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GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

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

(11) Equivalent Cost of Gas Provision

- (a) In the event that, during a gas supply curtailment, the Company curtails service, pursuant to Rule 5.C.1, to any industrial or commercial customer, which has dual-fuel capability, to the extent such curtailed customer is curtailed by more than the average by which other customers in the same category are curtailed ("excess curtailment"), the Company may enter into an agreement with such curtailed customer whereby the Company will reimburse such customer each month for the difference in cost to such customer between the alternate fuel utilized by the customer in lieu of gas and the gas which would have been utilized but for the excess curtailment, the cost of gas being calculated on an equivalent Btu basis and under the applicable Service Classification.

For each customer who installs dual-fuel capability, the phrase "alternate fuel utilized by the customer in lieu of gas" as used in the foregoing shall mean the cheapest alternate fuel which is feasible for such customer as of the date on which the customer installs dual-fuel capability; that alternate fuel will be determined by the Company, subject to Public Service Commission review in the event of disagreement. Propane will only be considered to be the alternate fuel for such a customer in those instances where it is the only feasible alternative.

- (b) The Company shall determine, as to each month during the period any agreements under Rule 4.H.12.a are in effect, the aggregate monthly amount by which the otherwise applicable GSC for all customers Rule 4.H.1 will be increased for the recovery of the amounts paid under Rule 4.H.12.a. A rate will be determined by dividing the aggregate amount paid by the estimated sales expected to be made during the second succeeding month following the month during which the alternate fuel was utilized and the rate so determined will be added to the GSC otherwise applicable during such second succeeding month. If actual sales vary from estimated sales, a debit or credit adjustment will be made in calculating the equivalent GSC for the subsequent billing month.

(12) Refund of Revenues Collected Under the Provisions of Balancing and Cashout Charges of Service Classification Nos. 3, 5, 7, and 9

Sales subject to Service Classification No. 1, Service Classification No. 4 Service Classification No. 6 and Service Classification No. 8 who are subject to the GSC, will be subject to a credit to reflect revenues as may result from incurring balancing and cashout charges. Each billing month, the credit per therm shall be determined by dividing the annual amount collected by annual normalized sales to the above customers and such rate shall be included as a separate item on the GSC Statement for that month. Any difference between the total amount to be credited and the actual amount credited will be included as an adjustment in the company's next annual reconciliation of gas costs.

(13) Mendon Heater Charge

The fuel cost associated with running the Mendon Gate Station will be a proportional volumetric charge based on the current mark price of gas.

(14) Refund of Capacity Reliability Surcharge

Sales subject to Service Classification No. 1, Service Classification No. 4 Service Classification No. 6 and Service Classification No. 8 who are subject to the GSC, will be subject to a credit to reflect revenues as may result from the reliability surcharge. Each billing month, the credit per therm shall be determined by dividing the annual amount collected by annual normalized sales to the above customers and such rate shall be included as a separate item on the GSC Statement for that month. Any difference between the total amount to be credited and the actual amount credited will be included as an adjustment in the company's next annual reconciliation of gas costs.

GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

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

(14) Merchant Function Charge (MFC):

The MFC includes the following: 1) gas supply uncollectibles; 2) an allocated portion of general and common plant; 3) administrative and general expenses related to commodity; 4) customer care costs related to commodity; 5) supply procurement expenses; 6) working capital on purchase power; 7) working capital on underground storage costs; and 8) working capital for commodity hedge margin costs

Beginning October 17, 2010, the following components of the MFC will be reconciled and reset annually:

1. Gas Supply Uncollectibles: collections during the period will be reconciled to actual costs and this component of the MFC rate will be reset based on recent twelve month history
2. Working capital on purchase power, working capital on underground storage and working capital for commodity hedge margin costs: collections during the period will be reconciled to actual costs and these components of the MFC rate will be reset based on recent twelve month history
3. Allocated portion of general and common plant, administrative and general expenses related to commodity, customer care costs related to commodity, and supply procurement expenses: collections will be reconciled to the amounts most recently approved by the PSC for inclusion in the MFC. The reconciliation will capture over/under-collections due to variance in actual sales and those used to establish the amounts approved by the PSC for inclusion in the MFC. The unavoidable costs embedded in the MFC consist of the following components: Credit and collection costs, customer care costs (FERC accounts 901, 903 and 905), customer service costs (FERC accounts 908-916), administrative and general costs (FERC accounts 920-935), depreciation expenses and taxes.
4. The sales units used to derive the annual MFC rate will be based on the most recently available forecast data

GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

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

(16) Incremental Gas Supply Charge (IGSC):

In lieu of the GSC, the IGSC will be applicable to customers requesting to return to sales service under Service Classification No.1 from Service Classification No. 3 or Service Classification No. 7 whose annual usage is \geq 35,000 therms and the Company has or can obtain capacity and gas supply to provide such service without jeopardizing the reliability of service to the Company's existing customers receiving firm gas sale service under Service Classification No.1.

Each month the IGSC will be the higher of:

- a. The GSC multiplied by 110% during the months of April through October (125% during the months of November through March); or
- b. The GSC plus any incremental costs incurred by the Company to serve the returning customers including but not limited to: pipeline and storage capacity, commodity and variable costs and fuel.

If the Company must sign a new pipeline capacity contract to serve such IGSC customer, the customer will be responsible for paying for the capacity for the term of such contract. If an IGSC customer returns to transportation service prior to the end of the contract for capacity, and the Company determines the capacity is not needed for system supply, the capacity will be released to the customer's ESCO for the remaining term of the contract. If the customer's ESCO does not take release of the capacity then the customer is obligated to pay the Company the pipeline capacity costs for the remaining term of the contract and any other costs the Company incurred on their behalf.

The IGSC will be reconciled annually and included in the annual reconciliation of gas costs. Any revenues remaining after expenses for IGSC customers will be refunded to customers subject to the GSC.

If the Company is unable to obtain capacity to serve the IGSC customers then such customers would be placed on the curtailment list after dual fuel customers.

Transportation customers returning to gas sales service where the only remaining load is heat load to prevent freeze offs of an empty building will be charged the GSC in lieu of the IGSC.

Monthly IGSC Statement

The IGSC Statement will be filed on not less than three days prior to any change in the cost of gas resulting from the provisions for adjustment of rates according to changes in the cost of gas, a statement showing the present average cost of gas and the date at which and the period for which the average was determined, together with the period the net cost of gas per therm will remain in effect.

A new IGSC Statement may be filed on one (1) day's notice to become effective not more than five (5) days after the effective date of the initial statement if the replacement of cost estimates in the initial statement with actual costs results in a change in the average cost of gas of more than five percent (5%).

GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

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

(16) Incremental Gas Supply Charge (IGSC): (Cont'd)

The applicable IGSC, per Therm of usage, will be charged to customers by prorating the IGSC in effect for heating load during the billing period based on the number of degree days each GSC was in effect during the billing period. For non-heating load, the applicable GSC, per Therm of usage will be charged by prorating the IGSCs in effect during the billing period based on the number of calendar days each IGSC was in effect during the billing period.

Each monthly IGSC may include the Average Cost of Gas, the Inter-Departmental Sales Credit, the Gas Cost Reconciliation, the Gas Cost Reconciliation – Interim, the Gas Cost Refund, the Capacity Cost Incentive, the Refund of Revenues Collected for PSC Transition Cost from Service Classification Nos. 3, 5, 7, and 9, the Research and Development Surcharge, the Equivalent Cost of Gas, the Refund of Revenues Collected Under the Provisions of Balancing and Cashout Charges of Service Classification Nos. 3, 5, 7, and 9, and other PSC approved adjustments.

The net cost of gas per therm, computed as provided in the Monthly IGSC Statement, shall become effective commencing (the first day of the month following the computation date,) provided however, that the net cost of gas will be adjusted whenever there is a change in the pipelines' rates. The net cost of gas shall continue in effect until changed.

GENERAL INFORMATION

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

4. Changes in Supplier:

- (a) Switching Requirements – S.C. No. 5, S.C. No. 4 whose otherwise applicable service classification is S.C. No. 5, S.C. No. 7 Customers with annual use less than 35,000 therms and S.C. No. 9:
See Section 5 of the UBP Addendum to this Schedule.
- (i) Effective Date of Switch:
All switches will occur on the date of the Customer's next meter reading date, which must be at least fifteen (15) days in the future.
- (ii) Special Meter Reading Fees:
A fee of twenty (\$20) per customer location, per meter, per read attempt, will be charged to an ESCO or Direct Customer requesting that a meter read be performed on a date other than the regularly scheduled meter reading date.
- (b) Switching Requirements – S.C. No. 3, S.C. No. 10, S.C. No. 4 whose otherwise applicable service classification is S.C. No. 3, and SC No. 7 customers who annual use is greater than or equal to 35,000 therms:
See Section 5 of the UBP Addendum to this Schedule.
- (i) Initiating a Service Switch:
- (a) The ESCO/DC and the Customer shall each submit a formal request on their letterhead to RG&E by the fifteenth calendar day of the month.
- (b) The switch date will be the first calendar day of the next month.
- (ii) Special Meter Reading Fees:
Daily meter reads and special meter reading fees will be in accordance with Rule 10.G. of this Schedule, at Type of Balancing Service, S.C. No. 3 Daily Balancing Service, 1. Daily Meter Read Data.
- (c) Budget Billing Adjustments:
RG&E Budget Billings reflect only delivery charges and may be adjusted at the switch dates or as required to reflect changes in RG&E's service and, if adjusted, shall be reflected in the Customer's next bill.

GENERAL INFORMATION

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

F. Consolidated Billing and Payment Processing

1. Description:

A Customer may elect Consolidated Billing and Payment Processing if offered by its ESCO, consistent with the Commission's Order Establishing Uniform Retail Access Billing and Payment Processing Practices, Case Nos. 99-M-0631 and 98-M-1343, issued May 18, 2001, as the same may be revised, modified, amended, clarified, supplemented or superseded. Further information is available at the New York Public Service Commission's website (<http://www.dps.state.ny.us/ubr.htm>). Company specific terms and conditions regarding Consolidated Billing and Payment Processing are detailed in the Billing Services Agreement and GTOP Manual.

2. Customer Eligibility:

Customers taking service under this Schedule, Service Classification Nos. 3, 4, 5, or 10, and not on summary billing, may elect a Consolidated Billing and Payment Processing option, consistent with the above-referenced PSC Order. Customers whose accounts are on summary billing must elect the dual billing option, as described in Rule 10.D.8.

3. Bill Issuance Charge:

A Customer electing Consolidated Billing and Payment Processing pursuant to this Section will not be billed the Bill Issuance Charge for the electric and/or gas service for which Consolidated Billing and Payment Processing has been elected. All other customers receiving electric, gas, or combination service will be billed one Bill Issuance Charge per bill.

