

PSC NO: 1 GAS LEAF: 73.3
 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 No. 06-G-1186 dated 12/21/07

GENERAL INFORMATION

- J. **Annual Return Requirement on Gas in Storage Surcharge or Refund for Service Classification Nos. 1, 2, 3, 5, 15, 16 and 17** shall be computed as follows:
- Compare: 1. Actual Return Requirement on Gas in Storage Costs
 to 2. Return Requirement on Gas in Storage Recoveries
 ADD OR SUBTRACT 3. Net remaining prior year imbalance.
1. Actual Return Requirement on Gas in Storage Costs is calculated by multiplying
 - a) the Return Requirement Percentage by
 - b) the actual 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 Actual Firm and TC Sendout to 2) the Company's Actual Firm and TC Sendout plus KEDNY's Actual Firm and TC Sendout
 2. Return Requirement on Gas in Storage Recoveries equal the recoveries from the Return Requirement on Gas in Storage during the Gas Cost Year from Service Classification 1, 2, 3, 5, 15, 16 and 17 net of revenue taxes
 3. Return Requirement on Gas in Storage Surcharge or Refund Recoveries =
 Total revenues or refunds from the Return Requirement on Gas in Storage Imbalance Surcharge or Refund charges during Gas Cost Year, net of associated revenue taxes plus the prior year imbalance.

$$\text{Current Year Imbalance} = (1) - (2) \pm (3)$$

Divide result by the Company's estimated sales to Service Classification Nos. 1, 2, 3, 15, 16 and 17 and deliveries to Service Classification No. 5 for the twelve month period January 1 through December 31

The surcharge or refund computation shall be filed with the Commission on or before October 15 of the calendar year before it is to become effective.

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