

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: October 1, 2008
Issued in compliance with order in Case 03-E-0765 issued and effective August 28, 2008

Leaf No. 160.28
Revision: 2
Superseding Revision: 1

GENERAL INFORMATION

12. ELECTRICITY SUPPLY PRICING OPTION ENROLLMENTS (Cont'd)

B. Transition Charge (TC, or Non-Bypassable Charge [NBC]) (Cont'd):

2. Transition Charge calculated monthly applicable to the VPO and the EPO:

Effective through December 31, 2008:

As further specified in RG&E's Electric Rate Joint Proposal, in addition to a fixed rate component including allocated uncollectible costs associated with electric supply, the following costs and values will be flowed through the TC as actually incurred on a monthly basis. The costs and values below are subject to a true-up in subsequent months:

- 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;
- c. The value of the output of the RG&E-owned generation, which is energy, capacity and ancillary service value;
- d. Ancillary services (Excluding Schedule 4 – Energy Imbalance) and NTAC costs will vary and be reconciled on a monthly basis; 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 net value will be based on the actual output and contract costs, and the actual NYISO locational market prices. The value of the NYPA power will be streamed to residential customers served under SC Nos. 1 and 4.

The variable 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;
- c. The value of the output of the RG&E-owned generation, which is energy, capacity and ancillary service value;
- d. Ancillary services (Excluding Schedule 4 – Energy Imbalance) and NTAC costs will vary and be reconciled on a monthly basis; 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

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