

STATE OF NEW YORK

Public Service Commission

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RG&E OK'D TO OFFER PRICING OPTIONS TO LARGE CUSTOMERS — New Variable Pricing Will Spur Commercial Customers to Conserve Energy —

Albany, NY—5/19/11— The New York State Public Service Commission (Commission) today authorized Rochester Gas and Electric Corporation to implement its plan to expand mandatory hourly pricing (MHP) to customers with demand greater than 300 kW. Previously, the utility was only required to offer MHP to customers with a demand greater than 1 MW.

“The benefits of mandatory hourly pricing for large customers are well established,” said Commission Chairman Garry Brown. “Electricity is a commodity, and like any commodity prices rise and fall with changes in demand. Expanding mandatory hourly pricing will create more of an incentive for commercial and industrial customers to better control their usage of electricity, and thereby control utility expenses. Customers also benefit because they will see a greater opportunity to reduce overall operating costs.”

RG&E's previous MHP program was offered to customers with billing demands of 1 MW or more during any two of the previous 12 months. Currently, there are only 140 customers taking service under the MHP program, with 20 of those customers purchasing their supply from RG&E while the rest purchase their electric supply from retail access providers.

With the lowering the MHP threshold, it is expected that an additional 585 customers — four times the current number — will to be added to the MHP program in RG&E service territory. The expansion of hourly pricing benefits the electrical system through potential reductions to peak period prices, enhanced peak period reliability, and wholesale market power mitigation.

The Commission has also found that hourly pricing yield more equitable customer bills than does the existing less exact, average energy rate.

RG&E will phase in the new program in two steps; customers with demands of 500 kW or more for two of the prior twelve months will begin participation in the MHP program with their first full billing period falling on or after September 22, 2011. This first expansion would affect approximately 220 customers. Then, on September 22, 2012, all the remaining eligible customers will be required to take service under the MHP program. This second expansion would affect approximately 365 customers.

RG&E will begin contacting each eligible customer with a letter explaining their responsibilities now that they qualify for MHP. Direct contact information will also be provided for customers who desire further information. The qualification period for determining participation in the first expansion of MHP will be the 12 months prior to September 22, 2011. Any customer with demands of 500 kW or more between September 2010 and August 2011, who is not already on hourly pricing, will be notified of their qualification.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and entering Case Number 09-E-0717 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).