

PSC NO: 1 GAS LEAF: 70.1  
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2  
INITIAL EFFECTIVE DATE: 03/01/16 SUPERSEDING REVISION: 1  
STAMPS:

**GENERAL INFORMATION****3. Average Fixed Cost of Gas**

- a) In advance of each Gas Cost Year, and updated during the year if appropriate, the Company will estimate the Annual Fixed Cost of Gas for the Company and KEDNY on a combined basis as follows:
  - 1) For gas supply, pipeline transportation and storage capacity contracts the Company acquired prior to April 1, 2004: 1) multiply the estimated Suppliers', Pipeline Transporters' and Storage Providers' Fixed Charges by the applicable billing determinants for the Companies for the Gas Cost Year. **PLUS**
  - 2) Any other projected fixed charges applicable to the procurement of gas for the Gas Cost Year following the computation date.
- b) The System Average Fixed Cost of Gas will be computed by dividing: 1) the Annual Fixed Cost of Gas determined above, adjusted to account for fixed gas costs not allocated to ESCOs by the sum of; 2) the Company's Annual Forecasted Firm, TC and Interruptible Sendout and 3) KEDNY's Annual Forecasted Firm, TC and Interruptible Sendout.
- c) The Average Fixed Cost of Gas for each of the following customer groups will be computed as follows:
  - 1) Combined Firm Sales Class  
  
Subtract from the Annual Fixed Cost of Gas determined above: 1) the annual fixed gas costs attributable to the Combined High Load Factor Sales Class, Combined Interruptible Sales Class, Combined TC Sales Class, Combined Wholesale NGV Sales Class and Combined Year Round Space Conditioning Class: and divide by the sum of; 2) the annual forecasted sales and transportation volumes for KEDNY's SC 1, 2, 3, 17 and 21 customers and 3) the Company's SC 1, 2, 3, 9 and 17 and divide by: 4) the Factor of Adjustment.

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