

NEW YORK STATE ELECTRIC & GAS CORPORATION
Electric Department
Development of Delivery Revenues - Rebuttal
Forecast Year Ending August 31, 2011

	Sales (kWh)	Present Delivery Revenue (000\$)	September 1, 2010 Delivery Revenues (000\$)	Revenue Increase/ (Decrease) (000\$)	Change (%)
<u>PSC 120 Service Classifications (SC)</u>					
SC # 1 - Residential Regular	4,380,847,193	249,390	285,079	35,689	14%
SC # 8 - Residential Day-Night	1,655,441,894	75,339	85,908	10,569	14%
SC #12 - Residential Time of Use	216,589,217	8,248	9,405	1,157	14%
SC #6 - General Service Regular	285,787,806	21,841	24,943	3,102	14%
SC # 9 - General Service Day-Night	21,024,722	1,140	1,301	162	14%
SC # 2 HLF - General Service-w/Demand	52,916,745	275	313	39	14%
SC # 2 - General Service-w/Demand	2,858,914,885	94,465	107,832	13,368	14%
SC # 7-1 I/HLF - General Service-Time of Use	203,057,821	2,253	2,573	320	14%
SC #7-1 - General Service-Time of Use	1,355,878,831	34,537	39,388	4,851	14%
SC # 3P HLF - Primary Service (HLF)	4,541,596	18	21	3	14%
SC # 3P - Primary Service	135,959,180	2,527	2,886	359	14%
SC # 7-2 I/HLF - Primary Service-Time of Use	961,096,611	8,834	10,092	1,258	14%
SC # 7-2 - Primary Service-Time of Use	815,742,821	17,219	19,663	2,444	14%
SC # 3S - Sub transmission Service	3,129,189	77	85	8	11%
SC # 7-3 I/HLF - Sub transmission-Time of Use	893,058,132	2,731	3,213	482	18%
SC # 7-3 - Sub transmission-Time of Use	310,850,346	4,112	4,844	732	18%
SC # 7-4 I/HLF - Transmission-Time of Use	423,343,647	866	990	124	14%
SC # 7-4 - Transmission-Time of Use	79,028,714	612	699	87	14%
SC #11 - Standby Service Old/New	37,249,868	522	544	23	4%
SC # 5 - Outdoor Lighting	19,897,682	2,186	2,497	311	14%
NYPA Old and New	200,329,291	1,376	1,458	82	6%
Borderline Surcharge Dollars		102	102	-	0%
Bill Issuance and Payment Processing Charge		7,623	5,249	(2,374)	-31%
<u>PSC 121 Service Classifications (SC)</u>					
Street Lighting	75,106,673	9,896	11,301	1,406	14%
Total PSC 120 and 121	14,989,792,866	546,187	620,387	74,200	14%
<u>Other Delivery Revenue Adjustments</u>					
Low Income		-	-	-	#DIV/0!
Merchant Function Charge - Delivery Portion		14,046	23,510	9,464	67%
SBC		-	-	-	#DIV/0!
RPS		-	-	-	#DIV/0!
EEPS		-	-	-	#DIV/0!
Economic Development Discounts		-	-	-	#DIV/0!
TSAS		-	-	-	#DIV/0!
Unbilled		1,166	1,166	-	0%
Revenue Taxes		10,290	11,623	1,331	13%
Total Tariff Retail Revenue	14,989,792,866	571,690	656,686	84,995	15%
<u>Impact of Non-Bypassable Charge (NBC) Transfers</u>					
Increase to the NBC with Wholesale Transmission Revenues Transferred to Delivery and Transmission Wheeling Expenses Transferred to the NBC *		-	46,384	46,384	
Total NBC plus Delivery Impact with Transfer		571,690	703,070	131,379	23%
* Includes Revenue Taxes					

**New York State Electric & Gas Corporation
Electric Department
Revenue Allocation - February 12, 2010 Rebuttal
Forecast Year Ending August 31, 2011**

<u>PSC 120 Service Classifications (SC)</u>	Present Delivery Revenue (000\$)	Uniform Allocation (000 \$)	Uniform Allocation (%)	Adjusted Allocation (000 \$)	Uniform Allocation (%)	Proposed Delivery Revenue (000\$)
SC # 1 - Residential Regular	249,390	35,542	14.3%	35,427	14.2%	284,818
SC # 8 - Residential Day-Night	75,339	10,737	14.3%	10,702	14.2%	86,041
SC #12 - Residential Time of Use	8,248	1,175	14.3%	1,172	14.2%	9,419
SC #6 - General Service Regular	21,841	3,113	14.3%	3,103	14.2%	24,944
SC # 9 - General Service Day-Night	1,140	162	14.3%	162	14.2%	1,302
SC # 2 - General Service-w/Demand	94,739	13,502	14.3%	13,458	14.2%	108,198
SC #7-1 - General Service-Time of Use	36,790	5,243	14.3%	5,226	14.2%	42,016
SC # 3P - Primary Service	2,545	363	14.3%	362	14.2%	2,907
SC # 7-2 - Primary Service-Time of Use	26,053	3,713	14.3%	3,701	14.2%	29,754
SC # 3S - Sub transmission Service	77	11	14.3%	8	10.7%	85
SC # 7-3 - Sub transmission-Time of Use	6,843	975	14.3%	1,218	17.8%	8,061
SC # 7-4 - Transmission-Time of Use	1,478	211	14.3%	210	14.2%	1,688
SC #11 - Standby Service Old	362	-	0.0%	-	0.0%	362
SC #11 - Standby Service New	159	23	14.3%	23	14.2%	182
SC # 5 - Outdoor Lighting	2,186	312	14.3%	311	14.2%	2,497
NYPA New	578	82	14.3%	82	14.2%	660
NYPA Old	798	-	0.0%	-	0.0%	798
<u>PSC 121 Service Classifications (SC)</u>						
Street Lighting	9,896	1,410	14.3%	1,406	14.2%	11,301
Total PSC 120 and 121	538,462	76,573	14.2%	76,571	14.2%	615,032

