

GENERAL INFORMATION

12. SUPPLY SERVICE OPTIONS

A. Supply Service Options

The Company shall offer a Retail Access choice and a Non-Retail Access choice, as described below. These Supply Service Options are available to all customers, except as noted.

1. ESCO Supply Service (ESS):

This Retail Access choice includes fixed charges for the Company delivery service, a Transition Charge as described in Rule 12.B. and a Bill Issuance Charge, if applicable. An ESCO provides Electric Power Supply to the customer.

2. RG&E Supply Service (RSS):

This Non-Retail Access choice includes fixed charges for the Company delivery service, a Transition Charge as described in Section 12.B, a Bill Issuance Charge, a fluctuating commodity charge for electricity supplied by the Company, and a Merchant Function Charge (MFC) as described in Rule 12.D. The commodity charge fluctuates with the market price of electricity and consists of energy, capacity, capacity reserves, losses, unaccounted for energy, ancillary services and a NYPA Transmission Access Charge (NTAC), transmission project costs allocated to the Company under the NYISO tariff as approved by FERC, and Supply Adjustment Charge.

- a. The commodity charge for customers billed under Service Classification Nos. 1, 2, and 6 and customers within P.S.C. No. 18 - Street Lighting, shall reflect a managed mix of supply resources.
- b. The commodity charge for customers billed under Service Classification Nos. 3, 4, 7, and 9, shall reflect the market price of electricity.

3. Hourly Pricing:

This choice is for customers billed at a demand metered rates, which includes non-residential Service Classification Nos. 8 and 14. Customers may take service with an ESCO or with the Company under this choice.

- a. For customers taking service with an ESCO, such customers shall be responsible for fixed charges for the Company delivery, a Transition Charge as described in Rule 12.B.
- b. For customers taking service with the Company, such customers shall be responsible for fixed charges for the Company delivery, a Transition Charge as described in Section 12.B., a commodity charge for electricity supply that fluctuates hourly with the market price (including losses, unaccounted for energy, capacity and capacity reserve), a Merchant Function Charge (MFC) as described in Rule 12.D., transmission project costs allocated to the Company under the NYISO tariff as approved by FERC, and Supply Adjustment Charge.

B. Transition Charge

Components of the Transition Charge:

The Transition Charge, as shown on a customer's bill, shall be the sum of the following components. Each component shall identify if the costs are recovered on a volumetric basis or on a demand-billed basis. The Company shall file a Statement for each component with the Public Service Commission.

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B. Transition Charge (Cont'd)
Components of the Transition Charge (Cont'd):

1. Non-Bypassable Charge ("NBC")

The NBC is a per kWh charge that shall recover specific generation and purchased power-related costs net of credits for the value of generation and purchased power controlled by the Company.

- a. The costs associated with the NBC shall be allocated as described here and collected by all customers taking electric delivery service. Listed below are the costs associated with the NBC which will be collected by service classifications as follows:
 - i. Variable costs of the Company owned generation
 - ii. The value of the output of the Company-owned generation;
 - iii. Monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b));
 - iv. The net value of NYPA and Ginna purchased power contracts. The net value shall be based on a forecast of the output and contract costs, and market prices;
 - v. Any Public Service Commission approved adjustments.
 - vi. Any over- or under- collections from reconciliation of the Residential Agricultural Discount, as set forth in Rule 4.L.6 shall be included in a subsequent monthly NBC for the residential customer classes. Application of the Residential Agricultural Discount reconciliation amounts to the NBC shall not cause the NBC to reduce the delivery bill to less than zero
 - vii. Any remaining over- or under-collections from the Retail Access Surcharge;
 - viii. Transmission-related costs and revenues,
 - ix. Credits provided to customers receiving the Standby Reliability Credit, as set forth in Service Classification 14, Special Provision (f), will be recovered through the NBC.
 - x. Credits provided to residential customers pursuant to Service Classification No. 4 Special Provision 11.C, Price Guarantee, shall be recovered through the NBC applicable to S.C. Nos. 1 and 4.
 - xi. Effective December 1, 2011, pursuant to the Order in Case 01-E-0011, issued and effective October 26, 2001, the purchased power contract with the new owner of the nuclear generating plant previously co-owned by the Company shall convert to a Revenue Sharing Agreement (RSA).

