

IGSC
Statement No.40
to PSC No. 16- Gas**ROCHESTER GAS AND ELECTRIC CORPORATION**

Rochester, New York

INCREMENTAL GAS SUPPLY CHARGE AND MERCHANT FUNCTION CHARGE**Effective: December 1, 2010**Applicable to Service Classification No. 1 and 8 of PSC No. 16 - Gas
(Issued under Authority of 16 NYCRR 720-6.5)**Weighted Average Cost of Gas**Per Therm

The average cost of gas per therm determined on November 24, 2010 by applying rates and charges of the Company's natural gas suppliers in effect December 2010, to quantities of gas supplied to the Company during the 12 months ended October 31, 2010 is

Weighted Average Commodity Cost	\$0.534023
Weighted Average Demand Cost	<u>\$0.124915</u>
Gross Weight Average Cost of Gas	\$0.658938
Factor of Adjustment	<u>1.0136</u>
	\$0.667900
Incremental Gas Supply Cost	\$0.834875

Adjustments to Weighted average cost of gas

Interdepartmental Sales Credit	(\$0.000045)
Annual Reconciliation of Gas Costs - January 1,2009 to December 31, 2009	\$0.021446
Interim Gas Cost Reconciliation	\$0.000000
Pipeline Refunds	\$0.000000
Refund of Revenues Collected for PSC transition and Balancing Charges From SC #3,SC#5, and SC#7	(\$0.001621)
Research and Development	\$0.000650
Mendon Gate Station Heater Fuel Costs	\$0.000307

Incremental Gas Supply Charge

For the month of December 2010, and for each month thereafter, until changed, the Gas Supply Charge per therm, under Service Classification No. 1 is \$0.855612

Merchant Function Charge

Residential Customers	\$0.050326
Non Residential Customers	\$0.038909

Total Cost of Gas

Residential Customers	\$0.905938
Non Residential Customers	\$0.894521