

PSC NO: 1 GAS LEAF: 157.1  
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0  
INITIAL EFFECTIVE DATE: 11/01/11 SUPERSEDING REVISION:  
STAMPS: Issued in compliance with order in Case 06-G-1186 dated 01/19/10

SERVICE CLASSIFICATION No. 8  
Seller Service (continued)

b) Daily Balancing Program:

The Daily Cash Out Price is a weighted average dollar per dekatherm price determined for each Seller proportionate to the amount of gas that the Seller delivers on each interstate pipeline to the Company's city gate.

The interstate pipeline gas prices used to compute the Daily Cash Out Price are obtained from Platt's Gas Daily Price Guide, Daily Price Survey for date of flow as follows:

Transco - Transco Zone 6 NY mid-point price  
Texas Eastern - Tx. Eastern M3 mid-point price  
Iroquois - Iroquois Zone 2 mid-point price  
Tennessee - Tx Eastern M3 mid-point price

4. Daily Cash Out Penalties

Applicable to Sellers participating in the Company's Monthly Balancing Program.

a) City Gate Balancing Penalty Charge

The City Gate Balancing Penalty Charge is equal to \$10.00 per dekatherm and is charged on any day that the total quantity of gas delivered to the city gate by the Seller is less than 98% of the Seller's DDQ.

b) Operational Flow Order ("OFO") Penalty Charge

The Operational Flow Order Penalty Charge is equal to \$25.00 per dekatherm and is charged to Sellers on any day the Company issues an OFO and the total quantity of gas delivered to the city gate by the Seller is less than 98% of the Seller's DDQ.

5. Monthly Cash Out Prices

Applicable to Sellers participating in either the Company's Monthly Balancing Program or Daily Balancing Program.

a) Monthly Balancing Program: The Monthly Cash Out Price is the Transco Zone 6 NY Index published at the start of each month in the Platts Gas Daily Price Guide, Market Center Spot Gas Prices for the Northeast and is reflected as a per dekatherm price.

b) Daily Balancing Program: The Monthly Cash Out Price is determined for each Seller based on the simple average of the Daily Cash Out Prices that were in effect during the month.

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