

PSC NO. 3 GAS

St. Lawrence Gas Company, Inc.

Initial Effective Date: 12/01/2006

Issued in Compliance with Commission Order in Case 05-G-1635, et. al., dated November 9, 2006.

Leaf: 190

Revision: 2

Superseding Revision: 0

GENERAL INFORMATION

2. General Rules, Regulations, Terms and Conditions: (Cont'd)

XII. Adjustment of Rates in Accordance With Changes in the Cost of Purchased Gas: (Cont'd)

N. Annual Reconciliation: (Cont'd)

- a. gas adjustment revenues recorded during the determination period, adjusted to eliminate associated revenue tax recoveries;
 - b. costs recorded during the determination period assignable to gas sold to customers not subject to gas cost adjustments;
 - c.
 - i. the previous year's over-collection including interest, to the extent not refunded, or
 - ii. adding the previous year's under-collection including interest, to the extent not recovered; and
 - d. The customer's share of optimization agreement profits from off-system sales.
2. The amount derived in 2.XII.N.1.a. of this subdivision should be divided by the quantities of gas to be sold by the company to its customers during the surcharge/refund period.
 3. An appropriate adjustment shall be made to eliminate the effect of net credits which have been included in the gas adjustment due to interruptible or other flexibly priced sales.
 4. Surcharge or refund amounts shall bear interest, at a rate prescribed by the Commission, on unamortized balances.
 5. The determination period to be used in the computation of the surcharge or refund shall be the twelve months ended August 31 of each year. The computation shall be filed with the Commission on or before October 15th, and the resulting surcharge or refund shall be effective with the first January billing cycle date.
 6. Interim refunds or surcharges during the twelve month period ended August 31st will be permitted for the purpose of preventing large over-collection or under-collection balances from accruing at August 31st. The methodology used to determine the amount of over-collection or under-collection and the method of refund or surcharge shall be determined by the company and filed with the Commission.

Issued by: Catherine E. Hanlon, President and General Manager, 33 Stearns Street, Massena, NY