

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: August 1, 2004
Issued in compliance with order in Case 04-G-0386 issued July 28, 2004

Leaf No. 133.9
Revision: 3
Superseding Revision: 1

SERVICE CLASSIFICATION NO. 5

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 5 (Cont'd):

f) Release of Empire Capacity

Release of capacity on Empire will be carried out pursuant to the terms and conditions of Empire's Tariff on file with the Commission, as such Tariff may be amended from time to time, and the terms and conditions of any separate agreement between the Company and Empire pertaining to this subject. In the event of any conflict between the terms and conditions of Empire's Tariff and any separate agreement, the terms and conditions of the latter shall control. Release of capacity on TCPL and the DSR Service shall be carried out by the Company consistent with the terms and conditions of the Company's agreements with TCPL and the DSR Service provider.

For DSR Service capacity release effective September 1, 2004, the ESCO must notify RG&E of its election by August 17, 2004. For DSR Service capacity release effective April 1 of each year, the ESCO must notify RG&E of its election by March 15.

g) Release of DTI Capacity

Release of capacity on DTI shall be carried out in a manner consistent with FERC requirements pertaining to capacity release.

h) Rates for Released Capacity

The rates to be paid by an ESCO taking released capacity shall be the Company's maximum contract rates pursuant to the tariffs and/or agreements applicable to the released capacity.

i) Transfer of Storage Gas and Capacity to the ESCO

Where storage assets are released to an ESCO in conjunction with this Retail Access Capacity Program after the commencement of the storage injection season (April 1 of each year), the Company shall transfer to the ESCO a quantity of gas equivalent to a pro-rata share of gas that the Company has acquired to provide service to the migrated Customers. The quantity of gas transferred shall be the storage capacity to be released multiplied by a percentage (published in Company's GTOP) representing the planned degree to which the Company's storage will be filled at the beginning of the month during which the release is made.

DSR Service for the Period September 1, 2004 to November 1, 2004

1) September 1, 2004 Release of DSR Service:

Effective for September 1, 2004, the Company shall release a pro-rata share of storage capacity in the DSR Service to the ESCO, who shall reimburse RG&E for storage service demand charges for April, May, June, July, and August, 2004, consistent with the terms and conditions of RG&E's agreement with the DSR Service provider.

2) September 1, 2004 Transfer of Gas in Storage in the DSR Service to the ESCO:

Effective for September 1, 2004, the Company shall transfer to the ESCO a quantity of gas equivalent to a pro-rata share of gas in the DSR Service that the Company has acquired in April, May, June, July, and August, 2004, to provide service to the migrated Customers. The quantity of gas transferred in the DSR Service shall be the storage capacity released multiplied by a percentage (published in Company's GTOP) representing the planned degree to which the Company's storage will be filled at September 1, 2004. The ESCO shall pay the Company the weighted average commodity cost of gas in storage multiplied by the quantity of gas transferred.

3) November 1, 2004 Transfer of Gas in Storage in the DSR Service to the ESCO:

Effective for November 1, 2004, only, the weighted average commodity cost of gas in storage and the contribution to storage capacity costs shall be based on the months of September and October, 2004.

As detailed below, there will be an ESCO Charge and an ESCO Credit associated with transfers of gas in storage to the ESCO.

ESCO Charge:

The ESCO shall pay the Company: 1) the weighted average commodity cost of gas in storage multiplied by the quantity of gas transferred; plus 2) a contribution to storage capacity costs calculated as shown below.

The weighted average cost of commodity will be billed for each transfer of DTI storage and will be billed in November for the cumulative gas transfer of the DSR Service.

The contribution to storage capacity will be calculated differently for east side and west capacity as indicated below. The calculations for the east side and west side will be added together to derive a total cost.

Applicable to DTI pipeline for the months May – March

East side = $(\text{rscapdti} * \text{wacos} * \text{months}_{\text{APR}}) + (\text{rscapdti} * \text{months}_{\text{NOV}} * (\text{ftnngss} / \text{cgdeliv}_{\text{DTI}}))$

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