

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

- CASE 09-E-0715 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service
- CASE 09-G-0716 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service
- CASE 09-E-0717 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service
- CASE 09-G-0718 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service

ORDER ESTABLISHING RATE PLAN

TABLE OF CONTENTS

INTRODUCTION.....	1
PROCEDURAL HISTORY.....	2
Public Comments.....	5
Proposed Rate Plan.....	11
Term.....	12
Rates/Revenues.....	12
Return on Equity/Earnings Sharing.....	13
Depreciation.....	14
Reconciliations.....	14
Reliability, Safety, and Customer Service.....	14
Low Income Program.....	15
Revenue Decoupling Mechanism.....	16
Revenue Allocation and Rate Design.....	17
Gas Supply Matters.....	18
CONSISTENCY WITH THE PUBLIC INTEREST.....	18
Key Issues.....	20
I. Term of Rate Plan.....	20
II. The Overall Rate Increases.....	21
III. Other Revenue Requirement Issues.....	41
IV. Revenue Allocation and Rate Design.....	45
V. Low Income Program.....	57
VI. Customer Service, Reliability, and Safety....	63
VII. The Revenue Decoupling Mechanism Stipulation.	66
VIII. Reconciliations.....	71
OTHER ISSUES.....	73
CONCLUSION.....	74

STATE OF NEW YORK
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At a session of the Public Service
Commission held in the City of
Albany on September 16, 2010

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
Maureen F. Harris
Robert E. Curry, Jr., dissenting in part
James L. Larocca

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CASE 09-E-0717 - Proceeding on Motion of the Commission as to
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CASE 09-G-0718 - Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of
Rochester Gas and Electric Corporation for Gas
Service

ORDER ESTABLISHING RATE PLAN

(Issued and Effective September 21, 2010)

BY THE COMMISSION:

INTRODUCTION

This order establishes a three-year, four-month rate
plan for electric and gas service provided by New York State
Electric & Gas Corporation (NYSEG) and Rochester Gas and

Electric Corporation (RG&E)(collectively, the Companies). The rate plan terms and conditions are consistent with terms and conditions that were set forth in a negotiated Joint Proposal (JP) supported by the Companies, trial staff of the Department of Public Service (Staff), Multiple Intervenors (MI), and Nucor Steel Auburn, Inc. (Nucor).

PROCEDURAL HISTORY

On September 17, 2009, the Companies filed tariffs designed to increase their rates for electric and gas service. NYSEG proposed increases of roughly \$169.7 million (26.4%) to its electric delivery revenues and \$63.4 million (39.5%) to its gas delivery revenues. RG&E proposed to increase its electric delivery revenues by about \$87.4 (23.9%) million and its gas delivery revenues by about \$62.9 (47.1%) million. The effective date of the proposed changes was suspended and these proceedings were initiated to examine the merits of the Companies' proposals.¹

An initial conference of the active parties, immediately followed by a technical conference, was held on October 7, 2009. During the October 7 procedural conference, the Companies agreed to extend the suspension period through and including August 25, 2010.² During the technical conference, the Companies provided an overview of their rate filings. Shortly after the conferences, a ruling establishing the schedule, adopting a protective order and addressing additional procedural matters was issued.³

¹ Suspension of Major Rate Changes, issued October 15, 2009. See also Further Suspension of Major Rate Change, issued January 20, 2010.

² Confirmed by letter filed October 8, 2009.

³ Ruling on Procedure, Schedule and Protective Order, issued October 23, 2009.

Staff, MI,⁴ the Consumer Protection Board (CPB), and Nucor,⁵ responded to the Companies' rate and tariff proposals in pre-filed testimony submitted in January 2010. The Companies, MI and Broome County filed rebuttal testimony in February 2010. In addition, the Companies and Staff filed updates in December 2009 and March 2010, and supplemental testimony in April 2010.

By cover letter and notice dated January 19, 2010, the Companies provided their notice of intent to enter into settlement negotiations, with an initial meeting in the Commission's Albany offices on January 29, 2010.⁶ The settlement discussions continued through February 26, 2010, at which time the negotiating parties advised the administrative law judges that continuation of the discussions would be worthwhile and requested postponement of the evidentiary hearings. The Companies agreed to further extend the suspension date through September 25, 2010,⁷ to accommodate the requested scheduling

⁴ MI is an unincorporated association of approximately 55 large industrial, commercial and institutional energy consumers with manufacturing and other facilities located throughout New York State, including the Companies' service territories.

⁵ Nucor, a producer of rebar, merchant bar quality rounds, squares flats, angles and channels, is a customer of NYSEG and has one of the largest electric loads on the NYSEG system.

⁶ In accordance with 16 NYCRR 3.9, the notice was reported to the Commission on January 20, 2010. In addition, Administrative Law Judges Howard Jack and Rudy Stegemoeller were assigned as settlement judges; at a later date, due to workload demands, Administrative Law Judge Kevin Casutto also was added as a settlement judge.

⁷ Confirmed by letter dated March 2, 2010. The Companies also requested the ability to recover the revenue shortfall resulting from the extended suspension, including interest. They indicated their understanding that Staff agreed to and no other party in these proceedings objected to their requested "make-whole" provision.

change. The requested extension was granted and the parties continued settlement discussions through the month of March.

The parties were unable to resolve the rate case issues in their entirety prior to the evidentiary hearings; however, they resolved a large number of issues, which led to the filing of stipulations concerning revenue allocation and rate design, the revenue decoupling mechanism, the purchase of receivables discount and merchant function charge, deliveries and revenues, the low income program, revenue requirements, and gas supply matters. As a result of these stipulations, the parties markedly narrowed the scope of contested issues and the duration of the evidentiary hearings. Moreover, the total level of the Companies' rate request was reduced by about \$210 million, thus going from 383.4 million to \$173.2 million.

Evidentiary hearings were held in Albany between April 15 and 21, 2010. During the hearings, the administrative law judge was joined by Commissioner Larocca.⁸ Four separate public statement hearings were also held in April in Rochester, Geneva, Binghamton, and Lancaster, New York.

Initial and reply briefs were filed on May 17 and May 24, 2010, respectively. Shortly thereafter, parties resumed settlement negotiations. On June 29, 2010, they reported reaching an agreement in principle that resolved the remaining, contested rate case issues.

The JP, signed by the Companies, Staff, MI and Nucor, was filed on July 14, 2010. Statements in Support were filed by the Companies, Staff, MI and Nucor, while CPB submitted comments requesting the modification of certain portions of the JP.⁹ The

⁸ Tr. 523.

⁹ CPB supports the Low Income Program Stipulation, but, as discussed below, it seeks modifications to other components of the JP.

Companies, Staff, and MI timely filed statements opposing CPB's comments; Broome County also submitted a document which it characterized as a reply statement, but to which the Companies and Staff objected as untimely and prejudicial.¹⁰

Public comments on the JP were solicited at two public statements hearings held on August 2 and 3, 2010 in Rochester and Binghamton, New York. Written comments on the JP were also received.

Public Comments

Soon after the Companies filed their request for rate increases, we began receiving public comments from residential customers, businesses, school districts, towns, counties, and elected officials. Hundreds of comments have been submitted, almost all opposing any increase and repeatedly stressing the severe and undue economic hardship that any increases would create for individuals, businesses, schools, and the local economies. Senior citizens, disabled customers, single-paycheck families, retired customers -- in short, all customers living on fixed, limited income -- report that they have seen increases in the cost of food, medicine, rent, health care premiums, gas and taxes; many state that they simply cannot afford any increase in their utilities as well. Some fear that they will have to choose between heat and food, or heat and rent, or heat and their health (either by foregoing necessary medicines to pay for heat or keeping their thermostats so low that it triggers temperature-sensitive health conditions). Some assert that they

¹⁰ As the substance of Broome County's statement was thoroughly addressed during the litigation of this case, the assigned administrative law judges ruled that the improperly filed document would cause no prejudice to any party if it was accepted along with the proffered responses. Accordingly, the untimely submission, along with responses to it, are considered below.

are already keeping their homes unreasonably cool in the winter and going to bed earlier and with many layers of clothing, in an effort to simultaneously stay warm and keep their heating bills as low as possible.

The severity of the economic hardships many customers are facing was reiterated by speakers at our public statement hearings.¹¹ Specifically, a delegate for the Monroe County Benefit Council (Council) spoke at the Rochester, New York hearings on behalf of more than 20,000 low income service workers, unemployed workers, disabled workers and their families, calling for us to protect ratepayers by denying these increases and requiring: a moratorium on utility shut-offs for families with incomes at or below 250% of federal poverty guidelines; arrears forgiveness by RG&E for such customers; anyone whose service has been terminated due to economic inability to pay to renegotiate a reasonable and affordable income-based payment plan and have service restored without penalty fees; and payment by Iberdrola of the \$275 million in

¹¹ As noted above, four separate public statement hearings were held in Rochester, Geneva, Binghamton, and Lancaster, New York. Over 65 people spoke at those hearings, the transcripts for which are available on the DPS web page at www.dps.state.ny.us, under the case numbers for these proceedings.

public benefits adjustments (PBAs) that were required as a merger conditions.¹²

Such concerns are echoed in the several sets of form letters¹³ we received, one of which urges us to deny the Companies' requested increase, even at the lower levels reflected in the Companies' rebuttal filing. They note, among other things, the loss of jobs and the resulting dramatic increase in households that are two months behind on their utility bills in Monroe County alone. Some of the form letters contend that RG&E shut off more than 25,000 customers in 2009. They assert that Monroe County's low income workers spend 70% or more of their budget on housing and utilities, even though that percentage should be less than 30%. They add that the ratepayers have yet to see the PBAs that were required as a merger condition and they urge us not to allow the recoupment of

¹² The Council spearheaded the submission of two slightly different sets of petitions. The first set, entitled "Petition to Demand New York State Public Service Commission (PSC) Protect Small Ratepayers from Utility Profiteering," contains about 1065 signatures and states that utility service "must be a basic right" with rates based on people's ability to pay. It also reiterates, as a list of demands, the statements made by the Council delegate at the public statement hearing. The second set, provided by a member of the Council, contains approximately 80 signatures, requesting similar relief. In addition, the Council provided a chart entitled "Rochester Gas and Electric Terminations for Non-payment and Reconnections Due to HEAP and DSS Jan. 2005-Dec 2009" that was marked as Exhibit "PS 1."

¹³ In addition to the petitions provided by the Council (see immediately preceding discussion and footnote), we received form letters of unidentified sponsorship again in two slightly different versions, one addressed to the Chairman and the Commission and the other addressed just to the Commission. One version urges us to deny the RG&E request, and does not refer to the number of RG&E utility service shut-offs in 2009 or to the parent company's announcement of its first quarter 2010 profits.

PBAs through a rate hike. The form letters end with the declaration "Utility rates should go down, not up!"¹⁴

Businesses, large and small, also echoed concerns about the economy and the detrimental economic impact that increasing utility rates have had and will have, if this request is approved. Xerox's Vice-President of Corporate Procurement Services and Business Process Outsourcing notes that the initial rate increase sought by RG&E could increase its annual electric expenditures by almost \$5 million. He writes that Xerox, like most New York businesses, has been affected by the economic downturn and adds that increasing Xerox's annual electric expenditures by millions could exacerbate the situation and threaten productivity, spending and employment levels. In light of these factors, he asks that we ensure that any approved increase reflect the minimum amount justified by the record. Similarly, the Executive Director of the Cortland County Chamber of Commerce comments that we must look for ways to lower the costs of utilities in order to improve our competitive advantage relative to other States.

The Towns of Beekman and South Bristol filed written opposition to the requested increases. They too cite the frailty of the current economic climate and the adverse impact that an increase in utility rates would have on their residents. Franklin Central and Walton Central School Districts also opposed the increases, arguing that an increase will mean even more staff and cost reductions on top of those already undertaken to address New York State reductions.

The following list of elected officials wrote to urge us to reject the proposed increases, stating that it is something that the working families, businesses and public

¹⁴ Over 100 such form letters were submitted.

routinely experience outages, so much so that many of their neighbors have back-up generators. Other complained about tree-trimming practices. Still others stated that customer service representatives were rude and nasty. Some say they see no evidence of the infrastructure improvements that are supposed to be funded by utility rate increases.

A prevalent, recurring inquiry is when the customers will receive the PBAs that were secured on their behalf as a result of our approval of the Iberdrola merger. Some express the belief that Iberdrola has not kept its promises.¹⁵

After the JP was filed, additional public statement hearings were held in Rochester and Binghamton, New York¹⁶ and more written public comments were submitted. The comments filed after the submission of the JP mostly focus on the economic hardship that increases will pose for those in the NYSEG¹⁷ and RG&E service territories. Almost all of the written comments oppose increases. Some question whether the Companies have shown adequate basis for any increase. Some cite to the bonuses and pay-outs that they state were made to former management personnel of the utility; others query why certain types of expenses covered by rates (e.g., reduced sales, increased pension and OPEB expenses, energy efficiency costs, etc.) cannot

¹⁵ The Town of Union submitted comments raising a specific concern regarding Leaf 37 of the NYSEG Street Lighting Tariff and provisions on allowances for lamp outages. The Town's concerns were referred and responded to by staff in our Office of Electric, Gas, and Water.

¹⁶ Thirty-eight people spoke at the hearings; approximately 85 people attended. The public statement hearing transcripts are available on the DPS web page.

¹⁷ The Mayors of the City of Olean and the Village of South Dayton were among those who filed such comments. They are opposed to increasing NYSEG's rates. Assemblyman Robert C. Oaks, 128th District, forwarded for our review and consideration an e-mail from one of his constituents opposing increases to NYSEG's rates.

be absorbed by the utility. Several question the administrative system, saying that it "always" allows the utility to obtain rate increase approvals. Some express outrage and disappointment that increases are even being considered.

The public comments we receive are considered when we evaluate proposed rate plans. Indeed, the concerns expressed in the public comments, particularly those focusing on the distressed economy and the affordability of utility bills, help to frame our most basic inquiry in these proceedings --- Do the provisions of the proposed rate plan reasonably balance the Companies' need to collect legitimate business costs, on the one hand, with the ratepayers' interests, on the other? It is against this backdrop that we will analyze the terms of the rate plan submitted for our consideration.

Proposed Rate Plan

The terms of the proposed rate plan are extensive and, in some instances, very technical. In the discussion below, we will highlight some of its salient provisions; however, this discussion is not, nor is it intended to be, a detailed recitation of each and every element of the overall rate plan under consideration. Such details, however, have been considered by us and can be found in the attached copy of the Joint Proposal and its appendices.

Term

The term of the proposed rate plan is three years and four months, beginning on August 26, 2010 and ending December 31, 2013.¹⁸

Rates/Revenues

The rate plan calls for delivery rate increases at NYSEG and RG&E, as follows: NYSEG Electric, \$16.384 million (2.5%), \$27.802 million (4.2%), and \$29.329 million (4.3%); NYSEG Gas, \$9.934 million (6.0%), \$10.336 million (5.8%), and \$10.505 million (5.6%); RG&E Electric, \$15.576 million (4.1%), \$10.201 million (2.6%) and \$13.185 million (3.2%) and RG&E Gas, \$10.898 million (8.0%), \$10.910 million (7.3%), and \$10.975 million (6.9%).¹⁹ These amounts have been moderated and levelized through the use of over \$260 million in PBAs²⁰ that were required and set aside for the benefit of ratepayers when NYSEG and RG&E were acquired by Iberdrola, S.A.²¹ The initial increases for both NYSEG and RG&E will be reflected in bills for service provided after September 25, 2010.

¹⁸ The period from August 26, 2010 through September 25, 2010 is the "make-whole" period; the JP provides that PBAs will be used to cover the value of the rate increase for that period. The request to be made whole was approved by order issued July 15, 2010 (Extension of Maximum Suspension Period of Major Rate Filings). Rate years 1, 2, and 3 of the plan begin on August 26 of 2010, 2011, and 2012, respectively. Rates in effect in rate year 3 continue through the end of the plan.

¹⁹ JP Appendix A.

²⁰ See JP Appendix B.

²¹ Case 07-M-0906, Acquisition of Energy East Corporation By Iberdrola, S.A., Abbreviated Order Authorizing Acquisition (issued September 9, 2008) and Order Authorizing Acquisitions Subject to Conditions (issued January 6, 2009). Originally set at \$275 million, the available PBAs have increased to about \$310 million, including interest.

These rate levels are in part attributable to the resolution of Combined Items, which according to Staff, is "perhaps the most difficult achievement embodied in the Revenue Requirements Stipulation..."²² The common characteristic of these Combined Items is that they all arise from past deferrals that are enmeshed in their own peculiar web of facts and circumstances; due to these and other difficulties, such issues are not particularly amenable to resolution through litigation. The Combined Items are resolved through a package of write-offs, credits and waivers of rights to petition, generating customer savings valued by Staff at \$94.4 million.²³

The proposed revenue requirements also reflect \$19.2 million of annual net savings from the Companies' workforce reduction and related labor cost-cutting initiatives, conducted while these proceedings were pending, as well as an additional 1% annual productivity adjustment. These reductions address our austerity²⁴ and productivity savings requirements.

Return on Equity/Earnings Sharing

The revenue requirements are designed to produce a 10% allowed rate of return on equity (ROE), applied to an equity

²² Staff Initial Brief (IB), May 17, 2010, p. 26.

²³ Staff IB, Appendix D. As a result of the Combined Items agreement the Companies will write off \$10.8 million in software costs, credit \$37 million to the NYSEG and RG&E Asset Sale Gain Accounts (primarily to reflect agreed upon modifications to the Companies' past earnings sharing filings), absorb \$20 million in hedge losses at RG&E and \$8.127 million in hedge losses at NYSEG, withdraw the request to defer \$16 million in NYSEG electric 2009 pension costs, waive the right to file for deferral of 2009 uncollectible expenses, and reduce the outstanding NYSEG storm cost deferral by \$4 million. Id.

²⁴ Case 09-M-0435, Utility Austerity Programs, Notice Requiring the Filing of Utility Austerity Plans (issued May 15, 2009) (Austerity Notice).

ratio of 48% for each of the businesses. Should earnings exceed the allowed return, a tiered earnings sharing mechanism (ESM) is proposed that will capture a portion of the excess for ratepayers' benefit. In addition, the ESM is subject to specified downward adjustments if the Companies miss certain electric reliability, gas safety and customer service measures.

Depreciation

Depreciation rates will be adjusted and reset.²⁵ In addition, the full amounts of the excess depreciation reserve, currently \$303.9 million at NYSEG and \$105 million at RG&E, will be amortized over a 20-year period. This results in additional revenue requirement reductions of \$15.2 million each year for NYSEG electric and \$5.25 million for year three for RG&E electric, respectively.²⁶

Reconciliations

Several categories of costs will be reconciled, including, but not limited to, pensions/OPEBs; property taxes; electric vegetation management; hyper-inflation²⁷; environmental and major storm; legislative, accounting, regulatory, tax and related actions; economic development; and the low income program. Details concerning the type (e.g., downward only vs. symmetrical) and target amounts are set forth in JP Appendix M.

Reliability, Safety, and Customer Service

Electric Reliability Performance Mechanisms, Gas Safety Performance Measures, Customer Service Quality Metrics and Targets, and Electric and Gas Distribution Vegetation

²⁵ JP, pp. 16-17; See JP Appendix K.

²⁶ The Companies will file new depreciation studies in their next rate case(s) that, among other things, emphasize the theoretical versus actual excess depreciation reserve and include a net salvage study.

²⁷ Defined as a level of 6% or greater on an annual basis.

Management Programs for each of the Companies are key components of the proposed rate plan. The Electric Reliability Performance Mechanisms and Gas Safety Performance Measures provide for specific metrics, targets and associated negative revenue adjustments. The areas targeted on the gas side include leak prone pipe and leak management, prevention of excavation damages, and emergency response. On the electric side, thresholds are established for the System Average Interruption Frequency Index (SAIFI) and Customer Average Interruption Duration Index (CAIDI).

Customer Service Quality Metrics and Targets²⁸ are established and proposed to take effect immediately, with performance measured on a calendar-year basis. Revenues are placed at risk for failure to meet targeted performance thresholds.

The Electric and Gas Distribution Vegetation Management Program will move to full cycle vegetation management at RG&E and make an incremental move toward full cycle management at NYSEG. Any under-spending of the annual funding for such activities will be deferred for ratepayer benefit. In addition, there will be revenue adjustments for failure to meet the targets, as well as annual reporting requirements.²⁹

Low Income Program

Low Income Program annual budgets are increased to \$12,329,522 for NYSEG and \$6,904,535 for RG&E. All home energy assistance program (HEAP) recipients will be eligible for the program, with discounts to be provided to monthly bills. The

²⁸ The 2010 targets for RG&E's Customer Service Interaction Index were submitted for our approval, consistent with the process outlined in JP Appendix R, on September 7, 2010. The targets proposed in the September 7th submission, which follow this order as Attachment 3, are hereby approved.

²⁹ See JP Appendix Q.

arrears forgiveness portion of the program will be available to customers with arrears between \$240 and \$750 who have made at least three customer payments in the last twelve months. The Companies will waive service reconnection fees no more than one time per customer per year for customers participating in the program.³⁰

The costs associated with the bill reduction portion of the program will be fully reconciled on an annual basis with any excess or shortfall deferred as a regulatory asset or liability. With respect to arrears forgiveness program costs, if actual expenditures in a given year fall short or exceed the level of funding, the excess/shortfall will be rolled over into future years. Any cumulative difference shall not exceed +/- 10% of the cumulative arrears forgiveness budget. Over-recovery of the costs associated with the reconnection fee waiver and administrative expenses will be reconciled, but under-recovery of such costs will not. All Low Income Program participants will be referred to NYSERDA's Empower program for energy efficiency and/or budget counseling or a similar program. Finally, the Companies will provide quarterly reports on a number of low income program-related topics.

Revenue Decoupling Mechanism

New revenue decoupling mechanisms (RDMs) will be established. The electric RDMs for NYSEG and RG&E are revenue

³⁰ More than one waiver per customer per year is permitted on a case-by-case basis, for good cause shown, and provided the funding allocated annually for such waivers is not exceeded.

per class, while the gas RDMs are revenue per customer.³¹ The Companies will be permitted one, annual reconciliation to adjust for deferrals.³² Verification of the number of customers used in the revenue per customer RDMs is also addressed.

Revenue Allocation and Rate Design

The Revenue Allocation and Rate Design proposals generally assume that we will approve rate increases and that electric and gas embedded cost of service and marginal cost of service studies submitted by the Companies will serve as a guide for designing the resulting rates. The rate design proposals specify that NYSEG electric and RG&E electric will include fixed production costs in delivery rate design.

With respect to residential charges, the rate design provisions require NYSEG electric and gas, and RG&E electric to limit the increase to the residential electric customer charges to \$2.00 in rate year one, with no increases in rate years two and three; RG&E gas will limit the increase to the residential gas³³ monthly minimum charge to \$1.92 in the first rate year, with no increases in rate years two and three.

The Companies agree to the customer charge increases for electric that were proposed by MI for SC 7 NYSEG and SC 8 RG&E, subject to consideration of the rate impacts on lower-use

³¹ Here, for the revenue per customer based gas RDMs, actual weather normalized revenues per customer will be compared to the forecast target revenues per customer, with the result applied to produce the surcharge or refund to the service classes. Also, the industrial gas customers will be within the scope of the gas RDMs. The development of the necessary revenue targets and the process for reconciling and subsequent true-up of deviations from the targets is specified in Appendix U.

³² If the reconciliation process produces unduly large deferral balances in either direction, there are provisions for an interim adjustment, in order to limit bill volatility.

³³ Specifically, RG&E gas Service Classifications (SC) 1 and 5.

customers. There are also provisions pertaining to: the rate design for minimum and kWh charges, sub-transmission, gas block, the incremental gas supply charge, and seasonal customers; economic development rates; rate and tariff administration; standby rates; NYSEG gas lost and unaccounted for charges; buy-back rates; and gas distributed generation, among others.

Gas Supply Matters

NYSEG gas supply areas (GSA) 1 and 3 will be consolidated. In addition, the Companies will establish a collaborative, within 30 days of our order in these proceedings, to 1) address any impacts of the GSA consolidation on mandatory capacity release assignment program pricing and the derivation of the gas reliability surcharge; 2) consider completing consolidation of NYSEG's GSAs; 3) examine the costs and ramifications of and methodology for releasing capacity to energy service companies (ESCOs) at the system weighted average cost of capacity; 4) address upstream pipeline overrun issues; and 5) consider separately identifying balancing charges on NYSEG interruptible sales service customer invoices and implementing auto-balancing for daily metered customer pools at NYSEG and RG&E.

A gas cost incentive mechanism will be established to provide for a sharing of savings associated with non-migration capacity release; off-system sales net of gas and related optimization transactions; and local production. Provisions for implementing a gas reliability surcharge calculation for RG&E are also included.

CONSISTENCY WITH THE PUBLIC INTEREST

This JP is the product of an unusual, if not unique, process that combined extensive litigation with lengthy negotiations. Consequently, it comes before us supported by a

record that not only meets the sufficiency requirement set forth in our Settlement Guidelines,³⁴ but is as complete as any we would expect to result from a fully litigated proceeding.

The negotiated phase of this process began with the issuance of a notice as required by our rules. The negotiations were open to all interested parties and were administered by settlement judges separate from those who presided over the litigation.

Procedurally, therefore, we find that the JP was arrived at through an appropriately transparent process consistent with our Rules and Guidelines, has ample record support and is properly before us for decision. Our obligation now is to determine whether its adoption would be consistent with the public interest.

In making that determination, we give weight to the fact that the JP reflects the agreement of "normally adversarial parties."³⁵ Indeed, in this case, the JP proponents (the Companies, Staff, MI and Nucor) were actively adversarial throughout most of the proceeding.³⁶ As late as the final round of post-hearing briefs, their differences on many issues were substantial. The fact that the agreement they finally reached is satisfactory to all of these very diverse interests suggests that the JP is a reasonable compromise that is within the range of outcomes that could have been expected from a litigated decision.

³⁴ Cases 90-M-0255 et al. - Procedures for Settlement and Stipulation Agreements, Opinion No. 92-2 (issued March 24, 1992), Appendix B ("Settlement Guidelines").

³⁵ Settlement Guidelines, p. 8.

³⁶ For example, Staff initially supported an overall revenue requirement for the first rate year of \$53.8 million which was almost \$120 million less than the \$173.2 million the Companies originally requested.

We also note that objections to the JP have been received from only two parties, CPB and Broome County, and that these are limited to specific recommendations that seek to improve the agreement.³⁷ We discuss those recommendations below.

These indicia of reasonableness are not determinative, but they are an important consideration. They reflect an exceptional effort to build a consensus that could be supported by the representatives of very diverse, and often diametrically opposed, interests. Consequently, in considering whether the principal components of the JP are in the public interest, we are disinclined to tamper with the interrelated compromises negotiated by the parties in the absence of a demonstration that a provision of the agreement is inconsistent with sound policy, outside the range of likely litigated outcomes, or inimical to the protection of ratepayers, fairness to investors or the long-term viability of the Companies.³⁸

Key Issues

I. Term of Rate Plan

The JP provides for rate plans having a term of three years and four months. A three-year term has been more common in our practice, but the addition of four months in this case will put the utilities' rate years on a calendar year basis, which may be more efficient, according to Staff.³⁹ The term of the rate plan affords the opportunity to spread the increases over a longer period, moderating the first year increase, and

³⁷ See CPB's Initial Comments Regarding Portions of the Joint Proposal, July 28, 2010 (CPB Comments), p. 6.

³⁸ See Settlement Guidelines, p. 8.

³⁹ Staff Statement in Support of Joint Proposal, July 28, 2010 (Staff SIS), p. 9.

providing predictability and stability to customers. We conclude that the term is reasonable.

II. The Overall Rate Increases

Under the Companies' original proposal, the additional rates paid by NYSEG and RG&E customers over the term of the proposed rate plans would have totaled over \$1.1 billion. By the close of the evidentiary hearing in April, the Companies had reduced the requested increases to \$277 million for NYSEG electric, \$93 million for NYSEG gas, \$63 million for RG&E electric, and \$87 million for RG&E gas, a total of \$529 million. Staff's position was that the increases should be limited to \$38 million for NYSEG electric, \$47 million for NYSEG gas, \$24 million for RG&E electric and \$53 million for RG&E gas, for a total of \$162 million.

As proposed in the JP, those amounts would be \$134 million for NYSEG electric, \$60.8 million for NYSEG gas, \$83 million for RG&E electric and \$66 million for RG&E gas - a total of \$343 million. This is a very significant 69% reduction from the original proposal, and is closer to Staff's position than that of the Companies, but it still leaves a material increase in rates to be absorbed by ratepayers during a very difficult economic period.⁴⁰

Staff states that every effort has been made to pare the Companies' revenue requirements to the minimum by eliminating discretionary spending, accruing for ratepayers the

⁴⁰ To facilitate comparison with the multi-year JP rate plan, we have converted the Companies' original and April positions as well as Staff's position into three-year amounts by assuming the parties' proposed first year increases would carry forward to years two and three without further increases, and we have ignored the additional four months of the term of the plans.

full net benefit of labor cost cutting initiatives undertaken by NYSEG during the first half of this year, and imputing additional efficiency gains in each year of the rate plan. The remaining increase, it says, is required to cover rising costs that are largely beyond the control of the utilities, to support the financial stability of the Companies, to expand assistance to low income customers, and to further programs intended to improve system safety and reliability.

The impact of the increase on customers, Staff notes, is also mitigated through the extensive use of rate moderators. These include the PBAs, the excess depreciation reserves, and the balance of funds in certain accounts holding gains realized from the past sale of generation assets and other ratepayer credits. Staff says that this use of moderators has minimized the rate increase to the extent possible consistent with maintaining sound credit metrics at the utilities.

MI and Nucor, which consistently expressed a very strong concern about the negative impact that a material rate increase could have on the business community, both support Staff's view of the JP. MI notes that certain costs largely outside the utilities' control were demonstrated to be increasing, warranting greater rate allowances, and strongly endorses the proposed extensive use of rate moderators to mitigate the impact of those allowances on ratepayers. MI points out that the moderated increases are not only substantially lower for the first year of the proposed term of the agreement, but also likely well below the amounts the Companies would have sought in years 2 and 3 in the absence of a rate plan.⁴¹

⁴¹ Statement in Support of Multiple Intervenors, July 28, 2010, (MI SIS), p. 6.

Nucor stresses that reliable and economically competitive electric power is crucial to the operation of its business in Auburn, New York. Like MI, however, it supports the adoption of the JP in its entirety, finding that the proposed annual increases, after application of moderators, are "modest" and acceptable.⁴²

A. Rate Increase Mitigation Measures

1. Discretionary Spending

As we noted, Staff states that discretionary expenditures included in the Companies' initial rate requests have been eliminated to the extent feasible. Executive incentive compensation, incentive variable pay and Supplemental Executive Retirement Plan costs were all removed producing total annual savings of \$13.3 million. Moreover, increases in the salaries of non-union management employees, which have been frozen since August 2008, were limited to 2% per year, rather than the 3% requested.

2. Austerity and Productivity

In recent rate cases, we have required utilities to identify opportunities for austerity savings in order "to assist ... customers in weathering the extraordinary financial circumstances of the current, recessionary economy."⁴³ Austerity savings are to be achieved by identifying reasonable expenditures that could be foregone or postponed without materially impairing service safety and reliability. The avoided expenditures then translate into a current rate reduction.

⁴² Statement of Nucor Steel Auburn, Inc. in Support of Joint Proposal, July 28, 2010 (Nucor SIS), p. 5.

⁴³ Case 09-M-0435, supra, Order Approving Ratepayer Credits (issued December 22, 2009)(Austerity Order), p. 1.

"Productivity savings," by contrast, are permanent cost reductions achieved through enhanced operational efficiency. All prudent businesses pursue improved productivity, and we expect utilities to do so as well. When the savings from such efforts can be forecast at the time rates are set, they can be taken into account in calculating revenue requirement. Because it is impossible to project all of the areas in which greater efficiencies may be achieved, we customarily apply a productivity adjustment to reflect potential productivity gains that have not otherwise been factored into utilities' forecasts of rate year operations.⁴⁴ Again, the adjustment translates anticipated savings into a current rate reduction.

Unusual circumstances in these cases caused the appropriate application of the austerity and productivity adjustments to become a very hotly contested issue.

Initially, Staff in its testimony proposed an austerity adjustment equal to 2.0% of non-fuel O&M expense, as well as a productivity adjustment of 2% compounded from the start of the test year to the start of the rate year -- effectively a 4.36% adjustment -- which would be applied to a cost base of labor, payroll taxes and benefits expense.

The Companies opposed Staff's adjustments. They noted that Staff had failed to take account of \$5.1 million in savings that the Companies had realized through austerity measures already undertaken, and that the adjustment sought by Staff was far greater in terms of percentage of revenue requirement than that required of any other utility. They also argued that Staff provided no valid justification for deviating from a 1%

⁴⁴ Case 08-E-0539, Consolidated Edison Company of New York, Inc. - Electric Rates, Order Setting Electric Rates (issued April 24, 2009), p. 36.

productivity factor, and that Staff's use of compounding the application of the adjustment to a cost base that included pension and OPEB expenses were inappropriate.⁴⁵

In our Austerity Order, we disagreed with the utilities' characterization of their past cost-cutting efforts, finding that they were not undertaken in response to our call for austerity savings, but rather were the result of "financial decisions unilaterally made by the Companies."⁴⁶ Accordingly, we directed that "all possible austerity measures should be incorporated in any joint proposal" submitted to us in these rate proceedings.⁴⁷

After Staff had filed its testimony in this proceeding, the Companies initiated and substantially completed a major labor cost-cutting effort consisting of four main elements. The first initiative involved layoffs at both NYSEG and RG&E effective January 29, 2010. The savings from these layoffs will be approximately \$4.6 million.⁴⁸

The second cost-cutting measure resulted in union members at NYSEG's call center in Kirkwood, New York, agreeing to a new contract incorporating substantial wage reductions. The net savings from this agreement are estimated at approximately \$6.4 million.⁴⁹

The third and fourth initiatives were Voluntary Early Retirement Programs (VERPs) for union and non-union employees which were implemented during the first half of 2009. The

⁴⁵ Tr. 1829.

⁴⁶ Austerity Order, p. 6.

⁴⁷ Austerity Order, p. 7.

⁴⁸ Staff SIS, p. 20.

⁴⁹ Staff SIS, p. 21.

estimated net savings from these two initiatives are approximately \$18 million.⁵⁰.

Staff filed supplemental testimony shortly prior to the evidentiary hearings to address these cost-cutting measures.⁵¹ It contended that the full amount of the savings realized should be reflected in rates, net of the costs incurred by the Companies to achieve them, which would be amortized over 40 months. With those net savings imputed in rates, Staff agreed that the Companies could be found to have substantially complied with their obligations to achieve austerity and productivity savings. As a result, Staff proposed no further austerity adjustment and recommended a reduction in its proposed productivity adjustment from 4.36% to 2%.

The Companies responded by noting that they pursued their labor cost-cutting initiatives in anticipation of being required to absorb austerity and productivity imputations comparable to those recently imposed on other utilities and that Staff's position would effectively penalize them for implementing their initiatives in a timely manner while these cases were pending rather than waiting until a rate order was issued.⁵² Updating forecast expenses to incorporate the results of such efficiency efforts, they argued, would chill a utility's efforts to identify savings measures until after a rate case has ended.⁵³

⁵⁰ Initial estimates indicate that the Companies' actions could potentially reduce their employee headcount by 378 positions.

⁵¹ The parties established the schedule for supplemental filings by agreement, which was accepted by the presiding ALJs.

⁵² Initial Brief on Behalf of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, May 17, 2010, p. 24.

⁵³ Reply Brief on Behalf of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, May 24, 2010, p. 24.

With this contentious background, the parties negotiated the compromise incorporated in Section VI of the JP. That provision adopts Staff's position by capturing the full net benefit of the Companies' labor cost initiatives for ratepayers. After allowing for recovery by the Companies of \$32.4 million in costs to achieve over the 40 months of the rate plan, that net benefit equates to an annual revenue requirement reduction of \$19.2 million.

In return, the JP provides that the Companies will be considered to have met their obligation to achieve austerity savings, and the productivity adjustment will be set at 1%, applied to the cost base proposed by Staff. That adjustment adds \$2.8 million to the annual benefit for ratepayers, for a total of \$22.0 million for austerity and productivity.⁵⁴

Although no party opposes the general structure of this provision, CPB does raise one objection. It contends that the JP is "grossly deficient" because it does not include a freeze on management salaries. It cites comments from the Public Statement Hearings in which speakers expressed extreme frustration with "bonuses" and "golden parachutes" for utility executives, and asks that we "carefully examine" the proposed 3.0% salary increase for non-union employees "from the perspective of austerity measures."⁵⁵

The Companies point out that the salaries of non-union employees have been frozen since August 2008. In addition, under the JP, the utilities have agreed to remove all executive and non-executive incentive compensation, and the cost

⁵⁴ Id.

⁵⁵ CPB Comments, pp. 4-5.

of non-qualified pension plan benefits from rates.⁵⁶ Thus, the Companies believe that CPB's demand ignores not only their past efforts, but also the very significant benefit to ratepayers achieved through the resolution of the austerity and productivity issues.

Staff points out that public comment hostile to management pay levels was directed primarily at excessive bonuses and other forms of extraordinary compensation, which, as the Companies also note, are not included in revenue requirement under the Joint Proposal. After freezing salaries in August 2008, the Companies asked for only a 3.0% annual increase in base pay beginning August 2010, not an increase in incentive compensation, Staff says. Even that request was moderated under the terms of the JP by spacing the increases 18 months apart, rather than 12, resulting in an effective annual base pay increase of just 2.0%.⁵⁷

3. Use of Rate Moderators

The JP calls for the use of \$260 million of PBAs over its term.⁵⁸ Of the amount used, approximately \$82 million will be applied to eliminate accumulated regulatory assets related, primarily, to service restoration after major storms. The remaining approximately \$178 million will be used to moderate and level the rate increases over the rate plan term.

All PBAs allocable to the NYSEG and RG&E gas businesses are utilized under the JP, as are about 86% and 44%,

⁵⁶ Reply Comments on Behalf of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, August 4, 2010 (Companies RC), p. 5

⁵⁷ Staff Reply Statement in Support of Joint Proposal, August 4, 2010 (Staff RS), p. 2.

⁵⁸ The initial \$275 million of PBAs has, with accumulated interest grown to \$310 million. Thus, the JP reserves \$50 million of PBAs for future use.

respectively, of NYSEG and RG&E electric PBAs. Staff notes that the JP's utilization of PBAs considered the relatively higher delivery rate increases required for the two gas businesses, the relatively low increase needed for NYSEG electric and the potential adverse impact of PBA use on utility credit metrics.⁵⁹

Rate moderation is also provided by the return to ratepayers of amounts accumulated by the Companies in their depreciation reserves under previously approved rate allowances that are in excess of the amounts now projected to be needed over the life of the utilities' assets. Under the JP, 100% of the Companies' \$409 million of excess depreciation reserve is amortized over a 20-year period. This produces an annual credit to rates of \$15.2 million for NYSEG electric, and a third year credit of \$5.25 for RG&E electric.⁶⁰

CPB raises the only objections to the proposed use of rate moderators. First, it suggests that the JP places undue emphasis on protecting the Companies' credit ratings and asks that we evaluate the possibility of using additional PBAs to reduce the rate increases. CPB argues that rating agency decisions are highly discretionary. It points to Staff testimony indicating that Central Hudson has received a higher rating than might be suggested by some of its credit metrics, and that Florida Power and Light has maintained an "A" rating despite rejection of most of its requested rate increase and reduction of its ROE.⁶¹ Given this subjectivity, CPB says, it is not worthwhile to attempt to support the Companies' credit ratings at the expense of consumer interests.

⁵⁹ Staff SIS, p. 17.

⁶⁰ Excess theoretical reserves were identified only for the electric businesses.

⁶¹ CPB Comments, pp. 2-3.

The Companies respond that the competing goals of rate moderation and support for the Companies' credit metrics and ratings were the subject of extensive discussion throughout this proceeding and that the signatory parties clearly expressed their intent to achieve an appropriate balance.⁶² They note that ultimately, the JP proposes the use of fully 83% of the total amount of PBAs available, a level that MI described as "aggressive."⁶³ Greater use of rate moderators is not possible, Staff argues, because it would jeopardize the Companies' credit metrics. They point out that RG&E's ratio of funds from operations to interest for Rate Year 1 is projected to be 3.71x under the JP, just clearing the 3.7x threshold for a potential rating downgrade according to Moody's.⁶⁴ Similarly, NYSEG's ratio of funds from operations to debt is forecast at 14.8%, also close to the 14% level identified by Moody's as the threshold for a potential downgrade.⁶⁵

CPB suggests that additional funding for rate moderation could also be generated by reducing the JP's 20-year amortization period for excess depreciation reserves to three to five years. This, it says, will return the funds to customers "who bore the burden of the overcharges" rather than "future generations of customers who did not."⁶⁶

The Companies respond that like the PBAs, the excess theoretical depreciation reserve is a non-cash item, the amortization of which affects the utilities' cash flow and related credit metrics. They note that whether, and to what extent, an excess reserve even exists was intensely litigated.

⁶² Companies RC, p. 6.

⁶³ MI SIS, p. 7.

⁶⁴ Companies RC, p. 7.

⁶⁵ Id., p. 8.

⁶⁶ CPB Comments, p. 2, n. 3.

In addition, they say, even if an excess did exist, it would not necessarily be appropriate to eliminate it entirely. Normally, they say, the Commission is not concerned about an excess or deficiency in the reserve unless it exceeds 10% of the amount theoretically required. If only the excess over 110% of the theoretical reserve were returned to ratepayers, the effect on rates would be less than that provided by the JP, even with a ten-year amortization period as proposed by Staff.⁶⁷

The JP embodies a compromise through which the Companies agreed to accept the return to ratepayers of the full amount of the excess theoretical reserve supported by Staff testimony, and Staff and the other signatories agreed to extend the amortization period from the ten years they originally proposed to twenty. This approach, the Companies argue, ensures that the maximum amount theoretically available for refund will be returned to ratepayers without adversely affecting the utilities' cash flow and credit standing, and will give the Companies "more favorable access to capital markets."⁶⁸

Staff agrees that PBAs and the theoretical excess depreciation reserves have been utilized to the extent reasonably possible consistent with concerns for the Companies' credit metrics. It says CPB's dismissive attitude toward the impact of over-use of such moderators on the utilities' credit ratings is short-sighted given that deterioration in credit ratings could result in customers shouldering higher financing costs for the construction of facilities required to maintain reliable service.⁶⁹

⁶⁷ See New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation Statement in Support of Joint Proposal, July 28, 2010 (Companies SIS), p. 9.

⁶⁸ Companies RC, p. 3.

⁶⁹ Staff RS, p. 3.

4. Leveling of Rate Increases

Although the proponents contend that the JP provides for substantial leveling of rate increases over the term of the rate plan, CPB argues that more should be done to reduce the initial percentage increases in rates for residential customers of NYSEG gas and RG&E electric. These, it says, reflect front-end loading that should be avoided because of the continuing economic downturn.

The Companies respond that CPB's narrow focus ignores the fact that the overall increases for each of the four gas and electric businesses are very level over the three-year rate plan. For NYSEG gas and RG&E gas, the increases vary by only one-tenth of one percent. For NYSEG electric and RG&E electric, the differences between any two years are no more than one percent and eight-tenths of a percent, respectively. The percentage increase is greater in the first year for residential customers, the Companies say, because of an increase in the customer charge, which is a more significant component of the bills of lower usage customers. The customer charge is then frozen under the rate plan, producing lower percentage increases for years two and three. Furthermore, the Companies note, the customer charge increases for the residential service classes included in the JP reflect the position of Staff and are substantially lower than those proposed originally by the utilities. This combination of a lower initial increase followed by no increases in years two and three produces the appearance of "front end loading" but overall is a very favorable outcome for residential customers, the Companies say.⁷⁰

Staff agrees that the rate increases proposed in the JP have been equalized over the three years of the rate plan to the maximum extent possible given the constraints imposed by the

⁷⁰ Companies RC, p. 12-14.

utilities' credit metrics.⁷¹ It adds that CPB has not shown, or even asserted, that residential customers have been disproportionately burdened under the terms of the JP or that there were any defects in the rate design and revenue allocation methodologies employed by the parties to allocate costs among the service classes.⁷²

B. Rate Increase Drivers

Staff identified six factors that generate about 90% of the overall first year rate increase: rate of return (24%), environmental remediation and storm restoration (21%), pension and OPEB expenses (20%), property taxes (12%), safety and reliability programs (8%), and low income customer programs (5%).⁷³ While Staff notes that these increases are substantial, it provides justification for these cost drivers.

Information about the rate of return and the low income customer programs is provided later. As to property taxes, Staff states that the rate allowance included in revenue requirement is based on the latest four year average increase of 2.4% for NYSEG and 7.9% for RG&E. Although such taxes have grown significantly and are substantially beyond the control of the utilities, the reconciliation mechanism contained in the JP, discussed below, retains an incentive for the Companies to challenge unreasonable tax assessments wherever possible.

Environmental remediation and storm restoration costs are also driven by factors that are largely beyond the control of the utilities and cannot be avoided. While storm costs may be mitigated by preventative measures, they also require substantial expenditures. This is a direct reason costs

⁷¹ Staff RC, p. 4.

⁷² Id.

⁷³ Staff SIS, Attachment A.

associated with safety and reliability programs, most notably enhanced vegetation management, contribute significantly to the revenue requirement increase.

Staff points out that increased pension and OPEB expenses have been experienced by many businesses including New York utilities. This is attributable to the severe deterioration of fund assets caused by stock market declines in 2008 and 2009. Staff reports that the NYSEG and RG&E pension and OPEB costs, which are established based on the latest actuarial assumptions, compare favorably to the costs for other New York utilities.⁷⁴

C. Rate of Return and Earnings Sharing

The Joint Proposal provides for a 10% ROE for all four NYSEG and RG&E gas and electric businesses. This figure consists of a base ROE calculated using the "generic finance" methodology we have consistently reaffirmed in recent rate cases,⁷⁵ with an added "stayout premium" to compensate the Companies for the increased risk inherent in foregoing the right to apply for additional rate relief until 2014.

The return will be calculated using a 48% equity ratio for each company. This Staff-proposed ratio was not contested

⁷⁴ Staff SIS, pp. 60, 62.

⁷⁵ See, e.g., Case 07-E-0523, Consolidated Edison Company of New York, Inc. - Electric Rates, Order Establishing Rates for Electric Service (issued March 25, 2008); Case 05-E-1222, New York State Electric & Gas Corporation - Electric Rates, Order Adopting Recommended Decision With Modifications (issued August 23, 2006); Case 07-G-0141, National Fuel Gas Distribution Corporation Rates, Order Establishing Rates for Gas Service (issued December 21, 2007).

and is consistent with ratios recently approved by us for Consolidated Edison and Central Hudson.⁷⁶

The Companies point out that the JP's proposed ROE is lower than the 10.15% we adopted in approving Con Edison's three-year rate plan just six months ago, even though that utility has a higher credit rating than either of the Companies.⁷⁷ Similarly, the JP's proposed ROE is the same as the 10% we approved for Central Hudson in June of this year in adopting a three-year rate plan for that utility. Central Hudson, the Companies point out, is rated at least two "notches" higher than the Companies by each of the major credit rating agencies.⁷⁸

MI, which advocated a substantially lower ROE during the litigation phase of these cases agrees that the 10% provided for in the JP is reasonable given the current credit ratings of the Companies, generally consistent with the methodology regularly employed in our rate cases, and reflective of an appropriate stayout premium for the length of the rate plan.⁷⁹ Even if it could be argued that the ROE is slightly generous, MI says, that benefit is balanced by an ESM that is favorable to customers.⁸⁰

The ESM provides a limited "deadband" above the authorized ROE within which additional earnings will be retained

⁷⁶ Case 09-E-0428 - Consolidated Edison Company of New York, Inc. - Electric Rates, Order Establishing Three-Year Electric Rate Plan (issued March 26, 2010) ("Con Ed Order"); Case 09-E-0588 - Central Hudson Gas & Electric Corporation - Electric Rates, Order Establishing Rate Plan (issued June 18, 2010) ("Central Hudson Order").

⁷⁷ Companies SIS, p. 17.

⁷⁸ Companies SIS, p. 18.

⁷⁹ MI SIS, p. 6.

⁸⁰ Id.

by the Companies. The next 75 basis points of earning above the deadband will be shared 50/50 between customers and the utilities. Beyond that, 85% of all additional earnings will be returned to ratepayers.⁸¹ In addition, the triggering levels for each of the sharing bands will be lowered if a company fails to meet specified targets for safety and reliability. This, MI says, was an important element of the bargain that included agreement on the 10% ROE level.

Staff points out that when it updated and corrected its testimony in March 2010, it recommended ROEs of 9.7 % and 9.9% for NYSEG and RG&E, respectively. By the time the JP was completed its estimate of the cost of equity had fallen to 9.4% for NYSEG and 9.5% for RG&E. To these levels, the JP adds incentive returns of 20 basis points for NYSEG and 5 for RG&E to recognize the significant savings realized through the Companies' efficiency initiatives.⁸²

The 40 and 45 basis point gaps remaining constitute the stayout premiums. Although these premiums are somewhat higher than those provided for in other recent rate plans, Staff says, they are justified on a risk-adjusted basis by the relatively lower bond ratings of the Companies and by the assumption that capital costs are more likely to rise than fall over the term of the rate plan given their current low levels.⁸³

The ESM, Staff says, is structured to reflect the particular circumstances of these proceedings. Throughout this

⁸¹ The ESM also provides that if any of the Companies' businesses reaches the 85/15 sharing level, one-half of the 15% of earnings allocated to that business will be used to write down the deferrals that the utility is allowed to make during the term of the rate plan, as specified in Appendix M to the JP.

⁸² Staff SIS, p. 34.

⁸³ Staff SIS, pp. 35, 37.

case, there has been a concern that the employee headcount reductions associated with the cost-saving measures initiated by the Companies could cut too deeply, jeopardizing safe and adequate service. By setting the initial threshold for earnings sharing at a very low 30 basis points, the incentive for excessive spending cuts is substantially eliminated. As the Companies gain experience with the initiatives implemented this year, however, the risk of such cost cutting diminishes. Accordingly, the ESM allows the deadband to rise by 30 basis points in each of years two and three of the rate plan.

If, however, there is an actual failure by either company to meet the targets established by the JP for electric reliability, gas safety or customer service performance, the deadband will come back down. For failure to meet electric reliability targets, the drop will be 30 basis points in 2011, 40 basis points in 2012 and 50 basis points in 2013. Similar downward adjustments will apply to the gas businesses for safety performance, and defined adjustments will also apply for failure to meet PSC complaint rate targets.⁸⁴

Staff states that this use of an ESM to properly balance earnings incentives with the maintenance of safety, service quality and reliability standards is a unique feature of the JP that has never been presented to the Commission previously. This combined with thorough documentation to reduce the potential for future disputes, makes the ESM a strong reason why the JP should be adopted, Staff says.⁸⁵

⁸⁴ Downward adjustments for failure to meet this metric will not be incremental to electric reliability and gas safety adjustments.

⁸⁵ Staff SIS, p. 38, 40.

D. Conclusions as to Rate Increases

With respect to the specific objections raised by CPB, we note initially that piecemeal objections to a comprehensive JP are inherently problematic. The complicated compromise such an agreement reflects necessarily requires all parties to accept what they might otherwise consider to be unsatisfactory outcomes on some of the myriad competing issues in order to achieve an acceptable overall result. Many of the parties supporting the JP have made this point and have expressed their view that tinkering with the interrelated details of the JP may upset that delicate negotiated balance.⁸⁶ Furthermore, as we stated in the recent Central Hudson rate proceeding, modification of a joint proposal's terms "tends to impede future negotiations by making agreements more risky, and therefore less attractive, for parties" and we "should not lightly set aside major elements of a negotiated rate plan in circumstances where such action could discourage parties from pursuing other multi-year plans in the future."⁸⁷ Consequently, in considering any objection to adoption of the JP, our focus is on whether the disputed elements of the agreement are reasonable when viewed in the context of the agreement as a whole.

As to the use of rate moderators, CPB contends that we should give more consideration to using all available rate moderators now while economic conditions are difficult, and show less concern for protecting the credit ratings of the Companies. CPB does not, however, suggest any reasoned alternative to the balance negotiated by the parties based on the impact of various levels of rate moderation on the credit metrics used by the rating agencies. It suggests, rather that we take the view that credit ratings are ultimately so much a matter of the rating

⁸⁶ See MI SIS, p. 18; Nucor SIS, p. 7; Companies RC, p. 4.

⁸⁷ Central Hudson Order, p. 31.

agencies' subjective judgment that any attempt on our part to maintain utility credit metrics within the agencies' guidelines is, if not futile, at least not worth much effort.

We disagree. The guidelines are not guarantees but they are the best guidance available as to the financial parameters that should be maintained or achieved by a company in order to avoid a deterioration of its credit standing. Indeed, we doubt that CPB or any other party would agree that increased financing costs were prudently incurred by a utility that deliberately allowed its credit metrics to fall below guideline levels just because it assumed that, subjectively, it was a company worthy of a higher rating.

We also disagree with CPB's suggestion that amortization of the excess theoretical depreciation reserve should be accelerated so that the benefits will be realized by customers who have been "overcharged" rather than future customers. Depreciation rates are periodically reassessed for all utilities and will inevitably change as a result of obsolescence, governmental requirements or simply a greater accumulation of experience with service lives and the cost of retirement for various asset categories. The lower theoretical depreciation reserves calculated in these cases are the result of such a reassessment, not any finding that rates approved by the Commission in the past were excessive.

The signatory parties have demonstrated that they have pushed the use of rate moderators very close to the limit imposed by their impact on the ratings guidelines related to funds from operations. We decline to adjust the balance achieved by the JP.

As to the proposal that non-union employee salaries be frozen for three more years as an additional austerity measure, we initially note that we disagree with Staff's view that the

public's disaffection with utility pay levels was directed entirely at bonuses and other incentive compensation plans. While such perceived excesses may have attracted the most vehement responses, there was also an undercurrent of sentiment among public comments we received that all New Yorkers are suffering from the current difficult economic conditions, and that we, as regulators, should ensure that the financial sacrifices being made by businesses and individuals throughout the State are shared by utilities. Our austerity policy was, in part, borne of such equitable concerns.

Even viewed in isolation, however, the increase in non-union salaries is not excessive. Pay levels for these employees were frozen in August 2008 and will remain so until the proposed rate plan is implemented. Consequently, by the end of the plan, non-union employees will have received a total increase of just 6% over five years. This is reasonable and we decline to overturn this provision of the JP.

With respect to further leveling of the increases, we find that, in dollar terms, the overall rate increases proposed in the JP are quite well equalized. Rounded, they are \$53 million in rate year 1, \$59 million in rate year 2 and \$64 million in rate year 3. Without the extensive use of rate moderators proposed by the proponents, they would, indeed, have been highly front-end loaded: \$158 million in rate year 1, \$23 million in rate year 2 and \$31 million in rate year 3.⁸⁸

As indicated by Staff and the Companies, the somewhat higher percentage increase in residential rates that is of concern to CPB is primarily the result of increases in customer charges in rate year 1 that are not repeated in years 2 or 3. As we explain below, we find these customer charge levels to be a reasonable compromise between the objectives of achieving more

⁸⁸ JP Appendix A.

cost-based rates and our desire to minimize adverse bill impacts. CPB's generalized concern is not sufficient grounds for revising the JP.

With respect to ROE, we find that the 10.0% level proposed is generally consistent with rates we have recently approved for other utilities, many of which have better current ratings than NYSEG and RG&E. As Staff points out, the 10% ROE will give the Companies an opportunity to improve their ratings and obtain more favorable interest rates and financing terms, results that will ultimately translate into lower capital costs and lower rates for customers. Combined with an ESM that provides unique protections for ratepayers both against excessive utility earnings and reduced attention to safety and reliability, we consider the rate of return proposed for the Companies to be reasonable.

Overall, therefore, we find that the proponents of the JP have met their burden of demonstrating that the rate increases proposed in the agreement are well within the range of reasonable outcomes that might have been achieved through full litigation of these cases. In addition, they have shown that the leveling of the increases over the three-year term, the utilization of rate moderators, the proposed rate of return and the design of the ESM, when considered together, reflect a careful balancing of the interests of ratepayers and utility shareholders, as well as a concern for the financial viability of the Companies that is essential to ensure the long-term provision of safe and reliable service.

III. Other Revenue Requirement Issues

A. Medicare Part D Subsidies

Since 2004, companies that provide their retirees a prescription drug benefit that is actuarially equivalent to the benefits available under Medicare Part D have received a tax-

free federal subsidy. Both RG&E and NYSEG provide such benefits.

In March 2010, as part of the Patient Protection and Affordable Care Act, Congress eliminated the tax exemption for these subsidies. In doing so, it injected a new issue into these proceedings that Staff has described as "exceedingly complex."⁸⁹

NYSEG, which has not been subject to our Pension Policy Statement,⁹⁰ has accounted for the tax benefits associated with the Medicare Part D subsidies on an accrual basis by recognizing the actuarial value of future tax deductions "earned" but not yet received. The result has been the accumulation of a net regulatory asset of approximately \$26.2 million.

Elimination of the tax exemption for the subsidies renders this asset worthless, and NYSEG is required to write it off in accordance with applicable accounting rules. NYSEG sought in this case via updates to recover that loss from ratepayers.⁹¹ Staff agreed in principal, but would allow recovery of the deferrals only to the extent that the accumulated asset reflected equivalent benefit provided to ratepayers in the setting of rates or through the sharing of earnings.

After examining the history of the deferrals, the parties agreed that ratepayers have received a benefit from the

⁸⁹ Staff SIS, p. 25

⁹⁰ Case 91-M-0890, Statement of Policy Concerning the Accounting and Ratemaking Treatment of Pensions and Postretirement Benefits Other than Pensions (issued September 7, 1993).

⁹¹ Appendix G, p. 10.

subsidy tax exemption of approximately \$10.2 million.⁹² The JP provides that NYSEG may recover that amount over the term of the rate plan. The balance of approximately \$16 million will be absorbed by the Company's shareholders through an amortization to tax expense during the rate plan, with the amortized amount included in the calculation of net revenue for purposes of the ESM.⁹³ NYSEG will also be required to accrue carrying charges for the benefit of ratepayers at the pre-tax rate of return on specified amounts of the Medicare deferrals in rate base.

To avoid any impact on delivery rates, the JP provides that the Company will recover the \$10.2 million by amortizing an equivalent amount of PBAs, and that it will defer the rate base carrying charges for future disposition by the Commission.

This provision of the JP fairly protects the interests of ratepayers without penalizing the Companies. Utility shareholders and ratepayers will be responsible for the cost of this asset write-off in proportion to the financial benefit they realized as a result of past accounting for the Medicare Part D subsidy tax exemption, with no impact on delivery rates, and customers will benefit from carrying charges they pay during the amortization period on the unrecoverable amounts. This is a good resolution of a complex issue.

B. Pension and OPEB Expense Accounting at NYSEG

In 1997, NYSEG was exempted from the requirements of our Pension Policy Statement and is currently the only major

⁹² Staff says it found that NYSEG electric customers received some of the benefit of the tax deductions between 2004-2006 through NYSEG's electric ESM, and subsequently in rates established in NYSEG's 2006 Electric Rate Order. Staff SIS, p. 27.

⁹³ We understand this aspect of the parties' agreement to mean that the amounts absorbed by the Companies will not affect the true-ups NYSEG will record as a result of being subject to the Pension and OPEB Policy Statement.

electric utility that does not have deferral accounting in place for pension and OPEB costs. NYSEG's gas business has been subject to a partial reconciliation of these expenses since 2002. In this proceeding, NYSEG has requested authorization for both businesses to fully reconcile pension and OPEB costs in accordance with our Pension Policy Statement.⁹⁴

No party opposes this accounting change, which we approved for RG&E in 2004. Staff points out that consistent treatment of pensions and OPEBs by both Companies will help streamline their accounting processes, benefitting customers through lower bookkeeping costs and improved transparency and comparability.

While moving NYSEG to the Pension Policy Statement is generally desirable, we have been cognizant in the past that the transition, in some circumstances, can have unfairly negative consequences for ratepayers. This can occur when a utility realizes gains while exempt from the Policy Statement, either through deliberate accounting actions or merely a fortuitous rise in the market value of pension fund assets, and then seeks the shelter of deferral accounting when losses begin to accumulate. Because of the significant market decline of 2008 and 2009, the possibility of such a problem in this case was clear and was investigated by Staff. Staff's conclusion is that any financial impact to ratepayers will be negligible.

Initially, Staff notes that the JP provides that significant revenue requirement effects of recent declines in the value of pension assets will be absorbed by NYSEG for all of 2009 and through September 1, 2010. The Company will withdraw its petition for authorization to defer a \$15.9 million pension income shortfall incurred in 2009 and will not seek recovery of

⁹⁴ NYSEG also requested that the OPEB internal reserve balance not accrue a carrying charge.

losses incurred during the first eight months of 2010, expected to total \$20.3 million.⁹⁵ Staff notes further that NYSEG has done an adequate job of managing its pension costs. It states that NYSEG has maintained a positive pension plan funding status (plan assets exceed liabilities) and that its pension costs are low as a percentage of labor costs.

Staff also examined NYSEG's accounting for pension and OPEB expense during the period that the Company has been off the Policy Statement. It found that the accounting assumptions made by NYSEG were generally consistent with those used at other New York utilities, and that there was no indication of any manipulation favoring the Company or disadvantaging ratepayers. Overall, Staff concluded that any benefit NYSEG may have enjoyed by being exempt from the Policy Statement was negligible, within the range of uncertainty inherent in evaluating historic accounting and market data. Consequently, we find that the JP's handling of NYSEG's transition to the Pension Policy Statement is appropriate.

IV. Revenue Allocation and Rate Design

Revenue allocation and rate design issues were among the most contentious in these proceedings, producing extensive testimony and briefing. Despite this, the parties were able to negotiate a full resolution of their differences through a series of closely inter-related compromises.⁹⁶

A. Revenue Allocation

The JP provides that the revenue increases contemplated by the rate plan are to be allocated among service classifications on an equal percentage of delivery revenues

⁹⁵ Staff SIS, p. 64.

⁹⁶ See Companies SIS, p. 28; MI SIS, p. 10.

basis. That is, the percentage of the revenue increase assigned to each class will be the same as the percentage of total delivery revenues currently paid by that class.

Staff states that this approach is simple and equitable, produces results that are generally consistent with the embedded and marginal cost of service (ECOS and MCOS) studies presented in these cases, and avoids the need to resolve various disputed elements of those studies.⁹⁷ MI, which generated many of those disputes through its criticism of the studies, agrees with Staff's assessment.⁹⁸

MI also points out that the achievement of a negotiated resolution of these issues is a "tremendous accomplishment" involving significant compromises and concessions.⁹⁹ In particular, MI says that the agreed-upon allocation is not as favorable to RG&E SC-8 customers as that for which MI originally contended, but that the 40-month term of the rate plan, the extensive use of rate moderators and the recovery of increased costs through the Merchant Function Charge (MFC), permit it to accede to the equal percentage of revenues methodology.¹⁰⁰ MI urges us not to upset this complex web of related compromises.

While the compromise on revenue allocation permitted the parties to sidestep ECOS and MCOS study disputes in this proceeding, one particularly contentious cost-of-service study issue involving the classification of electric distribution plant costs was directly addressed in the JP. The ECOS studies performed by the Companies classified 100% of these costs to the

⁹⁷ Staff SIS, pp. 40-41.

⁹⁸ MI SIS, p. 11.

⁹⁹ Id.

¹⁰⁰ Id. RG&E SC-8 is applicable to large time-of-use billed customers having a demand of at least 300 kilowatts.

demand component of rates. Staff advocated a 50-50 classification between demand and customer components, a position which was strongly supported by MI on behalf of customers who are billed primarily based on demand. The JP does not change the classification of these costs for this proceeding, but provides that the Companies must file ECOS studies in their next rate proceedings that use the 50-50 demand/customer split. No party objects to this compromise.

B. Rate Design

1. Customer Charges

For the first year of the proposed rate plan, the monthly minimum charge for residential customers would increase by \$2.00 for electric service on both NYSEG and RG&E and for gas service on NYSEG. The customer charge for gas service on RG&E would rise by \$1.92. The charges would not be further increased in years two or three of the plan.

These customer charge increases are about one-quarter of those requested by the Companies based on the results of their ECOS studies, but provide reasonable movement toward the minimum cost to serve according to Staff. The odd amount of the increase for RG&E, Staff says, will make the residential gas heating customer charge the same at both RG&E and NYSEG, contributing to the longer term goal of achieving common tariff provisions for the two Companies.¹⁰¹

For large customers, MI advocated that customer charges be increased to the full amount indicated by the cost-of-service studies. Staff and the Companies, however, expressed concern for the possible adverse impact of the increases on lower usage customers within each service class. The JP resolves this conflict by setting lower first-year increases and

¹⁰¹ Staff SIS, p. 42.

then providing that 25% of the total revenue increase assigned to the large customer classes in each of years two and three will be allocated to the customer charge.

2. Energy Charges for Large Customers

Staff, MI and Nucor all advocated the elimination of energy (volumetric) charges for NYSEG's SC-7 customers, consistent with the current treatment of customers in the comparable RG&E SC-8.¹⁰² While NYSEG agreed "in theory" with the proposal, it again expressed concern that the change could adversely affect some low load factor customers.

The JP embodies a compromise resolution of these differences. It provides that SC-7 energy charges will be phased out gradually with reductions in years one and two of the rate plan and full elimination in year three.

3. Phase-Out of Industrial/High Load Factor Rates

This was one of the most contentious issues in this proceeding. Electric customers served under NYSEG's Service Classification Nos. 2, 3 and 7 are eligible for a discounted rate schedule if they have an estimated annual load factor of 68% or greater. SC-7 customers are also eligible for this discounted service if they are engaged in manufacturing or mining, regardless of load factor. NYSEG projects that some 227 SC-7 customers will receive service under these Industrial/High Load Factor, or I/HLF, rates during the first year of the rate plan.¹⁰³

In its last electric rate filing in 2005, NYSEG contended that the rates paid by I/HLF customers were well below the cost of service. In our order adopting the recommended

¹⁰² NYSEG SC-7 is applicable to large time-of-use billed customers having demands of at least 500 kilowatts.

¹⁰³ Reply Brief of Multiple Intervenors, May 24, 2020, p. 24

decision in that case with modifications, we agreed that the I/HLF rates were not cost-based, and concluded that in light of our imposition of an overall rate decrease, steps could be taken toward the "potential elimination of the[se] sub-classifications that have been used historically for economic development purposes" without adverse customer impacts.¹⁰⁴

In its initial filing in this case, NYSEG proposed to complete the consolidation process by gradually bringing the rates for I/HLF and non-I/HLF customers into parity over the four years immediately following the rate year.¹⁰⁵ Although no party took exception to the objective of NYSEG's proposal, they differed significantly on the timing of its accomplishment.

Staff proposed an accelerated pace of consolidation, ranging from one year for the largest customers, to four years for the smallest.¹⁰⁶ MI argued that a longer period was required, and recommended the phase-out of I/HLF rates be extended over eight years. Nucor called for the consolidation either to be extended over a more prolonged time than that proposed by Staff, or be postponed indefinitely in light of current economic circumstances.¹⁰⁷ The differences among these proposals in terms of bill impacts for I/HLF customers were substantial.

In what MI describes as "a critical factor" in its support of the JP,¹⁰⁸ the parties resolved their differences by agreeing to an I/HLF phase-out based initially on a seven year

¹⁰⁴ Case 05-E-1222, New York State Electric & Gas Corporation - Electric Rates, Order Adopting Recommended Decision with Modifications (issued August 23, 2006), pp. 98-99

¹⁰⁵ See Exh. 119, p. 7.

¹⁰⁶ Tr. 1081-1082.

¹⁰⁷ Tr. 1038.

¹⁰⁸ MI SIS, p. 15.

schedule, but with the proviso that parties would be free to advocate a modified schedule in conjunction with any subsequent rate filing by NYSEG. Staff says that its original position was based on a one-year rate case, and that the length of the rate plan proposed in the JP, combined with the possibility of re-opening in future rate cases, makes the compromise reasonable.¹⁰⁹ Nucor adds that the proposal is acceptable when considered in light of the resolution of many other issues affecting the I/HLF customers, demonstrating clearly the inter-related nature of the compromises incorporated in the JP.¹¹⁰

4. Transmission Revenues and Costs

The JP provides for an increase in the level of wholesale transmission revenues imputed in NYSEG's base delivery rates from the current \$20 million to \$55 million, with any variance between the imputation and actual revenues received to be recovered or returned through the non-bypassable charge (NBC).¹¹¹ The \$55 million figure was determined by rounding down the \$59.8 million in average annual revenues realized for the period 2007-2009.¹¹² The agreement also provides for approximately \$11.4 million in transmission wheeling expenses to be shifted from delivery rates to the NBC.¹¹³

Because the NBC is assessed volumetrically, it disproportionately affects high usage customers. To mitigate that impact, the JP, in effect, creates a three-year phase-in period by offsetting NBC charges with \$30 million in PBAs in year one and \$15 million in year two. With this compromise, and the other revenue allocation and rate design agreements

¹⁰⁹ Staff SIS, pp. 46-47.

¹¹⁰ Nucor SIS, pp. 6-7.

¹¹¹ Exh. 398, ¶ 3.

¹¹² Staff IB, p. 72.

¹¹³ Exh. 398, ¶ 20.

described above, Nucor and MI were able to withdraw their objections to the transmission revenue and cost proposals.

5. Street and Area Lighting

The Town of Union, in comments submitted by Town Supervisor John Bernardo, expressed strong support for NYSEG's proposal to establish a new service class that would allow municipalities to provide their own maintenance services, rather than paying for services provided by the utility, and to use new, and often more efficient, lighting technologies. The Town estimated that it could save as much as \$300,000 annually by having the option under SC4 to switch to induction lighting. At the same time however, Supervisor Bernardo expressed deep concern with the proposed delivery rate increase associated with the new service class, which would have negated much, if not all, of the savings.

The JP addresses both concerns. It provides for the implementation of SC4 with no increase in the delivery charge currently applicable to municipal street lighting customers.

6. Municipal Rates

Broome County, while stating that it "generally supports the Joint Proposal," argues that the JP is deficient because it does not directly address the unique circumstances of municipalities as utility ratepayers.¹¹⁴ Municipal governments, it says, are dependent on property taxes for the funds required to provide essential services to their citizens. That source of revenue is capped by provisions of the New York Constitution, and at least two municipalities in Broome County are approaching the constitutional limit. Increases in utility rates, therefore, threaten the ability of municipal governments to provide the essential services for which they are responsible.

Furthermore, Broome County says, municipalities are highly creditworthy customers who pay their utility bills. They do not contribute to the cost of uncollectible bills experienced by Companies. This creditworthiness, the county contends, provides a cost-based justification for assessing municipalities a lower rate.

Also, it is not appropriate for municipalities to be assessed the System Benefits Charge (SBC), the County argues.¹¹⁵ This charge, it says, supports energy conservation, renewable energy, research and development and low income programs that are not a part of the basic mission of municipal governments and should be funded at the state and federal levels. Furthermore,

¹¹⁴ Reply Statement of Barbara J. Fiala - Broome County Executive in Response to the Statements in Support of the Joint Proposal of NYSEG, RG&E, DPS Staff, Nucor Steel and Multiple Intervenors," August 4, 2010, p. 5 (Broome County RS).

¹¹⁵ In testimony and in post-hearing briefs, Broome County also suggested that municipalities should not be assessed the Renewable Portfolio Standard (RPS) surcharge. Although the county does not specifically mention RPS in its reply statement, the tenor of its comments suggests that they apply to that charge as well as the SBC.

the County notes, because municipalities pass through utility charges in the form of taxes, its citizens who pay the SBC in their own bills effectively take a double hit.

For all these reasons, Broome County asks that we modify the JP to require NYSEG to establish a separate service class for municipal entities with rates that are no more than 95% of the lowest rates for any other NYSEG service class;¹¹⁶ to exempt municipal entities from payment of SBC and Renewable Portfolio Standard (RPS) charges; and to adopt an additional "circuit breaker" that would freeze utility bills at 90% of the average for the past five years when a municipality reaches 85% of its constitutional taxing limit.¹¹⁷

Staff responds that the proposed municipal rate is not cost-based and would simply be a self-defeating subsidy, increasing costs to other customers and indirectly reducing the County's tax income.¹¹⁸ The Companies add that the County's asserted cost justification for its proposal is simply wrong. Bad debt costs are allocated mainly to the residential classes from which they arise. Municipalities are not currently paying a disproportionate share of such expenses.¹¹⁹ Furthermore, the Companies note that although the Commission does adopt special rates at times for objectives such as economic development, it does so only after careful consideration of the public interest

¹¹⁶ Initial Post Hearing Brief of Broome County, May 17, 2010 (BC IB), p. 7.

¹¹⁷ BC IB, pp. 7-8.

¹¹⁸ Staff Initial Brief, May 27, 2010 (Staff IB), p. 153.

¹¹⁹ Reply Brief on Behalf of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, May 24, 2010 (Companies RB), p.83.

benefits and the impacts on other customers. No such analysis was provided by the County in this case.¹²⁰

MI also expresses concern that the financial impact of the proposed municipal rates on other customers have not been adequately investigated and that the rates would apparently not be fully cost based. Furthermore, it says, such a fundamental change in Commission policy should be considered, if at all, on a generic basis,¹²¹ an alternative to which the County says it is amenable.¹²²

C. Conclusions as to Revenue Allocation and Rate Design

We find that the proponents of the JP have adequately demonstrated that the revenue allocation and rate design aspects of the agreement reflect a carefully crafted reconciliation of inherently competing interests, producing a result that is reasonable and in the public interest. Allocation of the proposed rate increase based on an equal percentage share of delivery revenues is, as Staff notes, simple and equitable, producing results consistent with the cost of service studies while obviating the need to litigate a variety of challenges to the study details.

The proposed changes to customer charges all move those rates closer to the minimum cost of service for each customer class while giving appropriate consideration to bill impacts for low load factor customers. The residential customer charge increases, in particular, are consistent with our

¹²⁰ Initial Brief on Behalf of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, May 17, 2010 (Companies IB), p. 137.

¹²¹ Initial Brief of Multiple Intervenors, May 17, 2010 (MI IB), p. 129.

¹²² Reply Statement of Barbara Fiala, Broome County Executive, August 4, 2010, p. 8.

decisions in other recent rate cases where the existing charge was below the minimum cost of service.¹²³

The significant rate design issues involving the large customer service classes were all resolved in a manner that addresses the competing concerns of the parties directly and fairly. We agree with MI's assessment that the achievement of an agreement that could be signed by all the principal antagonists, based on compromises to which no other party objects, is a remarkable accomplishment.

With respect to Broome County's objection that the JP does not address its call for a new municipal service class, we note that the only cost basis asserted for such a class was effectively refuted by the Companies' explanation that losses due to uncollectible bills are allocated primarily to the rate classes that generate them. Municipalities do not contribute disproportionately. Consequently, adoption of a separate, lower municipal rate with an additional bill limiting "circuit breaker" would not be cost justified but rather would involve the creation of a subsidy. That subsidy would be underwritten by all other customers.

Similarly, SBC and RPS charges are assessed to support efforts that have benefited, and will continue to benefit all utility ratepayers, municipal, business and individual alike. An exemption of municipalities from the assessment would simply be another subsidy that would have to be borne by non-municipal customers.

While it is true that we have authorized subsidized rates at times for specific purposes -- most notably economic development and low income customer assistance -- those decisions have been based on a thorough analysis of the public

¹²³ See e.g. Central Hudson Order, Joint Proposal, Appendix M (\$2.00 increase).

policy implications and of the impacts on all affected customer classes. We fully agree with the Companies that such an analysis is absent in this proceeding. Consequently, we will not require that the JP be modified in the manner requested by Broome County.

D. Mandatory Hourly Pricing

An additional matter of interest to us, not covered in the JP, concerns the statewide Mandatory Hourly Pricing (MHP) Program for large non-residential customers. Currently, NYSEG's MHP program covers customers with peak demands in excess of 300 kW, while RG&E's program applies only to those with peak demands in excess of 1000 kW. Our policy in recent years has been to gradually lower the MHP threshold to encompass smaller non-residential customers. Most recently we extended coverage for Central Hudson Gas & Electric Corporation down to 300 kW.¹²⁴

Reducing the threshold for RG&E's MHP program will bring it into conformity with the programs we have adopted for other electric utilities and will further the goal of obtaining increased alignment of rate designs between NYSEG and RG&E. The Company, itself, has supported such a change.¹²⁵ Accordingly, we direct RG&E to file a plan, within 90 days of this Order, to expand the coverage of its MHP program to non-residential customers whose peak customer demands are in excess of 300 kW.

¹²⁴ We ordered Central Hudson to provide a plan for expansion of hourly pricing to 500 kW in Case 08-E-0887 (Order Adopting Recommended Decision With Modifications, issued June 22, 2009) and approved the Company's expansion plan on February 11, 2010. In our Central Hudson Order issued June 17, 2010, we approved a Joint Proposal reducing the hourly pricing threshold to 300 kW.

¹²⁵ In RG&E's two-year report on its MHP plan filed in Case 03-E-0641 on February 1, 2009, the Company recommended phasing in additional mandatory hourly pricing down to the 300 kW demand level.

We will consider the plan after providing notice and an opportunity to comment to all interested parties.

V. Low Income Program

Initially, the Companies, Staff and CPB each had different proposals for low income programs. The Companies' litigation proposal included a three-component program -- bill reduction, arrears forgiveness, and energy efficiency and budget management -- designed to provide bill credits to eligible customers, with automatic enrollment for HEAP-eligible customers and a \$15 per month, per meter credit.¹²⁶ Qualified customers making full, on-time payments would receive a 1/24th arrears credit and have 36 months to complete the program. In addition, all program participants would be referred to an energy service agency for conservation initiatives and education and budget counseling. The program and enrollment costs were \$21.2 million for NYSEG and \$17.7 million for RG&E, and the budgets included administrative costs of 11% and 8%, respectively, of each company's total program costs. Finally, the Companies proposed to reconcile expenses above and below those included in the revenue requirement through the proposed Deferral Recovery Mechanism (DRM).

Staff, in its testimony, agreed with most of the Companies' litigation proposals, but argued that funding should not exceed \$8.08 million for NYSEG and \$5.82 million for RG&E and the bill discount should be \$9.50 per customer. Staff also testified that the customers eligible for arrears forgiveness should have balances less than or equal to \$1,250 and should have made at least three full payments in the last 12 months. In addition, Staff proposed arrears forgiveness funding limits

¹²⁶ Thus, a \$30 credit if the customer receives both gas and electric service.

of \$1.1 million and \$600,000 for NYSEG and RG&E, respectively, and limits on administrative costs of 8% of total program costs.

Staff opposed using the DRM for deferral and recovery of program costs, instead calling for deferral and reconciliation of actual costs to the amount recovered in rates, with carrying charges. Staff recommended a limit on the recovery of over expenditures and proposed to roll-over under expenditures for use in subsequent rate years. Finally, Staff proposed continuing the program beyond the rate year, adding reporting requirements, and including a one-time waiver of reconnection fees for program participants.

CPB recommended holding low income customers harmless from any rate increase to the customer charge, a \$2,400 upper limit for arrears forgiveness program eligibility, and quarterly reports regarding the long-term functionality and effectiveness of the Companies' programs.

