

PSC NO: 1 GAS LEAF: 119.52
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
INITIAL EFFECTIVE DATE: 07/01/14 SUPERSEDING REVISION: 1
STAMPS: Issued in compliance with order in C. 09-M-0311 dated 6/18/14

GENERAL INFORMATION - Continued

Revenue Decoupling Mechanism

Effective January 1, 2010 and in accordance with the Commission's Order in C. 06-G-1186 dated December 22, 2009, Service Classification Nos. 1B, 1BR, 5-1B, and 5-1BR will be subject to a Revenue Decoupling Mechanism ("RDM") to reconcile Actual Billed Delivery Service Revenues to Allowed Billed Delivery Service Revenues. Allowed Billed Delivery Service Revenues will be equal to the Margin Per Customer targets as set forth in the Company's September 25, 2009 Joint Proposal and approved in the aforementioned order for the applicable rate year ending December 31, times the Average Annual Number of Customers in the applicable rate year ending December 31. Actual Billed Delivery Service Revenues will be developed using billed sales and transportation volumes for the service classes listed above multiplied by the effective Service Classification No. 1B delivery service rates.

The Company will file an annual RDM reconciliation and RDM Statement each March 15th following each rate year ending December 31. The RDM reconciliation will include the total surcharge/refund amount and unitized surcharge/refund rates. The unit rates will be calculated by dividing the total surcharge/refund by the current sales and transportation forecast for Service Classification Nos. 1B, 1BR, 5-1B, and 5-1BR. This surcharge/refund factor will be shown on the Revenue Decoupling Mechanism Statement and become effective each May 1st. All refunds or surcharges will be subject to reconciliation at the end of the twelve month period.

Delivery Rate Adjustment

The Delivery Rate Adjustment (DRA) will apply to all customers being served under Service Classification Nos. 1A, 1AR, 1B, 1BR, 1B-DG, 2A, 2B, 3A, 3B, 5, 9, 10, 15, 16 and 17. The DRA will appear as a separate line item on the customer's bill.

The DRA will consist of a weather normalization adjustment applicable to certain heating customers (as explained on Leaf Nos. 78 and 79), a delivery rate surcharge (as explained on Leaf No. 119.50) and the Incremental State Assessment Surcharge/Credit (as explained on Leaf No. 119.51) and, where applicable, the Revenue Decoupling Mechanism (as explained above).

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