

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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At a session of the Public Service
Commission held in the City
Albany on August 19, 1992

COMMISSIONERS PRESENT:

Peter Bradford, Chairman
Lisa Rosenblum
Harold A. Jerry, Jr.
James T. McFarland
Henry G. Williams
William D. Cotter
Raymond J. O'Connor

CASE 92-M-0189 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$25,000,000 aggregate principal amount of long-term debt.

CASE 92-M-0190 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$25,000,000 aggregate principal amount of long-term debt.

CASE 92-M-0191 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$25,000,000 aggregate principal amount of long-term debt.

CASE 92-M-0192 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$25,000,000 aggregate principal amount of long-term debt.

CASE 92-M-0193 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$50,000,000 aggregate principal amount of long-term debt.

CASE 92-M-0195 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$50,000,000 aggregate principal amount of long-term debt.

(Issued and Effective August 19, 1992)

By petitions filed February 27, 1992, Rochester Gas and Electric Corporation (petitioner) has requested Commission

authority to issue and sell not to exceed \$200 million of medium-term notes. An issue of securities in the amount authorized, subject to the conditions imposed in this Order, is reasonably required for the purposes we specify and said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The Commission orders:

1. Rochester Gas and Electric Corporation is authorized to issue and sell, not later than December 31, 1994, not to exceed \$200 million of medium term notes. The notes shall bear interest, be dated, mature and be redeemable according to the terms of the documents attached to the petition in this proceeding.

2. If the spreads on any notes to be issued are greater than those listed in staff's memorandum in this proceeding, the non-abrogation procedure shall be used for the approval of such higher spreads. If the spreads are within or less than the range listed, notes may be issued without the use of the non-abrogation procedure, subject to the requirement that petitioner shall file with the Commission within two weeks after the issuance, detailed financial information on each note so issued. If any of the proceeds of the notes are used for the optional refunding of outstanding high coupon debt, petitioner shall inform staff of its optional refunding decision prior to the sale of such notes and shall demonstrate that such refunding produces at least a 5% savings.

3. The proceeds from the sale of the securities

authorized by this Order shall be deposited in a special fund in a responsible banking institution or institutions. The proceeds shall be applied solely and exclusively toward reimbursement of petitioner's treasury for equivalent moneys expended for capital purposes to March 31, 1992. The reimbursement funds shall be used for the optional redemption of high coupon debt and toward payment of outstanding short-term debt on the date of issuance of the said securities. Any remaining funds are to be used toward expenditures incurred on and after April 1, 1992, for the purposes permitted under Public Service Law Section 69, which shall be over and above the expenditures made for such purposes through funds originating from credits to the accumulated provision for depreciation, net salvage and accumulated deferred income taxes. Withdrawal of a portion or all of the said reimbursement funds may be made from time to time for other utility purposes during the period ending December 31, 1994, or may be invested in short-term marketable securities on condition that such temporary withdrawal, to the extent that the same are not offset by gross additions less funds originating from credits to the accumulated provisions for depreciation, net salvage and accumulated deferred income taxes on or after April 1, 1992, are restored to the special fund not later than December 31, 1994. The entire proceeds from the issuance of the securities authorized by this order shall be used for the purposes specified above. In no instance shall any part of the special fund be used to pay accrued interest or dividends on the discharged or refunded obligations.

4. Petitioner shall file quarterly with the Commission a verified report showing the date of withdrawal of any of the deposited funds as provided in Clause 3 of this Order, the amount withdrawn, and the purposes for which such withdrawal was made.

5. If, upon examination of the expenditures made from withdrawal from the said special fund, the Commission shall determine that any expenditure is not a reasonable and proper capital charge, or has not been duly authorized by the Commission, or is in violation of any Order of the Commission or any provision of law, a sum equal to such expenditure shall, upon Order of the Commission, promptly be placed in the special fund and said sum shall be subject to all of the conditions and restrictions of this Order.

6. The total costs and expenses of issuing the securities authorized by this order, paid or to be paid by petitioner and charged to Account 181 - Unamortized Debt Expense, shall not exceed \$2,915,000, unless any additional amount expended is approved as a proper and reasonable cost of issuance by the Director of the Office of Accounting & Finance or his designee.

