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THE BROOKLYN UNION GAS COMPANY

One MetroTech Center

Brooklyn, NY 11201

November 25, 1998

Hon. Debra Renner  
Acting Secretary  
Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223

Dear Acting Secretary Renner:

Pursuant to the provisions of Section 270.55 and 270.57 of Title 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York, we transmit herewith for filing five copies of the following Statement:

**Statement No. 3** "Statement of Cost of Gas and Adjustments" effective **December 1, 1998**, which sets forth the amount of adjustment applicable to monthly usage under Service Classification Nos. 1A, 1AR, 1B, 1BR, 2 and 3 of PSC No. 12-GAS, and the amount of adjustment applicable to usage under Service Classification Nos. 4A, 4B, 7 and 14 of PSC No. 12-GAS.

The following tiered floor prices will take effect on **December 1, 1998** unless otherwise revised by a supplemental filing to account for major changes in gas prices and supplies, as follows:

- !        **\$2.57**/dth for sales to Service Classification Nos. 5A and 5B.
- !        **\$2.43**/dth for sales to Service Classification Nos. 6C, 6G, and 6M.

The first tier price of **\$2.57**/dth represents Brooklyn Union's incremental cost of gas to serve S.C. No. 5A, and 5B customers plus an allowance for lost-and unaccounted-for-gas.

The second tier price of **\$2.43**/dth represents Brooklyn Union's firm weighted average cost of gas to serve S.C. No. 6C, 6G and 6M customers plus an allowance for lost-and unaccounted-for-gas and an allocated demand charge.

Brooklyn Union reserves the right to revise the floor price, as may be necessary to reflect significant changes in the components of this calculation. In addition, the Company fully intends to reflect the current floor price on the Statement of Standard Offer Price - S.C. 5A as filed with the Commission.

Confirmation of receipt of this letter is requested by returning a signed copy of this letter in the enclosed self-addressed envelope.

Respectfully Submitted,

By: \_\_\_\_\_

RRW:RGL:dh

Enc.