

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: August 1, 2006

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Revision: 4
Superseding Revision: 3

GENERAL INFORMATION

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

G. Gas Balancing Service (Cont'd)

B. Daily Surplus Imbalances:

For daily surplus imbalances during a day in which a Type II OFO is in effect, the Company will pay the ESCO for the surplus amount for the duration of the Type II OFO as follows:

<u>Imbalance Level</u>	<u>Rate per Therm of Imbalance</u>
Between 0% and 10%	The lower of the Niagara midpoint index price, or the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price. In addition, the ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the deficiency imbalance.
Greater than 10%	The lower of 50% of the Niagara absolute low index price, or 50% of the Dominion Transmission Incorporated (DTI) Appalachia South Point absolute low index price. In addition, the ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the surplus imbalance.

5. Imbalance Trading and End of Month Cashout

A. End of Month Imbalance Trading

End of month imbalance trading will be allowed provided the following conditions are met:

- (1) Such trading can be physically accommodated without creating undue operational or billing problems.
- (2) All imbalance trading must be completed by 4:00 PM Eastern Time on the fourth business day of the next month.
- (3) ESCO imbalances that remain after imbalance trading will be subject to the cashout provisions set forth in this Rule 10.G.
- (4) No trading to move from a positive imbalance to a negative imbalance or a negative imbalance to a positive imbalance position will be allowed.

B. End of Month Cashout

Each month, the ESCO's Balance Control Account shall be subject to the following end of month cashout for negative and positive monthly imbalances. A negative monthly imbalance exists when the Company receives a quantity of gas for a Balance Control Account that is less than the quantity of gas, adjusted for losses, delivered by the Company to the ESCO's Customers. A positive monthly imbalance exists when the Company receives a quantity of gas for a Balance Control Account that is greater than the quantity of gas, adjusted for losses, delivered by the Company to the ESCO's Customers.

- (1) Prior to being cashed out, all ESCOs shall be allowed to trade any cumulative monthly imbalances subject to the conditions of this Rule 10.G.
- (2) Any cumulative monthly imbalance which has not been subject to the daily cashout and which exists after imbalance trading, shall be subject to an end of month cashout as follows:
 - (a) For deficiency imbalances, the ESCO will pay the Company for the applicable deficiency amount based on the average of the month's daily cashout prices as described in Rule 10.G, Type of Balancing Service, section A.3.A.-Daily Deficiency Imbalances.
 - (b) For surplus imbalances, the Company will pay the ESCO for the applicable surplus amount based on the average of the month's daily cashout prices as described in Rule 10.G, Type of Balancing Service, section A.3.B.-Daily Surplus Imbalances.

6. Balancing Charge

The ESCO will be charged a balancing charge for each therm of gas delivered to the service points in its Balance Control Account. The balancing charge will consist of a charge to cover the Company's costs for FTNNGSS deliverability, GSS deliverability, GSS capacity, FTNN capacity, and administrative costs. The balancing charge shall be calculated each month as follows:

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