

December 22, 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, New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E, "the Companies") are hereby filing the following System Benefits Charge (SBC) Statements to become effective January 1, 2011. 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 various Orders issued in Case 07-M-0548¹.

PSC No. 120—Electricity, Schedule for Electric Service

SBC Statement No. 6

PSC No. 121—Electricity—Schedule for Electric Service Street Lighting

SBC Statement No. 6

¹ The EEPS Orders include Order Establishing Energy Efficiency Portfolio Standard and Approving Programs in Case 07-M-0548, issued and effective June 23, 2008, Order Approving Certain Commercial and Industrial Customer Energy Efficiency Programs with Modifications, issued and effective October 23, 2009 in Case No. 07-M-0548, Order Approving Certain Commercial and Industrial Customer Energy Efficiency Programs with Modifications and Addressing Independent Program Administrator Filings, issued and effective November 13, 2009 in Case No. 07-M-0548, Order Approving Certain Commercial and Industrial; Residential; and Low-Income Residential Customer Energy Efficiency Programs with Modifications, issued and effective January 4, 2010 in Case No. 07-M-0548 and Order Approving Three New Energy Efficiency Portfolio Standard (EEPS) Programs and Enhancing Funding and Making Other Modifications For Other EEPS Programs, issued and effective June 24, 2010.

Honorable Jaclyn A. Brillling, Secretary

Page 2

December 22, 2010

PSC No. 87–Gas–Schedule for Gas Service

SBC Statement No. 6

PSC No. 88–Gas–Schedule for Gas Service Transportation

SBC Statement No. 6

PSC No. 16–Gas–Schedule for Gas Service

SBC Statement No. 6

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).

The Companies have performed the calculations for determining the rates to be effective on January 1, 2011.

SBC III Rate Design:

The SBC III Order provides for the continuance of the SBC III surcharge through June 30, 2011. 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, 2010 reconciliation report for NYSEG, the Company under-collected \$1,788,994 for the cumulative period July 1, 2006 through December 31, 2009. This amount was carried forward in the calculation of the January 1, 2011 rate. The Company started with the collection level established by the SBC III Order and adjusted that amount to account for the reconciliation of SBC III revenues for the time period July 1, 2006 through December 31, 2009 plus the projected over-collection for 2010 of \$2,024,809. This resulted in an updated collection amount of \$10,618,760 for January 1 through June 30, 2011.

That amount was then divided by the kWh sales forecast subject to the SBC for the January through June 2011, resulting in a SBC III surcharge of \$0.001512 per kWh.

Honorable Jaclyn A. Brillling, Secretary

Page 3

December 22, 2010

EEPS Rate Design:

The EEPS Orders provide for the continuance of the EEPS surcharges through December 31, 2014². In accordance with Ordering Clause 2 of the June 23, 2008 Order, 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 or gas sales, with any over- or under-collections reconciled on an annual basis. The EEPS surcharges for NYSEG electric, NYSEG gas and RG&E gas were established as described below:

NYSEG Electric

As provided in its June 1, 2010 reconciliation report, NYSEG electric under-collected \$1,492,520 for the cumulative period October 1, 2008 through December 31, 2009. This amount was carried forward in the calculation of the January 1, 2011 rate. The Company started with the collection level established by the EEPS Orders and adjusted that amount to account for the reconciliation of EEPS revenues for the time period October 1, 2008 through December 31, 2009 plus the projected over-collection for 2010 of \$1,758,794. This resulted in an updated collection amount of \$22,839,011 for 2011. That amount was then divided by the kWh sales forecast subject to the EEPS for the calendar year 2011, resulting in an EEPS surcharge of \$0.001601 per kWh.

NYSEG Gas

As provided in its June 1, 2010 reconciliation report, NYSEG gas under-collected \$83,885 for the cumulative period October 1, 2008 through December 31, 2009. This amount was carried forward in the calculation of the January 1, 2011 rate. The Company started with the collection level established by the EEPS Orders and adjusted that amount to account for the reconciliation of EEPS revenues for the time period October 1, 2008 through December 31, 2009 plus the projected over-collection for 2010 of \$28,611. This resulted in an updated collection amount of \$6,662,127 for 2011. That amount was then divided by the therm sales forecast subject to the EEPS for the calendar year 2011, resulting in an EEPS surcharge of \$0.013175 per therm.

RG&E Gas

As provided in its June 1, 2010 reconciliation report, NYSEG gas under-collected \$64,208 for the cumulative period October 1, 2008 through December 31, 2009. This amount was carried forward in the calculation of the January 1, 2011 rate. The Company started with the collection level established by the EEPS Orders and adjusted that amount to account for the reconciliation of EEPS revenues for the time period October 1, 2008 through December 31, 2009 plus the projected under-collection for 2010 of \$133,456. This resulted in an updated collection amount of \$9,180,397 for 2011. That amount was then divided by the therm sales forecast subject to the EEPS for the calendar year 2011, resulting in an EEPS surcharge of \$0.018870 per therm.

² 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.

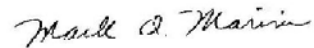
Honorable Jaclyn A. Brillling, Secretary

Page 4

December 22, 2010

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 Carolyn Sweeny at (585) 771-4809.

Very truly yours,

A handwritten signature in cursive script that reads "Mark O. Marini".

Mark O. Marini
Director - Regulatory

Enclosures