

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: October 1, 2004
Issued in compliance with Order in Cases 03-E-0765, 02-E-0198 and 03-G-0766 dated May 20, 2004

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GENERAL INFORMATION

12. COMMODITY PRICING OPTION ENROLLMENTS (Cont'd)

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

2. Transition Charge applicable to RG&E's Variable Price Commodity Option (VPO) and ESCO Price Option (EPO):

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 NBC 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 NBC will be reduced by the amortization of the ASGA as illustrated in Appendix J of RG&E's Electric Rate Joint Proposal.

C. Customer Eligibility Criteria:

Except as specified in this Section 12.C., all customers are eligible to select an electric commodity pricing option during the Enrollment Period.

1. New Customers Applying for Service, or Existing Customers Applying for Service for a New Location:

a. October - December 2004:

Customers applying for service during the period of October 1, 2004 through December 31, 2004 will be subject to the otherwise applicable enrollment rules for the October 1 through December 31, 2004 Enrollment Period.

b. January 2005 - December 2008, and thereafter:

Customers applying for service January 2005 through December 2008, and thereafter, will have 30 days from the date service is initiated to elect an electric commodity pricing option as described above in Section 12.A. If a customer applying for service does not elect a commodity pricing option prior to the time that their first bill is issued, RG&E will bill the customer at the Variable Price Commodity Option until the customer or its ESCO has contacted RG&E with their rate selection, subject to the 30-day limitation. The selected commodity pricing option will be applicable to usage on and after the next meter reading date after RG&E is contacted with that option selection. The selected commodity pricing option will apply for the remainder of that Commodity Rate Period for which the option was selected.

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