



January 25, 2011

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  
10-M-0457 - In the Matter of the System Benefits Charge IV  
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 February 1, 2011. The SBC III portion of the surcharge is updated in accordance with the Order Continuing the System Benefits Charge Funded Programs ("the December 2010 SBC Order"), in Case Nos. 10-M-0457 and 05-M-0090, issued and effective December 31, 2010. RG&E is updating the Energy Efficiency ("EEPS") portion of the surcharge in accordance with the various Orders issued in Case 07-M-0548<sup>1</sup>.

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<sup>1</sup> 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 and amended per Errata Notice January 7, 2011.

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PSC No. 120 – Electricity - Schedule for Electric Service

SBC Statement No. 7

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

SBC Statement No. 7

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

SBC Statement No. 14

PSC No. 19 - Electricity – Schedule for Electric Service

SBC Statement No. 14

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 February 1, 2011.

**SBC III Rate Design:**

The December 2010 SBC Order approved the continuation of SBCIII through December 31, 2011, authorized the transition of SBC energy efficiency programs to the EEPS portfolio and establishes a process for the further review of the Technology and Market Development program proposed by NYSERDA. The Order further determined that per an analysis performed by NYSERDA and Staff of the Department of Public Service, SBC collections currently scheduled for 2011 can be deferred to 2012 and 2013. A new schedule of collections is defined that reduces the SBCIII assessment for 2011 to zero.<sup>2</sup>

NYSEG has six months of collections, \$262,878, remaining on a utility administered SBCIII program through June 30, 2011. Per input from DPS Staff, NYSEG is allowed to continue collecting for the utility run program in 2011; however, the Company has estimated over collections in SBCIII revenues of \$256,350 through December 2010 and therefore, is setting its 2011 rate at zero commencing February 1, 2011. The final true up of SBC collections through 2010 will be reconciled and filed on June 1, 2011 as required by the Order. Under or over collections of SBC revenues for RG&E will also be reconciled and filed on June 1, 2011.

As per Ordering Clause 1 of the December 2010 SBC Order, NYSEG and RG&E will accrue interest for the benefit of customers at the other customer capital rate on any monies held and not yet transferred to NYSERDA. As of January 1, 2011, the other customer capital rate is 3.35%. The interest accrued will be credited to a regulatory liability account and the balance will be used to reduce

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<sup>2</sup> Per Commission Order Continuing System Benefit Charge Funded Programs, issued and effective December 30, 2010 in Case Nos. 05-M-0090 and 10-M-0457, pages 2-3.

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collections going forward.<sup>3</sup> NYSEG and RG&E will also establish by contract with NYSERDA a schedule of payments to commence January 1, 2012 to transfer electric SBC funds and commencing January 1, 2013 to transfer gas SBC funds as set forth in Appendix A of the December 2010 SBC Order.

**RG&E Electric EEPS Rate Design:**

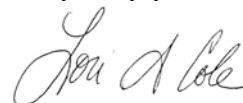
The EEPS Orders provide for the continuance of the EEPS surcharges through December 31, 2014<sup>4</sup>. In accordance with Ordering Clause 2 of the June 23, 2008 Order, each utility is required to establish its specific collection rate on an annual basis to correspond to its collection allocation and 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 surcharge for NYSEG electric was updated on 1/1/11 and is not changed with this filing. The EEPS surcharge for RG&E electric was established as described below:

**RG&E Electric**

As provided in its June 1, 2010 reconciliation report, RG&E electric under-collected \$328,017 for the cumulative period October 1, 2008 through December 31, 2009. This amount was carried forward in the calculation of the February 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 over-collection for 2010 of \$568,032. This resulted in an updated collection amount of \$13,379,386 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 \$0.001846 per kWh.

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 Sweeney at (585) 771-4809.

Very truly yours,



Lori A. Cole  
Manager – Regulatory & Tariffs  
Rates & Regulatory Economics

Enclosures

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<sup>3</sup> Ibid, page 19.

<sup>4</sup> 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.