

PSC No: 18 - Electricity
 Rochester Gas and Electric Corporation
 Initial Effective Date: October 2, 2009
 Issued in compliance with order in Case 09-E-0228 issued and effective September 28, 2009

Leaf No. 45.2.1
 Revision: 3
 Superseding Revision: 0

**SERVICE CLASSIFICATION NO. 3
 TRAFFIC SIGNAL SERVICE (Cont'd)**

3. RG&E Fixed Price Option (FPO) (Cont'd)

- (d) Ancillary services (Excluding Schedule 4 – Energy Imbalance) and New York Power Authority (“NYPA”) Transmission Charge (“NTAC”) costs. RG&E will reimburse ESCOs for NTAC costs and for the following NYISO ancillary services: a) Scheduling, System Control and Dispatch (“Schedule 1”); b) Reactive Supply and Voltage Control (“Schedule 2”); c) Regulation and Frequency Response (“Schedule 3”); d) Operating Reserve, Spinning Reserve and Supplemental Reserve (“Schedule 5”); and e) Black Start (“Schedule 6”). RG&E will reimburse ESCOs for each of these services at the same rate charged to RG&E by the NYISO. RG&E will not reimburse an ESCO for those charges or penalties assessed to the ESCO because of the individual ESCO practices; and
- (e) The net value of NYPA, Nine Mile 2 and Ginna purchased power contracts. The value of the NYPA power will be streamed to residential customers served under Service Classification (“SC”) Nos. 1 and 4.

Interim Reconciliation Adjustment

The NBC as set forth above will be adjusted as described in the Commission’s Orders in Case 09-E-0228 dated 5/18/09 and 9/28/09.

Each month the Company will examine the forecasted year-end difference between the NBC dollars the Company expects to collect and an updated forecast of NBC dollars. If the expected under- or over-collection exceeds \$10 million for all Service Classifications, an interim reconciliation adjustment will be applied to all customers. Such adjustment will be implemented in the following month.

Any remaining reconciliation that is required for 2009 will be reflected in the calculation of the 2010 NBC.

A Transition Charge – Fixed (TCF) Statement setting forth the annual Residential and Non-Residential Transition Charges will be filed with the Public Service Commission prior to January 1 of each year. Such statement can be found at the end of this Schedule (PSC 18 - Electricity).

Electricity Supply Charge

Effective through December 31, 2008:

Pursuant to RG&E’s Electric Rate Joint Proposal, as defined at Rule 12 of Schedule PSC 19 - Electricity, the fixed commodity component of the FPO will be determined each October 1, to be effective January 1 of the upcoming Commodity Rate Period, as defined at Rule 12 of Schedule PSC 19 - Electricity. For an existing customer starting service at a new location or for a new customer after April 1 of any Commodity Rate Period, the fixed commodity component of the FPO will be adjusted every April to reflect any increase in the cost of fixed price service that may have occurred since October 1 of the year preceding each Commodity Rate Period, but in no instance will the adjusted fixed commodity component be lower than the original fixed commodity component.

Effective beginning January 1, 2009:

Pursuant to RG&E’s Electric Rate Joint Proposal and the Order modifying Fixed Price Offer Case 03-E-0765, the fixed commodity component of the FPO will be determined after the 20 trading days prior to the final trading day in October, to be effective January 1 of the upcoming Commodity Rate Period.

An FPO Statement setting forth the Fixed Commodity Component of the FPO will be filed with the Public Service Commission prior to January 1 of each year.

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