4. Bill Processing Charges:

ESCOs will be assessed a bill processing charge of \$1.08 per bill for a Company rendered consolidated bill. ESCOs providing service to customers with a combination of electric and gas service will be assessed a bill processing charge of \$0.54 per service per bill.

5. Purchase of ESCO Accounts Receivable Program (POR):

- (a) ESCOs that elect the Company's consolidated billing option for all or a portion of their customers will be required to sell their accounts receivable for such customers to RG&E under the terms of the POR. ESCOs continue to have the right to issue their own bill using dual billing for all or a portion of their customers. Such ESCOs will be precluded from participating in the POR for customers receiving dual billing.
- (b) The POR obviates the need for RG&E to prorate partial customer payments among ESCOs that are participating in the POR.

6. Account Separation Fee

In accordance with Section 9.C.4 of the UBP addendum to this schedule, an ESCO desiring to issue the Consolidated Bill for a customer with a Combination Account may request the Company to establish a separate account for the electric or gas service to be supplied by the ESCO. A fee of \$5.00 will be charged to the ESCO requesting establishment of a separate electric or gas account.

GENERAL INFORMATION

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

H. Purchase of ESCO Accounts Receivable Program (POR)

In accordance with the Joint Proposal on Purchase of Accounts Receivable dated August 20, 2004, in Cases 03-E-0765 and 03-G-0766, RG&E will purchase accounts receivable at a discount and without recourse for commodity sales by ESCOs that provide commodity service in RG&E's territory. For ESCOs that have been participating in the Company's consolidated billing option as of January 1, 2005, RG&E will also purchase those ESCOs' arrearages as of January 1, 2005, at a discount and without recourse.

Eligibility Requirements:

ESCOs that elect the Company's consolidated billing option for all or a portion of their customers will be required to sell their accounts receivable for such customers to RG&E under the terms of the POR. ESCOs continue to have the right to issue their own bill using dual billing for all or a portion of their customers. Such ESCOs will be precluded from participating in the POR for customers receiving dual billing.

Purchase Price:

Electric and gas accounts receivable will be purchased at a discount off face value of the ESCO receivable. The discount rate will be sufficient to compensate the Company for its financial risk in purchasing electric and/or gas receivables, including, but not limited to, the level of RG&E's uncollectibles.

The electric discount rate will be based on a one-year average of RG&E's actual historical uncollectibles experience. The gas discount rate will be based on a one-year average of RG&E's actual historical uncollectibles experience.

Thereafter, discount rates will be adjusted each year to reflect RG&E's experience for uncollectible expense from the prior October through September period. New annual discount rates will become effective January 1st of each respective year. A POR Discount (DISC) Statement setting forth the electric discount and the gas discount will be filed with the Public Service Commission on not less than three (3) days' notice prior to January 1 of each year.

Payments:

Payments to ESCOs will be made, via wire transfer, 20 days after consolidated bills are issued, and will continue throughout the billing cycle.

Other Considerations:

The POR shall be subject to modifications based upon Commission orders, rules, and regulations applicable to retail access, including, but not limited to, the Uniform Business Practices, proration of customer payments under a single bill, and provisions of Home Energy Fair Practices Act. The POR obviates the need for RG&E to prorate partial customer payments among ESCOs that are participating in the POR.

GENERAL INFORMATION

11. WEATHER NORMALIZATION ADJUSTMENT (WNA, also called Weather Adjustment)

A. Applicability:

- (1) Effective October 1, 2004, the WNA will be applicable to all space-heating customers taking service pursuant to Service Classification Nos. 1, 3, 5, 6, 7, 8 and 9 of this schedule or superseding issues thereof.
- (2) S.C. 3 and S.C. 7 customers whose use is greater than 35,000 therms annually will be deemed space heating if more than 60% of their annual usage is experienced between November 1 and March 31. Prior to each WNA season, RG&E will calculate S.C. 3 and S.C. 7 applicability based on individual customer usage during the preceding 12-month period ending June 30. All affected S.C. 3 and S.C. 7 customers will receive notice prior to the application of the WNA that they have exceeded the 60% threshold and are, therefore, subject to the WNA.
- (3) The WNA will be applied to the total gas usage during the WNA season of October 1st through May 31st. If only a portion of a customer's total gas usage for a particular billing period is applicable to the WNA season, then the WNA will be adjusted to reflect the portion applicable to the WNA season.

B. Calculation of the WNA:

- (1) The WNA will be calculated using the following formulas:

$$\text{WAF} = \frac{\text{DDF} * (\text{NHDD} - \text{AHDD})}{(\text{BP} * \text{BLT}) + (\text{DDF} * \text{AHDD})}$$

$$\begin{aligned} \text{Therms}_{\text{Normal}} &= \text{Therms}_{\text{Actual}} + (\text{Therms}_{\text{Actual}} * \text{WAF}) \\ \text{WNA}_n &= (R_n * \text{Therms}_{\text{Normal}(n)}) - R_n * \text{Therms}_{\text{Actual}(n)} \end{aligned}$$

$$\text{WNA}_{\text{Total}} = \text{Sum} (\text{WNA}_n)$$

- (2) Where,
 - (a). "WAF" is the Weather Adjustment Factor.
 - (b). "HDD" or Heating Degree Days are the difference between sixty-five degrees (65°) Fahrenheit and the average of the minimum and maximum temperature as reported by the Rochester National Weather Service station for a particular day. The HDD are zero (0) when the average temperature is greater than sixty-five degrees (65°) Fahrenheit. HDD is also used to refer to the cumulative HDD for any defined period greater than one (1) day.
 - (c). "NHDD" or Normal Heating Degree Days, for any given calendar day, are based upon a ten (10)-year average of the heating degree-days for that calendar day. The applicable ten (10)-year period ends on December 31st of the year before the current WNA season. NHDD is also used to refer to the cumulative NHDD for any defined period greater than one (1) day.

GENERAL INFORMATION

14. REVENUE DECOUPLING MECHANISM RATE ADJUSTMENT (“RDM RATE ADJUSTMENT”)

Applicable to:

All customers taking firm service under Service Classification Nos. 1, 3, and 5 will be subject to a RDM Rate Adjustment as described below.

1. Definitions

- a. “Initial Target Delivery Revenue” for each service classification is based on service classification base delivery revenues for each month, as approved by the Public Service Commission.
 - b. “Delivery Revenues” For the purpose of RDM, “Delivery Revenues” will be measured as the sum of the billed base delivery revenues from all customers for each service classification. For purposes of this calculation, revenues related to the System Benefits Charge (SBC), Merchant Function Charge (MFC), Transition Charge (NBC), Deferral Recovery Mechanism (DRM), Temporary State Assessment Surcharge (TSAS), economic incentive discounts, low income discounts and gross receipts taxes are excluded.
2. Each month, the difference (if any) between the Initial Target Delivery Revenue and actual Delivery Revenues for each service classification shall be accumulated and deferred. At the end of the calendar year, the deferral balance will be refunded or surcharged to the each service classification via an individual service classification RDM Rate Adjustment.

If at any time during the year the value of the deferral account exceeds \$2.2 million (positive or negative), the Company will file an interim RDM Rate Adjustment for each service classification in the following month on not less than ten (10) days’ notice.

The deferral account will be subject to a carrying charge at the other customer deposit rate most recently accepted by the Commission.

3. The Target Delivery Revenue for each service classification is calculated on a monthly basis for each of the service classifications identified above.
- a. If a customer taking service under a service classification not subject to the RDM Adjustment switches to a service classification that is subject to the RDM Adjustment, the Target Delivery Revenue for such service classification will be increased to reflect the increase in base delivery revenues associated with such customer.
 - b. On an annual basis, the Target Delivery Revenue for each service classification will be adjusted by an amount equal to the change in the Gross Domestic Product-Implicit Price Deflator, less a 0.5% productivity offset factor.
 - c. A negative adjustment to the Target Delivery Revenue will not be applied.
4. A Revenue Decoupling Mechanism (RDM) Statement setting forth the rate adjustment will be filed with the Public Service Commission on not less than ten (10) days’ notice. Such statement can be found at the end of this Schedule (PSC 16 – Gas).

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: October 17, 2009

Leaf No. 127.46.4
Revision: 0

GENERAL INFORMATION

15. DEFERRAL RECOVERY MECHANISM (“DRM”)

Each month the Company will examine its deferred costs, reserve balances and reliability revenue adjustments. If at any time the combination of the Company’s deferred and reserve balances exceeds \$2.0 million, positive or negative, a Deferral Recovery Mechanism adjustment will be applied in the following month.

The DRM adjustment will be applied per term to all terms delivered under PSC No. 16 Service Classification Nos. 1, 2, 3, 5, 6, 7, 8, 9, and 10.

A DRM statement setting forth the Delivery Recovery Mechanism Adjustment will be filed with the Public Service Commission on not less than three (3) day’s notice.

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Effective Date: October 17, 2009

Leaf No. 128
Revision: 12
Superseding Revision: 11

SERVICE CLASSIFICATION NO. 1
GENERAL SERVICE

APPLICABLE TO USE OF SERVICE FOR:

All purposes, in entire territory.

CHARACTER OF SERVICE:

Continuous; natural gas or a mixture of natural gas and other gas of not less than 1,000 Btu per cubic foot, supplied at pressures within the limits prescribed by the Public Service Commission.

RATE CHOICES AVAILABLE TO CUSTOMERS:

Pursuant to Rule 10, General Retail Access Multi-Retailer Model, of this Schedule, customers will choose either a Retail Access Rate or a non-Retail Access Rate. This S.C. No. 1 is a non-Retail Access Rate, under which RG&E will provide Delivery and Commodity Service.

RATE: (Per month) Each customer will be billed on a monthly basis for the following RG&E services:

Delivery Charge:

Usage	Rate
First 3 therms or less	\$22.81
Next 97 therms, per therm	.23429
Next 400 therms, per therm	.21847
Next 500 therms, per therm	.19314
Over 1,000 therms, per therm	.13320

Bill Issuance Charge (Per bill):

\$ 1.08, as described in Rule 10.F.

Gas Supply Charge or Incremental Gas Supply Charge:

The customer shall be subject to a gas supply charge or incremental gas supply charge, as explained in Rule 4.H. The net cost of gas is provided in the GSC and IGSC statements, as filed with the Public Service Commission each month.

Merchant Function Charge (MFC):

The customer shall be subject to an MFC, as explained in Rule 4.H. The MFC is provided in the GSC statement, as filed with the Public Service Commission each month.

Weather Normalization Adjustment (WNA):

All space-heating customers will also be charged the applicable WNA pursuant to General Information Section 11 of this tariff.

System Benefits Charge (SBC):

Pursuant to Rule 12 of this schedule, residential and certain non-residential customers shall be subject to the SBC. The SBC is provided in the SBC Statement, as filed with the Public Service Commission.

Surcharge To Collect Temporary State Assessment (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General Information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15). See DRM Statement.