Any applicable payments received under the RSA for a contract quarter shall be refunded to customers beginning in the calendar month following the month in which the payment is received. Such payments shall be refunded to customers over three consecutive months. An allowance for carrying charges at the other customer deposit rate in effect at the time of the payment shall also be included.

- b. The NBC shall be set monthly based on a forecast and subject to a monthly true-up for all components based on the actual after-the-fact costs and load subject to the NBC.
- c. All service classes shall pay the charge on a volumetric basis Residential customer classes shall also receive the benefits, if any, of NYPA purchased power and monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b)), consistent with any Company contracts with NYPA for such purchased power and/or monthly payments.
- d. All items collected through the NBC shall be symmetrically reconciled and trued-up monthly in a competitively neutral manner. The credits or charges related to the reconciliation shall be included in a subsequent monthly NBC.

A Non-Bypassable Charge Statement setting forth the NBC shall be filed with the Public Service Commission on not less than one day's notice. Such statement can be found at the end of this Schedule.

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B. Transition Charge (Cont'd)
Components of the Transition Charge (Cont'd):

2. Value of Distributed Energy Resources ("VDER") Value Stack Credits Statement

- a. The following costs associated with Value Stack and Wholesale Value Stack, as applicable, paid by the Company pursuant to Rule 26.B Value Stack and Rule 26.C.2 Wholesale Value Stack, shall be allocated and collected by service classification as follows:
 - i. Capacity Value [Market Value]: allocated to service classes based on how the Company allocates ICAP;
 - a. Costs associated with the Capacity Value [Market Value and Out of Market Value] shall not be recovered from Hourly Pricing customers
 - ii. Capacity Value [Out of Market Value], Environmental Value [Out of Market Value], and Market Transition Credit: all delivery customers, allocated to service classes based on the composition of subscribers who receive benefits in proportion to the benefits received;
 - a. The Environmental Value [Out of Market Value] shall be recovered through the Transition Charge through December 31, 2024. Beginning January 1, 2025, the full cost of the Environmental Component (Rule 26.B.6.iii), including the Environmental Value [Out of Market Value], shall be recovered through the Supply Adjustment Charge.
 - iii. Demand Reduction Value (DRV) and Locational System Relief Value (LSRV): all delivery customers on a voltage level basis; allocated to service class by voltage level based on appropriate T&D demand allocators. The DRV and LSRV shall be collected from demand-billed customers on a per-kW basis.

A Value of Distributed Energy Resources Cost Recovery ("VDER-CR") Statement setting forth the VDER rates shall be filed with the Commission on not less one day's notice. Such statement can be found at the end of this Schedule.

3. Distribution Load Relief Program

- a. The costs associated with Rule 4.R., Distribution Load Relief Program; Rule 4.S., Commercial System Relief Program; and Rule 4.T., Direct Load Control Program, shall be allocated as described in those Rules and collected by service classification as follows:
 - i. non-demand billed customers on a per-kWh basis;
 - ii. demand-billed customers on a per-kW basis.

A Dynamic Load Management ("DLM") Statement setting forth the cost values for the Distribution Load Relief Program, by service classification, shall be updated annually and filed with the Public Service Commission on not less than one days' notice. Such statement can be found at the end of this Schedule.

4. Rate Adjustment Mechanism ("RAM")

- a. The cost associated with Rule 24. Rate Adjustment Mechanism, shall be allocated as described in that Rule and collected by service classifications as follows:
 - i. non-demand billed customers on a per-kWh basis;
 - ii. demand-billed customers on a per-kW basis.

A Rate Adjustment Mechanism Statement setting forth the RAM rates shall be filed with the Commission on not less 30 days' notice to be effective July 1. Such statement can be found at the end of this Schedule.

5. Non-Wire Alternatives ("NWA")

- a. The cost associated with Rule 32, Non-Wires Alternatives, shall be allocated as described in that Rule and collected by service classification as follows:
 - i. non-demand billed customers on a per-kWh basis;
 - ii. demand-billed customers on a per-kW basis.

A Non-Wires Alternatives Statement setting for the NWA rates shall be filed with the Commission on not less than 30 days' notice. Such statement can be found at the end of this Schedule.

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B. Transition Charge (Cont'd)

Components of the Transition Charge (Cont'd):

6. Earnings Adjustment Mechanism ("EAM")

The cost associated with Rule 4.K, Earnings Adjustment Mechanism, shall be allocated as described in that Rule and collected by service classification as follows:

- i. non-demand billed customers on a per-kWh basis;
- ii. demand-billed customers on a per-kW basis.

