

October 1, 2007

VIA ELECTRONIC SUBMITTAL

Honorable Jaclyn A. Brillong
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

RE: Case 07-G-0299, In the Matter of Issues Associated with the Future of the Natural Gas Industry and the Role of Local Gas Distribution Companies – Capacity Planning and Reliability; Rochester Gas and Electric Corporation, Filing to Comply with Commission Order

Dear Secretary Brillong:

Rochester Gas & Electric Corporation ("RG&E" or the "Company") hereby submits for filing the following enclosed tariff leaves in compliance with the New York Public Service Commission's (the "PSC" or the "Commission") Order on Capacity Release Programs issued on August 30, 2007 (the "August 30 Order") in the above-referenced proceeding and Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and Regulations (16 NYCRR Appendix 7-H.¹

PSC No. 16 – Gas – Schedule for Gas Service

Leaf No. 9, Revision 4
Leaf No. 10, Revision 4
Leaf No. 127.30, Revision 5
Leaf No. 127.30.1, Revision 0
Leaf No. 127.38.1, Revision 1
Leaf No. 130.7, Revision 4
Leaf No. 130.7.1, Revision 0
Leaf No. 130.7.2, Revision 0
Leaf No. 130.7.3, Revision 0
Leaf No. 133.7, Revision 3
Leaf No. 133.8, Revision 5
Leaf No. 133.9, Revision 5

Effective: November 1, 2007 (on a temporary basis)

In its August 30 Order, the Commission adopts many of the policies enunciated by the Staff of the Department of Public Service ("Staff") in the White Paper on Capacity Planning and Reliability ("White Paper"). The August 30 Order requires local distribution companies ("LDCs")

¹ Case 07-G-0299, *In the Matter of Issues Associated with the Future of the Natural Gas Industry and the Role of Local Gas Distribution Companies – Capacity Planning and Reliability*, Order on Capacity Release Programs, (issued August 30, 2007).

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to implement mandatory capacity release programs which require energy service companies ("ESCOs") to take necessary transportation capacity from the LDC to serve the ESCO's core customers.² Consistent with the White Paper and based on conversations with DPS Staff, the August 30 Order applies to human needs customers who lack alternative fuels in the category of customers for whom ESCOs must take transportation capacity from the LDC. In transition to a mandatory capacity release program, the Commission held that ESCOs using their own capacity to meet the requirements of customers made subject to mandatory capacity release pursuant to the August 30 Order should be "grandfathered" – permitted to bring capacity to serve those customers at the current levels. In addition, "daily metered large volume loads" that are not determined to be human needs are not required to obtain capacity from the LDC.

The Company's current retail access program is already based on a mandatory capacity assignment program for aggregation transportation customers. Thus, the changes required to implement the August 30 Order are relatively modest for the aggregation program.

Currently large daily metered customers (including human needs) peak day needs, are served using pipeline capacity obtained by the ESCO, except for 10% of the ESCO's contract demand that RG&E holds for purposes of balancing in the Dominion Transmission Inc. ("DTI") Delivery Point Operator/Citygate Swing Customer ("DPO/CSC") program or for RG&E's balancing program. Beginning on November 1, 2007, large daily metered human needs customers will be included in the mandatory capacity release program. However, if such load is currently being served by ESCOs, that pipeline capacity contract will be grandfathered thereby allowing ESCOs to continue serving these customers. ("Grandfathered Capacity"). Grandfathered Capacity will be reviewed annually as of April 1st, by the Company and if the ESCO customer load requirements have dropped by 500 dekatherms or 5%, whichever is lower, the level of Grandfathered Capacity will be reduced.

The Company respectfully requests that the Commission find these tariff leaves are consistent with the Order in Case 07-G-0299 and that they be permitted to go into effect as described in the Order.

If there are any questions regarding this filing, please contact Linda Dent at (585)771-4701 or Lori Cole at (607) 762-8710.

Very truly yours,

Christine Stratakos
Manager, Pricing and Analysis
Rates and Regulatory Economics Enclosures

² Core customers are "those residential and small commercial customers who lack access to alternative fuels and for whom marketers must acquire primary delivery point capacity...." Order at 10.