Attachment B

Exhibit No. RG&E-001

UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

Rochester Gas and Electric Corporation

Docket No. ER23-___-000

DIRECT TESTIMONY OF DR. PAUL A. DUMAIS

On Behalf of Rochester Gas and Electric Corporation

May 3, 2023

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Exhibit No. RG&E-004 – Transmission Formula Rate Protocols

1		I. INTRODUCTION
2	Q.	Please state your name, position, and business address.
3	А.	My name is Dr. Paul A. Dumais. I am the CEO of Dumais Consulting LLC,
4		with an address of 38578 Kilgore Court, Waterford, Virginia, 20197.
5	Q.	On whose behalf are you testifying in this proceeding?
6	А.	I am testifying on behalf of Rochester Gas and Electric Corporation ("RG&E").
7	Q.	Describe your professional and educational background.
8	А.	I have over 40 years of experience in the electric and natural gas industries in
9		the areas of regulatory strategy, regulatory policy, and ratemaking, including
10		revenue requirements (cost of service), cost allocation and rate design. Through
11		Dumais Consulting LLC, I provide Federal Energy Regulatory Commission
12		("FERC" or "Commission")-related ratemaking services, including electric
13		transmission formula rates, ancillary service revenue requirements (including
14		reactive power) and natural gas and electricity cost of service, cost allocation
15		and rate design. I have recently assisted a FERC-jurisdictional transmission
16		owner in moving from a stated transmission rate to a transmission formula rate,
17		including developing the formula rate and protocols, and provided testimony to
18		the Commission in support of the proposed formula rate and protocols, which
19		were accepted by the Commission. I consult regularly with several other
20		transmission owners on their formula rates, including income tax
21		considerations. I have substantial experience in New York transmission
22		ratemaking through my involvement both with New York Transco, LLC in the
23		past and with a large transmission owner currently. Prior to forming Dumais

1		Consulting in September 2018, I was employed by Avangrid Networks and its
2		predecessor companies in the northeast United States in senior level positions.
3		In this capacity, I generally focused on asset management and capital budgeting,
4		large customer service and state and federal regulatory and ratemaking matters,
5		including FERC regulatory strategy and policy, transmission formula rates,
6		interconnections, and regional transmission organization stakeholder
7		participation. I was Vice President of Regulatory for New York Transco while
8		serving as Avangrid's representative to this New York transmission owner joint
9		venture. I received a Bachelor of Science Degree in Business Administration
10		with an emphasis in Accounting from the University of Maine in Augusta in
11		1982. I received a Master of Science Degree in Business Administration from
12		the University of Southern Maine in 1986. Lastly, I was awarded a Doctorate
13		Degree in Strategic Leadership from Regent University in 2013.
14	Q.	Have you submitted expert testimony in the past to FERC or to any other
15		regulatory bodies?
16	A.	Yes, I have. I provide my FERC and state testimony experience as part of my
17		resume contained in Exhibit No. RG&E-002.
18		
19		II. PURPOSE AND SCOPE OF TESTIMONY
20	Q.	What is the purpose of your testimony in this proceeding?
21	A.	The purpose of my testimony is to present a transmission formula rate and
22		protocols by which RG&E will recover the costs of local transmission upgrades
23		determined by the New York State Public Service Commission ("NYPSC") to

1		be necessary to meet New York State climate and renewable energy goals as
2		required by New York State law (referred to as "CLCPA Eligible Projects",
3		"Approved Local Transmission Upgrades" or "Schedule 19 Projects").
4	Q.	Are you sponsoring any exhibits in addition to this testimony?
5	A.	Yes. I am sponsoring the following exhibits:
6		Exhibit No. RG&E-001 – Direct Testimony of Dr. Paul A. Dumais
7		Exhibit No. RG&E-002 – Resume of Dr. Paul A. Dumais
8		Exhibit No. RG&E-003 – Transmission Formula Rate Template
9		Exhibit No. RG&E-004 – Transmission Formula Rate Protocols
10	Q.	Please describe RG&E.
11	A.	RG&E is an electric transmission and electric and natural gas distribution public
12		utility organized and operating under the laws of the State of New York and a
13		wholly-owned indirect subsidiary of Avangrid Networks. RG&E serves retail
14		and wholesale customers in western New York and owns approximately 57
15		MW of hydroelectric generation. RG&E is a Transmission Owner in the New
16		York Control Area under the terms of the Independent System Operator -
17		Transmission Owner Agreement by and among the Member Systems ¹ (as such
18		term is defined in Section 1.13 of the New York Independent System Operator,
19		Inc. ["NYISO"] Open Access Transmission Tariff ["OATT"]) and the NYISO.
20		RG&E's transmission system is under the operational control of the NYISO.
21		RG&E owns facilities used in the provision of transmission and interconnection

¹ The Member Systems are also referred to herein as the "New York Transmission Owners" ("NYTOs").

1	services under the NYISO OATT. RG&E provides transmission service and
2	collects wholesale transmission charges pursuant to a stated rate contained in
3	the NYISO OATT. ² RG&E is a wholly owned indirect subsidiary of Avangrid
4	Networks, Inc. ("Avangrid Networks"). ³ RG&E is a participant in the NYISO's
5	electricity markets and holds market-based rate tariff authority under the
6	Federal Power Act.

7 Q. How is your testimony organized?

8 A. I first present background information that forms the context of this RG&E 9 filing. I then present the formula rate template by which RG&E proposes to 10 recover the revenue requirements for Approved Local Transmission Upgrades 11 ("Formula Rate Template"). Lastly, I present the formula rate implementation 12 protocols by which stakeholders can engage and review the annual formula rate 13 informational filing and annual updates to be made by RG&E ("Formula Rate 14 Protocols"). The Formula Rate Template and Formula Rate Protocols are 15 collectively referred to herein as the "Formula Rate."

- 16
- 17

III. BACKGROUND INFORMATION

Q. Describe the law or laws that were enacted in New York concerning
 renewable energy requirements that will result in Approved Local
 Transmission Upgrades.

² In this filing, RG&E is not proposing changes to its stated, wholesale transmission rate applicable to its Transmission Service Charge pursuant to Attachment H of the NYISO OATT.

³ RG&E each have market regulated affiliates that develop, own and operate renewable energy generation facilities in New York, that are planned and located entirely outside of RG&E's Transmission Districts and do not directly interconnect to RG&E's transmission system.

1	A.	The State of New York has enacted climate legislation in the Climate
2		Leadership and Community Protection Act ("CLCPA"). Among other things,
3		the CLCPA requires 70 percent of all of New York's electricity to come from
4		renewable sources by 2030, a 100 percent reduction in greenhouse gas
5		emissions from the electricity sector by 2040, and 9,000 MW of offshore wind
6		generation ("OSW") by 2035. The state also has enacted the Accelerated
7		Renewable Energy Growth and Community Benefit Act ("Accelerated
8		Renewables Act") recognizing that certain of the New York Transmission
9		Owners'4 ("Certain NYTOs"") local transmission and distribution systems play
10		a key role in the CLCPA-mandated renewable energy transition. The
11		Accelerated Renewables Act requires the NYPSC to establish distribution and
12		local transmission capital plans for each utility in whose service territory the
13		NYPSC's power grid study identified distribution upgrades and local
14		transmission upgrades that are necessary or appropriate to achieve New York's
15		climate mandates. Likewise, the Accelerated Renewables Act requires that the
16		Certain NYTOs make local transmission upgrades in accordance with a
17		schedule approved by the NYPSC or, in the case of LIPA, the LIPA Board of
18		Trustees. ⁵

⁴ The New York Transmission Owners subject to local transmission and distribution mandates under the Accelerated Renewables Act include Central Hudson Gas & Electric Corporation ("Central Hudson"), Consolidated Edison of New York, Inc. ("Con Edison"), Long Island Power Authority ("LIPA"), New York Electric and Gas Corporation ("NYSEG"), Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid"), Orange and Rockland Utilities, Inc. ("O&R"), and RG&E. ⁵ The New York Power Authority ("NYPA") does not own any local transmission or distribution facilities, so the NYPSC will not be approving any local transmission upgrades for NYPA.

Q. Has the NYPSC established these distribution and local transmission capital plans for each utility?

3 A. The NYPSC is in the process of doing this. To date, it has identified areas on 4 the transmission and distribution networks in New York that may be in critical 5 need of local investment because existing renewable generation in these areas 6 is experiencing curtailments today or that strong renewable generation 7 developer interest in those areas exceeds the capability of the local transmission 8 system. The NYPSC directed some of the NYTOs to submit new or revised 9 solutions to address these areas. In accordance with that directive, on March 8, 2022, Central Hudson, NYSEG, National Grid, and RG&E filed a petition with 10 11 the NYPSC seeking approval for certain local transmission projects designed 12 efficiently and cost effectively to address those local transmission needs 13 ("Areas of Concern Petition"). In this petition, NYSEG and RG&E proposed 14 two potential buildout options for the "Southern Tier Area of Concern" for the 15 NYPSC's consideration. These two options primarily consist of upgrades to the existing local transmission system and are mostly in NYSEG's service territory 16 17 but include some potential RG&E investment. These local transmission project 18 requests were subject to review under a public hearing process before the 19 NYPSC. By Order dated February 16, 2023, the NYPSC approved the development of these projects.⁶ RG&E will recover the related revenue 20

⁶ State of New York Public Service Commission, Case 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, Order Approving Phase 2 Areas of Concern Transmission Upgrades, February 16, 2023.

1		requirements pursuant to Rate Schedule 19 of the NYISO OATT using the
2		Formula Rate proposed in this proceeding and addressed herein.
3		Additionally, the NYPSC has ordered Certain NYTOs, by January 1, 2023, and
4		on regular basis thereafter, ⁷ to jointly seek approval of a coordinated portfolio
5		of additional local transmission projects to address CLCPA renewable energy
6		targets. Therefore, it is anticipated that future, local transmission investments
7		approved by the NYPSC to satisfy CLCPA requirements would be included in
8		the RG&E Formula Rate in the future.
9	Q.	Please describe how the revenue requirements of these Schedule 19
10		Projects/Approved Local Transmission Upgrades are to be recovered
11		from customers.
12	A.	By Order dated September 9, 2021,8 the NYSPC requested that Central
13		Hudson, Con Edison, NYSEG, National Grid, NYSEG, O&R and RG&E
14		(each an "Eligible Transmission Owner") develop and propose for its review,
15		prior to submission to FERC, a mechanism under the NYISO OATT to
16		allocate and recover from all beneficiaries across the state the costs of CLCPA
17		Eligible Projects. On January 7, 2022, Central Hudson, Con Edison, NYSEG,
18		National Grid, O&R and RG&E, having consulted with LIPA, the NYISO and
19		the NYPSC Staff, proposed the use of a voluntary participant funding
20		agreement among the NYTOs to be accepted by the NYPSC prior to
21		submission to FERC. They further proposed that the costs be funded by the

⁷ State of New York Public Service Commission, Case 20-E-0197, Order dated September 9, 2021 at P. 49.
⁸ *Id.* P 48-49.

1		Eligible Transmission Owners and allocated statewide based on load-ratio
2		share, consistent with how the costs of the renewable energy supplies required
3		under the CLCPA are allocated. Because both the renewable energy supplies
4		required by state law, and the CLCPA Eligible Projects that integrate and
5		deliver them have the same statewide beneficiaries, it follows that they should
6		have the same statewide cost allocation. Upon review, the NYPSC held this
7		approach to be appropriate, and by Order dated May 12, 2022, accepted the
8		proposed participant funding agreement (called the "Cost Sharing and
9		Recovery Agreement" or "CSRA") and cost allocation mechanism (described
10		in new Rate Schedule 19 [Section 6.19] of the NYISO OATT).
11	Q.	Has the Commission accepted the CSRA and Rate Schedule 19 under
12		Section 205 of the Federal Power Act?
13	A.	Yes. On August 19, 2022, the Commission issued an "Order Accepting
14		Proposed Cost Sharing and Recovery Agreement, Rate Schedule, Tariff
15		Revisions and Certificates of Concurrence" accepting the CSRA, Rate
16		Schedule 19 and certain conforming amendments to the NYISO OATT. ⁹
17	Q.	Describe Rate Schedule 19.
18	A.	Rate Schedule 19 of the NYISO OATT establishes a CLCPA Facilities
19		Charge ("CFC Charge") and a LIPA CFC Charge as part of the NYISO billing
20		and settlement process and provides for the recovery of costs of each
21		transmission project eligible for cost recovery under the CSRA. Rate

⁹ See Consolidated Edison Co. of New York, Inc., et al., 180 FERC ¶ 61,106 (2022).

1		Schedule 19 establishes that the costs of each eligible project shall be
2		allocated on a load ratio share basis, calculated volumetrically based upon
3		Actual Energy Withdrawals by Load Serving Entities, excluding Withdrawal
4		Billing Units for Exports and Wheel Through. It establishes that the NYISO
5		will calculate the CFC Charge for CLCPA Eligible Projects of each NYTO by
6		starting with each NYTO's applicable annual transmission revenue
7		requirement ("ATRR") and adjusting for settlements related to any
8		Incremental Transmission Congestion Contracts ("Incremental TCCs")
9		associated with the CLCPA Eligible Projects, including any outage charges
10		for the Incremental TCCs. It will allocate the result on a load ratio share basis
11		to LSEs in New York.
12	Q.	What additional approvals are needed from FERC for RG&E to recover
12 13	Q.	What additional approvals are needed from FERC for RG&E to recover costs under Rate Schedule 19?
12 13 14	Q. A.	What additional approvals are needed from FERC for RG&E to recover costs under Rate Schedule 19? Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-
12 13 14 15	Q. A.	What additional approvals are needed from FERC for RG&E to recovercosts under Rate Schedule 19?Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-service charge derived from formula rates. The purpose of this filing is to
12 13 14 15 16	Q. A.	What additional approvals are needed from FERC for RG&E to recovercosts under Rate Schedule 19?Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-service charge derived from formula rates. The purpose of this filing is toreceive FERC's acceptance under Section 205 of the Formula Rate and related
12 13 14 15 16 17	Q. A.	What additional approvals are needed from FERC for RG&E to recovercosts under Rate Schedule 19?Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-service charge derived from formula rates. The purpose of this filing is toreceive FERC's acceptance under Section 205 of the Formula Rate and relatedimplementation protocols that RG&E will use to determine its ATRR to be
12 13 14 15 16 17 18	Q. A.	What additional approvals are needed from FERC for RG&E to recovercosts under Rate Schedule 19?Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-service charge derived from formula rates. The purpose of this filing is toreceive FERC's acceptance under Section 205 of the Formula Rate and relatedimplementation protocols that RG&E will use to determine its ATRR to beused by the NYISO to determine RG&E's CFC Charges under Rate Schedule
12 13 14 15 16 17 18 19	Q. A.	What additional approvals are needed from FERC for RG&E to recovercosts under Rate Schedule 19?Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-service charge derived from formula rates. The purpose of this filing is toreceive FERC's acceptance under Section 205 of the Formula Rate and relatedimplementation protocols that RG&E will use to determine its ATRR to beused by the NYISO to determine RG&E's CFC Charges under Rate Schedule19. RG&E's Formula Rate and related implementation protocols are
12 13 14 15 16 17 18 19 20	Q.	What additional approvals are needed from FERC for RG&E to recovercosts under Rate Schedule 19?Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-service charge derived from formula rates. The purpose of this filing is toreceive FERC's acceptance under Section 205 of the Formula Rate and relatedimplementation protocols that RG&E will use to determine its ATRR to beused by the NYISO to determine RG&E's CFC Charges under Rate Schedule19. RG&E's Formula Rate and related implementation protocols areproposed to be added as Attachment 2 to Rate Schedule 19 (Section 6.19.7) of
12 13 14 15 16 17 18 19 20 21	Q.	What additional approvals are needed from FERC for RG&E to recovercosts under Rate Schedule 19?Under Rate Schedule 19 of the NYISO OATT, the CFC Charge is a cost-of-service charge derived from formula rates. The purpose of this filing is toreceive FERC's acceptance under Section 205 of the Formula Rate and relatedimplementation protocols that RG&E will use to determine its ATRR to beused by the NYISO to determine RG&E's CFC Charges under Rate Schedule19. RG&E's Formula Rate and related implementation protocols areproposed to be added as Attachment 2 to Rate Schedule 19 (Section 6.19.7) ofthe NYISO OATT.

1	A.	RG&E has begun project development for these projects which is now
2		ramping up given the NYPSC's affirmative determination in its February 16,
3		2023 order.
4	Q.	Did the February 16 th Order from the NYPSC contain a specified return
5		on equity and capital structure for RG&E to use in the proposed Formula
6		Rate?
7	A.	The CSRA obligates RG&E to utilize the NYPSC authorized return on equity
8		and capital structure in its Formula Rate. I discuss how the Formula Rate
9		accommodates the NYPSC return on equity and capital structure later in my
10		testimony.
11		
12		IV. TRANSMISSION FORMULA RATE TEMPLATE
13	Q.	Describe RG&E's proposed transmission Formula Rate by which it would
14		
		recover the revenue requirement of Schedule 19 Projects.
15	A.	I present the proposed Formula Rate Template in Exhibit RG&E-003. The
15 16	A.	I present the proposed Formula Rate Template in Exhibit RG&E-003. The proposed Formula Rate Template determines the ATRR using projected data
15 16 17	A.	I present the proposed Formula Rate Template in Exhibit RG&E-003. The proposed Formula Rate Template determines the ATRR using projected data for a calendar year rate year, with an annual true-up adjustment to reconcile
15 16 17 18	A.	 Frecover the revenue requirement of Schedule 19 Projects. I present the proposed Formula Rate Template in Exhibit RG&E-003. The proposed Formula Rate Template determines the ATRR using projected data for a calendar year rate year, with an annual true-up adjustment to reconcile actual revenue for the rate year to the actual ATRR for that same rate year. The
15 16 17 18 19	A.	I present the proposed Formula Rate Template in Exhibit RG&E-003. The proposed Formula Rate Template determines the ATRR using projected data for a calendar year rate year, with an annual true-up adjustment to reconcile actual revenue for the rate year to the actual ATRR for that same rate year. The proposed Formula Rate is consistent with transmission formula rates approved
15 16 17 18 19 20	A.	 recover the revenue requirement of Schedule 19 Projects. I present the proposed Formula Rate Template in Exhibit RG&E-003. The proposed Formula Rate Template determines the ATRR using projected data for a calendar year rate year, with an annual true-up adjustment to reconcile actual revenue for the rate year to the actual ATRR for that same rate year. The proposed Formula Rate is consistent with transmission formula rates approved by FERC and in use throughout the United States. The unpopulated Formula
 15 16 17 18 19 20 21 	A.	 recover the revenue requirement of Schedule 19 Projects. I present the proposed Formula Rate Template in Exhibit RG&E-003. The proposed Formula Rate Template determines the ATRR using projected data for a calendar year rate year, with an annual true-up adjustment to reconcile actual revenue for the rate year to the actual ATRR for that same rate year. The proposed Formula Rate is consistent with transmission formula rates approved by FERC and in use throughout the United States. The unpopulated Formula Rate Template will be included in Section 6.19.7.2.2 of Attachment 2 to Rate
 15 16 17 18 19 20 21 22 	A.	recover the revenue requirement of Schedule 19 Projects. I proposed Formula Rate Template Template in Exhibit RG&E-003. The proposed Formula Rate Template determines the ATRR using projected data for a calendar year rate year, with an annual true-up adjustment to reconcile actual revenue for the rate year to the actual ATRR for that same rate year. The proposed Formula Rate is consistent with transmission formula rates approved by FERC and in use throughout the United States. The unpopulated Formula Rate Template will be included in Section 6.19.7.2.2 of Attachment 2 to Rate Schedule 19 of the NYISO OATT.

