



**Jeremy J Euto**  
Vice President - Regulatory

July 28, 2023

**VIA E-MAIL**

secretary@dps.ny.gov  
Honorable Michelle L Phillips  
Secretary  
State of New York Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 19-E-0378 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric Service

Case 19-G-0379 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service

Case 19-E-0380 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service

Case 19-G-0381 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Gas Service

Dear Secretary Phillips:

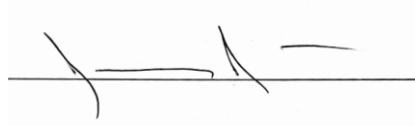
In accordance with New York State Electric & Gas Corporation's and Rochester Gas and Electric Corporation's (together, the "Companies") Joint Proposal approved by the New York State Public Service Commission in the above-referenced cases,<sup>1</sup> enclosed is the Companies' Rate Year 3, ending April 30, 2023, Annual ESM Compliance Filing. Specifically, in this filing the Companies provide Schedule A - Return on Equity ("ROE"), Schedule B - Incremental Maintenance Program information and Schedule C - Low Income.

<sup>1</sup> Case 19-E-0378, et al., Order Approving Electric and Gas Rate Plans In Accord With Joint Proposal, With Modifications (November 19, 2020).

This information is submitted pursuant to Sections VIII.D and XXIX.H of the Joint Proposal.

If you have any questions regarding this filing, please contact me at 315-527-2811, or Dave George at [David\\_George@rge.com](mailto:David_George@rge.com).

Respectfully submitted,

A handwritten signature in black ink is written over a solid horizontal line. The signature is stylized and appears to read 'Jeremy J Euto'.

Jeremy J Euto

**New York State Electric & Gas Corporation**  
**Regulated Electric Earnings - 12 Months Ended April 30, 2023**  
**(\$000)**

|   | <u>Per Book</u> | <u>Regulatory<br/>Adjustment</u> | <u>Regulated</u> |
|---|-----------------|----------------------------------|------------------|
| <b><u>Operating Revenues</u></b>                      |                 |                                  |                  |
| 1 Sales Revenue (Delivery & Commodity)                | 1,612,935       | \$ (1,509)                       | \$ 1,611,427     |
| 2 Late Payments                                       | <u>6,291</u>    | <u>1,552</u>                     | <u>7,843</u>     |
| 3 Total Retail Revenue                                | 1,619,227       | 43                               | 1,619,270        |
| 4 Other Revenue                                       | 168,051         | (122)                            | 167,930          |
| 5 Excess DIT Amortization                             | <u>29,128</u>   | <u>-</u>                         | <u>29,128</u>    |
| 6 <b>Total Revenue</b>                                | 1,816,406       | (79)                             | 1,816,328        |
| 7 Gross Revenue Taxes                                 | 12,943          | -                                | 12,943           |
| 8 Less: Supply Costs                                  | <u>633,830</u>  | <u>1,121</u>                     | <u>634,951</u>   |
| 9 Net Revenue   | 1,169,633       | (1,200)                          | 1,168,434        |
| 10 O&M Expenses                                       | 720,499         | (350)                            | 720,149          |
| 11 Depreciation & Amortizations                       | 158,465         | -                                | 158,465          |
| 12 Taxes Other Than Income Taxes                      | <u>122,524</u>  | <u>(143)</u>                     | <u>122,382</u>   |
| 13 <b>Total Operating Expenses</b>                    | 1,001,489       | (493)                            | 1,000,996        |
| 14 <b>Subtotal</b>                                    | <u>168,145</u>  | <u>(707)</u>                     | <u>167,438</u>   |
| 15 Plus: Other Income and (Deductions)                | 45,217          | (45,217)                         | -                |
| 16 Less: Interest Expense                             | <u>62,449</u>   | <u>(5,782)</u>                   | <u>56,667</u>    |
| 17 <b>Operating Income Before Income Taxes</b>        | 150,912         | (40,142)                         | 110,771          |
| 18 Income Taxes                                       | 35,492          | (6,542)                          | 28,950           |
| 19 Balance for Common                                 | <u>115,420</u>  | <u>(33,600)</u>                  | <u>81,821</u>    |
| 20 Rate Base  | 3,358,737       | -                                | 3,358,737        |
| 21 Rate of Return                                     | <u>3.95%</u>    |                                  | <u>4.12%</u>     |
| 22 Return on Equity before Sharing                    | <u>6.71%</u>    |                                  | <u>4.87%</u>     |
| <b><u>Calculation of Return on Equity</u></b>         |                 |                                  |                  |
| 23 Balance for Common                                 | 115,420         | (33,600)                         | 81,821           |
| 24 Rate Base  | 3,358,737       | -                                | 3,358,737        |
| 25 Common Equity Percentage                           | <u>51.20%</u>   | <u>(1.20%)</u>                   | <u>50.00%</u>    |
| 26 Equity Component of Rate Base                      | 1,719,642       |                                  | 1,679,368        |
| <b><u>Calculation of Earnings Sharing</u></b>         |                 |                                  |                  |
| 27 Return on Equity before Sharing                    |                 |                                  | 4.87%            |
| 28 Earnings Sharing Target                            |                 |                                  | 9.20%            |
| 29 Excess / (Shortfall)                               |                 |                                  | (4.33%)          |
| 30 Before Tax Revenue - Customers' Share at 90%/10%   |                 |                                  | \$ -             |
| 31 Before Tax Revenue - Customers' Share at 75%/25%   |                 |                                  | \$ -             |
| 32 Before Tax Revenue - Customers' Share at 50%/50%   |                 |                                  | \$ -             |
| 33 <b>Before Tax Revenue - Customers' Share Total</b> |                 |                                  | <u>\$ -</u>      |

