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SERVICE CLASSIFICATION NO. 14

STANDBY SERVICE (Cont'd)

ELECTRICITY SUPPLY PRICING OPTIONS (Cont'd):

2. 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.

Delivery Rates, System Benefits Charge, and Retail Access Surcharge are specified in the Rates, System Benefits Charge, and Retail Access Surcharge sections, respectively, of this Service Classification.

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

(a) For all customers other than those interval metered customers described in (b) below, 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.

(b) For a customer with an interval meter, the charge for the energy component of supply based on their hourly metered usage and the day-ahead market price of energy. Capacity charges will also be based on interval meter data. The electricity supply charge is equal to the sum of the hourly metered usage adjusted for system losses multiplied by the hourly commodity cost. The hourly commodity cost includes the New York Independent System Operator (NYISO) Day Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Genesee Zone, the capacity and capacity reserves specific to the customer, and the RG&E UFE excluding system losses. The DAM LBMP prices will be the initial published DAM LBMP prices acquired by the Company. The customer's bill will not be recalculated if such prices are modified by the NYISO at a later date.

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.

Cancelled by 1 Rev. Leaf No. 246.2 Effective 01/01/2005