

Effective Date: 07/21/2016

PSC No: 16 - Gas
 Rochester Gas and Electric Corporation
 Initial Effective Date: June 19, 2015

Leaf No. 74
 Revision: 6
 Superseding Revision: 5

GENERAL INFORMATION
4. METERING AND BILLING (Cont'd)

H. ADJUSTMENT OF RATES DUE TO CHANGES IN COST OF GAS (Cont'd)

- (16) Heater Charge
 The costs of gas used to pre-heat city gate natural gas throughput at the Company's Gate Station shall be recovered as part of the Company's overall purchased gas costs and shall be recovered through the Gas Supply Charge and Transportation Rate Adjustments.
- (17) Merchant Function Charge (MFC):
 The MFC shall be applicable to only those customers taking gas supply service from the Company. A separate MFC shall be calculated for residential and non residential customers
- i.) The MFC shall include the following rate components as described in the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718.
- a) Commodity-related Uncollectible Costs;
 - b) Commodity-related Credit and Collections and Call Center costs;
 - c) Commodity-related Administrative costs;
 - d) Cash Working Capital on Commodity Hedge Margin costs; and
 - e) Cash Working Capital on Storage Inventory Carrying Costs.
- ii.) The MFC components shall be updated and reconciled as stated below in accordance with the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718.
- a) Commodity-related Uncollectible Costs
 - The commodity related uncollectible percentage rate shall be reset annually based on the most recent available 12-month period of actual uncollectibles
 - The commodity-related uncollectible component of the MFC shall be calculated each month by multiplying the uncollectible percentage rate for each of the groups described above by the associated monthly gas supply cost.
 - b) Commodity-related Credit and Collections and Call Center costs
 - The credit and collections and call center component will be reconciled annually for differences in actual versus forecast sales only. The unit rate shall be reset annually based on recent MFC and POR sales forecasts.
 - c) Commodity-related Administrative costs
 - The Administrative Component shall be reconciled annually for differences in actual versus design sales only. The unit rate shall be reset annually based on recent sales forecasts.
 - d) Cash Working Capital on Commodity Hedge Margin costs
 - The cash working capital on Commodity Hedge cost component shall be based on the Companies' pre-tax rate of return and shall be reconciled to actual costs annually. Additionally, this component shall be updated annually to reflect actual costs from the most recent available 12-month period and the most recent sales forecast.
 - e) Cash Working Capital on Storage Inventory Carrying Costs.
 - The carrying charge used in the determination of monthly storage working capital costs shall be the Company's authorized pre-tax rate of return on the base storage level and the Commission's currently-effective Other Customer Capital rate on monthly amounts above the base storage level. The base storage level is defined as the lowest monthly balance.
 - This component shall be reconciled annually to actual applicable costs for the period.
 - Additionally, this component shall be updated annually to reflect actual costs from the most recent available 12-month period and the most recent sales forecast.

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