

PSC NO: 1 GAS LEAF: 119.52.2
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 3
INITIAL EFFECTIVE DATE: 01/01/18 SUPERSEDING REVISION: 2
STAMPS: Issued in compliance with Order in C.16-G-0058 dated December 16, 2016

GENERAL INFORMATION - Continued

Gas Safety and Reliability Surcharge

The Gas Safety and Reliability Surcharge("GSRS") would allow the Company to recover (i) a return on investment, depreciation expense and operations and maintenance expense associated with incremental replacement of leak prone pipe ("LPP") above the levels funded in base rates, and (ii) the cost to repair system leaks in excess to the Company's leak backlog targets.

The surcharge will be calculated by taking the revenue requirement for the incremental LPP and leak repair investment divided by firm sales and transportation volumes resulting in a per therm rate. The GSRS will be reconciled annually and included in the DRA recovered from SC 1, 2, 3, 15, 16, and 17 firm sales customers and SC 5 firm transportation customers beginning the following April 1st. The GSRS will appear on the Statement of Gas Safety and Reliability Surcharge.

TC/IT Revenues Reconciliation Surcharge

Each Rate Year, KEDLI will fully reconcile actual TC and IT Services revenues to the amounts imputed in the revenue requirement:

\$2.029 million in Rate Year One
\$2.126 million in Rate Year Two

An adjustment will be made to the revenue targets above to remove forecast revenues for TC/IT customers that migrate to firm service. Any difference between actual and imputed revenues will be credited or surcharged to firm sales and firm transportation customers through the DRA for the 12-month period starting March 1.

Issued by: David B. Doxsee, Vice President, Hicksville, NY