

PSC NO: 1 GAS LEAF: 73.1  
 COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0  
 INITIAL EFFECTIVE DATE: 11/03/06 SUPERSEDING REVISION:  
 STAMPS:

**GENERAL INFORMATION**

**I. Annual Cost of Gas Imbalance Surcharge or Refund for Service**  
 Classification Nos. 1, 2, 3, 15, 16, and 17

A surcharge or refund to recover gas adjustment undercollections or refund gas adjustment overcollections from customers served under Service Classification 1, 2, 3, 15, 16, and 17 shall be computed as follows:

- |                 |    |   |
|-----------------|----|---|
| <b>Compare:</b> | 1  | Total Actual Fixed Cost of Gas with Credits <b>PLUS</b>                                   |
|                 | 2  | Total Actual Commodity Costs with Hedging Costs/Credits                                   |
| <b>to</b>       | 3  | Total Fixed Cost of Gas With Credits for Credits Recoveries <b>PLUS</b>                   |
|                 | 4. | Total Commodity Cost of Gas with Hedging Costs/Credits Recoveries, <b>ADD OR SUBTRACT</b> |
|                 | 5. | Total Imbalance Surcharge Recoveries or Refunds.  |
1. Total Actual Fixed Cost of Gas With Credits is computed as:
- |   |   |
|---|---|
| a | Actual suppliers, transporters and storage providers fixed rates and charges, <b>PLUS</b>         |
| b | Any other fixed charges for the Gas Cost Year, <b>LESS</b>  |
| c | Actual Service Classification Nos. 12 billed sales multiplied by 3.50 cents per therm <b>LESS</b> |
| d | Actual Off-System Service Incentive, <b>LESS</b>  |
| e | Actual Power Generation Sales Credits, <b>LESS</b>  |
| f | Actual Standby Demand Charges (net of revenue taxes) collected from Service Classification No. 8  |
- Total Actual Fixed Cost of Gas With Credits = a + b - c - d - e - f
2. Total Actual Commodity Costs with Hedging Costs/Credits is computed as:
- |   |  |
|---|--|
| a | Actual Commodity Cost of Gas <b>PLUS</b> |
| b | Actual Hedging Costs                     |
- Total Actual Commodity Cost of Gas with Hedging Costs/Credits = a + b.

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