

PSC NO: 1 GAS

LEAF: 190

COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1

INITIAL EFFECTIVE DATE: 01/01/04

SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION NO. 14 (Continued)**Value Added Charge**

The Value Added Charge is a unitized rate per Mwh which tracks on an hourly basis increases and decreases in the market price for electricity as compared with the market price of gas during the current month. The Value Added Charge is calculated by first comparing the Base Year to the Average Hourly Market Electric Price. If the Base Year is greater than the Average Hourly Market Electric Price, there is no Value Added calculation. If the Base Year is less than the Average Hourly Market Electric Price, then the Value Added Charge is calculated by multiplying five percent (5%) of the Spark Spread by the Customer's Mwh Generated.

The Customer's Spark Spread for each month shall be determined as follows:

- 1) The Customer's Daily Market Gas Cost shall be converted to the Customer's Fuel Cost of Generation per Mwh by multiplying the Daily Market Gas Cost (\$/dth) by the Customer's Heat Rate to yield an equivalent \$/Mwh/hr.
- 2) The Customer's Fuel Cost of Generation shall be subtracted from the Average Hourly Electric Market Price expressed in \$/Mwh/hr to yield the Customer's hourly Spark Spread.

The Customer's monthly Value Added Charge is the sum of the Customer's hourly Value Added charges for the month.

The Value Added Charge shall not be applicable until such time as information concerning the Real Time Market Electric Price is available from the NYISO.

Issued by Alfred C. Bereche, Asst. General Counsel and Secretary, Hicksville, NY