

PSC NO: 1 GAS LEAF: 159.1.3  
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1  
INITIAL EFFECTIVE DATE: 11/01/11 SUPERSEDING REVISION: 0  
STAMPS: Issued in compliance with Orders in Case 06-G-1186 dated 01/19/10 and 10/18/11

SERVICE CLASSIFICATION NO. 8  
Seller Service (continued)

4. Monthly Imbalance Account

At the end of each month, the Company will determine the balance in each Seller's Monthly Imbalance Account. The balance will reflect: 1) any portion of the Seller's daily imbalance not subject to daily cash out and 2) any difference between the total monthly usage actually billed to the Seller's Pool grossed up for UFG and the sum of the Pool's daily telemetered consumption volumes grossed up for UFG.

H. Monthly Imbalance Trading and Cashout

Effective December 1, 2011, pursuant to Sections IV and V of the GTOB Manual, all Sellers will have the opportunity to reduce the balance in their Monthly Imbalance Accounts by trading monthly imbalances with other Sellers who have opposing monthly imbalance positions provided that: 1) Sellers that serve SC 5 customers are limited to trading among themselves, 2) Sellers that serve SC 7 and 13 customers and participate in the Company's Monthly Balancing Program are limited to trading among themselves and 3) Sellers that serve SC 7 and 13 customers and participate in the Company's Daily Balancing Program are limited to trading among themselves.

Monthly Balancing Program

Once monthly imbalance trading is completed, any remaining Monthly Imbalances will be cashed out as follows:

1. Negative Monthly Imbalances will be purchased by the Seller at the Monthly Cash Out Price.
2. Positive Monthly Imbalances will be credited to the Seller at the Monthly Cash Out Price.

Daily Balancing Program

Only monthly imbalance account volumes qualify for trading.

Once monthly imbalance trading is completed, any remaining Monthly Imbalances will be cashed out as follows:

- a) The Monthly Cash Out Price for daily balancing will be calculated by summing all the daily cash out prices from the month and dividing by the number of prices.
- b) If the Monthly Imbalance Percentage is within the +/-5% Level then:
  1. Negative Monthly Imbalances will be purchased by the Seller at the Monthly Cash Out Price for daily balancing in a) above.
  2. Positive Monthly Imbalances will be credited to the Seller at the Monthly Cash Out Price for daily balancing in a) above.

Issued by: David B. Doxsee, Chief Financial Officer and Treasurer, Hicksville, NY