The Companies opposed Staff's adjustments to the program budgets, bill credit, and administrative costs, and the Staff and CPB proposals to reduce the upper limit of the arrears balance.

As noted above, however, these parties have now agreed to and presented, for our approval, a Stipulation Regarding Low Income Program that provides for, *inter alia*, enhanced funding, bill discounts, arrears forgiveness, waiver of service reconnection fees, and referrals to budget and/or energy efficiency counseling programs for participating customers. It also requires the Companies to provide quarterly reports on a number of low income program-related topics. This program, supported by the Companies, Staff and CPB, resolves all low income-related matters in this case and is not opposed by any party.

The Companies argue that it is reasonable to conclude that had these issues been fully litigated, we would have reached a result similar to that reflected in the low income program stipulation.¹²⁷ Staff contends that the stipulation establishes low income programs at NYSEG and RG&E that are typical of those in place at other utilities.

Staff notes that it, the Companies, and CPB support the stipulation. It highlights the eligibility, discount, arrears forgiveness, waiver, and budget provisions. With respect to budgets, the annual low income program budget of \$12.3 million for NYSEG and \$6.9 million for RG&E are a substantial increase over those currently in place at the two utilities. Staff asserts that RG&E has never had a true low income program and is in the process of upgrading to the standards in place at other utilities; it thus argues that a substantial budget increase is necessary. For both programs, Staff notes that the amount budgeted is substantially less than the Companies initially requested and adds that administrative expenses have also been reduced below the levels the Companies requested, to conform to levels at other utilities.

Staff highlights the fact that arrears forgiveness amounts will be offset, in part, against the Companies' uncollectibles expense, thus reducing their revenue requirements. It asserts that this result benefits other ratepayers by reducing the impact of the budget increases on them, and adds that this benefit is not in place at other utilities.

Staff states that the hardships low income customers have endured because of the ongoing recession are well-known and warrant the size of the budget increases contained in this stipulation. Staff stresses that only the bill reduction

¹²⁷ Companies IB, pp. 18-24.

credits will be fully reconciled, noting this as a necessary feature because the magnitude of that spending is dependent upon the number of HEAP-eligible customers and thus is beyond the Companies' control.¹²⁸

CPB argues that adoption of the low income stipulation will establish the parameters and funding for robust low income programs, with changes that are drastic and vastly superior to the Companies' existing low income programs. CPB stresses however that the parties were mindful that all other non-low income customers must pay for the proposed programs, and thus agreed that the advancements must be measured. The result, says CPB, is a stipulation that helps ameliorate economic difficulties for thousands of upstate New Yorkers at a reasonable cost.

While it did not quantify the cost of its recommended changes to the Companies' proposals, CPB believes the costs would have fallen between the costs of the Companies' and Staff's recommendations.

CPB stresses the need for enhanced low income programs, saying that affordability issues must be addressed by providing meaningful benefits to those who are most vulnerable and who bear the greatest burden with respect to paying their utility bills. CPB observes that the Companies expanded their programs based on a review of the increases in uncollectible account balances, defaults in the installment plans for current HEAP-eligible recipients, HEAP enrollments, and bankruptcies in their service territories. CPB also argues that the effect of the recession in the utilities' territories is an important consideration and is illustrated by the increase in the number of households receiving food stamps in the utilities' territories and in the levels of unemployment in Broome and

¹²⁸ Staff IB, pp. 33-35.

Monroe Counties. CPB contends that that the proposed funding for such programs is appropriate because helping low income customers pay their utility bills ultimately helps the Companies and their ratepayers by reducing uncollectibles, and costs associated with credit and collection, arrears and bad debt, and deposit maintenance. CPB further contends that the local economy benefits when low income residents are able to reallocate money spent on energy bills to purchase better food and pay for preventive health care.¹²⁹

The Companies reply that the stipulation's signatory parties have demonstrated that the low income program stipulation meets the public interest standard, by *inter alia*, verifying that the proposed program costs are reasonable. In addition, the Companies note that the need to have and to enhance such programs was undisputed. The Companies reiterate that the programs' costs were reduced from the levels they originally proposed, and the administrative costs were reduced to conform to the levels at other utilities. They add that the stipulation ensures that the costs will remain reasonable by providing for specified reconciliations. Given the lack of opposition, coupled with the demonstration of reasonableness, the Companies urge its adoption.¹³⁰

A. Discussion

The public comments in these proceedings and the litigated administrative record demonstrate that the need for the Low Income Program and for enhancing its current funding is indisputable. The program is designed to meet the needs of eligible participants by ensuring that they have lower, discounted rates, arrears forgiveness and access to budget

¹²⁹ CPB IB, May 17, 2010, pp. 4-12.

¹³⁰ Companies RB, pp. 9-10.

counseling. This makes it an integral component of the overall rate plan we are establishing.

Our approval means that we will be expanding the Companies' existing low income programs. Though RG&E currently has two low income programs, Residential Energy Consumer Assistance Program ("RECAP") and I-HEAP,¹³¹ and NYSEG currently has three such programs, Power Partner Basic, Power Partner, and Gas Affordable Energy,¹³² total enrollment as June 30, 2009, was 2,318 for the RG&E programs¹³³ and 53,990 for the NYSEG programs.¹³⁴ With the 2009 HEAP recipient levels of 41,000 for RG&E and 56,000 for NYSEG,¹³⁵ these current participant levels were inadequate.

¹³¹ RECAP provides a bill discount of up to \$120 per year, budget counseling through Consumer Credit Counseling Services of Rochester, energy management and up to \$125 per year in arrears forgiveness if the customer pays his/her monthly bill in full. I-HEAP is for non-heating gas customers who receive HEAP grants. Tr. 1355.

¹³² Power Partner Basic is an automatic enrollment program for customers who receive a HEAP grant that provides participating customers with a bill discount for their electric meter. Power Partner provides an electric meter bill discount, an arrears payment matching up to \$100 per year, suspension of collection activity, and referral to the New York State Energy Research and Development Authority ("NYSERDA") EmPower NY program for services such as budget counseling, energy audits, energy efficiency/weatherization, and energy management education. Gas Affordable Energy provides for a reduced basic service charge and other programs, as appropriate; however, participating customers must apply for HEAP assistance and those customers who have not received HEAP assistance within the past two years are removed from the program and replaced by other eligible customers, in order to maximize the utilization of the program's budget. Tr. 1304-1305.

¹³³ Ex. 227.

¹³⁴ Ex. 203.

¹³⁵ JP Appendix I, p. 5.

With our approval, the low income program funding will increase to \$6.9 million and \$12.3 million at RG&E and NYSEG, respectively. We find that these increases are demonstrably reasonable and necessary. Since these amounts are based on the number of HEAP-eligible recipients in the Companies' service territories in 2009, the increased funding will allow for program participation at levels that are commensurate with the needs demonstrated in each service territory.

Still, we note that the increased funding levels are less than originally proposed by the Companies, and the program now has associated administrative costs that conform to those of other NYS utilities. These factors help to ensure that program is mindful of the cost impacts on other ratepayers. In addition, quarterly reporting requirements on, *inter alia*, the number of customers enrolled in the bill reduction and the arrears forgiveness programs, total and average arrears, and number and amount of reconnection fees waived, will help facilitate effective monitoring and cost control.¹³⁶

In light of all of the foregoing, we concur with the assertions of the Companies, Staff and CPB that the terms of the low income program are supported by the record, fall within the range of testimony filed by the parties, are fair and balanced, and are consistent with the PSL and, where applicable, our precedent. We find that the low income program, as described in the stipulation, should be therefore approved.

VI. Customer Service, Reliability, and Safety

The Customer Service Quality Metrics and Targets that we are adopting are key components of the rate plan approved herein. There will be four customer service quality metrics for both NYSEG and RG&E - PSC Complaint Rate, customer satisfaction,

¹³⁶ Id.

Calls Answered in 30 Seconds, and Estimated Meter Reading. The total maximum amount at risk for failure to meet these measures is set at \$6.4 million for RG&E. For NYSEG, the total maximum amount at risk for failure to meet these measures is set at \$8 million in 2010 and will increase to about \$10.3 million in 2011. In addition, the Companies will 1) not close walk-in offices, except upon petition to us, 2) maintain toll-free numbers that customers may use for any business transaction with the Companies, 3) not charge customers for payments made directly, 4) use best efforts not to increase fees for payments through third-party payment agents, 5) provide a "service guarantee" credit of \$20 for missed appointments,¹³⁷ and 6) adjust their earnings sharing mechanisms in the event of failures. All of these provisions will help to ensure that customer service is not compromised by the Companies' workforce reductions and other cost-savings initiatives.

The Electric Reliability Performance Mechanisms and Gas Safety Performance Measures we are approving are also designed to ensure that adequacy of service is not diminished nor comprised. On the electric side, the provisions for doubling the negative rate adjustments for consecutive misses in attaining the desired level of service, and also allowing recovery from a failure to achieve metrics by subsequent compliance, create dual incentives not to fail and to recover from repeated failures. Thus, they provide inducement to NYSEG and RG&E to preserve electric reliability, an incentive to correct past failures, and a benefit to ratepayers when expectations are not met. On the gas side, the negative adjustments associated with the Gas Safety Measures total 60

¹³⁷ Such credit will not apply to appointments made for the same day the customer requests service or if events beyond the Companies' control, such as severe weather, prevent the Companies from performing as planned.

basis points and may be doubled if there are repeated failures in meeting targets.

Likewise, the Electric and Gas Distribution Vegetation Management Programs are designed to avoid adverse impacts on reliability, by setting minimum distribution line mileages, with associated negative rate adjustment. They are appropriate because the Companies have experienced difficulties in managing tree-trimming in the past. The provisions provide benefits to customers, appropriate incentives to the Companies, are supported by the record, are reasonable and balanced, and thus are in the public interest.

However, there is one aspect of the reliability provisions that requires clarification -- specifically the mandate that the Companies "retain an independent consultant to conduct an audit of its SAIFI/CAIDI performance, including recordkeeping, methods and results, for submission to Staff by January 15, 2012."¹³⁸ To ensure the quality and accuracy of the interruption data tracked by NYSEG and RG&E as part of the service reliability mechanism, the independent consultant should be chosen pursuant to a Request for Proposal process in which the Request and the accompanying scope of work are developed collaboratively by the Companies and staff of the Office of Electricity, Gas, and Water (OEGW staff). OEGW staff will monitor the responses to the Request for Proposals, the Companies' implementation of the consultant selection process, and the contractual commitments by the Companies and the consultant, to assure that the consultant's independence is uncompromised and will be maintained. Pursuant to the scope of work and the contract with the consultant, it will be provided that the independent consultant and the consultant's work, including the audit report, will be under OEGW staff's

¹³⁸ JP §XII, p. 26.

direction, with all associated costs paid for by the Companies. Further, in preparing the independent audit, the selected consultant should, as appropriate, solicit comments from OEGW staff throughout the process and before final submission of the audit report by the January 15, 2012 due date.

VII. The Revenue Decoupling Mechanism (RDM) Stipulation

The RDM Stipulation calls for revenue per class RDMs for NYSEG electric and RG&E electric, provides for development of the necessary revenue targets and the process for reconciling and subsequent true-up of deviations from the targets, identifies the service classifications falling within the ambit of the RDM, and specifies the treatment of flex rate and NYPA customers as they migrate to and from utility commodity service. It also allows for one, annual interim adjustment, if necessary, to limit bill volatility as a result of unduly large deferrals.

For the gas companies, the RDM stipulation proposes a revenue per customer model, pursuant to which actual weather normalized revenues per customer are compared to the forecast target revenues per customer and the result is applied to produce the surcharge or refund to the service classes. NYSEG and RG&E industrial gas customers are included within the scope of the gas RDMs because energy efficiency programs are now available to them.

Though there is currently no dispute regarding the proposed RDMs, that was not always the case.

Subsequent to the evidentiary hearings in these proceedings, MI opposed the assessment of an interim surcharge or credit when cumulative actual billed revenues differ from target revenues per customer by 1.25% or more. MI contended that such provisions were unnecessary; it challenged RDMs, generally, saying that they shift sales and revenue risk from the Companies to customers and frustrate customer goals of rate

stability and certainty. MI asserted that customers should not be subject to both mid-year and annual adjustments when there has been no showing that an annual reconciliation alone is inadequate.¹³⁹ Conversely, MI argued that such adjustments, if intended to protect customers, might be ineffectual and should be modified. MI pointed out that the interim surcharges or credits will be implemented on a class by class basis, while the triggering event is based on total system revenue. As a result, it may be possible for substantial deviations from target revenues for one or more classes to accumulate without the relief of an interim adjustment if they are masked by opposing variations in other class revenues.

Staff responded that mid-year reconciliations actually help limit rate volatility by preventing an excessive annual adjustment, and they will not generate frequent rate changes because they can be implemented only once per year. Staff added that a single adjustment at a single time is clearly preferable and conforms to the RDM adjustment mechanisms adopted for other utilities. It said that treating each service class separately would pose administrative difficulties and increase costs for Staff and the Companies because of the additional data tracking and reconciliation required.¹⁴⁰

The Companies noted that the adjustments are symmetrical, protecting both customers and the Companies, and do not generate any more revenue than would an annual reconciliation alone. They added that the fact that RDMs were not necessary in the past is irrelevant because they are a product of the inception of energy efficiency portfolio standards which utilities have adopted only recently at the

¹³⁹ MI IB, pp. 131-132.

¹⁴⁰ Staff Reply Brief, May 24, 2010 (Staff RB), p. 29.

direction of the Commission.¹⁴¹ As to MI's call for interim reconciliation to be triggered on a class basis, the Companies agreed with Staff that this type of mechanism has not been adopted for other utilities, and argue that MI has presented no evidence that such a change would be beneficial to any class or classes.¹⁴²

MI also opposed the application of RDMs to service classes not participating in the Companies' energy efficiency programs,¹⁴³ arguing that inclusion of a class in an RDM requires the evaluation of multiple inter-related factors, not just a litmus test of whether energy efficiency programs are available to class members.¹⁴⁴

First, MI noted that our finding that the need for an RDM is most acute when the delivery service rate design for a class makes the recovery of fixed costs dependent on the volume of sales. Movement toward fully cost-based rates, it said, breaks the link between utility sales and profits.¹⁴⁵ In this case, MI argued, NYSEG's SC7-2 and SC7-3 customers have very small remaining volumetric charges and RG&E's SC8 primary and sub-transmission customers have none.

Further, MI pointed out that the purpose of an RDM is to remove utility disincentives to promote energy efficiency programs. Here, the Companies acknowledge that none of the

¹⁴¹ Companies RB, p. 85.

¹⁴² Companies RB, p. 86.

¹⁴³ NYSEG electric SC7-2, 7-3 and 7-4, RG&E electric primary, sub-transmission-industrial, sub-transmission-commercial and transmission, NYSEG gas SC1-T, and RG&E gas SC3.

¹⁴⁴ MI RB, p. 28.

¹⁴⁵ MI IB, p. 135.

customers in the classes cited by MI is currently participating in any such utility program.¹⁴⁶

MI also argued that the number of customers in a class must be considered. The numbers for NYSEG SC7-2 and SC7-3 and RG&E SC8 primary and sub-transmission, it pointed out, are small and declining. With an RDM in place, the simple loss of one large customer could produce significant rate impacts for the remaining customers that would be wholly unrelated to their energy consumption or conservation efforts.¹⁴⁷

Finally, with respect to the gas classes, NYSEG SC1-T and RG&E SC3, MI cited Staff's testimony that the diversity of usage among these industrial customers makes it difficult to isolate changes due to energy efficiency from those caused by other circumstances such as "changes in the economy, changes in processes or simply customer closings" which "would not be intended reasons for an RDM to operate."¹⁴⁸ It said that these arguments, originally presented in support of the exclusion of the industrial gas classes from the RDM, could be applied with equal force to the large user electric subclasses.¹⁴⁹

MI also requested that if the SC7-2 and SC7-3 subclasses are included in the NYSEG RDM despite its arguments to the contrary, the reconciliation adjustments be calculated on a kW, rather than a kWh, basis for those customers, saying this is appropriate in light of the small remaining usage charges for these classes and the general agreement that such charges should be phased out.¹⁵⁰

¹⁴⁶ MI IB, p. 136.

¹⁴⁷ MI IB, p. 137.

¹⁴⁸ Tr. 731-732.

¹⁴⁹ MI IB, p. 138.

¹⁵⁰ MI IB, p. 131.

Staff responded that the question is not whether customers are participating in energy efficiency programs, but whether the programs are open to them. Having verified in this case that Company-run energy efficiency programs are available for customers in all of the classes covered by the RDMs,¹⁵¹ Staff said the Companies have "satisfied the test" for imposition of an RDM on the classes.¹⁵²

The Companies similarly argued that the purpose of RDMs is to remove disincentives for utilities to promote their energy efficiency programs and that it is, therefore, appropriate to include all classes for which such programs are available. While no such programs currently exist for the classes addressed by MI, the Companies stated that they have been approved and "will likely be in place during the rate year."¹⁵³ In response to MI's arguments concerning the size of the covered classes, the Companies stated that all of the classes have sufficient numbers, and suggested that MI argued inconsistently that sub-transmission service has too many customers to be eliminated as a class, but too few to be covered by an RDM.¹⁵⁴

With respect to the calculation of RDM adjustments for NYSEG SC7-2 and SC7-3 customers, the Companies said that MI's proposal was inappropriate because they had not proposed or agreed to the elimination of usage charges at this time. When the kWh charge is removed, they said, calculation of the RDM surcharge or credit will be done on a per kW basis.¹⁵⁵

¹⁵¹ Staff IB, pp. 156-157.

¹⁵² Staff RB, p. 30.

¹⁵³ Companies RB, p. 87.

¹⁵⁴ Id.

¹⁵⁵ Companies RB, p. 88.

In addition to the challenges from MI, Staff and the Companies did not agree post-rate year adjustment of RDM targets. NYSEG and RG&E proposed adjusting RDM targets annually by an inflation factor at the end of a rate year for the subsequent rate year, until such time as they file for new rates.¹⁵⁶ Staff wanted to leave the targets in effect until changed by us. Staff's position is now reflected in the proposal submitted for our consideration and approval.

A. Discussion

As is apparent from the recitation of the parties' litigated positions and the fact that these provisions are no longer opposed by any of the active parties, the RDM provisions submitted for our consideration and approval represent a compromise position. Based on the arguments presented by Staff and the Companies, we find that the RDM provisions are supported by the record, and are consistent with our order requiring such mechanisms.¹⁵⁷ In addition, the fact they are now unopposed is an additional factor weighing in favor of their adoption. The RDM provisions are therefore approved.

VIII. Reconciliations

There are a number of reconciliations in the rate plan. The Service Reliability Reconciliations, for spending on electric and gas vegetation management, incremental maintenance

¹⁵⁶ Tr. 629, 655, 675.

¹⁵⁷ Case 03-E-0640 - Proceeding on Motion of the Commission to Investigate Potential Electric Delivery Rate Disincentives Against the Promotion of Energy Efficiency, Renewable Technologies and Distributed Generation and Case 06-G-0746 - In the Matter of the Investigation of Potential Gas Delivery Rate Disincentives Against the Promotion of Energy Efficiency, Renewable Technologies and Distributed Generation, Order Requiring Proposals for Revenue Decoupling Mechanisms (issued April 20, 2007).

expenditures, and capital expenditures, are downward-only, that is, the money that is allowed in rates but not spent for these purposes will be deferred for the benefit of ratepayers. Other reconciliations will allow for true-up of expenditures for management audit expenses, economic development and low-income program expenditures, gas pipeline integrity costs and FERC proceedings on vegetation management, variable rate debt, environmental costs, major storm costs, and mandatory legislative accounting regulatory and tax changes. Pensions and OPEBs generally will be reconciled in conformance with the Policy Statement. However, since these Companies include OPEB internal reserves as an adjustment to rate base, they should not be otherwise required to accrue interest on that reserve; this recognition is necessary to avoid a double count.

Discussion

These types of reconciliations are typical and are an important protection for ratepayers that assist in ensuring the provision of safe and adequate service. We note that some of the reconciliations are downward-only. These are appropriate because they create an incentive to properly spend budgeted amounts as needed to preserve safe and adequate service, but discourage unnecessary spending. Others are symmetrical, meaning a full true-up, protecting customers and the Companies equally in the event of variation, is provided. These are designed to protect both customers and the Companies against variations in estimated costs over which the Companies do not have direct control or that are otherwise difficult to forecast. For certain other items, like property taxes, partial reconciliation of the expense, subject to sharing, is permitted. Thus, if the level of actual expense for property taxes, including any property tax refunds received, varies in any rate year from the projected level provided in rates, 90% of the

variation will be deferred and either recovered from or credited to customers, subject to some specified limits.

One clarification is required concerning the net plant reconciliation provisions in Section X of the JP. From the start of the rate plan through December 31, 2010, the Companies will be subject to separate but overlapping obligations to meet both net plant targets defined in the JP and capital expenditure requirements established by our April 30, 2010, Order in Case 07-M-0906 (Capex Order).¹⁵⁸ The JP states that the rate plan targets are based on specific projects identified in Appendix L, but it also provides that expenditures made to meet the requirements of the Capex Order will be counted in determining whether those net plant targets have been met. This could be interpreted as authorizing the counting of expenditures made for projects not included in Appendix L in the net plant target calculation. We clarify, therefore, that we construe these provisions to mean that for calendar year 2010, expenditures for projects defined in Appendix L will be counted towards both the Capex Order and rate plan targets. Expenditures for other capital projects will count only towards the Capex Order requirements, subject to our review of the Companies' January 2011 filing.

Overall, we find that these various types of reconciliations should provide appropriate incentives to control costs and to maintain adequate service, and should therefore be adopted.

OTHER ISSUES

Joint Proposal, §XX, paragraphs B, D, F, G, and H

There are no disputes about any of these terms but their adoption is not warranted. Our decision not to adopt such

¹⁵⁸ Case 07-M-0906, supra, Order Addressing Capital Expenditure Commitments (issued April 30, 2010).

provisions does not indicate or imply that these terms are not important; it merely reflects that they are not necessary.

CONCLUSION

In their respective briefs and statements in support, the JP's proponents have pointed to sufficient record bases for our decision to adopt the proposed rate plan terms generally discussed above. The terms we are adopting are consistent with our environmental, social and economic policies and those of the State and will respond to low income segments of the population, and help offset the financial impact of the Companies' rate increases on their customers. In addition, the austerity measures that reflected in our rate plan terms are consistent with our goal of ensuring that discretionary utility spending is reflective of the current economic environment. Accordingly, we find that the rate plan adopted herein provides just and reasonable rates, terms and conditions; and, consistent with the discussion herein, is in the public interest.

The Commission orders:

1. The rates, terms, conditions, and provisions of the Joint Proposal dated July 14, 2010, filed in this proceeding and attached hereto as Attachment 1, are adopted and incorporated herein to the extent consistent with the discussion herein.

2. New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation are directed to file supplements, on not less than one day's notice, to be effective on September 25, 2010, to cancel the tariff leaves and supplements listed in Attachment 2.

3. New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation are directed to file, on not less than one day's notice, to take effect on September 26, 2010, on a temporary basis, such tariff amendments as are

necessary to effectuate the terms of this Order. The Companies are also authorized to file such tariff changes as are necessary to effectuate ratepayer charges and provisions pursuant to the terms adopted in this Order. The rate year 2 changes shall be filed no later than September 25, 2011 to become effective on a temporary basis on September 26, 2011. The rate year 3 changes shall be filed no later than September 25, 2012 to become effective on a temporary basis on September 26, 2012. New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation shall serve copies of its filings on all active parties to this proceeding. Any party wishing to comment on the tariff amendments may do so by filing an original and five copies of its comments with the Secretary and serving its comments upon all active parties within ten days of service of the tariff amendments. The amendments specified in the compliance filings shall not become effective on a permanent basis until approved by the Commission and will be subject to refund if any showing is made that the revisions are not in compliance with this Order.

4. The requirement of the Public Service Law Section 66(12)(b) that newspaper publication be completed prior to the effective date of the amendments for rate year 1 is waived; provided, however, that New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation shall file with the Secretary, no later than six weeks following the effective date of the amendments, proof that a notice to the public of the changes set forth in the amendments and their effective date has been published once a week for four consecutive weeks in one or more newspapers having general circulation in the service territory of the Company. Advance newspaper publication of the amendments for rate years 2 and 3

CASES 09-E-0715, 09-G-0716, 09-E-0717, 09-G-0718

shall be completed according to the requirement of Public Service Law Section 66(12)(b).

5. This proceeding is continued.

By the Commission,

JACLYN A. BRILLING
Secretary

Attachments

Robert E. Curry, Jr., Commissioner, dissenting:

Dissent

While I find the vast majority of the terms in the proffered Joint Proposals for electricity rates in these cases to be reasonable and in the public interest, I must respectfully dissent from the majority of my colleagues.

Most significantly, unlike our approval earlier this year of a 36 month Consolidated Edison electric rate plan which was coordinated to a degree with an existing management audit report, we have before us no electricity management audit for these recently acquired utilities. [\[1\]](#)

As we have seen in recent years, the management audits required periodically by the Public Service Law can be a powerful regulatory tool to ensure a utility's focus on reasonable rates, adequate service and the interests of its captive ratepayers. It is likely that a management audit will be undertaken and completed for these subsidiaries well before the end of this 40 month rate plan. Should the results of that effort uncover deficiencies, the 40 month rate plan could arguably limit our ability to meaningfully intervene on the public's behalf. [\[2\]](#)

As regulators, one of our most effective tools to maintain a utility's concentration on the public's interest is our routine examination of its rates, costs and service. That tool becomes even more useful when exercised in the context of a management audit report. If we could be confident that the companies here would focus on the public's rights to appropriate rates and services without such regulatory oversight during this extended term, the public interest could well be served by the Joint Proposal. However, it would not be in New York's best interests, in my view, to grant these utilities three significant rate increases over a 40 month period given our recent experience. [\[3\]](#)

Finally, the equity premium added in the Joint Proposals for the utilities' agreement not to ask for any greater rate increases than granted under the proposal would not be triggered by a shorter plan. For example, were this a one year case, no premium would be offered and the allowed return on equity would be only 9.6%. Prorating that

premium for a 12 month stay out (24 month rate plan) would result in an allowed return of 9.77%. Such an approach would also permit the conclusion of a management audit report well before new rates would be set. A 24 month period would provide the utilities ample opportunity to demonstrate their commitment to serving their customers and delivering on promises made. Should such a showing be made, a base equity return above the 9.6% considered here might well be reasonable for the 16 month balance of the plan. It's entirely possible that such an outcome would leave customers and utility alike better off than what could be the case under the extended 40 month plan.

In conclusion, I respectfully dissent from the Joint Proposals regarding the electric rate plans.

[\[1\]](#)

As the record shows, I voted to approve the provisions of the gas proposals for the Iberdrola subsidiaries.

[\[2\]](#)

I recognize and applaud those provisions in the proposal that would allow some actions to be taken in the interim, but in the absence of a complete rate proceeding coupled with a detailed management audit report, our options will necessarily be limited. For example, the ability to amend the earnings sharing mechanism during the plan will be of no value unless the utility is already earning above its allowed 10% ROE.

[\[3\]](#)

I note that even before the recent acquisition our relationship with these companies was uneven at best. The Iberdrola acquisition was only approved a few years ago, and that approval included a number of electricity-related conditions and commitments by the utilities which the facts here suggest have not been fully met. It was very encouraging to hear from Staff that improvements have recently been noted in this regard, but it remains to be established that such current trends will be continued .

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service	Case 09-E-0715
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service	Case 09-G-0716
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service	Case 09-E-0717
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service -----X	Case 09-G-0718

JOINT PROPOSAL

July 14, 2010

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. PROCEDURAL HISTORY	1
III. TERM AND EFFECTIVE DATE OF RATE CHANGES.....	3
IV. REVENUE REQUIREMENTS	4
A. Revenue Requirement Stipulation	4
B. NYSEG Electric and Gas Rate Levels.....	4
1. NYSEG Electric Revenue Requirement	4
2. NYSEG Gas Revenue Requirement	5
C. RG&E Electric and Gas Rate Levels	5
1. RG&E Electric Revenue Requirement	5
2. RG&E Gas Revenue Requirement.....	5
D. Revenue Forecasts	6
1. Delivery Revenue Forecasts	6
2. RG&E System Benefit Charge Program.....	6
3. NYSEG Transmission Revenue Imputation	6
E. Combined Items Including Annual Compliance Filings	6
F. Taxes	7
1. Medicare Part D	7
G. Low Income Program Budget.....	7
V. UTILIZATION OF PBAS	7
VI. AUSTERITY/PRODUCTIVITY	9
VII. RETURN ON EQUITY AND EQUITY RATIO	10
VIII. EARNINGS SHARING MECHANISM	10

A.	Earnings Sharing Levels	10
B.	Adjustments to Earnings Sharing Thresholds.....	12
C.	Equity Ratio	14
D.	Applicability to Future Years.....	14
E.	Miscellaneous	15
F.	Procedural Issues	15
IX.	DEPRECIATION	16
A.	Rates.....	16
B.	Use of Theoretical Reserve	16
C.	New Depreciation Studies.....	16
X.	NET PLANT RECONCILIATION	17
A.	Net Plant Targets and Depreciation Targets	17
B.	Capital Expenditure Reporting	20
XI.	RECONCILIATIONS.....	20
A.	Pensions/OPEBs	20
B.	Property Taxes	21
C.	Electric and Gas Vegetation Management.....	21
D.	Hyper-Inflation	21
E.	Audit Expenses	22
F.	Variable Rate Debt.....	22
G.	Gas Research & Development ("R&D")	22
H.	Pipeline Integrity Costs.....	22
I.	Incremental Maintenance.....	22
J.	Reserve Accounting Treatment For Environmental Costs and Major Storm Costs	23
K.	Legislative, Accounting, Regulatory, Tax and Related Actions.....	23

L.	Costs-to-Achieve.....	24
M.	Additional Reconciliation/Deferral Provisions.....	24
N.	Economic Development.....	24
O.	Low Income Program	24
P.	Interest on Deferred Items	25
Q.	Federal Energy Regulatory Commission Revision to Definition of Bulk Electric System.....	25
R.	Post-Term Amortization	25
XII.	ELECTRIC RELIABILITY.....	26
XIII.	ELECTRIC DISTRIBUTION VEGETATION MANAGEMENT	26
XIV.	GAS SAFETY	26
XV.	GAS VEGETATION MANAGEMENT	26
XVI.	SERVICE QUALITY	26
A.	Service Quality Metrics and Targets.....	26
B.	Surveys.....	27
C.	Other	27
XVII.	REVENUE ALLOCATION AND RATE DESIGN	27
XVIII.	REVENUE DECOUPLING MECHANISM.....	28
A.	Electric	28
B.	Gas	28
XIX.	OTHER	29
A.	Gas Supply Matters.....	29
B.	Compressed Air Energy Storage Project	29
C.	Purchase of Receivables and Merchant Function Charge.....	29
XX.	MISCELLANEOUS PROVISIONS.....	29
A.	Rate Changes; Reservation of Authority	29

B.	Provisions Not Separable.....	30
C.	Provisions Not Precedent.....	31
D.	Submission of Proposal	31
E.	Effect of Commission Adoption of Terms of this Proposal	32
F.	Further Assurances.....	32
G.	Execution	32
H.	Entire Agreement	32

APPENDICES

Appendix A	Summary Rate Increase Schedule
Appendix B	PBA Modifiers
Appendix C	NYSEG Electric Revenue Requirement Schedules
Appendix D	NYSEG Gas Revenue Requirement Schedules
Appendix E	RG&E Electric Revenue Requirement Schedules
Appendix F	RG&E Gas Revenue Requirement Schedules
Appendix G	Stipulation Regarding Revenue Requirements (Excluding Attachments)
Appendix H	Stipulation Regarding Deliveries and Revenues
Appendix I	Stipulation Regarding Low Income Program
Appendix J	Earnings Sharing Mechanism – List of Inclusions and Exclusions
Appendix K	Depreciation Rates
Appendix L	Net Plant Reconciliation/Capital Expenditure Forecast
Appendix M	Reconciliation Targets
Appendix N	Variable Rate Debt
Appendix O	Schedule of Regulatory Amortizations
Appendix P	Electric Reliability Performance Mechanism and Gas Safety Performance Measures
Appendix Q	Electric and Gas Distribution Vegetation Management
Appendix R	Service Quality
Appendix S	Revenue Allocation and Rate Design
Appendix T	Rate Plan Rates
Appendix U	Stipulation Regarding Revenue Decoupling Mechanism and RDM Targets
Appendix V	Stipulation Regarding Gas Supply Matters
Appendix W	Amended Stipulation Regarding Purchase of Receivables Discount and Merchant Function

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NEW YORK STATE
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Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service -----X	Case 09-G-0718

JOINT PROPOSAL

I. INTRODUCTION

This Joint Proposal ("Proposal" or "Rate Plan") is made by and among New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E", with NYSEG "the Companies"), New York State Department of Public Service Staff ("Staff") and other parties whose signature pages are or will be attached to this Proposal (collectively referred to herein as the "Signatory Parties"). This Proposal settles all contested issues among the Signatory Parties in the above-captioned cases.

II. PROCEDURAL HISTORY

On September 17, 2009, the Companies filed tariff leaves and testimony with the New York State Public Service Commission ("Commission") in support of proposed increases to their respective electric and gas delivery revenues effective August 26, 2010.

Consistent with Commission practice, administrative law judges were appointed to conduct the rate proceeding to review the Companies' rate filings. Parties to this proceeding engaged in discovery and the Companies responded to over 1,000 multi-part interrogatories. On December 4, 2009, the Companies filed an update to their September 17, 2009 filing. Staff, Multiple Intervenors ("MI"), New York State Consumer Protection Board ("CPB") and Nucor Steel Auburn, Inc. ("Nucor") filed testimony on January 22, 2010. The Companies filed rebuttal testimony on February 12, 2010. MI and Broome County also filed rebuttal testimony.

At the request of the parties, the Chief Administrative Law Judge assigned settlement judges to the case. By notice dated January 19, 2010, the Companies notified all parties of the commencement of settlement negotiations. Settlement negotiations began on January 28, 2010, and continued on February 16, 18, 23, 25 and 26. On March 2, 2010, the Companies voluntarily agreed to extend the suspension period through and including September 25, 2010 and requested that they be made whole for the extension. Settlement discussions continued on March 4, 10, 18, 23, 25 and 30.

The parties reached an impasse at the end of March. Staff filed supplemental testimony on April 5, 2010. The Companies filed responsive testimony on April 13, 2010. Evidentiary hearings were held on April 15, 16 and 19-21. Prior to the end of the hearings, Staff, the Companies and certain parties entered into seven stipulations organized by subject area that resolve a significant number of issues that otherwise would have been litigated by the parties. With the exception of the Stipulation Regarding Revenue Allocation and Rate Design (which is superseded by this Proposal as discussed in Section XVII below), the stipulations are incorporated herein and attached hereto. In addition, except as otherwise specified herein, the stipulations apply for the term of the Proposal (as defined below) and remain in effect until

superseding rates become effective. Initial Briefs were filed on May 17, 2010. Reply Briefs were filed on May 24, 2010.

The parties reopened discussions beginning on June 1, 2010. Settlement negotiations continued on June 8, 9, 15, 22, 24 and 29. On June 29, 2010, Staff and the Companies informed the litigation judges that they had reached an agreement in principle.

The parties' settlement negotiations have been successful and have resulted in this Proposal, which is presented to the Commission for its consideration. The Signatory Parties have developed a comprehensive set of terms and conditions for a three-year, four-month rate plan for NYSEG's and RG&E's electric and gas services. These terms and conditions are set forth below and in the attached Appendices.

III. TERM AND EFFECTIVE DATE OF RATE CHANGES

The term of this Proposal is three years and four months, commencing August 26, 2010 and continuing through December 31, 2013 (the "Rate Term"). For purposes of this Proposal, Rate Year 1 ("RY1") means the twelve-month period starting August 26, 2010 and ending August 31, 2011; Rate Year 2 ("RY2") means the period starting September 1, 2011 and ending August 31, 2012; and Rate Year 3 ("RY3") means the period starting September 1, 2012 and ending August 31, 2013. The additional four months in the Rate Term covers the period September 1, 2013 through December 31, 2013. New Delivery and non-bypassable charge ("NBC") rates will take effect on the following dates: August 26, 2010; September 1, 2011; and September 1, 2012.¹ Various provisions in this Proposal will be measured on a calendar year basis for consistency in reporting. Such provisions are indicated in the relevant sections of the Proposal.

¹ The period commencing August 26, 2010 through and including September 25, 2010 is the make-whole period and the value of the rate increase will be recovered from the Positive Benefit Adjustment balance.

Except as otherwise specified herein, all provisions of this Proposal remain in effect until superseding rates become effective.

IV. REVENUE REQUIREMENTS

A. Revenue Requirement Stipulation

Staff and the Companies entered into a comprehensive Stipulation Regarding Revenue Requirements for RY1 ("RR Stipulation"). The principles set forth in the RR Stipulation were utilized in developing the RY2 and RY3 revenue requirements. The RR Stipulation (excluding attachments) is incorporated herein and attached hereto as Appendix G. As a result of further negotiations, the treatment of pensions and Other Post-Employment Benefits ("OPEBs") set forth in Item #8 and Item #9 of the RR Stipulation is modified in the Proposal to reflect the use of updated actuarial forecasts and additional shaping for the recommended target levels. In addition, Item #57 addressing Updates refers to Briefs on Exceptions, which are not contemplated by the current procedural schedule. Accordingly, the RR Stipulation is modified to reflect that the identified updates have already been incorporated in the Proposal and, except as otherwise agreed by the Parties, no further updates are required.

B. NYSEG Electric and Gas Rate Levels

1. NYSEG Electric Revenue Requirement

The dollar amount and percentage increase in NYSEG Electric's delivery rate and NBC both with and without the application of rate moderators are shown on Appendix A. As discussed in more detail in Section V, the Company moderated the RY1 electric delivery rate increase to zero by utilizing Positive Benefit Adjustments ("PBAs") to offset the otherwise-applicable delivery increase. The parties also "levelized" the annual delivery increase in RY2 and RY3 by further utilization of the PBAs, i.e., each year's increase equals, in dollar terms, the previous year's increase. In addition, this Proposal moderates the RY1 NBC increase by

applying \$30 million of PBAs. The increase in the NBC was moderated in RY2 by applying \$15 million of PBAs. NYSEG Electric's revenue requirements for RY1, RY2 and RY3 are shown on Appendix C.

2. NYSEG Gas Revenue Requirement

The dollar amount and percentage increase in NYSEG Gas's delivery rate both with and without the application of rate moderators are shown on Appendix A. The delivery increases for NYSEG Gas were moderated and levelized through the use of PBAs. NYSEG Gas's revenue requirements for RY1, RY2 and RY3 are shown on Appendix D.

C. RG&E Electric and Gas Rate Levels

1. RG&E Electric Revenue Requirement

The dollar amount and percentage increase in RG&E Electric's delivery rate both with and without the application of rate moderators are shown on Appendix A. The further shaping and moderation of the rate increase for RG&E Electric was constrained by the effects on cash flow that raise the potential for undesirable impacts on RG&E's credit metrics. The Proposal utilizes \$10 million of PBAs in RY1 to moderate rate increases. Similarly, \$5 million of PBAs is utilized in RY2 and \$10 million of PBAs in RY3. RG&E Electric's revenue requirements for RY1, RY2 and RY3 are shown on Appendix E.

2. RG&E Gas Revenue Requirement

The dollar amount and percentage increase in RG&E Gas's delivery rate both with and without the application of rate moderators are shown on Appendix A. The delivery increases for RG&E Gas were moderated and levelized through the use of PBAs. RG&E Gas's revenue requirements for RY1, RY2 and RY3 are shown on Appendix F.

D. Revenue Forecasts

1. Delivery Revenue Forecasts

Staff and the Companies entered a Stipulation Regarding Deliveries and Revenues regarding the Companies' electric and gas billed deliveries and customer counts for the test year (twelve months ending June 2009) and the rate year. The Deliveries and Revenues Stipulation is incorporated herein and attached hereto as Appendix H. The billed deliveries and customer counts stated therein were utilized for RY1. The billed deliveries and customer counts used to determine the Companies' revenue requirements for RY2 and RY3 are also included in Appendix H.²

2. RG&E System Benefit Charge Program

As set forth in Item #2 of the RR Stipulation, the base rate component of RG&E's System Benefit Charge ("SBC") will be eliminated by moving the amount of the component to the SBC Surcharge, with RG&E recovering all of the SBC costs through the surcharge.

3. NYSEG Transmission Revenue Imputation

As set forth in Item # 3 of the RR Stipulation, the level of NYSEG Electric wholesale transmission revenues embedded in base rates is increased in the Proposal by \$35 million, for a total of \$55 million annually. Any difference between the \$55 million embedded in base delivery rates (calculated on a historical monthly average basis) and actual wholesale transmission revenues will be reconciled monthly through the Company's NBC.

E. Combined Items Including Annual Compliance Filings

The Proposal successfully resolves a number of highly contested items in dispute between Staff and the Companies, including issues involving events dating back to 2002. As set

² Exhibit A to the Deliveries and Revenue Stipulation was modified to include RY2 and RY3 billed delivery and customer counts.

forth in the RR Stipulation, Item # 55 and Item # 56, Staff and the Companies have agreed on a detailed set of terms for the Combined Items.

F. Taxes

1. Medicare Part D

NYSEG Electric and Gas will amortize (in tax expense) the full Medicare Part D deferred tax regulatory asset net of the associated deferred tax liability over the Rate Plan term. NYSEG Electric will amortize \$10.2 million of PBAs over the term of the Rate Plan to offset a portion of the Medicare deferred tax amortization. NYSEG Electric and Gas will accrue carrying charges, at the annual pre-tax rate of 10.64%, on the after-tax rate base amounts of \$6.026 million (Electric) and \$3.50 million (Gas), until rates are reset. The carrying charges will be deferred for the future benefit of customers.

G. Low Income Program Budget

The Companies, Staff and CPB entered into a Stipulation Regarding Low Income Programs ("Low Income Stipulation"). The Low Income Stipulation is incorporated herein and attached hereto as Appendix I.

V. UTILIZATION OF PBAS

The Signatory Parties agree that the level of PBAs utilized during the Rate Term should be set with the objectives of moderating rate impacts on customers and shaping rate increases for the purpose of levelizing them, while balancing the impacts on the Companies' cash flows, credit metrics, and credit ratings. Appendix B illustrates the utilization of the PBAs. The Companies will utilize over 83% of the PBAs during the Rate Term. All of the PBAs applicable to NYSEG Gas and RG&E Gas will be utilized, and the majority of the PBAs applicable to NYSEG Electric and RG&E Electric will be utilized. Remaining PBA amounts at NYSEG Electric and RG&E

Electric will be available for future rate moderation when new rates are next set for the Companies.

In addition, the Companies have reflected the unamortized PBA balances as a reduction to the respective rate base of each Business and, therefore, interest on the balances will cease accruing with the start of the Rate Term (i.e., August 26, 2010). The utilization of the PBAs for each Business is as follows:

- NYSEG Electric:
 - Utilize approximately \$1.7 million in PBAs to offset the make-whole period revenue requirement (i.e., August 26, 2010 – September 25, 2010).³
 - Utilize \$57.453 million in PBAs to write off the Storm regulatory asset on day one of the Rate Term.
 - Amortize PBAs to reduce delivery rates by \$4.007 million in RY1 (to set the delivery increase to zero); \$8.5 million in RY2; \$4.5 million in RY3; and \$1.5 million during the final four months of the Rate Term (i.e., September 2013 – December 2013).
 - Amortize \$10.2 million of PBAs to offset a portion of the Medicare deferred tax amortization (\$3.06 million in RY1; \$3.06 million in RY2; \$3.06 million in RY3; and \$1.02 million during the final four months of the Rate Term).
 - Amortize PBAs to reduce the NBC by \$30.0 million in RY1 and \$15.0 million in RY2.
- NYSEG Gas:
 - Utilize approximately \$0.5 million in PBAs to offset the make-whole period revenue requirement (i.e., August 26, 2010 – September 25, 2010).
 - Amortize the remaining PBAs to reduce delivery rates by \$20.0 million in RY1; \$12.5 million in RY2; \$5.5 million in RY3; and \$1.427 million during the final four months of the Rate Term (i.e., September 2013 – December 2013).
- RG&E Electric:
 - Utilize approximately \$1.2 million in PBAs to offset the make-whole period revenue requirement (i.e., August 26, 2010 – September 25, 2010).

³ Actual PBA amounts utilized to cover the make-whole period for each Business will be calculated following approval of the Rate Plan.

- Utilize \$25.0 million in PBAs to write off the regulatory assets (\$18.911 million of Ice Storm and \$6.089 million of Property Taxes) on day one of the Rate Term.
- Amortize PBAs to reduce delivery rates by \$10.0 million in RY1; \$5.0 million in RY2; \$10.0 million in RY3; and \$3.333 million during the final four months of the Rate Term (i.e., September 2013 – December 2013).
- RG&E Gas:
 - Utilize approximately \$0.5 million in PBAs to offset the make-whole period revenue requirement (i.e., August 26, 2010 – September 25, 2010).
 - Amortize the remaining PBAs to reduce delivery rates by \$17.0 million in RY1; \$10.350 million in RY2; \$3.850 million in RY3; and \$1.283 million during the final four months of the Rate Term (i.e., September 2013 – December 2013).

VI. AUSTERITY/PRODUCTIVITY

The Companies' revenue requirements will be reduced by \$19.2 million annually to reflect net savings from the Companies' Efficiency Initiatives conducted during the period from January through June 2010 while these proceedings were pending. This includes \$13.6 million in annual net savings at NYSEG Electric, \$3.2 million in annual net savings at NYSEG Gas, \$1.7 million in annual net savings at RG&E Electric, and \$0.8 million in annual net savings at RG&E Gas. The \$19.2 million annual net savings level will remain constant for all years of the Rate Term. Additionally, the Companies' revenue requirements for RY1, RY2 and RY3 each reflect an annual 1% productivity adjustment. These reductions in revenue requirements and additional 1% productivity adjustment satisfy the Commission's austerity and productivity savings requirements for this Rate Plan.

\$32.4 million of costs-to-achieve the Efficiency Initiatives are reflected in the net savings calculations above and amortized over the 40-month Rate Term. If the Companies' actual costs-to-achieve are less than \$32.4 million, then the differential will be deferred for future credit to customers. If the Companies' actual costs-to-achieve exceed \$32.4 million, then the differential, up to a maximum of \$2.6 million, will be deferred for future recovery from customers.

VII. RETURN ON EQUITY AND EQUITY RATIO

The allowed rate of return on common equity ("ROE") for NYSEG Electric, NYSEG Gas, RG&E Electric and RG&E Gas (individually "Business" and collectively "Businesses") will be 10.00%. This ROE for each Business is inclusive of the stay-out-premium, and credit quality adjustments, and reflects the Companies' share of labor savings achieved from their Efficiency Initiatives. The equity ratio for setting rates for each Business will be 48%.

VIII. EARNINGS SHARING MECHANISM

A. Earnings Sharing Levels

The earnings sharing mechanism applicable to each Business will become effective as of January 1, 2011 and will apply on a calendar year basis. In each year, one-half of each Business' 15% share of earnings in the 85/15 band specified below will be used to write down the certain deferred debits identified in Appendix M to this Proposal.

Calendar Year 2011 – The following earnings sharing provisions apply to each Business for Calendar Year 2011. There will be two earnings sharing thresholds: (i) 10.30% and (ii) 11.05%. With respect to the first threshold, if the level of earned ROE for an applicable Business exceeds 10.30%, the amount in excess of 10.30% will be deemed "shared earnings" for the purposes of this Joint Proposal. One-half of the revenue requirement equivalent of each Business' shared earnings above 10.30% for the next 75 basis points (up to and including 11.05%) will be deferred for the benefit of customers, and the remaining one-half of any such shared earnings will be retained by the applicable Business. With respect to the second threshold, 85% of the revenue requirement equivalent of each Business' shared earnings in excess of 11.05% will be deferred for the benefit of customers and the remaining 15% of any shared earnings will be retained by the applicable Business.

Calendar Year 2012 – The following earnings sharing provisions apply to each Business for Calendar Year 2012. There will be two earnings sharing thresholds: (i) 10.60% and (ii) 11.35%. With respect to the first threshold, if the level of earned ROE for an applicable Business exceeds 10.60%, the amount in excess of 10.60% will be deemed "shared earnings" for the purposes of this Proposal. One-half of the revenue requirement equivalent of each Business' shared earnings above 10.60% for the next 75 basis points (up to and including 11.35%) will be deferred for the benefit of customers, and the remaining one-half of any such shared earnings will be retained by the applicable Business. With respect to the second threshold, 85% of the revenue requirement equivalent of each Business' shared earnings in excess of 11.35% will be deferred for the benefit of customers and the remaining 15% of any shared earnings will be retained by the applicable Business.

Calendar Year 2013 – The following earnings sharing provisions apply to each Business for Calendar Year 2013. There will be two earnings sharing thresholds: (i) 10.90% and (ii) 11.65%. With respect to the first threshold, if the level of earned ROE for an applicable Business exceeds 10.90%, the amount in excess of 10.90% will be deemed "shared earnings" for the purposes of this Proposal. One-half of the revenue requirement equivalent of each Business' shared earnings above 10.90% for the next 75 basis points (up to and including 11.65%) will be deferred for the benefit of customers, and the remaining one-half of any such shared earnings will be retained by the applicable Business. With respect to the second threshold, 85% of the revenue requirement equivalent of each Business' shared earnings in excess of 11.65% will be deferred for the benefit of customers and the remaining 15% of any shared earnings will be retained by the applicable Business.

B. Adjustments to Earnings Sharing Thresholds

Each of the two earnings sharing thresholds will be subject to the following reliability and customer service adjustments, which, for each applicable Business, shall reduce each of the two earnings sharing thresholds for the purposes of this Proposal during the calendar year in which such applicable Business misses an applicable performance target, as set forth below.

1. CAIDI/SAIFI Performance Target – If either NYSEG Electric or RG&E Electric fails to meet its Customer Average Interruption Duration Index ("CAIDI") or System Average Interruption Frequency Index ("SAIFI") targets at any of the specified threshold performance levels in an applicable calendar year, then each of the two earnings sharing thresholds for such applicable Business during the applicable calendar year shall be adjusted downward by 30 basis points (from 10.30% to 10.00%, and from 11.05% to 10.75%) in Calendar Year 2011, 40 basis points (from 10.60% to 10.20%, and from 11.35% to 10.95%) in Calendar Year 2012, and 50 basis points (from 10.90% to 10.40%, and from 11.65% to 11.15%) in Calendar Year 2013.

2. Gas Safety Performance Target – If either NYSEG Gas or RG&E Gas fails to meet a gas safety performance target in an applicable calendar year, then each of the two earnings sharing thresholds for such applicable Business shall be adjusted downward by the amounts set forth in the table below in the applicable calendar year. The adjustments for failure to meet gas safety performance targets will be additive up to a maximum aggregate total downward adjustment for the applicable Business of 30 basis points (from 10.30% to 10.00%, and from 11.05% to 10.75%) in Calendar Year 2011, 40 basis points (from 10.60% to 10.20%, and from 11.35% to 10.95%) in Calendar Year 2012, and 50 basis points (from 10.90% to 10.40%, and from 11.65% to 11.15%) in Calendar Year 2013.

Gas Safety Performance Measure	Subcategory	ESM Threshold Adjustment
Leak Prone Pipe	Replace a minimum of 24 miles of leak-prone main	8 bps
	Replace a minimum of 1,200 leak-prone services (NYSEG Gas) / 1,000 leak-prone services (RG&E Gas)	8 bps
Leak Management	Achieve a year-end backlog of total leaks no greater than 100 (NYSEG Gas) / 200 (RG&E Gas)	12 bps
Prevention of Excavation Damages	<u>Overall damages</u> : maintain a level equal to or below 2.0 excavation damages per 1,000 One-Call Tickets	4 bps
	<u>Damages due to mismarks</u> : maintain a level equal to or below 0.50 excavation damages due to mismarks per 1,000 One-Call Tickets	10 bps
	<u>Damages caused by Company crews and Company contractors</u> : maintain a level equal to or below 0.20 excavation damages attributable to company and company contractor personnel per 1,000 One-Call Tickets	4 bps
Emergency Response	Respond to 75% of all gas leak and odor calls within 30 minutes	8 bps
	Respond to 90% of all gas leak and odor calls within 45 minutes	4 bps
	Respond to 95% of all gas leak and odor calls within 60 minutes	2 bps

3. PSC Complaint Rate Performance Target – If NYSEG or RG&E fails to meet its PSC complaint rate target at any of the specified threshold performance levels in an applicable calendar year, then each of the two earnings sharing thresholds for such applicable Business during the applicable calendar year shall be adjusted downward by 10 basis points (from 10.30% to 10.20%, and from 11.05% to 10.95%) in Calendar Year 2011, 15 basis points (from 10.60% to 10.45%, and from 11.35% to 11.20%) in Calendar Year 2012, and 25 basis points (from 10.90% to 10.65%, and from 11.65% to 11.40%) in Calendar Year 2013 (i.e., NYSEG's failure to meet the target in a calendar year would result in such an adjustment to the threshold for that calendar year for NYSEG Electric and NYSEG Gas, and RG&E's failure to meet the target in a calendar year would result in an adjustment to the threshold for that calendar year for RG&E Electric and RG&E Gas).

The three reliability and customer service earnings sharing threshold adjustments described herein (i.e., electric reliability, gas safety and customer service adjustments) are not additive and will not apply cumulatively with any of the other adjustments. If a Business misses more than one performance target and is subject to more than one earnings sharing threshold adjustment in a calendar year (e.g., adjustments for failing to meet both an electric reliability performance target and a customer service performance target), then such Business' earnings sharing thresholds will be reduced by the greater applicable adjustment amount. The maximum aggregate adjustments for each Business in each calendar year pursuant to these electric reliability, gas safety and customer service adjustments would be 30 basis points in Calendar Year 2011, 40 basis points in Calendar Year 2012, and 50 basis points in Calendar Year 2013.

C. Equity Ratio

For purposes of determining earnings above the earnings sharing threshold, ROE calculations for each Business will reflect the lesser of: (i) each Company's aggregate actual average common equity ratio; or (ii) 50%. Each Company's common equity ratio will be calculated based on a thirteen-month average excluding Other Comprehensive Income and the items listed in Appendix J.

D. Applicability to Future Years

The earnings sharing thresholds set forth herein, including applicable electric reliability, gas safety and customer service threshold adjustment levels and maximum adjustment caps, will continue for future calendar years at the same levels identified for Calendar Year 2013 until rates are reset by the Commission. Such calculations will continue to be performed on an annual basis in the same manner as set forth above.

E. Miscellaneous

Appendix J includes a detailed schedule of inclusions and exclusions to the Companies' earnings calculations for each Business.

The Signatory Parties acknowledge that factors beyond the control of the Companies could adversely affect the ability of each Company to meet the electric reliability, gas safety and customer service performance targets referenced in Section VIII.B above. Examples of such factors could include, but are not limited to weather, strategic pole hits, contractor damage to pipes and disruptions in neighboring utility systems. Accordingly, the Companies retain their right to petition the Commission for a waiver, release or other relief from the electric reliability, gas safety and customer service earnings sharing adjustment mechanisms set forth above as a result of factors beyond the Companies' control.

F. Procedural Issues

The Companies shall compute and submit to the Secretary of the Commission the ROE for each Business for the preceding calendar year within 90 days following the end of each such calendar year. Upon expiration of the notice period for submitted comments on the compliance filing provided for pursuant to the State Administrative Procedures Act, no changes will be permitted, except when: (1) changes for the applicable Business are agreed to by Staff; (2) changes for the applicable Business are required due to a new event at such Business impacting the prior year amount by \$1 million or more (at NYSEG Electric or RG&E Electric), or \$500,000 or more (at NYSEG Gas or RG&E Gas); or (3) proposed changes to books and records for the applicable Business have been filed with and approved by the Commission. Staff will use best efforts to present a resolution of annual compliance filings to the Commission by the end of the calendar year such filing is submitted (e.g., Calendar Year 2011 compliance filing submitted

on March 31, 2012 will be presented for resolution with a goal that an Order be issued by December 31, 2012).

IX. DEPRECIATION

A. Rates

The depreciation rates for RG&E Electric, RG&E Gas, RG&E Common and NYSEG Gas are being adjusted and reset in this Proposal. The new depreciation rates are set forth in Appendix K and reflect the elimination of the rates of the former Columbia Gas Company of New York rates at NYSEG Gas. At RG&E, Common Plant depreciation rates are now the same for the electric and gas businesses. In addition, the accounting change on regulators is reflected in the depreciation rates (services do not reflect any accounting changes).

B. Use of Theoretical Reserve

Beginning in RY1, NYSEG Electric will amortize \$15.2 million per year of NYSEG Electric's theoretical excess depreciation reserve of \$303.9 million, which reflects a 20-year amortization period. Beginning in RY3, RG&E Electric will amortize \$5.25 million per year of RG&E Electric's theoretical excess depreciation reserve of \$105 million, which reflects a 20-year amortization period. NYSEG Electric and RG&E Electric will moderate rates by recording the theoretical excess depreciation reserve amortization as a credit to Other Revenues. The Companies will normalize the amortization of theoretical excess depreciation reserve amounts from a tax perspective. The Companies will reconcile and defer any differences from the rate allowances for applicable federal or state tax flow through impacts associated with these amounts.

C. New Depreciation Studies

NYSEG Electric and RG&E Electric will file new depreciation studies in their next rate case(s), with particular emphasis on the theoretical versus actual excess depreciation reserve

balance, including a calculation of the theoretical excess depreciation reserve taking into account all amortizations. The studies will include a net salvage study, rolling and shrinking band analyses for each plant account, as well as fit indexes, average service lives, and recommended Iowa and h-curves. The Companies will choose a band for each account and shall also provide for each band a plot of the observed curve, smoothed curve, and current Iowa and h-curve. Nothing herein shall preclude NYSEG Gas and/or RG&E Gas from filing new depreciation studies in their next rate case(s). Any such study would contain the information set forth in this paragraph.

X. NET PLANT RECONCILIATION

A. Net Plant Targets and Depreciation Targets

Each Company business shall reconcile its actual Electric and Gas Net Plant and Book Depreciation to the targets set forth in this Proposal for each calendar year (2011-2013). The Net Plant targets are based on the calendar year Electric and Gas Net Plant amounts set forth in Appendix L.

The Depreciation targets will reflect the final depreciation rates that result from this Proposal as set forth in Appendix L.

The annual reconciliations and dispositions in this Section will be calculated separately for the four businesses – NYSEG Electric and Gas and RG&E Electric and Gas.

Net Plant and Depreciation targets will be adjusted for any asset sales requiring Public Service Law ("PSL") § 70 approval that occur prior to or during the Rate Plan period.

Actual Electric, Gas and Allocated Common Net Plant, for each calendar year will be reconciled to the Electric, Gas and Allocated Common Net Plant targets on an annual basis for the term of the Rate Plan.

The revenue requirement impact (i.e., return and depreciation) for each Company business resulting from the difference (whether positive or negative) between actual average Electric, Gas and Allocated Common Net Plant Balances and the Net Plant targets will carry forward for each calendar year and be summed at the end of the Rate Plan.

If at the end of the Rate Plan the cumulative revenue requirement impact from the Electric or Gas and Allocated Common Net Plant reconciliation is negative (i.e., lower net plant or depreciation than the targets), the Companies will defer the revenue requirement impact for the benefit of customers of that electric or gas business.

If, at the end of the Rate Plan the cumulative revenue requirement impact for, separately, Electric or Gas and Allocated Common Net Plant reconciliation is positive, there will be no deferral for that business, except to the extent the Commission provides otherwise in considering any additional capital spending in 2010 by the Companies to meet the capital conditions specified in Case 07-M-0906.

Should the Companies' capital expenditures in 2010 result in net plant levels that are greater than the level assumed in revenue requirements in this Proposal as identified on Appendix L, as a result of the conditions specified in Case 07-M-0906, the Companies will identify the additional amount of capital expenditures and resulting net plant increases in their January 2011 filing in accordance with the Commission's April 30, 2010 Order.

To the extent approved by the Commission in Case 07-M-0906, the Companies may accrue carrying charges (return and depreciation) on any such additional capital expenditure amounts.

The provisions in this Section are not intended to result in any double penalty or revenue adjustment associated with the capital expenditure conditions established in Case 07-M-0906.

Accordingly, the capital expenditures made in 2010 to meet each Company's 2009-2010 capital expenditure requirements as provided in the Commission's April 30, 2010 Order in Case 07-M-0906 will be included in the actual Net Plant and Depreciation measured against the Net Plant and Depreciation targets; provided, however, that nothing in this Section shall modify or alter the requirements set forth in the Commission's April 30, 2010 Order in Case 07-M-0906 or constrain any Commission determination or restrict any adjustment it may make to Net Plant, Depreciation, or any other item upon review of the Companies' January 2011 filing in Case 07-M-0906.

The Companies have the flexibility over the term of the Electric and Gas Rate Plans to modify the timing and scope of capital projects from the forecast subject to the net plant reconciliation and reporting provisions set forth below.

In addition, NYSEG commits to commence the planning, engineering, procurement and construction of the Auburn 345 kV Source project in accordance with the dates the Company provided in Exhibit 310 (response to data request NYRC-0940 (Nucor-29)), subject to the outcome of required licensing and permitting processes required by New York State. NYSEG will include a status report on the project with its annual net plant reconciliation filings with the Commission and interested parties.

The Companies' gas leak prone mains and service replacement targets shall be modified to alter the replacement target for each Company to maximize safety, reliability, and customer benefit by seeking to replace the service and main as part of the same project, thus avoiding duplication of work associated with the replacements. NYSEG's target shall be replacement of 24 miles of leak prone main and 1,200 leak prone services. RG&E's target shall be 24 miles of leak prone main and 1,000 leak prone services.

B. Capital Expenditure Reporting

The Companies will provide to Staff, on a monthly basis, variance reports between forecast and actual electric, gas and common capital expenditures.

The Companies will provide to Staff and interested parties, on an annual basis, a report on total electric, gas and common expenditures, a detailed status report for each electric capital project over \$1 million and each gas capital project over \$500,000, and for each such project that experiences a plus or minus 10% cost variation an explanation of the variation. The report will include an explanation for removing or adding capital projects from or to those listed in Appendix L. This report shall include the status of the Auburn 345kV Source project.

The Companies will work with Staff regarding information on any security projects being undertaken by the Companies.

The Companies will provide an annual report to Staff on their activities related to incremental maintenance and the specific Incremental Maintenance Projects undertaken in the current annual period, the programs and spending levels for the previous year and the programs and spending levels for the three future years.

Upon request, the Companies will meet with Staff to review the annual capital expenditure reports, which will be provided to Staff by March 1 of each year.

XI. RECONCILIATIONS

The Companies will reconcile certain costs and related items as set forth in Appendix M and as discussed in detail below.

A. Pensions/OPEBs

The Companies will be on the Commission's Pension Policy Statement and subject to the Policy Statement's reconciliation and deferral provisions. Accordingly, the Companies' will reconcile their actual Pensions and OPEBs expenses in conformance with the Policy Statement

to the level allowed in the rates set forth in the attached Appendix M, which excludes non-qualified plan costs. The Parties request that the Commission confirm by adoption of this Proposal that each Company is not required to accrue interest on its OPEB internal reserve, since that reserve is already included as an adjustment to rate base.

B. Property Taxes

If the level of actual expense for property taxes, including any property tax refunds received, varies in any Rate Year from the projected level provided in rates, which levels are set forth in Appendix M, 90% of the variation will be deferred and either recovered from or credited to customers, subject to the following cap: each Company's 10% share of property tax expenses above or below the level in rates is capped at an annual amount equal to ten basis points on common equity for each Rate Year. The Companies will defer on its books of account, for recovery from or credit to customers, 100% of the variation above or below the level at which the cap takes effect.

The Companies' property tax saving efforts (e.g., economic obsolescence) shall be reflected in actual results net of related, incremental costs to achieve.

C. Electric and Gas Vegetation Management

The reconciliation mechanism for the Companies' Electric and Gas Vegetation Management shall be as set forth in Appendix Q entitled "Electric and Gas Distribution Vegetation Management."

D. Hyper-Inflation

The Companies shall have the right to file for an increase in rates should hyper-inflation occur at a level of 6% or greater on an annual basis.

E. Audit Expenses

The Companies will reconcile management audit expense by operating company above or below the allowance in rates of \$1.5 million as set forth in Appendix M.

The Companies shall be allowed to defer the incremental costs of the independent SAIFI/CAIDI audit referenced in Section XII herein.

F. Variable Rate Debt

The Companies will reconcile Variable Rate Debt (interest costs, refinancing costs and/or fixing rate costs) as shown on Appendix N. RG&E will reconcile and defer the annual difference between actual Department of Energy liability costs and the amount provided for in rates.

G. Gas Research & Development ("R&D")

Each Company shall reconcile actual expenditures for gas R&D expenditures and related tax credits with the amount provided in rates on an annual basis.

H. Pipeline Integrity Costs

The Companies shall reconcile actual expenditures for gas distribution and transmission pipeline integrity costs on an individual Company basis with the amount provided in rates on an annual basis. If the amount expended is less than the amount allowed in rates, the Companies shall defer the difference for future ratepayer benefit.

I. Incremental Maintenance

The Companies shall reconcile actual expenditures for Incremental Maintenance on an individual Company basis with the amount provided in rates on an annual basis as set forth in Appendix M. At the end of each rate year, the amount expended for Incremental Maintenance will be compared with the amount allowed in rates and will be included in the Companies'

annual compliance filing. If the amount expended is less than the amount allowed in rates, the individual Company shall defer the difference for future ratepayer benefit.

J. Reserve Accounting Treatment For Environmental Costs and Major Storm Costs

NYSEG and RG&E will continue to utilize reserve accounting for Environmental Costs and Major Storm Costs as set forth in detail in Items # 23-26 of the RR Stipulation.

K. Legislative, Accounting, Regulatory, Tax and Related Actions

If the Commission has not otherwise addressed the treatment of a legislative, accounting, regulatory, tax or government-mandated action (e.g., through a surcharge or credit) via a generic proceeding, NYSEG and RG&E will defer the incremental cost or savings resulting from the government-mandated action occurring during the term of this agreement as long as the incremental annual pre-tax change in expense is greater than: a) \$1.5 million for NYSEG Electric; b) \$0.50 million for NYSEG Gas; c) \$1.0 million for RG&E Electric; and d) \$.50 million for RG&E Gas and the relevant Company is not earning above the first earning sharing threshold amounts set forth in Section VIII. If the threshold is triggered, the Company will defer the entire amount.

Any reconciliation under this Section shall be subject to any final Commission determination in a generic proceeding prescribing utility implementation of a specific government-mandated expense. The Companies shall retain the right to petition the Commission for authorization to defer on their books of account extraordinary expenditures not otherwise addressed by this Proposal.

The Companies shall be allowed to reconcile and defer incremental costs associated with the proposed New York prevailing wage bill if it becomes law.

The Companies shall be allowed to reconcile the unit of property tax position reflected in the rate allowances in this Proposal and to defer the effects of any related incremental costs, including Internal Revenue Service adjustments, interest and costs-to- achieve.

L. Costs-to-Achieve

Costs- to- achieve will be reconciled as described in Section VI.

M. Additional Reconciliation/Deferral Provisions

In addition to the foregoing reconciliation provisions, other applicable existing reconciliations and/or deferral accounting will continue in effect through the Term of the Rate Plan and thereafter until modified or discontinued by the Commission (e.g., System Benefit Charge, Renewable Portfolio Standard, Energy Efficiency Portfolio Standard, and Temporary State Assessment Surcharge). The Companies will discontinue reconciliation/deferral of security, outreach & education, and stray voltage costs effective with the commencement of this Rate Plan.

N. Economic Development

If the level of actual expenditures for economic development allocated to NYSEG and RG&E's electric and gas businesses, respectively, varies in any Rate Year from the level provided in rates, such variation will be deferred and carried over on the Company's books of account for future economic development utilization or recovery. Except as modified herein, the Commission's orders addressing the Companies' economic development programs remain in effect.

O. Low Income Program

The Low Income Program reconciliations shall be as shown in the Low Income Stipulation attached as Appendix I.

P. Interest on Deferred Items

The Companies will accrue interest on all deferred amounts in this Section XI using the pre-tax rate of return of 10.64% for NYSEG Electric and Gas and 11.62% for RG&E Electric and Gas on the after-tax balance.

Q. Federal Energy Regulatory Commission Revision to Definition of Bulk Electric System

The Companies' current rate allowance for transmission vegetation management is approximately \$5.0 million annually at NYSEG Electric and \$0.97 million at RG&E Electric. The Federal Energy Regulatory Commission ("FERC") issued on March 18, 2010 in Docket No. RM09-18-000 a Notice of Proposed Rulemaking ("NOPR") that would, among other things, direct the North American Electric Reliability Corporation ("NERC") to include all electric transmission facilities of 100 kilovolts or more in its definition of what constitutes the "bulk electric system" subject to the mandatory reliability standards under the Energy Policy Act of 2005. The FERC action, if adopted, may impose significant new vegetation management costs and other O&M and capital costs on the Companies not reflected in the Companies' current rate allowance. The Companies retain their right to petition the Commission to defer for future recovery the total incremental vegetation management and other O&M and capital costs attributable to compliance with the NOPR above the amount currently provided in rates subject to any alternate recovery mechanism otherwise determined by the Commission in a generic proceeding applicable to all utilities regarding recovery of this pending federal government mandate.

R. Post-Term Amortization

In the event that the Companies do not file for new rates effective January 1, 2014, the Companies will defer the revenue requirement effect associated with expiring amortizations

including any PBA and Asset Sale Gain Account amortization from RY3. Appendix O provides a schedule of the expiring amortizations.

XII. ELECTRIC RELIABILITY

This Proposal establishes an Electric Reliability Performance Mechanism for NYSEG and RG&E. The specific metrics, targets and associated negative revenue adjustments are set forth in Appendix P.

NYSEG and RG&E shall retain an independent consultant to conduct an audit of its SAIFI/CAIDI performance, including recordkeeping, methods and results, for submission to Staff by January 15, 2012.

XIII. ELECTRIC DISTRIBUTION VEGETATION MANAGEMENT

The Electric Distribution Vegetation Management Program and reconciliation for NYSEG and RG&E is set forth in Appendix Q.

XIV. GAS SAFETY

The Gas Safety Performance Measures for NYSEG and RG&E are set forth in Appendix P. The Signatory Parties agree that the value of the basis points identified in the Appendix P for negative revenue adjustments shall be updated to reflect the RY1 rates ultimately adopted by the Commission in these proceedings.

XV. GAS VEGETATION MANAGEMENT

The Gas Vegetation Management Program for NYSEG and RG&E is set forth in Appendix Q.

XVI. SERVICE QUALITY

A. Service Quality Metrics and Targets

This Proposal establishes threshold performance levels for designated aspects of service quality. The specific service quality metrics and targets and negative revenue adjustments for

NYSEG and RG&E are set forth in Appendix R. The metrics and targets are effective immediately and NYSEG's and RG&E's 2010 customer service performance will be measured using those metrics and targets. Performance will be measured on a calendar year basis.

B. Surveys

As a result of a collaborative stemming from this proceeding, NYSEG and RG&E made changes to their surveys for ascertaining customer satisfaction. Additional details are set forth in Appendix R.

C. Other

The Companies will not close walk-in offices, except upon petition to the Commission. The Companies will maintain toll-free numbers that customers may use for any business transaction with the Companies. The Companies will not charge customers for payments made directly to the Companies and will use best efforts to not increase fees for payments through third party payment agents.

In addition, the Companies will institute a "service guarantee" credit of \$20 for missed appointments. Such credits will not apply to appointments made for the same day the customer requests service or if events beyond the Companies' control, such as severe weather, prevent the Companies from performing as planned.

XVII. REVENUE ALLOCATION AND RATE DESIGN

The Companies, Staff and MI in part entered into a Stipulation Regarding Revenue Allocation and Rate Design ("RARD Stipulation"). As a result of additional negotiations, the RARD Stipulation is superseded by Appendix S hereto. The Rate Plan rates are shown in Appendix T.

XVIII. REVENUE DECOUPLING MECHANISM

The Companies and Staff entered into a Stipulation Regarding Revenue Decoupling Mechanism ("RDM Stipulation"). The RDM Stipulation is incorporated herein and attached hereto as Appendix U.

A. Electric

Pursuant to the RDM Stipulation set forth in Appendix U, NYSEG and RG&E will implement an electric RDM on a total revenue per class basis. Exhibit A to the RDM Stipulation sets forth the electric service classifications covered by the RDM and the RY1, RY2 and RY3 targets for each service class (and in certain instances subclasses). The RDM targets and actual billed amounts for RY1 will be measured commencing October 1, 2010 and run through August 31, 2011. RDM targets and actual billed amounts will be measured beginning September 1, 2011 and run through August 31, 2012 for RY2. For RY3, targets in actual billed amounts will be measured beginning September 1, 2012 and run through December 31, 2013. The RY3 targets will repeat annually until changed by the Commission.

B. Gas

Pursuant to the RDM Stipulation, NYSEG and RG&E will implement a gas RDM on a revenue per customer basis. Exhibit A to the RDM Stipulation sets forth the gas service classifications covered by the RDM and the RY1, RY2 and RY3 targets. The RDM targets and actual billed amounts for RY1 will be measured commencing October 1, 2010 and run through August 31, 2011. RDM targets and actual billed amounts will be measured beginning September 1, 2011 and run through August 31, 2012 for RY2. For RY3, targets in actual billed amounts will be measured beginning September 1, 2012 and run through December 31, 2013. The RY3 targets will repeat annually until changed by the Commission. The Company shall verify service

class customer counts at the end of each rate year by dividing actual rate year minimum charge revenues for each service class by the applicable minimum charge rate for the period.

XIX. OTHER

A. Gas Supply Matters

The Companies, Staff, Empire Natural Gas, Energetix, Inc., Hess Corporation, and the Small Customer Marketer Coalition ("SCMC") entered into a Stipulation Regarding Gas Supply Matters. The stipulation is incorporated herein and attached hereto as Appendix V.

B. Compressed Air Energy Storage Project

Nothing herein precludes the Companies from filing petitions with the Commission related to the feasibility of a compressed air energy storage project and associated Department of Energy grant.

C. Purchase of Receivables and Merchant Function Charge

The Companies and Staff entered into an Amended Stipulation Regarding Purchase of Receivables Discount and Merchant Function Charge, which resolved all matters related to the Companies' POR discount and MFC. The stipulation is incorporated herein and attached hereto as Appendix W.

XX. MISCELLANEOUS PROVISIONS

A. Rate Changes; Reservation of Authority

Nothing herein precludes NYSEG or RG&E from filing a new general rate case for rates to be effective on or after January 1, 2014. Except pursuant to rate changes permitted by this section, the Companies will not file rates to become effective prior to January 1, 2014.

Changes to the Companies' base delivery service rates during the term of the Rate Plan will not be permitted, except for the changes provided for or detailed in this Proposal, and, subject to Commission approval, changes as a result of the following circumstances.

a. A minor change, whose revenue effect is *de minimis* or essentially offset by associated changes within the same class or for other classes so that the difference in the revenues that NYSEG's and RG&E's base delivery service rates are designed to produce overall before such a change is *de minimis*, may be made to any individual base delivery service rate or rates. It is understood that, over time, such minor changes may be necessary and that they may continue to be sought during the term of the Rate Plan.

b. Upon the occurrence, at any time, of circumstances that in the judgment of the Commission so threaten, respectively, NYSEG's or RG&E's economic viability or ability to maintain safe, reliable and adequate service as to warrant an exception to the limitations on rate changes provided for or detailed in this Proposal, NYSEG or RG&E will be permitted to file for an increase in base delivery service rates.

c. The Signatory Parties recognize that the Commission reserves the authority to act on the level of NYSEG's and RG&E's rates in the event of unforeseen circumstances that, in the Commission's opinion, have such a substantial impact on the range of earnings levels or equity costs envisioned by this Proposal as to render NYSEG's and RG&E's rates unjust or unreasonable or insufficient for the provision of safe and adequate service. The Signatory Parties reserve the right to oppose any filings made by the Companies under this Section.

B. Provisions Not Separable

The Signatory Parties intend this Proposal to be a complete resolution of all the issues in Cases 09-E-0715, 09-G-0716, 09-E-0717 and 09-G-0718. The terms of this Proposal are submitted as an integrated whole. If the Commission does not accept this Proposal according to its terms as the basis of the resolution of all issues addressed without change or condition, each Signatory shall have the right to withdraw from this Proposal upon written notice to the

Commission within ten days of the Commission Order. Upon such a withdrawal, that Signatory shall be free to pursue its respective positions in this proceeding without prejudice, and this Proposal shall not be used in evidence or cited against any such Signatory or used for any other purpose. It is also understood that each provision of this Proposal is in consideration and support of all the other provisions, and expressly conditioned upon acceptance by the Commission. Except as set forth herein, none of the Signatory Parties is deemed to have approved, agreed to or consented to any principle, methodology or interpretation of law underlying or supposed to underlie any provision herein.

C. Provisions Not Precedent

The terms and provisions of this Proposal apply solely to, and are binding only in, the context of the purposes and results of this Proposal. None of the terms or provisions of this Proposal and none of the positions taken herein by any party may be referred to, cited, or relied upon by any other party in any fashion as precedent or otherwise in any other proceeding before this Commission or any other regulatory agency or before any court of law for any purpose other than furtherance of the purposes, results, and disposition of matters governed by this Proposal. This Proposal shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory regarding any allegation, contention, or issue raised in the Proceedings or addressed in this Proposal.

D. Submission of Proposal

Each Signatory Party agrees to submit this Proposal to the Commission, to support and request its adoption by the Commission, and not to take a position in this proceeding contrary to the agreements set forth herein or to assist another participant in taking such a contrary position in these proceedings. The Signatory Parties believe that the resolution of the issues, as set forth in the Proposal, are just and reasonable and otherwise in accordance with the PSL, the

Commission's regulations and applicable Commission precedent. The Signatory Parties believe that the Proposal will satisfy the requirements of PSL § 65(1) that NYSEG and RG&E provide safe and adequate service at just and reasonable rates.

E. Effect of Commission Adoption of Terms of this Proposal

No provision of this Proposal or the Commission's adoption of the terms of this Proposal shall in any way abrogate or limit the Commission's statutory authority under the PSL. The Signatory Parties recognize that any Commission adoption of the terms of this Proposal does not waive the Commission's ongoing rights and responsibilities to enforce its orders and effectuate the goals expressed therein, nor the rights and responsibilities of Staff to conduct investigations or take other actions in furtherance of its duties and responsibilities.

F. Further Assurances

The Signatory Parties recognize that certain provisions of this Proposal require that actions be taken in the future to fully effectuate this Proposal. Accordingly, the Signatory Parties agree to cooperate with each other in good faith in taking such actions.

G. Execution

This Proposal may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument which shall be binding upon each Signatory Party when its executed counterpart is filed with the Secretary of the Commission.

H. Entire Agreement

This Proposal, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatory Parties with respect to the matters resolved herein.

IN WITNESS WHEREOF, the Signatory Parties hereto have affixed their signatures below as evidence of their agreement to be bound by the provisions of this Proposal.

