

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: November 1, 2003
Issued in compliance with order in Case 02-M-0515 dated 4/24/03

Leaf No. 69
Revision: 1
Superseding Revision: 0

GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

H. COMPUTATION OF GAS COST

(1) Factor of Adjustment

The rates for gas service under Service Classification No. 1 shall be subject each month to an addition or a deduction for each \$.000001, or major fraction thereof, increase or decrease in the average cost of gas per therm. Such increase or decrease shall be multiplied by the factor of adjustment ratio of 1.0128 and rounded to the nearest \$.000001 per therm.

The factor of adjustment used in determining the average cost of gas shall be established in the Company's rate case proceedings before the Public Service Commission.

(2) Average Cost of Gas

The average cost of gas shall be computed monthly as follows:

- (a) By applying the rates and charges of the Company's gas suppliers which will have been in effect not less than 15 days prior to the effective date of the gas adjustment to the respective quantities of gas purchased from each supplier for delivery to customers during the 12 calendar months immediately preceding the computation dates; and
- (b) By applying the average unit cost of gas in storage (including charges for gas storage services provided by the Company's storage suppliers but not including carrying charges) at the date of the computation to the quantities of gas withdrawn from storage during the same 12-month period; and
- (c) From the total quantity of gas delivered to customers, other than customers taking service under Service Classifications Nos. 3, 5 and 7, subtracting the quantity of gas delivered for use by the other departments during the same 12-month period; and
- (d) Reducing the total cost of gas purchased and withdrawn from storage, as computed in (a) and (b) above, by an amount determined by applying the interdepartmental rate per dekatherm, to the interdepartmental quantities in (c) above; and
- (e) By dividing the total cost of gas, (a) plus (b) minus (d), by (c) the gas delivered to customers.

(Continued on next leaf)

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