

PSC NO: 12 GAS
 COMPANY: THE BROOKLYN UNION GAS COMPANY
 INITIAL EFFECTIVE DATE: 01/01/04
 STAMPS: Issued in compliance with order in Case 02-M-0515 dated December 3, 2003

LEAF: 75
 REVISION: 2
 SUPERSEDING REVISION: 1

GENERAL INFORMATION - Continued

The net amount resulting from this calculation will be divided by the total projected sales to Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3 and 21 for the period beginning with the calendar month in question and ending at the end of the then current Gas Cost Year, to determine the units (per therm) monthly overcollection or undercollection balance.

If the resulting overcollection or undercollection factor is greater than \$0.02 per therm, then the Monthly Cost of Gas Imbalance Surcharge or Refund factor for the calendar month in question shall be limited to \$0.02 per therm; if the resulting overcollection or undercollection factor is less than or equal to \$0.02 per therm, no surcharge or refund factor will be reflected for the calendar month in question.

The Company shall be permitted to revise the \$0.02 per therm tolerance band during the year if it determines that such an adjustment, upward or downward, is necessary to minimize the projected overcollection at the end of the period; provided, however, that the resultant refund will not exceed \$0.05 per therm.

35. ANNUAL SURCHARGE OR REFUND

A. Service Classification Nos. 1A, 1AR, 1B, 1BI, 1BR, 2, 3 and 21

A surcharge or refund to recover gas adjustment undercollections or refund gas adjustment overcollections from customers served under Service Classification Nos. 1A 1AR, 1B, 1BR, 2, 3 and 21 shall be computed as follows:

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| Compare: | A. | Total Actual Fixed Cost of Gas PLUS |
| | B. | Total Actual Commodity Costs |
| to | C. | Total Fixed Cost of Gas Recoveries PLUS |
| | D. | Total Commodity Cost of Gas Recoveries, ADD OR
SUBTRACT |
| | E. | Total Imbalance Surcharge Recoveries or Refunds, ADD
OR SUBTRACT net remaining prior year imbalance. |

Issued by: John J. Bishar, Jr., Senior Vice President, General Counsel and Secretary, Brooklyn, NY