1 A. Exhibit RG&E-003 contains the proposed Formula Rate Template, populated 2 with proxy data to enable its ease of use and consisting of several worksheets 3 necessary to determine and publish the ATRR for RG&E's Schedule 19 Projects.¹⁰ The Index, is a list of all the worksheets contained in the Formula 4 Projected input data will come from RG&E's internal 5 Rate Template. 6 budgeting process, while actual input data will come from the RG&E FERC 7 Form No. 1. The populated Formula Rate Template will be provided in Excel 8 to stakeholders well in advance of the ATRR or annual true-up adjustment 9 implementation, with ample opportunity to review, question and provide 10 feedback in accordance with the protocols described in the next section.

11 Q. What is Appendix A of Exhibit RG&E-003?

A. Appendix A is the worksheet that computes the non-levelized ATRR. It
 contains rate base, operations and maintenance expense, depreciation and
 amortization expense, taxes other than income taxes, income taxes, return and
 revenue credits. It also contains adjustments to the ATRR for prior period
 corrections and the annual true-up adjustment.

17 Q. Describe the rate base section of Appendix A.

A. Rate base consists of gross plant in service, accumulated depreciation, net plant
in service, construction work in progress ("CWIP"), abandoned plant,
accumulated deferred income taxes, land held for future use, and other rate base
items. Other base items include cash working capital, materials and supplies,

¹⁰ I have included proxy data in all data input cells for ease of use. The unpopulated formula rate is proposed to be included in Section 6.19.7.2.2 of Attachment 2 to Rate Schedule 19 of the NYISO OATT.

prepayments, regulatory asset and unfunded liabilities. All items are fivequarter average balances except accumulated deferred income taxes which are
beginning of year/end of year averages or a value that reflects Internal Revenue
Service-required proration. Column 3 contains total RG&E data, where
applicable, while Column 5 contains data related to the Schedule 19 Projects.
Column 4 contains the allocation method used to derive the Schedule 19 Project
amounts.

8 Q. Describe how the Formula Rate derives gross plant in service, accumulated 9 depreciation, and net plant in service.

A. Gross plant in service and accumulated depreciation amounts are contained in
Workpaper 1-RB Items. Workpaper 1-RB Items contains gross plant in service
and accumulated depreciation by function. The Schedule 19 Project gross plant
in service and accumulated depreciation will be based upon RG&E tracking
these assets in its fixed asset system, and the actual amounts will be included
on appropriate FERC Form No. 1 pages via footnotes. Net plant in service
equals gross plant in service less accumulated depreciation.

Q. How do you determine the portion of electric general, electric intangible and common gross plant in service and the applicable accumulated depreciation to allocate to the Schedule 19 Projects?

A. Consistent with the construct of most formula rates accepted by the
 Commission for transmission cost of service, the proposed Formula Rate for
 Schedule 19 Projects allocates electric general gross plant and electric
 intangible gross plant in service and the applicable accumulated depreciation

1		using a wage and salary allocator based upon estimated transmission wages for
2		the Schedule 19 Projects. The Formula Rate derives this allocator on Line 97
3		of Appendix A. The Formula Rate allocates common gross plant in service ¹¹
4		and the applicable accumulated depreciation using the product of both a
5		common plant allocator to determine the electric transmission portion (derived
6		on Line 100 of Appendix A) and the same wage and salary allocator used for
7		electric general and electric intangible items.
8	Q.	Describe CWIP on Line 23 of Appendix A.
9	A.	If RG&E requests, after receiving approval by the NYPSC, and FERC grants
10		recovery of CWIP for any Schedule 19 Project, the five-quarter average rate
11		year amount would be included both on Workpaper 1-RB Items and in rate base
12		on Line 23 of Appendix A.
13	Q.	Describe Abandoned Plant on Line 24 of Appendix A.
14	A.	If RG&E requests and FERC grants recovery of any abandoned plant costs for
15		a Schedule 19 Project, the five-quarter average rate year amount would be
16		included both on Workpaper 1-RB Items and in rate base on Line 24 of
17		Appendix A.
18	Q.	Describe how the Formula Rate determines accumulated deferred income
19		taxes, included on Line 25.
20	A.	The Formula Rate derives accumulated deferred income taxes on Workpaper
21		2a-ADIT Current Year, Workpaper 2b-ADIT Prior Year, Workpaper 2c-ADIT

¹¹ Common plant is used for both electric and natural gas business functions.

1	Proration Projected and Workpaper 2d-ADIT Proration Actual. Only direct
2	assigned accumulated deferred income taxes are included, such as those related
3	to accelerated depreciation attributable to the Schedule 19 Projects. Workpaper
4	2a-ADIT Current Year contains both the current year and prior year values for
5	Accounts 190 (if any) and 283 and the prorated value for Account 282. The
6	prior year values come from Workpaper 2b-ADIT Prior Year. The prorated
7	values come from Workpaper 2c-ADIT Proration Projected, which is used
8	when the Formula Rate is populated with projected data, or Workpaper 2d-
9	ADIT Proration Actual, which is used when the Formula Rate is populated with
10	actual data. Both the proration workpapers determine values consistent with
11	Treasury Regulation Section 1.167(l)-1(h)(6) and reflect methodologies
12	accepted by the Commission and in use in many transmission formula rates
13	today.

14 Q. Line 26 of Appendix A contains Excess Accumulated Deferred Income 15 Taxes. Please explain why this Worksheet is needed.

A. Per FERC Order No. 864, the Commission requires that all transmission
formula rates provide for the ability, should income tax rates change, to
remeasure accumulated deferred income taxes, to determine the excess or
deficient accumulated deferred income taxes and to include such amount in rate
base. Workpaper 3-EDIT provides for the potential remeasurement for direct
assigned accumulated deferred income taxes related to Schedule 19 Projects.

22 Q. Describe land held for future use.

1	A.	RG&E would include here any land held for future use related to approved
2		Schedule 19 Projects. In other words, if RG&E has purchased land and that
3		land will be used for an approved Schedule 19 Project, RG&E would include,
4		prior to the project going into in service, such amounts on both Workpaper 1-
5		RB Items and on Line 28, Column 5 of Appendix A. This approach is consistent
6		with FERC precedent on the rate base treatment of land held for future use.

7 Q. Describe how the Formula Rate determines cash working capital on Line 8 29.

9 A. Cash working capital is equal to one-eighth of operations and maintenance
10 expenses (including administrative and general expenses) contained on Line 50,
11 consistent with FERC precedent.

12 Q. Lines 30 and 31 contain materials and supplies amounts. Describe how the 13 Formula Rate derives these amounts.

- 14 There are two materials and supplies lines. One is for materials and supplies A. 15 directly assigned to transmission. To determine the Schedule 19 Project 16 portion, the Formula Rate allocates the total amount from Workpaper 1-RB 17 Items by the Schedule 19 Project transmission plant allocator. The other line 18 contains materials and supplies related to electric and gas construction. To 19 determine the Schedule 19 Projects portion, the Formula Rate allocates the 20 100% amount from Workpaper 1-RB Items by the product of the common plant 21 allocator (to determine the electric portion) and the gross electric plant allocator 22 (to determine the portion of electric that is for Schedule 19 Projects).
- 23 Q. Describe prepayments contained on Line 32.

1	A.	This item represents prepayments for RG&E's electric and natural gas delivery
2		businesses. Therefore, to determine the Schedule 19 Project portion, the
3		Formula Rate allocates the 100% amount from Workpaper 1-RB Items by the
4		product of the common plant allocator (to determine the electric portion) and
5		the gross electric plant allocator (to determine the portion of electric that is for
6		Schedule 19 Projects).
7	Q.	What is Regulatory Asset, Line 33?
8	A.	RG&E includes a regulatory asset placeholder to be recorded in Account 182.2,
9		for the cost of removal less salvage ("removal costs") of existing transmission
10		assets to make way for a CLCPA Eligible Projects. RG&E would include on
11		Line 33 the five-month average of the regulatory asset, as determined in Exhibit

12 No. RG&E-003, Workpaper 1-RB Items.

13 Q. Explain the Commission's policy on creating regulatory assets.

14 A. The Commission's Uniform System of Accounts provides that a regulatory 15 asset is to be recognized when amounts otherwise chargeable to expense in the 16 current period are to be recovered in rates in a future period.¹² When start-up 17 and related costs are incurred in a period apart from the anticipated benefit 18 period, the costs should be allocated to periods when the related benefits are 19 expected to be realized.¹³ "To accomplish this objective, the costs must be

¹² The accounting instructions for Account 182.3 are clear that a jurisdictional entity, like RG&E, may record a regulatory asset if it is probable that such items will be included in a different period for purposes of developing rates that the utility is authorized to charge for its utility services. *See* 18 C.F.R. Part 101, Definition No. 31, *Regulatory Assets and Liabilities*.

¹³ See PJM Interconnection, L.L.C., Virginia Electric and Power Co., 109 FERC ¶ 61,012, PP 50-54 & n.50 (2004) ("This conclusion is based on the matching principle...."), order on reh'g, 110 FERC ¶ 61,234, PP 38-41 (2005).

1		recorded initially as an asset, deferred, and then amortized to expense over the
2		anticipated benefit period." ¹⁴ Though these removal costs would not be charged
3		to expense if not deferred to a regulatory asset (removal costs are charged to
4		accumulated depreciation, Account 108), the principles here are the same.
5		RG&E has determined, in accord with the Commission's regulations, that it is
6		probable that these removal costs will be recovered in Rate Schedule 19 rates
7		in future periods, and RG&E should record a regulatory asset for such amounts.
8	Q.	Why is RG&E including costs of removal for existing transmission assets
9		to make room for CLCPA Eligible Project as part of the Schedule 19
10		Project ATRR and not in New York State rates where the existing assets
10 11		Project ATRR and not in New York State rates where the existing assets are included?
10 11 12	A.	Project ATRR and not in New York State rates where the existing assets are included? Because the transmission assets to be removed as part of the CLCPA Eligible
10 11 12 13	A.	Project ATRR and not in New York State rates where the existing assets are included? Because the transmission assets to be removed as part of the CLCPA Eligible Projects would not be removed but for the CLCPA Eligible Projects'
10 11 12 13 14	A.	 Project ATRR and not in New York State rates where the existing assets are included? Because the transmission assets to be removed as part of the CLCPA Eligible Projects would not be removed but for the CLCPA Eligible Projects' construction, RG&E is proposing the regulatory asset treatment to ensure that
10 11 12 13 14 15	A.	Project ATRR and not in New York State rates where the existing assets are included? Because the transmission assets to be removed as part of the CLCPA Eligible Projects would not be removed but for the CLCPA Eligible Projects' construction, RG&E is proposing the regulatory asset treatment to ensure that this cost of removal will be recovered through the Formula Rate, and
10 11 12 13 14 15 16	A.	Project ATRR and not in New York State rates where the existing assets are included? Because the transmission assets to be removed as part of the CLCPA Eligible Projects would not be removed but for the CLCPA Eligible Projects' construction, RG&E is proposing the regulatory asset treatment to ensure that this cost of removal will be recovered through the Formula Rate, and consequently, from those customers benefitting from the CLCPA Eligible
10 11 12 13 14 15 16 17	A.	Project ATRR and not in New York State rates where the existing assets are included? Because the transmission assets to be removed as part of the CLCPA Eligible Projects would not be removed but for the CLCPA Eligible Projects' construction, RG&E is proposing the regulatory asset treatment to ensure that this cost of removal will be recovered through the Formula Rate, and consequently, from those customers benefitting from the CLCPA Eligible Projects, rather than through only RG&E NYPSC rates specific to its retail

19 Q. Describe RG&E's proposed accounting approach related to these costs of 20 removal.

1	A.	When RG&E incurs the removal costs related to the construction of CLCPA
2		Eligible Project, it will record the costs in Account 108, Accumulated
3		Depreciation, as is required under FERC's accounting requirements. At the
4		same time, O&R will create a regulatory asset in Account 182.3 and a
5		regulatory liability in Account 254 for the cost of removal. RG&E will include,
6		in the Formula Rate the unamortized balance of the regulatory asset in rate base
7		and the amortization in expense. RG&E proposes to amortize the regulatory
8		asset over 10 years. The proposed 10-year period will mitigate the impact on
9		the revenue requirements to be recovered through Rate Schedule 19. The
10		regulatory liability is to recognize that RG&E will reduce future NYPSC rates
11		for the cost of removal being recovered through this Formula Rate. ¹⁵ This
12		regulatory liability will be addressed in a future NYPSC ratemaking
13		proceeding. It will not be included in the Formula Rate.

14 Q. Summarize RG&E's regulatory asset request.

A. To reduce regulatory uncertainty and ensure that only appropriate costs are proposed for recovery under the Formula Rate, RG&E has determined and seeks Commission acceptance that the costs of removal described above and included in the proposed Formula Rate Template are "probable for recovery in rates in a different period"¹⁶ and that the recovery period would be 10 years.

¹⁵ These removal costs will increase rate base for NYPSC ratemaking and will be used to determine future depreciation rates. The amortization of the regulatory liability will offset the rate base impacts and the higher depreciation rates in NYPSC ratemaking.

¹⁶ See Midwest Indep. Transmission Sys. Operator, Inc., 138 FERC ¶ 61,021, P 20 (2012) (allowing deferred recovery of pre-commercial and transmission related expenses, as well as start-up and development costs, and to assess and recover those costs later).

1 RG&E recognizes, however, that Commission approval under Section 205 is 2 required before a regulatory asset may be recovered in Commission-3 jurisdictional rates, including transmission formula rates.¹⁷ RG&E, therefore, 4 commits to making a limited filing under Section 205 at the appropriate time to 5 request recovery of this Regulatory Asset, consistent with Commission 6 precedent, prior to the inclusion of such costs in the Formula Rate.

7 Q. Describe the last rate base item – unfunded liabilities.

8 A. Certain cost items are accrued and expensed, but not externally funded and not 9 paid for some time. For example, injuries and damages are determined, 10 estimated, and expensed when the injury or damage occurs; the amount is not 11 deposited in an external fund, and cash may not be expended for many months 12 and sometimes years. As a result, such amounts should reduce rate base. I have 13 analyzed accounts 228 and 242 and determined that two items should be 14 reflected in unfunded liabilities – allowance for injuries and damages and 15 accrued vacation. Therefore, the Formula Rate determines the five-quarter 16 average rate year balance of these items in Workpaper 1-RB Items and then 17 reduces rate base on Line 34 of Appendix A. Since these unfunded liability 18 items are related to all RG&E's business and are predominantly payroll items, 19 the Formula Rate allocates the 100% amount from Workpaper 1-RB Items by 20 the product of the common plant allocator (to determine the electric portion)

¹⁷ See Kansas Elec. Power Cooperative, Inc. v. Evergy Kansas Central, Inc., 175 FERC ¶ 61,044, PP 45, 48 (2021); Piedmont Mun. Power Agency v. Duke Energy Carolinas, LLC, 162 FERC ¶ 61,109, P 32 (2018)

and the Schedule 19 Projects wage and salary allocator (to determine the
 Schedule 19 Project portion).

3 Q. Now that you have covered rate base items, describe the items that make 4 up the ATRR.

5 A. The first item is Operations and Maintenance Expenses ("O&M"), which begins on Line 37 of Appendix A. The Formula Rate provides for either direct 6 7 assigning transmission O&M, if RG&E tracks O&M expenses for the Schedule 8 19 Projects, or allocating transmission O&M to the Schedule 19 Projects, but 9 not both. EPRI dues are removed from transmission O&M prior to any 10 allocation to Schedule 19 Projects. If the allocation approach is selected, the 11 Formula Rate allocates transmission O&M to Schedule 19 Projects using a 12 Schedule 19 Projects transmission gross plant allocator.

13 Q. Describe how administrative and general expenses ("A&G") are treated in 14 the Formula Rate.

15 A. The Formula Rate begins with total electric A&G and deducts any EPRI dues, 16 electric regulatory commission expenses, electric property insurance and 17 certain electric Account 930.2 items to arrive at adjusted A&G. It then allocates 18 adjusted A&G to Schedule 19 Projects using a Schedule 19 Projects wage and 19 salary allocator, consistent with how A&G is treated in most transmission 20 formula rates. It then allocates any transmission regulatory expenses not direct 21 assigned to Schedule 19 Projects using a Schedule 19 Projects transmission 22 plant allocator and direct assigns any regulatory expenses incurred directly for 23 Schedule 19 Project regulatory proceedings. Lastly, it allocates electric

1	property insurance using a Schedule 19 Projects gross plant allocator and then
2	determines total O&M, as is shown on Line 50.

- 3 Q. Are EEI Dues included in the Formula Rate?
- A. EEI dues that are not related to lobbying activities are included in administrative
 and general expense which are included in the Formula Rate. EEI dues related
 to lobbying activities are charged to a "below-the-line" account that is not
 included in the Formula Rate.
- 8 Q. You mentioned that RG&E will exclude certain items in electric Account
 9 930.2 from A&G. What items will RG&E exclude?
- A. As is stated in Note L of Appendix A, RG&E will exclude any items in Account
 930.2 that exceed \$1 million and are not directly or indirectly related to the
 provision of transmission service.

13 Q. How is depreciation and amortization expense determined for Schedule 19 14 Projects?

- 15 The Formula Rate direct assigns depreciation expense related to the Schedule A. 19 Projects, as tracked by RG&E in its fixed asset system. The Formula Rate 16 17 allocates general, intangible, and common electric depreciation and 18 amortization using the Schedule 19 Projects wage and salary allocator. The 19 Formula Rate provides for amortization of abandoned plant if RG&E receives 20 FERC approval to recovery any abandonment losses related to Schedule 19 21 Projects, as well as the amortization of the Regulatory Asset for cost of removal. 22
- Q. What is included in taxes other than income taxes and how are these items
 allocated to the Schedule 19 Projects?

1	А.	This category contains electric and gas items. Included in this category are
2		payroll taxes, real estate taxes, franchise taxes and gross receipts taxes. Payroll
3		taxes consist of FICA and unemployment, and the Formula Rate allocates them
4		to Schedule 19 Projects using the product of the common plant allocator to
5		determine the electric portion and the Schedule 19 Projects wage and salary
6		allocator to determine the Schedule 19 Project portion. The Formula Rate
7		allocates real estate taxes and franchise taxes using the product of the common
8		plant allocator (to determine the electric portion) and the gross electric plant
9		allocator (to determine the Schedule 19 Project portion). The Formula Rate
10		determines the gross receipts tax based upon an estimate of the Schedule 19
11		Projects ATRR and includes the amount in the revenue requirement. This is
12		done in Note N of Appendix A. As shown on Line 63, the Formula Rate
13		provides for the addition in the future of other tax items that may arise.
14	Q.	The next item is Income Taxes. Describe the items in this category and
15		how the Formula Rate determines the Schedule 19 Project component.
16	A.	Income taxes includes any amortization of investment tax credit (Line 68 and
17		the grossed-up amount on Line 72), any amortization of excess accumulated
18		deferred income taxes (Line 69 and the grossed-up amount on Line 73), the tax

effect of permanent book/tax differences (line 70 and the grossed-up amount on
Line 74) and the income taxes on the common equity and preferred stock return
(line 71). The Formula Rate contains the composite tax rate on Line 65 which
is based upon the state and federal tax rates in Note F and also contains the

1 grossed-up tax rate (1/(1-t - Line 66)) and the income tax factor (t/(1-t) - Line 67).

Q. Describe the amortization of investment tax credit and the amortization of excess accumulated deferred income taxes.

5 The amortization of investment tax credit would be included if the Internal A. 6 Revenue Code provided for an investment tax credit for the Schedule 19 Project 7 investments, which presently, it does not. The amount would be shown on the applicable RG&E FERC Form No. 1 page. The amortization of excess 8 9 accumulated deferred income taxes would be determined on Worksheet 3-10 EADIT if federal or state tax rates change in the future. Worksheet 3-EADIT 11 is included to comply with FERC Order No. 864 which requires all transmission 12 formula rates to provide for remeasurement of accumulated deferred income taxes and inclusion of the remeasured amount in rate base and the amortization 13 in the ATRR. 14

Q. Describe what is included in permanent book/tax differences and how the amount applicable to Schedule 19 Projects will be determined.