**New York State Electric & Gas Corporation and
Rochester Gas and Electric Corporation**

Dated: July 14, 2010

By: Joseph J. Syta
Joseph J. Syta
Vice President, Controller and Treasurer

New York State Department of Public Service

Dated: July 14, 2010

By: Leonard Van Ryn
Leonard Van Ryn
Staff Counsel

Multiple Intervenors

Dated: July __, 2010

By: _____
Michael B. Mager
Couch White, LLP
Counsel to Multiple Intervenors

Nucor Steel Auburn, Inc.

Dated: July __, 2010

By: _____
James W. Brew
Brickfield, Burchette, Ritts & Stone, P.C.
Counsel to Nucor Steel Auburn, Inc.

AL-102859

APPENDIX A

NYSEG and RG&E
Rate Increase Summary
(\$000)

	7/14/10 Joint Proposal With Rate Modifiers			7/14/10 Joint Proposal Without Rate Modifiers		
	<u>Rate Year 1 8/25/2010</u>	<u>Rate Year 2 9/1/2011</u>	<u>Rate Year 3 9/1/2012</u>	<u>Rate Year 1 8/25/2010</u>	<u>Rate Year 2 9/1/2011</u>	<u>Rate Year 3 9/1/2012</u>
Rate Increase						
NYSEG Electric - Delivery	\$ (0)	\$ 12,802	\$ 14,329	\$ 20,366	\$ 14,442	\$ 7,517
NYSEG Electric - NBC	16,384	15,000	15,000	46,384	-	-
NYSEG Electric - Total	16,384	27,802	29,329	66,750	14,442	7,517
NYSEG Gas	9,934	10,336	10,505	30,141	1,508	2,362
RG&E Electric	15,576	10,201	13,185	33,048	3,977	17,244
RG&E Gas	10,898	10,910	10,975	28,107	2,927	3,634
Total	\$ 52,792	\$ 59,248	\$ 63,994	\$ 158,047	\$ 22,854	\$ 30,757
Overall Rate Increase						
NYSEG Electric - Delivery	0.0%	1.0%	1.1%	1.7%	1.2%	0.6%
NYSEG Electric - NBC	1.3%	1.2%	1.2%	3.8%	0.0%	0.0%
NYSEG Electric - Total	1.3%	2.3%	2.3%	5.4%	1.2%	0.6%
NYSEG Gas	2.1%	2.2%	2.2%	6.5%	0.3%	0.5%
RG&E Electric	2.2%	1.4%	1.8%	4.7%	0.5%	2.3%
RG&E Gas	2.7%	2.7%	2.6%	7.0%	0.7%	0.8%
Delivery Rate Increase						
NYSEG Electric - Delivery	0.0%	1.9%	2.1%	3.1%	2.1%	1.1%
NYSEG Electric - NBC	2.5%	2.3%	2.2%	7.0%	0.0%	0.0%
NYSEG Electric - Total	2.5%	4.2%	4.3%	10.1%	2.1%	1.1%
NYSEG Gas	6.0%	5.8%	5.6%	18.3%	0.8%	1.2%
RG&E Electric	4.1%	2.6%	3.2%	8.8%	1.0%	4.0%
RG&E Gas	8.0%	7.3%	6.9%	20.5%	1.8%	2.2%

APPENDIX B

**NYSEG and RG&E
Positive Benefit Adjustment Utilization
(\$000)**

	7/14/10 Joint Proposal				
	NYSEG Electric	NYSEG Gas	RG&E Electric	RG&E Gas	Total
<u>PBA at the Start of the Rate Year (8/31/10)</u>					
Positive Benefit Adjustment	\$ 145,195	\$ 39,927	\$ 92,424	\$ 32,979	\$ 310,525
Total PBA	\$ 145,195	\$ 39,927	\$ 92,424	\$ 32,979	\$ 310,525
Day One PBA Writeoffs					
Ice Storm	\$ -	\$ -	\$ 18,911	\$ -	\$ 18,911
Property Tax	-	-	6,089	-	6,089
Storm Reserve	57,453	-	-	-	57,453
Total Regulatory Asset Write-Off	57,453	-	25,000	-	82,453
PBAs Available to Amortize	\$ 87,742	\$ 39,927	\$ 67,424	\$ 32,979	\$ 228,072
<u>Proposed Amortization Schedule</u>					
Rate Year 1 *					
PBA - Make Whole Period (estimated)	\$ 1,700	\$ 500	\$ 1,200	\$ 495	\$ 3,895
PBA - Delivery	4,007	20,000	10,000	17,000	51,007
PBA - Delivery - Medicare offset	3,060				3,060
PBA - NBC	30,000				30,000
Rate Year 2 *					
PBA - Delivery	8,500	12,500	5,000	10,350	36,350
PBA - Delivery - Medicare offset	3,060				3,060
PBA - NBC	15,000				15,000
Rate Year 3					
PBA - Delivery	4,500	5,500	10,000	3,850	23,850
PBA - Delivery - Medicare offset	3,060				3,060
PBA - NBC	-				-
4 Months Ended 12/13 - (9/13 - 12/13)					
PBA - Delivery	1,500	1,427	3,333	1,283	7,544
PBA - Delivery - Medicare offset	1,020				1,020
PBA - NBC	-				-
Total Amortization of Rate Modifiers	\$ 75,407	\$ 39,927	\$ 29,533	\$ 32,979	\$ 177,846
Remaining Balance	\$ 12,335	\$ -	\$ 37,891	\$ -	\$ 50,225

* NYSEG Electric utilized \$45 million of the PBA's to reduce the Non-Bypassable Charge transfer (\$30 million in year 1 and \$15 million in year 2).

APPENDIX C

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013

Schedule	A	Rate of Return Statement
Schedule	B	Revenue
Schedule	C	Operation & Maintenance Expense
Schedule	D	Depreciation & Amortizations
Schedule	E	Operating Taxes
Schedule	F	Income Taxes
Schedule	G	Rate Base
Schedule	H	Amortizations
Schedule	I	Deferred Debits & Credits
Schedule	J	Capital Structure

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Rate Of Return Statement
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Operating Revenues</u>			
1 Sales Revenue	\$ 658,273	\$ 664,423	\$ 685,886
2 Impact of Rate Increase	(0)	12,802	14,329
3 Late Payments	2,524	3,208	3,431
4 Total Retail Revenue	660,797	680,433	703,647
5 Other Revenue	87,922	87,922	87,922
6 Total Revenue	748,719	768,356	791,569
7 Gross Revenue Taxes	10,318	10,558	10,856
8 Net Revenue	738,402	757,798	780,712
9 O&M Expenses	395,835	402,067	415,621
10 Depreciation & Amortizations	92,571	96,070	98,959
11 Taxes Other Than Income Taxes	85,330	87,372	89,472
12 Total Operating Expenses	573,736	585,509	604,052
13 Subtotal	164,666	172,289	176,661
14 Other Income and Deductions	-	-	-
15 Operating Income Before Income Taxes	164,666	172,289	176,661
16 Income Taxes	47,794	50,038	51,794
17 Operating Income Available for Return	\$ 116,872	\$ 122,251	\$ 124,867
18 Rate Base	1,565,817	1,637,287	1,674,262
19 Rate of Return	7.5%	7.5%	7.5%
20 Return on Equity	10.00%	10.00%	10.00%
<u>Calculation of Return on Equity</u>			
21 Operating Income Available for Return	\$ 116,872	\$ 122,251	\$ 124,867
22 Less: Interest Expense	(41,712)	(43,661)	(44,502)
23 Balance for Common	75,159	78,590	80,365
24 Rate Base	1,565,817	1,637,287	1,674,262
25 Common Equity Percentage	48.00%	48.00%	48.00%
26 Equity Component of Rate Base	751,592	785,898	803,646
27 Return on Equity (Lines 23/26)	10.00%	10.00%	10.00%

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Revenue
(\$ 000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>Billed Delivery Revenues</u>			
1	Gross Base Delivery Charges	\$ 546,187	\$ 550,469	\$ 569,615
2	Plus: Rate Increase	(0)	12,602	14,104
3	a Less: Low Income Discounts	(7,686)	(7,686)	(7,686)
4	b Less: Economic Development Discounts	(3,870)	(3,870)	(3,870)
5	Net Base Delivery Charges	\$ 534,631	\$ 551,515	\$ 572,163
6	c SBC Surcharge	20,711	21,072	21,529
7	Merchant Function Charge - Delivery	14,046	14,046	14,046
8	d EEPS Surcharge	32,317	33,112	33,831
9	c RPS Surcharge	14,669	14,925	15,249
10	e TSAS Surcharge	30,414	30,831	31,375
11	Unbilled	1,166	1,166	1,166
12	Revenue Taxes	10,318	10,558	10,856
13	Billed Delivery Revenues	\$ 658,273	\$ 677,226	\$ 700,216
14	Late Payments	\$ 2,524	\$ 3,208	\$ 3,431
	<u>Other Electric Revenue</u>			
15	Wholesale Transmission Revenues (excluded from NBC flow-thru)	\$ 55,000	\$ 55,000	\$ 55,000
16	Rent Revenue	7,028	7,028	7,028
17	Miscellaneous Billings	4,189	4,189	4,189
18	Damage Billings	4,078	4,078	4,078
19	Service Quality Revenue Adjustment	-	-	-
20	Intercompany Revenues	1,102	1,102	1,102
21	Purchase of Receivable Discounts	-	-	-
22	b Economic Development - Non-Rate Program	-	-	-
23	Other	1,333	1,333	1,333
24	Total	\$ 72,730	\$ 72,730	\$ 72,730
	<u>Deferrals & Amortizations</u>			
25	d Reconcile EEPS	\$ -	\$ -	\$ -
26	e TSAS Deferral	-	-	-
27	b Economic Development Deferral	-	-	-
28	b Power Partner Deferral	-	-	-
29	MFC Reconciliation	-	-	-
30	Excess Depreciation Reserve	15,192	15,192	15,192
31	c Reconcile SBC & RPS	-	-	-
32	Total	\$ 15,192	\$ 15,192	\$ 15,192
33	<u>Total Other Revenues + Deferrals & Amortizations</u>	87,922	87,922	87,922
34	<u>Total</u>	<u>\$ 748,719</u>	<u>\$ 768,356</u>	<u>\$ 791,569</u>

Cases 09-E-0715, et al.
Joint Proposal

Appendix - C
Schedule C

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Operation & Maintenance Expense
(\$ 000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>O&M Expenses</u>			
1	Labor/Payroll	\$ 105,855	\$ 108,630	\$ 111,477
2	Medical Benefits	10,735	10,911	11,117
3	Other Employee Benefits	5,340	5,427	5,530
4	OPEBs	14,150	14,150	14,150
5	Pension	9,096	9,096	9,096
6	Group Incentive	(0)	(0)	(0)
7	Employee Related	2,483	2,524	2,571
8	Collections	815	828	844
9	Uncollectibles	8,847	9,115	9,439
10	Postage	4,563	4,638	4,726
11	Telephone	1,823	1,852	1,887
12	Materials & Supplies	8,817	8,962	9,131
13	Legal Services	4,544	4,619	4,706
14	Outside Services	16,179	16,445	16,756
15	Transportation	12,738	12,947	13,191
16	Insurance	2,968	3,017	3,074
17	Advertising	319	324	330
18	EEMC / IUMC Costs	10,397	10,568	10,768
19	USS / IUMC Costs	29,798	30,286	30,859
20	Rents & Leases	3,197	3,249	3,310
21	Regulatory Commission Assessment Fees	4,292	4,363	4,445
22	Transmission Wheeling	(0)	(0)	(0)
23	Stores	1,112	1,131	1,152
24	b Economic Development	2,167	2,167	2,167
25	d Portfolio Standards (EEPS)	32,317	33,112	33,831
26	f Environmental Remediation	18,087	18,087	18,087
27	Executive Incentive Compensation	-	-	-
28	c Renewable Portfolio Standard	14,669	14,925	15,249
29	Sarbanes Oxley	877	877	877
30	h Stray Voltage	5,701	5,701	5,701
31	g Storm - Major	12,000	12,000	12,000
32	g Storm - Minor	4,060	4,060	4,060
32	c System Benefit Charge	20,711	21,072	21,529
33	Vegetation Management - Distribution	16,069	18,000	20,000
34	Vegetation Management - Transmission	5,000	5,000	5,000
34	e Temporary State Assessment Surcharge (TSAS)	30,414	30,831	31,375
35	a Low Income Program	1,613	1,613	1,613
36	CRO Panel Initiatives	4,895	4,895	4,895
37	Operation Staffing	-	-	-
38	Other	1,641	1,668	1,699
39	Customer Survey Costs	74	-	-
39	Total	<u>\$ 428,363</u>	<u>\$ 437,088</u>	<u>\$ 446,642</u>
	<u>Productivity & Austerity Imputation</u>			
40	Imputations	(15,032)	(15,032)	(15,032)
41	CRO Positions	-	-	-
42		<u>(15,032)</u>	<u>(15,032)</u>	<u>(15,032)</u>
	<u>Deferrals & Amortizations</u>			
43	f Environmental Reserve	\$ 5,858	\$ 5,858	\$ 5,858
44	g Storm Reserve	-	-	-
45	h Stray Voltage Reserve	(141)	(141)	(141)
46	Positive Benefit Adjustment	(7,067)	(11,560)	(7,560)
47	ASGA Amortization	(10,022)	(10,022)	(10,022)
48	Amortize Net Regulatory Deferrals	(4,124)	(4,124)	(4,124)
49	Annual Compliance Filings	-	-	-
50	Service Quality Penalty Amortization	(2,000)	-	-
51	Total	<u>\$ (17,496)</u>	<u>\$ (19,989)</u>	<u>\$ (15,989)</u>
52	<u>Total O&M Plus Deferrals & Amortizations</u>	<u>\$ 395,835</u>	<u>\$ 402,067</u>	<u>\$ 415,621</u>

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Operation & Maintenance Expense
(\$ 000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>Amount in Rates</u>			
53	f Environmental Remediation	23,945	23,945	23,945
54	g Storm	16,060	16,060	16,060
55	h Stray Voltage	5,559	5,559	5,559
56	Total	<u>\$ 45,565</u>	<u>\$ 45,565</u>	<u>\$ 45,565</u>
	<u>SBC \ RPS Reconciliation</u>			
57	Revenue			
58	c RPS Surcharge	\$ 14,669	\$ 14,925	\$ 15,249
59	c SBC Surcharge	20,711	21,072	21,529
60	c SBC \ RPS True-up	-	-	-
61		<u>\$ 35,381</u>	<u>\$ 35,997</u>	<u>\$ 36,778</u>
	Expense			
62	c SBC Surcharge	\$ 20,711	\$ 21,072	\$ 21,529
63	c RPS Surcharge	14,669	14,925	15,249
64		<u>\$ 35,381</u>	<u>\$ 35,997</u>	<u>\$ 36,778</u>
	<u>Energy Efficiency Portfolio Standards Reconciliation</u>			
	Revenue			
65	d Energy Efficiency Portfolio Standards	\$ 32,317	\$ 33,112	\$ 33,831
66	d EEPS (over)/under collection	-	-	-
67		<u>\$ 32,317</u>	<u>\$ 33,112</u>	<u>\$ 33,831</u>
	O&M Expense			
68	d Energy Efficiency Portfolio Standards	\$ 32,317	\$ 33,112	\$ 33,831
	<u>Economic Development Reconciliation</u>			
69	Total Economic Development Program	\$ 6,037	\$ 6,037	\$ 6,037
70	b Rate Discounts	3,870	3,870	3,870
71	b Economic Development Deferral	-	-	-
72	Non-Rate discounts:			
73	b Economic Development CIAC Contribution	-	-	-
74	b Economic Development	2,167	2,167	2,167
75	Total Rate and Non-Rate Discounts	<u>\$ 6,037</u>	<u>\$ 6,037</u>	<u>\$ 6,037</u>
	<u>Low Income Program Breakdown</u>			
76	Total Low Income Program Budget	\$ 9,298	\$ 9,298	\$ 9,298
77	a Rate Reductions	7,686	7,686	7,686
78	a Non-rate Program Costs	1,613	1,613	1,613
79		<u>\$ 9,298</u>	<u>\$ 9,298</u>	<u>\$ 9,298</u>
	<u>TSAS Reconciliation</u>			
80	e TSAS Surcharge	\$ 30,414	\$ 30,831	\$ 31,375
81	e TSAS Deferral	-	-	-
82	e TSAS Assessment	30,414	30,831	31,375
83	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Appendix - C
Schedule D

New York State Electric & Gas Corporation

Electric Department

Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013

Depreciation & Amortization Expense

(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	<u>8/31/2011</u>	<u>8/31/2012</u>	<u>8/31/2013</u>
1 <u>Depreciation Expense</u>	\$ 92,571	\$ 96,070	\$ 98,959
2 <u>Total</u>	<u>\$ 92,571</u>	<u>\$ 96,070</u>	<u>\$ 98,959</u>

Appendix - C
Schedule E

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Operating Taxes
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	<u>8/31/2011</u>	<u>8/31/2012</u>	<u>8/31/2013</u>
<u>Gross Revenue Taxes</u>			
1 Sales Revenues	\$ 658,273	\$ 676,986	\$ 699,677
2 Average GRT Rate	1.57%	1.56%	1.55%
3 GRT on Sales Revenues	<u>10,318</u>	<u>10,558</u>	<u>10,856</u>
4 Total Gross Revenue Tax	<u>10,318</u>	<u>10,558</u>	<u>10,856</u>
<u>Other Operating Taxes</u>			
5 Property Taxes	73,328	75,088	76,890
6 Payroll Taxes	8,716	8,945	9,179
7 Use Taxes	3,285	3,339	3,402
8 Other Taxes	<u>-</u>	<u>-</u>	<u>-</u>
9 Total Other Operating Taxes	<u>85,330</u>	<u>87,372</u>	<u>89,472</u>
10 <u>Total</u>	<u>\$ 95,648</u>	<u>\$ 97,930</u>	<u>\$ 100,328</u>

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Income Taxes
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	<u>8/31/2011</u>	<u>8/31/2012</u>	<u>8/31/2013</u>
1 Operating Income Before Income Taxes	\$ 164,666	\$ 172,289	\$ 176,661
2 Interest Expense	(41,712)	(43,661)	(44,502)
3 Preferred Dividends	(71)	(71)	(71)
4 Book Income Before Taxes and Preferred Dividends	<u>122,883</u>	<u>128,557</u>	<u>132,088</u>
5 Federal Income Taxes @ Statutory Rate 35%	43,009	44,995	46,231
6 State Income Taxes @ Statutory Rate 7.1%	8,725	9,128	9,378
7 Federal Benefit of State Tax Deduction @2.485%	<u>(3,054)</u>	<u>(3,195)</u>	<u>(3,282)</u>
8 Total Federal & State @ Statutory Rates	48,680	50,928	52,327
9 APB28 ETR True-up	-	-	-
Flow-through:			
10 Book \ Tax Depreciation	234	234	234
11 Allowance for Funds Used During Construction	-	-	-
12 Cost of Removal	(2,261)	(2,261)	(2,261)
13 Excess Depreciation Reserve	-	-	-
14 Prepaid Property Tax	(192)	(196)	(201)
15 Other	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>
16 Subtotal: Flow -Through	<u>(2,249)</u>	<u>(2,253)</u>	<u>(2,258)</u>
Tax Reserve & Other Adjustments:			
17 Reserve Adjustments	-	-	-
18 Reserve Interest (FIN 48)	<u>-</u>	<u>-</u>	<u>-</u>
19 Subtotal: Tax Reserve Adjustments	-	-	-
Permanent Differences:			
20 Lobbying & Political Expenses	-	-	-
21 Meals & Entertainment	241	241	241
22 Penalties	-	-	-
23 R&D Tax Credit	(183)	(183)	(183)
24 Tax Exempt Interest Income	-	-	-
25 Medicare Subsidy	<u>(543)</u>	<u>(543)</u>	<u>(181)</u>
26 Subtotal: Permanent Differences	<u>(485)</u>	<u>(485)</u>	<u>(123)</u>
27 Medicare Subsidy (Reg Asset Amort. net of tax)	1,848	1,848	1,848
28 Out of Period Adjustments	-	-	-
29 Delivery Income Tax Expense (lines 26, 25, 24, 18, 15, 9, 8)	<u><u>\$ 47,794</u></u>	<u><u>\$ 50,038</u></u>	<u><u>\$ 51,794</u></u>

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Rate Base
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	<u>8/31/2011</u>	<u>8/31/2012</u>	<u>8/31/2013</u>
<u>Rate Base</u>			
1 Utility Plant	\$ 3,393,085	\$ 3,536,570	\$ 3,654,998
2 Depreciation Reserve	(1,820,064)	(1,893,756)	(1,971,020)
3 Non-Int Bearing Cust Advances	(2,171)	(2,171)	(2,171)
4 Materials & Supplies	6,497	6,604	6,728
5 Prepayments	27,858	28,314	28,850
6 O&M Working Capital per the FERC Formula	45,455	46,710	47,796
7 Other Working Capital	-	-	-
8 Deferred Debits & Credits	335,804	350,044	353,349
9 Deferred Income Taxes	(453,033)	(467,954)	(477,731)
10 Deferred Investment Tax Credit	(15,965)	(15,426)	(14,888)
11 Earnings Base-Capitalization Adjustment	<u>48,351</u>	<u>48,351</u>	<u>48,351</u>
12 Total	<u>\$ 1,565,817</u>	<u>\$ 1,637,287</u>	<u>\$ 1,674,262</u>
<u>Equity Component of Rate Base</u>			
13 Rate Base	\$ 1,565,817	\$ 1,637,287	\$ 1,674,262
14 Common Equity Ratio	<u>48.00%</u>	<u>48.00%</u>	<u>48.00%</u>
15 Common Equity	<u>\$ 751,592</u>	<u>\$ 785,898</u>	<u>\$ 803,646</u>
<u>Interest Expense</u>			
16 Rate Base	\$ 1,565,817	\$ 1,637,287	\$ 1,674,262
17 Interest Bearing CWIP	-	-	-
18 Base for Interest	1,565,817	1,637,287	1,674,262
19 Weighted Cost of Debt	<u>2.66%</u>	<u>2.67%</u>	<u>2.66%</u>
20 Interest Expense	<u>\$ 41,712</u>	<u>\$ 43,661</u>	<u>\$ 44,502</u>

New York State Electric & Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Amortizations & PBAs
(\$ 000)

	1	2	3	4	5	6	7
	Def Balance w/o PBA Mod Rate Year 1	PBA Utilization	Def Balance w PBA Mod Rate Year 1	Amortization Period (years)	Rate Year 1 TME 8/31/2011 Amortization	Rate Year 2 TME 8/31/2012 Amortization	Rate Year 3 TME 8/31/2013 Amortization
Amortizations							
1 Capitalized Installation Costs	(1,220)	-	(1,220)	3.3	(366)	(366)	(366)
2 Excess DIT > 7.1% (NYS)	(1,431)	-	(1,431)	3.3	(429)	(429)	(429)
3 Deferred Inc Tax Deferral - Book Depr Rate Chg	(9,482)	-	(9,482)	3.3	(2,845)	(2,845)	(2,845)
4 Service Quality Performance Program	(2,000)	-	(2,000)	3.3	(600)	(600)	(600)
5 NYPA Ancillaries	389	-	389	3.3	117	117	117
6 Stray Voltage	(470)	-	(470)	3.3	(141)	(141)	(141)
7 ASGA (Per Order #05-E-1222)	(33,405)	-	(33,405)	3.3	(10,022)	(10,022)	(10,022)
8 Customer Service Quality Penalty	(2,000)	-	(2,000)	1.0	(2,000)		
8 Environmental	42,527	(23,000)	19,527	3.3	5,858	5,858	5,858
9 Storm	57,453	(57,453)	-	3.3	-	-	-
10	50,361	(80,453)	(30,092)		(10,428)	(8,428)	(8,428)
Rate Modifiers							
11 PBA (Excludes Make Whole)	(145,195)	57,453	(87,742)	0.0	(37,067)	(26,560)	(7,560)
12 ACF	(23,000)	23,000	-	0.0	-	-	-
13	(168,195)	80,453	(87,742)		(47,495)	(34,988)	(15,988)
14 Less: PBA Amortizations used to offset NBC					(30,000)	(15,000)	-
15 Total Delivery Amortizations in RRP-2 Schedule C					(17,495)	(19,988)	(15,988)

New York State Electric and Gas Corporation
Electric Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012 & 2013
Deferred Debits & Credits - Electric
(000)

		1	2	3
		Rate Year 1	Rate Year 2 TME	Rate Year 3 TME
		TME 8/31/2011	8/31/2012	8/31/2013
<hr/>				
	<u>Average Balance</u>			
1	Accrued Pension	\$ 539,312	\$ 519,070	\$ 499,217
2	ASGA (Per Order #05-E-1222)	(28,395)	(18,373)	(8,351)
3	ASGA (Stip adj 4/19/10)	-	(1,500)	(3,000)
4	Capitalized Installation Costs	(1,037)	(671)	(305)
5	Environmental (per Order #05-E-1222)	16,598	10,740	4,882
6	Net (Gains) & Losses on Interest Rate Hedges	(0)	(0)	(0)
7	Gain / Loss on Recquired Debt	17,485	14,313	11,879
8	Marcy South	(13,641)	(13,221)	(12,801)
9	MTA Surcharge	540	540	540
10	NBWC True-up	-	-	-
11	Non-Qualified Retiree Trust (net of related liability)	0	0	0
12	OPEBs	(98,138)	(98,387)	(95,943)
13	SFAS-112	(4,651)	(4,651)	(4,651)
14	Excess DIT > 7.1% (NYS)	(1,216)	(787)	(358)
15	Deferred Inc Tax Deferral - Book Depr Rate Change	(8,060)	(5,215)	(2,371)
16	Service Quality Performance Program	(1,700)	(1,100)	(500)
17	Stray Voltage	(400)	(259)	(118)
18	NYP&A Ancillaries	331	214	97
19	Transfer From EB-Cap	(16,774)	(16,774)	(16,774)
20	Depreciation Reserve	-	-	-
21	PBA	(69,208)	(37,395)	(20,335)
22	ACF	-	-	-
23	Storm	-	-	-
24	Cost to Achieve	3,568	2,309	1,050
25	All Other	1,191	1,191	1,191
		-	-	-
26	Total	<u>\$ 335,805</u>	<u>\$ 350,044</u>	<u>\$ 353,349</u>

Appendix - C
Schedule J

NYSEG
Capital Structure and Costs Rates
(\$ 000)

	<u>Weight</u>	<u>Cost Rate</u>	<u>Percent</u>	<u>Tax Gross- Up at</u>	<u>Before Tax</u>
				39.615%	
Long Term Debt	51.0%	5.20%	2.65%		2.65%
Customer Deposits	0.6%	2.45%	0.01%		0.01%
Preferred Stock	0.4%	3.90%	0.02%	0.01%	0.03%
Common Equity	<u>48.0%</u>	10.00%	<u>4.80%</u>	<u>3.15%</u>	<u>7.95%</u>
Total	<u>100.0%</u>		<u>7.48%</u>	<u>3.16%</u>	<u>10.64%</u>

APPENDIX D

**New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013**

Schedule	A	Rate of Return Statement
Schedule	B	Revenue
Schedule	C	Operation & Maintenance Expense
Schedule	D	Depreciation & Amortizations
Schedule	E	Operating Taxes
Schedule	F	Income Taxes
Schedule	G	Rate Base
Schedule	H	Amortizations
Schedule	I	Deferred Debits & Credits
Schedule	J	Capital Structure

New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Rate Of Return Statement
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Operating Revenues</u>			
1 Sales Revenue	\$ 165,010	\$ 176,897	\$ 188,359
2 Impact of Rate Increase	9,934	10,336	10,505
3 Late Payments	785	1,032	1,054
4 Total Retail Revenue	175,728	188,265	199,917
5 Other Revenues	1,035	1,035	1,035
6 Total Revenue	176,764	189,300	200,953
7 Gross Revenue Taxes	4,364	4,572	4,824
8 Net Revenues	172,400	184,729	196,129
9 O&M Expenses	74,809	84,441	93,066
10 Depreciation & Amortizations	22,574	23,358	24,231
11 Taxes Other than Income Taxes	22,043	22,579	23,127
12 Total Operating Expenses	119,426	130,378	140,424
13 Subtotal	52,974	54,351	55,705
14 Other Income & Deductions	-	-	-
15 Operating Income Before Income Taxes	52,974	54,351	55,705
16 Income Taxes	16,632	17,035	17,553
17 Operating Income Available for Return	\$ 36,342	\$ 37,316	\$ 38,152
18 Rate Base	486,897	499,768	510,606
19 Rate of Return	7.5%	7.5%	7.5%
20 Return on Equity	10.00%	10.00%	10.00%
<u>Calculation for Return on Equity</u>			
21 Operating Income Available for Return	\$ 36,342	\$ 37,316	\$ 38,152
22 Less: Interest Expense	12,971	13,327	13,642
23 Balance for Common	23,371	23,989	24,509
24 Rate Base	486,897	499,768	510,606
25 Common Equity Percentage	48%	48%	48%
26 Equity Component of Rate Base	233,710	239,889	245,091
27 Return on Equity (Lines 23/26)	10.00%	10.00%	10.00%

New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Revenue
(\$ 000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>Billed Delivery Revenues</u>			
1	Gross Base Delivery Charges	\$ 137,595	\$ 148,831	\$ 159,862
2	Plus: Rate Increase	9,687	10,083	10,250
3 a	Less: Low Income Discounts	(2,430)	(2,430)	(2,430)
4 b	Less: Economic Development Discounts	(725)	(725)	(725)
5	Net Base Delivery Charges	144,127	155,759	166,957
6 c	Transition Surcharge	10,822	11,018	11,087
7	R&D Surcharge	650	650	650
8	Merchant Function Charge	445	445	445
9 d	EEPS Surcharge	3,159	3,197	3,239
10 e	TSAS Surcharge	11,128	11,342	11,412
11	Unbilled	249	249	249
12	Revenue Taxes	4,364	4,572	4,824
13	Billed Delivery Revenues	174,944	187,233	198,864
14	Late Payments	785	1,032	1,054
	<u>Other Gas Revenue</u>			
15	Seneca Phase III (FERC Jurisdictional)	-	-	-
16	Other Service Charge Items	226	226	226
17	Purchase of Receivable Discounts	-	-	-
18	Rents	93	93	93
19	Balancing	-	-	-
20	Miscellaneous	716	716	716
21	Total	1,035	1,035	1,035
	<u>Deferrals & Amortizations</u>			
22	Service Quality Revenue Adjustment	-	-	-
23	R&D Deferral	-	-	-
24 d	Energy Efficiency Portfolio Standards Deferral	-	-	-
25	Seneca Phase III Deferral	-	-	-
26 b	Economic Development Deferral	-	-	-
27 e	Temporary State Assessment Surcharge Deferral	-	-	-
28	Total	-	-	-
29	Total Other Revenues + Deferrals & Amortizations	1,035	1,035	1,035
30	Total	\$ 176,764	\$ 189,300	\$ 200,953

**Cases 09-E-0715, et al.
Joint Proposal**

**Appendix - D
Schedule C**

**New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Operation & Maintenance Expense
(\$ 000)**

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>O&M Expenses</u>			
1 Labor/Payroll	\$ 27,936	\$ 28,669	\$ 29,420
2 Medical Benefits	2,399	2,438	2,484
3 Other Employee Benefits	713	725	739
4 OPEBs	3,022	3,022	3,022
5 f Pension	1,943	1,943	1,943
6 Group Incentive	(0)	(0)	(0)
7 Employee Related	574	584	595
8 Collections	109	111	113
9 Uncollectibles	3,457	3,715	3,962
10 Postage	627	638	650
11 Telephone	275	279	284
12 Materials & Supplies	1,910	1,941	1,978
13 Legal Services	805	819	834
14 Outside Services	4,480	4,553	4,639
15 Transportation	2,824	2,870	2,924
16 Insurance	445	452	461
17 Advertising	4	4	4
18 EEMC / IUMC Costs	1,540	1,565	1,595
19 USS / IUMC Costs	4,413	4,485	4,570
20 Rents & Leases	1,123	1,141	1,163
21 Regulatory Commission Assessment Fees	1,312	1,334	1,359
22 Stores	341	346	353
23 d Energy Efficiency Portfolio Standards (EEPS)	3,159	3,197	3,239
24 g Environmental Remediation	4,411	4,411	4,411
25 Executive Incentive Compensation	-	-	-
26 j Integrity of Gas Pipelines	265	265	265
27 h Outreach & Education	373	373	373
28 i Sarbanes Oxley	130	130	130
29 Security	47	47	48
30 Vegetation Management	250	250	250
31 CRO Panel Initiatives	577	577	577
32 Operations Staffing	-	-	-
33 a Low Income Program	509	509	509
34 e Temporary State Assessment Surcharge (TSAS)	11,128	11,342	11,412
35 b Economic Development	100	100	100
36 Research & Development	1,497	1,497	1,497
37 Other	(321)	(333)	(347)
38 Customer Survey Costs	22	-	-
39 Total	<u>\$ 82,398</u>	<u>\$ 84,000</u>	<u>\$ 85,555</u>
<u>Productivity / Austerity</u>			
40 Imputations	(3,495)	(3,495)	(3,495)
41 CRO Positions	-	-	-
42	<u>(3,495)</u>	<u>(3,495)</u>	<u>(3,495)</u>
<u>Deferrals & Amortizations</u>			
43 Positive Benefit Adjustment	\$ (20,000)	\$ (12,500)	\$ (5,500)
44 f Gas Pension Deferral	-	-	-
45 g Environmental Remediation Reserve	-	-	-
46 i Sarbanes Oxley Deferral	-	-	-
47 j Gas Pipeline Integrity Reserve	-	-	-
48 c Pipeline Integrity Amortization	160	163	164
49 c Gas Pension Amortization	10,021	10,203	10,267
50 c 2006 Flood Amortization	641	653	657
51 h Outreach and Education Deferral	-	-	-
52 Amortize Net Regulatory Deferrals	5,152	5,154	5,154
53 Seneca Pipeline Integrity Initiative	265	265	265
54 Amortize Annual Compliance Filing	-	-	-
55 Customer Service Quality Penalty	(333)	-	-
56 Total	<u>(4,094)</u>	<u>3,937</u>	<u>11,006</u>
57 Total O&M Plus Deferrals & Amortizations	<u>\$ 74,809</u>	<u>\$ 84,441</u>	<u>\$ 93,066</u>

Appendix - D
Schedule C

New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Operation & Maintenance Expense
(\$ 000)

		1	2	3
		Rate Year 1 TME 8/31/2011	Rate Year 2 TME 8/31/2012	Rate Year 3 TME 8/31/2013
<u>Amount in Rates</u>				
58	f Pension	\$ 1,943	\$ 1,943	\$ 1,943
59	g Environmental Remediation	4,411	4,411	4,411
60	j Gas Pipeline Integrity	265	265	265
61	i Sarbanes Oxley	130	130	130
62	h Outreach & Education	373	373	373
63	c Gas Transition Surcharge Costs (matched to revenues)	10,822	11,018	11,087
64	Total	\$ 17,944	\$ 18,140	\$ 18,209
<u>Energy Efficiency Portfolio Standards Reconciliation</u>				
<u>Revenue</u>				
65	d Energy Efficiency Portfolio Standards	\$ 3,159	\$ 3,197	\$ 3,239
66	d EEPS (over)/under collection	-	-	-
		\$ 3,159	\$ 3,197	\$ 3,239
<u>O&M Expense</u>				
67	d Energy Efficiency Portfolio Standards	3,159	3,197	3,239
<u>Low Income Program Breakout</u>				
68	a Rate Reductions	\$ 2,430	\$ 2,430	\$ 2,430
69	a Non-Rate Program Costs	509	509	509
70	Total	\$ 2,939	\$ 2,939	\$ 2,939
<u>Economic Development</u>				
71	b Rate Discounts	\$ 725	\$ 725	\$ 725
72	b Non-Rate discounts:	100	100	100
73	Total Rate and Non-Rate Discounts	\$ 825	\$ 825	\$ 825
<u>TSAS Reconciliation</u>				
74	e TSAS Surcharge	\$ 11,128	\$ 11,342	\$ 11,412
75	e TSAS Deferral	-	-	-
76	e TSAS Assessment	11,128	11,342	11,412
77	Total	\$ -	\$ -	\$ -

New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Depreciation & Amortizations
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	<u>8/31/2011</u>	<u>8/31/2012</u>	<u>8/31/2013</u>
1 <u>Depreciation Expense</u>	\$ 22,574	\$ 23,358	\$ 24,231

New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Operating Taxes
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Gross Revenue Taxes</u>			
1 Sales Revenues	\$ 174,944	\$ 187,233	\$ 198,864
2 Average GRT Rate	2.49%	2.44%	2.43%
3 GRT on Sales Revenues	4,364	4,572	4,824
4 GRT on Other Revenues	-	-	-
5 Total Gross Revenue Tax	\$ 4,364	\$ 4,572	\$ 4,824
<u>Other Operating Taxes</u>			
6 Property Taxes	\$ 19,035	\$ 19,492	\$ 19,960
7 Payroll Taxes	2,398	2,461	2,526
8 Use Taxes	609	625	642
9 Other Taxes	-	-	-
10 Total Other Operating Taxes	22,043	22,579	23,127
11 Total	\$ 26,407	\$ 27,150	\$ 27,951

New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Income Taxes
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Income Tax Calculation</u>			
1 Operating Income Before Income Taxes	\$ 52,974	\$ 54,351	\$ 55,705
2 Interest Expense	(12,971)	(13,327)	(13,642)
3 Preferred Dividends	(23)	(23)	(23)
4 Book Income Before Taxes and Preferred Dividends	39,980	41,001	42,039
6 Federal Income Taxes @ 35.000%	13,993	14,350	14,714
7 State Income Taxes @ 7.100%	2,839	2,911	2,985
8 Federal Benefit of State Tax Deduction @ 2.485%	(993)	(1,019)	(1,045)
9 Total Federal & State @ Statutory Rates	15,838	16,242	16,654
10 APB28 ETR True-up	-	-	-
<u>Flow-Through</u>			
11 Book/Tax Depreciation - Without Depreciation Study Impact	1,504	1,504	1,504
12 Book/Tax Depreciation - Depreciation Study Impact	-	-	-
13 Allowance for Funds Used During Construction	-	-	-
14 Cost of Removal	(393)	(393)	(393)
15 Prepaid Property taxes etc.	(57)	(58)	(60)
16 Subtotal: Flow -Through	1,054	1,053	1,051
17 Tax Reserve & Other Adjustments			
18 Reserve Adjustments	-	-	-
19 FIN 48	-	-	-
20 Subtotal: Tax Reserve Adjustments	-	-	-
<u>Permanent</u>			
21 Lobbying & Political Expenses	-	-	-
22 Meals & Entertainment	36	36	36
23 Medicare Subsidy	(162)	(162)	(54)
24 Tax Exempt Interest Income	-	-	-
25 R&D Tax Credit	(134)	(134)	(134)
26 Subtotal: Permanent Differences	(260)	(260)	(152)
27 Investment Tax Credit	-	-	-
28 Out of Period Adjustments	-	-	-
29 Delivery Income Tax Expense (lines 28, 27, 26, 20, 16, 10, 9)	\$ 16,632	\$ 17,035	\$ 17,553

New York State Electric and Gas Corporation
Gas Department
Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013
Rate Base
(\$ 000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
Rate Base			
1 Utility Plant	\$ 875,928	\$ 907,378	\$ 941,448
2 Depreciation Reserve	(337,254)	(355,626)	(374,110)
3 Non-Int Bearing Cust Advances	(759)	(759)	(759)
4 Storage Gas	-	-	-
4 Materials & Supplies	1,988	1,988	1,988
5 Prepayments	7,200	7,318	7,457
6 O&M Working Capital per the FERC Formula	10,028	10,235	10,399
7 Other Working Capital	-	-	-
8 Deferred Debits & Credits	82,986	88,286	86,834
9 Deferred Income Taxes	(166,607)	(172,552)	(176,263)
10 Deferred Investment Tax Credit	(1,172)	(1,060)	(947)
11 Earnings Base-Capitalization Adjustment	14,559	14,559	14,559
12 Total	<u>\$ 486,897</u>	<u>\$ 499,768</u>	<u>\$ 510,606</u>
Equity Component of Rate Base			
13 Rate Base	\$ 486,897	\$ 499,768	\$ 510,606
14 Common Equity Ratio	<u>48.00%</u>	<u>48.00%</u>	<u>48.00%</u>
15 Common Equity	<u>\$ 233,710</u>	<u>\$ 239,889</u>	<u>\$ 245,091</u>
Interest Expense			
16 Rate Base	\$ 486,897	\$ 499,768	\$ 510,606
17 Weighted Cost of Debt	<u>2.66%</u>	<u>2.67%</u>	<u>2.67%</u>
18 Interest Expense	<u>\$ 12,971</u>	<u>\$ 13,327</u>	<u>\$ 13,642</u>

**Cases 09-E-0715, et al.
Joint Proposal**

**Appendix - D
Schedule H**

New York State Electric & Gas Corporation

Gas Department

Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013

Amortizations & PBAs

(\$ 000)

		Def Balance w/o PBA Mod Rate Year 1	PBA Utilization	Def Balance w PBA Mod Rate Year 1	Amortization Period (years)	Rate Year 1 TME 8/31/2011 Amortization	Rate Year 2 TME 8/31/2012 Amortization	Rate Year 3 TME 8/31/2013 Amortization
Amortizations								
1	Capitalized Installation Costs	(825)	-	(825)	3.3	(247)	(247)	(247)
2	Excess DIT > 7.1% (NYS)	(594)	-	(594)	3.3	(178)	(178)	(178)
3	Property Tax Deferral	605	-	605	3.3	182	182	182
4	Sarbanes Oxley	957	-	957	3.3	287	287	287
5	Service Quality Performance Program	(837)	-	(837)	3.3	(251)	(251)	(251)
6	Seneca Storage	(643)	-	(643)	3.3	(193)	(193)	(193)
7	Environmental	18,517	-	18,517	3.3	5,555	5,555	5,555
8	Seneca Pipeline Integrity Initiative	882	-	882	3.3	265	265	265
9	Customer Service Quality Penalty	(333)	-	(333)	1.0	(333)		
10	Gas Transition Surcharge (Amortization)	-	-	-	Rev Match	10,822	11,018	11,087
		17,729	-	17,729		15,907	16,437	16,506
Rate Modifiers								
11	PBA	(39,927)	-	(39,927)	0.0	(20,000)	(12,500)	(5,500)
12	Total Delivery Amortizations in RRP-2 Schedule C	(22,198)	-	(22,198)		(4,093)	3,937	11,006

New York State Electric and Gas Corporation

Gas Department

Revenue Requirement for Forecast Rate Years Ending August 31, 2011, 2012, & 2013

Deferred Debits & Credits - Electric

(000)

		1	2	3
		Year 1 Ending	Year 2 Ending	Year 3 Ending
		August 31,	August 31,	August 31,
		2011	2012	2013
<hr/>				
	<u>Average Balance</u>			
1	Accrued Pension	\$ 119,189	\$ 114,715	\$ 110,328
2	Capitalized Installation Costs	(701)	(454)	(206)
3	Deferred Gas Costs	-	-	-
4	Environmental	15,739	10,184	4,629
5	Gas Phase 2A/B	53	53	53
6	Net (Gains) & Losses on Interest Rate Hedges	(0)	(0)	(0)
7	Gain / Loss on Reacquired Debt	6,113	5,004	4,153
8	MTA Surcharge	48	48	48
9	Non-Qualified Retiree Trust (net of related liability)	(0)	(0)	(0)
10	OPEBs	(20,496)	(20,551)	(20,011)
11	SFAS-112	(1,222)	(1,222)	(1,222)
12	Excess DIT > 7.1% (NYS)	(505)	(327)	(149)
13	Property Tax Deferral	514	333	151
14	Sarbanes-Oxley	813	526	239
15	Service Quality Performance Program	(711)	(460)	(209)
16	Seneca Storage	(547)	(354)	(161)
17	Transfer From EB-Cap	(6,631)	(6,631)	(6,631)
18	PBA	(29,927)	(13,677)	(4,677)
19	ACF	-	-	-
20	Seneca Pipeline Integrity Initiative	309	485	221
21	Cost to Achieve	948	614	279
22	Total	<u>\$ 82,986</u>	<u>\$ 88,286</u>	<u>\$ 86,834</u>

Appendix - D
Schedule J

NYSEG
Capital Structure and Costs Rates
(\$ 000)

	<u>Weight</u>	<u>Cost Rate</u>	<u>Percent</u>	<u>Tax Gross- Up at</u>	<u>Before Tax</u>
				39.615%	
Long Term Debt	51.0%	5.20%	2.65%		2.65%
Customer Deposits	0.6%	2.45%	0.01%		0.01%
Preferred Stock	0.4%	3.90%	0.02%	0.01%	0.03%
Common Equity	<u>48.0%</u>	10.00%	<u>4.80%</u>	<u>3.15%</u>	<u>7.95%</u>
Total	<u>100.0%</u>		<u>7.48%</u>	<u>3.16%</u>	<u>10.64%</u>

APPENDIX E

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Schedule	A	Rate of Return Statement
Schedule	B	Revenue
Schedule	C	Operation & Maintenance Expense
Schedule	D	Depreciation & Amortizations
Schedule	E	Operating Taxes
Schedule	F	Income Taxes
Schedule	G	Rate Base
Schedule	H	Amortizations
Schedule	I	Deferred Debits & Credits
Schedule	J	Capital Structure & Cost Rates

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013
Rate of Return Statement
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Operating Revenues</u>			
1 Sales Revenue	\$ 376,856	\$ 397,631	\$ 414,865
2 Impact of Rate Increase	15,576	10,201	13,185
3 Late Payments	2,087	2,182	2,308
4 Total Retail Revenue	394,518	410,014	430,357
5 Other Revenue	4,396	4,396	9,646
6 Total Revenue	398,914	414,410	440,003
7 Gross Revenue Taxes	4,748	4,934	5,177
8 Net Revenue	394,166	409,476	434,826
9 O&M Expenses	192,654	200,613	198,668
10 Depreciation & Amortizations	35,796	37,139	41,574
11 Taxes Other Than Income Taxes	67,200	72,298	77,797
12 Total Operating Expenses	295,650	310,050	318,039
13 Subtotal	98,516	99,426	116,787
14 Other Income and Deductions	-	-	-
15 Operating Income Before Income Taxes	98,516	99,426	116,787
16 Income Taxes	20,349	20,539	25,234
17 Operating Income Available for Return	<u>\$ 78,168</u>	<u>\$ 78,888</u>	<u>\$ 91,553</u>
18 Rate Base	922,875	931,378	1,080,905
19 Rate of Return	<u>8.47%</u>	<u>8.47%</u>	<u>8.47%</u>
20 Return on Equity	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
<u>Calculation of Return on Equity</u>			
21 Operating Income Available for Return	\$ 78,168	\$ 78,888	\$ 91,553
22 Less: Interest Expense	(33,870)	(34,182)	(39,669)
23 Balance for Common	44,298	44,706	51,883
24 Rate Base	922,875	931,378	1,080,905
25 Common Equity Percentage	48%	48%	48%
26 Equity Component of Rate Base	442,980	447,062	518,834
27 Balance for Common	44,298	44,706	51,883
28 Equity Component of Rate Base	442,980	447,062	518,834
29	10.00%	10.00%	10.00%

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Revenue
(\$000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>Retail Sales Revenue</u>			
1	Gross Base Delivery	\$ 248,644	\$ 348,822	\$ 365,084
2	Plus: Rate Increase	15,387	10,077	13,025
3	a Less: Low Income Discounts	(3,190)	(3,190)	(3,190)
4	b Less: Economic Development Discounts	(1,163)	(1,163)	(1,163)
5	Plus: Transfer Fixed NBC Costs to Delivery	80,414	-	-
6	Net Base Delivery Charges	340,092	354,546	373,756
7	c System Benefit Charge	9,593	9,593	9,592
8	d Energy Efficiency Portfolio Standards	17,378	17,724	18,078
9	e Temporary State Assessment Surcharge	14,385	14,691	14,987
10	f Renewable Portfolio Standards	5,622	5,734	5,849
11	Merchant Function Charge - Delivery	-	-	-
12	Retail Access Surcharge	-	-	-
13	Retail Access Credit	-	-	-
14	Gross Revenue Tax	4,751	4,934	5,177
15	Transfer Commodity Uncollectibles from NBWC to MFC	-	-	-
16	Unbilled	610	610	610
17	Total Retail Revenue	392,432	407,831	428,050
18	Late Payments	2,087	2,182	2,308
	<u>Other Electric Revenue</u>			
19	Reconnection Charges	558	558	558
20	Rent Revenue	1,893	1,893	1,893
21	Damage Billing	926	926	926
22	Inter-Company Revenue	281	281	281
23	Purchase of Receivables Discount	-	-	-
24	b Economic Development - Non-Rate Program	-	-	-
25	Amortization of Excess Depreciation Reserve	-	-	5,250
26	Other	738	738	738
27	Total	4,396	4,396	9,646
	<u>Deferrals & Amortizations</u>			
28	f SBC/RPS (over)/under collection	-	-	-
29	RAS (over)/under collection	-	-	-
30	c NYSERDA True up	-	-	-
31	b Economic Development Deferral	-	-	-
32	Amortize 2003 SIT per JP XV.3.D	-	-	-
33	Offset Delivery rate	-	-	-
34	Other/Earnings Sharing ESM	-	-	-
35	d EEPS (over)/under collection	-	-	-
36	e Temporary State Assessment Surcharge Deferral	-	-	-
37	Other	-	-	-
38	Total	-	-	-
39	Total Other Revenues + Deferrals & Amortizations	4,396	4,396	9,646
40	Total	\$ 398,914	\$ 414,410	\$ 440,003

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Operation & Maintenance Expense
(\$000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>O&M Expenses</u>			
1	Labor/Payroll	\$ 35,219	\$ 35,967	\$ 36,731
2	Medical Benefits	1,938	1,970	2,007
3	Other Employee Benefits	3,123	3,189	3,257
4	g OPEBs	2,023	2,023	2,023
5	h Pension	1,657	1,657	1,657
6	Group Incentive	(0)	(0)	(0)
7	Employee Related	476	484	493
8	Collections	418	425	433
9	Uncollectibles	7,864	8,368	8,800
10	Postage	1,234	1,254	1,278
11	Telephone	601	611	622
12	Materials & Supplies	3,171	3,223	3,284
13	Legal Services	1,921	1,953	1,989
14	Outside Services	11,776	11,969	12,195
15	Transportation	3,388	3,443	3,509
16	Insurance	1,407	1,430	1,457
17	Insurance - NEIL Credit	(600)	(610)	(622)
18	Advertising	84	85	87
19	EEMC / IUMC Costs	4,285	4,355	4,438
20	USS / IUMC Costs	10,713	10,889	11,094
21	Rents & Leases	2,772	2,817	2,871
22	Regulatory Commission Assessment Fees	2,336	2,374	2,419
23	Transmission Wheeling	328	333	340
24	Stores	972	988	1,007
25	b Economic Development	3,600	3,600	3,600
26	c System Benefit Charge	9,593	9,593	9,592
27	d Energy Efficiency Portfolio Standards	17,378	17,724	18,078
28	f Renewable Portfolio Standard	5,622	5,734	5,849
29	Executive Incentive Compensation	-	-	-
30	s Vegetation Management - Distribution	6,600	6,600	6,600
31	t Vegetation Management - Transmission	970	970	970
32	e Temporary State Assessment Surcharge	14,385	14,691	14,987
33	Low Income Program	928	928	928
34	CRO Panel Initiatives	2,279	2,279	2,279
35	CRO Positions	-	-	-
36	i Storm	2,520	2,520	2,520
37	j Environmental Remediation	7,394	7,394	7,394
38	k Outreach & Education - Voice Your Choice	0	0	0
39	l Right of Way	116	118	120
40	m Sarbanes Oxley	312	317	323
41	n Stray Voltage	2,666	2,710	2,761
42	o Security	703	715	728
43	p ERO_NERC	232	236	240
44	q Electric DOE Liability	1,986	1,986	1,986
45	Other	2,196	2,232	2,275
46	Rochester Street Lighting Facilities	(401)	(401)	(401)
47	Russell and Gas Turbines Sale	-	-	-
48	Management Audit	175	175	175
49	Total	\$ 176,359	\$ 179,318	\$ 182,373

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Operation & Maintenance Expense
(\$000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>Austerity / Productivity</u>			
50	Imputation Amount	(2,157)	(2,157)	(2,157)
51	CRO Positions	-	-	-
52		<u>(2,157)</u>	<u>(2,157)</u>	<u>(2,157)</u>
	<u>Amortizations</u>			
53	Ice Storm	-	-	-
54	Allegheny Buy-out	11,763	11,763	11,763
55	Nine Mile II Mirror CWIP	5,099	5,099	5,099
56	Nine Mile II	11,669	11,669	11,669
57	Oswego Plant Sale	5,445	5,445	5,445
58	Outreach & Education - Voice Your Choice	2,091	2,091	2,091
59	Positive Benefit Adjustments	(10,000)	(5,000)	(10,000)
60	Property Tax	1,806	1,806	1,806
61	Variable Rate Debt	313	313	313
62	ACF	(1,950)	(1,950)	(1,950)
53	Amortize Net Regulatory Deferrals	<u>(7,785)</u>	<u>(7,785)</u>	<u>(7,785)</u>
64		18,451	23,451	18,451
	<u>Deferrals</u>			
65	g OPEBs	-	-	-
66	h Pension	-	-	-
67	i Storm Deferral	-	-	-
68	j Environmental Remediation	-	-	-
69	k Outreach & Education - Voice Your Choice	-	-	-
70	l Right of Way	-	-	-
71	m Sarbanes Oxley	-	-	-
72	n Stray Voltage	-	-	-
73	o Security	-	-	-
74	p ERO_NERC	-	-	-
75	q Electric DOE Liability	-	-	-
76	s Vegetation Management - Distribution	-	-	-
77	t Vegetation Management - Transmission	-	-	-
78	r Positive Benefit Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
79		-	-	-
80	<u>Total O&M Plus Deferrals & Amortizations</u>	<u>\$ 192,654</u>	<u>\$ 200,613</u>	<u>\$ 198,668</u>

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Operation & Maintenance Expense
(\$000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>Amount in Rates</u>			
81	g OPEBs	2,023	2,023	2,023
82	h Pension	1,657	1,657	1,657
83	i Storm Deferral	2,520	2,520	2,520
84	j Environmental Remediation	7,394	7,394	7,394
85	k Outreach & Education	0	0	0
86	l Right of Way	116	118	120
87	m Sarbanes Oxley	312	317	323
88	n Stray Voltage	2,666	2,710	2,761
89	o Security	703	715	728
90	p ERO_NERC	232	236	240
91	q Electric DOE Liability	1,986	1,986	1,986
92	s Vegetation Management - Distribution	6,600	6,600	6,600
93	t Vegetation Management - Transmission	970	970	970
94	r Positive Benefit Adjustments	-	-	-
95		27,179	27,245	27,323
	<u>Low Income Program Breakdown</u>			
96	a Customer Discount	3,190	3,190	3,190
97	Arrearage Forgiveness	699	699	699
98	Adminstration	229	229	229
99	Total Low Income Program	\$ 4,118	\$ 4,118	\$ 4,118
	<u>Economic Development Reconciliation</u>			
100	b Total Economic Development Program	4,763	4,763	4,763
101	Rate Discounts	1,163	1,163	1,163
102	b Economic Development Deferral	-	-	-
	<u>Non-Rate discounts:</u>			
103	b Economic Development - Revenue	-	-	-
104	b Economic Development - O&M	3,600	3,600	3,600
105	Total Rate and Non-Rate Discounts	4,763	4,763	4,763

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Depreciation & Amortizations
(\$000)

	1	2	3
	Rate Year 1 TME 8/31/2011	Rate Year 2 TME 8/31/2012	Rate Year 3 TME 8/31/2013
1 <u>Depreciation Expense</u>	\$ 35,796	\$ 37,139	\$ 41,574
<u>Decommissioning</u>			
2 Beebee	-	-	-
3 Russell	-	-	-
4 Total	-	-	-
5 <u>Total</u>	<u>\$ 35,796</u>	<u>\$ 37,139</u>	<u>\$ 41,574</u>

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Operating Taxes
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Gross Revenue Taxes</u>			
1 Total Retail Revenue	\$ 392,432	\$ 407,773	\$ 427,907
2 Average GRT Rate	1.21%	1.21%	1.21%
3 GRT on Sales Revenues	4,748	4,934	5,177
4 GRT on Other Revenues	-	-	-
5 Total Gross Revenue Tax	\$ 4,748	\$ 4,934	\$ 5,177
<u>Other Operating Taxes</u>			
6 Property Taxes	63,640	68,667	74,092
7 Property Tax True-up	-	-	-
8 Net Property Taxes	63,640	68,667	74,092
9 Payroll Taxes	2,516	2,570	2,624
10 Use Taxes	868	883	899
11 Other Taxes	175	178	181
12 Total Other Operating Taxes	67,200	72,298	77,797
13 <u>Total</u>	\$ 71,948	\$ 77,231	\$ 82,974

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Income Taxes
(\$000)

	1	2	3
	Rate Year 1 TME 8/31/2011	Rate Year 2 TME 8/31/2012	Rate Year 3 TME 8/31/2013
1 Operating Income Before Income Taxes	\$ 98,516	\$ 99,426	\$ 116,787
2 Interest Expense	(33,870)	(34,182)	(39,669)
3 Book Income Before Income Taxes (Adjusted for Tax Items)	64,647	65,245	77,118
4 Federal Income Taxes @ 35.000%	22,626	22,836	26,991
5 State Taxes @ 7.100%	4,590	4,632	5,475
6 Fed Benefit of State Tax Deduction @ 2.485%	(1,606)	(1,621)	(1,916)
7 Total Federal & State @ Statutory Rates	25,610	25,847	30,550
8 APB28 ETR True-Up	-	-	-
Flow-Through			
9 Book / Tax Depreciation - Without Depreciation Study Impact	(2,030)	(2,030)	(2,030)
10 Book / Tax Depreciation - Depreciation Study Impact	-	-	-
11 Excess Depreciation	-	-	-
12 Allowance for Funds Used During Construction	-	-	-
13 Cost of Removal	(1,499)	(1,499)	(1,499)
14 Mirror CWIP	-	-	-
15 Gain on Retirement of Preferred Stock	-	-	-
16 Pre-Paid Property Tax	(597)	(644)	(695)
17 Subtotal: Flow-Through	(4,126)	(4,173)	(4,224)
Tax Reserve & Other Adjustments			
18 Reserve Adjustment - Fed	-	-	-
19 Reserve Adjustment - NY	-	-	-
20 Reserve Interest - Fed	-	-	-
21 Reserve Interest - NY	-	-	-
22 Cost of Removal	(1,015)	(1,015)	(1,015)
23 Subtotal: Tax Reserve Adjustments	(1,015)	(1,015)	(1,015)
Permanent Differences			
24 Fuel Tax Credit Addback	1	1	1
25 Lobbying and Political Expenses	-	-	-
26 Meals and Entertainment	42	42	42
27 Medicare Subsidy	(65)	(65)	(22)
28 R&D	(98)	(98)	(98)
29 Penalties	-	-	-
30 Restricted Stock	-	-	-
31 Tax Exempt Interest Income	-	-	-
32 Subtotal: Permanent Differences	(120)	(120)	(77)
33 Investment Tax Credit Amortization	-	-	-
34 Out of Period Adjustments	-	-	-
35 Flow Through Tax Impacts (Lines 8, 17, 23, 32, 33 & 34)	(5,261)	(5,308)	(5,316)
36 Delivery Income Taxes (Lines 7 & 35)	\$ 20,349	\$ 20,539	\$ 25,234

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012, and 2013
Rate Base Summary Schedule
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Rate Base</u>			
1 Utility Plant	\$ 1,637,577	\$ 1,704,824	\$ 1,915,804
2 Depreciation Reserve	(593,379)	(623,473)	(653,374)
3 Materials & Supplies and Emission Allowances	7,128	7,245	7,382
4 Prepayments	26,638	28,659	30,841
5 O&M Working Capital per the FERC Formula	22,510	22,778	23,068
6 Other Working Capital	-	-	-
7 Deferred Debits & Credits	(64,232)	(92,420)	(122,437)
8 Deferred Income Taxes	(143,226)	(146,551)	(151,065)
9 Deferred Investment Tax Credit	(1,609)	(1,151)	(780)
10 Total Before Earnings Base-Capitalization Adjustment	891,408	899,911	1,049,438
11 Earnings Base-Capitalization Adjustment	31,467	31,467	31,467
12 Total	<u>\$ 922,875</u>	<u>\$ 931,378</u>	<u>\$ 1,080,905</u>
<u>Equity Component of Rate Base</u>			
13 Rate Base	\$ 922,875	\$ 931,378	\$ 1,080,905
14 Common Equity Ratio	<u>48.0%</u>	<u>48.0%</u>	<u>48.0%</u>
15 Common Equity	<u>\$ 442,980</u>	<u>\$ 447,062</u>	<u>\$ 518,834</u>
<u>Interest Expense</u>			
16 Rate Base	\$ 922,875	\$ 931,378	\$ 1,080,905
17 IBCWIP	-	-	-
18	<u>\$ 922,875</u>	<u>\$ 931,378</u>	<u>\$ 1,080,905</u>
19 Weighted Cost of Debt	3.67%	3.67%	3.67%
20 Interest Expense	<u>\$ 33,870</u>	<u>\$ 34,182</u>	<u>\$ 39,669</u>

Rochester Gas and Electric Corporation

Electric Department

Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Regulatory Amortizations

(\$000)

						1	2	3
		Def Balance w/o PBA Mod	PBA	Def Balance w/o PBA Mod	Amortization	Rate Year 1 TME	Rate Year 2 TME	Rate Year 3 TME
		Rate Year 1	Utilization	Rate Year 1	Period (years)	8/31/2011 Amortization	8/31/2012 Amortization	8/31/2013 Amortization
Amortizations								
1	Amortization - Ice Storm	\$ 18,911	\$ (18,911)	\$ -	3.3	\$ -	\$ -	\$ -
2	Amortization - Allegheny Buy-out	39,207	-	39,207	3.3	11,763	11,763	11,763
3	Amortization - Nine Mile II Mirror CWIP	16,995	-	16,995	3.3	5,099	5,099	5,099
4	Amortization - Nine Mile II	38,892	-	38,892	3.3	11,669	11,669	11,669
5	Amortization - Oswego Plant Sale	18,150	-	18,150	3.3	5,445	5,445	5,445
6	Amortization - Outreach & Educ. - Voice Your Choice	6,968	-	6,968	3.3	2,091	2,091	2,091
Amortize Net Regulatory Deferrals								
7	Excess NYS DIT>7.1%	(677)	-	(677)	3.3	(203)	(203)	(203)
8	IRS Audit - 1998-2001	925	-	925	3.3	278	278	278
9	NYS Tax Audit	(2,376)	-	(2,376)	3.3	(713)	(713)	(713)
10	Capitalized Installation Costs	(1,010)	-	(1,010)	3.3	(303)	(303)	(303)
11	Property Tax 481(a)	(4,522)	-	(4,522)	3.3	(1,357)	(1,357)	(1,357)
12	Stray Voltage	2,720	-	2,720	3.3	816	816	816
13	Sarbanes-Oxley	1,173	-	1,173	3.3	352	352	352
14	DOE Liability True-up	(5,039)	-	(5,039)	3.3	(1,512)	(1,512)	(1,512)
15	Economic Development True-up	(9,238)	-	(9,238)	3.3	(2,772)	(2,772)	(2,772)
16	OPEB True-up	(5,088)	-	(5,088)	3.3	(1,527)	(1,527)	(1,527)
17	VRD Pre-2004 True-up	(1,763)	-	(1,763)	3.3	(529)	(529)	(529)
18	Nuclear Fuel DOE Liability True-up - 2004	(1,429)	-	(1,429)	3.3	(429)	(429)	(429)
19	Electric Reliability Organization	474	-	474	3.3	142	142	142
20	Medicare Part D	(413)	-	(413)	3.3	(124)	(124)	(124)
21	NYS Tax Rate	(407)	-	(407)	3.3	(122)	(122)	(122)
22	R&D Tax Credit	(307)	-	(307)	3.3	(92)	(92)	(92)
23	Security Costs	367	-	367	3.3	110	110	110
24	Property Tax Cost to Achieve	662	-	662	3.3	199	199	199
25		(25,947)	-	(25,947)		(7,785)	(7,785)	(7,785)
26	Property Tax	12,110	(6,089)	6,021	3.3	1,806	1,806	1,806
27	Variable Rate Debt	1,043	-	1,043	3.3	313	313	313
28	Economic Development Fund	(7,382)	-	(7,382)				
29		\$ 118,946	\$ (25,000)	\$ 93,946		\$ 30,401	\$ 30,401	\$ 30,401
Rate Modifiers								
30	PBA Utilization	\$ (92,424)	\$ 25,000	\$ (67,424)		\$ (10,000)	\$ (5,000)	\$ (10,000)
31	Excess Depreciation Reserve	(105,000)	-	(105,000)		-	-	(5,250)
32	ACF	(6,500)	-	(6,500)	3.3	(1,950)	(1,950)	(1,950)
33		\$ (203,924)	\$ 25,000	\$ (178,924)		\$ (11,950)	\$ (6,950)	\$ (17,200)

Rochester Gas and Electric Corporation
Electric Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013
Deferred Debits & Credits
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Average Balance</u>			
1 Beebee Decommissioning Reserve	\$ (12,727)	\$ (12,727)	\$ (12,727)
2 Russell Decommissioning Reserve	(9,733)	(9,733)	(9,733)
3 ASGA	(2,796)	(2,796)	(2,796)
4 Nine Mile 2 Regulatory Asset	33,057	21,389	9,720
5 Nine Mile Mirror CWIP	14,446	9,347	4,248
6 Oswego Regulatory Asset	15,427	9,982	4,536
7 Allegany Regulatory Asset	33,326	21,562	9,799
8 DOE Liability	(125,021)	(127,007)	(128,993)
9 DOE Liability - True-up	(4,283)	(2,771)	(1,259)
10 Economic Development - True-up	(7,852)	(5,080)	(2,309)
11 Environmental Site Remediation	3,779	3,779	3,779
12 FAS-112 Post Employment Benefit Liability	(3,018)	(3,018)	(3,018)
13 Ice Storm	-	-	-
14 Major Storm Reserve	(2,282)	(2,282)	(2,282)
15 NBC True-up	-	-	-
16 NYS Income Tax / GRT Deferral	-	-	-
17 OPEB Reserve	(54,055)	(53,078)	(51,199)
18 OPEB True-up	(4,325)	(2,798)	(1,272)
19 Outreach & Education - True-up	5,922	3,832	1,741
20 Pension Asset	61,648	59,548	55,236
21 Pension True-up	(2,536)	(2,536)	(2,536)
22 Pre-Capitalized Installation Costs	(859)	(556)	(253)
23 Non-Qualified Retiree Trust (net of related liability)	(0)	(0)	(0)
24 Net (Gains) & Losses on Interest Rate Hedges	57,942	54,516	51,090
25 Loss on Reacquired Debt	5,725	5,197	4,150
26 Variable Rate Debt - Pre-2004 True-up	(1,498)	(969)	(441)
27 Nuclear Fuel DOE Liability True-Up - 2004	(1,214)	(786)	(357)
28 Electric Reliability Organization	403	261	118
29 Excess NYS Deferred Income Taxes	(815)	(613)	(410)
30 1998-2001 IRS Audit	786	509	231
31 Medicare Part D	(240)	(116)	8
32 NYS Tax Audit	(2,020)	(1,307)	(594)
33 NYS Tax Rate	(188)	(66)	56
34 Property Tax 481(a)	(3,844)	(2,487)	(1,130)
35 Property Tax - JP	5,117	3,311	1,505
36 R&D Tax credit	46	138	230
37 Sarbanes-Oxley	997	645	293
38 Security Costs	447	337	227
39 Stray Voltage	2,312	1,496	680
40 Variable Rate Debt	995	682	369
41 PBAs	(62,424)	(54,924)	(47,424)
42 Economic Development	-	-	-
43 ACF	(5,525)	(3,575)	(1,625)
44 Costs to Achieve - Property Taxes	563	364	165
45 Cost to Achieve Productivity/Austerity	493	319	145
46 All Other	(408)	(408)	(408)
47 Total	\$ (64,232)	\$ (92,420)	\$ (122,437)

Joint Proposal
7/14/2020

RG&E
Capital Structure and Costs Rates
(\$ 000)

	<u>Weight</u>	<u>Cost Rate</u>	<u>Percent</u>	<u>Tax Gross- Up at</u>	<u>Before Tax</u>
				39.615%	
Long Term Debt	51.7%	7.08%	3.66%		3.66%
Customer Deposits	0.3%	2.45%	0.01%		0.01%
Common Equity	<u>48.0%</u>	10.00%	<u>4.80%</u>	<u>3.15%</u>	<u>7.95%</u>
Total	<u>100.0%</u>		<u>8.47%</u>	<u>3.15%</u>	<u>11.62%</u>

APPENDIX F

Rochester Gas and Electric Corporation
Gas Department
Revenue Requirement for Forecast Year Ending August 31, 2011, 2012 and 2013

Schedule	A	Rate of Return Statement
Schedule	B	Revenue
Schedule	C	Operation & Maintenance Expense
Schedule	D	Depreciation & Amortizations
Schedule	E	Operating Taxes
Schedule	F	Income Taxes
Schedule	G	Rate Base
Schedule	H	Regulatory Amortizations
Schedule	I	Deferred Debits and Credits
Schedule	J	Capital Structure & Cost Rates

Rochester Gas and Electric Corporation
Gas Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013
Rate of Return Statement
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Operating Revenues</u>			
1 Sales Revenue	\$ 136,915	\$ 148,451	\$ 159,641
2 Impact of Rate Increase	10,898	10,910	10,975
3 Late Payments	2,750	2,848	2,940
4 Total Retail Revenue	150,563	162,209	173,556
5 Other Revenue	1,205	1,205	1,205
6 Total Revenue	151,769	163,415	174,762
7 Gross Revenue Taxes	3,227	3,478	3,724
8 Net Revenue	148,542	159,936	171,037
9 O&M Expenses	58,534	66,580	74,380
10 Depreciation & Amortizations	18,980	19,632	20,334
11 Taxes Other Than Income Taxes	26,617	28,620	30,781
12 Total Operating Expenses	104,131	114,833	125,495
13 Subtotal	44,411	45,104	45,543
14 Other Income and Deductions	-	-	-
15 Operating Income Before Income Taxes	44,411	45,104	45,543
16 Income Taxes	10,019	10,184	10,301
17 Operating Income Available for Return	\$ 34,392	\$ 34,920	\$ 35,241
18 Rate Base	406,049	412,277	416,064
19 Rate of Return	8.47%	8.47%	8.47%
20 Return on Equity	10.00%	10.00%	10.00%
<u>Calculation of Return on Equity</u>			
21 Operating Income Available for Return	\$ 34,392	\$ 34,920	\$ 35,241
22 Less: Interest Expense	(14,902)	(15,131)	(15,270)
23 Balance for Common	19,490	19,789	19,972
24 Rate Base	406,049	412,277	416,064
25 Common Equity Percentage	48%	48%	48%
26 Equity Component of Rate Base	194,903	197,893	199,711
27 Balance for Common	19,490	19,789	19,972
28 Equity Component of Rate Base	194,903	197,893	199,711
29	10.00%	10.00%	10.00%

Rochester Gas and Electric Corporation

Gas Department

Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Revenue

(\$000)

		1	2	3
		Rate Year 1	Rate Year 2	Rate Year 3
		TME	TME	TME
		8/31/2011	8/31/2012	8/31/2013
	<u>Retail Sales Revenue</u>			
1	Gross Base Delivery Charges	\$ 118,620	\$ 129,881	\$ 140,847
2	Plus: Rate Increase	10,660	10,672	10,736
3	a Less: Low Income Discounts	(2,083)	(2,083)	(2,083)
4	b Less: Economic Development Discounts	(122)	(122)	(122)
5	Net Base Delivery Charges	127,075	138,348	149,377
6	Merchant Function Charge	1,250	1,237	1,225
7	c Energy Efficiency Portfolio Standards	2,936	2,946	2,945
8	d Temporary State Assessment Surcharge	12,815	12,842	12,834
9	Unbilled	197	197	197
10	R&D Surcharge	314	314	314
11	Gross Revenue Tax	3,227	3,478	3,724
12	Total Retail Revenue	147,813	159,361	170,616
13	Late Payments	2,750	2,848	2,940
	<u>Other Gas Revenue</u>			
14	Reconnection, WMS, Line Extensions, Misc.	798	798	798
15	Intercompany	251	251	251
16	Purchase of Receivables Discount	-	-	-
17	Damage Billing	156	156	156
18	Total	1,205	1,205	1,205
	<u>Deferrals & Amortizations</u>			
19	Medicare Part D gross-up	-	-	-
20	SIT amortization (JP XV)	-	-	-
21	Property tax amortization (JP XV)	-	-	-
22	NYS statutory tax rate change deferral	-	-	-
23	2002 NYS tax audit deferral	-	-	-
24	R&D tax benefit deferral	-	-	-
25	MFC deferred revenue	-	-	-
26	c EEPS deferred revenue	-	-	-
27	Mendon heater gas deferral	-	-	-
28	d Temporary State Assessment Surcharge - Deferral	-	-	-
29	Total	\$ -	\$ -	\$ -
30	Total Other Revenues + Deferrals & Amortizations	\$ 1,205	1,205	1,205
31	Total	\$ 151,769	\$ 163,415	\$ 174,762

Rochester Gas and Electric Corporation
Gas Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013
Operation & Maintenance Expense
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>O&M Expenses</u>			
1 Labor/Payroll	21,563	\$ 22,021	\$ 22,489
2 Medical Benefits	1,149	1,168	1,190
3 Other Employee Benefits	1,956	1,989	2,026
4 e OPEBs	1,188	1,188	1,188
5 f Pension	973	973	973
6 Group Incentive	-	-	-
7 Employee Related	190	193	197
8 Collections	367	373	380
9 Uncollectibles	4,269	4,763	5,133
10 Postage	982	998	1,017
11 Telephone	286	291	296
12 Materials & Supplies	1,395	1,418	1,445
13 Legal Services	990	1,006	1,025
14 Outside Services	5,278	5,365	5,466
15 Transportation	1,293	1,314	1,339
16 Insurance	705	717	730
17 Advertising	76	77	79
18 EEMC / IUMC Costs	2,166	2,202	2,243
19 USS / IUMC Costs	5,422	5,511	5,615
20 Rents & Leases	1,398	1,421	1,448
21 Regulatory Commission Assessment Fees	1,109	1,127	1,148
22 Stores	276	281	286
23 Executive Compensation	-	-	-
24 Vegetation Management - Gas	363	367	367
25 c EEPS	2,936	2,946	2,945
26 a Low Income Program	599	599	599
27 b Economic Development	100	100	100
28 CRO Panel Initiatives	1,060	1,060	1,060
29 CRO Positions	-	-	-
30 Mendon Heater	-	-	-
31 g Environmental Remediation	3,717	3,717	3,717
32 h Integrity of Gas Pipeline	657	657	657
33 i Sarbanes Oxley	157	160	163
34 j Security	355	361	368
35 d Temporary State Assessment Surcharge	12,815	12,842	12,834
36 Other	(1,021)	(1,038)	(1,058)
37 Management Audit	75	75	75
38	<u>\$ 74,844</u>	<u>\$ 76,240</u>	<u>\$ 77,540</u>

Rochester Gas and Electric Corporation
Gas Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013
Operation & Maintenance Expense
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Austerity / Productivity</u>			
39 Imputation Amount	\$ (1,137)	\$ (1,137)	\$ (1,137)
40 CRO Positions	-	-	-
41	<u>\$ (1,137)</u>	<u>\$ (1,137)</u>	<u>\$ (1,137)</u>
<u>Amortizations</u>			
42 Mendon Heater	\$ 302	\$ 302	\$ 302
43 PBAs	(17,000)	(10,350)	(3,850)
44 Variable Rate Debt	506	506	506
45 Pipeline Integrity	557	557	557
46 Property Tax	3,812	3,812	3,812
47 Property Tax - Cost to Achieve	83	83	83
48 Amortize Net Regulatory Deferrals	(3,434)	(3,434)	(3,434)
49	<u>(15,173)</u>	<u>(8,523)</u>	<u>(2,023)</u>
<u>Deferrals</u>			
50 e OPEBs	-	-	-
51 f Pension	-	-	-
52 g Environmental Remediation	-	-	-
53 h Integrity of Gas Pipeline	-	-	-
54 i Sarbanes Oxley	-	-	-
55 j Security	-	-	-
56 Positive Benefit Adjustments	-	-	-
57	<u>-</u>	<u>-</u>	<u>-</u>
58 Total O&M and Regulatory Debits & Credits	<u><u>\$ 58,534</u></u>	<u><u>\$ 66,580</u></u>	<u><u>\$ 74,380</u></u>

Rochester Gas and Electric Corporation
Gas Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013
Operation & Maintenance Expense
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Amount in Rates</u>			
59 e OPEBs	\$ 1,188	\$ 1,188	\$ 1,188
60 f Pension	973	973	973
61 g Environmental Remediation	3,717	3,717	3,717
62 h Integrity of Gas Pipeline	657	657	657
63 i Sarbanes Oxley	157	160	163
64 j Security	355	361	368
65	<u>7,047</u>	<u>7,055</u>	<u>7,065</u>
<u>Low Income Program Breakout</u>			
66 a Rate Reduction	2,083	2,083	2,083
67 Arrears Forgiveness	451	451	451
68 Administration	148	148	148
69 a Total	<u>\$ 2,683</u>	<u>\$ 2,683</u>	<u>\$ 2,683</u>
70 <u>Total Economic Development Program</u>	222	222	222
71 b Rate Discounts	122	122	122
<u>Non-Rate discounts:</u>			
72 b Economic Development - O&M	100	100	100
73 Total Rate and Non-Rate Discounts	<u>222</u>	<u>222</u>	<u>222</u>
<u>Energy Efficiency Portfolio Standards Reconciliation</u>			
<u>Revenue</u>			
74 c Energy Efficiency Portfolio Standards	2,936	2,946	2,945
75 c EEPS (over)/under collection	-	-	-
76	<u>2,936</u>	<u>2,946</u>	<u>2,945</u>
<u>O&M Expense</u>			
77 c Energy Efficiency Portfolio Standards	2,936	2,946	2,945
<u>Temporary State Assessment Surcharge Reconciliation</u>			
<u>Revenue</u>			
78 d Temporary State Assessment Surcharge	12,815	12,842	12,834
79 d Temporary State Assessment Surcharge - Deferral	-	-	-
80	<u>12,815</u>	<u>12,842</u>	<u>12,834</u>
<u>Expense</u>			
81 d Temporary State Assessment Surcharge	12,815	12,842	12,834

Rochester Gas and Electric Corporation

Gas Department

Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Depreciation & Amortizations

(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
1 <u>Depreciation Expense</u>	\$ 18,980	\$ 19,632	\$ 20,334
2 <u>Total</u>	<u>\$ 18,980</u>	<u>\$ 19,632</u>	<u>\$ 20,334</u>

Rochester Gas and Electric Corporation

Gas Department

Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Operating Taxes

(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Gross Revenue Taxes</u>			
1 Total Retail Revenue	\$ 147,813	\$ 159,348	\$ 170,616
2 Average GRT Rate	2.18%	2.18%	2.18%
3 GRT on Sales Revenues	3,227	3,478	3,724
4 GRT on Other Revenues	-	-	-
5 Total Gross Revenue Tax	3,227	3,478	3,724
<u>Other Operating Taxes</u>			
6 Property Taxes	24,931	26,901	29,026
7 Property Tax True-up	-	-	-
8 Net Property Taxes	24,931	26,901	29,026
9 Payroll Taxes	1,302	1,330	1,358
10 Use Taxes	371	378	385
11 Other Taxes	12	12	13
12 Total Other Operating Taxes	26,617	28,620	30,781
13 Total	\$ 29,843	\$ 32,099	\$ 34,505

Rochester Gas and Electric Corporation
Gas Department
Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013
Income Taxes
(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
1 Operating Income Before Income Taxes	\$ 44,411	\$ 45,104	\$ 45,543
2 Interest Expense	(14,902)	(15,131)	(15,270)
3 Book Income Before Income Taxes (Adjusted for Tax Items)	29,509	29,973	30,273
4 Federal Income Taxes @ 35.000%	10,328	10,491	10,596
5 State Taxes @ 7.100%	2,095	2,128	2,149
6 Fed Benefit of State Tax Deduction @ 2.485%	(733)	(745)	(752)
7 Total Federal & State @ Statutory Rates	11,690	11,874	11,993
8 APB28 ETR True-Up	-	-	-
<u>Flow-Through</u>			
9 Allowance for Funds Used During Construction	-	-	-
10 Book / Tax Depreciation - Without Depreciation Study Impact	39	39	39
11 Book / Tax Depreciation - Depreciation Study Impact	-	-	-
12 Cost of Removal	(1,354)	(1,354)	(1,354)
13 Pre-Paid Property Tax	(240)	(259)	(279)
14 Subtotal: Flow-Through	(1,555)	(1,574)	(1,595)
<u>Permanent</u>			
15 Lobbying and Political Expenses	-	-	-
16 Meals and Entertainment	14	14	14
17 Medicare Subsidy	(29)	(29)	(10)
18 R&D	(101)	(101)	(101)
19 Penalties	-	-	-
20 Restricted Stock	-	-	-
21 Tax Exempt Interest Income	-	-	-
22 Subtotal: Permanent	(116)	(116)	(97)
23 Investment Tax Credit Amortization	-	-	-
24 Out of Period Adjustments	-	-	-
25 Flow Through Tax Impacts (Lines 8, 15, 23, 24 & 25)	(1,671)	(1,690)	(1,691)
26 Tax Expense Booked	\$ 10,019	\$ 10,184	\$ 10,301

Rochester Gas and Electric Corporation

Gas Department

Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Rate Base Summary Schedule

(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Rate Base</u>			
1 Utility Plant	\$ 711,545	\$ 734,611	\$ 759,093
2 Depreciation Reserve	(282,935)	(295,793)	(308,897)
3 Storage Gas	-	-	-
4 Materials & Supplies and Emission Allowances	2,231	2,231	2,231
5 Prepayments	10,179	10,943	11,769
6 O&M Working Capital per the FERC Formula	7,306	7,416	7,533
7 Other Working Capital	-	-	-
8 Deferred Debits & Credits	8,446	219	(14,451)
9 Deferred Income Taxes	(51,066)	(47,916)	(41,966)
10 Deferred Investment Tax Credit	(810)	(585)	(400)
	<u>404,897</u>	<u>411,125</u>	<u>414,912</u>
11	1,152	1,152	1,152
12 Earnings Base-Capitalization Adjustment	<u>1,152</u>	<u>1,152</u>	<u>1,152</u>
13 Total	<u>\$ 406,049</u>	<u>\$ 412,277</u>	<u>\$ 416,064</u>
<u>Equity Component of Rate Base</u>			
14 Rate Base	\$ 406,049	\$ 412,277	\$ 416,064
15 Common Equity Ratio	<u>48%</u>	<u>48%</u>	<u>48%</u>
16 Common Equity	<u>\$ 194,903</u>	<u>\$ 197,893</u>	<u>\$ 199,711</u>
<u>Interest Expense</u>			
17 Rate Base	\$ 406,049	\$ 412,277	\$ 416,064
18 IBCWIP	-	-	-
19	<u>\$ 406,049</u>	<u>-</u>	<u>-</u>
20 Weighted Cost of Debt	3.67%	3.67%	3.67%
21 Interest Expense	<u>\$ 14,902</u>	<u>\$ 15,131</u>	<u>\$ 15,270</u>

Rochester Gas and Electric Corporation

Gas Department

Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Regulatory Amortizations

(\$000)

						1	2	3
		Def Balance	PBA	Def Balance	Amortization	Rate Year 1	Rate Year 2	Rate Year 3
		w/o PBA Mod	Utilization	w/o PBA Mod	Period (years)	TME	TME	TME
		Rate Year 1		Rate Year 1		8/31/2011	8/31/2012	8/31/2013
						Amortization	Amortization	Amortization
Amortizations								
1	Mendon Heater	\$ 1,007	\$ -	\$ 1,007	3.3	\$ 302	\$ 302	\$ 302
Amortize Net Regulatory Deferrals								
2	IRS Audit - 1998-2001	(2,618)	-	(2,618)	3.3	(785)	(785)	(785)
3	NYS Tax Audit	174	-	174	3.3	52	52	52
4	Capitalized Installation Costs	(437)	-	(437)	3.3	(131)	(131)	(131)
5	Property Tax 481(a)	(1,981)	-	(1,981)	3.3	(594)	(594)	(594)
6	Sarbanes-Oxley	572	-	572	3.3	172	172	172
7	OPEB True-up	(2,191)	-	(2,191)	3.3	(657)	(657)	(657)
8	VRD Pre 2004 True-up	(550)	-	(550)	3.3	(165)	(165)	(165)
9	Medicare Part D	(203)	-	(203)	3.3	(61)	(61)	(61)
10	NYS Tax Rate	(268)	-	(268)	3.3	(81)	(81)	(81)
11	R&D Tax Credit	(157)	-	(157)	3.3	(47)	(47)	(47)
12	Security Costs	190	-	190	3.3	57	57	57
13	Purchase of Receivables Discount	(3,700)	-	(3,700)	3.3	(1,110)	(1,110)	(1,110)
14	Excess NYS Income Taxes	(277)	-	(277)	3.3	(83)	(83)	(83)
15		(11,446)	-	(11,446)		(3,434)	(3,434)	(3,434)
16	Property Tax	12,705	-	12,705	3.3	3,812	3,812	3,812
17	Variable Rate Debt	1,686	-	1,686	3.3	506	506	506
18	Pipeline Integrity	1,858	-	1,858	3.3	557	557	557
19	Property Tax - Cost to Achieve	278	-	278	3.3	83	83	83
20	Economic Development Fund	(2,645)	-					
21		\$ 3,443	\$ -	\$ 6,088		\$ 1,827	\$ 1,827	\$ 1,827
Rate Modifiers								
22	PBA Utilization	\$ (32,979)	\$ -	\$ (32,979)		\$ (17,000)	\$ (10,350)	\$ (3,850)
23		\$ (32,979)	\$ -	\$ (32,979)		\$ (17,000)	\$ (10,350)	\$ (3,850)

Rochester Gas and Electric Corporation

Gas Department

Revenue Requirement for Forecast Years Ending August 31, 2011, 2012 and 2013

Deferred Debits & Credits

(\$000)

	1	2	3
	Rate Year 1	Rate Year 2	Rate Year 3
	TME	TME	TME
	8/31/2011	8/31/2012	8/31/2013
<u>Average Balance</u>			
1 Deferred Gas Costs	\$ -	\$ -	\$ -
2 Environmental Site Remediation	2,009	2,009	2,009
3 NYS Income Tax / GRT Deferral	-	-	-
4 OPEB Reserve	(31,483)	(30,879)	(29,776)
5 OPEB True-up	(1,862)	(1,205)	(548)
6 Pension Asset	35,810	16,561	(2,841)
7 Pension True-up	(1,655)	(1,655)	(1,655)
8 FAS-112 Post Employment Benefit Liability	(1,759)	(1,759)	(1,759)
9 Pre-Capitalized Installation Costs	(371)	(240)	(109)
10 Non-Qualified Retiree Trust (net of related liability)	0	0	0
11 Net (Gains) & Losses on Interest Rate Hedges	24,213	22,777	21,341
12 Loss on Reacquired Debt	2,444	2,226	1,792
13 Variable Rate Debt - Pre-2004 True-up	(467)	(302)	(137)
14 Gas Pipeline Integrity	1,579	1,022	464
15 Excess NYS Deferred Income Taxes	5	88	171
16 1998-2001 IRS Audit	(2,225)	(1,440)	(654)
17 Medicare Part D	(283)	(222)	(161)
18 NYS Tax Audit	148	96	43
19 NYS Tax Rate	(228)	(148)	(67)
20 Property Tax 481(a)	(1,684)	(1,090)	(495)
21 Property Tax - JP	10,799	6,988	3,176
22 Purchase of Receivables Discount	(3,145)	(2,035)	(925)
23 R&D Tax credit	(438)	(391)	(344)
24 Sarbanes-Oxley	486	315	143
25 Security Costs	26	(31)	(88)
26 Variable Rate Debt	1,433	927	421
27 PBAs	(24,479)	(10,804)	(3,704)
28 Economic Development	(2,645)	(2,645)	(2,645)
29 Cost to Achieve Property Tax	236	153	69
30 Cost to Achieve Productivity/Austerity	221	143	65
31 All Other	1,761	1,761	1,761
32 Total	<u>\$ 8,446</u>	<u>\$ 219</u>	<u>\$ (14,451)</u>

Joint Proposal
7/14/2020

RG&E
Capital Structure and Costs Rates
(\$ 000)

	<u>Weight</u>	<u>Cost Rate</u>	<u>Percent</u>	<u>Tax Gross- Up at</u>	<u>Before Tax</u>
				39.615%	
Long Term Debt	51.7%	7.08%	3.66%		3.66%
Customer Deposits	0.3%	2.45%	0.01%		0.01%
Common Equity	<u>48.0%</u>	10.00%	<u>4.80%</u>	<u>3.15%</u>	<u>7.95%</u>
Total	<u>100.0%</u>		<u>8.47%</u>	<u>3.15%</u>	<u>11.62%</u>

APPENDIX G

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

STIPULATION REGARDING
REVENUE REQUIREMENTS

Submitted by:

New York State Electric & Gas Corporation
and Rochester Gas and Electric Corporation

New York State Department of Public Service

Multiple Intervenors*

Dated: April 19, 2010

Multiple Intervenors endorses limited provisions as specified on its signature page.