Base Rate Delivery Increase

Revenue Increase	83,663
MFC - Delivery Increase	9,464
Bill Issuance and Payment Processing Increase	(2,374)
Base Rate Delivery Increase	76,573
% Increase	14.2%
25% above overall increase	17.8%
25% below overall increase	10.7%

From RRP-2	
Total Retail Revenue Increase	84,995
Gross Revenue Taxes	1,332
Gross Base Delivery Revenue Increase	83,663

**Rochester Gas and Electric Corporation
Electric Department
Revised Development of Delivery Revenues
Forecast Year Ending August 31, 2011**

	Sales (kWh)	Present Delivery Revenue (000 \$)	Present Delivery Revenue with Transfer from NBC (000 \$)	Proposed Delivery Revenues (000 \$)	Revenue Increase/ (Decrease) (000 \$)	Change (%)
<u>PSC 19 Service Classifications (SC)</u>						
SC #1 - Residential Service	2,473,037,465	130,610	158,968	179,390	20,422	12.8%
SC #4 -Residential Service - Time-of-Use	90,687,273	3,971	5,011	5,654	644	12.8%
SC #2 - General Service - Small Use	227,874,075	9,776	12,389	13,981	1,592	12.8%
SC #3 - General Service - 100 kW Minimum	548,948,117	17,272	23,567	26,595	3,028	12.8%
SC #6 - Area Lighting	7,445,361	891	977	1,102	125	12.8%
SC #7 - General Service - 12 kW Minimum	735,734,182	34,968	43,404	48,980	5,576	12.8%
SC #8 - Large General Service - Time-of-Use						
Transmission	22,472,092	204	462	521	59	12.8%
Subtransmission - Industrial	665,069,917	4,555	10,730	12,109	1,378	12.8%
Subtransmission - Commercial	578,793,170	4,475	11,112	12,539	1,427	12.8%
Substation						
Primary	116,913,942	1,891	3,232	3,647	415	12.8%
Secondary	631,031,331	11,114	18,328	20,682	2,354	12.8%
Secondary	763,786,804	17,204	25,962	29,297	3,335	12.8%
SC #9 - General Service - Time-of-Use	70,180,154	2,886	3,691	4,165	474	12.8%
SC #14 - Standby Service	157,539,477	1,262	3,135	3,538	403	12.8%
Total P.S.C. 19 Revenue	7,089,513,359	241,081	320,967	362,200	41,233	12.8%
<u>PSC 18 Service Classifications (SC)</u>						
SC #1 - Street Lighting Service	15,110,519	3,889	4,063	4,718	655	16.1%
SC #2 - Street Lighting Service - Customer Owned Equip.	25,478,617	790	1,082	1,256	174	16.1%
SC #3 - Traffic Signal Service	5,419,976	116	178	206	29	16.1%
Total P.S.C. 18 Revenue	46,009,113	4,795	5,322	6,180	858	16.1%
Subtotal PSC 18 and 19 Revenue	7,135,522,472	245,876	326,290	368,380	42,091	12.9%
Bill Issuance and Payment Processing Revenue		2,723	2,723	2,818	95	3.5%
Total PSC 18, 19 and Bill Issuance and Payment Processing Revenue	7,135,522,472	248,599	329,012	371,198	42,186	12.8%
<u>Other Delivery Revenue Adjustments:</u>						
Merchant Function Charge - Delivery		0	0	14,334	14,334	
Economic Development Discounts		(1,163)	(1,163)	(1,163)	0	
SBC Revenues		9,593	9,593	9,593	0	
Energy Efficiency Revenues		17,378	17,378	17,378	0	
PSC Temporary Assessment		14,385	14,385	14,385	0	
Renewable Portfolio Surcharge Revenues		5,622	5,622	5,622	0	
Retail Access Surcharge Revenues		0	0	0	0	
Retail Access Credit		0	0	0	0	
Transformer Revenues		25	25	25	0	
Transfer of Fixed Production Costs from Non-Bypassable Charge		80,414	0	0	0	
Low Income Discounts		(6,555)	(6,555)	(6,555)	0	
Borderline Delivery		26	26	26	0	
Gross Revenue Tax		4,518	4,518	5,211	692	
Unbilled		610	610	610	0	
Total Other Delivery Revenue Adjustments		124,854	44,440	59,466	15,026	33.8%
Total Tariff Retail Revenue	7,135,522,472	373,452	373,452	430,664	57,212	15.3%

**Rochester Gas and Electric Corporation
Electric Department
Revised Revenue Allocation
Forecast Year Ending August 31, 2011**

