

PSC NO: 12 GAS

LEAF: 79.7

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

If the resulting overcollection or undercollection factor is greater than \$0.02 per therm, then the Monthly Cost of Gas Imbalance Surcharge or Refund factor for the calendar month in question shall be limited to \$0.02 per therm; if the resulting overcollection or undercollection factor is less than or equal to \$0.02 per therm, no surcharge or refund factor will be reflected for the calendar month in question. The Company shall be permitted to revise the \$0.02 per therm tolerance band during the year if it determines that such an adjustment, upward or downward, is necessary to minimize the projected overcollection at the end of the period; provided, however, that the resultant refund will not exceed \$0.05 per therm.

36. ANNUAL SURCHARGE OR REFUND

A. Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21

A surcharge or refund to recover gas adjustment undercollections or refund gas adjustment overcollections from customers served under Service Classification Nos. 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 shall be computed as follows:

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|----------|-----|---|
| Compare: | 1. | Total Actual Fixed Cost of Gas PLUS |
| | 2. | Total Actual Commodity |
| | | Costs PLUS or LESS |
| | 3. | Total Actual Hedging Costs / |
| | | Credits LESS |
| | 4. | Total Actual Gas Credits |
| to | 6. | Total Fixed Cost of Gas Recoveries PLUS |
| | 7. | Total Commodity Cost of |
| | | Gas Recoveries PLUS or LESS |
| | 8. | Total Hedging Costs / Credits |
| | | Recoveries, LESS |
| | 9. | Total Gas Credit Recoveries ADD OR SUBTRACT |
| | 11. | Total Imbalance Surcharge Recoveries or Refunds, ADD |
| | | OR SUBTRACT net remaining prior year imbalance. |

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