

PSC NO: 12 GAS

LEAF: 79.5

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 2

INITIAL EFFECTIVE DATE: 03/01/16

SUPERSEDING REVISION: 1

STAMPS:

## GENERAL INFORMATION - Continued

**E. Return Requirement on Gas in Storage**

Effective January 1, 2017: Applicable to Firm Sales Customers under SC 1, 2, 3, 4A, 4A-CNG, 4B & 21. The Return Requirement on Gas in Storage Unitized Charge per therm to be recovered each Gas Cost Year shall developed in advance of every Gas Cost Year for the average of twelve calendar months that starts on September 1st and ends on August 31st for inclusion in monthly billing as follows.

1. Multiply the Return Requirement Percentage by,
2. The projected 12-month average commodity inventory cost of the Company's and KEDLI's market area storage services and production area storage services, excluding WSS inventory used for Off-System Transactions multiplied by,
3. The ratio of:
  - a) The Company's Annual Forecasted Firm and TC Sendout to,
  - b) The Company's Annual Forecasted Firm and TC Sendout plus KEDLI's Annual Forecasted Firm and TC Sendout.
4. The Return Requirement on Gas in Storage = (1) x (2) x (3)
5. Allocate Return Requirement on Gas Storage Inventory to Firm Sales & Firm Transportation Customers: In accordance with the Order Approving Balancing Collaborative Report Recommendations With Revisions, dated October 23, 2014 ("Retail Access Order") in Case Nos. 06-G-1185, 06-G-1186, 14-G-0330 and 14-G-0331, the Company proposes to modify its treatment of storage under its retail access program. The ESCOs will be provided two types of storage by the Company: bundled storage and storage release. The Company will reduce the return requirement on gas storage inventory expense charged to firm transportation customers in proportion to the amount of physical storage capacity that is released to ESCOs to displace the bundled retail access storage.

Allocated Return Requirement on Gas Storage Inventory = (4) x the ratio of Net Reliance on Storage Inventory between firm sales and firm transportation.

Issued by: Kenneth D. Daly, President, Brooklyn, NY