<u>PSC 19 Service Classifications (SC)</u>	<u>Present Delivery Revenue (000 \$)</u>	<u>Uniform Allocaiton (000 \$)</u>	<u>Uniform Allocaiton (%)</u>	<u>Adjusted Allocation (000 \$)</u>	<u>Adjusted Allocation (%)</u>	<u>Proposed Delivery Revenue (000 \$)</u>
SC #1 - Residential Service	158,968	20,507	12.9%	20,422	12.8%	179,390
SC #4 -Residential Service - Time-of-Use - Schedule I	2,447	316	12.9%	314	12.8%	2,761
SC #4-Residential Service - Time of Use - Schedule II	2,564	331	12.9%	329	12.8%	2,893
SC #2 - General Service - Small Use	12,389	1,598	12.9%	1,592	12.8%	13,981
SC #3 - General Service - 100 kW Minimum	23,567	3,040	12.9%	3,028	12.8%	26,595
SC #6 - Area Lighting	977	126	12.9%	125	12.8%	1,102
SC #7 - General Service - 12 kW Minimum	43,404	5,599	12.9%	5,576	12.8%	48,980
SC #8 - Large General Service - Time-of-Use						
Transmission	462	60	12.9%	59	12.8%	521
Subtransmission - Industrial	10,730	1,384	12.9%	1,378	12.8%	12,109
Subtransmission - Commercial	11,112	1,433	12.9%	1,427	12.8%	12,539
Substation	3,232	417	12.9%	415	12.8%	3,647
Primary	18,328	2,364	12.9%	2,354	12.8%	20,682
Secondary	25,962	3,349	12.9%	3,335	12.8%	29,297
SC #9 - General Service - Time-of-Use	3,691	476	12.9%	474	12.8%	4,165
SC # 14 Standby Service	3,135	404	12.9%	403	12.8%	3,538
Street Lighting Service - All Classes	5,322	687	12.9%	858	16.1%	6,180
Total	326,290	42,091	12.9%	42,091	12.9%	368,380

Revenue Increase	56,520
MFC - Delivery Increase	14,334
Bill Issuance and Payment Processing Increase	95
System Benefits Charge Transfer from Delivery	0
Base Rate Delivery Increase	42,091
% Increase	12.9%
25% above overall base delivery increase	16.1%
25% below overall base delivery increase	9.7%

<u>From RRP-2</u>	
Total Retail Revenue Increase	57,212
Gross Revenue Taxes	692
Gross Base Delivery Revenue I	56,520

Revenue Increase check 42,091

17.32%

New York State Electric & Gas Corporation
Electric Revenue to Revenue Requirement Ratio Analysis Based on Embedded Cost of Service and Marginal Cost of Service Study Results

Embedded Cost of Service	SYSTEM	RESIDENTIAL	RESIDENTIAL	RESIDENTIAL	GS W/O DEM	GS W/O DEM	GS WITH DEM	GS WITH DEM	PRIM WITH DEM	PRIM WITH DEM	SUBT WITH DEM	SUBT WITH DEM	TRANSM	TOTAL	AREA /
		REGULAR	DAY-NIGHT	TIME-OF-USE	GS W/O DEM	DAY-NIGHT	< THAN 500 KW	> THAN 500 KW	< THAN 500 KW	> THAN 500 KW	< THAN 500 KW	> THAN 500 KW	SERVICE	STREET	LIGHTING
		SC 1	SC 8	SC 12	SC 6	SC 9	SC 2	SC 7-1	SC 3P	SC 7-2	SC 3S	SC 7-3	SC 7-4	LIGHTING	SC 5
RATE BASE	1,536,919,768	588,796,000	217,199,506	23,323,664	44,534,805	2,674,072	308,741,555	143,653,598	10,270,739	108,533,656	124,043	34,969,083	14,876,771	31,397,897	7,824,378
NET OPER INC (PRESENT RATES)	110,937,069	62,204,748	14,464,695	2,079,864	6,933,219	320,715	17,210,954	4,601,647	98,863	1,422,066	25,234	(57,837)	(678,578)	2,118,531	192,947
RATE OF RETURN (PRES RATES)	7.22%	10.56%	6.66%	8.92%	15.57%	11.99%	5.57%	3.20%	0.96%	1.31%	20.34%	-0.17%	-4.56%	6.75%	2.47%
RELATIVE RATE OF RETURN	1.000	1.464	0.923	1.235	2.157	1.662	0.772	0.444	0.133	0.182	2.818	-0.023	-0.632	0.935	0.342
SALES REVENUE (PRE RATES)	555,783,857	261,454,078	78,827,633	8,937,222	23,167,055	1,176,938	94,869,528	36,156,753	2,405,467	26,158,017	70,584	7,708,992	2,496,249	10,230,838	2,124,502
CLAIMED RATE OF RETURN															

