

PSC NO: 1 GAS LEAF: 119.52.4
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1
INITIAL EFFECTIVE DATE: 12/01/18 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with Order in C.18-G-0318 dated October 18, 2018

GENERAL INFORMATION - Continued

New York Facilities System Surcharge/Surcredit

The New York Facilities System ("NYFS") is a high pressure gas transmission system that spans the service territories of KEDNY, KEDLI and Consolidated Edison Company of New York, Inc. (collectively, the "NYFS Companies") and interconnects the NYFS Companies with the systems of the interstate pipeline companies that serve the NY metropolitan region. Gas received into the NYFS from the interstate pipelines is delivered directly, and/or by displacement, to the NYFS Companies. The estimated costs related to the NYFS are recovered in base delivery rates. The Company will compare actual NYFS costs to the amounts included in base rates and any over/under recoveries will be recovered through a surcharge or surcredit including carrying charges at the Company's pre-tax WACC.

The NYFS surcharge/surcredit will be included in the DRA and recovered from SC 1 (excluding 1-DG), 2, 3, 9, 15 and 16 firm sales customers and SC 5 firm transportation customers (SC 5-1 (excluding 5-1DG), 5-2, 5-3, 5-9, 5-15 and 5-16). The NYFS rate will appear on the Statement of New York Facilities System Surcharge to be filed not less than one (1) day's notice prior to the effective date.

The initial surcharge/surcredit will reconcile the NYFS costs included in base rates to the estimated NYFS costs for calendar year 2017. Starting April 1, 2019 and each April 1 thereafter, the Company will reset the surcharge/surcredit to reconcile recoveries of the NYFS included in base rates to the actual NYFS costs for the preceding calendar year, including any remaining over/under recoveries from the previous reconciliation year.

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