

PSC No: 19 - Electricity

Leaf No. 160.27.1

Rochester Gas and Electric Corporation

Revision: 4

Initial Effective Date: October 2, 2009

Superseding Revision:0

Issued in compliance with order in Case 09-E-0228 issued and effective September 28, 2009

GENERAL INFORMATION**12. ELECTRICITY SUPPLY PRICING OPTION ENROLLMENTS (Cont'd)****B. Transition Charge (TC, or Non-Bypassable Charge [NBC]) (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.

The fixed TC will be reduced by the amortization of the ASGA as illustrated in Appendix J of RG&E’s Electric Rate Joint Proposal.

Effective beginning January 1, 2009:

As specified in RG&E’s Electric Rate Joint Proposal and the Order Modifying Fixed Price Offer Case 03-E-0765, in addition to a fixed rate component, the following costs and values will be forecast after the 20 trading days prior to the final trading day in October, to be effective January 1, 2009, and fixed for the Commodity Rate Period, subject to an annual true-up. Thereafter, the following costs and values will be reforecast and established after the 20 trading days prior to the final trading day in October of each subsequent Commodity Rate Period, to be effective January 1 of the next Commodity Rate Period, and fixed for that next Commodity Rate Period:

- a. Variable costs of RG&E-owned generation, which costs are fuel, emissions costs net of emissions allowance values and applicable taxes;
- b. Transmission-related costs and revenues, and allocated uncollectible costs associated with electric supply;
- c. The value of the output of the RG&E-owned generation, which is energy, capacity and ancillary service value. The value will be based on a forecast of output applying the market prices used in the development of the FPO option;
- 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 No. 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 the NBC for 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

The fixed TC will be reduced by the amortization of the ASGA as illustrated in Appendix J of RG&E’s Electric Rate Joint Proposal.

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