**New York State Electric & Gas Corporation**  
**Regulated Gas Earnings - 12 Months Ended April 30, 2023**  
**(\$000)**

|   | <u>Per Book</u> | <u>Regulatory<br/>Adjustment</u> | <u>Regulated</u> |
|---|-----------------|----------------------------------|------------------|
| <b><u>Operating Revenues</u></b>                      |                 |                                  |                  |
| 1 Sales Revenue (Delivery & Commodity)                | 394,434         | \$ (919)                         | \$ 393,514       |
| 2 Late Payments                                       | <u>1,305</u>    | <u>801</u>                       | <u>2,105</u>     |
| 3 Total Retail Revenue                                | 395,739         | (119)                            | 395,620          |
| 4 Other Revenue                                       | 25,878          | (938)                            | 24,939           |
| 5 Excess DIT Amortization                             | <u>4,963</u>    | <u>-</u>                         | <u>4,963</u>     |
| 6 <b>Total Revenue</b>                                | <u>426,579</u>  | <u>(1,057)</u>                   | <u>425,522</u>   |
| 7 Gross Revenue Taxes                                 | 4,821           | -                                | 4,821            |
| 8 Less: Supply Costs                                  | <u>177,136</u>  | <u>453</u>                       | <u>177,588</u>   |
| 9 Net Revenue   | 244,623         | (1,510)                          | 243,113          |
| 10 O&M Expenses                                       | 122,998         | (88)                             | 122,910          |
| 11 Depreciation & Amortizations                       | 39,672          | -                                | 39,672           |
| 12 Taxes Other Than Income Taxes                      | <u>24,578</u>   | <u>(29)</u>                      | <u>24,549</u>    |
| 13 <b>Total Operating Expenses</b>                    | <u>187,248</u>  | <u>(117)</u>                     | <u>187,131</u>   |
| 14 <b>Subtotal</b>                                    | <u>57,375</u>   | <u>(1,393)</u>                   | <u>55,981</u>    |
| 15 Plus: Other Income and (Deductions)                | (641)           | 641                              | 0                |
| 16 Less: Interest Expense                             | <u>17,216</u>   | <u>(4,831)</u>                   | <u>12,385</u>    |
| 17 <b>Operating Income Before Income Taxes</b>        | 39,517          | 4,079                            | 43,596           |
| 18 Income Taxes                                       | 12,388          | (994)                            | 11,394           |
| 19 Balance for Common                                 | <u>27,130</u>   | <u>5,073</u>                     | <u>32,202</u>    |
| 20 Rate Base  | 734,087         | -                                | 734,087          |
| 21 Rate of Return                                     | <u>6.13%</u>    |                                  | <u>6.07%</u>     |
| 22 Return on Equity before Sharing                    | <u>7.22%</u>    |                                  | <u>8.77%</u>     |
| <b><u>Calculation of Return on Equity</u></b>         |                 |                                  |                  |
| 23 Balance for Common                                 | 27,130          | 5,073                            | 32,202           |
| 24 Rate Base  | 734,087         | -                                | 734,087          |
| 25 Common Equity Percentage                           | <u>51.20%</u>   | (1.20%)                          | <u>50.00%</u>    |
| 26 Equity Component of Rate Base                      | 375,846         |                                  | 367,043          |
| <b><u>Calculation of Earnings Sharing</u></b>         |                 |                                  |                  |
| 27 Return on Equity before Sharing                    |                 |                                  | 8.77%            |
| 28 Earnings Sharing Target                            |                 |                                  | 9.20%            |
| 29 Excess / (Shortfall)                               |                 |                                  | (0.43%)          |
| 30 Before Tax Revenue - Customers' Share at 90%/10%   |                 |                                  | \$ -             |
| 31 Before Tax Revenue - Customers' Share at 75%/25%   |                 |                                  | \$ -             |
| 32 Before Tax Revenue - Customers' Share at 50%/50%   |                 |                                  | \$ -             |
| 33 <b>Before Tax Revenue - Customers' Share Total</b> |                 |                                  | <u>\$ -</u>      |

