

P.S.C. No. 16 - Gas  
Company: Rochester Gas and Electric Corporation

Statement Type: GSC  
Statement No. 21

### GAS SUPPLY CHARGE and MERCHANT FUNCTION CHARGE

Effective December 29, 2004  
Applicable to Service Classification No. 1 of  
PSC No. 16 – Gas  
(Issued under Authority of 16 NYCRR 720-6.5)

#### Weighted Average Cost of Gas

The average cost of gas per therm (as defined in Rule 4.H.2) determined on December 27, 2004, by applying rates and charges of the Company's natural gas suppliers in effect December 15, 2004, to quantities of gas supplied to the company during the 12 months ended November 30, 2004 is \$0.789299

#### Factor of Adjustment

Weighted Average Cost of Gas including losses 1.0135  
 $0.789299 \times 1.0135$  factor of adjustment \$0.799955

#### Inter-Departmental Sales Credit

The inter-departmental sales credit per therm is -\$0.000048

#### Annual Gas Cost Reconciliation

Pursuant to Rule 4.H.5 of PSC No. 16 – Gas, the refund per therm applicable during the period January 1, 2004 thru December 31, 2004 is \$0.002589

#### Gas Cost Reconciliation- Interim

Pursuant to Rule 4.H.6 of PSC No. 16 – Gas, the credit per therm applicable during the period ending August 31, 2004 is \$0.000000

#### Gas Cost Refund

By reason of gas pipeline refund of overcharges, the Gas Cost Refund per therm is \$0.000000

#### Capacity Cost Incentive

Pursuant to the Commission Order issued February 28, 2001 in case 98-G-1589 \$0.004775

#### Refund of Revenues Collected for PSC Transition Costs from SC#3 and SC #5, SC#7

The refund per therm applicable during the period is -\$0.007323

#### Research and Development Surcharge

Pursuant to the Commission Order issued April 21, 2000 in Case 99-G-1369 \$0.000520

#### Gas Supply Charge

For the billing month of January 2005, and for each billing month thereafter, until changed, the Gas Supply Charge per therm, under Service Classification No. 1 is \$0.800468

#### Merchant Function Charge

\$0.029413

#### Total Cost of Gas (Gas Supply Charge & Merchant Function Charge)

**\$0.829881**

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester, New York