

PSC No: 17 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: June 1, 2003

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SCHEDULE B

GAS BALANCING SERVICE (Cont'd)

TYPE OF BALANCING SERVICE (Cont'd)

A) Daily Balancing Service (Cont'd)

3. Daily Cashout Under Non-Operational Flow Order (OFO) Conditions (Cont'd)

For daily surplus imbalances, the Distribution Provider will pay the Distribution Customer for the imbalance amount as follows:

<u>Imbalance Level</u>	<u>Rate per Therm of Imbalance</u>
First 10%	The average of the Niagara midpoint index price plus variable transportation charges (commodity plus fuel) to the Mendon citygate, and the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus variable transportation charges (commodity plus fuel) to the Caledonia citygate.
Between 10% and 20%	The lower of 85% of the Niagara midpoint index price plus variable transportation charges (commodity plus fuel) to the Mendon citygate, or 85% of the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus variable transportation charges (commodity plus fuel) to the Caledonia citygate. In addition, the Distribution Customer will pay the Distribution Provider a pro-rata share of any upstream pipeline-imposed penalties that the Distribution Provider may incur as a result of the surplus imbalance.
Greater than 20%	The lower of 75% of the Niagara midpoint index price plus variable transportation charges (commodity plus fuel) to the Mendon citygate, or 75% of the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus variable transportation charges (commodity plus fuel) to the Caledonia citygate. In addition, the Distribution Customer will pay the Distribution Provider a pro-rata share of any upstream pipeline-imposed penalties that the Distribution Provider may incur as a result of the surplus imbalance.

The Distribution Provider will track daily cashout activity, and the Distribution Customer will be charged or credited with the daily cashout costs at the conclusion of every month.

(Continued on next leaf)

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