

PSC No: 16 - Gas

Leaf No. 130.9

Rochester Gas and Electric Corporation

Revision: 1

Initial Effective Date: January 1, 2005

Superseding Revision: 0

Issued in compliance with order in Cases 02-E-0198 and 02-G-0199 dated June 2, 2004

SERVICE CLASSIFICATION NO. 3**GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):****B. Empire Zone Rate (EZR) (Cont'd)**

Usage	Discounts - Years 1 through 3	Discounts - Years 4 through 6	Discounts - Years 7 through 10
First 1000 therms or less	0	0	0
Next 29,000 therms, per therm	50%	30%	10%
Next 70,000 therms, per therm	50%	30%	10%
Next 900,000 therms, per therm	50%	30%	10%
Over 1,000,000 therms, per therm	50%	30%	10%

C. Incremental Load Rate (ILR)

Any customer who meets the qualifications set forth under General Information Section 4.K.1 shall pay for delivery service at the following terms. For Existing and Prospective customers, the ILR discount will be in the form of a percentage discount to each per Therm block rate, except for the customer charge,. The discount will be applied to the rates for the Next 29,000 Therm block, Next 70,000 Therm block, Next 900,000 Therm block and Over 1,000,000 Therm block. The discount will be applied on a quarterly basis as a bill credit adjustment to the customer's bill. The percentage discount will decline as indicated below over the four-year term of the customer's incentive. Set forth below are the ILR discount percentages off the otherwise applicable service classification block rates:

Usage	Discounts - Year 1	Discounts – Year 2	Discounts - Year 3	Discounts - Year 4
First 1000 therms or less	0	0	0	0
Next 29,000 therms, per therm	40%	30%	20%	10%
Next 70,000 therms, per therm	40%	30%	20%	10%
Next 900,000 therms, per therm	40%	30%	20%	10%
Over 1,000,000 therms, per therm	40%	30%	20%	10%

12. Individually Negotiated Contracts

In cases where a Customer has a viable option to bypass the Company's distribution facilities, the Company may negotiate a special rate with that Customer. The rate and term shall be the subject of a special contract negotiated between the Company and the Customer. The negotiated rate shall recover all incremental costs the Company incurs in serving the Customer and shall provide a reasonable contribution to system costs. Summaries of contract information will be available in Contract Addenda contained in this tariff.

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