

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: November 1, 2007

Leaf No. 130.7
Revision: 4
Superseding Revision: 3

SERVICE CLASSIFICATION NO. 3

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):

7. Transportation Rate Adjustment:

The transportation rates set forth in this Service Classification shall be subject to a transportation rate adjustment per therm of gas distributed. The total Transportation Rate Adjustment for this service classification will include the following components:

- i) The Interdepartmental Sales Credit; and
- ii) The FERC Order 636 Transition Cost Surcharge; and
- iii) The PSC Transition Cost Surcharge; and
- iv) The Research and Development Surcharge.

8. Large General Service Transportation Rate Adjustment Statement

Not less than three days prior to the first day of each billing period, the Company shall file with the Public Service Commission a Statement showing the Service Classification No. 3 charges listed in items i) through iv) of Section 7, above. The Statement will also list the charges per therm for Daily Balancing Service, and CSC Enhanced Daily Balancing Service. Such charges may be combined for billing purposes.

9. Weather Normalization Adjustment (WNA):

All space-heating customers will also be charged the applicable WNA pursuant to General Information Section 11 of this tariff.

10. a) Capacity to Be Released- Applicable only to SC#3 Customers receiving a mandatory release of Company capacity as determined under Section 10.G. of the General Retail Access – Multi-Retailer Model

The Company will provide the mandatory amount of capacity released between Dawn and Mendon shall include transportation capacity on TransCanada PipeLine Limited (TCPL) and Empire State Pipeline (Empire) to meet the demands of a customers peak day . Storage capacity in the Delivery and Storage Redelivery Service ("DSR Service") will be made available to the ESCO for voluntary capacity release under the following choices:

- (1) 100% of its DSR Service peak day requirements;
- (2) 66% of its DSR Service peak day requirements; or
- (3) 0% of its DSR Service peak day requirements, if it can demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its firm customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

In the event an ESCO elects a DSR Service quantity less than 100% of its DSR Service peak day requirements, the quantity of TCPL capacity available to the ESCO will be adjusted in accordance with the Company's GTOP Manual.

To accommodate for the difference in released assets between Empire and TCPL, the ESCO must demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

TCPL, Empire, and DSR Service assets shall be termed "Empire Capacity".

Capacity to be released between Southpoint and Caledonia shall include transportation and storage capacity on DTI. These assets shall be termed "DTI Capacity".

The total capacity available for release may be sufficient to meet the design day load of all Customers eligible for service under this service classification, as determined from time to time by the Company, as well as to meet the operational design requirements of the Company's distribution system. References to "release" of capacity are intended to include all transfers to ESCOs of rights and obligations pertaining to capacity held by the Company unless the context requires otherwise.

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

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