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PSC No: 19 - Electricity
 Rochester Gas and Electric Corporation
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GENERAL INFORMATION

12. SUPPLY SERVICE OPTIONS (Cont'd)

D. Merchant Function Charge (MFC) (Cont'd):

- d) Cash Working Capital on Purchased Power costs
 - If the New York Independent System Operator starts weekly billing, the electric MFC shall include a component for Cash Working Capital on Purchase Power.
 - Working Capital on Purchase Power shall be calculated based on the Companies' pre-tax rate of return.
 - The Companies shall reconcile the Working Capital on Purchased Power to actual applicable costs. This component shall be updated annually to reflect actual costs from the most recently available 12-month period and the most recent sales forecast.
- e) Cash Working Capital on Commodity Hedge Margin costs
 - The cash working capital on Commodity Hedge cost component shall be based on the Companies' pre-tax rate of return and shall be reconciled to actual costs annually. Additionally, this component shall be updated annually to reflect actual costs from the most recently available twelve month period and the most recent sales forecast.

E. Customer Eligibility Criteria

1. Customers Applying for Service:

If a customer applying for service has not elected a Supply Service option by the time of billing, the Company shall bill the customer at the appropriate default option as explained in 12.E. When a customer contacts the Company with their choice, that Supply Service option shall be applicable to usage on and after the next regularly-scheduled estimated or actual meter reading date after such contact.

2. Incentive Rate Customers:

Customers receiving an Economic Incentive may select a Supply Service option as specified in the applicable Special Provision for Economic Incentives of the respective service classification. The customer must choose the same Supply Service option for their entire load.

3. NYPA Customers

Customers who receive a portion of their Electric Power Supply from NYPA, (Expansion, HLFM, Replacement or Preservation Power, Recharge NY Power, WNY), with Standard Load (non-NYPA load), shall be permitted to take service under any Supply Service option for their Standard Load. The NYPA load shall continue to be billed in accordance with Rule 4.L. or the Special Provision of Service Classification No. 8. If the NYPA allocation expires or is terminated, the Supply Service option for that load shall be the same option the customer selected for the Standard Load (non-NYPA load).

4. Service Classification No. 10 ("S.C. No. 10") Contracts:

A customer taking service under a special contract, or receiving an incentive or discounted rate which by its terms would preclude eligibility, may not select an electricity supply pricing option. A customer may select an electricity supply service option upon expiration of such contract..

5. Service Classification No. 14 ("S.C. No. 14") Standby Service:

A customer taking service under S.C. No. 14 is eligible to select a Supply Service option as follows:

a. "OASC"

A customer taking service under S.C. No. 14 as an Existing Customer having elected the Phase-In, or as a Designated Technology Customer having elected the one-time exemption (both as defined in S.C. No. 14), shall be billed at the otherwise applicable service classification ("OASC") rate. Such customers are eligible for: 1) the Company Supply Service (RSS), unless the customer is required to participate in mandatory Hourly Pricing or voluntarily elects Hourly Pricing, or 2) the ESCO Supply Service (ESS).

b. S.C. No. 14:

A customer taking service under S.C. No. 14 shall be billed at the S.C. No. 14 rates set forth under the section "RATES". Such customers are eligible for: 1) the Company Supply Service (RSS), unless the customer is required to participate in mandatory Hourly Pricing or voluntarily elects Hourly Pricing, or 2) the ESCO Supply Service (ESS).

6. Hourly Pricing:

Hourly Pricing is mandatory for certain non-residential demand billed customers in Service Classification Nos. 8 and 14. A customer billed at an Hourly Pricing rate is eligible to select a Supply Service option as defined in Rule 12.A.3.

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