

PSC No: 17 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: November 1, 2003
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Revision: 1
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SCHEDULE A

GAS SERVICE-POINT DISTRIBUTION SERVICE (Cont'd)

SPECIAL PROVISIONS (Cont'd):

E. Service Classification No. 10 - General Service - Distribution Service to Electric Generation (Cont'd)

1. Applicable to Use of Service For

Any Direct Customer service point, or Distribution Customer serving a Retail Customer service point where such service point is an electric generating facility, in the entire gas control area, with service limited to service points which meet the Eligibility Criteria listed in D.2, below.

2. Eligibility Criteria

Any new Direct Customer service point or new Retail Customer service point which meets the requirements stated below shall be eligible to receive service in accordance with the rates, charges and provisions set forth under this Service Classification:

- a) The Direct Customer or Retail Customer must operate an electric generating facility having a rated capacity of not less than 50 megawatts.
- b) The Direct Customer's or Retail Customer's generating facility must have the ability to switch to an alternate fuel when notified to do so by the Distribution Provider.

3. Interruptibility

The Distribution Provider may, for up to 30 days (720 hours) annually, direct the Distribution Customer's Retail Customer or the Direct Customer to switch to its alternate fuel supply. The Direct Customer or, in the case of a Distribution Customer serving a Retail Customer, the Distribution Customer, will be instructed to terminate delivery of its gas to the Distribution Provider's system. The Distribution Provider shall notify the Distribution Customer and its Retail Customer, or the Direct Customer, of the requirement to switch to its alternate fuel before noon, Eastern time, on the day prior to the day on which the switch is required. In addition to the above, in the case of a system supply emergency, the Distribution Provider may curtail deliveries in accordance with Rule 4.G or 4.H of this tariff.

4. Rate Per Month

The Distribution Customer will be billed for the following RG&E services:

a) Distribution Charge:

The Distribution Charge per therm is shown in Appendix C. This charge will be fixed for the initial term of service.

b) Real-Time Value Surcharge:

This surcharge will be calculated on a monthly basis to reflect the increases, or decreases, in the wholesale market price of electricity relative to the changes in the cost of gas for generation. This Real-Time Value Surcharge will be based on a 5% change in the spark spread. The spark spread is a measure of the competitive relationship between natural gas and electric power. The measure compares the price at the busbar (output of generator) of gas-fired generation, at an assumed heat rate (measure of generator efficiency), with the current market price of electricity. This surcharge will use the Location Based Marginal Pricing (LBMP) from the Independent System Operator (ISO) for Western New York for electric pricing, and an average daily market price for city gate deliveries for gas price. The base line will be an average of prior twelve (12) months of daily data for each measure. The surcharge will compare the current month spark spread to the baseline. The Real-Time Value Surcharge will be set forth in the SC No. 10 Real-Time Value Surcharge statement, as filed with the New York Public Service Commission each month.

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