REVENUE DECOUPLING MECHANISM (“RDM”):

All customers taking service under this Service Classification will be subject to a RDM adjustment (as explained in this Schedule, General Information Section 14.). See RDM Statement.

Increase in Rates and Charges:

The rates and charges under this Service Classification, including the cost of gas and minimum charge, are increased by the applicable effective aggregate percentage shown in Rule 4.1 for service supplied within the municipality where the customer is taking service.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester, New York

SERVICE CLASSIFICATION NO. 1 (Cont'd)
GENERAL SERVICE

TERMS OF PAYMENT:

All bills are rendered at the above rate. A late payment charge of one and one-half percent (1 1/2%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.D.2.

TERM:

Except for customers who switch to this service classification from Service Classification No. 3 or Service Classification No. 5 of this tariff, service may be discontinued upon three days' written notice. Customers who switch to this service classification from Service Classification No. 3 or Service Classification No. 5 must remain on this service classification for the minimum period stated in Rule 10.C.10 of this tariff.

SPECIAL PROVISIONS:

1.Economic Development Program - Rate and Discounts

A. Economic Development Zone Rider

Any customer who meets the qualifications set forth under General Information Section 4.K.2 shall pay for delivery service at the following rate. For customers whose zone certificate includes an initial date of eligibility prior to January 1, 2005, the following natural gas rates, terms and conditions will apply to usage and growth at the customer's facility through the term of the customer's current certificate, as long as the customer's certificate remains valid.

Service taken under this Service Classification may be eligible for the rates and charges under the Economic Development Zone Rider. Any customer who meets the qualifications set forth under General Information Section 4.K.2 shall pay for delivery service at the following rate:

<u>Usage</u>	<u>Rate</u>
First 3 therms or less	\$12.88
Next 97 therms, per therm	.18967
Next 400 therms, per therm	.14327
Next 500 therms, per therm	.12665
Over 1,000 therms, per them	.09145
Bill Issuance Charge, per bill	\$1.08, as described in Rule 10.F.

All other rates, as described above, are also applicable.

B. Empire Zone Rate

The rates for service under this rider for customers whose zone certificate includes an initial date of eligibility on or after January 1, 2005 and prior to October 17, 2009 are set forth below.

Customers whose zone certificate includes an initial date of eligibility after October 17, 2009 will pay a monthly service bill at the rates and charges under the otherwise applicable standard Service classification rates.

Any customer who meets the qualifications set forth under General Information Section 4.K.3 shall have the following discounts applied to rates for eligible usage in blocks as indicated below:

<u>Usage</u>	<u>Discounts</u>
First 3 therms or less	=
Next 97 therms, per therm	=
Next 400 therms, per therm	40%
Next 500 therms, per therm	40%
Over 1,000 therms, per them	40%

All other rates, as described above, are also applicable

SERVICE CLASSIFICATION NO. 1 (Cont'd)

GENERAL SERVICE

SPECIAL PROVISIONS: (Cont'd)

1. Economic Development Program - Rate and Discounts (Cont'd)

C. Incremental Load Rate (ILR)

Any customer who meets the qualifications set forth under General Information Section 4.K.1 shall have the following discounts applied to rates for eligible usage in blocks as indicated below.

<u>Usage</u>	<u>Discounts</u>
First 3 therms or less	-
Next 97 therms, per therm	-
Next 400 therms, per therm	20%
Next 500 therms, per therm	20%
Over 1,000 therms, per them	20%

All other rates, as described above, are also applicable

SERVICE CLASSIFICATION NO. 2

GAS LIGHTING SERVICE

APPLICABLE TO USE OF SERVICE FOR:

Outdoor gas lighting service to post standards, in the Rochester District, owned and installed by the customer. Limited to service rendered hereunder at existing locations and to existing units in service as of April 28, 1972. Service to these existing units may be terminated in accordance with Rule 2.F.5.

CHARACTER OF SERVICE:

Continuous; unmetered, 24-hour burning service; natural gas or a mixture of natural gas and other gas of not less than 1,000 Btu per cubic foot, supplied at pressures within the limits prescribed by the Public Commission.

RATE CHOICES AVAILABLE TO CUSTOMERS:

Pursuant to Rule 10, General Retail Access – Multi-Retailer Model, of this Schedule, customers will choose either a Retail Access Rate or a non-Retail Access Rate. This S.C. No. 2 is a non-Retail Access Rate, under which RG&E will provide Delivery and Commodity Service.

RATE: (Per Month)

\$8.78 for each orifice supplying an incandescent mantle, such orifice being adjusted to pass, per hour, approximately 0.02 therms of natural gas.

Increase in Rates and Charges:

The rates and charges under this Service Classification are increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied within the municipality where the customer is taking service.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

TERMS OF PAYMENT:

All bills are rendered at the above rate. A late payment charge of one and one-half percent (1 1/2%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.D.2.

TERM:

One year, and thereafter until discontinued on 30 days' written notice.

SPECIAL PROVISION:

The customer shall own and maintain the post, lamp fixture and mantles.

SERVICE CLASSIFICATION NO. 3

LARGE TRANSPORTATION SERVICE (Cont'd)

D. Research and Development Surcharge

The rates per therm as herein provided shall be subject each month to a surcharge to collect funds to support medium and long term gas research and development programs.

The amount of the surcharge will be calculated yearly by dividing the total amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998, less any amounts to be paid to upstream pipelines for GRI funding in the calendar year for which the surcharge is being calculated, by the total normalized volumes delivered to customers taking service under all Service Classifications.

The total amount collected annually under this surcharge will be reconciled to ensure that it does not exceed the amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998. Any amounts collected through this surcharge which are not spent on R&D programs will be refunded to the customers.

E. Mendon Heater Fuel Charge

The fuel cost associated with running the Mendon Gate Station will be a proportional volumetric charge based on the current market price of gas.

TERMS OF PAYMENT:

All bills are rendered at the rate set forth in this service classification. A late payment charge of one and one-half percent (1 ½%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.D.2.

BALANCING SERVICE:

The ESCO/DC must take balancing service under Rule 10.G for each service point for which it is taking transportation service. The ESCO/DC will indicate the type of balancing service to be used for each of its service agreements, consistent with Rule 10.G and the applicable Service Classifications.

Each of the ESCO's/DC's service agreements will be assigned to a Balance Control Account. A separate Balance Control Account will be established for each type of Balancing Service elected for the ESCO's Customers or the DC.

SERVICE CLASSIFICATION NO. 3

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3:

- 1. Applicable to Use of Service for:** All purposes in the entire territory by a Customer whose annual use at a given service point is 3500 dekatherms or more. The Customer must abide by all Company Tariff provisions and all other applicable laws, rules and provisions.
- 2. High Pressure Option:**
 Where service off the certified main (allowable pressures in excess of 125 psi) is available at the Customer's metering point, and where the customer elects to be served thereby, the high pressure rates set forth in this Service Classification shall apply.
- 3. Balancing Service:**
 All service points served under this service classification will be required to be balanced using either the S.C. No. 3 Daily Balancing Service or S.C. No. 3 CSC Enhanced Daily Balancing Service, as specified Rule 10.G.
- 4. New Metered Service Points:**
 To initiate service for either a new Customer or an existing Customer with a new service point, the Customer must submit a signed General Service Application to the Marketing and Sales Department. The Customer must have installed an automated meter reading device and an operational phone line by the 20th calendar day of the month in order for service to be initiated on the 1st calendar day of the next month. All provisions of this service classification shall be initiated on the 1st calendar day of the month.
- 5. Existing Service Points Switching Service Providers:**
 To request a transfer of an existing Service Point from one ESCO's service to another, the Customer and ESCO must each submit a formal request on their letterhead to the Supplier Services Department 5 business days prior to the end of the month. The switch of the service point will occur on the 1st calendar day of the next month.
- 6. Gas Transportation Service Rates and Charges:**

S.C.No. 3 Monthly Usage	Transportation Rate	Transportation Rate High Pressure Option
First 1000 therms or less	\$649.31	\$1394.78
Next 29,000 therms, per therm	\$0.12010	\$0.03943
Next 70,000 therms, per therm	\$0.09517	\$0.03943
Next 900,000 therms, per therm	\$0.03680	\$0.03943
Over 1,000,000 therms, per therm	\$0.02114	\$0.02225
Bill Issuance Charge, per bill	\$1.08, as described in Rule 10.F.	\$1.08, as described in Rule 10.F.

SERVICE CLASSIFICATION NO. 3

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):

6. Gas Transportation Service Rates and Charges:

Any customer who meets the qualifications set forth under General Information Section 4.K.2 shall pay for delivery service at the following rate. For customers whose zone certificate includes an initial date of eligibility prior to January 1, 2005, the following natural gas rates, terms and conditions will apply to usage and growth at the customer's facility through the term of the customer's current certificate, as long as the customer's certificate remains valid.

S.C.No. 3 Monthly Usage	Transportation Rate Economic Development Zone Rider New service under this rider will no longer be available to customers whose zone certificate includes an initial date of eligibility after January 1, 2005.
First 1000 therms or less	\$359.38
Next 29,000 therms, per therm	\$0.07058
Next 70,000 therms, per therm	\$0.05242
Next 900,000 therms, per therm	\$0.02703
Over 1,000,000 therms, per therm	\$0.01395
Bill Issuance Charge, per bill	\$1.08, as described in Rule 10.F.

SERVICE CLASSIFICATION NO. 3
GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):

7. Transportation Rate Adjustment:

The transportation rates set forth in this Service Classification shall be subject to a transportation rate adjustment per therm of gas distributed. The total Transportation Rate Adjustment for this service classification will include the following components:

- i) The Interdepartmental Sales Credit; and
- ii) The FERC Order 636 Transition Cost Surcharge; and
- iii) The PSC Transition Cost Surcharge; and
- iv) The Research and Development Surcharge, and
- v) Mendon Heater Fuel.

8. Large General Service Transportation Rate Adjustment Statement

Not less than three days prior to the first day of each billing period, the Company shall file with the Public Service Commission a Statement showing the Service Classification No. 3 charges listed in items i) through iv) of Section 7, above. The Statement will also list the charges per therm for Daily Balancing Service, and CSC Enhanced Daily Balancing Service. Such charges may be combined for billing purposes.

9. Weather Normalization Adjustment (WNA):

All space-heating customers will also be charged the applicable WNA pursuant to General Information Section 11 of this tariff.

10. Surcharge to Collect Temporary State Assessment Surcharge (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

11. DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

12. REVENUE DECOUPLING MECHANISM (“RDM”):

All customers taking service under this Service Classification will be subject to a RDM adjustment (as explained in this Schedule, General Information Section 14.). See RDM Statement.

