

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
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SERVICE CLASSIFICATION NO. 10 (Cont'd)

GENERAL SERVICE – INDIVIDUALLY NEGOTIATED CONTRACTS (Cont'd)

PRICING:

The specific pricing for any Individual Electric Service Agreement shall reflect the Corporation'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 Corporation margins provided by service under that specific contract. The specific charges for service under this Service Classification shall be shown in the Individual Electric Service Agreement as stated above.

In accordance with the Commission's Order, issued and effective September 7, 2001 in Case 00-E-1463, Individual Electric 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 shall be the greater of the base Individual Electric Service Agreement amount, or the base Individual Electric Service Agreement amount plus the adjustment factor defined below. However, in no case shall 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 Individual Electric Service Agreements 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 shall be equal to 15% of the Customer's standard delivery rate, inclusive of the applicable standard non-bypassable charge (transition charge). The charges contained in any negotiated Individual Electric Service Agreement shall be set at a level no lower than the marginal costs the Corporation incurs plus this minimum contribution.

(Continued on next leaf)

ISSUED BY: Joseph J. Syta, Vice President, Controller and Treasurer, Rochester, New York