ESCO and Direct Customer will be required to provide KEDLI and/or KEDLI with a 24-hour contact number.

5. In the event of a temperature controlled interruption an EBB notification will be sent out by Gas Control notifying all ESCOs that a TC interruption has occurred.

C. System Alerts (SA) and OFOs

System Alerts (SA) are announcements of actual or pending events that, if unchecked, may result in an OFO being issued. The SA should advise ESCOs and Direct Customers what actions are requested and what actions may be mandated if the voluntary response is not adequate. SAs may be directed to specific ESCOs or Direct Customers, subject to the KEDNY and/or KEDLI's obligation not to unduly discriminate, or to all ESCOs and Direct Customers operating on the system. ESCOs and Direct Customers are expected to respond to SAs as soon as practical, and notify KEDLI and/or KEDNY of their intended actions.

KEDNY and/or KEDLI are not obligated to issue a SA before an OFO, but will endeavor to do so. SAs will be issued via-e-mail to all ESCOs and Direct Customers and posted to the EBB.

D. Operational Flow Orders (OFOs)

A Critical Day occurs when KEDNY and/or KEDLI issues an OFO. An OFO is issued at the sole discretion of KEDNY and/or KEDLI to alleviate conditions that threaten the operational integrity of the gas system or to prevent an interruption or curtailment. Economic considerations will not be a basis for declaring an OFO.

Except where a more immediate response is needed, there should be at least 24 hours notice to an OFO. When an OFO is preceded by a SA, the 24-hour notice begins with the issuance of the SA. To the extent practicable, there should be a minimum of 8 hours notice when a SA is changed to an OFO. KEDLI and/or KEDNY will supplement its EBB notifications via telephone, facsimile or pager at the election of the ESCO/Customer.

During any period in which KEDLI and/or KEDNY believes its ability to accommodate imbalances can be restricted or impaired, KEDLI and/or KEDNY may impose a Forced Balancing Operational Flow Order (OFO).

It is impossible to detail all the conditions under which it may be necessary to declare an OFO. However, some of those conditions include:

5. Extreme weather conditions
6. Reduced gas availability
7. Market conditions
8. Maintenance on pipelines

E. Guidelines for Instituting OFO's

The following guidelines apply to OFO's and OFO notifications:

1. OFO's will be posted on National Grid's EBB as well as e-mailed to all ESCOs or Direct Customers affected by the OFO.

2. The OFO notice will provide as much advance notice as possible. The date and time of issuance, date and time the OFO takes effect, and the estimated duration will be included in the OFO notice.

3. The OFO notice will communicate clearly to designated ESCO or Direct Customer personnel the actions required, as well as the reason for the required actions, and will provide periodic updates to enable parties to continue their planning functions.

4. Actions required by the OFO will be limited both in duration and scope to meet the objective of the OFO.

5. The required actions will be as localized as possible.

6. The OFO shall not be used to simultaneously restrict over deliveries or underdeliveries.

7. An OFO may be directed to specific ESCOs or Direct Customers, subject to KEDLI and/or KEDLI's obligation not to unduly discriminate in its application of OFOs.

8. KEDLI and/or KEDNY will respond to reasonable requests for information by parties within a reasonable time after the OFO event.

9. Economic considerations shall not be a basis for declaring an OFO.

10. KEDLI and/or KEDNY will notify the Director of the Gas Division of the Department of Public Service when an OFO is declared and when the situation returns to normal.

Failure of KEDLI and/or KEDNY to adhere to one or more of the above guidelines is not a basis for ESCOs or Direct Customer not to comply with requirements of the OFO, but may provide the basis for a complaint to the Commission regarding KEDLI and/or KEDNY's behavior.

F. Company-Initiated Interruptions

Customers served under KEDNY SC18 5-A, SC18-6 and KEDLI SC 7 and SC 13 refer to the respective tariffs

See Appendix F Illustrative Supply and System Dispatch Interruptible Matrix

G. Responsibilities of ESCOs, Customers and LDCs During a SA or OFO

9. Some of the actions required by an OFO may include without limit:

   a. Require ESCOs to deliver gas to a specific point or points;
   b. Require ESCOs to balance daily or to deliver a specific quantity of gas; or
   c. Change daily nominations for customer groups being served with a flat monthly nomination.

Upon notice that an OFO will be issued, and for the duration of the OFO, KEDLI and/or KEDNY must make authorized personnel available on a 24-hours-a-day, 7-days-a-week basis to handle the submission and processing of evening cycle and intraday nominations to facilitate the ESCOs and Direct Customers responses to the OFO.

If during an OFO KEDLI and/or KEDNY becomes aware that ESCOs or Direct Customers are not taking the required actions, it should make all reasonable efforts so to inform the non-responding ESCOs or Direct Customers. Lack of such notice will not relieve any ESCO or Direct Customer of its obligations. ESCOs or Direct Customers who fail to comply with the OFO shall be subject to service termination and the applicable penalty provisions as identified by the KEDLI and/or KEDNY's tariffs.

The ESCO, if necessary, should communicate with its Customers to secure compliance with the conditions of a KEDLI and/or KEDNY directed OFO. If the ESCO is aware of noncompliance of one or more of its customers, it shall notify KEDLI and/or KEDNY of the name(s), address and account numbers(s) of the end users(s). During an OFO, the application of penalties should not penalize ESCOs or Direct Customers whose imbalances work to benefit the integrity of the gas system.

At the next meeting of KEDLI and/or KEDNY, ESCOs and Direct Customers, there should be a review of any OFO's that may have been declared. However, any party that has a grievance concerning the necessity for, or individual treatment during an OFO, may address those concerns immediately with KEDLI and/or KEDNY. If after such discussions the party is still dissatisfied, it may bring its concerns to the attention of Department of Public Service Staff and, if necessary, to the Commission.

IX. CURTAILMENT

A. Curtailment

A Curtailment is the reduction of gas deliveries caused by a shortage of supply or pipeline capacity. A Curtailment situation is a catastrophic event.. In a Curtailment situation, KEDLI and/or KEDNY physically curtail gas flow to similar types of end use Customers. Curtailment may be required to protect the needs of core Customers and/or to protect the operational reliability of the system.

In the KEDLI and KEDNY territory on an annual basis Gas Planning provides a system load profile and recommendations of areas with pressure concerns which are affected by temperature. This will change based on system dynamics. (i.e. Pressure concerns resolved by addition of Pipe).

The protocol for curtailments is:

Supply Issue – All customers are cut across the board.
Pressure – Look at temperature and area and using the appropriate list cut those customers in the geographic are where the pressure concern occurs.

In a Curtailment situation, KEDLI and/or KEDNY will interrupt/curtail service in accordance with the following schedule:

1. Electric Generation Customers

   a. Electric Generation Customers - Customers who use gas for the generation of electricity and/or steam.

2. Co-generation and Special Contract Customers – Customers who use gas as one energy type for boiler fuel to generate electric and/or thermal energy, or co-generation customers with special contracts, who do not have dual fuel options, but who agree to curtail their gas use.

3. Interruptible Customers - Customers who agree to take service on an interruptible basis on 2-hour notice in the case of system emergency.

4. Temperature Controlled Customers

   a. Temperature Controlled Customers - Customer, excluding critical-care facilities, whose gas use is dependent upon when the temperature drops below specified levels.

5. Firm Commercial, Industrial and Baseload Distributed Generation Customers

   a. Firm Commercial - Customers, excluding critical-care facilities, who use gas for general purposes (except for processing), such as water-heating and space heating.

b. Industrial Customers - Customers who use gas for industrial processing.

c. Baseload Distributed Generation Customers – Customers using gas for the operation of either co-generation or distributed generation equipment used for mechanical, electrical or thermal applications employing reciprocating engines, gas turbines and/or emerging gas technologies.

6. Firm Residential and Other Human Needs Services

a. Firm Residential - Customers who use gas for residential (cooking, water heating, space-heating, general) and religious purposes.

b. Human Needs Services - Customers who use gas for prisons, hospitals, nursing homes, other critical-care facilities, apartments, condominiums, cooperative residences, or supportive/supervised living facilities (community residences).

B. Notice of Service Curtailment for Interruptible Accounts

To the extent operating conditions allow, KEDLI and/or KEDNY will provide 24 hours advance notice of service curtailment to ESCOs and Direct Customers.

1. Notification by KEDLI and/or KEDNY's Electronic Bulletin Board ("EBB")

a. KEDLI and/or KEDNY will post notice of service curtailments on its EBB.
b. ESCOs and Direct Customers are required to review EBB notices on a daily basis and take the necessary actions as identified by posted notices.

2. Notification by Telephone

a. In the event that 24-hour notice of a service curtailment is not possible, KEDLI and/or KEDNY will supplement the EBB notification via telephone.

b. An automated telephone message will provide the date and time of a Curtailment and any necessary KEDNY and/or KEDLI contact information.

c. The ESCO or Direct Customer is responsible to provide KEDLI and/or KEDNY with a telephone number that is available for notification 24-hours-per-day, 365-days-per-year. The ESCO or Direct Customer is responsible to notify KEDLI and/or KEDNY of any changes to this number.

d. KEDLI and/or KEDNY will use the EBB and/or the automated telephone system to notify ESCOs or Direct Customers that they may resume using natural gas when a curtailment is concluded.

e. In the event of a conflict between telephone and the EBB notice, the most recent notice will be deemed the official notice for determining compliance with the notification.

C. Notice of Company-Initiated Interruptions for Interruptible and/or Temperature Controlled

The Company will endeavor to provide notification (within 2 hours) of a scheduled interruption. A scheduled interruption will be initiated in instances where the Company calls on peaking assets to supplement supply to meet high demand or for isolated distribution system reliability reasons in excess of four hours (other than for LNG plant idling or cooling or for system testing), or if the Company, at its sole discretion, determines that an interruption it is warranted to protect the reliability and safety of the system for firm customers. Upon receipt of such notice, the customer shall curtail or discontinue use of gas as instructed by the Company..

D. Notice of Company-Initiated Interruptions for Temperature Controlled Customers

Customers served under temperature controlled service will be interrupted or notified via an alarm when the temperature reaches the Designated Interruption Temperature specified by KEDLI and/or KEDNY. Temperature settings of the control devices, whether automatic or semi-automatic, will be established solely by KEDLI and/or KEDNY. For purposes of this service, the temperature is measured either outside the customer's premises or at the Central Park Observatory

E. Responsibilities of ESCOs and Direct Customers During Curtailment

During a Curtailment situation, ESCOs and Direct Customers will take immediate action as directed by KEDNY and/or KEDLI. If such actions are insufficient, KEDNY and/or KEDLI will physically curtail gas service to Customers pursuant to the listed priorities in subsection A, above.

The ESCO or Direct Customer may not be required to deliver gas on days that their deliveries are to be interrupted for the full day or the days the customer will be burning an alternate fuel for the entire day.

On August 23, 2007, the State of New York Public Service Commission issued an Order in Case 06-G-0059 establishing guidelines for curtailments. Pursuant to such guidelines, the needs of core Customers, sales or firm transportation, will be met first in the event of interruption or force-majeure curtailment. When necessary to meet high-priority customer demand, KEDLI and/or KEDNY will acquire gas intended for lower priority customers at the City Gate. ESCO's/Direct Customers whose gas is diverted by KEDLI and/or KEDNY will be required to continue making nominations of gas throughout the curtailment period up to their maximum delivery obligation as directed, unless qualified upstream force majeure interruptions or curtailments prevent the ESCO's/Direct Customers from securing or delivering such supplies.

Failure to take the necessary actions as indicated by the EBB notification or the automated telephone message or failure to provide a valid telephone number for notification purposes will subject the ESCO or Direct Customer to the applicable penalty provisions as provided for by the pertinent service classifications and tariffs.

F. Force Majeure

Force Majeure: Seller will be excused from delivering the required gas supplies on any given day for Force Majeure events which directly and substantially affect a seller's natural gas deliveries to the Company.

For purposes of this section, a Force Majeure event will be any failure of the final pipeline delivering gas to the Company or an upstream pipeline feeding such pipeline, with such failure having been classified as a Force Majeure event pursuant to the terms of that pipeline's Federal Energy Regulatory Commission-approved tariff. A legitimate Force Majeure event that curtails the seller's firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a seller's natural gas deliveries to the Company, will excuse a Seller from performing pursuant to this section to the extent of such curtailment. If at such time the Seller is delivering gas to Customers on other systems, the volume excused from performance on the company's system will be no more than a proportionate amount of the affected deliveries curtailed by the Force Majeure event. The Seller is responsible for supplying complete information and verifiable proof of all the particulars requested by the Company related to any such Force Majeure exclusion. In order to validate a claim of Force Majeure, the Seller must have a firm, non-interruptible service with the affected pipeline that is covered by the Force Majeure event and must be willing to present such agreements to the Company.