**New York State Electric & Gas Corporation**  
**Rate Base**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|                               |   | <b>Monthly Average</b> |              |              |
|-------------------------------|---|------------------------|--------------|--------------|
|                               |   | <b>Electric</b>        | <b>Gas</b>   | <b>Total</b> |
| <b><u>Total Rate Base</u></b> |   |                        |              |              |
| <b>1</b>                      | Plant and Non Interest-Bearing CWIP                 | \$ 6,371,466           | \$ 1,494,140 | \$ 7,865,606 |
| <b>2</b>                      | Depreciation Reserve                                | (2,354,857)            | (524,371)    | (2,879,228)  |
| <b>3</b>                      | Materials and Supplies                              | 24,758                 | 5,978        | 30,736       |
| <b>4</b>                      | Prepayments   | 40,179                 | 11,834       | 52,013       |
| <b>5</b>                      | O&M Working Capital                                 | 110,857                | 14,696       | 125,553      |
| <b>6</b>                      | Non-Int Bearing Cust Advances                       | (66,019)               | (15,940)     | (81,959)     |
| <b>7</b>                      | Deferred Debits & Credits                           | (61,838)               | (87,717)     | (149,555)    |
| <b>8</b>                      | Deferred Income Tax                                 | (631,319)              | (150,354)    | (781,672)    |
| <b>9</b>                      | Deferred Investment Tax Credits                     | (11,020)               | (309)        | (11,329)     |
| <b>10</b>                     | Subtotal - Standard Rate Base                       | \$ 3,422,206           | \$ 747,959   | \$ 4,170,165 |
| <b>11</b>                     | Earnings Base Cap Differential                      | (63,470)               | (13,872)     | (77,341)     |
| <b>12</b>                     | Capitalization Supporting Total Rate Base           | \$ 3,358,737           | \$ 734,087   | \$ 4,092,824 |
| <b>13</b>                     | Items Not in Rate Base                              |                        |              | 715,909      |
| <b>14</b>                     | Total Capitalization                                |                        |              | \$ 4,808,733 |
| <b>15</b>                     | Capitalization Supporting Total Rate Base (Line 12) | \$ 3,358,737           | \$ 734,087   | \$ 4,092,824 |
| <b>16</b>                     | Rate Base Used for ESM                              | \$ 3,358,737           | \$ 734,087   | \$ 4,092,824 |

