

PSC No: 16 - Gas
 Rochester Gas and Electric Corporation
 Initial Effective Date: November 3, 2004
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Leaf No. 73
 Revision: 2
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GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

H. ADJUSTMENT OF RATES DUE TO CHANGES IN COST OF GAS (Cont'd)

(11) Equivalent Cost of Gas Provision

- (a) In the event that, during a gas supply curtailment, the Company curtails service, pursuant to Rule 5.C.1, to any industrial or commercial customer, which has dual-fuel capability, to the extent such curtailed customer is curtailed by more than the average by which other customers in the same category are curtailed ("excess curtailment"), the Company may enter into an agreement with such curtailed customer whereby the Company will reimburse such customer each month for the difference in cost to such customer between the alternate fuel utilized by the customer in lieu of gas and the gas which would have been utilized but for the excess curtailment, the cost of gas being calculated on an equivalent Btu basis and under the applicable Service Classification.

For each customer who installs dual-fuel capability, the phrase "alternate fuel utilized by the customer in lieu of gas" as used in the foregoing shall mean the cheapest alternate fuel which is feasible for such customer as of the date on which the customer installs dual-fuel capability; that alternate fuel will be determined by the Company, subject to Public Service Commission review in the event of disagreement. Propane will only be considered to be the alternate fuel for such a customer in those instances where it is the only feasible alternative.

- (b) The Company shall determine, as to each month during the period any agreements under Rule 4.H.12.a are in effect, the aggregate monthly amount by which the otherwise applicable GSC for all customers Rule 4.H.1 will be increased for the recovery of the amounts paid under Rule 4.H.12.a. A rate will be determined by dividing the aggregate amount paid by the estimated sales expected to be made during the second succeeding month following the month during which the alternate fuel was utilized and the rate so determined will be added to the GSC otherwise applicable during such second succeeding month. If actual sales vary from estimated sales, a debit or credit adjustment will be made in calculating the equivalent GSC for the subsequent billing month.

(12) Refund of Revenues Collected Under the Provisions of Balancing and Cashout Charges of Service Classification Nos. 3, 5, 7, and 9

Sales subject to Service Classification No. 1, Service Classification No. 4 Service Classification No. 6 and Service Classification No. 8 who are subject to the GSC, will be subject to a credit to reflect revenues as may result from incurring balancing and cashout charges. Each billing month, the credit per therm shall be determined by dividing the annual amount collected by annual normalized sales to the above customers and such rate shall be included as a separate item on the GSC Statement for that month. Any difference between the total amount to be credited and the actual amount credited will be included as an adjustment in the company's next annual reconciliation of gas costs.

(13) Gas Supply Charge ("GSC", also called Net Cost of Gas)

Each monthly GSC will be the sum of the Average Cost of Gas, the Inter-Departmental Sales Credit, the Gas Cost Reconciliation, the Gas cost Reconciliation – Interim, the Gas Cost Refund, the Capacity Cost Incentive, the Refund of Revenues Collected for PSC Transition Cost from Service Classification Nos. 3, 5, 7, and 9 the Research and Development Surcharge, the Equivalent Cost of Gas, the Refund of Revenues Collected Under the Provisions of Balancing and Cashout Charges of Service Classification Nos. 3, 5, 7, and 9, and other PSC approved adjustments.

The net cost of gas per therm, computed as provided in the Monthly GSC Statement, shall become effective commencing with meter readings on and after the first day of the billing month following the computation date, provided however, that the net cost of gas will be adjusted whenever there is a change in the pipelines' rates. The net cost of gas shall continue in effect until changed.

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