

PSC NO: 12 GAS

LEAF: 86

COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 3

INITIAL EFFECTIVE DATE: 11/01/03

SUPERSEDING REVISION: 2

STAMPS: Issued in compliance in order in Case 02-M-0515 dated April 24, 2003

GENERAL INFORMATION - Continued

39. A. Transition Costs

- I. Transition Costs incurred by the Company from its pipeline gas suppliers or transporters as a result of the implementation of Federal Energy Regulatory Commission Order No. 636, shall be recovered by the Company as follows:
- (a) Unrecovered gas costs remaining when the pipeline terminates sales service shall be recovered from Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21 through their applicable Monthly Cost of Gas.
 - (b) New facility costs incurred to implement FERC Order No. 636 and reflected in pipeline base rates shall be recovered from Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 11, 14 (Rate 1), 16, 17, 18 and 21 through their applicable Monthly Cost of Gas.
 - (c) Gas Supply Restructuring (GSR) costs and Stranded Facility costs shall be recovered from the Gas Adjustment applicable to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21, and as a surcharge listed on the Company's Statement of Transportation Service Charges for Service Classification No. 11; as well as surcharges listed on the Company's Statements of Rates and Charges for Service Classification Nos. 16, 17 and 18.

Transition Costs defined in paragraph I. (b) will be recovered such that the per therm charge for transportation services rendered to customers who were served under Service Classification Nos. 11 prior to March 28, 1996 will equal fifty percent (50%) of the per therm charge collected from Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7, 11, 14 (Rate 1), 16, 17, 18 and 21.

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