7. Within 120 days after the issuance of all or any part of the securities authorized by this Order, petitioner shall submit to this Commission a verified report which shall show in detail all costs and expenses including commissions applicable to the issue and sale of the said securities and the disposition of the same. If any costs and expenses are incurred after that report has been submitted, a supplemental verified report showing

in detail such costs and expenses shall be submitted to this Commission, and petitioner shall make such adjustment of the charges to Account 181 - Unamortized Debt Expense for the said costs and expenses of issuing the said securities as this Commission shall determine to be necessary and proper.

8. The authority granted and the conditions imposed by this Order shall not be construed as passing upon or otherwise approving the accuracy of the books, records and accounts of petitioner.

9. Within ten days after the issue of all or any part of the securities authorized by this Order, petitioner shall file a verified report thereon in the form prescribed by 16 NYCRR Sections 115.1 and 245.1.

10. Petitioner is authorized to defer in Account 181, Unamortized Debt Expense, the call premiums and unamortized debt expenses related to the debt to be refunded. The amounts so deferred shall be amortized to Account 428, Amortization of Debt Discount and Expense, over the remainder of the respective lives of refunded issued or over the respective lives of the new issues, whichever is shorter. If petitioner chooses to defer the unamortized costs, petitioner shall file a plan with the Director of the Office of Accounting and Finance, for the amortization of the deferred costs, within 45 days of issuance of the authorized securities.

11. Petitioner shall defer in Account 283, Accumulated Deferred Income Taxes, - Other, the Federal income tax effects of the amounts deferred in accordance with the previous clause. The

amounts so deferred shall be amortized concurrent with the amortization of the costs to which they relate.

12. The securities authorized by this Order shall not be issued unless and until there has been filed with this Commission an unconditional acceptance by petitioner agreeing to obey all the terms, conditions and requirements of this Order. If such acceptance is not so filed within a period of 30 days from the effective date of this Order, this Order may be revoked by the Commission without further notice.

By the Commission,

(SIGNED)

JOHN J. KELLIHER
Secretary

Handwritten: C. 92-M-0184

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

July 27, 1992

TO: THE COMMISSION

FROM: OFFICE OF ACCOUNTING & FINANCE

SUBJECT: Case 91-M-0186 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed 2,000,000 shares of common stock, \$5 par value. (SAPA 91-M-0186 SA1)

Case 92-M-0189 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$25,000,000 aggregate principal amount of long-term debt. (SAPA 92-M-0189 SA1)

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Case 92-M-0191 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$25,000,000 aggregate principal amount of long-term debt. (SAPA 92-M-0191 SA1)

Case 92-M-0192 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$25,000,000 aggregate principal amount of long-term debt. (SAPA 92-M-0192 SA1)

Case 92-M-0193 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$50,000,000 aggregate principal amount of long-term debt. (SAPA 92-M-0193 SA1)

Case 92-M-0195 - Petition of Rochester Gas and Electric Corporation for authority to issue and sell not to exceed \$50,000,000 aggregate principal amount of long-term debt. (SAPA 92-M-0195 SA1)

* * *

Summary

By petitions filed February 19, 1991 and February 27, 1992, Rochester Gas and Electric Corporation (RG&E or the Company) requested authority to issue from time to time prior to December 31, 1994, not more than \$200,000,000 of Medium Term Notes (MTNs)

Cs. 91-M-0186, 92-M-0189-93 & 95

and not more than 2,000,000 shares of common stock (some \$48 million at current market prices). The proceeds will be used for the optional redemption of high coupon debt, the discharge of outstanding short-term debt obligations, and the funding of future construction expenditures.

As in other recent common stock public issuance approvals, we recommend that the Commission approve the pricing using a formula based on the previous trade or the previous day's closing price. A maximum allowance for expenses and discounts of 5% off the reference price will provide enough flexibility to allow for underwriters' fees and other issuance expenses.

We also recommend that RG&E be permitted to issue MTNs through a flexible-pricing mechanism. The company will issue MTNs within a range of interest rate spreads above treasury securities of similar maturity. Any increase in the pre-approved spreads must be granted by the Director of Accounting and Finance in a non-abrogation procedure.

Any optional redemption of outstanding high coupon debt must provide savings of at least 5% of the principal amount of the issuance in order for the company to economically refund the securities. RG&E will inform staff of its optional refunding decisions prior to the issuance of the securities.

