GENERAL INFORMATION

14. GAS SUPPLY CHARGE (GSC): (CONT'D)

- H. Monthly GSC Statement: (Cont'd)
 - (3) Each GSC statement shall contain: (Cont'd)
 - (e) A summary of adjustments, including the LFA, FOA, Pipeline Refund, Research and Development Adjustment, Annual Reconciliation Adjustment, Interim Reconciliation Adjustment and other adjustments as approved by the PSC;
 - (f) The net amount, or GSC without the MFC, on a per Therm basis; and
 - (g) The MFC.
 - (4) The Company shall file supporting data and workpapers underlying the GSC statement, consistent with 16 NYCRR, Chapter VII Provisions Affecting Public Service, Subchapter C, Rates and Charges, Part 720, Construction and Filing of Tariff Schedules, or superseding issues thereof.
- I. Alternative Gas Cost:
 - (1) The Company may seek to offer customers alternative pricing mechanisms to that provided above.
 - (2) Any such alternative pricing mechanism shall be filed with, and approved by, the PSC prior to implementation.

15. INCREMENTAL GAS SUPPLY CHARGE (IGSC):

A. Applicability of the IGSC:

In lieu of the GSC, the IGSC shall be applicable to daily metered transportation customers requesting to return to sales service under P.S.C. No. 87 Gas, Service Classification Nos. 2, 9, or 10 when the Company has or can obtain capacity and gas supply to provide such service without jeopardizing the reliability of service to the Company's existing customers receiving firm gas sales service. The IGSC shall not be applicable to transportation customers that pay to reserve their "Sales Customer" status. The IGSC shall also be applicable to customers taking service under P.S.C. No. 87 Gas, Service Classification No. 3 and P.S.C. No. 88 Gas, Service Classification No. 2 requesting to return to firm sales service.

If the Company is unable to obtain capacity to serve the IGSC customers, then such customers shall be placed on a curtailment list after dual fuel customers.

Transportation customers returning to gas sales service where the only remaining load is heating load to prevent freezing of an empty building shall be subject to the GSC in lieu of the IGSC.

GENERAL INFORMATION

15. INCREMENTAL GAS SUPPLY CHARGE (IGSC): (CONT'D)

B. Monthly IGSC Calculation

- (1) Each month the IGSC will be the higher of:
 - a. The GSC multiplied by 110% during the months of April through October (or 125% during the months of November through March); or
 - b. The GSC plus any incremental costs incurred by the Company to serve the returning customers, including, but not limited to: pipeline and storage capacity, commodity and variable costs and fuel.
- (2) The IGSC will apply for a period of twelve (12) months, except in instances where the customer returning to sales service is imposing incremental costs in excess of the GSC with the above multipliers added. In such instances, the customer will be responsible for paying for those costs for as long as the collection of costs from such customer is justified. If an IGSC customer returns to transportation service pursuant to PSC No. 88 Gas prior to the end of the contract for capacity, and the Company determines the capacity is not needed for system supply, the capacity will be released to the customer's ESCO for the remaining term of the ESCO's contract. If the customer's ESCO does not take release of the capacity then the customer is obligated to pay the Company the pipeline capacity costs for the remaining term of the contract and any other costs the Company incurred on their behalf.

C. Annual Reconciliation

The IGSC will be reconciled annually and included in the annual reconciliation of gas costs as described in Section 14.F.

D. Monthly IGSC Statement

- (1) The monthly IGSC statements will be filed not less than three (3) days prior to the date on which it is proposed to be effective.
- (2) A new IGSC statement may be filed on one (1) day's notice to become effective not more than five (5) days after the effective date of the initial statement if the replacement of cost estimates in the initial statement with actual costs results in a change in the average cost of gas of more than five percent (5%).
- (3) Each IGSC statement will contain:
 - (a) An identification of the applicable schedule, rate area and service classifications;
 - (b) The effective period of the IGSC. The IGSC will be effective on the date provided on each statement and will remain in effect until changed by the filing of a subsequent statement;
 - (c) The date at which, and the period for which, the IGSC was determined;
 - (d) The cost on a per Therm basis, before adjustments;

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15. INCREMENTAL GAS SUPPLY CHARGE (IGSC): (CONT'D)

D. Monthly IGSC Statement: (Cont'd)

- (3) Each IGSC statement will contain: (Cont'd)
 - (e) A summary of adjustments, including the LFA, FOA, Pipeline Refund, Annual Reconciliation Adjustment, Interim Reconciliation Adjustment and other adjustments as approved by the PSC;
 - (f) The net amount of the IGSC without the MFC, on a per Therm basis; and
 - (g) The MFC.

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