

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

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 Revision: 5
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GENERAL INFORMATION

12. SUPPLY SERVICE OPTIONS (Cont'd)

2. Non-Hourly Pricing Demand Metered Customers: S.C. Nos. 3, 7, 8, 9 (Cont'd)

b. Capacity Component:

The Capacity component is calculated using the market-clearing price of capacity in \$/kWh as determined from the NYISO's monthly capacity auction price. The Capacity Component will be revised in accordance with each monthly UCAP auction held by the NYISO. The capacity price will also include capacity losses and reserves based on the NYISO monthly and spot capacity auctions.

c. Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component:

The ancillary services/NTAC will be forecasted each month and included in the supply price and subsequently reconciled.

d. Supply Adjustment Charge Component:

All costs incurred related to supply will be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

D. Merchant Function Charge (MFC):

The MFC will be applicable to only those customers taking supply service from the Company (*i.e.*, RSS and Hourly Pricing) and is set forth in a statement at the end of this Schedule (PSC No. 19 – Electricity). A separate MFC will be calculated for small (SC Nos. 1, 2, 4, and 6 and street lighting) and large (SC Nos. 3, 7, 8 & 9) customers. For Service Classification Nos. 10, 11, and 14, the customer's otherwise applicable service classification will determine the applicable MFC.

1.) The MFC will include the following rate components as described in the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718.

- a) Commodity-related Uncollectible Costs
- b) Commodity-related Credit and Collections and Call Center costs;
- c) Commodity-related Administrative costs;
- d) Cash Working Capital on Purchased Power costs, if the New York Independent System Operator moves to weekly billing and
- e) Cash Working Capital on Commodity Hedge Margin costs.

2.) The MFC components will be updated and reconciled as stated below in accordance with the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718.

a) Commodity-related Uncollectible Costs

- The commodity related uncollectible percentage rate will be reset annually based on the most recent available twelve-month period of actual uncollectibles
- The commodity-related uncollectible component of the MFC will be calculated each month by multiplying the uncollectible percentage rate for each of the groups described above by the associated monthly electric supply cost.

b) Commodity-related Credit and Collections and Call Center costs

- Any over/under collections related to the credit and collections and call center costs component will be added to any over/under collections related to the credit and collections and call center costs component charged through the POR Administration Charge and POR Discount and reconciled through both the POR Discount and MFC in the subsequent rate year. The unit rate will be reset annually based on recent MFC and POR sales forecasts.

c) Commodity-related Administrative costs

- The Administrative Component will be reconciled annually for differences in actual versus design sales only. The unit rate will be reset annually based on recent sales forecasts.

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