We, therefore, recommend approval of up to 2 million shares of common stock and up to \$200 million of Medium Term Notes subject to the conditions in the Orders.

Proposed Issuance of MTNs

The proposed issue of \$200 million of secured MTNs is expected to be completed over a 2-year period and will be issued intermittently through a series of notes at varying maturities and interest rates as the need arises. It is expected that the terms will vary from 7 to 30 years. The interest rates on the issues will be set with reference to a current range of spreads above similar maturity treasury security yields. The initial spreads will be approved through the Order, and issuances made within those spread ranges are not subject to abrogation. However, as with other MTN authorizations, if higher spreads are needed to market the securities, the Order provides for abrogation by a Commissioner, or the issuance of a letter of non-abrogation by the Director of the Office of Accounting and Finance or his designee. The company will provide Staff with a report two weeks after each issuance summarizing the offering. This report will show the terms of all securities that were issued under this Order and demonstrate that the interest rates on any notes issued were within the authorized spreads.

The following schedule represents the maturity ranges and corresponding maximum spreads within which RG&E must market these securities. These spreads allow a cushion above the current low, by historical standards, between corporate debt yields and treasuries.

<u>Maturity</u>	<u>Redemption Features</u>	<u>Maximum Spread</u>
7 - 9 years	No Call	0.65%
10 years	No Call 5 yrs.	0.85%
10-14 years	No Call	0.75%
15 years	No Call	0.85%
30 years	No Call 10 yrs.	1.00%
30 years	No Call 5 yrs.	1.10%

Use of Proceeds

The proceeds will be used to discharge outstanding short-term debt obligations (currently \$77 million), for the optional refunding of high cost debt and for the funding of future construction expenditures.

The company estimates that its external cash requirements (excluding optional redemptions) for 1993 and 1994 will be \$89 million and \$58 million, respectively (Appendix I).

RG&E has identified the following debt issuance as having the potential for early redemption, depending upon market conditions:

- 1) \$30 million First Mortgage 9.125% Bonds, Series Z, due September 1, 2000 at the redemption price of 102.52%.
- 2) \$50 million First Mortgage 9.25% Bonds, Series BB due June 15, 2006 at the redemption price of 104.6%.
- 3) \$40 million First Mortgage 9.5% Bonds, Series DD due December 1, 2003 at the redemption price of 104.35%.

The amount of savings that the company is able to achieve through the refundings depends upon market conditions at the time of issuance. RG&E has estimated a break-even all-in cost rate for the three series as follows:

Series Z	8.50%
Series BB	8.53%
Series DD	8.73%

Prior to the issuance of any of the authorized MTNs, RG&E will inform and discuss with Staff its optional refunding decision and the amount of savings anticipated prior to the issue of the MTNs. To assure some minimum level of savings, the order requires savings of at least 5% in order to refund any optional debt.

Issuance Expenses

The estimated expenses (excluding underwriting commissions) of issuing the common stock and MTNs are \$140,000 and \$2,915,000, respectively. Details of the expenses are shown in Appendix II. The Order requires RG&E to file with the Commission a verified report showing in detail all the expenses incurred in issuing the securities.

Financial Statistics

RG&E's balance sheet as of March 31, 1992 is attached as Appendix III. In its last financing, RG&E issued \$50 million of 40 year bonds at an effective cost of 6.89% and \$10.5 million of 40 year bonds at an effective cost of 6.73%.

The company's income statement for the 12 months ended March 31, 1992 is attached as Appendix IV. On June 25, 1992, the Commission authorized RG&E to increase its electric revenues by \$32.2 million and gas rates by \$12.3 million.

RG&E's capital structure at March 31, 1992 and pro forma giving effect to the issuance of the proposed common stock and

Cs. 91-M-0186, 92-M-0189-93 & 95

MTNs and the optional refunding of \$120 million of long-term debt is as follows:

	(Millions)			
	<u>March 31, 1992</u>		<u>Pro forma</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Long-term Debt	\$ 847,400	53.6	\$ 927,400	54.3
Preferred Stock	127,000	8.0	127,000	7.4
Common Equity	<u>607,428</u>	<u>38.4</u>	<u>655,428</u>	<u>38.3</u>
	<u>\$1,581,828</u>	<u>100.0</u>	<u>\$1,709,828</u>	<u>100.0</u>

The market price of RG&E's common stock as of July 24, 1992 was \$24.125 per share or approximately 126% of book value. The company's earnings for the 12 months ended March 31, 1992 were \$1.70 per share, a return on common equity of 9.0%. The company currently pays a dividend of \$1.68 per share, indicating a payout ratio of 99%.

