PSC NO: 1 GAS   LEAF: 159.3
COMPANY: KEYSPAN GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
INITIAL EFFECTIVE DATE: 08/01/09   SUPERSEDING REVISION: 1
STAMPS: Issued in compliance with Order in Case 06-G-1186 dated 06/23/09

SERVICE CLASSIFICATION NO. 8
Seller Service (continued)

Sellers that do not meet the creditworthiness guidelines set forth in the Uniform Business Practices will be required to prepay for winter bundled sales service. The prepayment must be made via wire transfer or ACH payment by no later than three (3) business days prior to the last day of the month preceding the month in which the bundled sales are to be made. The prepayment will be calculated by taking the product of 0.9 times the estimated price of Tier 2 winter bundled sales for that month. The prepayment amount will be trued up when actual costs of the bundled sales are available and any adjustment will be made in the succeeding bill period. Sellers may elect to make alternative security arrangements consistent with the Uniform Business Practice to secure credit for the purchase of bundled sales, provided that any such alternative security must be in place no less than 60 days before the November 1st start date of the bundled sales service period.

Tier 3 – Virtual Storage Service Supply

The Company will provide a Tier 3 Virtual Storage Service Supply from December through March that is equal to the Seller's Tier 3 Daily Delivery Quantity ("Tier 3 DDQ"). The Tier 3 DDQ will be reset each winter month based on the Seller's incremental load requirements. Incremental load requirements, in this context, mean the delivery volume that exceeds the sum of the Seller's Tier 1 Capacity Release Volume and Tier 2 DDQ.

The price of the Tier 3 Virtual Storage Service Supply will be computed assuming domestic US gas supply is injected on a pro-rata basis into each of the Company's market area storage services throughout the summer injection season (May 1st to Oct 31st). The Company will compute the weighted average inventory price of gas injected into Tier 3 Virtual Storage Service Supply by taking the sum of 1) the gas commodity price as represented by the NYMEX contract price for the month; 2) the weighted average published basis from the Henry Hub to the liquid trading points in the US that the Company relies on to purchase storage supplies; 3) the weighted average variable transportation costs and fuel losses to transport gas from the receipt points on each of the Company's domestic pipeline transportation contracts to the storage injection points, 4) the weighted average variable injection costs and fuel losses to inject gas into each of the Company's storage services, and 5) the commodity cost of inventory carried over from the prior year.

The Company requires no payment from the Seller prior to the start of the winter season for the gas available as Tier 3 Virtual Storage Service Supply. The Company will compute the per dekatherm price of the Tier 3 Virtual Storage Service Supply billed to the Sellers by taking the sum of 1) the weighted average inventory price as of the end of the injection season; 2) the weighted average variable withdrawal costs and fuel losses to withdraw gas from each of the Company's storage services; 3) the weighted average variable transportation costs and fuel losses to transport storage gas on each of the Company's storage transportation contracts to the Company city gates; plus 4) the Company's unitized demand cost of its non-swing storage.

The cost of the Tier 3 – Virtual Storage Service Supply Seller shall pay each month shall be computed by multiplying: 1) the Tier 3 Virtual Storage Service Supply per dekatherm price by 2) the Tier 3 DDQ by 3) the number of days each month.

Issued by: Nick Stavropoulos, Executive Vice President, Hicksville, NY