

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: October 17, 2009

Leaf No. 75
Revision: 4
Superseding Revision: 3

GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

H. ADJUSTMENT OF RATES DUE TO CHANGES IN COST OF GAS (Cont'd)

(16) Incremental Gas Supply Charge (IGSC):

In lieu of the GSC, the IGSC will be applicable to customers requesting to return to sales service under Service Classification No.1 from Service Classification No. 3 or Service Classification No. 7 whose annual usage is \geq 35,000 therms and the Company has or can obtain capacity and gas supply to provide such service without jeopardizing the reliability of service to the Company's existing customers receiving firm gas sale service under Service Classification No.1.

Each month the IGSC will be the higher of:

- a. The GSC multiplied by 110% during the months of April through October (125% during the months of November through March); or
- b. The GSC plus any incremental costs incurred by the Company to serve the returning customers including but not limited to: pipeline and storage capacity, commodity and variable costs and fuel.

If the Company must sign a new pipeline capacity contract to serve such IGSC customer, the customer will be responsible for paying for the capacity for the term of such contract. If an IGSC customer returns to transportation service prior to the end of the contract for capacity, and the Company determines the capacity is not needed for system supply, the capacity will be released to the customer's ESCO for the remaining term of the contract. If the customer's ESCO does not take release of the capacity then the customer is obligated to pay the Company the pipeline capacity costs for the remaining term of the contract and any other costs the Company incurred on their behalf.

The IGSC will be reconciled annually and included in the annual reconciliation of gas costs. Any revenues remaining after expenses for IGSC customers will be refunded to customers subject to the GSC.

If the Company is unable to obtain capacity to serve the IGSC customers then such customers would be placed on the curtailment list after dual fuel customers.

Transportation customers returning to gas sales service where the only remaining load is heat load to prevent freeze offs of an empty building will be charged the GSC in lieu of the IGSC.

Monthly IGSC Statement

The IGSC Statement will be filed on not less than three days prior to any change in the cost of gas resulting from the provisions for adjustment of rates according to changes in the cost of gas, a statement showing the present average cost of gas and the date at which and the period for which the average was determined, together with the period the net cost of gas per therm will remain in effect.

A new IGSC Statement may be filed on one (1) day's notice to become effective not more than five (5) days after the effective date of the initial statement if the replacement of cost estimates in the initial statement with actual costs results in a change in the average cost of gas of more than five percent (5%).

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