RG&E's outstanding first mortgage bonds are currently rated "Baal" by Moody's and "BBB+" by Standard & Poor's. On the basis of the company's earnings for the 12 months ended March 31, 1992, pre-tax interest coverage was approximately 2.4 times.

Reimbursement Margin

The company claims a reimbursement margin of a \$121.7 million as of March 31, 1992 (attached as Appendix V). The margin, however, is encumbered by security issuances totaling some \$7.7 million. Thus, the unencumbered margin of \$113.9 million is sufficient to provide a proper basis to redeem the \$77 million of outstanding short-term debt. The basis for the balance of the financing is the optional refunding of the three series of bonds and future construction expenditures.

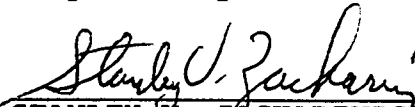
Conclusion and Recommendation

The optional refunding of the three series of bonds, the repayment of short-term debt and future construction expenditures provides both a basis and a need for the proceeds of the proposed financing.

We recommend that RG&E be authorized to issue not to exceed 2,000,000 shares of its common stock and \$200 million of MTNs, with the proceeds to be used as proposed, subject to the conditions set forth in the Order.


We also recommend that the company be permitted to defer and amortize the costs of issuance of the proposed series of debt securities together with various remaining unamortized expenses and premiums associated with the bonds that may be redeemed.

Respectfully submitted,


STANLEY V. ZACHAREWICZ

Principal Utility Financial Analyst

Reviewed:



VINCENT A. MACRI

Chief Utility Financial Analyst

Approved:



RICHARD L. ANSALDO

Chief, Utility Finance Section

Rochester Gas and Electric Corporation
 Capital and Funding Requirements
 Year 1991 and Three-Year Forecast 1992-1994
 Estimates are Subject to Change as the Future Outlook Changes

(Dollars in Millions)				
	<u>Actual</u>	<u>Forecast</u>		
	1991	1992	1993	1994
<u>Capital Requirements¹</u>				
Construction Requirements				
Electric	\$ 75	\$ 86	\$ 86	\$130
Gas	22	19	24	23
Common	<u>13</u>	<u>17</u>	<u>17</u>	<u>28</u>
Total	\$110	\$122	\$127	\$181
Nuclear Fuel	12	13	19	13
Carrying Costs:				
Allowance for Funds Used				
During Construction	4	5	5	7
Deferred Financing Charges				
Included in Other Income	<u>5</u>	<u>5</u>	<u>8</u>	<u>-</u>
Total Construction Requirements	\$131	\$145	\$159	\$201
Securities Redemptions, Maturities and				
Sinking Fund Obligations ²	<u>92</u>	<u>100</u>	<u>86</u>	<u>27</u>
Total Capital Requirements (before				
nuclear decommissioning trust payments)	\$223	\$245	\$245	\$228
Nuclear Decommissioning Trust Payments	<u>16</u>	<u>9</u>	<u>9</u>	<u>9</u>
Total Capital Requirements	<u>\$239</u>	<u>\$254</u>	<u>\$254</u>	<u>\$237</u>
<u>Funding Requirements</u>				
Capital Requirements	\$239	\$254	\$254	\$237
Less - Carrying Costs	<u>9</u>	<u>10</u>	<u>13</u>	<u>7</u>
Estimated Internal Funding ³	\$230	\$244	\$241	\$230
Depreciation and Amortization	84	87	98	105
Amortization - Nuclear Fuel	24	21	21	22
Deferred Taxes	9	25	25	26
Retained Earnings	-	16	26	27
Adjustment - Unbilled Revenues, Net	(9)	(2)	-	-
Miscellaneous	(6)	(4)	(5)	(1)
Less - Carrying Charges (see above)	<u>(9)</u>	<u>(10)</u>	<u>(13)</u>	<u>(7)</u>
Total Internal Funding	\$ 93	\$133	\$152	\$172
External Cash Requirements	<u>\$137</u>	<u>\$111</u>	<u>\$ 89</u>	<u>\$ 58</u>

