Received: 09/16/2008

Status: CANCELLED
Effective Date: 10/01/2008

SERVICE CLASSIFICATION NO. 3
TRAFFIC SIGNAL SERVICE (Cont'd)

3. RG&E Fixed Price Option (FPO) (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.

Effective through December 31, 2008:
The remaining components of the TC will be forecast and established on October 1, 2004, to be effective January 1, 2005, and fixed for the first Commodity Rate Period, and then reforecast and established on October 1 of each subsequent Commodity Rate Period, to be effective January 1 of the next Commodity Rate Period, and fixed for that next Commodity Rate Period:
(a) Variable costs of RG&E-owned generation,
(b) Transmission-related costs and revenues, and allocated uncollectible costs associated with electric supply,
(c) The value of the output of the RG&E-owned generation,
(d) Ancillary services (excluding Schedule 4 - Energy Imbalance) and New York Power Authority ("NYPA") Transmission Adjustment Charge ("NTAC") costs,
(e) The net value of NYPA, Nine Mile 2 and Ginna purchased power contracts. The net value will be based on a forecast of the output and contract costs, and the market prices used in the development of the FPO. The value of the NYPA power will be streamed to residential customers as required.

Effective beginning January 1, 2009:
As specified in RG&E's Electric Rate Joint Proposal and the Order Modifying Fixed Price Offer Case 03-E-0765, in addition to a fixed rate component, the following costs and values will be forecast after the 20 trading days prior to the final trading day in October, to be effective January 1, 2009, and fixed for the Commodity Rate Period, subject to an annual true-up. Thereafter, the following costs and values will be reforecast and established after the 20 trading days prior to the final trading day in October of each subsequent Commodity Rate Period, to be effective January 1 of the next Commodity Rate Period, and fixed for that next Commodity Rate Period:
(a) Variable costs of RG&E-owned generation, which costs are fuel, emissions costs net of emissions allowance values and applicable taxes;
(b) Transmission-related costs and revenues, and allocated uncollectible costs associated with electric supply;
(c) The value of the output of the RG&E-owned generation, which is energy, capacity and ancillary service value. The value will be based on a forecast of output applying the market prices used in the development of the FPO option;

Cancelled by 3 Rev. Leaf No. 45.2 Effective 01/01/2010