An Earnings Adjustment Mechanism Statement setting for the EAM rates shall be filed with the Commission on not less than 30 days' notice. Such statement can be found at the end of this Schedule.

7. Electric Vehicle ("EV") Make Ready Surcharge

The cost associated with Rule 33, Electric Vehicle ("EV") Make Ready Surcharge, shall be allocated as described in that Rule and collected by service classification as follows:

- i. non-demand billed customers on a per-kWh basis;
- ii. demand-billed customers on a per-kW basis.

An EV Make Ready ("EVMR") Statement setting for the rates shall be filed with the Commission on not less than 15 days' notice. Such statement can be found at the end of this Schedule.

8. Late Payment Charge and Other Waived Fees ("LPCO") Surcharge

The cost associated with Rule 4.K, Late Payment Charge and Other Waived Fees ("LPCO") Surcharge, shall be allocated as described in that Rule and collected by service classifications as follows:

- i. non-demand billed customers on a per-kWh basis;
- ii. demand-billed customers on a per-kW basis.
- iii. Standby on an As-Used demand basis.

A Statement of Other Charges and Adjustments ("OTH") setting forth the LPCO Surcharge rates shall be filed with the Commission on not less than three (3) days' prior to the effective date. Such statement can be found at the end of this Schedule.

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12. SUPPLY SERVICE OPTIONS (Cont'd)

C. Calculation of the Commodity Charge

1. S.C. Nos. 1, 2, 6 and P.S.C. No. 18 Street Lighting

The charge for Electric Power Supply provided by RG&E shall fluctuate with the market price of electricity and shall include the following components; Energy, Energy Losses, Unaccounted For Energy ("UFE"), Capacity, Capacity Reserves, Capacity Losses, Ancillary Services/NTAC, transmission project costs allocated to the Company under the NYISO tariff as approved by FERC, hedge adjustment and a Supply Adjustment Charge. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

Energy Component:

For each day of the customer's billing cycle, a daily average value of market supply is derived from forward trading market prices of electricity for the region and previous true-ups, weighted to reflect hourly usage based on service classification load profiles for the calendar month and day-type (Weekday, Saturday or Sunday). Separate calculations shall be made for each metered time period for the Customer's individual Service Classification.

The daily load weighted market price of energy shall be adjusted to reflect losses. These daily average market supply values are used in conjunction with the service classification profile to develop a weighted average value of market supply for each metered time period within the Customer's specific billing period. The weighted average of market supply is multiplied by the Customer's metered kWh usage for each metered time period to determine the value of market supply.

Capacity Component:

The Capacity component is calculated using the market-clearing price of capacity converted to \$/kWh as determined from the NYISO's monthly and spot capacity auctions. The capacity price shall also include capacity losses and reserves. The service class profile shall be used to determine the customer's capacity responsibility of state-wide system peak demand. A new capacity responsibility amount shall be effective each May 1st. The service class profile contribution to the system peak demand may need to be adjusted for a growth factor.

Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

UCAP Charge = (UCAPreq * (1 + Reservereq) * Pricemonthlyauc)

UCAPreq = The demand for the customer's service class that occurred at the time of the New York system peak of the prior year, grossed up for losses and a growth factor.

Reservereq = Additional reserve requirement as required by NYISO.

Pricemonthlyauc = Monthly NYISO auction price.

Demand Curve Reserve Charge = (UCAPreq * DemandCurveReservereq) * Pricespotauc)

UCAPreq = Described above.

DemandCurveReservereq = Allocation of additional capacity requirement as required by the NYISO's demand curve.

Pricespotauc = Monthly NYISO SPOT auction price.

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12. SUPPLY SERVICE OPTIONS (Cont'd)

C. Calculation of the Commodity Charge (Cont'd)

1. S.C. Nos. 1, 2, 6 and P.S.C. No. 18 Street Lighting (Cont'd)

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component:

The ancillary services/NTAC shall be forecasted each month and included in the supply price and subsequently reconciled.

Hedge Adjustment:

The hedge adjustment shall pass through to customers the impact of any hedge position entered into on behalf of such customers.