G. Compensation to Non-Core Customers for Diversion

The ESCO/Direct Customer will be the party compensated for the diverted gas. To the extent individual ESCO customers are affected by directing the payment to the ESCO, they would enter into contractual arrangements with the ESCO that clearly spell out the resolution of compensation issues between the ESCO related to occasions when gas supplies are diverted.

Replacement Cost of Fuel: If gas is diverted from a customer, compensation will be at the midpoint price in Platts Gas Daily, Daily Price Survey for Transco Zone 6 N.Y on the day(s) of such diversion. The affected ESCO/Direct Customer will be compensated pursuant to the foregoing market price, unless it can demonstrate to the Company's satisfaction that its contract price for the gas diverted exceeded such market price.

H. Unauthorized Use of Gas

Any Interruptible or Temperature Controlled Customer who fails to cease its use of natural gas in accordance with KEDLI and/or KEDNY's instruction during a curtailment situation and/or a Company-initiated interruption will be subject to the KEDLI and/or KEDNY unauthorized use charge pursuant to tariff regulations.

X. INTERRUPTION REQUIREMENTS

A. Alternative Fuel Source Requirements

For more specific and detailed information regarding both Interruptible and Temperature Controlled Service Classification requirements, please see KEDLI Tariff Service Classifications 7 and 13 and KEDNY Tariff Service Classifications 5 and 6.

XI. APPENDICES

A. Forms

Attachment I

FORM OF SERVICE AGREEMENT
FOR NON-CORE
TRANSPORTATION SERVICE
(Service Classification No. 18)

THIS AGREEMENT entered into this __ day of ____________, _____, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and ___________________, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 18 (SC-18) pursuant to which the Company offers a non-core transportation service to qualifying customers (NCT Service);

WHEREAS, Customer has requested Company provide Customer NCT Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Daily Delivery Quantity" means the total quantity of gas that is required to be delivered to the Company grossed up to cover system losses under the Company's Monthly Balancing Program.

(b) "Delivery Quantity" means the total quantity of gas that is required to be delivered to the Company grossed up to cover system losses under the Company's Daily Balancing Program.

(c) "Seller" means person or entity meeting the Company's qualifications to sell gas to a pool under this Service Classification.

2. Transportation Service.

Customer represents and warrants that Customer qualifies for service under SC-18, Rate NCTS-___. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-18, Customer hereby agrees to deliver or caused to be delivered gas in quantities as follows:

(a) For Monthly Non-Firm Balancing - The Daily Delivery Quantity, as determined by the Company at least monthly, based upon the customer's historical normalized consumption and/or estimates of consumption under normal conditions.

(b) For Daily Non-Firm Balancing - The Delivery Quantity as determined by the customer or his Seller which is adjusted as necessary during each day based on the customer's telemetered consumption in order to align deliveries with consumption.

FORM OF SERVICE AGREEMENT - Continued

(c) The Company agrees to receive, transport, and redeliver on an interruptible or a temperature-controlled basis to Customer gas in quantities no less than Customer's Daily Delivery Quantity or Delivery Quantity.

3. Customer Election

(a) Customers may elect to participate in either the Company's Monthly Balancing Program or Daily Balancing Program.

In order to be eligible for the Daily Balancing Program, customers must have Automatic Remote Meter equipment installed at their premises as well as a dedicated communication link that will allow the Company to access the customer's meter readings periodically throughout the day. The customer is required to pay for the Automatic Remote Meter and dedicated communication link.

Customers that participate in the Company's Daily Balancing Program will be allowed to return to the Monthly Balancing Program or sales service on a best efforts basis. If approved to switch by the Company, the Sellers's customers must remain in the Monthly Balancing Program or sales service for at least twelve months

Customer elects to participate in either Monthly Balancing Program or Daily Balancing Program
Indicate here which program:____

4. Seller of Gas. Customer designates________________________________
to be its seller of gas hereunder.

5. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Customer to the Company hereunder shall be the existing delivery point of

____
(name of pipeline)
known to the Company as
____.
(name of metering station)

FORM OF SERVICE AGREEMENT – Continued

6. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at

____

(Customer Service Location(s))

7. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Transporter's pipeline

8. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company, for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-18 and the general terms and conditions of the Tariff, including, but not limited to:

(1) the on-system transportation charges for Rate NCT-_____ Transportation Service, set forth under SC-18. If Customer is receiving on-system transportation service under Rate NCT-5A, Customer's on-system transportation charges under SC-18 shall be determined by Customer's election of one of the following Rate Schedules. Customer elects Rate Schedule __.

(A)Rate Schedule 1, for which purposes Customer's annualized transportation volume is projected to be _________ therms; or

(B)Rate Schedule 2, for which purposes the pricing addendum, attached hereto and made a part hereof, shall apply and

(b) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-18, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

9. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on a _________ to ________ basis, until terminated by Customer or the Company upon at least thirty (30) days' advance written notice to the other, specifying the termination date. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 9 hereof shall commence on ____________, _____.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-18, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation services provided hereunder if Customer (I) violates any provision of this Agreement, the terms and conditions of SC-18, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

10. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or (c) or on the business day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: The Brooklyn Union Gas Company
d/b/a National Grid NY
175 East Old Country Road
Hicksville, New York, 11801
Attention: ____________________

If to Customer: ____________________________
____
____
Attention: ____________________

12. Incorporation by Reference. The terms and conditions of SC-18 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

13. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY	______________________________
By:______________________________	By: ______________________________
Title: ______________________________	Title: ______________________________

Attachment II

FORM OF SERVICE AGREEMENT
FOR AGGREGATED NON-CORE
TRANSPORTATION SERVICE
(Service Classification No. 18)

THIS AGREEMENT entered into this __ day of ____________, __, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and ____________________, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 18 (SC-18) pursuant to which the Company offers a non-core transportation service to qualifying customers (NCT Service);

WHEREAS, Customer has requested Company provide Customer NCT Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Daily Delivery Quantity" means the total quantity of gas that is required to be delivered to the Company grossed up to cover system losses under the Company's Monthly Balancing Program.

(b) "Delivery Quantity" means the total quantity of gas that is required to be delivered to the Company grossed up to cover system losses under the Company's Daily Balancing Program..

(c) "Seller" means person or entity meeting the Company's qualifications to sell gas to a pool under this Service Classification.

2. Transportation Service.

Customer represents and warrants that Customer qualifies for service under SC-18, Rate NCTS-___. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-18, Customer hereby agrees to deliver or caused to be delivered gas in quantities as follows:

(a) For Monthly Non-Firm Balancing - The Daily Delivery Quantity, as determined by the Company at least monthly, based upon the customer's historical normalized consumption and/or estimates of consumption under normal conditions.

(b) For Daily Non-Firm Balancing - The Delivery Quantity as determined by the customer's Seller which is adjusted as necessary during each day based on the customer's telemetered consumption in order to align deliveries with consumption.

FORM OF SERVICE AGREEMENT – Continued

(c) The Company agrees to receive, transport, and redeliver on an interruptible or a temperature-controlled basis to Customer gas in quantities no less than Customer's Daily Delivery Quantity or Delivery Quantity.

3. Customer Election

(a) Customers may elect to participate in either the Company's Monthly Balancing Program or Daily Balancing Program.

In order to be eligible for the Daily Balancing Program, customers must have Automatic Remote Meter equipment installed at their premises as well as a dedicated communication link that will allow the Company to access the customer's meter readings periodically throughout the day. The customer is required to pay for the Automatic Remote Meter and dedicated communication link.

Customers that participate in the Company's Daily Balancing Program will be allowed to return to the Monthly Balancing Program or sales service on a best efforts basis. If approved to switch by the Company, the Sellers's customers must remain in the Monthly Balancing Program or sales service for at least twelve months

Customer elects to participate in either Monthly Balancing Program or Daily Balancing Program____

4. Seller of Gas. Customer designates ___________________________________ to be its Seller of gas hereunder.

5. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at

____
(Customer Service Location(s))

6. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Transporter's pipeline

FORM OF SERVICE AGREEMENT - Continued

7. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company, for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-18 and the general terms and conditions of the Tariff, including, but not limited to:

(I) the on-system transportation charges for Rate NCT-_____ Transportation Service, set forth under SC-18. If Customer is receiving on-system transportation service under Rate NCT-5A, Customer's on-system transportation charges under SC-18 shall be determined by Customer's election of one of the following Rate Schedules. Customer elects Rate Schedule __.

(A)Rate Schedule 1, for which purposes Customer's annualized transportation volume is projected to be _________ therms; or

(B)Rate Schedule 2, for which purposes the pricing addendum, attached hereto and made a part hereof, shall apply and

8. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on a _________ to ________ basis, until terminated by Customer or the Company upon at least thirty (30) days' advance written notice to the other, specifying the termination date. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 7 hereof shall commence on ____________, _____.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-18, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation services provided hereunder if Customer (I) violates any provision of this Agreement, the terms and conditions of SC-18, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

9. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or (c) or on the business day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by

registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company:	The Brooklyn Union Gas Company d/b/a National Grid NY 175 East Old Country Road Hicksville, New York, 11801 Attention: ___________________
If to Customer:	___________________________ ___________________________ ___________________________ Attention: ___________________

12. Incorporation by Reference. The terms and conditions of SC-18 and SC-19 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

13. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

BROOKLYN UNION GAS COMPANY
d/b/a NATIONAL GRID NY   ________________________________

By:________________________________   By: ____________________________

Title: ______________________________   Title: ___________________________

Attachment III

FORM OF SERVICE AGREEMENT
FOR
TRANSPORTATION AGGREGATION SERVICE
(Service Classification No. 19)

THIS AGREEMENT entered into this __ day of ____________, _____, by and between The Brooklyn Union Gas Company, a New York Corporation (Company) and __________________________________, a corporation, partnership, individual (Seller).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 19 (SC-19) pursuant to which the Company offers a transportation aggregation service to qualifying sellers of gas (TA Service);

WHEREAS, Seller has requested Company provide Seller TA Service; and

WHEREAS, Company is willing to provide such service to Seller subject to the terms and conditions herein.

NOW, THEREFORE, Company and Seller agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Average Daily Delivery Quantity" or AADDQ@ means the total quantity of gas Seller is required by the Company to deliver each day to the Company for transportation by the Company. Such quantity shall be determined at least monthly by the Company, and is subject to the limitations, restrictions, and other provisions contained in this Agreement and the Tariff.

(b) "Transporter" means an interstate pipeline transporting gas owned by a Pool to the Company for the Pool's account.

(c) "Pool" means the group of Customers to whom Seller is selling gas under this agreement, who are receiving CTS Service or NCT Service from the Company, and who are aggregated by Seller for the purpose of providing TA service. The Pool shall be comprised of Customers belonging to a single service classification.

(d) "CTS Service" means service under Service Classification No. 17 of the Tariff.

(e) "NCT Service" means service under Service Classification No. 18 of the Tariff.

FORM OF SERVICE AGREEMENT - Continued

2. Transportation Aggregation Service

(a) Seller represents and warrants that Seller qualifies for service under SC-19. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-19, Seller hereby agrees to deliver, or caused to be delivered daily to Company, for Seller's account, gas in quantities as follows;

For Monthly Non-Firm Balancing
The Average Daily Delivery Quantity, as determined at least monthly by the Company. In addition, Customer shall deliver or caused to be delivered daily to Company, gas to cover system use and losses in an amount specified in the Statements of Seller Charges and Adjustments of the quantity of all gas delivered to the Company by Customer for transportation hereunder

For Daily Non-Firm Balancing
The Seller is responsible for estimating the consumption of his Pool and for determining the quantity of gas to be delivered to his Pool throughout the day. The Seller will have access to the telemetered consumption of the Pool three times each day and pursuant to section V of the Company's GTOP manual, will be expected to make intra-day nominations to align deliveries grossed up for UFG with the Pool's actual consumption throughout the day

(b) The Company agrees to receive, transport, and redeliver on a firm, interruptible or temperature-controlled basis, as determined by the nature of the transportation service received by the Customers in the Pool.

3. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Seller to the Company hereunder shall be the existing delivery point of

____
(name of pipeline)

known to the Company as

____.
(name of metering station)

4. Point(s) of Delivery, Customers' Names and Account Numbers. The Point(s) of Delivery for all gas transported by the Company for Seller's account hereunder shall be the outlet of the meter of each Customer in the Pool, which outlets are listed in Appendix AA@ to this Agreement, attached hereto and made a part hereof. The name and account number of each Customer in the Pool also shall be set forth in Appendix "A".

5. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Seller, or that Seller causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Transporter's pipeline.

6. Swing Service (SC-17 Pool). Where a Pool is comprised of Customers taking CTS Service, the Company will utilize upstream assets and gas supply as required to accommodate variations in Seller's daily account balance between Seller's gas deliveries and the actual gas consumption of the Pool.

7. Monthly Balancing and Daily Balancing (SC -18 Pool). Where a Pool is comprised of Customers taking NCT Service, the Company shall balance Seller's account at the end of each month to zero, as provided under the terms and conditions of SC-18.

8. Rates and Charges for Service.

(a) Where a Pool is comprised of Customers taking CTB Service, each month (or other period, if so indicated in the Tariff), Seller shall pay the Company for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-19 and the general terms and conditions of the Tariff, including, but not limited to the Balancing Service Peaking Demand Charges, Balancing Service Demand Charges, and the Balancing Service Imbalance Charges set forth under SC-19.

(b) Where a Pool is comprised of Customers taking CTS Service each month (or other period, if so indicated in the Tariff), Seller shall pay the Company for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-19 and the general terms and conditions of the Tariff, including, but not limited to the Monthly Swing Service Demand Charges and the Daily Swing Service Imbalance Charges set forth under SC-19.

11. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on an annual basis, until terminated by Seller or the Company upon at least thirty (30) days' advance written notice to the other, specifying the termination date. The Company's obligation to provide service hereunder, and Seller's obligation to pay the charges referenced in paragraph 10 hereof shall commence on ____________________, ____________.

(b) Seller shall comply with this Agreement, the terms and conditions set forth under SC-19, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation and swing services, and associated services provided hereunder if Seller (I) violates any provision of this Agreement, the terms and conditions of SC-19, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

12. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or on the business

day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: The Brooklyn Union Gas Company d/b/a
National Grid NY
175 East Old Country Road
Hicksville, New York 11801
Attention: ____________________

If to Seller: ____________________________
____
____
Attention: ____________________

13. Incorporation by Reference. The terms and conditions of SC-19 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

14. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY	________________________________
By:__________________________________	By: ______________________________
Title: ________________________________	Title:_____________________________

Attachment IV

Keyspan Gas East Corporation
d/b/a National Grid
Service Classification No. 8
Seller Service Agreement

Company Name: ____________________ Affiliate/Parent: _______________________

Business Address: ___________________ BusinessAddress:__________________________

Dun & Bradstreet
Rating Number: ________________ Dun & Bradstreet
Rating Number: ___________________________

Contact Name: ___________________ Alternate Contact Name: ____________________

Day Phone Number: ______________ Day Phone Number: _____________________

Evening Phone Number: _____________ Evening Phone Number: ____________________

Facsimile Number: ___________________ Facsimile Number: ________________________

KeySpan Gas East Corporation d/b/a National Grid

______________________________________ (Customer) is a qualified Seller pursuant to KeySpan Gas East Corporation d/b/a Brooklyn Union of Long Island (“Brooklyn Union” or “Company” or “KEDLI”.) Service Classification No. 8 and will arrange for the purchase of natural gas for delivery to ”Brooklyn Union” for subsequent redelivery to customer under the terms of Service Classification Nos. 5, 7 or 13.

OR

______________________________________ (Seller) is a qualified Seller pursuant to "Brooklyn Union" Service Classification No. 8 to deliver natural gas to "Brooklyn Union" for subsequent redelivery to Customers under the terms of Service Classification No. 5, 7 or 13.

______________________________________ (Seller) has aggregated or will be aggregating a group of Customers for the purpose of qualifying such Customers for firm transportation service under "Brooklyn Union" Service Classification No. 5; interruptible transportation service under Service Classification No. 7; and temperature controlled transportation service under Service Classification No. 13. Attached to this Service Agreement, or to be submitted for attachment to "Brooklyn Union" before the commencement of service under this agreement, is a list of Customers included in seller's aggregated group. The sum of the estimated annual gas usage in a Seller’s pool for these Customers is at least 5,000 dekatherms.

Seller may elect to participate in either the Company’s Daily Balancing Program or Monthly Balancing Program.

Monthly Balancing Program: At least 30 days before the commencement of service for each annual service terms, the Company will calculate the Daily Delivery Quantity (DDQ) of natural gas for each month of the term. Sellers serving monthly balanced customers are obligated to deliver or cause to be delivered to the Company the DDQ to the City Gate. The Company will adjust the customer's DDQ as described in Service Classification No. 8.

Daily Balancing Program: Seller is responsible for estimating his customers' consumption and for determining the quantity of gas to be delivered to his customers throughout the day. The Seller will have access to his customers' telemetered consumption and will be expected to make intra-day nominations to align deliveries grossed up for UFG with his customers' actual consumption during the day.

Seller understands and agrees as follows:

(I) Seller will deliver natural gas to "KEDLI" on behalf of a Customer or Customers that "KEDLI" has determined may receive service in accordance with Service Classifications No. 5, 7 or 13.

(ii) Seller is bound by the terms and conditions of Service Classification No. 8 and the applicable terms and conditions of Service Classification Nos. 5, 7 or 13 in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York.

(iii) Seller warrants that all information provided to "KEDLI" for the purpose of qualifying for service under Service Classification No. 8 is true and accurate and Seller acknowledges that such information has been provided to "KEDLI" for the purpose of inducing "KEDLI" to provide service pursuant to Service Classification No. 8.

(iv) Seller has satisfied the credit criteria for Sellers pursuant to Service Classification No. 8 and is a qualified Seller without providing security to "KEDLI", or has provided "KEDLI" with an advance deposit, or a standby irrevocable letter of credit, a security interest in collateral, or a guarantee of payment by another person or entity, acceptable to "KEDLI", as Security to ensure performance pursuant to Service Classification No. 8. The amount of security required to ensure performance will be periodically reviewed by "KEDLI" and Sellers agree to increase or reduce such security as "KEDLI" determines is necessary to reflect increases or decreases in the DDQ's of Customers that are supplied natural gas by Seller. "KEDLI" will respond within ten days to a grievance filed by a Seller that is denied service under Service Classification No. 8 for failure to satisfy the credit criteria.

(v) Seller hereby acknowledges that its obligations to deliver natural gas to "KEDLI" under Service Classification Nos. 5, 7, 8 and 13 and pursuant to an executed Service Agreement under Service Classification Nos. 5, 7, 8 and 13 will not be abated by any circumstance, including a breach of the obligations by any Customer to the Seller, except for events of Force Majeure as specified under Service Classification No. 8 or actions by "KEDLI" that prevent performance by Seller.

(vi) If any provision herein is construed to be inconsistent with Service Classification Nos. 5, 7, 8 or 13, Seller acknowledges that the provisions of Service Classification Nos. 5, 7, 8 or 13 as modified and approved by the New York State Public Service Commission shall govern.

(vii) "KEDLI's" waiver or Seller's waiver of any one or more of the provisions of this Service Agreement and/or Service Classification Nos. 5, 7, 8 and 13 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.

(viii) By the fifteenth day prior to the start of the following month, for service commencing by the first day of the succeeding calendar month, Seller will notify "KEDLI" of any Customer that is added or is deleted from seller's aggregated group by updating the attached Customer list. Failure to provide "KEDLI" with such notification will constitute seller's representation that the Customers within seller's aggregated group have not changed Seller will also place on file with "KEDLI" a copy of customer's written request to be included in seller's aggregated group for the effective time period.

ACCEPTED:

__________________________________ By: ____________________________
(Seller)

Title: ____________________________

Date: ____________________________

****

FOR "KEDLI" USE ONLY:

Credit Approved by:

____

Source: Dun & Bradstreet Rating:

____

Affiliate Dun & Bradstreet with Guarantee:

____

Analysis of Finances:

____

Security Posted:

____

Amount of Security: $________________________

Type of Security: ________________________

KeySpan Gas East Corporation
d/b/a National Grid
Service Classification No. 8
Aggregated Customer List

CUSTOMER:	ANNUAL USAGE:
TOTAL ANNUAL USAGE:	

Attachment V

FORM OF SERVICE AGREEMENT
FOR NON-CORE TRANSPORTATION SERVICE
FOR ELECTRIC GENERATION
(Service Classification No. 20)

THIS AGREEMENT entered into this ___ day of ____________, ____, by and between Brooklyn Union Gas Company d/b/a National Grid NY, a New York Corporation (Company) and ___________________, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 20 (SC-20) pursuant to which the Company offers a non-core transportation service for electric generation to qualifying customers (NCTEG Service);

WHEREAS, Customer has requested Company provide Customer NCTEG Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Transportation Service.

(a) Customer represents and warrants that customer qualifies for service under SC-20, Rate NCTEG-1. Subject to the terms and conditions of this Agreement, the Tariff and the terms and conditions of SC-20, Customer hereby agrees to communicate to Company by facsimile transmission or telephone the Daily Nomination Quantity. The Daily Nominations Quantity may not exceed the Maximum Daily Delivery Quantity of _____ dekatherms, exclusive of the factor of adjustment for system losses. Subject to the terms and conditions of this Agreement, the Tariff and the terms and conditions of SC-20, upon Customer's communication of the Daily Nomination Quantity, Customer will be required to deliver or cause to be delivered daily to the Company for Customer's account gas in quantities equal to the Daily Nomination Quantity. The Daily Nomination Quantity shall include a quantity for system loss and unaccounted for gas. The Company shall not be required to accept deliveries of gas in excess of the Maximum Daily Delivery Quantity of ______, exclusive of the factor of adjustment for system losses.

(b) The Company agrees to receive, transport, and redeliver on an interruptible basis to Customer, gas in quantities equal to the Daily Nomination Quantity as adjusted for lost and unaccounted for gas; provided that the Company will not redeliver quantities greater than Customer's Maximum Daily Delivery Quantity.

2. Seller of Gas. Customer designates____________________________________ to be its seller of gas hereunder.

3. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Customer to the Company hereunder shall be the existing delivery point of

____.
(name of pipeline)
known to the Company as ____.
(name of metering station)

4. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at
_______________________________________. (Customer Service Location(s))

5. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Company's system.

6. Daily Balancing. The Company shall balance to zero Customer's account at the end of each day, as provided under the terms and conditions of SC-20.

7. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company, for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-20, Rate Schedule 1 and the general terms and conditions of the Tariff.

(b) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-20, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

8. Term of Agreement.

(a) This Agreement shall be effective for a term of five (5) years, commencing as of the date first above written. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 8 hereof shall commence on

_________________________________.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-20, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation service provided hereunder if Customer (I) violates any provision of this Agreement, the terms and conditions of SC-20, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

9. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or on the business day next following mailing, when sent by Federal Express or other private carrier. Routine communications and monthly billing statements shall be considered as duly delivered when mailed by registered, certified, ordinary mail, Federal Express or other similar private carrier. All communications shall be addressed to the respective parties as follows:

If to the Company: Brooklyn Union Gas Company
d/b/a National Grid NY
175 East Old Country Road
Hicksville, New York, 11801
Attention: ___________________

If to Customer: ____________________________
____
____
Attention: ____________________

10. Creditworthiness. In accordance with SC-20, as a condition to Company's execution of this Agreement, Customer shall guarantee payment of $______ (the "credit amount") by providing to Company (i) a letter of credit for the credit amount from a financial institution acceptable to Company; (ii) a prepayment of the credit amount, or (iii) a financial guarantee of the credit amount from a financial institution acceptable to the Company. Upon termination of this Agreement, the letter of credit, prepayment or financial guarantee shall be returned to the Customer, to the extent not required to offset or secure any amount owed by Customer to Company.

11. Incorporation by Reference. The terms and conditions of SC-20 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

12. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

BROOKLYN UNION GAS COMPANY
d/b/a NATIONAL GRID NY ______________________________

By:____________________________ By: ____________________________

Title: __________________________ Title: ___________________________

Attachment VI

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
Service Classification No. 13
Temperature-Controlled Transportation Service Agreement

To KeySpan Gas East Corporation d/b/a National Grid:

______________(Customer) requests that National Grid provide Temperature-Controlled transportation service of natural gas to Customer at: ________________(Service Location) under the terms of Service Classification No. 13. Customer (has) or (does not have) a dual fuel capability. Customer will be subject to the interruption provisions in Service Classification No. 12.