Note: Forecasted capital requirements, as stated above, exclude Company's pending investment in a 20 percent ownership in Empire State Pipeline (not to exceed \$20 million). Internal funding, as forecasted above, assumes a 12.50% return on common equity as requested in Company's pending rate cases. (See Note 3, attached)

January 30, 1992

Appendix II

Rochester Gas and Electric Corporation
Schedule of Estimated Issuance Cost and Expenses
(Exclusive of Underwriting Commissions)
Not to Exceed \$200,000,000 Aggregate Debt,
Medium Term Notes

SEC Filing	\$ 50,000
Mortgage Recording Tax	2,000,000
Rating Agencies	150,000
Legal Services - Company, Trustee Counsel	352,000
- Agent Counsel	110,000
Printing and Engraving	90,000
Trustee Services	65,000
Accounting Services	73,000
Miscellaneous	<u>25,000</u>
Total	<u>\$2,915,000</u>

Estimated Costs and expenses to issue 2,000,000 shares of common stock (exclusive of underwriter commissions)

New York Stock Exchange Listing Fee	\$ 7,000
Securities and Exchange Commission Filing Fee	10,000
Printing and Engraving	40,000
Legal Services	60,000
Accounting Services	15,000
Miscellaneous	<u>8,000</u>
Total	<u>\$ 140,000</u>

Rochester Gas and Electric Corporation

Balance Sheet

As of March 31, 1992 and December 31, 1991

Account No.	Assets and Other Debits	Mar. 31, 1992	Dec. 31, 1991
101.	Electric Plant in Service	\$2,130,964,219	\$2,118,468,882
101.	Gas Plant in Service	329,723,254	320,384,799
118.1	Common Utility Plant in Service	118,709,725	116,858,595
105.	Plant Held for Future Use	1,977,732	1,977,732
107. & 118.1	Construction Work in Progress	74,141,074	76,848,178
114.	Plant Acquisition Adjustments	1,781,423	1,800,999
120.	Nuclear Fuel Assemblies	154,616,258	147,062,941
	Total Utility Plant	2,811,913,685	2,783,402,126
	Accumulated Provision for Depreciation of:		
108.	Electric Plant in Service	926,540,811	911,976,810
108.	Gas Plant in Service	106,599,868	104,939,064
119.1	Common Utility Plant in Service	51,445,537	50,555,380
	Accumulated Provision for Amortization of:		
120.5	Nuclear Fuel Assemblies	181,458,792	176,077,308
	Total Accumulated Provision for Depreciation and Amortization	1,266,045,008	1,243,548,562
	Net Utility Plant	1,545,868,677	1,539,853,564
121.	Nonutility Property	127,367	127,367
123.1	Investment in Subsidiary Companies	1,640,386	1,634,002
124	Other Investments	840,854	840,854
125	Sinking Funds	21,849,850	19,220,744
	Total Other Property and Investments	24,458,457	21,822,967
131.	Cash	411,855	1,051,454
134.	Other Special Deposits	99,453,262	203,015
135.	Working Funds	1,063,967	233,207
136.	Temporary Cash Investments	-	-
142.	Customer Accounts Receivable	105,361,596	84,049,951
144.	Accumulated Provision for Uncollectible Accounts - Credit	(410,708)	(410,708)
150.	Materials and Supplies	20,534,697	23,305,466
164.	Gas Stored Underground	989,592	7,056,617
165.	Prepayments	29,411,347	17,185,491
171.	Interest and Dividends Receivable	9,171	6,014
172.	Rents Receivable	318,027	408,297
173.	Accrued Utility Revenue	50,609,949	55,921,042
	Total Current and Accrued Assets	307,752,755	189,009,846
181.	Unamortized Debt Expense	11,603,775	9,610,866
182.	Extraordinary Property Losses	336,497	675,497
183.	Preliminary Survey and Investigation Charges	3,551,818	2,828,036
184.	Clearing Accounts	506,076	-
186.	Miscellaneous Deferred Debits	111,876,894	122,870,456
188.	Investment in Research and Development	1,667,767	1,580,535
190.	Accumulated Deferred Income Taxes	40,906,653	39,801,496
	Total Deferred Debits	170,449,480	177,366,886
	Total Assets and Other Debits	\$2,048,529,369	\$1,928,053,263

