

PSC NO: 1 GAS LEAF: 14
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 5
INITIAL EFFECTIVE DATE: 05/06/08 SUPERSEDING REVISION: 3
STAMPS: Issued in compliance with order in Case 06-G-1186 dated 12/21/07

GENERAL INFORMATION

II. Rules and Regulations (continued):

1--Definition of Terms (continued):

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Factor of Adjustment: 1.028 - computed as the constant 1.0 divided by the difference between the constant 1.0 and UFG.

Firm Customer: A customer offered service under schedules or Contracts designed to provide customer's gas supply or transportation needs on a continuous basis.

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Gas Cost Year: the twelve months beginning each September 1 and ending on August 31.

Gas Supply-Related Costs: the sum of the following costs: (1) Gas Procurement and Commodity-Related Sales Promotion Expenses, (2) Commodity-Related Credit and Collection Expenses, (3) Uncollectible Expenses Associated with Gas Costs, and (4) Return Requirement on Gas Purchase-Related Working Capital.

Gas Supply Management Arrangement: a transaction where the Company releases or assigns all or a part of the Company's capacity rights to a third party as part of a comprehensive agreement. Under such an arrangement, the third party satisfies all or a portion of the gas supply and/or transportation and related service requirements of identified sales and/or transportation customers as may be agreed to between the Company and any such third party or as may be required by the Commission.

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Interruptible Floor Price: is equal to the weighted average unit commodity cost of gas (excluding demand charges) of the most expensive gas supply sources projected to be dispatched during the Effective Month to serve the estimated sendout requirements of the Service Classification No. 4 customers.

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KEDNY - The Brooklyn Union Gas Company d/b/a/ KeySpan Energy Delivery New York.

KEDNY's Annual Forecasted Firm Sendout: the estimated firm customer requirements during the Gas Cost Year which are the sum of: (1) the estimated sales for customers served under Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 plus, (2) KEDNY's estimated quantities of Tier 2 Bundled Winter Sales, Tier 3 Virtual Storage Service and balancing services to be delivered to transportation customers under Service Classification Nos. 17-1A, 17-1AR, 17-1B, 17-1BI, 17-1BR, 17-2, 17-3, 17-4A, 17-4A-CNG, 17-4B, 17-7, 17-14 and 17-21. All of the above quantities are to be multiplied by the applicable Factor of Adjustment

KEDNY's Annual Forecasted Firm and TC Sendout: the sum of KEDNY's Annual Forecasted Firm Sendout and KEDNY's Annual Forecasted TC Sendout.

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