RATE OF RETURN (System ROR)	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%	7.22%
RETURN REQ FOR SYSTEM ROR	110,937,069	42,500,138	15,677,771	1,683,535	3,214,586	193,018	22,285,407	10,369,122	741,357	7,834,115	8,954	2,524,118	1,073,827	2,266,345	564,775
SALES REVENUE REQ SYSTEM ROR	555,783,857	228,822,447	80,836,536	8,280,886	17,008,849	965,467	103,273,028	45,707,925	3,469,463	36,776,628	43,623	11,984,814	5,398,302	10,475,625	2,740,264
DEFICIENCY SALES REV PERCENT INCREASE REQUIRED	(0)	(32,631,631)	2,008,903	(656,336)	(6,158,206)	(211,471)	8,403,500	9,551,172	1,063,996	10,618,611	(26,962)	4,275,823	2,902,054	244,787	615,763
ROR / Sales Rev @ System ROR Percent Deviation	1.00	1.14	0.98	1.08	1.36	1.22	0.92	0.79	0.69	0.71	1.62	0.64	0.46	0.98	0.78
		14%	-2%	8%	36%	22%	-8%	-21%	-31%	-29%	62%	-36%	-54%	-2%	-22%
Marginal Cost of Service															
Marginal Rev Req	745,807,824	389,766,920	95,505,463	7,304,042	40,712,010	1,467,358	112,108,732	30,343,909	2,608,377	31,984,588	81,425	17,755,013	2,115,912	12,596,406	1,457,669
Marginal Rev Req Ratio	536,563,784	280,413,810	68,710,425	5,254,818	29,289,838	1,055,676	80,655,477	21,830,614	1,876,570	23,010,984	58,580	12,773,662	1,522,272	9,062,355	1,048,705
	0.7194														
Revenues	536,563,784	249,390,351	75,339,065	8,247,731	21,841,054	1,139,784	94,739,229	36,789,509	2,545,290	26,052,710	76,598	6,842,511	1,477,970	9,895,644	2,186,339
Rev:RevReq Ratio	1.000	0.889	1.096	1.570	0.746	1.080	1.175	1.685	1.356	1.132	1.308	0.536	0.971	1.092	2.085
Percent Deviation	-	-11.1%	9.6%	57.0%	-25.4%	8.0%	17.5%	17.8%	35.6%	13.2%	30.8%	-46.4%	-2.9%	9.2%	108.5%

Rochester Gas and Electric Corporation
Revised Electric Revenue to Revenue Requirement Ratio Analysis
Forecast Year Ending August 31, 2011

	TOTAL SYSTEM	RESIDENTIAL SERVICE SC 1	RESIDENTIAL TOU SC 4	GEN SERVICE SMALL USE SC 2	GEN SERVICE 100 kW MIN SC 3	GEN SERVICE 12 kW MIN SC 7	GEN SERVICE TOU SC 9	LARGE GEN SERV TOU SEC SC 8
Embedded Cost of Service								
RATE BASE	928,996,111	394,984,971	14,153,467	41,512,003	79,488,208	111,864,299	11,644,752	104,723,689
NET OPER INC (PRESENT RATES)	73,518,667	38,896,112	1,068,345	1,623,130	4,316,209	11,439,600	778,849	2,983,169
RATE OF RETURN (PRES RATES)	7.914%	9.847%	7.548%	3.910%	5.430%	10.226%	6.688%	2.849%
RELATIVE RATE OF RETURN	1.000	1.244	0.954	0.494	0.686	1.292	0.845	0.360
SALES REVENUE (PRE RATES)	341,678,672	166,152,143	5,203,488	13,063,544	23,684,624	43,329,670	3,740,046	26,376,711
RATE OF RETURN (SYSTEM ROR)	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%
RETURN REQ FOR SYSTEM ROR	73,518,667	31,258,224	1,120,074	3,285,167	6,290,518	8,852,690	921,540	8,287,598
SALES REVENUE REQ SYSTEM ROR	341,678,672	153,503,493	5,289,152	15,815,945	26,954,161	39,045,643	3,976,347	35,161,059
REVENUE DEFICIENCY SALES REV	-	(12,648,651)	85,665	2,752,400	3,269,537	(4,284,027)	236,302	8,784,348
Sales Rev @Actual ROR / Sales Rev @ System ROR		1.08	0.98	0.83	0.88	1.11	0.94	0.75
Percent Deviation		8.2%	-1.6%	-17.4%	-12.1%	11.0%	-5.9%	-25.0%
Marginal Cost of Service								
Marginal Rev Req	323,272,814	142,270,690	3,988,321	52,279,895	12,115,465	41,695,689	2,069,786	15,776,177
Marginal Rev Req Adj. Ratio	251,350,532 0.7775	110,618,066	3,100,992	40,648,575	9,419,996	32,419,162	1,609,297	12,266,267
Revenues	251,350,532	132,992,915	3,523,037	9,983,263	17,279,605	35,028,514	2,889,874	17,206,732
Rev:RevReq Ratio	1.000	1.202	1.136	0.246	1.834	1.080	1.796	1.403
Percent Deviation		20.2%	13.6%	-75.4%	83.4%	8.0%	79.6%	40.3%

Rochester Gas and Electric Corporation
Revised Electric Revenue to Revenue Requirement Ratio Analysis
Forecast Year Ending August 31, 2011

