

PSC NO: 12 GAS
 COMPANY: THE BROOKLYN UNION GAS COMPANY
 INITIAL EFFECTIVE DATE: 01/01/08
 STAMPS: Issued in compliance with order in Case 06-G-1185 dated December 21, 2007

LEAF: 79.2
 REVISION: 1
 SUPERSEDING REVISION:

GENERAL INFORMATION - Continued

F. Monthly Cost of Gas for Service Classification Nos. 7 and 14:

Pursuant to the Commission's Opinion No. 96-26 issued in Case 95-G-0761, the rates for gas service under Service Classification Nos. 7 and 14 shall include each month the Monthly Cost of Gas for Service Classification Nos. 7 and 14. The Monthly Cost of Gas for Service Classification Nos. 7 and 14 shall be computed in advance of each Effective Month and shall equal to the Monthly Unit Commodity Cost of Gas per therm for Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 6C, 6G, 6M, 7, 14 and 21 as set forth on Leaf No. 74 multiplied by the Factor of Adjustment.

34. Merchant Function Charge

The rates for gas service under Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 shall include each month the Merchant Function Unitized Charge per therm which is equal to the sum of the following gas supply related unit costs: (1) Gas Procurement and Commodity-Related Sales Promotion Expenses, (2) Commodity-Related Credit and Collection Expenses, (3) Uncollectible Expenses Associated with Gas Costs, (4) Return Requirement on Gas Purchase-Related Working Capital, and (5) Return Requirement on Gas in Storage.

A. Gas Procurement and Commodity-Related Sales Promotion Expenses

The Gas Procurement and Commodity-Related Sales Promotion Expenses Unitized Charge per therm to be recovered each Gas Cost Year shall be computed as follows:

- 1) Divide the Total Annual Gas Procurement and Commodity-Related Sales Promotion Expenses for each year as shown on the schedule below

2008	\$1,210,000
2009	\$1,235,410
2010	\$1,261,354
2011	\$1,287,849
2012	\$1,314,887

Beyond 2012, the Total Annual Gas Procurement and Commodity-Related Sales Promotion Expenses will be held at \$1,314,887 unless changed by the Commission.

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