

PSC No: 16 - Gas
 Rochester Gas and Electric Corporation
 Initial Effective Date: September 26, 2010
 Issued in compliance with Order in Case 09-G-0718, dated September 21, 2010

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 Revision: 1
 Superseding Revision:

GENERAL INFORMATION

14. REVENUE DECOUPLING MECHANISM (RDM) ADJUSTMENT (Cont'd)

3. Calculation

Beginning October 1, 2010:

- a. Each month, actual billed delivery service revenues per customer will be reconciled to allowed weather normalized delivery service revenues per customer. Actual delivery service revenues are defined as the revenue received from base delivery rates (customer charges and per-therm delivery rates). Actual delivery service revenues will reflect the weather normalization adjustment clause eliminating the current deadband.
- b. At the end of the Rate Year, actual billed revenues per customer by service class for the entire rate year will be compared to the cumulative monthly targets for the entire rate year. Any variance from the cumulative monthly targets for the rate year will be either surcharged or credited to customers over the twelve monthly periods of the immediately succeeding rate year. Surcharges or credits will be developed on a service class basis. Any surcharge or credit amount will reflect interest at the then effective other customer deposit rate. Any such surcharge or credit under the annual reconciliation or interim reconciliation process (refer to 3.d. below) will be recovered or returned through service class specific rates. Surcharges or credits arrived at in the annual reconciliation will reflect amounts already surcharged or refunded through the interim reconciliation process.
- c. The first two months of the Rate Year will be adjusted upward to reverse the effect of proration of changes in effective delivery rates.
- d. If at any time during the Rate Year the cumulative difference between the actual billed revenues per customer and the cumulative target revenues per customer is 1.25% or more, the Company will file an interim RDM Adjustment for each service classification. For the Rate Years listed below, the amounts by Rate Year (positive or negative) will trigger an interim RDM Adjustment for each service classification:
 - (i) Rate Year 1: \$1.44 million;
 - (ii) Rate Year 2: \$1.67 million;
 - (iii) Rate Year 3: \$1.81 million

Such interim RDM Adjustment will be limited to no more than one per Rate Year and will occur over four (4) months or until the end of the Rate Year, whichever is longer.

4. Filing of Statements

- a. A Revenue Decoupling Mechanism (RDM) Statement setting forth the rate adjustment will be filed with the Public Service Commission on not less than thirty (30) days notice.
- b. Should the Company file an interim RDM Adjustment as described above, such filing will occur on not less than ten (10) days notice.
- c. Such statement can be found at the end of this Schedule (PSC 16 Gas).

15. POR ADMINISTRATION CHARGE

- A. The POR Administrative Charge will be applicable to all customers in Service Classification Nos. 3, 5, 7 and 9 whose ESCO participates in the Company's Purchase of ESCO Accounts Receivable Program (POR) pursuant to the Commission's Order in Case No. 09-G-0718, dated September , 2010.
- B. The POR Administration Charge collects an allocated portion of credit and collection and call center costs related to the POR program.
- C. The surcharge will be effective through 8/31/11. A reconciliation of the amount recovered through the surcharge and the actual amount owed will be reflected in the update of the Purchase of ESCO Accounts Receivable Discount rate effective 9/1/11.
- D. The POR Administrative Charge will be set forth on the POR Administration Charge (POR) Statement filed in compliance with Commission Order in Case No. 09-G-0718.

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