

PSC No: 19 - Electricity  
Rochester Gas and Electric Corporation  
Initial Effective Date: July 1, 2003  
Issued under authority of the Public Service Commission in Case 02-E-0198, issued and effective March 7, 2003.

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Revision: 0  
Superseding Revision:

## SERVICE CLASSIFICATION NO. 1 (Cont'd)

### RESIDENTIAL SERVICE

#### Transition Charge (Non-Bypassable Charge ["NBC"]):

The Transition Charge (NBC) 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 NBC will include the costs of the Company's own generation, transmission related-costs and revenues, allocated uncollectible costs associated with electric supply, the value of the output of the RG&E-owned generation (including energy, capacity and ancillary service value), and the net cost and value of the Nine Mile Point 2 and Fitzpatrick purchased power contracts.

The calculation of the Transition Charge (NBC) applicable to customers served under this Service Classification includes a credit for the benefit of low-cost hydropower purchased from NYPA. The forecasted NYPA purchased power contract cost and the forecasted market value of this purchased power will be netted against each other. This net value will then be fixed and streamed only to residential customers.

The remaining components of the NBC (ancillary service and the NYPA Transmission Adjustment Charge) will be forecasted and fixed for FPO customers.

#### Commodity Charge

The charge for Commodity Service under the FPO will include components for: (1) the wholesale energy price; (2) the unforced capacity price; and (3) a factor of 35% that converts wholesale prices into retail prices. The system average FPO is derived by adding the wholesale energy price to the unforced capacity price and adjusting that total by 35%.

The wholesale energy price for the FPO will be calculated as follows: For each of the 20 trading days prior to the beginning of the relevant Enrollment Period, the Company will collect information regarding the price of forward wholesale on- and off-peak power for delivery in Area 'A' of the NYISO Control Area over the 24-month period of the Commodity Rate Period. In some instances, there may be monthly quotes, and in other cases there may be quarterly or annual quotes. All of the information gathered over this 20-day period will be used to develop an average on-peak and an average off-peak forward wholesale energy price for the 24-month period. The data will be gathered from all available energy brokers and on-line exchanges that provide permission to use their data for this purpose. The average around-the-clock wholesale energy price will equal the on-peak price multiplied by 48% plus the off-peak price multiplied by 52%, which recognizes that there are slightly more off-peak hours than on-peak hours in a year. The derived average around-the-clock wholesale energy price will then be adjusted to recognize the difference between Area 'A' and Area 'B' of the NYISO Control Area. That adjustment will equal the historical percentage difference in price between these areas recorded in the day-ahead market for the most recently available 12-month period.

Calculation of unforced capacity price: The unforced capacity price will be developed using the forward price information for the 24-month Commodity Rate Period for capacity that is collected during the 20 trading days prior to the beginning of the Enrollment Period. If such data are unavailable, the Company will issue a Request for Proposals for unforced capacity that will be used to set the price. The unforced capacity price in \$/kw-yr will be divided by 8.76 and also divided by 53% to convert this capacity price to \$/MWH.

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

Cancelled by supplement No. 6 effective 05/28/2004

Suspended to 08/07/2004 by order in Case 03-E-0765. See Supplement No. 5. The supplement filing date was 03/18/2004  
Suspended to 07/09/2004 by order in Case 03-E-0765. See Supplement No. 4. The supplement filing date was 12/01/2003  
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Suspended to 05/05/2004 by order in Case 03-E-0765. See Supplement No. 2. The supplement filing date was 10/27/2003  
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