

PSC NO: 1 GAS LEAF: 159.2
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 4
INITIAL EFFECTIVE DATE: 10/01/10 SUPERSEDING REVISION: 3
STAMPS:

SERVICE CLASSIFICATION NO. 8
Seller Service (continued)

Tier 1 - Capacity Release

Subject to the conditions described below, the Company will release interstate pipeline capacity to the Seller or Seller's Agent each month for the 12-month period beginning November 1st of each year (the Gas Year). The amount of interstate capacity released the "Tier 1 Capacity Release Volume" will be set at 75% of the estimated November daily load, grossed up for UFG, of the Seller's Customers at the start of the Gas Year. The Company will release interstate pipeline capacity on the "Selected Pipelines" as specified in the Company's GTOP Manual. As the Gas Year progresses, the Company will recalculate the equivalent November daily load, grossed up for UFG, of the Seller's Customers to reflect any increase or decrease in the number or demand of Customers and adjust the Tier 1 Capacity Release Volume accordingly. If the Tier 1 Capacity Release Volume is insufficient to fully meet the requirements of the Seller's Customers during the summer months of May through October, the Company will increase the Tier 1 Capacity Release Volume each summer month, as required, to match the estimated load of the Seller's Customers, grossed up for UFG.

The Tier 1 capacity released on the Selected Pipelines will be at the Selected Pipelines' maximum rates. Effective November 1, 2010, the Tier 1 capacity released on the Selected Pipeline will be at the Company's WACOC. The Seller or Seller's Agent is responsible for all fixed and variable costs associated with the released capacity.

The Seller or Seller's Agent must deliver supply to the Company by means of the Tier 1 released capacity and is obligated to deliver gas to the Company for the Seller's Customers as required by the Company's tariff. The Seller or Seller's Agent is required to meet all obligations required by the Selected Pipelines under their respective tariffs.

Tier 2 - Bundled Winter Sales Service

The Company will provide a Tier 2 Bundled Winter Sales Service from November through March (and April, as required) that is equal to the Seller's Tier 2 Daily Delivery Quantity ("Tier 2 DDQ"). The Tier 2 DDQ will be set at 25% of the estimated November daily load, grossed up for UFG, of the Seller's Customers at the start of the Gas Year. As the Gas Year progresses, the Company will recalculate the equivalent November daily load, grossed up for UFG, of the Seller's Customers each month to reflect any increase or decrease in the number or demand of Customers and adjust the Tier 2 DDQ accordingly.

The per dekatherm price of the Tier 2 Bundled Winter Sales Price reflects the gas commodity and variable transportation costs associated with providing the service. Specifically, the Company will compute the per dekatherm price by adding: 1) the NYMEX contract price for the month; plus 2) the weighted average of the published basis from the Henry Hub to the Selected Pipeline receipt points; plus 3) the weighted average variable transportation costs and fuel losses to transport gas from the Selected Pipeline receipt points to the Company's city gate; plus 4) the Company's WACOC. This price will be included on the Statement of Seller Charges and Adjustments filed with the Commission by the fourth business day following the effective month.

Seller will pay on a monthly basis the cost of the Tier 2 - Bundled Winter Sales Service, which will be computed by multiplying 1) the Tier 2 -Bundled Winter Sales Service per dekatherm price by 2) the Tier 2 DDQ by 3) the number of days each month.

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