

IGSC
Statement No. 2
to P.S.C. No. 16 - Gas**ROCHESTER GAS AND ELECTRIC CORPORATION**
Rochester, New York**INCREMENTAL GAS SUPPLY CHARGE and MERCHANT FUNCTION CHARGE**Effective December 1, 2007
Applicable to Service Classification No. 1 and No. 8 of
P.S.C. No. 16 - Gas
(Issued under Authority of 16 NYCRR 720-6.5)**Weighted Average Cost of Gas**The average cost of gas per therm (as defined in Rule 4.H.2) determined on
November 28, 2007 by applying rates and charges of the Company's natural gas suppliers
in effect December 1, 2007, to quantities of gas supplied to the Company during
the 12 months ended October 31, 2007 is

Weighted Average Commodity Cost	\$0.835240
Weighted Average Demand Cost	\$0.142195
Weighted Average Cost of Gas - Gross	\$0.977435
Winter Incremental gas supply cost	\$1.221794

Factor of AdjustmentWeighted Average Cost of Gas including losses
1.221794 X 1.0106 factor of adjustment \$1.234745**Inter-Departmental Sales Credit**

The inter-departmental sales credit per therm is -\$0.000047

Annual Gas Cost ReconciliationPursuant to Rule 4.H.5 of PSC No. 16 - Gas, the surcharge per therm applicable
during the period January 1, 2007 thru December 31, 2007 is \$0.000000**Refund of Revenues Collected for PSC Transition and Balancing Costs from SC#3, SC#5, SC#7**

The refund per therm applicable during the period is -\$0.005873

Research and Development Surcharge

Pursuant to the Commission Order issued April 21, 2000 in Case 99-G-1369 \$0.000590

Incremental Gas Supply ChargeFor the month of December 2007, and for each month thereafter, until changed,
the Incremental Gas Supply Charge per therm, under Service Classification No. 1 is \$1.229415**Merchant Function Charge** \$0.036865**Total Cost of Gas** \$1.266280