

PSC NO: 1 GAS LEAF: 70  
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2  
INITIAL EFFECTIVE DATE: 01/01/04 SUPERSEDING REVISION: 1  
STAMPS: Issued in compliance with order in Case 02-M-0515 dated 12/03/03

**GENERAL INFORMATION****III. Adjustments of Rates and Charges (continued):**

1--Adjustment of Rates in Accordance with Changes in the Cost of Gas and Pipeline Costs (continued):

- C. Monthly Average Cost of Gas (continued):
  - b) Except for Service Classification No. 5, is the sum of a Monthly Demand Component and the Monthly Commodity Cost of gas, on a per therm basis, but
  - c) For Service Classification No. 5, is the Monthly Demand Cost Component of gas, on a per therm basis.
- D. Computation of the Monthly Demand Cost Component
  - 1) Full Service Customers: The Monthly Demand Component for Service Classification Nos. 1, 2, 3, 15, 16 and 17 is computed by dividing the Monthly Demand Costs by the projected quantity of gas purchased for these Service Classifications, and multiplying the result by the Factor of Adjustment, to adjust for lost and unaccounted-for gas. The Component will be calculated in August for service starting September 1.
    - a) Monthly Demand Costs, expressed in dollars, are calculated by adding:
      - i) The monthly pipelines' capacity and storage demand charges,
      - ii) The Company's Storage Providers' capacity and storage demand charges,
      - iii) Charges from Suppliers for the reservation of gas,
      - iv) The projected load factor credits to Transportation Customers under Service Classification No. 5, and
      - v) Any other fixed charges associated with obtaining gas supply.

Issued by Joseph F. Bodanza, Senior Vice President and Chief Accounting Officer, Hicksville, NY