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Rochester Gas and Electric Corporation
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GENERAL INFORMATION

5. DISCONTINUANCE OF SERVICE (Cont'd)

C. DISCONTINUANCE OR CURTAILMENT OF SERVICE (Cont'd)

(2) Curtailment Notification Process

The Company shall notify the Director of the Office of Electric, Gas and Water of the New York State Department of Public Service when a curtailment is declared and when the situation returns to normal. Additional notification shall be provided to the Energy Service Companies (ESCOs) and curtailed customers periodically during the curtailment period.

(3) Customer Compliance

Customers are required to comply with the requirements of the curtailment. The allowed curtailment amount may be equivalent to, or a portion of, the customer's base level of usage. Any customer's failure to comply shall result in a penalty as described below.

(4) Penalties

Any customer who fails to comply with the Company's curtailment instructions may be charged a penalty the greater of: (a) \$2.50 per therm, or (b) three times the market price on use above the customer's allowed curtailment amount. The market price shall be the midpoint index prices plus maximum firm transportation charges (commodity plus fuel plus demand) to the Company's citygates. The relevant indices and specific calculations are established in the GTOP Manual. In the event additional supplies are made available, the Company shall have the right, without obligation, to waive any penalty charges incurred under this section.

The payment of a penalty for unauthorized overrun shall not under any circumstance be considered as giving a customer the right to exceed established allotments, nor shall such payment be considered as a substitute for any other remedies available to the Company against the offending customer for failure to respect its obligation to adhere to the provisions of its Company's filed tariff.

(5) General Curtailment Procedures

In the event of interruption or a force majeure curtailment situation due to a supply deficiency, the needs of core customers shall be met first, regardless of whether they are customers of the Company or an ESCO. If the Company is unable to satisfy the full requirements of its customers and finds it necessary to curtail existing service due to a deficiency in its gas supply, the Company shall curtail service generally following the procedures set forth below. In the event of an emergency, the Company may deviate from these procedures to the extent operational circumstances make it appropriate to do so.

(a) Reduce company-use gas to the extent possible by:

- (i) Reducing usage of natural gas for electric generation;**
- (ii) Reducing the heating load at company facilities.**

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