

PSC NO: 1 GAS LEAF: 73.2
 COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
 INITIAL EFFECTIVE DATE: 05/06/08 SUPERSEDING REVISION: 1
 STAMPS: Issued in compliance with order in Case No. 06-G-1186 dated 12/21/07

GENERAL INFORMATION

11. Total Imbalance Surcharge or Refund Recoveries

Total revenues or refunds from Monthly Imbalance Surcharge or Refund charges during Gas Cost Year, net of associated revenue taxes any net remaining prior year imbalance.

Current Year Imbalance = (5)-(10) +(11)

Divide result by forecasted Gas Sales for twelve month period January 1 through December 31.

The determination period to be used in the computation of the surcharge or refund shall be the 12 months ended August 31 of each year. The surcharge or refund computation shall be filed with the Commission on or before October 15 of the calendar year before it is to become effective.

B. Annual Gas Supply-Related Cost Surcharge or Refund for Service Classification Nos. 1, 2, 3, 15, 16 and 17 shall be computed as follows:

Compare: 1. Actual Gas Supply-Related Costs
 to 2. Gas Supply-Related Cost Recoveries
 PLUS 3. Net remaining prior year imbalance.

1. Actual Gas Supply-Related Costs
 - a. Gas Procurement and Commodity-Related Sales Promotion Expenses prorated for the Gas Cost Year, PLUS
 - b. Commodity-Related Credit and Collection Expenses prorated for the Gas Cost Year, PLUS
 - c. Actual Uncollectible Expenses Associated with Gas Costs PLUS
 - d. Actual Return Requirement on Gas Purchase-Related Working Capital.

Total Actual Supply-Related Costs = a + b + c + d

2. Supply-Related Cost Recoveries = Recoveries from Supply Related Costs during the Gas Cost Year, net of associated revenue taxes.

3. Gas Supply-Related Costs Imbalance Surcharge or Refund Recoveries =

Total revenues or refunds from the Gas Supply-Related Cost Imbalance Surcharge or Refund charges during Gas Cost Year, net of associated revenue taxes plus the prior year imbalance.

Current Year Imbalance = (1)-(2)+(3)

Divide result by the Company's estimated sales to Service Classification Nos. 1, 2, 3, 15, 16 and 17 for the twelve month period January 1 through December 31

The surcharge or refund computation shall be filed with the Commission on or before October 15 of the calendar year before it is to become effective.

Issued by: Nick Stavropoulos, Executive Vice President, Hicksville, NY