

PSC No: 16 - Gas
 Rochester Gas and Electric Corporation
 Initial Effective Date: February 19, 2004
 Issued in compliance with orders in Case 98-M-1343 dated Nov. 21, 2003 and Cases 99-M-0631 and 03-M-0117 dated Dec. 19, 2003

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GENERAL INFORMATION

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

Greater than 20%	The lower of 75% of the Niagara midpoint index price plus variable transportation charges (commodity plus fuel) to the Mendon citygate, or 75% 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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The Company will track daily cashout activity, and the ESCO will be charged or credited with the daily cashout costs at the conclusion of every month.

4. Daily Cashout Under Operational Flow Order (OFO) Conditions

A. Daily Deficiency Imbalances:

For daily deficiency imbalances during a day in which a Type I OFO is in effect, the ESCO will pay the Company for the deficiency amount for the duration of the Type I OFO as follows:

Imbalance Level

Rate per Therm of Imbalance

Between 0% and 10%

The higher of the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon citygate, or 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 10%

The higher of 150% of the Niagara absolute high index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon citygate, or 150% of the Dominion Transmission Incorporated (DTI) Appalachia South Point absolute high 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.

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