

PSC NO: 1 GAS LEAF: 119.52.6
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0
INITIAL EFFECTIVE DATE: 09/01/21 SUPERSEDING REVISION:
STAMPS: Issued in compliance with Order in Case 19-G-0310 dated August 12,
2021

GENERAL INFORMATION - Continued

Demand Capacity Surcharge Mechanism ("DCSM")

In Case 19-G-0678, the Commission approved a settlement agreement wherein the Companies agreed to identify potential solutions for addressing the gap between the Companies' supply of natural gas and the forecast of firm demands of customers. As part of a portfolio of solutions to meet peak demand, the Companies have identified opportunities to implement certain incremental non-infrastructure solutions.

To effectuate the recovery of costs associated with any Commission approved incremental energy efficiency costs not included in base delivery rates, Demand Response program costs, Long-Term Capacity project costs, and Incremental NE:NY budget costs, the Company is permitted to implement a surcharge - the Demand Capacity Surcharge Mechanism - commencing during the 12-month period ending March 31, 2022 in accordance with the Commission Order issued in Case 19-G-0310.

The Demand Capacity Surcharge Mechanism is included in the Delivery Rate Adjustment ("DRA") for customers served under SC 1, 2, 3, 9,15,16 and 17 firm sales, SC 5 firm transportation customers and SC 18 and 19 non-firm demand response, adjusted for Pre-Tax WACC. Total allocation of costs are as follows:

Demand Response: based on peak sendout
Incremental NE:NY Energy Efficiency: based on total deliveries
Long-Term Capacity Projects: based on peak sendout

Incremental energy efficiency costs are allocated to customers served under SC 18 and 19. The DCSM will appear on the Statement of Demand Capacity Surcharge Mechanism when the Company is permitted to collect applicable program costs in accordance with the Commission Order issued in Case 19-G-0310.

Issued by: Rudolph L. Wynter, President, Hicksville, NY