

PSC No: 18 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: October 1, 2008
Issued in compliance with order in Case 03-E-0765 issued and effective August 28, 2008

Leaf No. 26.3
Revision: 3
Superseding Revision: 2

SERVICE CLASSIFICATION NO. 1 (Cont'd)

STREET LIGHTING SERVICE

4. RG&E Variable Price Option (VPO)

Effective through December 31, 2008:

This Non-Retail Access choice includes fixed charges for RG&E delivery service, a fluctuating Transition Charge (TC, as described below), a commodity charge for electricity supply that fluctuates with the market price of electricity and consists of energy, capacity, capacity reserves, losses and unaccounted for energy, and a Bill Issuance Charge. Electricity supply is provided by RG&E.

Effective beginning January 1, 2009:

This Non-Retail Access choice includes fixed charges for RG&E delivery service, a fixed Transition Charge (TC, as described below) a commodity charge for electricity supply that fluctuates with the market price of electricity and consists of energy, capacity, capacity reserves, losses and unaccounted for energy, and a Bill Issuance Charge. Electricity supply is provided by RG&E.

RATE: (Per Month)

Delivery Charges:

The Delivery Charges for Circuit Charge, Fixture Charge, and Lamp Charge are specified in the Delivery Charges section of this Service Classification.

System Benefits Charge:

All kilowatthours, per kWh Per SBC Statement

Renewable Portfolio Standard Charge:

All kilowatthours, per kWh Per RPS Statement, as described in Rule 4

Retail Access Surcharge:

All kilowatthours, per kWh Per RAS Statement, as described in Rule 4

Bill Issuance Charge:

\$0.62

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

All customers served under this Service Classification, taking service under the VPO, will be required to pay a Transition Charge, as described under Electricity Supply Pricing Option No. 1, EPO.

Electricity Supply Charge

The charge for electricity supply service under the VPO will fluctuate with the market price of electricity and will include the following components: energy, capacity, capacity reserves, line losses and unaccounted for energy. Customers will be charged for energy based on their class deemed load shape using day-ahead prices. They will be charged for capacity based on their class deemed contribution to peak using the monthly NYISO capacity auction price, including an appropriate adder for capacity reserve responsibility. Customers will be charged for losses, company use and unaccounted for energy by multiplying the energy and capacity costs by a loss factor for their voltage level.

In the event that RG&E determines that it will incur an estimated gain or loss because purchases for these customers were made in the real-time market at prices differing from those in the day-ahead market, RG&E will credit or recover the full amount of the estimated gain or loss through the TC from VPO customers.

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