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PSC No: 16 - Gas
Rochester Gas and Electric Corporation
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SERVICE CLASSIFICATION NO. 7**FIRM GAS TRANSPORTATION SERVICE FOR DISTRIBUTED GENERATION FACILITIES < 50 MW**
(Cont'd)**D. Research and Development Surcharge**

The rates per therm as herein provided shall be subject each month to a surcharge to collect funds to support medium and long term gas research and development programs. The amount of the surcharge shall be calculated yearly by dividing the total amount that the Company paid to upstream pipelines for GRI funding in calendar year 1998, less any amounts to be paid to upstream pipelines for GRI funding in the calendar year for which the surcharge is being calculated, by the total forecasted volumes delivered to customers taking service under all Service Classifications.

The total amount collected annually under this surcharge shall be reconciled to ensure that it does not exceed the amount that the Company paid to upstream pipelines for GRI funding in calendar year 1998. Any amounts collected through this surcharge which are not spent on R&D programs shall be refunded to the customers.

E. Mendon Heater Fuel Charge

A customer shall be subject to the Mendon Heater Fuel Charge as described in Rule 4.H.

TERMS OF PAYMENT:

All bills are rendered at the rate set forth in this Service Classification. A late payment charge of 1½% per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.D.2.

BALANCING SERVICE:

The ESCO/DC must take balancing service under Rule 10.G for each service point for which it is taking transportation service. The ESCO/DC shall indicate the type of balancing service to be used for each of its service agreements, consistent with Rule 10.G and the applicable Service Classifications.

Each of the ESCO's/DC's service agreements shall be assigned to a Balance Control Account. A separate Balance Control Account shall be established for each type of Balancing Service elected for the ESCO's Customers or the DC.

Retail Access Capacity Program**A. General**

ESCOs serving Customers under this service Classification with annual use less than 35,000 therms shall be required to participate in the Retail Access Capacity Program, as defined in this section, whereby transportation and storage capacity to the Company's city gates at DTI and Empire, shall be a mandatory release of capacity to ESCOs serving Customers under this service Classification.

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