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COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 2

INITIAL EFFECTIVE DATE: 10/01/00

SUPERSEDING REVISION: 1

STAMPS:

RECEIVED: 06/01/00 STATUS: Effective EFFECTIVE: 10/01/00

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, 2, 3, 4A, 4B, 7 and 14 - The Company will:

- (a) calculate the estimated allocable portion of transition costs for Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3, 4A, 4B, 7 and 14 (Rate 1) (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, 2, 3, 4A, 4B, 7 and 14 (Rate 1) 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, 2, 3, 4A, 4B, 7 and 14 (Rate 1) for the projected twelve month period ended November 30th each year.

Issued by: Steven L. Zelkowitz, Sr. Vice President and General Counsel, Brooklyn, NY