Business Name: _______________Account#__________________________

____

Company or
Corporation Name:_______________Telephone#_________________________________
Service Address: ____________________________ Zip:________

Mailing Address: __________________________ Zip:_____________ ___________
Service Classification No. ________________Grid# ___________ ____________
Service Start ____

____

Check off applicable rate below:

Rate 1 - 730 ______________ Rate 2 - 731 _________
(Between 2,000 Dth and 5,000 Dth annually) (Excess of 5,000 Dth annually)

Rate 3 - 732 _____________ ________________
(Negotiated contract - annual usage exceeds 100,000 Dth)

Option: (Please check one)

☐ Daily Balancing Transportation Service
(see Leaf Nos. 159.1, 159.1.1 and 159.1.2 for requirements)

or

☐ Monthly Balancing Transportation Service
(see Leaf Nos. 158.1 and 159 for requirements)

Seller of Gas
Customer designates _________________________________
to be its Seller of gas hereunder.

Customer understands and agrees as follows:

1. Upon the customer's request, "National Grid" will estimate the customer's Annualized Transportation Quantity, based upon the equipment specified as Attachment A, hereto, to determine if the Customer has the capability of consuming at least 2,000 dth per year to qualify for service under Service Classification No. 13.

2. Customer shall take and pay for the service in accordance with Service Classification No. 13 and is bound by the terms and conditions contained therein and in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York;

3. Customer's term shall begin on _____________________ and shall expire twelve months thereafter unless otherwise terminated pursuant to Service Classification No. 13. This term will be extended for additional twelve month periods unless the Customer or National Grid has provided sixty (60) days prior written notice of termination. Upon such termination, the Customer shall pay for all service rendered through effective date of termination.

4. Customer warrants that all information provided to "National Grid" for the purpose of qualifying for service under Service Classification No. 13 is true and accurate and Customer acknowledges that such information has been provided to "National Grid" for the purpose of inducing "National Grid" to provide service pursuant to Service Classification No. 13;

5. The Customer acknowledges and agrees that the supply and transportation of Customer purchased gas to an existing Receipt Point(s) of the company's gas facilities shall be solely the responsibility of the Customer;

6. Customer is responsible for the costs associated with the installation and maintenance of 1) remote and automatic meter reading devices ("telemetering") and 2) any new facilities required for the company's provision of service to Customer pursuant to Special Provision (1) of Service Classification No. 13; If telemetering equipment is inoperative for customer controlled reasons for a period of time greater than eight weeks, the customer shall be returned to the appropriate sales rate for a minimum term of 12 months.

7. Under Service Classification No. 13, service shall be provided at either Rate 1, Rate 2 or Rate 3 set forth under Service Classification No. 13;

8. Service to customers will be interrupted when the temperature drops below the temperature level specified by the Company. Temperature settings of the control devices, whether automatic or semi-automatic, will be established solely by the Company as set forth in Service Classification No. 13. For gas consumed during an interruption period without expressed written authorization of the Company, The Company will impose a penalty charge as specified in the Company’s SC-13 Tariff.

9. All rates and charges under the Service Classification No. 13 tariff are subject to increase pursuant to Rule III.2 of the tariff where service is provided to a Customer in a municipality;

10. Charges for transportation of gas are applicable to quantities metered at the customer's Service Location;

11. The Customer or Supplier will provide “National Grid” with a nomination schedule daily in the Timely Cycle for the next gas day’s deliveries. All deliveries are expected to be load following.

12. The Customer or Supplier will abide by all requirements and procedures as specified in National Grid’s Gas Transportation Operating Procedures Manual.

13. The Customer represents that the seller is authorized to act as its agent in all dealings with “National Grid” including, but not limited to, the submittal of daily Customer nomination schedules. The Customer accepts full responsibility for all acts committed by such agent. The customer must provide “National Grid” with at least ten (10) days written notice of changes in a customer’s agent before the new agent may nominate deliveries on “National Grid’s” system;

14. The Company may not accept the customer's nomination to the Company's City Gate if the Company has interrupted service to the customer's facilities;

15. If any provision herein is construed to be inconsistent with Service Classification No. 13, Customer acknowledges that the provisions of Service Classification No. 13 as modified and approved by the New York State Public Service Commission shall govern; and

16. "National Grid's" waiver of any one or more of the provisions of this Service Agreement and/or Service Classification No. 13 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.

ACCEPTED:

Customer KeySpan Gas East Corporation D/B/A National Grid

By:_____________ By:________________________________

Title:_________ Title:____________________________

Date:___________ Date:______________________________

Instructions

* Customer should read this Service Agreement and Service Classification No. 13 before executing this Agreement.

Attachment VII

APPLICATION FOR INTERRUPTIBLE SERVICE

The undersigned customer (Individual/Corporation)______________________________, is requesting temperature controlled service at,______________________________which is described as____________________under Public Service Commission under the following Service Classifications.

The undersigned hereby agrees subject to all terms and conditions to use the gas purchased hereunder only in the operation of the following equipment which is in regular use, and has an input capacity of_________________BTU's per hour and not to use in such specified equipment any gas purchased from the Company other than gas purchased under this Service Classification.

SC 5A - Large Volume Service ______ Leaf Nos. 174 thru 195).

Commercial 6C	**Government 6G**	**MultiFamily 6M**
P.S.C. No. 12 Gas Leaf No's 196 thru 205	P.S.C. No. 12 Gas Leaf No's 206 thru 215	P.S.C. No. 12 Gas Leaf No's 216 thru 227
SC 6C1 _______	SC 6G1______	SC 6M1 - less than 3,500 dth
SC 6C2 _______	SC 6G2______	SC 6M2 - 3,500 to 8,999 dth
6C/6G1 - Less than 10,000 DTH annually		SC 6M3 - 9,000 to 25,999 dth
6C/6G2 - Greater than or equal to 10,000 DTH annually		SC 6M4 - 26,000 +

To pay for such service at the applicable rates of the above designated service classification and any amendments, there of, in effect and on file with the Public Service Commission.

To comply with the rules and regulations set forth in the Rules, Regulations and General Information for Gas Service, P.S.C. No. 12- Gas and any amendment thereof, in effect and on file with the Public Service Commission.

That service shall be terminable by either party after one year from the commencement of service on six months' written notice to the other, or terminable in the manner provided by law and the rules and regulation set forth in the Rules, Regulations, and General information for Gas Service P.S.C. No. 12-GAS, and any amendments thereof, in effect and on file with Public Service Commission.

Accepted By Brooklyn Union Gas Company d/b/a National Grid NY	**Accepted By Customer**
Signature: ____________________________	Signature: __________________________
Print Name:____________________________	Print Name:____________________________
Title: _______________________________	Title: _______________________________
Date: _______________________________	Date: _______________________________

Attachment VIII

KEYSPAN GAS EAST CORPORATION D/B/A NATIONAL GRID
Service Classification No. 4
Interruptible Gas Service Agreement

____________________ (Customer) requests that KeySpan Gas East Corporation D/B/A National Grid ("National Grid") supply natural gas under the provisions of Service Classification No. 4 to its premises located at the service address listed below.

Business Name:___________________ Account #
Company or
Corporation Name:_________________ Telephone #
Service Address:______________________ Zip:
Mailing Address:______________________ Zip:
Service Classification No.________. Grid #
Contact: Telephone No.

Customer understands and agrees as follows:

(i) Gas supplied under this Service Classification will be separately metered and will not be substituted or used interchangeably with service furnished under any other Service Classification, and will be used only in the operation of the equipment specified as Attachment A, hereto;

(ii) Customer shall take and pay for the service in accordance with Service Classification No. 4 and is bound by the terms and conditions contained therein and in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York;

(iii) Customer warrants that all information provided to "National Grid" for the purpose of qualifying for service under Service Classification No. 4 is true and accurate and Customer acknowledges that such information has been provided to "National Grid" for the purpose of inducing "National Grid" to provide service pursuant to Service Classification No. 4;

(iv) Customer has provided a telephone number that will be active 24 hours per day, seven days per week. "National Grid" will interrupt deliveries of gas to any or all Customers taking service under this Service Classification No. 4 whenever and to the extent that it may be advisable in "National Grid's" judgment. A Customer that continues to take gas after it has been notified to interrupt service will be subject to an additional per therm charge of either (i) two times the sum of the Market Price for natural gas delivered to the Company's city gate on the day of violation plus the transportation rate the Customer would be subject to if it were a transportation Customer, or (ii) nine times the applicable sales rate, whichever is higher. All charges are subject to all utility taxes and surcharges. *Market Price* is defined as the highest city gate delivered price of natural gas at Transco Zone 6 NY, Texas Eastern M3 or Iroquois Zone 2 on the days of interruption, as quoted by Platts' "Gas Daily" report. In the event of consumption of gas during such periods the Company will have the right to estimate the amount of such consumption for the purpose of imposing the additional charge. Such estimate may be based upon the average daily consumption during periods of authorized consumption or upon any other reasonable method, including but not limited to the use of telemetering equipment.

Where a condition is experienced by the Customer that prevents the required transfer from gas, the Customer agrees to immediately notify the Company and to take immediate action to correct such condition, and to notify the Company when such condition has been corrected.

(v) All rates and charges under the Service Classification No. 4 tariff are subject to increase pursuant to Section III.2 of the tariff where service is provided to a Customer in a municipality;

(vi) If any provision herein is construed to be inconsistent with Service Classification No. 4, Customer acknowledges that the provisions of Service Classification No. 4 as modified and approved by the New York State Public Service Commission shall govern;

(vii) "National Grid's" waiver of any one or more of the provisions of this Service Agreement and/or Service Classification No. 4 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character; and

viii) Customers who are members of energy cooperatives are responsible for identifying themselves to the Company. These Customers are required to provide annually pertinent information required by the Company to certify their cooperative status.

"National Grid" offers the Customer the following two options with respect to the investment required to attach to the system. The Customer will select an option by placing a check mark in the appropriate box. The Customer agrees to comply with the conditions contained in the option it selects.

1. The attachment cost shall be paid by the Customer prior to construction.
2. (a)(1) "National Grid" will allow the Customer a credit against the total attachment cost of $___ .

(a)(2) The credit allowed is $___________ based on an estimate of revenue from the Customer for the first two years of service. This credit will be equal to an estimate of sales for the first twenty-four months of service times the current three month average unit excess revenue.

(a)(3) Excess attachment cost is $_________ which is equal to (a)(1) minus (a)(2).

(b) The Customer must pay for the excess attachment cost shown in (a)(3) above prior to construction.

(c) The Customer will be required to provide a five year surety bond or other security satisfactory to "Brooklyn Union" for the amount of the credit allowed in 2(a)(2) above provided by "Brooklyn Union" If at any time during the first five years the Customer's excess revenues are sufficient to meet the credit allowed, referred to as the revenue requirement, the bond obligation shall be void. If the Customer's excess revenues are not sufficient after the first five years to meet the revenue requirement, the Customer forfeits a portion of the bond as detailed in the tariff.

The Customer must install required house piping to the meter outlet, where appropriate, to the point of connection to the service line. The Customer shall execute and deliver to "National Grid" permanent easements or such other rights-of-way as "National Grid" may be required to install and maintain the necessary mains, service lines, service connections and appurtenant facilities. The easements or rights-of-way delivered to "National Grid" shall be obtained at the Customer's expense. "National Grid" shall not be obligated to commence work under this Agreement until "National Grid" has received either satisfactory permanent easements or rights-of-way or the Customer's authorization to obtain such easements or rights-of-way on the Customer's behalf and at the Customer's expense.

Whenever a new Customer is connected to a main extension for which "National Grid" received a Customer contribution(s) within the previous five years, the new Customer shall pay a share of the facilities costs. The original Customer(s) who contributed to the main extension will be entitled to a refund. The refund shall be reasonably allocated among the original Customer(s) in proportion to the length of main used by each Customer served from the main extension in accordance with the tariff provisions. Whenever more than one Customer is connected to a main extension for which "National Grid" receives a Customer contribution(s), all Customer contributions shall be adjusted as to yield to "National Grid" not more than the cost applicable to said extension from all the Customers served from the main extension.

This Agreement shall inure to the benefit of and bind the successors and assigns of the parties hereto.

ACCEPTED:

Customer

KeySpan Gas East Corporation D/B/A
National Grid

By:_______________ By:________________________________

Title:__________ Title:______________________________

Date:____________ Date:______________________________

Instructions

* Customer should read this Service Agreement and Service Classification No. 4 before executing this Agreement.

Attachment IX

Service Classification No. 7
Interruptible Transportation Service Agreement

To KeySpan Gas East Corporation d/b/a National Grid:

____ (Customer) requests that National Grid provide interruptible transportation service of natural gas to Customer at __________________________________ (Service Location) under the terms of Service Classification No. 7. Customer (has) or (does not have) a dual fuel capability. Customer will be subject to the interruption provisions in Service Classification No. 4.

