

April 28, 2006

VIA ELECTRONIC FILING

Honorable Jaclyn A. Brilling, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

Re: Filing to Revise Rochester Gas & Electric Corporation's Tariff PSC No. 16- Gas

Dear Secretary Brilling:

The enclosed tariff leaves, issued by Rochester Gas and Electric Corporation ("RG&E" or "Company") are transmitted for filing in compliance with the requirements of the New York State Public Service Commission ("PSC" or "Commission") and Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and Regulations (16 NYCRR Appendix 7-H):

PSC No. 16 – Gas, Schedule for Gas Service

Leaf No. 127.31, Revision 3, Superseding Revision 2
Leaf No. 127.31.1, Revision 0
Leaf No. 127.32, Revision 3, Superseding Revision 2
Leaf No. 127.33, Revision 4, Superseding Revision 3
Leaf No. 127.34, Revision 4, Superseding Revision 3
Leaf No. 127.35, Revision 4, Superseding Revision 3
Leaf No. 127.36, Revision 2, Superseding Revision 1
Leaf No. 127.37, Revision 2, Superseding Revision 1
Leaf No. 127.38, Revision 3, Superseding Revision 2
Leaf No. 127.38.1, Revision 0
Leaf No. 127.39, Revision 3, Superseding Revision 2
Leaf No. 127.40, Revision 4, Superseding Revision 3
Leaf No. 127.40.1, Revision 0
Leaf No. 127.41, Revision 4, Superseding Revision 3
Leaf No. 127.41.1, Revision 0
Leaf No. 127.42, Revision 3, Superseding Revision 2
Leaf No. 127.43, Revision 2, Superseding Revision 1

The leaves are proposed to become effective August 1, 2006.

The purpose of the filing is to institute a cash-out mechanism for Energy Service Companies ("ESCOs") that over-deliver gas on the Empire Pipeline. This cash out mechanism is necessitated by a change in policy by Dominion Transmission, Inc. ("DTI") in the operation of their Delivery Point Operator ("DPO")/City Gate Swing ("CSC") service, which is a no-notice storage service for ESCOs.

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Background

On Friday, November 11, 2005, DTI declared an Operational Flow Order (“OFO”) to restrict over-deliveries of gas on the DTI system. At the same time, DTI also informed RG&E that a negative CSC meter measurement for ESCO pools would no longer be accepted by DTI. A negative CSC meter measurement occurs when an ESCO pool’s actual usage is less than the amount of gas nominated to the Empire City Gate. This measurement is calculated daily by RG&E for each ESCO pool participating in the CSC program. The calculation of the meter measurement does not take into account any gas delivered on the DTI system to individual ESCO CSC meters. Since the inception of the CSC program approximately four years ago, DTI had been accepting negative CSC measurements.

As a result of DTI’s policy change and RG&E’s review of its program, the Company proposes to modify its tariff and institute a cash-out all of negative CSC meter measurements, thereby purchasing the gas associated with the negative measurement. The cash-out mechanism attempts to provide the proper incentives for ESCOs to nominate accurately in order to minimize any over-deliveries of gas on the Empire system. RG&E has also asked ESCOs to more closely monitor their pool’s usage with respect to the Company’s system operating constraints. The Company will notify ESCOs if their nominations do not appear to meet system constraints, based on the ESCO’s pool forecast, and may require ESCO to make adjustments to their nomination.

The Company has held discussions with PSC Staff and the ESCOs operating on the RG&E system on the proposed tariff changes. The Company has also worked with DTI on this issue to ensure a smooth transition until these tariff changes take effect.

RG&E requests waiver of the requirement of Section 66(12)(b) of the Public Service Law and 16 NYCRR Section 720-8.1 as to newspaper publication of the proposed tariff leaves. The Company will provide a copy of this filing directly to all ESCOs operating on the RG&E system. The Company will also post the filing on its website.

Should you have any questions concerning this filing, please contact Linda Dent at (585) 771-4701, or me at (585) 771-4692.

Very truly yours,

Mark O. Marini
Manager, Regulatory and Tariffs
Rate and Regulatory Economics

cc: Active ESCOs
Encls.