

**SUMMARY OF JOINT PROPOSAL**  
**ST. LAWRENCE GAS RATE PROCEEDINGS**  
**Case 08-G-1392**

**Term:** Three years commencing January 1, 2010 and ending December 31, 2012.

**Revenue Increase:** \$1,374,000 (3.39% of total revenues) increase in 2010; \$785,000 (1.90%) in 2011; and \$213,000 (0.51%) in 2012.

**Rate Impacts:** Impacts for residential heating customers would approximate \$73 or 4.6% in 2010, \$46 or 3.1% in 2011 and \$13 or 1.6% in 2012. SC-2 Small General Firm customers would see an increase of about 1.6% in 2010, 1.5% in 2011 and 0.4% in 2012.

**Low Income Program:** A new low income program is effective, pursuant to which all Home Energy Assistance Program eligible residential customers will receive a \$5.00 discount on their monthly bill.

**Customer Charge:** All SC-1 and SC-2 customers would receive increases in their customer charges. The SC-1 customer charge would increase \$3.50 per month or 30% and the SC-2 customer charge would increase \$6.75 per month or 37%. The minimum bill implemented is \$15.00 (\$10.00 under the Low Income Program) for SC-1 and \$25.00 for SC-2.

**Reconnection Charge:** The charge for reconnecting gas service, during other than normal working hours, for a customer whose service was discontinued for nonpayment was changed from \$76.00 to \$96.00, and will remain at \$64.00 during normal working hours. For customers participating in the low income program, 50% of the customer reconnection charge will be waived.

**Rate Cap:** If St. Lawrence Gas achieves a return on equity exceeding 11.0% during the term of this proposal, any earnings above 11.0% will be shared 50%/50% between the company and customers and will be deferred for the benefit of customers for later disposition by the Commission.

**Major Cost Changes (Reasons for the Rate Increase):** Payroll, health insurance, local property taxes, pensions, post-retirement benefits (other than pensions), uncollectibles expense, interest expense and income taxes. Increases in depreciation charges and various inflation-related cost increases also contribute to the proposed rate increase.

**Merchant Function Charge and Delivery Rate Adjustment:** The existing Merchant Function Charge (a charge applicable only to sales customers) was modified to separate out the applicable transportation customer charges, and a Delivery Rate Adjustment (a charge applicable only to transportation customers) was established. The objective is to remove from base rates those gas costs that are more properly allocable to the cost of providing transportation service and sales service and to collect them from the customers receiving such services. The costs that will be removed from base rates are: uncollectible

costs associated with gas commodity costs, the return on storage charges, gas procurement salaries and gas control costs.

**Revenue Decoupling Mechanism:** A Revenue Decoupling Mechanism (RDM) applicable to residential sales and transportation customers who take service under S.C. No. 1 was implemented. The RDM will reconcile actual delivery margin per customer to allowed delivery margin per customer. The Company will surcharge or refund to customers the amount by which the actual margin per customer differs from the allowed margin per customer.