

November 24, 2004

ELECTRONIC FILING

Hon. Jaclyn A. Brillling, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Case 03-E-0765 – Preceding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service.

Dear Secretary Brillling:

Rochester Gas and Electric Corporation (“RG&E” or “Company”) hereby submits a cancellation supplement to P.S.C. No. 19 –Electricity.

On September 22, 2004, RG&E filed a housekeeping change to tariff P.S.C. No. 19 - Electricity, Leaf No. 234 to clarify the application of the Electricity Supply Reconciliation ("ESR") mechanism¹ to Service Classification (SC) No. 12 - Power for Jobs ("PFJ") customer.² The Company has billed SC No. 12 customers the ESR for only the month of August 2004 in which the ESR was a small credit (-0.000129/kWh or approximately a \$1900.00 credit to 20 customers).

The staff of the New York State Public Service Commission ("PSC" or "Commission") raised

¹ Beginning May 1, 2004, the ESR has reconciled, on a monthly basis, the difference between the actual net variable supply cost and the variable supply costs embedded in rates for fuel, purchased power energy and capacity, transmission contracts, ancillary services, wholesale revenues, accrual for and amortization of Ginna replacement purchased power and the Market Based Backout Credit.

² On May 27, 2004, RG&E filed tariff leaves in compliance with Ordering Paragraph 3 of the New York State Public Service Commission's Order Adopting Provision of Joint Proposals With Conditions, issued and effective May 20, 2004 in the above-referenced proceeding. The cover letter of the filing stated that the ESR is applicable to all service classifications except SC No. 8- RTP and SC No. 14. However, the tariff leaves for SC No. 12 inadvertently omitted the ESR.

questions regarding the applicability of the ESR to SC No. 12 customers. Based on these discussions, the Company concurs that the ESR is not applicable to this group of customers. Therefore, RG&E hereby cancels its September 22, 2004 filing.³

Furthermore, the ESR for the months of May through October has been recalculated to exclude the cost of power purchased to supply PFJ customers, resulting in a credit of approximately \$185 thousand to the Asset Sale Gain Account for May 2004, and a credit of approximately \$550 thousand that will be flowed through to customers in the December 2004 ESR. PFJ will also be excluded in the November and December 2004 ESR calculations.

A copy of this supplement has been posted with the Company's tariffs kept open for public inspection.

Please contact me at (585) 771-4692 with any questions relative to this submission.

Sincerely,

Mark O. Marini
Manager, Rate and Regulatory Economics

Enclosure

³ Per the terms of the Electric Rate Joint Proposal filed in the above-referenced proceeding, the ESR is in effect from May 1, 2004 through December 31, 2004.