

PSC NO: 1 GAS LEAF: 15.1
 COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 0
 INITIAL EFFECTIVE DATE: 05/06/08 SUPERSEDING REVISION:
 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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Non-Core Customer: A customer who has and chooses to utilize alternatives to natural gas. If a customer chooses to be a non-core customer for a specific application or end-use, such application must be separately metered. Service to non-core customers is provided under Service Classification Nos. 12 and 13.

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Off-System Revenue Allocation Percentage: shall be determined prior to the Gas Cost Year and used for purposes of allocating off-system revenue credits between 1) the Company's customers under Service Classification Nos 1, 2, 3, 15, 16 and 17 and 2) KEDNY's customers under Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 1B-DG, 2, 3, 4A, 4A-CNG, 4B and 21. It shall be computed as the ratio of the Company's Projected Annual Fixed Cost of Gas to the sum of the Company's and KEDNY's Projected Annual Fixed Cost of Gas.

Off-System Revenue Credits: shall be determined prior to the Gas Cost Year and credited to the Projected Annual Fixed Cost of Gas applicable to the Company's customers under Service Classification Nos. 1, 2, 3, 15, 16 and 17 as follows:

- (1) Multiply the Off-System Revenue Allocation Ratio by eighty-five percent of
 - (a) the total projected annual margin revenues from Off-System Transactions rendered to off-system customers other than sales from the Transco Washington Storage Field ("WSS"), **plus**
 - (b) all other projected annual capacity release credits, other than capacity release credits associated with releases made directly to a marketer serving transportation customers on the Company's system.
- (2) For off-system sales from WSS:
 - (a) Multiply the Off-System Revenue Allocation Ratio by eighty-five percent of the projected annual margin revenues from such sales net applicable carry costs and pro-rata WSS demand costs, **plus**
 - (b) one hundred percent of such pro-rata WSS annual demand costs.

Off-system Transactions: May include Gas Supply Management Arrangements, sales of gas for resale in interstate commerce made pursuant to Federal authorization, retail sales of gas made to customers located outside the Company's Service Territory and any other gas sales and transportation transactions with customers located outside of the Company's Service Territory, including parking services and balancing.

Operational Flow Order: Actions taken by the Company to control system operations.

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