

PSC NO: 1 GAS LEAF: 69  
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 3  
INITIAL EFFECTIVE DATE: 11/03/06 SUPERSEDING REVISION: 2  
STAMPS:

### GENERAL INFORMATION

#### III. Adjustments of Rates and Charges:

##### 1- Adjustment of Rates in Accordance with Changes in the Cost of Gas and Pipeline Costs:

###### A. Statement of Monthly Cost of Gas and Adjustments

###### 1) Effective Date

The Monthly Cost of Gas and Adjustments shall be effective commencing the first day of the calendar month following the computation date and shall continue in effect until changed.

###### 2) Explanation of Terms

###### a) Factor of Adjustment

The Factor of Adjustment is an adjustment for distribution losses calculated as a ratio of losses to system requirements. The factor is the adjustment ratio divided by its complement. The current Factor of Adjustment is 1.0303 and was developed from the 12-month revenue requirements in Case No. 93-G-0002.

###### B. Applications of Gas and Pipeline Costs and Adjustments

###### 1) The application of Statement of Gas and Pipeline Costs and Adjustments will:

a) Begin with meter readings taken on and after the effective date of the current Statement, and

b) Shall continue in effect until changed on a later Statement.

###### C. Monthly Average Cost of Gas

1) The Monthly Average Cost of Gas for Service Classifications Nos. 1, 2, 3, 15, 16, and 17 will be the sum of (1) the Projected Monthly Commodity Cost of Gas With Hedging Costs/Credits per therm for such service classifications, PLUS (2) the Projected Monthly Fixed Cost of Gas with Credits per therm for such service classifications. The Projected Monthly Cost of Gas will be adjusted for the unaccounted for gas factor of adjustment ratio of 1.0373.

1. **The Projected Monthly Commodity Cost of Gas Adjusted for Hedging** for Service Classification Nos. 1, 2, 3, 15, 16 and 17 shall be computed each month as follows:

a. **Monthly Commodity Cost of Gas** shall be computed as follows:

(i) Multiply the Suppliers' estimated unit gas Commodity Charges by the quantity of supply projected to be purchased in the Monthly Forecasted Firm and TC Dispatch, **PLUS**

Issued by: Joseph F. Bodanza, Senior Vice President, Hicksville, NY