

PSC NO: 1 GAS LEAF: 72.3
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0
INITIAL EFFECTIVE DATE: 01/01/08 SUPERSEDING REVISION:
STAMPS: Issued in compliance with order in Case 06-G-1186 dated 12/21/07

GENERAL INFORMATION - Continued

- a) Multiply the Return Requirement Percentage by
 - b) The projected 13-month average commodity inventory cost of the Company's and KEDNY's market area storage services and production area storage services, excluding WSS inventory used for Off-System Transactions **multiplied by**
 - c) The ratio of: 1) the Company's Annual Forecasted Firm and TC Sendout to 2) the Company's Annual Forecasted Firm and TC Sendout plus KEDNY's Annual Forecasted Firm and TC Sendout.
 - d) The Return Requirement on Gas in Storage Unitized Charge per therm shall be computed by dividing the Return Requirement on Gas in Storage computed in step (c) for the Gas Cost Year, or Partial Gas Cost Year where applicable, by the sum of (1) estimated sales for customers served under Service Classification Nos. 1, 2, 3, 15, 16, and 17 and (b) estimated transportation for customers served under Service Classifications No. 5 for the corresponding time period.
6. The Merchant Function Unitized Charge per therm =
(1)+(2)+(3)+(4)+ (5)

Issued by: Nick Stavropoulous, Executive Vice President, Hicksville, NY