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PSC NO: 1 GAS LEAF: 72

COMPANY: KEYSPAN GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 10 INITIAL EFFECTIVE DATE: 11/03/06 SUPERSEDING REVISION: 8

STAMPS:

GENERAL INFORMATION

III. Adjustments of Rates and Charges (continued):

- 1--Adjustment of Rates in Accordance with Changes in the Cost of Gas and Pipeline Costs (continued):
- D. Adjustments for Refunds from Pipelines
 - 1) Refunds received from pipelines will be:
 - a) Credited over a 12-month period to Service Classification Nos. 1,2,3,15,16 and 17 with interest set by the commission, through adjustments to the cost of gas or pipeline charges shown on Statement of Gas and Pipeline Costs and Adjustments, and
 - b) Allocated to Service Classifications on the basis of forecasted sales or transported quantities for the next 12month period, and
 - c) Reconciled, when concluded, on or before August 31 of each year, with differences applied to the annual Adjustment computation described in I.2 and 3 below.
- E. Power Generation Sales Credit
 The Power Generation Sales Credit is credited monthly to Service
 Classification Nos. 1, 2, 3, 15, 16 and 17 on the Statement of Gas and
 Pipeline Costs and Adjustments, for amounts realized the use of gas for
 boiler fuel by the Long Island Power Authority and other power
 generators.
 - The Credit is returned, with interest, by dividing the unrefunded balance by forecasted sales and transported quantities for the 12month refund period.
- F. Off-System Sales Incentive credit shall be fully credited to the Gas Cost applicable to Service Classification Nos. 1,2,3,15,16 and 17 and is equal to the following:
 - (1) eighty percent of:
 - (a) margin revenues from Off-System Transactions rendered to off-system customers other than sales from the Transco Washington Storage Field ("WSS"), plus
 - (b) all other capacity release credits, other than capacity release credits associated with capacity release to marketers serving KEDLI firm transportation customers, plus
 - (2) For off-system sales from WSS:
 - (a) eighty percent of the margin revenues from such sales net of applicable carry costs and pro-rata WSS demand costs, plus
 - (b) one hundred percent of such pro-rata WSS demand costs, PLUS
 - (3) One hundred percent of capacity release credits associated with releases made directly to a marketer serving transportation customers under Service Classification No 5.

Issued by: Joseph F. Bodanza, Senior Vice President, Hicksville, NY

Cancelled by supplement No. 33 effective 01/01/2008 Suspended to 01/01/2008 by order in Case 06-G-1186. See Supplement No. 32. The supplement filing date was 08/30/2007 Suspended to 09/03/2007 by order in Case 06-G-1186. See Supplement No. 31. The supplement filing date was 02/27/2007 Suspended to 03/03/2007 by order in Case 06-G-1186. See Supplement No. 30. The supplement filing date was 11/01/2006