

PSC NO: 12 GAS

LEAF: 79.5

COMPANY: THE BROOKLYN UNION GAS COMPANY

REVISION: 0

INITIAL EFFECTIVE DATE: 01/01/08

SUPERSEDING REVISION:

STAMPS: Issued in compliance with order in Case 06-G-1185 dated December 21, 2007

GENERAL INFORMATION - Continued

2. Total Return Requirement on Gas Purchase-Related Working Capital = (1) x [(a) + (b)] for the Gas Cost Year, or Partial Gas Cost Year where applicable.
3. The Return Requirement on Gas Purchase-Related Working Capital Unitized Charge per therm shall be computed by dividing the Total Projected Return on Working Capital determined in step (2) above for the Gas Cost Year, or Partial Gas Cost Year where applicable by the estimated sales for customers served under Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 for the corresponding time period.

E. Return Requirement on Gas in Storage

The Return Requirement on Gas in Storage Unitized Charge per therm to be recovered each Gas Cost Year shall initially be projected in advance of the Partial Gas Cost Year over a 13-month period starting January 1, 2008 and ending January 31, 2009. Thereafter, the projection will be developed in advance of every Gas Cost Year for a 13-month period that starts on September 1st and ends on September 30th for inclusion in monthly billing as follows.

1. Multiply the Return Requirement Percentage **by**,
2. The projected 13-month average commodity inventory cost of the Company's and KEDLI's market area storage services and production area storage services, excluding WSS inventory used for Off-System Transactions **multiplied by**,
3. The ratio of:
 - a) The Company's Annual Forecasted Firm and TC Sendout **to**,
 - b) The Company's Annual Forecasted Firm and TC Sendout plus KEDLI's Annual Forecasted Firm and TC Sendout.
4. The Return Requirement on Gas in Storage = (1) x (2) x (3)

Issued by: John J. Bishar, Jr., Executive Vice President, General Counsel, and Secretary, Brooklyn, NY