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PSC No: 19 - Electricity

Rochester Gas and Electric Corporation

Initial Effective Date: February 19, 2004

Issued in compliance with orders in Case 02-E-0198 dated March 7, 2003 and Case 02-E-0551 dated July 29, 2003

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SERVICE CLASSIFICATION NO. 14

STANDBY SERVICE (Cont'd)

ELECTRICITY SUPPLY:

A Customer may choose either an ESCO (Retail Access Rate) or RG&E (Non-Retail Access Rate) for its Electricity Supply.

A. ESCO (Retail Access Rate):

Terms and conditions applicable to this rate are explained in the customer's OASC. For a customer purchasing its electricity from a supplier other than RG&E, RG&E will provide a Retailing Backout Credit in the amount of fourtenths of one cent (\$0.004) per kWh (or the credit in effect at the time of billing), depending on the customer's OASC, for each kWh of documented purchases.

B. RG&E (Non-Retail Access Rate)

A customer will be charged by RG&E the Market Cost of Supply (MCS) for its Electricity Supply. The MCS fluctuates with the market price of electricity, and consists of four components:

1. Energy Component: For each day of the Customer's billing cycle, hourly market prices will be derived from the day ahead NYISO posted Locational Based Marginal Prices (LBMP) of electricity for NYISO Zone B, weighted to reflect hourly usage based on load profiles for the calendar month and day-type (Weekday, Saturday, or Sunday) for the Customer's service classification, or in the case of Service Classification No. 8, for the Customers' voltage class, to develop a weighted average value of market supply, which will then be adjusted to reflect losses. If the Customer's service classification has time-differentiated metered periods, a separate weighted average value of market supply will be developed for each metered period. The weighted average value of market supply, for the Customer's specific billing period, is multiplied by the Customer's metered kWh usage to determine the value of market supply for each metered period.

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