

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: October 2, 2009

Leaf No. 161.2.1
Revision: 3
Superseding Revision: 0

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

SERVICE CLASSIFICATION NO. 1

RESIDENTIAL SERVICE (Cont'd)

3. RG&E Fixed Price Option (FPO)

Effective beginning January 1, 2009:

The Transition Charge (TC) is a per kilowatt-hour charge that will recover specific generation and purchased power-related costs net of credits for the value of generation and purchased power controlled by the Company.

Fixed components of the TC include the fixed costs of RG&E owned-generation and generation related regulatory assets.

The remaining components of the TC will be forecast, subject to annual true-up and established 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. Thereafter, the remaining components of the TC 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,
- (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,
- (d) Ancillary services (excluding Schedule 4 - Energy Imbalance) and New York Power Authority ("NYPA") Transmission Adjustment Charge ("NTAC") costs,
- (e) The net value of NYPA, Nine Mile 2 and Ginna purchased power contracts. The net value will be based on a forecast of the output and contract costs, and the market prices used in the development of the FPO. The value of the NYPA power will be streamed to residential customers as required.

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 19 - Electricity).

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