PSC NO: 3-GAS St. Lawrence Gas Company, Inc. Initial Effective Date: 09/01/07 GAC 40 Page 1 of 2

## SEPTEMBER 2007 GAS ADJUSTMENT CLAUSE STATEMENT SERVICE CLASSIFICATION NOS 1 AND 2

Monthly cost of gas per therm as defined     Sales     0.691510     0.008080     0.104330     0.012370     0.509540     0.057190       by applying the Monthly Cost of Gas which is     Sales     0.69600     0.008080     0.104330     0.012370     0.509540     0.057190       or will be in effect on the effective date     Trans     0.169600     0.008080     0.104330     0.012370     0.509540     0.057190       Factor of Adjustment     Sales     0.003458     0.00000     0.000000     0.000000     0.000000     0.0013458     0.000000       Resulting Purchased Gas Adjustment per therm:     Sales     0.694968     0.008080     0.104330     0.012370     0.512998     0.057190       Annual GAC Surcharge / Retund     Trans     0.169600     0.008080     0.104330     0.012370     0.512998     0.021743       0/01/07 - 12/31/07     Factor of the period     Sales     0.068564     -0.000398     0.001574     0.002013     0.043632     0.021743       0/01/07 - 12/31/07     Trans     0.022919     -0.00398     0.001574     0.00213     0.043632     0.021743       1/01/07 - 12/31/07     Irans     0.192519     0.000398	Monthly Cost of	Gas		Total	Interconnection Charge	Gas Transp. TCPL	Gas Transp. Nova	Gas Supply	Load Balancing
or will be in effect on the effective date     Trans     0.169600     0.008080     0.10430     0.0057190       of the gas adjustment     Factor of Adjustment     Sales     .69151 x .005 Factor of Adjustment     Sales     0.003458     0.000000     0.000000     0.000000     0.003458     0.000000       Resulting Purchased Gas Adjustment per therm:     Sales     0.696900     0.008080     0.104330     0.012370     0.512998     0.0057190       Annual GAC Surcharge / Refund     Trans     0.169600     0.008080     0.104330     0.012370     0.512998     0.057190       Annual surcharge adjustment for the period     Sales     0.6964968     0.000398     0.001574     0.002013     0.043632     0.021743       09/01/05 to 08/31/06 to be surcharged     Sales     0.0625190     -0.00398     0.001574     0.002013     0.043632     0.021743       01/01/07 - 12/31/07     Sales     0.763532     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit     Annual adjustment of the period 10/1/05 - 09/30/06 and transition- Surcharge     0.012329     0.012329     0.012329     0.012329     0.012329     0.012339     0.078933	•	· ·							
of the gas adjustment     Sales     .69151 x.005 Factor of Adjustment     Sales     .0003458     0.00000     0.00000     0.00000     0.003458     0.00000       Resulting Purchased Gas Adjustment per therm:     Sales     0.694968     0.008080     0.14330     0.012370     0.512998     0.0057190       Annual GAC Surcharge / Refund     Trans     0.169600     0.000398     0.001574     0.002013     0.043632     0.021743       Annual surcharge adjustment for the period     Sales     0.068564     -0.000398     0.001574     0.002013     0.043632     0.021743       0/0/10/0 5 to 08/31/0 6 to be surcharged     Sales     0.763552     0.007682     0.105904     0.014383     0.556630     0.078933       1/0/10/7 - 12/31/07     Lister Credit     Sales     0.763552     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentif Credit     Annual adjustment of the period 101/10/5 - 09/300/6 and transitivercharge     0.012329     0.012329     0.012329     0.012329     0.014383     0.556630     0.078933       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.202011     0.104383     0.556630     0.078933 </td <td>by applying the I</td> <td>Monthly Cost of Gas which is</td> <td>Sales</td> <td>0.691510</td> <td>0.008080</td> <td>0.104330</td> <td>0.012370</td> <td>0.509540</td> <td>0.057190</td>	by applying the I	Monthly Cost of Gas which is	Sales	0.691510	0.008080	0.104330	0.012370	0.509540	0.057190
Sales     .69151 x .005 Factor of Adjustment     Sales     0.003458     0.00000     0.00000     0.003458     0.00000       Resulting Purchased Gas Adjustment per therm:     Sales     0.694968     0.008080     0.104330     0.012370     0.512998     0.057190       Annual GAC Surcharge / Refund     Trans     0.169600     0.000388     0.01574     0.002013     0.043632     0.021743       90/01/05 to 08/31/06 to be surcharged     Sales     0.068564     -0.000398     0.01574     0.002013     0.043632     0.021743       01/01/07 - 12/31/07     Sales     0.062519     -0.000398     0.01574     0.014383     0.556630     0.078933       Interruptible Incentive Credit     Sales     0.012329     0.012329     0.012329     0.012339     0.014383     0.556630     0.078933       Interruptible Incentive Credit     Annual adjustment of the period 10/1/05 - 09/30/06 and transition Surcharge     0.012329     0.012329     0.012329     0.012339     0.014383     0.556630     0.078933       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.02011     0.104383     0.556630     0.078933			Trans	0.169600	0.008080	0.104330			0.057190
Resulting Purchased Gas Adjustment per therm:     Sales     0.694968     0.008080     0.104330     0.012370     0.512998     0.057190       Annual GAC Surcharge / Refund     Trans     0.169600     0.008080     0.104330     0.002013     0.043632     0.021743       Annual surcharge adjustment for the period     Sales     0.068564     -0.000398     0.001574     0.002013     0.043632     0.021743       09/01/05 to 08/31/06 to be surcharged     Trans     0.022919     -0.000398     0.001574     0.00213     0.043632     0.021743       01/01/07 - 12/31/07     Sales     0.763532     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit     Annual adjustment of the period 10/1/05 - 09/30/06 and transitions     Surcharge     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012329     0.012330	Factor of Adjust	ment							
