

PSC NO: 1 GAS LEAF: 13
 COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 3
 INITIAL EFFECTIVE DATE: 11/01/11 SUPERSEDING REVISION: 2
 STAMPS: Issued in compliance with order in Case 06-G-1186 dated 01/19/10

GENERAL INFORMATION

II. Rules and Regulations (continued):
 1--Definition of Terms (continued):

C (continued)

Cost or Expense: The cost of all applicable material and equipment, labor and definite charges plus a reasonable loading percentage for engineering, purchasing, use of construction equipment and other costs of a general character involved in connection with the work to be performed.

Critical Day: Any 24-hour period commencing 8:00 a.m. in which the Company has declared to be a "Critical Day" on eight hour prior notice.

Customer or Consumer: A person, firm, partnership, corporation, association, developer, builder, governmental agency, or any other entity approved for and supplied gas sales or transportation service by the Company. In general, residential or residing Customers are those maintaining residence at the premises to which gas is supplied whereas non-residential or non-residing Customers do not. A new Customer is a Customer who was not the last Customer at the premises to be served with gas regardless of whether the new Customer was a former Customer or is a Customer at a different location. Customers are covered by 16 NYCRR, Parts 11 and 13.

Customer's Commodity Account: Pursuant to Service Classification Nos. 5 and 7 and 13, the amount of natural gas, measured in therms, that (I) has been delivered to the Company for redelivery to the Customer but has not been consumed by the Customer or (ii) has been consumed by the Customer in excess of the amount that has been delivered to the Company for the Customer. A positive balance in the Customer's Commodity Account means that the Customer has used less natural gas than has been delivered to the Company for redelivery to the Customer and that the Company is holding such amount of the customer's gas in storage. A negative balance in the Customer's Commodity Account means that the Customer has used more natural gas than has been delivered to the Company for redelivery to the Customer.

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Daily Delivery Quantity (DDQ) - Applicable to Sellers participating in the Company's Monthly Balancing Program. The DDQ represents the total daily quantity of gas, grossed up for UFG, the Seller is required by the Company to deliver each day to the Company's city gate to serve the estimated gas consumption of the Seller's customers. Such quantity shall be determined at least monthly by the Company and is subject to the limitations, restrictions, and other provisions contained herein.

Daily Imbalance Quantity - Applicable to Sellers participating in the Company's Daily Balancing Program. The Daily Imbalance Quantity represents the difference between the quantity of gas the Seller delivers to the city gate for the pool and the telemetered daily consumption grossed up for UFG of the pool. A negative daily imbalance results when the pool consumes more gas than is delivered. A positive daily imbalance results when the pool consumes less gas than is delivered.

Daily Imbalance Tolerance (DIT) - Equal to +/- 5%. Applicable to Sellers participating in the Company's Daily Balancing Program. The DIT is calculated by subtracting: 1) the telemetered daily consumption grossed up for UFG of the Seller's pool from : 2) the quantity of gas the Seller delivers to the city gate for the pool and dividing this difference by: 3) the telemetered daily consumption grossed up for UFG of the pool.

Daily Transportation Quantity: Pursuant to Service Classification Nos. 5 and 7, the quantity of gas to be tendered by Seller at the Receipt Point for the customer's account on any day.

Deferred Payment Agreement: A written agreement, a copy of which is provided to the Customer, for the payment of outstanding charges over a specified period of time. Customer's eligibility is covered by 16 NYCRR Parts 11.10 and 13.5.

Delinquent Customer: A non-residential Customer with two or more late payments within the previous 12 month period.

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