

PSC NO: 12 GAS
 COMPANY: THE BROOKLYN UNION GAS COMPANY
 INITIAL EFFECTIVE DATE: 01/01/08
 STAMPS: Issued in compliance with order in Case 06-G-1185 dated December 21, 2007

LEAF: 79.10
 REVISION: 0
 SUPERSEDING REVISION:

GENERAL INFORMATION - Continued

- B. Annual Gas Supply-Related Cost Surcharge or Refund for Service
 Classification Nos. 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 shall be computed as follows:
- Compare:
- | | | | |
|----|-------------------------------------|----|---------------------------------------|
| 1. | Actual Gas Supply-Related Costs | | |
| | | to | |
| | | | 2. Gas Supply-Related Cost Recoveries |
| | | | ADD OR SUBTRACT |
| 3. | Net remaining prior year imbalance. | | |
1. Actual Gas Supply-Related Costs =
- a. Gas Procurement and Commodity-Related Sales Promotion Expenses prorated for the Gas Cost Year, PLUS
 - b. Commodity-Related Credit and Collection Expenses prorated for the Gas Cost Year, PLUS
 - c. Actual Uncollectible Expenses Associated with Gas Costs calculated by multiplying the Uncollectible Rate by actual total gas costs as determined in the Annual Surcharge or Refund computation on Leaf 79.8, PLUS
 - d. Actual Return Requirement on Gas Purchase-Related Working Capital calculated by multiplying the Return Requirement by (a) the Lead-Lag rate and by (b) actual total gas costs as determined in the Annual Surcharge or Refund computation on Leaf 79.8.

Total Actual Supply-Related Costs = a + b + c + d

2. Supply-Related Cost Recoveries =
 Recoveries from Supply Related Costs during the Gas Cost Year, net of associated revenue taxes.
3. Gas Supply-Related Costs Imbalance Surcharge or Refund Recoveries =
 Total revenues or refunds from the Gas Supply-Related Cost Imbalance Surcharge or Refund charges during Gas Cost Year, net of associated revenue taxes plus the prior year imbalance.

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