

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: October 2, 2006
Issued in compliance with order in Case 00-M-0504 dated February 18, 2005.

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Revision: 2
Superseding Revision: 1

SERVICE CLASSIFICATION NO. 4

RESIDENTIAL SERVICE - TIME-OF-USE RATE (Cont'd)

1. ESCO Price Option (EPO) (Cont'd)

Transition Charge ("TC", or Non-Bypassable Charge ["NBC"]):

The Transition Charge (TC) is a per kilowatt-hour charge that will recover specific generation and purchased power-related costs net of credits for the value of generation and purchased power controlled by the Company.

Fixed components of the TC include the fixed costs of RG&E owned-generation and generation related regulatory assets and allocated uncollectible costs associated with electric supply.

The remaining components of the TC will be flowed through the TC as actually incurred on a monthly basis, subject to true-up in subsequent months:

- (a) Variable costs of RG&E-owned generation,
- (b) Transmission-related costs and revenues,
- (c) The value of the output of the RG&E-owned generation,
- (d) Ancillary services (excluding Schedule 4 - Energy Imbalance) and NTAC costs will vary and be reconciled on a monthly basis,
- (e) The net value of NYPA, Nine Mile 2 and Ginna purchased power contracts. The net value will be based on the actual output and contract costs, and the actual NYISO locational market prices. The value of the NYPA power will be streamed to residential customers as required.

A Transition Charge – Variable (TCV) Statement setting forth the monthly Residential and Non-Residential Transition Charges will be filed with the Public Service Commission on not less than one (1) day's notice prior to the effective date. Such statement can be found at the end of this Schedule (PSC 19 - Electricity).

2. ESCO Option with Supply Adjustment (EOSA)

This Retail Access choice consists of the charges described under Electricity Supply Pricing Option No. 3, RG&E Fixed Price Option (FPO), a Supply Adjustment in the form of a Market Based Backout Credit ("MBBC"), and a Retail Access Credit ("RAC"). The MBBC, as described in Rule 11.C.10 of this Schedule, fluctuates with the market price of electricity and consists of energy, unforced capacity, unforced capacity reserves, losses and unaccounted for energy. The RAC is a fixed credit of \$0.005 per kWh. Electricity supply is provided by an ESCO.

3. RG&E Fixed Price Option (FPO)

This Non-Retail Access choice includes fixed charges for RG&E delivery service, a fixed Transition Charge (TC, as described below), a fixed commodity charge for electricity supply and a Bill Issuance Charge. Electricity supply is provided by RG&E.

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