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COMPANY: THE BROOKLYN UNION GAS COMPANY REVISION: 0
INITIAL EFFECTIVE DATE: 05/18/99 SUPERSEDING REVISION:
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SERVICE CLASSIFICATION NO. 20 (Continued)

Value Added Charge

The Value Added Charge is a unitized rate per dth which tracks increases and decreases in the market price for electricity as compared with the market price of gas during the current month as compared with each month during the Base Year. The Value Added Charge is calculated by multiplying five percent (5%) by the difference of the Base Line Monthly Spark Spread and the Current Monthly Spark Spread.

The Customer's Base Line Spark Spread for each month of the Base Year shall be determined as follows:

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

The Customer's Current Monthly Spark Spread shall be determined as follows:

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

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

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