

PSC NO: 1 GAS

LEAF: 185

COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1

INITIAL EFFECTIVE DATE: 01/01/04

SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION NO. 14 (Continued)

Daily Commodity Cost of Gas - The Company's daily commodity cost per therm of gas delivered to the city gate 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 Delivery Quantity - The total quantity of gas delivered to Customer after adjustment for lost and unaccounted for gas.

Daily ICOG - The daily incremental cost of gas, including demand charges. 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 of the following month.

Daily Market Gas Cost - The per dth market cost of gas reported in Gas Daily as the Transco Zone 6 (NY) midpoint index for the day.

Daily Nomination Quantity - The total quantity of gas Customer nominates and schedules for delivery or causes to be nominated and scheduled for delivery daily to the Company's city gate for transportation service anticipated under SC-14. The Daily Nomination Quantity, after adjustment for lost and unaccounted for gas, shall be equal to the Customer's expected Daily Delivery Quantity.

DMNC – Dependable Maximum Net Capability

Fuel Cost of Generation – The applicable Daily Market Gas Cost plus on-system transportation charge multiplied by the Customer's Heat Rate expressed in \$/Mwh.

Issued by Alfred C. Bereche, Asst. General Counsel and Secretary, Hicksville, NY