

PSC NO: 12 GAS LEAF: 87
COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 3
INITIAL EFFECTIVE DATE: 11/01/03 SUPERSEDING REVISION: 2
STAMPS: Issued in compliance with order in Case 02-M-0515 dated April 24, 2003

GENERAL INFORMATION - Continued

This methodology will be applied to transition costs incurred as of April 1, 1996 and therefore will appear in the Company's Statement of Monthly Cost of Gas and Adjustments.

- II. The annual transition cost surcharge (refund) for the period beginning December 1st and ending November 30th shall be derived as follows:

For Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 14 and 21 - The Company will:

- (a) calculate the estimated allocable portion of transition costs for Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21 (as defined in paragraphs 1, 2 and 3) for the projected twelve month period ending November 30th each year; and then
- (b) add or subtract (as the case may be) any undercollection or overcollection of transition costs attributable to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21 from the preceding 12 month period; and then
- (c) divide the result of (a) and (b) by the forecasted aggregate quantity of sales to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21 for the projected twelve month period ended November 30th each year.

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