PSC No: 18 - Electricity	Leaf No. 24.2
Rochester Gas and Electric Corporation	Revision: 2
Initial Effective Date: April 1, 2017	Superseding Revision: 0

Issued in compliance with Order in Case 15-E-0302, dated February 22, 2017.

GENERAL INFORMATION

10.   **Rate Adjustment Mechanism ("RAM")**

F.   Carrying Costs:

The Company shall accrue carrying costs on RAM Eligible Deferrals and costs as follows:

(1)   During the period that the RAM is in effect for those deferral balances being specifically collected or returned, carrying costs shall be based on the Commission's authorized Other Customer Capital Rate.

(2)   RAM Eligible Deferral Balances not in the RAM tariff due to the annual dollar amount restrictions set forth above shall accrue carrying charges as follows:

(a)   Net Deferral amounts at or under the annual RAM recovery / return limits shall accrue carrying charges at the Other Customer Capital Rate;

(b)   Additional deferral amounts over the annual RAM recovery / return limits, up to one year's worth of value, shall accrue carrying costs at the Other Customer Capital Rate; and

(c)   Additional deferral amounts over the annual RAM recovery / return limits in Rule 10.F.(2)(a) and (2)(b) above, shall accrue carrying costs at the Company's respective Pre-Tax Weighted Cost of Capital, applied to the after-tax balance.

G.   Filings and Statements:

(1)   A RAM Compliance Filing setting forth the RAM rates by Service Classification shall be filed with the Commission by March 31 on an annual basis.

(2)   A RAM Statement setting forth the RAM rates shall be filed with the Commission on not less than 30 days' notice to be effective July 1. Such statement may be found at the end of this Schedule.

11.   **Clean Energy Standard ("CES")**

A.   The Clean Energy Standard (CES) surcharge recovers costs associated with the procurement of Renewable Energy Credits (RECs) that supports generation by renewable sources; the purchase of Zero-Emission Credits (ZECs) that supports qualified zero-emissions nuclear power plants; and costs associated with Alternative Compliance Payment (ACPs), if applicable, for any shortage of RECs needed for the Company to meet its obligations from Non-Retail Access customers.

The Clean Energy Standard (CES) also recovers costs associated with contracts signed by NYSERDA to maintain certain baseline renewable resources at risk of attrition (Tier 2 Maintenance Contracts) and cash shortages that may have resulted from NYSERDA's CES activities (Backstop Charges) through the System Benefits Charge (SBC) from all customers, including those customer with energy usage that is exempt from the SBC.

B.   RECs, ZECs, and if applicable, ACPs, shall be recovered from all Non-Retail Access customers through the Supply Adjustment Charge Component as set forth in P.S.C. No 19, General Information Rule 12.

i.   The costs for the RECs shall be recovered by dividing the annual REC costs, including an allowance for uncollectibles, by projected kWh sales and adding to the Supply Adjustment Charge Component.

a.   REC costs shall be reconciled on an annual basis.

ii.   The costs for the ZECs shall be recovered by dividing the annual ZEC costs, including an allowance for uncollectibles, by projected kWh sales and adding to the Supply Adjustment Charge Component.

a.   ZEC costs shall be reconciled on an annual.

iii.   The costs for the ACP shall be recovered by dividing the annual ACP costs, including an allowance for uncollectibles, by projected kWh sales and adding to the Supply Adjustment Charge Component.

a.   ACP costs shall be reconciled on an annual basis.

C.   Tier 2 Maintenance Contracts and Backstop Charges shall be recovered from all customers through the System Benefits Charge as described in Rule 4.4.4.C.

D.   The Company shall file a CES Statement on not less than 15 days' notice. The Statement shall set forth the surcharge rates as described in Rule 11.B. above.

ISSUED BY: Joseph J. Syta, Vice President, Controller and Treasurer, Rochester, New York