

PSC NO: 1 GAS LEAF: 69
 COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 5
 INITIAL EFFECTIVE DATE: 01/01/08 SUPERSEDING REVISION: 4
 STAMPS: Issued in compliance with order in Case 06-G-1186 dated 12/21/07

GENERAL INFORMATION

III. Adjustments of Rates and Charges:

1--Adjustment of Rates in Accordance with Changes in the Cost of Gas and Pipeline Costs:

A. Statement of Monthly Cost of Gas and Adjustments:

1. Effective Date

The Monthly Cost of Gas and Adjustments shall be effective commencing with the Effective Month following the computation date and shall continue in effect until changed.

B. Applications of Gas and Pipeline Costs and Adjustments

1. The application of Statement of Gas and Pipeline Costs and Adjustments will:

- a) Begin with meter readings taken on and after the effective date of the current Statement, and
- b) Shall continue in effect until changed on a later Statement.

C. The Monthly Cost of Gas for Service Classification Nos. 1, 2, 3, 15, 16, and 17

The rates for gas service under Service Classification Nos. 1, 2, 3, 15, 16, and 17 shall include each month the Monthly Cost of Gas for Service Classification Nos. 1, 2, 3, 15, 16, and 17.

The Monthly Cost of Gas for Service Classification Nos. 1, 2, 3, 15, 16, and 17 shall be computed in advance of each Effective Month as the sum of: (1) the Projected Monthly Unit Commodity Cost of Gas per therm for Service Classification Nos. 1, 2, 3, 15, 16, and 17, **PLUS**, (2) the Projected Monthly Hedging Costs / Credits per therm for Service Classification Nos. 1, 2, 3, 15, 16, and 17 **PLUS**, (3) the Projected Unitized Monthly Fixed Cost of Gas per therm for Service classification Nos. 1, 2, 3, 15, 16, and 17 **LESS**, (4) the Projected Unitized Gas Cost Credits per therm for Service Classification Nos. 1, 2, 3, 15, 16, and 17. Such Monthly Cost of Gas will be multiplied by the Factor of Adjustment.

1. The Projected Monthly Unit Commodity Cost of Gas per therm for Service Classifications Nos. 1, 2, 3, 15, 16, and 17 shall be computed in advance of each Effective Month as follows:

- a) Multiply the Suppliers' and Pipeline Transporters' Variable Charges by the quantities of gas supply projected to be purchased and delivered to the city gate under the Monthly Forecasted Firm and TC Dispatch, **PLUS**

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