NYISO Related Transmission Charges:

Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Supply Adjustment Charge Component:

Unaccounted For Energy, Renewable Energy Credits (RECs), Zero Emissions Credits (ZECs), and if applicable, Alternative Compliance Payment (ACP), Offshore Wind Renewable Energy Credits (ORECs), costs the Company has paid for the Value Stack Energy Component not reflected in the price for the Energy Component and the Market Value of the Environmental component of the Value Stack pursuant to Rule 26.B., costs billed to the Company by NYSERDA for the bulk energy storage program, and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

Beginning January 1, 2025, the full cost of the Environmental Component (Rule 26.B.6.iii), including the Out of Market Value, shall be included in the Supply Adjustment Charge.

2. Non-Hourly Pricing S.C. Nos. 3, 4, 7, 9

The charge for Electric Power Supply provided by the Company shall fluctuate with the market price of electricity and shall include the following components: Energy, Energy Losses, Unaccounted for Energy ("UFE"), Capacity, Capacity Reserves, Capacity Losses, ancillary services, NTAC, and a Supply Adjustment Charge. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

Energy Component:

For each day of the customer's billing cycle, a daily average value of market supply is derived from the day ahead NYISO posted Locational Based Marginal Prices (LBMP) of electricity for the region weighted to reflect hourly usage based on service classification load profiles for the calendar month and day-type (Weekday, Saturday or Sunday). Separate calculations shall be made for each metered time period for the Customer's individual Service Classification.

The daily load weighted market price of energy shall be adjusted to reflect losses and Unaccounted For Energy. These daily average market supply values are used in conjunction with the service classification profile to develop a weighted average value of market supply for each metered time period within the Customer's specific billing period. The weighted average value of market supply is multiplied by the Customer's metered kWh usage for each metered time period to determine the value of market supply.

Capacity Component:

The Capacity component is calculated using the market-clearing price of capacity in \$/kWh as determined from the NYISO's monthly capacity auction price. The Capacity Component shall be revised in accordance with each monthly UCAP auction held by the NYISO. The capacity price shall also include capacity losses and reserves based on the NYISO monthly and spot capacity auctions. The service class profile shall be used to determine the customer's capacity responsibility of state-wide system peak demand. A new capacity responsibility amount shall be effective each May 1st. The service class profile contribution to the system peak demand may need to be adjusted for a growth factor. The cost of the capacity component shall be applied to On-Peak hours only.

Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

$$\text{UCAP Charge} = (\text{UCAP}_{\text{req}} * (1 + \text{Reserve}_{\text{req}}) * \text{Price}_{\text{monthlyauc}})$$

UCAP_{req} = The demand for the customer's service class that occurred at the time of the New York system peak of the prior year, grossed up for losses and a growth factor.

$\text{Reserve}_{\text{req}}$ = Additional reserve requirement as required by NYISO.

$\text{Price}_{\text{monthlyauc}}$ = Monthly NYISO auction price.

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12. SUPPLY SERVICE OPTIONS (Cont'd)

C. Calculation of the Commodity Charge (Cont'd)

2. Non-Hourly Pricing S.C. Nos. 3, 4, 7, 9 (Cont'd)

Capacity Component: (Cont'd)

Demand Curve Reserve Charge = $(UCAP_{req} * DemandCurveReserve_{req}) * Price_{spotauc}$

$UCAP_{req}$ = Described above.

$DemandCurveReserve_{req}$ = Allocation of additional capacity requirement as required by the NYISO's demand curve.

$Price_{spotauc}$ = Monthly NYISO SPOT auction price.

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component:

The ancillary services/NTAC shall be forecasted each month and included in the supply price and subsequently reconciled.

NYISO Related Transmission Charges:

Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Supply Adjustment Charge Component:

Unaccounted For Energy, Renewable Energy Credits (RECs) and Zero Emissions Credits (ZECs) costs and if applicable, Alternative Compliance Payment (ACP), Offshore Wind Renewable Energy Credits (ORECs), costs the Company has paid for the Value Stack Energy Component not reflected in the price for the Energy Component and the Market Value of the Environmental component of the Value Stack pursuant to Rule 26.B., costs billed to the Company by NYSERDA for the bulk energy storage program, and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

Beginning January 1, 2025, the full cost of the Environmental Component (Rule 26.B.6.iii), including the Out of Market Value, shall be included in the Supply Adjustment Charge.

