

PSC NO: 1 GAS**STATEMENT TYPE: GAC**

COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I.

STATEMENT NO: 54

INITIAL EFFECTIVE DATE: 09/01/03

STATEMENT OF GAS AND PIPELINE COSTS AND ADJUSTMENTS
(Issued under authority of 16 NYCRR 270.57)

Applicable to Billing as explained on Leaf Nos. 68, 69, 70, 71, 72 and 73

| Applicable to Service Classification Nos. | | <u>1,2,3,15&16</u> | <u>5</u> |
|--|--|-------------------------------|-----------------|
| 1. | Average cost of gas, including Pipeline costs, at the City Gate, for the month of September 2003 | 65.5319 | 0.0000 |
| 2. | Factor of Adjustment | 1.0404 | 1.0404 |
| 3. | Monthly Average Cost of Gas, including Pipeline costs, at the Customer Meter | 68.1794 | 0.0000 |
| 4. | Monthly Adjustment Surcharge/Refund | 0.0000 | 0.0000 |
| 5.a. | Transition Surcharge | 0.0000 | 0.0000 |
| b. | Transition Surcharge Credit | 0.0000 | N/A |
| 6. | Adjusted Monthly Average Cost of Gas | 68.1794 | 0.0000 |
| 7. | Refund provision credit per therm | 0.9066 | 0.9066 |
| 8. | LIPA Local Transportation Credit therm | 0.1816 | 0.1816 |
| 9. | Cost of Gas Credits | | |
| a. | Interruptible sales credit per therm | 1.9057 | |
| b. | Research and Development Surcharge | (0.1180) | |
| c. | Merchant Function Backout Credit | 1.9000 | |
| | Subtotal | 1.7877 | 3.6877 |
| 10. | Annual Surcharge or Refund per therm of gas sold applicable during the period September through December 2003 referable to the twelve months ending August 2002 Refund | (2.3259) | (2.3259) |
| 11. | Recovery of GCA property tax deferral | (5.1612) | (5.1612) |
| 12. | Total Credit (Sum of Lines 7 thru 11) Commencing with meter readings taken on and after the effective date and continuing thereafter until changed, the Gas Cost per therm applicable to customers; bills shall be: | (4.6112) | (2.7112) |
| 13. | Bills rendered monthly | 72.7906 | 2.7112 |

Issued by Alfred C. Bereche, Ass~~t~~. General Counsel and Secretary,
KeySpan Gas East Corp. DBA Brooklyn Union of L.I.
Hicksville, New York

Computation Date: August 28, 2003