PSC No: 16 - Gas Leaf No. 139 Rochester Gas and Electric Corporation Revision: 1 Initial Effective Date: May 28, 2004 Superseding Revision: 0 Issued in compliance with order in Cases 03-E-0765, 02-E-0198, and 03-G-0766 dated May 20, 2004

SERVICE CLASSIFICATION NO. 7

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

(c) The total costs associated with ANR storage and transportation assets to be recovered through this PSC Transition Cost Surcharge shall be computed monthly as follows:

$$ANR = (BC_{CG} * T_{SC3}) - (BC_{CG} * T_{CG}) - [BC_{DY} * (T_{DY} + T_{CSC})]$$

where:

- \$ANR = The total costs associated with ANR storage and transportation assets to be recovered through this PSC Transition Cost Surcharge
- BC_{CG} = The charge per therm that would have applied under the former Citygate Balancing Service
- T_{SC3} = The total normalized annual (twelve months rolling average) throughput for all Customer service points which are being served under Service Classification No. 3.
- T_{CG} = The total normalized annual (twelve months rolling average) throughput for all Customer service points which are being served under Service Classification No. 3 and are included in a Citygate Balancing Balance Control Account.
- BC_{DY} = The charge per therm for Daily Balancing Service
- T_{DY} = The total normalized annual (twelve months rolling average) throughput for all Customer service points which are being served under Service Classification No. 3 and are included in a Daily Balancing Balance Control Account.
- T_{CSC} = The total normalized annual (twelve months rolling average) throughput for all Customer service points which are being served under Service Classification No. 3 and are included in a CSC Enhanced Daily Balancing Balance Control Account.
- (d) The ANR portion of the PSC Transition Cost per therm is calculated by dividing the total cost associated with stranded ANR storage assets in (e), above, by the total normalized sales of gas to all customers:
- (e) The total PSC Transition Cost Surcharge per therm is equal to the sum of the rate per therm for upstream capacity in (b), above, and the rate per therm for ANR cost recovery in (d), above.

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