

PSC NO: 1 GAS LEAF: 119.52
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 5
INITIAL EFFECTIVE DATE: 01/01/17 SUPERSEDING REVISION: 3
STAMPS: Issued in compliance with Order in C.16-G-0058 dated December 16, 2016

GENERAL INFORMATION - Continued

Revenue Decoupling Mechanism

Service Classification Nos. 1B, 1BR, 5-1B, 5-1BR will be subject to a Revenue Decoupling Mechanism ("RDM") to reconcile Actual Billed Delivery Service Revenues to Allowed Billed Delivery Service Revenues. Allowed Billed Delivery Service Revenues will be equal to the annual Margin Per Customer target of \$912.37 for rate year ending December 31, 2017, \$975.87 for rate year ending December 31, 2018, and \$1,046.79 for rate year ending December 31, 2019, multiplied by the Average Annual Number of Customers in the applicable rate year ending December 31. Actual Billed Delivery Service Revenues will be developed using billed sales and transportation volumes for the service classes listed above multiplied by the effective Service Classification No. 1B delivery service rates.

The Company will file an annual RDM reconciliation and RDM Statement each March 15th following each rate year ending December 31. The RDM reconciliation will include the total surcharge/refund amount and unitized surcharge/refund rates. The unit rates will be calculated by dividing the total surcharge/refund by the current sales and transportation forecast for Service Classification Nos. 1B, 1BR, 5-1B, 5-1BR. This surcharge/refund factor will be shown on the Revenue Decoupling Mechanism Statement and become effective each May 1st. All refunds or surcharges will be subject to reconciliation at the end of the twelve month period.

Service Classification Nos. 2A, 2B, 3A, 3B, 5-2A, 5-2B, 5-3A and 5-3B will be subject to an RDM to reconcile Actual Billed Delivery Service Revenues to Allowed Billed Delivery Service Revenues. Allowed Billed Delivery Service Revenues will be equal to the Revenue Per Class targets set forth below for the applicable class groupings.

Rate Year ending December 31, 2017:

1. Service Classification Nos. 2A & 5-2A: \$42,061,200
2. Service Classification Nos. 2B & 5-2B: \$116,647,006
3. Service Classification Nos. 3A, 3B, 5-3A and 5-3B: \$16,846,136

Rate Year ending December 31, 2018:

1. Service Classification Nos. 2A & 5-2A: \$45,828,282
2. Service Classification Nos. 2B & 5-2B: \$127,135,143
3. Service Classification Nos. 3A, 3B, 5-3A and 5-3B: \$18,345,172

Rate Year ending December 31, 2019:

1. Service Classification Nos. 2A & 5-2A: \$50,027,183
2. Service Classification Nos. 2B & 5-2B: \$138,818,44
3. Service Classification Nos. 3A, 3B, 5-3A and 5-3B: \$20,016,042

Issued by: David B. Doxsee, Vice President, Hicksville, NY