

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: January 1, 2011

Leaf No. 70
Revision: 10
Superseding Revision: 9

GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

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

(2) Average Cost of Gas (Cont'd)

(g) By dividing the total cost of gas, (a) plus (b) minus (d) minus (e), by (c) the gas delivered to customers.

(3) Factor of Adjustment (FA)

The rates for gas service under Service Classification No. 1 shall be subject each month to an addition or a deduction for each \$.000001, or major fraction thereof, increase or decrease in the average cost of gas per therm. Such increase or decrease shall be multiplied by the factor of adjustment ratio of 1.0100 and rounded to the nearest \$.000001 per therm.

The FA will be reset on January 1 based on an average of the actual lost and unaccounted volumes for the immediately preceding three (3) twelve-month periods ending August 31.

The FA will not be reset if the average result from those periods is within plus or minus five percent (5%) of the Factor of Adjustment then in effect.

(4) Inter-Departmental Sales Credit

The interdepartmental rate per dekatherm shall be defined as \$.48* per dekatherm.

* Except for gas used in the Company's gas turbine where the adder shall be \$.44 per dekatherm.

(5) Gas Cost Reconciliation

A surcharge to collect GSC under-collections or refund GSC over-collections shall be computed and applied as follows:

- (a) By taking the cost of purchased gas adjusted for supplier refunds for the 12 months ended August 31 of each year and subtracting therefrom an amount equal to the sum of (1) the average cost of gas as defined in Rule 4.H.2 multiplied by the quantities of gas purchased for the Company's own customers, (2) the GSC revenues exclusive of Rule 4.H.3 revenues and Gas Cost refunds, (3) the costs assignable to gas used by other Company departments, and (4) either (i) the previous year's over-collection with interest to the extent not refunded, or (ii) adding the previous year's under-collection with interest to the extent not recovered. The previous year referred to above in (4) (i) and (ii) is the 12 months ended August 31 of the second preceding year prior to the year for which the calculation is being made.
- (b) A surcharge or refund rate to be shown on the GSC statement shall be determined by dividing the amount derived in (a) above by the quantities of gas purchased for the Company's own customers during the determination period, and by applying the factor of adjustment as stated in Rule 4. H.(3) in effect on the date the surcharge or refund becomes effective to the amount so determined.
- (c) The surcharge or refund computation shall be filed with the Public Service Commission on or before October 15 of each year to become effective with the first January billing cycle date.

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