

PSC No. 16 Gas
Rochester Gas and Electric Corporation
Initial Effective Date: September 1, 2014

IGSC
Statement No.85

INCREMENTAL GAS SUPPLY CHARGE AND MERCHANT FUNCTION CHARGE

Applicable to Service Classification No. 1 and 8 of PSC No. 16 - Gas
(Issued under Authority of 16 NYCRR 720-6.5)

Weighted Average Cost of Gas

Per Therm

The average cost of gas per therm determined on August 28, 2014
by applying rates and charges of the Company's natural gas suppliers
in effect September 2014, to quantities of gas supplied to the Company during
the 12 months ended July 31, 2014 is

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|----------------------------------|-------------------|
| Weighted Average Commodity Cost | \$0.278460 |
| Weighted Average Demand Cost | <u>\$0.104680</u> |
| Gross Weight Average Cost of Gas | \$0.383140 |
| Factor of Adjustment | <u>1.0100</u> |
| | \$0.386971 |
| Incremental Gas Supply Cost | \$0.425668 |

Adjustments to Weighted average cost of gas

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|---|---------------------|
| Interdepartmental Sales Credit | (\$0.000024) |
| Annual Reconciliation of Gas Costs - January 1, 2014 to December 31, 2014 | (\$0.002285) |
| Interim Gas Cost Reconciliation | \$0.000000 |
| Pipeline Refunds | \$0.000000 |
| Refund of Revenues Collected for PSC transition and Balancing Charges From SC #3, SC#5, and SC#7 | (\$0.011566) |
| Research and Development | \$0.000600 |
| Mendon Gate Station Heater Fuel Costs | \$0.000140 |

Incremental Gas Supply Charge

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| For the month of September 2014, and for each month thereafter, until changed, the Gas Supply Charge per therm, under Service Classification No. 1 is | \$0.412533 |
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Merchant Function Charge

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|---------------------------|------------|
| Residential Customers | \$0.028474 |
| Non Residential Customers | \$0.022697 |

Total Cost of Gas

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|---------------------------|------------|
| Residential Customers | \$0.441007 |
| Non Residential Customers | \$0.435230 |