

PSC NO: 1 GAS LEAF: 72.3
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
INITIAL EFFECTIVE DATE: 01/01/17 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with Order in C.16-G-0058 dated December 16, 2016

GENERAL INFORMATION - Continued

- a) Multiply the Pre-Tax WACC Percentage by
- b) The projected 12-month average commodity inventory cost of the Company's and KEDNY's market area storage services and production area storage services, excluding WSS inventory used for Off-System Transactions
- c) Estimated Return Requirement on Gas Storage Inventory : (a) x (b).
- d) Allocate Return Requirement on Gas Storage Inventory to Firm Sales & Firm Transportation Customers. The ESCOs will be provided two types of storage by the Company: bundled storage and storage release. The Company will reduce the return requirement on gas storage inventory expense charged to firm transportation customers in proportion to the amount of physical storage capacity that is released to ESCOs to displace the bundled retail access storage.

Allocated Return Requirement on Gas Storage Inventory =
(c) x the ratio of Storage Inventory between firm sales and firm transportation

- f) The Return Requirement on Gas in Storage Unitized Charge per therm shall be computed by dividing the Allocated Return Requirement on Gas in Storage computed in step (d) for the Gas Cost Year, or Partial Gas Cost Year where applicable, by the sum of (1) estimated sales for customers served under Service Classification Nos. 1, 2, 3, 9, 15, 16, and 17 and (b) estimated transportation for customers served under Service Classifications No. 5 for the corresponding time period.
6. The Merchant Function Unitized Charge per therm will be set forth on the Statement of Monthly Cost of Gas and Adjustments =
(1)+(2)+(3)+(4)+(5)

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