

PSC No: 18 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: January 1, 2005
Issued in compliance with order in Cases 03-E-0765, 02-E-0198, and 03-G-0766 dated May 20, 2004

Leaf No. 45.3
Revision: 0
Superseding Revision:

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

4. RG&E Variable Price Option (VPO)

This Non-Retail Access choice includes a fixed component for RG&E delivery service, a fluctuating Transition Charge (TC, as described below) and 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. Electricity supply is provided by RG&E.

RATE: (Per Meter, Per Month)

Delivery Charges:

Energy Delivery per Billing Face: \$2.19

A billing face shall be 69 watts or major fraction thereof. To determine the number of billing faces, divide the total wattage at each intersection by 69 watts.

System Benefits Charge:

All kilowatthours, per kWh Per SBC Statement

Retail Access Surcharge:

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

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.

Determination of kWh Consumption:

The kilowatthours consumed during the month shall be determined by multiplying the number of faces in service at the beginning of the month by 69 watts by the total number of hours in the calendar month (24 hours a day times the number of days) and dividing by 1000, plus or minus the kilowatthours for faces reported in or out of service for periods greater or less than a month on a pro rata basis.

Increase in Rates and Charges:

The monthly charge under this Service Classification, including fuel cost adjustment, shall be increased by the applicable effective aggregate percentage shown in Rule 4.5 for service supplied within the municipality where the Customer is taking service.

TERMS OF PAYMENT:

All bills are rendered at the above rate. A late payment charge of one and one-half percent (1 1/2%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.2.

TERM:

One year and thereafter until terminated by giving 30 days' written notice.

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