Rochester Gas and Electric Corporation

Balance Sheet

As of March 31, 1992 and December 31, 1991

Account No.	Liabilities and Other Credits	Mar. 31, 1992	Dec. 31, 1991
201.	Common Stock Issued	\$ 161,401,430	\$ 160,505,695
204.	Preferred Stock Issued	127,000,000	127,000,000
204.	Preference Stock Issued	-	-
207.	Premium on Capital Stock	387,084,270	384,103,961
210.	Gain on Cancellation of Recquired Capital Stock	71,297	71,297
214.	Capital Stock Expense	(15,378,823)	(15,342,372)
215.	Appropriated Retained Earnings - Amortization Reserve	42,347	42,347
216.	Unappropriated Retained Earnings	75,561,565	62,866,712
216.1	Unappropriated Undistributed Subsidiary Earnings	(1,354,044)	(1,394,405)
	Total Proprietary Capital	<u>734,428,042</u>	<u>717,853,235</u>
221.	Bonds	705,500,000	627,500,000
224.	Other Long-Term Debt	141,900,000	141,900,000
225.	Unamortized Premium on Long-Term Debt	166,754	173,658
226.	Unamortized Discount on Long-Term Debt - Debit	(966,336)	(500,530)
	Total Long-Term Debt	<u>846,600,418</u>	<u>769,073,128</u>
231.	Notes Payable	73,000,000	59,500,000
232.	Accounts Payable	58,590,651	64,695,355
235.	Customer Deposits	2,715,054	2,673,049
236.	Taxes Accrued	30,007,746	12,049,960
237.	Interest Accrued	17,951,701	16,312,552
238.	Dividends Declared	15,630,220	15,554,978
239.	Matured Long-Term Debt	-	-
241.	Tax Collections Payable	1,281,302	1,529,972
242.	Misc. Current and Accrued Liabilities	<u>8,907,180</u>	<u>9,171,386</u>
	Total Current and Accrued Liabilities	<u>208,083,854</u>	<u>181,487,252</u>
252.	Customer Advances for Construction	-	-
253.	Other Deferred Credits	56,712,283	55,822,063
255.	Accumulated Deferred Investment Tax Credit	57,884,568	58,491,066
282.	Accumulated Deferred Income Taxes - Liberalized Depreciation	133,970,864	130,615,984
283.	Accumulated Deferred Income Taxes - Other	<u>9,788,627</u>	<u>13,649,822</u>
	Total Deferred Credits	<u>258,356,342</u>	<u>258,578,935</u>
261.	Property Insurance Reserve	1,060,713	1,060,713
262.	Injuries and Damages Reserve	-	-
	Total Operating Reserves	<u>1,060,713</u>	<u>1,060,713</u>
	Total Liabilities and Other Credits	<u>\$2,048,529,369</u>	<u>\$1,928,053,263</u>

Sec. 3.1 (P)

