

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: August 1, 2004
Issued in compliance with order in Case 04-G-0386 issued July 28, 2004

Leaf No. 144.1
Revision: 2
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 7

FIRM GAS TRANSPORTATION SERVICE FOR DISTRIBUTED GENERATION FACILITIES < 50 MW (Cont'd)

Retail Access Capacity Program (Cont'd)

B) Capacity to Be Released

Capacity to be released between Dawn and Mendon shall include transportation capacity on TransCanada Pipeline Limited (TCPL) and Empire State Pipeline (Empire). Storage capacity in the Delivery and Storage Redelivery Service ("DSR Service") will be made available to the ESCO for release under the following choices:

- (1) 100% of its DSR Service peak day requirements;
- (2) 66% of its DSR Service peak day requirements; or
- (3) 0% of its DSR Service peak day requirements, if it can demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its firm customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

In the event an ECO elects a DSR Service quantity less than 100% of its DSR Service peak day requirements, the quantity of TCPL capacity available to the ESCO will be adjusted in accordance with the Company's GTOP Manual.

To accommodate for the difference in released assets between Empire and TCPL, the ESCO must demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

TCPL, Empire, and DSR Service assets shall be termed "Empire Capacity".

Capacity to be released between Southpoint and Caledonia shall include transportation and storage capacity on DTI. These assets shall be termed "DTI Capacity".

The total capacity available for release may be sufficient to meet the design day load of all Customers eligible for service under this service classification, as determined from time to time by the Company, as well as to meet the operational design requirements of the Company's distribution system. References to "release" of capacity are intended to include all transfers to ESCOs of rights and obligations pertaining to capacity held by the Company unless the context requires otherwise.

C) Methodology for Release

The Company shall release transportation and storage capacity on both the Empire and DTI systems to ESCOs serving customers under this service classification based on winter season design day requirements of the retail load served by each ESCO, as calculated by the Company. The allocation methodology shall provide for the Company's operational distribution system requirements, including, but not limited to, maintaining the appropriate ratio of Empire deliveries to DTI deliveries to ensure system integrity.

D) Administration of Released Assets

The Company shall administer release of assets so as to maintain a correspondence between winter season design day requirements of the retail load served by each ESCO and capacity released to that ESCO on a periodic basis. As load served by an ESCO changes, the Company shall periodically make corresponding adjustments to the quantity of capacity released to the ESCO. The procedure for effectuating such adjustments is specified in the Company's GTOP manual. In any situation where the Company is required to repute the recalled capacity entitlements to the ESCO, the ESCO waives its rights to such reputs.

E) Recall of Capacity Entitlements

If the ESCO becomes unqualified to sell gas on the Company's system or transport gas on pipelines upstream of its city gates, the Company shall recall all capacity released to the ESCO. If the ESCO fails to deliver supplies of gas adequate to serve its Customers, or if required for system reliability purposes, the Company shall have the right to recall all capacity released to the ESCO. References to "recall" of capacity are intended to include all returns to the Company of rights and obligations pertaining to capacity previously released to an ESCO, unless the context requires otherwise.

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