Business Name: ___________Account#______________________________

____

Company or
Corporation Name:_________________Telephone#____
Service Address: ______________________________ Zip:_________

Mailing Address: ____________________________ Zip:_____________ ___________
Service Classification No. _______________Grid# ____________ ____________
Service Start_: ____

Option: (Please check one)

☐ Daily Balancing Transportation Service
(see Leaf Nos. 159.1, 159.1.1 and 159.1.2 for requirements)

or

☐ Monthly Balancing Transportation Service
(see Leaf Nos. 158.1 and 159 for requirements)

Seller of Gas
Customer designates ____
to be its Seller of gas hereunder.

Customer understands and agrees as follows:

1. Upon the customer's request, "National Grid" will estimate the customer's Annualized Transportation Quantity, based upon the equipment specified as Attachment A, hereto, to determine if the Customer has the capability of consuming at least 5,000 dth per year to qualify for service under Service Classification No. 7.

2. Customer shall take and pay for the service in accordance with Service Classification No. 7 and is bound by the terms and conditions contained therein and in accordance with any changes or modifications thereof as approved by the Public Service Commission of the State of New York;

3. Customer's term shall begin on ________________________ and shall expire twelve months thereafter unless otherwise terminated pursuant to Service Classification No. 7. This term will be extended for additional twelve month periods unless the Customer or National Grid has provided sixty (60) days prior written notice of termination. Upon such termination, the Customer shall pay for all service rendered through effective date of termination.

4. Customer warrants that all information provided to "National Grid" for the purpose of qualifying for service under Service Classification No. 7 is true and accurate and Customer acknowledges that such information has been provided to "National Grid" for the purpose of inducing "National Grid" to provide service pursuant to Service Classification No. 7;

5. The Customer acknowledges and agrees that the supply and transportation of Customer purchased gas to an existing Receipt Point(s) of the company's gas facilities shall be solely the responsibility of the Customer,

6. Customer is responsible for the costs associated with the installation and maintenance of 1) remote meter reading devices to the extent such cost exceeds the cost of non-remote meter reading devices and 2) any new facilities required for the company's provision of service to Customer pursuant to Special Provision (a) of Service Classification No. 7; If telemetering equipment is inoperative for customer controlled reasons for a period of time greater than eight weeks, the customer shall be returned to the appropriate sales rate for a minimum term of 12 months.

7. Customer is responsible for additional charges, including, but not limited to FERC filing fees and any pipeline imbalance penalty charges;

8. In the event that the Company calls on peaking assets to supplement supply to meet high demand or for the isolated distribution system reliability reasons in excess of four hours (other than for LNG plant idling or cooling or for system testing), or if the Company, at its sole discretion, determines that it is warranted to protect the reliability and safety of the system for firm Customer, the Company will interrupt service to Customers on this service classification as described in the Company's Gas Transportation Operating Procedures ("GTOP"). The Company will endeavor to provide notification (within two hours) of this scheduled interruption. A Customer that continues to take gas after receiving notice of interruption by the Company may incur additional charges as contained in the Company's SC-7 Tariff and "National Grid" may take immediate action to terminate the Customer's gas supply;

9. All rates and charges under the Service Classification No. 7 tariff are subject to increase pursuant to Rule III.2 of the tariff where service is provided to a Customer in a municipality;

10. Charges for transportation of gas are applicable to quantities metered at the customer's Service Location;

11. The Customer will provide "National Grid" with a nomination schedule daily in the Timely Cycle for the next day's deliveries. All deliveries are expected to be load following. The nomination schedule shall indicate the pipeline as well as the quantity of gas nominated at the Company receipt point.

12. The Customer or supplier will abide by all requirements and procedures as specified in National Grid's Gas Transportation Operating Procedures Manual.

13. The Customer represents that seller is authorized to act as its agent in all dealings with "National Grid" including, but not limited to, the submittal of daily Customer nomination schedules. The Customer accepts full responsibility for all acts committed by such agent. The Customer must provide "National Grid" with at least thirty (30) days written notice of changes in a customer's agent before the new agent may nominate deliveries on "National Grid's" system;

14. If any provision herein is construed to be inconsistent with Service Classification No. 7, Customer acknowledges that the provisions of Service Classification No. 7 as modified and approved by the New York State Public Service Commission shall govern; and

15. "National Grid's" waiver of any one or more of the provisions of this Service Agreement and/or Service Classification No. 7 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.

ACCEPTED:

Customer	KeySpan Gas East Corporation D/B/A National Grid
By:____________	By:______________________________
Title:_________	Title:___________________________
Date:___________	Date:____________________________

<u>Instructions</u>

* Customer should read this Service Agreement and Service Classification No. 7 before executing this Agreement.

Attachment X

KeySpan Gas East Corporation d/b/a National Grid (KEDLI)

Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY)
Gas Supplier Application

Requirements to Become a Gas Supplier

To supply gas to customers of KeySpan Gas East Corporation d/b/a National Grid (KEDLI) and/or Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY), an applicant must meet the following requirements:

1. Complete this application.

2. Meet KEDLI and/or KEDNY credit criteria as set forth in its Gas Operating Procedures Manual (GTOP) and New York States Uniform Business Practices.

3. Supplier has met the requirement and approvals of the New York State Public Service Commission and otherwise has complied with the residential and nonresidential consumer protection requirements set forth in the Tariff.

4. Satisfy any other requirements set forth in Tariff.

Corporations also must provide:

1. A copy of Corporate papers - including certificate of incorporation, appropriate corporate resolutions, a complete list of corporate officers, their titles, home addresses, corporate bank references and Federal Taxpayer ID#.

2. Copies of your past two years certified financial statements and /or annual reports

Individuals and Partnerships also must provide:

1. Satisfactory proof of home address.

2. Federal Taxpayer ID# and Social Security Number of the individual or partners.

3. A copy of a Business certificate if not operating under personal name.

4. Copies of your past two years certified financial statements and /or annual reports

Application Information

Corporation ___ Partnership ___ Individual ___ Other ___

Name of Qualified Supplier: ____

Federal Taxpayer ID # ________________ Social Security # __________________

Address __________________________ City ____________ State __________

Zip Code _____ Phone ___________ Fax ___________________________

- Are you requesting approval for New York and/or Long Island?
  New York ____ Long Island ____ Both _____

- If the applicant is incorporated in a state other than New York, has the supplier filed for a certificate of doing business with the Secretary of State of New York? Yes ___ No ___ If no, KEDLI and/or KEDNY can furnish the supplier with an alternative authorization.

- If the applicant is an individual or partnership, has the applicant filed for a business certification with the County(ies) of operation? Yes ___ No ___

Credit Information

Checking Account # ____________________ Bank ___________________________

Dun & Bradstreet No. _______________________

Has the applicant, or an officer, principal shareholder, partner or other principal of the applicant, ever been dissolved or declared bankruptcy? Yes ___ No ___

If Yes: Date Declared _________ Name ___________________ CH: 13,7,11(Circle)

Principal Officers, Partners or Owners of Business

1. Name ________________________ Title ___________________________

Federal Taxpayer ID # _________________ Social Security # __________________

Address ____________________________ City ______________ State _________

Zip Code _______ Phone _____________ Fax ___________________________
E-Mail ________________________

2. Name ________________________ Title ___________________________

Federal Taxpayer ID # _________________ Social Security # __________________

Address ________________________________ City ________________ State __________

Zip Code ________ Phone _______________ Fax _______________________________
E-mail_____________________________

3. Name ____________________________ Title _______________________________

Federal Taxpayer ID # ____________________ Social Security # _____________________

Address ________________________________ City ________________ State __________

Zip Code ________ Phone _______________ Fax _______________________________
E-Mail_____________________________

Operations Contact (24 Hours)

Name ______________________________ Title _________________________________

Address __________________________________ City _________________ State __________

Zip Code ________ Phone ________________ Fax _________________________________

E-Mail _______________________________

Billing Contact

Name ______________________________ Title _________________________________

Address __________________________________ City _________________ State __________

Zip Code ________ Phone ________________ Fax _________________________________

E-Mail _______________________________

Credit Contact

Name ______________________________ Title _________________________________

Address __________________________________ City _________________ State __________

Zip Code ________ Phone ________________ Fax _________________________________

E-Mail _______________________________

Retail Sales Contact

Name ______________________________ Title _________________________________

Address __________________________________ City _________________ State __________

Zip Code ________ Phone ________________ Fax _________________________________

E-Mail _______________________________

Regulatory Contact

Name ______________________________ Title _________________________________

Address __________________________________ City _________________ State __________

Zip Code ________ Phone ________________ Fax _________________________________

E-Mail _______________________________

Media Relations Contact

Name ______________________________ Title _________________________________

Address __________________________________ City _________________ State __________

Zip Code ________ Phone ________________ Fax _________________________________
E-Mail_______________________________

For KEDLI and/or KEDNY use only

Credit Approved By:

Source: Dun & Bradstreet Rating

Analysis of Finances

Other

Security Posted:
Amount of Security:

Type of Security:

KeySpan Gas East Corporation d/b/a National Grid (KEDLI)

Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY)

Gas Seller Application

Certificate of Application

I/we agree to permit KEDLI and/or KEDNY to conduct a credit review of the applicant and agree to pay KEDLI and/or KEDNY all rates, charges, fees, penalties, taxes and other amounts in accordance with the Tariff and any applicable law, rule or regulation. I/we further agree that the applicant will pay all collection costs and expenses, including attorneys' fees, incurred in an effort to collect unpaid past due bills owing by applicant to KEDLI and/or KEDNY'. All bills will be considered past due 15 days after the bill has been rendered. Late payment charges will be levied at the prevailing rate, currently 1-1/2 percent per month on any unpaid past due balances. To the best of my/our knowledge, the information provided here is accurate and no attempt has been made to misrepresent any of the information set forth in this application. Please mail the completed application to the respective location:

Keyspan Gas East Corporation d/b/a National Grid Customer Choice 175 East Old Country Road Hicksville, New York 11801	OR	Brooklyn Union Gas Company d/b/a National Grid NY Customer Choice 175 East Old Country Road Hicksville, New York 11801

Corporate Seal

Application Submitted by:

____
(Name of Applicant)

By: ____

Position: ____________________________________

Print Name: __________________________________

Date: ____

Credit Authorization

The undersigned individual(s) who is either a principal of the credit applicant or a sole proprietorship of the credit applicant, recognizing that his or her individual credit history may be a factor in the evaluation of the credit history of the applicant, hereby consents to and authorizes the use of a consumer credit report on the undersigned by KEDLI and/or KEDNY credit grantor, from time to time as may be needed, in the credit evaluation process.

Appendix XI

KEDLI/KEDNY EBB Access Request Form

Function

Add: __
Change: __
Delete: __

Marketer Company Name: ______________________________

Marketer's Administrator Name: ______________________________

User Name : ______________________________

Login ID : ______________________________

Login ID standard is the user's first initial of first name and their entire last name. If the same Login ID exists add marketers company name to the end of user name.

Mothers Maiden Name: ______________________________

Roles :
Administrator : __
Active User: __
Read Only : __

Reports :
Pool Report __
Imbalance Report __

Email : ______________________________

Pager Email : ______________________________

APPENDIX XII

CAPACITY RELEASE AGREEMENT
[ESCO Designation of Aggregator]
(KeySpan Gas East Service Territory)

This Agreement ("Agreement") is made as of this _______ day of ________, 20__, by and among KeySpan Gas East Corporation d/b/a National Grid, a New York Corporation, having its principal office at 175 East Old Country Road, Hicksville, NY 11801 (“Company”), ______________________, a __________________, having its principal place of business at ________________________ ("ESCO"), and __________________, a ___________________________, having its principal place of business at _________________________ (“Aggregator”). (Company, ESCO and Aggregator are hereinafter sometimes referred to collectively as the "Parties" or individually as a "Party").

WHEREAS, ESCO has been authorized by the New York State Public Service Commission (“PSC”) to act as an energy services company in the State of New York and approved by the Company to participate in the Company’s retail access program (the “Program”);

WHEREAS, ESCO has retained Aggregator to assist it in ESCO’s participation in the Program;

NOW THEREFORE, in consideration of the mutual representation, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

1. ESCO represents that it is in compliance with all applicable laws, the PSC's Uniform Business Practices ("UBP"), and all applicable PSC rules, regulations, and PSC orders relating to ESCO qualification or obligations (collectively, "Applicable Law"), and all Tariff provisions for the Company (including the SC-8 Seller Service Agreement), each as may be amended from time to time ("Company Requirements") relating to the sale of natural gas by energy services companies in Company's service territory.

