

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
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Revision: 5
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GENERAL INFORMATION
4. METERING AND BILLING (Cont'd)

H. ADJUSTMENT OF RATES DUE TO CHANGES IN COST OF GAS (Cont'd)

(11) Equivalent Cost of Gas Provision

- (a) In the event that, during a gas supply curtailment, the Company curtails service, pursuant to Rule 5.C.1, to any industrial or commercial customer, which has dual-fuel capability, to the extent such curtailed customer is curtailed by more than the average by which other customers in the same category are curtailed ("excess curtailment"), the Company may enter into an agreement with such curtailed customer whereby the Company will reimburse such customer each month for the difference in cost to such customer between the alternate fuel utilized by the customer in lieu of gas and the gas which would have been utilized but for the excess curtailment, the cost of gas being calculated on an equivalent Btu basis and under the applicable Service Classification.

For each customer who installs dual-fuel capability, the phrase "alternate fuel utilized by the customer in lieu of gas" as used in the foregoing shall mean the cheapest alternate fuel which is feasible for such customer as of the date on which the customer installs dual-fuel capability; that alternate fuel will be determined by the Company, subject to Public Service Commission review in the event of disagreement. Propane will only be considered to be the alternate fuel for such a customer in those instances where it is the only feasible alternative.

- (b) The Company shall determine, as to each month during the period any agreements under Rule 4.H.12.a are in effect, the aggregate monthly amount by which the otherwise applicable GSC for all customers Rule 4.H.1 will be increased for the recovery of the amounts paid under Rule 4.H.12.a. A rate will be determined by dividing the aggregate amount paid by the estimated sales expected to be made during the second succeeding month following the month during which the alternate fuel was utilized and the rate so determined will be added to the GSC otherwise applicable during such second succeeding month. If actual sales vary from estimated sales, a debit or credit adjustment will be made in calculating the equivalent GSC for the subsequent billing month.

(12) Refund of Revenues Collected Under the Provisions of Balancing and Cashout Charges of Service Classification Nos. 3, 5, 7, and 9

Sales subject to Service Classification No. 1, Service Classification No. 4 Service Classification No. 6 and Service Classification No. 8 who are subject to the GSC, will be subject to a credit to reflect revenues as may result from incurring balancing and cashout charges. Each billing month, the credit per therm shall be determined by dividing the annual amount collected by annual normalized sales to the above customers and such rate shall be included as a separate item on the GSC Statement for that month. Any difference between the total amount to be credited and the actual amount credited will be included as an adjustment in the company's next annual reconciliation of gas costs.

(13) Gas Reliability Surcharge

- (a) Beginning April 1, 2011, ESCOs serving RG&E delivery customers will be required to provide capacity to meet 100% of the ESCO's non-daily metered customers' load based on an average peak day of 66 Heating Degree Days (HDD) of load. On days exceeding 66 HDD, RG&E will supply the difference between 66 HDD and the HDD of the particular day. RG&E shall retain and supply capacity on days where the Heating Degree Days (HDD) are between 66 and 75. The Gas Reliability Surcharge shall recover the costs associated with retaining such pipeline capacity to meet demand on behalf of non-daily metered customers taking service with an ESCO.
- (b) The Gas Reliability Surcharge shall apply to customers taking service under Service Classification Nos. 5, 7a and 9.
- (c) The costs to be collected through the surcharge will be reduced by a proportionate share of revenues associated with the applicable share of non-migration capacity release, net off-system sales revenue and pipeline supplier refunds related to services used in the derivation of the surcharge. Revenues received from the Gas Reliability Surcharge will be credited to the Gas Supply Charge.
- (d) The surcharge will be included in the small Transportation Service Rate Adjustment Statement
- (e) On or before September 30 of each year, beginning in 2011, the Company will provide a report to the Director of the Office of Electric, Gas and Water that includes the calculation for the projected year's capacity requirements, a statement of the changes from the previous year's capacity requirements, a statement of the changes from the previous year, an explanation of the reason(s) or basis for the changes, and all associated workpapers. Copies of this report will be contemporaneously provided to ESCOs operating in the Company's gas service territory and any other interested party that specifically requests it.

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