

PSC No: 20 - Electricity  
Rochester Gas and Electric Corporation  
Initial Effective Date: February 1, 2004  
In compliance with order in Case 02-E-0551, Establishing Electric Standby Rates, Issued and Effective July 29, 2003

Leaf No. 177.10  
Revision: 0  
Superseding Revision:

## **SCHEDULE A SERVICE POINT DISTRIBUTION SERVICE (Cont'd)**

**18. POWER FACTOR ADJUSTMENT:** If the Company determines that the Retail Customer's equipment is so operated that the maximum kilovolt-amperes of lagging reactive demand exceed forty-eight percent (48%) of the maximum kilowatt demand during the billing month, the Retail Customer shall remedy that condition in a manner deemed adequate by the Company, by either:

- a. Installing and maintaining at its own expense the power factor corrective equipment deemed necessary by the Company to remedy the condition, or
- b. Making a cash contribution of the actual reasonable cost of any power factor corrective equipment installed by the Company on its side of the point of delivery to effect such correction.

### **19. INDIVIDUALLY NEGOTIATED CONTRACTS:**

#### **A. Individual Agreements for Distribution Customers that Serve Retail Customers Considering Isolation**

RG&E is authorized to offer individually negotiated agreements for standby service to Distribution Customers that Serve Retail Customers that may install back-up generation and disconnect their premises from the RG&E system in lieu of taking tariff standby service. The Distribution Customer must document that its Retail Customer can physically, environmentally, and economically isolate from RG&E's grid by installing and operating back-up generation at a lower cost than paying for standby service, and that such option is the alternative the Retail Customer will select if RG&E does not offer a negotiated rate alternative. At a minimum, the negotiated rate agreement must provide for recovery of RG&E's marginal costs plus a reasonable contribution to RG&E's recovery of its fixed costs. RG&E shall respond to a Distribution Customer application for a negotiated rate agreement within ninety (90) days of its receipt with a negotiated rate agreement offer or a written explanation for its rejection of the application. Either party may seek from Staff a non-binding resolution of a dispute over the negotiation of such an individual rate agreement. In the event of a conflict between any provision of an agreement negotiated pursuant to this authority and any inconsistent provision of RG&E's Joint Proposal filed April 15, 2003 in Case 02-E-0551 or the standby rate provisions of RG&E's tariff on the same subject, the provision of the negotiated agreement shall take precedence and control.

#### **B. Individual Agreements for Distribution Customers that Serve Retail Customers Selling into the Wholesale Market**

RG&E is authorized to offer individually negotiated agreements for standby service with Distribution Customers that serve Retail Customers that sell into the market, or to a third party, no less than ninety percent (90%) of their site's energy output, net of station power requirements, from generators located on the site having a total name plate rating equal to or greater than fifty (50) MW. The rates and charges negotiated will reflect, where applicable, the characteristics of the specific interconnection arrangements, including, but not limited to, the voltage level of the interconnection, whether the interconnection is bi-directional, and the nature of the RG&E facility where the generator is interconnected with the RG&E system. RG&E shall respond to a Distribution Customer application for a negotiated rate agreement within ninety (90) days of its receipt with a negotiated rate agreement offer or a written explanation for its rejection of the application. Either party may seek from Staff a non-binding resolution of a dispute over the negotiation of such an individual rate agreement. In the event of a conflict between any provision of an agreement negotiated pursuant to this authority and any inconsistent provision of RG&E's Joint Proposal filed April 15, 2003 in Case 02-E-0551 or the standby rate provisions of RG&E's tariff on the same subject, the provision of the negotiated agreement shall take precedence and control.

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