17 A. The Formula Rate includes permanent book/tax differences on Worksheet 4-IT 18 Permanent Differences. RG&E anticipates that the only permanent book/tax 19 difference for Schedule 19 Projects will be AFUDC equity, which is included 20 as part of the costs of construction on the books but not for taxes. Therefore, 21 the Formula Rate includes the income taxes related to recovering the AFUDC 22 equity portion of such book depreciation. Worksheet 4-IT Permanent 23 Differences includes the ability to add other items, if authorized by the Commission. AFUDC equity and any other items would be included in
 footnotes on the applicable FERC Form No. 1 page.

3 Q. Describe the income taxes related to common equity and preferred stock 4 return.

A. Income taxes related to common equity and preferred stock return recognizes
that these return items are not deductible for income taxes and, therefore, the
Formula Rate provides the income taxes necessary to recover this amount,
which is based upon the common equity and preferred stock return for the
Schedule 19 Projects determined on Worksheet 5-Project Return and the
Income Tax Factor on Line 67 of Appendix A.

Q. Describe the debt and common equity and preferred stock items on Lines 76 and 77, respectively, of Appendix A.

13 A. These items are a function of the Schedule 19 Project rate base (Line 36) and 14 the cost of capital on Worksheet 6-Project Cost of Capital, which provides for 15 a different cost of capital for each Schedule 19 Project, if there is such differentiation. Worksheet 6-Project Cost of Capital provides for using the 16 17 lower of the FERC allowed return on equity cap, as determined in the 18 accompanying testimony of Adrien McKenzie, or the NYPSC determined 19 return on equity, consistent with the CSRA. It also provides for use of the NYPSC approved capital structure, also as specified in the CSRA.¹⁸ Lastly, 20

¹⁸ RG&E would include the then effective NYPSC approved ROE and cost of capital in its Schedule 19 formula rate and does not anticipate a separate order by the NYPSC setting forth the ROE and capital structure for RG&E's Schedule 19 Projects.

- Worksheet 6-Project Cost of Capital determines the cost rate of preferred stock
 and long-term debt, both used in determining the cost of capital.
- 3 Q. Describe Worksheet 5-Project Return.
- A. This worksheet determines the rate base for each Schedule 19 Project or
 grouping of projects and applies the Schedule 19 Project cost of capital to
 determine the debt and common equity and preferred stock return. The Formula
 Rate carries the sum of these amounts forward to Appendix A.
- 8 Q. How does the Formula Rate determine the rate base for each Schedule 19
 9 Project?
- 10 A. As can be seen on Worksheet 5-Project Return, the Formula Rate direct assigns 11 rate base items that can be direct assigned and allocates those that cannot by 12 using a gross plant ratio based upon Column b amounts. The Formula Rate 13 applies the project-specific weighted average cost of capital to the applicable 14 rate base to determine the project-specific return as well as the common equity 15 and preferred stock return and debt return.¹⁹ The Formula Rate carries forward 16 to Appendix A the sum of the common equity and preferred stock returns and 17 the sum of the debt returns.
- 18 Q. Summarize the Schedule 19 Project ATRR calculations at this point.
 - A. Line 79 of Appendix A is the sum of operations and maintenance expense,
 depreciation and amortization expenses, taxes other than income taxes, income
 tax expense and common equity and preferred stock return and debt return. The

¹⁹ Worksheet 5-Project Return provides, for efficiency, the ability to group individual Schedule 19 Projects that are part of a larger project that receive the same weighted average cost of capital.

remaining items to be included in the Formula Rate are revenue credits, prior
 Formula Rate corrections and the annual true-up adjustment.

3 Q. Please describe the "revenue credits" that will be included in the Formula 4 Rate.

A. The Formula Rate includes and credits any revenues recorded in Rent from
Electric Property (Account 454) or Other Electric Revenues (Account 456) that
directly apply to the Schedule 19 Projects. RG&E will show any such revenue
in a footnote on FERC Form No. 1 pages 300-301 and include any amounts on
Lines 102 and 103, which are carried forward to Line 80 on Appendix A. The
Formula Rate shows the ATRR, before corrections and the true-up adjustment,
on Line 81 of Appendix A.

12 Q. What are "prior formula rate corrections."

- A. The Formula Rate provides the ability for RG&E to make any necessary
 corrections to prior actual ATRRs that are beyond being included in an annual
 true-up adjustment. The Formula Rate provides for these corrections in
 Worksheet 9-Corrections, which also includes interest at the FERC determined
 interest rates (eCFR Section 35.19a).
- 18 Q. Explain the "annual-true-up adjustment."

A. As explained previously, RG&E initially will determine the ATRR using the
Formula Rate populated with projections for the rate year. After it has
completed its FERC Form No. 1 for that same rate year, RG&E will reconcile
the revenue received, which would be based upon the projected ATRR, with
the actual ATRR determined using the Formula Rate populated with actual data.

1	The difference is the annual true-up adjustment, before including interest. The
2	Formula Rate determines this amount on Worksheet 7, True-up Adjustment,
3	and includes interest (using the FERC determined interest rates from 18 C.F.R.
4	Section 35.19a) from the middle of the rate year to the middle of the period
5	during which such true-up adjustment is calculated and included in the revenue
6	requirement. The sum of the true-up amount plus interest is the Annual True-
7	up Adjustment.

8 Q. What revenue requirement amount will be provided to the NYISO for 9 state-wide cost allocation under Rate Schedule 19?

A. The Formula Rate shows the sum of the ATRR plus corrections plus the Annual
True-up Adjustment on Line 84. RG&E will provide this amount, effective
each January 1, to the NYISO for allocation to load serving entities in New
York pursuant to Rate Schedule 19 of the NYISO OATT. As described above,
the NYISO will adjust this amount by any Incremental TCC settlements or
outage charges for Incremental TCCs before billing such amount to load serving
entities in New York, consistent with Rate Schedule 19.

17 Q. Are there any other comments you have on the Formula Rate?

Y. Yes, there are. On lines 85 through 101 of Appendix A, the Formula Rate
calculates several of the allocators used in Appendix A and in other worksheets.
The Formula Rate also contains several footnotes at the bottom of Appendix A,
one of which provides the definition of the acronyms used for the various
allocators. Last, Worksheet 8-Depreciation Rates contains the depreciation
rates to be used to determine transmission, general, intangible, and common

1	depreciation and amortization expense included in the ATRR. These
2	depreciation rates are those approved by the NYPSC. RG&E will continue to
3	use these depreciation rates until the NYPSC orders changes and RG&E
4	receives approval from FERC to use the changed depreciation rates. It is
5	RG&E's intent that any changes to these depreciation rates would be
6	implemented simultaneously for both NYPSC ratemaking and for this Formula
7	Rate.

8 Q. What is the process for RG&E to request transmission rate incentives for 9 any of its Schedule 19 projects?

- 10A.Consistent with the CRSA, RG&E would only request the CWIP Incentive11(100% CWIP in rate base) if first approved by the NYPSC. As for the12Abandonment Incentive, the CRSA provides for recovery of the costs of13Schedule 19 Projects abandoned for reasons beyond the control of the14transmission owner. If such abandonment occurs, RG&E would request the15Abandonment Incentive from FERC. The CSRA does not contemplate RG&E16requesting any other transmission incentives.²⁰
- 17
- 18

19

V. TRANSMISSION FORMULA RATE PROTOCOLS

20 Q. What is the purpose of formula rate protocols?

 $^{^{20}}$ See Consolidated Edison Co. of New York, Inc., et al., 180 FERC \P 61,106 (2022), CSRA, paragraph 3.3.

1	A.	The Commission considers the transmission formula itself to be the rate, not
2		the components of the formula. Therefore, periodic adjustments, typically
3		performed on an annual basis and made in accordance with the Commission-
4		approved formula, do not constitute changes in the rate itself and, accordingly,
5		do not require section 205 filings. However, the Commission requires
6		safeguards to be in place to ensure that the input data is correct and accurate,
7		that calculations are performed consistent with the formula, that the costs to be
8		recovered in the formula rate are reasonable and were prudently incurred, and
9		that the resulting rates are just and reasonable. The reason for including formula
10		rate protocols in formula rates for transmission service is to provide the parties
11		specific procedures for notice and review of, and challenges to, the transmission
12		owner's annual updates. Formula rate protocols afford adequate transparency
13		to affected customers, state regulators and other interested parties, as well as
14		provide mechanisms for resolving potential disputes.
15		The Commission has determined that formula rate protocols must address three
16		main issues: (1) the scope of participation (i.e., who can exchange information

17 with transmission owners); (2) the transparency of the information exchange 18 (i.e., what information is exchanged); and (3) the ability of customers to 19 challenge transmission owners' implementation of the formula rate as a result 20 of the information exchange (i.e., how the parties may resolve their potential 21 disputes.)²¹

²¹ Midwest Indep. Transmission Sys. Operator, Inc., 139 FERC ¶ 61,127 at P 8.

1 Q. Do the protocols you propose for RG&E meet these criteria?

2 A. Yes, they do.

3 Q. Are you familiar with other transmission owner protocols?

4 Yes, I am. I am familiar with the protocols in place today for many transmission A. 5 owners in the Midcontinent Independent System Operator, Inc. ("MISO") 6 which were adopted by FERC in 2015. I am familiar with the protocols in place 7 for many transmission owners in PJM, having designed in 2020 the protocols 8 for one of the PJM transmission owners. I am also familiar with the protocols 9 in place for transmission owners in New York and in New England. I am also 10 aware of FERC's recent effort to see protocols updated for transmission owners 11 in the west and southeast United States.

12 Q. Did you consider these transmission owner protocols in developing those 13 for RG&E?

- 14 A. Yes, I did.
- 15 Q. Please describe the proposed RG&E, Schedule 19 Project, Formula Rate
 16 Implementation Protocols.
- A. The proposed protocols are contained in Exhibit No. RG&E-004 and are
 proposed to be included in Section 6.19.7.2.1 of Attachment 2 to Rate Schedule
 19 of the NYISO OATT. The protocols are organized as follows:
- 20 a. Section 1 Definitions Contains the definition of key terms used
 21 in the protocols;
- b. Section 2 Applicability The protocols apply to the RG&E
 calculation of its Actual Annual Transmission Revenue

1		Requirement ("Actual ATRR") and related Annual True-up
2		Adjustment, as well as to its Projected Annual Transmission
3		Revenue Requirement ("Projected ATRR"), for its Schedule 19
4		Projects;
5		c. Section 3 – Specific requirements related to the Projected ATRR,
6		Actual ATRR, Annual True-up Adjustment and Annual Update;
7		d. Section 4 – Fundamental Predicates - Describe the basis of the data
8		on which the formula rate is premised;
9		e. Section 5 – Specific requirements related to CWIP, if applicable;
10		f. Section 6 – A description of the annual review procedures, including
11		a timeline for the formula rate cycle (Section 10 includes an example
12		of such timeline);
13		g. Section 7 – Informational Filing
14		h. Section 8 - Challenge Procedures;
15		i. Section 9 - Changes to annual informational filings;
16		j. Section 10 – Timeline example of formula rate cycle.
17	Q.	Please describe Section 3 – Projected ATRR, Actual ATRR, Annual True-
18		up Adjustment and Annual Update.
19	A.	This section of the protocols states that the Projected ATRR will be applicable
20		to services on and after January of each year, with the first Projected ATRR to
21		be for the Rate Year in which RG&E expects one or more of its Schedule 19
22		Projects to be in service (or to begin construction, if CWIP recovery is granted)
23		or if RG&E plans to purchase land held for future use. RG&E will update the

1	Projected ATRR each January 1. Section 3 provides the dates by which both
2	the Annual True-up Adjustment is to be posted on the NYISO website (June
3	15th) and the related Annual Informational Filing filed with the Commission
4	(June 15 th). It also states that the Annual Update will be posted on the NYISO
5	website by October 15th of each year, to be followed by a stakeholder meeting
6	for interested parties.

7 Q. How do the protocols define interested party?

A. Interested parties are defined as any transmission customer under the NYISO
OATT, the New York Department of Public Service, the New York State
Department of State's Division of Consumer Protection Utility Intervention
Unit, consumer advocacy agencies, the New York Attorney General, or any
party that has standing in a RG&E formula rate proceeding under section 205
or 206 of the Federal Power Act.

14 **Q.** Continue to describe Section 3.

A. Section 3 also defines the information that RG&E will provide in its annual Informational Filing related to the Annual True-up Adjustment, including the interest rates used. It also defines the information RG&E will provide in its Annual Update.²² It states the formula rate data inputs that are fixed - (i) rate of return on common equity; (ii) extraordinary property losses, and (iii) depreciation and amortization expense rates. These items may only be changed through an FPA Section 205 or 206 proceeding. It also provides that RG&E

²² The Annual Update includes the Projected ATRR for the upcoming Rate Year and includes any Annual True-up Adjustment for the prior Rate Year and any Corrections for prior years.
may make a limited Section 205 filing to change its rate of return on common
equity, request recovery of the cost of removal regulatory asset, request
recovery of extraordinary property losses, or change or add new depreciation
and amortization rates, and that RG&E may request incentives pursuant to FPA
Section 219.

6 Q. Please describe Section 4 of the protocols – Fundamental Predicates.

A. This section of the protocols states that the Formula Rate is premised upon data
that is consistent with the FERC Uniform System of Accounts, applicable
FERC Form No. 1 requirements, FERC's policies governing transmission
formula rates, FERC's orders establishing transmission ratemaking policies and
procedures, and the accounting and cost allocation policies of RG&E.

12 Q. Please describe Section 5 of the protocols - Construction Work in Process.

A. This section applies to RG&E Schedule 19 Projects where FERC has granted RG&E the CWIP Incentive. It states that the CWIP Incentive can only be included in rate base when the Commission has approved this incentive for a transmission project or projects, and it imposes certain accounting and reporting requirements on RG&E, including that AFUDC will not be accrued simultaneously on projects where CWIP is included in rate base.

19 Q. What is the purpose of Section 6 – Annual Review Procedures?

- A. Section 6 of the protocols sets out the procedures, process and timeline for
 interested parties to review the annual Informational Filing and the Annual
 Update. It limits interested parties' inquiries to:
- 23 1. the extent or effect of an Accounting Change;

1	2.	whether the Annual True-up Adjustment or Annual Update fails to
2		include data properly recorded in accordance with the protocols and
3		the Fundamental Predicates or includes data not properly recorded
4		in accordance with the protocols and the Fundamental Predicates;
5	3.	whether the costs included in the Annual Update are properly
6		accounted for (e.g., recordable and recorded in the appropriate
7		accounts) under FERC's Uniform System of Accounts and
8		otherwise consistent with RG&E's accounting policies, practices, or
9		procedures;
10	4.	whether there are errors in the current Annual Update and, if any are
11		identified, whether the same or similar errors were made in prior
12		Formula Rate filings with a further explanation identifying each
13		Formula rate filing in which such errors were made;
14	5.	the proper application of the formula rate and procedures in the
15		protocols;
16	6.	the accuracy of data and consistency with the Formula Rate of the
17		calculations shown in the Annual True-up Adjustment or the Annual
18		Update;
19	7.	the prudence of actual costs and expenditures;
20	8.	the effect of any change to the underlying Uniform System of
21		Accounts or the FERC Form No. 1; or
22	9.	any other information that may reasonably have a substantive effect
23		on the calculation of the ATRR pursuant to the Formula Rate.

Q. Please describe the next section of the protocols, Section 7 – Informational Filing.

A. By February 1 of each year, RG&E shall submit to FERC an informational
filing ("Informational Filing") of its Annual Update and the results of the
Annual Review Procedures. This Informational Filing must include the
information that is required by Section 3, must describe any changes pursuant
to the Annual Review Procedures and must describe all aspects of the formula
rate or its inputs that are the subject of an ongoing dispute under the Informal
or Formal Challenge procedures.

10 Q. Describe Section 8 – Challenge Procedures.

A. These procedures would be invoked by an interested party if disputes with RG&E are not resolved. There are two levels of challenge procedures: informal and formal. Informal challenges include when the interested party and RG&E are continuing to work to resolve differences. If an informal challenge does not result in a resolved dispute, the interested party can make a formula challenge, which is filed at FERC.

17 Q. Please describe Section 9 – Changes to Informational Filings.

A. This section of the protocols states that any changes to the data inputs resulting
from, for example, revisions to RG&E's FERC Form No. 1, as the result of any
FERC proceeding to consider the Formula Rate or as a result of the procedures
set forth in the protocols, shall be incorporated into the Formula Rate (with
interest) in the Annual Update for the next effective rate year via a correction

1		or the Annual True-up Adjustment. This approach applies in lieu of mid-rate
2		year adjustments, refunds or surcharges.
3	Q.	Please describe the last section of the Formula Rate Implementation
4		Protocols?
5	A.	Section 10 contains an example timeline of the Formula Rate Protocols that
6		begins with the Actual ATRR calculation for the prior rate year and ends with
7		the formal challenge process.
8		
9		VI. CONCLUSION
10	Q.	Please summarize your recommendation to the Commission.
11	A.	I recommend that the Commission approve the Formula Rate Template and
12		Formula Rate Protocols for RG&E contained herein.
13	Q.	Does this conclude your testimony?
14	A.	Yes, it does.

Exhibit No. RG&E-002



EXHIBIT NO. RG&E-002 PAGE 10F 6 RESUME OF DR. PAUL A. DUMAIS CHIEF EXECUTIVE OFFICER www.DumaisConsulting.com

Dr. Paul A. Dumais Chief Executive Officer

Dr. Paul A. Dumais is a financial and economic consultant with more than 40 years of experience in the energy industry. He has extensive senior level electric and natural gas utility and regulatory policy experience. Dr. Dumais' comprehensive expertise includes an extensive depth and breadth of the energy industry, including extensive experience with federal and state utility regulatory items, including revenue requirements, cost of service and rate design, formula and stated rates, reactive power and other ancillary service rates, electric transmission incentives, competitive electric transmission processes, Tax Reform impacts, transmission service agreements, open access transmission tariffs and regional transmission organization stakeholder participation. Dr. Dumais has provided expert testimony on ratemaking and financial matters before the Federal Energy Regulatory Commission (FERC) and the Maine Public Utilities Commission (MPUC). Dr. Dumais also assists clients with FERC accounting and navigating through a FERC audit. He has a doctorate degree in Strategic Leadership from Regent University and an MBA and BS degree in business administration and accounting, respectively, from the University of Maine. He joined Central Maine Power in 1979, where he worked in accounting, financial planning and regulatory groups until progressing to the parent company, Avangrid, where he established entity-wide asset management and investment planning efforts and then moved to leading FERC regulatory policy efforts. He retired from Avangrid in late 2018 and began Dumais Consulting LLC where he is the Chief Executive Officer. The mission of Dumais Consulting is to be a trusted advisor to clients on regulatory policy and ratemaking matters, so they successfully execute their business plans.

REPRESENTATIVE PROJECT EXPERIENCE

Expert Testimony

Provided expert testimony in many FERC and state regulatory proceedings on transmission formula rates, reactive power and other revenue requirements, cost of service, rate design, income tax and regulatory policy issues. Effectively participated in numerous settlement efforts and was cross-examined in many litigated cases.

Electric Transmission and Ancillary Services, Including Reactive Power

Advisor to electric utilities on FERC-related regulator policy, ratemaking and accounting matters, including transmission formula rates and reactive power. Expert in FERC electric and gas ratemaking and accounting requirements as well as income tax implications. Lead efforts to move transmission owner from stated transmission rates to formula transmission rates. Assisted transmission owners in changing existing transmission formula rates to accommodate a competitive project with cost containment features.