	LARGE GEN SERV TOU SUBSTAT SC 8	LARGE GEN SERV TOU PRI SC 8	LARGE GEN SERV TOU SUB-TRAN IND SC 8	LARGE GEN SERV TOU SUB-TRAN COM SC 8	LARGE GEN SERV TOU TRAN SC 8	TOTAL LIGHTING	STREET LIGHTING SERVICE SC1, SC2, SC3	AREA LTG SERVICE SC 6
Embedded Cost of Service								
RATE BASE	7,586,747	72,961,405	38,672,903	21,506,129	1,440,426	28,457,114	24,638,061	3,819,053
NET OPER INC (PRESENT RATES)	779,298	1,510,589	7,268,915	2,271,997	110,237	472,218.74	483,818	(11,599)
RATE OF RETURN (PRES RATES)	10.272%	2.070%	18.796%	10.564%	7.653%	1.659%	1.964%	-0.304%
RELATIVE RATE OF RETURN	1.298	0.262	2.375	1.335	0.967	0.210	0.248	-0.038
SALES REVENUE (PRE RATES)	3,079,992	18,157,675	21,627,985	8,350,176	558,577	8,354,042	7,318,926	1,035,116
RATE OF RETURN (SYSTEM ROR)	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%
RETURN REQ FOR SYSTEM ROR	600,398	5,774,002	3,060,487	1,701,947	113,992	2,252,032	1,949,801	302,231
SALES REVENUE REQ SYSTEM ROR	2,783,726	25,218,059	14,658,658	7,406,150	564,795	11,301,485	9,746,654	1,554,831
REVENUE DEFICIENCY SALES REV	(296,266)	7,060,384	(6,969,328)	(944,026)	6,218	2,947,443	2,427,728	519,715
Sales Rev @Actual ROR / Sales Rev @ System ROR	1.11	0.72	1.48	1.13	0.99	0.74	0.75	0.67
Percent Deviation	10.6%	-28.0%	47.5%	12.7%	-1.1%	-26.1%	-24.9%	-33.4%
Marginal Cost of Service								
Marginal Rev Req	5,335,847	12,031,449	10,570,533	8,245,081	101,789		16,057,592	734,500
Marginal Rev Req Adj. Ratio	4,148,719	9,354,672	8,218,783	6,410,701	79,142		12,485,072	571,087
Revenues	1,891,470	11,193,139	6,713,436	4,475,573	204,415		7,077,358	891,200
Rev:RevReq Ratio	0.456	1.197	0.817	0.698	2.583		0.567	1.561
Percent Deviation	-54.4%	19.7%	-18.3%	-30.2%	158.3%		-43.3%	56.1%

**New York State Electric & Gas Corporation
Gas Department
Development of Delivery Revenues
Forecast Year Ending August 31, 2011**

	Sales (therms)	Present Delivery Revenue (000 \$)	September 1, 2010 Delivery Revenues (000 \$)	Revenue Increase/ (Decrease) (000 \$)	Change (%)
<u>PSC 87 Service Classifications (SC)</u>					
SC 1 - Residential Service	190,808,313	\$73,255	\$98,185	\$24,930	34.0%
SC 2 - General Service	50,565,157	\$14,583	\$19,683	\$5,100	35.0%
SC 3 - Interruptible Sales Service	15,004,390	\$1,271	\$1,271	\$0	0.0%
SC 5 - Seasonal Gas Cooling Service	8,385	\$0	\$0	\$0	34.6%
SC 9 - Industrial Manufacturing or Processing Purposes	224,683	\$38	\$51	\$13	34.3%
SC 10 - Non-Residential Distributed Generation Firm Sales Service	0	\$0	\$0	\$0	0.0%
SC 11 - Residential Distributed Generation Firm Sales Service	0	\$0	\$0	\$0	0.0%
Total PSC 87	256,610,928	\$89,147	\$119,191	\$30,043	33.7%
<u>PSC 88 Service Classifications (SC)</u>					
SC 1 - Firm Transportation Service	60,378,808	\$5,051	\$6,784	\$1,734	34.3%
SC 2 - Interruptible Transportation Service	30,747,683	\$2,514	\$2,514	\$0	0.0%
SC 5 - Small Firm Transportation Service	30,867,487	\$5,142	\$6,905	\$1,763	34.3%
SC 7 - Firm or Limited Firm Negotiated Transportation Service	60,848,597	\$1,954	\$1,954	\$0	0.0%
SC 13 - Residential Firm Aggregation Transportation Service	40,022,782	\$14,431	\$19,600	\$5,169	35.8%
SC 14 - Non-Residential Firm Aggregation Transportation Service	72,968,018	\$17,103	\$22,879	\$5,776	33.8%
SC 15 - Basic Electric Generation Transportation Service	0	\$0	\$0	\$0	0.0%
SC 16 - Non-Residential Distributed Generation Firm Transportation Service	0	\$0	\$0	\$0	0.0%
SC 19 - Residential Distributed Generation Firm Transportation Service	0	\$0	\$0	\$0	0.0%
Total PSC 88	295,833,375	\$46,195	\$60,637	\$14,442	31.3%
Bill Issuance and Payment Processing (BIPP) Revenue		\$2,185	\$1,028	(\$1,158)	-53.0%
Total PSC 87, PSC 88 and BIPP Revenue	552,444,303	\$137,528	\$180,856	\$43,328	31.5%
<u>Other Delivery Revenue Adjustments:</u>					
Low Income Discounts		(\$2,824)	(\$2,824)	\$0	0.0%
Economic Development Discounts		(\$725)	(\$725)	\$0	0.0%
Merchant Function Charge		\$445	\$2,097	\$1,652	371.2%
EEPS Revenues		\$3,159	\$3,159	\$0	0.0%
TSAS Revenues		\$11,089	\$11,089	\$0	0.0%
Transition Surcharge Revenues (recovery of deferred/uncontrollable costs)		\$10,796	\$10,796	\$0	0.0%
R&D Revenues		\$650	\$650	\$0	0.0%
Unbilled Revenues		\$249	\$249	\$0	0.0%
Revenue Taxes		\$4,144	\$5,314	\$1,170	28.2%
Total Retail Revenue	552,444,303	\$164,511	\$210,661	\$46,150	28.1%

