

PSC NO: 12 GAS
COMPANY: THE BROOKLYN UNION GAS COMPANY
INITIAL EFFECTIVE DATE: 05/06/08
STAMPS: Issued in compliance with order in Case 06-G-1185 dated December 21, 2007

LEAF: 427.2
REVISION: 4
SUPERSEDING REVISION: 3

SERVICE CLASSIFICATION NO. 20 (Continued)

Daily Delivery Quantity - The total quantity of gas delivered to Customer after adjustment for lost and unaccounted for gas.

Daily ICOG - The daily incremental cost of gas will be determined for each day of the Effective Month and is the higher of 1) the Gas Daily Transco Zone 6 New York daily mid-point price; 2) the Gas Daily Texas Eastern M-3 daily mid-point price; 3) the Gas Daily Iroquois Zone 2 daily mid-point price; 4) the highest daily 100% load factor priced gas (including both commodity and demand costs). This cost will be determined by the Company and included on the Statement of Unbundled Transportation Service Cash Out Charges filed with the Commission by the fourth business day of the following month.

Daily Market Gas Cost - The average Transco Zone 6 (NY) midpoint and high price for the day of the gas flow reported in Platt's *Gas Daily*.

Daily Nomination Quantity - The total quantity of gas Customer nominates and schedules for delivery or causes to be nominated and scheduled for delivery daily to the Company's city gate for transportation service anticipated under SC-20. The Daily Nomination Quantity, after adjustment for lost and unaccounted for gas, shall be equal to the Customer's expected Daily Delivery Quantity.

Effective Period - The Effective Period for the initial Value Added Charge is January 1, 2006 through April 30, 2007. Beginning 2007, the Effective Period is May 1st of each year through April 30th of the following year.

Fuel Cost of Generation - The applicable Daily Market Gas Cost multiplied by the Customer's Heat Rate expressed in \$/Mwh.

Heat Rate Tier Level - Depending on what technology the Customer's unit employs, there will be four different proxy heat rates:

- Tier 1 17.5 mmBTU/Mwh for older, simple cycle peaking units (i.e. those units that commenced operation prior to December 31, 1998)
- Tier 2 11.0 mmBTU/Mwh for Rankine Cycle steam units
- Tier 3 10.0 mmBTU/Mwh for new, simple cycle peaking units
- Tier 4 7.4 mmBTU/Mwh for combination cycle plants

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