

PSC No: 16 - Gas

Leaf No. 133.3

Rochester Gas and Electric Corporation

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Issued under the authority of the PSC in Case Nos. 02-E-0198 and 02-G-0199, issued and effective March 7, 2003

SERVICE CLASSIFICATION NO. 5**SMALL TRANSPORTATION SERVICE (Cont'd)**

ucap = The Company's total unreleased upstream pipeline capacity less the amount of DTI FTNN and FTNNGSS capacity used for balancing Service Classification No. 3 customers under the Daily Balancing Service.

ucap\$ = The Company's total upstream pipeline capacity costs, less:

- i) The capacity cost imputation specified in Appendix F of the Joint Proposal Pertaining to Rochester Gas and Electric Corporation's Natural Gas Rates and Restructuring Program, as approved by the Commission in its Order issued and effective 2/28/01 in Case 98-G-1589; and
- ii) Revenues achieved by the Company from releases of capacity other than those in i) above; and
- iii) Charges associated with capacity that is either a) assigned to ESCOs through the Retail Access Capacity Program detailed in Service Classification No. 5, Section 8; or b) used by the ESCO to provide retail service under Service Classification No. 1; or c) used by the Company to provide Daily Balancing Service to Service Classification No. 3 customers.
- iv)
- b) The total capacity cost per therm is calculated by dividing the total cost in (a), above, by the total normalized volumes of gas delivered to the following Customers:
 - i) Customers being served by ESCOs taking service under Service Classification No. 3 who converted to such service from Service Classification No. 5 or Service Classification No. 1, after November 1, 1996, excluding gas delivered to new load as defined in 1.(a)(i), above; and
 - ii) Customers taking service under Service Classification No. 1; and
 - iii) Customers taking service under Service Classification No. 4, who are subject to the gas cost adjustment; and
 - iv) Customers being served by ESCOs taking service under Service Classification No. 5.
- c) The Revenue Requirement pertaining to the recovery of the Differential (as defined in the Settlement Agreement dated June 14, 2000 in Case 98-G-1589 (the "Settlement")) shall be determined by multiplying the Differential by the number of Customers subject to the Backout Credit and subtracting from that product the product of (a) the difference between the Backout Credit and the Differential and (b) the number of Customers for whom ESCOs are ineligible to receive the Backout Credit as defined in the Settlement.
- d) The total Differential recovery cost per therm is calculated by dividing the total cost in (c), above, by the total normalized volumes of gas delivered to the following Customers:
 - i) Customers taking service under Service Classification No. 1; and
 - ii) Customers taking service under Service Classification No. 4, who are subject to the gas cost adjustment; and
 - iii) Customers being served by ESCOs taking service under Service Classification No. 5.

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