

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
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Issued in compliance with order in Case 06-G-0059 dated August 23, 2007

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Revision: 2
Superseding Revision: 1

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Continued)

D. ESCO/DC Participation (Cont'd)

5. Operational Issues (Cont'd)

(g) Discontinuance or Curtailment of Gas Service (Cont'd)

(2) Curtailment Notification Process

The Company will notify the Director of the Office of Electric, Gas and Water of the New York State Department of Public Service when a curtailment is declared and when the situation returns to normal. Notification will be provided to the Energy Service Companies (ESCOs) and curtailed customers periodically during the curtailment period.

(3) Gas Requirements during a Curtailment

During a period of curtailment, ESCOs and Direct Customers may be required to maintain city gate deliveries of gas at the direction of the Company, subject to qualified upstream force majeure interruptions or curtailment preventing the ability to secure and deliver such supplies. The Company may request the ESCO to deliver up to and including proven primary point capacity requirements. Such delivery requirements will apply whether the ESCO's customer(s) is curtailed or not.

It will be the Company's option to purchase curtailed supplies in excess of plant protection requirements. Supplies would be delivered by ESCOs at a mutually agreeable RG&E city gate or upstream point. The Company may divert gas at the city gate, from an ESCO or Direct Customer, which is intended to serve lower priority customers. In the event of a redirection of supplies under this provision, the ESCO or Direct Customer whose gas is diverted in such instances shall be compensated.

(4) ESCO and Direct Customer Compliance

ESCOs and Direct Customers are required to comply with the requirements of the curtailment. Failure of the Company to adhere to one or more of the curtailment criteria is not basis for non-compliance, but may provide the basis for a complaint to the Commission. If, during the curtailment period, the Company is aware of ESCOs or Direct Customers that are not responding to required actions, all reasonable efforts will be made to inform the non-responding party. Lack of such notification will not relieve any party of its obligations.

(5) Penalties

Any ESCO or Direct Customer who fails to comply with the Company's curtailment instructions may be charged a penalty which will be the greater of: (a) \$2.50 per therm, or (b) three times the market price. The market price during a curtailment will be the higher of: (a) the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon city gate, or (b) the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Caledonia city gate.

(6) Compensation for Diverted Gas

Compensation for the diverted gas will be set at the market price in effect during the time of the curtailment, unless it can be demonstrated that a contract calls for a higher price. The market price during a curtailment is the higher of the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon city gate, or the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Caledonia city gate. RG&E will recover compensation from customers via the Gas Supply Charge (GSC), subject to Commission review.

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