13. a) Capacity to Be Released- Applicable only to SC#3 Customers receiving a mandatory release of Company capacity as determined under Section 10.G. of the General Retail Access – Multi-Retailer Model

The Company will provide the mandatory amount of capacity released between Dawn and Mendon shall include transportation capacity on TransCanada PipeLine Limited (TCPL) and Empire State Pipeline (Empire) to meet the demands of a customer's peak day. Storage capacity in the Delivery and Storage Redelivery Service (“DSR Service”) will be made available to the ESCO for voluntary capacity release under the following choices:

- (1) 100% of its DSR Service peak day requirements;
- (2) 66% of its DSR Service peak day requirements; or
- (3) 0% of its DSR Service peak day requirements, if it can demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its firm customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

In the event an ESCO elects a DSR Service quantity less than 100% of its DSR Service peak day requirements, the quantity of TCPL capacity available to the ESCO will be adjusted in accordance with the Company's GTOP Manual.

To accommodate for the difference in released assets between Empire and TCPL, the ESCO must demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

TCPL, Empire, and DSR Service assets shall be termed "Empire Capacity".

Capacity to be released between Southpoint and Caledonia shall include transportation and storage capacity on DTI. These assets shall be termed "DTI Capacity".

The total capacity available for release may be sufficient to meet the design day load of all Customers eligible for service under this service classification, as determined from time to time by the Company, as well as to meet the operational design requirements of the Company's distribution system. References to "release" of capacity are intended to include all transfers to ESCOs of rights and obligations pertaining to capacity held by the Company unless the context requires otherwise.

SERVICE CLASSIFICATION NO. 3

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):

14. Additional Facilities

The Customer shall pay the installed costs and expenses of additional facilities which the Company deems necessary to provide service under this service classification. Notwithstanding such payment, all such facilities shall remain the sole property of the Company. Automated meter reading equipment is required for this Service Classification and shall be installed by the Company. The Customer is responsible to ensure that a suitable space for such equipment is provided and maintained, and that access to a telephone line for such equipment is provided. The Customer will reimburse the Company for newly installed Automated Meter Reading Equipment for its costs and expenses.

15. Dual-Fuel Facilities

The Company assumes no responsibility for the adequacy of dual-fuel or other standby facilities and shall not be liable for any loss, damage or expense, direct or indirect, which may be incurred by the Customer or others in connection with or as a result of any interruption of gas service.

16. Economic Development Programs

A. Economic Development Zone Rider

This service is provided in cooperation with the New York State Department of Economic Development, New York State Department of Labor, the New York State Public Service Commission, and the local economic development zone certification board, pursuant to Article 18-B of the General Municipal Law, to assist in the revitalization of economically distressed geographic areas throughout the Company's service territory. New service under this rider will no longer be available to customers whose zone certificate does not include an initial date of eligibility prior to January 1, 2005.

SERVICE CLASSIFICATION NO. 3
GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):

16. Economic Development Programs (Cont'd)

A. Economic Development Zone Rider (Cont'd)

This service is available to any eligible customer who locates to or expands in certified Empire Zones and:

- (i) Whose use is non-residential in nature; and
- (ii) Who qualifies for service under and in accordance with the provisions of this service classification; and
- (iii) Who has been certified by the Local Empire Zone Administrator, described in Article 18-B of the General Municipal Law, as being eligible for this service; and
- (iv) Who has provided the Company with documentation of such certification; and
- (v) Who permanently increases their usage by at least twenty-five percent.

The Company will calculate bills for service supplied under the Economic Development Zone Rider in accordance with the rates per therm listed in this Service Classification. The rates set forth under this rider shall be subject to a Transportation Rate Adjustment per therm of gas delivered, as determined in accordance with Section 7, above.

The rates and charges under this rider, including Transportation Rate Adjustment, are increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied in the municipality where the customer is taking service.

The Customer will pay a monthly service bill at the rates and charges under this rider for all therms in excess of a base amount established for each monthly billing period. For an existing Customer, the base amount of therms will be determined by the Company using an annual historical period. For a prospective Customer, the base amount of therms will be zero.

The rates and charges under this rider, which reflect the Company's incremental cost of providing transportation service, will be subject to periodic review and revision, subject to Public Service Commission approval. A qualified customer will be eligible to receive the Empire Zone Rate rates for no more than ten years from the initial date of New York State eligibility, as stated on their zone certificate, or until its initial certification becomes invalid, whichever comes first. The Company reserves the right to establish means of periodically verifying the validity of a Customer's certificate.

B. Empire Zone Rate (EZR)

The rates for service under this rider for customers whose zone certificate includes an initial date of eligibility on or after January 1, 2005 and prior to October 17, 2009 are set forth below. Customers whose zone certificate includes an initial date of eligibility after October 17, 2009 will pay a monthly service bill at the rates and charges under the otherwise applicable standard Service classification rates.

Any customer who meets the qualifications set forth under General Information Section 4.K.3 shall pay for delivery service at the following terms. For Existing and Prospective customers, the EZR discount will be in the form of a percentage discount to each per Therm block rate, except for the customer charge. The discount will be applied to the rates for the Next 29,000 Therm block, Next 70,000 Therm block, Next 900,000 Therm block and Over 1,000,000 Therm block. The discount will be applied on a monthly basis as a bill credit adjustment to the customer's bill. The percentage discount will decline as indicated below over the ten-year term of the customer's incentive. Set forth below are the EZR discount percentages off the otherwise applicable service classification block rates:

SERVICE CLASSIFICATION NO. 3

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 3 (Cont'd):

B. Empire Zone Rate (EZR) (Cont'd)

Usage	Discounts - Years 1 through 3	Discounts - Years 4 through 6	Discounts - Years 7 through 10
First 1000 therms or less	0	0	0
Next 29,000 therms, per therm	50%	30%	10%
Next 70,000 therms, per therm	50%	30%	10%
Next 900,000 therms, per therm	50%	30%	10%
Over 1,000,000 therms, per therm	50%	30%	10%

C. Incremental Load Rate (ILR)

Any customer who meets the qualifications set forth under General Information Section 4.K.1 shall pay for delivery service at the following terms. For Existing and Prospective customers, the ILR discount will be in the form of a percentage discount to each per Therm block rate, except for the customer charge,. The discount will be applied for the Next 29,000 Therm block, Next 70,000 Therm block, Next 900,000 Therm block and Over 1,000,000 Therm block. The discount will be applied on a monthly basis as a bill credit adjustment to the customer's bill. The percentage discount will decline as indicated below over the four-year term of the customer's incentive as set forth below

ILR discount percentages off the otherwise applicable service classification:

Usage	Discounts - Year 1	Discounts - Year 2	Discounts - Year 3	Discounts - Year 4
First 1000 therms or less	0	0	0	0
Next 29,000 therms, per therm	40%	30%	20%	10%
Next 70,000 therms, per therm	40%	30%	20%	10%
Next 900,000 therms, per therm	40%	30%	20%	10%
Over 1,000,000 therms, per therm	40%	30%	20%	10%

17. Individually Negotiated Contracts

In cases where a Customer has a viable option to bypass the Company's distribution facilities, the Company may negotiate a special rate with that Customer. The rate and term shall be the subject of a special contract negotiated between the Company and the Customer. The negotiated rate shall recover all incremental costs the Company incurs in serving the Customer and shall provide a reasonable contribution to system costs. Summaries of contract information will be available in Contract Addenda contained in this tariff.

SERVICE CLASSIFICATION NO 4 (Cont'd)

GENERAL SERVICE-ECONOMIC DEVELOPMENT (Cont'd)

COST ADJUSTMENT:

Under Pricing Option A, the charges shall be subject to a GSC as described under Service Classification No. 1, or a transportation rate adjustment as described under Service Classification No. 3. Under Pricing Option B, the charges may be so adjusted. Space-heating customers will also be charged a Weather Normalization Adjustment as described in General Information Section 11.

SURCHARGE TO COLLECT TEMPORARY STATE ASSESSMENT (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General Information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15). See DRM Statement.

INCREASE IN RATES AND CHARGES:

The rates and charges under this Service Classification will be increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied within the municipality where the customer is taking service.

TERMS OF PAYMENT:

All bills are rendered at the rates stated above. A late payment charge of one and one-half (1 1/2) percent per month shall become due and payable if payment is not made on or before the “last day to pay” date specified on the bill in accordance with the provisions of Rule 4.D.2. If a negotiated Service Agreement is in effect, the late payment charge will be stated in the Agreement but shall not exceed the rate stated in Rule 4.D.2.

OTHER TERMS AND CONDITIONS:

Transportation service will be provided under this Service Classification in accordance with all other terms and conditions as described in Service Classification No. 3 Large Transportation Service, except as specifically noted above.

SERVICE CLASSIFICATION NO. 5

SMALL TRANSPORTATION SERVICE

AVAILABLE:

In all of the Gas Control Area served by the Company.

CHARACTER OF SERVICE:

Transportation service of Customer-owned, pipeline quality, odorized gas on a firm basis from a delivery point within the Company's Control Area to facilities at the Customer's metering point. Customer-owned gas will be natural gas of not less than 1,000 Btu per cubic foot, supplied at pressures within the limits prescribed by the Public Service Commission.

OBLIGATION TO SERVE:

It shall be the Company's obligation to deliver the Customer's gas from the Distribution Point(s) of Receipt to the Distribution Point(s) of Delivery. However, the Company shall have no obligation or responsibility for making arrangements for the Customer's supply of gas from the Customer's supply source to the Distribution Point(s) of Receipt.

RATE CHOICES AVAILABLE TO CUSTOMERS:

Pursuant to Rule 10, General Retail Access – Multi-Retailer Model, of this Schedule, customers will choose either a Retail Access Rate or a non-Retail Access Rate. This S.C. No. 5 is a Retail Access Rate, under which RG&E will provide Delivery Service. Commodity Service will be provided by an ESCO.

MONTHLY RATE FOR TRANSPORTATION SERVICE:

For each service agreement, the monthly rate shall consist of the minimum charge, service-point transportation charges, including the Transportation Rate Adjustment, Weather Normalization Adjustment, and applicable taxes, as found in each Service Classification.

MINIMUM CHARGE:

For each service agreement, see the applicable Service Classification for the minimum charge, exclusive of transportation rate adjustment charges.

SURCHARGE TO COLLECT TEMPORARY STATE ASSESSMENT (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General Information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

REVENUE DECOUPLING MECHANISM (“RDM”):

All customers taking service under this Service Classification will be subject to a RDM adjustment (as explained in this Schedule, General Information Section 14.). See RDM Statement.

INCREASE IN RATES AND CHARGES:

The rates and charges under this Schedule, including any minimum charge, are increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied within the municipality where the Customer is taking service.

OTHER CHARGES:

A. Interdepartmental Sales Credit

The interdepartmental sales credit shall be calculated as follows:

- (1) The interdepartmental rate per dekatherm shall be defined as the equivalent alternate fuel price less \$.05 per dekatherm, but that price shall not be less than a price which is the commodity cost of purchased gas plus \$.48* per dekatherm, or greater than the average cost of purchased gas plus \$.48* per dekatherm.

