

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

Leaf: 185
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: (Cont'd)

J. 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 \$1,516,000 (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 annual reconciliation of interruptible margin revenues for the twelve months ending September 30, 2003, the last period under the existing sharing mechanism, will be flowed to all firm customers, including SC-3 sales and transportation.

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 September 30, 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 a) shall be added to/deducted from, as applicable, the GAC applicable to the Service Classifications identified above.

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