**New York State Electric & Gas Corporation
Gas Department
Revenue Allocation
Forecast Year Ending August 31, 2011**

	Present Firm Delivery Revenue (000 \$)	Uniform Allocation (000 \$)	Uniform Allocation (%)
PSC 87 and 88 - Gas			
SC No.1S - Residential Sales	\$ 73,255	25,144	34.3%
SC No. 13T - Residential Transportation	\$ 14,431	4,953	34.3%
Subtotal - Residential	\$ 87,686		
SC No. 2S - General Service Sales	\$ 14,583	5,005	34.3%
SC No. 14T - General Service Transportation	\$ 17,103	5,871	34.3%
Subtotal - General Service	\$ 31,686		
SC No. 5S - Seasonal Gas Cooling	\$ 0	0	34.3%
SC No. 9S - Industrial Manufacturing	\$ 38	13	34.3%
SC No. 1T - Large Firm Transportation	\$ 5,051	1,734	34.3%
SC No. 5T - Small Firm Transportation	\$ 5,142	1,765	34.3%
Total firm classes to which increase spread	\$ 129,603	44,486	34.3%
SC No. 3S - Interruptible Sales	\$ 1,271		
SC No. 2T - Interruptible Transportation	\$ 2,514		
SC No. 7T - Negotiated Transportation	\$ 1,954		
SC No. 10S - Non-Residential DG Sales	\$ -		
SC No. 11S - Residential DG Sales	\$ -		
SC No. 15T - Basic Electric Generation Transportation	\$ -		
SC No. 16T - Non-Residential DG Generation Transportation	\$ -		
SC No. 19T - Residential DG Generation Transportation			
Total	\$ 135,343		

Revenue Increase			Total (\$000)
Gross Base Delivery Charge Increase - RRP-2, Schedule B			44,980
less: Increase in MFC-Delivery Charges	\$ 445	\$ 2,097	\$ 1,652
less: Decrease in BIPP Charges	\$ 2,185	\$ 1,028	\$ (1,158)
Rate Design Net Increase - Gross Base Delivery Revenues			<u>\$ 44,486</u>
Uniform Increase			34.3%
25% above overall increase			42.9%
25% below overall increase			25.7%

**Rochester Gas and Electric Corporation
Gas Department
Revised Development of Delivery Revenues
Forecast Year Ending August 31, 2011**

Exhibit __ (RGERARD-7) Rebuttal
Page 1 of 2

<u>PSC 16 Service Classifications (SC)</u>	<u>Sales (therms)</u>	<u>Present Delivery Revenue (000 \$)</u>	<u>Proposed Delivery Revenue (000 \$)</u>	<u>Revenue Increase/ (Decrease) (000 \$)</u>	<u>Change (%)</u>
SC 1 - General Service	251,829,078	\$82,381	\$111,954	\$29,573	35.9%
SC 5 - Small Transportation Service	96,753,950	\$23,892	\$32,235	\$8,343	34.9%
SC 3 - Large Transportation Service	139,952,913	\$10,524	\$14,278	\$3,754	35.7%
SC 3HP - Large Transportation Service at High Pressure	<u>5,246,711</u>	<u>\$163</u>	<u>\$221</u>	<u>\$58</u>	<u>35.7%</u>
Total PSC 16	493,782,652	\$116,959	\$158,687	\$41,728	35.7%
Bill Issuance and Payment Processing (BIPP) Revenue		\$1,866	\$1,317	(\$549)	-29.4%
Total PSC 16 and BIPP Revenue	493,782,652	\$118,825	\$160,004	\$41,179	34.7%
<u>Other Delivery Revenue Adjustments:</u>					
Low Income Discounts		(\$5,597)	(\$5,597)	\$0	0.0%
Economic Development Discounts		(\$122)	(\$122)	\$0	0.0%
Merchant Function Charge		\$1,250	\$7,025	\$5,775	462.0%
EEPS Surcharge		\$2,936	\$2,936	\$0	0.0%
TSAS Surcharge		\$12,832	\$12,832	\$0	0.0%
R&D Surcharge		\$314	\$314	\$0	0.0%
Unbilled		\$198	\$198	\$0	0.0%
Revenue Taxes		\$2,911	\$3,957	\$1,046	35.9%
Total Retail Revenue	493,782,652	\$133,547	\$181,546	\$48,000	35.9%

**Rochester Gas and Electric Corporation
Gas Department
Revised Revenue Allocation
Forecast Year Ending August 31, 2011**

<u>PSC 16 Service Classification</u>	<u>Present Delivery Revenue (\$ 000)</u>	<u>Uniform Allocation (\$ 000)</u>	<u>Uniform Allocation (%)</u>
SC 1 - General Service	\$82,381	\$29,391	35.7%
SC 5 - Small Transportation Service	\$23,892	\$8,524	35.7%
SC 3 - Large Transportation Service	\$10,524	\$3,755	35.7%
SC 3HP - Large Transportation Service at High Pressure	\$163	\$58	35.7%
Total	<u>\$116,959</u>	<u>\$41,728</u>	<u>35.7%</u>

Revenue Increase			<u>Total (\$ 000)</u>
Gross Base Delivery Charge Increase - RRP-2, Schedule B			\$46,953
	<u>Present</u>	<u>Proposed</u>	
Less: Increase in MFC-Delivery charges	\$1,250	\$7,025	\$5,775
Plus: Decrease in BIPP Charges (Customer & ESCO)	\$2,248	\$1,698	\$549
Rate Design Net Increase - Gross Base Delivery Revenue			<u>\$41,728</u>
Uniform Increase			35.7%
25% above uniform increase			44.6%
25% below uniform increase			26.8%

