

PSC NO: 12 GAS

LEAF: 335

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 3

INITIAL EFFECTIVE DATE: 11/03/06

SUPERSEDING REVISION: 2

STAMPS:

SERVICE CLASSIFICATION No. 17 - Continued

Partial Gas Cost Year – The Gas Cost Year beginning January 1, 2007 and ending August 31, 2007.

Return Requirement Percentage – The Weighted Average Cost of Capital.

Transporter - An interstate pipeline transporting gas owned by Customer to the company for the Customer's account.

Unbundled Supply Rate (Merchant Function Costs)

- As of the rate effective date and continuing until the Commission approval of a replacement rate, a credit of \$.011/therm will be applied to any firm transportation service customer's bill except for customers taking service under CTS-21, or customers whose marketers that participate in the Company's Purchase of Receivables program. This credit will consist of reduced or avoided costs regarding gas supply procurement functions, credit and collection costs allocated to supply and sales promotion expense allocated to supply. This credit will appear on the Statement of Unbundled Transportation Service Charges.
- For customers whose marketers participate in the Company's Purchase of Receivables Program, a credit of \$.001/therm will be applied to their bill. This credit will consist of reduced or avoided costs regarding gas supply procurement functions and credit and collection costs.
- The Company may recover lost revenue arising from the Unbundled Supply Rate (Merchant Function Costs) through the Transition Balancing Account (TBA), which is referenced in and will survive the expiration of the Gas Restructuring Joint Proposal approved by the Commission on May 23, 2002 in Case 99-G-1469. On a quarterly and annual basis, the Company will provide to Commission Staff a report of the balance of the TBA, showing a full reconciliation of funds.

Issued by: John J. Bishar, Jr., Executive Vice President, General Counsel, and Secretary, Brooklyn, NY