Trans     0.169600     0.008080     0.104330     0.057190       Annual GAC Surcharge / Refund     Sales     0.068564     -0.000398     0.001574     0.002013     0.043632     0.021743       09/01/05 to 08/31/06 to be surcharged     Trans     0.022919     -0.000398     0.001574     0.002013     0.043632     0.021743       01/01/07 - 12/31/07     Sales     0.0763532     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit     Annual adjustment of the period 10/1/05 - 09/30/06 and transition     Surcharge     0.012329     0.012329     0.012329     0.014383     0.556630     0.078933       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.020011     0.104383     0.556630     0.078933	Sales	.69151 x .005 Factor of Adjustment	Sales	0.003458	0.000000	0.000000	0.000000	0.003458	0.000000
Trans     0.169600     0.008080     0.104330     0.057190       Annual GAC Surcharge / Refund     Sales     0.068564     -0.000398     0.001574     0.002013     0.043632     0.021743       09/01/05 to 08/31/06 to be surcharged     Trans     0.022919     -0.000398     0.001574     0.002013     0.043632     0.021743       01/01/07 - 12/31/07     Sales     0.0763532     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit     Annual adjustment of the period 10/1/05 - 09/30/06 and transition     Surcharge     0.012329     0.012329     0.012329     0.014383     0.556630     0.078933       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.020011     0.104383     0.556630     0.078933									
Annual GAC Surcharge / Refund     Sales     0.068564     -0.000398     0.001574     0.002013     0.043632     0.021743       09/01/05 to 08/31/06 to be surcharged     Trans     0.022919     -0.000398     0.001574     0.002013     0.043632     0.021743       01/01/07 - 12/31/07     Sales     0.763532     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit       Annual adjustment of the period 10/1/05 - 09/30/06 and transition     Surcharge     0.012329     0.012329     0.012329     0.014383     0.556630     0.078933       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.020011     0.105904     0.014383     0.556630     0.078933	Resulting Purch	ased Gas Adjustment per therm:					0.012370	0.512998	
Annual surcharge a justment for the period     Sales     0.068564     -0.000398     0.001574     0.002013     0.043632     0.021743       09/01/05 to 08/31/06 to be surcharged     Trans     0.022919     -0.000398     0.001574     0.002013     0.043632     0.021743       01/01/07 - 12/31/07     Sales     0.763532     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit       Annual adjustment of the period 10/1/05 - 09/30/06 and transition     Surcharge     0.012329     0.012329     0.012329     0.014383     0.556630     0.078933       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.020011     0.104383     0.556630     0.078933			Trans	0.169600	0.008080	0.104330			0.057190
09/01/05 to 08/31/06 to be surcharged     Trans     0.022919     -0.000398     0.001574     0.021743       01/01/07 - 12/31/07     Sales     0.763532     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit       Annual adjustment of the period 10/1/05 - 09/30/06 and transition     Surcharge     0.012329     0.012329     0.012329     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V     V	Annual GAC Su	rcharge / Refund							
01/01/07 - 12/31/07 Sales 0.763532 0.007682 0.105904 0.014383 0.556630 0.078933 Trans 0.192519 0.007682 0.105904 0.014383 0.556630 0.078933 Interruptible Incentive Credit Annual adjustment of the period 10/1/05 - 09/30/06 and transition Surcharge 0.012329 0.012329 for 10/1/06 - 12/31/06 to be surcharged 12/01/06 - 11/30/07 Total Effective Purchased Gas Adjustment Sales 0.775861 0.020011 0.105904 0.014383 0.556630 0.078933	Annual surchas	rge adjustment for the period	Sales	0.068564	-0.000398	0.001574	0.002013	0.043632	0.021743
Sales     0.763532     0.007682     0.105904     0.014383     0.556630     0.078933       Trans     0.192519     0.007682     0.105904     0.014383     0.556630     0.078933       Interruptible Incentive Credit     Annual adjustment of the period 10/1/05 - 09/30/06 and transition Surcharge     0.012329     0.012329     0.012329       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.020011     0.105904     0.014383     0.556630     0.078933	09/01/05 to 08	/31/06 to be surcharged	Trans	0.022919	-0.000398	0.001574			0.021743
Trans     0.192519     0.007682     0.105904     0.078933       Interruptible Incentive Credit     0.012329     0.012329     0.012329     0.012329     0.012329       Total Effective Purchased Gas Adjustment     Sales     0.775861     0.020011     0.014383     0.556630     0.078933	01/01/07 - 12/3	31/07							
Interruptible Incentive Credit       0.012329       0.012329       0.012329       0.012329         for 10/1/06 - 12/31/06 to be surcharged 12/01/06 - 11/30/07       Sales       0.775861       0.020011       0.105904       0.014383       0.556630       0.078933							0.014383	0.556630	
Annual adjustment of the period 10/1/05 - 09/30/06 and transition Surcharge     0.012329     0.012329       for 10/1/06 - 12/31/06 to be surcharged 12/01/06 - 11/30/07     Sales     0.775861     0.020011     0.105904     0.014383     0.556630     0.078933			Trans	0.192519	0.007682	0.105904			0.078933
	Annual adjustment of the period 10/1/05 - 09/30/06 and transition Surcharge		0.012329	0.012329					
dollars per therm Trans 0.204848 0.020011 0.105904 0.000000 0.000000 0.078933	Total Effective	Purchased Gas Adjustment	Sales	0.775861	0.020011	0.105904	0.014383	0.556630	0.078933
	dollars per therm		Trans	0.204848	0.020011	0.105904	0.000000	0.000000	0.078933

