

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
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SERVICE CLASSIFICATION NO. 3**LARGE TRANSPORTATION SERVICE (Cont'd)**

- (b) The PSC Transition Cost per therm is calculated by dividing the total cost in (a), above, by the total normalized sales of gas to the following customers:
- i) Customers being served by ESCOs taking service under Service Classification No. 3; and
 - ii) Customers taking service under Service Classification No. 1; and
 - iii) Customers taking service under Service Classification No. 4 who are subject to the gas cost adjustment; and
 - iv) Customers being served by ESCOs taking service under Service Classification No. 5.

2. Surcharge for Post 11/96 Service Classification No. 3 Service Points

For those service points served under Service Classification No. 3 which do not meet the criteria in 1. above, the rates per therm herein provided shall be subject each month to a surcharge to collect; (a) a pro-rata share of upstream capacity costs that would otherwise be unrecovered as a result of customer migration to other suppliers, and; (b) a pro-rata share of the costs associated with ANR storage assets formerly recovered through citygate balancing charges.

- a) The total capacity costs to be recovered through this PSC Transition Cost Surcharge shall be computed monthly according to the following formula:

$$\text{\$cap} = (\text{tcap} / \text{ucap}) * \text{ucap}\$$$

Where:

\\$cap = The total capacity costs to be recovered through this PSC Transition Cost Surcharge.

tcap = The sum of:

- (i) The amount of capacity attributable to each Customer who is being served by an ESCO under Service Classification No. 3, and who converted to service under that service classification from Service Classification No. 5 or Service Classification No. 1, after November 1, 1996. The amount attributable to each such Customer shall be sufficient to meet the customer's winter season design day requirement. New load added by such a customer after November 1, 1996 by constructing a new facility or expanding an existing facility shall not be included in this determination; and
- (ii) The amount of capacity attributable to each Customer served by an ESCO taking service under Service Classification No. 5. The amount attributable to each such Customer shall be that customer's winter season design day requirement.

ucap = The Company's total unreleased upstream pipeline capacity less the amount of DTI FTNN and FTNNGSS capacity used for balancing Service Classification No. 3 customers under the Daily Balancing Service.

ucap\\$ = The Company's total upstream pipeline capacity costs, less:

- i) The capacity cost imputation specified in Appendix F of the Joint Proposal Pertaining to Rochester Gas and Electric Corporation's Natural Gas Rates and Restructuring Program, as approved by the Commission in its Order issued and effective 2/28/01 in Case 98-G-1589; and

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