

PSC NO: 1 GAS LEAF: 159.2
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 2
INITIAL EFFECTIVE DATE: 11/01/07 SUPERSEDING REVISION: 1
STAMPS: Issued in compliance with Order of PSC in C. 07-G-0299 dated 08/30/07

SERVICE CLASSIFICATION NO. 8
Seller Service (continued)

The price of the Tier 2 winter bundled sales will be computed each month under a formula that is based on the Selected Pipelines' gas supply and variable transportation costs. Specifically, the Company will compute the Tier 2 winter bundled sales price by taking the sum of 1) the NYMEX contract price for the month; 2) the weighted average of the published basis from the Henry Hub to the Selected Pipeline receipt points, 3) the weighted average variable transportation costs and fuel losses to transport gas from the Selected Pipeline receipt points to the Company's city gate plus 4) the Company's WACOC.

Marketers that do not meet the creditworthiness guidelines set forth in the Uniform Business Practices will be required to prepay for winter bundled sales service. The prepayment must be made via wire transfer or ACH payment by no later than three (3) business days prior to the last day of the month preceding the month in which the bundled sales are to be made. The prepayment will be calculated by taking the product of 0.9 times the estimated price of Tier 2 winter bundled sales for that month. The prepayment amount will be trued up when actual costs of the bundled sales are available and any adjustment will be made in the succeeding bill period. Marketers may elect to make alternative security arrangements consistent with the Uniform Business Practice to secure credit for the purchase of bundled sales, provided that any such alternative security must be in place no less than 60 days before the November 1st start date of the bundled sales service period.

Issued by: Joseph F. Bodanza, Senior Vice President, Hicksville, NY