

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

Leaf: 136
Revision: 0
Superseding Revision:

GENERAL INFORMATION

2. General Rules, Regulations, Terms and Conditions: (Cont'd)

XI. Additional Terms and Conditions Applicable to Transportation Service (Cont'd)

O. Business Rules Generic To Aggregation And Large Volume Transportation Customers: (Cont'd)

1. Creditworthiness (Cont'd)

c. Credit Exposure/Security Calculation (Cont'd)

i. Delivery (Cont'd)

The maximum security associated with the natural gas delivery risk, where the Marketer is acting as the customer's Billing Agent, may be no more than forty-five (45) days of a Marketer's customers' projected peak period energy requirements over the coming twelve (12) months priced at the company's applicable delivery tariff rate, including customer charges. The amount of security may be reduced to the extent the Marketer's customers maintain direct debit agreements with St. Lawrence Gas.

ii. Gas Imbalances

The maximum security associated with natural gas balancing and settlement risk will be determined for each season. The seasons are defined as Summer (April 1 - October 31) and Winter (November 1 - March 31). This credit exposure may be no more than as determined by: (a) the maximum daily quantity (MDQ) of a Marketer's customers' projected aggregate consumption (or Direct Customer's projected consumption), based on the appropriate season of the past year; (b) priced at the highest month's average daily closing NYMEX price, at the Henry Hub, plus upstream capacity charges to the city gate, for the appropriate season of the past year; and (c) times 30 days. The Marketer may, at its option, elect to have the security determined annually, rather than seasonally in which case it will be based on the winter season.

iii. Reserved Capacity

The maximum security associated with amounts due for Reserved Capacity may be no more than as determined by: (a) Annual Peak Day Quantity of a Marketer's customers' projected aggregate consumption (or Direct Customer's projected consumption); (b) priced at the highest month's upstream capacity charges; and (c) times 30 days.

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