3. Hourly Pricing S.C. Nos. 8 and 14 (Mandatory and Voluntary):

The charge for Electric Power Supply provided by the Company shall fluctuate with the market price of electricity and shall include the following components: Energy, Energy Losses, Unaccounted for Energy, Capacity, Capacity Reserves, Capacity Losses, ancillary services, NTAC, transmission project costs allocated to the Company under the NYISO tariff as approved by FERC, and Supply Adjustment Charge.

Energy Component:

Customers served under this provision shall be charged for the energy component of supply based on their hourly metered usage and the hourly supply cost. The electricity supply charge is equal to the sum of the hourly metered usage multiplied by the NYISO Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Genesee Zone adjusted for losses, ancillary services, NTAC, transmission project costs allocated to the Company under the NYISO tariff as approved by FERC, and Supply Adjustment Charge. Capacity charges shall also be based on interval meter data. The DAM LBMP prices shall be the initial published DAM LBMP prices acquired by the Company. The customer's bill shall not be recalculated if such prices are modified by the NYISO at a later date.

Ld = Distribution loss factor. All customers shall be categorized as primary or secondary load. Primary load applies to customers taking service above 600 volts. Secondary load applies to customers taking service at 600 volts or less. RG&E shall notify the customer of the category applicable to it. The loss factors are:

Primary Load: 4.68%

Secondary Load 6.48%

Capacity Component:

The capacity and capacity reserves are specific to the customer. When hourly data is not available the appropriate service class profile shall be used to determine the customer's capacity responsibility. A new capacity responsibility amount shall be established for each customer each April, to be effective on or after May 1. Customers new to Hourly Pricing that begin the service prior to April shall be assigned their capacity responsibility based on their service class profile until the first April where the required hourly data is available.

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12. SUPPLY SERVICE OPTIONS (Cont'd)

C. Calculation of the Commodity Charge (Cont'd)

3. Hourly Pricing S.C. Nos. 8 and 14 (Mandatory and Voluntary): (Cont'd)

Capacity Component: (Cont'd)

Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

$$\text{UCAP Charge} = (((\text{UCAP}_{\text{req}} * 1/(1-L_d)) * (1 + \text{Reserve}_{\text{req}})) * \text{Price}_{\text{monthlauc}})$$

UCAP_{req} = The customer specific demand that occurred at the time of the New York system peak of the prior year. When the customer specific information is not available the appropriate service class profile information will be used.

L_d - Distribution loss factor. Described above

Reserve_{req} = Additional reserve requirement as required by NYISO

Price_{monthlauc} = Monthly NYISO auction price

$$\text{Demand Curve Reserve Charge} = (((\text{UCAP}_{\text{req}} * 1/(1-L_d)) * \text{Demand Curve Reserve Charge}_{\text{req}})) * \text{Price}_{\text{spotauc}})$$

UCAP_{req} - Described above

L_d - Described above

Demand Curve Reserve_{req} = Allocation of additional capacity requirement as required by the NYISO's demand curve

Price_{spotauc} = Monthly NYISO capacity spot market price.

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component:

The ancillary services/NTAC shall be forecasted each month and included in the supply price and subsequently reconciled.

NYISO Related Transmission Charges:

Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Supply Adjustment Charge Component:

Unaccounted For Energy, Renewable Energy Credits (RECs) and Zero Emissions Credits (ZECs) costs and if applicable, Alternative Compliance Payment (ACP), Offshore Wind Renewable Energy Credits (ORECs), costs the Company has paid for the Value Stack Energy Component not reflected in the price for the Energy Component and the Market Value of the Environmental component of the Value Stack pursuant to Rule 26.B., costs billed to the Company by NYSERDA for the bulk energy storage program, and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

Beginning January 1, 2025, the full cost of the Environmental Component (Rule 26.B.6.iii), including the Out of Market Value, shall be included in the Supply Adjustment Charge

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12. SUPPLY SERVICE OPTIONS (Cont'd)

D. Merchant Function Charge (MFC):

The MFC shall be applicable to only those customers taking supply service from the Company (*i.e.*, RSS and Hourly Pricing) and is set forth in a statement at the end of this Schedule (P.S.C. No. 19 – Electricity). A separate MFC shall be calculated for Non-demand Billed (Hedged) (S.C. Nos. 1, 2, 6 and street lighting), Non-demand Billed (Non-hedged) (S.C. No. 4) and Demand Billed (S.C. Nos. 3, 7, 8, 9, 10, 11, & 14) customers. For Service Classification Nos. 10, 11, and 14, the customer's otherwise applicable service classification shall determine the applicable MFC.

