

**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.

**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.

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- (2) The interdepartmental rate per dekatherm in (1) shall be applied to the total quantity of gas delivered for use by the other departments during the 12 calendar months immediately preceding the computation dates to arrive at the total interdepartmental sales credit; and
- (3) The total interdepartmental sales credit in (2) shall be divided by the total normalized quantity of gas delivered to all Customers served under this tariff to arrive at the interdepartmental sales credit.

#### **B. FERC Order 636 Transition Cost Surcharge**

The delivery rates per therm as herein provided shall be subject to a surcharge calculated according to the New York State Public Service Commission's Opinion and Order 94-26 in Case 93-G-0932, issued and effective December 20, 1994, for the recovery of FERC Order 636 Transition Costs.

#### **C. 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.

#### **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.J 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.J 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. 10

### GAS SERVICE-POINT TRANSPORTATION SERVICE:

#### 1. Definitions

**Market Electric Price** – The respective zonal average of the Real Time Electric Market Locational Based Marginal Pricing (LBMP) for the applicable hour and zone as reported on the NYISO website expressed in \$/Mwh.

**Base Year** – The first full year of the operation of NYISO starting December 1, 1999.

**Base Year Spark Spread** – The simple average of the Spark Spread for all 8,784 hours of the Base Year.

**Calendar Year** – January 1<sup>st</sup> – December 31<sup>st</sup> of the year prior to the first day of the Effective Period.

**Customer's Heat Rate Tier Level** – Depending on what technology the Customer's unit employs, there will be four different proxy heat rates:

**Tier 1** – 17.5 mmBTU/Mwh-hour for older, simple cycle peaking units (i.e. those units that commenced operation prior to December 31, 1998)

**Tier 2** – 11.0 mmBTU/Mwh-hour for Rankine Cycle steam units

**Tier 3** – 10.0 mmBTU/Mwh-hour for new, simple cycle peaking units

**Tier 4** – 7.4 mmBTU/Mwh-hour for combination cycle plants

**Customer's Mwh Generated Output** – The hourly dth consumption divided by the Customer's heat rate expressed in Mwh/hours

**Daily Market Gas Cost** – The average per dth market cost of gas reported in Gas Daily for the average daily market price for city gate deliveries at the location of the customer based on an average of the high and midpoint prices.

**Effective Period** – The Effective Period for the initial Value Added Charge is March 15, 2006 through April 30, 2007. Beginning 2007, the Effective Period is May 1<sup>st</sup> of each year through April 30<sup>th</sup> of the following year.

**Fuel Cost of Generation** – The applicable Daily Market Gas Cost multiplied by the Customer's Heat Rate Tier Level expressed in \$/Mwh.

**NYISO** – The New York Independent System Operator.

**Spark Spread** – The difference between the Market Electric Price and the Fuel Cost of Generation expressed in \$/Mwh based on the location of the customer.

**Test Year** – The Test Year will be the previous Calendar Year to the Effective Period.

#### 2. Applicable to Use of Service For

A Customer service point where such service point is an electric generating facility, in the entire gas control area, with service limited to service points which meet the Eligibility Criteria listed in Section 3, below. The Customer must abide by all Company Tariff provisions and all other applicable laws, rules and provisions.

#### 3. Eligibility Criteria

Any new Customer service point which meets the requirements stated below shall be eligible to receive service in accordance with the rates, charges and provisions set forth under this Service Classification:

- a) The Customer must operate an electric generating facility having a rated capacity of not less than 50 megawatts.
- b) The Customer's generating facility must have the ability to switch to an alternate fuel when notified to do so by the Company.

#### 4. Interruptibility

The Company may, for up to 30 days (720 hours) annually, direct the Customer to switch to its alternate fuel supply. The Customer will be instructed to terminate delivery of its gas to the Company's system. The Company shall notify the Customer of the requirement to switch to its alternate fuel before noon, Eastern time, on the day prior to the day on which the switch is required. In addition to the above, in the case of a system supply emergency, the Company may curtail deliveries in accordance with Rule 10.D.9(g) or 10.D.9(h).