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

STIPULATION REGARDING
REVENUE REQUIREMENTS

This Stipulation regarding Revenue Requirements (the "Stipulation") is made by and among New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E" and with NYSEG, the "Companies"), the New York State Department of Public Service Staff ("Staff") and Multiple Intervenors ("MI"). This Stipulation specifically relates to the Revenue Requirements issues raised in the Companies' direct and rebuttal testimony and Staff's direct testimony in the above-referenced proceedings (the "Proceedings").¹ In order to resolve the majority of Revenue Requirements issues and to limit the scope of the upcoming evidentiary hearings, the Companies, Staff and MI have agreed on certain revenue requirement issues. The

¹ Direct Testimony of the Revenue Requirements Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Revenue Requirements Panel (RG&E) (filed Sept. 17, 2009); Testimony of Staff Revenue Requirement Panel (filed Jan. 22, 2010); Rebuttal Testimony of the Revenue Requirements Panel (NYSEG and RG&E) (filed Feb. 12, 2010).

revenue requirement issues listed and stipulated to are set forth below. Appendix 1 illustrates the revenue requirement differences between the Company and Staff. Appendix 2 contains the Staff revenue requirement schedules. Appendix 3 contains the Companies revenue requirement schedules. The stipulated issues listed below follows the table of contents included in the Staff direct testimony and in the Companies' rebuttal. At the end of the stipulated section, the parties have listed the revenue requirement issues that have not been resolved via stipulation.

STIPULATED REVENUE REQUIREMENT ISSUES:

REVENUE

1. **Delivery Revenues:** Staff and the Companies have reached agreement on the level of all revenue line items for all businesses before any rate increase/decrease. The revenue lines described below are those specifically addressed by the Staff Revenue Requirements Panel and the Companies' Rebuttal Testimony of the Revenue Requirements Panel.
2. **RG&E System Benefit Charge Program:** Staff and the Company agree on moving the base rate component of RG&E System Benefit Charge ("SBC") to the SBC Surcharge, with RG&E recovering all of the SBC costs through the surcharge and eliminating the base rate recovery component.
3. **NYSEG Electric Wholesale Transmission Revenues:** Staff and the Company agree on increasing NYSEG's wholesale transmission revenue embedded in base rates by \$35 million for a total of \$55 million, with any difference between the \$55 million embedded in based delivery rates and any actual wholesale transmission revenues reconciled monthly through the Non-Bypassable Charge ("NBC").
4. **NYSEG and RG&E – Delivery Revenue Adjustment:** Staff and the Company agree on the delivery revenue amount for NYSEG and RG&E.
5. **Other Revenue Items:** The Company and Staff agree on reconnection fees.
6. **Low Income Program Revenue Discounts and O&M Arrears Forgiveness:** The Staff, the Company and the Consumer Protection Board agree on the overall total amount of low income discounts, as reflected in the low income stipulation.

OPERATION & MAINTENANCE EXPENSES

7. **Labor/Payroll:** Staff and the Company agree on the base level of labor and payroll before the reflection of any Austerity/Productivity adjustments including Company efficiency initiatives associated with (i) the January 2010 layoffs; (ii) Kirkwood wage reduction; (iii) non-union VERP; and (iv) NYSEG union VERP.
8. **NYSEG – Pensions/OPEBs:** Staff and the Company agree on the NYSEG Pension and OPEB expense level, including reconciliation (which excludes non-qualified plans).
9. **RG&E – Pensions/OPEBs:** Staff and the Company agree on the RG&E Pension and OPEB expense level, including reconciliation (which excludes non-qualified plans).
10. **Non-Qualified Pension Costs:** Staff and the Companies agree that Non-Qualified Pension Costs are excluded from revenue requirement.
11. **Group Incentive:** Staff and the Companies agree that Group Incentive Costs are excluded from revenue requirement.
12. **NYSEG Uncollectible Expense:** Staff and the Company agree to utilize the most recent single year of data to develop the uncollectible percentage to apply to revenues to arrive at uncollectible expense. Staff and the Company also agree to use the most recent available 12 months ended percentage of net write-off to retail sales to calculate an updated amount of uncollectible expense (see Update section). Staff and the Company agree that uncollectible expense reflects the impact of arrears forgiveness under the low income program, as described in the Companies' rebuttal testimony.
13. **RG&E Uncollectible Expense:** Staff and the Company agree to utilize the most recent single year of data to develop the uncollectible percentage to apply to revenues to arrive at uncollectible expense. Staff and the Company also agree to use the most recent available 12 months ended percentage of net write-off to retail sales to calculate an updated amount of uncollectible expense (see Update section). Staff and the Company agree that uncollectible expense reflects the impact of arrears forgiveness under the low income program, as described in the Companies' testimony.
14. **Legal Services and Rate Case Expense:** Staff and the Company agree to exclude costs associated with the January 2009 Rate Case from the Historical Test Year from the Rate Year for NYSEG/RG&E.
15. **NYSEG Radio Project:** Staff and the Company agree on inclusion of certain ongoing maintenance costs associated with the Company's new radio system in Electric O&M and Gas O&M.
 - a. Companies will provide Staff a copy of the expense invoice when received.

16. **NYSEG Transportation Expense:** Subsequent to the filing of Company rebuttal testimony, Staff and the Company agree on the amount of NYSEG Transportation Expense.
17. **RG&E Transportation Expense:** Subsequent to the filing of Company rebuttal testimony, Staff and the Company agree on the amount of RG&E Transportation Expense.
18. **NEIL Insurance:** Staff and the Company agree that NEIL insurance costs are to be updated based on the actual level of 2010 refund, if any, as a credit to Insurance Expense. The amount currently included in RG&E electric O&M is a \$600,000 refund.
19. **EEMC Allocations:** Subsequent to the filing of Company rebuttal testimony, Staff and the Company agree on the amount of EEMC Costs.
20. **NYSEG Electric Transmission Wheeling Expense:** Staff and the Company agree to shift NYSEG's Transmission Wheeling Costs from base delivery rates to NBC.
21. **Executive Salaries and Benefits:** Subsequent to the filing of Company rebuttal testimony, Staff and the Company agree on the amount of Executive Salaries and Benefits.
22. **Operational Staffing:** Staff and the Companies agree to the exclusion of the incremental operational staffing costs.
23. **RG&E Storm Rate Allowance:** Staff and the Company agree on the level to include in rates for the Company's Major Storm Costs. Minor storm costs previously included in this category will be reassigned to other appropriate cost categories.
24. **NYSEG and RG&E Storm Reserve Accounting:** Staff and the Companies agree that the Companies will continue to utilize reserve accounting for major storms subject to the following provisions:
 - a. Defined as a period of adverse weather, determined in reliance upon data from the National Oceanic and Atmospheric Administration (NOAA) or upon data from another acceptable source if NOAA data is unavailable, during which service interruptions affect at least 10% of customers and/or result in customers without electric service for a duration of at least 24 hours.
 - i. Restoration efforts must cost more than \$300,000 in incremental O&M expense per major storm event (a major storm event is not limited by operating district)
 - b. Costs related to heat storms will be excluded

- c. Costs related to animal disturbances, heat overload, human error, and pre-arranged items will be excluded.
 - d. Non-incremental costs would not be chargeable against the reserve – non-incremental includes straight time payroll, fleet (other than fuel), benefits (other than payroll taxes on overtime pay which is considered incremental), and costs that are capitalized.
 - e. Storm costs between the end of the test year (June 30, 2009) and the beginning of the rate year (August 31, 2010) are treated consistent with prospective guidelines – with the exception that at NYSEG, the rate case allowed level of straight time payroll (about \$730K) and fleet costs (about \$502K) would be annually chargeable against the reserve, and at both Companies, the applicable dollar threshold would be \$250,000. The Companies would adjust the current storm deferral to eliminate any costs deferred after June 30, 2009, related to storms that occurred after June 30, 2009, that would not have been deferred under the prospective guidelines set forth above.
25. **NYSEG Storms Rate Allowance:** Staff and the Company agree on the level to include in rates for the Company's Major Storm Costs. Minor storm costs previously included in this category will be reassigned to other appropriate cost categories.
26. **Environmental Remediation:** Staff and the Companies agree on the levels to be included in rates for Environmental Remediation and that reserve accounting will continue.
27. **Integrity Gas Pipeline Distribution and Transmission Costs:** Staff and the Companies have reached agreement on the baseline assessment and related work and expenses that will allow the Companies to comply with State and Federal program requirements.
28. **Stray Voltage:** Staff and the Company agree on the level of the Companies' Stray Voltage Costs.
29. **NYSEG Gas Research & Development ("R&D"):** Staff and the Company agreed on the Company's R&D Cost.
30. **Incremental Maintenance:** Staff and the Company agree on the amount of incremental maintenance costs.
31. **Other Operations & Maintenance Expenses:** Based upon additional discussion, Staff and the Company agree on the level of Other Operations and Maintenance Expense.

RG&E DECOMMISSIONING RESERVES

32. **Decommissioning Reserves:** Staff and the Company agree to discontinue the accrual of RG&E decommissioning costs for Beebee and Russell. Decommissioning funds will remain in the existing decommissioning reserve.

OPERATING TAXES

33. **RG&E Property Taxes:** Staff and the Company agree on the level of RG&E Property Taxes.
34. **NYSEG Property Taxes:** Staff and the Company agree on the level of NYSEG Property Taxes.
35. **Payroll Taxes:** Staff and the Companies agree on the level of Payroll Taxes.
36. **Use Tax:** Staff and the Companies agree on the level of the Use Tax.

FEDERAL INCOME TAXES

37. **R&D Tax Credits:** Staff and the Companies agree on the level of R&D Tax Credits.
38. **Cost of Removal ("COR") Tax Deduction:** Staff and the Company agree that RG&E will begin to flow through its tax deduction relating to COR effective in the Rate Year.
39. **Preferred Dividend Effect on NYSEG Income Tax:** Staff and the Company agree on the effect of the Preferred Dividend and any related deductions on NYSEG Income Tax.
40. **Interest Deduction:** Staff and the Company agree on the interest deduction.

RATE BASE

41. **NYSEG Radio Project:** Staff and the Company agree on inclusion of the NYSEG radio project in rate base subject to the following conditions:
- a. Company will provide Staff an updated units of property list
 - b. Company will provide Staff with quarterly status reports regarding the project
42. **NYSEG EB-CAP Adjustments:** Staff and the Company agree on the level of EB-CAP.

- 43. **RG&E EB-CAP Adjustments:** Staff and the Company agree on the level of EB-CAP
- 44. **Other Working Capital:** Staff and the Companies agree on the level of Other Working Capital.
- 45. **Working Capital on Commodity Hedge Margin:** Staff and the Company agree that working capital on Commodity Hedge Margin will be included in the MFC.

DEFERRALS AND AMORTIZATIONS

- 46. **Amortization:** Staff and the Company agree to amortize deferred debits and credits over 40 months from September 2010 to December 2013. Nothing related to this agreement precludes a party for proposing to write-off regulatory assets with other items (e.g., Positive Benefit Adjustments).
- 47. **NYSEG Asset Sale Gain Account ("ASGA"):** Staff and the Company agree to update to the December 31, 2009 ASGA balance.
- 48. **NYSEG/RG&E Deferrals:** Staff and the Company agree that all NYSEG and RG&E deferrals shall be updated to their actual December 31, 2009 balances (see Update Section).

OTHER ISSUES

- 49. **Rochester Street Lighting Sale:** Staff and the Company agree regarding adjustments to exclude costs associated with the Rochester Street Lighting sale from revenue requirements.
- 50. **RG&E Fossil Generation Divestiture/Russell:** Staff and the Company agree that the revenue requirements shall reflect embedded costs associated with these facilities until such time as the facilities are sold. The Company will provide a schedule of the embedded cost at the time its initial brief.
- 51. **Accounting for Computer Software:** Staff and the Companies agree on the capitalization policy threshold for capitalization of \$500,000 per Company. This threshold applies to new software and upgrades to existing software. A default service life of seven years will be utilized but the Companies may separately request a shorter or longer service life. Staff would timely review the request and accept, oppose, or propose modifications in writing, with any dispute that cannot be resolved through negotiations decided by the Commission. In addition, Staff and the Companies agree to the upward adjustments to revenue requirement required to implant such an increased threshold. The amounts that are added to O&M for each business are: NYSEG Electric \$200 K, NYSEG Gas \$84 K, RG&E Electric \$104 K, and RG&E Gas \$44 K.

52. **Seneca Storage:** Staff and the Company agree to include the Seneca Storage costs in revenue requirements until the actual transfer of the Seneca Storage facilities to a new owner.
53. **Wind Investment:** Staff and the Company agree that revenue requirements do not reflect any adjustments associated with the wind investment merger condition. The Companies agree to submit a wind investment status report by September 1, 2010.
54. **Inflation Factor:** Staff and the Company agree that all items affected by the GDP inflation factor should be updated (see Update Section).

COMBINED ITEMS

55. **Combined Items:** The Combined Items represent a number of items that have been previously identified as disputed by either Staff or the Companies. These items include:
- Annual Compliance filing Earnings Sharing calculations for NYSEG Electric for the years 2002 through 2006
 - Annual Compliance filing Earnings Sharing calculations for NYSEG Gas for the period October 2002 through December 2008
 - Annual Compliance filing Earnings Sharing calculations for RG&E Electric for the years 2004 through 2008
 - Annual Compliance filing Earnings Sharing calculations for RG&E Gas for the years 2004 through 2008
 - RG&E Electric, RG&E Gas, and NYSEG Gas accounting for Integrated Business Operations ("IBO") and Work Management System ("WMS" software
 - Hedge losses incurred by RG&E on certain financial instruments in 2008 and 2009
 - Storm restoration costs charged against the storm reserve by NYSEG during 2007, 2008 and 2009 (through June 30, 2009)
 - A deferral petition filed for NYSEG Electric Pension costs for 2009
56. **Combined Items Resolution:** The Company and Staff agree on the following terms in full resolution of all of the Combined Items:
1. RG&E Electric, RG&E Gas, and NYSEG Gas IBO and WMS balances as of August 31, 2010 (approximately \$10.8 million) will be written off by the Companies at that time.
 2. NYSEG:
 - a. \$23 million as of August 31, 2010 will be credited to the NYSEG environmental reserve
 - b. \$1.5 million annually, as of July 1 of each year, will be added to the NYSEG ASGA from 2011 through 2014 (\$6 million in total)
 3. Add to the RG&E ASGA \$6.5 million as of August 31, 2010

4. RG&E absorbs \$20 million of the outstanding RG&E hedge loss
5. NYSEG absorbs \$8.127 million of the outstanding NYSEG hedge loss
6. NYSEG withdraws the outstanding petition for deferral of approximately \$16 million of 2009 Pension Costs
7. NYSEG and RG&E waive their right to file petitions for deferral of 2009 uncollectible costs
8. The NYSEG Storm Cost amount currently deferred is reduced by \$4 million. The remaining Storm Cost deferred balance is recoverable.
9. All remaining regulatory assets and/or deferrals that were the subject of dispute will remain on the Companies' books and will be amortized and included in rates consistent with the amortization period agreed upon by the companies and Staff in the current rate cases.

UPDATES

57. **Updates:** Staff and the Companies agree that various aspects of the revenue requirements calculation shall be updated by the Companies at the time of the Briefs on Exception (the Companies will provide Staff the updates when available). The updated items shall include, the following: a) Uncollectible Factors; b) Inflation Factor; c) NEIL Refund; d) December 31, 2009 Deferred Debit and Credit Balances, e) Property Taxes, f) Medicare Part D Subsidy, and g) Major storm costs since July 1, 2009.

RECONCILIATIONS

58. Staff and the Companies agree that the Companies will reconcile and defer differences from the amounts embedded in rates for pension costs (excluding non-qualified plans) and OPEB costs consistent with the Commission Policy Statement, variable rate debt, gas R&D, environmental reserve, major storm reserve, economic development and low income program (as further discussed in the low income stipulation).

OVERALL COST OF CAPITAL

59. Staff and the Companies agree to utilize a 48% equity ratio.
60. Staff and the Companies agree on the embedded cost of debt and the removal of the impacts of the hedge loss impacts as reflected in Combined Item resolution above.

ISSUES NOT STIPULATED

The revenue requirement issues that the Signatories have not stipulated to are as follows:

1. Productivity and Austerity Adjustments

2. Electric Vegetation Management – amounts, reconciliation proposals and revenue adjustments
3. Depreciation rate changes and theoretical reserve adjustments
4. The utilization of Positive Benefit Adjustments and other rate moderators
5. Reconciliations related to Property Taxes, Delivery Uncollectible Expense, Vegetation Management, Incremental Maintenance, New Mandates (accounting, legislative, regulatory, tax) and Net Plant. In addition, the parties are in disagreement over the Companies' Deferral Recovery Mechanism ("DRM") proposal.
6. Return on Equity
7. One-year Earnings Sharing
8. Any issues arising out of the Commission's decisions in Case 07-M-0906 on the implementation of the merger condition for capital expenditures.
9. Tax treatment of the Medicare Part D Subsidy elimination, which is subject to update per item 57.

STIPULATION INTENT

This Stipulation is intended to amicably resolve certain matters for the purposes of the Proceedings and is designed to reduce the issues in controversy to be resolved through a litigated evidentiary hearing. This Stipulation states the position of the Signatories that resolves each of the issues presented. Adequate and sufficient evidence supporting each resolution of an issue will be found in, or within the scope of, the testimonies and exhibits that will be submitted at the evidentiary hearing conducted in the Proceedings. The Signatories request that the Administrative Law Judges adopt the resolutions reached herein in any Recommended Decision or report and that the Commission adopt them in its final decision in the Proceedings.

SIGNATORIES' SUPPORT

The Signatories believe that the resolutions reached in this Stipulation are just and reasonable and otherwise in accordance with the New York Public Service Law, the Commission's regulations and applicable Commission orders. Each of the Signatories agrees to support the terms of this Stipulation as just and reasonable, agrees not to take a position in the Proceedings in these matters contrary to the agreements set forth herein, and agrees not to assist another participant in taking such a contrary position in the Proceedings.

INTEGRATED AGREEMENT

The terms of this Stipulation are submitted as an integrated whole. If the Commission does not accept this Stipulation as the basis of the resolution of these issues without change or condition, each Signatory shall have the right to withdraw from this Stipulation upon written notice to the Commission within 10 days of the Commission Order. If the Companies give such notice, this Stipulation shall be deemed withdrawn, it shall not constitute part of the record of the Proceedings or any future proceeding addressing any of the issues within the scope of this Stipulation and it shall not be used in evidence or cited against any Signatory or used for any other purpose.

SETTLEMENT DISCUSSIONS PRIVILEGED

The discussions between and among the Signatories that have resulted in this Stipulation have been conducted with the explicit understanding, pursuant to the Commission's regulations, that all written and oral offers, prior proposals of settlement and discussions relating thereto, as well as supporting materials, will remain confidential communications, are without prejudice to the position of any of the Signatories and other entities participating in any such discussions, are not admissible into evidence in the

Proceedings or any other proceedings, and will not be used in any manner in connection with the Proceedings , other proceedings, or for any other purpose. As such, each Signatory agrees to maintain the confidentiality of all discussions, all offers of settlement and discussions related thereto, as well as all supporting materials.

NO ADMISSION

The making of this Stipulation shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory regarding any allegation, contention, or issue raised in the Proceedings or addressed in this Stipulation.

STIPULATION PARAMETERS

This Stipulation is intended to relate only to the specific matters referred to herein and shall have no bearing on the outcome of any other issues in the Proceedings. Nothing in the Stipulation shall determine or constitute a ratemaking principle binding on the Signatories in the future, and no Signatory shall be deemed to have approved, accepted, agreed, or consented for purposes other than these proceedings to any specific ratemaking methodology or principle, accounting treatment, or level of expense or revenue. Nothing in this Stipulation restricts the Companies from initiating new rate proceedings, to the extent permitted in the Public Service Law and the Commission's regulations. The agreements set forth in this Stipulation are solely for the purpose of the above-captioned proceedings and nothing in this Stipulation restricts any signatories to this Stipulation from taking any position or lawful action or making any filing in any future proceedings. Except as expressly set forth herein, nothing in this Stipulation shall impair, diminish, or restrain the rights of any of the Signatories. Nothing in this Stipulation shall be construed to limit the Commission's authority under the Public Service Law.


COUNTERPARTS

This Stipulation may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

ENTIRE AGREEMENT

This Stipulation, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatories with respect to the matters resolved herein.

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: 
Joseph J. Syta
Vice President, Controller and Treasurer

Date: April 19, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

Date: April 19, 2010

IN WITNESS WHEREOF, Multiple Intervenors executes this Stipulation for submission to the Commission. Multiple Intervenors' endorsement of this Stipulation is expressly limited to Paragraph Nos. 55 and 56.

By: _____
Michael B. Mager

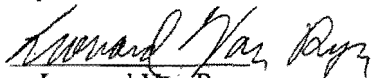
Date: April 19, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
Joseph J. Syta
Vice President, Controller and Treasurer

Date: April 19, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: 
Leonard Van Ryn
Staff Counsel

Date: April 19, 2010

IN WITNESS WHEREOF, Multiple Intervenors executes this Stipulation for submission to the Commission. Multiple Intervenors' endorsement of this Stipulation is expressly limited to Paragraph Nos. 55 and 56.

By: _____
Michael B. Mager

Date: April 19, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
Joseph J. Syta
Vice President, Controller and Treasurer

Date: April 19, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

Date: April 19, 2010

IN WITNESS WHEREOF, Multiple Intervenors executes this Stipulation for submission to the Commission. Multiple Intervenors' endorsement of this Stipulation is expressly limited to Paragraph Nos. 55 and 56.

By: Michael B. Mager
Michael B. Mager

Date: April 19, 2010

APPENDIX H

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X	
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service	Case 09-E-0715
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service	Case 09-G-0716
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service	Case 09-E-0717
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service	Case 09-G-0718
-----X	

STIPULATION REGARDING
DELIVERIES AND REVENUES

Submitted by:

New York State Electric & Gas Corporation
and Rochester Gas and Electric Corporation

New York State Department of Public Service

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X	
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service	Case 09-E-0715
 Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service	 Case 09-G-0716
 Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service	 Case 09-E-0717
 Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service	 Case 09-G-0718
-----X	

**STIPULATION REGARDING
DELIVERIES AND REVENUES**

This Stipulation Regarding Deliveries and Revenues is made by and among New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E" and with NYSEG, the "Companies") and the New York State Department of Public Service Staff ("Staff"). This Stipulation specifically relates to the Companies' test year and rate year deliveries and revenues, as addressed in the Companies' and Staff's testimony in the above-referenced proceedings (the "Proceedings").¹ In order to resolve these issues and to limit the scope of the upcoming evidentiary hearings, the Companies and Staff agree as follows:

¹ Direct Testimony of the Deliveries and Revenues Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Deliveries and Revenues Panel (RG&E) (filed Sept. 17, 2009); Testimony of Staff Gas Rates Panel (filed Jan. 22, 2010); Testimony of Staff Electric Rates Panel (filed Jan. 22, 2010). No other party raised an issue regarding the Companies' deliveries and revenues.

1. The Companies' test year (twelve months ending June 2009) and rate year electric billed deliveries and customer counts are as stated on Exhibit A attached hereto.
2. The Companies' test year (twelve months ending June 2009) and rate year gas billed deliveries and customer counts are as stated on Exhibit A attached hereto.

Stipulation Intent

This Stipulation is intended to amicably resolve certain matters for the purposes of the Proceedings and is designed to reduce the issues in controversy to be resolved through a litigated evidentiary hearing. This Stipulation states the position of the Signatories that resolves each of the issues presented. Adequate and sufficient evidence supporting each resolution of an issue will be found in, or within the scope of, the testimonies and exhibits that will be submitted at the evidentiary hearing conducted in the Proceedings. The Signatories request that the Administrative Law Judges adopt the resolutions reached herein in any Recommended Decision or report and that the New York State Public Service Commission ("Commission") adopt them in its final decision in the Proceedings.

Signatories' Support

The Signatories believe that the resolutions reached in this Stipulation are just and reasonable and otherwise in accordance with the New York Public Service Law, the Commission's regulations and applicable Commission orders. Each of the Signatories agrees to support the terms of this Stipulation as just and reasonable, agrees not to take a position in the Proceedings in these matters contrary to the agreements set forth herein, and agrees not to assist another participant in taking such a contrary position in the Proceedings.

Integrated Agreement

The terms of this Stipulation are submitted as an integrated whole. If the Commission does not accept this Stipulation as the basis of the resolution of these issues without change or condition, each Signatory shall have the right to withdraw from this Stipulation upon written notice to the Commission within 10 days of the Commission Order. If the Company gives such notice, this Stipulation shall be deemed withdrawn, it shall not constitute part of the record of the Proceedings or any future proceeding addressing any of the issues within the scope of this Stipulation and it shall not be used in evidence or cited against any Signatory or used for any other purpose.

Settlement Discussions Privileged

The discussions between and among the Signatories that have resulted in this Stipulation have been conducted with the explicit understanding, pursuant to the Commission's regulations, that all written and oral offers, prior proposals of settlement and discussions relating thereto, as well as supporting materials, will remain confidential communications, are without prejudice to the position of any of the Signatories and other entities participating in any such discussions, are not admissible into evidence in the Proceedings or any other proceedings, and will not be used in any manner in connection with the Proceedings, other proceedings, or for any other purpose. As such, each Signatory agrees to maintain the confidentiality of all discussions, all offers of settlement and discussions related thereto, as well as all supporting materials.

No Admission

The making of this Stipulation shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory regarding any allegation, contention, or issue raised in the Proceedings or addressed in this Stipulation.

Stipulation Parameters

This Stipulation is intended to relate only to the specific matters referred to herein and shall have no bearing on the outcome of any other issues in the Proceedings. Nothing in the Stipulation shall determine or constitute a ratemaking principle binding on the Signatories in the future, and no Signatory shall be deemed to have approved, accepted, agreed, or consented for purposes other than these proceedings to any specific ratemaking methodology or principle, accounting treatment, or level of expense or revenue. Nothing in this Stipulation restricts the Companies from initiating new rate proceedings, to the extent permitted in the New York Public Service Law and the Commission's regulations. The agreements set forth in this Stipulation are solely for the purpose of the above-captioned proceedings and nothing in this Stipulation restricts any signatories to this Stipulation from taking any position or lawful action or making any filing in any future proceedings. Except as expressly set forth herein, nothing in this Stipulation shall impair, diminish, or restrain the rights of any of the Signatories. Nothing in this Stipulation shall be construed to limit the Commission's authority under the New York Public Service Law.

Counterparts

This Stipulation may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

Entire Agreement

This Stipulation, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatories with respect to the matters resolved herein.

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: James A. Lahtinen
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

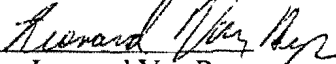
Date: April __, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: 
Leonard Van Ryn
Staff Counsel

Date: April 14, 2010

NYSEG

Electric Billed Deliveries (MWh)

actuals				
	* Test Year *	* Rate Year 1 *	* Rate Year 2 *	* Rate Year 3 *
	TME Jun-09**	TME Aug-11	TME Aug-12	TME Aug-13
Residential	6,268,341	6,260,779	6,295,361	6,377,411
Commercial	4,010,352	4,118,807	4,180,148	4,242,055
Industrial	3,086,302	3,040,199	3,154,952	3,276,126
Municipal	1,579,500	1,477,042	1,496,931	1,509,508
Street Light	76,525	75,107	75,340	75,107
Borderline	10,724	10,724	10,724	10,724
Interdepartmental	22,670	22,293	22,293	22,293
Total	15,037,718	15,004,951	15,235,748	15,513,224

NOTE: ** Weather-Normalized

NYSEG

Electric Customers

	* Test Year *	* Rate Year 1 *	* Rate Year 2 *	* Rate Year 3 *
	TME Jun-09	TME Aug-11	TME Aug-12	TME Aug-13
Residential	756,922	761,209	764,038	766,709
Commercial	101,045	100,808	100,978	101,149
Industrial	2,471	2,398	2,385	2,372
Municipal	13,100	13,392	13,559	13,725
Street Light	1,140	1,144	1,143	1,143
Borderline	8	8	8	8
Interdepartmental				
Total	874,686	878,959	882,111	885,106

RG&E

Electric Billed Deliveries (MWh)

actuals				
	* Test Year *	* Rate Year 1 *	* Rate Year 2 *	* Rate Year 3 *
	TME Jun-09**	TME Aug-11	TME Aug-12	TME Aug-13
Residential	2,602,823	2,568,506	2,608,821	2,661,802
Commercial	2,616,408	2,605,532	2,668,808	2,717,814
Industrial	1,408,648	1,365,553	1,399,512	1,436,261
Municipal	508,513	541,369	546,085	553,261
Street Light	49,250	46,009	45,582	44,914
Area Light	7,317	7,445	7,575	7,635
Total	7,192,960	7,134,414	7,276,382	7,421,686

NOTE: ** Weather-Normalized

RG&E

Electric Customers

	* Test Year *	* Rate Year 1 *	* Rate Year 2 *	* Rate Year 3 *
	TME Jun-09	TME Aug-11	TME Aug-12	TME Aug-13
Residential	321,288	324,867	326,471	328,260
Commercial	34,083	34,761	35,167	35,573
Industrial	966	913	898	883
Municipal	2,259	2,317	2,333	2,349
Street Light	589	585	582	580
Area Light	2,539	2,524	2,522	2,520
Total	361,723	365,966	367,974	370,166

NYSEG Gas Billed Deliveries (DTH)

actuals				
	* Test Year *	* Rate Year 1 *	* Rate Year 2 *	* Rate Year 3 *
	TME Jun-09**	TME Aug-11	TME Aug-12	TME Aug-13
Residential	22,789,282	22,983,580	23,043,243	23,105,579
Commercial	13,655,931	13,355,008	13,808,089	14,465,409
Industrial	13,335,447	12,696,674	12,746,608	12,876,972
Municipal	6,029,914	6,019,305	6,064,345	6,112,554
Interdepartmental	31,049	30,763	30,763	30,763
Total	55,841,623	55,085,330	55,693,048	56,591,277
		Stipulated		

NOTE: ** Weather-Normalized

Gas Customer Counts

actuals				
	* Test Year *	* Rate Year 1 *	* Rate Year 2*	* Rate Year 3*
	TME Jun-09	TME Aug-11	TME Aug-12	TME Aug-13
Residential	227,379	229,622	230,219	230,843
Commercial	26,128	27,038	27,108	27,179
Industrial	688	697	712	726
Municipal	2,678	2,798	2,857	2,916
Total	256,873	260,155	260,896	261,664
		Stipulated		

RG&E

Gas Billed Deliveries (DTH)

actuals				
	* Test Year *	* Rate Year 1 *	* Rate Year 2 *	* Rate Year 3 *
	TME Jun-09**	TME Aug-11	TME Aug-12	TME Aug-13
Residential	26,041,878	26,084,374	26,269,969	26,186,106
Commercial	6,822,994	6,892,667	6,876,955	6,948,400
Industrial	1,017,367	865,198	853,999	875,652
Municipal	803,716	838,146	844,366	856,066
SC03	14,899,009	14,654,986	14,903,487	15,057,747
Total	49,584,964	49,335,371	49,748,776	49,923,971
		Stipulated		

NOTE: ** Weather-Normalized

Gas Customer Counts

actuals				
	* Test Year *	* Rate Year 1 *	* Rate Year 2 *	* Rate Year 3 *
	TME Jun-09	TME Aug-11	TME Aug-12	TME Aug-13
Residential	275,587	278,904	280,254	281,523
Commercial	20,439	20,859	21,024	21,188
Industrial	692	664	653	642
Municipal	1,085	1,109	1,120	1,131
SC03	594	570	559	549
Total	298,397	302,106	303,610	305,033
		Stipulated		

APPENDIX I

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Case 09-E-0715

Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Case 09-G-0716

Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Case 09-E-0717

Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

Case 09-G-0718

STIPULATION REGARDING
LOW INCOME PROGRAM

Submitted by:

New York State Electric & Gas Corporation
and Rochester Gas and Electric Corporation

New York State Department of Public Service

New York State Consumer Protection Board

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

STIPULATION REGARDING
LOW INCOME PROGRAM

This Stipulation regarding the Low Income Program (the "Stipulation") is made by and among New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E" and with NYSEG, the "Companies"), the New York State Department of Public Service Staff ("Staff"), and the New York State Consumer Protection Board ("CPB").

This Stipulation specifically relates to the Low Income Program issues raised in testimony in the above-referenced proceedings (the "Proceedings").¹ In order to resolve the Low Income Program issues and to limit the scope of the upcoming evidentiary

¹ Direct Testimony of the Customer Service Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Customer Service Panel (RG&E) (filed Sept. 17, 2009); Testimony of Staff Consumer Issues Panel (filed Jan. 22, 2010); Direct Testimony of Gregg C. Collar (filed Jan. 22, 2010); Rebuttal Testimony of the Customer Service Panel (filed Feb. 12, 2010).

hearings, the Companies, Staff and CPB agree to the following Low Income Program parameters:

Low Income Program Budget and Eligibility

1. The total Low Income Program Annual Budget will be as follows:

Component	NYSEG	RG&E	Total
Bill Reduction	\$10,115,336	\$5,270,669	\$15,386,005
Arrears Forgiveness	\$1,611,220	\$1,149,820	\$2,761,040
Reconnection Fee Waiver	\$92,000	\$107,000	\$199,000
Administrative Expenses	\$510,966	\$377,046	\$888,012
Total	\$12,329,522	\$6,904,535	\$19,234,057

2. All Home Energy Assistance Program ("HEAP") recipients will be eligible for the Low Income Program at NYSEG and RG&E.
3. Eligible customers will receive the following discounts on their monthly bill, with the exception of Gas Heat Customer currently participating in RG&E's RECAP program, who will be grandfathered at the current bill discount of \$10.00 per month:

Customer Type	NYSEG	RG&E
Electric Non-Heat	\$9.57	\$5.00
Electric Heat	\$18.57	\$24.00
Gas Non-Heat	\$6.60	\$2.00
Gas Heat	\$13.00	\$5.60
Combined Electric Heat/Gas Non-Heat	\$25.17	\$26.00
Combined Gas Heat/Electric Non-Heat	\$22.57	\$10.60

4. Customers who meet the following qualifications will be eligible for the Arrears Forgiveness portion of the Low Income Program: a) arrears between \$240 - \$750; and b) customer must have made at least three (3) customer payments in the last twelve (12) months. Customers must complete the Arrears Forgiveness portion of the Low Income Program within thirty-six (36) months. Each time an on-time payment is made by the customer on their current bill, the customer will have 1/24th of his/her arrears forgiven.
5. The Companies will waive service reconnection fees, no more than one time per customer per year, for customers participating in the Low Income Program. The Companies may grant waivers to individual customers more than once per year, on a case-by-case basis and for good cause shown, provided that the program funding allocated annually for such waivers is not exceeded. The Companies will be permitted, first, to limit the waiver to (50) percent of the total reconnection fee,

if the cost of waived reconnection fees is estimated to exceed the annual allocation, and, second to terminate the waivers in any year in which the budget limit is reached.

Reconciliation

6. Bill Reduction: The costs listed above will be fully reconciled on an annual basis. Any excess or shortfall will be deferred as a regulatory asset or liability.
7. Arrears Forgiveness: If actual expenditures in a given year fall short or exceed the level of funding listed above, the excess/shortfall will be rolled over into future years. Any cumulative difference shall not exceed +/- 10% of cumulative arrears forgiveness budget.
8. The Companies will reconcile over recoveries of the costs listed above that are associated with Reconnection Fee Waiver and Administrative Expenses, but will not reconcile under recoveries of such costs.

Energy Efficiency and Budget Management

9. All customers enrolled in the Low Income Program will be referred to the New York State Energy Research and Development Authority's Empower program for energy efficiency and/or budget counseling or similar program.

Reporting

10. Quarterly reporting will be provided on the following Program components:
 - Number of customers enrolled in the Bill Reduction program;
 - Number of customers enrolled in the Arrears Forgiveness program;
 - Total amount held in arrears for the program;
 - Average amount in arrears;
 - Aggregate amounts of low-income bill discounts;
 - Aggregate amount of arrears forgiven;
 - Number of customers who have defaulted off the program; and
 - Number of reconnections of low income customers for which the fee was waived and the aggregate amount of reconnection fees waived to date.

Assumptions

11. The program costs are based on the 2009 level of HEAP recipients (NYSEG: 56,000, RG&E: 41,000).

Stipulation Intent

This Stipulation is intended to amicably resolve certain matters for the purposes of the Proceedings and is designed to reduce the issues in controversy to be resolved through a litigated evidentiary hearing. This Stipulation states the position of the Signatories that resolves each of the issues presented. Adequate and sufficient evidence supporting each resolution of an issue will be found in, or within the scope of, the testimonies and exhibits that will be submitted at the evidentiary hearing conducted in the Proceedings. The Signatories request that the Administrative Law Judges adopt the resolutions reached herein in any Recommended Decision or report and that the New York State Public Service Commission ("Commission") adopt them in its final decision in the Proceedings.

Signatories' Support

The Signatories believe that the resolutions reached in this Stipulation are just and reasonable and otherwise in accordance with the New York Public Service Law, the Commission's regulations and applicable Commission orders. Each of the Signatories agrees to support the terms of this Stipulation as just and reasonable, agrees not to take a position in the Proceedings in these matters contrary to the agreements set forth herein, and agrees not to assist another participant in taking such a contrary position in the Proceedings.

Integrated Agreement

The terms of this Stipulation are submitted as an integrated whole. If the Commission does not accept this Stipulation as the basis of the resolution of these issues without change or condition, each Signatory shall have the right to withdraw from this Stipulation upon written notice to the Commission within 10 days of the Commission Order. If the Companies give such notice, this Stipulation shall be deemed withdrawn, it shall not constitute part of the record of the Proceedings or any future proceeding addressing any of the issues within the scope of this Stipulation and it shall not be used in evidence or cited against any Signatory or used for any other purpose.

Settlement Discussions Privileged

The discussions between and among the Signatories that have resulted in this Stipulation have been conducted with the explicit understanding, pursuant to the Commission's regulations, that all written and oral offers, prior proposals of settlement and discussions relating thereto, as well as supporting materials, will remain confidential communications, are without prejudice to the position of any of the Signatories and other entities participating in any such discussions, are not admissible into evidence in the Proceedings or any other proceedings, and will not be used in any manner in connection with the Proceedings, other proceedings, or for any other purpose. As such, each Signatory agrees to maintain the confidentiality of all discussions, all offers of settlement and discussions related thereto, as well as all supporting materials.

No Admission

The making of this Stipulation shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory regarding any allegation, contention, or issue raised in the Proceedings or addressed in this Stipulation.

Stipulation Parameters

This Stipulation is intended to relate only to the specific matters referred to herein and shall have no bearing on the outcome of any other issues in the Proceedings.

Nothing in the Stipulation shall determine or constitute a ratemaking principle binding on the Signatories in the future, and no Signatory shall be deemed to have approved, accepted, agreed, or consented for purposes other than these proceedings to any specific ratemaking methodology or principle, accounting treatment, or level of expense or revenue. Nothing in this Stipulation restricts the Companies from initiating new rate proceedings, to the extent permitted in the New York Public Service Law and the Commission's regulations. The agreements set forth in this Stipulation are solely for the purpose of the above-captioned proceedings and nothing in this Stipulation restricts any signatories to this Stipulation from taking any position or lawful action or making any filing in any future proceedings. Except as expressly set forth herein, nothing in this Stipulation shall impair, diminish, or restrain the rights of any of the Signatories. Nothing in this Stipulation shall be construed to limit the Commission's authority under the New York Public Service Law.

Counterparts

This Stipulation may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

Entire Agreement

This Stipulation, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatories with respect to the matters resolved herein.

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: James A. Lahtinen
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

Date: April __, 2010

IN WITNESS WHEREOF, New York State Consumer Protection Board executes this Stipulation for submission to the Commission.

By: _____
Mindy A. Bockstein
Chairperson and Executive Director

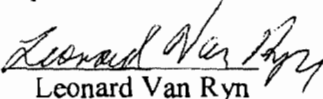
Date: April __, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: 
Leonard Van Ryn
Staff Counsel

Date: April 14, 2010

IN WITNESS WHEREOF, New York State Consumer Protection Board executes this Stipulation for submission to the Commission.

By: _____
Mindy A. Bockstein
Chairperson and Executive Director

Date: April __, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April ___, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

Date: April ___, 2010

IN WITNESS WHEREOF, New York State Consumer Protection Board executes this Stipulation for submission to the Commission.

By: Mindy A. Bockstein
Mindy A. Bockstein
Chairperson and Executive Director

Date: April 14, 2010

APPENDIX J

NYSEG and RG&E

**Earnings Sharing Mechanism – List of Inclusions and Exclusions,
Measurement of Rate Base and Common Equity**

a. Included Items:

- (i) Gains and losses on the sale of property with an original cost of less than \$100,000,
- (ii) Amortization of the gains & losses on reacquired debt, call premiums associated with recapitalization, gains and losses on hedges consistent with the Combined Items resolution,
- (iii) Amortization of the deferred asset relating to the Medicare Act of 2003 tax subsidy, including the Company portion not otherwise included in rates (Section IV-F),
- (iv) Amortization of other deferred debits and credits used in calculating the revenue requirement (Section IV),
- (v) All payroll and other employee benefits, including hourly, salary (non-executive) and executive incentive and variable compensation (executive incentive and variable compensation at no more than a ceiling of \$2,000,000 annually across all four businesses), charged to electric or gas operating expense,
- (vi) Qualified Pension and OPEB costs/income, including gains and losses, net of deferrals pursuant to the Commission's Policy Statement enunciated in Case 91-M-0890,¹ (Section XI),
- (vii) Refunds of taxes or other costs considered part of the electric or gas cost of service as reported in conformance with 16 NYCRR § 89.3.
- (viii) Costs to achieve efficiency initiatives (austerity/productivity) (Section VI), property tax savings (e.g., economic obsolescence) (Section XI-B) and IRS adjustments (Section IX-K), net of deferrals pursuant to the JP,
- (ix) Revenues and costs of generation assets and liabilities, including generation in rate base,
- (x) All other revenues and prudently incurred expenses considered part of the electric or gas cost of service, and
- (xi) Adjustments to Interest expense, NYSEG preferred dividends and associated income taxes relating to the synchronization of Interest expense and Preferred Dividends with the capital structure supporting rate base.

¹ Case 91-M-0890, In the Matter of the Development of a Statement of Policy Concerning the Accounting and Ratemaking Treatment for Pensions and Post Retirement Benefits Other than Pensions, Statement of Policy Concerning the Accounting and Ratemaking Treatment for Pensions and Post Retirement Benefits Other than Pensions (issued September 7, 1993).

NYSEG and RG&E

**Earnings Sharing Mechanism – List of Inclusions and Exclusions,
Measurement of Rate Base and Common Equity**

b. Excluded Items:

- (i) Allowance for Funds Used During Construction,
- (ii) Interest accrued on any deferred revenue or costs that result during this Joint Proposal (Section XI-P),
- (iii) Deferral of any shared earnings (income statement and balance sheet) pursuant to this Section VIII, Shareholder incentives, and asset sale incentives,
- (iv) Revenue adjustments pursuant to the electric reliability, gas safety, customer service, and vegetation management mechanisms in this Joint Proposal,
- (v) Interest on Temporary Cash Investments ("TCIs"),
- (vi) All other amounts charged to Other Income and Deductions consistent with the USOA not considered part of cost of service,
- (vii) Costs relating to non-qualified pension plans,
- (viii) Other Comprehensive Income from Common Equity.

c. Rate Base and Common Equity

- (i) The amount of common equity used for measuring earnings sharing will be the lower of actual average rate base times each Company's actual average equity ratio or actual average rate base times 50%.
- (ii) Actual average rate base excludes non-operating amounts (including, but not limited to, TCIs, Interest-Bearing Construction Work in Progress ("IB-CWIP"), non-operating assets (e.g. investments in affiliates) and interest – bearing operating assets/liabilities.
- (iii) The amount of common equity used for measuring earnings sharing will be further limited so that the sum of the common equity used in the Electric earnings test and the common equity used in the Gas earnings test does not exceed the respective Company's aggregate actual average common equity.

APPENDIX K

CASES 09-E-0715, ET AL.
JOINT PROPOSAL
Appendix K

Depreciation Rate Changes
Index

Page 1 of 3	NYSEG - Gas
Page 2 of 3	RG&E - Electric
Page 3 of 3	RG&E - Gas and Common

Depreciation Rate Changes
NYSEG - Gas

Function	Account	Description	Average Service Life Years	Iowa or H-Curve	Net Salvage Percent	New Annual Rate Percent
Production	305.00	Str. & Imp	10-year Amort			
	311.00	LPG Equip	10-year Amort			
Production	330.00	Producing Gas Well Constr.	50	R3.0	0%	2.000%
	331.00	Producing Gas Well Equip.	50	R3.0	0%	2.000%
	338.00	Unsuccess Explor & Devel Cost	50	R3.0	0%	2.000%
Storage	351.00	Str. & Imp	20	SQ	0%	5.000%
	352.00	Wells	20	SQ	0%	5.000%
	352.10	Storage Leaseholds	20	SQ	0%	5.000%
	352.20	Reservoirs	20	SQ	0%	5.000%
	354.00	Comp. Sta. Equip.	20	SQ	0%	5.000%
	354.10	Comp. Sta. Equip.	0	SQ	0%	0.000%
	357.00	Other Equip	20	SQ	0%	5.000%
Transmission	365.20	Land Rights (Trans. ROW)	75	h3.0	0%	1.333%
	366.00	Str. & Imp	50	L4.5	-10%	2.200%
	367.00	Main	75	R4.0	-50%	2.000%
	368.00	Compressor Station Equip	35	R4.0	0%	2.857%
	369.00	M&R Equip	50	R3.0	-20%	2.400%
	371.00	Other Equip	25	h3.0	0%	4.000%
Distribution	374.10	Land Rights	75	h2.5	0%	1.333%
	375.00	Str. & Imp	65	R2.5	0%	1.538%
	376.10	Main - Steel & Other	75	L2.5	-85%	2.467%
	376.20	Mains - Plastic	70	h2.0	-15%	1.643%
	378.00	M&R Sta Equip	60	h2.0	-80%	3.000%
	380.10	Services - Steel	50	L1.0	-55%	3.100%
	380.20	Services - Plastic	55	R1.0	-45%	2.636%
	381.00	Meters	30	R1.5	-12%	3.733%
	382.00	Meter Installs	45	L2.0	0%	2.222%
	383.00	House Regs	42	L0.0	-10%	2.619%
	384.00	House Regs Install	42	L5.0	-10%	2.619%
	385.00	Ind. M&R Sta. Equip. Installs	60	R2.0	-15%	1.917%
	387.00	Other Equip.	35	R3.0	0%	2.857%
General	390.00	Str. & Imp	40	L2.0	-5%	2.625%
	390.10	Leased	25		0%	4.000%
	392.00	Transp. Equip Cars	10	R4.0	10%	9.000%
	392.10	Transp. Equip Other	10		0%	10.000%
	396.00	Power Operated Equip.	12	L4.0	10%	7.500%

**Depreciation Rate Changes
RG&E - Electric**

Function	Account	Description	Average Service Life Years	Iowa or H-Curve	Net Salvage Percent	New Annual Rate Percent
Hydro	331.00	Structures and Improvements	90	90-R2	-5%	1.167%
	332.00	Reservoirs, Dams & Waterways	60	60-L1%	-50%	2.500%
	333.00	Waterwheels, Turbine and Generators	70	70-S0.5	-50%	2.143%
	334.00	Accessory Electric Equipment	85	85-L1%	0%	1.176%
	335.00	Miscellaneous Power Plant Equipment	68	68-R1.5%	-50%	2.206%
	336.00	Roads, Railroad and Bridges	75	75-SQ	0%	1.333%
Transmission	350.20	Land Rights	75	75-SQ	0%	1.333%
	352.00	Structures and Improvements	50	50-R3	-25%	2.500%
	353-11	Station Equipment	63	63-R2%	0%	1.587%
	354.00	Towers and Fixtures	60	60-R4	-25%	2.083%
	355.00	Poles and Fixtures	55	55-R2.5%	-20%	2.182%
	356.00	Overhead Conductors and Devices	66	66-R1.5	-15%	1.742%
	357.10	Underground Conduit	75	75-L3	-20%	1.600%
	357.23	Underground Conduit Devices <69KV	75	75-L3	0%	1.333%
	358.00	UG Conductors and Devices	62	62-R1.5	-15%	1.855%
Distribution	360.20	Land Rights	75	75-SQ	0%	1.333%
	361.00	Structures and Improvements	60	60-R3	-25%	2.083%
	362.10	Station Equipment	63	63-R2%	-15%	1.825%
	362.20	Station Equipment-Spare	52	52-R2%	0%	1.923%
	364.00	Poles, Towers & Fixtures	55	55-R0.5	-30%	2.364%
	365.00	Overhead Conductor & Devices	52	52-R1	-20%	2.308%
	366.00	Underground Conduit	74	74-R2	-30%	1.757%
	367.00	Underground Conductor & Devices	53	53-L0.5	-20%	2.264%
	368.00	Line Transformers	62	62-L0.5%	-5%	1.694%
	369.10	OH Services	55	55-R1	-50%	2.727%
	369.20	UG Services	35	35-R3	-25%	3.571%
	369.21	UG Services-Conduit	62	62-R2	-10%	1.774%
	370.10	Meters	41	41-S0.5	0%	2.439%
	373.10	OH Street Light - Poles	33	33-L0	-10%	3.333%
	373.11	OH Street Lighting Conductor	33	33-L0	-5%	3.182%
	373.12	OH Street Lighting Fixtures	15	15-R1%	0%	6.667%
	373.20	UG Street Lighting/Poles & Fixtures	25	25-O3	-5%	4.200%
	373.21	UG Street Lighting/Signal System	32	32-O2	-15%	3.594%
	373.23	UG Street Lighting/Signal System Cond	45	45-R1	-20%	2.667%
	373.30	Substation Eq - Street Light	25	25-R1	-20%	4.800%
General	390.00	Structures & Improvements	25	25-L0	-50%	6.000%
	397.10	Communication Eq-Overhead	25	25-L0	-10%	4.400%
	397.20	Communication Eq-UG Field Lines	75	75-L3	-20%	1.600%

Depreciation Rate Changes
RG&E - Gas and Common

Function	Account	Description	Average Service Life Years	Iowa or H-Curve	Net Salvage Percent	New Annual Rate Percent
<u>GAS</u>						
<u>Production</u>	325.20	Production Leaseholds	A		0%	0.000%
	330.00	Well Construction	A		0%	0.000%
	331.00	Well Equip	A		0%	0.000%
	332.00	Field Lines	A		0%	0.000%
	335.05	Drilling & Cleaning Equip	A		0%	0.000%
Distribution	374.20	Land Rights	75	SQ	0%	1.333%
	375.00	Str. & Imp	80	L1.0	-10%	1.375%
	376.10	Mains - Steel	70	R2.0	-65%	2.357%
	376.20	Mains - Plastic	80	R1.5	-65%	2.063%
	376.30	Mains - Cast Iron	64	L5.0	-85%	2.891%
	376.40	Mains - Valve GI 4 inch	80	R3.0	-85%	2.313%
	378.10	M&R Sta Equip - Inside	35	L3.0	-15%	3.286%
	378.11	M&R Sta Equip - Outside	24	O3.0	-15%	4.792%
	380.10	Services - Steel	45	O3.0	-25%	2.778%
	380.20	Services - Plastic	44	L2.0	-25%	2.841%
	381.00	Meters	26	R1.5	-5%	4.038%
	382.00	Meter Installs	45	S2.0	0%	2.222%
	383.10	House Regs	40	S5.5	-25%	3.125%
	383.20	Special Reg. on Cust Prem.	40	S6.0	-25%	3.125%
	384.10	House Regs Install	40	S6.0	-25%	3.125%
	384.20	Special Reg. Installs on Cust Prem.	50	S6.0	-25%	2.500%
	387.00	Other Equipment	35	R3.0	0%	2.857%
	387.10	Transportation Monitoring Equip.	20	R2.0	0%	5.000%
General	390.00	Structures & Improvements	40		-10%	2.750%
<u>COMMON</u>						
	390.00	Structures & Improvements	47	O3.0	-10%	2.340%
	392.00	Transportation Equipment	11	L3.0	8%	8.364%
	396.00	Power Operated Equipment	12	L3.0	18%	6.833%

A = Amortized

APPENDIX L

CASES 09-E-0715, ET AL.
JOINT PROPOSAL
Appendix L

NYSEG and RG&E
Net Plant Reconciliation and Capital Expenditure Forecast
Index

Schedule I	NYSEG	Page 1 of 3	Net Plant and Depreciation Targets
		Page 2 of 3	Illustration of the Net Plant Reconciliation
		Page 3 of 3	Capital Expenditures Included in the Revenue Requirements
Schedule II	RG&E	Page 1 of 3	Net Plant and Depreciation Targets
		Page 2 of 3	Illustration of the Net Plant Reconciliation
		Page 3 of 3	Capital Expenditures Included in the Revenue Requirements

NYSEG
Net Plant and Depreciation Targets
(\$ 000)

Net Plant Targets:

(a)

Plant in Service Plus Non Interest-Bearing CWIP
Accumulated Reserve
Exclude IBO & WMS
Amortization of Excess Depreciation Reserve

Electric		
Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013
\$ 3,426,643	\$ 3,576,735	\$ 3,691,418
(1,850,697)	(1,940,846)	(2,034,230)
na	na	na
<u>12,660</u>	<u>27,853</u>	<u>43,045</u>
<u>\$ 1,588,606</u>	<u>\$ 1,663,741</u>	<u>\$ 1,700,233</u>

Net Plant Targets

Gas		
Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013
\$ 889,499	\$ 923,169	\$ 957,852
(346,450)	(364,880)	(383,979)
(1,465)	(1,022)	(578)
<u>na</u>	<u>na</u>	<u>na</u>
<u>\$ 541,584</u>	<u>\$ 557,267</u>	<u>\$ 573,294</u>

Depreciation Targets:

(a)

Depreciation Expense
Exclude Transportation Depreciation
Exclude IBO & WMS

\$ 101,103	\$ 104,789	\$ 107,571
(7,751)	(7,751)	(7,751)
<u>na</u>	<u>na</u>	<u>na</u>
<u>\$ 93,352</u>	<u>\$ 97,038</u>	<u>\$ 99,820</u>

Depreciation Targets

\$ 24,678	\$ 25,528	\$ 26,413
(1,435)	(1,435)	(1,435)
<u>(443)</u>	<u>(443)</u>	<u>(443)</u>
<u>\$ 22,800</u>	<u>\$ 23,650</u>	<u>\$ 24,535</u>

(a) Includes allocated common.

NYSEG
Illustration of the Net Plant Reconciliation
(\$ 000)

	Electric				Gas			
	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013	Cumulative	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013	Cumulative
<u>Net Plant</u>								
Actual (for illustrative purposes only)	\$ 1,580,000	\$ 1,660,000	\$ 1,700,000		\$ 540,500	\$ 560,000	\$ 572,000	
Target	<u>1,588,606</u>	<u>1,663,741</u>	<u>1,700,233</u>		<u>541,584</u>	<u>557,267</u>	<u>573,294</u>	
Difference	(8,606)	(3,741)	(233)		(1,084)	2,733	(1,294)	
Pre-Tax Cost of Capital	<u>10.64%</u>	<u>10.64%</u>	<u>10.64%</u>		<u>10.64%</u>	<u>10.64%</u>	<u>10.64%</u>	
Return Component	\$ (916)	\$ (398)	\$ (25)		\$ (115)	\$ 291	\$ (138)	
<u>Depreciation Expense</u>								
Actual (for illustrative purposes only)	\$ 93,000	\$ 97,300	\$ 99,800		\$ 22,750	\$ 23,800	\$ 24,500	
Target	<u>93,352</u>	<u>97,038</u>	<u>99,820</u>		<u>22,800</u>	<u>23,650</u>	<u>24,535</u>	
Difference	<u>(352)</u>	<u>262</u>	<u>(20)</u>		<u>(50)</u>	<u>150</u>	<u>(35)</u>	
<u>Revenue Requirement Impact - Before Tax</u>	<u>\$ (1,268)</u>	<u>\$ (136)</u>	<u>\$ (45)</u>	<u>\$ (1,450)</u>	<u>\$ (165)</u>	<u>\$ 441</u>	<u>\$ (173)</u>	<u>\$ 103</u>
<u>Amount Deferred for Customer Benefit -</u>								
Smaller of Cumulative Amount at End of CY 3 or \$0				<u>\$ (1,450)</u>				<u>\$ -</u>

NYSEG
Capital Expenditures Included in the Revenue Requirements
(\$ 000)

	Electric				Gas			
	Calendar Yr 2010	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013	Calendar Yr 2010	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013
Ithaca Reinforcement Project	\$ 29,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Watercure Rd Sub Transformer Replacement	1,674	-	-	-	-	-	-	-
Yawger Rd New Substation	2,072	-	-	-	-	-	-	-
Moraine Road Substation Breaker Addition	1,779	-	-	-	-	-	-	-
Yahoo Service Project	1,167	-	-	-	-	-	-	-
Capacitor Additions - Energy Efficiency Initiative	1,500	-	-	-	-	-	-	-
Meyer - Add 115kV Capacitor Bank - Hornell	1,032	-	-	-	-	-	-	-
Corning Valley Upgrade	28,667	23,916	-	-	-	-	-	-
Klinekill - Valkin (NMPC) New 115 kV Transmission Line	1,350	9,664	-	-	-	-	-	-
Transit St Substation MGP Remediation	50	1,700	-	-	-	-	-	-
Walden 69kV Transmission Line Upgrade	190	3,186	-	-	-	-	-	-
Line #807 115kV Conversion	1,715	3,250	2,259	-	-	-	-	-
New Mobile Substations	2,608	1,750	1,750	-	-	-	-	-
Biogas 34.5kV Collector System	1,010	1,120	1,512	761	-	-	-	-
Bulk Spare Transformer	3,000	3,000	-	-	-	-	-	-
Silver Creek Substation New Transformer	-	1,206	-	-	-	-	-	-
Northend Substation New Capacitor Bank	-	1,471	-	-	-	-	-	-
Willet Substation New Transformer	-	654	2,618	-	-	-	-	-
Flat Street Substation New Transformer	-	605	3,192	-	-	-	-	-
South Perry New 115kV Transformer	-	875	3,216	-	-	-	-	-
Windham Substation 115kV Capacitor Addition	-	-	1,068	-	-	-	-	-
Perry Center Area Install New 34.5kV Substation	-	-	2,533	-	-	-	-	-
South Perry New 230kV Transformer	-	-	4,040	12,454	-	-	-	-
Westover Substation New 115kV Transformer and Binghamton Division Capacitors	-	-	3,939	2,589	-	-	-	-
Eelpot New Transformer	-	-	570	3,515	-	-	-	-
Meyer Substation New Transformer	-	-	538	3,385	-	-	-	-
Stephentown Substation New Transformer	-	-	465	2,465	-	-	-	-
Richfield Springs Substation New Transformer	-	-	650	1,887	-	-	-	-
Tom Miller Rd New Substation	-	-	110	2,509	-	-	-	-
Coddington Add LTC Capability to 115/34.5kV Transformer	-	-	-	1,095	-	-	-	-
Big Tree Substation Capacitor Addition	-	-	-	1,057	-	-	-	-
Harris Lake Source Upgrade	-	-	-	2,336	-	-	-	-
Auburn 345kV Source	-	-	3,600	3,000	-	-	-	-
Stolle – Dysinger	-	-	-	3,400	-	-	-	-
Substation Transformers	8,333	25,000	25,400	28,891	-	-	-	-
System Security	1,738	3,444	3,376	3,030	-	-	-	-
Mobile Radio Project	5,369	2,201	-	-	1,692	693	-	-
Electric GIS	-	4,756	1,113	-	-	-	-	-
Mill C Unit 1-2 Draft Tube Replacements and Foundation Protection	250	1,000	-	-	-	-	-	-
Transmission Mains	-	-	-	-	-	594	1,026	7,525
Seneca West Pipeline Interconnect to Elmira	-	-	-	-	-	4,285	-	-
Distribution Mains	-	-	-	-	1,596	4,105	7,805	295
Bare Steel Main Replacements	-	-	-	-	5,110	5,366	5,634	5,803
Gas Services	-	-	-	-	7,687	8,678	8,938	9,206
M&R / Gate Stations	-	-	-	-	-	1,204	1,240	-
Meters and Service Regulators	-	-	-	-	3,796	4,210	4,336	210
Highway Relocations	-	-	-	-	3,811	3,925	4,043	250
Binghamton Gas SCADA System Migration Project	-	-	-	-	-	2,279	-	-
Seneca Lake Storage Facility - Replace OPTO 22 PLC	-	-	-	-	-	1,851	-	-
Other	50,678	58,381	65,425	68,680	2,152	5,997	7,324	18,346
Total	\$ 143,554	\$ 147,179	\$ 127,374	\$ 141,054	\$ 25,843	\$ 43,188	\$ 40,346	\$ 41,634

Rochester Gas and Electric Corporation
Net Plant and Depreciation Targets
(\$ 000)

	Electric			Gas		
	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013
<u>Net Plant Targets:</u>	(a)					
Plant in Service Plus Non Interest-Bearing CWIP	\$ 1,668,189	\$ 1,761,741	\$ 1,954,982	\$ 725,801	\$ 750,672	\$ 774,922
Accumulated Reserve	(617,298)	(650,046)	(685,956)	(292,398)	(305,660)	(319,818)
Exclude Rochester Street Lighting Facilities	(6,687)	(6,108)	(5,529)	na	na	na
Exclude IBO & WMS	(4,701)	(3,312)	(1,923)	(2,531)	(1,782)	(1,034)
Exclude Russell Decommissioning Reserve	2,150	2,150	2,150	na	na	na
Amortization of Excess Depreciation Reserve	-	-	4,375	na	na	na
	-	-	-	-	-	-
Net Plant Targets	<u>\$ 1,041,653</u>	<u>\$ 1,104,425</u>	<u>\$ 1,268,099</u>	<u>\$ 430,872</u>	<u>\$ 443,230</u>	<u>\$ 454,070</u>
<u>Depreciation Targets:</u>	(a)					
Depreciation Expense	\$ 39,859	\$ 41,971	\$ 46,182	\$ 20,813	\$ 21,516	\$ 22,211
Exclude Transportation Depreciation	(1,656)	(1,656)	(1,656)	(892)	(892)	(892)
Exclude Rochester Street Lighting Facilities	(579)	(579)	(579)	na	na	na
Exclude IBO & WMS	(1,389)	(1,389)	(1,389)	(748)	(748)	(748)
	-	-	-	-	-	-
Depreciation Targets	<u>\$ 36,235</u>	<u>\$ 38,347</u>	<u>\$ 42,558</u>	<u>\$ 19,173</u>	<u>\$ 19,875</u>	<u>\$ 20,571</u>

(a) Includes allocated common.

Rochester Gas and Electric Corporation
Illustration of the Net Plant Reconciliation
(\$ 000)

	Electric				Gas			
	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013	Cumulative	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013	Cumulative
<u>Net Plant</u>								
Actual (for illustrative purposes only)	\$ 1,035,000	\$ 1,100,000	\$ 1,271,000		\$ 430,000	\$ 443,000	\$ 456,000	
Target	<u>1,041,653</u>	<u>1,104,425</u>	<u>1,268,099</u>		<u>430,872</u>	<u>443,230</u>	<u>454,070</u>	
Difference	(6,653)	(4,425)	2,901		(872)	(230)	1,930	
Pre-Tax Cost of Capital	<u>11.62%</u>	<u>11.62%</u>	<u>11.62%</u>		<u>11.62%</u>	<u>11.62%</u>	<u>11.62%</u>	
Return Component	\$ (773)	\$ (514)	\$ 337		\$ (101)	\$ (27)	\$ 224	
<u>Depreciation Expense</u>								
Actual (for illustrative purposes only)	\$ 36,000	\$ 38,300	\$ 42,700		\$ 19,100	\$ 19,850	\$ 20,700	
Target	<u>36,235</u>	<u>38,347</u>	<u>42,558</u>		<u>19,173</u>	<u>19,875</u>	<u>20,571</u>	
Difference	<u>(235)</u>	<u>(47)</u>	<u>142</u>		<u>(73)</u>	<u>(25)</u>	<u>129</u>	
<u>Revenue Requirement Impact - Before Tax</u>	<u>\$ (1,008)</u>	<u>\$ (561)</u>	<u>\$ 479</u>	<u>\$ (1,090)</u>	<u>\$ (174)</u>	<u>\$ (52)</u>	<u>\$ 353</u>	<u>\$ 127</u>
<u>Amount Deferred for Customer Benefit -</u>								
Smaller of Cumulative Amount at End of CY 3 or \$0				<u>\$ (1,090)</u>				<u>\$ -</u>

Rochester Gas and Electric Corporation
Capital Expenditures Included in the Revenue Requirements
(\$ 000)

	Electric				Gas			
	Calendar Yr 2010	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013	Calendar Yr 2010	Calendar Yr 2011	Calendar Yr 2012	Calendar Yr 2013
Webster East New 12 kV Source	\$ 1,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Station 137	8,798	-	-	-	-	-	-	-
Station 424 New Line	4,647	-	-	-	-	-	-	-
Station 42 New Capacitors	2,122	-	-	-	-	-	-	-
New 115kV Transmission Line (Sta.13A to Sta.135)	5,176	-	-	-	-	-	-	-
Station 13A Replace Breakers	1,305	-	-	-	-	-	-	-
Stations 180 and 128 New Capacitors	2,289	-	-	-	-	-	-	-
Culver Rd Electric Facilities Relocation	1,015	-	-	-	-	-	-	-
Jefferson Ave Electric Facilities Relocation	2,600	-	-	-	-	-	-	-
U of R New 115-34kV Substation	1,000	3,760	-	-	-	-	-	-
Rochester SCADA NERC Compliance	1,000	1,000	-	-	-	-	-	-
Station 124 New SVC	1,500	8,000	19,923	-	-	-	-	-
New Downtown 115kV Source	2,000	10,000	23,875	-	-	-	-	-
New Bulk Power Station	1,000	2,000	10,000	80,000	-	-	-	-
Midtown Electric Facilities Relocation	510	980	-	-	-	-	-	-
Stations 127,125 & 120 New 34.5kV Capacitors	-	2,725	-	-	-	-	-	-
Station 168 New Capacitors	-	1,050	-	-	-	-	-	-
Stations 198,218,194 & 181 New 34.5kV Capacitors	-	2,823	-	-	-	-	-	-
Stations 67 to 418 New 115kV Transmission Line	-	1,282	7,128	-	-	-	-	-
Station 56 Additional 12kV Source	-	2,580	1,995	-	-	-	-	-
Stations 173,178 & 180 New 34.5kV Capacitors	-	1,967	-	-	-	-	-	-
New 115kV/34.5kV Substation	-	-	920	8,336	-	-	-	-
Station 218 to Clyde New 34.5kV Transmission Line	-	-	500	5,500	-	-	-	-
Station 121 New 115kV Capacitor	-	-	-	1,217	-	-	-	-
Station 71 New 115kV Capacitor	-	-	-	1,458	-	-	-	-
Substation Transformers	11,000	31,460	28,773	16,333	-	-	-	-
Electric System Security	1,235	1,495	1,495	1,495	-	-	-	-
Electric GIS	-	2,368	556	-	-	-	-	-
Station 2 Runner Upgrade and Generator Rewind	2,689	-	-	-	-	-	-	-
Station 5 Tunnel Relining	7,400	37,100	14,400	-	-	-	-	-
Station 5 Wicket Gate Upgrades	125	4,000	1,750	-	-	-	-	-
Cast Iron and Bare Steel Replacements					7,218	7,435	7,658	7,888
Transmission Mains					-	4,745	690	3,510
Distribution Mains					900	2,250	4,237	4,364
Gas Services					6,604	7,390	7,612	7,840
Meters - Purchases & Installations					2,778	3,795	3,909	4,026
M&R / Gate Stations					-	721	743	766
Production Plant					-	-	-	-
Highway Relocations					4,500	4,957	5,106	5,259
Gas Portion of Common					2,218	3,110	3,305	3,212
Other	<u>19,301</u>	<u>21,907</u>	<u>27,223</u>	<u>63,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 78,457</u>	<u>\$ 136,497</u>	<u>\$ 138,538</u>	<u>\$ 177,353</u>	<u>\$ 24,218</u>	<u>\$ 34,403</u>	<u>\$ 33,260</u>	<u>\$ 36,865</u>

APPENDIX M

New York State Electric & Gas Corporation
Electric Business
Reconciliation Targets
(\$000)

	<u>Reconciliation</u>	<u>Notes</u>	<u>Rate Year 1 TME 8/31/2011</u>	<u>Rate Year 2 TME 8/31/2012</u>	<u>Rate Year 3 TME 8/31/2013</u>	<u>Four Months Ended 12/31/2013</u>	<u>Ongoing Annual Targets Effective 1/1/2014</u>
Pensions	Symmetrical	(1)	9,096	9,096	9,096	3,032	9,096
OPEBs	Symmetrical	(1)	14,150	14,150	14,150	4,717	14,150
Property Taxes	Symmetrical - subject to sharing	(2)	73,328	75,088	76,890	25,630	76,890
Electric Distribution Vegetation Management	Downward Only			Calendar Year Basis - Per Appendix P			
Hyper Inflation	Right to File		6.00%	6.00%	6.00%		
Management Audit Expense	Symmetrical		200	200	200	67	200
CAIDI / SAIFI Study	Deferred Cost	(3)	0	0			
Variable Rate Debt	Symmetrical				See Appendix N		
Incremental Maintenance/CRO Initiatives	Downward Only	(5)	4,895	4,895	4,895	1,632	4,895
Environmental Costs	Symmetrical	(4)	18,087	18,087	18,087	6,029	18,087
Major Storm Costs	Symmetrical	(4)	12,000	12,000	12,000	4,000	12,000
Legislative, Actg, Regulatory, Tax and Related Actions	Symmetrical				Subject to annual threshold of \$1.5 M		
Costs to Achieve Efficiency Initiatives	Symmetrical - Subject to upward cap		6,069	6,069	6,069	2,022	
Economic Development	Symmetrical - carryover		2,167	2,167	2,167	721	2,167
Low Income Program	Symmetrical - limited - Per Appendix I		1,613	1,613	1,613	538	1,613

NOTES: See Joint Proposal language / other appendices for specific conditions.