* Except for gas used in the Company's gas turbine where the adder shall be \$.44 per dekatherm.

SERVICE CLASSIFICATION NO. 5

SMALL TRANSPORTATION SERVICE (Cont'd)

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) Revenues achieved by the Company from releases of capacity; and
- ii) Charges associated with capacity that is either a) assigned to ESCOs through the Retail Access Capacity Program detailed in Service Classification No. 5; or b) used by the ESCO to provide retail service under Service Classification No. 1; or c) used by the Company to provide Daily Balancing Service to Service Classification No. 3 customers.

(b). The total capacity cost per therm is calculated by dividing the total cost in (a), above, by the total normalized volumes of gas delivered to the following Customers:

- i) Customers being served by ESCOs taking service under Service Classification No. 3 who converted to such service from Service Classification No. 5 or Service Classification No. 1, after November 1, 1996, excluding gas delivered to new load as defined in 1.(a)(i), above; 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 GSC; and
- iv) Customers being served by ESCOs taking service under Service Classification No. 5.

D. Research and Development Surcharge

The rates per therm as herein provided shall be subject each month to a surcharge to collect funds to support medium and long term gas research and development programs. The amount of the surcharge will be calculated yearly by dividing the total amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998, less any amounts to be paid to upstream pipelines for GRI funding in the calendar year for which the surcharge is being calculated, by the total normalized volumes delivered to customers taking service under all Service Classifications.

The total amount collected annually under this surcharge will be reconciled to ensure that it does not exceed the amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998. Any amounts collected through this surcharge which are not spent on R&D programs will be refunded to the customers.

E. System Benefits Charge (SBC)

Pursuant to Rule 12 of this Schedule, residential and certain non-residential customers shall be subject to the SBC. The SBC is provided in the SBC Statement, as filed with the Public Service Commission.

F. Mendon Heater Charge

The fuel cost associated with running the Mendon Gate Station will be a proportional volumetric charge based on the current market price of gas.

SERVICE CLASSIFICATION NO. 5
SMALL TRANSPORTATION SERVICE (Cont'd)

G. Reliability

Reliability Surcharge : the reliability surcharge recovers the costs associated with upstream reliability capacity retained by the Company. The reliability capacity requirement is calculated as the difference between the design day requirements for Firm sales and non-daily metered transportation customers less typical peak day requirements for the same class of customers. The capacity resources are a proportional share of RG&E's upstream storage and transportation capacity on Empire and DTI plus a storage inventory carrying charge. The capacity requirements will be adjusted annually for any changes in design day and typical peak day requirements, including growth on the system.

- (1) The component of the Reliability Surcharge will only be applicable to non-daily metered service pursuant to:
 - (a) Service Classification 5, 7 whose annual use is less than 35,000 therms and 9 of PSC No. 16 Gas, or superseding issues thereof.
- (2) The costs to be recovered through the reliability surcharge component will be reduced by a proportionate share of revenues associated with the applicable share of non-migration capacity release, net off-system sales revenue and pipeline supplier refunds related to services used in the derivation of the surcharge.
- (3) On or before September 30 of each year, the Company will provide a report to the Director of the Office of Gas and Water that includes the calculation for the projected year's capacity requirements, a statement of the changes from the previous year, an explanation of the reason(s) or basis for the changes, and all associated workpapers.

TERMS OF PAYMENT:

All bills are rendered at the rate set forth in this service classification. A late payment charge of one and one-half percent (1 ½%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.D.2.

BALANCING SERVICE:

The ESCO/DC must take balancing service under Rule 10.G for each service point for which it is taking transportation service. The ESCO/DC will indicate the type of balancing service to be used for each of its service agreements, consistent with Rule 10.G and the applicable Service Classifications.

Each of the ESCO's/DC's service agreements will be assigned to a Balance Control Account. A separate Balance Control Account will be established for each type of Balancing Service elected for the ESCO's Customers or the DC.

SPECIAL PROVISIONS:

1. Economic Development Programs – Rate and Discounts

A. Economic Development Zone Rider (EDZ)

Service taken under this Service Classification may be eligible for the rates and charges under the Economic Development Zone Rider. Any customer who meets the qualifications set forth under General Information Section 4.K.2, whose zone certificate includes an initial date of eligibility prior to January 1, 2005, shall pay for delivery service at the following rate:

<u>Usage</u>	<u>Rate</u>
First 3 therms or less	\$12.88
Next 97 therms, per therm	.18967
Next 400 therms, per therm	.14327
Next 500 therms, per therm	.12665
Over 1,000 therms, per therm	.09145
 Bill Issuance Charge (per bill):	 \$1.08

All other rates, as described above, are also applicable.

SERVICE CLASSIFICATION NO. 5

SMALL TRANSPORTATION SERVICE (Cont'd)

1. Economic Development Programs – Rate and Discounts (Cont'd):

B. Empire Zone Rate (EZR)

The rates for service under this rider for customers whose zone certificate includes an initial date of eligibility on or after January 1, 2005 and prior to October 17, 2009 are set forth below. Customers whose zone certificate includes an initial date of eligibility after October 17, 2009 will pay a monthly service bill at the rates and charges under the otherwise applicable standard Service classification rates.

Service taken under this Service Classification may be eligible for the rates and charges under the Empire Zone Rate. Any customer who meets the qualifications set forth under General Information Section 4.K.3 shall have the following discounts applied to rates for eligible usage in blocks as indicated below:

<u>Usage</u>	<u>Discounts</u>
First 3 therms or less	0
Next 97 therms, per therm	0
Next 400 therms, per therm	40%
Next 500 therms, per therm	40%
Over 1,000 therms, per them	40%

All other rates, as described above, are also applicable.

C. Incremental Load Rate (ILR)

Service taken under this Service Classification may be eligible for the rates and charges under the Incremental Load Rate. Any customer who meets the qualifications set forth under General Information Section 4.K.1 shall have the following discounts applied to rates for eligible usage in blocks as indicated below:

<u>Usage</u>	<u>Discounts</u>
First 3 therms or less	0
Next 97 therms, per therm	0
Next 400 therms, per therm	20%
Next 500 therms, per therm	20%
Over 1,000 therms, per them	20%

All other rates, as described above, are also applicable

SERVICE CLASSIFICATION NO. 5

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 5:

1. Applicable to Use of Service for:

All purposes in the entire territory by a Customer whose annual use at a given service point is greater than 3500 dekatherms, or by a group of Customers whose total annual use is greater than 5000 dekatherms that are served by a common ESCO. The Customer must abide by all Company Tariff provisions and all other applicable laws, rules and provisions.

2. Balancing Service:

All service points served under this service classification will be required to be balanced using the S.C. No. 5 Balancing Service, as specified in Rule 10.G..

3. Gas Transportation Service Rates and Charges:

S.C.No. 5 Monthly Usage	Transportation Rate
First 3 therms or less	\$22.81
Next 97 therms, per therm	\$0.23429
Next 400 therms, per therm	\$0.21847
Next 500 therms, per therm	\$0.19314
Over 1,000 therms, per therm	\$0.13320
Bill Issuance Charge, per bill	\$1.08, as described in Rule 10.F.

4. Transportation Rate Adjustment:

The transportation rates set forth in this Service Classification for this service classification shall be subject to a transportation rate adjustment per therm of gas distributed. The total Transportation Rate Adjustment for this service classification will include the following components:

- i) The Interdepartmental Sales Credit; and
- ii) The FERC Order 636 Transition Cost Surcharge; and
- iii) The PSC Transition Cost Surcharge; and
- iv) The Research and Development Surcharge.
- v) Mendon Heater Fuel
- vi) Reliability Surcharge

SERVICE CLASSIFICATION NO. 5

GAS SERVICE-POINT TRANSPORTATION SERVICE – S.C. NO. 5 (Cont'd):

b) Capacity to Be Released

The Company will provide the mandatory amount of capacity released between Dawn and Mendon shall include transportation capacity on TransCanada PipeLine Limited (TCPL) and Empire State Pipeline (Empire) to meet the demands of a customers peak day. Storage capacity in the Delivery and Storage Redelivery Service ("DSR Service") will be made available to the ESCO for voluntary capacity release under the following choices:

- (1) 100% of its DSR Service peak day requirements;
- (2) 66% of its DSR Service peak day requirements; or
- (3) 0% of its DSR Service peak day requirements, if it can demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its firm customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

In the event an ESCO elects a DSR Service quantity less than 100% of its DSR Service peak day requirements, the quantity of TCPL capacity available to the ESCO will be adjusted in accordance with the Company's GTOP Manual.

An ESCO taking over service to an existing set of customers being served pursuant to this service classification shall, upon such take over, assume the DSR Service choice of the preceding ESCO.

An ESCO that is new to RG&E's service territory shall submit an application to become qualified to serve customers under this service classification. If DSR service capacity is available, for applications submitted between:

- (1) March 16 and October 31, the ESCO must elect one of the DSR Service choices set forth above at the time of application. The DSR Service capacity shall be released and storage gas shall be transferred on November 1.
- (2) November 1 and March 15, the ESCO shall elect DSR Service in accordance with paragraph (f), Release of Empire Capacity, stated below.

To accommodate for the difference in released assets between Empire and TCPL, the ESCO must demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

TCPL, Empire, and DSR Service assets shall be termed "Empire Capacity".

Capacity to be released between Southpoint and Caledonia shall include transportation and storage capacity on DTI. These assets shall be termed "DTI Capacity".

The total capacity available for release may be sufficient to meet the design day load of all Customers eligible for service under this service classification, as determined from time to time by the Company, as well as to meet the operational design requirements of the Company's distribution system. References to "release" of capacity are intended to include all transfers to ESCOs of rights and obligations pertaining to capacity held by the Company unless the context requires otherwise.

c) Methodology for Release

The Company shall release transportation and storage capacity on both the Empire and DTI systems to ESCOs serving customers under this service classification based on winter season design day requirements as adjusted by reliability requirements of the retail load served by each ESCO, as calculated by the Company. The allocation methodology shall provide for the Company's operational distribution system requirements, including, but not limited to, maintaining the appropriate ratio of Empire deliveries to DTI deliveries to ensure system integrity.

d) Administration of Released Assets

The Company shall administer release of assets so as to maintain a correspondence between winter season design day as adjusted by reliability requirements of the retail load served by each ESCO and capacity released to that ESCO on a periodic basis. As load served by an ESCO changes, the Company shall periodically make corresponding adjustments to the quantity of capacity released to the ESCO. The procedure for effectuating such adjustments is specified in the Company's GTOP manual. In any situation where the Company is required to repute the recalled capacity entitlements to the ESCO, the ESCO waives its rights to such reputs.

e) Recall of Capacity Entitlements

If the ESCO becomes unqualified to sell gas on the Company's system or transport gas on pipelines upstream of its city gates, the Company shall recall all capacity released to the ESCO. If the ESCO fails to deliver supplies of gas adequate to serve its Customers, or if required for system reliability purposes, the Company shall have the right to recall all capacity released to the ESCO. References to "recall" of capacity are intended to include all returns to the Company of rights and obligations pertaining to capacity previously released to an ESCO, unless the context requires otherwise.

