

PSC NO. 3 GAS

St. Lawrence Gas Company, Inc.

Initial Effective Date: 08/01/2016

Issued in Compliance with Commission Order in Cases 15-G-0382 and 13-G-0076, dated July 15, 2016

Leaf: 191.4

Revision: 0

Superseding Revision:

GENERAL INFORMATION

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

XIII.iv Surcredits:

The Company will refund to customer, excluding Expansion Area customers, a net credit deferral balance of \$2,493,216 beginning June 1, 2016 as per the Order in Case 15-G-0382 and 13-G-0076, dated July 15, 2016.

XIII.v Safety and Reliability Surcharge:

A Safety and Reliability Surcharge ("SRS") Mechanism will apply to all customers, including Expansion Area customers. The SRS provides recovery of \$1,073,00 in operation and maintenance expense equally over five years, or \$214,600 per year, beginning June 1, 2016, plus carrying cost for capital projects outlined in Case 15-G-0382, dated July 15, 2016, for the Company's in-line inspection ("ILI") program.

Before commencing recovery of carrying costs for the capital projects through the SRS, the Company must make a compliance filing with the Secretary after the project has been properly inspected. Further, after the Company makes its initial SRS filing, it must make an annual filing within 60 days of the end of each rate year, *i.e.*, May 31, 2017, May 31, 2018, and May 31, 2019. The annual filing will reconcile actual to authorized collections and update the surcharge for any accumulated depreciation associated with the projects. Any over-collections or under-collections will accrue interest at the Other Customer Provided Capital Rate established by the Commission each year. The revised surcharge will go into effect 60 days after submittal, subject to review.

The SRS will remain in place until the Commission issues a rate order in the Company's next general rate case.

Issued by: Peter E. Jurgeneit, General Manager, 33 Stearns Street, Massena, NY