

PSC NO: 12 GAS

LEAF: 74

COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 2

INITIAL EFFECTIVE DATE: 11/01/03

SUPERSEDING REVISION: 1

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

GENERAL INFORMATION - Continued

G. Monthly Cost of Gas - Service Classification No. 21

The Monthly Cost of Gas for Service Classification No. 21 is the sum of (1) the Monthly Fixed Cost of Gas per therm for Service Classification No. 21, and (2) the Monthly Commodity Cost of Gas per therm for Service Classification No. 21. The Monthly Fixed Cost of Gas for Service Classification No. 21, included in the Monthly Cost of Gas for Service Classification No. 21 shall be equal to 7.50 cents per therm. Such Monthly Cost of Gas will reflect an unaccounted for gas factor of adjustment ratio of 1.0373 and be rounded to the nearest .01 cent per therm.

The Monthly Cost of Gas for Service Classification No. 21 shall be equal to the Monthly Commodity Cost of Gas for Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 6C, 6G, 6M, 7, 14 and 21 as set forth on Leaf No. 69.

34. Monthly Cost of Gas Imbalance Surcharge or Refund - Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2 and 3

The Company shall determine, on a monthly basis beginning each December and continuing through each July, whether a surcharge or refund to recover undercollections or refund overcollections in gas costs is required for customers served under Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2 and 3. The Monthly Cost of Gas Imbalance Surcharge or Refund shall be a per therm unit factor designed, as nearly as practicable, to produce a total annual imbalance of zero by the end of the then current Gas Cost Year. Thus, the computation of the Monthly Cost of Gas Imbalance Surcharge or Refund shall consider (1) actual gas costs and gas cost recoveries through the month prior to the calendar month in question, (2) forecast gas costs and gas costs recoveries for the period beginning with the calendar month in question, and ending at the end of the then current Gas Cost Year, and (3) the then current forecast of any overrecovery balance or underrecovery balance (inclusive of interest) from the previous Gas Cost Year that will remain at the end of the then current Gas Cost Year.

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