

PSC NO. 3 GAS
St. Lawrence Gas Company, Inc.
Initial Effective Date: 01/27/2006

Leaf: 183
Revision: 2
Superseding Revision: 1

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)

G. Monthly Cost of Gas:

The Monthly Cost of Gas for S.C. Nos. 1, 2, 3, 10 and 11 will be computed as follows:

The Monthly Cost of Gas shall be the sum of the Average Cost of Gas as computed herein multiplied by the Factor of Adjustment (for sales customers only); the GAC Annual Surcharge/Refund; and for SC-1 and SC-2 customers, the Interruptible Incentive Credit Annual Surcharge/Refund.

The cost of gas associated with Load Balancing shall be allocated to Service Classification Nos. 3 and 10 on a load factor basis using both a demand and commodity unit rate. The unit rate for demand will be a fixed rate and will be per Mcf. The unit rate for commodity will consist of a GAC for S.C. Nos. 3 and 10 and shall be per therm. The remaining Load Balancing costs shall be allocated to Service Classification Nos. 1 and 2 on a commodity basis per therm and will consist of a GAC.

H. Average Cost of Gas:

The Average Cost of Gas shall be computed as follows:

1. by applying the fixed rates and charges of the transporters, storage providers, and suppliers to the billing determinants associated with pipeline capacity, storage capacity, and supplier reservation charges, and dividing by, either the weather normalized quantities of gas taken for delivery to the company's own sales customers during the 12 calendar months immediately preceding the computation date, or the forecast quantities of gas to be taken for delivery to the company's own sales customers during the 12 calendar months ending the following August 31. Fixed costs assigned to non-sales customers should be excluded;
2. by applying the variable rates and charges of the transporters, storage providers, and suppliers to the billing determinants associated with transportation, storage, and gas supply, for the forecasted weather normalized quantities of gas to be taken for delivery to the company's own customers during the month in which the gas adjustment will be in effect;
3. by applying the average unit cost of liquefied propane in storage at the date of computation to the quantities of said product used to serve the company's own customers during the prior month;

Issued by: G. Robert Simpson, President and General Manager, 33 Stearns Street, Massena, NY