

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: January 1, 2005
Issued in compliance with order in Cases 02-E-0198 and 02-G-0199 dated June 2, 2004

Leaf No. 130.8
Revision: 3
Superseding Revision: 2

SERVICE CLASSIFICATION NO. 3

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):

11. Economic Development Programs (Cont'd)

A. Economic Development Zone Rider (Cont'd)

This service is available to any eligible customer who locates to or expands in certified Empire Zones and:

- (i) Whose use is non-residential in nature; and
- (ii) Who qualifies for service under and in accordance with the provisions of this service classification; and
- (iii) Who has been certified by the Local Empire Zone Administrator, described in Article 18-B of the General Municipal Law, as being eligible for this service; and
- (iv) Who has provided the Company with documentation of such certification; and
- (v) Who permanently increases their usage by at least twenty-five percent.

The Company will calculate bills for service supplied under the Economic Development Zone Rider in accordance with the rates per therm listed in this Service Classification. The rates set forth under this rider shall be subject to a Transportation Rate Adjustment per therm of gas delivered, as determined in accordance with Section 7, above.

The rates and charges under this rider, including Transportation Rate Adjustment, are increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied in the municipality where the customer is taking service.

The Customer will pay a monthly service bill at the rates and charges under this rider for all therms in excess of a base amount established for each monthly billing period. For an existing Customer, the base amount of therms will be determined by the Company using an annual historical period. For a prospective Customer, the base amount of therms will be zero.

The rates and charges under this rider, which reflect the Company's incremental cost of providing transportation service, will be subject to periodic review and revision, subject to Public Service Commission approval. A qualified customer will be eligible to receive the Empire Zone Rate rates for no more than ten years from the initial date of New York State eligibility, as stated on their zone certificate, or until its initial certification becomes invalid, whichever comes first. The Company reserves the right to establish means of periodically verifying the validity of a Customer's certificate.

B. Empire Zone Rate (EZR)

Any customer who meets the qualifications set forth under General Information Section 4.K.3 shall pay for delivery service at the following terms. For Existing and Prospective customers, the EZR 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 ten-year term of the customer's incentive. Set forth below are the EZR discount percentages off the otherwise applicable service classification block rates:

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