

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)

B. Daily Surplus Imbalances:

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

Imbalance Level

Rate per Therm of Imbalance

Between 0% and 10%

The lower of the Niagara midpoint index price, or the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price. 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 lower of 50% of the Niagara absolute low index price, or 50% of the Dominion Transmission Incorporated (DTI) Appalachia South Point absolute low index price. 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.

C. Daily Cashout Activity:

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.

5. Imbalance Trading

ESCOs may trade daily imbalances among each other. The Company will provide a daily list of ESCOs that have imbalances and the direction of the imbalance (either surplus or deficiency). The amount of the imbalance will not be provided. ESCOs must notify the Company of any imbalance trades no later than four (4) business days from the end of the month in which the imbalance occurred. Trades must be for imbalances occurring on the same day and may be for no more than the amount of the ESCO's imbalance for that day.

6. Balancing Charge

The ESCO will be charged a balancing charge for each therm of gas delivered to the service points in its Balance Control Account. The balancing charge will consist of a charge to cover the Company's costs for FTNNGSS deliverability, GSS deliverability, GSS capacity, FTNN capacity, and administrative costs. The balancing charge shall be calculated each month as follows:

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