

PSC NO. 3 GAS
St. Lawrence Gas Company, Inc.
Initial Effective Date: 06/04/2004

Leaf: 181
Revision: 0
Superseding Revision:

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:

A. Factor of Adjustment:

The factor of adjustment shall be determined in a rate proceeding. At the conclusion of each succeeding rate proceeding, a new factor of adjustment will become effective and continue in effect until a new factor is established in the next rate proceeding.

The rates for gas service under Service Classification Nos. 1, 2, 3, and 10 shall be subject each month to an increase or decrease of 0.010050 cents per therm for each 0.01 cent per therm increase or decrease in the applicable average cost of purchased gas (specified below) above or below the applicable base cost of purchased gas (specified below) to company.

B. Risk Management Costs:

Risk Management Costs are costs associated with transactions that are intended to reduce price volatility or reduce overall costs to customers. These costs include transaction costs, and gains and losses associated with transactions made in commodities exchanges and with other risk management entities. Risk Management Costs that are incurred by the company associated with the purchase of gas supplies will be covered by the company through inclusion in the calculation of the Gas Cost Adjustment.

C. Estimated Gas Prices:

Gas prices estimated to be in effect on the effective date of the GAC filing may be used.

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