

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: November 1, 2004
Issued in compliance with order in Cases 03-E-0765, 02-E-0198, and 03-G-0766 dated May 20, 2004

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GENERAL INFORMATION

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

Greater than 10% to 15%	The higher of 110% of the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon citygate, or 110% of the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Caledonia citygate. In addition, the ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the deficiency imbalance.
Greater than 15% to 20%	The higher of 115% of the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon citygate, or 115% of the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Caledonia citygate. In addition, the ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the deficiency imbalance.
Greater than 20%	<p>During the period November 1 through March 31, the higher of 140% of the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon citygate, or 140% of the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Caledonia citygate. In addition, the ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the deficiency imbalance.</p> <p>During the period April 1 through October 31, the higher of 130% of the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon citygate, or 130% of the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Caledonia citygate. In addition, the ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the deficiency imbalance.</p>

B. Daily Surplus Imbalances:

For daily surplus imbalances, the Company will pay the ESCO for the applicable surplus amount as follows, based on the applicable daily price index published in Gas Daily (or a successor):

<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.
Greater than 10% to 15%	The lower of 90% of the Niagara midpoint index price plus variable transportation charges (commodity plus fuel) to the Mendon citygate, or 90% 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 ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the surplus imbalance.
Greater than 15% to 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 ESCO will pay the Company a pro-rata share of any upstream pipeline-imposed penalties that the Company may incur as a result of the surplus imbalance.

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