2. ESCO represents that it has appointed Aggregator as its agent for purposes providing services to ESCO under the Program.

3. Aggregator represents that it is acting as ESCO’s agent for purposes of providing services to ESCO under the Program.

4. ESCO represents that it is obligated to supply gas to one or more retail customers on Company’s distribution system in quantities determined by the Company from time to time (“Contract Quantity”), pursuant to a state-regulated retail access program (“State Program”), as defined in Part 284 of the Federal Energy Regulatory Commission’s (“FERC”) Regulations. The details of ESCO’s eligibility to participate in such State Program shall not be deemed to be altered in any way by this Agreement or the transactions contemplated hereunder.

5. Aggregator represents that it has a contractual obligation to supply gas to ESCO in an amount equivalent to the Contract Quantity and to act as an agent or as an asset manager for ESCO.

6. ESCO and Aggregator requests that, in lieu of a release of interstate pipeline capacity by Company to ESCO, Company release interstate pipeline capacity sufficient to transport the full Contract Quantity to Aggregator (the “Capacity Release”).

7. Aggregator represents that is obligated to use up to the full amount of the Capacity Release to supply the Contract Quantity to ESCO and, as a result, Aggregator qualifies for the exemptions from bidding and the prohibition against tying of releases of interstate gas pipeline capacity pursuant to FERC’s Regulations.

8. The Parties intend that the transactions hereunder qualify for the waiver of the Federal Energy Regulatory Commission’s (“FERC”) prohibition on tying and bidding requirements for capacity releases made as part of state-approved retail access programs contemplated by FERC Orders 712, 712-A and 712-B.

9. If ESCO ceases to be authorized to sell natural gas in Company's service territory or if ESCO terminates its retail natural gas business in Company's service territory, ESCO shall immediately notify Company and this Agreement shall be suspended or terminated effective the same day as such event occurred.

10. To the fullest extent allowed by law, in no event shall any Party be liable for any consequential, incidental, indirect, special or punitive damages incurred by another Party and connected with, arising from or related to this Agreement or the performance or failure to perform services hereunder, including but not limited to loss of good will, cost of capital, claims of customers and lost profits or revenue, whether or not such loss or damages is based in contract, warranty, tort, negligence, strict liability, indemnity, or otherwise, even if a party has been advised of the possibility of such damages.

11. ESCO and Aggregator, to the fullest extent allowed by law, shall indemnify, defend and save harmless Company, its parent, subsidiary and affiliate companies, and its and their officers, directors, shareholders, agents, employees, contractors, representatives, successors and assigns ("Indemnified Parties") from and against any and all suits, actions, legal proceedings, claims, losses, demands, damages, costs, liabilities, fines, penalties, royalties, obligations, judgments, orders, writs, injunctions, decrees, assessments, diminutions in value of any kind and expenses of whatsoever kind or character, including reasonable attorneys' fees and court costs, whether incurred in a third party action or in an action to enforce this provision that may at any time be imposed on, incurred by or asserted against any of the Indemnified Parties by any third party, including, without limitation, the FERC or ESCO Customers, arising from on in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by ESCO or Aggregator, (b) any violation of applicable law, regulation or order by ESCO or Aggregator, or (c) any act or omission by ESCO or Aggregator with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of the Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or affiliate of Company or its respective successors or assigns. The obligations of ESCO and Aggregator as set forth in this section shall survive the expiration, cancellation, or termination of this Agreement.

12. No Party shall assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

13. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof, supersedes any and all previous agreements and understandings

between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties, their successors and permitted assigns.

14. Except as otherwise provided herein, no modification or waiver of all or any part of this Agreement will be valid unless in writing and signed by the Parties or their agents and approved by Company. A waiver will be effective only for the particular event for which it is issued and will not be deemed a waiver with respect to any subsequent performance, default or matter.

15. Interpretation and performance of this Agreement will be in accordance with, and will be controlled by the laws of the State of New York, except its conflict of laws provisions to the extent they would require the application of the laws of any other jurisdiction. Both parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement will be brought in a court of the State of New York in New York or Kings County, or a Federal court of the United States of America located in the State of New York, New York or Kings County. Both Parties irrevocably waive any objection that it may now or in the future have to the State of New York, New York or Kings County as the proper and exclusive forum for any legal action or proceeding arising under or relating to this Agreement.

16. If one or more provisions herein are held to be invalid, illegal or unenforceable in any respect, it will be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability will not affect the validity of the other provisions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this agreement to be executed as of the date first above written.

KEYSPAN GAS EAST CORPORATION
D/B/A NATIONAL GRID
By: ________________________________
Name: ______________________________
Title: _______________________________
Date: _______________________________
____________________________________ (ESCO)
Choose one;

- o As Agent for it's Customer's
- o As Principal for it's Customer's

By: ________________________________
Name: ______________________________
Title: _______________________________
Date: _______________________________
____________________________________ (Aggregator)
By: ________________________________
Name: ______________________________
Title: _______________________________
Date: _______________________________

APPENDIX XIII

CAPACITY RELEASE AGREEMENT
[ESCO Designation of Aggregator]
(Brooklyn Union Gas Service Territory)

This Agreement ("Agreement") is made as of this _______ day of ________, 20__, by and among The Brooklyn Union Gas Company d/b/a National Grid NY, a New York Corporation, having its principal office at 175 East Old Country Road, Hicksville, NY 11801 ("Company"), ______________________, a __________________, having its principal place of business at ________________________ ("ESCO"), and ___________________, a ___________________________, having its principal place of business at _________________________ ("Aggregator"). (Company, ESCO and Aggregator are hereinafter sometimes referred to collectively as the "Parties" or individually as a "Party").

WHEREAS, ESCO has been authorized by the New York State Public Service Commission ("PSC") to act as an energy services company in the State of New York and approved by the Company to participate in the Company's retail access program (the "Program");

WHEREAS, ESCO has retained Aggregator to assist it in ESCO's participation in the Program;

NOW THEREFORE, in consideration of the mutual representation, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

1. ESCO represents that it is in compliance with all applicable laws, the PSC's Uniform Business Practices ("UBP"), and all applicable PSC rules, regulations, and PSC orders relating to ESCO qualification or obligations (collectively, "Applicable Law"), and all Tariff provisions for the Company (including Company's SC-19 Transportation Aggregation Service Agreement as may be amended from time to time ("Company Requirements") relating to the sale of natural gas by energy services companies in Company's service territory.
2. ESCO represents that it has appointed Aggregator as its agent for purposes providing services to ESCO under the Program.
3. Aggregator represents that it is acting as ESCO's agent for purposes of providing services to ESCO under the Program.
4. ESCO represents that it is obligated to supply gas to one or more retail customers on Company's distribution system in quantities determined by the Company from time to time ("Contract Quantity"), pursuant to a state-regulated retail access program ("State Program"), as defined in Part 284 of the Federal Energy Regulatory Commission's ("FERC") Regulations. The details of ESCO's eligibility to participate in such State Program shall not be deemed to be altered in any way by this Agreement or the transactions contemplated hereunder.

5. Aggregator represents that it has a contractual obligation to supply gas to ESCO in an amount equivalent to the Contract Quantity and to act as an agent or as an asset manager for ESCO.
6. ESCO and Aggregator requests that, in lieu of a release of interstate pipeline capacity by Company to ESCO, Company release interstate pipeline capacity sufficient to transport the full Contract Quantity to Aggregator (the “Capacity Release”).
7. Aggregator represents that is obligated to use up to the full amount of the Capacity Release to supply the Contract Quantity to ESCO and, as a result, Aggregator qualifies for the exemptions from bidding and the prohibition against tying of releases of interstate gas pipeline capacity pursuant to FERC’s Regulations.
8. The Parties intend that the transactions hereunder qualify for the waiver of the Federal Energy Regulatory Commission’s (“FERC”) prohibition on tying and bidding requirements for capacity releases made as part of state-approved retail access programs contemplated by FERC Orders 712, 712-A and 712-B.
9. If ESCO ceases to be authorized to sell natural gas in Company's service territory or if ESCO terminates its retail natural gas business in Company's service territory, ESCO shall immediately notify Company and this Agreement shall be suspended or terminated effective the same day as such event occurred.
10. To the fullest extent allowed by law, in no event shall any Party be liable for any consequential, incidental, indirect, special or punitive damages incurred by another Party and connected with, arising from or related to this Agreement or the performance or failure to perform services hereunder, including but not limited to loss of good will, cost of capital, claims of customers and lost profits or revenue, whether or not such loss or damages is based in contract, warranty, tort, negligence, strict liability, indemnity, or otherwise, even if a party has been advised of the possibility of such damages.
11. ESCO and Aggregator, to the fullest extent allowed by law, shall indemnify, defend and save harmless Company, its parent, subsidiary and affiliate companies, and its and their officers, directors, shareholders, agents, employees, contractors, representatives, successors and assigns ("Indemnified Parties") from and against any and all suits, actions, legal proceedings, claims, losses, demands, damages, costs, liabilities, fines, penalties, royalties, obligations, judgments, orders, writs, injunctions, decrees, assessments, diminutions in value of any kind and expenses of whatsoever kind or character, including reasonable attorneys' fees and court costs, whether incurred in a third party action or in an action to enforce this provision that may at any time be imposed on, incurred by or asserted against any of the Indemnified Parties by any third party, including, without limitation, the FERC or ESCO Customers, arising

from on in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by ESCO or Aggregator, (b) any violation of applicable law, regulation or order by ESCO or Aggregator, or (c) any act or omission by ESCO or Aggregator with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of the Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or affiliate of Company or its respective successors or assigns. The obligations of ESCO and Aggregator as set forth in this section shall survive the expiration, cancellation, or termination of this Agreement.

12. No Party shall assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

13. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof, supersedes any and all previous agreements and understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties, their successors and permitted assigns.

14. Except as otherwise provided herein, no modification or waiver of all or any part of this Agreement will be valid unless in writing and signed by the Parties or their agents and approved by Company. A waiver will be effective only for the particular event for which it is issued and will not be deemed a waiver with respect to any subsequent performance, default or matter.

15. Interpretation and performance of this Agreement will be in accordance with, and will be controlled by the laws of the State of New York, except its conflict of laws provisions to the extent they would require the application of the laws of any other jurisdiction. Both parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement will be brought in a court of the State of New York in New York or Kings County, or a Federal court of the United States of America located in the State of New York, New York or Kings County. Both Parties irrevocably waive any objection that it may now or in the future have to the State of New York, New York or Kings County as the proper and exclusive forum for any legal action or proceeding arising under or relating to this Agreement.

16. If one or more provisions herein are held to be invalid, illegal or unenforceable in any respect, it will be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability will not affect the validity of the other provisions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this agreement to be executed as of the date first above written.
The Brooklyn Union Gas Company
D/B/A NATIONAL GRID NY
By: ___________________________________
Name: _________________________________
Title: __________________________________
Date: _________________________________
_______________________________________ (ESCO)

Choose one;

- O As Agent for it's Customer's
- O As Principal for it's Customer's

By: _____________________________________
Name: __________________________________
Title: ___________________________________
Date: __________________________________
_______________________________________ (Aggregator)
By: _____________________________________
Name: __________________________________
Title: ___________________________________
Date: __________________________________

B. Holiday Schedule

New Year's Day

Martin Luther King Jr.'s Birthday

President's Day

Memorial Day

Independence Day

Labor Day

Veterans Day

Thanksgiving Day

Day After Thanksgiving

Christmas Day

C. Definitions

Abbreviations: BTU = British Thermal Unit = The quantity of heat necessary to raise the temperature of one pound of water one degree Fahrenheit.
THM = Therm = 100,000 BTU
DTHM = Dekatherm = 10 THM
CF = Cubic Feet = A unit of measurement of gas volume.
CCF = 100 CF
MCF = 1,000 CF

Access Controller: A party known to the Company to be in control of access to the metering equipment of a Customer, and to have an active account of its own with the Company.

Actual Reading: Is a reading of a meter obtained either by a Customer and submitted to the Company, or by a Company employee. Actual readings can also be made remotely from a transmission device attached to the meter.

Aggregated Daily Transportation Quantity: The sum of the Daily Transportation Quantities for all firm Customers purchasing natural gas from the same Seller.

Aggregate Daily Imbalance Percentage: Applicable to Sellers participating in the Company's Daily Balancing Program. The Aggregate Daily Imbalance Percentage is calculated by subtracting: 1) the telemetered daily consumption grossed up for UFG of the Seller's pool from 2) the quantity of gas the Seller delivers to the city gate for the pool, divided by 3) the telemetered daily consumption grossed up for UFG of the pool.

