

PSC NO: 1 GAS
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I.
INITIAL EFFECTIVE DATE: 11/03/06

LEAF: 74.2
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

L. Gas-Related Costs

1. Supply-Related Costs Charge

The rates for gas service under Service Classification Nos. 1, 2, 3, 15, 16, and 17 shall include each month the **Monthly Gas-Related Costs Charge**

The projected Monthly Supply-Related Cost shall be computed in December 2006 for the Partial Gas Cost Year, and thereafter every August for the following Gas Cost Year for inclusion in the monthly billing for the following Gas Cost Year, shall be computed as follows:.

- a. Multiply the projected Uncollectible Rate by the Projected Total Cost of Gas, **PLUS**
- b. Multiply the projected Return Requirement Percentage by (i) the projected Lead-Lag Percentage and by (ii) the Projected Total Cost of Gas, **PLUS**
- c. The Monthly Gas-Related Costs for Service Classification Nos. 1, 2, 3, 15, 16, and 17 equals the result of dividing (1)+(2) by the projected sum of the Monthly Dispatch Gas Forecast for Service Classification Nos. 1, 2, 3, 15, 16, and 17 for the Gas Cost Year.

The resultant Projected Monthly Gas-Related Cost for Service Classification Nos. 1, 2, 3, 15, 16, and 17 shall be set forth on the monthly Statement of Gas and Pipeline Costs and Adjustments.

2. Return on Storage Charge

The rates for gas service under Service Classification Nos. 1, 2, 3, 5, 15, 16, and 17 shall include each month the Return on Storage Charge

The projected Monthly Return on Storage Charge shall be computed in December 2006 for the Partial Gas Cost Year, and thereafter every August for the following Gas Cost Year for inclusion in the monthly billing for the following Gas Cost Year, shall be computed as follows:.

- a. The Return Requirement Percentage multiplied by the projected 13-month average storage balance.
- b. The Monthly Gas-Related Costs for Service Classification Nos. 1, 2, 3, 5, 15, 16, and 17 equals the result of dividing (1) by the projected sum of the Monthly Dispatch Gas Forecast for Service Classification Nos. 1, 2, 3, 5, 15, 16, and 17 for the Gas Cost Year.

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