

PSC NO: 12 GAS

LEAF: 68

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 8

INITIAL EFFECTIVE DATE: 11/03/06

SUPERSEDING REVISION: 7

STAMPS:

GENERAL INFORMATION - Continued

Off-system Service Incentive shall be fully credited to the gas cost applicable to Service Classification Nos. 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B and 21 shall be equal to the sum of the following:

- (1) Ninety percent of capacity release credits associated with the net volume of interstate pipeline capacity made available for release as a result of conversions of Core Customers to transportation service under Service Classification No. 17 prior to April 1, 1999, **PLUS**
- (2) Eighty percent of
 - (a) margin revenues from Off-System Transactions rendered to off-system customers other than sales from the Transco Washington Storage Field ("WSS"), **plus**
 - (b) all other capacity release credits, other than capacity release credits associated with releases made directly to a marketer serving transportation customers on the Company's system and releases made possible by virtue of incremental third party capacity delivered to the Company citygate by a marketer serving transportation customers on the Company's system after April 1, 1999, **PLUS**
- (3) For off-system sales from WSS:
 - (a) eighty percent of the margin revenues from such sales net applicable carry costs and pro-rata WSS demand costs, **plus**
 - (b) one hundred percent of such pro-rata WSS demand costs, **PLUS**
- (4) One hundred percent of capacity release credits associated with releases made directly to a marketer serving transportation customers under Service Classification 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

However, during any period that a Gas Supply Management Arrangement is in effect and similar to one that was effective on the date of the Commission's Order in Case 98-G-0824, the Off-system Service Incentive will be calculated as follows: the product of 1.1 million dekatherms and the average credit per dekatherm received by the Company from capacity released during the twelve months ending March 31, 1998 multiplied by .1 shall be added to eighty percent of (a) margin revenues from Off-System Transactions rendered to off-system customers, and (b) capacity release credits, and that total.

Off-system Transactions - May include Gas Supply Management Arrangements, sales of gas for resale in interstate commerce made pursuant to Federal authorization, retail sales of gas made to customers located outside the Company's Service Territory, transportation services to customers located outside of the Company's Service Territory, and any other gas sales and transportation transactions with customers located outside of the Company's Service Territory, including parking services and balancing.

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