(1) Excludes non-qualified plan costs.

(2) 90% of the variation above or below the target will be deferred. The Company's 10% share of property tax expense above or below the target will be limited to 10 basis points on the amount of common equity supporting Rate Base. 100% of additional variances are deferred.

(3) The Company shall defer the incremental costs associated with the CAIDI / SAIFI audit.

(4) The Companies shall continue to utilize reserve accounting for Environmental Costs and Major Storm Costs, per Appendix G.

(5) Refer to page 5 for examples of items included.

New York State Electric & Gas Corporation
Gas Business
Reconciliation Targets
(\$000)

	<u>Reconciliation</u>	<u>Notes</u>	<u>Rate Year 1 TME 8/31/2011</u>	<u>Rate Year 2 TME 8/31/2012</u>	<u>Rate Year 3 TME 8/31/2013</u>	<u>Four Months Ended 12/31/2013</u>	<u>Ongoing Annual Targets Effective 1/1/2014</u>
Pensions	Symmetrical	(1)	1,943	1,943	1,943	648	1,943
OPEBs	Symmetrical	(1)	3,022	3,022	3,022	1,007	3,022
Property Taxes	Symmetrical - subject to sharing	(2)	19,035	19,492	19,960	6,653	19,960
Gas Vegetation Management	Downward Only		250	250	250	83	250
Hyper Inflation	Right to File		6.00%	6.00%	6.00%		
Management Audit Expense	Symmetrical		50	50	50	17	50
Variable Rate Debt	Symmetrical				See Appendix N		
Gas R&D	Symmetrical		1,497	1,497	1,497	499	1,497
Pipeline Integrity Costs	Downward Only		265	265	265	88	265
Incremental Maintenance/CRO Initiatives	Downward Only	(4)	577	577	577	192	577
Environmental Costs	Symmetrical	(3)	4,411	4,411	4,411	1,470	4,411
Legislative, Actg, Regulatory, Tax and Related Actions	Symmetrical				Subject to annual threshold of \$0.50 M		
Costs to Achieve Efficiency Initiatives	Symmetrical - Subject to upward cap		1,613	1,613	1,613	538	
Economic Development	Symmetrical - carryover		100	100	100	33	100
Low Income Program	Symmetrical - limited - Per Appendix I		509	509	509	170	509

NOTES: See Joint Proposal language / other appendices for specific conditions.

(1) Excludes non-qualified plan costs.

(2) 90% of the variation above or below the target will be deferred. The Company's 10% share of property tax expense above or below the target will be limited to 10 basis points on the amount of common equity supporting Rate Base. 100% of additional variances are deferred.

(3) The Companies shall continue to utilize reserve accounting for Environmental Costs, per Appendix G.

(4) Refer to page 5 for examples of items included.

Rochester Gas and Electric Corporation
Electric Business
Reconciliation Targets
(\$000)

			Rate Year 1 TME 8/31/2011	Rate Year 2 TME 8/31/2012	Rate Year 3 TME 8/31/2013	Four Months Ended 12/31/2013	Ongoing Annual Targets Effective 1/1/2014
	<u>Reconciliation</u>	<u>Notes</u>					
Pensions	Symmetrical	(1)	1,657	1,657	1,657	552	1,657
OPEBs	Symmetrical	(1)	2,023	2,023	2,023	674	2,023
Property Taxes	Symmetrical - subject to sharing	(2)	63,640	68,667	74,092	24,697	74,092
Electric Distribution Vegetation Management	Downward Only			Calendar Year Basis - Per Appendix P			
Hyper Inflation	Right to File		6.0%	6.0%	6.0%		
Management Audit Expense	Symmetrical		175	175	175	58	175
CAIDI / SAIFI Study	Deferred Cost	(3)	0	0			
Variable Rate Debt	Symmetrical				See Appendix N		
Incremental Maintenance/CRO Initiatives	Downward Only	(5)	2,279	2,279	2,279	760	2,279
Environmental Costs	Symmetrical	(4)	7,394	7,394	7,394	2,465	7,394
Major Storm Costs	Symmetrical	(4)	2,520	2,520	2,520	840	2,520
Legislative, Actg, Regulatory, Tax and Related Actions	Symmetrical				Subject to annual threshold of \$1.0 M		
Costs to Achieve Efficiency Initiatives	Symmetrical - Subject to upward cap		1,413	1,413	1,413	471	
Economic Development	Symmetrical - carryover		3,600	3,600	3,600	1,200	3,600
Low Income Program	Symmetrical - limited - Per Appendix I		928	928	928	309	928

NOTES: See Joint Proposal language / other appendices for specific conditions.

(1) Excludes non-qualified plan costs.

(2) 90% of the variation above or below the target will be deferred. The Company's 10% share of property tax expense above or below the target will be limited to 10 basis points on the amount of common equity supporting Rate Base. 100% of additional variances are deferred.

(3) The Company shall defer the incremental costs associated with the CAIDI / SAIFI audit.

(4) The Companies shall continue to utilize reserve accounting for Environmental Costs and Major Storm Costs, per Appendix G.

(5) Refer to page 5 for examples of items included.

Rochester Gas and Electric Corporation
Gas Business
Reconciliation Targets
(\$000)

	<u>Reconciliation</u>	<u>Notes</u>	<u>Rate Year 1 TME 8/31/2011</u>	<u>Rate Year 2 TME 8/31/2012</u>	<u>Rate Year 3 TME 8/31/2013</u>	<u>Four Months Ended 12/31/2013</u>	<u>Ongoing Annual Targets Effective 1/1/2014</u>
Pensions	Symmetrical	(1)	973	973	973	324	973
OPEBs	Symmetrical	(1)	1,188	1,188	1,188	396	1,188
Property Taxes	Symmetrical - subject to sharing	(2)	24,931	26,901	29,026	9,675	29,026
Gas Vegetation Management	Downward Only		363	367	367	122	367
Hyper Inflation	Right to File		6.0%	6.0%	6.0%		
Management Audit Expense	Symmetrical		75	75	75	25	75
Variable Rate Debt	Symmetrical				See Appendix N		
Gas R&D	Symmetrical		820	820	820	273	820
Pipeline Integrity Costs	Downward Only		657	657	657	219	657
Incremental Maintenance/CRO Initiatives	Downward Only	(4)	1,060	1,060	1,060	353	1,060
Environmental Costs	Symmetrical	(3)	3,717	3,717	3,717	1,239	3,717
Legislative, Actg, Regulatory, Tax and Related Actions	Symmetrical				Subject to annual threshold of \$0.50 M		
Costs to Achieve Efficiency Initiatives	Symmetrical - Subject to upward cap		633	633	633	211	
Economic Development	Symmetrical - carryover		100	100	100	33	100
Low Income Program	Symmetrical - limited - Per Appendix I		599	599	599	200	599

NOTES: See Joint Proposal language / other appendices for specific conditions.

(1) Excludes non-qualified plan costs.

(2) 90% of the variation above or below the target will be deferred. The Company's 10% share of property tax expense above or below the target will be limited to 10 basis points on the amount of common equity supporting Rate Base. 100% of additional variances are deferred.

(3) The Companies shall continue to utilize reserve accounting for Environmental Costs, per Appendix G.

(4) Refer to page 5 for examples of items included.

Appendix M
Page 5 of 5

Incremental Maintenance/CRO Initiatives
Examples of Items includable in reconciliation

NYSEG Electric

Wood pole inspection and treatment
Helicopter inspection process improvements
Thermography and line inspection
Cross arm replacement
Circuit breaker maintenance
Animal fence repair
Relay maintenance
Oil pipe cable maintenance
Network repair
Hydro station dredging/relicensing
Cooperative support

NYSEG Gas

Exposed piping on bridges
Damage prevention
Public awareness
Compressor maintenance
Corrosion control
Distribution Integrity Management
Integrity Management Program

RG&E Electric

Wood pole inspection and treatment
Helicopter inspection process improvements
Manhole repair
Insulator replacement
Fault indicator maintenance
Circuit breaker maintenance
Animal fence repair
Relay maintenance
Oil pipe cable maintenance
Network repair
Hydro station dredging
Allegheny station maintenance

RG&E Gas

Exposed piping on bridges
Damage prevention
Public awareness
Corrosion control
Distribution Integrity Management
GIS data conversion
Integrity Management Program

APPENDIX N

**Cases 09-E-0715, et al.
Joint Proposal
Appendix N**

**NYSEG and RG&E
Variable Rate Debt Subject to Reconciliation
(\$000)**

<u>NYSEG</u>		<u>Rate</u>	<u>Principal</u>
PCN 2006 Series A	VRD	2.750%	\$ 12,000
PCN 2005 Series A	VRD	2.750%	\$ 3,425
PCN 2004 Series A	VRD	2.750%	\$ 875
PCN 1994 Series B	VRD	2.750%	\$ 37,500
PCN 1994 Series C	VRD	2.750%	\$ 63,500
PCN 1994 Series D	VRD	2.750%	\$ 74,000
PCN 2004 Series C	VRD	0.695%	\$ 100,000

<u>RG&E</u>			
PCN 1997 Series A	VRD	0.565%	\$ 34,000
PCN 1997 Series B	VRD	0.565%	\$ 34,000

<u>RG&E*</u>	<u>Threshold</u>	<u>Est. Balance</u>
Department of Energy Liability	\$1,986	\$ 122,000

* RG&E will reconcile and defer the annual difference between the DOE liability carrying costs and threshold amount provided for in rates (\$1,986,000).

APPENDIX O

**NYSEG and RG&E
Regulatory Amortizations
Post Term Amortization Summary**

**Appendix O
Page 1 of 3**

Note: The below Rate Year 3 Annual Amortization amounts will cease at December 31, 2013. Pursuant to the the Post-Term Amortization provision of the J.P.; in the event that the Companies do not file for new rates effective January 1, 2014, the Companies will defer the revenue requirement effect associated with expiring amortizations including any PBA and ASGA amortization from Rate Year 3.

"() denotes a net credit amortization

\$ - thousands

		Rate Year 3 TME 8/31/13 Amortization	
NYSEG Electric		\$ (6,858)	Detail per page 2
NYSEG Gas	A	\$ 1,532	Detail per page 2
RG&E Electric		\$ 18,850	Detail per page 3
RG&E Gas		\$ (1,937)	Detail per page 3

A - Excludes all NYSEG Gas deferrals recovered through the T.S. (2006 Flood, Pension, Pipeline Integrity)

**Cases 09-E-0715, et al.
Joint Proposal**

**NYSEG
Detail of Regulatory Amortizations**

**Appendix O
Page 2 of 3**

	Def Balance w/o PBA Mod Rate Year 1	PBA Utilization	Def Balance w PBA Mod Rate Year 1	Amortization Period (years)		Rate Year 1 TME 8/31/11 Amortization	Rate Year 2 TME 8/31/12 Amortization	Rate Year 3 TME 8/31/13 Amortization	Four Months Ended 12/31/13 Amortization	Remaining Balance
NYSEG Electric										
Capitalized Installation Costs	(1,220)	-	(1,220)	3.3		(366)	(366)	(366)	(122)	-
Excess DIT > 7.1% (NYS)	(1,431)	-	(1,431)	3.3		(429)	(429)	(429)	(143)	-
Deferred Inc Tax Deferral - Book Depr Rate Change	(9,482)	-	(9,482)	3.3		(2,845)	(2,845)	(2,845)	(948)	-
Service Quality Performance Program - pre-2009	(2,000)	-	(2,000)	3.3		(600)	(600)	(600)	(200)	-
NYPA Ancillaries	389	-	389	3.3		117	117	117	39	-
Stray Voltage	(470)	-	(470)	3.3		(141)	(141)	(141)	(47)	-
ASGA (Per Order #05-E-1222)	(33,405)	-	(33,405)	3.3		(10,022)	(10,022)	(10,022)	(3,341)	-
Environmental	42,527	(23,000)	19,527	3.3		5,858	5,858	5,858	1,953	-
Storm	57,453	(57,453)	-			-	-	-	-	-
Service Quality Performance Program - 2009	(2,000)	-	(2,000)	1.0		(2,000)				
Cost to Achieve Efficiency Initiatives	20,229	-	20,229	3.3		6,069	6,069	6,069	2,021	-
Medicare Subsidy Amortization	10,200	-	10,200	3.3	A	3,060	3,060	3,060	1,020	-
PBA	(145,195)	57,453	(87,742)		B	(38,767)	(26,560)	(7,560)	(2,520)	(12,335)
ACF	(23,000)	23,000	-			-	-	-	-	-
Total NYSEG Electric						(40,065)	(25,858)	(6,858)	(2,288)	
NYSEG Gas - A										
Capitalized Installation Costs	(825)	-	(825)	3.3		(247)	(247)	(247)	(82)	-
Excess DIT > 7.1% (NYS)	(594)	-	(594)	3.3		(178)	(178)	(178)	(59)	-
Property Tax Deferral	605	-	605	3.3		182	182	182	61	-
Sarbanes Oxley	957	-	957	3.3		287	287	287	96	-
Service Quality Performance Program - pre-2009	(837)	-	(837)	3.3		(251)	(251)	(251)	(84)	-
Seneca Storage	(643)	-	(643)	3.3		(193)	(193)	(193)	(64)	-
Environmental	18,517	-	18,517	3.3		5,555	5,555	5,555	1,852	-
Seneca Pipeline Integrity Initiative	882	-	882	3.3		265	265	265	88	-
Service Quality Performance Program - 2009	(333)	-	(333)	1.0		(333)				
Cost to Achieve Efficiency Initiatives	5,377	-	5,377	3.3		1,613	1,613	1,613	537	-
PBA	(39,927)	-	(39,927)	Specific	B	(20,500)	(12,500)	(5,500)	(1,427)	-
Total NYSEG Gas (excluding amortizations in T.S.)						(13,801)	(5,468)	1,532	916	

A - NYSEG Electric will amortize (in tax expense) the full Medicare Part D deferred tax regulatory asset, net of the associated deferred tax liability, over the Rate Plan term. This schedule illustrates the pre-tax (revenue requirement) amortization value of \$3.060 million annually that is offset by an equivalent PBA amount.

B - PBA RY1 amortization reflects the estimated amounts (\$1.7 M Electric; \$0.5 M Gas) being used to recover the make-whole period August 26, 2010 - Sept. 25, 2010. The actual PBA amounts utilized for the make-whole period, for each business, will be calculated following approval of the Rate Plan. The PBA amortization also reflects amounts to recover the Medicare Subsidy of \$10.2 million (Electric only) over the term of the rate plan (3.3 years).

Cases 09-E-0715, et al. Joint Proposal

RG&E
Detail of Regulatory Amortizations

Appendix O
Page 3 of 3

	Def Balance w/o PBA Mod Rate Year 1	PBA Utilization	Def Balance w PBA Mod Rate Year 1	Amortization Period (years)	Rate Year 1 TME 8/31/11 Amortization	Rate Year 2 TME 8/31/12 Amortization	Rate Year 3 TME 8/31/13 Amortization	Four Months Ended 12/31/13 Amortization	Remaining Balance
RG&E Electric									
Ice Storm	18,911	(18,911)	-		-	-	-	-	-
Allegheny Buy-out	39,207	-	39,207	3.3	11,763	11,763	11,763	3,917	-
Nine Mile II Mirror CWIP	16,995	-	16,995	3.3	5,099	5,099	5,099	1,698	-
Nine Mile II	38,892	-	38,892	3.3	11,669	11,669	11,669	3,886	-
Oswego Plant Sale	18,150	-	18,150	3.3	5,445	5,445	5,445	1,813	-
Outreach & Educ. - Voice Your Choice	6,968	-	6,968	3.3	2,091	2,091	2,091	696	-
Excess NYS DIT>7.1%	(677)	-	(677)	3.3	(203)	(203)	(203)	(68)	-
IRS Audit - 1998-2001	925	-	925	3.3	278	278	278	92	-
NYS Tax Audit	(2,376)	-	(2,376)	3.3	(713)	(713)	(713)	(237)	-
Capitalized Installation Costs	(1,010)	-	(1,010)	3.3	(303)	(303)	(303)	(101)	-
Property Tax 481(a)	(4,522)	-	(4,522)	3.3	(1,357)	(1,357)	(1,357)	(452)	-
Stray Voltage	2,720	-	2,720	3.3	816	816	816	272	-
Sarbanes-Oxley	1,173	-	1,173	3.3	352	352	352	117	-
DOE Liability True-up	(5,039)	-	(5,039)	3.3	(1,512)	(1,512)	(1,512)	(503)	-
Economic Development True-up	(9,238)	-	(9,238)	3.3	(2,772)	(2,772)	(2,772)	(923)	-
OPEB True-up	(5,088)	-	(5,088)	3.3	(1,527)	(1,527)	(1,527)	(508)	-
VRD Pre-2004 True-up	(1,763)	-	(1,763)	3.3	(529)	(529)	(529)	(176)	-
Nuclear Fuel DOE Liability True-up - 2004	(1,429)	-	(1,429)	3.3	(429)	(429)	(429)	(143)	-
Electric Reliability Organization	474	-	474	3.3	142	142	142	47	-
Medicare Part D	(413)	-	(413)	3.3	(124)	(124)	(124)	(41)	-
NYS Tax Rate	(407)	-	(407)	3.3	(122)	(122)	(122)	(41)	-
R&D Tax Credit	(307)	-	(307)	3.3	(92)	(92)	(92)	(31)	-
Security Costs	367	-	367	3.3	110	110	110	37	-
Property Tax Cost to Achieve	662	-	662	3.3	199	199	199	66	-
Property Tax	12,110	(6,089)	6,021	3.3	1,806	1,806	1,806	602	-
Variable Rate Debt	1,043	-	1,043	3.3	313	313	313	104	-
Cost to Achieve Efficiency Initiatives	4,710	-	4,710	3.3	1,413	1,413	1,413	471	-
Cost of Removal (Tax Adjustment)	(3,383)	-	(3,383)	3.3	(1,015)	(1,015)	(1,015)	(338)	-
PBA Utilization	(92,424)	25,000	(67,424)		(11,200)	(5,000)	(10,000)	(3,333)	(37,891)
ACF	(6,500)	-	(6,500)	3.3	(1,950)	(1,950)	(1,950)	(650)	-
Total RG&E Electric					17,650	23,850	18,850	6,273	
RG&E Gas									
IRS Audit - 1998-2001	(2,618)	-	(2,618)	3.3	(785)	(785)	(785)	(262)	-
NYS Tax Audit	174	-	174	3.3	52	52	52	17	-
Capitalized Installation Costs	(437)	-	(437)	3.3	(131)	(131)	(131)	(44)	-
Property Tax 481(a)	(1,981)	-	(1,981)	3.3	(594)	(594)	(594)	(198)	-
Sarbanes-Oxley	572	-	572	3.3	172	172	172	57	-
OPEB True-up	(2,191)	-	(2,191)	3.3	(657)	(657)	(657)	(219)	-
VRD Pre 2004 True-up	(550)	-	(550)	3.3	(165)	(165)	(165)	(55)	-
Medicare Part D	(203)	-	(203)	3.3	(61)	(61)	(61)	(20)	-
NYS Tax Rate	(268)	-	(268)	3.3	(81)	(81)	(81)	(27)	-
R&D Tax Credit	(157)	-	(157)	3.3	(47)	(47)	(47)	(16)	-
Security Costs	190	-	190	3.3	57	57	57	19	-
Purchase of Receivables Discount	(3,700)	-	(3,700)	3.3	(1,110)	(1,110)	(1,110)	(370)	-
Excess NYS Income Taxes	(277)	-	(277)	3.3	(83)	(83)	(83)	(28)	-
Mendon Heater	1,007	-	1,007	3.3	302	302	302	101	-
Property Tax	12,705	-	12,705	3.3	3,812	3,812	3,812	1,270	-
Variable Rate Debt	1,686	-	1,686	3.3	506	506	506	169	-
Pipeline Integrity	1,858	-	1,858	3.3	557	557	557	186	-
Property Tax - Cost to Achieve	278	-	278	3.3	83	83	83	28	-
Cost to Achieve Efficiency Initiatives	2,110	-	2,110	3.3	633	633	633	211	-
Cost of Removal (Tax Adjustment)	(1,823)	-	(1,823)	3.3	(547)	(547)	(547)	(182)	-
PBA Utilization	(32,979)	-	(32,979)		(17,496)	(10,350)	(3,850)	(1,283)	-
Total RG&E Gas					(15,583)	(8,437)	(1,937)	(646)	

A - PBA RY1 amortization reflects the estimated amounts (\$1.2 M Electric; \$0.496 M Gas) being used to recover the make-whole period August 26, 2010 - Sept. 25, 2010. The actual PBA amounts utilized for the make-whole period, for each business, will be calculated following approval of the Rate Plan.

APPENDIX P

**ELECTRIC RELIABILITY PERFORMANCE MECHANISM AND
GAS SAFETY PERFORMANCE MEASURES**

1. Electric Company Reliability Performance

(a) Beginning in 2011 and continuing until changed by the Commission, should NYSEG Electric or RG&E Electric fail to meet any of the reliability performance targets¹ set forth below during any calendar year, the associated negative electric system reliability revenue adjustment will apply as outlined in the following table:

	Performance Target	Base Revenue Adjustment
Frequency (SAIFI)		
NYSEG		
Minimum Threshold	1.20	\$3,500,000
Maximum Threshold	1.26	\$7,000,000
RG&E	0.90	\$5,000,000
Duration (CAIDI)		
NYSEG		
Minimum Threshold	2.08	\$3,500,000
Maximum Threshold	2.18	\$7,000,000
RG&E	1.90	\$5,000,000

2. Electric Reliability Consecutive Missed Target Conditions

(a) The negative revenue adjustment for an individual measure set forth above will double if the Company misses any of the target levels for that particular measure for two consecutive years. Any doubling of the negative revenue adjustment would apply to the year encompassing the second miss of the target. The negative revenue adjustment would continue to double for each consecutive miss of the target. If doubling takes place and the Company subsequently meets the previously missed target, the negative revenue adjustment for that target will revert to the original (i.e., non-doubled) amounts set forth above. An example is set forth at Appendix R.

¹ "SAIFI" is System Average Interruption Frequency Index. "CAIDI" is Customer Average Interruption Duration Index.

3. NYSEG Gas Safety Performance Measures

(a) For the Term of the Proposal, beginning in calendar year 2011, and until changed by the Commission, NYSEG shall be subject to the following gas safety performance measures and base negative adjustment levels, totaling up to 60 basis points, for failure to meet the following measures:

(i) **Leak prone pipe:**

(a) Replace a minimum of 24 miles of leak-prone main each calendar year.

Base adjustment level: eight basis points.

(b) Replace a minimum of 1,200 leak-prone services each calendar year.

Base adjustment level: eight basis points.

(ii) **Leak management:** achieve a calendar year-end backlog of total leaks no greater than 100. Base adjustment level: 12 basis points.

(iii) **Prevention of excavation damages:**

(a) Overall damages: achieve a level equal to or below 2.0 excavation damages per 1,000 One-Call Tickets each calendar year. Base adjustment level: four basis points.

(b) Damages due to mismarks: achieve a level equal to or below 0.50 excavation damages due to mismarks per 1,000 One-Call Tickets each calendar year. Base adjustment level: 10 basis points.

(c) Damages caused by Company crews and Company contractors: achieve a level equal to or below 0.20 excavation damages attributable to Company and Company contractor personnel per 1,000 One-Call Tickets each calendar year. Base adjustment level: four basis points.

(iv) **Emergency response:**

(a) Respond to 75 percent of all gas leak and odor calls within 30 minutes each calendar year. Base adjustment level: eight basis points.

(b) Respond to 90 percent of all gas leak and odor calls within 45 minutes each calendar year. Base adjustment level: four basis points.

(c) Respond to 95 percent of all gas leak and odor calls within 60 minutes each calendar year. Base adjustment level: two basis points.

4. RG&E Gas Safety Performance Measures

(a) For the Term of the Proposal beginning in calendar year 2011, and until changed by the Commission, RG&E shall be subject to the following gas safety performance measures and base negative adjustment levels, totaling up to 60 basis points, for failure to meet the following measures:

(i) **Leak prone pipe:**

(a) Replace a minimum of 24 miles of leak-prone main each calendar year. Base adjustment level: eight basis points.

(b) Replace a minimum of 1,000 leak-prone services each calendar year. Base adjustment level: eight basis points.

(ii) **Leak management:** achieve a year-end backlog of total leaks no greater than 200 each calendar year. Base adjustment level: 12 basis points.

(iii) **Prevention of excavation damages:**

(a) Overall damages: achieve a level equal to or below 2.0 excavation damages per 1,000 One-Call Tickets each calendar year. Base adjustment level: four basis points.

(b) Damages due to mismarks: achieve a level equal to or below 0.50 excavation damages due to mismarks per 1,000 One-Call Tickets each calendar year. Base adjustment level: 10 basis points.

(c) Damages caused by Company crews and Company contractors: achieve a level equal to or below 0.20 excavation damages attributable to Company and Company contractor personnel per 1,000 One-Call Tickets each calendar year. Base adjustment level: four basis points.

(iv) **Emergency response:**

(a) Respond to 75 percent of all gas leak and odor calls within 30 minutes each calendar year. Base adjustment level: eight basis points.

(b) Respond to 90 percent of all gas leak and odor calls within 45 minutes each calendar year. Base adjustment level: four basis points.

(c) Respond to 95 percent of all gas leak and odor calls within 60 minutes each calendar year. Base adjustment level: two basis points.

5. Gas Safety Performance Measures Consecutive Missed Target Conditions

(a) If NYSEG Gas or RG&E Gas, respectively, misses a gas safety performance measure target level set forth above in Sections 3 and 4, in three out of five consecutive calendar years, the negative adjustment applicable for that year and each subsequent year shall be twice the base adjustment level. For any calendar year in which NYSEG or RG&E, respectively, is under a dividend restriction at any time and misses a target level set forth above, the negative revenue adjustment applicable shall be 150 percent of the adjustment level otherwise applicable.

6. Events Outside the Companies' Control

(a) The Signatory Parties acknowledge that factors beyond the control of the Companies could adversely affect the ability of each Company to meet the electric reliability and gas safety performance measure targets established in this Appendix. Examples of such factors could include, but are not limited to weather, strategic pole hits, contractor damage to pipes and disruptions in neighboring utility systems. Accordingly, the Companies do not waive and expressly retain their right to petition the Commission for a waiver, release, or other relief related to a Company's failure to meet the targets set forth in this Appendix as a result of factors beyond the Company's control.

7. Reporting Requirements

(a) By March 15th of each year, each Company shall file with the Secretary separate reports on electric reliability and gas safety performance for the prior calendar year period.

APPENDIX Q

ELECTRIC AND GAS DISTRIBUTION VEGETATION MANAGEMENT

RG&E Electric – Distribution Vegetation Management

RG&E Electric will move to full cycle vegetation management trimming for its distribution system utilizing the following schedule and annual funding levels:

Year	Annual Funding Level*
2011	\$6.6M
2012	\$6.6M
2013	\$6.6M

*The annual funding level estimated above is based on the assumption that the Company will incur approximately \$1.5M annually in hourly hot spot crew costs.

NYSEG Electric – Distribution Vegetation Management

The funding level set forth below makes an incremental move toward full cycle vegetation management trimming for its distribution system:

Year	Annual Funding Level**
2011	\$16M
2012	\$18M
2013	\$20M

**The annual funding level estimated above is based on the assumption that the Company will incur approximately \$3.55M annually in hourly hot spot crew costs.

NYSEG and RG&E Gas Vegetation Management and Reporting

An amount of \$250,000 in incremental expenditures for gas vegetation management will be included in rates for NYSEG Gas and RG&E Gas, respectively. By March 15th of each year, the Companies will each report to the Secretary on the prior year's gas vegetation management expenditures and mileage.

Electric and Gas Vegetation Management Reconciliation

NYSEG and RG&E Electric Reconciliation - Each Company will calculate any underage in spending on its distribution vegetation management program based on a calendar year comparison. If the amount expended by a Company for distribution vegetation management is less than a Company's funding level targets above, that Company will defer the short fall for future rate payer benefit.

NYSEG and RG&E Gas Reconciliation - Each Company will calculate any underage in spending on its distribution vegetation management program based on a calendar year comparison. If the amount expended by a Company is less than the incremental \$250,000 allowed in rates at a Company, that Company will defer the short fall for future rate payer benefit.

Revenue Adjustment for Electric Distribution Vegetation Management

If NYSEG Electric fails to meet the minimum total target distribution trimming miles (2,700) on an annual basis, the negative revenue adjustment specified below will be applied:

Total Trimmed Mileage	Negative Revenue Adjustment 2011	Negative Revenue Adjustment 2012 and 2013
2,700	N/A	N/A
Less than 2,700	N/A	\$1,900,000 (approx. 15 BP)
Less than 2,600	\$950,000 (approx. 7.5 BP)	
Less than 2,500	\$1,900,000 (approx.15 BP)	

If RG&E Electric fails to meet the minimum total target distribution trimming miles (1,100) on an annual basis, the negative revenue adjustment specified below will be applied:

Total Trimmed Mileage	Negative Revenue Adjustment 2011-2113
1,100 Target	N/A
Less than 1,100	N/A
Less than 1,000	\$375,000 (approx. 5 BP)
Less than 900	\$750,000 (approx. 10 BP)

NYSEG Electric and RG&E Electric Vegetation Management Reporting and Planning

By March 15th of each year, the Companies will report to the Secretary the prior year distribution vegetation management expenditures and distribution mileage, by voltage class.

By March 15th of each year (beginning in 2012), the Companies will report to the Secretary on the Companies' unit cost based on mileage for regular clearing and the unit cost for non-mileage hot spot/immediate reliability work trimming. The hot spot/immediate reliability unit cost consists of a time and equipment rate. Both unit costs will be determined through a competitive process.

By March 15th of each year, the Companies will report to the Secretary the distribution mileage trimming anticipated for that year by voltage class as calculated utilizing the unit cost and the overall level of allowed vegetation management funding for the current year. The planned level of distribution hot spot expenditures will also be identified. Upon receipt of the Companies' March 15th report, Staff will provide its comments and any recommendations to assist the Companies in balancing reliability benefits against total achievable distribution mileage trimming.

APPENDIX R

SERVICE QUALITY APPENDIX

A. RG&E Service Quality Metrics, Targets and Amounts at Risk

Total risk = \$6,400,000

Effective immediately RG&E measures, targets, thresholds and negative revenue adjustments will be as follows:

Performance Measures		
	Performance Thresholds	Maximum Revenue Amount at Risk
PSC Complaint Rate	> 1.8	\$500,000
	> 2.0	\$1,000,000
	> 2.2	\$1,500,000
	> 2.4	\$2,000,000
Customer Interaction Service Index (Contact Satisfaction Survey)	<u>See below</u>	\$500,000
		\$1,000,000
		\$1,500,000
		\$2,000,000
Calls Answered in 30 Seconds	< 77%	\$300,000
	< 76%	\$600,000
	< 75%	\$900,000
	< 74%	\$1,200,000
Estimated Meter Reads	> 6%	\$300,000
	>7%	\$600,000
	> 8%	\$900,000
	>9%	\$1,200,000
Maximum Revenue Amount at Risk		<u>\$6,400,000</u>

- Measures, targets and associated revenue adjustments listed above are in effect for RG&E for all of 2010.

Survey

- A new Contact Satisfaction Survey was implemented by RG&E beginning January 2010.
- RG&E will replace its existing Customer Service Interaction Index with the new (already implemented) Contact Satisfaction Survey for 2010. Results from the

new Contact Satisfaction Survey that are achieved from January 2010 to June 2010 will be used to set targets for the remaining six months of 2010.

- RG&E will meet with Staff and interested parties in July 2010 to propose targets for Commission approval.
- July through December 2010 actual performance will be used to determine if RG&E has met the required targets for 2010. If RG&E should miss the target, a full year's financial risk for this measure would be assessed against performance for July through December 2010.
- RG&E will meet with Staff and interested parties in January 2011 to review twelve months' results for the RG&E Contact Satisfaction Survey and to discuss whether any revisions are necessary. If needed, the Company will propose targets that, if adopted by the Commission, will become effective retroactively to January 2011.

B. NYSEG Service Quality Metrics, Targets and Amounts at Risk

Total risk 2010 = \$ 8,000,000

Total risk 2011 = \$10,333,333

Effective 1/1/2010 NYSEG measures, targets, thresholds and negative revenue adjustments will be as follows:

Performance Measures	Performance Thresholds	2010 Maximum	2011 Maximum
		Revenue Amount at Risk	Revenue Amount at Risk
PSC Complaints to the PSC	≥ 1.0	\$283,332	\$800,000
	≥ 1.2	\$1,166,666	\$1,600,000
	≥ 1.4	\$1,749,998	\$2,400,000
	≥ 1.7	\$3,333,333	\$3,200,000
Customer Satisfaction Index	≤ 73.0 %	\$283,332	\$800,000
	≤ 72.0%	\$1,166,666	\$1,600,000
	≤ 71.0%	\$1,749,998	\$2,400,000
	≤ 70.0%	\$2,333,333	\$3,200,000
Calls Answered in 30 Seconds	< 63.0 %	\$141,666	\$580,000
	< 62.0 %	\$583,333	\$1,160,000
	< 61.0%	\$874,999	\$1,740,000
	< 60.0 %	\$1,166,667	\$2,320,000
Estimated Meters Reads	> 6.1%	\$141,666	\$403,33
	> 7.1%	\$583,333	\$806,667
	> 8.1%	\$874,999	\$1,210,000
	> 9.1%	\$1,166,667	\$1,613,333
Maximum Revenue Amount at Risk		\$8,000,000	\$10,333,333

Survey

- For benchmarking purposes, a new Contact Satisfaction Survey was initiated by NYSEG beginning January 2010.
- For the purposes of measuring Service Quality, NYSEG will not use either the current Contact Satisfaction Survey or the new Contact Satisfaction Survey for 2010 or 2011, but instead will use its existing Overall Customer Satisfaction Survey. An additional \$50,000 will be included in the 2011 revenue requirements to account for the cost of continuing the Overall Customer Satisfaction Survey.
- For benchmarking purposes, NYSEG will continue to administer the existing Contact Satisfaction survey through 2011. An additional \$46,000 will be included in the 2011 revenue requirements to account for the cost of continuing the existing Contact Satisfaction survey.

- Results of the benchmarking for the two (existing and new) Contact Satisfaction surveys will be used for the purposes of setting a target for the new Contact Satisfaction Survey which will be implemented as a Service Quality Measure at NYSEG effective January 1, 2012.
- NYSEG will meet with Staff and interested parties in July 2011 to propose NYSEG targets for the new Contact Satisfaction Survey to become effective January 2012 for Commission approval. Existing surveys (i.e., current Contact Satisfaction Survey and current Overall Customer Satisfaction Survey) will be discontinued upon agreement on targets for the new Contact Satisfaction Survey. If for some reason the existing surveys are extended past 2011, NYSEG would require additional funding to administer these surveys.
- NYSEG will meet again with Staff and interested parties in October 2012 to review data and discuss whether any revisions are necessary. Any needed revisions will be proposed to be effective January 2013 and thereafter.

C. The Doubling Provision

The negative revenue adjustment for an individual measure set forth above will double if the Company misses any of the target levels for that particular measure for two consecutive years. Any doubling of the negative revenue adjustment would apply to the year encompassing the second miss of the target. The negative revenue adjustment would continue to double for each consecutive miss of the target. If doubling takes place and the Company subsequently meets the previously missed target, the negative revenue adjustment for that target will revert to the original (i.e., non-doubled) amounts set forth above. An example is set forth below.

Example (Revenue Adjustment Doubles In Year Encompassing Second Miss): RG&E Estimated Meter Reads: Target >9%				
	Missed/Met	Max Adjustment	Company revenue adjustment	
2009	Missed	\$1,200,000	\$0	
2010	Missed	\$2,400,000	\$1,200,000	(revenue adjustment from 2009)
2011	Missed	\$4,800,000	\$2,400,000	(revenue adjustment from 2010)
2012	Met	\$1,200,000	\$4,800,000	(revenue adjustment from 2011)
2013	Met	\$1,200,000	\$0	(no revenue adjustment for 2012)

D. Reporting Requirements

Each Company will submit the results of its individual service quality performance quarterly to the Secretary, within 30 days of the close of each quarter. A final report will be submitted for each calendar year within 30 days of the end of the year. The final report will also state whether a revenue adjustment is applicable, and if so, the amount of the revenue adjustment.

APPENDIX S

REVENUE ALLOCATION AND RATE DESIGN APPENDIX

A. Embedded Cost of Service Studies

1. In the electric embedded cost of service ("ECOS") studies filed by the Companies in the next rate case, the Companies will classify distribution plant on a 50/50 demand/customer basis. Other parties are free to advocate different approaches in the next case.
2. In their next electric rate cases, the Companies will base their electric revenue allocations on the relative rates of return that result from the ECOS studies. Other parties are free to advocate different approaches in the next case.

B. Revenue Allocation

1. NYSEG Electric, NYSEG Gas, RG&E Electric and RG&E Gas allocated revenue increases for each of Rate Year 1, Rate Year 2 and Rate Year 3 on an equal percentage of delivery revenues basis to each service classification. For NYSEG Electric, revenue allocation between each relevant service classification Industrial/High Load Factor ("I/HLF") and Non IHLF subclasses was set to reflect one-seventh movement towards consolidation in each of the Rate Years.
2. RG&E Electric allocated any increase in base delivery revenues to service classifications after shifting fixed production costs from the Non-bypassable charge to delivery.
3. The Administrative and Credit and Collections/Call Center components of the Merchant Function Charge, the electric Competitive Meter Charges, and the Bill Issuance and Payment Processing Charge are based on the Embedded Cost of Service studies filed by the Companies in these Proceedings.

C. Rate Design – General

1. NYSEG Electric and RG&E Electric included fixed production costs in base delivery rates.
2. The parties agree that the rate design results achieved in this proceeding conform generally with the cost of service.
3. The Rate Plan rates are set forth in Appendix T.

D. Rate Design – Customer or Gas Monthly Minimum Charges and kWh Charges

1. NYSEG Electric and RG&E Electric limited the increase to the residential electric customer charges to \$2.00 for Rate Year 1. There are no further increases in residential customer charges in Rate Year 2 or Rate Year 3. Existing peak/off-

- peak or day/night differentials in delivery kWh charges for residential time-of-use classes were eliminated in Rate Year 1 for both Companies.
2. Existing NYSEG SC-7 customer charges are increased by at least the following amounts by Rate Year 3: i) \$50 for SC 7-1; ii) \$200 for SC 7-2; iii) \$500 for SC 7-3; and iv) \$1,000 for SC 7-4. Recovery of revenue increases through customer charges and demand charges for Rate Years 1, 2 and 3 were set based on a bill impact analysis and subsequent negotiation among the parties.
 3. NYSEG SC-7 delivery kWh charges were reduced in Rate Years 1 and 2 and eliminated in Rate Year 3.
 4. Existing RG&E SC 8 customer charges are increased effective at the start of Rate Year 1 by the following amounts: i) \$50 for SC 8 Secondary; ii) \$200 for SC 8 Primary; iii) \$500 for SC 8 Sub-transmission-Secondary; iv) \$500 for Sub-Transmission-Industrial and Sub-transmission-Commercial; and v) \$1,000 for SC 8 Transmission. For each of the Rate Year 2 and Rate Year 3 revenue increases, 25% was recovered through customer charges.
 5. For all other NYSEG non-residential electric service classes, component rates were increased or decreased as necessary to achieve acceptable bill impacts as negotiated with the parties.
 6. Existing RG&E SC 2, customer charges were increased by \$2.00 in Rate Year 1, with no further increases in Rate Year 2 or Rate Year 3. Existing RG&E SC 3, SC 7 and SC 9 customer charges were increased by 10% in Rate Year 1 and were further increased to recover 25% of the respective class allocated revenue increase for each of Rate Year 2 and Rate Year 3. Existing hours-use differentials in delivery kWh charges for SC 7 and SC 9 were eliminated in Rate Year 1, and the resulting uniform delivery kWh charges were reduced by 5% in each of Rate Year 2 and Rate Year 3.
 7. NYSEG Gas limited the increase to its residential gas monthly minimum charge to \$2.00 in Rate Year 1. RG&E Gas limited the increase to its monthly minimum charge for gas SC 1 and 5 to \$1.92 in Rate Year 1. NYSEG residential gas monthly minimum charges and RG&E SC 1 and 5 gas monthly minimum charges were not increased in Rate Year 2 or Rate Year 3.
 8. The monthly minimum charge in Rate Year 1 for NYSEG SC 1T is \$1,000. The monthly minimum charges in Rate Year 1 for RG&E SC3 and SC 3HP are \$1,000 and \$1,470 respectively. For RG&E SC 3 and NYSEG SC 1T revenue increases in Rate Year 2 and Rate Year 3, 25% was recovered through the monthly minimum charge and 75% was recovered through the volumetric charges. The SC 3HP monthly minimum charge in Year 2 and Year 3 was increased by the same dollar amount as the SC 3 increase.

E. Rate Design - Subtransmission

1. NYSEG Electric and RG&E Electric will grandfather their current subtransmission class customers on the effective date of new rates in Rate Year 1. This grandfathering provision will apply to the service location of the current subtransmission class customer, including the site as well as the existing buildings and any new owner acquiring possession of a grandfathered service location, as long as the customer meets the criteria to qualify for the grandfathered subtransmission class per the tariff. Such grandfathering may apply both to facility replacements and expansions by grandfathered subtransmission class customers if accomplished through the existing subtransmission metering points at the service location. Effective with the date of new rates in Rate Year 1, the subtransmission classes for each Company will no longer be available to new service locations.

F. Rate Design – Gas Block

1. NYSEG Gas consolidated the SC 1T rates for the Binghamton and Elmira areas with the already consolidated rate for the remaining historic delivery rate areas over a three-year period. The rates for each year of the phase in will be stated in the tariffs filed in compliance with the Commission Order in this proceeding.
2. NYSEG Gas eliminated SC 8 (large firm sales service available only in NYSEG's Champlain Area).
3. NYSEG Gas set the tail block rates for SCs 1S, 13T, 2S, 14T, 9S and 5T at the current levels and spread any rate increase to remaining volumetric blocks on an equal percentage basis after setting the monthly minimum charges as described above.
4. RG&E Gas set the tail block rates for SC 1 and SC 5 at 125% of the overall service class delivery increase and spread any remaining rate increase to the remaining volumetric blocks on an equal percentage basis after setting the monthly minimum charges as described above.
5. After setting the monthly minimum charges for SC 3 and SC 3HP as described above and setting the SC 3HP tail block rate to the same rate as the SC 3 tail block, RG&E Gas spread any remaining revenue deficiency or surplus to the volumetric blocks on an equal percentage basis.

G. Rate Design - Incremental Gas Supply Charge

1. NYSEG's and RG&E's IGSC will apply to any daily metered customer returning to firm sales service. NYSEG and RG&E agree that the 110% summer and 125% winter multipliers will only be applied to the GSC for a period of one year, except in instances where a customer returning to sales service is imposing incremental

cost in excess of the GSC with the multipliers added. In such instances, the returning customer will be required to pay those costs for as long as the Companies can demonstrate that collection of the costs is justified.

H. Rate Design – Consolidation of Industrial/High Load Factor ("I/HLF") Subclasses

1. For NYSEG Electric, consolidation of S.C. 7 I/HLF rates and non-I/HLF rates shall be accomplished in seven approximately equal adjustments commencing at the start of Rate Year 1. Accordingly, there will be: (i) a one-seventh movement toward consolidation at the start of Rate Year 1; (ii) a one-seventh movement toward consolidation at the start of Rate Year 2; and (iii) a one-seventh movement toward consolidation at the start of Rate Year 3. The final four-sevenths movement toward consolidation will be scheduled to occur in the four years following Rate Year 3 (i.e., annually, starting on January 1, 2014). The rates for those four years will be stated in the tariff, filed in compliance with the Order in this proceeding. If NYSEG files another electric rate case seeking to increase delivery rates during the period January 1, 2014 through December 31, 2017, parties shall be free to advocate different positions regarding the pace of the remaining rate consolidation.

I. Economic Development Rates

1. NYSEG Electric will implement new delivery rates for the EDZI and ILI programs based on the results of the MCOS Study. EDZI and ILI rates will be developed for classes whose marginal delivery dollars are lower than the proposed base delivery dollars. The Company will not change any rates for grandfathered EDI or IDI customers, or for loads qualifying for EDZI prior to July 1, 2003 for the remaining term of their incentive.
2. Beginning with the effective date of new rates in Rate Year 1, NYSEG Gas will discontinue the availability of EDZI and EDI rate incentives to customers that are located in Empire Zones and qualified for Empire Zone benefits. Existing EDZI and EDI customers will be grandfathered for the remaining term of their incentive.
3. NYSEG Gas will make EDZI rates available to SC-14 customers that qualified for EDZI prior to October 1, 2004.
4. RG&E Electric will implement new delivery rates for EZR and ILR programs based on the results of the MCOS Study. EZR rates will be developed for classes whose marginal delivery dollars are lower than the proposed base delivery dollars. The Company will not change any rates for grandfathered EDZ customers.
5. Beginning with the effective date of new rates in Rate Year 1, RG&E Gas will discontinue the availability of EZR rates to customers that are located in Empire

Zones and qualified for Empire Zone benefits. Existing customers will be grandfathered for the remaining term of their incentive. The Company will not change any rates for grandfathered EDZ customers.

6. NYSEG Gas and RG&E Gas will each budget \$100,000 annually for gas non-rate program incentives, inclusive in the overall economic development reconciliation.
7. NYSEG and RG&E will use the results of its MCOS studies to establish the price floor for the delivery component of electric flex rate contracts.

J. Rate Design – Seasonal Customers

1. NYSEG will base its bill test for seasonal customers on base delivery revenues plus BIPP.

K. Rate and Tariff Administration

1. RG&E Gas will study whether its rate structures should be redesigned in a manner consistent with NYSEG Gas rate structures and will present its findings in its next rate case after the Commission's Order in this Proceeding.
2. The Companies will meet with Staff after the Commission's Order in this Proceeding to determine whether there are instances where electric and gas service classifications can be made consistent between NYSEG and RG&E.

L. Standby Rates

1. NYSEG used the methodology set forth in its Standby Rate Joint Proposal approved by the Commission in Case 02-E-0779 to set standby rates. One exception from the current methodology is that, beginning with Rate Year 1, standby customer charges were increased based on the percentage increase of the otherwise applicable service classification customer charge.
2. RG&E used the methodology set forth in its Standby Joint Proposal approved by the Commission in Case 02-E-0551, using the electric MCOS study submitted by the Company in this proceeding to set standby rates. One exception to the methodology is that current standby customer charges were maintained for Rate Year 1. For Rate Year 2 and Rate Year 3, standby customer charges were increased by the same percentage amount of the otherwise applicable service classification customer charge.
3. Beginning with the effective date of new rates in Rate Year 1, standby customers for both NYSEG and RG&E will pay the same monthly per kWh transition charge that is applied to the standby customers' otherwise applicable service classification.

M. NYSEG Gas LAUF

1. NYSEG will modify the methodology for calculating the tariff LAUF factor for 2011, continuing until changed by the Commission, as follows:
 - a. NYSEG will base changes in its LAUF factor on an average of the actual lost and unaccounted volumes for the immediately preceding three twelve month periods ending August 31, except that any negative losses should be replaced with a zero when calculating the average.
 - b. The LAUF factor will not be reset if the average result from those periods falls within 5%, plus or minus, of the LAUF factor then in effect.
 - c. NYSEG will incorporate in to the calculated LAUF for 2011 and beyond the results of any Commission Order issued in Case 09-G-0669.

N. BIPP

1. NYSEG and RG&E's BIPP charge is converted to a per-bill charge beginning with the effective date of new rates in Rate Year 1 and will appear on the bill as a line item charge whether the customer is a single commodity customer or a dual electric and gas commodity customer. The BIPP charges are based on the ECOS studies filed by the Companies in these Proceedings.

O. Street Lighting and Area Lighting

1. NYSEG will grandfather SC 2 for existing municipalities and add a new service classification, SC 4. Existing SC 2 customer will be allowed to expand their facilities; however, this service classification will not be available to new customers. SC 4 will be for energy only and will not include any maintenance charges. SC 4 will be available to municipalities that have never taken service with NYSEG and want to establish a new account. Existing SC 3 customers that purchase street lighting facilities from NYSEG will be required to take service under SC 4. SC 2 customers that switch to SC 4 must do so for all of their facilities.
2. Municipal customers taking service under NYSEG SC 4 will have flexibility to choose any type of facilities that will serve the municipalities' needs (e.g., decorative lighting, LED lighting, or some other emerging technology). Customers will be required to provide NYSEG with the number of lighting facilities to be installed, the size of the facilities, the type of light source, lamp type and its wattage and, where applicable, the wattage rating shall include load added by the associated ballast.
3. NYSEG will add an additional 70-watt Metal Halide luminaire. Customers with incandescent or florescent light sources will be allowed to choose a metal halide

luminaire for conversions. Customers requesting conversion of existing mercury vapor lighting facilities that have been in service for fifteen years or longer at the Customer's expense as provided for in NYSEG's tariff will be allowed to choose the 70-watt Metal Halide luminaire, as long as the decrease in illumination does not exceed 25%.

4. NYSEG will assess pole attachment charges to customers that purchase or own street lighting assets that are located on NYSEG-owned poles. Existing SC-2 customers will not be assessed the pole attachment charges if they switch to SC-4.
5. NYSEG customers taking service under SC-2 will be required to install a disconnect on a prospective basis. Existing SC-2 locations may have customer-installed disconnects at their choice. An existing SC-2 customer that is expanding service (adding luminaires) will be required to have a customer-installed disconnect.
6. NYSEG customers requesting glare shields will be assessed a cost-based charge for this service, consistent with the tariff provision in P.S.C. No. 119, Section 6, Charges for Special Services.
7. NYSEG customers will be responsible for the costs of a transformer, including installation costs, if it is necessary to install a transformer to serve that customer's outdoor lights.
8. NYSEG will add 70-watt and 100-watt High Pressure Sodium Cobra Head luminaires for non-residential customers and a Power Bracket fixture to its tariffs.
9. RG&E will change the time for a lamp replacement stated in its Special Provisions section of its SC 1 service classification from one day to three days.
10. RG&E will charge a fee for electrical point of connection for overhead service to its SC 2 service class.
11. RG&E will clarify its description of specific Mercury Vapor lamps, indicating that they are post top lamps.
12. RG&E will update Special Provision 1d in SC 2 by removing language that refers to a base cost of fuel and a fuel cost adjustment. Upon notification by the customer and upon a determination that the outage is caused by an RG&E delivery problem, the customer will be given a kWh credit. The credit would begin after the Company is notified of the outage and would continue until the Company had determined that the problem has been resolved. If the customer is purchasing supply from an ESCO, the kWh credit will be passed on to the ESCO as well. RG&E will not supply a credit for outages caused by the customer's equipment.

13. RG&E will eliminate its traffic signal service for new customers. RG&E will require new traffic signals to be metered and customers will be served through the PSC No. 19 tariff. When current customers request signals to be moved for highway construction or other reasons, the customer will be reconnected with a meter and take service from the Company's PSC No. 19 tariff. RG&E will grandfather current SC 3 customers unless a signal relocation is requested. Customers will be allowed to change their traffic signal service to a metered service to the extent the Company can reasonably accommodate the request.

P. Tariff Buy Back Rates

1. NYSEG will modify the formula that it uses to calculate the value of the energy purchased from its customers under SC 10. Currently, the formula values all generation at the NYISO Day Ahead prices. The formula will be modified to price variances between the actual and scheduled purchases at the NYISO Real Time Locational Based Marginal Pricing.
2. Generators that meet NYISO eligibility requirements for obtaining a Point Identification Number but have not applied for and received a Point Identification Number will be paid at the lowest nodal price, as calculated above, in the NYISO zone where they are located. Generators that have obtained a Point Identification Number will be paid at the nodal price applicable to their Point Identification Number, as calculated above. Generators that are not eligible for a Point Identification Number will be paid at the zonal rate for the NYISO zone where they are located, as calculated above.
3. NYSEG will change the monthly charges paid for SC 10 service. For generators that are not taking SC 11 Standby Service but are taking service under another service classification (and exempt from Standby Service) the monthly customer charges will be equal the Standby Service customer charges.
4. RG&E will change the payment to SC 5 Buy-Back Service customers to reflect the market value of energy and supply. The SC 5 Buy-Back tariff will be modified to be made consistent with NYSEG's current SC 10 tariff and the provisions discussed above.

Q. Gas Distributed Generation ("DG")

1. NYSEG and RG&E will maintain the current Commission approved relationship between DG rates and the rates of the non-DG service classes for developing DG rates in compliance with an Order in this process.

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 1
Residential Service

<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
Customer Charge:	\$13.11	Customer Charge:	\$15.11
Energy Charge:		Energy Charge:	
All kWh per kWh:	\$0.0347	All kWh per kWh:	\$0.0306
Bill Issuance Payment Processing Charge:	\$0.89	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 8
Residential Service - Day/Night

<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
Customer Charge:	\$15.40	Customer Charge:	\$17.40
Energy:		Energy:	
Day, per kWh:	\$0.0359	Day, per kWh:	\$0.0276
Night, per kWh:	\$0.0171	Night, per kWh:	\$0.0276
Bill Issuance Payment Processing Charge:	\$0.89	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 12
Residential Service - TOU

<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
Customer Charge:	\$22.11	Customer Charge:	\$24.11
Energy:		Energy:	
On-Peak, per kWh:	\$0.0716	On-Peak, per kWh:	\$0.0317
Mid-Peak, per kWh:	\$0.0328	Mid-Peak, per kWh:	\$0.0317
Off-Peak, per kWh:	\$0.0171	Off-Peak, per kWh:	\$0.0317

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 2
Non Residential General Service - Secondary

Present Rates			Rate Year 1 Rates		
Customer Charge:	HLF \$13.11	Standard \$13.11	Customer Charge:	HLF \$15.08	Standard \$15.08
Demand:			Demand:		
All kW:	\$2.30	\$8.00	All kW:	\$3.11	\$8.08
Energy:			Energy:		
All hours:	\$0.00102	\$0.00416	All hours:	\$0.00091	\$0.00311
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:	\$0.89	\$0.89	Bill Issuance Payment Processing Charge:	\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 3P
Non Residential - Primary Service

Present Rates			Rate Year 1 Rates		
	HLF	Standard		HLF	Standard
Customer Charge:	\$59.11	\$59.11	Customer Charge:	\$67.99	\$67.99
Demand:			Demand:		
All kW:	\$1.84	\$4.60	All kW:	\$2.23	\$4.59
Energy:			Energy:		
All hours:	\$0.00151	\$0.00409	All hours:	\$0.00160	\$0.00364
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:	\$0.89	\$0.89	Bill Issuance Payment Processing Charge:	\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 3S
Non Residential Primary Service - Subtransmission

Present Rates			Rate Year 1 Rates	
Customer Charge:	HLF* \$199.11	Standard \$199.11	Customer Charge:	Standard \$229.03
Demand:			Demand:	
All kW:	\$1.74	\$3.75	All kW:	\$3.86
Energy:			Energy:	
All hours:	\$0.00149	\$0.00265	All hours:	\$0.00080
Reactive Charge:			Reactive Charge:	
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:	
	\$0.89	\$0.89		\$0.73

* No customers taking service on HLF

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 6
Non Residential General Service

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$14.60	Customer Charge:	\$16.60
Energy Charge:		Energy Charge:	
All kWh per kWh:	\$0.03779	All kWh per kWh:	\$0.03149
Bill Issuance Payment Processing Charge:	\$0.89	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 9
Non Residential General Service - Day/Night

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$17.25	Customer Charge:	\$19.25
Energy:		Energy:	
Day, per kWh:	\$0.03975	Day, per kWh:	\$0.03022
Night, per kWh:	\$0.01911	Night, per kWh:	\$0.03022

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 7-1
Non Residential Large General Service - Secondary

Present Rates			Rate Year 1 Rates		
Customer Charge:	Industrial/HLF	Standard	Customer Charge:	Industrial/HLF	Standard
	\$29.11	\$29.11		\$69.11	\$69.11
Demand:			Demand:		
All kW:	\$3.67	\$8.60	All kW:	\$4.38	\$8.40
Energy:			Energy:		
On-Peak hours:	\$0.00137	\$0.00153	On-Peak hours:	\$0.00069	\$0.00029
Off-Peak hours:	\$0.00137	\$0.00153	Off-Peak hours:	\$0.00069	\$0.00029
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.89	\$0.89		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 7-2
Non Residential Large General Service - Primary

Present Rates			Rate Year 1 Rates		
	Industrial/HLF	Standard		Industrial/HLF	Standard
Customer Charge:	\$209.11	\$209.11	Customer Charge:	\$389.11	\$389.11
Demand:			Demand:		
All kW:	\$2.97	\$7.50	All kW:	\$3.29	\$7.27
Energy:			Energy:		
On-Peak hours:	\$0.00236	\$0.00262	On-Peak hours:	\$0.00202	\$0.00129
Off-Peak hours:	\$0.00236	\$0.00262	Off-Peak hours:	\$0.00202	\$0.00129
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.89	\$0.89		\$0.73	\$0.73

New York State Electric & Gas Corporation
 Electric Department
 Retail Delivery Rates
 Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
 Service Class No. 7-3
 Non Residential Large General Service - Subtransmission

Present Rates			Rate Year 1 Rates		
	Industrial/HLF	Standard		Industrial/HLF	Standard
Customer Charge:	\$319.11	\$319.11	Customer Charge:	\$744.11	\$744.11
Demand:			Demand:		
All kW:	\$0.25	\$4.06	All kW:	\$0.42	\$3.69
Energy:			Energy:		
On-Peak hours:	\$0.00192	\$0.00261	On-Peak hours:	\$0.00145	\$0.00106
Off-Peak hours:	\$0.00192	\$0.00261	Off-Peak hours:	\$0.00145	\$0.00106
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.89	\$0.89		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 120 - Electric
Service Class No. 7-4
Non Residential Large General Service - Transmission

Present Rates			Rate Year 1 Rates		
	Industrial/HLF	Standard		Industrial/HLF	Standard
Customer Charge:	\$849.11	\$849.11	Customer Charge:	\$1,649.11	\$1,649.11
Demand:			Demand:		
All kW:	\$0.00	\$1.73	All kW:	\$0.15	\$1.54
Energy:			Energy:		
On-Peak hours:	\$0.00157	\$0.00212	On-Peak hours:	\$0.00107	\$0.00092
Off-Peak hours:	\$0.00157	\$0.00212	Off-Peak hours:	\$0.00107	\$0.00092
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.89	\$0.89		\$0.73	\$0.73

**New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Years 1, 2 and 3**

	Present Rates	Year 1 8/26/10 - 8/31/11	Year 2 9/1/11 - 8/31/12	Year 3 9/1/12 - 8/31/13
Customer Charge (without BIPP):				
S C 1	\$ 19.84	\$ 22.87	\$ 22.87	\$ 22.87
S C 8 Day/Night	\$ 20.91	\$ 23.63	\$ 23.63	\$ 23.63
S C 12 TOU	\$ 23.70	\$ 25.84	\$ 25.84	\$ 25.84
S C 6	\$ 19.82	\$ 22.54	\$ 23.14	\$ 23.90
S C 9 Day/Night	\$ 20.62	\$ 23.01	\$ 23.63	\$ 24.40
S C 2 - Secondary	\$ 27.00	\$ 31.06	\$ 33.17	\$ 36.26
S C 3P - Primary	\$ 71.11	\$ 81.79	\$ 85.78	\$ 87.58
S C 3S - SubTransmission	\$ 66.04	\$ 75.96	\$ 78.16	\$ 80.43
S C 7-1 - Secondary	\$ 38.14	\$ 90.55	\$ 114.13	\$ 153.44
S C 7-2 - Primary	\$ 144.24	\$ 268.40	\$ 279.44	\$ 279.44
S C 7-3 - Sub Transmission	\$ 231.00	\$ 538.65	\$ 592.22	\$ 614.66
S C 7-4 - Transmission	\$ 613.30	\$ 1,191.13	\$ 1,335.59	\$ 1,382.54
Contract Demand Charge (per kW):				
S C 2 - Secondary	\$ 4.27	\$ 4.13	\$ 4.19	\$ 4.25
S C 3P - Primary	\$ 2.89	\$ 2.80	\$ 2.85	\$ 2.93
S C 3S - SubTransmission	\$ 1.97	\$ 1.95	\$ 1.97	\$ 2.01
S C 7-1 - Secondary	\$ 3.98	\$ 3.70	\$ 3.68	\$ 3.81
S C 7-2 - Primary	\$ 3.34	\$ 3.15	\$ 3.20	\$ 3.27
S C 7-3 - Sub Transmission	\$ 1.08	\$ 0.86	\$ 0.86	\$ 0.87
S C 7-4 - Transmission	\$ 0.19	\$ 0.10	\$ 0.10	\$ 0.10
Contract Demand Charge (per month):				
S C 1	\$ 7.57	\$ 5.69	\$ 6.09	\$ 6.68
S C 8 Day/Night	\$ 15.43	\$ 13.24	\$ 13.67	\$ 14.78
S C 12 TOU	\$ 85.22	\$ 73.51	\$ 75.59	\$ 78.72
S C 6	\$ 5.35	\$ 3.42	\$ 3.56	\$ 3.65
S C 9 Day/Night	\$ 14.78	\$ 13.07	\$ 13.67	\$ 14.16
As-Used Demand Charge (per Daily kW):				
S C 2 - Secondary	\$ 0.19496	\$ 0.18853	\$ 0.19127	\$ 0.19405
S C 3P - Primary	\$ 0.14069	\$ 0.13619	\$ 0.13870	\$ 0.14245
S C 3S - SubTransmission	\$ 0.17780	\$ 0.17612	\$ 0.17830	\$ 0.18149
S C 7-1 - Secondary	\$ 0.21496	\$ 0.19976	\$ 0.19840	\$ 0.19446
S C 7-2 - Primary	\$ 0.15055	\$ 0.14182	\$ 0.14408	\$ 0.14733
S C 7-3 - Sub Transmission	\$ 0.07219	\$ 0.05737	\$ 0.05730	\$ 0.05809
S C 7-4 - Transmission	\$ 0.06524	\$ 0.03359	\$ 0.03341	\$ 0.03397
As-Used Demand Charge (per kWh):				
S C 1	\$ 0.01040	\$ 0.00780	\$ 0.00840	\$ 0.00910
S C 8 Day	\$ 0.01160	\$ 0.00840	\$ 0.00880	\$ 0.00930
S C 8 Night	\$ 0.00550	\$ 0.00840	\$ 0.00880	\$ 0.00930
S C 12 On	\$ 0.03060	\$ 0.01350	\$ 0.01390	\$ 0.01430
S C 12 Mid	\$ 0.01400	\$ 0.01350	\$ 0.01390	\$ 0.01430
S C 12 Off	\$ 0.00730	\$ 0.01350	\$ 0.01390	\$ 0.01430
S C 6	\$ 0.01030	\$ 0.00671	\$ 0.00685	\$ 0.00694
S C 9 Day	\$ 0.01340	\$ 0.00987	\$ 0.01006	\$ 0.01028
S C 9 Night	\$ 0.00644	\$ 0.00987	\$ 0.01006	\$ 0.01029

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
P.S.C. No. 120 S.C.5 - Outdoor Lighting
(without TSP)

			8/26/2010 through 8/31/2011 "Year 1" Proposed Monthly Delivery Rate	9/01/2011 through 8/31/2012 "Year 2" Proposed Monthly Delivery Rate	9/01/2012 through 8/31/2013 "Year 3" Proposed Monthly Delivery Rate
		Current Monthly Delivery Charges			
Safeguard Luminaires (Post - 2/1/88)					
14,500	150 Watt	\$5.89	\$5.81	\$5.84	\$6.09
43,000	400 Watt	\$8.65	\$8.54	\$8.72	\$8.94
123,000	940 Watt	\$7.17	\$7.08	\$7.23	\$7.41
Lamp Charge: Area Lights					
3,300	50 H.P.S. (PACKLITE)***	\$3.20	\$3.16	\$3.22	\$3.31
5,200	70 H.P.S. (PACKLITE)***	\$3.15	\$3.11	\$3.17	\$3.26
8,500	100 H.P.S. (PACKLITE)***	\$3.12	\$3.08	\$3.14	\$3.23
3,200	100 Mercury (PACKLITE)	\$3.03	\$2.99	\$3.05	\$3.13
5,200	70 H.P.S. Power Brk.	\$6.04	\$5.96	\$6.08	\$6.24
8,500	100 H.P.S. Power Brk.	\$6.57	\$6.48	\$6.62	\$6.79
14,400	150 H.P.S.	\$10.83	\$10.89	\$10.91	\$11.20
24,700	250 H.P.S.	\$10.62	\$10.48	\$10.70	\$10.88
45,000	400 H.P.S.	\$10.38	\$10.25	\$10.46	\$10.73
126,000	1,000 H.P.S.	\$9.68	\$9.55	\$9.75	\$10.01
10,500	175 Metal Halide Power Brk.	\$4.47	\$4.41	\$4.50	\$4.62
16,000	250 Metal Halide	\$11.51	\$11.38	\$11.80	\$11.90
28,000	400 Metal Halide	\$11.36	\$11.21	\$11.45	\$11.75
Lamp Charge: Flood Lights					
14,400	150 H.P.S.	\$11.55	\$11.40	\$11.64	\$11.84
24,700	250 H.P.S.	\$11.35	\$11.20	\$11.44	\$11.74
45,000	400 H.P.S.	\$11.15	\$11.01	\$11.24	\$11.53
126,000	1,000 H.P.S.	\$12.42	\$12.26	\$12.52	\$12.84
16,000	250 Metal Halide	\$10.76	\$10.62	\$10.84	\$11.13
28,000	400 Metal Halide	\$11.86	\$11.71	\$11.95	\$12.26
88,000	1,000 Metal Halide	\$12.37	\$12.21	\$12.47	\$12.79
Lamp ("Shoebox") Luminaires					
14,400	150 H.P.S.	\$12.20	\$12.04	\$12.29	\$12.81
24,700	250 H.P.S.	\$14.39	\$14.20	\$14.50	\$14.88
45,000	400 H.P.S.	\$15.26	\$15.06	\$15.38	\$15.78
16,000	250 M. Halide	\$11.53	\$11.38	\$11.62	\$11.92
28,000	400 M. Halide	\$11.37	\$11.22	\$11.46	\$11.76
88,000	1,000 M. Halide	\$18.37	\$16.16	\$16.50	\$16.93
Lamp Charge: Post Tops					
3300	50 H.P.S.	\$8.87	\$8.75	\$8.94	\$9.17
5200	70 H.P.S.	\$8.87	\$8.75	\$8.94	\$9.17
8,500	100 H.P.S.	\$8.85	\$8.73	\$8.92	\$9.15
Lamp: High Pressure Sodium Cobra (non-residential)					
5,200	70 H.P.S.	\$6.60	\$6.51	\$6.65	\$6.82
8,500	100 H.P.S.	\$6.60	\$6.51	\$6.65	\$6.82
Brackets - Standard (up to 18')		\$0.00	\$0.00	\$0.00	\$0.00
Brackets - 16' and over		\$2.17	\$2.14	\$2.19	\$2.24
Additional Wood Pole installed for Lamp		\$11.08	\$10.94	\$11.17	\$11.46
Wire Service (Overhead) Per circuit foot of extension		\$0.031	\$0.031	\$0.031	\$0.032
18' Fiberglass Pole - Direct Embedded		\$11.44	\$11.29	\$11.53	\$11.83
20' Fiberglass pole - Pedestal Mount		\$39.73	\$39.21	\$40.04	\$41.08
20' Metal Pole - Pedestal Mount		\$39.73	\$39.21	\$40.04	\$41.08
30' Metal Pole - Pedestal Mount		\$39.73	\$39.21	\$40.04	\$41.08
30' Fiberglass pole - Pedestal Mount		\$39.73	\$39.21	\$40.04	\$41.08
30' Fiberglass Pole - Direct Embedded		\$17.40	\$17.17	\$17.53	\$17.99
Screw Base for Pedestal Mounted Pole - Light Duty		\$12.10	\$11.94	\$12.19	\$12.51
Screw Base for Pedestal Mounted Pole - Heavy Duty		\$15.44	\$15.24	\$15.56	\$15.96
(M.V.)					
Installations prior to 2/1/88					
7,000		\$9.31	\$9.19	\$9.38	\$9.63
17,200		\$12.03	\$11.87	\$12.12	\$12.44
48,000		\$12.93	\$12.78	\$13.03	\$13.37
Additional Facilities					
Additional Wood Pole		\$4.20	\$4.15	\$4.23	\$4.34
Wire Service (per Circuit foot)		\$0.012	\$0.012	\$0.012	\$0.012
Monthly Operation, Maintenance and Energy Charges					
Mercury Vapor					
3200		\$1.68	\$1.66	\$1.69	\$1.74
High Pressure Sodium					
3300	50 H.P.S.	\$2.26	\$2.23	\$2.28	\$2.34
5200	70 H.P.S.	\$2.16	\$2.13	\$2.18	\$2.23
8500	100 H.P.S.	\$2.07	\$2.04	\$2.09	\$2.14
14400	150 H.P.S.	\$1.90	\$1.88	\$1.91	\$1.96
24700	250 H.P.S.	\$1.42	\$1.40	\$1.43	\$1.47
45000	400 H.P.S.	\$0.88	\$0.87	\$0.89	\$0.91
126000	1000 H.P.S.	\$0.17	\$0.17	\$0.17	\$0.18
Metal Halide					
5,800	100 M.H.	\$1.67	\$1.65	\$1.68	\$1.73
12,000	175 M.H.	\$1.67	\$1.65	\$1.68	\$1.73
16,000	250 M.H.	\$1.67	\$1.65	\$1.68	\$1.73
28,000	400 M.H.	\$1.24	\$1.22	\$1.25	\$1.28
88,000	1,000 M.H.	\$0.34	\$0.34	\$0.34	\$0.35

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates

P.S.C. No. 121 S.C. 1 - Street Lighting

		8/26/2010 through 8/31/2011 "Year 1" Proposed Monthly Delivery Rate	9/01/2011 through 8/31/2012 "Year 2" Proposed Monthly Delivery Rate	9/01/2012 through 8/31/2013 "Year 3" Proposed Monthly Delivery Rate
	Current Monthly Delivery Rate			
High Pressure Sodium				
50 Watts - 3,300 Lumen	\$2.57	\$2.54	\$2.59	\$2.66
70 Watts - 5,200 Lumen	\$2.61	\$2.58	\$2.63	\$2.70
100 Watt - 8,500 Lumen	\$2.61	\$2.58	\$2.63	\$2.70
150 Watts - 14,400 Lumen	\$2.61	\$2.58	\$2.63	\$2.70
250 Watts - 24,700 Lumen	\$2.61	\$2.58	\$2.63	\$2.70
400 Watts - 45,000 Lumen	\$2.61	\$2.58	\$2.63	\$2.70
1000 Watts - 126,000 Lumen	\$3.72	\$3.67	\$3.75	\$3.85
Metal Halide				
250 Watts - 16,000 Lumen	\$2.86	\$2.82	\$2.88	\$2.95
400 Watts - 28,000 Lumen	\$2.86	\$2.82	\$2.88	\$2.95
Mercury Vapor				
100 Watts - 3,200 Lumen	\$2.26	\$2.23	\$2.28	\$2.34
175 Watts - 7,000 Lumen	\$2.26	\$2.23	\$2.28	\$2.34
250 Watts - 9,400 Lumen	\$2.26	\$2.23	\$2.28	\$2.34
400 Watts - 17,200 Lumen	\$2.26	\$2.23	\$2.28	\$2.34
1000 Watts - 48,000 Lumen	\$2.54	\$2.51	\$2.56	\$2.63

P.S.C. No. 121 S.C. 2 - Street Lighting

		8/26/2010 through 8/31/2011 "Year 1" Proposed Monthly Delivery Rate	9/01/2011 through 8/31/2012 "Year 2" Proposed Monthly Delivery Rate	9/01/2012 through 8/31/2013 "Year 3" Proposed Monthly Delivery Rate
	Current Monthly Delivery Rate			
High Pressure Sodium				
50 Watts - 3,300 Lumen	\$1.17	\$1.15	\$1.17	\$1.20
70 Watts - 5,200 Lumen	\$1.17	\$1.15	\$1.17	\$1.20
100 Watts - 8,500 Lumen	\$1.18	\$1.16	\$1.18	\$1.21
150 Watts - 14,400 Lumen	\$1.18	\$1.16	\$1.18	\$1.21
200 Watts - 19,800 Lumen	\$1.19	\$1.17	\$1.19	\$1.22
250 Watts - 24,700 Lumen	\$1.20	\$1.18	\$1.20	\$1.23
400 Watts - 45,000 Lumen	\$1.22	\$1.20	\$1.23	\$1.26
1000 Watts - 126,000 Lumen	\$2.30	\$2.27	\$2.32	\$2.38
Mercury Vapor				
100 Watts+ - 3,200 Lumen	\$0.80	\$0.79	\$0.81	\$0.83
175 Watts+ - 7,000 Lumen	\$0.82	\$0.81	\$0.83	\$0.85
250 Watts+ - 9,400 Lumen	\$0.84	\$0.83	\$0.85	\$0.87
400 Watts+ - 17,200 Lumen	\$0.88	\$0.87	\$0.89	\$0.91
1000 Watts+ - 48,000 Lumen	\$1.12	\$1.11	\$1.13	\$1.16
Incandescent				
327 Watts - 4,000 Lumen	\$2.78	\$2.74	\$2.80	\$2.87
Fluorescent				
95 Watts - 5,000 Lumen	\$1.46	\$1.44	\$1.47	\$1.51
235 Watts - 10,000 Lumen (2 Lamp)	\$1.59	\$1.57	\$1.60	\$1.64
380 Watts - 20,000 Lumen (2 Lamp)	\$1.83	\$1.81	\$1.85	\$1.90
Metal Halide				
70 Watts - 4,000 Lumen	\$2.37	\$2.34	\$2.39	\$2.45
100 Watts - 5,800 Lumen	\$2.37	\$2.34	\$2.39	\$2.45
175 Watts - 12,000 Lumen	\$2.37	\$2.34	\$2.39	\$2.45
250 Watts - 16,000 Lumen	\$2.39	\$2.36	\$2.41	\$2.47
450 Watts - 28,000 Lumen	\$2.44	\$2.41	\$2.46	\$2.52
1000 Watts - 68,000 Lumen	\$3.96	\$3.91	\$3.99	\$4.09
Other Facilities				
Group Controllers	\$2.99	\$2.95	\$3.01	\$3.09
3000 W photo cell	\$1.99	\$1.96	\$2.00	\$2.05
Cable and Conduit	\$0.0778	\$0.0768	\$0.0784	\$0.0804
Direct Burial Cable	\$0.0666	\$0.0657	\$0.0671	\$0.0688
Cable Only	\$0.0355	\$0.0350	\$0.0357	\$0.0366
Underground Circuits	\$0.0473	\$0.0467	\$0.0477	\$0.0489

P.S.C. No. 121 S.C. 3 - Street Lighting

		8/26/2010 through 8/31/2011 "Year 1" Proposed	9/01/2011 through 8/31/2012 "Year 2" Proposed	9/01/2012 through 8/31/2013 "Year 3" Proposed
	Current Monthly Delivery Rate	Monthly Delivery Rate	Monthly Delivery Rate	Monthly Delivery Rate
High Pressure Sodium				
Cobra				
50 Watts+ - 3,300 Lumen	\$6.60	\$6.51	\$6.65	\$6.82
70 Watts - 5,200 Lumen	\$6.60	\$6.51	\$6.65	\$6.82
100 Watts - 8,500 Lumen	\$6.60	\$6.51	\$6.65	\$6.82
150 Watts - 14,400 Lumen	\$6.60	\$6.51	\$6.65	\$6.82
250 Watts - 24,700 Lumen	\$6.60	\$6.51	\$6.65	\$6.82
400 Watts - 45,000 Lumen	\$6.98	\$6.89	\$7.03	\$7.21
1000 Watts - 126,000 Lumen	\$10.34	\$10.21	\$10.42	\$10.69
High Pressure Sodium				
Post Top				
50 Watts+ - 3,300 Lumen	\$7.62	\$7.52	\$7.68	\$7.88
70 Watts - 5,200 Lumen	\$7.62	\$7.52	\$7.68	\$7.88
100 Watts - 8,500 Lumen	\$8.65	\$8.54	\$8.72	\$8.95
150 Watts - 14,400 Lumen	\$9.68	\$9.55	\$9.75	\$10.00
250 Watts+ - 24,700 Lumen	\$9.68	\$9.55	\$9.75	\$10.00
400 Watts+ - 45,000 Lumen	\$10.05	\$9.92	\$10.13	\$10.39
1000 Watts+ - 126,000 Lumen	\$13.42	\$13.25	\$13.53	\$13.88
High Pressure Sodium				
Cut Off ("Shoebox")				
70 Watts+ - 5,200 Lumen	\$13.37	\$13.20	\$13.48	\$13.83
100 Watts+ - 8,500 Lumen	\$13.37	\$13.20	\$13.48	\$13.83
150 Watts+ - 14,400 Lumen	\$13.37	\$13.20	\$13.48	\$13.83
250 Watts - 24,700 Lumen	\$11.80	\$11.65	\$11.89	\$12.20
400 Watts - 45,000 Lumen	\$14.27	\$14.08	\$14.38	\$14.75
Metal Halide				
Cobra				
70 Watts - 4,000 Lumen	\$4.03	\$3.98	\$4.06	\$4.17
100 Watts - 5,800 Lumen	\$4.03	\$3.98	\$4.06	\$4.17
175 Watts - 12,000 Lumen	\$3.98	\$3.93	\$4.01	\$4.11
250 Watts - 16,000 Lumen	\$12.84	\$12.67	\$12.94	\$13.28
400 Watts - 28,000 Lumen	\$12.84	\$12.67	\$12.94	\$13.28
Metal Halide				
Cut Off ("Shoebox")				
175 Watts - 12,000 Lumen	\$5.48	\$5.41	\$5.52	\$5.66
250 Watts - 16,000 Lumen	\$15.75	\$15.55	\$15.88	\$16.29
400 Watts - 28,000 Lumen	\$16.56	\$16.34	\$16.68	\$17.11
Metal Halide				
Post Top				
70 Watts - 4,000 Lumen	\$4.56	\$4.50	\$4.59	\$4.71
100 Watts - 5,800 Lumen	\$4.63	\$4.57	\$4.67	\$4.79
175 Watts - 12,000 Lumen	\$4.70	\$4.64	\$4.74	\$4.86
Mercury Vapor				
Cobra				
100 Watts - 3,200 Lumen	\$3.61	\$3.56	\$3.63	\$3.72
175 Watts - 7,000 Lumen	\$3.61	\$3.56	\$3.63	\$3.72
250 Watts - 9,400 Lumen	\$3.76	\$3.71	\$3.79	\$3.89
400 Watts - 17,200 Lumen	\$3.82	\$3.77	\$3.85	\$3.95
1000 Watts - 48,000 Lumen	\$5.60	\$5.53	\$5.65	\$5.80
Mercury Vapor				
Post Top				
100 Watts - 3,200 Lumen	\$4.66	\$4.60	\$4.70	\$4.82
175 Watts - 7,000 Lumen	\$4.70	\$4.64	\$4.74	\$4.86
250 Watts - 9,400 Lumen	\$4.75	\$4.69	\$4.79	\$4.91
400 Watts - 17,200 Lumen	\$4.82	\$4.76	\$4.86	\$4.99
1000 Watts - 48,000 Lumen	\$6.59	\$6.50	\$6.64	\$6.81
Incandescent Cobra				
103 Watts - 1,000 Lumen	\$5.09	\$5.02	\$5.13	\$5.26
Incandescent				
Post Top				
103 Watts - 1,000 Lumen	\$5.74	\$5.67	\$5.79	\$5.94
Fluorescent				
95 Watts - 5,000 Lumen	\$6.69	\$6.60	\$6.74	\$6.92
235 Watts - 10,000 Lumen (2 Lamp)	\$6.83	\$6.74	\$6.88	\$7.06
380 Watts - 20,000 Lumen (2 Lamp)	\$7.58	\$7.48	\$7.64	\$7.84