Summary of Gas Supply Costs per Dt	Sales
Weighted Average Commodity Cost	5.09540
Weighted Average Demand Cost	1.81970
Weighted Average Cost of Gas	6.91510
Adjustments	0.84351
Total Cost	7.75861
	per Dt

Issued by: Sharon A. Gaines, Treasurer, St. Lawrence Gas, 33 Stearns St., Massena, NY 13662

PSC NO: 3-GAS St. Lawrence Gas Company, Inc. Initial Effective Date: 09/01/07 Statement Type: Statement No: GAC 40 Page 2 of 2

## SEPTEMBER 2007 GAS ADJUSTMENT CLAUSE STATEMENT SERVICE CLASSIFICATION NO. 3

		Total	Interconnection Charge	Gas Transp. TCPL	Gas Transp. Nova	Gas Supply	Load Balancing
Monthly Cost of Gas Monthly cost of gas per therm as defined on Leaf No 30 of PSC no 3-Gas determined 08/29/07							
by applying the Monthly Cost of Gas which is	Sales	0.635846	0.008080	0.104330	0.012370	0.509540	0.001526
or will be in effect on the effective date of the gas adjustment	Trans	0.113936	0.008080	0.104330			0.001526
Factor of Adjustment							
Sales .6358 x .005 Factor of Adjustment	Sales	0.003179	0.000000	0.000000	0.000000	0.003179	0.000000
Resulting Purchased Gas Adjustment per therm:	Sales	0.639025	0.008080	0.104330	0.012370	0.512719	0.001526
~ • •	Trans	0.113936	0.008080	0.104330			0.001526
Annual GAC Surcharge / Refund							
Annual surcharge adjustment for the period	Sales	0.068564	-0.000398	0.001574	0.002013	0.043632	0.021743
09/01/05 to 08/31/06 to be surcharged	Trans	0.022919	-0.000398	0.001574			0.021743
01/01/07 - 12/31/07							
	Sales	0.707589	0.007682	0.105904	0.014383	0.556351	0.023269
	Trans	0.136855	0.007682	0.105904	0.014505	0.550551	0.023269
	114115	0.120022	0.007.002	0.100901			0.025207
T-4-1 Dfffine Developed C Adverteened	0.1	0 707590	0.007/02	0.105004	0.014202	0.55(251	0.0222.00
Total Effective Purchased Gas Adjustment Dollars per therm	Sales Trans	0.707589 0.136855	0.007682 0.007682	0.105904 0.105904	0.014383 0.000000	0.556351 0.000000	0.023269 0.023269
		0.120305	0.007.002	51100904		5.000000	0.02020)
Summary of Cos Supply Costs and D	+	G 1					
Summary of Gas Supply Costs per D Weighted Average Commodity		Sales 5.095400					
Weighted Average Demand Cos		1.263060					

Weighted Average Commodity Cost	5.095400
Weighted Average Demand Cost	1.263060
Weighted Average Cost of Gas	6.358460
Adjustments	0.717430
Total Cost	7.075890
	per Dt