SERVICE CLASSIFICATION NO. 6

**NON-RESIDENTIAL DISTRIBUTED GENERATION
FIRM GAS SALES SERVICE**

APPLICABLE TO THE USE OF SERVICE FOR:

Firm Sales Service to any new or existing gas fueled baseload distributed generation facility that represents generating units designed to provide electricity to a single customer or specific customers within a defined geographical location with generating capacity of less than 50 Megawatts (MW) that maintains a load factor of 50% or more. (Load factor is defined herein as annual usage divided by the (peak winter day demand times 365 days).] Such baseload distributed generation facilities may include, but not be limited to, reciprocating engines, gas turbines and emerging gas technologies such as fuel cells and microturbines. Where multiple units are installed at one location, the total size of all units metered through one meter shall govern the rates that will apply. Service under this service classification is available throughout the Company's service territory to which this Schedule applies, providing the Company has facilities available and adequate for the load.

CHARACTER OF SERVICE:

Continuous - natural gas or a mixture of natural gas and other gas with a Btu content of not less than 1,000 Btu per cubic foot, supplied at limits prescribed by the Public Service Commission.

PRICE (per month):

The Company's charges are:

(1) Gas Delivery Charges:

A. Small DG Customer – DG < 5MW

Annual use < 35,000 therms:

First 3 therms or less (All months): \$22.81

Bill Issuance Charge (Per bill) \$1.08

Winter Rate: (November – March)

Next 97 therms, per therm \$.09973

Next 400 therms, per therm \$.08990

Next 500 therms, per therm \$.08240

Over 1,000 therms, per therm \$.05629

Summer Rate: (April – October)

Next 97 therms, per therm \$.08491

Next 400 therms, per therm \$.07918

Next 500 therms, per therm \$.07000

Over 1,000 therms, per therm \$.04828

B. Small DG Customer – DG < 5MW

Annual use > or = 35,000 therms:

Basic Service Charge:

First 1000 therms or less (All months): \$649.31

Bill Issuance Charge (Per bill) \$1.08

Winter Rate: (November – March)

Next 29,000 therms, per therm \$.06776

Next 70,000 therms, per therm \$.05499

Next 900,000 therms, per therm \$.02134

Over 1,000,000 therms, per therm \$.01218

Summer Rate: (April – October)

Next 29,000 therms, per therm \$.05747

Next 70,000 therms, per therm \$.04554

Next 900,000 therms, per therm \$.01761

Over 1,000,000 therms, per therm \$.01012

SERVICE CLASSIFICATION NO. 6 (Cont'd)

**NON-RESIDENTIAL DISTRIBUTED GENERATION
FIRM GAS SALES SERVICE (Cont'd)**

PRICE (per month) (Cont'd):

C. Large DG Customer – DG 5MW - < 50 MW

All usage levels:

First 1000 therms or less (All months) \$649.31

Winter Rate: (November – March)

Over 1000 therms, per therm \$0.01210

Summer Rate: (April – October)

Over 1000 therms, per therm \$0.01012

Demand Charge per therm of MDQ > 47 therms (All months): \$0.96

Bill Issuance Charge (per bill): \$1.08

(2) Gas Supply Charge (GSC):

The customer shall be subject to a GSC, as explained in Rule 4H. The GSC is provided in the GSC Statement, as filed with the Public Service Commission each month.

(3) Merchant Function Charge (MFC):

The customer shall be subject to an MFC as explained in Rule 4.H. The MFC is provided in the GSC statement, as filed with the Public Service Commission each month..

MINIMUM CHARGE:

The minimum monthly charge is the charge for the first 3 therms or less or the first 1000 therms or less as noted under the Gas Delivery Charges. Additionally for a Large DG Customer, the minimum charge will also include the Demand Charge per therm of Maximum Daily Quantity (MDQ) excluding the therms included in the Basic Service Charge. The MDQ is the customer's highest estimated daily usage. The Minimum Charge will appear on the Customer's bill whether or not any gas was used during the billing period.

Surcharge to Collect Advanced Metering Infrastructure (AMI) Costs:

The minimum charge listed within this service classification (First 3 therms or less) will be increased to include the associated AMI surcharge listed in the AMI Surcharge Statement of this tariff, pursuant to Rule 12.

SERVICE CLASSIFICATION NO. 6 (CONT'D)
NON-RESIDENTIAL DISTRIBUTED GENERATION
FIRM GAS SALES SERVICE (CONT'D)

SURCHARGE TO COLLECT TEMPORARY STATE ASSESSMENT (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General Information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

INCREASE IN PRICES AND CHARGES APPLICABLE WHERE SERVICE IS SUPPLIED:

The prices and charges under this service classification, including the Minimum Charge and GSC, will be increased by a surcharge pursuant to General Information Section 4 of this Schedule to reflect the tax rates applicable within the municipality where the Customer takes service.

TERMS OF PAYMENT:

All bills are rendered at the above rate. A late payment charge at the rate of one and one-half percent (1 1/2%) per month shall become due and payable if payment is not made on or before the “last day to pay” date specified on the bill in accordance with the provisions of Rule 4.D.2.

TERM:

The term of this service classification shall be one (1) year with one-year renewals thereafter. Renewals will only be provided if the customer maintains at least a 50% load factor unless there are mitigating circumstances as determined by the Company. The Company shall review the customer usage annually beginning with the anniversary of the commercial operation of the customer's DG unit and advise the customer if the load factor falls below 50%. If the load factor falls below 50%, the customer will be removed from this rate for a period of 12 months at which time they may reapply, provided they have achieved a 50% load factor over the 12 month period and satisfied the Company that the 50% load factor will be met by achieving it in the last 12 months.

SPECIAL PROVISIONS:

- A. Separate service lines for DG usage and non-DG usage shall not be required. However, if existing facilities are inadequate to deliver the additional supplies, the customer shall be responsible for all incremental costs incurred by the Company. DG customers shall pay for system reinforcements pursuant to Rochester Gas and Electric's existing rules set forth in General Information Rule 3.
- B. DG customers with annual usage greater than or equal to 35,000 therms are required to pay for daily metering equipment.
- C. DG rates shall apply only to DG usage eligible for this service class. Non-DG gas use shall be measured and billed separately from this service classification.
- D. Where multiple units are installed at one location, the total size of all units metered through one meter shall govern the rates that will apply.

SERVICE CLASSIFICATION NO. 7

FIRM GAS TRANSPORTATION SERVICE FOR DISTRIBUTED GENERATION FACILITIES < 50 MW

AVAILABLE:

In all of the Gas Control Area served by the Company.

CHARACTER OF SERVICE:

Transportation service of Customer-owned, pipeline quality, odorized gas on a firm basis from a delivery point within the Company's Control Area to facilities at the Customer's metering point. Customer-owned gas will be natural gas of not less than 1,000 Btu per cubic foot, supplied at pressures within the limits prescribed by the Public Service Commission. Gas service provided hereunder shall be daily metered and billed separately from gas service provided under any other service classification of the Company, and the use of gas measured by this separate meter for other than the use described herein is expressly prohibited.

OBLIGATION TO SERVE:

It shall be the Company's obligation to deliver the Customer's gas from the Distribution Point(s) of Receipt to the Distribution Point(s) of Delivery. However, the Company shall have no obligation or responsibility for making arrangements for the Customer's supply of gas from the Customer's supply source to the Distribution Point(s) of Receipt.

RATE CHOICES AVAILABLE TO CUSTOMERS:

Pursuant to Rule 10, General Retail Access – Multi-Retailer Model, of this Schedule, customers will choose either a Retail Access Rate or a non-Retail Access Rate. This S.C. No. 7 is a Retail Access Rate, under which RG&E will provide Delivery Service. Commodity Service will be provided by an ESCO.

MONTHLY RATE FOR TRANSPORTATION SERVICE:

For each service agreement, the monthly rate shall consist of the minimum charge, service-point transportation charges, including the Transportation Rate Adjustment, and applicable taxes, as found in each Service Classification.

MINIMUM CHARGE:

For each service agreement, see the applicable Service Classification for the minimum charge, exclusive of transportation rate adjustment charges.

SURCHARGE TO COLLECT ADVANCED METERING INFRASTRUCTURE (AMI) COSTS:

The minimum charge listed within this service classification (First 3 therms or less) will be increased to include the associated AMI surcharge listed in the AMI Surcharge Statement of this tariff, pursuant to Rule 12.

SURCHARGE TO COLLECT TEMPORARY STATE ASSESSMENT (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General Information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

INCREASE IN RATES AND CHARGES:

The rates and charges under this Schedule, including any minimum charge, are increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied within the municipality where the Customer is taking service.

OTHER CHARGES:

A. Interdepartmental Sales Credit

The interdepartmental sales credit shall be calculated as follows:

- (1) The interdepartmental rate per dekatherm shall be defined as the equivalent alternate fuel price less \$.05 per dekatherm, but that price shall not be less than a price which is the commodity cost of purchased gas plus \$.48* per dekatherm, or greater than the average cost of purchased gas plus \$.48* per dekatherm.

* Except for gas used in the Company's gas turbine where the adder shall be \$.44 per dekatherm.

SERVICE CLASSIFICATION NO. 7

FIRM GAS TRANSPORTATION SERVICE FOR DISTRIBUTED GENERATION FACILITIES < 50 MW
(Cont'd)

D. Research and Development Surcharge

The rates per therm as herein provided shall be subject each month to a surcharge to collect funds to support medium and long term gas research and development programs.

The amount of the surcharge will be calculated yearly by dividing the total amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998, less any amounts to be paid to upstream pipelines for GRI funding in the calendar year for which the surcharge is being calculated, by the total normalized volumes delivered to customers taking service under all Service Classifications.

The total amount collected annually under this surcharge will be reconciled to ensure that it does not exceed the amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998. Any amounts collected through this surcharge which are not spent on R&D programs will be refunded to the customers.

E. Mendon Heater Fuel Charge

The fuel cost associated with running the Mendon Gate Station will be a proportional volumetric charge based on the current market price of gas.

TERMS OF PAYMENT:

All bills are rendered at the rate set forth in this service classification. A late payment charge of one and one-half percent (1 ½%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.D.2.

BALANCING SERVICE:

The ESCO/DC must take balancing service under Rule 10.G. for each service point for which it is taking transportation service. The ESCO/DC will indicate the type of balancing service to be used for each of its service agreements, consistent with Rule 10.G. and the applicable Service Classifications.

Each of the ESCO's/DC's service agreements will be assigned to a Balance Control Account. A separate Balance Control Account will be established for each type of Balancing Service elected for the ESCO's Customers or the DC.

