PSC NO: 12 GAS
COMPANY: THE BROOKLYN UNION GAS COMPANY
INITIAL EFFECTIVE DATE: 05/06/08
STAMPS: Issued in compliance with order in Case 06-G-1185 dated December 21, 2007

## SERVICE CLASSIFICATION No. 17 - Continued

Actual Monthly ICOG: The actual monthly incremental cost of gas including demand charges incurred by the Company. The Actual Monthly ICOG will be included on the Statement of Unbundled Transportation Service Cash Out Charges with the Commission by the fourth business day of the following month.

CTS Service Agreement - The agreement between the Company and Customer to provide service under this Service Classification, the form of which is included in this Schedule for Gas Service, and the term of which shall be for a period of no less than twelve months.

Daily Commodity Cost of Gas: The Company's daily commodity cost per therm of gas delivered to the city gate facilities from the Company's suppliers on such day. This cost will be determined by the Company and included on the Statement of Unbundled Transportation Service Cash Out Charges filed with the Commission by the fourth business day following the effective month.

Daily ICOG: The daily incremental cost of gas will be determined for each day of the Effective Month and is the higher of 1) the Gas Daily Transco Zone 6 New York daily mid-point price; 2) the Gas Daily Texas Eastern M-3 daily mid-point price; 3) the Gas Daily Iroquois Zone 2 daily mid-point6 price; 4) the highest daily $100 \%$ load factor priced gas (including both commodity and demand costs) dispatched each date of the Effective Month. This cost will be determined by the Company and included on the Statement of Unbundled Transportation Service Cash Out Charges filed with the Commission by the fourth business day following the effective month.

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

Monthly Average Commodity Cost of Gas: The Company's weighted average commodity cost per therm of gas delivered to the city gate facilities from the Company's suppliers for the month. This cost will be determined by the Company and included on the Statement of Unbundled Transportation Service Cash Out Charges filed with the Commission by the fourth business day following the effective month.

Monthly Cash Out Price: The Market Center Spot-gas Price, Northeast, Transco Zone 6 Index. This price is posted as set forth in the publication entitled "Inside FERC’s Gas Market Report", for the applicable month.

Partial Gas Cost Year: January 1, 2008 through August 31, 2008.
Return Requirement Percentage: 10.68\%.
Issued by: John J. Bishar, Jr., Executive Vice President, General Counsel and Secretary, Brooklyn, NY

