

PSC NO. 3 GAS

St. Lawrence Gas Company, Inc.

Initial Effective Date: 1/01/2008

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

Leaf: 182

Revision: 4

Superseding Revision: 3

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)

D. Gas Adjustments Based on Load Characteristics:

The company is permitted to calculate gas adjustments for various service classifications, sub-classes, customer groups, or customers based on load characteristics. Implementation of such gas adjustments must be approved by the Commission.

E. Alternative Gas Cost Pricing:

The company is permitted to offer customers alternative pricing mechanisms. Risk management costs and other costs associated with alternative pricing mechanisms shall be excluded from the gas adjustment. Implementation of such alternative pricing mechanisms must be approved by the Commission.

F. Merchant Function Charge (MFC):

The costs of natural gas procurement (gas supply portion of uncollectibles, the carrying charges on gas stored underground, and the labor and overheads dedicated to the purchase of natural gas) are allocated solely to those customers who purchase their natural gas supply from the company. The MFC rate will be set once per year in December to become effective January 1. The company will calculate under or over collections and reflect the new rate in the MFC Statement each year.

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