

PSC No: 18 - Electricity
 Rochester Gas and Electric Corporation
 Initial Effective Date: September 1, 2010
 Issued in compliance with order in Case 09-E-0310 dated 07/27/09.

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 Revision: 2
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GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

4.4 SURCHARGES (Cont'd)

Electric Delivery and Reliability Surcharge Mechanism (EDR) (Cont'd):

1. Calculation of:

The EDR shall consist of the revenue requirement for the approved projects plus reconciliation of the prior EDR; divided by the Company's forecast of sales for the twelve month period over which the surcharge will apply.

2. Applicable to:

Each customer bill for service under Service Classification Nos. 1, 2, and 3 will be increased by multiplying all kilowatt-hours delivered by the EDR; to be determined annually.

3. Reconciliation:

Each year, the Company will complete a reconciliation for the EDR. The Company will reconcile for difference between authorized surcharge amounts and actual collections. Any over- or under-collection will be deducted from or added to the subsequent EDR as described above.

A statement setting forth the projects, their associated capital and operating costs, and estimated in-service dates will be filed with the Commission on not less than fifteen (15) days' notice.

4.5 INCREASE IN RATES APPLICABLE IN MUNICIPALITY WHERE SERVICE IS SUPPLIED

The rates and charges for service under all service classifications, including any adjustments and minimum charge, shall be increased by the effective aggregate percentage rate based on the aggregate percentage rate of the taxes imposed on the Company's electric revenues pursuant to Sections 210 and 186-a of the Tax Law; Section 20-b of the General City Law; and Section 5-530 of the Village Law. These surcharges are sub-divided into rates applicable to revenues from (1) transportation, (2) commodity and (3) net income.

The applicable aggregate percentage rate and surcharge factor shall be set forth on statements filed with the Public Service Commission. Whenever a city or village levies a new tax on the Company's gross revenue, repeals such a tax or changes the rate of such a tax, the Company will file a new statement. Every such statement shall be filed not less than fifteen business days before the date on which it is proposed to be effective, and no sooner than the date of the tax enactment to which the statement responds; shall become effective no sooner than the date when the tax enactment is filed with the Secretary of State; shall be applicable to bills subject to the tax enactments that are rendered on or after the effective date of the statement; and shall be canceled not more than five business days after the tax enactment either ceases to be effective or is modified so as to reduce the tax rate. Such statements will be duly filed with the Public Service Commission, apart from this rate schedule, and will be available to the public at Company offices at which applications for service may be made.

The effective aggregate percentage rate is computed as follows:

$$\frac{\text{tax imposed (\%)}}{1 - \text{taxes imposed (\%)}}$$

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester, New York