1. The MFC shall include the following rate components as described in the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718, and as further amended by the Joint Proposal dated February 19, 2016, in Cases 15-E-0283, 15-G-0284, 15-E-0285, and 15-G-0286.
 - a. Commodity-related Uncollectible Costs
 - b. Commodity-related Credit and Collections and Call Center costs;
 - c. Commodity-related Administrative costs;
 - d. Cash Working Capital on Purchased Power costs and
 - e. Cash Working Capital on Commodity Hedge Margin costs.
 - f. Prior Period Reconciliation
2. The MFC components shall be updated and reconciled as stated below in accordance with the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718, and as further amended by the Joint Proposal dated February 19, 2016, in Cases 15-E-0283, 15-G-0284, 15-E-0285, and 15-G-0286.
 - a. Commodity-related Uncollectible Costs
 - The commodity related uncollectible percentage rate shall be reset annually based on the most recent available 12-month period of actual uncollectibles
 - The commodity-related uncollectible component of the MFC shall be calculated each month by multiplying the uncollectible percentage rate for each of the groups described above by the associated monthly electric supply cost.
 - b. Commodity-related Credit and Collections and Call Center costs
 - The Credit and Collections and Call Center Cost Component shall be reconciled annually for differences in actual versus design sales only. The unit rate shall be reset annually based on recent sales forecasts.
 - c. Commodity-related Administrative costs
 - The Administrative Component shall be reconciled annually for differences in actual versus design sales only. The unit rate shall be reset annually based on recent sales forecasts.

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D. Merchant Function Charge (MFC) (Cont'd):

- d) Cash Working Capital on Purchased Power costs
 - If the New York Independent System Operator starts weekly billing, the electric MFC shall include a component for Cash Working Capital on Purchase Power.
 - Working Capital on Purchase Power shall be calculated based on the Companies' pre-tax rate of return.
 - The Companies shall reconcile the Working Capital on Purchased Power to actual applicable costs. This component shall be updated annually to reflect actual costs from the most recently available 12-month period and the most recent sales forecast.
- e) Cash Working Capital on Commodity Hedge Margin costs
 - The cash working capital on Commodity Hedge cost component shall be based on the Companies' pre-tax rate of return and shall be reconciled to actual costs annually. Additionally, this component shall be updated annually to reflect actual costs from the most recently available twelve month period and the most recent sales forecast.

E. Customer Eligibility Criteria

1. Customers Applying for Service:

If a customer applying for service has not elected a Supply Service option by the time of billing, RG&E shall bill the customer at the appropriate default option as explained in 12.E. When a customer contacts RG&E with their choice, that Supply Service option shall be applicable to usage on and after the next regularly-scheduled estimated or actual meter reading date after such contact.

2. Incentive Rate Customers:

Customers receiving an Economic Incentive may select a Supply Service option as specified in the applicable Special Provision for Economic Incentives of the respective service classification. The customer must choose the same Supply Service option for their entire load.

3. NYPA Customers

Customers who receive a portion of their Electric Power Supply from NYPA, (Expansion, HLFM, Replacement or Preservation Power, Recharge NY Power, WNY), with Standard Load (non-NYPA load), shall be permitted to take service under any Supply Service option for their Standard Load. The NYPA load shall continue to be billed in accordance with Rule 4.L.5 or the Special Provision of Service Classification Nos. 3, 7 and 8. If the NYPA allocation expires or is terminated, the Supply Service option for that load shall be the same option the customer selected for the Standard Load (non-NYPA load).

4. Service Classification No. 10 ("S.C. No. 10") Contracts:

A customer taking service under a special contract, or receiving an incentive or discounted rate which by its terms would preclude eligibility, may not select an electricity supply pricing option. A customer may select an electricity supply service option upon expiration of such contract..

5. Service Classification No. 14 ("S.C. No. 14") Standby Service:

A customer taking service under S.C. 14 is eligible to select a Supply Service option as follows:

a. "OASC"

A customer taking service under S.C. No. 14 as an Existing Customer having elected the Phase-In, or as a Designated Technology Customer having elected the one-time exemption (both as defined in S.C. No. 14), shall be billed at the otherwise applicable service classification ("OASC") rate. Such customers are eligible for: 1) the RG&E Supply Service (RSS), unless the customer is required to participate in mandatory Hourly Pricing or voluntarily elects Hourly Pricing, or 2) the ESCO Supply Service (ESS).

b. S.C. No. 14:

A customer taking service under S.C. No. 14, shall be billed at the S.C. No. 14 rates set forth under the section "RATES". Such customers are eligible for: 1) RG&E Supply Service (RSS), unless the customer is required to participate in mandatory Hourly Pricing or voluntarily elects Hourly Pricing, or 2) the ESCO Supply Service (ESS).

