

PSC NO: 12 GAS
COMPANY: THE BROOKLYN UNION GAS COMPANY
INITIAL EFFECTIVE DATE: 01/01/17
STAMPS: Issued in compliance with Order in Case 16-G-0059 dated December 16, 2016

LEAF: 79.5
REVISION: 3
SUPERSEDING REVISION: 1

GENERAL INFORMATION - Continued

E. Return Requirement on Gas in Storage

Effective January 1, 2017: Applicable to Firm Sales Customers under SC 1, 2, 3, 4A, 4A-CNG, 4B, 7 & 21 and Firm Transportation under SC 17. The Return Requirement on Gas in Storage Inventory Unitized Charge per therm will be projected initially for the 12-Month period starting January 1, 2017, then each subsequent 12-month GAC period starting September 1st and ends on August 31st by:

1. Multiply the Pre-Tax WACC percentage by, ,
2. The projected 12-month average commodity inventory cost of the Company's and KEDLI's market area storage services and production area storage services, excluding WSS inventory used for Off-System Transactions multiplied by,
3. Estimated Return Requirement on Gas Storage Inventory: (1) x (2)
4. Allocate Return Requirement on Gas Storage Inventory to Firm Sales & Firm Transportation Customers. The ESCOs will be provided two types of storage by the Company: bundled storage and storage release. The Company will reduce the return requirement on gas storage inventory expense charged to firm transportation customers in proportion to the amount of physical storage capacity that is released to ESCOs to displace the bundled retail access storage.

Allocated Return Requirement on Gas Storage Inventory = (3) x the ratio of Storage Inventory between firm sales and firm transportation.

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