

PSC NO: 12 GAS
COMPANY: THE BROOKLYN UNION GAS COMPANY
INITIAL EFFECTIVE DATE: 11/01/06
STAMPS:

LEAF: 334.1
REVISION: 0
SUPERSEDING REVISION:

SERVICE CLASSIFICATION No. 17 – Continued

Merchant Function Backout Credit - Effective June 1, 2005 and continuing until the effective date of an unbundled supply rate approved by the Commission, a credit of \$.21/dth will be applied to any firm transportation service customer's bill except for customers taking service under CTS-21. This credit will consist of reduced or avoided costs such as uncollectible expenses associated with the cost of gas, working capital costs associated with storage gas used for firm sales service customers and certain gas supply procurement functions. This credit will appear on the Statement of Gas and Pipeline Costs and Adjustments. The Company may recover lost revenue arising from the Merchant Function Back-out Credit from the Transition Balancing Account, which Account is referenced in and will survive the expiration of the Gas Restructuring Joint Proposal approved by the Commission on May 23, 2002 in Case 99-G-1469. The amount of lost revenue to be recovered will be reduced by any applicable avoided costs shown in Section IV.B.2 of the Joint Proposal dated March 11, 2002 in this case. On an annual basis, the Company will provide to Commission Staff a report of applicable avoided costs and a report of the balance of the TBA, showing funds added to and costs recovered from the TBA.

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