EXHIBIT NO. RG&E-002 Page 2 of 6 Resume of Dr. Paul A. Dumais Chief Executive Officer www.DumaisConsulting.com

Item	lurisdiction	Docket No	Organization Initiating	Client	Date of	Subject Matter	Regulator
No.	an said and	Dother Hor	Proceeding	Chent	Testimony		Decision
1	FERC	ER22-2763	Entergy Louisiana	Entergy	August 29,	Reactive power for Lake Charles Generating	Filed
					2022	Station – a natural gas, combined cycle	
						generating station	
2	FERC	ER22-351	PSEG Power	PSEG Power	November 5,	Reactive power annual revenue requirement for	Settlement
					2021	PSEG Power's nuclear generating stations	pending
3	FERC	ER22-279, 285,	PSEG Power/Parkway	PSEG Power/Parkway	October 29,	Reactive power annual revenue requirement for	Settlement
		291, 294	Generation		2021	PSEG Power's fossil generating stations	pending
4	FERC	ER21-2334	Cross Sound Cable	Cross Sound Cable	July 1, 2021	IROL-CIP Cost recovery under ISO-NE Schedule 17	Denied
						during prior periods via Regulatory Asset	
						Incentive	
5	FERC	ER21-1015	PacifiCorp	PacifiCorp	February 1,	Cost of providing Schedule 2 (fleet-wide Reactive	Settlement
					2020	Power), Schedule 3 (Regulation and Frequency	approved
						Response), Schedule 5 (Spinning Reserves) and	
						Schedule 6 (Supplement Reserves)	
6	FERC	ER20-2550	Entergy Mississippi	Entergy	July 30, 2020	Reactive power for Choctaw Generating Station –	Settlement
						a natural gas combined cycle generating station	approved
7	FERC	ER20-2541	Entergy Louisiana	Entergy	July 29, 2020	Reactive power for John Wayne Lewis Generating	Settlement
						Station – a natural gas, combined cycle	approved
						generating station	
8	FERC	ER20-1150	The Dayton Power and	The Dayton Power and	March 3, 2020	Electric transmission formula rate	Settlement
			Light	Light			approved
9	FERC	ER19-2856	Birchwood Power	Birchwood Power	September 23,	Reactive power revenue requirement for coal	Settlement
			Partners	Partners	2019	generating facility	approved
10	FERC	ER19-2683	EFS Parlin Holdings LLC	EFS Parlin Holdings LLC	August 26,	Reactive power revenue requirement for	Settlement
					2019	combined cycle generating facility	approved
11	FERC	ER19-2585	Florida Power & Light	Florida Power & Light	August 13,	Fleetwide reactive power revenue requirement	Settlement
					2019	and rates	approved
12	Maine	2019-132	Emera Maine/Versant	Emera Maine/Versant	August 1, 2019	Economics of renewing transmission rights in HQ	Approved
			Power	Power		Phase I/II HVDC-transmission facility	
13	FERC	ER19-2105	PJM Transmission	Linden VFT	July 2, 2019	Critique of PJM TO proposal for a formula rate	Settlement
			Owners			border rate	approved
1			1				

Expert Testimony and Filings



EXHIBIT NO. RG&E-002 Page 3 of 6 Resume of Dr. Paul A. Dumais Chief Executive Officer www.DumaisConsulting.com

Expert Testimony and Filings (con	ntinued)	
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ltem No.	Jurisdiction	Docket No.	Organization Initiating Proceeding	Client	Date of Testimony	Subject Matter	Regulator Decision
14	FERC	RM19-5 (Notice of Proposed Rulemaking)	FERC	Avangrid and NY Transco	May 22, 2018	Comments in Tax Reform NOI (RM18-12) and NOPR	Final rule – Order 864
15	FERC	ER18-2256 through ER18- 2262	Central Maine Power	Central Maine Power	August 20, 2018	Demonstrating that rates in negotiated 20- and 40-year transmission service agreements are just and reasonable	Approved
16	FERC	EL18-103, EL18- 110 and ER18- 1588	New York State Electric and Gas and Rochester Gas and Electric	New York State Electric and Gas and Rochester Gas and Electric	May 14, 2018	Tax Cut and Jobs Act impact on stated transmission rates	Approved
17	FERC	AC18-175	United Illuminating	United Illuminating	June 15, 2018	Netting of regional network service transmission revenue and expenses to reduce gross receipts tax	Approved
18	Maine	Various	Central Maine Power Company or Maine Public Utilities Commission	Central Maine Power Company	1985 to 2010	Economics of \$1.4 B transmission project, revenue requirements, rate design, standby rates, jurisdictional separation of transmission and distribution, purchased power agreements, AMI and customer service and reliability	Various



EXHIBIT NO. RG&E-002 Page 4 of 6 Resume of Dr. Paul A. Dumais Chief Executive Officer www.DumaisConsulting.com

Other Regulatory Work

Item No.	Jurisdiction	Docket No.	Organization Initiating Proceeding	Client	Date of Testimony	Subject Matter	Regulator Decision
1	FERC	RP22-1065	Iroquois Gas Transmission System	NY and NJ LDCs	Assisted LDC Group in prefiling settlement effort	Assisted LDC group in understanding cost of service, cost allocations and rate design proposed by EGTS. Assisted LDC group in negotiating settlement, including developing a litigation outcome and LDC bill impacts.	Settlement pending
2	FERC	RP21-1187	Eastern Gas Transmission and Storage	Mid-Atlantic group of LDCs	Assisted LDC Group	Assisted LDC group in understanding cost of service and cost allocations proposed by EGTS. Assisted LDC group in negotiating settlement, including developing litigation impacts.	Settlement pending
3	FERC	EL16-19	FERC	Avangrid	Part of New England Transmission Owner Team that negotiated settlement	Section 206 transmission formula rate investigation	Settlement approved
4	FERC	EL11-66, EL13-33, EL14-86 and EL16- 64	State regulators and municipal customers	Avangrid	Part of New England Transmission Owner Team that litigated cases	Section 206 base ROE complaints	Pending
5	FERC	AD16-18	FERC	Avangrid	In 2016, on panel at Order 1000 technical conference	Transmission incentives and cost caps considering competitive processes	Notice of proposed rule ongoing
6	FERC	ER15-572	New York Transco	New York Transco	Lead negotiator in settlement efforts	Transmission formula rate, including incentives and cost caps	Settlement approved



EXHIBIT NO. RG&E-002 Page 5 of 6 Resume of Dr. Paul A. Dumais Chief Executive Officer www.DumaisConsulting.com

Other Activities

Advisor on regulatory matters to entity pursuing merger and acquisition activity. Trusted advisor on FERC-related regulatory, accounting and policy matters to several clients. Amended a transmission formula rate to address comments from a FERC order and to address complex income tax issues, including those related to changes in accumulated deferred income taxes due to a change in income tax rates. Lead participant in the development of performance-based ratemaking in Maine. Active participant in restructuring electric industry in Maine, including recovery of stranded costs from overmarket purchased power agreements and unbundling of transmission and distribution rates to recognize the federal/state jurisdictional split when a utility no longer provides bundled generation and delivery service.

PROFESSIONAL HISTORY

Dumais Consulting, LLC (2018 – Present) Chief Executive Officer

Avangrid (2010 – 2018) Director, FERC Regulation Director, Asset Management and Investment Planning

Central Maine Power Company (1979 – 2010) Director, Regulatory Services and Budgeting Manger of Revenue Requirements and Rate Design Other various positions

EDUCATION AND CERTIFICATION

Doctor of Strategic Leadership, Regent University, Virginia Beach, 2013



EXHIBIT NO. RG&E-002 Page 6 of 6 Resume of Dr. Paul A. Dumais Chief Executive Officer www.DumaisConsulting.com

Master's in Business Administration, University of Maine, May 1986 Bachelor of Business Administration, Accounting, May 1982

OTHER ORGANIZATIONS

WIRES, President-Elect – 2018. WIRES member 2014-2018.

EEI, Energy Delivery Advisory Committee – 2015-2018

Energy Bar Association – presented transmission ROE and incentives in context of Order 1000 at 2018 annual meeting.

American Bar Association - panel presenting online seminar in December 2018 on FERC electric transmission ratemaking - formula rates, return on equity and incentives. The online seminar is located and can be purchased at http://www.americanbar.org/events-cle/ecd/ondemand/348759235/.

Energy Central - selected as a 2018 and 2019 Top Poster for Energy Central's Grid community.

Exhibit No. RG&E-003

Rochester Gas and Electric Corporation Transmission Formula Rate Schedule 19 Projects Actual for the 12 Months Ended 12/31/2021

Index

Worksheet	Tab	Description
А	Appendix A	Annual Transmission Revenue Requirement for Schedule 19 Projects
1	RB Items	Average Balances for Most Rate Base Items
2a	ADIT-Current Year	Current Year Average Accumulated Deferred Income Taxes
2b	ADIT-Prior Year	Prior Year Average Accumulated Deferred Income Taxes
2c	ADIT Proration Projected	Proration of Projected Accumulated Deferred Income Taxes
2d	ADIT Proration Actual	Proration of Actual Accumulated Deferred Income Taxes
3	EADIT	Excess Accumulated Deferred Income Tax Rate Base and Amortization
4	IT Permanent Differences	Permanent Book/Tax Differences
5	Project Return	Return on Schedule 19 Projects
6	Project Cost Of Capital	Schedule 19 Project Cost of Capital
7	True-up Adjustment	Annual True-up Adjustment
8	Depreciation Rates	Depreciation Rates Approved by the Commission and Used to Determine Schedule 19 Projects Depreciation and Amortization Expense
9	Corrections	Prior Period Corrections

Transmission Formula Rate Template Utilizing FERC Form 1 Data

Actual for the 12 Months Ended 12/31/2021

Rochester Gas and Electric Corporation Appendix A: Annual Transmission Revenue Requirement for Schedule 19 Projects

	Composite Depreciation Rates					
Line	(1)	(2)	(3)		(4)	(5)
20		Form No. 1 or Transmission	Company Total (where			Schedule 19
No.	RATE BASE (Note A):	Formula Rate Reference	applicable)	Allocator	(Note K)	Projects
1	GROSS PLANT IN SERVICE Production	Worksheet 1, Line 6, Col. (c)	144,351,826	NA		0
2	Transmission	Worksheet 1. Line 6. Col. (d) or Col. (m)	1.302.174.060	DA		210.000.000
3	Distribution	Worksheet 1, Line 6, Col. (e)	1,549,991,917	NA		0
4	Electric General	Worksheet 1, Line 6, Col. (f)	34,566,895	S19 W/S	1.844%	637,536
5	Electric Intangible	Worksheet 1, Line 6, Col. (b)	2,738,115	S19 W/S	1.844%	50,501
6	Common	Worksheet 1, Line 6, Col. (g)	404,542,567	CP*S19 W/S	1.313%	5,312,361
7	TOTAL GROSS PLANT	(Sum of Lines 1 through 6)	3,438,365,380	GP=	6.282%	216,000,397
8	Without Common - For Gross Plant Allocator C	alculation Only	3,033,822,813	GPE=	6.945%	210,688,036
	ACCUMULATED DEPRECIATION					
9	Production	Worksheet 1, Line 12, Col. (c)	(27,568,507)	NA		0
		Worksheet 1, Line 12, Col. (d) or Col.				
10	Transmission	(m)	(229,820,884)	DA		(1,520,000)
11	Distribution	Worksheet 1, Line 12, Col. (e)	(484,275,868)	NA		0
12	Electric General	Worksheet 1, Line 12, Col. (f)	(21,745,323)	S19 W/S	1.844%	(401,061)
13	Electric Intangible	Worksheet 1, Line 12, Col. (b)	(2,637,800)	S19 W/S	1.844%	(48,650)
14	Common	Worksheet 1, Line 12, Col. (g)	(206,800,755)	CP*S19 W/S	1.313%	(2,715,660)
15	TOTAL ACCUM. DEPRECIATION	(Sum of Lines 9 through 14)	(972,849,137)			(4,685,372)
	NET PLANT IN SERVICE					
16	Production	(Line 1 - Line 9)	116,783,319			0
17	Transmission	(Line 2 - Line 10)	1,072,353,176			208,480,000
18	Distribution	(Line 3 - Line 11)	1,065,716,049			0
19	General	(Line 4 - Line 12)	12,821,572			236,475
20	Intangible	(Line 5 - Line 13)	100,315			1,850
21	Common	(Line 6 - Line 14)	197,741,812			2,596,700
22	TOTAL NET PLANT	(Sum of Lines 16 through 21)	2,465,516,243			211,315,026
23	CWIP (Note O)	Worksheet 1, Line 18, Col. (g)	NA			290,000,000
24	ABANDONNED PLANT	Worksheet 1, Line 18, Col. (j)	NA			0
25	Accumulated Deferred Income Taxes	Worksheet 2a, Line 11, Col. (g)	NA			(3,357,373)
26	Excess Accumulated Deferred Income Taxes	3-EDIT	NA			0
27	INCOME TAXES	(Line 25 + Line 26)				(3,357,373)
28	LAND HELD FOR FUTURE USE	Worksheet 1, Line 18, Col. (h) or (i)	0	DA		0
	OTHER RATE BASE ITEMS					
29	Cash Working Capital (Note C)	(Line 50 times 45/360)	NA			258,632
30	Materials & Supplies - Transmission	Worksheet 1, Line 18, Col. (k)	570.809	S19P	16.127%	92.054
	Materials and Supplies - Electric and Gas -	, , , (1)		-	=	, '
31	Assigned to Construction	Worksheet 1, Line 18, Col. (I)	12,438,559	CP*GPE	4.945%	615,034
32	Prepayments	Worksheet 1, Line 18, Col. (m)	43,038,997	CP*GPE	4.945%	2,128,094
33	Regulatory Asset (Note E)	Worksheet 1, Line 18, Col. (n)	NA	DA		5,000,000
34	Unfunded Liabilities	Worksheet 1, Line 18, Col. (q)	(6,472,650)	CP*S19 W/S	1.313%	(84,997)
35	TOTAL OTHER RATE BASE ITEMS	(Sum of Lines 29 through 34)	NA			8,008,816
		(line 22 + line 23 + line 24 + line - 07 -				
36	PATE BASE	Line 22 + Line 23 + Line 24 + Line 27 +	NA			505 066 460
50		2110 20 - 2110 007	110			303,300,409

Exhibit RG&E-003 Appendix A Page 3 of 16

Formula Rate - Non-Levelized

Rate Formula Template Utilizing FERC Form 1 Data

Actual for the 12 Months Ended 12/31/2021

Rochester Gas and Electric Corporation Appendix A: Annual Transmission Revenue Requirement for Schedule 19 Projects

	(1)	(2)	(3)		(4)	(5)
Line			Company Total			
	ANNUAL TRANSMISSION REVENUE	Form No. 1 or Transmission	(where			Schedule 19
No.		Formula Rate Reference	applicable)	Allocator	r (Note K)	Projects
	EXPENSES (Note M)					
37	Transmission - Direct Assign	320-323.112.b fn	0	DA		0
38	Transmission - Allocate	320-323.112.b fn	9,423,494			
39	Less: EPRI Dues in Account 566	352-353	0			
40	Subtotal - Transmission to Allocate	Line 38 - Line 39	9,423,494	S19P	16.127%	1,519,715
41	Electric A&G	320-323.197.b	29,431,614			
42	Less: EPRI Dues in A&G	352-353	0			
43	Less: Regulatory Commission Expenses	320-323.189.D 320-323.185.b	2,572,545			
44	Less: Account 930 2 Items	Note I	5 361 881			
40	Ecos. Account occ.2 noms	Line 41 - Line 42 - Line 43 - Line 44 -	0,001,001			
46	Adjusted Electric A&G	Line 45	18,500,210	S19 W/S	1.844%	341,209
	Plus: Transmission Related Regulatory					
47	Expenses	350-351 fn	0	S19P	16.127%	0
	Plus: Direct Assigned Regulatory					
48	Commission Expenses	350-351 fn	NA	DA		0
49	Plus: Property Insurance	320-323.185.b	2,996,978	GPE	6.945%	208,129
						0.000.054
50	TOTAL O&M	Sum of Lines 37, 40, and 46 through 49	NA			2,069,054
		NGE				
	DEFRECIATION AND AMORTIZATION EXFE	NGE				
-	Terrenteries	000 7.6 6	04 744 050	D4		5 000 000
51	I ransmission	336.7.f, fn	24,741,352	DA S10 W/S	1 0 4 4 0/	5,000,000
52	Electric Intangible	336.101	1,424,709	S19 W/S	1.044 %	20,270
54	Common Electric	336 11 f	12 396 367	S19 W/S	1 844%	228 633
•	Amortization of Cost of Removal Regulatory		,,			,
55	Asset	232	NA			0
56	Amortization of Abandoned Plant	230a fn	NA	DA		0
57	TOTAL DEPRECIATION	Sum of Lines 51 through 56	38,619,007			5,255,953
	TAXES OTHER THAN INCOME TAXES					
	LABOR RELATED					
58	Payroll (Note D)	262-263.9.1+262-263.18.1	4,428,151	CP*S19 W/S	1.313%	58,149
59	PLANT RELATED	000,000,01	00 404 040	ODTODE	4.045%	4 450 740
61	Franchise Tax	202-203.0.1	90, 194,046	CP GPE	4.945%	4,459,710
62	Gross Receipts Tax	Note M	NΔ	Note N	4.940 /0	590.000
63	Other (Note E)	262-263	0			000,000
64	TOTAL OTHER TAXES	Sum of Lines 58 and 60 through 63	94,622,199			5,107,859
	INCOME TAXES (Note F)					
		T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT				
65	Composite Tax Rate = T	* FIT * p)}=	26.1350%			
66	Gross-up Factor	1 / (1 - T)	1.3538			
67	Income Tax Factor	T/(1-T)	0.3538			
60	Amortization of Investment Tax Credit (enter	266 267 11 f fp	NA	DA		0
00	Amortization of Excess Deferred Income	200-207.11.1,11	INA	DA		U
69	Taxes (enter negative)	Worksheet 3	NA	DA		n
70	Tax Effect of Permanent Differences	Worksheet 4, Line 2, Col. (e)	NA	DA		52,270
71	Income Tax Calculation	(Line 77 * Line 67)	NA	Calc		8,503,528
72	ITC adjustment	(Line 68 * Line 66)	NA	Calc		0
	Amortization of Excess Deferred Income Tax					
73	Adjustment	(Line 69 * Line 66)	NA	Calc		0
74	Permanent Differences Tax Adjustment	(Line 70 * Line 66)	NA	Calc		70,764
/5	TOTAL INCOME TAXES	Sum of Lines /1 through /4	NA			8,574,292
	RETURN (Note H)					
76	Debt	Worksheet 5 Line 12 Col (i)	NA	Calc		9 919 253
77	Common Equity and Preferred Stock	Worksheet 5. Line 12, Col. (f)	NA	Calc		24.033.407
78	TOTAL RETURN	Sum of Lines 76 through 77	NA			33,952,660
	ANNUAL TRANSMISSION REVENUE					
		(Line 50 + Line 57 + Line 64 + Line 75 +				F 1 0 F 0 F 1 -
79	CREDITS	Line 78)	NA			54,959,819
00		(Line 104)	NIA			(100.000)
80	REVENUE CREDITS	(Line 104)	NA			(100,000)
	ANNUAL TRANSMISSION REVENUE					
81	REQUIREMENT (ATRR)	(Line 79 + Line 80)	NA			54 859 819
51		(Enio 00)				54,000,010
82	CORRECTIONS	Worksheet 9, Line 11, Col. (b)	NA			0
	ANNUAL TRUE-UP ADJUSTMENT (ATU)					
83	(Note G)	Worksheet 7, Line 7	NA			0
		.				
84	ATRR PLUS ATU AND CORRECTIONS	Sum of Lines 81 through 83	NA			54 859 819

