

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
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SERVICE CLASSIFICATION NO. 10

GENERAL SERVICE - INDIVIDUALLY NEGOTIATED CONTRACTS

SERVICE AGREEMENT:

Upon 30 days notice to the Company, and upon acceptance of the application by the Company, a customer may qualify for an Individual Service Agreement pursuant to this Service Classification.

The Service Agreement shall contain all terms and conditions necessary for the Company to provide service to the customer, including, but not limited to:

- A. The Term of service. The negotiated term of the Service Agreement shall be at least 12 months. Contracts offering fixed prices are generally limited to a term of seven years, unless a longer term is approved by the New York Public Service Commission. Contracts offering prices linked to a particular price or cost index may have longer terms, at the option of the Company and its Customer.
- B. The Character of Service terms.
- C. The Rates and Charges to be paid for service rendered.

Service under this Service Classification may be terminated immediately at the Company's option for material breach of the provisions of their Individual Service Agreement. Such customers shall be eligible for service under the otherwise appropriate Service Classification.

The first negotiated Service Agreement between the Company and a customer will be submitted to the Public Service Commission for review. For the initial and subsequent contracts, the Corporation shall file addenda pursuant to Commission Order Concerning Tariffs Authorizing Individually Contracts, issued and effective May 8, 1992 in P.S.C. Case 91-M-0927.

PRICING:

The specific pricing for any individually negotiated contract shall reflect the Company's assessment of the pricing and terms required to respond to the customer's competitive options and shall be determined to maximize the contribution to total Company margins provided by service under that specific contract. The specific charges for service under this Service Classification will be shown in the Service Agreement as stated above.

In accordance with the Public Service Commission's Order, issued and effective September 7, 2001 in Case 00-E-1463, Service Agreements executed on or after November 5, 2001 shall include a provision for the calculation of a minimum monthly bill. This minimum monthly bill provision ensures that the customer makes a contribution to common costs by establishing a floor price equal to marginal cost plus \$0.01/kWh. Each month, the amount that the customer must pay will be the greater of the base Service Agreement amount, or the base Service Agreement amount plus the adjustment factor defined below. However, in no case will the customer pay more in any month than it would have paid under the standard service classification rates that would otherwise apply to that customer were it not served under this service classification.

For contracts negotiated on or after the issuance of an order approving the Joint Proposal on Electric and Natural Gas Economic Development Incentive Programs in Cases 02-E-0198 and 02-G-0199, the minimum contribution to common costs will be equal to fifteen percent of the customer's standard delivery rate, inclusive of the applicable standard non-bypassable charge (transition charge). The charges contained in any negotiated Service Agreement shall be set at a level no lower than the marginal costs the Company incurs plus this minimum contribution.

(Continued on next leaf)

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