

PSC NO: 1 GAS LEAF: 16  
COMPANY: KEYSpan GAS EAST CORP. DBA BROOKLYN UNION OF L.I. REVISION: 8  
INITIAL EFFECTIVE DATE: 09/01/14 SUPERSEDING REVISION: 7  
STAMPS:

## GENERAL INFORMATION

## II. Rules and Regulations (continued):

## 1--Definition of Terms (continued):

R (Continued)

Return on Gas in Storage: The Return Requirement Percentage multiplied by the 13-month average storage inventory balance.

Return on Working Capital: The Return Requirement Percentage multiplied by (1) the Lead-Lag Percentage and (2) total gas costs.

Return Requirement Percentage: the weighted average cost of capital, or the Company's expected rate of return on investment. This rate is currently 11.52%.

Risk Management Costs / Credits: Costs and credits associated with transactions that are intended to reduce gas price volatility. These costs and credits may include: 1) gains and losses associated with transactions made in commodities exchanges or with third parties using bilateral master agreements; 2) transaction costs including exchange fees, broker costs, software application user fees, settlement costs, mark to market costs and confirmation service fees; and 3) option premiums.

Rules and Regulations: Provisions contained herein and such other requirements governing the Applicant's or Customer's (or their agents) installation as contained in "Rules and Regulations for Gas Installations", a booklet issued by the Company.

S

Seasonal Customer: A customer who applies for and receives gas service periodically each year, intermittently during the year, or at other irregular intervals.

Seasonal Delivery Service: A service whereby the Company permits a firm transportation customer to deliver a portion of the estimated usage between November 1 and March 31 during the period April 1 through October 31, under Service Classification No. 5.

Seller: Seller is either an eligible Customer that chooses to purchase natural gas on the customer's own behalf or a supplier of natural gas on behalf of a firm or non-firm transportation customer taking service under service classification Nos. 5, 7, 13 or 14.

Seller Agreement: An agreement executed by a qualified seller pursuant to Service Classification No. 8.

Service Agreement: An agreement executed pursuant to Service Classification No. 5 by an eligible Customer that chooses to purchase natural gas from a qualified seller.

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