

January 29, 2009

VIA ELECTRONIC FILING

Honorable Jaclyn A. Brillling, Secretary  
State of New York Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: 05-M-0090 – In the Matter of the System Benefits Charge III – Annual  
Compliance Filing  
07-M-0548 – Proceeding on Motion of the Commission regarding an Energy  
Efficiency Portfolio Standard

Dear Secretary Brillling:

Pursuant to the New York State Public Service Commission's ("PSC's" or "Commission's") Orders in the above-referenced proceedings, Rochester Gas and Electric Corporation ("RG&E" or the "Company") is hereby filing the following System Benefits Charge (SBC) Statements to become effective February 1, 2009. The SBC III portion of the surcharge is updated in accordance with the Order Continuing the System Benefits Charge (SBC) and the SBC-Funded Public Benefit Programs ("the SBC III Order"), in Case 05-M-0090, issued and effective December 21, 2005. The Energy Efficiency ("EEPS") portion of the surcharge is updated in accordance with the Order Establishing Energy Efficiency Portfolio Standard and Approving Programs ("the EEPS Order"), in Case 07-M-0548, issued and effective June 23, 2008.

PSC No. 18 – Electricity, Schedule for Electric Street Lighting Service

SBC Statement No. 9

PSC No. 19 – Electricity – Schedule for Electric Service

SBC Statement No. 9

This filing is also made in accordance with Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and regulations (16 NYCRR Appendix 7-H).

RG&E has performed the calculation for determining the rates to be effective on February 1, 2009.

Honorable Jaclyn A. Brillling, Secretary

Page 2

January 29, 2009

SBC III Rate Design:

The SBC III Order provides for the continuance of the SBC III surcharge through June 30, 2011, and established RG&E's annual collection level for SBC III funding at \$9,422,045. In accordance with Ordering Clause 3, each utility is required to establish its specific collection rate on an annual basis to correspond to its collection allocation and year-by-year projections of the following year's electric sales, with any over- or under-collections reconciled on an annual basis.

As provided in its June 2, 2008 reconciliation report, the Company over-collected \$698,004 for the period July 1, 2006 through January 31, 2008. This amount was carried forward in the calculation of the February 1, 2009 rate. The Company started with the collection level established by the SBC III Order, reduced that amount to account for the portion of SBC III revenues collected through base rates of \$4,556,000, the reconciliation of SBC III revenues for the time period July 1, 2006 through January 31, 2008, as well as the amount under-collected from February through December 2008. This resulted in an updated surcharge amount of \$4,999,577 for 2009.

That amount was then divided by the kWh sales forecast subject to the SBC for the calendar year 2009, resulting in a SBC III surcharge of \$0.000706 per kWh.

In accordance with Ordering Clause 7 of the SBC III Order, RG&E will complete an annual reconciliation of any over- or under-collections by June 1, 2009 and submit to the Commission.

Furthermore, in accordance with Ordering Clause 6 of the SBC III Order, the Company will transfer to NYSERDA on or before July 1, 2009, any approved SBC III funds not expended on SBC III programs administered by RG&E as approved by the Order.

EEPS Rate Design:

The EEPS Order provided for the continuance of the EEPS surcharge through December 31, 2011, and established RG&E's annual collection level for EEPS funding at \$10,830,581. In accordance with Ordering Clause 2, each utility is required to establish its specific collection rate on an annual basis to correspond to its collection allocation and year-by-year projections of the following year's electric sales, with any over- or under-collections reconciled on an annual basis.

The Company started with the collection level established by the EEPS Order and adjusted that amount to account for the actual under-collection for 2008. This resulted in an updated collection amount of \$10,982,473 for 2009.

That amount was then divided by the kWh sales forecast subject to the EEPS for the calendar year 2009, resulting in an EEPS surcharge of \$0.001532 per kWh.

Honorable Jaclyn A. Brillling, Secretary

Page 3

January 29, 2009

In accordance with Ordering Clause 5 of the EEPS Order, RG&E will complete an annual reconciliation of any over- or under-collections by June 1, 2009 and submit to the Commission.

Also, as specified in the Orders, newspaper publication requirements of Public Service Law section 66(12)(b) have been waived. Please direct any questions pertaining to this filing to David George at (585) 771-4765 or to me at (585) 771-4692.

Very truly yours,

Mark O. Marini  
Manager, Regulatory and Tariffs  
Rate & Regulatory Economics