

PSC NO: 12 GAS

LEAF: 79.10

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 1

INITIAL EFFECTIVE DATE: 05/06/08

SUPERSEDING REVISION: 0

STAMPS: Issued in compliance with order in Case 06-G-1185 dated December 21, 2007

GENERAL INFORMATION - Continued

- B. Annual Gas Supply-Related Cost Surcharge or Refund for Service Classification Nos. 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 shall be computed as follows:

- | | | |
|----------|----|-------------------------------------|
| Compare: | 1. | Actual Gas Supply-Related Costs |
| to | 2. | Gas Supply-Related Cost Recoveries |
| | | ADD |
| | 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.

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