

PSC NO: 1 GAS LEAF: 75
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
INITIAL EFFECTIVE DATE: 11/03/06 SUPERSEDING REVISION: 1
STAMPS:

GENERAL INFORMATION**III. Adjustments of Rates and Charges (continued):****2--Increase in Rates and Charges Applicable in Municipality Where Service is Supplied**

- A. Statutes: The rates and charges under all service classifications, payable in the municipality where service is supplied, are increased by a percentage equal in amount to the aggregate percentage rate of the taxes imposed on the Company's revenues in respect to such municipality pursuant to the following statutes:

- .1 Tax Law, Article 9 - Section 186a, Article 9-A - Section 210 and 1201(a)
- .2 General City Law Section 20-b; and
- .3 Village Law Section 5-530.

- B. Statement: The applicable revenue tax surcharges shall set forth on statements filed with the Public Service Commission and are subject to adjustment whenever the state, city or village levies a new tax on the company's gross revenues, repeals such a tax, or changes the rate of such tax.

- .1 Filing Requirements and Applicability: Every such statement shall be filed not less than fifteen (15) business days before the date on which the statement is proposed to be effective, and no sooner than the date of the tax enactment to which the statement responds; shall become effective no sooner than the date when the tax enactment is filed with the Secretary of State; shall be applicable to bills subject to the tax enactment that are rendered on or after the effective date of the statement; and shall be canceled not more than five (5) business days after the tax enactment either ceases to be effective or is modified so as to reduce the tax rate.

- .2 Availability: Such statement will be available to the public at the company offices at which application for service may be made.

- C. Metropolitan Transportation Authority Surcharge: The rates and Charges under all service classifications shall be increased by an additional percentage, after the Effective Aggregate Percentage has been applied to recover the tax expenses imposed by the Temporary Metropolitan Business Tax Surcharge, pursuant to Tax Law Section 186b and 186c.

The surcharge percentage shall be set forth on the Statement of Adjustment in Rates and Charges described in Section III.2B and shall remain in effect for a twelve (12) month period.

A new surcharge percentage shall be filed for each year the tax surcharge is applicable. The actual tax surcharge expense shall be reconciled with the revenues produced during each 12 month period and a reconciliation adjustment made in the last two (2) months, if necessary, of each 12 month period.

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