

PSC NO: 12 GAS

LEAF: 87

COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 5

INITIAL EFFECTIVE DATE: 10/28/04

SUPERSEDING REVISION: 3

STAMPS: Issued in compliance with order in Case 02-M-0515 dated August 4, 2004

GENERAL INFORMATION - Continued

This methodology will be applied to transition costs incurred as of April 1, 1996 and therefore will appear in the Company's Statement of Monthly Cost of Gas and Adjustments.

- II. The annual transition cost surcharge (refund) for the period beginning December 1st and ending November 30th shall be derived as follows:

For Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4B, 7, 14 and 21 - The Company will:

- (a) calculate the estimated allocable portion of transition costs for Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21 (as defined in paragraphs 1, 2 and 3) for the projected twelve month period ending November 30th each year; and then
- (b) add or subtract (as the case may be) any undercollection or overcollection of transition costs attributable to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21 from the preceding 12 month period; and then
- (c) divide the result of (a) and (b) by the forecasted aggregate quantity of sales to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4B, 7, 14 (Rate 1) and 21 for the projected twelve month period ended November 30th each year.

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