Actual for the 12 Months Ended 12/31/2021

Formula Rate - Non-Levelized

Rate Formula Template Utilizing FERC Form 1 Data

Rochester Gas and Electric Corporation Appendix A: Annual Transmission Revenue Requirement for Schedule 19 Projects

SUPPORTING CALCULATIONS AND NOTES

No. TRANSMISSION PLANT ALLOCATOR 85 Electric Plant (Line 9) 2,604,939,700 86 Total Transmission Plant (Line 2) 1,302,174,060 87 Schedule 19 Projects (Line 2) 210,000,000 88 Schedule 19 Projects Plant Allocator (Line 87 / Line 86) 16.127% S19P 90 Transmission Plant Allocator (Line 85 / Line 85) 49.989% TP 90 Production 354-355.20.b 1.271,735 91 Transmission 354-355.21.b 4,018,435 92 Distribution 354-355.21.b 4,018,435 93 Other 354-355.21.b 4,018,435 94 Distribution 354-355.21.b 4,018,435 95 Transmission 354-355.21.b 4,018,435 94 Total Sum of Line 90 through 93 35.136.858 95 Transmission Wage and Salaries Schedule 19 Projects Wages and Salaries 96 (transmission wages and salary times S19P) (Line 91 * Line 88) 648,048 96 Allocator <	
85 Electric Plant (Line 99) 2.664,939,700 86 Total Transmission Plant (Line 2) 1,302,174,060 87 Schedule 19 Projects (Line 2) 210,000,000 88 Schedule 19 Projects Plant Allocator (Line 87 / Line 86) 16.127% S19P 89 Transmission Plant Allocator (Line 86 / Line 85) 49.989% TP 89 ELECTRIC WAGE AND SALARY ALLOCATOR 90 Production 354-355.20.b 1.271,735 91 Transmission 354-355.23.b 2.3989,670 92 Distribution 354-355.24.b 5.857,018 93 Other 354-355.24.b 2.3989,670 94 Total Sum of Line 90 through 93 35,136.658 95 Total Sum of Line 91 through 93 35,136.658 95 Schedule 19 Projects Wages and Salaries 648,048 96 (transmission wades and salary times 519P) (Line 91 * Line 88) 648,048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S 98 Schedule 19 Projects Transmission Wage and Salary Schedule 19 Projects Transmission Wage and Salary </td <td></td>	
86 Total Transmission Plant (Line 2) 1,302,174,060 87 Schedule 19 Projects (Line 2) 210,000,000 87 Schedule 19 Projects Plant Allocator (Line 87 / Line86) 16.127% S19P 89 Transmission Plant Allocator (Line 86 / Line 85) 49.989% TP 80 Production 354-355.20.b 1,271,735 90 Production 354-355.20.b 1,271,735 91 Transmission 354-355.20.b 1,271,735 92 Distribution 354-355.20.b 2,3989,670 93 Other 354-355.24.b 2,3989,670 94 Total Sum of Line 90 through 93 35,136.858 95 Transmission Wage and Salary Allocator (Line 91 / Line 94) 11.437% T W/S 96 Kramsinsion wages and Salaries 648,048 648,048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S	
87 Schedule 19 Projects (Line 2) 210,000,000 88 Schedule 19 Projects Plant Allocator (Line 87 / Line86) 16.127% S19P 89 Transmission Plant Allocator (Line 86 / Line 85) 49.989% TP ELECTRIC WAGE AND SALARY ALLOCATOR 90 Production 354-355.20.b 1.271,735 91 Transmission 354-355.21.b 4,018,435 92 Distribution 354-355.22.b 23,989,670 93 Other 354-355.22.b 5,857,018 94 Total Sum of Line 90 through 93 35,136,858 95 Transmission wage and Salaries 6 96 (transmission wages and salaries 648,048 97 Allocator (Line 91 + Line 88) 648,048 97 Allocatule 19 Projects Wage and Salary 9 1.844% S19 W/S	
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89 Transmission Plant Allocator (Line 86 / Line 85) 49.989% TP ELECTRIC WAGE AND SALARY ALLOCATOR 90 Production 354-355.20.b 1.271,735 91 Transmission 354-355.20.b 4.018,435 92 Distribution 354-355.20.b 5.857,018 93 Other 354-355.24.b 5.857,018 94 Total Sum of Line 90 through 93 35,136.858 95 Transmission wage and Salary Allocator (Line 91 / Line 94) 11.437% T W/S 96 Schedule 19 Projects Wages and Salaries Schedule 19 Projects Wage and Salary 648,048 648,048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S	
ELECTRIC WAGE AND SALARY ALLOCATOR Production 354-355.20.b 1 Transmission 354-355.21.b 2 Distribution 354-355.23.b 23 Other 354-355.24.b. 4 Total Sum of Lines 90 through 93 55 Transmission Wage and Salary 66 (transmission wages and salary times S19P) 76 Allocator 70 Allocator 71 Allocator 72 Projects Wage and Salary 73 Allocator 74 Total 75 Schedule 19 Projects Wage and Salary 74 Total 75 Allocator 74 Total 75 Schedule 19 Projects Wage and Salary 76 Allocator 77 Allocator 78 Allocator 79 Allocator 70 B 70 Transmission wages and salary times S19P) 71 Line 91 * Line 88) 74 Allocator 74 Projects Transmission Wage and Salary <tr< td=""><td></td></tr<>	
ALLOCATOR 90 Production 354-355.20.b 1,271,735 91 Transmission 354-355.21.b 4,018,435 92 Distribution 354-355.23.b 23,989,670 93 Other 354-355.26.b 5,857,018 94 Total Sum of Lines 90 through 93 35,136,858 95 Transmission Wage and Salarive Uline 91 / Line 94) 11.437% T W/S 96 (transmission wages and salary times S19P) (Line 91 * Line 88) 648,048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S 97 Schedule 19 Projects Transmission Wage and Schedule 19 Projects Transmission Wage and 1.844% S19 W/S	
90 Production 354-355.20.b 1.271,735 91 Transmission 354-355.20.b 4.018,435 91 Transmission 354-355.21.b 4.018,435 91 Distribution 354-355.23.b 23,989,670 93 Other 354-355.24.25,26.b 5.857,018 94 Total Sum of Lines 90 through 93 35,136.858 95 Transmission Wage and Salary Allocator (Line 91 / Line 94) 11.437% T W/S 96 (transmission wages and salary times S19P) (Line 91 * Line 88) 648,048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S 97 Schedule 19 Projects Transmission Wage and Salary 1.844% S19 W/S	
91 Transmission 354-355.21.b 4,018,435 92 Distribution 354-355.23.b 23,989,670 93 Other 354-355.24.25.6.b 5,857.018 94 Total Sum of Lines 90 throuch 93 35.136.858 95 Transmission Wage and Salary Allocator (Line 91 / Line 94) 11.437% 96 (transmission wages and Salaries 5 97 Allocator (Line 96 / Line 94) 1.844% 97 Schedule 19 Projects Transmission Wage and Salary 1.844% S19 W/S	
92 Distribution 354-355.23.b 23,989,670 93 Other 354-355.24,25,26.b 5.857.018 94 Total Sum of Lines 90 through 93 35,136.858 95 Transmission Wage and Salary Allocator (Line 91 / Line 94) 11.437% T W/S 96 (transmission wages and salary times S19P) (Line 91 * Line 88) 648.048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S	
93 Other 354-355.24,25,26,b 5.857,018 94 Total Sum of Lines 90 through 93 35,136.858 95 Transmission Wage and Salary Allocator (Line 91 / Line 94) 11.437% T W/S 96 (transmission wages and salary times S19P) (Line 91 * Line 88) 648,048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S	
94 Total Sum of Lines 90 through 93 35,136,858 95 Transmission Wage and Salary Allocator (Line 91 / Line 94) 11.437% T W/S 96 Schedule 19 Projects Wages and Salary (Line 91 * Line 88) 648,048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S	
95 Transmission Wage and Salary Allocator (Line 91 / Line 94) 11.437% T W/S 96 Schedule 19 Projects Wage and Salary (Line 91 * Line 88) 648.048 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S 97 Schedule 19 Projects Transmission Wage and (Line 96 / Line 94) 1.844% S19 W/S	
Schedule 19 Projects Wages and Salaries 6 96 (transmission wages and salary times S19P) (Line 91 * Line 88) 648,048 Schedule 19 Projects Wage and Salary 7 Allocator Schedule 19 Projects Transmission Wage and	
96 (Itransmission wages and salary times S19P) (Line 91 * Line 88) 648,048 Schedule 19 Projects Wage and Salary (Line 96 / Line 94) 1.844% S19 W/S 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S Schedule 19 Projects Transmission Wage and 1.844% S19 W/S 1.844% S19 W/S	
Schedule 19 Projects Wage and Salary 97 Allocator (Line 96 / Line 94) 1.844% S19 W/S Schedule 19 Projects Transmission Wage and	
97 Allocator (Line 96 / Line 94) 1.844% S19 W/S Schedule 19 Projects Transmission Wage and	
Schedule 19 Projects Transmission Wage and	
98 Salary Allocator (Line 96 / Line 91) 16.13% S19 W/S T	
ELECTRIC COMMON PLANT ALLOCATOR	
(CE) % Ele	ctric
99 Electric 200-201.3.c+6.c 2,604,939,700	
100 Gas 200-201.3.d+6.d <u>1,053,691,327</u> CP= 7	1.200%
101 Total (excludes common) (Line 99 + Line 100) 3,658,631,027	

	REVENUE CREDITS		
	Account 454, Rent from Electric Property (Note	000.004.6	100.000
102	1)	300-301, fn	100,000
103	Account 456, Other Electric Revenue (Note J)	300-301, fn	_
104	Total Revenue Credits		100,000

Formula Rate - Non-Levelized

Mate

Rate Formula Template Utilizing FERC Form 1 Data

Actual for the 12 Months Ended 12/31/2021

Rochester Gas and Electric Corporation Appendix A: Annual Transmission Revenue Requirement for Schedule 19 Projects

General Note: References to pages in this transmission formula rate rate are indicated as: (page#, line#, col.#) References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

NOLE							
A	All amounts shown are based on five quarter averages which are contained in footnotes to the FF1 (with the following exceptions: CWC in line 28 which is based upon one-eighth of O&M, Accumulated Deferred Income Taxes in line 24 which are a combination of beginning and end of year averages and proration amounts, and Excess Accumulated Deferred Income Taxes in line 25 which are beginning/ending year averages).						
В	The maximum accumulated deferred tax offset to rate base is calculated in accordance w	vith the proration formula prescribed by IRS regulation section 1.167(I)-1(h)(6).					
С	C Cash Working Capital for Schedule 19 Projects equals one-eighth (45 days) of O&M alloc	cated to Schedule 19 Projects.					
D	D Includes only FICA and unemployment taxes.						
Е	Includes removal costs related to assets removed to make room for Schedule 19 Projects which are amortized over 10 years to FERC Account 407.3, subject to FERC approval under a future, limited Section 205 filing.						
F	Below are the currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T). Any Excess or Deficient Deferred Income Taxes reduce or increase income tax expense by the amount of the expense multiplied by (1/1-T).						
	Inputs Required: FIT = SIT= p =	21.00% 6.50% (State Income Tax Rate or Composite SIT) 0.00% (percent of federal income tax deductible for state purposes)					
G	G Include ATU for Year N with Projected ATRR for Year N+2	Include ATU for Year N with Projected ATRR for Year N+2					
н	Debt cost rate = long-term interest / long term debt. Preferred cost rate = preferred dividends / preferred outstanding. The ROE is determined by the New York Public Utilities Commission and capped by the ROE determined by FERC. The ROE Cap will be supported in the original filing and no change in ROE Cap may be made absent a filing with FERC.						
Т	I Includes revenue related to Schedule 19 Projects only, such as pole attachments, rentals	and special use.					
J	J Includes revenue related to Schedule 19 Projects only.						
ĸ	The following acronyms are used for allocators:						

r.	le following actorights are used for anocators.
	CP= common plant allocator (allocate common plant and common expenses to total electric)
	DA= DA=direct assignment (the item is direct assigned to Schedule 19 Projects)
	GP= gross plant allocator (allocated Schedule 19 Projects gross plant as % of electric and common plant)
	GPE= gross electric plant allocator (allocated Schedule 19 Projects gross plant as % of total electric gross plant)
	S19P= Schedule 19 Projects plant allocator (Schedule 19 Projects gross plant as % of total transmission gross plant)
	S19 W/S= Schedule 19 Projects wage and salary allocator (Schedule 19 Projects wages and salaries as % of total electric wages and salaries)
	S19 W/ST Schedule 19 Projects wages and salary allocator for transmission (Schedule 19 Projects wages and salaries as a % of transmission wages and salaries)
	NA= not applicable (the item is not applicable to Schedule 19 Projects)
	TPE= transmission plant allocator (transmission plant as % of electric
	T W/S= transmission wages and salaries as % of electric wages and salaries
L	ochester Gas and Electric will exclude items in Account 930.2 shown on FF1 page 335 that are greater than \$1 M and not directly or indirectly related to its transmission assets.
Μ	YSEG either will direct assign O&M expense that have been tracked for the Schedule 19 Projects or allocate transmission O&M to the Schedule 19 Projects, but not both.
Ν	accordance with the NYISO OATT, Section 14.1.5, the gross receipts tax included in Schedule 19 Projects ATRR is as follows:
	Gross receipt tax rate 1.00000%
	Revenue requirement 59,000,000
	Gross Receipts Tax 590,000
0	lev include CW/D in rate have as authorized by FERC

O May include CWIP in rate base as authorized by FERC.

Rochester Gas and Electric Corporation Workpaper 1: Average Balances for Most Rate Base Items

Accumulated Depreciation

							Gross Operating	Property					
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(i)	(k)	(1)	(m)
										Schedule 1	9 Projects		
Month	Year	Electric Intangible	Production	Transmission	Distribution	Electric General	Common	Project 1	Project 2	Project 3	Project 4		Total
FF1 Reference		204-207, line 5 fn	204-207, line 46 fn	204-207, line 58 fn	204-207, Line 75 fn	204-207, I. 99 fn	355 fn	204-207, line 58 fn	204-207, line 58 fn	204-207, line 58 fn	204-207, line 58 fn	204-207, line 58 fn	Sum of Columns (h) through (l)
endix A Line #		5	1	2	3	4	6	2	2	2	2	2	2
ember	2020	2,738,115	144,351,826	1,302,174,060	1,549,991,917	34,566,895	404,542,567	200,000,000	-	-	-	-	200,000,00
1	2021	2,738,115	144,351,826	1,302,174,060	1,549,991,917	34,566,895	404,542,567	200,000,000	-		-	-	200,000,00
	2021	2,738,115	144,351,826	1,302,174,060	1,549,991,917	34,566,895	404,542,567	200,000,000	-	-	-	-	200,000,00
ember	2021	2,738,115	144,351,826	1,302,174,060	1,549,991,917	34,566,895	404,542,567	200,000,000	-	-	-	-	200,000,00
mber	2021	2,738,115	144,351,826	1,302,174,060	1,549,991,917	34,566,895	404,542,567	200,000,000	50,000,000	-	-	-	250,000,00
		2 729 115	144 351 826	1 302 174 060	1 549 991 917	34 566 895	404 542 567	200 000 000	10 000 000				210 000 00

							_			Schedul	e 19 Projects		
Month	Year	Electric Intangible	Production	Transmission	Distribution	Electric General	Common	Project 1	Project 2	Project 3	Project 4		Total
FF1 Reference		200-201.21c	219, lines 20-24 fn	219, line 25 fn	219, line 26 fn	219, line 28 fn	355 fn	219, line 25 fn	219, line 25 fn	219, line 25 fn	219, line 25 fn	219, line 25 fn	Sum of Columns (h) through (l)
Appendix A Line #		13	9	10	11	12	14	10	10	10	10	10	10
7 December	2020	(2,637,800)	(27,568,507)	(229,820,884)	(484,275,868)	(21,745,323)	(206,800,755)	(500,000)	-				(500,000)
8 March	2021	(2,637,800)	(27,568,507)	(229,820,884)	(484,275,868)	(21,745,323)	(206,800,755)	(1,000,000)				-	(1,000,000)
9 June	2021	(2,637,800)	(27,568,507)	(229,820,884)	(484,275,868)	(21,745,323)	(206,800,755)	(1,500,000)	-			-	(1,500,000)
10 September	2021	(2,637,800)	(27,568,507)	(229,820,884)	(484,275,868)	(21,745,323)	(206,800,755)	(2,000,000)				-	(2,000,000)
11 December	2021	(2,637,800)	(27,568,507)	(229,820,884)	(484,275,868)	(21,745,323)	(206,800,755)	(2,500,000)	(100,000)			-	(2,600,000)
12 Average		(2,637,800)	(27,568,507)	(229,820,884)	(484,275,868)	(21,745,323)	(206,800,755)	(1,500,000)	(20,000)		0 0	0	(1,520,000)

										Misc	ellaneous Rate Base Items			
				Schedule 19 Pr	rojects - CWIP									
Month	Year	Project 1	Project 2	Project 3	Project 4		Total	Transmission Land Held for Future Use	Schedule 19 Projects - Land Held for Future Use	Schedule 19 Projects - Abandoned Plant	Materials & Supplies - Transmission	Materials and Supplies - Assigned to Construction (Electric and Gas)	Prepayments	Regulatory Asset - Removal Costs
								214, line 17 fn	214, line TBD	230b, line TBD	227, Line 8 fn	227, line 5 fn	110-111, line 57 fn	232 fn
Appendix A Line #		216111	216 111	216 111	216 111	216 111	22	20	22	24	20	24	22	22
Appendix A Line #	0000	2J	25	20	20	20	2J	20	20	24	30	31	32	5000.000
13 December	2020	50,000,000	100,000,000	80,000,000	50,000,000	U	280,000,000	-	-		570,809	12,438,559	43,038,997	5,000,000
14 March	2021	50,000,000	100,000,000	90,000,000	50,000,000	0	290,000,000	-	-		570,809	12,438,559	43,038,997	5,000,000
15 June	2021	50,000,000	100,000,000	100,000,000	50,000,000	0	300,000,000	-	-		570,809	12,438,559	43,038,997	5,000,000
16 September	2021	50,000,000	100,000,000	110,000,000	50,000,000	0	310,000,000	-	-		570,809	12,438,559	43,038,997	5,000,000
17 December	2021	50,000,000	50,000,000	120,000,000	50,000,000	0	270,000,000	-	-		570,809	12,438,559	43,038,997	5,000,000
18 Average		50,000,000	90,000,000	100,000,000	50,000,000	0	290,000,000	0	0	C	570,809	12,438,559	43,038,997	5,000,000

				Unfunded Liabilit	ies - Account 242
	Month		Accrued Vacation	Other	Total
	FF1 Reference		NA	NA	
	Appendix A Line #		NA	NA	
19	December	2020	(2,000,000)	-	(2,000,000)
20	March	2021	(2,000,000)	-	(2,000,000)
21	June	2021	(2,000,000)	-	(2,000,000)
22	September	2021	(2,000,000)	-	(2,000,000)
23	December	2021	(2,000,000)	-	(2,000,000)
24	Average		(2,000,000)	0	(2,000,000)

Exhibit No. RG&E-003 ADIT Current Year Page 6 of 16



In filing out this attachment, a full and complete description of each item and justification for the allocation to Columns B-G and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately;

	(a) ADIT-190 - Includes Only Items Applicable to Schedule	(b)	(c)	(d) Schedule 19	(e)	(f)	(g)	(h)
	19 Projects			Projects	Plant	Labor		
		Total	Excluded	Related	Related	Related		Justification
12		0	0	0	0	0		
13		0	0	0	0	0		
14		0	0	0	0	0		
15		0	0	0	0	0		
16		0	0	0	0	0		
17		0	0	0	0	0		
18		0	0	0	0	0		
19		0	0	0	0	0		
20		0	0	0	0	0		
21		0	0	0	0	0		
22		0	0	0	0	0		
23		0	0	0	0	0		
24	Total	0	0	0	0	0)	
	Instructions for Account 190			•		•		

ADIT items related only to Schedule 19 Projects are directly assigned to Column D
 ADIT items related to Plant are included in Column E

ADIT items related to Labor are included in Column F
 Defended in concertaints arise when items are included in taxable income in different periods than they are included in book income.
 If the item giving rise to the ADIT is not included in the annual transmission revenue requirement (*ATRR*), the associated ADIT amount shall be excluded.

