

PSC No: 16 - Gas  
Rochester Gas and Electric Corporation  
Initial Effective Date: June 1, 2003  
Effective:

Leaf No. 74  
Revision: 0  
Superseding Revision:

## GENERAL INFORMATION

### 4. METERING AND BILLING (Cont'd)

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

##### (8) Equivalent Cost of Gas Provision (Cont'd)

(a) Cont'd.

For each customer who installs dual-fuel capability, the phrase "alternate fuel utilized by the customer in lieu of gas" as used in the foregoing shall mean the cheapest alternate fuel which is feasible for such customer as of the date on which the customer installs dual-fuel capability; that alternate fuel will be determined by the Company, subject to Public Service Commission review in the event of disagreement. Propane will only be considered to be the alternate fuel for such a customer in those instances where it is the only feasible alternative.

- (b) The Company shall determine, as to each month during the period any agreements under Rule 4.H.8.a are in effect, the aggregate monthly amount by which the otherwise applicable gas cost adjustment for all customers (Rule 4.H.4) will be increased for the recovery of the amounts paid under Rule 4.H.8.a. A rate will be determined by dividing the aggregate amount paid by the estimated sales expected to be made during the second succeeding month following the month during which the alternate fuel was utilized and the rate so determined will be added to the Gas Cost Adjustment rate otherwise applicable during such second succeeding month. If actual sales vary from estimated sales, a debit or credit adjustment will be made in calculating the equivalent cost of gas adjustment for the subsequent billing month.

##### (9) Research and Development Surcharge

Sales subject to Service Classification No. 1 and Service Classification No. 4 who are subject to the gas cost adjustment, will be subject to a surcharge to collect funds to support medium and long term gas research and development programs. This surcharge will replace the existing funding of the Gas Research Institute (GRI).

The amount of the surcharge will be calculated yearly by dividing the total amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998, less any amounts to be paid to upstream pipelines for GRI funding in the calendar year for which the surcharge is being calculated, by the total normalized volumes delivered to customers taking service under service classification numbers 1, 3, 4 (who are subject to the gas cost adjustment) and 5.

The total amount collected annually under this surcharge will be reconciled to ensure that it does not exceed the amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998. Any amounts collected through this surcharge which are not spent on R&D programs will be refunded to the customers. This surcharge will be listed as a separate item on the statement of gas cost adjustment.

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