

PSC No: 16 - Gas
 Rochester Gas and Electric Corporation
 Initial Effective Date: September 1, 2012
 Issued in compliance with Order in Case 09-G-0718 dated August 20, 2012

Leaf No. 127.46.2
 Revision: 3
 Superseding Revision: 2

GENERAL INFORMATION

13. SURCHARGE TO COLLECT TEMPORARY STATE ASSESSMENT

- A. Each customer bill for service under Service Classification Nos. 1, 3, 4, 5, 6, 7, 8, and 9 will be increased to collect a Temporary State Energy and Utility Service Conservation Assessment pursuant to the Commission's *Order Implementing Temporary State Assessment*, issued June 19, 2009. This surcharge rate will be applied per Therm.
- B. The Temporary State Assessment Surcharge ("TSAS") will be applicable to Service Classification Nos. 1, 3, 4, 5, 6, 7, 8, and 9 of PSC No. 16 – Gas, or superseding issues thereof.
- C. A reconciliation of the amounts to be recovered through the surcharge and the actual amounts calculated will be reflected in the establishment of the TSAS for the following year.
- D. A Temporary State Assessment Surcharge ("TSAS") Statement setting forth the surcharges by service classification will be filed with the Public Service Commission on not less than fifteen (15) days' notice.

14. REVENUE DECOUPLING MECHANISM (RDM) ADJUSTMENT

1. Applicable to:

All customers taking firm service under Service Classification Nos. 1, 3, and 5 will be subject to a RDM Adjustment as described below.

2. Definitions

- a. Revenue per Customer (RPC) Targets – monthly weather-normalized targets will be developed based on delivery revenue requirement established in Case No 09-G-0718. Residential customers taking service under Service Classification No. 1 and Service Classification No.5 will be combined into monthly RPC Targets. Non-residential customers taking service under Service Classification No. 1 and Service Classification No.5 will be combined into monthly RPC Targets. RPC Targets for each of the Rate Years are set forth in the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718, and approved by the Commission on September 21, 2010. The RPC Target for Rate Year 3 will repeat annually until changed by the Commission. The Company shall verify service class customer counts at the end of each Rate Year by dividing actual rate year minimum charge revenues for each service classification by the applicable minimum charge for the period.
 - (i) If in any Rate Year, the impact of the RDM reconciliation (see 14.3.b) is more than 5.0% of the net gas income, the Company will combine Service Classification No. 1 and Service Classification No. 5 with Service Classification No. 3 and Service Classification No. 3-HP for purposes of establishing a consolidated revenue per customer target, pursuant to Commission *Order Modifying Gas Revenue Decoupling Mechanisms and Establishing Further Procedures*, issued and effective August 20, 2012, in Case 09-G-0718.
 - (ii) RPC Targets for Rate Years 2 and 3 have been revised as set forth in Commission *Order Modifying Gas Revenue Decoupling Mechanisms and Establishing Further Procedures*, issued and effective August 20, 2012, in Case 09-G-0718.
- b. "Delivery Revenues" - For the purpose of RDM, Delivery Revenues will be measured as the sum of the billed base delivery revenues from all customers for each service classification (customer charges and per therm delivery rates). For purposes of this calculation, revenues related to the System Benefits Charge (SBC), Merchant Function Charge (MFC), Transition Charge, Temporary State Assessment Surcharge (TSAS), and gross receipts taxes are excluded. All sales to economic incentive rate incentive customers and low income customers will be priced out at standard service classification rates in developing the RPC Targets.
- c. "Rate Year" – for the purposes of RDM, Rate Year 1 will be effective through August 31, 2011. Each Rate Year thereafter will begin on September 1 in all subsequent 12-month periods.

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