

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: May 28, 2004
Issued in compliance with order in Cases 03-E-0765, 02-E-0198, and 03-G-0766 dated May 20, 2004

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GENERAL INFORMATION

4. METERING AND BILLING (Cont'd)

J. INCREASE IN RATES APPLICABLE IN MUNICIPALITY WHERE SERVICE IS SUPPLIED

The rates and charges for service under all service classifications, including fuel cost adjustment 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:

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

K. SURCHARGES

Retail Access Surcharge (RAS):

The rates and charges under the applicable Service Classification are increased by the RAS, as mandated by Public Service Commission Order issued May 20, 2004, shown in the RAS Statement. The RAS is subject to an annual reconciliation.

Electric Supply Reconciliation Mechanism (ESR, also called Supply Cost Adjustment):

From May 1, 2004, through December 31, 2004, the ESR will reconcile the difference between the actual net variable supply cost and the variable supply costs embedded in rates for fuel, purchased power energy and capacity, transmission contracts, ancillary services, wholesale revenues, accrual for and amortization of RG&E's R.E. Ginna Nuclear Power Plant ("Ginna") replacement purchased power and the MBBC. The ESR will include applicable adjustments consistent with RG&E's March 9, 2004 Electric Rate Joint Proposal ("ERJP"), related to the sale of Ginna. On a monthly basis, RG&E will compare the actual net cost of the above items with the product of the actual kWh sales for that month times this cents per kWh cost factor. The difference and the associated gross revenue taxes will be returned to customers or recovered from customers monthly based on a two-month lag. Any over/under collection during the months of May, November and December 2004 will be returned to customers or recovered from customers through the Asset Sale Gain Account ("ASGA"), established from the net proceeds of the sale Ginna in accordance with the ERJP.

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