

PSC NO: 1 GAS LEAF: 15.1
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 1
INITIAL EFFECTIVE DATE: 09/01/14 SUPERSEDING REVISION: 0
STAMPS:

GENERAL INFORMATION

II. Rules and Regulations (continued):

1--Definition of Terms (continued):

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Non-Core Customer: A customer who has and chooses to utilize alternatives to natural gas. If a customer chooses to be a non-core customer for a specific application or end-use, such application must be separately metered. Service to non-core customers is provided under Service Classification Nos. 12 and 13.

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Off-System Revenue Allocation Percentage: shall be determined prior to the Gas Cost Year and used for purposes of allocating Off-system Revenue Credits between the Company and KEDNY. It shall be computed as the ratio of: 1) the Company's Annual Fixed Cost of Gas determined in accordance with Rule III.1.C.3 to 2) the sum of the Company's Annual Fixed Cost of Gas and KEDNY's Annual Fixed Cost of Gas.

Off-System Revenue Credits: shall be determined prior to the Gas Cost Year and updated during the year if appropriate as follows:

- (1) Multiply the Off-System Revenue Allocation Ratio by eighty-five percent of
 - (a) the total projected annual margin revenues from Off-System Transactions rendered to off-system customers other than sales from the Transco Washington Storage Field ("WSS"), **plus**
- (2) For off-system sales from WSS:
 - (a) Multiply the Off-System Revenue Allocation Ratio by eighty-five percent of the projected annual margin revenues from such sales net applicable carry costs and pro-rata WSS demand costs, **plus**
 - (b) one hundred percent of such pro-rata WSS annual demand costs.

Off-system Transactions: may include gas sales, gas transportation and other gas transactions performed with customers located outside of the Company's service territory; capacity release transactions other than those performed with ESCOs participating in the Mandatory Capacity Program pursuant to SC 8; and Asset Management Arrangements.

Operational Flow Order: Actions taken by the Company to control system operations.

Issued by: William J. Akley, President, Hicksville, NY