Retail Access Capacity Program

A) General

ESCOs serving Customers with annual use less than 35,000 therms under this service Classification will be required to participate in the Retail Access Capacity Program, as defined in this Section whereby transportation capacity from liquid trading points - Dawn and Southpoint (i.e. all receipt points on the Dominion Transmission Incorporated (DTI) system south of DTI's Valley Production Compressor Station) - to the Company's city gates at Mendon and Caledonia, respectively, and storage capacity, will be released to ESCOs serving Customers under this service Classification with annual use less than 35,000 therms.

SERVICE CLASSIFICATION NO. 7

FIRM GAS TRANSPORTATION SERVICE FOR DISTRIBUTED GENERATION FACILITIES < 50 MW
(Cont'd)

1. APPLICABLE TO THE USE OF SERVICE FOR:

Firm Transportation Service to any new or existing gas fueled baseload distributed generation facility that represents generating units designed to provide electricity to a single customer or specific customers within a defined geographical location with generating capacity of less than 50 Megawatts (MW) that maintains a load factor of 50% or more. (Load factor is defined herein as annual usage divided by the (peak winter day demand times 365 days).] Such baseload distributed generation facilities may include, but not be limited to, reciprocating engines, gas turbines and emerging gas technologies such as fuel cells and microturbines. Where multiple units are installed at one location, the total size of all units metered through one meter shall govern the rates that will apply. Service under this service classification is available throughout the Company's service territory to which this Schedule applies, providing the Company has facilities available and adequate for the load.

2. Gas Transportation Service Rates and Charges:

The Company's charges are:

(1) Gas Delivery Charges:

A. Small DG Customer – DG < 5MW

Annual use < 35,000 therms:

First 3 therms or less (All months) \$22.81
Bill Issuance Charge (Per bill): \$1.08

Winter Rate: (November – March)

Next 97 therms, per therm \$.09973
Next 400 therms, per therm \$.08990
Next 500 therms, per therm \$.08240
Over 1,000 therms, per therm \$.05629

Summer Rate: (April – October)

Next 97 therms, per therm \$.08491
Next 400 therms, per therm \$.07918
Next 500 therms, per therm \$.07000
Over 1,000 therms, per therm \$.04828

B. Small DG Customer – DG < 5MW

Annual use > or = 35,000 therms:

Basic Service Charge:

First 1000 therms or less (All months) \$649.31
Bill Issuance Charge (Per bill): \$1.08

Winter Rate: (November – March)

Next 29,000 therms, per therm \$.06776
Next 70,000 therms, per therm \$.05499
Next 900,000 therms, per therm \$.02134
Over 1,000,000 therms, per therm \$.01218

Summer Rate: (April – October)

Next 29,000 therms, per therm \$.05747
Next 70,000 therms, per therm \$.04554
Next 900,000 therms, per therm \$.01761
Over 1,000,000 therms, per therm \$.01012

SERVICE CLASSIFICATION NO. 7

FIRM GAS TRANSPORTATION SERVICE FOR DISTRIBUTED GENERATION FACILITIES < 50 MW
(Cont'd)

C. Large DG Customer – DG 5MW - < 50 MW

All usage levels:

First 1000 therms or less (All months) \$649.31

Winter Rate: (November – March)

Over 1000 therms, per therm \$0.01210

Summer Rate: (April – October)

Over 1000 therms, per therm \$0.01012

Demand Charge per therm of MDQ > 47 therms (All months): \$0.96

2. **Minimum Charge:**

The minimum monthly charge is the charge for the first 3 therms or less or the first 1000 therms or less as noted under the Gas Delivery Charges. Additionally for a Large DG Customer, the minimum charge will also include the Demand Charge per therm of Maximum Daily Quantity (MDQ) excluding the therms included in the Basic Service Charge. The MDQ is the customer's highest estimated daily usage. The Minimum Charge will appear on the Customer's bill whether or not any gas was used during the billing period.

3. **Transportation Rate Adjustment:**

The transportation rates set forth in this service classification shall be subject to a transportation rate adjustment per therm of gas distributed. The total Transportation Rate Adjustment for this service classification will be made up of the following components:

- i) The Interdepartmental Sales Credit; and
- ii) The PSC Transition Cost Surcharge; and
- iii) The Research and Development Surcharge.
- iv) Low Income Program
- v) Mendon Heater Fuel.

4. **Transportation Rate Adjustment Statement**

Not less than three days prior to the first day of each billing period, the Distribution Provider shall file with the Public Service Commission a Statement showing the Service Classification No. 7 charges listed in items i) through iv) of Section 3, above. The Statement will also list the charges per therm for the various balancing options and storage costs. Such charges may be combined for billing purposes.

SERVICE CLASSIFICATION NO. 8

**RESIDENTIAL DISTRIBUTED GENERATION
FIRM GAS SALES SERVICE**

APPLICABLE TO THE USE OF SERVICE FOR:

Firm Sales Service to any residential customer described below who has or installs a gas-fueled distributed generation (DG) facility that represents generating units designed to provide electricity to the customer. Such distributed generation facilities may include, but not be limited to, reciprocating engines, steam turbines, gas turbines and emerging gas technologies such as fuel cells and microturbines. Service under this service classification is available throughout the Company's service territory to which this schedule applies, providing the Company has facilities available and adequate for the load.

Residential service is applicable to individual private dwellings, including two-family dwellings where the customer is a resident, flats or apartments. It is applicable to all gas utilized exclusively in connection with religious purposes by any corporation, association or school organized and conducted in good faith for religious purposes; or any post or hall owned or leased by a not-for-profit corporation that is a veterans' organization. Residential service is also applicable to use exclusively in connection with a community residence for the mentally disabled, as defined in Subdivision 28, 28-a, or 28-b of Section 1.03 of the Mental Hygiene Law, provided that such residence is operated by a not-for-profit corporation and, if supervisory staff is on site twenty-four (24) hours a day, that the residence provides living accommodations for fourteen (14) or fewer residents.

CHARACTER OF SERVICE:

Continuous - natural gas or a mixture of natural gas and other gas with a Btu content of not less than 1,000 Btu per cubic foot, supplied at limits prescribed by the Public Service Commission.

RATE (per month):

The Company's charges are:

(1) Gas Delivery Charges:

First 3 therms or less (All months)	\$22.81
Over 3 therms, per therm	\$0.12065
Bill Issuance Charge (Per bill):	\$1.08

Minimum Monthly Charge: \$23.89

(2) Gas Supply Charge (GSC):

The customer shall be subject to a GSC, as explained in Rule 4H. The GSC is provided in the GSC Statement, as filed with the Public Service Commission each month.

SERVICE CLASSIFICATION NO. 8

**RESIDENTIAL DISTRIBUTED GENERATION FIRM GAS SALES SERVICE
(Cont'd)**

RATE (per month) (Cont'd):

(3) Merchant Function Charge (MFC):

The customer shall be subject to an MFC, as explained in Rule 4.H. The MFC is provided in the GSC statement, as filed with the Public Service Commission each month.

(4) Weather Normalization Adjustment (WNA):

All space-heating customers will also be charged the applicable WNA pursuant to General Information Section 11 of this tariff.

(5) System Benefits Charge (SBC):

Pursuant to Rule 12 of this Schedule, residential and certain non-residential customers shall be subject to the SBC. The SBC is provided in the SBC Statement, as filed with the Public Service Commission.

SURCHARGE TO COLLECT TEMPORARY STATE ASSESSMENT (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General Information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

INCREASE IN PRICES AND CHARGES APPLICABLE WHERE SERVICE IS SUPPLIED:

The prices and charges under this service classification, including the Minimum Charge and GSC, will be increased by a surcharge pursuant to General Information Section 4 of this Schedule to reflect the tax rates applicable within the municipality where the Customer takes service.

TERMS OF PAYMENT:

All bills are rendered at the above rate. A late payment charge at the rate of one and one-half percent (1 1/2%) per month shall become due and payable if payment is not made on or before the “last day to pay” date specified on the bill in accordance with the provisions of Rule 4.D.2.

TERM:

One year, and thereafter until discontinued upon three days’ written notice.

SPECIAL PROVISIONS:

- A. Separate service lines for DG usage and non-DG usage shall not be required. However, if existing facilities are inadequate to deliver the additional supplies, the customer shall be responsible for all incremental costs incurred by the Company. DG customers shall pay for system reinforcements pursuant to Rochester Gas and Electric’s existing rules set forth in General Information Rule 3.
- B. Rates established herein are ceilings which are fixed for at least three years.

SERVICE CLASSIFICATION NO. 9

RESIDENTIAL DISTRIBUTED GENERATION GAS TRANSPORTATION SERVICE (Cont'd)

MINIMUM CHARGE:

For each service agreement, see the applicable Service Classification for the minimum charge, exclusive of transportation rate adjustment charges.

SURCHARGE TO COLLECT ADVANCED METERING INFRASTRUCTURE (AMI) COSTS:

The minimum charge listed within this service classification (First 3 therms or less) will be increased to include the associated AMI surcharge listed in the AMI Surcharge Statement of this tariff, pursuant to Rule 12.

SURCHARGE TO COLLECT TEMPORARY STATE ASSESSMENT (TSAS):

The charges set forth herein will be subject to a surcharge to collect the Temporary State Assessment per Therm of gas delivered as explained in General Information Section 13 of PSC No. 16 – Gas, or superseding issues thereof.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

INCREASE IN RATES AND CHARGES:

The rates and charges under this Schedule, including any minimum charge, are increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied within the municipality where the Customer is taking service.

OTHER CHARGES:

A. Interdepartmental Sales Credit

The interdepartmental sales credit shall be calculated as follows:

- (1) The interdepartmental rate per dekatherm shall be defined as the equivalent alternate fuel price less \$.05 per dekatherm, but that price shall not be less than a price which is the commodity cost of purchased gas plus \$.48* per dekatherm, or greater than the average cost of purchased gas plus \$.48* per dekatherm.

* Except for gas used in the Company's gas turbine where the adder shall be \$.44 per dekatherm.

SERVICE CLASSIFICATION NO. 9

RESIDENTIAL DISTRIBUTED GENERATION GAS TRANSPORTATION SERVICE

(Cont'd)

D. Research and Development Surcharge

The rates per therm as herein provided shall be subject each month to a surcharge to collect funds to support medium and long term gas research and development programs.

The amount of the surcharge will be calculated yearly by dividing the total amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998, less any amounts to be paid to upstream pipelines for GRI funding in the calendar year for which the surcharge is being calculated, by the total normalized volumes delivered to customers taking service under all Service Classifications.

The total amount collected annually under this surcharge will be reconciled to ensure that it does not exceed the amount that RG&E paid to upstream pipelines for GRI funding in calendar year 1998. Any amounts collected through this surcharge which are not spent on R&D programs will be refunded to the customers.

