

PSC NO: 1 GAS LEAF: 71
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 5
INITIAL EFFECTIVE DATE: 01/01/08 SUPERSEDING REVISION: 3
STAMPS: Issued in compliance with order in Case 06-G-1186 dated 12/21/07

GENERAL INFORMATION - Continued**III. Adjustments of Rates and Charges (continued):**

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

D. Monthly Transportation Costs for for Service Classification No. 5 Customers:

1. Capacity Release Service Adjustment:

The Capacity Release Service Adjustment ("CRSA") for Service Classification No. 5 shall be set annually as of November 1st and will reconcile the difference, positive or negative, between the Company's WACOC and the average price of capacity released under the Company's Marketer/Direct Customer Capacity Program. The Company will estimate the CRSA in advance of each year by determining the total annual cost difference between its estimated WACOC and estimated average price of capacity released under the Marketer/Direct Customer Capacity Program and will derive a per therm rate by dividing this annual cost difference by the estimated annual SC5 Transportation Customer consumption. In its annual reconciliation filing, the Company will reconcile its initial estimate of the CRSA with the calculated adjustment based upon its updated WACOC, actual release rates, actual volume of capacity released, and actual customer use in therms.

E. Adjustments for Refunds from Pipelines

1. Refunds received from pipelines will be:

- a) Credited over a 12-month period to Service Classification Nos. 1, 2, 3, 5, 15, 16 and 17 with interest set by the Commission, through adjustments to the cost of gas or pipeline charges shown on Statement of Gas and Pipeline Costs and Adjustments, and
- b) Allocated to Service Classifications on the basis of forecasted sales or transported quantities for the next 12-month period, and
- c) Reconciled, when concluded, on or before August 31 of each year, with differences applied to the Annual Adjustment computation described in I.2 and 3 below.

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