

PSC NO: 1 GAS LEAF: 72.2
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1
INITIAL EFFECTIVE DATE: 05/06/08 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with order in Case 06-G-1186 dated 12/21/07

GENERAL INFORMATION - Continued

- e) The Uncollectible Expenses Associated with Gas Costs Unitized Charge per therm shall be computed by dividing the Total Projected Annual Uncollectible Expenses determined in step (d) above for the Gas Cost Year, or Partial Gas Cost Year where applicable, by the estimated sales for customers served under Service Classification Nos 1, 2, 3, 15, 16, and 17 for the corresponding time period.

4. Return Requirement on Gas Purchase-Related Working Capital

The Return Requirement on Gas Purchase-Related Working Capital Unitized Charge per therm to be recovered each Gas Cost Year shall be projected initially in advance of the Partial Gas Cost Year, and thereafter in advance of every Gas Cost Year, for inclusion in monthly billing as follows:

- a) Multiply the Return Requirement Percentage by the sum of
- b) The Projected Annual Fixed Cost of Gas, **PLUS**
- c) The projected annual commodity cost of gas which shall be computed by multiplying the Projected Monthly Unit Commodity Cost of Gas per therm for each month of the Gas Cost Year or Partial Gas Cost Year, as applicable, by the sum of the Company's Annual Forecasted Firm and TC Sendout plus the Company's Annual Forecasted Interruptible Sendout **PLUS**
- d) The projected annual Gas Adjustment Clause recoveries for costs other than those described in paragraphs 2 and 3 above, including Merchant Function Costs and annual reconciliation costs/credits and hedging costs.
- e) Total Projected Return on working Capital Associated with Gas Costs $= (a) \times [(b) + (c) + (d)]$ for the Gas Cost Year, or Partial Gas Cost Year where applicable.

5. Return Requirement on Gas in Storage

The Return Requirement on Gas in Storage Unitized Charge per therm to be recovered each Gas Cost Year shall initially be projected in advance of the Partial Gas Cost Year over the actual average of twelve calendar months starting January 1, 2008 and ending January 31, 2009. Thereafter, the projection will be developed in advance of every Gas Cost Year for the actual average of twelve calendar months that starts on September 1st and ends on September 30th for inclusion in monthly billing as follows:

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