Rochester Gas and Electric Corporation Workpaper 2a: Accumulated Deferred Income Taxes (ADIT) Worksheet - Current Year

(a) ADIT- 282 - Includes Only Items Applicable to (b) (f) (h) (c) (d) Schedule 19 (e) (a) Schedule 19 Projects Total Proiects Plan Labor Related Related Justification Exclu Worksheet 2c. Line 14. Col. (r 25 Depreciation - Liberalized Depreciation - Prorated -3.357.37 -3.357.3 28 -3,357,373 30 Total -3.357.373 Instructions for Account 282: Instructions for Account 282: ADIT items related only to Schedule 19 Projects are directly assigned to Column D ADIT items related to Plant are included in Column E ADIT items related to Labor are included in Column F

4. Deferred income taxes arise when items are included in taxable income in different periods than they are included in book income. If the item giving rise to the ADIT is not included in the annual transmission revenue requirement ("ATRR"), the associated ADIT amount shall be excluded.

Rochester Gas and Electric Corporation

Workpaper 2a: Accumulated Deferred Income Taxes (ADIT) Worksheet - Current Year

	(a) ADIT-283 - Includes Only Items Applicable to Schedule	(b)	(c)	(d) Schedule 19	(e)	(f)	(g)	(h)
	19 Projects	Total		Projects	Plant	Labor		
			Excluded	Related				Justification
31	Cost of Removal	()	0		0 0		
32		()	0				
33		()					
34		()					
35		()					
36		()					
37		()					
38	Total	(0	0		0 0		

Instructions for Account 283:

1. ADIT items related only to Schedule 19 Projects are directly assigned to Column D

2. ADIT items related to Plant are included in Column E

ADIT items related to labor are included in Outmit E
 ADIT items related to Labor are included in Calumit E
 ADIT items related to Labor are included in Calumit F
 Deferred income taxes arise when items are included in taxable income in different periods than they are included in book income.
 If the item dynamic is to the ADIT is not included in the annual transmission revenue requirement (ATRR), the associated ADIT amount shall be excluded.

Rochester Gas and Electric Corporation Workpaper 2b: Accumulated Deferred Income Taxes (ADIT) Worksheet - Prior Year Actual for the 12 Months Ended 12/31/2021 (c) (d) (f) (g) (a) (b) Schedule 19 Proiects (e) Plant Labor Total Nonprorated Items Related Related ADIT Prior Year ADIT-190 ADIT-282 ADIT-283 (Line 20) (Line 26) (Line 34) (Line 1 + Line 2 + Line 3) Appendix A Appendix A 0 (Line 4 * Line 5 or Line 6) 3



ADI 1-283 Subtotal Schedule 19 Projects W/S Allocator GP Allocator Prior Year ADIT

	(a) ADIT-190 - Includes Only Items Applicable to Schedule	(b)	(c)	(d) Schedule 19	(e)	(f)	(9)
	19 Projects			Projects	Plant	Labor	
		Total	Excluded	Related	Related	Related	Justification
8		0	0	0	0	0	
9		0	0	0	0	0	
10		0	0	0	0	0	
11		0	0	0	0	0	
12		0	0	0	0	0	
13		0	0	0	0	0	
14		0	0	0	0	0	
15		0	0	0	0	0	
16		0	0	0	0	0	
17		0	0	0	0	0	
18		0	0	0	0	0	
19		0	0	0	0	0	
20	Total	0	0	0	0	0	

6.282%

1.844%

0

ā

567

 Total
 0
 0

 Instructions for Account 190:
 Instructions for Account 190:
 Instructions for Account 190:

 1. ADIT items related only to Schnedule 19 Projects are directly assigned to Column D
 2.

 2. ADIT items related to Plant are included in Column E
 3.

 3. ADIT items related to Labor are included in Column F
 4.

 4. Deferred income items are an included in taxable income in different periods than they are included in book income. If the item giving rise to the ADIT is not included in the annual transmission revenue requirement ("ATRR"), the associated ADIT amount shall be excluded.

Rochester Gas and Electric Corporation Workpaper 2b: Accumulated Deferred Income Taxes (ADIT) Worksheet - Prior Year

	(a)	(b)	(c)	(d)	(e)	(f)	(q)
	ADIT- 282 - Includes Only Items Applicable to Schedule 19 Projects		Excluded	Schedule 19 Projects Related	Plant Related	Labor Related	G Justification
21	Depreciation - Liberalized Depreciation - Prorated	-567,668	0	-567,668	0	0	0 Worksheet 2d, Line 13, Col. (n)
22		0		0			
23		0					
24		0					
25		0	0	0	0	0	0
26	Total	-567,668	0	-567,668	0	0	0

Instructions for Account 282:

Instructions for Account 282: A DIT terms related only bit Schedule 19 Projects are directly assigned to Column D 2. ADIT terms related to Plant are included in Column E 3. DDIT terms related to Labor are included in Column F 4. Deferred income taxes arise when items are included in taxable income in different periods than they are included in book income. If the lieng lying rise to the ADIT is not included the annual transmission revenue requirement ("ATRR"), the associated ADIT amount shall be excluded.

Rochester Gas and Electric Corporation Workpaper 2b: Accumulated Deferred Income Taxes (ADIT) Worksheet - Prior Year

	(a) ADIT-283 - Includes Only Items Applicable to Scheduel 19 Projects	(b) Total	(c) Excluded	(d) Schedule 19 Projects Related	(e) Plant	(f) Labor	(g) Justification
27	Cost of Removal	0		0	0	0	
28		0		0			
29		0					
30		0					
31		0					
32		0					
33		0					
34	Total	0	0	0	0	0	

Instructions for Account 283: 1. ADIT items related only to Schedule 19 Projects are directly assigned to Column D 2. ADIT items related to Plant are included in Column E 3. ADIT items related to Labor are included in Column F

Deferred increase as when items are included in taxable income in different periods than they are included in book income.
 If the item giving rise to the ADIT is not included in the annual transmission revenue requirement ("ATRR"), the associated ADIT amount shall be excluded.

							Workpaper 2c:	Rochester G Accumulated I	as and Electric O Deferred Income	Corporation Taxes - Prorat	ed Projection							
								Actual for the	12 Months Ende	d 12/31/2021								
	Debit amounts are shown as positive and Rate Year = 2021 Account 282 (Note A) (a) Beginning Balance & Monthly Changes	d credit amo (b) Year	ounts are show (c) Days in the Month	n as negative. (d) Number of Days Remaining in Year After Current Month	(e) Total Days in the Projected Rate Year	(f) Weighting for Projection (d)/(e)	(g) Beginning Balance/ Monthly Amount/ Ending Balance	(h) Schedule 19 Projects	(i) Transmission Proration (f) x (h)	(j) Plant Related	(k) Gross Plant Allocator (Appendix A)	(I) Plant Allocation (j) * (k)	(m) Plant Proration (f) x (l)	(n) Labor Related (General and Common)	(o) W/S Allocator (Appendix A)	(p) Labor Allocation (n) * (o)	(q) Labor Proration (f) x (p)	(r) Total Transmission Prorated Amount (i) + (m) + (q)
ine #	f																	
	December 31st balance of Prorated																	
1	ADIT (Note B)	2020				100.00%	-567,668	-567,668	-567,668									(567,668)
2	January	2021	31	335	365	91.78%	-600,000	-500,000	-458,904	0	6.282%	0		0 -100,000	1.844%	-1,844	-1,693	(460,597)
3	February	2021	28	307	365	84.11%	-600,000	-500,000	-420,548	0	6.282%	0		0 -100,000	1.844%	-1,844	-1,551	(422,099)
4	March	2021	31	276	365	75.62%	-600,000	-500,000	-378,082	0	6.282%	0		0 -100,000	1.844%	-1,844	-1,395	(379,477)
5	April	2021	30	246	365	67.40%	-600,000	-500,000	-336,986	0	6.282%	0		0 -100,000	1.844%	-1,844	-1,243	(338,229)
6	May	2021	31	215	365	58.90%	-600,000	-500,000	-294,521	0	6.282%	0		0 -100,000	1.844%	-1,844	-1,086	(295,607)
7	June	2021	30	185	365	50.68%	-600,000	-500,000	-253,425	0	6.282%	0		0 -100,000	1.844%	-1,844	-935	(254,359)
8	July	2021	31	154	365	42.19%	-600,000	-500,000	-210,959	0	6.282%	0		0 -100,000	1.844%	-1,844	-778	(211,737)
9	August	2021	31	123	365	33.70%	-600,000	-500,000	-168,493	0	6.282%	0		0 -100,000	1.844%	-1,844	-622	(169,115)
10	September	2021	30	93	365	25.48%	-600,000	-500,000	-127,397	0	6.282%	0		0 -100,000	1.844%	-1,844	-470	(127,867)
11	October	2021	31	62	365	16.99%	-600,000	-500,000	-84,932	0	6.282%	0		0 -100,000	1.844%	-1,844	-313	(85,245)
12	November	2021	30	32	365	8.77%	-600,000	-500,000	-43,836	0	6.282%	0		0 -100,000	1.844%	-1,844	-162	(43,997)
13	December	2021	31	1	365	0.27%	-600,000	-500,000	-1,370	0	6.282%	0		0 -100,000	1.844%	-1,844	-5	(1,375)
14	Prorated Balance		365				-7,767,668	-6,567,668	-3,347,121	0				0 -1,200,000			-10,253	(3,357,373)

Note A: The calculations of ADIT amounts resulting from liberalized depreciations are performed in accordance with the protation requirements of Treasury Regulation Section 1.167(I)-1(h)(6). Note B: From Worksheet 2d-Prior Year ADIT Protation Actual

Rochester Gas and Electric Corporation Workpaper 2d: Accumulated Deferred Income Taxes - Actual Proration Actual for the 12 Months Ended 12/31/2021

Year = 2021 Debit amounts are shown as positive and credit amounts are shown as negative.

Account 2	82 (Note	A)	

Γ	Days in Period				Projection	- Proration of P	rojected Deferred Tax	Actual Activity - Proration of Projected Deferred Tax Activity and Averaging of Other Deferred Tax Activity					red Tax Activity		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		(i)	(i)	(k)	(1)	(m)	(n)
	Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Projected Rate Year (Line 14, Col b)	Proration Percentage (c)/(d)	Projected Monthly Activity	Prorated Amount (e) * (f)	Prorated Projected Balance Sum of (g)		Actual Monthly Activity (table below, grand total)	Difference between projected monthly and actual monthly activity (i) - (f)	Preserve proration when actual monthly and projected monthly activity are either both increases or decreases. (See Note A)	Difference between projected and actual activity when actual and projected activity are either both increases or decreases. (See Note A)	Actual activity (Col I) when projected activity is an increase while actual activity is a decrease OR projected activity is a decrease while actual activity is an increase. (See Note A)	Balance reflecting proration or averaging (n) + (k) +((l) + (m))/2
1	December 31st balance							0							0
2	January	31	335	365	91.78%	-83,333	-76,484	-76,484		-100,738	-17,404	-76,484	-17,404	0	-85,186
3	February	28	307	365	84.11%	-83,333	-70,091	-146,575		-100,738	-17,404	-70,091	-17,404	0	-163,980
4	March	31	276	365	75.62%	-83,333	-63,014	-209,589		-100,738	-17,404	-63,014	-17,404	0	-235,696
5	April	30	246	365	67.40%	-83.333	-56.164	-265.753		-100.738	-17.404	-56.164	-17.404	0	-300.562
6	May	31	215	365	58.90%	-83,333	-49,087	-314,840		-100,738	-17,404	-49,087	-17,404	0	-358,351
7.	June	30	185	365	50.68%	-83,333	-42,237	-357,078		-100,738	-17,404	-42,237	-17,404	0	-409,291
8	July	31	154	365	42.19%	-83,333	-35,160	-392,237		-100,738	-17,404	-35,160	-17,404	0	-453,153
9.	August	31	123	365	33.70%	-83,333	-28,082	-420,320		-100,738	-17,404	-28,082	-17,404	0	-489,937
10	September	30	93	365	25.48%	-83,333	-21,233	-441,553		-100,738	-17,404	-21,233	-17,404	0	-519,872
11	October	31	62	365	16.99%	-83.333	-14.155	-455.708		-100.738	-17.404	-14.155	-17.404	0	-542.730
12	November	30	32	365	8.77%	-83,333	-7,306	-463,014		-100,738	-17,404	-7,306	-17,404	0	-558,738
13	December	31	1	365	0.27%	-83,333	-228	-463,242	_	-100,738	-17,404	-228	-17,404	0	-567,668
14	Total	365				-1,000,000	-463,242			-1,208,853	-208,853	-463,242	-208,853	0	

	Schedule 19 Projects	Plant Related	Gross Plant Allocator (Appendix A)	Total (d) * (e)	Labor Related (General and Common)	W/S Allocator (Appendix A)	Total (g) * (b)	Grand Total (b) +
Actual Monthly Activity								
15 January	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
16 February	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
17 March	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
18 April	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
19 May	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
20 June	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
21 July	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
22 August	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
23 September	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
24 October	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
25 November	-100,000	C	6.282%	0	-40,000	1.844%	-738	-100,738
26 December	-100.000	C	6.282%	0	-40.000	1.844%	-738	-100.738

Note A: The calculations of ADIT amounts resulting from liberalized depreciations are performed in accordance with the proration requirements of Treasury Regulation Section 1.167(l)-1(h)(6). Differences attributable to over-projection of ADIT in the annual projection will result in a argostroinate reversal of the projected prorated ADIT activity to the devert of the over-projection. Differences attributable to under-projection of ADIT in the annual projection will result in a adjustment to the projected prorated ADIT activity by the difference attributable to under-projection of ADIT in the annual projection will result in a adjustment to the projected prorated ADIT activity by the difference between the projected monthly ADIT activity is an increase and actual monthly ADIT activity is a dicrease, actual monthly ADIT activity is an increase and actual monthly ADIT activity will be used. Likewise, when projected monthly ADIT activity is an increase and actual monthly ADIT activity will be used.

	Rochester Gas and Electric Corporation Workpaper 3: Excess Accumulated Deferred Income Taxes													
Resulting from Income Tax Rate Changes (Note A) Actual for the 12 Months Ended 123/12021														
Dobit amounts a	ro chown as positive and credit as	nounts are shown a	r pozativo											
Debit amounts a	(a)	(b)	is negative. (c)	(d)	(e)	(f)	(g)	(h)	(i)	(i)	(k)	(I)	(m)	(n)
									Protected					
				Deficient or		Adiusted			(P) Unprotected					
			ADIT Balansas	Excess		Deficient or	Cabadula 10		Property					
		ADIT Balances	Abri Balances After	Deferred Taxes		Accumulated	Projects	Allocated to	Unprotected					
Line Description		Prior to Remeasurement	Remeasurement (Note C)	at December 31,	Adjustments After Remeasurement	Deferred Taxes	Allocation Factors (Note B)	Schedule 19 Projects	Other (UO) (Note B)	Amortization Year	Balance at December 31	Amortization Year	Balance at December 31	
			Column (b) * Line	Column (b) -		Column (d) +		Column (f) *			Column (h) -		Column (k) -	
Deficient D	Deferred Income Taxes -		40	00/01/11/(0)		000000000000000000000000000000000000000		Obidinii (g)			oolanin (i)		oolanin (i)	
FERC Acco	to 410.1 ount 190													
1		0	0	0	0	0	0.000%	0		0	0	0	()
3		0	0	0	0	0	0.000%	0		0	ő	0	(6
4		0	0	0	0	0	0.000%	0		0	0	0	()
6 Total FERC	Account 190	0	0	0	0	0		0		0	0	0	()
FERC Acco	unt 282													
7		0	0	0	0	0	0.000%	0		0	0	0	()
8		0	0	0	0	0	0.000%	0		0	0	0	(
10		0	0	0	0	0	0.000%	0		0	Ő	0	(<u>5</u>
11 I otal Accou	int 282	0	0	0	0	0		0		0	0	0	(
FERC Acco	ount 283	0	0	0	0	0	0.000%	0		0	0	0	,	
13		0	0	0 0	ő	0	0.000%	0		0	0	Ő	(5
14 15		0	0	0	0	0	0.000%	0		0	0	0	(0
16	Annual 202	0	0	0	0	Ó	0.000%	0		0	0	0	(<u>)</u>
17 IOURFERC	ACCOUNT 203	U	U	U	U	U		U		U	0	U	,	J
Subtotal Be 18 Income Tax	fore Being Grossed up for es			0		0		0		0	0	0	()
19 Gross Up	ant Assumulated Defensed			0		0		0	_	-	0		(<u>)</u>
20 Income Tax	en Account 182.3			0		0		0			0		()
Excess Ac	cumulated Deferred Income													
FERC Acco	ount 190													
21		0	0	0	0	0	0.000%	0		0	0	0	(
23 Total Accou	int 190	0	0	0	0	0		0		0	0	0	()
FERC Acco	ount 282													
24 Accelerated	I Depreciation	0	0	0	0	0	0.000%	0	P	0	0	0	()
26		ō	ō	ō	0	Ō	0.000%	ō		ō	0	0	ġ	5
27		0	0	0	0	0	0.000%	0		0	0	0	(5
29 Total Accou	int 282	0	0	0	0	0		0		0	0	0	()
FERC Acco	ount 283													
30		0	0	0	0	0	0.000%	0		0	0	0	()
32		0	0	0	0	0	0.000%	0		0	0	0	(0
34		0	ő	0	0	0	0.000%	0		0	0	0		2
35 Total Accou	int 283	0	0	0	0	0		0		0	0	0	()
Subtotal Be	fore Being Grossed up for													
37 Gross Up				0		0		0		0	0	0	(5
Total Exces 38 Taxes - Acc	s Accumulated Deferred Income count 254			٥		n		n		-	0	-	()
20 Creed 7									-	-				
39 Grand Iota	1			0		0		0			0		(,
40 Total Amort	lization											0		
Note A: Inc	ludes Excess Deferred Income Ta	ax Regulatory Asset	s or Liabilities and t	he associated am	ortization arising fror	n income tax rat	e changes. This	sheet will be pop	oulated and rep	licated for cha	nges in federal, :	state or local inco	me tax rates imp	pacting
Schedule 1 Note B: Th	9 Project ADITs. e allocation factors used to allocat	le total excess accu	mulated deferred in	come taxes to loca	al transmission proie	ctions are (to be	completed when	used)						
Note C: Re	measurement Factor equals the r	atio of the current n	ominal tax rate to th	e prior nominal ta	x rate			-,						
41 42					New nominal rate Prior nominal rate				1.0%					
43	3 Remeasurement Factor 100.0%													

43 Note D: Note E: Note F:

Rochester Gas and Electric Corporation Workpaper 4: Permanent Book/Tax Differences Actual for the 12 Months Ended 12/31/2021

Line #	(a) Tax Effect of Permanent Book/Tax Differences	(b) AFUDC Equity Local Transmission Proiects	(c) Other 2	(d) Other 3	(e) Total
	FF1 Reference				
1	Amount	200,000	0	0	200,000
2	Income Tax Effect	52,270	0	0	52,270
			Line 1 *	Line 1 *	Sum of
Ref		Line 1 * Income Tax Factor	Income Tax Factor	Income Tax Factor	Columns (b), (c) and (d)

