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GENERAL INFORMATION

PART II RULES AND REGULATIONS

1. DEFINITIONS AND ABBREVIATIONS

Adjusted Gas Revenue: The revenue realized from the applicable service classification rates and charges, minus the revenue taxes, the minimum, charge and the cost of gas.

Aggregate Daily Contract Quantity (ADCQ): The quantity of gas a supplier is required to bring to the Company citygate each day for redelivery by the Company to the suppliers' group of customers.

Applicant: A residential applicant is a person who requests service at a dwelling for his or her own residential use or the residential use by another person. For purposes of the Home Energy Fair Practices Act - HEFPA, a residential applicant is any person who requests service at a premises to be used as his or her residence or the residence of another person on whose behalf the person is requesting service, as defined in 16 NYCRR 11.2(a)(3).

A nonresidential applicant is a person, corporation or other entity requesting service from the company who is not a residential applicant as defined in 16 NYCRR 11.

Arrears: Charges for service for which payment has not been made more than 20 calendar days after payment was due.

Balance Control Owner: The party who subscribes to an agreement indicating that the party is responsible for all charges, both debits and credits, that are assessed as a result of daily and monthly imbalances, and delivery point surcharges. A balance control owner can be an individual Service Classification No. 3 - Firm Transportation customer, a Supplier, a person representing a group of On-System Service Classification No. 3 customers, or a person representing a group of City Gate Service Classification No. 3 customers.

British Thermal Unit: The amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at 60 degrees Fahrenheit.

Cashout: The process of monetary settlement of gas supply imbalances.

Citygate: The interconnection point between the facilities of an interstate pipeline and the local facilities through which the Company receives deliveries from that pipeline.

Citygate Balancing: The process of comparing the actual quantity of gas delivered by the customer (or the customer's supplier) to the Company and the required scheduled quantity for a particular period of time, and accommodating for the difference between the required scheduled quantity and the customer's actual consumption.

Commodity Cost of Gas: The cost of Company gas delivered to the citygate. The cost is generally comprised of wellhead costs, storage withdrawal costs, plus variable costs.

Company: Rochester Gas and Electric Corporation

Costs and Expenses: An estimate based on (a) the average hourly labor rates including a percentage for employee welfare costs, supervision, engineering, and administrative and general expenses, plus (b) the hourly rates for transportation and special equipment, plus (c) the Company's material costs including stores expense.

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