

PSC NO: 1 GAS LEAF: 72
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 13
INITIAL EFFECTIVE DATE: 01/01/17 SUPERSEDING REVISION: 11
STAMPS: Issued in compliance with Order in C.16-G-0058 dated December 16, 2016

GENERAL INFORMATION - Continued

III. Adjustments of Rates and Charges (continued):

1--Adjustment of Rates in Accordance with Changes in the Cost of Gas and Pipeline Costs (continued):

E. Merchant Function Charge

The rates for gas service under Service Classification Nos 1, 2, 3, 9, 15, 16, 17 shall include each month the Merchant Function Unitized Charge per therm which is equal to the sum of the following gas supply related unit costs: (1) Gas Procurement and Commodity-Related Sales Promotion Expenses, (2) Commodity-Related Credit and Collection Expenses, (3) Uncollectible Expenses Associated with Gas Costs, (4) Return Requirement on Gas Purchase-Related Working Capital, and (5) Return Requirement on Gas in Storage.

The rates for gas service under Service Classification No 5 shall include each month the Return Requirement on Gas in Storage unitized charge per therm.

TC and interruptible customers will only be charged the following Merchant Function Charges: (1) Gas Procurement and Commodity-Related Sales Promotion Expenses, (2) Commodity-Related Credit and Collection Expenses, (3) Uncollectible Expenses Associated with Gas Costs and Return Requirement on Gas Purchase-Related Working Capital.

1. Gas Procurement and Commodity-Related Sales Promotion Expenses

The Gas Procurement and Commodity-Related Sales Promotion Expenses Unitized Charge per therm is applicable to sales service under: Prior to December 31, 2016: SC 1, 2, 3, 15, 16 & 17
Effective January 1, 2017: SC 1, 2, 3, 9, 12, 15, 16, 17, & 4 and shall be computed as follows:

- a) Divide the Total Annual Gas Procurement and Commodity-Related Sales Promotion Expenses for each year as shown on the schedule below

Through December 31, 2016, the Total Annual Gas Procurement and Commodity-Related Sales Promotion Expenses will be held at \$1,460,502.

Effective January 1, 2017, the Total Annual Gas Procurement and Commodity-related Sales Promotion Expenses is \$848,000.

Effective September 1 through August 31 of each year, the Total Annual Gas Procurement and Commodity-Related Sales Promotion Expenses for each GAC year are shown on the schedule below:

September 1, 2017 - August 31, 2018: \$ 860,076
September 1, 2018 - August 31, 2019: \$ 878,299
September 1, 2019 - August 31, 2020: \$ 921,958

Beyond August 31, 2020, the total Annual Gas Procurement and Commodity-Related Sales Promotion Expenses will be held at \$921,958 unless changed by the Commission.

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