

January 28, 2010

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, 2010. 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. 10

PSC No. 19 – Electricity – Schedule for Electric Service

SBC Statement No. 10

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, 2010.

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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 1, 2009 reconciliation report, the Company over-collected \$248,228 for the period July 1, 2006 through January 31, 2009. This amount was carried forward in the calculation of the February 1, 2010 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, 2009, as well as the amount under-collected from February through December 2009. This resulted in an updated surcharge amount of \$4,926,143 for 2010.

That amount was then divided by the kWh sales forecast subject to the SBC for the calendar year 2010, resulting in a SBC III surcharge of \$0.000701 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, 2010 and submit to the Commission.

EEPS Rate Design:

The EEPS Order provided for the continuance of the EEPS surcharge through December 31, 2014¹, 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.

As provided in its June 1, 2009 reconciliation report, the Company under-collected \$173,246 for the cumulative period October 1, 2008 through December 31, 2008. This amount was carried forward in the calculation of the January 1, 2010 rate. The Company started with the collection level established by the EEPS Order and adjusted that amount to account for the reconciliation of EEPS revenues for the time period October 1, 2008 through December 31, 2008 plus the under-collection for 2009 of \$146,712. This resulted in an updated collection amount of \$11,150,539 for 2010.

¹ The Commission's Order Approving Certain Commercial and Industrial Customer Energy Efficiency Programs with Modifications, issued and effective October 23, 2009 in Case No. 07-M-0548, extended the collection period through December 31, 2014, but did not alter the collection levels for 2010 and 2011.

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That amount was then divided by the kWh sales forecast subject to the EEPS for the calendar year 2010, resulting in an EEPS surcharge of \$0.001588 per kWh.

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, 2010 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