



May 10, 2012

VIA ELECTRONIC FILING

Honorable Jaclyn A. Brillling, Secretary  
State of New York Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

RE: Tariff filing - Rochester Gas & Electric Corporation  
Gas Balancing Service

Dear Secretary Brillling:

Rochester Gas and Electric Corporation ("RG&E" or "the Company") hereby submits for filing the following enclosed tariff leaves in compliance with the requirements of the New York State Public Service Commission ("PSC" or "Commission") and Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and Regulations (16 NYCRR Appendix 7-H).

PSC No. 16 – Gas, Schedule for Gas Service

Leaf No. 99, Revision 3  
Leaf No. 127.19.1, Revision 3  
Leaf No. 127.32, Revision 4  
Leaf No. 127.33, Revision 5  
Leaf No. 127.34, Revision 6  
Leaf No. 127.35, Revision 6  
Leaf No. 127.42, Revision 4

Effective: September 1, 2012



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### Proposal

RG&E is proposing to modify its tariffs to allow the Company to use an alternative suitable index as set forth in its GTOP Manual.

### Background

Natural gas supply into the RG&E distribution system on the Empire Pipeline ("Empire") side of the system is sourced from Chippawa, the point of interconnection between Empire and TransCanada Pipeline ("TCPL"). Historically, there has not been a published index for the Chippawa point. In its place and in accordance with its tariff, RG&E uses the published Gas Daily Niagara index for the Empire side of the system which is based on reported transactions at the point of interconnection between Tennessee Gas Pipeline ("TGP") and TCPL.

Beginning in March, the reporting of the Niagara Index in Gas Daily became sporadic and, on certain days, there was no reported price. Given the changing operational pipeline flows, RG&E expects that the unpredictability of the Niagara Index in Gas Daily may continue. Therefore, RG&E is proposing changes to its tariffs whereby the methodology for determining the applicable index prices for its cashout calculations will be established in the GTOP Manual. RG&E will follow its GTOP procedures to notify ESCOs of this change. This provision gives RG&E needed flexibility to address changing market conditions. RG&E therefore requests the Commission to approve its proposed tariff language to become effective September 1, 2012.

In accordance with its tariff, RG&E is cashing out customers, on the days when there is no reported price for the Niagara Index in Gas Daily, using the prices reported for Dominion Transmission Incorporated (DTI) Appalachia South Point<sup>1</sup>.

### Newspaper Publication and SAPA

The Companies are requesting waiver of publication of these proposed changes in accordance with Section 66(12)(b) of the Public Service Law and 16 NYCRR Section 720-8.1, as these revisions have no direct impact on RG&E's gas customers.

### Company Contacts

If you have any questions, please call me at (607) 762-8710.

Sincerely,

Lori A. Cole  
Manager, Regulatory & Tariffs  
Rates & Regulatory Economics

Enclosures

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<sup>1</sup> RG&E's current tariff provisions require RG&E to use an average of the Niagara index price and the Dominion Transmission Incorporated (DTI) Appalachia South Point to cash out imbalances. Given that the value of the Niagara index price is unavailable, the price published for Dominion Transmission Incorporated (DTI) Appalachia South Point becomes the cashout price.