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**GAS SERVICE-POINT TRANSPORTATION SERVICE (Cont'd):**

**5. Rate Per Month**

**a) Transportation Charge:**

S.C.No. 10 Monthly Usage	Transportation Rate	Transportation Rate High Pressure Option	Transportation Rate Economic Development Zone Rider
All Therms	\$0.014585	n/a	n/a

This charge will be fixed for the initial term of service.

**b) Value Added Charge**

The Value Added Charge is a unitized per decatherm rate, derived from the increase in the Spark Spread from the Base Year to the Test Year. The Value Added Charge is applied to every decatherm delivered by the Company to the Customer [or the Customer's Annual Minimum Bill Obligation, whichever is greater,] during the Effective Period.

The Value Added Charge for the first year of operation for any customer will equal the Annual Total Value Added Charge for the Test Year divided by the number of decatherms the Company estimates it will deliver to the Customer during the Effective Period.

The Value Added Charge for all Effective Periods after the initial year of operation will be calculated as follows: The Reconciliation Charge will be added to or subtracted from the Total Value Added Charge for the Test Year. The resulting difference will be divided by the number of decatherms the company expects to deliver to the Customer during the Test Year.

Each March 1, beginning March 1, 2007, the Company will make an annual filing that will include the Value Added Charge to become effective May 1 and the Reconciliation Charge for the Calendar Year.

Monthly Total Value Added Charge: The Base Year Spark Spread is subtracted from the Spark Spread for each hour of the Test Year the unit actually ran. Five percent (5%) of this difference is multiplied by the Customer's Mwh Generated Output during the same Test Year hour. The resulting products are summed for each month of the Test Year. If such monthly value is less than or equal to zero, the Monthly Total Value Added Charge for that month will equal zero. If such monthly value is greater than zero, such monthly value is the Monthly Total Value Added Charge for that month.

Annual Total Value Added Charge: The addition of the Monthly Total Value Added Charges for the twelve months in the Test Year.

Reconciliation Charge: The difference between the total of the Value Added Charges actually collected from the Customer during the Effective Period and the total of the Value Added Charges that would have been collected had the Value Added Charge been calculated based on the actual Spark Spreads during the Effective Period, either positive or negative.

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**GAS SERVICE-POINT TRANSPORTATION SERVICE (Cont'd):**

**6. Minimum Bill**

The minimum annual bill will be based on not less than 50% of the generator's maximum annual quantity utilizing the rate elements discussed for this service classification.

**7. 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 the S.C. No. 3 CSC Enhanced Daily Balancing Service, as specified Rule 10.J. The ESCO/DC will select the balancing option for each service agreement.

**8. Loss Allowance**

To account for loss of natural gas during the process of delivery by the Company to a Customer's service point, the Customer shall provide on a monthly basis to the Company an additional volume of natural gas equal to 1% of the service point's measured consumption.

**9. Initial Hook-Up Costs**

The Customer shall pay all costs and expenses incurred by the Company in order to provide service to that Customer, including but not limited to, service lines, main extensions, measuring and/or regulating equipment, and system reinforcements.

**10. Other Gas Services**

Other gas services provided to the Customer's service point, such as ignition gas and space heating requirements, whether or not separately metered, will be separately priced at the tariff rates applicable for those types of services.

**11. Term Of Service**

The initial term of service shall be five years, during which time the transportation rate shall not change.

**12. Negotiated Contracts**

Customers will be allowed to negotiate terms and prices that differ from the foregoing base tariff provisions to reflect bypass opportunities as well as operational flexibilities, such as rate design or the degree of interruption. The terms and conditions of such agreements shall be filed with the Commission as tariff addenda. The Company may not negotiate the rate, or any related matters, including rate structure and level of interruption, with any of its affiliates.