Rochester Gas and Electric Corporation Workpaper 5: Schedule 19 Project Return Actual for the 12 Months Ended 12/31/2021

	(a)	(b)	(c)	(d)	(e)	(f)	(a)	(h)	(i)	(i)	(k)	(I)	(m)	(n)	(0)
			Five Qu	arter Averages				Allocate Other F	Rate Base Items te	Schedule 19 P	ojects	<u> </u>			
Line #		Gross Plant in Service	Allocator	Accumulated Depreciation	Net Operating Property	Net General Plant - Using Allocator	Net Intangible Plant Using Allocator	Net Common Plant Using Allocator	CWIP	Abandoned Plant - Using Allocator	Accumulated Deferred Income Taxes - Using Allocator	(Excess)/Deficient ADIT - Using Allocator	Land Held for Future Use - Using Allocator	Other Rate Base Items - Using Allocator	Total Rate Base
	Reference	Workpaper 1, Line 6	Calculated	Workpaper 1, Line 12	Col. (b) - Col. (d)	Line 6 * Col. (c)	Line 6 * Col. (c)	Line 6 * Col. (c)	Workpaper 1, Line 18	Workpaper 1, Line 18	Line 6 * Col. (c)	Line 6 * Col. (c)	Line 6 * Col. (c)	Line 6 * Col. (c)	Sum of Col. (e) through Col. (n)
1	Grouping 1	200,000,000	95.24%	(1,500,000)	198,500,000	225,214	1,762	2,473,048	50,000,000	-	(3,197,498)	0	-	7,627,444	255,629,970
2	Project Grouping 2	10,000,000	4.76%	(20,000)	9,980,000	11,261	88	123,652	90,000,000	-	(159,875)	0	-	381,372	100,336,499
3	Project Grouping 3	-	0.00%	-	-	-	-	-	100,000,000	-	-	0	-	-	100,000,000
4	Project Grouping 4	-	0.00%	-	-	-	-	-	50,000,000	-	-	0	-	-	50,000,000
5			0.00%		<u> </u>		-			-		0	-	-	
6 Ref	Total	210,000,000	100.00%	(1,520,000)	208,480,000	236,475 Appendix A, Line 19	1,850 Appendix A, Line 20	2,596,700 Appendix A, Line 21	290,000,000 Workpaper 1, Line 18	0 Workpaper 1, Line 18	(3,357,373) Appendix A, Line 25	0 Appendix A, Line 26	Appendix A, Line 28	8,008,816 Appendix A, Line 35	505,966,469

		Rate Base	WACC	Return	Weighted Preferred and Common Equity Rate	Preferred and Common Equity Return	Weighted Debt Rate	Debt Return
	Reference	Col. (o)	Workpaper 6, Line 4, Line 8, Line 12, or Line 16	Col. (b) * Col. (c)	Workpaper 6, Lines 2 + 3, Lines 6 + 7, Lines 10 + 11 or Lines 14 + 15	Col. (b) * Col. (e)	Workpaper 6, Line 1, Line 5, Line 9 or Line 13	Col. (b) * Col. (h)
7	Project Grouping 1	255,629,970	6.71%	17,153,938	4.75%	12,142,424	1.96%	5,011,515
8	Project Grouping 2	100,336,499	6.71%	6,733,037	4.75%	4,765,984	1.96%	1,967,054
9	Project Grouping 3	100,000,000	6.71%	6,710,457	4.75%	4,750,000	1.96%	1,960,457
10	Project Grouping 4	50,000,000	6.71%	3,355,228	4.75%	2,375,000	1.96%	980,228
11				-				
12	Total	505,966,469		33,952,660		24,033,407		9,919,253



(j)

9.50%

Rochester Gas and Electric Corporation Workpaper 6: Schedule 19 Project Cost of Capital Actual for the 12 Months Ended 12/31/2021 (c) (Note A) (a) (b) (d) (e) (f) (g) (h) (i) Line # Project Grouping 1 Cost Rates 3.921% 0.000% 9.500% (Lines 1 and 2, Col. (j)) Capitalization 1,237,219,918 WACC 1.96% 0.00% 4.75% %s Long Term Debt Preferred Stock Common Stock Capitalization Line 22, Col. (i) 1,237,219,918 Line 22 Col. (b) Line 22 Col. (d) 1,258,113,054 50.0% 0.0% 50.0% ROE per New York State Public Service Commission, Case No. ROE Cap 2 3 4 2,495,332,972 100.0% 6.71%

	Project Grouping 2						
			Capitalization	%s	Cost Rates	WACC	
5	Long Term Debt	Line 22, Col. (i)	1,237,219,918	50.0%	3.921%	1.96%	ROE per New York State Public Service Commission, Case No.
6	Preferred Stock	Line 22 Col. (b)	-	0.0%	0.000%	0.00%	ROE Cap
7	Common Stock	Line 22 Col. (d)	1,258,113,054	50.0%	9.500%	4.75%	
					(Lines 5 and 6,		
8	Total Capitalization		2,495,332,972	100.0%	Col. (j))	6.71%	

	Project Grouping 3						
			Capitalization	%s	Cost Rates	WACC	
9	Long Term Debt	Line 22, Col. (i)	1,237,219,918	50.0%	3.921%	1.96%	ROE per New York State Public Service Commission, Case No.
10	Preferred Stock	Line 22 Col. (b)	-	0.0%	0.000%	0.00%	ROE Cap
11	Common Stock	Line 22 Col. (d)	1,258,113,054	50.0%	9.500%	4.75%	
					(Lines 9 and 10,		
12	Total Capitalization		2.495.332.972	100.0%	Col. (i))	6.71%	

	Project Grouping 4							
			Capitalization	%s	Cost Rates	WACC		
13	Long Term Debt	Line 22, Col. (i)	1,237,219,918	50.0%	3.921%	1.96%	ROE per New York State Public Service Commission, Case No.	9.50%
14	Preferred Stock	Line 22 Col. (b)	-	0.0%	0.000%	0.00%	ROE Cap	10.87%
15	Common Stock	Line 22 Col. (d)	1,258,113,054	50.0%	9.500%	4.75%		
					(Lines 13 and 14,			
16	Total Capitalization		2,495,332,972	100.0%	Col. (j))	6.71%		

			Common Equity				Long-term Debt				
			Total	Less: Preferred Stock	Less: Accumulated Other Comprehensive Income	Common Equity for Capitalization	Total	Unamortized Gains on Reacquired Debt	Unamortized Debt Expense	Unamortized Loss on Reacquired Debt	Long-term Debt for Capitalization
						Col. (a) - Col.					Col. (e) + Col.
	Month	Year	112-113, I.16, fn	112-113, I.3, fn	112-113, I.15, fn	(b) - Col. (c)	112-113, I.24, fn	112-113, l.61, fn	110-111, l.69, fn	110-111, I.81, fn	(f) - Col. (g) - (h)
17	December	2020	1,219,722,388		(38,390,666)	1,258,113,054	1,251,968,002		9,740,465	5,007,619	1,237,219,918
18	March	2021	1,219,722,388		(38,390,666)	1,258,113,054	1,251,968,002	-	9,740,465	5,007,619	1,237,219,918
19	June	2021	1,219,722,388		(38,390,666)	1,258,113,054	1,251,968,002	-	9,740,465	5,007,619	1,237,219,918
20	September	2021	1,219,722,388		(38,390,666)	1,258,113,054	1,251,968,002	-	9,740,465	5,007,619	1,237,219,918
21	December	2021	1,219,722,388	-	(38,390,666)	1,258,113,054	1,251,968,002		9,740,465	5,007,619	1,237,219,918
22	Average					1 258 113 054					1 237 219 918

23	Long Term Interest	(114-117c, sum of lines 62, 63, 64, 65, 66)	48,510,319
24	Long-Term Debt	(Line 22, Col. (i))	1,237,219,918
25	Long-term Debt Interest Rate	(Line 23 / Line 24)	3.921%
26	Preferred Dividends	118-119c, I.29	
27	Preferred Stock	(Line 22 Col. (b))	
28	Preferred Stock Rate	(Line 26 / Line 27)	0

Total Capitalization

Note A: The above common equity, preferred stock and long-term debt amounts are not used for capital structure purposes since the CSRA requires use of the NYPSC approved capital structure.

Rochester Gas and Electric Corporation Workpaper 7: True-up Adjustment for Schedule 19 Projects Actual for the 12 Months Ended 12/31/2021

Debit amounts are shown as positive and credit amounts are shown as negative.

The Annual True-Up Adjustment ("ATU") component of the Formula Rate for each Year shall be determined as follows:

- (i) In accordance with its formula rate protocols, RG&E shall recalculate its Annual Transmission Revenue Requirement ("ATRR") for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies.
- (ii) Determine the difference between the Actual ATRR as determined in paragraph (i) above, and actual revenues based upon the Projected ATRR for the previous calendar year
- (iii) Multiply the ATRR Before Interest by (1+i)^24 months

Where:

Average of the monthly rates from the middle of the Rate Year for which the ATU is being calculated through the middle of the year in which the ATU is included in rates (24 months) The interest rates are initially estimated and then trued-up to actual

To the extent possible each input to the Formula Rate used to calculate the Actual ATRR will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form 1

i =

by the application of clearly identified and supported information. If the reconciliation is provided through a worksheet included in the filed Formula Rate Template, the inputs to the worksheet must meet this

transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

Line

2

3

4

5

6

7

А

в

С

D E

F

G

Interest Estimated Actual Interest Rate True-Interest Rate Rate Up ATRR based on actual costs included for the previous calendar year Revenues based upon the Projected ATRR for the previous calendar year and excluding any true-up adjustment 0 Difference (A-B) 0 0 Future Value Factor (1+i)^24 True-up Adjustment (C*D) <u>1.0000</u> 0 <u>1.0000</u> 0 Interest Rate True-up from Prior Periods 0 ATU Adjustment with Interest Rate True-up From Prior Periods 0

Where:

i = average interest rate as calculated below

	Interest on Amo	ount of Refunds or Surcharges	Estimated	Actual
			Monthly	Monthly
	Month	Year	Interest Rate	Interest Rate
8	July	Year 1	0.0000%	0.0000%
9	August	Year 1	0.0000%	0.0000%
10	September	Year 1	0.0000%	0.0000%
11	October	Year 1	0.0000%	0.0000%
12	November	Year 1	0.0000%	0.0000%
13	December	Year 1	0.0000%	0.0000%
14	January	Year 2	0.0000%	0.0000%
15	February	Year 2	0.0000%	0.0000%
16	March	Year 2	0.0000%	0.0000%
17	April	Year 2	0.0000%	0.0000%
18	May	Year 2	0.0000%	0.0000%
19	June	Year 2	0.0000%	0.0000%
20	July	Year 2	0.0000%	0.0000%
21	August	Year 2	0.0000%	0.0000%
22	September	Year 2	0.0000%	0.0000%
23	October	Year 2	0.0000%	0.0000%
24	November	Year 2	0.0000%	0.0000%
25	December	Year 2	0.0000%	0.0000%
26	January	Year 3	0.0000%	0.0000%
27	February	Year 3	0.0000%	0.0000%
28	March	Year 3	0.0000%	0.0000%
29	April	Year 3	0.0000%	0.0000%
30	May	Year 3	0.0000%	0.0000%
31	June	Year 3	0.0000%	0.0000%
32	Average		0.00000%	0.00000%

Rochester Gas and Electric Corporation Workpaper 8: Electric and Common Depreciation and Amortization Rates Actual for the 12 Months Ended 12/31/2021

FERC Account	Description	Rate (Note 1)
Transmission		
350	Land Rights	1.33%
352	Structures and Improvements	1.69%
353	Station Equipment	1.92%
354	Towers and Fixtures	2.00%
355	Poles and Fixtures	2.17%
356	Overhead Conductors & Devices	1.92%
357	Underground Conduit	1.57%
358	Underground Conductors & Devices	1.79%
359	Roads and Trails	NA
Electric General and Intangible		
302	Franchises and Consents	NA
303	Intangible Plant	14.29%
390	Structures and Improvements	2.18%
391	Office Furniture and Equipment	3.57%
391.2	Computer Equipment	14.29%
391.3	Office Equipment	2.77%
394	Tools, Shop and Garage Equipment	3.43%
395	Laboratory Equipment	0.96%
397		3.63%
397.1	Communication Equipment - Overnead	2.86%
398	Miscellaneous Equipment	6.67%
Common		
302	Franchises and Consents	NA
303	Intangible Plant	13.09%
390	Structures and Improvements	2.98%
391	Office Furniture and Equipment	3.42%
391.2	Computer Equipment	13.09%
391.3	Office Equipment	1.09%
392.09	Mini Passenger Vans	10.00%
392.13	Passenger Cars	11.25%
392.32	Full Size Pickups	8.18%
392.33	Light Duty Gas Powered Utility Trucks	9.00%
392.34	Heavy Duty Gas Powered Utility Trucks	6.92%
392.30		11.25%
392.37	Full Size Cargo Vans	10.00%
392.38	Mini Pickups	9.00%
392.39	and Equipment	6.92%
202.42	Medium Duty Dissel Roward Litility Trucks	7 60%
392.42	Medium Duty Cas Power Utility Trucks	7.50%
303	Stores Equipment	0.1070
304	Tools Shop and Carage Equipment	2.01%
305	Laboratory Equipment	2.9170
306	Power Operated Equipment	Z.03%
307		5 38%
398	Miscellaneous Equipment	6.25%
		0.2070

Note 1: The above depreciation rates cannot change absent Commission authorization

Rochester Gas and Electric Corporation Workpaper 9: Prior Period Corrections Actual for the 12 Months Ended 12/31/2021

	Debit amounts are shown as positive and credit amounts are shown as negative.					
			(a)	(b)		
			_	Calendar Year		
			Revenue			
Line		0	Impact of	Revenue		
<u>NO.</u>	Description	Source	Correction	Requirement		
1	Filing Name and Date					
2	Original Revenue Requirement			0		
2	Onginal Nevenue Nequirement			U		
3	Description of Correction 1			0		
4	Description of Correction 2			0		
5	Total Corrections	(Line 3 + Line 4)		0		
•						
6	Corrected Revenue Requirement	(Line 2 + Line 5)		0		
7	Total Corrections	(Line 5)		0		
'		(LINE 3)		0		
8	Average Monthly FERC Refund Rate	Note A		0.00%		
9	Number of Months of Interest	Note B		0		
10		(Line 7 * Line 8 *				
	Interest on Correction	Line 9)		0		
11	Sum of Corrections Plus Interest	(Line 7 + Line 10)		0		

Notes:

- A The interest rate on corrections will be the average monthly FERC interest rate for the period from the beginning of the year being corrected through the end of the rate year where the correction is reflected in rates the same as how interest on the Annual Trueup Adjustment is computed.
- B The number of months in which interest is computed is from the middle of the rate year in which the correction is needed to the middle of the rate year where the correction is reflected in rates the same as how interest on the Annual True-up Adjustment is computed.

Exhibit No. RG&E-004

Rochester Gas and Electric Corporation Formula Rate Implementation Protocols for CLCPA Eligible Projects

Section 1 Definitions

The following definitions shall apply for purposes of this Attachment 2 to Rate Schedule 19 of the ISO OATT:

a. **Accounting Change**: any change in accounting by RG&E or its affiliates that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate.

b. **Annual Review Procedures**: the procedures described in this Section 6.19.7.2.1 of Attachment 2 to Rate Schedule 19 of the ISO OATT that provide for review and challenge by Interested Parties of the Annual True-up Adjustment and the Annual Update.

c. **Annual Stakeholder Meeting**: an annual meeting for Interested Parties with the intention that RG&E present, explain and answer questions related to the Annual True-up Adjustment and Annual Update.

d. Actual Annual Transmission Revenue Requirement ("Actual ATRR"): the actual annual revenue requirement of RG&E's CLCPA Eligible Projects for a Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than June 15 following the end of such Rate Year.

e. **Annual True-up Adjustment**: the difference between the revenues collected for that Rate Year under the Formula Rate based upon the Projected ATRR (not including the True-up Adjustment or Corrections) and the Actual ATRR for the same Rate Year. The Annual True-up Adjustment is included in the Annual Update for the next Rate Year.

f. **Annual Update**: the Projected ATRR for the upcoming Rate Year, including any Annual True-up Adjustment for the prior Rate Year or any Corrections for prior years.

g. **CLCPA Eligible Projects**: the transmission projects (or any portion thereof) owned by RG&E that qualify as a "CLCPA Eligible Project" as such term is defined in Section 6.19.1.1 of Rate Schedule 19 of the ISO OATT. For the purposes of this Attachment 2 to Rate Schedule 19 of the ISO OATT, such transmission projects may also be referred to as "Schedule 19 Projects."

h. **Corrections**: changes due to errors or otherwise to prior Actual ATRRs that occur after that Actual ATRR is used to determine that Rate Year's Annual True-up Adjustment and included in the applicable Annual Update.

i. Formal Challenge: a written challenge, filed with FERC, to the Annual
 True-up Adjustment submitted to the Commission or to the Annual Update posted to the
 ISO website.

j. **Formula Rate**: the Formula Rate Template (as set forth in Section 6.19.7.2.2 of this Attachment 2 to Rate Schedule 19 of the ISO OATT) and the Formula Rate Protocols (as set forth in this Section 6.19.7.2.1 of this Attachment 2 to Rate Schedule 19 of the ISO OATT).

k. **Formula Rate Template**: the collection of formulas and worksheets, unpopulated with any data, included as set forth in Section 6.19.7.2.2 of this Attachment 2 to Rate Schedule 19 of the ISO OATT.

1. **Informal Challenge**: a process by which Interested Parties may challenge certain aspects of the Annual True-up Adjustment or Annual Update. Informal Challenges are presented to RG&E directly.

m. **Informational Filing**: the filing of the Annual Update and the results of the Review Period with FERC on or before February 1 of each year commencing with the completion of the initial Rate Year for which this Attachment 2 to Rate Schedule 19 of the ISO OATT is effective. This is filed at FERC for informational purposes only and does not require any action by the Commission.

n. **Interested Parties**: any transmission customer under the ISO OATT, the New York State Department of Public Service, the New York State Department of State's Division of Consumer Protection Utility Intervention Unit, consumer advocacy agencies, the New York Attorney General or any party that has standing in a RG&E Formula Rate proceeding under sections 205 or 206 of the FPA.

o. **Posting Date**: the date on which RG&E causes to be posted to the ISO website its Annual Update, which is October 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Posting Date shall be the next business day.

p. **Projected Annual Transmission Revenue Requirement ("Projected ATRR")**: the projected annual revenue requirement of RG&E's CLCPA Eligible Projects for the upcoming Rate Year calculated in accordance with the Formula Rate and posted on the ISO website no later than the Posting Date.

q. **Publication Date**: the date on which RG&E causes the Annual True-up Adjustment to be posted to the ISO website, which is June 15 of each year; provided, however, that if such date falls on a weekend or holiday recognized by the Commission, the Publication Date shall be the next business day.

r. **Rate Year**: a twelve consecutive month period that begins on January 1 and continues through December 31.

s. **Review Period**: the period during which Interested Parties may request information or make Informal Challenges to the Annual True-up Adjustment or Annual Update. The Review Period extends from the Publication Date to January 31 of the following calendar year. Information requests can be submitted from the Publication Date through December 1 of the current year.

Section 2 Applicability

These Formula Rate Protocols shall apply to RG&E's calculation of its Projected ATRR and Actual ATRR, and related Annual True-up Adjustment(s). A timeline of the annual protocol process is contained in Section 10 of this Section 6.19.7.2.1 of Attachment 2 to Rate Schedule 19 of the ISO OATT.

