## III. Adjustments of Rates and Charges (continued):

1--Adjustment of Rates in Accordance with Changes in the Cost of Gas and Pipeline Costs (continued) :
iv) The difference will not exceed twenty (20) cents per DTH.
2) Annual Adjustment: An annual adjustment to the cost of gas is intended to equate the cost of gas to the Company with its recovery from Service Classification Nos. 1, 2, and 3 Customers for the $12-$ month period ending August 31.
a) The total difference for the annual adjustment is:
i) The actual booked cost of gas for Firm Customers for the 12-months ending August 31, less
ii) Cost recovered from Service Classification No. 5, Firm Transportation Service, less
iii) Total gas cost recoveries from Firm Customers noted in i) above, plus
iv) Reconciled supplier refunds, plus
v) Prior annual period's reconciled difference, plus
vi) The estimated interest on the difference to be surcharged or refunded.
b) The annual differences between gas cost and its recovery will be divided by the projected sales from Service Classification Nos. 1, 2, and 3 for the next $12-$ month period and included on Statement of Gas and Pipeline Costs and Adjustments.
c) The annual adjustment computation shall be filed with the Commission on or before October 15, and the surcharge or refund will take effect on the first billing cycle in December.
3) Annual Adjustment - Transportation Service: An annual adjustment to the cost of gas if intended to equate the cost of gas, excluding commodity costs, to the Company with its recovery from Service Classification No. 5 Customers for the 12 -month period ending August 31.
a) The total difference for the annual adjustment is:
i) The actual booked cost of gas, excluding commodity costs, for the 12 -month period ending August 31 allocated to Service Classification No. 5, Firm Transportation Service, less

Issued by Kathleen A. Marion, Secretary 175 East Old Country Road, Hicksville, NY

