

PSC NO: 12 GAS

LEAF: 67

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

Monthly Dispatched Gas Forecast - The Company's volumetric forecast of gas supply sources used to provide gas supply for Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 6C, 6G, 6M, 7, 14 and 21 to be used utilized during the Effective Month to meet the Company's anticipated sendout during such month.

Off-system Transactions - Off-system Transactions include Gas Supply Management Arrangements, sales of gas for resale in interstate commerce made pursuant to Federal authorization, retail sales of gas made to customers located outside of the Company's Service Territory, transportation services to customers located outside of the Company's Service Territory, and any other transactions with customers located outside of the Company's Service Territory, such as parking, balancing, etc.

Off-system Service Incentive - Pursuant to the Commission's Opinion 96-26 in Case 95-G-0761 and the Commission's Order in Case 98-G-0824 and the Commission's March 2, 1999 Order in Case 97-G-1380, ninety percent of capacity release credits associated with the net volume of interstate pipeline capacity made available for release as a result of conversions of Core Customers to transportation service under Service Classification No. 17 prior to April 1, 1999, plus eighty percent of (a) margin revenues from Off-System Transactions rendered to off-system customers, other than (i) margin revenues from sales to Central Hudson under the current agreement between Brooklyn Union and Central Hudson, and (ii) margin revenues from balancing service rendered to customers under Service Classification No. 13; and (b) all other capacity release credits, other than capacity release credits resulting from the release of capacity to Core Customers converting to transportation service under Service Classification No. 16 and capacity release credits associated with each new dekatherm of capacity brought to the Company citygate by a marketer serving transportation customers on the Company's system after April 1, 1999 shall be fully credited to the Gas Cost applicable to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B and 21.

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