

PSC NO: 12 GAS

LEAF: 69

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 7

INITIAL EFFECTIVE DATE: 11/03/06

SUPERSEDING REVISION: 6

STAMPS:

GENERAL INFORMATION – Continued

Partial Gas Cost Year – The Rate Effective Date through August 31, 2007

Projected Total Cost of Gas for (1) the Partial Gas Cost Year is the sum of Projected Monthly Commodity Cost of Gas for the Partial Gas Cost Year plus the Projected Fixed Cost of Gas for the Partial Gas Cost Year, for (2) the Gas Cost Year, the sum of the Projected Monthly Commodity Cost of Gas for the Gas Cost Year plus the Projected Fixed Cost of Gas for the Gas Cost Year.

Return on Gas in Storage – the Return Requirement Percentage multiplied by the 13-month average storage inventory balance.

Return on Working Capital – the Return Requirement Percentage multiplied by (1) the Lead-Lag Percentage and (2) total gas costs.

Return Requirement Percentage – the weighted average cost of capital, or our expected rate of return on investment.

Sales Customer Share of Throughput - (1) total firm sales to Service Classifications 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 divided by the sum of (a) total firm sales to Service Classifications 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 plus (b) total firm transportation service to Service Classifications Nos. 17-1A, 17-1AR, 17-1B, 17-1BR, 17-2, 17-3, 17-4A, 17-4A-CNG, 17-4B, 17-7, 17-14 and 17-21

Total Revenues – Sales and transportation revenues excluding off-system sales, allowances and marketers' charges.

Unaccounted for Gas - Sendout less volume of gas billed at customer meters

Uncollectible Expenses - Uncollectible expenses associated with gas supply are the product of the Uncollectible Rate and total gas costs.

Uncollectible Rate – Total uncollectible expenses divided by total revenues.

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