PSC No: 19 - Electricity   Leaf No. 160.26.1.1
Rochester Gas and Electric Corporation   Revision: 2
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GENERAL INFORMATION

12.   SUPPLY SERVICE OPTIONS (Cont'd)

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 shall fluctuate with the market price of electricity and shall include the following components; Energy, Energy Losses, Unaccounted For Energy ("UFE"), Capacity, Capacity Reserves, Capacity Losses, ancillary services, NTAC, NY Transco Charge, TOTS Charge, AC Transmission Charge, hedge adjustment, and 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 shall be made for each metered time period for the Customer's individual Service Classification.

      The daily load weighted market price of energy shall 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 shall also include capacity losses and reserves. The service class profile shall be used to determine the customer's capacity responsibility of state-wide system peak demand. A new capacity responsibility amount shall be effective each May 1st. The service class profile contribution to the system peak demand may need to be adjusted for a growth factor.

   Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

   UCAP Charge = (UCAPreq * (1 + Reservereq)* Pricemonthlyauc)

   UCAPreq = The demand for the customer's service class that occurred at the time of the New York system peak of the prior year, grossed up for losses and a growth factor.

   Reservereq = Additional reserve requirement as required by NYISO.
   Pricemonthlyauc = Monthly NYISO auction price.

   Demand Curve Reserve Charge = (UCAPreq * DemandCurveReservereq)* Pricespotauc)
      UCAPreq = Described above.
      DemandCurveReservereq = Allocation of additional capacity requirement as required by the NYISO's demand curve.
      Pricespotauc = Monthly NYISO SPOT auction price.

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