P.S.C. No. 121 S.C. 3 - Street Lighting

Cases 09-E-0716, et al.
Joint Proposal
Appendix T

		8/26/2010 through 8/31/2011 "Year 1" Proposed Monthly Delivery Rate	9/01/2011 through 8/31/2012 "Year 2" Proposed Monthly Delivery Rate	9/01/2012 through 8/31/2013 "Year 3" Proposed Monthly Delivery Rate
High Pressure Sodium				
Special Luminaires				
250 Watts+ - 24,700 - Concourse - A	\$11.80	\$11.65	\$11.89	\$12.20
400 Watts+ - 45,000 - Concourse - A	\$14.27	\$14.08	\$14.38	\$14.75
250 Watts - 24,700 - Hwy Ltr	\$39.58	\$39.07	\$39.89	\$40.93
400 Watts - 45,000 - Hwy Ltr	\$39.58	\$39.07	\$39.89	\$40.93
150 Watts - 14,400 - Turnpike	\$15.11	\$14.91	\$15.22	\$15.62
250 Watts - 24,700 - Turnpike	\$18.82	\$18.58	\$18.97	\$19.46
400 Watts - 45,000 - Turnpike	\$18.01	\$17.78	\$18.15	\$18.62
150 Watts - 14,400 - Floodlight	\$12.68	\$12.52	\$12.78	\$13.11
250 Watts - 24,700 - Floodlight	\$12.68	\$12.52	\$12.78	\$13.11
400 Watts - 45,000 - Floodlight	\$12.68	\$12.52	\$12.78	\$13.11
Metal Halide - Floodlights				
250 Watts - 16,000 Lumen	\$11.96	\$11.82	\$12.07	\$12.38
400 Watts - 28,000 Lumen	\$13.37	\$13.20	\$13.48	\$13.83
Pole Installed by the Corporation Solely for Street Lighting Service				
Standard Wood Pole	\$9.92	\$9.79	\$10.00	\$10.26
Wood Pole - High Mount	\$27.15	\$26.80	\$27.36	\$28.07
Steel Pole	\$4.39	\$4.33	\$4.42	\$4.53
Square Steel Pole	\$15.95	\$15.74	\$16.07	\$16.49
Aluminum Pole 16' and under	\$5.98	\$5.90	\$6.02	\$6.18
Alum. Pole over 16' installed prior to 08/11/	\$15.87	\$15.66	\$15.99	\$16.41
Alum. Pole over 16' installed after 07/31/8	\$15.87	\$15.66	\$15.99	\$16.41
Alum. Pole over 16' Pedestal Mounted	\$23.70	\$23.39	\$23.88	\$24.50
Concrete Pole	\$4.99	\$4.93	\$5.03	\$5.16
Laminated Wood Pole	\$3.99	\$3.94	\$4.02	\$4.12
Fiberglass Pole Under 18'	\$5.57	\$5.50	\$5.62	\$5.77
Fiberglass Pole 18' to 22'	\$7.58	\$7.48	\$7.64	\$7.84
Center Bored Wood Pole - (no longer ava	\$8.97	\$8.85	\$9.04	\$9.28
Concrete Base for pedestal mounted pole	\$21.05	\$20.78	\$21.22	\$21.77
Screw Steel Base Lite	\$13.05	\$12.88	\$13.15	\$13.49
Screw Steel Base Heavy	\$16.61	\$16.39	\$16.73	\$17.16
Special Brackets				
Standard Bracket - 16' and over	\$2.34	\$2.31	\$2.36	\$2.42
Bracket Allowance	(\$0.62)	(\$0.61)	(\$0.62)	(\$0.64)
Bracket for post-top use on wood poles	\$0.40	\$0.39	\$0.40	\$0.41
Circuit Control				
Group Controllers	\$2.99	\$2.95	\$3.01	\$3.09
3000 Watt Photo Cell	\$1.99	\$1.96	\$2.00	\$2.05
Circuits (Per Trench Foot)				
Cable and Conduit	\$0.0778	\$0.0768	\$0.0784	\$0.0804
Direct Burial Cable	\$0.0666	\$0.0657	\$0.0671	\$0.0688
Cable Only (Conduit Supplied by Customer)	\$0.0355	\$0.0350	\$0.0357	\$0.0366
Underground Circuits	\$0.0473	\$0.0467	\$0.0477	\$0.0489

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 1
Residential Service

<u>Present Rates</u>		<u>Rate Year 2 Rates</u>	
Customer Charge:	\$15.11	Customer Charge:	\$15.11
Energy Charge:		Energy Charge:	
All kWh per kWh:	\$0.0306	All kWh per kWh:	\$0.0318
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 8
Residential Service - Day/Night

<u>Present Rates</u>		<u>Rate Year 2 Rates</u>	
Customer Charge:	\$17.40	Customer Charge:	\$17.40
Energy:		Energy:	
Day, per kWh:	\$0.0276	Day, per kWh:	\$0.0286
Night, per kWh:	\$0.0276	Night, per kWh:	\$0.0286
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 12
Residential Service - TOU

<u>Present Rates</u>		<u>Rate Year 2 Rates</u>	
Customer Charge:	\$24.11	Customer Charge:	\$24.11
Energy:		Energy:	
On-Peak, per kWh:	\$0.0317	On-Peak, per kWh:	\$0.0326
Mid-Peak, per kWh:	\$0.0317	Mid-Peak, per kWh:	\$0.0326
Off-Peak, per kWh:	\$0.0317	Off-Peak, per kWh:	\$0.0326
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 2
Non Residential General Service - Secondary

Present Rates			Rate Year 2 Rates		
	HLF	Standard		HLF	Standard
Customer Charge:	\$15.08	\$15.08	Customer Charge:	\$16.11	\$16.11
Demand:			Demand:		
All kW:	\$3.11	\$8.08	All kW:	\$4.12	\$8.13
Energy:			Energy:		
All hours:	\$0.00091	\$0.00311	All hours:	\$0.00115	\$0.00344
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:	\$0.73	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 3P
Non Residential - Primary Service

Present Rates			Rate Year 2 Rates		
	HLF	Standard		HLF	Standard
Customer Charge:	\$67.99	\$67.99	Customer Charge:	\$71.31	\$71.31
Demand:			Demand:		
All kW:	\$2.23	\$4.59	All kW:	\$2.72	\$4.62
Energy:			Energy:		
All hours:	\$0.00160	\$0.00364	All hours:	\$0.00202	\$0.00384
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 3S
Non Residential Primary Service - Subtransmission

	Present Rates		Rate Year 2 Rates
Customer Charge:	Standard \$229.03	Customer Charge:	Standard \$235.67
Demand:		Demand:	
All kW:	\$3.86	All kW:	\$4.00
Energy:		Energy:	
All hours:	\$0.00080	All hours:	\$0.00053
Reactive Charge:		Reactive Charge:	
Per rkVah:	\$0.00078	Per rkVah:	\$0.00078
Bill Issuance Payment Processing Charge:		Bill Issuance Payment Processing Charge:	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 6
Non Residential General Service

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$16.60	Customer Charge:	\$17.04
Energy Charge:		Energy Charge:	
All kWh per kWh:	\$0.03149	All kWh per kWh:	\$0.03193
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 9
Non Residential General Service - Day/Night

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$19.25	Customer Charge:	\$19.77
Energy:		Energy:	
Day, per kWh:	\$0.03022	Day, per kWh:	\$0.03075
Night, per kWh:	\$0.03022	Night, per kWh:	\$0.03075
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 7-1
Non Residential Large General Service - Secondary

Present Rates			Rate Year 2 Rates		
	Industrial/HLF	Standard		Industrial/HLF	Standard
Customer Charge:	\$69.11	\$69.11	Customer Charge:	\$87.11	\$87.11
Demand:			Demand:		
All kW:	\$4.38	\$8.40	All kW:	\$5.11	\$8.37
Energy:			Energy:		
On-Peak hours:	\$0.00069	\$0.00029	On-Peak hours:	\$0.00060	\$0.00012
Off-Peak hours:	\$0.00069	\$0.00029	Off-Peak hours:	\$0.00060	\$0.00012
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 7-2
Non Residential Large General Service - Primary

Present Rates			Rate Year 2 Rates		
	Industrial/HLF ¹	Standard		Industrial/HLF ¹	Standard
Customer Charge:	\$389.11	\$389.11	Customer Charge:	\$405.11	\$405.11
Demand:			Demand:		
All kW:	\$3.29	\$7.27	All kW:	\$3.86	\$7.51
Energy:			Energy:		
On-Peak hours:	\$0.00202	\$0.00129	On-Peak hours:	\$0.00166	\$0.00030
Off-Peak hours:	\$0.00202	\$0.00129	Off-Peak hours:	\$0.00166	\$0.00030
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 7-3
Non Residential Large General Service - Subtransmission

Present Rates			Rate Year 2 Rates		
	Industrial/HLF ²	Standard		Industrial/HLF	Standard
Customer Charge:	\$744.11	\$744.11	Customer Charge:	\$818.11	\$818.11
Demand:			Demand:		
All kW:	\$0.42	\$3.69	All kW:	\$0.78	\$3.62
Energy:			Energy:		
On-Peak hours:	\$0.00145	\$0.00106	On-Peak hours:	\$0.00102	\$0.00025
Off-Peak hours:	\$0.00145	\$0.00106	Off-Peak hours:	\$0.00102	\$0.00025
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 120 - Electric
Service Class No. 7-4
Non Residential Large General Service - Transmission

Present Rates			Rate Year 2 Rates		
	Industrial/HLF	Standard		Industrial/HLF	Standard
Customer Charge:	\$1,649.11	\$1,649.11	Customer Charge:	\$1,849.11	\$1,849.11
Demand:			Demand:		
All kW:	\$0.15	\$1.54	All kW:	\$0.29	\$1.41
Energy:			Energy:		
On-Peak hours:	\$0.00107	\$0.00092	On-Peak hours:	\$0.00076	\$0.00064
Off-Peak hours:	\$0.00107	\$0.00092	Off-Peak hours:	\$0.00076	\$0.00064
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 1
Residential Service

<u>Present Rates</u>		<u>Rate Year 3 Rates</u>	
Customer Charge:	\$15.11	Customer Charge:	\$15.11
Energy Charge:		Energy Charge:	
All kWh per kWh:	\$0.0318	All kWh per kWh:	\$0.0333
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 8
Residential Service - Day/Night

<u>Present Rates</u>		<u>Rate Year 3 Rates</u>	
Customer Charge:	\$17.40	Customer Charge:	\$17.40
Energy:		Energy:	
Day, per kWh:	\$0.0286	Day, per kWh:	\$0.0298
Night, per kWh:	\$0.0286	Night, per kWh:	\$0.0298
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

P.S.C. No. 120 - Electric
Service Class No. 12
Residential Service - TOU

<u>Present Rates</u>		<u>Rate Year 3 Rates</u>	
Customer Charge:	\$24.11	Customer Charge:	\$24.11
Energy:		Energy:	
On-Peak, per kWh:	\$0.0326	On-Peak, per kWh:	\$0.0336
Mid-Peak, per kWh:	\$0.0326	Mid-Peak, per kWh:	\$0.0336
Off-Peak, per kWh:	\$0.0326	Off-Peak, per kWh:	\$0.0335

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 2
Non Residential General Service - Secondary

Present Rates			Rate Year 3 Rates		
	HLF	Standard		HLF	Standard
Customer Charge:	\$16.11	\$16.11	Customer Charge:	\$17.61	\$17.61
Demand:			Demand:		
All kW:	\$4.12	\$8.13	All kW:	\$4.88	\$8.32
Energy:			Energy:		
All hours:	\$0.00115	\$0.00344	All hours:	\$0.00187	\$0.00340
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 3P
Non Residential - Primary Service

Present Rates			Rate Year 3 Rates		
	HLF	Standard		HLF	Standard
Customer Charge:	\$71.31	\$71.31	Customer Charge:	\$72.81	\$72.81
Demand:			Demand:		
All kW:	\$2.72	\$4.62	All kW:	\$3.26	\$4.87
Energy:			Energy:		
All hours:	\$0.00202	\$0.00384	All hours:	\$0.00245	\$0.00356
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 3S
Non Residential Primary Service - Subtransmission

Present Rates		Rate Year 3 Rates	
Customer Charge:	Standard \$235.67	Customer Charge:	Standard \$242.51
Demand: All kW:	\$4.00	Demand: All kW:	\$4.14
Energy: All hours:	\$0.00053	Energy: All hours:	\$0.00039
Reactive Charge: Per rkVah:	\$0.00078	Reactive Charge: Per rkVah:	\$0.00078
Bill Issuance Payment Processing Charge:		Bill Issuance Payment Processing Charge:	\$0.73

**New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013**

**P.S.C. No. 120 - Electric
Service Class No. 6
Non Residential General Service**

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$17.04	Customer Charge:	\$17.60
Energy Charge:		Energy Charge:	
All kWh per kWh:	\$0.03193	All kWh per kWh:	\$0.03248
Bill Issuance Payment Processing Charge:	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73

**P.S.C. No. 120 - Electric
Service Class No. 9
Non Residential General Service - Day/Night**

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$19.77	Customer Charge:	\$20.41
Energy:		Energy:	
Day, per kWh:	\$0.03075	Day, per kWh:	\$0.03140
Night, per kWh:	\$0.03075	Night, per kWh:	\$0.03140

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 7-1
Non Residential Large General Service - Secondary

Present Rates			Rate Year 3 Rates		
Customer Charge:	Industrial/HLF \$87.11	Standard \$87.11	Customer Charge:	Industrial/HLF \$117.11	Standard \$117.11
Demand:			Demand:		
All kW:	\$5.11	\$8.37	All kW:	\$6.04	\$8.24
Energy:			Energy:		
On-Peak hours:	\$0.00060	\$0.00012	On-Peak hours:	\$0.00000	\$0.00000
Off-Peak hours:	\$0.00060	\$0.00012	Off-Peak hours:	\$0.00000	\$0.00000
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 7-2
Non Residential Large General Service - Primary

Present Rates			Rate Year 3 Rates		
Customer Charge:	Industrial/HLF \$405.11	Standard \$405.11	Customer Charge:	Industrial/HLF \$409.11	Standard \$409.11
Demand:			Demand:		
All kW:	\$3.86	\$7.51	All kW:	\$5.07	\$7.51
Energy:			Energy:		
On-Peak hours:	\$0.00166	\$0.00030	On-Peak hours:	\$0.00000	\$0.00000
Off-Peak hours:	\$0.00166	\$0.00030	Off-Peak hours:	\$0.00000	\$0.00000
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 7-3
Non Residential Large General Service - Subtransmission

Present Rates			Rate Year 3 Rates		
	Industrial/HLF	Standard		Industrial/HLF	Standard
Customer Charge:	\$818.11	\$818.11	Customer Charge:	\$849.11	\$849.11
Demand:			Demand:		
All kW:	\$0.78	\$3.62	All kW:	\$1.43	\$3.37
Energy:			Energy:		
On-Peak hours:	\$0.00102	\$0.00025	On-Peak hours:	\$0.00000	\$0.00000
Off-Peak hours:	\$0.00102	\$0.00025	Off-Peak hours:	\$0.00000	\$0.00000
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:			Bill Issuance Payment Processing Charge:		
	\$0.73	\$0.73		\$0.73	\$0.73

New York State Electric & Gas Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 120 - Electric
Service Class No. 7-4
Non Residential Large General Service - Transmission

Present Rates			Rate Year 3 Rates		
Customer Charge:	Industrial/HLF \$1,849.11	Standard \$1,849.11	Customer Charge:	Industrial/HLF \$1,914.11	Standard \$1,914.11
Demand:			Demand:		
All kW:	\$0.29	\$1.41	All kW:	\$0.59	\$1.48
Energy:			Energy:		
On-Peak hours:	\$0.00076	\$0.00064	On-Peak hours:	\$0.00000	\$0.00000
Off-Peak hours:	\$0.00076	\$0.00064	Off-Peak hours:	\$0.00000	\$0.00000
Reactive Charge:			Reactive Charge:		
Per rkVah:	\$0.00078	\$0.00078	Per rkVah:	\$0.00078	\$0.00078
Bill Issuance Payment Processing Charge:	\$0.73	\$0.73	Bill Issuance Payment Processing Charge:	\$0.73	\$0.73

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011
PSC 87 Service Classifications 1, 2, 5, and 9 Sales
PSC 88 Service Classifications 1, 5, 13, and 14 Transportation

	PRESENT RATES				RATE YEAR 1 RATES			
	Customer Charge	Customer Charge	Volumetric Rate	Volumetric Rate	Customer Charge	Customer Charge	Volumetric Rate	Volumetric Rate
	Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved
SC1S / SC13T (Res Agg) HEAT								
Basic Service Charge	\$14.30				\$16.30			
0 3			\$0.0000				\$0.0000	
4 50			\$0.3780				\$0.4066	
Over 50			\$0.1220				\$0.1220	
SC1S / SC13T (Res Agg) NON-HEAT								
Basic Service Charge	\$10.30				\$12.30			
0 3			\$0.0000				\$0.0000	
4 50			\$0.3780				\$0.4066	
Over 50			\$0.1220				\$0.1220	
SC1S / SC13T (Res Agg) LOW INCOME								
Basic Service Charge	\$7.70				\$16.30			
0 3			\$0.0000				\$0.0000	
4 50			\$0.3780				\$0.4066	
Over 50			\$0.1220				\$0.1220	
SC2S / SC14T (Non-Res Agg) RATES								
Basic Service Charge	\$19.30	\$19.63			\$21.00	\$21.33		
0 3			\$0.0000				\$0.0000	
4 500			\$0.2900	\$0.4011			\$0.3088	\$0.4199
501 15,000			\$0.1672	\$0.2783			\$0.1780	\$0.2891
Over 15,000			\$0.1197	\$0.2308			\$0.1197	\$0.2308
SC5S Seasonal Gas Cooling								
Basic Service Charge	\$19.30				\$15.00			
0 3			\$0.0000				\$0.0000	
Over 3			\$0.0188				\$0.0291	
SC9S Industrial (Binghamton Only)								
Basic Service Charge	\$199.30				\$216.94			
0 500			\$0.0000				\$0.0000	
501 15,000			\$0.1429				\$0.1519	
Over 15,000			\$0.1200				\$0.1200	

Basic Service Charge	
0	500
501	15,000
Over	15,000

34

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011
PSC 87 Service Classifications 10 and 11 Sales

**SC10 NON-RESIDENTIAL DISTRIBUTED
GENERATION FIRM SALES RATES**

A. Non-residential Small DG Customer with DG < 5MW Usage

1) Using 1 to 40,000 therms/year

0	3
4	500
501	15,000
15,001	50,000
50,001	1,000,000

2. Using 40,001 to 250,000 therms/year

0	3
4	15,000
15,001	1,000,000

3. Using > 250,000 therms/year

0	500
5,001	15,000
15,001	50,000
50,001	1,000,000

B. Large DG Customers - DG 5 MW - < 50 MW

0	500
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Demand Charge per therm of
MDQ > 23 therms:

Usage Charge per therm of
All therms over 500

PRESENT RATES				RATE YEAR 1 RATES			
Winter (Nov-Mar)		Summer (Apr-Oct)		Winter (Nov-Mar)		Summer (Apr-Oct)	
Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
\$17.00	\$0.0000	\$17.00	\$0.0000	\$21.00	\$0.0000	\$21.00	\$0.0000
	\$0.1372		\$0.1166		\$0.1579		\$0.1226
	\$0.0741		\$0.0642		\$0.0890		\$0.0707
	\$0.0477		\$0.0422		\$0.0602		\$0.0475
	\$0.0055		\$0.0047		\$0.0602		\$0.0475
\$200.00	\$0.0000	\$200.00	\$0.0000	\$216.94	\$0.0000	\$216.94	\$0.0000
	\$0.0518		\$0.0439		\$0.0702		\$0.0658
	\$0.0332		\$0.0292		\$0.0545		\$0.0515
\$390.30	\$0.0000	\$390.30	\$0.0000	\$1,000.00	\$0.0000	\$1,000.00	\$0.0000
	\$0.0549		\$0.0443		\$0.0747		\$0.0663
	\$0.0549		\$0.0443		\$0.0619		\$0.0566
	\$0.0336		\$0.0280		\$0.0488		\$0.0445
\$390.30	\$0.0000	\$390.30	\$0.0000	\$1,000.00	\$0.0000	\$1,000.00	\$0.0000
	\$0.2900		\$0.2900		\$1.0000		\$1.0000
	\$0.0343		\$0.0280		\$0.0161		\$0.0132

**SC11 RESIDENTIAL DISTRIBUTED
GENERATION FIRM SALES RATES**

0	3
4	30,000

PRESENT RATES	
Customer Charge	Volumetric Rate
\$17.12	\$0.0000
	\$0.1016

RATE YEAR 1 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.0000
	\$0.1390

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011
PSC 88 Service Classifications 16 and 19 Transportation

SC16 NON-RESIDENTIAL DISTRIBUTED
GENERATION FIRM TRANSPORTATION RATES

A. Non-residential Small DG Customer with DG < 5MW Usage

1) Using 1 to 40,000 therms/year

0	3
4	500
501	15,000
15,001	50,000
50,001	1,000,000

2. Using 40,001 to 250,000 therms/year

0	3
4	15,000
15,001	1,000,000

3. Using > 250,000 therms/year

0	500
5,001	15,000
15,001	50,000
50,001	1,000,000

B. Large DG Customers - DG 5 MW - < 50 MW

0	500
---	-----

Demand Charge per therm of
MDQ > 23 therms:

Usage Charge per therm of
All therms over 500

PRESENT RATES				RATE YEAR 1 RATES			
Winter (Nov-Mar)		Summer (Apr-Oct)		Winter (Nov-Mar)		Summer (Apr-Oct)	
Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
\$20.00	\$0.0000	\$20.00	\$0.0000	\$21.00	\$0.0000	\$21.00	\$0.0000
	\$0.1374		\$0.1163		\$0.1579		\$0.1226
	\$0.0741		\$0.0641		\$0.0890		\$0.0707
	\$0.0478		\$0.0421		\$0.0602		\$0.0475
	\$0.0055		\$0.0047		\$0.0602		\$0.0475
\$200.00	\$0.0000	\$200.00	\$0.0000	\$216.94	\$0.0000	\$216.94	\$0.0000
	\$0.0518		\$0.0439		\$0.0702		\$0.0658
	\$0.0332		\$0.0292		\$0.0545		\$0.0515
\$600.00	\$0.0000	\$600.00	\$0.0000	\$1,000.00	\$0.0000	\$1,000.00	\$0.0000
	\$0.0549		\$0.0443		\$0.0747		\$0.0663
	\$0.0549		\$0.0443		\$0.0619		\$0.0566
	\$0.0336		\$0.0280		\$0.0488		\$0.0445
\$600.00	\$0.0000	\$600.00	\$0.0000	\$1,000.00	\$0.0000	\$1,000.00	\$0.0000
	\$0.7500		\$0.7500		\$1.0000		\$1.0000
	\$0.0119		\$0.0097		\$0.0161		\$0.0132

SC19 RESIDENTIAL DISTRIBUTED
GENERATION FIRM TRANSPORTATION RATES

0	3
4	30,000

PRESENT RATES	
Customer Charge	Volumetric Rate
\$17.12	\$0.0000
	\$0.1016

RATE YEAR 1 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.0000
	\$0.1390

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012
PSC 87 Service Classifications 1, 2, 5, and 9 Sales
PSC 88 Service Classifications 1, 5, 13, and 14 Transportation

		PRESENT RATES				RATE YEAR 2 RATES			
Customer Charge		Customer Charge	Volumetric Rate	Volumetric Rate	Customer Charge	Customer Charge	Volumetric Rate	Volumetric Rate	
Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved	
SC1S / SC13T (Res Agg) HEAT									
Basic Service Charge		\$16.30			\$16.30				
0	3		\$0.0000				\$0.0000		
4	50		\$0.4066				\$0.5067		
Over	50		\$0.1220				\$0.1220		
SC1S / SC13T (Res Agg) NON-HEAT									
Basic Service Charge		\$12.30			\$12.30				
0	3		\$0.0000				\$0.0000		
4	50		\$0.4066				\$0.5067		
Over	50		\$0.1220				\$0.1220		
SC1S / SC13T (Res Agg) LOW INCOME									
Basic Service Charge		\$7.70			\$16.30				
0	3		\$0.0000				\$0.0000		
4	50		\$0.4066				\$0.5067		
Over	50		\$0.1220				\$0.1220		
SC2S / SC14T (Non-Res Agg) RATES									
Basic Service Charge		\$21.00	\$21.33		\$23.30	\$23.63			
0	3		\$0.0000				\$0.0000		
4	500		\$0.3088	\$0.4199			\$0.3346	\$0.4457	
501	15,000		\$0.1780	\$0.2891			\$0.1929	\$0.3040	
Over	15,000		\$0.1197	\$0.2308			\$0.1197	\$0.2308	
SC5S Seasonal Gas Cooling									
Basic Service Charge		\$15.00			\$16.64				
0	3		\$0.0000				\$0.0000		
Over	3		\$0.0291				\$0.0311		
SC9S Industrial (Binghamton Only)									
Basic Service Charge		\$216.94			\$240.77				
0	500		\$0.0000				\$0.0000		
501	15,000		\$0.1519				\$0.1639		
Over	15,000		\$0.1200				\$0.1200		

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012
PSC 87 Service Classifications 1, 2, 5, and 9 Sales
PSC 88 Service Classifications 1, 5, 13, and 14 Transportation

**SC1T RATES (Champlain,
Combined, Goshen, Owego,
Lockport)**

Basic Service Charge
0 500
501 15,000
15,001 50,000
Over 50,000

SC1T RATES (Binghamton)

Basic Service Charge
0 500
501 15,000
15,001 50,000
Over 50,000

SC1T RATES (Elmira)

Basic Service Charge
0 500
501 15,000
15,001 50,000
Over 50,000

SC5T RATES

Basic Service Charge
0 500
501 15,000
Over 15,000

PRESENT RATES				RATE YEAR 2 RATES			
Customer Charge	Customer Charge With Sales Status Reserved	Volumetric Rate Without Sales Status Reserved	Volumetric Rate With Sales Status Reserved	Customer Charge Without Sales Status Reserved	Customer Charge With Sales Status Reserved	Volumetric Rate Without Sales Status Reserved	Volumetric Rate With Sales Status Reserved
	\$1,000.00	\$1,055.55		\$1,109.87	\$1,165.42		
		\$0.0000				\$0.0000	
		\$0.1116	\$0.2227			\$0.1153	\$0.2264
		\$0.0608	\$0.1719			\$0.0821	\$0.1932
		\$0.0605	\$0.1716			\$0.0605	\$0.1716
	\$1,000.00	\$1,055.55		\$1,109.87	\$1,165.42		
		\$0.0000				\$0.0000	
		\$0.0944	\$0.2055			\$0.1067	\$0.2178
		\$0.0396	\$0.1507			\$0.0715	\$0.1826
		\$0.0380	\$0.1491			\$0.0492	\$0.1603
	\$1,000.00	\$1,055.55		\$1,109.87	\$1,165.42		
		\$0.0000				\$0.0000	
		\$0.0892	\$0.2003			\$0.1041	\$0.2152
		\$0.0486	\$0.1597			\$0.0760	\$0.1871
		\$0.0485	\$0.1596			\$0.0545	\$0.1656
	\$216.94	\$272.49		\$240.77	\$296.32		
		\$0.0000				\$0.0000	
		\$0.1534	\$0.2645			\$0.1671	\$0.2782
		\$0.1200	\$0.2311			\$0.1200	\$0.2311

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012
PSC 87 Service Classifications 10 and 11 Sales

SC10 NON-RESIDENTIAL DISTRIBUTED
GENERATION FIRM SALES RATES

A. Non-residential Small DG Customer with DG < 5MW Usage

1) Using 1 to 40,000 therms/year

0	3
4	500
501	15,000
15,001	50,000
50,001	1,000,000

2. Using 40,001 to 250,000 therms/year

0	3
4	15,000
15,001	1,000,000

3. Using > 250,000 therms/year

0	500
5,001	15,000
15,001	50,000
50,001	1,000,000

B. Large DG Customers - DG 5 MW - < 50 MW

0	500
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Demand Charge per therm of
MDQ > 23 therms:

Usage Charge per therm of
All therms over 500

PRESENT RATES				RATE YEAR 2 RATES			
Winter (Nov-Mar)		Summer (Apr-Oct)		Winter (Nov-Mar)		Summer (Apr-Oct)	
Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
\$21.00	\$0.0000	\$21.00	\$0.0000	\$23.30	\$0.0000	\$23.30	\$0.0000
	\$0.1579		\$0.1226		\$0.1644		\$0.1328
	\$0.0890		\$0.0707		\$0.0932		\$0.0766
	\$0.0602		\$0.0475		\$0.0577		\$0.0475
	\$0.0602		\$0.0475		\$0.0577		\$0.0475
\$216.94	\$0.0000	\$216.94	\$0.0000	\$240.77	\$0.0000	\$240.77	\$0.0000
	\$0.0702		\$0.0658		\$0.0852		\$0.0717
	\$0.0545		\$0.0515		\$0.0593		\$0.0515
\$1,000.00	\$0.0000	\$1,000.00	\$0.0000	\$1,109.87	\$0.0000	\$1,109.87	\$0.0000
	\$0.0747		\$0.0663		\$0.1017		\$0.0804
	\$0.0619		\$0.0566		\$0.0761		\$0.0623
	\$0.0488		\$0.0445		\$0.0546		\$0.0445
\$1,000.00	\$0.0000	\$1,000.00	\$0.0000	\$1,109.87	\$0.0000	\$1,109.87	\$0.0000
	\$1.0000		\$1.0000		\$1.1200		\$1.1200
	\$0.0161		\$0.0132		\$0.0175		\$0.0144

SC11 RESIDENTIAL DISTRIBUTED
GENERATION FIRM SALES RATES

0	3
4	30,000

PRESENT RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.0000
	\$0.1390

RATE YEAR 2 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.0000
	\$0.1619

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012
PSC 88 Service Classifications 16 and 19 Transportation

**SC16 NON-RESIDENTIAL DISTRIBUTED
GENERATION FIRM TRANSPORTATION RATES**

A. Non-residential Small DG Customer with DG < 5MW Usage

1) Using 1 to 40,000 therms/year

0	3
4	500
501	15,000
15,001	50,000
50,001	1,000,000

2. Using 40,001 to 250,000 therms/year

0	3
4	15,000
15,001	1,000,000

3. Using > 250,000 therms/year

0	500
5,001	15,000
15,001	50,000
50,001	1,000,000

B. Large DG Customers - DG 5 MW - < 50 MW

0	500
---	-----

Demand Charge per therm of
MDQ > 23 therms:

Usage Charge per therm of
All therms over 500

PRESENT RATES				RATE YEAR 2 RATES			
Winter (Nov-Mar)		Summer (Apr-Oct)		Winter (Nov-Mar)		Summer (Apr-Oct)	
Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
\$21.00	\$0.0000	\$21.00	\$0.0000	\$23.30	\$0.0000	\$23.30	\$0.0000
	\$0.1374		\$0.1163		\$0.1644		\$0.1328
	\$0.0741		\$0.0641		\$0.0932		\$0.0766
	\$0.0478		\$0.0421		\$0.0577		\$0.0475
	\$0.0055		\$0.0047		\$0.0577		\$0.0475
\$216.94	\$0.0000	\$216.94	\$0.0000	\$240.77	\$0.0000	\$240.77	\$0.0000
	\$0.0518		\$0.0439		\$0.0852		\$0.0717
	\$0.0332		\$0.0292		\$0.0593		\$0.0515
\$1,000.00	\$0.0000	\$1,000.00	\$0.0000	\$1,109.87	\$0.0000	\$1,109.87	\$0.0000
	\$0.0549		\$0.0443		\$0.1017		\$0.0804
	\$0.0549		\$0.0443		\$0.0761		\$0.0623
	\$0.0336		\$0.0280		\$0.0546		\$0.0445
\$1,000.00	\$0.0000	\$1,000.00	\$0.0000	\$1,109.87	\$0.0000	\$1,109.87	\$0.0000
	\$0.7500		\$0.7500		\$1.1200		\$1.1200
	\$0.0119		\$0.0097		\$0.0175		\$0.0144

**SC19 RESIDENTIAL DISTRIBUTED
GENERATION FIRM TRANSPORTATION RATES**

0	3
4	30,000

PRESENT RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.0000
	\$0.1016

RATE YEAR 2 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.0000
	\$0.1619

New York State Electric & Gas Corporation
Gas Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013
PSC 87 Service Classifications 1, 2, 5, and 9 Sales
PSC 88 Service Classifications 1, 5, 13, and 14 Transportation

PRESENT RATES					RATE YEAR 3 RATES			
Customer Charge		Customer Charge	Volumetric Rate	Volumetric Rate	Customer Charge	Customer Charge With Sales Status Reserved	Volumetric Rate Without Sales Status Reserved	Volumetric Rate With Sales Status Reserved
Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved	Without Sales Status Reserved	With Sales Status Reserved
SC1S / SC13T (Res Agg) HEAT								
Basic Service Charge		\$16.30			\$16.30		\$0.0000	
0	3		\$0.0000				\$0.5781	
4	50		\$0.5067				\$0.1220	
Over	50		\$0.1220					
SC1S / SC13T (Res Agg) NON-HEAT								
Basic Service Charge		\$12.30			\$12.30		\$0.0000	
0	3		\$0.0000				\$0.5781	
4	50		\$0.5067				\$0.1220	
Over	50		\$0.1220					
SC1S / SC13T (Res Agg) LOW INCOME								
Basic Service Charge		\$7.70			\$16.30		\$0.0000	
0	3		\$0.0000				\$0.5781	
4	50		\$0.5067				\$0.1220	
Over	50		\$0.1220					
SC2S / SC14T (Non-Res Agg) RATES								
Basic Service Charge		\$23.30	\$23.63		\$24.97	\$25.30	\$0.0000	
0	3		\$0.0000				\$0.3529	\$0.4640
4	500		\$0.3346	\$0.4457			\$0.2034	\$0.3145
501	15,000		\$0.1929	\$0.3040			\$0.1197	\$0.2308
Over	15,000		\$0.1197	\$0.2308				
SC5S Seasonal Gas Cooling								
Basic Service Charge		\$16.64			\$17.83		\$0.0000	
0	3		\$0.0000				\$0.0327	
Over	3		\$0.0311					
SC9S Industrial (Binghamton Only)								
Basic Service Charge		\$240.77			\$258.09		\$0.0000	
0	500		\$0.0000				\$0.1725	
501	15,000		\$0.1639				\$0.1200	
Over	15,000		\$0.1200					

Basic Service Charge	
0	500
501	15,000
Over	15,000

42

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 19 - Electricity
Service Classification No. 1
Residential Service**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 19.38	Customer Charge:	\$ 21.38
Energy Charge:		Energy Charge:	
All kWh, per kWh:	\$ 0.03417	All kWh, per kWh:	\$ 0.03125
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 4
Residential Time-of-Use Service
Schedule I**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 23.36	Customer Charge:	\$25.36
Energy Charge:		Energy Charge:	
Peak, per kWh:	\$ 0.03930	Peak, per kWh:	\$ 0.03483
Off-Peak, per kWh:	\$ 0.03399	Off-Peak, per kWh:	\$ 0.03483
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 4
Residential Time-of-Use Service
Schedule II**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 26.84	Customer Charge:	\$28.84
Energy Charge:		Energy Charge:	
Peak, per kWh:	\$ 0.05396	Peak, per kWh:	\$ 0.04486
Off-Peak, per kWh:	\$ 0.03870	Off-Peak, per kWh:	\$ 0.04486
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 19 - Electricity
Service Classification No. 2
General Service - Small Use

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 19.38	Customer Charge:	\$ 21.38
Energy Charge:		Energy Charge:	
All kWh, per kWh:	\$ 0.02599	All kWh, per kWh:	\$ 0.02322
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 3
General Service - 100 kW Minimum

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 159.38	Customer Charge:	\$ 175.32
Demand Charge:		Demand Charge:	
All months, per kW	\$ 14.91	All months, per kW	\$ 14.83
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 7
General Service - 12 kW Minimum

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 49.38	Customer Charge:	\$ 54.32
Demand Charge:		Demand Charge:	
All months, per kW	\$ 13.38	All months, per kW	\$ 13.38
Energy Charge:		Energy Charge:	
First 200 hrs. use, per kWh:	\$ 0.01249	First 200 hrs. use, per kWh:	\$ 0.01190
Over 200 hrs. use, per kWh:	\$ 0.01221	Over 200 hrs. use, per kWh:	\$ 0.01190
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 19 - Electricity
Service Classification No. 6
Area Lighting Service**

<u>Present Rates</u>				<u>Rate Year 1 Rates</u>			
	<u>Residential</u>		<u>Non-Res.</u>		<u>Residential</u>		<u>Non-Res.</u>
Wire Service For Luminaire	\$ 0.01677	\$	0.01677	Wire Service For Lumin	\$ 0.01682	\$	0.01682
Additional Wood Pole	\$ 3.97	\$	3.97	Addtl Wood Pole	\$ 3.98	\$	3.98
30" Bracket	\$ 0.64	\$	0.64	30" Bracket	\$ 0.64	\$	0.64
8' Bracket	\$ 0.85	\$	0.85	8' Bracket	\$ 0.86	\$	0.86
12' Bracket	\$ 1.23	\$	1.23	12' Bracket	\$ 1.23	\$	1.23
16' Bracket	\$ 1.70	\$	1.70	16' Bracket	\$ 1.70	\$	1.70
20' Bracket	\$ 2.08	\$	2.08	20' Bracket	\$ 2.09	\$	2.09
Bracket, Single	\$ 0.54	\$	0.54	Bracket, Single	\$ 0.54	\$	0.54
Bracket, Twin	\$ 1.07	\$	1.07	Bracket, Twin	\$ 1.08	\$	1.08
MV 175, Std Cobra	\$ 7.07	\$	7.13	MV 175, Std Cobra	\$ 7.09	\$	7.15
MV 400, Std Cobra	\$ 12.37	\$	12.57	MV 400, Std Cobra	\$ 12.41	\$	12.61
MV 1000, Std Cobra	\$ 16.31	\$	17.00	MV 1000, Std Cobra	\$ 16.35	\$	17.05
HPS 70, Std Cobra	\$ 6.49	\$	6.44	HPS 70, Std Cobra	\$ 6.51	\$	6.46
HPS 100, Std Cobra	\$ 6.56	\$	6.55	HPS 100, Std Cobra	\$ 6.58	\$	6.57
HPS 150, Std Cobra	\$ 11.71	\$	11.63	HPS 150, Std Cobra	\$ 11.75	\$	11.66
HPS 250, Std Cobra	\$ 15.43	\$	15.39	HPS 250, Std Cobra	\$ 15.47	\$	15.43
HPS 400, Std Cobra	\$ 16.61	\$	16.70	HPS 400, Std Cobra	\$ 16.66	\$	16.75
MH 250, Std Cobra	\$ 15.69	\$	15.66	MH 250, Std Cobra	\$ 15.74	\$	15.71
MH 400, Std Cobra	\$ 16.55	\$	16.63	MH 400, Std Cobra	\$ 16.60	\$	16.68
HPS 150, Flood	\$ 11.42	\$	11.34	HPS 150, Flood	\$ 11.45	\$	11.37
HPS 250, Flood	\$ 12.61	\$	12.58	HPS 250, Flood	\$ 12.65	\$	12.62
HPS 400, Flood	\$ 13.71	\$	13.77	HPS 400, Flood	\$ 13.75	\$	13.81
HPS 1000, Flood	\$ 27.42	\$	27.67	HPS 1000, Flood	\$ 27.50	\$	27.75
MH 250, Flood	\$ 14.64	\$	14.57	MH 250, Flood	\$ 14.68	\$	14.62
MH 400, Flood	\$ 15.37	\$	15.40	MH 400, Flood	\$ 15.42	\$	15.44
MH 1000, Flood	\$ 25.74	\$	25.95	MH 1000, Flood	\$ 25.82	\$	26.02
HPS 250, Shoebox	\$ 17.78	\$	17.78	HPS 250, Shoebox	\$ 17.84	\$	17.84
HPS 400, Shoebox	\$ 18.78	\$	18.78	HPS 400, Shoebox	\$ 18.84	\$	18.84
Bill Issuance Payment Processing Charge:	\$		0.62	Bill Issuance Payment Processing Charge:	\$		0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Secondary**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 499.38	Customer Charge:	\$ 549.38
Demand Charge: All months, per kW	\$ 12.61	Demand Charge: All months, per kW	\$ 12.53
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Substation**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 799.38	Customer Charge:	\$ 1,299.38
Demand Charge: All months, per kW	\$ 9.08	Demand Charge: All months, per kW	\$ 8.16
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Primary**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 449.38	Customer Charge:	\$ 649.38
Demand Charge: All months, per kW	\$ 12.46	Demand Charge: All months, per kW	\$ 12.21
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Service Classification No. 4**

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
SubTransmission - Industrial**

<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
Customer Charge:	\$ 699.38	Customer Charge:	\$ 1,199.38
Demand Charge: All months, per kW	\$ 8.32	Demand Charge: All months, per kW	\$ 8.07
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
SubTransmission - Commercial**

<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
Customer Charge:	\$ 699.38	Customer Charge:	\$ 1,199.38
Demand Charge: All months, per kW	\$ 9.15	Demand Charge: All months, per kW	\$ 8.83
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Transmission**

<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
Customer Charge:	\$ 949.38	Customer Charge:	\$ 1,949.38
Demand Charge: All months, per kW	\$ 7.89	Demand Charge: All months, per kW	\$ 7.71
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 19 - Electricity
Service Classification No. 9
General Service - Time-of-Use**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Customer Charge:	\$ 49.38	Customer Charge:	\$ 54.32
Demand Charge:		Demand Charge:	
All months, per kW	\$ 9.01	All months, per kW	\$ 9.01
Energy Charge:		Energy Charge:	
Peak hours:	\$ 0.01810	Peak hours:	\$ 0.01668
Off-peak hours:	\$ 0.01536	Off-peak hours:	\$ 0.01668
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

P.S.C. No. 19 - Electricity
Service Classification No. 14
Standby Service

	<u>Present Rate</u>		<u>Rate Year 1 Rates</u>
Customer Charge (per month):		Customer Charge (per month):	
SC No.1	\$ 6.32	SC No.1	\$ 6.32
SC No.2	\$ 8.51	SC No.2	\$ 8.51
SC No.3	\$ 223.90	SC No.3	\$ 223.90
SC No.7	\$ 49.35	SC No.7	\$ 49.35
SC No.8 - Secondary	\$ 796.87	SC No.8 - Secondary	\$ 796.87
SC No.8 - Substation	\$ 803.60	SC No.8 - Transmission- Secondary	\$ 803.60
SC No.8 - Primary	\$ 825.01	SC No.8 - Primary	\$ 825.01
SC No.8 - Subtransmission - Industrial	\$ 930.23	SC No.8 - Subtransmission - Industrial	\$ 930.23
SC No.8 - Subtransmission - Commercial	\$ 930.23	SC No.8 - Subtransmission - Commercial	\$ 930.23
SC No.8 - Transmission	\$ 1,327.78	SC No.8 - Transmission	\$ 1,327.78
 Contract Demand Charge (per kW):		 Contract Demand Charge (per kW):	
SC No.3	\$ 7.17	SC No.3	\$ 6.67
SC No.7	\$ 10.92	SC No.7	\$ 9.86
SC No.8 - Secondary	\$ 5.33	SC No.8 - Secondary	\$ 5.26
SC No.8 - Substation	\$ 4.61	SC No.8 - Transmission- Secondary	\$ 4.40
SC No.8 - Primary	\$ 4.17	SC No.8 - Primary	\$ 4.66
SC No.8 - Subtransmission - Industrial	\$ 2.97	SC No.8 - Subtransmission - Industrial	\$ 1.40
SC No.8 - Subtransmission - Commercial	\$ 2.97	SC No.8 - Subtransmission - Commercial	\$ 1.40
SC No.8 - Transmission	\$ 7.29	SC No.8 - Transmission	\$ 6.01
 Contract Demand Charge (per month):		 Contract Demand Charge (per month):	
SC No.1	\$ 30.60	SC No.1	\$ 16.56
SC No.2	\$ 24.93	SC No.2	\$ 13.84
 As-Used Demand Charge (per Daily kW):		 As-Used Demand Charge (per Daily kW):	
SC No.3	\$ 0.24188	SC No.3	\$ 0.30938
SC No.7	\$ 0.16534	SC No.7	\$ 0.13002
SC No.8 - Secondary	\$ 0.22289	SC No.8 - Secondary	\$ 0.29142
SC No.8 - Substation	\$ 0.07874	SC No.8 - Transmission- Secondary	\$ 0.17352
SC No.8 - Primary	\$ 0.32977	SC No.8 - Primary	\$ 0.32849
SC No.8 - Subtransmission - Industrial	\$ 0.09619	SC No.8 - Subtransmission - Industrial	\$ 0.33634
SC No.8 - Subtransmission - Commercial	\$ 0.09619	SC No.8 - Subtransmission - Commercial	\$ 0.33634
SC No.8 - Transmission	\$ 0.06289	SC No.8 - Transmission	\$ 0.08466
 As-Used Demand Charge (per kWh):		 As-Used Demand Charge (per kWh):	
SC No.1	\$ 0.00656	SC No.1	\$ 0.02892
SC No.2	\$ 0.00612	SC No.2	\$ 0.02179
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 1
Street Lighting Service**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
<u>Fixtures:</u>		<u>Fixtures:</u>	
Type 1	\$ 7.72642	Type i	\$ 7.74911
Type 1a	\$ 7.72642	Type 1a	\$ 7.74911
Type 3a	\$ 6.46349	Type 3a	\$ 6.48248
Type 6	\$ 4.84642	Type 6	\$ 4.86066
Type 6a	\$ 4.84642	Type 6a	\$ 4.86066
Type 2	\$ 10.75776	Type 2	\$ 10.78937
Type 2a	\$ 13.02203	Type 2a	\$ 13.06028
Type 2b	\$ 13.38016	Type 2b	\$ 13.41947
Type 3	\$ 7.36987	Type 3	\$ 7.39152
Type 3-2	\$ 10.67884	Type 3-2	\$ 10.71021
Type 3a-2	\$ 8.85759	Type 3a-2	\$ 8.88361
Type 5	\$ 3.12821	Type 5	\$ 3.13740
Type 5a	\$ 1.65321	Type 5a	\$ 1.65807
Type 9	\$ 4.05835	Type 9	\$ 4.07027
Type 9a	\$ 2.35082	Type 9a	\$ 2.35772
Type 9b	\$ 2.66229	Type 9b	\$ 2.67011
Type 9c	\$ 5.10815	Type 9c	\$ 5.12316
Type 9d	\$ 4.50268	Type 9d	\$ 4.51591
Type 10	\$ 9.63752	Type 10	\$ 9.66583
Type 10a	\$ 12.12713	Type 10a	\$ 12.16276
Type 10a-2	\$ 17.79040	Type 10a-2	\$ 17.84266
Type 10c	\$ 11.85255	Type 10c	\$ 11.88737
Type 10-2	\$ 13.10010	Type 10-2	\$ 13.13858
Type 10c-2	\$ 17.52932	Type 10c-2	\$ 17.58082
Type 11	\$ 14.04382	Type 11	\$ 14.08508
Type 11a	\$ 14.27575	Type 11a	\$ 14.31769
Type 11a-2	\$ 21.53070	Type 11a-2	\$ 21.59395
Type 11b	\$ 15.92958	Type 11b	\$ 15.97638
Type 11b-2	\$ 25.13343	Type 11b-2	\$ 25.20726
Type 11-2	\$ 21.36362	Type 11-2	\$ 21.42638
Type 13	\$ 4.11012	Type 13	\$ 4.12219
Type 2d	\$ 13.23335	Type 2d	\$ 13.27222
Type 2e	\$ 17.29593	Type 2e	\$ 17.34675
Type 2f	\$ 12.49627	Type 2f	\$ 12.53299
Type 2g	\$ 12.18003	Type 2g	\$ 12.21581
Type 13a	\$ 6.97438	Type 13a	\$ 6.99487
Type 13b	\$ 4.48167	Type 13a	\$ 4.49484
Type 20	\$ 3.78168	Type 20	\$ 3.79279
Type 20a	\$ 7.30113	Type 20a	\$ 7.32258
Type 20c	\$ 4.11097	Type 20c	\$ 4.12305
Type 21	\$ 3.81393	Type 21	\$ 3.82514
Type 20b	\$ 7.12291	Type 20b	\$ 7.14383
Type 20d	\$ 8.68191	Type 20d	\$ 8.70742
Type 20g	\$ 4.23912	Type 20g	\$ 4.25157
Type 20i	\$ 7.96478	Type 20i	\$ 7.98818
Type 20j	\$ 2.82050	Type 20j	\$ 2.82878
Type 20k	\$ 3.46132	Type 20k	\$ 3.47149
Type 21a	\$ 5.86941	Type 21a	\$ 5.88666
Type 21b	\$ 4.15681	Type 21b	\$ 4.16902
Type C-5	\$ 2.51037	Type C-5	\$ 2.51775
Type C-4a	\$ 9.37868	Type C-4a	\$ 9.40623
Type C-5a	\$ 10.07628	Type C-5a	\$ 10.10589
Type C-6	\$ 5.08355	Type C-6	\$ 5.09848

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 1 (con't)
Street Lighting Service**

<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
<u>Circuit:</u>		<u>Circuit:</u>	
Overhead Wire	\$ 0.01263	Overhead Wire	\$ 0.01267
Wood Pole Company Owned	\$ 4.12794	Wood Pole Company Owned	\$ 4.14006
Wood Pole Jointly Owned	\$ 2.06400	Wood Pole Jointly Owned	\$ 2.07007
Conduit & Cable	\$ 0.08921	Conduit & Cable	\$ 0.08947
Buried Cable URD Subdivisions	\$ 0.04138	Buried Cable URD Subdivisions	\$ 0.04150
Cable in Conduit owned by Others	\$ 0.03180	Cable in Conduit owned by Others	\$ 0.03190
<u>Lamps:</u>		<u>Lamps:</u>	
1260 Inc	\$ 4.31141	1260 Inc	\$ 4.32408
2500 Inc	\$ 3.98777	2500 Inc	\$ 3.99949
2800 Inc	\$ 4.20840	2800 Inc	\$ 4.22077
2800 Inc (C-5)	\$ 12.54847	2800 Inc (C-5)	\$ 12.58533
4000 Inc	\$ 5.43759	4000 Inc	\$ 5.45356
6000 Inc	\$ 6.99766	6000 Inc	\$ 7.01822
10000 Inc	\$ 12.91000	10000 Inc	\$ 12.94793
4400 MV	\$ 2.53165	4400 MV	\$ 2.53908
8500 MV	\$ 3.65907	8500 MV	\$ 3.66982
13000 MV	\$ 4.86456	13000 MV	\$ 4.87885
23000 MV	\$ 7.38325	23000 MV	\$ 7.40494
60000 MV	\$ 16.88625	60000 MV	\$ 16.93586
4000 HPS	\$ 1.16318	4000 HPS	\$ 1.16660
5800 HPS	\$ 1.50167	5800 HPS	\$ 1.50608
9500 HPS	\$ 2.01830	9500 HPS	\$ 2.02423
16000 HPS	\$ 2.83270	16000 HPS	\$ 2.84102
27500 HPS	\$ 4.74568	27500 HPS	\$ 4.75962
50000 HPS	\$ 7.09981	50000 HPS	\$ 7.12067
140000 HPS	\$ 20.63546	140000 HPS	\$ 20.69608
6950 Flor "Dusk-to-dawn"	\$ 2.82530	6950 Flor "Dusk-to-dawn"	\$ 2.83360
6950 Flor "24-hour burning"	\$ 4.55737	6950 Flor "24-hour burning"	\$ 4.57076
4000 MH	\$ 2.61463	4000 MH	\$ 2.62231
5850 MH	\$ 2.58631	5850 MH	\$ 2.59391
10500 MH	\$ 2.48919	10500 MH	\$ 2.49650
17000 MH	\$ 2.49223	17000 MH	\$ 2.49956
28800 MH	\$ 2.49223	28800 MH	\$ 2.49956
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 2
Street Lighting Service**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>	
24-Hour Burning	\$	0.01521	24-Hour Burning	\$ 0.01525
Dusk-Dawn	\$	0.04259	Dusk-Dawn	\$ 0.04272
Dusk-1:00 am	\$	0.12269	Dusk-1:00 am	\$ 0.12305
Bill Issuance Payment Processing Charge:	\$	0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 3
Traffic Signal Service**

	<u>Present Rates</u>		<u>Rate Year 1 Rates</u>
Rate, per billing face	\$ 1.49212	Rate, per billing face	\$ 1.49651
Bill Issuance Payment Processing Charge:	\$ 0.62	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012**

**P.S.C. No. 19 - Electricity
Service Classification No. 1
Residential Service**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 21.38	Customer Charge:	\$ 21.38
Energy Charge:		Energy Charge:	
All kWh, per kWh:	\$ 0.03125	All kWh, per kWh:	\$ 0.03307
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 4
Residential Time-of-Use Service
Schedule I**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 25.36	Customer Charge:	\$25.36
Energy Charge:		Energy Charge:	
Peak, per kWh:	\$ 0.03483	Peak, per kWh:	\$ 0.03638
Off-Peak, per kWh:	\$ 0.03483	Off-Peak, per kWh:	\$ 0.03638
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 4
Residential Time-of-Use Service
Schedule II**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 28.84	Customer Charge:	\$28.84
Energy Charge:		Energy Charge:	
Peak, per kWh:	\$ 0.04486	Peak, per kWh:	\$ 0.04646
Off-Peak, per kWh:	\$ 0.04486	Off-Peak, per kWh:	\$ 0.04646
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012**

**P.S.C. No. 19 - Electricity
Service Classification No. 2
General Service - Small Use**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 21.38	Customer Charge:	\$ 21.38
Energy Charge:		Energy Charge:	
All kWh, per kWh:	\$ 0.02322	All kWh, per kWh:	\$ 0.02476
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 3
General Service - 100 kW Minimum**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 175.32	Customer Charge:	\$ 189.98
Demand Charge:		Demand Charge:	
All months, per kW	\$14.83	All months, per kW	\$ 15.18
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 7
General Service - 12 kW Minimum**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 54.32	Customer Charge:	\$ 57.49
Demand Charge:		Demand Charge:	
All months, per kW	\$13.38	All months, per kW	\$ 14.00
Energy Charge:		Energy Charge:	
First 200 hrs. use, per kWh:	\$ 0.01190	First 200 hrs. use, per kWh:	\$ 0.01131
Over 200 hrs. use, per kWh:	\$ 0.01190	Over 200 hrs. use, per kWh:	\$ 0.01131
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 19 - Electricity
Service Classification No. 6
Area Lighting Service

<u>Present Rates</u>				<u>Rate Year 2 Rates</u>			
	<u>Residential</u>		<u>Non-Res.</u>		<u>Residential</u>		<u>Non-Res.</u>
Wire Service For Luminaire	\$ 0.01682	\$	0.01682	Wire Service For Lumin	\$ 0.01729	\$	0.01729
Additional Wood Pole	\$ 3.98	\$	3.98	Addtl Wood Pole	\$ 4.09	\$	4.09
30" Bracket	\$ 0.64	\$	0.64	30" Bracket	\$ 0.66	\$	0.66
8' Bracket	\$ 0.86	\$	0.86	8' Bracket	\$ 0.88	\$	0.88
12' Bracket	\$ 1.23	\$	1.23	12' Bracket	\$ 1.27	\$	1.27
16' Bracket	\$ 1.70	\$	1.70	16' Bracket	\$ 1.75	\$	1.75
20' Bracket	\$ 2.09	\$	2.09	20' Bracket	\$ 2.15	\$	2.15
Bracket, Single	\$ 0.54	\$	0.54	Bracket, Single	\$ 0.55	\$	0.55
Bracket, Twin	\$ 1.08	\$	1.08	Bracket, Twin	\$ 1.11	\$	1.11
MV 175, Std Cobra	\$ 7.09	\$	7.15	MV 175, Std Cobra	\$ 7.29	\$	7.36
MV 400, Std Cobra	\$ 12.41	\$	12.61	MV 400, Std Cobra	\$ 12.76	\$	12.96
MV 1000, Std Cobra	\$ 16.35	\$	17.05	MV 1000, Std Cobra	\$ 16.82	\$	17.53
HPS 70, Std Cobra	\$ 6.51	\$	6.46	HPS 70, Std Cobra	\$ 6.69	\$	6.65
HPS 100, Std Cobra	\$ 6.58	\$	6.57	HPS 100, Std Cobra	\$ 6.77	\$	6.76
HPS 150, Std Cobra	\$ 11.75	\$	11.66	HPS 150, Std Cobra	\$ 12.08	\$	11.99
HPS 250, Std Cobra	\$ 15.47	\$	15.43	HPS 250, Std Cobra	\$ 15.91	\$	15.87
HPS 400, Std Cobra	\$ 16.66	\$	16.75	HPS 400, Std Cobra	\$ 17.14	\$	17.23
MH 250, Std Cobra	\$ 15.74	\$	15.71	MH 250, Std Cobra	\$ 16.19	\$	16.15
MH 400, Std Cobra	\$ 16.60	\$	16.68	MH 400, Std Cobra	\$ 17.07	\$	17.16
HPS 150, Flood	\$ 11.45	\$	11.37	HPS 150, Flood	\$ 11.78	\$	11.70
HPS 250, Flood	\$ 12.65	\$	12.62	HPS 250, Flood	\$ 13.01	\$	12.98
HPS 400, Flood	\$ 13.75	\$	13.81	HPS 400, Flood	\$ 14.14	\$	14.21
HPS 1000, Flood	\$ 27.50	\$	27.75	HPS 1000, Flood	\$ 28.28	\$	28.54
MH 250, Flood	\$ 14.68	\$	14.62	MH 250, Flood	\$ 15.10	\$	15.03
MH 400, Flood	\$ 15.42	\$	15.44	MH 400, Flood	\$ 15.86	\$	15.88
MH 1000, Flood	\$ 25.82	\$	26.02	MH 1000, Flood	\$ 26.55	\$	26.77
HPS 250, Shoebox	\$ 17.84	\$	17.84	HPS 250, Shoebox	\$ 18.34	\$	18.34
HPS 400, Shoebox	\$ 18.84	\$	18.84	HPS 400, Shoebox	\$ 19.37	\$	19.37
Bill Issuance Payment Processing Charge:			\$0.95	Bill Issuance Payment Processing Charge:		\$	0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012**

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Secondary**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 549.38	Customer Charge:	\$ 589.06
Demand Charge: All months, per kW	\$12.53	Demand Charge: All months, per kW	\$ 12.83
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Substation**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 1,299.38	Customer Charge:	\$ 1,339.86
Demand Charge: All months, per kW	\$8.16	Demand Charge: All months, per kW	\$ 8.39
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Primary**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 649.38	Customer Charge:	\$ 715.69
Demand Charge: All months, per kW	\$12.21	Demand Charge: All months, per kW	\$ 12.49
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012**

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
SubTransmission - Industrial**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 1,199.38	Customer Charge:	\$ 1,318.97
Demand Charge: All months, per kW	\$8.07	Demand Charge: All months, per kW	\$ 8.26
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
SubTransmission - Commercial**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 1,199.38	Customer Charge:	\$ 1,297.51
Demand Charge: All months, per kW	\$8.83	Demand Charge: All months, per kW	\$ 9.04
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Transmission**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 1,949.38	Customer Charge:	\$ 2,224.15
Demand Charge: All months, per kW	\$7.71	Demand Charge: All months, per kW	\$ 7.88
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 19 - Electricity
Service Classification No. 9
General Service - Time-of-Use

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Customer Charge:	\$ 54.32	Customer Charge:	\$ 58.97
Demand Charge:		Demand Charge:	
All months, per kW	\$9.01	All months, per kW	\$ 9.57
Energy Charge:		Energy Charge:	
Peak hours:	\$ 0.01668	Peak hours:	\$ 0.01585
Off-peak hours:	\$ 0.01668	Off-peak hours:	\$ 0.01585
Bill Issuance Payment Processing Charge:	\$ -	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 19 - Electricity
Service Classification No. 14
Standby Service

		<u>Present Rate</u>			<u>Rate Year 2 Rates</u>
Customer Charge (per month):			Customer Charge (per month):		
SC No.1	\$	6.32	SC No.1	\$	6.32
SC No.2	\$	8.51	SC No.2	\$	8.51
SC No.3	\$	223.90	SC No.3	\$	242.62
SC No.7	\$	49.35	SC No.7	\$	52.23
SC No.8 - Secondary	\$	796.87	SC No.8 - Secondary	\$	854.43
SC No.8 - Substation	\$	803.60	SC No.8 - Transmission- Secondary	\$	828.63
SC No.8 - Primary	\$	825.01	SC No.8 - Primary	\$	909.25
SC No.8 - Subtransmission - Industrial	\$	930.23	SC No.8 - Subtransmission - Industrial	\$	1,014.66
SC No.8 - Subtransmission - Commercial	\$	930.23	SC No.8 - Subtransmission - Commercial	\$	1,014.66
SC No.8 - Transmission	\$	1,327.78	SC No.8 - Transmission	\$	1,514.93
Contract Demand Charge (per kW):			Contract Demand Charge (per kW):		
SC No.3	\$	6.67	SC No.3	\$	6.89
SC No.7	\$	9.86	SC No.7	\$	10.31
SC No.8 - Secondary	\$	5.26	SC No.8 - Secondary	\$	5.39
SC No.8 - Substation	\$	4.40	SC No.8 - Transmission- Secondary	\$	4.54
SC No.8 - Primary	\$	4.66	SC No.8 - Primary	\$	4.79
SC No.8 - Subtransmission - Industrial	\$	1.40	SC No.8 - Subtransmission - Industrial	\$	1.43
SC No.8 - Subtransmission - Commercial	\$	1.40	SC No.8 - Subtransmission - Commercial	\$	1.43
SC No.8 - Transmission	\$	6.01	SC No.8 - Transmission	\$	6.16
Contract Demand Charge (per month):			Contract Demand Charge (per month):		
SC No.1	\$	16.56	SC No.1	\$	17.74
SC No.2	\$	13.84	SC No.2	\$	15.02
As-Used Demand Charge (per Daily kW):			As-Used Demand Charge (per Daily kW):		
SC No.3	\$	0.30938	SC No.3	\$	0.32118
SC No.7	\$	0.13002	SC No.7	\$	0.13562
SC No.8 - Secondary	\$	0.29142	SC No.8 - Secondary	\$	0.30545
SC No.8 - Substation	\$	0.17352	SC No.8 - Transmission- Secondary	\$	0.18266
SC No.8 - Primary	\$	0.32849	SC No.8 - Primary	\$	0.34146
SC No.8 - Subtransmission - Industrial	\$	0.33634	SC No.8 - Subtransmission - Industrial	\$	0.34652
SC No.8 - Subtransmission - Commercial	\$	0.33634	SC No.8 - Subtransmission - Commercial	\$	0.34652
SC No.8 - Transmission	\$	0.08466	SC No.8 - Transmission	\$	0.08665
As-Used Demand Charge (per kWh):			As-Used Demand Charge (per kWh):		
SC No.1	\$	0.02892	SC No.1	\$	0.02896
SC No.2	\$	0.02179	SC No.2	\$	0.02164
Bill Issuance Payment Processing Charge:		\$0.95	Bill Issuance Payment Processing Charge:	\$	0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 1
Street Lighting Service

<u>Present Rates</u>		<u>Rate Year 2 Rates</u>	
<u>Fixtures:</u>		<u>Fixtures:</u>	
Type 1	\$ 7.74911	Type 1	\$ 7.96953
Type 1a	\$ 7.74911	Type 1a	\$ 7.96953
Type 3a	\$ 6.48248	Type 3a	\$ 6.66687
Type 6	\$ 4.86066	Type 6	\$ 4.99892
Type 6a	\$ 4.86066	Type 6a	\$ 4.99892
Type 2	\$ 10.78937	Type 2	\$ 11.09627
Type 2a	\$ 13.06028	Type 2a	\$ 13.43178
Type 2b	\$ 13.41947	Type 2b	\$ 13.80118
Type 3	\$ 7.39152	Type 3	\$ 7.60177
Type 3-2	\$ 10.71021	Type 3-2	\$ 11.01486
Type 3a-2	\$ 8.88361	Type 3a-2	\$ 9.13630
Type 5	\$ 3.13740	Type 5	\$ 3.22664
Type 5a	\$ 1.65807	Type 5a	\$ 1.70523
Type 9	\$ 4.07027	Type 9	\$ 4.18605
Type 9a	\$ 2.35772	Type 9a	\$ 2.42479
Type 9b	\$ 2.67011	Type 9b	\$ 2.74606
Type 9c	\$ 5.12316	Type 9c	\$ 5.26889
Type 9d	\$ 4.51591	Type 9d	\$ 4.64436
Type 10	\$ 9.66583	Type 10	\$ 9.94077
Type 10a	\$ 12.16276	Type 10a	\$ 12.50872
Type 10a-2	\$ 17.84266	Type 10a-2	\$ 18.35019
Type 10c	\$ 11.88737	Type 10c	\$ 12.22550
Type 10-2	\$ 13.13858	Type 10-2	\$ 13.51230
Type 10c-2	\$ 17.58082	Type 10c-2	\$ 18.08090
Type 11	\$ 14.08508	Type 11	\$ 14.48573
Type 11a	\$ 14.31769	Type 11a	\$ 14.72495
Type 11a-2	\$ 21.59395	Type 11a-2	\$ 22.20818
Type 11b	\$ 15.97638	Type 11b	\$ 16.43082
Type 11b-2	\$ 25.20726	Type 11b-2	\$ 25.92427
Type 11-2	\$ 21.42638	Type 11-2	\$ 22.03585
Type 13	\$ 4.12219	Type 13	\$ 4.23944
Type 2d	\$ 13.27222	Type 2d	\$ 13.64975
Type 2e	\$ 17.34675	Type 2e	\$ 17.84017
Type 2f	\$ 12.53299	Type 2f	\$ 12.88948
Type 2g	\$ 12.21581	Type 2g	\$ 12.56329
Type 13a	\$ 6.99487	Type 13a	\$ 7.19384
Type 13b	\$ 4.49484	Type 13a	\$ 4.62269
Type 20	\$ 3.79279	Type 20	\$ 3.90067
Type 20a	\$ 7.32258	Type 20a	\$ 7.53087
Type 20c	\$ 4.12305	Type 20c	\$ 4.24033
Type 21	\$ 3.82514	Type 21	\$ 3.93394
Type 20b	\$ 7.14383	Type 20b	\$ 7.34704
Type 20d	\$ 8.70742	Type 20d	\$ 8.95510
Type 20g	\$ 4.25157	Type 20g	\$ 4.37250
Type 20i	\$ 7.98818	Type 20i	\$ 8.21540
Type 20j	\$ 2.82878	Type 20j	\$ 2.90925
Type 20k	\$ 3.47149	Type 20k	\$ 3.57023
Type 21a	\$ 5.88666	Type 21a	\$ 6.05410
Type 21b	\$ 4.16902	Type 21b	\$ 4.28761
Type C-5	\$ 2.51775	Type C-5	\$ 2.58936
Type C-4a	\$ 9.40623	Type C-4a	\$ 9.67379
Type C-5a	\$ 10.10589	Type C-5a	\$ 10.39334
Type C-6	\$ 5.09848	Type C-6	\$ 5.24351

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 1 (con't)
Street Lighting Service

		<u>Present Rates</u>			<u>Rate Year 2 Rates</u>
<u>Circuit:</u>			<u>Circuit:</u>		
Overhead Wire	\$	0.01267	Overhead Wire	\$	0.01303
Wood Pole Company Owned	\$	4.14006	Wood Pole Company Owned	\$	4.25783
Wood Pole Jointly Owned	\$	2.07007	Wood Pole Jointly Owned	\$	2.12895
Conduit & Cable	\$	0.08947	Conduit & Cable	\$	0.09202
Buried Cable URD Subdivisions	\$	0.04150	Buried Cable URD Subdivisions	\$	0.04268
Cable in Conduit owned by Others	\$	0.03190	Cable in Conduit owned by Others	\$	0.03281
<u>Lamps:</u>			<u>Lamps:</u>		
1260 Inc	\$	4.32408	1260 Inc	\$	4.44708
2500 Inc	\$	3.99949	2500 Inc	\$	4.11325
2800 Inc	\$	4.22077	2800 Inc	\$	4.34082
2800 Inc (C-5)	\$	12.58533	2800 Inc (C-5)	\$	12.94332
4000 Inc	\$	5.45356	4000 Inc	\$	5.60869
6000 Inc	\$	7.01822	6000 Inc	\$	7.21785
10000 Inc	\$	12.94793	10000 Inc	\$	13.31623
4400 MV	\$	2.53908	4400 MV	\$	2.61131
8500 MV	\$	3.66982	8500 MV	\$	3.77421
13000 MV	\$	4.87885	13000 MV	\$	5.01763
23000 MV	\$	7.40494	23000 MV	\$	7.61557
60000 MV	\$	16.93586	60000 MV	\$	17.41759
4000 HPS	\$	1.16660	4000 HPS	\$	1.19978
5800 HPS	\$	1.50608	5800 HPS	\$	1.54892
9500 HPS	\$	2.02423	9500 HPS	\$	2.08181
16000 HPS	\$	2.84102	16000 HPS	\$	2.92183
27500 HPS	\$	4.75962	27500 HPS	\$	4.89501
50000 HPS	\$	7.12067	50000 HPS	\$	7.32321
140000 HPS	\$	20.69608	140000 HPS	\$	21.28477
6950 Flor "Dusk-to-dawn"	\$	2.83360	6950 Flor "Dusk-to-dawn"	\$	2.91420
6950 Flor "24-hour burning"	\$	4.57076	6950 Flor "24-hour burning"	\$	4.70077
4000 MH	\$	2.62231	4000 MH	\$	2.69690
5850 MH	\$	2.59391	5850 MH	\$	2.66770
10500 MH	\$	2.49650	10500 MH	\$	2.56751
17000 MH	\$	2.49956	17000 MH	\$	2.57065
28800 MH	\$	2.49956	28800 MH	\$	2.57065
Bill Issuance Payment Processing Charge:		\$0.95	Bill Issuance Payment Processing Charge:		\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 2
Street Lighting Service**

<u>Present Rates</u>		<u>Rate Year 2 Rates</u>	
24-Hour Burning	\$ 0.01525	24-Hour Burning	\$ 0.01569
Dusk-Dawn	\$ 0.04272	Dusk-Dawn	\$ 0.04394
Dusk-1:00 am	\$ 0.12305	Dusk-1:00 am	\$ 0.12618
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 3
Traffic Signal Service**

	<u>Present Rates</u>		<u>Rate Year 2 Rates</u>
Rate, per billing face	\$ 1.49651	Rate, per billing face	\$ 1.53907
Bill Issuance Payment Processing Charge:	\$0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 19 - Electricity
Service Classification No. 1
Residential Service

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 21.38	Customer Charge:	\$ 21.38
Energy Charge:		Energy Charge:	
All kWh, per kWh:	\$ 0.03307	All kWh, per kWh:	\$ 0.03572
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 4
Residential Time-of-Use Service
Schedule I

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 25.36	Customer Charge:	\$25.36
Energy Charge:		Energy Charge:	
Peak, per kWh:	\$ 0.03638	Peak, per kWh:	\$ 0.03863
Off-Peak, per kWh:	\$ 0.03638	Off-Peak, per kWh:	\$ 0.03863
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 4
Residential Time-of-Use Service
Schedule II

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 28.84	Customer Charge:	\$28.84
Energy Charge:		Energy Charge:	
Peak, per kWh:	\$ 0.04646	Peak, per kWh:	\$ 0.04879
Off-Peak, per kWh:	\$ 0.04646	Off-Peak, per kWh:	\$ 0.04879
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 19 - Electricity
Service Classification No. 2
General Service - Small Use

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 21.38	Customer Charge:	\$ 21.38
Energy Charge:		Energy Charge:	
All kWh, per kWh:	\$ 0.02476	All kWh, per kWh:	\$ 0.02701
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 3
General Service - 100 kW Minimum

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 189.98	Customer Charge:	\$ 211.66
Demand Charge:		Demand Charge:	
All months, per kW	\$ 15.18	All months, per kW	\$ 15.69
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 7
General Service - 12 kW Minimum

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 57.49	Customer Charge:	\$ 62.17
Demand Charge:		Demand Charge:	
All months, per kW	\$ 14.00	All months, per kW	\$ 14.81
Energy Charge:		Energy Charge:	
First 200 hrs. use, per kWh:	\$ 0.01131	First 200 hrs. use, per kWh:	\$ 0.01074
Over 200 hrs. use, per kWh:	\$ 0.01131	Over 200 hrs. use, per kWh:	\$ 0.01074
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 19 - Electricity
Service Classification No. 6
Area Lighting Service

<u>Present Rates</u>				<u>Rate Year 3 Rates</u>			
	<u>Residential</u>		<u>Non-Res.</u>		<u>Residential</u>		<u>Non-Res.</u>
Wire Service For Luminaire	\$ 0.01729	\$	0.01729	Wire Service For Lumin	\$ 0.01799	\$	0.01799
Additional Wood Pole	\$ 4.09	\$	4.09	Addtl Wood Pole	\$ 4.26	\$	4.26
30" Bracket	\$ 0.66	\$	0.66	30" Bracket	\$ 0.68	\$	0.68
8' Bracket	\$ 0.88	\$	0.88	8' Bracket	\$ 0.92	\$	0.92
12' Bracket	\$ 1.27	\$	1.27	12' Bracket	\$ 1.32	\$	1.32
16' Bracket	\$ 1.75	\$	1.75	16' Bracket	\$ 1.82	\$	1.82
20' Bracket	\$ 2.15	\$	2.15	20' Bracket	\$ 2.23	\$	2.23
Bracket, Single	\$ 0.55	\$	0.55	Bracket, Single	\$ 0.58	\$	0.58
Bracket, Twin	\$ 1.11	\$	1.11	Bracket, Twin	\$ 1.15	\$	1.15
MV 175, Std Cobra	\$ 7.29	\$	7.36	MV 175, Std Cobra	\$ 7.59	\$	7.66
MV 400, Std Cobra	\$ 12.76	\$	12.96	MV 400, Std Cobra	\$ 13.28	\$	13.49
MV 1000, Std Cobra	\$ 16.82	\$	17.53	MV 1000, Std Cobra	\$ 17.50	\$	18.24
HPS 70, Std Cobra	\$ 6.69	\$	6.65	HPS 70, Std Cobra	\$ 6.96	\$	6.92
HPS 100, Std Cobra	\$ 6.77	\$	6.76	HPS 100, Std Cobra	\$ 7.04	\$	7.03
HPS 150, Std Cobra	\$ 12.08	\$	11.99	HPS 150, Std Cobra	\$ 12.57	\$	12.48
HPS 250, Std Cobra	\$ 15.91	\$	15.87	HPS 250, Std Cobra	\$ 16.56	\$	16.51
HPS 400, Std Cobra	\$ 17.14	\$	17.23	HPS 400, Std Cobra	\$ 17.83	\$	17.92
MH 250, Std Cobra	\$ 16.19	\$	16.15	MH 250, Std Cobra	\$ 16.84	\$	16.81
MH 400, Std Cobra	\$ 17.07	\$	17.16	MH 400, Std Cobra	\$ 17.76	\$	17.85
HPS 150, Flood	\$ 11.78	\$	11.70	HPS 150, Flood	\$ 12.25	\$	12.17
HPS 250, Flood	\$ 13.01	\$	12.98	HPS 250, Flood	\$ 13.54	\$	13.50
HPS 400, Flood	\$ 14.14	\$	14.21	HPS 400, Flood	\$ 14.71	\$	14.78
HPS 1000, Flood	\$ 28.28	\$	28.54	HPS 1000, Flood	\$ 29.42	\$	29.69
MH 250, Flood	\$ 15.10	\$	15.03	MH 250, Flood	\$ 15.71	\$	15.64
MH 400, Flood	\$ 15.86	\$	15.88	MH 400, Flood	\$ 16.50	\$	16.52
MH 1000, Flood	\$ 26.55	\$	26.77	MH 1000, Flood	\$ 27.62	\$	27.85
HPS 250, Shoebox	\$ 18.34	\$	18.34	HPS 250, Shoebox	\$ 19.09	\$	19.09
HPS 400, Shoebox	\$ 19.37	\$	19.37	HPS 400, Shoebox	\$ 20.16	\$	20.16
Bill Issuance Payment Processing Charge:	\$		0.95	Bill Issuance Payment Processing Charge:	\$		0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013**

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Secondary**

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 589.06	Customer Charge:	\$ 647.93
Demand Charge: All months, per kW	\$ 12.83	Demand Charge: All months, per kW	\$ 13.26
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Substation**

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 1,339.86	Customer Charge:	\$ 1,400.24
Demand Charge: All months, per kW	\$ 8.39	Demand Charge: All months, per kW	\$ 8.72
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Primary**

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 715.69	Customer Charge:	\$ 814.39
Demand Charge: All months, per kW	\$ 12.49	Demand Charge: All months, per kW	\$ 12.90
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
SubTransmission - Industrial

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 1,318.97	Customer Charge:	\$ 1,504.10
Demand Charge:		Demand Charge:	
All months, per kW	\$ 8.26	All months, per kW	\$ 8.53
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
SubTransmission - Commercial