Applicant: A person, firm, partnership, corporation, association, developer, builder, governmental agency or other entity requesting gas sales or transportation service from the Company by completely filling out the appropriate application request form. A person or governmental agency may apply for service on behalf of a residential Applicant. All Applicants must first meet the following conditions for their application to be considered:
1. the gas service provided cannot be resold; and
2. the Applicant must own or occupy the premises to be supplied with gas. A residing Applicant maintains residence at the premises to be supplied with gas and a non-residing applicant does not. The term "Applicant" may be used interchangeably with "Customer". Applicants are covered under 16 NYCRR Parts 11 and 13.

Back-up Services: The provision of company-owned natural gas to satisfy the customer's daily usage requirements to the extent that any portion of the customer's Daily Transportation Quantity is not delivered to the Company on the customer's behalf.

Backbill: Charges not previously billed for service delivered to Customers prior to the current billing cycle.

Business Day: Any weekday when the Company's business offices are open.

Capacity Release: Interstate pipeline transportation capacity released by the Company to Seller or Seller's Agent participating in the Company's Mandatory Capacity Program in accordance with FERC regulations and the tariffs of the interstate pipelines.

City Gate: The points of delivery between the interstate pipelines providing service to the New York Metropolitan area and the New York Facilities System, which point is used by Brooklyn Union and others.

Company: KeySpan Gas East Corporation d/b/a National Grid (KEDLI) and/or The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY).

Core Customer: A customer who lacks or chooses not to utilize alternatives to natural gas. If a customer chooses to be a core customer for a specific application or end-use, such application must be separately metered.

Critical Day: Any 24-hour period commencing 8:00 a.m. in which the Company has declared to be a "Critical Day" on eight hour prior notice.

Customer or Consumer: A person, firm, partnership, corporation, association, developer, builder, governmental agency, or any other entity approved for and supplied gas sales or transportation service by the Company. In general, residential or residing Customers are those maintaining residence at the premises to which gas is supplied whereas non-residential or non-residing Customers do not. A new Customer is a Customer who was not the last Customer at the premises to be served with gas regardless of whether the new Customer was a former Customer or is a Customer at a different location. Customers are covered by 16 NYCRR, Parts 11 and 13.

Customer's Commodity Account: The amount of natural gas, measured in therms, that (I) has been delivered to the Company for redelivery to the Customer but has not been consumed by the Customer or (ii) has been consumed by the Customer in excess of the amount that has been delivered to the Company for the Customer. A positive balance in the Customer's Commodity Account means that the Customer has used less natural gas than has been delivered to the Company for redelivery to the Customer and that the Company is holding such amount of the customer's gas in storage. A negative balance in the Customer's Commodity Account means that the Customer has used more natural gas than has been delivered to the Company for redelivery to the Customer.

Daily Balancing Service: The Company provides daily balancing service to Sellers participating in the Daily Balancing Program to enable Sellers to match the quantity of gas consumed each day by the Sellers' pool with the quantity of gas delivered by the Sellers.

Daily Delivery Quantity (DDQ): Applicable to Sellers participating in the Company's Monthly Balancing Program. The DDQ represents the total daily quantity of gas grossed up for UFG the Seller is required by the Company to deliver each day to the Company's city gate to serve the estimated gas consumption of the Seller's Pool. Such quantity shall be determined at least monthly by the Company and is subject to the limitations, restrictions, and other provisions contained herein.

Daily Imbalance Quantity: Applicable to Sellers participating in the Company's Daily Balancing Program. The Daily Imbalance Quantity represents the difference between the quantity of gas the Seller delivers to the city gate for the pool and the telemetered daily consumption grossed up for UFG of the pool. A negative daily imbalance results when the pool consumes more gas than is delivered. A positive daily imbalance results when the pool consumes less gas than is delivered.

Daily Imbalance Tolerance (DIT): Equal to +/-5%. Applicable to Sellers participating in the Company's Daily Balancing Program.

Daily Transportation Quantity: The quantity of gas to be tendered by Seller at the Receipt Point for the customer's account on any day.

Designated Interruption Temperature: The "Designated Temperature(s)" will be the temperatures set annually prior to the winter season by the Company. The Company reserves the right to adjust this temperature setting, based on system needs, with a minimum forty-eight (48) hours notice to Customers. There will be a "Designated Interruption Temperature" when a Customer's equipment will be switched over to an alternate fuel and a "Designated Resumption Temperature" when the Customer's equipment may be switched back to natural gas. There may be different Designated Temperatures for Customers with fully automatic controls and Customers with semi-automatic controls.

Energy Service Company (ESCO): An entity eligible to sell natural gas to the Company's transportation customers pursuant to tariff guidelines. ESCOs may also sell other energy supplies and energy related services to customers.

Existing Core Customer: A Core Customer taking firm service under Sales Service Classifications.

Factor of Adjustment: For KEDLI 1.028 – computed as the constant 1.0 divided by the difference between the constant 1.0 and Unaccounted For Gas (UFG). For KEDNY 1.024 computed as the constant 1.0 divided by the difference between the constant 1.0 and UFG.

Firm Customer: A customer offered service under schedules or Contracts designed to provide customer's gas supply or transportation needs on a continuous basis.

Gas Cost Year: The twelve months beginning each September 1 and ending on August 31.

Gas Year: The 12-month period beginning November 1st and ending October 31st of each year.

GTOP Manual: Gas Transportation Operating Procedures Manual issued in compliance with Order in Case 97-G-1380 issued December 21, 1999 that describes the operating procedures associated with the Company's firm, interruptible and temperature controlled transportation service.

KEDLI: KeySpan Gas East Corporation d/b/a/ National Grid (KEDLI).

KEDNY: The Brooklyn Union Gas Company d/b/a/ National Grid NY (KEDNY).

Late Payment: Payment made more than 20 calendar days after the date payment s due. The due date for payment is specified by the Company on its bill, and is not earlier than the personal delivery date of the bill or earlier than three calendar days after the mailing of the bill. If Billing Agency arrangement exists refer to Uniform Business Practices for Retail Access section IX.B.5.

Load Factor: The ratio of : 1) the average daily normalized annual consumption of the Seller's Pool to 2) the estimated peak day consumption of the Seller's Pool.

Load Profile Factor: The Pool's maximum month's normalized consumption, divided by the minimum month's consumption minus one, all calculated as per the Company's records. The minimum load profile will never be less than one; the maximum load profile will never be greater than five.

Marketer: A person or entity eligible to sell natural gas to the Company's transportation Customers. This may be used interchangeably with ESCO, Seller and/or Direct Customer.

Monthly Delivered Quantity: The amount of natural gas that the Company estimates that a firm Customer will use in a calendar month.

New Core Customer: Any core customer that is not an Existing Core Customer.
Partial Gas Cost Year: January 1, 2008 through August 31, 2008.

Non-Core Customer: A customer who has and chooses to utilize alternatives to natural gas. If a customer chooses to be a non-core customer for a specific application or end-use, such application must be separately metered.

Operational Flow Order: Actions taken by the Company to control system operations.

Pool: A group of one or more customers to whom a Seller is selling gas, who are receiving transportation service, whose gas usage is aggregated by the Seller for the purpose of providing service under tariff guidelines.

Receipt Point (for customer-owned gas): The Company's City Gate(s) or the points of delivery between the interstate pipelines providing service to the New York Metropolitan area and the New York Facilities System, which point is used by "Brooklyn Union" and others.

Seller: A Seller is either: 1) an ESCO or Marketer that meets the Seller qualifications under the applicable Service Classifications and is selling gas to a Pool; or 2) a Core or Non-Core Customer who is qualified to purchase natural gas and deliver it to the Company's city gate on his own behalf. Seller is required by the Company to deliver each day to the Company's city gate to serve the estimated gas consumption of the Seller's Pool . Such quantity shall be determined at least monthly by the Company and is subject to the limitations, restrictions, and other tariff provisions. Seller may be used interchangeably with ESCO, Marketer and/or Direct Customer.

Seller's Agent: An ESCO or Marketer that is designated as agent by the Seller, to whom the Company will release capacity on behalf of the Seller, in order for the Seller to serve his pool's demand.

Seller Service Agreement: The agreement between the Company and Seller to provide service, the form of which is included in this Schedule for Gas Service, and the term of which shall be for a period of no less than twelve months.

Service Agreement: An agreement executed by an eligible Customer that chooses to purchase natural gas from a qualified seller.

Supplier: A party that sells the commodity of natural gas.

Swing Service – The Company provides swing service under the monthly balancing program to manage imbalances that arise when weather deviates from normal and the quantity of gas actually consumed by the Seller's Pool differs from the quantity of gas delivered by the Seller to the Pool. The Company will rely on upstream pipeline, storage, peaking and supply assets to provide the Swing Service.

Transporter: An interstate pipeline transporting gas to points of receipt on the Company's delivery system for the Pool's account.

Unaccounted for Gas ("UFG"): A percentage computed by subtracting the losses established by contract for non-firm power generation customers from system losses, and then dividing the difference by all sendout except for those customers.

Unitized Fixed Cost Credits: Unitized Fixed Cost Credits are applicable to Sellers serving transportation customers and are determined in accordance with tariff specifications.

Upstream: From a reference point, any point located nearer to the origin of flow than the reference point.

Weighted Average Cost of Capacity ("WACOC"): the unitized weighted average cost of 1) KEDNY/KEDLI's Pipeline Transporters' Fixed Costs for firm domestic and unbundled Canadian pipeline transportation capacity used to deliver flowing gas supplies to the city gate, excluding transportation capacity used to deliver gas withdrawn from storage, plus 2) the fixed costs or basis premium of KEDNY/KEDLI's bundled city gate winter supply contracts. The WACOC will be updated as required to reflect changes to rates and prices.

APPENDIX D

Tier 2 Bundled Sales Service Example Calculation

Transco Commodity Price Example Calculation

Zone	Price a	Transco FT b	Transco Fuel c	Fuel Cost d = a / (1 - c) - a	Weight e	Total f = e * (a + b+d)
	$/Dth	$/Dth	%	$/Dth	%	$/Dth
Z1-Z6	$ 3.5040	$ 0.0534	4.62%	$ 0.1697	17.0%	$ 0.6336
Z2-Z6	$ 3.5240	$ 0.0506	4.36%	$ 0.1607	25.0%	$ 0.9338
Z3-Z6	$ 3.5240	$ 0.0465	3.98%	$ 0.1461	58.0%	$ 2.1556
					ACA Surcharge	$ 0.0018
					Transco Unit Cost ($/Dth)	**$ 3.7248**

Texas Eastern Commodity Price Example Calculation

Zone	Price g	Tetco CDS h	Tetco Fuel i	Fuel Cost j = g / (1 - i) - g	Weight k	Total l = k * (g + h + j)
	$/Dth	$/Dth	%	$/Dth	%	
STX-M3	$ 3.3840	$ 0.0534	7.88%	$ 0.2895	15.0%	$ 0.5590
WLA-M3	$ 3.5040	$ 0.0534	7.12%	$ 0.2686	23.0%	$ 0.8800
ELA-M3	$ 3.4940	$ 0.0534	6.79%	$ 0.2545	38.0%	$ 1.4447
ETX-M3	$ 3.3940	$ 0.0534	6.79%	$ 0.2472	10.0%	$ 0.3695
M1-M3	$ 3.5140	$ 0.0534	4.72%	$ 0.1741	14.0%	$ 0.5238
					ACA Surcharge	$ 0.0018
					Texas Eastern Unit Cost ($/Dth)	**$ 3.7788**

Weighted Average Transco/Tetco Commodity Price (75% Transco / 25% Tetco)	$ 3.7383
Weighted Average Cost of Capacity (See Appendix B)	$ 0.8326
Tier 2 Bundled Sales Rate	$ 4.5709

APPENDIX D
Example Calculation - Weighted Average Cost of Capacity for Retail Marketer Program
Estimated for the Period 11/01/2011 through 10/31/2012 - Updated 08/03/2011, Pipeline Tariff rates updated 10/18/2011