6. Hourly Pricing:

Hourly Pricing is mandatory for certain non-residential demand billed customers in Service Classification Nos. 8 and 14. A customer billed at an Hourly Pricing rate is eligible to select a Supply Service option as defined in Rule 12.A.3.

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F. Default Process

1. Default Process:

If a customer applying for service has not elected a Supply Service option, the Company shall bill the customer under the RG&E Supply Service option or Hourly Pricing, as appropriate.

G. Changing Supply Service Options

1. Switching Rules:

- a. A customer can switch to and from retail access at any time subject to the requirements set forth in the General Information Section 11 General Retail Access – Multi Retailer Model and the Uniform Business Practices, and as detailed below:

- 1) **ESCO Supply Service (ESS)**
A customer taking service under the ESS option may switch to the RG&E Supply Service (RSS).
- 2) **RG&E Supply Service (RSS)**
A customer taking service under the RSS may switch to the ESCO Supply Service (ESS) unless otherwise ineligible as described in Rule 12.D.
- 3) **Hourly Pricing**
A customer mandatorily participating in Hourly Pricing, who is taking service under the ESS option, may only switch to Hourly Pricing with RG&E under the RSS option

A customer mandatorily participating in Hourly Pricing, who is taking service under the RSS option, may switch to the ESS option.

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12. SUPPLY SERVICE OPTIONS (Cont'd)

G. Changing Supply Service Options (Cont'd)

2. Process for Changing to a Retail Access Supply Service Option

To effectuate the switch to Retail Access, the customer's ESCO must contact the Company to submit the customer's Retail Access enrollment information as described in General Information Section 11 Retail Access – Multi Retailer Model. Upon the Company's receipt of notice that the customer is enrolling in Retail Access, the Company shall notify the customer of such enrollment by sending the customer a letter.

3. Process for Changing to a Non-Retail Access Supply Option

A customer that is participating in Retail Access who would like to switch to the Company for their Electric Power Supply (Non-Retail Access) may do so by first contacting its ESCO to discontinue Retail Access service.

Alternatively, a customer may switch to the Company for its Electric Power Supply by calling the Company, not less than five business days prior to their next scheduled or Special Meter Reading date.

Upon the Company's receipt of the ESCO's notice that the customer is canceling Retail Access, the Company shall notify the customer of such cancellation by sending the customer a letter. The customer shall be placed on the RSS option effective with the switch date.

4. ESCO Discontinuance of Sales to an Individual Customer

If an ESCO cancels a customer's Retail Access service, such ESCO must follow the procedures set forth in the UBP Addendum to this Schedule. Upon receipt of the notice of discontinuance from the ESCO, the Company shall verify this request with the customer by sending a letter to the customer. The customer may choose another ESCO or return to the RSS Non-Retail Access option. The customer shall be placed on the RSS option effective with the switch date if a new Retail Access enrollment has not been completed by the switch date.

5. Service Classification No. 10 ("SC10") Contract Expiration

- a. A customer required to take mandatory Hourly Pricing:
A customer taking service under SC10, who would otherwise qualify for mandatory Hourly Pricing, shall be billed at Hourly Pricing rates upon expiration of their SC10 contract, unless a Retail Access enrollment is received from an ESCO at least five business days prior to the contract end date. If such retail access enrollment has been received, the customer shall be billed at the ESCO Supply Service (ESS) option effective with the contract end date meter reading.
- b. Customers not required to take mandatory Hourly Pricing:
If the customer is not required to be served at Hourly Pricing, upon expiration of their SC10 contract, the customer would be eligible to select a Supply Service Option described in Section 12.A. If the customer does not enroll in a Supply Service option, and no retail access enrollment has been received from an ESCO at least five business days prior to the contract end date, the customer shall be billed at the Company Supply Service (RSS) option effective with the contract end date meter reading.

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GENERAL INFORMATION

12. SUPPLY SERVICE OPTIONS (Cont'd)

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12. SUPPLY SERVICE OPTIONS (Cont'd)

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