NEW YORK STATE ELECTRIC & GAS CORPORATION
GAS COST OF SERVICE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2008

	TOTAL GAS SYSTEM	TOTAL SC1S-FIRM SALES & SC13T-FIRM TRANSP	TOTAL SC2S-FIRM SALES & SC14T-FIRM TRANSP (includes SC5S)	SC 9S INDUSTRIAL	SC 1T	SC 5T
<u>Embedded Cost of Service</u>						
PRESENT RATES						
RATE BASE	\$628,442,018	\$416,763,166	\$152,993,445	\$261,727	\$34,050,170	\$24,373,510
NET OPER INC (PRESENT RATES)	46,161,940	27,347,971	14,411,196	21,009	2,241,645	2,140,118
RATE OF RETURN (PRES RATES)	7.35%	6.56%	9.42%	8.03%	6.58%	8.78%
RELATIVE RATE OF RETURN	1.000	0.893	1.282	1.093	0.896	1.195
DELIVERY SALES REVENUE (PRE RATES)	134,316,606	89,946,726	34,080,445	47,142	5,398,615	4,843,678
CLAIMED RATE OF RETURN	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%
RETURN REQ FOR CLAIMED ROR	46,161,940	30,613,161	11,238,068	19,225	2,501,141	1,790,346
TOTAL DEL SALES REVENUE REQ CLAIMED ROR	134,316,606	95,354,012	28,825,617	44,187	5,828,350	4,264,441
REVENUE DEFICIENCY TOTAL DEL SALES REV	(0)	5,407,285	(5,254,827)	(2,955)	429,735	(579,238)
Sales Rev @Actual ROR / Sales Rev @ System ROR	1.00	0.94	1.18	1.07	0.93	1.14
Percent Deviation		-5.67%	18.23%	6.69%	-7.37%	13.58%
<u>Marginal Cost of Service</u>						
Marginal Rev Req	\$ 306,651,720	\$ 177,294,445	\$ 105,838,285	\$ 102,703	\$ 9,296,690	\$ 14,119,597
Marginal Rev Req Adj	\$ 129,306,967	74,760,405	44,629,222	43,307	3,920,170	5,953,863
Ratio	0.421673705					
Revenues	\$ 129,306,967	\$ 87,046,823	\$ 32,024,629	\$ 38,202	\$ 5,051,628	\$ 5,145,685
Rev:RevReq Ratio	1.000	1.164	0.718	0.882	1.289	0.864
Percent Deviation		16.4%	-28.2%	-11.8%	28.9%	-13.6%

ROCHESTER GAS AND ELECTRIC COMPANY
GAS REVENUE TO REVENUE REQUIREMENT RATIO ANALYSIS

	TOTAL GAS SYSTEM	TOTAL FIRM SALES SC1	TOTAL TRANSPORT SC5	TOTAL SC3	TOTAL HIGH PRESSURE SC3
PRESENT RATES					
RATE BASE	446,542,261	326,361,850	68,145,279	51,384,516	562,878
NET OPER INC (PRESENT RATES)	\$33,072,690	\$23,932,440	\$6,562,070	2,491,627	\$84,169
RATE OF RETURN (PRES RATES)	7.41%	7.33%	9.63%	4.85%	14.95%
RELATIVE RATE OF RETURN	1.00	0.99	1.30	0.65	2.02
DELIVERY SALES REVENUE (PRE RATES)	\$ 133,557,877	\$ 100,710,419	\$ 21,226,053	11,358,338	\$ 246,500
Rate of Return (Claimed = Actual ROR)	7.41%	7.41%	7.41%	7.41%	7.41%
RETURN REQ FOR CLAIMED ROR	33,072,690	24,171,653	5,047,110	3,805,741	41,689
TOTAL DEL SALES REVENUE REQ CLAIMED ROR	133,557,877	101,106,564	18,717,217	13,534,565	176,152
REVENUE DEFICIENCY TOTAL DEL SALES REV	(0)	101,106,564	18,717,217	13,534,565	176,152

Sales Rev @Actual ROR / Sales Rev @ System ROR	1.00	1.00	1.13	0.84	1.40
Percent Deviation		-0.39%	13.40%	-16.08%	39.94%

Marginal Cost of Service

Marginal Rev Req	\$ 446,579,348	\$ 307,421,827	98,466,712	\$40,004,063	\$686,747
Marginal Rev Req Adj Ratio	\$ 119,206,847	82,061,087	26,284,033	10,678,412	183,316
	0.266933183				
Revenues	\$ 119,206,847	\$ 84,204,669	24,311,916	\$10,527,242	\$163,021

Rev:RevReq Ratio	1.000	1.026	0.925	0.986	0.889
Percent Deviation		2.61%	-7.50%	-1.42%	-11.07%

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

**PSC Case No. 09-E-0715
PSC Case No. 09-G-0716
PSC Case No. 09-E-0717
PSC Case No. 09-G-0718**

Information Request

Requesting Party and No.: Multiple Intervenors (MI-49)

NYRC Response No.: NYRC-0245 (MI-49)

Request Date: October 30, 2009

Information Requested of: Revenue Requirements Panel

Reply Date: November 10, 2009

Responsible Witness: Revenue Requirements Panel

QUESTION:

1. For RG&E, specify the amount of fixed production costs that the utility proposes to move the collection of from the NBC to delivery rates in the rate year. Identify the production costs at issue and specify the production facilities associated therewith. Additionally, describe how such fixed production costs have changed over the most recent five-year period for which such data is available (specify the time period used).

RESPONSE:

1. Fixed production costs (also referred to as fixed supply costs) include the non-fuel carrying and operating costs associated with RG&E generation facilities and the carrying costs & annual amortizations of the Supply-Related Regulatory Assets. The generation facilities initially included Ginna, Russell and the other RG&E fossil & hydro generation facilities, as shown on Appendix E to the Electric Joint Proposal ("JP") in Case 03-E-0765 (attached). The Supply-Related Regulatory Assets on Appendix E include:
 - Oswego 6,
 - Nine Mile 2 Regulatory Asset,
 - Nine Mile 2 Mirror CWIP,

➤ Allegheny Contract Buyout.

