

PSC NO: 1 GAS LEAF: 71  
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 3  
INITIAL EFFECTIVE DATE: 11/01/06 SUPERSEDING REVISION: 2  
STAMPS:

**GENERAL INFORMATION****III. Adjustments of Rates and Charges (continued):**

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

3) Transportation Customers: Capacity Release Service Adjustment:

The Capacity Release Service Adjustment ("CRSA") for Service Classification No. 5 shall be set annually as of November 1<sup>st</sup> and will reconcile the difference, positive or negative, between the Company's WACOC and the average price of capacity released under the Company's Marketer/Direct Customer Capacity Program. The Company will estimate the CRSA in advance of each year by determining the total annual cost difference between its estimated WACOC and estimated average price of capacity released under the Marketer/Direct Customer Capacity Program and will derive a per therm rate by dividing this annual cost difference by the estimated annual SC5 Transportation Customer consumption. In its annual reconciliation filing, the Company will reconcile its initial estimate of the CRSA with the calculated adjustment based upon its updated WACOC, actual release rates, actual volume of capacity released, and actual customer use in therms.

E. Computation of the Monthly Commodity Cost of Gas

- 1) The Monthly Commodity Cost of Gas for Service Classification Nos. 1, 2, 3, 15, 16, and 17 is computed by dividing the estimated total Commodity Cost of Gas purchased for that month, by the Company's forecast of monthly firm gas sendout for Customers on those Service Classifications, and multiplying the result by the Factor of Adjustment, to adjust for lost and unaccounted-for gas.
  - a) The Monthly Commodity Cost of Gas, expressed in dollars, is calculated by adding:
    - i) The Suppliers' charges for gas procured to meet the Company's monthly firm gas sendout forecast,
    - ii) The cost of gas withdrawn from storage, calculated at the average cost of stored gas, and
  - b) All other allowable charges associated with the purchase of gas supply, including risk management costs and amounts for replacement cost of fuel, if Customer-owned gas is diverted from Interruptible Service Customers. (See Section J below)

F. Adjustments for Refunds from Pipelines

- 1) Refunds received from pipelines will be:
  - a) Credited over a 12-month period to Service Classification Nos. 1, 2, 3, 5, 15, 16 and 17 with interest set by the Commission, through adjustments to the cost of gas or pipeline charges shown on Statement of Gas and Pipeline Costs and Adjustments, and
  - b) Allocated to Service Classifications on the basis of forecasted sales or transported quantities for the next 12-month period, and
  - c) Reconciled, when concluded, on or before August 31 of each year, with differences applied to the Annual Adjustment computation described in I.2 and 3 below.

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