

PSC NO: 1 GAS LEAF: 15
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
INITIAL EFFECTIVE DATE: 05/06/08 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with order in Case 06-G-1186 dated 12/21/07

GENERAL INFORMATION

II. Rules and Regulations (continued):

1--Definition of Terms (continued):

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Main: A pipeline located on a public or private right-of-way which is generally available or used to transport gas to more than one service line.

Margin Revenues: Revenues net of applicable gas costs, Hedging Costs/Credits, variable transportation costs, storage withdrawal costs and all other variable fees and charges associated with the purchase or sale of gas

Marketer Capacity Program Credits - shall be determined prior to the start of the Gas Cost Year based on the Company's estimated annual fixed gas cost credits realized from: 1) Tier 1 capacity releases; 2) Tier 2 Bundled Winter Sales; and 3) Tier 3 Virtual Storage Service provided to direct customers/marketers of the Company's transportation customers under Service Classifications No. 5. These credits shall be credited one hundred percent to the Projected Annual Fixed Cost of Gas applicable to the Company's sales customers under Service Classification Nos. 1, 2, 3, 15, 16 and 17.

Merchant Function Charge: 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.

Monthly Forecasted Firm Sendout: the combined total of the Company's Monthly Forecasted Firm Sendout and KEDNY's Monthly Forecasted Firm Sendout.

Monthly Forecasted Firm & TC Dispatch: the specific gas supply sources that are planned to be delivered to the city gate to serve Monthly Forecasted Firm and TC Sendout during the Effective Month.

Monthly Forecasted Firm & TC Sendout: the sum of the Monthly Forecasted Firm Sendout and Monthly Forecasted TC Sendout.

Monthly Forecasted TC Sendout: the combined total of the Company's Monthly Forecasted TC Sendout and KEDNY's Monthly Forecasted TC Sendout

Monthly Hedging Costs / Credits: risk management gains and losses resulting from transactions undertaken to manage volatility in gas commodity prices during the Effective Month.

Monthly Delivered Quantity: The amount of natural gas that the Company estimates that a firm Customer will use in a calendar month.

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