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COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0  
INITIAL EFFECTIVE DATE: 03/18/99 SUPERSEDING REVISION:  
STAMPS:  
Effective date postponed to 07/01/99. See Supplement No. 2, 1, 1  
RECEIVED: 02/16/99 STATUS: Effective EFFECTIVE: 07/01/99

**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):****E. Computation of the Monthly Commodity Cost of Gas**

- 1) The Monthly Commodity Cost of Gas for Service Classification Nos. 1, 2, 3 and 12 is computed by dividing the estimated total Commodity Cost of Gas purchased for that month, by the Company's forecast of monthly firm gas sendout for Customers on those Service Classifications, and multiplying the result by the Factor of Adjustment, to adjust for lost and unaccounted-for gas.
  - a) The Monthly Commodity Cost of Gas, expressed in dollars, is calculated by adding:
    - i) The Suppliers' charges for gas procured to meet the Company's monthly firm gas sendout forecast,
    - ii) The cost of gas withdrawn from storage, calculated at the average cost of stored gas, and
  - b) All other allowable charges associated with the purchase of gas supply, including risk management costs and amounts for replacement cost of fuel, if Customer-owned gas is diverted from Interruptible Service Customers. (See Section J below)

**F. Adjustments for Refunds from Pipelines**

- 1) Refunds received from pipelines will be:
  - a) Credited over a 12-month period to Service Classification Nos. 1, 2, 3, and 5, with interest set by the Commission, through adjustments to the cost of gas or pipeline charges shown on Statement of Gas and Pipeline Costs and Adjustments, and
  - b) Allocated to Service Classifications on the basis of forecasted sales or transported quantities for the next 12-month period, and
  - c) Reconciled, when concluded, on or before August 31 of each year, with differences applied to the Annual Adjustment computation described in I.2 and 3 below.

**G. Interdepartmental Economy Credit**

The Interdepartmental Economy Credit is credited monthly to Service Classification Nos. 1, 2, 3, and 5 on the Statement of Gas and Pipeline Costs and Adjustments, for amounts realized the use of gas for boiler fuel by the Company's electric operations.

- 1) The Credit is:
  - a) Based on revenues derived from transporting gas for electric operations at \$0.19 per dekatherm under a special arrangement, and
  - b) Returned, with interest, by dividing the unrefunded balance by forecasted sales and transported quantities for the 12-month refund period.

Issued by Robert J. Fani, Senior Vice President, Hicksville, NY