

PSC NO: 12 GAS

LEAF: 66

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 2

INITIAL EFFECTIVE DATE: 11/03/06

SUPERSEDING REVISION: 1

STAMPS:

GENERAL INFORMATION - Continued

33. Statement of Monthly Cost of Gas and Adjustments

The Monthly Cost of Gas and Adjustments shall be effective commencing the first day of the calendar month following the computation date and shall continue in effect until changed.

34. Monthly Cost of Gas Surcharge**A. Definitions**

Unless the context otherwise requires, the following definitions shall apply.

Actual Commodity Cost of Gas – actual commodity costs invoiced each month by Suppliers, Transporters and Storage Providers to the Company for gas sold to customers.

Actual Fixed Cost of Gas – actual demand costs invoiced each month by Suppliers, Transporters and Storage Providers to the Company for gas sold to customers.

Actual Total Cost of Gas - the sum of the Actual Commodity Cost of Gas and the Actual Fixed Cost of Gas.

Effective Month – the calendar first month following the computation date.

Factor of Adjustment – An adjustment for distribution losses calculated as a ratio of losses to system requirements. The factor is the adjustment ratio divided by its complement.

Gas Cost Year - the twelve months beginning each September 1 and ending on August 31.

Gas-Related Costs - the sum of (1) Uncollectible Expenses, plus (2) the Return on Working Capital, plus (3) the Sales Customer share of the Return on Gas in Storage.

Issued by: John J. Bishar, Jr., Executive Vice President, General Counsel, and Secretary, Brooklyn, NY