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 1,297.51	Customer Charge:	\$ 1,441.97
Demand Charge:		Demand Charge:	
All months, per kW	\$ 9.04	All months, per kW	\$ 9.34
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

P.S.C. No. 19 - Electricity
Service Classification No. 8
Large General Service - Time-of-Use
Transmission

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 2,224.15	Customer Charge:	\$ 2,626.05
Demand Charge:		Demand Charge:	
All months, per kW	\$ 7.88	All months, per kW	\$ 8.13
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 19 - Electricity
Service Classification No. 9
General Service - Time-of-Use

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
Customer Charge:	\$ 58.97	Customer Charge:	\$ 65.83
Demand Charge:		Demand Charge:	
All months, per kW	\$ 9.57	All months, per kW	\$ 10.26
Energy Charge:		Energy Charge:	
Peak hours:	\$ 0.01585	Peak hours:	\$ 0.01506
Off-peak hours:	\$ 0.01585	Off-peak hours:	\$ 0.01506
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 19 - Electricity
Service Classification No. 14
Standby Service

	<u>Present Rate</u>		<u>Rate Year 3 Rates</u>
Customer Charge (per month):		Customer Charge (per month):	
SC No.1	\$ 6.32	SC No.1	\$ 6.32
SC No.2	\$ 8.51	SC No.2	\$ 8.51
SC No.3	\$ 242.62	SC No.3	\$ 270.31
SC No.7	\$ 52.23	SC No.7	\$ 56.48
SC No.8 - Secondary	\$ 854.43	SC No.8 - Secondary	\$ 939.82
SC No.8 - Substation	\$ 828.63	SC No.8 - Transmission- Secondary	\$ 865.97
SC No.8 - Primary	\$ 909.25	SC No.8 - Primary	\$ 1,034.64
SC No.8 - Subtransmission - Industrial	\$ 1,014.66	SC No.8 - Subtransmission - Industrial	\$ 1,142.35
SC No.8 - Subtransmission - Commercial	\$ 1,014.66	SC No.8 - Subtransmission - Commercial	\$ 1,142.35
SC No.8 - Transmission	\$ 1,514.93	SC No.8 - Transmission	\$ 1,788.68
 Contract Demand Charge (per kW):		 Contract Demand Charge (per kW):	
SC No.3	\$ 6.89	SC No.3	\$ 7.17
SC No.7	\$ 10.31	SC No.7	\$ 10.84
SC No.8 - Secondary	\$ 5.39	SC No.8 - Secondary	\$ 5.54
SC No.8 - Substation	\$ 4.54	SC No.8 - Transmission- Secondary	\$ 4.75
SC No.8 - Primary	\$ 4.79	SC No.8 - Primary	\$ 4.95
SC No.8 - Subtransmission - Industrial	\$ 1.43	SC No.8 - Subtransmission - Industrial	\$ 1.48
SC No.8 - Subtransmission - Commercial	\$ 1.43	SC No.8 - Subtransmission - Commercial	\$ 1.48
SC No.8 - Transmission	\$ 6.16	SC No.8 - Transmission	\$ 6.39
 Contract Demand Charge (per month):		 Contract Demand Charge (per month):	
SC No.1	\$ 17.74	SC No.1	\$ 19.47
SC No.2	\$ 15.02	SC No.2	\$ 16.64
 As-Used Demand Charge (per Daily kW):		 As-Used Demand Charge (per Daily kW):	
SC No.3	\$ 0.32118	SC No.3	\$ 0.33667
SC No.7	\$ 0.13562	SC No.7	\$ 0.14225
SC No.8 - Secondary	\$ 0.30545	SC No.8 - Secondary	\$ 0.32346
SC No.8 - Substation	\$ 0.18266	SC No.8 - Transmission- Secondary	\$ 0.19427
SC No.8 - Primary	\$ 0.34146	SC No.8 - Primary	\$ 0.35835
SC No.8 - Subtransmission - Industrial	\$ 0.34652	SC No.8 - Subtransmission - Industrial	\$ 0.36280
SC No.8 - Subtransmission - Commercial	\$ 0.34652	SC No.8 - Subtransmission - Commercial	\$ 0.36280
SC No.8 - Transmission	\$ 0.08665	SC No.8 - Transmission	\$ 0.08888
 As-Used Demand Charge (per kWh):		 As-Used Demand Charge (per kWh):	
SC No.1	\$ 0.02896	SC No.1	\$ 0.02903
SC No.2	\$ 0.02164	SC No.2	\$ 0.02159
Bill Issuance Payment Processing Charge:	\$ 0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 1
Street Lighting Service

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>
<u>Fixtures:</u>		<u>Fixtures:</u>	
Type 1	\$ 7.96953	Type 1	\$ 8.29206
Type 1a	\$ 7.96953	Type 1a	\$ 8.29206
Type 3a	\$ 6.66687	Type 3a	\$ 6.93668
Type 6	\$ 4.99892	Type 6	\$ 5.20123
Type 6a	\$ 4.99892	Type 6a	\$ 5.20123
Type 2	\$ 11.09627	Type 2	\$ 11.54533
Type 2a	\$ 13.43178	Type 2a	\$ 13.97536
Type 2b	\$ 13.80118	Type 2b	\$ 14.35972
Type 3	\$ 7.60177	Type 3	\$ 7.90942
Type 3-2	\$ 11.01486	Type 3-2	\$ 11.46063
Type 3a-2	\$ 9.13630	Type 3a-2	\$ 9.50605
Type 5	\$ 3.22664	Type 5	\$ 3.35722
Type 5a	\$ 1.70523	Type 5a	\$ 1.77424
Type 9	\$ 4.18605	Type 9	\$ 4.35546
Type 9a	\$ 2.42479	Type 9a	\$ 2.52292
Type 9b	\$ 2.74606	Type 9b	\$ 2.85719
Type 9c	\$ 5.26889	Type 9c	\$ 5.48212
Type 9d	\$ 4.64436	Type 9d	\$ 4.83232
Type 10	\$ 9.94077	Type 10	\$ 10.34308
Type 10a	\$ 12.50872	Type 10a	\$ 13.01496
Type 10a-2	\$ 18.35019	Type 10a-2	\$ 19.09283
Type 10c	\$ 12.22550	Type 10c	\$ 12.72027
Type 10-2	\$ 13.51230	Type 10-2	\$ 14.05915
Type 10c-2	\$ 18.08090	Type 10c-2	\$ 18.81264
Type 11	\$ 14.48573	Type 11	\$ 15.07197
Type 11a	\$ 14.72495	Type 11a	\$ 15.32087
Type 11a-2	\$ 22.20818	Type 11a-2	\$ 23.10696
Type 11b	\$ 16.43082	Type 11b	\$ 17.09578
Type 11b-2	\$ 25.92427	Type 11b-2	\$ 26.97343
Type 11-2	\$ 22.03585	Type 11-2	\$ 22.92764
Type 13	\$ 4.23944	Type 13	\$ 4.41102
Type 2d	\$ 13.64975	Type 2d	\$ 14.20215
Type 2e	\$ 17.84017	Type 2e	\$ 18.56216
Type 2f	\$ 12.88948	Type 2f	\$ 13.41112
Type 2g	\$ 12.56329	Type 2g	\$ 13.07172
Type 13a	\$ 7.19384	Type 13a	\$ 7.48498
Type 13b	\$ 4.62269	Type 13a	\$ 4.80977
Type 20	\$ 3.90067	Type 20	\$ 4.05853
Type 20a	\$ 7.53087	Type 20a	\$ 7.83564
Type 20c	\$ 4.24033	Type 20c	\$ 4.41193
Type 21	\$ 3.93394	Type 21	\$ 4.09315
Type 20b	\$ 7.34704	Type 20b	\$ 7.64437
Type 20d	\$ 8.95510	Type 20d	\$ 9.31751
Type 20g	\$ 4.37250	Type 20g	\$ 4.54946
Type 20i	\$ 8.21540	Type 20i	\$ 8.54788
Type 20j	\$ 2.90925	Type 20j	\$ 3.02698
Type 20k	\$ 3.57023	Type 20k	\$ 3.71472
Type 21a	\$ 6.05410	Type 21a	\$ 6.29911
Type 21b	\$ 4.28761	Type 21b	\$ 4.46113
Type C-5	\$ 2.58936	Type C-5	\$ 2.69416
Type C-4a	\$ 9.67379	Type C-4a	\$ 10.06529
Type C-5a	\$ 10.39334	Type C-5a	\$ 10.81396
Type C-6	\$ 5.24351	Type C-6	\$ 5.45571

Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 1 (con't)
Street Lighting Service

		<u>Present Rates</u>			<u>Rate Year 3 Rates</u>
<u>Circuit:</u>			<u>Circuit:</u>		
Overhead Wire	\$	0.01303	Overhead Wire	\$	0.01355
Wood Pole Company Owned	\$	4.25783	Wood Pole Company Owned	\$	4.43014
Wood Pole Jointly Owned	\$	2.12895	Wood Pole Jointly Owned	\$	2.21511
Conduit & Cable	\$	0.09202	Conduit & Cable	\$	0.09574
Buried Cable URD Subdivisions	\$	0.04268	Buried Cable URD Subdivisions	\$	0.04441
Cable in Conduit owned by Others	\$	0.03281	Cable in Conduit owned by Others	\$	0.03413
<u>Lamps:</u>			<u>Lamps:</u>		
1260 Inc	\$	4.44708	1260 Inc	\$	4.62705
2500 Inc	\$	4.11325	2500 Inc	\$	4.27972
2800 Inc	\$	4.34082	2800 Inc	\$	4.51650
2800 Inc (C-5)	\$	12.94332	2800 Inc (C-5)	\$	13.46714
4000 Inc	\$	5.60869	4000 Inc	\$	5.83567
6000 Inc	\$	7.21785	6000 Inc	\$	7.50996
10000 Inc	\$	13.31623	10000 Inc	\$	13.85514
4400 MV	\$	2.61131	4400 MV	\$	2.71699
8500 MV	\$	3.77421	8500 MV	\$	3.92695
13000 MV	\$	5.01763	13000 MV	\$	5.22069
23000 MV	\$	7.61557	23000 MV	\$	7.92378
60000 MV	\$	17.41759	60000 MV	\$	18.12248
4000 HPS	\$	1.19978	4000 HPS	\$	1.24834
5800 HPS	\$	1.54892	5800 HPS	\$	1.61161
9500 HPS	\$	2.08181	9500 HPS	\$	2.16606
16000 HPS	\$	2.92183	16000 HPS	\$	3.04008
27500 HPS	\$	4.89501	27500 HPS	\$	5.09311
50000 HPS	\$	7.32321	50000 HPS	\$	7.61958
140000 HPS	\$	21.28477	140000 HPS	\$	22.14617
6950 Flor "Dusk-to-dawn"	\$	2.91420	6950 Flor "Dusk-to-dawn"	\$	3.03214
6950 Flor "24-hour burning"	\$	4.70077	6950 Flor "24-hour burning"	\$	4.89101
4000 MH	\$	2.69690	4000 MH	\$	2.80604
5850 MH	\$	2.66770	5850 MH	\$	2.77566
10500 MH	\$	2.56751	10500 MH	\$	2.67142
17000 MH	\$	2.57065	17000 MH	\$	2.67469
28800 MH	\$	2.57065	28800 MH	\$	2.67469
Bill Issuance Payment Processing Charge:	\$	0.95	Bill Issuance Payment Processing Charge:	\$	0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 2
Street Lighting Service**

	<u>Present Rates</u>		<u>Rate Year 3 Rates</u>	
24-Hour Burning	\$	0.01569	24-Hour Burning	\$ 0.01632
Dusk-Dawn	\$	0.04394	Dusk-Dawn	\$ 0.04572
Dusk-1:00 am	\$	0.12618	Dusk-1:00 am	\$ 0.13128
Bill Issuance Payment Processing Charge:	\$	0.95	Bill Issuance Payment Processing Charge:	\$ 0.95

**Rochester Gas and Electric Corporation
Electric Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013**

**P.S.C. No. 18 - Electricity - Street Lighting
Service Classification No. 3
Traffic Signal Service**

	<u>Present Rates</u>			<u>Rate Year 3 Rates</u>	
Rate, per billing face	\$	1.53907	Rate, per billing face	\$	1.60136
Bill Issuance Payment Processing Charge:	\$	0.95	Bill Issuance Payment Processing Charge:	\$	0.95

Rochester Gas and Electric Corporation
Gas Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011

		PRESENT RATES		RATE YEAR 1 RATES	
		Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
SC1 & SC5 RATES					
0	3	\$14.38	\$0.00000	\$16.30	\$0.00000
4	100		\$0.17417		\$0.16675
101	500		\$0.16241		\$0.15549
501	1,000		\$0.14358		\$0.13746
1,001	30,000		\$0.08398		\$0.08887
SC3 RATES					
0	1,000	\$409.38	\$0.00000	\$1,000.00	\$0.00000
1,001	30,000		\$0.08429		\$0.04615
30,001	100,000		\$0.06679		\$0.03657
100,001	1,000,000		\$0.02583		\$0.01414
1,000,001	10,000,000		\$0.01333		\$0.00730
SC3HP RATES					
0	1,000	\$879.38	\$0.00000	\$1,470.00	\$0.00000
1,001	30,000		\$0.02717		\$0.02591
30,001	100,000		\$0.02717		\$0.02591
100,001	1,000,000		\$0.02717		\$0.02591
1,000,001	10,000,000		\$0.01403		\$0.00730

**Rochester Gas and Electric Corporation
Gas Department
Retail Delivery Rates
Rate Year 1 - August 26, 2010 - August 31, 2011**

SC6 & SC7 RATES

A. Non-residential Small DG Customer with DG < 5MW and Usage < 35,000 therms

		PRESENT RATES		RATE YEAR 1 RATES			
		<i>Winter (Nov-Mar)</i>		<i>Summer (Apr-Oct)</i>		<i>Winter (Nov-Mar)</i>	
		Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
0	3	\$14.38	\$0.00000	\$14.38	\$0.00000	\$16.30	\$0.00000
4	100		\$0.06596		\$0.05583		\$0.06046
101	500		\$0.05920		\$0.05206		\$0.05637
501	1,000		\$0.05341		\$0.04602		\$0.04984
1,001	30,000		\$0.03084		\$0.02692		\$0.03222

B. Non-residential Small DG Customer with DG < 5MW and Usage ≥ 35,000 therms

0	1,000	\$409.38	\$0.00000	\$409.38	\$0.00000	\$1,000.00	\$0.00000	\$1,000.00	\$0.00000
1,001	30,000		\$0.05499		\$0.04663		\$0.02602		\$0.02209
30,001	100,000		\$0.04476		\$0.03695		\$0.02112		\$0.01750
100,001	1,000,000		\$0.01733		\$0.01429		\$0.00819		\$0.00677
1,000,001	10,000,000		\$0.00906		\$0.00737		\$0.00421		\$0.00349

C. Non-residential Large DG Customer with DG of 5MW to less than 50MW

0	1,000	\$409.38	\$0.00000	\$409.38	\$0.00000	\$1,000.00	\$0.00000	\$1,000.00	\$0.00000
1,001	10,000,000		\$0.00890		\$0.00740		\$0.00420		\$0.00349

Demand Charge per therm of
MDQ > 47 therms:

PRESENT RATES	
Customer Charge	Volumetric Rate
\$14.12	\$0.00000
	\$0.08390

SC8 & SC9 RATES

0	3
4	30,000

RATE YEAR 1 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.00000
	\$0.08533

Rochester Gas and Electric Corporation
Gas Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

		PRESENT RATES		RATE YEAR 2 RATES	
		Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
SC1 & SC5 RATES					
0	3	\$16.30	\$0.00000	\$16.30	\$0.00000
4	100		\$0.16675		\$0.19881
101	500		\$0.15549		\$0.18539
501	1,000		\$0.13746		\$0.16390
1,001	30,000		\$0.08887		\$0.09862
SC3 RATES					
0	1,000	\$1,000.00	\$0.00000	\$1,040.00	\$0.00000
1,001	30,000		\$0.04615		\$0.05361
30,001	100,000		\$0.03657		\$0.04248
100,001	1,000,000		\$0.01414		\$0.01643
1,000,001	10,000,000		\$0.00730		\$0.00848
SC3HP RATES					
0	1,000	\$1,470.00	\$0.00000	\$1,510.00	\$0.00000
1,001	30,000		\$0.02591		\$0.02860
30,001	100,000		\$0.02591		\$0.02860
100,001	1,000,000		\$0.02591		\$0.02860
1,000,001	10,000,000		\$0.00730		\$0.00848

Rochester Gas and Electric Corporation
Gas Department
Retail Delivery Rates
Rate Year 2 - September 1, 2011 - August 31, 2012

SC6 & SC7 RATES

A. Non-residential Small DG Customer with DG < 5MW and Usage < 35,000 therms

		PRESENT RATES		RATE YEAR 2 RATES			
		<i>Winter (Nov-Mar)</i>		<i>Summer (Apr-Oct)</i>		<i>Winter (Nov-Mar)</i>	
Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
0	3	\$16.30	\$0.00000	\$16.30	\$0.00000	\$16.30	\$0.00000
4	100		\$0.07048		\$0.06046		\$0.08412
101	500		\$0.06394		\$0.05637		\$0.07625
501	1,000		\$0.05859		\$0.04984		\$0.06984
1,001	30,000		\$0.03751		\$0.03222		\$0.04162

B. Non-residential Small DG Customer with DG < 5MW and Usage ≥ 35,000 therms

0	1,000	\$1,000.00	\$0.00000	\$1,000.00	\$0.00000	\$1,040.00	\$0.00000	\$1,040.00	\$0.00000
1,001	30,000		\$0.02602		\$0.02209		\$0.03024		\$0.02565
30,001	100,000		\$0.02112		\$0.01750		\$0.02454		\$0.02033
100,001	1,000,000		\$0.00819		\$0.00677		\$0.00952		\$0.00786
1,000,001	10,000,000		\$0.00421		\$0.00349		\$0.00488		\$0.00406

C. Non-residential Large DG Customer with DG of 5MW to less than 50MW

0	1,000	\$1,000.00	\$0.00000	\$1,000.00	\$0.00000	\$1,040.00	\$0.00000	\$1,040.00	\$0.00000
1,001	10,000,000		\$0.00420		\$0.00349		\$0.00490		\$0.00406

Demand Charge per therm of
MDQ > 47 therms:

		\$0.38		\$0.38		\$0.44		\$0.44
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SC8 & SC9 RATES

0	3
4	30,000

PROPOSED YEAR 1 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.00000
	\$0.08533

RATE YEAR 2 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.00000
	\$0.10137

Rochester Gas and Electric Corporation
Gas Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

		PRESENT RATES		RATE YEAR 3 RATES	
		Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
SC1 & SC5 RATES					
0	3	\$16.30	\$0.00000	\$16.30	\$0.00000
4	100		\$0.19881		\$0.23097
101	500		\$0.18539		\$0.21538
501	1,000		\$0.16390		\$0.19041
1,001	30,000		\$0.09862		\$0.10859
SC3 RATES					
0	1,000	\$1,040.00	\$0.00000	\$1,080.00	\$0.00000
1,001	30,000		\$0.05361		\$0.06098
30,001	100,000		\$0.04248		\$0.04832
100,001	1,000,000		\$0.01643		\$0.01869
1,000,001	10,000,000		\$0.00848		\$0.00964
SC3HP RATES					
0	1,000	\$1,510.00	\$0.00000	\$1,550.00	\$0.00000
1,001	30,000		\$0.02860		\$0.03129
30,001	100,000		\$0.02860		\$0.03129
100,001	1,000,000		\$0.02860		\$0.03129
1,000,001	10,000,000		\$0.00848		\$0.00964

Rochester Gas and Electric Corporation
Gas Department
Retail Delivery Rates
Rate Year 3 - September 1, 2012 - August 31, 2013

SC6 & SC7 RATES

A. Non-residential Small DG Customer with DG < 5MW and Usage < 35,000 therms

		PRESENT RATES		RATE YEAR 3 RATES			
		<i>Winter (Nov-Mar)</i>		<i>Summer (Apr-Oct)</i>		<i>Winter (Nov-Mar)</i>	
		Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate	Customer Charge	Volumetric Rate
0	3	\$16.30	\$0.00000	\$16.30	\$0.00000	\$16.30	\$0.00000
4	100		\$0.08412		\$0.07208		\$0.09769
101	500		\$0.07625		\$0.06721		\$0.08858
501	1,000		\$0.06984		\$0.05942		\$0.08111
1,001	30,000		\$0.04162		\$0.03576		\$0.04583
							\$0.07809
							\$0.06904
							\$0.03937

B. Non-residential Small DG Customer with DG < 5MW and Usage ≥ 35,000 therms

0	1,000	\$1,040.00	\$0.00000	\$1,040.00	\$0.00000	\$1,080.00	\$0.00000	\$1,080.00	\$0.00000
1,001	30,000		\$0.03024		\$0.02565		\$0.03440		\$0.02918
30,001	100,000		\$0.02454		\$0.02033		\$0.02791		\$0.02312
100,001	1,000,000		\$0.00952		\$0.00786		\$0.01083		\$0.00894
1,000,001	10,000,000		\$0.00488		\$0.00406		\$0.00556		\$0.00461

C. Non-residential Large DG Customer with DG of 5MW to less than 50MW

0	1,000	\$1,040.00	\$0.00000	\$1,040.00	\$0.00000	\$1,080.00	\$0.00000	\$1,080.00	\$0.00000
1,001	10,000,000		\$0.00490		\$0.00406		\$0.00550		\$0.00461

Demand Charge per therm of
MDQ > 47 therms:

PROPOSED YEAR 2 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.00000
	\$0.10137

SC8 & SC9 RATES

0	3
4	30,000

RATE YEAR 3 RATES	
Customer Charge	Volumetric Rate
\$16.30	\$0.00000
	\$0.11736

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

STIPULATION REGARDING
REVENUE DECOUPLING MECHANISM

Submitted by:

New York State Electric & Gas Corporation
and Rochester Gas and Electric Corporation

New York State Department of Public Service

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

**STIPULATION REGARDING
REVENUE DECOUPLING MECHANISM**

This Stipulation Regarding Revenue Decoupling Mechanism is made by and among New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E" and with NYSEG, the "Companies") and the New York State Department of Public Service Staff ("Staff"). This Stipulation specifically relates to the Revenue Decoupling Mechanism ("RDM") issues raised in the above-referenced proceedings (the "Proceedings").¹ In order to resolve the RDM issues and to limit the scope of the upcoming evidentiary hearings, the Companies and Staff agree as follows:

¹ Direct Testimony of the Revenue Decoupling Mechanism Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Revenue Decoupling Mechanism Panel (RG&E) (filed Sept. 17, 2009); Testimony of Staff Gas Rates Panel (filed Jan. 22, 2010); Testimony of Staff Electric Rates Panel (filed Jan. 22, 2010); Direct Testimony of Frank Radigan (filed Jan. 22, 2010); Rebuttal Testimony of the Revenue Decoupling Mechanism Panel (NYSEG and RG&E) (filed Feb. 12, 2010).

Electric RDM

1. NYSEG and RG&E will each institute a delivery service revenue per class electric RDM at the beginning of the rate year.
2. The electric RDM will apply to the service classifications set forth in Exhibit A hereto. Seasonal electric customers will be excluded from the RDM.
3. Monthly delivery service revenue targets for the applicable service classes will be developed based on the delivery revenue requirement approved by the New York State Public Service Commission ("Commission") in this proceeding.
4. Actual billed delivery service revenues are defined as customer, demand, reactive, and delivery kWh rate components only. Renewable Portfolio Standard, System Benefits Charge ("SBC"), Merchant Function Charge ("MFC"), Non-Bypassable Charge and Temporary State Assessment Surcharge ("TSAS"), which have separate recovery mechanisms, or delivery service revenues derived from an RDM adjustment will not be included as actual billed delivery service revenue.
5. The electric RDM will reconcile per service class actual billed delivery service revenue to allowed delivery service revenue.
6. For each service classification or sub classification subject to the RDM, the Company will, on a monthly basis, compare actual billed delivery service revenue to a delivery service revenue target. If the monthly actual billed delivery service revenue exceeds the delivery service revenue target, the delivery service revenue excess will be accrued for refund to customers at the end of the rate year. Likewise, if the monthly actual billed delivery service revenue is less than the delivery service revenue target, the delivery revenue shortfall will be accrued for recovery from customers at the end of the rate year.
7. At the end of the rate year, total delivery service revenues will be compared to cumulative monthly target revenues for each service classification or sub classification. Any variance from cumulative target revenues will be either refunded/surcharged to customers over the twelve monthly periods of the immediately succeeding rate year. Any surcharge or credit (RDM Adjustment) amount will reflect interest at the then effective other customer deposit rate and will be either recovered or returned on a service classification or sub classification specific basis. The surcharge or credit for each applicable service classification or sub classification shall be determined by dividing the amount to be refunded/surcharged to customers in that service classification or sub classification by estimated kWh or kW deliveries to customers in that service classification or sub classification over a 12 month period, or RDM Adjustment Period. A per kW surcharge or credit will be applied for those classes that do not have a kWh delivery charge and a per kWh surcharge or credit will apply for all other classes.

8. The Company will file the service classification or sub classification specific RDM surcharge/credit rates with the Commission on not less than 30 days notice, to be effective November 1st of each year. Each service classification or sub classification specific RDM surcharge/credit will be identified on a tariff statement.
9. Following each RDM Adjustment Period, any difference between amounts required to be charged or credited to customers in each service classification or sub classification and amounts actually charged or credited will be charged or credited to customers in that service classification or sub classification, with interest, over the subsequent RDM Adjustment period, or as determined by the Commission if no RDM is in effect.
10. In order to prevent large over- or under-collection of balances accruing during the year, an interim surcharge/credit will be triggered when actual total accumulated billed delivery service revenues vary plus or minus 1.25% or more from the total accumulated delivery service target revenues. Interim surcharges or credits will be developed on a service classification or sub classification basis and filed with the Commission on not less than 10 days notice. Each service classification or sub classification specific RDM surcharge/credit will be identified on a tariff statement.
11. The interim surcharge/credit will be limited to no more than one per rate year. The interim surcharge/credit will be recovered and returned over the longer or four months or the end of the rate year.
12. For purposes of comparing actual to target revenues, actual delivery revenue in the first two months of each rate year will be adjusted upward to reverse the effect of pro-ration between old and new rates in actual billed delivery service revenue. This will be accomplished by multiplying actual billing determinants for each RDM applicable service classification or sub classification by the approved rates for the rate year.
13. Flexible rate and New York Power Authority (NYPA) customer migration will be treated symmetrically in the RDM, using the following methodology:
 - a. If a customer moves from a flexible rate contract to an RDM class, the RDM target will increase by the level of revenue forecast for that customer in the rate year under the flexible rate contract pro-rated by the number of months in the new service class, making the Company whole for delivery revenues below the level forecast in the rate year. Any revenue in excess of the forecast will be credited to the RDM class.
 - b. If a customer moves from a RDM class to a flexible rate contract, the RDM target will be decreased by that customer's sales in the flexible rate contract priced out at full tariff rates, making the RDM class whole for delivery revenues from the migrating customer.

- c. In situation (a) and (b) above, the Companies will adjust the RDM targets for the remaining months of the current rate year, and in the subsequent rate years.
14. All sales to low income and economic development rate incentive customers will be priced out at full tariff rates in developing class specific RDM revenue targets and actual revenues for variance and reconciliation purposes.

Gas RDM

15. NYSEG and RG&E will each institute a Revenue Per Customer ("RPC") gas RDM at the beginning of the rate year.
16. The gas RDM will apply to the service classifications set forth in Exhibit A hereto.
17. Monthly weather normalized gas RPC targets will be developed by the Companies based on the delivery revenue requirement approved by the Commission in this Proceeding and the customer counts stipulated to by all parties in this Proceeding. Illustrative targets are attached hereto as Exhibit B.
18. For RG&E, SC1 and SC5 residential customers will be combined into monthly residential RDM targets, and SC1 and SC5 non-residential customers will be combined to establish monthly non-residential RPC targets.
19. For NYSEG, SC1 and SC13 residential customers will be combined into monthly residential RPC targets, and SC2 and SC14 non-residential customers will be combined to establish monthly non-residential RPC targets.
20. Actual billed delivery service revenues per customer will be reconciled to allowed weather normalized delivery service revenues per customer on a monthly basis. Actual delivery service revenues are defined as the revenue received from base delivery rates (customer charges and per-therm delivery rates). Actual delivery service revenues will reflect the weather normalization adjustment clause eliminating the current deadband. SBC, MFC and TSAS, which have separate recovery mechanisms, will not be subject to the RDM.
21. All sales to low income and economic development rate incentive customers will be priced out at full tariff rates in developing revenue per customer targets and actual revenues per customer for variance and reconciliation purposes.
22. At the end of the rate year, actual billed revenues per customer by service class for the entire rate year will be compared to the cumulative monthly targets for the entire rate year. Any variance from the cumulative monthly targets for the rate year will be either surcharged or credited to customers over the twelve monthly periods of the immediately succeeding rate year. Surcharges or credits will be developed on a service class basis. Any surcharge or credit amount will reflect interest at the then effective other customer deposit rate. Any such surcharge or

credit under the annual reconciliation or interim reconciliation process (discussed below) will be recovered or returned through service class specific rates. Surcharges or credits arrived at in the annual reconciliation will reflect amounts already surcharged or refunded through the interim reconciliation process. The reconciliation procedures are shown in Exhibit B attached hereto.

23. The Company will file the class specific RDM surcharge/credit rates with the Commission on not less than 30 days notice, to be effective November 1st of each year. Each class-specific RDM surcharge/credit will be identified on the filed tariff statement.
24. In order to prevent large over- or under-collection of balances accruing during the year, an interim surcharge/credit will be triggered when cumulative actual billed revenues per customer vary plus or minus 1.25% or more from the cumulative target revenues per customer as illustrated in Exhibit B attached hereto. Interim surcharges or credits will be developed on a service class basis to be filed on not less than 10 days notice. Each class-specific RDM surcharge/credit will be identified on the filed tariff statement.
25. The interim surcharge/credit will be limited to no more than one per rate year. The interim surcharge/credit will be recovered and returned over the longer or four months or the end of the rate year.
26. For purposes of comparing actual to target revenues, actual delivery revenue in the first two months of each rate year will be adjusted upward to reverse the effect of pro-ration between old and new rates in actual billed delivery service revenue. This will be accomplished by multiplying actual billing determinants for each RDM applicable service classification by the approved rates for the rate year.

Stipulation Intent

This Stipulation is intended to amicably resolve certain matters for the purposes of the Proceedings and is designed to reduce the issues in controversy to be resolved through a litigated evidentiary hearing. This Stipulation states the position of the Signatories that resolves each of the issues presented. Adequate and sufficient evidence supporting each resolution of an issue will be found in, or within the scope of, the testimonies and exhibits that will be submitted at the evidentiary hearing conducted in the Proceedings. The Signatories request that the Administrative Law Judges adopt the

resolutions reached herein in any Recommended Decision or report and that the Commission adopt them in its final decision in the Proceedings.

Signatories' Support

The Signatories believe that the resolutions reached in this Stipulation are just and reasonable and otherwise in accordance with the New York Public Service Law, the Commission's regulations and applicable Commission orders. Each of the Signatories agrees to support the terms of this Stipulation as just and reasonable, agrees not to take a position in the Proceedings in these matters contrary to the agreements set forth herein, and agrees not to assist another participant in taking such a contrary position in the Proceedings.

Integrated Agreement

The terms of this Stipulation are submitted as an integrated whole. If the Commission does not accept this Stipulation as the basis of the resolution of these issues without change or condition, each Signatory shall have the right to withdraw from this Stipulation upon written notice to the Commission within 10 days of the Commission Order. If the Company gives such notice, this Stipulation shall be deemed withdrawn, it shall not constitute part of the record of the Proceedings or any future proceeding addressing any of the issues within the scope of this Stipulation and it shall not be used in evidence or cited against any Signatory or used for any other purpose.

Settlement Discussions Privileged

The discussions between and among the Signatories that have resulted in this Stipulation have been conducted with the explicit understanding, pursuant to the Commission's regulations, that all written and oral offers, prior proposals of settlement and discussions relating thereto, as well as supporting materials, will remain confidential communications, are without prejudice to the position of any of the Signatories and other entities participating in any such discussions, are not admissible into evidence in the Proceedings or any other proceedings, and will not be used in any manner in connection with the Proceedings, other proceedings, or for any other purpose. As such, each Signatory agrees to maintain the confidentiality of all discussions, all offers of settlement and discussions related thereto, as well as all supporting materials.

No Admission

The making of this Stipulation shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory regarding any allegation, contention, or issue raised in the Proceedings or addressed in this Stipulation.

Stipulation Parameters

This Stipulation is intended to relate only to the specific matters referred to herein and shall have no bearing on the outcome of any other issues in the Proceedings. Nothing in the Stipulation shall determine or constitute a ratemaking principle binding on the Signatories in the future, and no Signatory shall be deemed to have approved, accepted, agreed, or consented for purposes other than these proceedings to any specific ratemaking methodology or principle, accounting treatment, or level of expense or revenue. Nothing in this Stipulation restricts the Companies from initiating new rate proceedings, to the extent permitted in the New York Public Service Law and the

Commission's regulations. The agreements set forth in this Stipulation are solely for the purpose of the above-captioned proceedings and nothing in this Stipulation restricts any signatories to this Stipulation from taking any position or lawful action or making any filing in any future proceedings. Except as expressly set forth herein, nothing in this Stipulation shall impair, diminish, or restrain the rights of any of the Signatories. Nothing in this Stipulation shall be construed to limit the Commission's authority under the New York Public Service Law.

Counterparts

This Stipulation may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

Entire Agreement

This Stipulation, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatories with respect to the matters resolved herein.

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: James A. Lahtinen
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

Date: April __, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: Leonard Van Ryn
Leonard Van Ryn
Staff Counsel

Date: April 14, 2010

Revenue Decoupling Mechanism - NYSEG

1. RDM is applicable to:
 - a. Base revenues
2. RDM is NOT applicable to:
 - a. RPS revenues – Separately reconciled
 - b. SBC revenues – Separately reconciled
 - c. MFC revenues – Separately reconciled
 - d. NBC revenues – Separately reconciled
 - e. DRM revenues – Separately reconciled
 - f. TSAS revenues – Separately reconciled
 - g. NYPA revenues

Applicable Service Classes

Electric

Service Classes Included:

1. SC 1 (Residential)
2. SC 2, 2S, 7-1 (Demand-Billed Secondary)
3. SC 3P, 7-2, 7-3, (Demand-billed Primary and Above)
4. SC 6 (Non-Residential/Non-Demand-Billed)
5. SC 8 (Residential Day/Night)
6. SC 9 (Non-Residential/Non-Demand-Billed Day/Night)
7. SC 12 (Large Residential TOU)

Service Classes Excluded:

1. SC 1L, 2L, 3L, 5 (Lighting)
2. Seasonal Customers
3. SC 3S
4. SC 7-4
5. SC 10 (Buy-back)*
6. SC 11 (Standby) (except for those customers taking standby at OASC rates)
7. SC 13, 14 (Flex contracts)

Note: Electric SC Nos. 2, 3 and 7 include both Industrial/High Load Factor and Non-Industrial/High Load Factor customers.

Gas**Service Classes Included:***Commodity*

1. SC 1 (Residential – all areas)
2. SC 2 (Non Residential – all areas)

Transportation Only

1. SC 1 (Large Firm – all areas)
2. SC 5 (Small Firm – all areas)
3. SC 13 (Residential Aggregation – all areas)
4. SC 14 (Non-Residential Aggregation – all areas)

Service Classes Excluded:*Commodity and Transportation*

1. SC 3 (Interruptible)
2. SC 4 (NGV Sales)*
3. SC 5 (Seasonal Cooling)
4. SC 6 (Standby Sales for Transport Customers)*
5. SC 7 (Cancelled)*
6. SC 8 (Firm Sales to Large General Service – Champlain only)*
7. SC 9 (Industrial Manufacturing – Binghamton only)
8. SC 10 (Non-Residential Distributed Generation sales)*
9. SC 11 (Residential Distributed Generation sales)*

Transportation or Services Only

1. SC 2 (Interruptible)
2. SC 3 (Incremental Interruptible)*
3. SC 6 (NGV transport)*
4. SC 7 (Bypass)
5. SC 11 (Balancing Service)*
6. SC 16 (Non-Residential Distributed Generation)*
7. SC 17 (Balancing Service)*
8. SC 18 (DTI Balancing)*
9. SC 19 (Residential Distributed Generation)*

* Indicates service classes with no revenues.

Revenue Decoupling Mechanism – RG&E

1. RDM is applicable to:
 - a. Base revenues
2. RDM is NOT applicable to:
 - a. RPS revenues – Separately reconciled
 - b. SBC revenues – Separately reconciled
 - c. MFC revenues – Separately reconciled
 - d. NBC revenues – Separately reconciled
 - e. DRM revenues – Separately reconciled
 - f. TSAS revenues – Separately reconciled

Applicable Service Classes

Electric

Service Classes Included (by category grouping for reconciliation):

1. SC 1 (Residential)
2. SC 2 (General Service Small Use)
3. SC 3 (General Service 100 kW Minimum)
4. SC 4–Schedule I, 4-Schedule II (Residential Time-Of-Use)
5. SC 7, 9 (General Service 12 kW Minimum and Grandfathered General Service)
6. SC 8-Secondary, 8-Sub Trans Secondary (Large General Service – Secondary)
7. SC 8-Sub Trans Industrial
8. SC 8-Sub Trans Commercial
9. SC 8-Primary (Large General Service Primary and Above)

Service Classes Excluded:

1. SC 5 (Buy Back)*
2. SC 6 (Area Lighting)
3. SC 8-Transmission
4. SC 10, SC11 (Flex Rates)
5. SC 14 (Standby) (except for those customers taking standby at OASC rates)

6. Street Lighting

Gas

Service Classes Included:

Commodity and Transportation

1. SC 1 (General Service Sales)

Transportation Only

1. SC 3 (Large Transportation)
2. SC 5 (Small Transportation)

Service Classes Excluded:

1. SC 2 (Gas Lighting)*
2. SC 4 (General Service – Economic Development)*
3. SC 6 (Non-Residential Distributed Generation Sales)*
4. SC 7 (Non-Residential Distributed Generation Transport)
5. SC 8 (Residential Distributed Generation Sales)*
6. SC 9 (Residential Distributed Generation Transport)*
7. SC 10 (General Service Distributed Generation)*

* Indicates service classes with no revenues.

RDM - Calculation of Targets**RG&E Gas - Case 09-G-0718**

	SC1	SC5	Total SC1/SC5
SC1/SC5 - Residential	Residential	Residential	Residential
Net Base Delivery Revenue Forecast - Rate Year 1	\$ 71,419,500	\$ 16,045,500	\$ 87,465,000
Eliminate Low Income Discounts	<u>5,596,800</u>	<u>-</u>	<u>5,596,800</u>
Gross Base Delivery Revenue Forecast	\$ 77,016,300	\$ 16,045,500	\$ 93,061,800
Forecasted Customers (avg.)	230,643	48,636	<u>277,278</u>
Revenue per Customer (RPC) Target			\$ 335.63

	SC1	SC5	Total SC1/SC5
SC1/SC5 - Small Volume Non-Residential	Non-Res	Non-Res	Non-Res
Net Base Delivery Revenue Forecast - Rate Year 1	\$ 7,309,600	\$ 7,590,500	\$ 14,900,100
Eliminate Economic Development Discounts	<u>12,100</u>	<u>14,700</u>	<u>26,800</u>
Gross Base Delivery Revenue Forecast	\$ 7,321,700	\$ 7,605,200	\$ 14,926,900
Forecasted Customers (avg.)	13,583	8,904	<u>22,487</u>
Revenue per Customer (RPC) Target			\$ 663.61

	Total SC3
SC3 - Large Volume Non-Residential	
Net Base Delivery Revenue Forecast - Rate Year 1	\$ 10,544,500
Eliminate Economic Development Discounts	<u>95,300</u>
Gross Base Delivery Revenue Forecast	\$ 10,639,800
Forecasted Customers (avg.)	<u>565</u>
Revenue per Customer (RPC) Target	\$ 18,842.62

Notes:

1. This example uses forecasted revenues at present rates from workpaper "RGE Gas Rate Year Revenue Forecast.xls", original filing.
2. Base Delivery Revenue is revenue from basic service charges and volumetric delivery charges only. This illustration does not include bill issuance charges.

This illustration does not include bill issuance charges.

**RDM - Illustration of Reconciliation
RG&E Gas - Case 09-G-0718**

	SC1	SC5	Total SC1/SC5
	<u>Residential</u>	<u>Residential</u>	<u>Residential</u>
SC1/SC5 - Residential			
Actual Base Delivery Revenue	\$ 69,991,110	\$ 18,205,955	\$ 88,197,065
Actual WNA Revenue	1,450,000	254,000	1,704,000
Eliminate Low Income Discounts	<u>2,500,000</u>	<u>175,000</u>	<u>2,675,000</u>
Subtotal	\$ 73,941,110	\$ 18,634,955	\$ 90,576,065
Actual Customers (avg.)	231,104	46,729	277,833
Revenue per Customer - Actual			\$ 326.01
Revenue per Customer - Target			\$ 335.63
RPC Variance (Actual minus Target)			\$ (9.62)
Revenue Variance (Actual Customers x RPC Variance)			\$ (2,871,856)
Forecasted Therms - Year 2			270,000,000
RDM Surcharge (Credit) per Therm - Year 2			\$ 0.00960

	SC1	SC5	Total SC1/SC5
	<u>Non-Res</u>	<u>Non-Res</u>	<u>Non-Res</u>
SC1/SC5 - Small Volume Non-Residential			
Actual Base Delivery Revenue	\$ 7,455,792	\$ 7,818,215	\$ 15,274,007
Actual WNA Revenue	175,000	85,000	260,000
Eliminate Economic Development Discounts	<u>10,000</u>	<u>8,000</u>	<u>18,000</u>
Subtotal	\$ 7,640,792	\$ 7,911,215	\$ 15,552,007
Actual Customers (avg.)	13,542	8,877	22,419
Revenue per Customer - Actual			\$ 693.69
Revenue per Customer - Target			\$ 663.81
RPC Variance (Actual minus Target)			\$ 29.88
Revenue Variance (Actual Customers x RPC Variance)			\$ 669,885
Forecasted Therms - Year 2			82,000,000
RDM Surcharge (Credit) per Therm - Year 2			\$ (0.00817)

	SC3
	<u>Non-Res</u>
SC3 - Large Volume Non-Residential	
Actual Base Delivery Revenue	\$ 10,755,390
Actual WNA Revenue	150,000
Eliminate Economic Development Discounts	<u>120,000</u>
Subtotal	\$ 11,025,390
Actual Customers (avg.)	559
Revenue per Customer - Actual	\$ 19,722.71
Revenue per Customer - Target	\$ 18,842.62
RPC Variance (Actual minus Target)	\$ 880.09
Revenue Variance (Actual Customers x RPC Variance)	\$ 491,988
Forecasted Therms - Year 2	145,000,000
RDM Surcharge (Credit) per Therm - Year 2	\$ (0.00339)

Notes:

1. This example uses annual amounts. Actual data will be tracked monthly to determine if an interim reconciliation is required per the terms of the JP.
2. Base Delivery Revenue is revenue from basic service charges and volumetric delivery charges only. This illustration does not include bill issuance charges.

RDM - Calculation of Targets
NYSEG Gas - Case 09-G-0716

SC13/SC13T - Residential	SC13/SC13T
	Residential
Net Base Delivery Revenue Forecast - Rate Year 1	\$ 84,861,527
Eliminate Low Income Discounts	<u>2,823,970</u>
Gross Base Delivery Revenue Forecast	\$ 87,685,497
Forecasted Customers (avg.)	<u>228,765</u>
Revenue per Customer (RPC) Target	\$ 383.30

SC23/SC14T - Non-Residential	SC23/SC14T
	Non-Res
Net Base Delivery Revenue Forecast - Rate Year 1	\$ 31,503,429
Eliminate Economic Development Discounts	<u>162,679</u>
Gross Base Delivery Revenue Forecast	\$ 31,666,108
Forecasted Customers (avg.)	<u>39,710</u>
Revenue per Customer (RPC) Target	\$ 1,031.78

SC1T - Firm Transportation	SC1T
Net Base Delivery Revenue Forecast - Rate Year 1	\$ 4,550,559
Eliminate Economic Development Discounts	<u>500,000</u>
Gross Base Delivery Revenue Forecast	\$ 5,050,559
Forecasted Customers (avg.)	<u>116</u>
Revenue per Customer (RPC) Target	\$ 43,728.64

SC5T - Small Firm Transportation	SC5T
Net Base Delivery Revenue Forecast - Rate Year 1	\$ 5,098,308
Eliminate Economic Development Discounts	<u>42,321</u>
Gross Base Delivery Revenue Forecast	\$ 5,141,629
Forecasted Customers (avg.)	<u>483</u>
Revenue per Customer (RPC) Target	\$ 10,648.87

Other Service Classes	
SC3S	\$ 1,271,222
SC5S	157
SC9S	38,188
SC2T	2,514,437
SC7T	<u>1,954,402</u>
Total Gross Base Delivery Revenue Other Service Classes	\$ 5,778,386

BSPP \$ 2,185,311

Gross Base Delivery Charges (NYSEGDRP-6) Rebuttal Update \$ 137,527,988

Notes:

1. This example uses forecasted revenues at present rates from "Model - NYSEG Gas Revenue Rate Year - Rebuttal -2-12-10.xls"
2. Base Delivery Revenue is revenue from basic service charges and volumetric delivery charges only. This illustration does not include bill issuance charges.

This illustration does not include bill issuance charges.

RDM - Illustration of Reconciliation
NYSEG Gas - Case 09-G-0716

SC15/SC13T - Residential	SC16/SC13T Residential
Actual Base Delivery Revenue	\$ 86,556,166
Actual WMA Revenue	150,000
Eliminate Low Income Discounts	2,000,000
Subtotal	\$ 88,706,166
Actual Customers (avg.)	228,478
Revenue per Customer - Actual	\$ 388.66
Revenue per Customer - Target	\$ 383.30
RPC Variance (Actual minus Target)	\$ 5.36
Revenue Variance (Actual Customers * RPC Variance)	\$ 1,800,128
Forecasted Therms - Year 2	236,000,000
RDM Surcharge (Credit) per Therm - Year 2	\$ (0.00806)

SC23/SC14T - Non-Residential	SC28/SC14T Non-Res
Actual Base Delivery Revenue	\$ 32,133,498
Actual WMA Revenue	150,000
Eliminate Economic Development Discounts	100,000
Subtotal	\$ 32,383,498
Actual Customers (avg.)	30,463
Revenue per Customer - Actual	\$ 1,063.14
Revenue per Customer - Target	\$ 1,031.78
RPC Variance (Actual minus Target)	\$ 31.36
Revenue Variance (Actual Customers * RPC Variance)	\$ 1,014,260
Forecasted Therms - Year 2	128,000,000
RDM Surcharge (Credit) per Therm - Year 2	\$ (0.00811)

SC1T - Firm Transportation	SC1T
Actual Base Delivery Revenue	\$ 4,641,871
Actual WMA Revenue	150,000
Eliminate Economic Development Discounts	500,000
Subtotal	\$ 5,291,871
Actual Customers (avg.)	114
Revenue per Customer - Actual	\$ 46,428.12
Revenue per Customer - Target	\$ 43,728.64
RPC Variance (Actual minus Target)	\$ 2,699.48
Revenue Variance (Actual Customers * RPC Variance)	\$ 287,520
Forecasted Therms - Year 2	64,000,000
RDM Surcharge (Credit) per Therm - Year 2	\$ (0.00464)

SC5T - Small Firm Transportation	SC5T
Actual Base Delivery Revenue	\$ 6,201,294
Actual WMA Revenue	150,000
Eliminate Economic Development Discounts	50,000
Subtotal	\$ 6,401,294
Actual Customers (avg.)	478
Revenue per Customer - Actual	\$ 13,392.06
Revenue per Customer - Target	\$ 10,648.87
RPC Variance (Actual minus Target)	\$ 2,743.19
Revenue Variance (Actual Customers * RPC Variance)	\$ 311,082
Forecasted Therms - Year 2	28,000,000
RDM Surcharge (Credit) per Therm - Year 2	\$ (0.01111)

Notes

1. This example uses actual amounts. Actual data will be tracked monthly to determine if an interim reconciliation is required per the terms of the JP.
2. Base Delivery Revenue is revenue from basic service charges and volumetric delivery charges only. This illustration does not include bill issuance charges.

New York State Gas & Electric Corporation
Electric Business
RDM Targets
Customers by Service Class

Rate Year 1

<u>Included Service Classes</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>
SC 1		611,020	610,037	609,174	608,966	608,991	609,288	609,736	611,195	612,653	612,800	613,445
SC 2		39,972	39,794	40,003	39,883	39,706	39,521	38,983	39,255	39,599	40,325	40,408
SC 2S		356	354	351	350	349	348	335	335	344	344	361
SC 3P		261	262	260	259	259	263	261	253	263	261	261
SC 6		62,799	62,628	62,096	62,373	62,622	62,714	63,497	63,832	64,010	63,352	63,339
SC 7-1		3,525	3,507	3,500	3,490	3,481	3,482	3,482	3,492	3,507	3,582	3,577
SC 7-2		392	392	388	390	389	387	385	377	388	397	396
SC 7-3		146	145	144	145	145	145	143	141	145	145	146
SC 8		136,223	135,963	135,591	135,468	135,461	135,577	136,037	136,237	136,395	137,042	137,011
SC 9		2,103	2,090	2,073	2,068	2,061	2,065	2,194	2,190	2,183	2,154	2,143
SC 12		4,369	4,361	4,355	4,352	4,352	4,355	4,360	4,370	4,379	4,383	4,388
TOTAL		861,166	859,533	857,935	857,744	857,816	858,145	859,413	861,677	863,866	864,785	865,475

Rate Year 2

<u>Included Service Classes</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>
SC 1	613,482	613,326	612,335	611,465	611,416	611,654	612,058	613,246	614,673	615,971	615,383	615,953
SC 2	40,297	40,083	39,904	40,113	39,993	39,818	39,631	39,092	39,364	39,712	40,436	40,517
SC 2S	360	358	355	352	352	350	349	336	337	346	344	363
SC 3P	262	263	264	262	262	261	263	261	256	265	263	261
SC 6	63,158	62,975	62,805	62,270	62,359	62,369	62,360	62,513	62,852	63,159	63,261	63,292
SC 7-1	3,580	3,535	3,515	3,505	3,509	3,510	3,505	3,511	3,527	3,544	3,553	3,555
SC 7-2	393	393	391	391	390	390	387	386	379	390	398	397
SC 7-3	147	147	146	146	146	146	145	143	141	145	143	144
SC 8	136,930	136,737	136,474	136,101	135,977	135,969	136,082	136,540	136,741	136,894	137,540	137,507
SC 9	2,115	2,110	2,096	2,077	2,079	2,079	2,080	2,085	2,097	2,107	2,110	2,111
SC 12	4,387	4,385	4,377	4,371	4,368	4,369	4,371	4,376	4,386	4,395	4,400	4,403
TOTAL	865,111	864,312	862,662	861,053	860,851	860,915	861,231	862,489	864,753	866,928	867,831	868,503

Rate Year 3

<u>Included Service Classes</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>
SC 1	615,955	615,822	614,862	613,631	613,570	613,795	614,188	615,365	616,781	618,078	617,487	618,058
SC 2	40,409	40,195	40,015	40,223	40,103	39,929	39,740	39,200	39,472	39,823	40,548	40,630
SC 2S	361	358	357	354	354	350	350	337	337	346	344	363
SC 3P	266	266	266	263	264	265	265	265	257	266	264	263
SC 6	63,118	62,871	62,644	62,445	62,534	62,545	62,536	62,689	63,027	63,334	63,438	63,468
SC 7-1	3,546	3,534	3,524	3,514	3,518	3,517	3,513	3,517	3,535	3,551	3,561	3,564
SC 7-2	394	394	393	392	392	391	388	386	379	390	398	396
SC 7-3	146	147	146	146	145	145	145	144	142	145	142	144
SC 8	137,422	137,227	136,960	136,585	136,456	136,445	136,555	137,013	137,209	137,363	138,009	137,976
SC 9	2,105	2,096	2,090	2,083	2,086	2,086	2,085	2,091	2,101	2,111	2,116	2,116
SC 12	4,402	4,401	4,393	4,386	4,384	4,384	4,386	4,391	4,401	4,411	4,415	4,418
TOTAL	868,124	867,311	865,650	864,022	863,806	863,852	864,151	865,398	867,641	869,818	870,722	871,396

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

New York State Gas & Electric Corporation
Electric Business
RDM Targets
Usage by Service Class (KWH)

Rate Year 1

Included Service Classes	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Total
SC 1		330,217,239	327,527,847	383,143,122	436,476,949	393,720,347	387,633,550	362,982,006	325,017,791	318,169,630	362,209,331	374,206,547	4,001,304,359
SC 2		222,748,532	226,366,077	240,992,925	254,618,113	245,013,488	244,733,402	242,523,379	219,446,585	234,092,859	257,676,690	262,611,956	2,650,824,007
SC 2S		322,434	489,525	821,837	1,015,018	1,006,919	725,192	596,484	369,749	413,847	388,237	392,460	6,541,700
SC 3P		10,381,329	11,955,910	11,845,684	12,352,737	11,912,162	12,301,219	12,175,979	11,094,779	11,585,062	11,456,778	12,130,815	129,192,455
SC 6		19,819,618	21,658,218	24,742,356	28,769,173	26,859,171	26,879,241	24,749,197	21,575,024	20,749,315	22,370,432	24,648,359	262,820,104
SC 7-1		123,718,271	123,150,902	128,559,536	131,546,487	128,458,160	132,254,245	130,686,267	122,159,755	125,759,974	142,112,162	134,654,252	1,423,060,011
SC 7-2		153,287,042	146,248,848	141,460,694	138,423,676	151,224,233	145,755,634	144,498,871	150,408,073	147,975,260	153,078,301	154,465,405	1,626,826,038
SC 7-3		92,210,184	100,217,381	97,949,295	104,945,598	101,046,281	95,003,163	101,573,666	102,280,675	93,557,988	105,038,070	108,794,958	1,102,617,259
SC 8		105,922,911	125,052,687	165,925,131	206,673,637	190,095,235	181,580,762	148,760,312	116,737,116	101,064,833	101,870,084	103,839,114	1,547,521,821
SC 9		1,268,317	1,508,636	2,012,590	2,519,002	2,427,336	2,362,588	1,789,512	1,310,471	1,281,499	1,424,995	1,495,829	19,400,776
SC 12		14,322,804	16,648,135	16,399,663	24,659,039	20,363,177	23,899,058	17,279,628	17,914,784	14,369,974	17,575,774	14,293,972	197,726,008
TOTAL	1,074,218,681	1,100,824,167	1,213,852,833	1,341,999,428	1,272,126,508	1,253,128,057	1,187,615,301	1,088,314,803	1,069,020,241	1,175,200,856	1,191,533,667	1,296,834,540	

Rate Year 2

Included Service Classes	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Total
SC 1	376,561,101	326,638,522	328,524,995	380,881,474	437,806,712	398,080,278	392,707,435	369,936,780	331,576,620	321,371,804	365,494,172	374,984,801	4,404,564,695
SC 2	258,124,825	226,580,123	229,862,579	244,765,230	258,961,083	249,429,500	249,182,164	246,732,253	223,390,638	238,457,921	262,526,385	267,614,805	2,955,627,507
SC 2S	332,750	327,576	496,578	833,353	1,029,803	1,022,073	736,358	605,678	376,060	420,784	395,302	399,521	6,975,838
SC 3P	11,548,984	10,619,922	12,157,657	12,034,641	12,560,189	12,132,780	12,519,021	12,368,931	11,281,668	11,787,488	11,658,773	12,351,840	143,021,894
SC 6	23,222,380	20,063,113	21,934,698	25,056,426	29,155,264	27,261,853	27,286,593	25,139,413	21,922,624	21,092,861	22,741,001	25,042,665	289,918,891
SC 7-1	138,387,498	126,249,077	125,506,563	131,017,604	134,682,775	131,581,898	135,699,650	133,577,375	125,065,533	128,858,713	145,561,567	138,042,568	1,594,230,822
SC 7-2	154,102,999	157,769,609	150,196,283	145,318,921	143,826,056	157,425,822	151,571,895	148,976,081	155,543,839	153,233,008	158,544,130	160,465,517	1,836,974,159
SC 7-3	104,193,720	95,001,572	103,257,052	100,876,729	109,921,185	105,928,544	99,396,437	105,165,068	106,234,737	97,381,077	109,309,435	113,745,057	1,250,410,613
SC 8	107,076,471	104,779,937	125,434,482	164,945,742	207,303,190	192,199,574	183,957,285	151,609,146	119,091,861	102,081,128	102,792,723	104,052,367	1,665,323,909
SC 9	1,640,500	1,281,576	1,526,877	2,035,619	2,551,168	2,463,140	2,398,763	1,818,595	1,332,180	1,302,697	1,449,015	1,518,997	21,319,126
SC 12	18,718,378	14,170,815	16,700,312	16,304,489	24,735,664	20,588,694	24,211,962	17,610,079	18,275,494	14,514,782	17,735,778	14,323,885	217,890,332
TOTAL	1,193,909,609	1,083,481,842	1,115,598,076	1,224,070,229	1,362,533,089	1,298,114,155	1,279,667,565	1,213,539,398	1,114,091,254	1,090,502,263	1,198,208,281	1,212,542,025	14,386,257,787

Rate Year 3

Included Service Classes	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Total
SC 1	378,464,903	327,307,630	332,160,840	382,805,526	442,654,438	404,899,324	399,830,947	378,150,108	338,940,774	326,549,793	371,010,212	378,755,976	4,461,530,471
SC 2	263,238,957	231,207,109	234,216,767	249,417,544	263,309,196	253,451,692	253,186,335	250,531,868	226,826,634	241,889,950	266,455,735	271,987,365	3,005,719,152
SC 2S	338,837	333,274	504,584	845,969	1,045,465	1,036,583	746,774	613,863	381,501	426,254	400,511	404,851	7,078,466
SC 3P	11,773,270	10,827,088	12,384,815	12,256,814	12,754,143	12,323,272	12,703,892	12,549,610	11,446,722	11,957,667	11,843,644	12,578,178	145,399,116
SC 6	23,595,711	20,390,848	22,281,530	25,442,091	29,592,516	27,661,178	27,681,925	25,478,236	22,220,608	21,365,896	23,016,984	25,340,964	294,068,488
SC 7-1	142,252,379	130,097,956	129,060,511	134,510,493	137,534,865	134,245,764	138,610,147	136,282,172	127,648,617	131,272,228	148,862,330	141,731,431	1,632,108,893
SC 7-2	161,035,978	165,539,117	157,111,546	151,605,484	148,140,917	162,202,346	156,155,979	153,389,595	160,213,074	157,381,024	164,786,738	168,614,963	1,906,176,762
SC 7-3	109,534,602	100,169,533	108,958,845	105,812,721	113,797,926	109,636,667	102,832,072	108,719,955	109,840,578	100,369,523	114,307,160	120,692,740	1,304,672,322
SC 8	107,616,735	104,994,589	126,822,107	165,777,972	209,598,051	195,491,228	187,293,237	154,973,638	121,735,627	103,724,985	104,343,280	105,098,076	1,687,469,526
SC 9	1,666,875	1,301,629	1,550,763	2,065,868	2,589,548	2,500,295	2,435,207	1,843,777	1,350,802	1,320,094	1,466,909	1,537,169	21,628,936
SC 12	18,814,350	14,200,457	16,885,458	16,387,546	25,009,828	20,941,014	24,649,970	17,999,965	18,680,093	14,748,383	18,002,688	14,467,842	220,787,593
TOTAL	1,218,332,596	1,106,369,231	1,141,937,766	1,246,928,025	1,386,026,894	1,324,389,363	1,306,126,486	1,240,532,788	1,139,285,032	1,111,005,797	1,224,496,192	1,241,209,556	14,686,639,726

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year

New York State Gas & Electric Corporation
Electric Business
RDM Targets
Revenue by Service Class (\$000)

Rate Year 1

<u>Included Service Classes</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Total</u>
SC 1	\$ 19,337	\$ 19,240	\$ 20,929	\$ 22,558	\$ 21,250	\$ 21,068	\$ 20,320	\$ 19,181	\$ 18,993	\$ 20,343	\$ 20,720	\$ 223,938	
SC 2	\$ 7,690	\$ 7,138	\$ 7,279	\$ 7,797	\$ 7,251	\$ 7,992	\$ 7,833	\$ 7,559	\$ 8,118	\$ 8,232	\$ 8,255	\$ 85,143	
SC 2S	\$ 3	\$ 5	\$ 8	\$ 10	\$ 10	\$ 7	\$ 6	\$ 4	\$ 4	\$ 4	\$ 4	\$ 67	
SC 3P	\$ 200	\$ 212	\$ 205	\$ 204	\$ 197	\$ 212	\$ 216	\$ 204	\$ 216	\$ 208	\$ 216	\$ 2,291	
SC 6	\$ 1,667	\$ 1,722	\$ 1,810	\$ 1,941	\$ 1,885	\$ 1,887	\$ 1,833	\$ 1,739	\$ 1,716	\$ 1,756	\$ 1,828	\$ 19,784	
SC 7-1	\$ 3,032	\$ 2,824	\$ 2,890	\$ 2,973	\$ 2,812	\$ 3,015	\$ 3,116	\$ 3,008	\$ 3,078	\$ 3,272	\$ 3,156	\$ 33,176	
SC 7-2	\$ 2,242	\$ 2,060	\$ 2,061	\$ 2,027	\$ 2,084	\$ 2,105	\$ 2,075	\$ 2,185	\$ 2,264	\$ 2,202	\$ 2,201	\$ 23,506	
SC 7-3	\$ 546	\$ 542	\$ 561	\$ 598	\$ 549	\$ 540	\$ 578	\$ 547	\$ 537	\$ 587	\$ 586	\$ 6,170	
SC 8	\$ 5,296	\$ 5,819	\$ 6,942	\$ 8,065	\$ 7,607	\$ 7,374	\$ 6,475	\$ 5,595	\$ 5,164	\$ 5,198	\$ 5,252	\$ 68,787	
SC 9	\$ 79	\$ 86	\$ 101	\$ 116	\$ 113	\$ 111	\$ 96	\$ 82	\$ 81	\$ 85	\$ 86	\$ 1,035	
SC 12	\$ 560	\$ 634	\$ 626	\$ 888	\$ 751	\$ 864	\$ 654	\$ 674	\$ 562	\$ 664	\$ 559	\$ 7,434	
TOTAL	\$ 40,652	\$ 40,282	\$ 43,411	\$ 47,177	\$ 44,510	\$ 45,174	\$ 43,202	\$ 40,777	\$ 40,733	\$ 42,550	\$ 42,863	\$ 471,333	

Rate Year 2

Included Service Classes	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Total
SC 1	\$ 21,245	\$ 19,655	\$ 19,700	\$ 21,352	\$ 23,161	\$ 21,901	\$ 21,737	\$ 21,030	\$ 19,832	\$ 19,527	\$ 20,921	\$ 21,232	\$ 251,292
SC 2	\$ 8,579	\$ 7,980	\$ 7,402	\$ 7,554	\$ 8,100	\$ 7,545	\$ 8,304	\$ 8,132	\$ 7,849	\$ 8,429	\$ 8,561	\$ 8,586	\$ 97,019
SC 2S	\$ 5	\$ 5	\$ 7	\$ 13	\$ 15	\$ 15	\$ 11	\$ 9	\$ 6	\$ 6	\$ 6	\$ 6	\$ 105
SC 3P	\$ 228	\$ 209	\$ 220	\$ 213	\$ 212	\$ 206	\$ 220	\$ 224	\$ 212	\$ 225	\$ 216	\$ 225	\$ 2,609
SC 6	\$ 1,818	\$ 1,714	\$ 1,771	\$ 1,861	\$ 1,994	\$ 1,934	\$ 1,934	\$ 1,868	\$ 1,771	\$ 1,750	\$ 1,804	\$ 1,878	\$ 22,099
SC 7-1	\$ 3,245	\$ 3,156	\$ 2,942	\$ 3,006	\$ 3,100	\$ 2,938	\$ 3,162	\$ 3,247	\$ 3,143	\$ 3,221	\$ 3,408	\$ 3,291	\$ 37,860
SC 7-2	\$ 2,293	\$ 2,363	\$ 2,150	\$ 2,144	\$ 2,124	\$ 2,191	\$ 2,215	\$ 2,175	\$ 2,301	\$ 2,384	\$ 2,313	\$ 2,320	\$ 26,973
SC 7-3	\$ 595	\$ 571	\$ 569	\$ 581	\$ 620	\$ 574	\$ 565	\$ 607	\$ 573	\$ 566	\$ 614	\$ 620	\$ 7,055
SC 8	\$ 5,443	\$ 5,374	\$ 5,959	\$ 7,082	\$ 8,290	\$ 7,858	\$ 7,625	\$ 6,708	\$ 5,783	\$ 5,299	\$ 5,331	\$ 5,366	\$ 76,117
SC 9	\$ 92	\$ 81	\$ 88	\$ 104	\$ 120	\$ 117	\$ 115	\$ 97	\$ 82	\$ 82	\$ 86	\$ 88	\$ 1,153
SC 12	\$ 715	\$ 567	\$ 649	\$ 636	\$ 911	\$ 776	\$ 894	\$ 679	\$ 701	\$ 578	\$ 683	\$ 572	\$ 8,361
TOTAL	\$ 44,257	\$ 41,675	\$ 41,459	\$ 44,545	\$ 48,647	\$ 46,055	\$ 46,782	\$ 44,776	\$ 42,252	\$ 42,068	\$ 43,944	\$ 44,184	\$ 530,642

Rate Year 3

Included Service Classes	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Total
SC 1	\$ 21,907	\$ 20,202	\$ 20,349	\$ 22,016	\$ 24,008	\$ 22,755	\$ 22,592	\$ 21,888	\$ 20,604	\$ 20,211	\$ 21,682	\$ 21,949	\$ 260,161
SC 2	\$ 8,969	\$ 8,353	\$ 7,738	\$ 7,898	\$ 8,445	\$ 7,864	\$ 8,652	\$ 8,467	\$ 8,175	\$ 8,767	\$ 8,915	\$ 8,951	\$ 101,194
SC 2S	\$ 5	\$ 4	\$ 7	\$ 11	\$ 14	\$ 14	\$ 10	\$ 8	\$ 5	\$ 6	\$ 5	\$ 5	\$ 95
SC 3P	\$ 239	\$ 219	\$ 230	\$ 222	\$ 221	\$ 214	\$ 229	\$ 233	\$ 220	\$ 234	\$ 225	\$ 235	\$ 2,722
SC 6	\$ 1,877	\$ 1,769	\$ 1,826	\$ 1,926	\$ 2,062	\$ 1,999	\$ 2,000	\$ 1,931	\$ 1,831	\$ 1,809	\$ 1,864	\$ 1,940	\$ 22,835
SC 7-1	\$ 3,407	\$ 3,324	\$ 3,105	\$ 3,165	\$ 3,238	\$ 3,071	\$ 3,319	\$ 3,392	\$ 3,288	\$ 3,367	\$ 3,562	\$ 3,453	\$ 39,690
SC 7-2	\$ 2,424	\$ 2,535	\$ 2,286	\$ 2,268	\$ 2,228	\$ 2,297	\$ 2,329	\$ 2,287	\$ 2,429	\$ 2,510	\$ 2,446	\$ 2,478	\$ 28,518
SC 7-3	\$ 628	\$ 607	\$ 607	\$ 610	\$ 641	\$ 596	\$ 590	\$ 646	\$ 603	\$ 595	\$ 648	\$ 669	\$ 7,439
SC 8	\$ 5,595	\$ 5,514	\$ 6,159	\$ 7,312	\$ 8,615	\$ 8,194	\$ 7,952	\$ 6,998	\$ 6,012	\$ 5,478	\$ 5,508	\$ 5,530	\$ 78,866
SC 9	\$ 95	\$ 84	\$ 91	\$ 107	\$ 124	\$ 121	\$ 119	\$ 101	\$ 85	\$ 85	\$ 89	\$ 91	\$ 1,193
SC 12	\$ 737	\$ 583	\$ 673	\$ 656	\$ 945	\$ 808	\$ 933	\$ 710	\$ 733	\$ 601	\$ 710	\$ 592	\$ 8,681
TOTAL	\$ 45,884	\$ 43,193	\$ 43,071	\$ 46,191	\$ 50,539	\$ 47,933	\$ 48,725	\$ 46,660	\$ 43,986	\$ 43,663	\$ 45,656	\$ 45,893	\$ 551,395

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

New York State Gas & Electric Corporation
Gas Business
RDM Targets
Customers by Service Class

Rate Year 1

<u>Included Service Classes</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>
SC 1S / SC 13T Residential	229,209	229,209	229,892	230,483	230,528	230,722	230,870	231,556	230,818	229,986	229,339	229,031
SC 2S / SC 14T Non-Residential	29,139	29,139	29,469	29,747	30,439	30,382	30,393	29,275	29,171	29,056	28,961	28,989
SC 1T Large Firm Transportation	98	98	98	98	99	99	100	98	98	100	99	100
SC 5T Small Firm Transportation	394	394	394	394	403	403	404	399	398	399	401	402
Total	258,840	258,840	259,853	260,722	261,469	261,606	261,767	261,328	260,485	259,541	258,800	258,522

Rate Year 2

<u>Included Service Classes</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>
SC 1S / SC 13T Residential	229,362	229,703	230,398	231,014	231,502	231,484	231,491	232,064	231,329	230,492	229,854	229,564
SC 2S / SC 14T Non-Residential	28,727	29,227	29,545	29,808	30,074	30,242	30,413	29,371	29,268	29,156	29,066	29,085
SC 1T Large Firm Transportation	115	115	115	115	118	117	117	121	123	126	124	125
SC 5T Small Firm Transportation	477	483	490	493	500	503	501	524	531	537	532	530
Total	258,681	259,528	260,548	261,430	262,194	262,346	262,522	262,080	261,251	260,311	259,576	259,304

Rate Year 3

<u>Included Service Classes</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>
SC 1S / SC 13T Residential	229,967	230,312	231,008	231,621	232,118	232,097	232,103	232,644	231,900	231,054	230,411	230,118
SC 2S / SC 14T Non-Residential	28,848	29,338	29,654	29,916	30,171	30,340	30,506	29,492	29,391	29,281	29,193	29,213
SC 1T Large Firm Transportation	125	125	124	124	128	127	126	131	132	136	134	134
SC 5T Small Firm Transportation	526	532	539	542	548	550	548	572	581	589	581	580
Total	259,466	260,307	261,325	262,203	262,965	263,114	263,283	262,839	262,004	261,060	260,319	260,045

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year

New York State Gas & Electric Corporation
Gas Business
RDM Targets
Usage by Service Class (Therms)

Rate Year 1

<u>Included Service Classes</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Total</u>
SC 1S / SC 13T Residential		7,726,928	15,686,200	28,333,968	36,573,969	40,970,180	35,449,475	28,674,672	15,085,781	8,666,661	4,763,688	3,817,388	225,748,910
SC 2S / SC 14T Non-Residential		4,316,237	8,994,557	13,165,930	18,546,510	21,730,279	18,029,428	13,509,177	6,616,924	4,165,437	3,137,940	2,782,780	114,995,198
SC 1T Large Firm Transportation		4,602,498	5,587,734	6,692,936	6,927,309	7,037,780	7,013,038	6,202,981	4,338,374	5,547,964	4,200,535	4,414,619	62,565,769
SC 5T Small Firm Transportation		1,537,557	2,364,382	3,705,958	4,236,773	3,960,307	3,601,322	2,647,471	1,531,783	1,167,419	857,447	842,734	26,453,152
Total		18,183,220	32,632,873	51,898,792	66,284,561	73,698,546	64,093,262	51,034,301	27,572,862	19,547,480	12,959,611	11,857,521	429,763,029

Rate Year 2

<u>Included Service Classes</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Total</u>
SC 1S / SC 13T Residential	4,133,944	7,664,486	15,679,557	28,271,411	36,620,112	41,260,282	35,598,377	28,904,337	15,218,904	8,785,343	4,797,006	3,827,016	230,760,777
SC 2S / SC 14T Non-Residential	2,853,103	4,100,548	8,511,639	12,422,583	18,407,140	21,607,627	17,881,010	13,695,134	6,097,580	3,677,736	2,951,848	2,620,578	114,826,526
SC 1T Large Firm Transportation	4,411,901	4,653,275	5,756,921	7,313,947	7,839,853	7,741,103	7,442,478	6,433,997	4,627,353	5,933,983	4,353,115	4,551,107	71,059,033
SC 5T Small Firm Transportation	992,258	1,599,364	2,510,526	4,048,848	4,413,759	4,386,172	3,795,894	2,819,064	1,749,985	1,324,319	926,834	908,195	29,475,217
Total	12,391,206	18,017,672	32,458,643	52,056,789	67,280,864	74,995,184	64,717,758	51,852,533	27,693,822	19,721,380	13,028,803	11,906,897	446,121,552

Rate Year 3

<u>Included Service Classes</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Total</u>
SC 1S / SC 13T Residential	4,127,423	7,635,683	15,695,263	28,328,558	36,705,151	41,445,343	35,736,739	29,059,183	15,281,649	8,818,425	4,787,413	3,808,957	231,429,789
SC 2S / SC 14T Non-Residential	3,110,786	4,420,152	9,058,507	13,213,922	19,411,963	22,620,501	18,728,745	14,376,076	6,469,586	3,906,254	3,109,497	2,770,200	121,196,190
SC 1T Large Firm Transportation	4,420,839	4,669,846	5,783,578	7,355,461	7,887,407	7,788,431	7,484,234	6,469,422	4,652,387	5,951,073	4,362,286	4,557,227	71,382,191
SC 5T Small Firm Transportation	998,125	1,615,612	2,538,926	4,101,227	4,475,419	4,447,295	3,843,202	2,851,865	1,769,252	1,334,189	931,207	911,056	29,817,375
Total	12,657,173	18,341,294	33,076,275	52,999,168	68,479,939	76,301,570	65,792,920	52,756,546	28,172,874	20,009,941	13,190,403	12,047,441	453,825,545

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

New York State Gas & Electric Corporation
Gas Business
RDM Targets
Revenues by Service Class (\$000)

Rate Year 1

Included Service Classes	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Total
SC 1S / SC 13T Residential	\$	6,161 \$	7,693 \$	9,500 \$	10,568 \$	11,406 \$	10,894 \$	10,219 \$	7,950 \$	6,346 \$	5,246 \$	4,893 \$	90,877
SC 2S / SC 14T Non-Residential		1,534 \$	2,517 \$	3,405 \$	4,519 \$	5,222 \$	4,439 \$	3,532 \$	2,035 \$	1,490 \$	1,290 \$	1,214 \$	31,197
SC 1T Large Firm Transportation	\$	418 \$	481 \$	552 \$	560 \$	582 \$	576 \$	534 \$	403 \$	484 \$	393 \$	403 \$	5,386
SC 5T Small Firm Transportation	\$	297 \$	419 \$	611 \$	683 \$	649 \$	598 \$	454 \$	288 \$	237 \$	176 \$	196 \$	4,610
Total	\$ -	8,411 \$	11,110 \$	14,068 \$	16,331 \$	17,860 \$	16,507 \$	14,739 \$	10,677 \$	8,557 \$	7,105 \$	6,707 \$	132,070

Rate Year 2

Included Service Classes	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Total
SC 1S / SC 13T Residential	\$ 5,350	\$ 6,697	\$ 8,444	\$ 10,328	\$ 11,459	\$ 12,452	\$ 11,968	\$ 11,362	\$ 8,865	\$ 6,971	\$ 5,620	\$ 5,176	\$ 104,693
SC 2S / SC 14T Non-Residential	\$ 1,337	\$ 1,629	\$ 2,631	\$ 3,531	\$ 4,864	\$ 5,634	\$ 4,784	\$ 3,886	\$ 2,100	\$ 1,518	\$ 1,371	\$ 1,295	\$ 34,579
SC 1T Large Firm Transportation	\$ 476	\$ 500	\$ 579	\$ 693	\$ 722	\$ 732	\$ 705	\$ 648	\$ 510	\$ 607	\$ 484	\$ 494	\$ 7,151
SC 5T Small Firm Transportation	\$ 254	\$ 355	\$ 502	\$ 738	\$ 787	\$ 794	\$ 703	\$ 552	\$ 377	\$ 314	\$ 233	\$ 255	\$ 5,863
Total	\$ 7,417	\$ 9,180	\$ 12,155	\$ 15,290	\$ 17,832	\$ 19,612	\$ 18,161	\$ 16,447	\$ 11,852	\$ 9,411	\$ 7,707	\$ 7,219	\$ 152,285

Rate Year 3

Included Service Classes	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Total
SC 1S / SC 13T Residential	\$ 5,578	\$ 7,085	\$ 8,990	\$ 10,945	\$ 12,101	\$ 13,198	\$ 12,746	\$ 12,188	\$ 9,519	\$ 7,409	\$ 5,878	\$ 5,371	\$ 111,009
SC 2S / SC 14T Non-Residential	\$ 1,486	\$ 1,809	\$ 2,917	\$ 3,925	\$ 5,377	\$ 6,193	\$ 5,257	\$ 4,278	\$ 2,318	\$ 1,669	\$ 1,498	\$ 1,416	\$ 38,144
SC 1T Large Firm Transportation	\$ 522	\$ 550	\$ 633	\$ 756	\$ 786	\$ 798	\$ 768	\$ 710	\$ 561	\$ 663	\$ 532	\$ 539	\$ 7,818
SC 5T Small Firm Transportation	\$ 283	\$ 392	\$ 548	\$ 799	\$ 849	\$ 859	\$ 762	\$ 602	\$ 416	\$ 348	\$ 261	\$ 284	\$ 6,402
Total	\$ 7,869	\$ 9,835	\$ 13,088	\$ 16,425	\$ 19,113	\$ 21,049	\$ 19,535	\$ 17,778	\$ 12,814	\$ 10,089	\$ 8,170	\$ 7,610	\$ 163,374

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

New York State Gas & Electric Corporation
Gas Business
RDM Targets
Revenue per Customer by Service Class

Rate Year 1

<u>Included Service Classes</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Total Annual RPC Target*</u>
SC 1S / SC 13T Residential	\$ 26.88	\$ 33.46	\$ 41.22	\$ 45.84	\$ 49.44	\$ 47.19	\$ 44.13	\$ 34.44	\$ 27.59	\$ 22.87	\$ 21.37	\$	394.74
SC 2S / SC 14T Non-Residential	\$ 52.66	\$ 85.41	\$ 114.47	\$ 148.48	\$ 171.87	\$ 146.04	\$ 120.64	\$ 69.77	\$ 51.28	\$ 44.53	\$ 41.89	\$	1,055.84
SC 1T Large Firm Transportation	\$ 4,266.62	\$ 4,909.41	\$ 5,632.02	\$ 5,660.40	\$ 5,880.62	\$ 5,757.52	\$ 5,446.09	\$ 4,115.53	\$ 4,835.94	\$ 3,971.37	\$ 4,028.48	\$	54,505.64
SC 5T Small Firm Transportation	\$ 754.64	\$ 1,063.70	\$ 1,550.81	\$ 1,695.33	\$ 1,611.50	\$ 1,481.03	\$ 1,138.37	\$ 722.51	\$ 594.67	\$ 439.04	\$ 487.73	\$	11,547.60