E. System Benefits Charge (SBC)

Pursuant to Rule 12 of this Schedule, residential and certain non-residential customers shall be subject to the SBC. The SBC is provided in the SBC Statement, as filed with the Public Service Commission.

F. Mendon Heater Fuel Charge

The fuel cost associated with running the Mendon Gate Station will be a proportional volumetric charge based on the current market price of gas.

TERMS OF PAYMENT:

All bills are rendered at the rate set forth in this service classification. A late payment charge of one and one-half percent (1 ½%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.D.2.

TERM:

One year, and thereafter until discontinued upon three days' written notice.

BALANCING SERVICE:

The ESCO/DC must take balancing service under Rule 10.G. for each service point for which it is taking transportation service. The ESCO/DC will indicate the type of balancing service to be used for each of its service agreements, consistent with Rule 10.G. and the applicable Service Classifications.

Each of the ESCO's/DC's service agreements will be assigned to a Balance Control Account. A separate Balance Control Account will be established for each type of Balancing Service elected for the ESCO's Customers or the DC.

SPECIAL PROVISIONS:

- A. Separate service lines for DG usage and non-DG usage shall not be required. However, if existing facilities are inadequate to deliver the additional supplies, the customer shall be responsible for all incremental costs incurred by the Company. DG customers shall pay for system reinforcements pursuant to Rochester Gas and Electric's existing rules set forth in General Information Rule 3.
- B. Rates established herein are ceilings which are fixed for at least three years.

SERVICE CLASSIFICATION NO. 9

RESIDENTIAL DISTRIBUTED GENERATION GAS TRANSPORTATION SERVICE (Cont'd)

Gas Transportation Service Rates and Charges:

1. Delivery Rates:

S.C.No. 9 Monthly Usage	Transportation Rate
First 3 therms or less	\$22.81
Over 3 therms, per therm	\$0.12065
Bill Issuance Charge (per bill)	\$1.08
Minimum Monthly Charge:	\$23.89

2. Transportation Rate Adjustment:

The transportation rates set forth in this Service Classification for this service classification shall be subject to a transportation rate adjustment per therm of gas distributed. The total Transportation Rate Adjustment for this service classification will include the following components:

- i) The Interdepartmental Sales Credit; and
- ii) The FERC Order 636 Transition Cost Surcharge; and
- iii) The PSC Transition Cost Surcharge; and
- iv) The Research and Development Surcharge
- v) Mendon Heater Fuel Charge.

SERVICE CLASSIFICATION NO. 9

RESIDENTIAL DISTRIBUTED GENERATION GAS TRANSPORTATION SERVICE (Cont'd)

b) Capacity to Be Released

Capacity to be released between Dawn and Mendon shall include transportation capacity on TransCanada PipeLine Limited (TCPL) and Empire State Pipeline (Empire). Storage capacity in the Delivery and Storage Redelivery Service ("DSR Service") will be made available to the ESCO for release under the following choices:

- (1) 100% of its DSR Service peak day requirements;
- (2) 66% of its DSR Service peak day requirements; or
- (3) 0% of its DSR Service peak day requirements, if it can demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its firm customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

In the event an ESCO elects a DSR Service quantity less than 100% of its DSR Service peak day requirements, the quantity of TCPL capacity available to the ESCO will be adjusted in accordance with the Company's GTOP Manual.

An ESCO taking over service to an existing set of customers being served pursuant to this service classification shall, upon such take over, assume the DSR Service choice of the preceding ESCO.

An ESCO that is new to RG&E's service territory shall submit an application to become qualified to serve customers under this service classification. If DSR service capacity is available, for applications submitted between:

- (1) March 16 and October 31, the ESCO must elect one of the DSR Service choices set forth above at the time of application. The DSR Service capacity shall be released and storage gas shall be transferred on November 1.
- (2) November 1 and March 15, the ESCO shall elect DSR Service in accordance with paragraph (f), Release of Empire Capacity, stated below.

To accommodate for the difference in released assets between Empire and TCPL, the ESCO must demonstrate it has non-recallable primary point capacity from the Dawn Hub to the citygate for its customers, or a firm supply contract with a reliable counterparty for delivery to Empire at Chippawa or a point downstream of Chippawa.

TCPL, Empire, and DSR Service assets shall be termed "Empire Capacity".

Capacity to be released between Southpoint and Caledonia shall include transportation and storage capacity on DTI. These assets shall be termed "DTI Capacity".

The total capacity available for release may be sufficient to meet the design day load of all Customers eligible for service under this service classification, as determined from time to time by the Company, as well as to meet the operational design requirements of the Company's distribution system. References to "release" of capacity are intended to include all transfers to ESCOs of rights and obligations pertaining to capacity held by the Company unless the context requires otherwise.

c) Methodology for Release

The Company shall release transportation and storage capacity on both the Empire and DTI systems to ESCOs serving customers under this service classification based on winter season design day requirements of the retail load served by each ESCO, as calculated by the Company. The allocation methodology shall provide for the Company's operational distribution system requirements, including, but not limited to, maintaining the appropriate ratio of Empire deliveries to DTI deliveries to ensure system integrity.

d) Administration of Released Assets

The Company shall administer release of assets so as to maintain a correspondence between winter season design day as adjusted by reliability requirements of the retail load served by each ESCO and capacity released to that ESCO on a periodic basis. As load served by an ESCO changes, the Company shall periodically make corresponding adjustments to the quantity of capacity released to the ESCO. The procedure for effectuating such adjustments is specified in the Company's GTOP manual. In any situation where the Company is required to repute the recalled capacity entitlements to the ESCO, the ESCO waives its rights to such reputs.

e) Recall of Capacity Entitlements

If the ESCO becomes unqualified to sell gas on the Company's system or transport gas on pipelines upstream of its city gates, the Company shall recall all capacity released to the ESCO. If the ESCO fails to deliver supplies of gas adequate to serve its Customers, or if required for system reliability purposes, the Company shall have the right to recall all capacity released to the ESCO. References to "recall" of capacity are intended to include all returns to the Company of rights and obligations pertaining to capacity previously released to an ESCO, unless the context requires otherwise.

SERVICE CLASSIFICATION NO. 9

RESIDENTIAL DISTRIBUTED GENERATION GAS TRANSPORTATION SERVICE (Cont'd)

f) Release of Empire Capacity

Release of capacity on Empire will be carried out pursuant to the terms and conditions of Empire's Tariff on file with the Commission, as such Tariff may be amended from time to time, and the terms and conditions of any separate agreement between the Company and Empire pertaining to this subject. In the event of any conflict between the terms and conditions of Empire's Tariff and any separate agreement, the terms and conditions of the latter shall control. Release of capacity on TCPL and the DSR Service shall be carried out by the Company consistent with the terms and conditions of the Company's agreements with TCPL and the DSR Service provider.

DSR Service capacity release shall become effective April 1 of each year; the ESCO must notify RG&E of its election by March 15.

g) Release of DTI Capacity

Release of capacity on DTI shall be carried out in a manner consistent with FERC requirements pertaining to capacity release.

h) Rates for Released Capacity

The rates to be paid by an ESCO taking released capacity shall be the Company's maximum contract rates pursuant to the tariffs and/or agreements applicable to the released capacity.

i) Transfer of Storage Gas and Capacity to the ESCO

Where storage assets are released to an ESCO in conjunction with this Retail Access Capacity Program after the commencement of the storage injection season (April 1 of each year), the Company shall transfer to the ESCO a quantity of gas equivalent to a pro-rata share of gas that the Company has acquired to provide service to the migrated Customers. The quantity of gas transferred shall be the storage capacity to be released multiplied by a percentage (published in Company's GTOP) representing the planned degree to which the Company's storage will be filled at the beginning of the month during which the release is made.

As detailed below, there will be an ESCO Charge and an ESCO Credit associated with transfers of gas in storage to the ESCO.

ESCO Charge:

The ESCO shall pay the Company: 1) the weighted average commodity cost of gas in storage multiplied by the quantity of gas transferred; plus 2) a contribution to storage capacity costs calculated as shown below.

The weighted average cost of commodity will be billed for each transfer of DTI storage and will be billed in November for the cumulative gas transfer of the DSR Service.

The contribution to storage capacity will be calculated differently for east side and west capacity as indicated below. The calculations for the east side and west side will be added together to derive a total cost.

Applicable to DTI pipeline for the months May – March

East side = $(rscapdti * wacos_3 * months_{APR}) + (rscapdti * months_{NOV} * (ftnngss\$/cgdeliv_{DTI}))$

SERVICE CLASSIFICATION NO. 10

GENERAL SERVICE - TRANSPORTATION SERVICE TO ELECTRIC GENERATION

AVAILABLE:

In all of the Gas Control Area served by the Company.

CHARACTER OF SERVICE:

Transportation service of Customer-owned, pipeline quality, odorized gas on a firm basis from a delivery point within the Company's Control Area to facilities at the Customer's metering point. Customer-owned gas will be natural gas of not less than 1,000 Btu per cubic foot, supplied at pressures within the limits prescribed by the Public Service Commission.

OBLIGATION TO SERVE:

It shall be the Company's obligation to deliver the Customer's gas from the Distribution Point(s) of Receipt to the Distribution Point(s) of Delivery. However, the Company shall have no obligation or responsibility for making arrangements for the Customer's supply of gas from the Customer's supply source to the Distribution Point(s) of Receipt.

RATE CHOICES AVAILABLE TO CUSTOMERS:

Pursuant to Rule 10, General Retail Access – Multi-Retailer Model, of this Schedule, customers will choose either a Retail Access Rate or a non-Retail Access Rate. This S.C. No. 10 is a Retail Access Rate.

MONTHLY RATE FOR TRANSPORTATION SERVICE:

For each service agreement, the monthly rate shall consist of the minimum charge, service-point transportation charges, including the Transportation Rate Adjustment, and applicable taxes, as found in each Service Classification.

MINIMUM CHARGE:

For each service agreement, see the applicable Service Classification for the minimum charge, exclusive of transportation rate adjustment charges.

INCREASE IN RATES AND CHARGES:

The rates and charges under this Schedule, including any minimum charge, are increased by the applicable effective aggregate percentage shown in Rule 4.I for service supplied within the municipality where the Customer is taking service.

DEFERRAL RECOVERY MECHANISM (“DRM”):

All customers taking service under this Service Classification will be subject to a DRM adjustment (as explained in this Schedule, General Information Section 15.). See DRM Statement.

OTHER CHARGES:

A. Interdepartmental Sales Credit

The interdepartmental sales credit shall be calculated as follows:

- (1) The interdepartmental rate per dekatherm shall be defined as the equivalent alternate fuel price less \$.05 per dekatherm, but that price shall not be less than a price which is the commodity cost of purchased gas plus \$.48* per dekatherm, or greater than the average cost of purchased gas plus \$.48* per dekatherm.

* Except for gas used in the Company's gas turbine where the adder shall be \$.44 per dekatherm.