The primary reasons for inclusion of fixed generation costs in the NBC in the last case were to facilitate the removal of avoided fixed costs from rates upon the sale of the Ginna nuclear plant and retirement of Russell Station. The Ginna Station sale and Russell Station retirement have been completed and the NBC has been reduced accordingly. RG&E proposes to move all of the remaining fixed production costs currently in the NBC to delivery rates.

Referring to Appendix E, page 1 of the JP, the initial amount of fixed production costs being recovered through the NBC was \$233.664 million. Referring to RG&E Exhibit RRP-2, Schedule B, line 4, based on current rates, the rate year amount of fixed production costs currently in the NBC is \$78.138 million. The reduction reflects the sale of Ginna and retirement of Russell.

Based on the Company's proposal to write down the remaining balance of the Nine Mile 2 regulatory asset & Nine Mile 2 Mirror CWIP and most of the Oswego 6 regulatory asset with the Positive Benefit Adjustment ("PBA") reserve, the rate year amount of fixed production costs will be reduced from the amount shown by approximately \$39 million.

In addition to these changes, the delivery revenue requirement filed in this case reflects the effect of other changes in fixed production costs resulting from plant additions, retirements, continued depreciation & amortization, etc.

Appendix E
Cover

**Rochester Gas and Electric Corporation
Unbundled Electric Revenue Requirement**

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Page 3

Summary
Fixed Supply And
Variable Supply

Appendix E
Page 1 of 3

Rochester Gas and Electric Corporation
Unbundled Electric Revenue Requirement
Summary
(\$000)

Fixed Supply		
Ginna	\$	129,076
Russell		38,087
Other Generation		14,318
Supply-Related Regulatory Assets		52,183
Total Fixed Supply	\$	233,664
Variable Supply		57,231
Delivery		247,576
Total	\$	538,471

Rochester Gas and Electric Corporation
Unbundled Electric Revenue Requirement
Fixed Supply And
Estimated Amount to be Removed from Retail Rates Upon the Sale of Ginna or Retirement of Russell
(000)

	<u>Ginna</u>	<u>Russell</u>	<u>Other</u>	<u>Supply-Related Regulatory Assets & Liabilities</u>	<u>Total Fixed Supply</u>
				(1)	
<u>Fixed Supply in Retail Rates</u>					
Pre-Tax Return on Equity					
Rate Base	\$ 174,396	\$ 30,001	\$ 53,397	\$ 40,943	\$ 298,737
Common Equity Ratio	45.00%	45.00%	45.00%	45.00%	45.00%
Equity Component of Rate Base	78,478	13,500	24,029	18,424	134,431
Return on Equity	10.50%	10.50%	10.50%	10.50%	10.50%
Total	8,240	1,418	2,523	1,935	14,116
Preferred Dividend	-	-	-	434	434
Federal & State Income Taxes	5,107	872	1,555	1,571	9,105
Interest Expense	5,703	1,111	1,977	1,339	10,130
O&M Expenses	83,546	19,523	4,138	-	107,207
Amortizations	-	-	78	46,354	46,432
Depreciation	7,878	13,410	2,531	-	23,819
Ginna Decommissioning	7,282	-	-	-	7,282
Taxes Other than Income & Revenue Taxes	9,771	1,298	1,342	-	12,411
Total, Including Late Payment Revenues	127,527	37,632	14,144	51,633	230,936
Deduct Late Payment Revenues	(448)	(132)	(51)	(181)	(812)
Total Fixed Supply in Retail Rates	127,079	37,500	14,093	51,452	230,125
Gross Revenue Taxes	1,996	587	225	731	3,539
Total, Including GRT	<u>\$ 129,076</u>	<u>\$ 38,087</u>	<u>\$ 14,318</u>	<u>\$ 52,183</u>	<u>\$ 233,664</u>
<u>Estimated Amount to be Removed from Retail Rates</u>					
<u>Upon the Sale of Ginna or Retirement of Russell</u>					
Total Fixed Supply in Retail Rates	\$ 127,079	\$ 37,500			
Exclude Portion of Continuing A&G Costs & Russell Property Taxes	(3,580)	-			
Estimated Annual Amount of Avoided Costs	<u>\$ 123,500</u>	<u>\$ 37,500</u>			
Estimated Monthly Amount of Avoided Costs	<u>\$ 10,292</u>	<u>\$ 3,125</u>			

(1) The Supply-Related Regulatory Assets & Liabilities includes the DOE Liability, OPEB Reserve, Nine Mile 2, Oswego-6 & Allegany Regulatory Assets and various other regulatory assets & liabilities that were assigned to supply in the Unbundling filing.

Appendix E
Page 3 of 3

Rochester Gas and Electric Corporation
Unbundled Electric Revenue Requirement
Variable Supply
(\$000)

Fuel		
Nuclear	\$	15,862
Fossil		39,105
Total		\$ 54,967
 Purchase Power		
Energy, Including Short Term Purchases	\$	84,695
Capacity		16,943
Transmission Contracts and Ancillary Services		23,620
Total		125,258
 Total Supply Costs		180,226
 Wholesale Revenues		(119,135)
 Ginna Replacement Power Accrual and Amortization		(4,546)
 Net Supply Costs		56,545
Gross Revenue Taxes		686
 Total Including GRT	\$	57,231