Rochester Gas and Electric Corporation

Statement of Income

Twelve Months Ended March 31, 1992 and December 31, 1991

		Twelve Months Ended	
		March 31, 1992	December 31, 1991
	Operating Income:		
400.	Operating Revenue	\$873,924,399	\$859,557,836
401.	Operating Expense	441,737,332	438,492,861
402.	Maintenance Expense	63,278,552	65,415,480
402.1	Joint Expenses	(992,459)	(1,198,391)
403.	Depreciation Expense	84,929,490	83,796,550
406.	Amortization of Utility Plant Acq. Adj.	78,304	78,304
407.	Amortization of Property Losses	831,000	306,000
408.1	Taxes Other than Income Taxes	116,378,628	113,648,736
409.1	Income Taxes	43,313,284	28,765,574
410.1	Provision for Deferred Income Taxes	(506,928)	12,031,271
411.1	Income Taxes Deferred in Prior Years - Cr.	(4,293,958)	(4,734,928)
411.4	Investment Tax Credit Adjustments	(1,124,654)	(1,802,930)
411.7	Losses from Disposition of Utility Plant	-	-
411.8	Miscellaneous Adjustments of Income Tax	-	-
	Total Operating Expense	<u>743,628,591</u>	<u>734,798,527</u>
	Total Utility Operating Income	<u>\$130,295,808</u>	<u>\$124,759,309</u>
	Other Income:		
415-416.	Income From Merchandising	-	-
418.1	Equity in earnings of Subsidiary Companies	131,717	104,588
419.	Dividend and Interest Revenue	988,972	604,780
419.1 & 432.	Allowance for funds Used During Construction	3,299,386	3,579,253
421.	Miscellaneous Nonoperating Income	4,496,926	5,350,203
421.1	Gain on Disposition of Property	11,205	40,059
	Total Other Income	<u>8,928,206</u>	<u>9,678,883</u>
	Total Income	<u>139,224,014</u>	<u>134,438,192</u>
	Other Income Deductions:		
421.2	Loss on Disposition of Property	-	552
425.	Miscellaneous Amortization	-	-
426.	Miscellaneous Income Deductions	<u>269,994</u>	<u>2,983</u>
	Total - Other Income Deductions	<u>269,994</u>	<u>3,535</u>
	Taxes - Other Income Deductions:		
408.2	Taxes - Other Income Taxes	33,177	18,273
409.2	Income Taxes	(7,314,680)	(7,361,461)
410.2 & 411.2	Provision for Deferred Income Taxes	6,045,927	6,062,725
420.	Investment Tax Credits	<u>(2,432,140)</u>	<u>(2,431,642)</u>
	Total Taxes - Other Income and Deductions	<u>(3,667,716)</u>	<u>(3,712,105)</u>
	Income Before Interest Charges	<u>142,621,736</u>	<u>138,146,762</u>
	Interest Charges:		
427.	Interest on Long-Term Debt	63,148,425	63,917,859
428.	Amortization of Debt Discount and Expense	2,282,295	2,217,069
429.	Amortization of Premium on Debt - Credit	(28,963)	(29,501)
431.	Other Interest Expense	<u>5,143,607</u>	<u>4,894,546</u>
	Total Interest Charges	<u>70,545,364</u>	<u>70,999,973</u>
	Income Before Extraordinary Items	<u>72,076,372</u>	<u>67,146,789</u>
	Extraordinary Items:		
435	Extraordinary Deductions	10,000,000	10,000,000
409.03	Income Taxes, Extraordinary Deductions	-	(850,000)
	Net Extraordinary Items	<u>10,000,000</u>	<u>9,150,000</u>
	Net Income Transferred to Retained Earnings	<u>\$ 62,076,372</u>	<u>\$ 57,996,789</u>

Rochester Gas and Electric Corporation

Reimbursement Margin

January 1, 1992 through March 31, 1992

January 1, 1992
- March 31, 1992

Reimbursement Margin at December 31, 1991 (as reported in Case 90-M-0418, et al)	\$ 53,018,044
Gross Plant Expenditures	26,055,734
Plus: Utility Plant Adjustments	48,471
Prior Period Adjustment - Note (1)	<u>36,431,372</u>
Expended for Construction	\$ 62,535,577
Expended for Nuclear Fuel Assemblies	7,553,317
Change in Working Capital*	<u>105,646,307</u>
Total of Expenditures (during period)	<u>\$ 175,735,201</u>
Total (Including Margin)	\$ 228,753,245
Provided by:	
Depreciation Accruals	\$ 22,050,060
Net Salvage	(779,973)
Amortization - Sterling Nuclear Plant abandonment	339,000
Amortization of Nuclear Fuel Assemblies	5,649,112
Increase in Accumulated Deferred Income Taxes	1,956,427
Prior Period Adjustment - Note (2)	(1,495,580)
Issuance of Securities:	
Long Term Debt - Principal - Note (3)	78,000,000
- Expense	(3,069,094)
Preferred Stock - Expense	(12,000)
Common Stock - Par and Premium - Note (4)	3,876,044
- Expense	(24,451)
Amortization of Debt	<u>603,440</u>
Total Issuance of Securities	<u>\$ 79,373,939</u>
 Total provided	 <u>\$ 107,092,985</u>
 Margin - March 31, 1992	 \$ 121,660,260

*On April 1, 1992 Company used \$73,000,000 of working capital funds for the payment of short term debt.

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