

PSC NO. 3 GAS

St. Lawrence Gas Company, Inc.

Initial Effective Date: 10/1/2008

Issued in Compliance with Commission Order in Case 07-M-0548, dated June 23, 2008.

Leaf: 185

Revision: 3

Superseding Revision: 2

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)

K. Interruptible Incentive Credit:

When company applies a flexible rate to customers in Service Classification Nos. 4 and 4A, a credit/surcharge will be given to SC-1 and SC-2 firm customers through the Monthly Cost of Gas applied to their bill. The amount of this credit/surcharge will be based upon the difference in gross margin (excluding gas costs and revenue taxes) and \$1,186,000 (Threshold Level). The first \$100,000 of the difference in gross margin above/below the Threshold Level will be shared 85% to SC-1 and SC-2 firm customers and 15% to the company. The balance (if any) of the difference in gross margin and the Threshold Level will be credited/surcharged to SC-1 and SC-2 firm customers.

The GAC applicable to Service Classification Nos. 1 and 2 shall be adjusted to reflect the aforementioned credit/surcharge as follows:

1. By dividing the estimated interruptible benefits available to S.C. Nos. 1 and 2 for the 12 months ending December 31, of each year by the actual S.C. No. 1 and 2 sales and transportation volumes for that same period to determine a unit rate.
2. The unit rate determined in 1.) shall be added to/deducted from, as applicable, the GAC applicable to the Service Classifications identified above.

Issued by: Richard J. Campbell, President and General Manager, 33 Stearns Street, Massena, NY