

August 12, 2004

**VIA ELECTRONIC FILING**

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

RE: **Case 03-E-0765 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service**

**Case 02-E-0198 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service**

**Case 03-G-0766 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service**

Dear Secretary Brilling:

The enclosed tariff leaves, issued by Rochester Gas and Electric Corporation ("RG&E" or the "Company"), are transmitted for filing in compliance with the New York State Public Service Commission's ("Commission") Order Adopting Provisions of Joint Proposals With Conditions and Order Adopting Emergency Rule as a Permanent Rule, issued and effective May 20, 2004 (the "May Order") and August 5, 2004, respectively, in the above-referenced proceedings. The leaves are issued August 12, 2004, to be effective November 1, 2004. See Appendix 1 for an Index of leaves.

**Service Classification No. 3 ("SC 3") Gas Balancing and Cashout**

Consistent with Section VIII.4 and Appendix D of the March 9, 2004 Gas Rate Joint Proposal ("GRJP"), RG&E will implement a daily imbalance automatic adjustment prior to the application of the daily cash-out charges. RG&E will continue to use midpoint pricing without penalties for daily cash-out of imbalances within +/- 10% band. RG&E will adjust its cash-out tiers and multipliers to levels shown in the table in Appendix D of the GRJP. RG&E will also modify the calculation of the daily cash-out price, to which the multiplier is applied, for negative imbalances (i.e. under deliveries) exceeding 10% and include Dominion Transmission, Inc. demand charges and Empire State Pipeline demand charges on a 100% load factor basis.

Hon. Jaclyn A. Brilling  
August 12, 2004  
Page 2

### SC 3 Energy Services Company ("ESCO") Capacity Requirements

Consistent with Section VIII.3 of the GRJP, ESCOs serving SC 3 customers without alternate fuel capability will be required to demonstrate that the ESCO either holds firm, non-recallable, primary delivery point capacity or has notified its customers and the Company, in writing, that the customers may be subject to interruption.

### Other Provisions

In its Retail Access Capacity Program, RG&E proposes that ESCOs serving Service Classification No. 5 or Service Classification No. 7 customers who do not meet the existing tariff requirement of transferring storage gas on the first calendar day of the appropriate month will be assessed a charge of \$2.50 per therm per day. This proposed change was presented to the ESCOs and Commission staff at RG&E's July 14, 2004 Gas Marketers Operating Group ("GMOG") meeting.

### Housekeeping Changes

RG&E proposes housekeeping changes, which include correcting references, deleting provisions no longer applicable, updating provisions to new operational practices, and making clarifying changes in nomenclature.

### Newspaper Notice

RG&E requests that the requirement of Section 66 (12)(b) of the Public Service Law and 16 NYCRR Section 720-8.1 as to newspaper publication be waived. ESCOs were informed of the proposed changes at RG&E's July 14, 2004 GMOG meeting and RG&E's August 10, 2004 GMOG meeting.

Any correspondence or questions regarding this filing should be addressed to Curt Roney at (585)724-8252 or me at (585) 771-4692 or at the above address.

Very truly yours,

Mark O. Marini  
Manager, Regulatory Affairs

Enclosures

cc: Hon. J. Michael Harrison  
Active Parties

Effective November 1, 2004					
<b>P S C</b>	<b>Leaf</b>	<b>No.</b>	<b>Ver.</b>	<b>Section</b>	<b>Description</b>
<b>16</b>	<b>Gas</b>	<b>127.30</b>	<b>3</b>	<b>Rule 10.G, Capacity Requirements</b>	<b>New Paragraph SC 3 w/o alternate fuel supersedes</b>
16	Gas	127.31	2	Rule 10.G, A) SC 3 DBS	New Balancing and Cashout provision
16	Gas	127.32	2	Rule 10.G, A) SC 3 DBS	New Balancing and Cashout provision
16	Gas	127.33	2	Rule 10.G, A) SC 3 DBS	New Balancing and Cashout provision
16	Gas	127.34	2	Rule 10.G, A) SC 3 DBS	New Balancing and Cashout provision
16	Gas	127.35	2	Rule 10.G, A) SC 3 DBS	New Balancing and Cashout provision
16	Gas	127.40	2	Rule 10.G, (C) SC 5 Balancing Service	Estimated Total Usage (ETU) phrase
16	Gas	127.41	3	Rule 10.G, (C) SC 5 Balancing Service	ETU, Daily Usage update
16	Gas	127.42	2	Rule 10.G, (C) SC 5 Balancing Service	ETU, CSC Measurement Update
16	Gas	133.11	4	SC 5	\$2.50 storage transfer penalty
16	Gas	144.4	3	SC 7	\$2.50 storage transfer penalty
T:\Teams\Regulatory Affairs\Tariff\TARIFF\ETS\Draft\Case Nos. 03-E-0765 and 03-G-0766\Gas Balancing and Cashout[Index for 11-01-04 Gas Balancing and Cashout Tariff.xls]Index for Bala					