Section 3 Projected ATRR, Actual ATRR, Annual True-up Adjustment and Annual Update

a. The Projected ATRR calculated pursuant to the Formula Rate shall be applicable on and after January 1 of the Rate Year in which the revenue requirement of Schedule 19 Projects is to be included in transmission rates.

b. On or before June 15 of each succeeding Rate Year (the Publication Date), RG&E shall calculate its Actual ATRR and resulting Annual True-up Adjustment according to the Formula Rate and cause the results to be posted on the ISO website. Within five (5) days of such posting, RG&E shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. RG&E shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

c. On or before October 15 of each year (the Posting Date) beginning when the revenue requirement of Schedule 19 Projects is to be included in transmission rates in the subsequent Rate Year, RG&E shall calculate its Annual Update for the upcoming Rate Year and cause the results to be posted on the ISO website. As part of the Annual Update, RG&E shall determine its Projected ATRR, calculated according to the Formula Rate. The Annual Update will also include the results of the Annual True-up Adjustment for the prior Rate Year and any Corrections for prior years, when applicable. Within five (5) days of such posting, RG&E shall provide (or caused to be

provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. RG&E shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

d. If the Publication Date or the Posting Date falls on a weekend or a holiday recognized by FERC, then the Publication Date or Posting Date, as applicable, shall be the next business day.

e. Within thirty (30) days after the Posting Date (October 15), RG&E shall hold the Annual Stakeholder Meeting to present, explain and answer questions concerning the Annual True-up Adjustment for the prior Rate Year and the Annual Update for the upcoming Rate Year. RG&E will provide the opportunity for remote participation at Annual Stakeholder Meetings. To ensure that Interested Parties receive sufficient advance notice of Stakeholder Meetings, RG&E shall schedule each Annual Stakeholder Meeting at least one (1) month in advance and cause notice thereof to be posted on the ISO website. Within five (5) days of such posting, RG&E shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. RG&E shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

f. RG&E shall modify the Annual Update to reflect any changes that it and the Interested Parties agree upon by no later than December 1 and shall cause the revised Annual Update to be posted on the ISO website no later than December 15. Any change agreed to or required after November 30 will be implemented as part of the subsequent Annual True-up Adjustment to be effective in the next following Rate Year. Within five (5) days of such posting, RG&E shall provide (or caused to be provided) notice of such posting to Interested Parties. The ISO shall provide notice of such posting via email to Transmission Customers. RG&E shall provide notice via email to all other Interested Parties utilizing the most recent email address provided to RG&E.

g. The Actual ATRR and Annual True-up Adjustment posting shall:

i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact and based on RG&E's FERC Form No. 1 reports for the prior Rate Year;

ii. Provide supporting documentation and workpapers for data that are used
 in the Annual True-up Adjustment that are not otherwise available directly from the FERC Form
 No. 1 reports;

iii. Provide sufficient information to enable Interested Parties to replicate the calculation of the Annual True-up Adjustment;

iv. Identify any changes in the Formula Rate references (page and line numbers) to the FERC Form No. 1 report;

v. Identify all material adjustments made to the FERC Form No. 1 data in determining Formula Rate Template inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;

vi. Include, with respect to any Accounting Change that affects inputs to the Formula Rate Template, or the resulting Actual ATRR under the Formula Rate:

A. a description of any changes in an accounting standard or policy;

B. a description of any accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;

C. any correction of material errors and material prior period adjustments that impact the Annual True-up Adjustment calculation or prior Annual True-up Adjustments; D. a description of any new estimation methods or policies that change prior estimates; and

E. changes to income tax elections or rates;

vii. Identify items included in the Annual True-up Adjustment at an amount other than on a historic cost basis (e.g., fair value adjustments);

viii. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-up Adjustment;

ix. Include, for each item identified pursuant to 3.g. vi - 3.g. viii of these Formula Rate Protocols, a narrative explanation of the individual effect of such changes on the Actual ATRR under the Formula Rate; and

x. Provide for the prior Rate Year the following information related to affiliate cost allocation.

A. a detailed description of the methodologies used to allocate and directly assign costs between RG&E and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior Rate Year and the reasons and justifications for those changes; and

B. the magnitude of such costs that have been allocated or directly assigned between RG&E and each affiliate by service category or function.

h. The Projected ATRR shall:

i. Include a workable, data-populated Formula Rate Template and any underlying workpapers in native format with all formulas and links intact;

ii. Provide supporting documentation and workpapers for all Schedule 19Projects being added to operating property in the upcoming Rate Year that are used in the
Projected ATRR, including projected costs of each project, expected construction schedule and in-service dates; and

iii. Provide enough information to enable Interested Parties to replicate the calculation of the Projected ATRR.

i. If RG&E files any corrections to its FERC Form No. 1 that impacts an Annual True-up Adjustment, such corrections and any resulting refunds or surcharges shall be reflected in the subsequent Annual True-up Adjustment or Annual Update as a Correction, with interest.

j. Interest on the Annual True-up Adjustment shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a a(iii)(A). The interest payable shall be calculated using the average of the interest rates used to calculate the time value of money for the twenty-four (24) months during which the over- or under- recovery in the Actual ATRR exists (middle of Rate Year for which Annual True-up Adjustment is being determined to the middle of Rate Year where the Annual True-up Adjustment is included in the Annual Update). The interest during this 24month period will initially be estimated and then trued-up to actual and included in a subsequent Annual True-up Adjustment.

k. Formula Rate Template inputs for (i) the ceiling rate of return on common equity; (ii) extraordinary property losses, and (iii) depreciation and amortization expense rates shall be stated values to be used in the Formula Rate approved by FERC order(s). RG&E may make a limited section 205 filing to change its rate of return on common equity to reflect incentive rate of return adders, if any, which may only be included upon FERC order. Such filings shall comply with the filing requirements that the FERC may have established for seeking such incentives. RG&E may also make a limited section 205 filing to request recovery of the cost of removal regulatory asset, request recovery of extraordinary property losses or change or add new depreciation and amortization rates. In each case, the sole purpose of any such limited section 205 filing shall be to address whether such proposed changes are just and reasonable and shall not include other aspects of the Formula Rate. Changes in depreciation and amortization rates to track a state commission order shall become effective only upon FERC order permitting a change in depreciation and amortization rates, which, to the extent possible, should be made effective as of the same date the state commission order becomes effective. RG&E will include notification of such changes in the applicable informational filing. RG&E may also request transmission rate incentives pursuant to section 219 of the FPA.

1. It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be taken either directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the FERC Form No. 1 is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in FERC Form No. 1. If the FERC Form No. 1 is discontinued, equivalent information as that provided in the FERC Form No. 1 shall be utilized.

Section 4. Fundamental Predicates

a. The Formula Rate is premised upon data reported or recorded by RG&E consistent with the following predicates ("Fundamental Predicates"):

- i. FERC's Uniform System of Accounts;
- ii. Applicable FERC Form No. 1 reporting requirements;

iii. FERC's policies governing formula rates for transmission service,including FERC's policies that all charges billed under transmission formula rates are subjectto: (A) challenge on grounds of imprudence, and (B) an order by FERC requiring refunds inthe manner and to the extent ordered;

iv. FERC orders establishing transmission ratemaking policies of general application to transmission-owning public utilities, including RG&E; and

v. The accounting and cost allocation policies, practices and procedures of RG&E to the extent consistent with the authorities listed in (i) through (iv) above.

b. The Formula Rate is based upon each of these Fundamental Predicates as it existed as of the date these Formula Rate Protocols are filed with FERC. Provisions of the Formula Rate may be modified to conform to changes in these Fundamental Predicates in accordance with Section 8 of these Formula Rate Protocols or as ordered by FERC.

c. The Projected ATRR and the Actual ATRR shall include only costs for CLCPA Eligible Projects approved by the PSC as contemplated by the CSRA and such costs are directly related to or properly allocable to transmission functions pursuant to Rate Schedule 19 of the ISO OATT. Interested Parties shall be entitled to review and challenge (i) the reasonableness and prudence of costs and expenditures included in the Projected ATRR and Actual ATRR, (ii) the basis for and reasonableness of allocating all or any portion of such costs and expenditures in determining the Projected ATRR and Actual ATRR under Rate Schedule 19 of the ISO OATT, and (iii) whether the allocation of costs as applied results in a disproportionate allocation of cost to the Projected ATRR and Actual ATRR for charges under Rate Schedule 19 of the ISO OATT. Any such review and challenge shall adhere to the procedures set forth in Sections 6 and 8 below.

Section 5 Construction Work in Progress

a. This section applies to any and all RG&E Schedule 19 Projects where the Commission has granted RG&E CWIP in rate base, either 100% or less ("CWIP").

i. RG&E shall use the following accounting procedures to ensure that, if authorized by a Commission order to include 100% of any CLCPA Eligible Project CWIP in transmission rate base, RG&E ceases to accrue for recovery any AFUDC and, if less than 100% of CWIP in transmission rate base is authorized, a corresponding percentage of AFUDC accruals will cease. RG&E shall assign each Schedule 19 Project where the Commission has authorized CWIP a unique funding project number ("FPN") for internal cost tracking purposes.

ii. RG&E shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each applicable Schedule 19 Project. Such work orders shall be segregated from work orders for other Schedule 19 Projects for which the Commission has not authorized RG&E to include any portion of CWIP in rate base.

iii. For each applicable Schedule 19 Project, RG&E shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and transfers to plant in service and shall correspond to amounts shown in RG&E's FERC Form No. 1. RG&E shall use these summaries as data inputs into the Annual Trueup Adjustment. RG&E shall make such work order summaries available upon request under the review procedures of Section 6 of these Formula Rate Protocols.

iv. When a Schedule 19 Project for which the Commission granted CWIP, or portion thereof, is placed into service, RG&E shall deduct from the total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.

v. For Schedule 19 Projects for which the Commission has not granted CWIP, RG&E shall record AFUDC to be applied to CWIP and capitalized as part of CWIP and included in the project investment when the project is placed into service.

vi. For Schedule 19 Projects where the Commission has granted CWIP, RG&E will include in the investment for such project's AFUDC accrued prior to the date that RG&E first includes the CWIP for such projects in rate base.

b. For each Schedule 19 Project where FERC has approved CWIP in rate base, RG&E shall include in its Informational Filing a report that includes the following concerning each project:

- the actual amount of CWIP recorded for each project by month for the Rate Year;
- ii. the current status of each project; and
- iii. the estimated in-service date for each project.

Section 6 Annual Review Procedures

Each Annual True-up Adjustment and Annual Update shall be subject to the following review procedures:

a. Interested Parties shall have until December 1 to serve reasonable information requests on RG&E for both the Annual True-up Adjustment and the Annual Update. If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:

i. the extent or effect of an Accounting Change;

ii. whether the Annual True-up Adjustment or Annual Update fails to
include data properly recorded in accordance with these Formula Rate Protocols and the
Fundamental Predicates or includes data not properly recorded in accordance with these Formula
Rate Protocols and the Fundamental Predicates;

iii. whether the costs included in the Annual Update are properly accounted for (*e.g.*, recordable and recorded in the appropriate accounts) under FERC's Uniform System of Accounts under 18 C.F.R. Part 101, and otherwise consistent with RG&E's accounting policies, practices, or procedures; iv. whether there are errors in the current Annual Update and, if any are identified, whether the same or similar errors were made in prior Formula Rate filings with a further explanation identifying each Formula Rate filing in which such errors were made;

v. the proper application of the Formula Rate and procedures in these Formula Rate Protocols;

vi. the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-up Adjustment or the Annual Update;

vii. the prudence of actual costs and expenditures;

viii. the effect of any change to the underlying Uniform System of Accounts or the FERC Form No. 1; or

ix. any other information that may reasonably have a substantive effect on the calculation of the Projected ATRR or Actual ATRR pursuant to the Formula Rate.

b. The information and document requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable. Additionally, information requests shall not solicit information concerning costs or allocations where the costs or allocation methods have been determined by FERC (or resolved by a settlement accepted by FERC) or for Annual True-up Adjustments for other Rate Years, except that such information requests shall be permitted if they seek to determine if there has been a material change in RG&E's circumstances.

c. RG&E shall make a good faith effort to respond to information requests pertaining to the Annual True-up Adjustment and Annual Update within fifteen (15) business days of receipt of such requests. RG&E shall respond to all information and document requests by no later than December 20 unless the information exchange period is extended by RG&E or FERC. If December 20 falls on a weekend or a holiday recognized by FERC, the deadline for response to information requests shall be extended to the next business day. d. If RG&E and any Interested Party are unable to resolve disputes related to information requests submitted in accordance with these annual review procedures, RG&E or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with these annual review procedures and consistent with FERC's discovery rules.

e. RG&E will cause to be posted on the ISO website all information requests from Interested Parties and RG&E's response to such requests; except to the extent such responses to information and document requests include material deemed by RG&E to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by RG&E and the requesting party).

f. RG&E shall not claim that responses to information and document requests provided pursuant to these Formula Rate Protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing RG&E's Annual True-up Adjustment, Annual Update, or its Formula Rate.

g. The dates and time periods set forth in this Section 6 may be modified by agreement between RG&E and other Interested Parties.

Section 7 Informational Filing

a. By February 1 of each year, RG&E shall submit to FERC an Informational Filing of its Annual Update and the results of the Annual Review Procedures. This Informational Filing must include the information that is required by Section 2, must describe any changes pursuant to the Annual Review Procedures and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. Within five (5) days of such Informational Filing, RG&E shall provide (or cause to be provided) notice of the Informational Filing to Interested Parties via email and by posting the docket number assigned to RG&E's Informational Filing on RG&E's website and OASIS.

b. Any challenges to the implementation of the Annual Update must be made through the Challenge Procedures described in Section 8 of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

Section 8 Challenge Procedures

a. Interested Parties have through January 31 of the following year to make an Informal Challenge to RG&E's Annual True-up Adjustment or Annual Update. If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue at least one issue through an Informal Challenge shall bar the filing of a Formal Challenge. If at least one Informal Challenge was pursued, then a Formal Challenge may be filed on that issue or any other issue. Failure to pursue an issue with respect to any particular Annual True-up Adjustment or Annual Update shall not bar pursuit of such issue through Informal Challenge or the lodging of a Formal Challenge as to such issue as it relates to subsequent Annual True-up Adjustments or Annual Updates. This Section 8 shall in no way affect a party's rights under FPA section 206.

b. A party submitting an Informal Challenge to RG&E must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects and provide an appropriate explanation and documents to support its challenge. RG&E shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. RG&E shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If RG&E disagrees with such challenge, RG&E will provide the Interested Party(ies) with an explanation supporting the inputs and provide supporting calculations, descriptions, allocations, or other information. No Informal Challenge may be submitted after January 31, and RG&E must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by RG&E or FERC. Informal Challenges shall be subject to the resolution procedures and limitations in this Section 8.

c. Informal Challenges shall be presented to RG&E and Formal Challenges filed before the FERC, pursuant to these Formula Rate Protocols and shall:

i. Clearly identify the action or inaction which is alleged to violate the filed Formula Rate or Formula Rate Protocols;

> Explain how the action or inaction violates the Formula Rate or Formula Rate Protocols;

iii. Set forth the business, commercial, economic, or other issues presented bythe action or inaction as such relates to or affects the party filing the Informal Challenge or FormalChallenge, including:

A. The extent or effect of an Accounting Change;

B. Whether the Annual True-up Adjustment or Annual Update fails to include data properly recorded in accordance with these Formula Rate Protocols;

C. The proper application of the Formula Rate and procedures in these Formula Rate Protocols;

D. The accuracy of data and consistency with the Formula Rate of the charges shown in the Annual True-up Adjustment or Annual Update, including errors as described in Section 6.a.iv, for the current Annual True-up Adjustment or Annual Update and for any prior years in which the Formula Rate included such errors;

E. The prudence of actual costs and expenditures;

F. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or

G. Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate.

iv. Informal Challenges and Formal Challenges may address whether costs are recorded consistent with the Fundamental Predicates in these Formula Rate Protocols and FERC's policies and regulations, how the costs charged by RG&E's affiliates are recorded on RG&E's books in accordance with Instruction 14 of the Uniform System of Accounts, the amounts of such centralized service company costs, and whether the costs are properly includable in transmission rates.

v. With respect to an issue that had previously been adjudicated by the Commission in a Formal Challenge proceeding that was not resolved by settlement, the principles of *res judicata and collateral estoppel* shall apply and, therefore, if a subsequent Formal Challenge is made with respect to such issue, RG&E may move to dismiss on such grounds, the challenging party or other Interested Parties may contest whether such principles apply, and the Commission shall have the discretion to determine whether the Formal Challenge may proceed or should be dismissed.

vi. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;

vii. State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum; viii. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;

ix. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and

x. State whether the filing party utilized the Informal Challenge procedures described in these Formula Rate Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.

d. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on RG&E. Service to RG&E must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on RG&E's Informational Filing required under Section 7 of these Formula Rate Protocols.

e. RG&E will cause to be posted on the ISO website all Informal Challenges from Interested Parties and RG&E's response(s) to such Informal Challenges; except to the extent such Informal Challenges or responses to Informal Challenges include material deemed by RG&E to be confidential information (in which event such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by RG&E and the requesting party).

f. Any changes or adjustments to the Annual True-up Adjustment or Annual Update resulting from the information exchange and Informal Challenge processes agreed to by RG&E on or before December 1 will be reflected in the Annual Update for the upcoming Rate Year. Any changes or adjustments agreed to by RG&E after December 1 will be reflected in the following year's Annual True-up Adjustment.

g. If RG&E and a challenging party have not resolved an Informal Challenge to an Annual Update, the challenging party shall have the right to submit by May 1 a Formal Challenge with the FERC, which shall be served on RG&E on the date of such filing as specified in Section 8.d., above. However, there shall be no need to make a Formal Challenge or to await conclusion of the time periods in this Section 8 if the FERC already has initiated *sua sponte* a proceeding to consider the Annual Update. A Formal Challenge shall be filed in the same docket as RG&E's informational filing discussed in Section 7 of these Formula Rate Protocols. RG&E shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on at least one issue during the applicable Review Period.

h. In any proceeding initiated by FERC concerning the Annual True-up Adjustment or Annual Update or in response to a Formal Challenge, RG&E shall bear the burden, consistent with FPA section 205, of proving that it has correctly applied the terms of the Formula Rate consistent with these Formula Rate Protocols, and that it followed the applicable requirements and procedures in these Formula Rate Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.

i. In the event an error, as further described in Section 6.a.iv, is identified in an Annual True- up Adjustment or Annual Update and such error was present in prior Annual Trueup Adjustments or Annual Updates, an Interested Party may request a FERC order making any correction or providing other remedial relief retroactive to the first Formula Rate filing in which such error occurred. RG&E retains all rights to oppose such a request.

j. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of RG&E to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any Interested Party to request such changes pursuant to FPA section 206 and the Commission's regulations thereunder.

k. No Interested Party shall seek to modify the Formula Rate under the challenge procedures set forth in this Section 8, and the Annual True-up Adjustment and Annual Update shall not be subject to challenge by anyone for the purpose of modifying the Formula Rate. Any modifications to the Formula Rate will require, as applicable, an FPA section 205 or section 206 filing.

1. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the Uniform System of Accounts or FERC Form No. 1 shall first raise the matter with RG&E in accordance with this Section 8 before pursuing a Formal Challenge.

Section 9 Changes to Annual Informational Filings

Any changes to the data inputs as a result of revisions to RG&E's FERC Form No. 1 or as a result of any FERC proceeding to consider the Annual True-up Adjustment or as a result of the procedures set forth herein shall be incorporated into the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19a) in the Annual Update for the next effective Rate Year. This approach shall apply in lieu of mid-Rate Year adjustments or any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. §38.19a) for the then current Rate Year shall be made if the Formula Rate is replaced by a stated rate by RG&E.

Section 10 Timeline of Annual Process