Pipeline	Service/Rate Schedule	Contract	MDQ (Dth/day)	CG Annual (Dth/yr)		Annual ($/yr)	WACOC ($/Dth)
Shared Assets - Post-April 2004							
Algonquin	NE07 AFT-1 Transport from Ramapo to Brookfield	510369R1	196,000	-	$	24,212,566	
Empire	NE07 FT Transport from Chippawa to Corning	F11102	150,750	-	$	18,983,194	
Iroquois	RTS Transport	R-550-01	12,000	4,392,000	$	1,596,989	
Iroquois	NE07 Transport from Brookfield to South Commack	R-550-14	200,000	70,463,119	$	31,621,769	
Millennium	NE07 FT-1 Transport from Corning to Ramapo	FT02-001	200,000	-	$	42,726,459	
Tennessee	FT-A Transport from Z0/ZL to Z4 (Leidy)	46241	51,000	-	$	6,393,931	
TransCanada	NE07 FT Transport from Kirkwall to Chippawa	35799	130,000	-	$	8,086,402	
Transco	FT Leidy East Transport	9014496	25,000	9,150,000	$	3,212,565	
Transco	FT Market Link Transport	9014499	25,000	9,150,000	$	3,212,565	
Transco	FT Market Link Transport (Leidy to Long Beach)	9062488	50,000	15,407,067	$	11,952,494	
Transco	FT Market Link Transport (Leidy to Long Beach)	9062489	50,000	15,407,067	$	16,415,305	
Union	M12 Transport from Dawn to Kirkwall	M12116	131,367	-	$	3,292,890	
Subtotal				**123,969,253**	**$**	**171,707,130**	
KeySpan Gas East Corporation Share		**36.30%**		**45,000,839**	**$**	**62,329,688**	
The Brooklyn Union Gas Company Share		**63.70%**		**78,968,414**	**$**	**109,377,442**	
KeySpan Gas East Corporation							
Pre-April 2004 Assets & Replacements							
Dominion	FTNN Transport	100004	26,021	-	$	1,343,933	
Iroquois	RTS Transport	R-550-01	65,760	24,068,160	$	8,751,499	
Tennessee	FT-A Transport	62807	2,518	921,588	$	172,361	
Texas Eastern	CDS Long Haul Transport to M3	910094R2	8,106	2,966,796	$	1,496,524	
Texas Eastern	CDS Long Haul Transport to M3	800222R2	25,001	9,150,366	$	4,615,810	
Texas Eastern	FT-1 Transport	910050	22,500	8,235,000	$	1,365,660	
Texas Eastern	FT-1 Transport to M2	910424	12,578	-	$	1,848,560	
Texas Eastern	FTS Downstream DTI Transport	330838-R2	1,110	406,260	$	71,262	
TransCanada	FT Transport from Union Parkway to Iroquois	41220	21,347	-	$	3,020,625	
TransCanada	FT Transport from Union Parkway to Iroquois	41228	16,086	-	$	2,276,265	
TransCanada	FT Transport from Parkway to Waddington	42383	7,202	-	$	1,019,169	
TransCanada	FT Transport from Parkway to Waddington	42388	33,831	-	$	4,787,238	
Transco	FT Long Haul Transport	1003687	154,287	56,469,042	$	27,114,175	
Transco	FT Long Haul Transport	1002237	1,811	662,826	$	300,340	
Transco	FT Downstream DTI Transport	1000657	2,100	768,600	$	91,871	
Union	M12 Transport Dawn to Parkway	M12163	41,550	-	$	1,223,553	
Union	M12 Transport from Dawn to Parkway	M12194	16,266	-	$	479,016	
Union	M12 Transport from Dawn to Parkway	M12209	21,584	-	$	635,599	
Vector	FT-1 Transport from Chicago to St. Clair	FT1KLI0414	12,500	-	$	780,195	
Vector	FT-1 Transport from St. Clair to Dawn	FT1KLIC0414	12,500	-	$	45,681	
Subtotal				**103,648,638**	**$**	**61,439,336**	
KGE Allocation of Shared Assets (36.30%)				***45,000,839***	***$***	***62,329,688***	
KGE Weighted Average Cost of Capacity				**148,649,477**	**$**	**123,769,024**	**$0.8326**

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The Brooklyn Union Gas Company							
Pre-April 2004 Assets & Replacements							
Dominion	FTNN Transport	100003	40,301	-	$	2,081,466	
Iroquois	RTS Transport	540-01	80,936	29,622,576	$	10,771,157	
Tennessee	FT-A Transport	42137	30,180	11,045,880	$	2,065,869	
Texas Eastern	X-130 Downstream DTI Transport	008764	12,161	4,450,926	$	1,100,765	
Texas Eastern	FTS Downstream DTI Transport	330835-R2	2,560	936,960	$	164,352	
Texas Eastern	FTS-4 Downstream DTI Transport	330909	5,000	1,830,000	$	463,500	
Texas Eastern	FT-1 Downstream DTI Transport	910049-R2	27,500	10,065,000	$	1,669,140	
Texas Eastern	CDS Long Haul Transport to M3	800205R2	51,315	18,781,290	$	9,473,977	
Texas Eastern	CDS Long Haul Transport to M3	800100R2	5,403	1,977,498	$	997,538	
Texas Eastern	FT-1 Transport to M2	800357R	20,604	-	$	3,028,037	
Texas Gas	FT Upstream DTI Transport	29961	3,737	-	$	344,671	
TransCanada	FT Transport from Union Parkway to Iroquois	41215	12,142	-	$	1,718,062	
TransCanada	FT Transport from Union Parkway to Iroquois	41217	28,326	-	$	4,008,276	
TransCanada	FT Transport from Parkway to Waddington	42387	33,831	-	$	4,787,238	
TransCanada	FT Transport from Parkway to Waddington	42384	7,372	-	$	1,043,176	
Transco	FT Downstream DTI Transport	1000655	3,250	1,189,500	$	142,181	
Transco	FT Downstream DTI Transport	1000654	3,500	1,281,000	$	153,118	
Transco	FT Long Haul Transport	1002240	1,969	720,654	$	326,543	
Transco	FT Long Haul Transport	1003682	245,955	90,019,530	$	43,042,838	
Transco	FT Upstream DTI Transport	1006500	10,688	-	$	1,817,270	
Union	M12 Transport Dawn to Parkway	M12165	41,722	-	$	1,228,633	
Union	M12 Transport from Dawn to Parkway	M12193	12,277	-	$	361,537	
Union	M12 Transport from Dawn to Parkway	M12208	28,640	-	$	843,400	
Vector US	FT-1 Transport from Chicago to St. Clair	FT1KNY0415	12,500	-	$	780,195	
Vector Canada	FT-1 Transport from St. Clair to Dawn	FT1KNYC0415	12,500	-	$	45,681	
Subtotal				**171,920,814**	**$**	**92,458,621**	
BUG Allocation of Shared Assets (63.70%)				**78,968,414**	**$**	**109,377,442**	
BUG Weighted Average Cost of Capacity				**250,889,228**	**$**	**201,836,062**	**$0.8045**

APPENDIX D

Tier 3 Bundled Storage Service Example Calculation

2011-12 Retail Marketer Program

The Brooklyn Union Gas Company & KeySpan Gas East Corporation

Updated 10/12/11

Bundled Storage Inventory Commodity Price	May	Jun	Jul	Aug	Sep	Oct	Summer
NYMEX Settle ($/dt)**	$ 4.3770	$ 4.3260	$ 4.3570	$ 4.3700	$ 3.8570	$ 3.7590	$ 4.1743
System Average Basis ($/dt)	$0.0045	$0.0107	$0.0115	$0.0033	($0.0661)	($0.0193)	$ (0.0092)
Sub total at point of purchase	$ 4.3815	$ 4.3367	$ 4.3685	$ 4.3733	$ 3.7909	$ 3.7397	$ 4.1651
Variable Transportation ($/dt)	$0.0540	$0.0525	$0.0525	$0.0533	$0.0536	$0.0535	$ 0.0532
Transportation fuel (%)	4.88%	4.63%	4.63%	4.63%	4.63%	4.63%	4.67%
Transportation fuel ($/dt)	$0.2248	$0.2105	$0.2121	$0.2121	$0.1839	$0.1814	$0.2040
Sub total at storage field	$4.6603	$4.5997	$4.6331	$4.6387	$4.0284	$3.9746	$4.4223
Variable Injection ($/dt)	$0.0350	$0.0354	$0.0355	$0.0355	$0.0355	$0.0355	$ 0.0354
Injection Fuel (%)	2.40%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%
Injection Fuel ($/dt)	$ 0.1146	$ 0.1136	$ 0.1144	$ 0.1146	$ 0.0995	$ 0.0982	$ 0.1092
Actual Inventory Commodity Price ($/dt)	**$ 4.8099**	**$ 4.7487**	**$ 4.7830**	**$ 4.7888**	**$ 4.1634**	**$ 4.1083**	**$ 4.5669**

Sample Calculation of Bundled Storage Service Price for 2011/12 Winter

	BUG	KGE	
1. 4/30/11 Market Area Inventory Price (18.27%)	$ 4.6655	$ 4.6655	
2. 2011 Summer Inventory Price (81.73%)	$ 4.5669	$ 4.5669	
3. Actual Bundled Storage Inventory Commodity Price	**$ 4.5849**	**$ 4.5849**	*This actual price will not change throughout the withdrawal period.*
4. Average Withdrawal and Transportation Costs to the City Gate	$ 0.1205	$ 0.1205	*Subject to change per storage & pipeline tariff filings.*
5. Weighted Average Cost of Storage Capacity	$ 0.7510	$ 0.8005	*Subject to change per storage & pipeline tariff filings.*
6. Total City Gate Price*	**$ 5.4563**	**$ 5.5059**	*3+4+5*

* The Bundled Storage Service is available beginning in December. The calculation above is for illustrative purposes only.

E. Uniform Business Practice Rules

The most recent Uniform Business Practice Rules may be accessed at the New York State Public Service Commission's website at www3.dps.state.ny.us. under the heading Power to Choose – Industry and ESCO Competitive Market Information.

F. Illustrative Supply & system Dispatch Interruptibility Matrix

F.

ILLUSTRATIVE SUPPLY & SYSTEM DISPATCH INTERRUPTIBILITY MATRIX

Updated 12-19-2011

	Circumstance	Temperature Controlled Customers	Interruptible Sales Customers (h)	Interruptible Transport Customers	Interruptible Power Plants (i)
1	Temperature is **ABOVE 15°F** and NO LNG or Peaking Supplies are dispatched	On	On	On	On
2	Temperature is **15°F or BELOW** and NO LNG or Peaking Supplies are dispatched	Off	On	On (a)	On (a)
3	Peaking Supplies are dispatched to meet firm requirements and temperature is **ABOVE 15°F**	Off	Off (h)	On (b),(f),(e)	On (b),(e)
4	Peaking Supplies are dispatched to meet firm requirements and temperature is **15°F or BELOW**	Off	Off (h)	On (b),(e),(f)	On (b),(e)
5	Isolated gas system operational issue and LNG is dispatched for short duration (g)	On (a) (c)	On (b),(c)	On (a), (b), (c)	On (a), (b), (c)
6	LNG is dispatched to meet firm requirements. Temperature is **ABOVE 15°F**	Off	Off (h)	On (b), (e), (f)	On (b), (e)
7	LNG is dispatched to meet firm requirements. Temperature is **15°F or BELOW**	Off	Off (h)	On (b), (e), (f)	On (b), (e)
8	Peaking Supplies and/or LNG are dispatched for least-cost dispatch purposes and temperature is **ABOVE 15°F** (d)	On	On	On	On
9	Peaking Supplies and/or LNG are dispatched for least-cost dispatch purposes and temperature is **15°F or BELOW** (d)	Off	On (b)	On (b),(e)	On (b),(e)

Notes:

- (a) Balancing OFO **MAY** be issued. Non-complying customers may also be interrupted for system reliability.
- (b) One or more IT customers may be interrupted if needed for gas system reliability.
- (c) Depends on distribution system location - may need to interrupt individual customers.
- (d) Peaking Supplies to be dispatched based upon a DESIGN rule curve in ALL cases. Least-cost dispatch of LNG will not occur: (1) prior to February 15th or 2) if system and/or portfolio reliability is threatened. LNG use for training/testing does not apply.
- (e) Balancing OFO **WILL** be issued. Non-complying customers will be interrupted for system reliability.
- (f) Monthly balanced interruptible transportation customers will be interrupted.
- (g) Maximum of FOUR hours of LNG sendout. LNG sendout for plant idling/cool down does not apply.
- (h) Interruptible Sales Customers will be interrupted as described above as soon as practical.
- (i) Interruptible Power Plants operating on KEDNY SC 14 and SC18 and KEDLI SC7 and SC14 may have contractual limits on the number of days of allowed interruptibility.
- (j) Note that the 15 ° temperature is illustrative. The applicable Designated Interruption Temperature is set each year. TC customers will be interrupted when the Company receives a report that the Central Park Temperature has reached the Designated Interruption Temperature.