

PSC NO: 1 GAS LEAF: 73
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
INITIAL EFFECTIVE DATE: 11/03/06 SUPERSEDING REVISION: 1
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):

H. Monthly Cost of Gas Imbalance Surcharge or Refund

for Service Classification Nos. 1, 2, 3, 15, 16, and 17. The Company shall determine, on a monthly basis beginning each December and continuing through each July, whether a surcharge or refund to recover undercollections or refund overcollections in gas costs is required for customers served under Service Classification Nos. 1, 2, 3, 15, 16, and 17. The Monthly Cost of Gas Imbalance Surcharge or Refund shall be a per therm unit factor designed, as nearly as practicable, to produce a total annual imbalance of zero by the end of the then current Gas Cost Year. Thus, the computation of the Monthly Cost of Gas Imbalance Surcharge or Refund shall consider (1) actual gas costs and gas cost recoveries through the month prior to the calendar month in question, (2) forecast gas costs and gas costs recoveries for the period beginning with the calendar month in question, and ending at the end of the then current Gas Cost Year, and (3) the then current forecast of any overrecovery balance or underrecovery balance (inclusive of interest) from the previous Gas Cost Year that will remain at the end of the then current Gas Cost Year.

The net amount resulting from this calculation will be divided by the total projected sales to Service Classification Nos. 1, 2, 3, 15, 16, and 17. for the period beginning with the calendar month in question and ending at the end of the then current Gas Cost Year, to determine the units (per therm) monthly overcollection or undercollection balance.

If the resulting overcollection or undercollection factor is greater than \$0.02 per therm, then the Monthly Cost of Gas Imbalance Surcharge or Refund factor for the calendar month in question shall be limited to \$0.02 per therm; if the resulting overcollection or undercollection factor is less than or equal to \$0.02 per therm, no surcharge or refund factor will be reflected for the calendar month in question. The Company shall be permitted to revise the \$0.02 per therm tolerance band during the year if it determines that such an adjustment, upward or downward, is necessary to minimize the projected overcollection at the end of the period; provided, however, that the refund will not exceed \$0.05 per therm.

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