

PSC NO: 12 GAS
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

38. Refund Provision

In the event that the rates and charges of the Company's gas supplier or suppliers are retroactively reduced and the Company receives a refund of the excess charges paid to the supplier, the total amount of refunds, including interest shall be returned to customers as follows:

- (a) Refunds will be allocated to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 6C, 6G, 6M, 7, 14, 16, 17 and 21 as follows:
 - (i) refunds received from providers of upstream storage and peaking service shall be allocated between S.C. Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 6C, 6G, 6M, 7, 14, 16, 17 and 21 based on the total service to these Service Classifications during the period to which the refund is attributable. The amount of the total refund allocable to S.C. Nos. 16 and 17 shall be returned to S.C. No. 16 and 17 customers through a credit to the Transportation Adjustment. The amount of the total refund allocable to S.C. Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 6C, 6G, 6M, 7, 14 and 21 shall be returned to customers under those Service Classifications through the Gas Adjustment. The rate of refund for S.C. No. 17 shall be computed by dividing the total refund allocable to S.C. No. 17 by the estimated level of S.C. No. 17 transportation service for the twelve months during which the rate of refund will apply. The rate of refund for S.C. No. 16 shall be computed by dividing the total refund allocable to S.C. No. 16 by the estimated level of transportation service to S.C. No. 16 for the twelve months during which the rate of refund will apply. The rate of refund for S.C. Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 6C, 6G, 6M, 7, 14 and 21 shall be computed by dividing the total refunds allocable to these Service Classifications by the estimated sales during the twelve months during which the rate of refund will apply.

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