

PSC No: 19 - Electricity
 Rochester Gas and Electric Corporation
 Initial Effective Date: September 26, 2010
 Issued in Compliance with Order in Case No. 09-E-0717 dated September 21, 2010

Leaf No. 160.26.1
 Revision: 3
 Superseding Revision: 2

GENERAL INFORMATION

12. SUPPLY SERVICE OPTIONS (Cont'd)

B. Transition Charge (Non-Bypassable Charge or ["NBC"])

1. Calculation of the Transition Charge (Non-Bypassable Charge ["NBC"]) (Cont'd):

The components of the Transition Charge will be set monthly based on a forecast and subject to a monthly true-up for all components based on the actual after-the-fact costs and load subject to the NBC.

- a. Variable costs of RG&E owned generation
- b. Transmission-related costs and revenues,
- c. The value of the output of the RG&E-owned generation
- d. 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 market prices. The value of the NYPA power will be streamed to residential customers as required.
- e. Any remaining over- or under-collections from the Retail Access Surcharge.

All service classes will pay the same charge on a volumetric basis, except customer classes who will also receive the benefits, if any, of NYPA purchased power provided for customer classes consistent with RG&E's contract with NYPA

All items collected through the NBC will be reconciled and true-up monthly. The credits or charges related to the reconciliation will be included in a subsequent monthly NBC.

2. Transition Charge (TC) Statement:

A Transition Charge ("TC") Statement setting forth the Transition Charge (NBC) will be filed with the Public Service Commission on not less than one (1) day's notice.

C. Calculation of the Commodity Charge

1. Non-Demand Metered Customers:

S.C. Nos. 1, 2 (Non-Demand), 4, 6 and PSC No. 18 Street Lighting

The charge for Electric Power Supply provided by RG&E will fluctuate with the market price of electricity and will include the following components; Energy, Energy Losses, Unaccounted For Energy, Capacity, Capacity Reserves, Capacity Losses, ancillary services, NTAC, hedge adjustment and a Supply Adjustment Charge. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

Energy Component:

For each day of the customer's billing cycle, a daily average value of market supply is derived from forward trading market prices of electricity for the region and previous true-ups, weighted to reflect hourly usage based on service classification load profiles for the calendar month and day-type (Weekday, Saturday or Sunday). Separate calculations will be made for each metered time period for the Customer's individual Service Classification.

The daily load weighted market price of energy will be adjusted to reflect losses. These daily average market supply values are used in conjunction with the service classification profile to develop a weighted average value of market supply for each metered time period within the Customer's specific billing period. The weighted average of market supply is multiplied by the Customer's metered kWh usage for each metered time period to determine the value of market supply.

Capacity Component:

The Capacity component is calculated using the market-clearing price of capacity converted to \$/kWh as determined from the NYISO's monthly and spot capacity auctions. The capacity price will also include capacity losses and reserves.

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