

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

Leaf: 182
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)

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. Annual Reconciliation of Uncollectibles Expense and Carrying Cost of Gas in Storage:

At the end of the fiscal year (December 31) company will determine the actual cost for uncollectibles expense and the carrying cost of gas in storage and compare this amount to the amount allowed in rates. Any differences between the actual cost and the amount allowed in rates will be reconciled and shall be filed with the Commission by February 15th and shall be reflected in the estimated credit/surcharge for the 12 month period beginning with the first March billing cycle. Interest on the deferred balances is to be accrued at the pre-tax rate of return.

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