Rate Year 2

<u>Included Service Classes</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Total Annual RPC Target*</u>
SC 1S / SC 13T Residential	\$ 23.33	\$ 29.15	\$ 36.65	\$ 44.71	\$ 49.50	\$ 53.79	\$ 51.70	\$ 48.96	\$ 38.32	\$ 30.25	\$ 24.45	\$ 22.55	\$ 453.83
SC 2S / SC 14T Non-Residential	\$ 46.53	\$ 55.73	\$ 89.04	\$ 118.47	\$ 161.74	\$ 186.31	\$ 157.31	\$ 132.29	\$ 71.74	\$ 52.07	\$ 47.16	\$ 44.51	\$ 1,172.22
SC 1T Large Firm Transportation	\$ 4,136.86	\$ 4,344.82	\$ 5,033.20	\$ 6,022.66	\$ 6,122.33	\$ 6,257.44	\$ 6,027.87	\$ 5,359.36	\$ 4,148.75	\$ 4,817.94	\$ 3,904.12	\$ 3,951.87	\$ 59,962.83
SC 5T Small Firm Transportation	\$ 532.05	\$ 735.50	\$ 1,023.53	\$ 1,497.36	\$ 1,573.09	\$ 1,577.67	\$ 1,403.66	\$ 1,052.59	\$ 710.38	\$ 585.21	\$ 437.89	\$ 480.20	\$ 11,531.09

Rate Year 3

<u>Included Service Classes</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Total Annual RPC Target*</u>
SC 1S / SC 13T Residential	\$ 24.25	\$ 30.76	\$ 38.92	\$ 47.26	\$ 52.13	\$ 56.86	\$ 54.92	\$ 52.39	\$ 41.05	\$ 32.07	\$ 25.51	\$ 23.34	\$ 479.98
SC 2S / SC 14T Non-Residential	\$ 51.52	\$ 61.65	\$ 98.38	\$ 131.20	\$ 178.22	\$ 204.13	\$ 172.34	\$ 145.05	\$ 78.88	\$ 56.98	\$ 51.33	\$ 48.48	\$ 1,288.15
SC 1T Large Firm Transportation	\$ 4,174.20	\$ 4,400.86	\$ 5,108.32	\$ 6,093.37	\$ 6,139.00	\$ 6,286.49	\$ 6,097.26	\$ 5,419.26	\$ 4,249.97	\$ 4,872.29	\$ 3,973.83	\$ 4,022.19	\$ 60,685.70
SC 5T Small Firm Transportation	\$ 537.85	\$ 736.29	\$ 1,015.87	\$ 1,474.61	\$ 1,549.06	\$ 1,561.73	\$ 1,391.27	\$ 1,052.04	\$ 715.52	\$ 591.06	\$ 449.74	\$ 489.07	\$ 11,487.25

*Total Annual RPC Target = sum of cumulative monthly revenues divided by average monthly customers for the Rate year

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year

Rochester Gas and Electric Corporation
Electric Business
RDM Targets
Customers by Service Class

Rate Year 1

<u>Included Service Classes</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>
SC 1	319,347	319,520	319,822	319,822	320,203	320,430	320,518	320,811	320,899	320,920	320,529	320,616
SC 2	27,956	27,837	27,702	27,702	27,584	27,556	27,640	27,580	27,622	27,759	28,288	28,245
SC 3	964	967	967	967	971	969	971	967	970	971	962	967
SC 4	4,431	4,422	4,418	4,418	4,408	4,406	4,413	4,411	4,397	4,397	4,455	4,446
SC 7	8,280	8,311	8,292	8,292	8,201	8,132	8,112	8,110	8,195	8,214	8,210	8,311
SC 8-Secondary	388	388	389	389	395	400	402	402	402	403	392	391
SC 8-Substation	47	47	47	47	49	49	49	50	50	50	47	47
SC 8-Sub Trans Industrial	56	56	55	55	57	57	57	57	57	57	55	55
SC 8-Sub Trans Commercial	68	68	68	68	68	68	68	68	68	68	68	68
SC 8-Primary	166	165	164	164	169	170	171	171	169	170	163	164
SC 9	480	475	473	473	474	473	473	474	473	472	486	483
Total	362,182	362,256	362,399	362,399	362,580	362,710	362,874	363,101	363,303	363,482	363,656	363,793

Rate Year 2

<u>Included Service Classes</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>
SC 1	320,703	320,826	321,032	321,352	321,753	321,999	322,105	322,418	322,525	322,562	322,185	322,288
SC 2	28,268	28,265	28,145	28,010	27,892	27,864	27,948	27,889	27,931	28,069	28,600	28,556
SC 3	974	971	974	974	978	976	978	973	977	978	969	974
SC 4	4,455	4,451	4,443	4,439	4,429	4,427	4,435	4,433	4,419	4,419	4,478	4,469
SC 7	8,332	8,365	8,397	8,378	8,286	8,216	8,196	8,193	8,279	8,298	8,295	8,397
SC 8-Secondary	391	390	390	390	397	401	404	403	404	405	393	392
SC 8-Substation	47	47	47	47	49	49	49	49	49	49	47	47
SC 8-Sub Trans Industrial	55	55	55	54	57	57	56	56	56	56	54	54
SC 8-Sub Trans Commercial	69	69	68	68	69	69	69	69	69	69	69	69
SC 8-Primary	166	166	165	165	169	170	171	171	170	171	163	164
SC 9	486	485	480	478	478	477	477	478	478	477	491	488
Total	363,946	364,089	364,196	364,356	364,557	364,705	364,888	365,135	365,357	365,554	365,744	365,897

Rate Year 3

<u>Included Service Classes</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>
SC 1	322,390	322,527	322,748	323,083	323,498	323,758	323,878	324,207	324,329	324,376	324,006	324,119
SC 2	28,579	28,575	28,454	28,318	28,200	28,172	28,257	28,198	28,239	28,378	28,912	28,867
SC 3	981	977	980	981	985	983	985	980	984	985	976	980
SC 4	4,479	4,475	4,467	4,463	4,453	4,451	4,459	4,458	4,444	4,444	4,503	4,495
SC 7	8,418	8,451	8,483	8,463	8,371	8,300	8,279	8,277	8,363	8,383	8,380	8,482
SC 8-Secondary	392	391	391	392	399	403	406	405	405	407	395	394
SC 8-Substation	47	47	47	47	49	49	49	49	49	49	47	47
SC 8-Sub Trans Industrial	54	54	55	53	56	56	55	56	56	55	54	53
SC 8-Sub Trans Commercial	70	69	69	69	69	69	70	70	70	70	69	69
SC 8-Primary	167	166	165	165	170	171	172	172	170	171	164	165
SC 9	490	489	484	482	482	482	482	483	482	481	495	492
Total	366,066	366,223	366,343	366,517	366,732	366,894	367,092	367,354	367,591	367,799	368,000	368,164

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

Rochester Gas and Electric Corporation
Electric Business
RDM Targets
Usage by Service Class (KWH)

Rate Year 1

Included Service Classes	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
SC 1		192,759,424	184,734,592	210,308,801	232,499,301	214,324,572	206,612,560	191,612,724	176,045,539	182,248,648	233,579,368	236,522,793
SC 2		15,619,947	16,337,245	18,537,938	22,775,866	20,469,767	19,553,226	17,784,653	17,309,388	15,860,758	19,312,414	22,949,422
SC 3		44,199,925	43,494,520	45,929,737	48,615,842	47,433,406	44,036,617	41,279,276	41,126,516	43,136,731	47,926,874	51,544,552
SC 4		6,273,361	7,277,067	9,001,471	10,283,654	9,366,380	8,783,682	7,553,583	6,178,296	6,021,226	7,070,820	6,651,431
SC 7		58,277,127	56,777,243	60,770,742	64,063,988	63,669,257	61,282,828	56,582,395	57,834,755	59,658,302	63,285,007	70,058,096
SC 8-Secondary		63,280,088	61,385,509	63,244,493	63,116,291	62,750,328	61,366,194	58,205,414	58,027,820	63,869,938	68,434,085	72,508,978
SC 8-Substation		10,465,207	11,140,516	10,451,154	4,764,723	10,609,692	8,189,151	8,237,933	8,778,407	9,419,730	11,060,599	11,767,296
SC 8-Sub Trans Industrial		53,307,390	53,983,397	53,275,838	52,052,651	35,723,747	61,381,816	56,461,365	56,364,496	61,460,154	63,688,009	57,933,622
SC 8-Sub Trans Commercial		47,747,520	43,550,408	42,962,946	49,897,389	44,919,578	45,407,884	53,072,783	45,001,165	48,653,530	62,754,251	41,890,167
SC 8-Primary		55,283,866	51,117,736	49,994,492	51,298,172	57,495,570	47,865,789	47,363,728	51,440,411	52,538,660	53,606,188	58,456,744
SC 9		5,642,684	5,456,923	5,890,872	5,925,441	6,162,544	5,707,725	5,464,091	5,101,651	5,471,512	6,215,501	6,692,146
Total		552,856,539	535,255,155	570,368,484	605,293,320	572,924,843	570,187,472	543,617,945	523,208,446	548,339,188	636,933,116	636,975,247

Rate Year 2

Included Service Classes	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
SC 1	215,414,653	194,699,316	187,903,183	212,851,280	237,434,490	218,874,526	211,631,997	195,290,107	179,066,026	185,005,482	234,755,665	238,905,027
SC 2	21,267,510	15,948,903	16,699,657	18,964,771	23,322,686	21,002,552	20,063,228	18,279,560	17,793,178	16,312,145	19,865,386	23,617,584
SC 3	50,202,488	45,054,792	44,369,982	46,904,125	49,689,036	48,565,121	45,088,159	42,321,790	42,187,115	44,259,049	49,234,375	52,978,432
SC 4	6,332,846	6,336,547	7,401,913	9,110,407	10,501,996	9,565,265	8,997,070	7,698,738	6,284,420	6,112,468	7,106,296	6,718,288
SC 7	63,223,506	59,500,987	58,018,062	62,155,255	65,576,696	65,290,896	62,851,674	58,131,568	59,440,166	61,328,506	65,105,800	72,093,596
SC 8-Secondary	67,749,509	64,490,916	62,617,888	64,576,289	64,498,038	64,226,596	62,841,865	59,681,302	59,525,993	65,542,273	70,301,484	74,517,523
SC 8-Substation	12,140,931	10,642,229	11,346,668	10,649,084	4,847,345	10,839,031	8,368,067	8,425,904	8,991,862	9,646,785	11,338,161	12,070,281
SC 8-Sub Trans Industrial	60,727,113	54,509,677	55,285,970	54,546,959	53,481,001	36,926,907	63,255,341	58,336,367	58,339,702	63,565,018	65,885,996	60,052,390
SC 8-Sub Trans Commercial	52,719,281	48,698,230	44,488,364	43,914,108	51,060,363	46,036,751	46,533,557	54,497,451	46,191,467	49,946,960	64,505,127	43,002,797
SC 8-Primary	54,823,055	56,331,693	52,138,622	51,024,412	52,409,565	58,865,486	49,016,263	48,574,881	52,790,714	53,934,368	55,076,175	60,059,549
SC 9	6,443,151	5,748,398	5,562,112	6,010,966	6,050,846	6,302,325	5,838,971	5,596,608	5,227,813	5,609,210	6,379,201	6,872,583
Total	611,044,041	561,961,687	545,832,422	580,707,655	618,872,063	586,495,455	584,486,192	556,834,276	535,838,455	561,262,266	649,553,669	650,888,050

Rate Year 3

Included Service Classes	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
SC 1	220,648,515	198,238,302	192,276,315	216,936,783	243,442,535	223,964,821	217,420,095	199,432,817	182,681,856	188,364,603	237,115,022	242,271,909
SC 2	21,891,550	16,410,874	17,169,935	19,478,123	23,720,791	21,341,475	20,368,419	18,522,863	18,011,223	16,511,858	20,070,076	23,840,880
SC 3	51,595,585	46,277,353	45,526,715	48,088,929	50,589,258	49,412,392	45,827,094	42,960,116	42,784,703	44,878,937	49,832,630	53,574,547
SC 4	6,486,728	6,451,778	7,574,211	9,285,366	10,767,646	9,787,682	9,243,177	7,861,903	6,411,240	6,223,381	7,177,716	6,813,003
SC 7	65,066,985	61,222,171	59,634,141	63,819,951	66,713,870	66,369,888	63,830,591	58,931,892	60,198,740	62,106,788	65,809,645	72,800,290
SC 8-Secondary	69,624,364	66,259,325	64,271,778	66,229,711	65,729,878	65,426,963	63,929,067	60,641,746	60,433,586	66,526,518	71,228,218	75,426,246
SC 8-Substation	12,469,328	10,921,520	11,638,229	10,909,495	4,921,724	11,071,604	8,540,426	8,592,061	9,159,773	9,821,218	11,519,275	12,261,547
SC 8-Sub Trans Industrial	62,916,542	56,547,853	57,216,465	56,356,327	55,369,931	38,278,924	65,274,954	60,204,534	60,022,850	65,291,607	67,399,320	61,506,902
SC 8-Sub Trans Commercial	54,177,475	50,012,145	45,700,869	45,042,717	51,914,510	46,764,607	47,234,692	55,221,103	46,766,169	50,568,451	65,188,660	43,438,725
SC 8-Primary	56,335,766	57,892,723	53,526,924	52,327,214	53,471,604	60,011,575	49,920,637	49,431,421	53,656,374	54,801,808	55,859,060	60,865,969
SC 9	6,615,003	5,896,966	5,700,114	6,155,545	6,156,962	6,409,374	5,932,949	5,678,821	5,299,690	5,684,679	6,456,217	6,948,625
Total	627,827,842	576,131,011	560,235,697	594,630,160	632,798,707	598,839,306	597,522,100	567,479,278	545,426,206	570,779,848	657,655,838	659,748,642

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

Rochester Gas and Electric Corporation
Electric Business
RDM Targets
Revenue by Service Class (\$000)

Rate Year 1

Included Service Classes	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Total
SC 1	\$ 12,851	\$ 12,604	\$ 13,409	\$ 14,111	\$ 13,548	\$ 13,309	\$ 12,846	\$ 12,362	\$ 12,556	\$ 14,152	\$ 14,246	\$ 145,994	
SC 2	\$ 960	\$ 974	\$ 1,023	\$ 1,119	\$ 1,064	\$ 1,045	\$ 1,003	\$ 992	\$ 962	\$ 1,053	\$ 1,137	\$ 11,332	
SC 3	\$ 2,064	\$ 1,842	\$ 1,885	\$ 1,967	\$ 1,903	\$ 1,861	\$ 1,819	\$ 1,890	\$ 1,979	\$ 2,075	\$ 2,176	\$ 21,461	
SC 4	\$ 369	\$ 408	\$ 475	\$ 525	\$ 489	\$ 465	\$ 417	\$ 364	\$ 356	\$ 403	\$ 385	\$ 4,657	
SC 7	\$ 3,672	\$ 3,405	\$ 3,461	\$ 3,596	\$ 3,589	\$ 3,522	\$ 3,406	\$ 3,577	\$ 3,705	\$ 3,712	\$ 4,087	\$ 39,732	
SC 8-Secondary	\$ 2,244	\$ 2,064	\$ 2,029	\$ 2,070	\$ 2,054	\$ 2,052	\$ 2,014	\$ 2,097	\$ 2,281	\$ 2,369	\$ 2,421	\$ 23,693	
SC 8-Substation	\$ 286	\$ 288	\$ 272	\$ 147	\$ 278	\$ 239	\$ 237	\$ 269	\$ 284	\$ 315	\$ 315	\$ 2,931	
SC 8-Sub Trans Industrial	\$ 918	\$ 1,029	\$ 844	\$ 713	\$ 323	\$ 944	\$ 764	\$ 1,024	\$ 1,075	\$ 1,269	\$ 886	\$ 9,788	
SC 8-Sub Trans Commercial	\$ 954	\$ 818	\$ 788	\$ 892	\$ 853	\$ 862	\$ 1,165	\$ 854	\$ 963	\$ 1,138	\$ 854	\$ 10,142	
SC 8-Primary	\$ 1,688	\$ 1,478	\$ 1,406	\$ 1,463	\$ 1,610	\$ 1,347	\$ 1,390	\$ 1,534	\$ 1,599	\$ 1,596	\$ 1,678	\$ 16,789	
SC 9	\$ 314	\$ 288	\$ 299	\$ 306	\$ 303	\$ 294	\$ 297	\$ 280	\$ 298	\$ 331	\$ 350	\$ 3,360	
Total	\$ 26,320	\$ 25,199	\$ 25,891	\$ 26,910	\$ 26,014	\$ 25,940	\$ 25,358	\$ 25,243	\$ 26,058	\$ 28,412	\$ 28,535	\$ 289,879	

Rate Year 2

Included Service Classes	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Total
SC 1	\$ 13,981	\$ 13,299	\$ 13,078	\$ 13,910	\$ 14,732	\$ 14,123	\$ 13,886	\$ 13,352	\$ 12,818	\$ 13,015	\$ 14,653	\$ 14,792	\$ 165,640
SC 2	\$ 1,131	\$ 999	\$ 1,015	\$ 1,068	\$ 1,174	\$ 1,116	\$ 1,094	\$ 1,049	\$ 1,038	\$ 1,004	\$ 1,103	\$ 1,195	\$ 12,987
SC 3	\$ 2,237	\$ 2,160	\$ 1,930	\$ 1,976	\$ 2,064	\$ 2,000	\$ 1,957	\$ 1,914	\$ 1,990	\$ 2,084	\$ 2,187	\$ 2,295	\$ 24,795
SC 4	\$ 383	\$ 382	\$ 425	\$ 494	\$ 550	\$ 512	\$ 489	\$ 436	\$ 379	\$ 370	\$ 416	\$ 399	\$ 5,236
SC 7	\$ 3,901	\$ 3,855	\$ 3,575	\$ 3,632	\$ 3,776	\$ 3,774	\$ 3,706	\$ 3,593	\$ 3,776	\$ 3,913	\$ 3,919	\$ 4,315	\$ 45,736
SC 8-Secondary	\$ 2,419	\$ 2,348	\$ 2,162	\$ 2,127	\$ 2,171	\$ 2,159	\$ 2,157	\$ 2,120	\$ 2,207	\$ 2,401	\$ 2,495	\$ 2,551	\$ 27,318
SC 8-Substation	\$ 322	\$ 299	\$ 301	\$ 284	\$ 153	\$ 291	\$ 249	\$ 248	\$ 281	\$ 297	\$ 331	\$ 331	\$ 3,386
SC 8-Sub Trans Industrial	\$ 1,032	\$ 972	\$ 1,088	\$ 898	\$ 765	\$ 360	\$ 1,012	\$ 825	\$ 1,097	\$ 1,158	\$ 1,363	\$ 960	\$ 11,531
SC 8-Sub Trans Commercial	\$ 1,029	\$ 1,000	\$ 859	\$ 829	\$ 938	\$ 898	\$ 908	\$ 1,228	\$ 900	\$ 1,016	\$ 1,200	\$ 902	\$ 11,706
SC 8-Primary	\$ 1,647	\$ 1,767	\$ 1,548	\$ 1,474	\$ 1,536	\$ 1,693	\$ 1,417	\$ 1,465	\$ 1,616	\$ 1,686	\$ 1,683	\$ 1,769	\$ 19,300
SC 9	\$ 352	\$ 330	\$ 302	\$ 313	\$ 321	\$ 318	\$ 309	\$ 313	\$ 295	\$ 314	\$ 349	\$ 369	\$ 3,883
Total	\$ 28,433	\$ 27,410	\$ 26,284	\$ 27,008	\$ 28,181	\$ 27,243	\$ 27,185	\$ 26,542	\$ 26,398	\$ 27,257	\$ 29,698	\$ 29,878	\$ 331,517

Rate Year 3

Included Service Classes	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Total
SC 1	\$ 14,774	\$ 13,977	\$ 13,768	\$ 14,656	\$ 15,612	\$ 14,922	\$ 14,691	\$ 14,055	\$ 13,459	\$ 13,663	\$ 15,397	\$ 15,583	\$ 174,558
SC 2	\$ 1,202	\$ 1,054	\$ 1,072	\$ 1,131	\$ 1,244	\$ 1,179	\$ 1,154	\$ 1,103	\$ 1,090	\$ 1,053	\$ 1,160	\$ 1,261	\$ 13,703
SC 3	\$ 2,387	\$ 2,303	\$ 2,058	\$ 2,106	\$ 2,186	\$ 2,117	\$ 2,069	\$ 2,022	\$ 2,100	\$ 2,198	\$ 2,302	\$ 2,413	\$ 26,261
SC 4	\$ 405	\$ 402	\$ 451	\$ 523	\$ 586	\$ 545	\$ 521	\$ 461	\$ 399	\$ 390	\$ 436	\$ 420	\$ 5,539
SC 7	\$ 4,168	\$ 4,123	\$ 3,816	\$ 3,870	\$ 3,990	\$ 3,986	\$ 3,912	\$ 3,790	\$ 3,982	\$ 4,126	\$ 4,121	\$ 4,532	\$ 48,415
SC 8-Secondary	\$ 2,578	\$ 2,503	\$ 2,303	\$ 2,265	\$ 2,301	\$ 2,287	\$ 2,282	\$ 2,240	\$ 2,331	\$ 2,534	\$ 2,628	\$ 2,685	\$ 28,937
SC 8-Substation	\$ 342	\$ 317	\$ 319	\$ 301	\$ 161	\$ 308	\$ 263	\$ 262	\$ 297	\$ 313	\$ 349	\$ 349	\$ 3,581
SC 8-Sub Trans Industrial	\$ 1,127	\$ 1,062	\$ 1,179	\$ 980	\$ 841	\$ 407	\$ 1,100	\$ 900	\$ 1,180	\$ 1,249	\$ 1,457	\$ 1,033	\$ 12,516
SC 8-Sub Trans Commercial	\$ 1,098	\$ 1,067	\$ 918	\$ 884	\$ 993	\$ 949	\$ 959	\$ 1,293	\$ 949	\$ 1,070	\$ 1,261	\$ 949	\$ 12,390
SC 8-Primary	\$ 1,757	\$ 1,885	\$ 1,651	\$ 1,571	\$ 1,630	\$ 1,793	\$ 1,502	\$ 1,551	\$ 1,708	\$ 1,781	\$ 1,774	\$ 1,863	\$ 20,467
SC 9	\$ 375	\$ 352	\$ 322	\$ 333	\$ 339	\$ 335	\$ 326	\$ 331	\$ 312	\$ 331	\$ 367	\$ 387	\$ 4,111
Total	\$ 30,215	\$ 29,045	\$ 27,856	\$ 28,622	\$ 29,881	\$ 28,827	\$ 28,781	\$ 28,009	\$ 27,808	\$ 28,707	\$ 31,253	\$ 31,476	\$ 350,479

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

Rochester Gas and Electric Corporation
Gas Business
RDM Targets
Customers by Service Class

Rate Year 1

Included Service Classes	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
SC1/SC5 - Residential	277,946	278,571	279,130	279,436	279,677	279,706	279,566	279,301	278,919	278,644	278,602	
SC1/SC5 - Small Non-Residential	22,443	22,588	22,712	22,786	22,837	22,844	22,785	22,690	22,585	22,518	22,464	
SC3/SC3HP - Large Non-Residential	574	573	572	572	571	570	569	568	567	566	565	
Total	300,963	301,732	302,414	302,794	303,085	303,120	302,920	302,559	302,071	301,728	301,631	

Rate Year 2

Included Service Classes	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
SC1/SC5 - Residential	278,710	279,311	279,932	280,489	280,792	281,032	281,056	280,914	280,647	280,260	279,979	279,929
SC1/SC5 - Small Non-Residential	22,503	22,607	22,753	22,876	22,951	23,003	23,009	22,951	22,853	22,747	22,680	22,627
SC3/SC3HP - Large Non-Residential	564	564	563	562	561	560	559	558	557	556	556	555
Total	301,777	302,482	303,248	303,927	304,304	304,595	304,624	304,423	304,057	303,563	303,215	303,111

Rate Year 3

Included Service Classes	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
SC1/SC5 - Residential	280,028	280,620	281,234	281,780	282,073	282,303	282,320	282,168	281,890	281,497	281,210	281,155
SC1/SC5 - Small Non-Residential	22,664	22,769	22,916	23,043	23,116	23,168	23,176	23,115	23,017	22,912	22,844	22,789
SC3/SC3HP - Large Non-Residential	554	553	552	551	550	549	548	548	547	546	545	544
Total	303,246	303,942	304,702	305,374	305,739	306,020	306,044	305,831	305,454	304,955	304,599	304,488

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year.

Rochester Gas and Electric Corporation
Gas Business
RDM Targets
Usage by Service Class (Therms)

Rate Year 1

Included Service Classes	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
SC1/SC5 - Residential	9,011,004	18,661,469	32,845,199	46,453,368	47,248,763	42,087,310	30,785,774	17,073,628	6,454,200	3,580,580	2,476,768	
SC1/SC5 - Small Non-Residential	3,282,926	6,007,285	10,384,874	14,831,691	14,098,993	12,969,706	9,824,925	5,800,196	2,743,317	2,094,089	1,795,286	
SC3/SC3HP - Large Non-Residential	11,101,437	14,056,354	16,963,679	19,069,201	16,912,864	16,184,832	12,171,225	8,980,670	7,607,043	7,745,210	7,776,252	
Total	23,395,367	38,725,108	60,193,752	80,354,260	78,260,620	71,241,848	52,781,924	31,854,494	16,804,560	13,419,879	12,048,306	

Rate Year 2

Included Service Classes	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
SC1/SC5 - Residential	4,211,304	8,122,346	18,385,981	32,918,159	45,297,332	47,291,942	43,397,994	31,791,114	16,406,627	7,796,833	3,712,513	3,367,549
SC1/SC5 - Small Non-Residential	2,074,735	2,971,998	5,797,846	10,406,451	14,367,661	14,220,123	13,596,981	10,047,388	5,411,377	2,917,966	2,068,089	1,872,584
SC3/SC3HP - Large Non-Residential	8,053,240	11,325,701	14,098,586	17,358,365	19,299,410	16,895,960	16,661,065	12,367,531	9,244,923	7,791,821	7,957,179	7,981,086
Total	14,339,279	22,420,045	38,282,413	60,682,975	78,964,403	78,408,025	73,656,040	54,206,033	31,062,927	18,506,620	13,737,781	13,221,219

Rate Year 3

Included Service Classes	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
SC1/SC5 - Residential	4,046,410	7,961,188	18,313,910	32,880,883	45,348,934	47,347,921	43,446,153	31,791,857	16,318,661	7,659,551	3,548,868	3,196,727
SC1/SC5 - Small Non-Residential	2,111,438	3,016,318	5,871,596	10,522,784	14,520,148	14,371,390	13,752,681	10,167,132	5,483,937	2,966,476	2,107,952	1,909,332
SC3/SC3HP - Large Non-Residential	8,207,715	11,531,409	14,311,659	17,585,497	19,532,398	17,082,841	16,794,888	12,454,407	9,291,263	7,815,231	7,981,086	7,989,071
Total	14,365,563	22,508,915	38,497,165	60,989,164	79,401,480	78,802,152	73,993,722	54,413,396	31,093,861	18,441,258	13,637,906	13,095,130

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year

Rochester Gas and Electric Corporation
Gas Business
RDM Targets
Revenue by Service Class (\$000)

Rate Year 1

Included Service Classes	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Total
SC1/SC5 - Residential	\$ 5,906	\$ 7,484	\$ 9,739	\$ 11,867	\$ 11,997	\$ 11,203	\$ 9,427	\$ 7,225	\$ 5,517	\$ 5,032	\$ 4,889	\$ 90,286	
SC1/SC5 - Small Non-Residential	\$ 836	\$ 1,160	\$ 1,674	\$ 2,204	\$ 2,115	\$ 2,021	\$ 1,675	\$ 1,162	\$ 755	\$ 654	\$ 617	\$ 14,872	
SC3/SC3HP - Large Non-Residential	\$ 892	\$ 996	\$ 1,110	\$ 1,168	\$ 1,109	\$ 1,081	\$ 947	\$ 829	\$ 781	\$ 779	\$ 776	\$ 10,468	
Total	\$ 7,634	\$ 9,640	\$ 12,523	\$ 15,239	\$ 15,221	\$ 14,305	\$ 12,049	\$ 9,217	\$ 7,053	\$ 6,465	\$ 6,282	\$ 115,627	

Rate Year 2

<u>Included Service Classes</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Total</u>
SC1/SC5 - Residential	\$ 5,263	\$ 6,031	\$ 8,019	\$ 10,770	\$ 13,075	\$ 13,454	\$ 12,746	\$ 10,573	\$ 7,636	\$ 5,966	\$ 5,169	\$ 5,126	\$ 103,827
SC1/SC5 - Small Non-Residential	\$ 693	\$ 874	\$ 1,267	\$ 1,900	\$ 2,442	\$ 2,426	\$ 2,401	\$ 1,941	\$ 1,243	\$ 857	\$ 703	\$ 677	\$ 17,425
SC3/SC3HP - Large Non-Residential	\$ 845	\$ 963	\$ 1,078	\$ 1,223	\$ 1,282	\$ 1,205	\$ 1,192	\$ 1,026	\$ 891	\$ 832	\$ 831	\$ 828	\$ 12,196
Total	\$ 6,801	\$ 7,868	\$ 10,364	\$ 13,893	\$ 16,798	\$ 17,085	\$ 16,338	\$ 13,540	\$ 9,770	\$ 7,656	\$ 6,704	\$ 6,632	\$ 133,448

Rate Year 3

<u>Included Service Classes</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Total</u>
SC1/SC5 - Residential	\$ 5,368	\$ 6,257	\$ 8,583	\$ 11,783	\$ 14,478	\$ 14,918	\$ 14,095	\$ 11,561	\$ 8,132	\$ 6,183	\$ 5,256	\$ 5,204	\$ 111,818
SC1/SC5 - Small Non-Residential	\$ 751	\$ 964	\$ 1,417	\$ 2,143	\$ 2,766	\$ 2,749	\$ 2,727	\$ 2,201	\$ 1,391	\$ 945	\$ 763	\$ 734	\$ 19,550
SC3/SC3HP - Large Non-Residential	\$ 897	\$ 1,032	\$ 1,164	\$ 1,330	\$ 1,398	\$ 1,308	\$ 1,291	\$ 1,102	\$ 947	\$ 879	\$ 877	\$ 873	\$ 13,098
Total	\$ 7,016	\$ 8,253	\$ 11,163	\$ 15,257	\$ 18,642	\$ 18,975	\$ 18,112	\$ 14,864	\$ 10,470	\$ 8,007	\$ 6,896	\$ 6,811	\$ 144,466

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year

Rochester Gas and Electric Corporation
Gas Business
RDM Targets
Revenue per Customer by Service Class

Rate Year 1

<u>Included Service Classes</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Total Annual RPC Target*</u>
SC1/SC5 - Residential	\$ 21.25	\$ 26.86	\$ 34.89	\$ 42.47	\$ 42.90	\$ 40.05	\$ 33.72	\$ 25.87	\$ 19.78	\$ 18.06	\$ 17.55	\$	323.55
SC1/SC5 - Small Non-Residential	\$ 37.23	\$ 51.34	\$ 73.72	\$ 96.71	\$ 92.62	\$ 88.48	\$ 73.51	\$ 51.23	\$ 33.44	\$ 29.04	\$ 27.45	\$	656.34
SC3/SC3HP - Large Non-Residential	\$ 1,553.74	\$ 1,738.90	\$ 1,941.25	\$ 2,041.27	\$ 1,941.40	\$ 1,896.74	\$ 1,665.05	\$ 1,459.82	\$ 1,377.14	\$ 1,375.87	\$ 1,373.56	\$	18,373.97

Rate Year 2

<u>Included Service Classes</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Total Annual RPC Target*</u>
SC1/SC5 - Residential	\$ 18.88	\$ 21.59	\$ 28.65	\$ 38.40	\$ 46.56	\$ 47.87	\$ 45.35	\$ 37.64	\$ 27.21	\$ 21.29	\$ 18.46	\$ 18.31	\$ 370.47
SC1/SC5 - Small Non-Residential	\$ 30.81	\$ 38.67	\$ 55.70	\$ 83.04	\$ 106.38	\$ 105.47	\$ 104.36	\$ 84.59	\$ 54.39	\$ 37.69	\$ 31.01	\$ 29.93	\$ 764.38
SC3/SC3HP - Large Non-Residential	\$ 1,497.94	\$ 1,706.57	\$ 1,914.50	\$ 2,176.70	\$ 2,285.64	\$ 2,151.82	\$ 2,131.69	\$ 1,839.06	\$ 1,599.73	\$ 1,496.81	\$ 1,495.33	\$ 1,492.15	\$ 21,795.52

Rate Year 3

<u>Included Service Classes</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Total Annual RPC Target*</u>
SC1/SC5 - Residential	\$ 19.17	\$ 22.30	\$ 30.52	\$ 41.82	\$ 51.33	\$ 52.85	\$ 49.92	\$ 40.97	\$ 28.85	\$ 21.97	\$ 18.69	\$ 18.51	\$ 397.19
SC1/SC5 - Small Non-Residential	\$ 33.13	\$ 42.32	\$ 61.82	\$ 93.02	\$ 119.67	\$ 118.64	\$ 117.67	\$ 95.20	\$ 60.43	\$ 41.23	\$ 33.42	\$ 32.21	\$ 851.45
SC3/SC3HP - Large Non-Residential	\$ 1,619.64	\$ 1,866.43	\$ 2,108.78	\$ 2,414.62	\$ 2,540.92	\$ 2,382.92	\$ 2,355.60	\$ 2,011.01	\$ 1,730.88	\$ 1,610.18	\$ 1,609.04	\$ 1,604.37	\$ 23,861.91

*Total Annual RPC Target = sum of cumulative monthly revenues divided by average monthly customers for the Rate year

Monthly targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year

APPENDIX V

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service	Case 09-E-0715
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service	Case 09-G-0716
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service	Case 09-E-0717
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service -----X	Case 09-G-0718

STIPULATION REGARDING
GAS SUPPLY MATTERS

Submitted by:

New York State Electric & Gas Corporation
and Rochester Gas and Electric Corporation

New York State Department of Public Service

Energetix, Inc.

Small Customer Marketer Coalition

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

STIPULATION REGARDING
GAS SUPPLY MATTERS

This Stipulation Regarding Gas Supply Matters is made by and among New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E" and with NYSEG, the "Companies"), the New York State Department of Public Service Staff ("Staff"), Energetix, Inc., the Small Customer Marketer Coalition ("SCMC") and all other Parties that execute this Stipulation. This Stipulation specifically relates to the Gas Supply matters raised in testimony in the above-referenced proceedings (the "Proceedings").¹ In order to resolve the Gas Supply issues and to limit the scope of the upcoming evidentiary hearings, the parties to this Stipulation agree as follows:

¹ Direct Testimony of the Electric and Natural Gas Supply Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Electric and Natural Gas Supply Panel (RG&E) (filed Sept. 17, 2009); Direct Testimony of the Revenue Allocation and Rate Design Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Revenue Allocation and Rate Design Panel (RG&E) (filed Sept. 17, 2009); Direct Testimony of the Embedded Cost of Service Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony

Gas Supply Areas ("GSA")

1. NYSEG will consolidate GSA 1 and GSA 3 and will establish a Gas Reliability Surcharge for the consolidated GSA at the beginning of the rate year.
2. Within 60 days of the Commission's order in this Proceeding, the Companies will establish a collaborative to:
 - a. Address any impacts of the GSA consolidation on mandatory capacity release assignment program pricing and the derivation of the gas reliability surcharge;
 - b. Consider completing consolidation of NYSEG's GSAs;
 - c. Examine the costs and ramifications of and methodology for releasing capacity to energy service companies ("ESCOs") at the system weighted average cost of capacity;
 - d. Address upstream pipeline cost overrun issues; and
 - e. Consider separately identifying balancing charges on NYSEG interruptible sales service customer invoices and implementing auto-balancing for daily metered customer pools at NYSEG and RG&E; and

Resolution of the items in 2.e are contingent upon the Companies recovering any associated costs.

Gas Cost Incentive Mechanism ("GCIM")

3. Savings under NYSEG's and RG&E's GCIM will be shared as follows: a) 85%/15% (customer/shareholder) for non-migration capacity release; b) 85%/15% (customer/shareholder) for off-system sales net of gas costs and related optimization transactions; and c) 80%/20% (customer/shareholder) for local production.

ESCO Enrollment

4. As of the beginning of the rate year, the Companies will change the due date for a daily-metered customer's request to change gas supply from one provider to another from five business days prior to the end of the month to the fifteenth calendar day of the month. The switch day will remain on the first calendar day of the next month.

of the Embedded Cost of Service Panel (RG&E) (filed Sept. 17, 2009); Testimony of Staff Gas Procurement Panel (filed Jan. 22, 2010); Testimony of Christine Bosy (filed Jan. 22, 2010); Rebuttal Testimony of Brian K. Hawley (filed Feb. 12, 2010).

Gas Reliability Surcharge

5. Beginning April 1, 2011, ESCOs serving RG&E delivery customers will be required to provide capacity to meet 100% of their non-daily metered customers' load based on an average peak day of 66 Heating Degree Days (HDD) of load, instead of the previously-applicable design day requirement based on 75 HDD.
6. On days exceeding 66 HDD, RG&E will supply the difference between 66 HDD and the HDD of the particular day. RG&E will implement a Gas Reliability Surcharge to recover the costs associated with retaining pipeline capacity to meet demand on behalf of ESCO non-daily metered customers at times between 66 and 75 HDD. The surcharge will be computed using current costs at the time of the Company's compliance filing in the Proceedings. The methodology for calculating the surcharge is detailed in Appendix A. Surcharge Revenues will be credited to the Gas Supply Charge. RG&E will update the charge on a monthly basis thereafter. The surcharge will apply to customers taking service from ESCOs under gas SCs 5, 7a and 9. RG&E will include the surcharge in the Small Transportation Service Rate Adjustment Statement.
7. RG&E's Gas Reliability Surcharge will be reduced by a proportionate share of revenues associated with the applicable share of non-migration capacity release, net off-system sales revenue and pipeline supplier refunds related to services used in the derivation of the surcharge.
8. Beginning in 2011, on or before September 30 of each year, RG&E will provide a report to the Director of the Office of Electric, Gas and Water that includes the calculation for the projected year's capacity requirements, a statement of the changes from the previous year's capacity requirements, a statement of the changes from the previous year, an explanation of the reason(s) or basis for the changes, and all associated workpapers. Copies of this report will be contemporaneously provided to ESCOs operating in RG&E's gas service territory and any other interested party that requests it.
9. The NYSEG and RG&E Gas Reliability Surcharge calculations will be revised, if necessary, to reflect the storage inventory working capital carrying cost provided for in the Stipulation Regarding Purchase of Receivables Discount and Merchant Function Charge.

Mendon Gate Station Heater Fuel Costs

10. RG&E will recover the costs of gas used to pre-heat city gate natural gas throughput at its Mendon Gate Station as part of its overall purchased gas costs and will recover the cost through the Gas Supply Charge and Transportation Rate Adjustments.

Stipulation Intent

This Stipulation is intended to amicably resolve certain matters for the purposes of the Proceedings and is designed to reduce the issues in controversy to be resolved through a litigated evidentiary hearing. This Stipulation states the position of the Signatories that resolves each of the issues presented. Adequate and sufficient evidence supporting each resolution of an issue will be found in, or within the scope of, the testimonies and exhibits that will be submitted at the evidentiary hearing conducted in the Proceedings. The Signatories request that the Administrative Law Judges adopt the resolutions reached herein in any Recommended Decision or report and that the Commission adopt them in its final decision in the Proceedings.

Signatories' Support

The Signatories believe that the resolutions reached in this Stipulation are just and reasonable and otherwise in accordance with the New York Public Service Law, the Commission's regulations and applicable Commission orders. Each of the Signatories agrees to support the terms of this Stipulation as just and reasonable, agrees not to take a position in the Proceedings in these matters contrary to the agreements set forth herein, and agrees not to assist another participant in taking such a contrary position in the Proceedings.

Integrated Agreement

The terms of this Stipulation are submitted as an integrated whole. If the Commission does not accept this Stipulation as the basis of the resolution of these issues without change or condition, each Signatory shall have the right to withdraw from this Stipulation upon written notice to the Commission within 10 days of the Commission Order. If the Company gives such notice, this Stipulation shall be deemed withdrawn, it

shall not constitute part of the record of the Proceedings or any future proceeding addressing any of the issues within the scope of this Stipulation and it shall not be used in evidence or cited against any Signatory or used for any other purpose.

Settlement Discussions Privileged

The discussions between and among the Signatories that have resulted in this Stipulation have been conducted with the explicit understanding, pursuant to the Commission's regulations, that all written and oral offers, prior proposals of settlement and discussions relating thereto, as well as supporting materials, will remain confidential communications, are without prejudice to the position of any of the Signatories and other entities participating in any such discussions, are not admissible into evidence in the Proceedings or any other proceedings, and will not be used in any manner in connection with the Proceedings, other proceedings, or for any other purpose. As such, each Signatory agrees to maintain the confidentiality of all discussions, all offers of settlement and discussions related thereto, as well as all supporting materials.

No Admission

The making of this Stipulation shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory regarding any allegation, contention, or issue raised in the Proceedings or addressed in this Stipulation.

Stipulation Parameters

This Stipulation is intended to relate only to the specific matters referred to herein and shall have no bearing on the outcome of any other issues in the Proceedings. Nothing in the Stipulation shall determine or constitute a ratemaking principle binding on the Signatories in the future, and no Signatory shall be deemed to have approved, accepted, agreed, or consented for purposes other than these proceedings to any specific

ratemaking methodology or principle, accounting treatment, or level of expense or revenue. Nothing in this Stipulation restricts the Companies from initiating new rate proceedings, to the extent permitted in the New York Public Service Law and the Commission's regulations. The agreements set forth in this Stipulation are solely for the purpose of the above-captioned proceedings and nothing in this Stipulation restricts any signatories to this Stipulation from taking any position or lawful action or making any filing in any future proceedings. Except as expressly set forth herein, nothing in this Stipulation shall impair, diminish, or restrain the rights of any of the Signatories. Nothing in this Stipulation shall be construed to limit the Commission's authority under the New York Public Service Law.

Counterparts

This Stipulation may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

Entire Agreement

This Stipulation, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatories with respect to the matters resolved herein.

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: James A. Lahtinen
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April 21, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

Date: April __, 2010

IN WITNESS WHEREOF, Energetix, Inc. executes this Stipulation for submission to the Commission.

By: _____
Robert Hobday

Date: April __, 2010

IN WITNESS WHEREOF, Small Customer Marketer Coalition executes this Stipulation for submission to the Commission.

By: _____
Usher Fogel

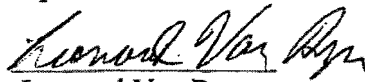
Date: April __, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: 
Leonard Van Ryn
Staff Counsel

Date: April 20 2010

IN WITNESS WHEREOF, Energetix, Inc. executes this Stipulation for submission to the Commission.

By: _____
Robert Hobday

Date: April __, 2010

IN WITNESS WHEREOF, Small Customer Marketer Coalition executes this Stipulation for submission to the Commission.

By: _____
Usher Fogel

Date: April __, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

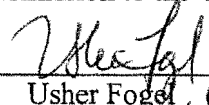
Date: April __, 2010

IN WITNESS WHEREOF, Energetix, Inc. executes this Stipulation for submission to the Commission.

By: _____
Robert Hobday

Date: April __, 2010

IN WITNESS WHEREOF, Small Customer Marketer Coalition executes this Stipulation for submission to the Commission.

By: 
Usher Fogel, Counsel

Date: April 21, 2010

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: _____
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: April __, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: _____
Leonard Van Ryn
Staff Counsel

Date: April __ 2010

IN WITNESS WHEREOF, Energetix, Inc. executes this Stipulation for submission to the Commission.

By: Robert Hobday
Robert Hobday

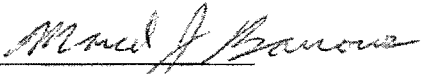
Date: April 21, 2010

IN WITNESS WHEREOF, Small Customer Marketer Coalition executes this Stipulation for submission to the Commission.

By: _____
Usher Fogel


Date: April __, 2010

IN WITNESS WHEREOF, Empire Natural Gas Corporation executes this Stipulation for submission to the Commission.

By: 
Marcel Barrows
President

Date: April 31, 2010

IN WITNESS WHEREOF, Hess Corporation executes this Stipulation for submission to the Commission.

By: 
Debra Rednik
Director of Regulatory Affairs

Date: April 21, 2010

Cases 09-E-0715, et al.
Joint Proposal
Appendix V

Case 09-E-0715, et. al.
Appendix A to Stipulation Regarding Gas Supply Matters

Rochester Gas and Electric Corporation
Reliability Surcharge - Illustrative Calculation

Description	Annual Costs
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Reliability Capacity Requirements

Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	390,000	
Typical Peak Day (66 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation (C	331,756	
Difference	58,244	15%

Storage W/d	124,000	67.39% DTI
Storage W/d	60,000	32.61% ESP

Empire	DTI
18,993	39,251
	-

Reliability Capacity Resources

		monthly	annual	
<u>DTI assets</u>				
FTNN deliverability Cost per Unit - storage w/d	39,251	\$ 4.3576	\$21.7880	\$855,200.79
GSS deliverability cost per unit	39,251	\$ 1.8815	\$22.5780	\$886,209.08
GSS capacity cost per Unit	1,570,040	\$ 0.0145	\$0.1740	\$273,186.96

Empire assets

Empire	18,993	\$ 5.3888	\$64.6656	\$1,228,193.74
TCPL	18,993	\$5.0426	\$60.51	\$1,149,289.22
DSR storage	1,576,419	\$0.0000	\$1.07	\$1,686,768
				\$6,078,848

demand cost reduction - non migration capacity release	(\$44,080)
	\$6,034,769

Storage Inventory Carrying Cost (Non-Daily Metered Only)

Total Annual Storage Inventory Carrying Cost	\$ 4,696,338
Storage Allocated to Peak Day Supply	58,244
Total Storage Deliverability (Dominion GSS & DSR)	184,000
Total Peak Day Allocation Percentage	31.7%
Allocated Carrying Costs	\$1,486,595

\$7,521,364

Annual Determinants for Sales and Non-Daily Metered Transport 36,437,974

Reliability Surcharge per Therm \$0.0206

APPENDIX W

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

-----X
Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

AMENDED STIPULATION REGARDING
PURCHASE OF RECEIVABLES DISCOUNT AND
MERCHANT FUNCTION CHARGE

Submitted by:

New York State Electric & Gas Corporation
and Rochester Gas and Electric Corporation

New York State Department of Public Service

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission as to the Rates, Case 09-E-0715
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0716
Charges, Rules and Regulations of New York State
Electric & Gas Corporation for Gas Service

Proceeding on Motion of the Commission as to the Rates, Case 09-E-0717
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Electric Service

Proceeding on Motion of the Commission as to the Rates, Case 09-G-0718
Charges, Rules and Regulations of Rochester Gas and
Electric Corporation for Gas Service
-----X

AMENDED STIPULATION REGARDING
PURCHASE OF RECEIVABLES DISCOUNT AND
MERCHANT FUNCTION CHARGE

This Amended Stipulation Regarding Purchase of Receivables Discount and Merchant Function Charge is made by and among New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E" and with NYSEG, the "Companies"), and the New York State Department of Public Service Staff ("Staff"). This Stipulation specifically relates to the Purchase of Receivable ("POR") Discount and Merchant Function Charge ("MFC") issues raised in the above-referenced proceedings (the "Proceedings").¹ The Companies and Staff agree as follows:

¹ Direct Testimony of the Revenue Allocation and Rate Design Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Revenue Allocation and Rate Design Panel (RG&E) (filed Sept. 17, 2009); Direct Testimony of the Embedded Cost of Service Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Embedded Cost of Service Panel (RG&E) (filed Sept. 17, 2009); Direct Testimony of the Revenue Requirements Panel (NYSEG) (filed Sept. 17, 2009); Direct Testimony of the Revenue

POR Discount (Electric and Gas)

1. NYSEG and RG&E will each develop separate POR Discount percentages for their electric and gas businesses.
2. The POR Discount percentage will become effective on the same date as new delivery service rates become effective in these proceedings and will be updated annually as described in more detail below. The Companies will file POR tariff statements sixty days prior to the effective date for each annual update. (The sixty day filing requirement will not be applicable for the setting of the rates to become effective in these proceedings).
3. The POR Discount percentage will be comprised of the following components:
 - a) Commodity-related Uncollectible costs (as defined in Item 5 below);
 - b) Financial Risk Adder (as defined in Item 6 below); and
 - c) Commodity-related Credit and Collections and Call Center costs (as defined in Item 7 below).
4. An illustrative example of how the POR Discount percentage will be developed is provided on page 1 of Exhibit A hereto.
5. The Commodity-related Uncollectible percentage of the POR Discount percentage will equal the actual total Company uncollectible costs for the most recent available twelve-month period divided by the sum of the total retail, retail access, and purchased ESCO receivables revenue (referred to herein as "POR Revenue Base") and fixed for the rate year. The Company will use the most recent available twelve-month period when calculating the Commodity-related Uncollectible percentage and reset it annually.
6. The Financial Risk Adder for all four businesses will be set at 20% of the applicable uncollectible percentage. The Financial Risk Adder will be reset annually by multiplying the annual uncollectible percentage, described in Item 5 above, by 20%.
7. The commodity-related credit and collections and call center cost component will be based on the allocated credit and collections and allocated call center costs in the final Embedded Cost study adopted in the Proceedings. The credit and collections and call center costs will be the same for the POR Discount and the MFC each rate year.

Requirements Panel (RG&E) (filed Sept. 17, 2009); Staff Electric Rates Panel (filed Jan. 22, 2010); Staff Gas Rates Panel (filed Jan. 22, 2010); Staff Revenue Requirement Panel (filed Jan. 22, 2010); Rebuttal Testimony of the Embedded Cost of Service Panel (filed Feb. 12, 2010); Rebuttal Testimony of the Revenue Allocation and Rate Design Panel (filed Feb. 12, 2010); Rebuttal Testimony of the Revenue Requirements Panel (filed Feb. 12, 2010).

- a) The commodity-related credit and collections and call center costs component of the POR Discount percentage will be set as follows:
 - i. The commodity-related credit and collections and call center cost component will be divided by the forecast full service and POR sales for the rate year. The resulting rate will apply equally to POR and MFC customers.
 - ii. The resulting rate will be multiplied by the forecast POR sales.
 - iii. The resulting forecast revenue will be converted to a percentage added to the POR Discount by dividing the resulting amount from ii above by the purchased ESCO receivables revenue component of the POR Revenue Base defined in paragraph 5 above.
 - b) Any over/under collections related to the credit and collections and call center costs component charged through the POR Discount percentage will be added to any over/under collections related to the credit and collections and call center costs component charged through the MFC and reconciled through both the POR Discount and MFC in the subsequent rate year.
 - c) Page 2 of Exhibit A hereto illustrates the development of the credit and collections and call center cost component of the MFC and POR Discount the annual reconciliation method.
8. To provide for a transition in the POR rate at RG&E, the allocated credit, collections, and call center costs will be phased into the POR discount rate over a two-year period. Under the phase-in, customers of ESCOs participating in the POR program offered by RG&E will pay the allocated amount of credit, collections, and call center administrative costs described in paragraph 7 above through a combination of a) an adjustment to the POR discount rate; and b) a separate temporary charge, called the POR Administration Charge, billed as a separate line item on the delivery portion of the bill. The adjustment to the POR discount rate during the first year of the two-year phase-in will recover 50% of the applicable costs while the POR Administration Charge will recover the remaining 50% of these costs. In the second year, the POR discount rate will recover the full amount of these costs and the POR Administration Charge will expire.
9. Exhibit B illustrates the development of the POR discount rates and the temporary POR Administration Charge rates for each year of the two-year phase-in. In order to implement the POR Administration Charge, the Companies will incur incremental IT costs of \$45,000. This amount will be allocated equally across the four electric and gas business units (\$11,250 per business) and will be recovered as an adjustment to the POR discount rate in the first year of the two-year phase-in.

MFC

10. The MFC will include the following rate components (see Exhibit C attached hereto):
 - a) Commodity-related Uncollectible Costs (electric and gas);
 - b) Commodity-related Credit and Collections and Call Center costs;
 - c) Commodity-related Administrative costs;
 - d) Cash Working Capital on Purchased Power costs, if the New York Independent System Operator moves to weekly billing (electric only) and Cash Working Capital on Commodity Hedge Margin costs; and
 - e) Cash Working Capital on Storage Inventory Carrying Costs (gas only).
11. The commodity-related uncollectibles component will be developed for each for the following MFC groups: residential gas, non-residential gas, NYSEG electric – small (SC Nos. 1, 8, 12, 5, 6, 9 and streetlighting); NYSEG electric – large (SC Nos. 2, 3, 7); RG&E electric – small (SC Nos. 1, 2, 4 6 and streetlighting); RG&E electric – large (SC Nos. 3, 7, 8 and 9). The commodity-related uncollectible rate will be developed for each of these groups based on the most recent available twelve-month period of actual uncollectibles at the time of the compliance filing in these Proceedings and will be reset annually based on the most recent available twelve-month period of actual uncollectibles.
12. NYSEG and RG&E will calculate the monthly commodity-related uncollectible component of the MFC by multiplying the fixed uncollectible percentage rates for each of the groups described in Item 11 above by the associated monthly electric supply cost or monthly gas supply cost.
13. The credit and collections and call center cost component will be developed, reconciled and reset as described in Item 7 above.
14. The Administrative Component will be based on the final Embedded Cost study adopted in the Proceedings. The Administrative Component will be reconciled annually for differences in actual versus design sales only. The unit rate will be reset annually based on recent sales forecasts.
15. If the New York Independent System Operator starts weekly billing, the electric MFC will include a component for cash Working Capital on Purchased Power. Working Capital on Purchased Power would be calculated based on the Companies' pre-tax rate of return. The Companies would reconcile the Working Capital on Purchased Power to actual applicable costs. Costs would also be updated annually based on the most recent available recent twelve-month period. The unit rate would be reset annually for recent sales forecasts.

16. Cash Working Capital on Commodity Hedge Margin costs will be initially based on the average monthly balance of such costs from the most recent available twelve-month period at the time of compliance filing in these Proceedings. The cash working capital on Commodity Hedge cost component will be based on the Companies' pre-tax rate of return and will be reconciled to actual costs annually. Additionally, the component will be updated annually based on data from the most recent available twelve-month period. The component unit rate would be reset annually for recent sales forecasts.
17. Cash Working Capital on Storage Inventory costs will be developed as follows:
 - The carrying charge used in the determination of monthly storage working capital costs will be the Company's authorized pre-tax rate of return on the base storage level and the Commission's currently-effective Other Customer Capital rate on monthly amounts above the base storage level. The base storage level is defined as the lowest monthly balance.
 - Reconciliation annually to actual applicable costs for the period.
 - Forecast cash working capital component will be updated annually to reflect actual cost from the most recent available twelve-month period and the most recent sales forecast.
18. Over- and under-collections for all applicable components of the electric and gas MFCs will be returned/collected through the MFC.
19. A matrix describing each component of the MFC, as well as reconciliation and reset provisions is attached as Exhibit C hereto.

Stipulation Intent

This Stipulation is intended to amicably resolve certain matters for the purposes of the Proceedings and is designed to reduce the issues in controversy to be resolved through a litigated evidentiary hearing. This Stipulation states the position of the Signatories that resolves each of the issues presented. Adequate and sufficient evidence supporting each resolution of an issue will be found in, or within the scope of, the testimonies and exhibits that were submitted at the evidentiary hearing conducted in the Proceedings. The Signatories request that the Administrative Law Judges adopt the resolutions reached herein in any Recommended Decision or report and that the New

York State Public Service Commission ("Commission") adopt them in its final decision in the Proceedings.

Signatories' Support

The Signatories believe that the resolutions reached in this Stipulation are just and reasonable and otherwise in accordance with the New York Public Service Law, the Commission's regulations and applicable Commission orders. Each of the Signatories agrees to support the terms of this Stipulation as just and reasonable, agrees not to take a position in the Proceedings in these matters contrary to the agreements set forth herein, and agrees not to assist another participant in taking such a contrary position in the Proceedings.

Integrated Agreement

The terms of this Stipulation are submitted as an integrated whole. If the Commission does not accept this Stipulation as the basis of the resolution of these issues without change or condition, each Signatory shall have the right to withdraw from this Stipulation upon written notice to the Commission within 10 days of the Commission Order. If the Company gives such notice, this Stipulation shall be deemed withdrawn, it shall not constitute part of the record of the Proceedings or any future proceeding addressing any of the issues within the scope of this Stipulation and it shall not be used in evidence or cited against any Signatory or used for any other purpose.

Settlement Discussions Privileged

The discussions between and among the Signatories that have resulted in this Stipulation have been conducted with the explicit understanding, pursuant to the Commission's regulations, that all written and oral offers, prior proposals of settlement and discussions relating thereto, as well as supporting materials, will remain confidential

communications, are without prejudice to the position of any of the Signatories and other entities participating in any such discussions, are not admissible into evidence in the Proceedings or any other proceedings, and will not be used in any manner in connection with the Proceedings, other proceedings, or for any other purpose. As such, each Signatory agrees to maintain the confidentiality of all discussions, all offers of settlement and discussions related thereto, as well as all supporting materials.

No Admission

The making of this Stipulation shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory regarding any allegation, contention, or issue raised in the Proceedings or addressed in this Stipulation.

Stipulation Parameters

This Stipulation is intended to relate only to the specific matters referred to herein and shall have no bearing on the outcome of any other issues in the Proceedings. Nothing in the Stipulation shall determine or constitute a ratemaking principle binding on the Signatories in the future, and no Signatory shall be deemed to have approved, accepted, agreed, or consented for purposes other than these proceedings to any specific ratemaking methodology or principle, accounting treatment, or level of expense or revenue. Nothing in this Stipulation restricts the Companies from initiating new rate proceedings, to the extent permitted in the New York Public Service Law and the Commission's regulations. The agreements set forth in this Stipulation are solely for the purpose of the above-captioned proceedings and nothing in this Stipulation restricts any signatories to this Stipulation from taking any position or lawful action or making any filing in any future proceedings. Except as expressly set forth herein, nothing in this Stipulation shall impair, diminish, or restrain the rights of any of the Signatories.

Nothing in this Stipulation shall be construed to limit the Commission's authority under the New York Public Service Law.

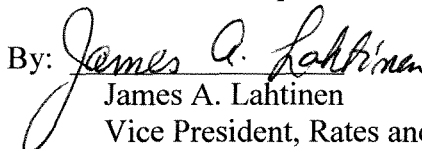
Counterparts

This Stipulation may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

Entire Agreement

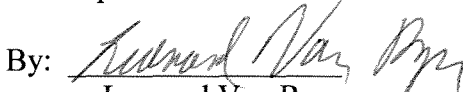
This Stipulation, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatories with respect to the matters resolved herein.

IN WITNESS WHEREOF, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation execute this Stipulation for submission to the Commission.

By: 
James A. Lahtinen
Vice President, Rates and Regulatory Economics

Date: July 14, 2010

IN WITNESS WHEREOF, New York State Department of Public Service Staff executes this Stipulation for submission to the Commission.

By: 
Leonard Van Ryn
Staff Counsel

Date: July 14, 2010

**NYSEG and RG&E Case Nos. 09-E-0715 et.al.
ILLUSTRATIVE POR DISCOUNT RATE**

One year uncollectibles for 2008	A	\$	7,820,000
ESCO Receivables Purchased in 2008	B		101518000
2008 Retail and Retail Access Sales Revenue	C		418283000
Total 2008 Retail and Retail Access Sales Revenues Plus POR ESCO Receivables Purchased	D = B+C	\$	519,801,000
Uncollectibles as percent of total	E=A/D		1.50%
Financial Risk Adder	F		20%
at 20% of Uncollectible percent	G=ExF		0.30%
Credit and Collections and Call Center Adder	H	\$	4,575,412
Credit & Collections and Call Center Revenue Requirement	I		4,994,865,730
Forecast Full Service and POR Sales	J=H/I	\$	0.00092
RY1 MFC/POR rate/kwh	K		2,140,656,742
Forecast POR sales	L=JxK	\$	1,969,404
Forecast POR collections	M=L/B		1.94%
Credit and Collections/Call Center adder (Applicable to ESCO Receivables Purch.)			
Total POR discount rate, including adders	N=E+G+M		3.75%
Check Credit & Collections/Call Center Percentage	O=BxM	\$	1,969,404

ILLUSTRATIVE Effective POR RATE Development and Reconciliation

NYSEG and RG&E Case Nos. 09-E-0715 et.al.
Development of Credit and Collections/Call Center Component of MFC Rate and Effective POR rate

FORECAST - Total Delivery Sales	A	7,135,522,472 kWh
FORECAST - Retail Access to Full Service Percentage	B	60%
Retail Access Sales	C=AxB	4,281,313,483 kWh
Full Service Sales	D=A-C	2,854,208,989 kWh
POR percentage		50%
POR sales	E	2,140,656,742

MFC - Credit & Collection and Call Center	F	\$4,575,412
MFC Rate & Effective POR Rate	G=F/D+E	\$0.00092 /kWh

ACTUAL - Percent of Forecast Total Delivery Sales	H	98%
ACTUAL - Total Delivery Sales	I=HxA	6,992,812,023 kWh
ACTUAL - Retail Access to Full Service Percentage	J	60%
Retail Access Sales	K=JxI	4,195,687,214 kWh
POR Percentage	L	48%
POR Sales	M=LxK	2,013,929,862
Full Service Sales	N=I-K	2,797,124,809 kWh

Billed POR Revenue	O=GxM	\$1,844,806
Billed Full Service MFC	P=NxG	<u>\$2,562,231</u>
Total Revenue Collected From POR & MFC	Q=O+P	\$4,407,037

OVER/UNDER	R=Q-F	-\$168,375
RY2 Rev Req for MFC & POR, Incl. RY1 under/over collection	S=F-R	\$4,743,787
RY2 MFC & POR credit & collection and call center rate	T=S/D+E	\$0.00095 /kWh

This scenario would involve re-setting this adder to the POR discount rate annually to keep the unit rate the same for both MFC and POR customers
The MFC and POR Discount Rate in \$/kWh would be converted to a percent adder as follows:
(MFC/POR Adder Rate * POR Sales) divided by ESCO Receivables Purchased

Illustrative Calculation of Phase-in POR Surcharge and POR Discount Rates

	RG&E Electric		RG&E Gas	
Total Credit & collection & call center	\$	4,575,412	\$	3,724,608
POR receivables in 2008	\$	101,518,000	\$	72,373,000
Incremental IT costs	\$	11,250	\$	11,250
POR sales kWh		2,140,656,742		69,243,921
Full service kWh		2,854,208,989		251,829,078
Combined kWh		4,994,865,731		321,072,999
Effective rate to fully recover credit, collection, and call center costs	\$	0.000920	\$	0.011600
\$ to be collected through POR surcharge rate and POR discount rate	\$	1,969,404	\$	803,229
POR surcharge rate applicable in:				
Rate Year 1	\$	0.000460	\$	0.005800
Rate year 2	\$	-	\$	-
\$ Amount collected through POR surcharge rate in:				
Rate Year 1	\$	984,702	\$	401,615
Rate year 2	\$	-	\$	-
Amount to be collected through POR discount rate adder in:				
Rate Year 1	\$	984,702	\$	401,615
Rate year 2	\$	1,969,404	\$	803,229
% adder to POR discount rate in:				
Rate Year 1		0.970%		0.550%
Rate year 2		1.940%		1.110%

Illustrative POR Surcharge and POR Discount Rates For Transition Period

Applicable POR Discount and Surcharge

	Uncollectible %	Risk Adder	Incremental IT costs	Credit and collections and call center costs	POR discount	POR surcharge
<u>RG&E Electric:</u>						
Rate Year 1	1.50%	0.30%	0.01%	0.97%	2.78%	\$ 0.00046
Rate Year 2	1.50%	0.30%	NA	1.94%	3.74%	\$ -
<u>RG&E Gas:</u>						
Rate Year 1	2.40%	0.48%	0.02%	0.55%	3.44%	\$ 0.00580
Rate Year 2	2.40%	0.48%	NA	1.11%	3.99%	\$ -

Note: The above POR discount and POR surcharge rates are shown exclusive of any reconciliations.

NYSEG and RG&E Case Nos. 09-E-0715 et al.

MFC COMPONENTS AND POR DISCOUNT/POR ADMINISTRATION CHARGE FOR COLLECTIONS AND ADMINISTRATION - RECONCILIATION AND UPDATE

MFC Cost Components:		Applicability	Annual Reconciliation	Update
Uncollectibles*		Electric and Gas: Small/Large and Res/Non-Res rates differentiated	No reconciliation	Update uncollectible % by MFC group annually based on recent 12 month actuals
Working Capital**		Purchase Power - Electric if ISO weekly billing; small and large rates equal; Hedge Costs to electric and gas - electric applicable to small group only; gas storage inventory - small and large res/non-res rates equal	Reconcile to actual applicable costs annually	Update to recent 12 month period actual costs annually and reset unit rate based on recent sales forecast
Administrative		Electric and Gas: Small/Large and Res/Non-Res rates equal	Reconciled for variance in actual vs. design sales	No updates to costs (fixed based on ECOS); reset unit rate annually based on recent sales forecast
Credit & Collections and Call Center		Electric and Gas: Small/Large and Res/Non-Res rates equal	Reconcile total \$ from ECOS to both MFC and POR collections	No update to costs (fixed based on ECOS); reset unit rate annually based on recent sales forecast
MFC Under/Over collection		Electric and Gas	Collected/passed back through subsequent RY MFC	
POR Adder/POR Administration Charge*** applicable to customers of ESCOs participating in POR program		Electric and Gas—converted to percent adder Electric and Gas: Small/ Large and Res/Non-Res rates equal	Reconcile total \$ from ECOS to both MFC and POR collections and built in to subsequent year discount rate POR Administration Charge	No update to costs (fixed based on ECOS); reset unit rate annually based on recent sales forecast
Credit & Collections and Call Center				

Notes

* Uncollectibles component based on annual uncollectible percentage for MFC class times monthly gas/electricity purchase power cost

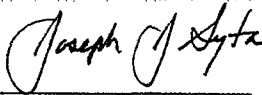
** No working capital on gas; working capital on electric purchase power if NYISO goes to weekly billing
Working capital on electric and gas hedge costs

*** POR Administration Charge is a temporary charge that will be eliminated beginning in Year 3

IN WITNESS WHEREOF, the Signatory Parties hereto have affixed their signatures
below as evidence of their agreement to be bound by the provisions of this Proposal.

**New York State Electric & Gas Corporation and
Rochester Gas and Electric Corporation**

Dated: July 14, 2010

By: 
Joseph J. Syta
Vice President, Controller and Treasurer

New York State Department of Public Service

Dated: July __, 2010

By: _____
Leonard Van Ryn
Staff Counsel

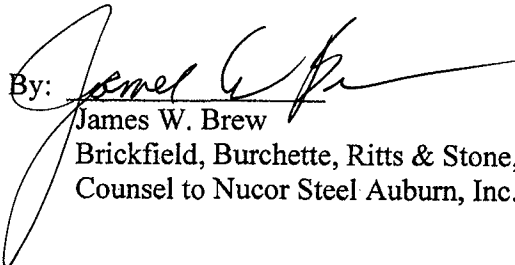
Multiple Intervenors

Dated: July __, 2010

By: _____
Michael B. Mager
Couch White, LLP
Counsel to Multiple Intervenors

Nucor Steel Auburn, Inc.

Dated: July 15, 2010

By: 
James W. Brew
Brickfield, Burchette, Ritts & Stone, P.C.
Counsel to Nucor Steel Auburn, Inc.

AL-102859

IN WITNESS WHEREOF, the Signatory Parties hereto have affixed their signatures
below as evidence of their agreement to be bound by the provisions of this Proposal.

**New York State Electric & Gas Corporation and
Rochester Gas and Electric Corporation**

Dated: July 14, 2010

By: Joseph J. Syta
Joseph J. Syta
Vice President, Controller and Treasurer

New York State Department of Public Service

Dated: July 14, 2010

By: Leonard Van Ryn
Leonard Van Ryn
Staff Counsel

Multiple Intervenors

Dated: July 15, 2010

By: Michael B. Mager
Michael B. Mager
Couch White, LLP
Counsel to Multiple Intervenors

Nucor Steel Auburn, Inc.

Dated: July __, 2010

By: _____
James W. Brew
Brickfield, Burchette, Ritts & Stone, P.C.
Counsel to Nucor Steel Auburn, Inc.

AL-102859

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

- CASE 09-E-0715 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service
- CASE 09-G-0716 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service
- CASE 09-E-0717 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service
- CASE 09-G-0718 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service

ATTACHMENT 2

SUBJECT: Filings by New York State Electric & Gas Corporation

Amendments to Schedule P.S.C. No. 119 - Electricity

First Revised Leaves Nos. 25, 91
Supplement Nos. 6, 7, 8

Amendments to Schedule P.S.C. No. 120 - Electricity

Original Leaf No. 276.1
First Revised Leaves Nos. 108.1, 276, 277, 278, 279
Third Revised Leaves Nos. 17, 171, 243.1, 272.1
Fourth Revised Leaves Nos. 21, 108, 109
Fifth Revised Leaves Nos. 117.11, 117.12, 134, 208.1, 301
Sixth Revised Leaves Nos. 22, 288.2
Seventh Revised Leaves Nos. 2, 198.2, 220, 287.1
Eighth Revised Leaves Nos. 142, 207, 243, 260, 271, 299
Ninth Revised Leaves Nos. 122, 149, 156, 176, 185, 195, 203, 213, 252, 257, 268, 296
Tenth Revised Leaves Nos. 119, 147, 155, 173, 193.4, 212, 214, 247
Eleventh Revised Leaves Nos. 129, 202
Twelfth Revised Leaves Nos. 184, 194
Fourteenth Revised Leaves Nos. 135, 288.1
Sixteenth Revised Leaves Nos. 160, 229, 230, 231
Seventeenth Revised Leaves Nos. 139, 166, 167, 197, 228
Eighteenth Revised Leaves Nos. 123, 124, 131, 157, 158, 215, 216, 248, 249, 250, 251, 261, 262, 300
Nineteenth Revised Leaves Nos. 198, 201, 208
Twentieth Revised Leaf No. 272
Twenty-First Revised Leaves Nos. 287, 288, 293
Thirty-Third Revised Leaf No. 289
Supplement Nos. 22, 23, 25

Amendments to Schedule P.S.C. No. 121 - Electricity

Original Leaves Nos. 62, 63, 64, 65, 66, 67
First Revised Leaves Nos. 3, 14.1
Second Revised Leaf No. 7
Third Revised Leaves Nos. 25, 38, 61
Fifth Revised Leaf No. 36
Sixth Revised Leaves Nos. 2, 58
Eighth Revised Leaf No. 54.6
Tenth Revised Leaves Nos. 17, 22.2, 26, 27, 40

Eleventh Revised Leaves Nos. 42, 43, 57
Twelfth Revised Leaves Nos. 28, 34.3, 35, 41, 56
Thirteenth Revised Leaf No. 55
Fifteenth Revised Leaves Nos. 24, 59
Sixteenth Revised Leaf No. 37
Supplement Nos. 10, 11, 13

Amendments to Schedule P.S.C. No. 87 - Gas

First Revised Leaf No. 11.1
Second Revised Leaf No. 11.2
Third Revised Leaves Nos. 18.1, 19, 20, 49, 50
Fourth Revised Leaves Nos. 15.1, 32, 46
Fifth Revised Leaves Nos. 12.1, 38, 55
Sixth Revised Leaves Nos. 24, 45, 56
Seventh Revised Leaf No. 52
Ninth Revised Leaves Nos. 13.1, 15, 43, 47, 53
Tenth Revised Leaves Nos. 16, 34, 34.1
Eleventh Revised Leaves Nos. 14, 44
Twelfth Revised Leaves Nos. 12, 48
Thirteenth Revised Leaf No. 13
Fourteenth Revised Leaf No. 17
Supplement Nos. 19, 20, 21

Amendments to Schedule P.S.C. No. 88 - Gas

Original Leaf No. 106.2
First Revised Leaf No. 106.1
Second Revised Leaves Nos. 50.15, 50.28, 50.29, 50.30
Third Revised Leaves Nos. 69.1.1, 108
Fourth Revised Leaves Nos. 9.1, 56, 72, 73, 126
Fifth Revised Leaves Nos. 10.1, 13.3, 68.1, 68.2, 78
Sixth Revised Leaf No. 58
Seventh Revised Leaves Nos. 52.1, 52.2, 55, 71, 74, 106, 113.1, 127
Eighth Revised Leaf No. 50.26
Ninth Revised Leaves Nos. 63, 95
Tenth Revised Leaves Nos. 52, 113
Eleventh Revised Leaves Nos. 51, 60, 68, 69.1
Twelfth Revised Leaves Nos. 53.1, 96, 102.1
Thirteenth Revised Leaves Nos. 53, 98.1, 102, 103, 104
Fourteenth Revised Leaf No. 101
Fifteenth Revised Leaf No. 69

Eighteenth Revised Leaf No. 105
Supplement Nos. 30, 31, 32

Amendments to Schedule P.S.C. No. 90 - Gas

Original Leaves Nos. 105.2, 105.3
First Revised Leaves Nos. 90.6.1, 98.1
Second Revised Leaves Nos. 90.5.1, 100
Third Revised Leaves Nos. 90.4, 90.10
Fourth Revised Leaves Nos. 90.5, 106, 107, 108, 109,
110
Seventh Revised Leaves Nos. 90.6, 91
Eighth Revised Leaves Nos. 3.1, 99
Ninth Revised Leaf No. 90
Supplement Nos. 12, 13, 14

SUBJECT: Filing by ROCHESTER GAS AND ELECTRIC CORPORATION

Amendments to Schedule P.S.C. No. 16 - Gas

Original Leaves Nos. 127.46.3, 127.46.4
Second Revised Leaves Nos. 130, 130.6.1, 130.7.3,
144, 147.8, 147.11, 148
Third Revised Leaves Nos. 74, 76, 127.4, 127.45,
130.5, 133.3, 133.5.1, 136, 145, 146, 147.1,
147.3.1, 147.7, 147.10
Fourth Revised Leaves Nos. 73, 75, 127.44,
129.1, 130.9, 133.1, 133.6, 134
Fifth Revised Leaves Nos. 133, 135, 147.2
Sixth Revised Leaves Nos. 4.1, 127.29, 130.6,
130.7, 130.8, 133.5, 133.8
Seventh Revised Leaves Nos. 129, 134.1
Ninth Revised Leaf No. 2
Twelfth Revised Leaf No. 128
Supplement Nos. 17, 18, 19

Amendments to Schedule P.S.C. No. 18 - Electricity

First Revised Leaves Nos. 11.1, 31, 43
Second Revised Leaves Nos. 39, 45.4
Third Revised Leaves Nos. 26.1.1, 26.4
Fourth Revised Leaves Nos. 37.1.1, 38, 45.1.1
Fifth Revised Leaf No. 30
Sixth Revised Leaves Nos. 11, 28
Seventh Revised Leaves Nos. 27, 29
Ninth Revised Leaf No. 26
Tenth Revised Leaf No. 37
Twelfth Revised Leaf No. 45
MFC Statement No. 1
Supplement Nos. 4, 5, 7

Amendments to Schedule P.S.C. No. 19 - Electricity

First Revised Leaves Nos. 18, 160.25.1, 180, 181,
182, 183, 184, 186
Second Revised Leaves Nos. 195.2, 210.5
Third Revised Leaves Nos. 81.2, 85.1, 166.4, 167,
189, 190.4, 204.5, 234.1, 244, 246.3
Fourth Revised Leaves Nos. 53, 81.3, 164.1.1,
164.4, 166.1.1, 169.1.1, 187.3, 187.4, 188,
193.1.1, 196, 197, 199.1
Fifth Revised Leaves Nos. 160.26, 194.2, 195.1,
213.1

Sixth Revised Leaves Nos. 160.25, 169.1, 204.4,
214.1, 218, 246.1, 246.2

Seventh Revised Leaves Nos. 81.1, 176, 234

Eighth Revised Leaves Nos. 81, 161, 169, 174.3,
187, 190.3, 193.1, 195, 200, 210.2

Ninth Revised Leaves Nos. 161.1, 161.2, 194, 214

Tenth Revised Leaves Nos. 193

Eleventh Revised Leaves Nos. 210, 224, 242

Twelfth Revised Leaves Nos. 164, 166, 190

Thirteenth Revised Leaves Nos. 174, 243

MFC Statement No. 1

Supplement Nos. 32, 33, 35

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

- CASE 09-E-0715 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service
- CASE 09-G-0716 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service
- CASE 09-E-0717 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service
- CASE 09-G-0718 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service

ATTACHMENT 3

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September 7, 2010

VIA E-MAIL AND HAND DELIVERY

Honorable Jaclyn A. Brilling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Cases 09-E-0715, et al. - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation for Electric and Gas Service

Dear Secretary Brilling:

Appendix R to the Joint Proposal in the above-referenced cases sets forth certain service quality metrics, targets and amounts at risk for New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E") (with NYSEG "the Companies"). Appendix R states, in part, that "RG&E will replace its existing Customer Service Interaction Index with a new (already implemented) Contact Satisfaction Survey for 2010." Appendix R also states that "results from the new Contact Satisfaction Survey that are achieved from January 2010 to June 2010 will be used to set targets for the remaining six months of 2010." RG&E agreed to meet with Staff and interested parties to propose 2010 Contact Satisfaction Survey targets for New York State Public Service Commission ("Commission") approval.

On August 5, 2010, the Companies met with Department of Public Service Staff and the New York State Consumer Protection Board ("CPB") regarding proposed 2010 targets for RG&E's Contact Satisfaction Survey.¹ Staff, CPB and the Companies agreed to the following targets:

¹ The meeting was noticed to all parties.

Performance Measure	Performance Threshold	Maximum Revenue Amount at Risk
Customer Interaction Service Index (Contact Satisfaction Survey)	<=83%	\$500,000
	<82%	\$1,000,000
	<81%	\$1,500,000
	<80%	\$2,000,000

Pursuant to Appendix R, RG&E will meet with Staff and interested parties in January 2011 to review twelve months of results for the RG&E Contact Satisfaction Survey and to discuss whether any revisions are necessary to the RG&E Contact Satisfaction Survey targets for 2011. If needed, the Company will propose targets that, if adopted by the Commission, will become effective retroactively to January 2011.

Accordingly, the Companies respectfully request that the Commission approve the above-referenced 2010 RG&E Contact Satisfaction Survey targets.

If you have any questions regarding this filing, please contact us.

Respectfully submitted,



Brian T. FitzGerald
Noelle M. Kinsch

AL103705

cc: Active Party Service List (via e-mail)
Administrative Law Judge Kevin Casutto (via e-mail)
Administrative Law Judge Howard A. Jack (via e-mail)
Administrative Law Judge Michelle L. Phillips
Administrative Law Judge David L. Prestemon
Administrative Law Judge Rudy Stegemoeller (via e-mail)
Steven R. Adams (via e-mail)
Paul K. Connolly, Jr., Esq. (via e-mail)
David L. Schwartz, Esq. (via e-mail)