**New York State Electric & Gas Corporation**  
**Capital Structure**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|   | <u>Regulated<br/>Capital Structure</u>       | <u>Adjust to<br/>50% Equity Ratio</u> | <u>Earnings Sharing<br/>Capital Structure</u> |
|---|--|---------------------------------------|---|
| <b><u>Capital Structure - \$</u></b>    |  |                                       |   |
| 1                                       | Short Term Debt                              | \$ 129,212                            | \$ 129,212                                    |
| 2                                       | Long Term Debt                               | 2,197,800                             | 2,255,459                                     |
| 3                                       | Customer Deposits & Deferred Compensation    | 19,696                                | 19,696  |
| 4                                       | Total Debt                                   | 2,346,707                             | 2,404,366                                     |
| 5                                       | Common Equity                                | 2,462,026                             | 2,404,366                                     |
| 6                                       | Total  | 4,808,733                             | 4,808,733                                     |
| <b><u>Capital Structure - %</u></b>     |  |                                       |   |
| 7                                       | Short Term Debt                              | 2.69%                                 | 2.69%   |
| 8                                       | Long Term Debt                               | 45.70%                                | 46.90%  |
| 9                                       | Customer Deposits                            | 0.41%                                 | 0.41%   |
| 10                                      | Total Debt                                   | 48.80%                                | 50.00%  |
| 11                                      | Common Equity                                | 51.20%                                | 50.00%  |
| 12                                      | Total  | 100%                                  | 100%  |
| <b><u>Cost of Debt - \$</u></b>         |  |                                       |   |
| 13                                      | Debt (Actual Regulated / Calculated for ESM) | 79,185                                | \$ 81,130                                     |
| <b><u>Cost of Debt - %</u></b>          |  |                                       |   |
| 14                                      | Debt (Cost Rate same for Actual and ESM)     | 3.37%                                 | 3.37%   |
| <b><u>Weighted Cost of Debt - %</u></b> |  |                                       |   |
| 15                                      | Debt (Actual Regulated / Calculated for ESM) | 1.65%                                 | 1.69%   |

**New York State Electric & Gas Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|  | <u>WP REF</u> | <u>Electric</u> | <u>Gas</u>        | <u>Total</u>      |
|--|---------------|-----------------|-------------------|-------------------|
| <b><u>Revenues</u></b>                         |               |                 |                   |                   |
| 1  |               | -               | -                 | -                 |
| 2  | 1             | (1,509)         | 40                | (1,469)           |
| 3  | 2             | -               | (919)             | (919)             |
| 4  | 3             | 7,000           | -                 | 7,000             |
| 5  | 4             | 5,605           | 1,665             | 7,270             |
| 6  | 5             | 1,552           | 801               | 2,352             |
| 7  | 6             | (8,247)         | (2,643)           | (10,890)          |
| 8  | 7             | (4,480)         | -                 | (4,480)           |
| 9  |               | <u>\$ (79)</u>  | <u>\$ (1,057)</u> | <u>\$ (1,136)</u> |
| <b><u>Supply Costs</u></b>                     |               |                 |                   |                   |
| 10   | 8             | -               | 453               | 453               |
| 11   | 9             | 1,121           | -                 | 1,121             |
| 12   |               | <u>\$ 1,121</u> | <u>\$ 453</u>     | <u>\$ 1,574</u>   |
| <b><u>O&amp;M Expenses</u></b>                 |               |                 |                   |                   |
| 13   | 10            | (350)           | (88)              | (438)             |
| 14   |               | <u>\$ (350)</u> | <u>\$ (88)</u>    | <u>\$ (438)</u>   |
| <b><u>Depreciation &amp; Amortizations</u></b> |               |                 |                   |                   |
| 15   |               | <u>\$ -</u>     | <u>\$ -</u>       | <u>\$ -</u>       |
| <b><u>Taxes Other than Income Taxes</u></b>    |               |                 |                   |                   |
| 16   | 11            | \$ (143)        | \$ (29)           | \$ (172)          |
| 17   |               | <u>\$ (143)</u> | <u>\$ (29)</u>    | <u>\$ (172)</u>   |
| 18   |               | \$ (707)        | \$ (1,393)        | \$ (2,100)        |

**New York State Electric & Gas Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|   | Adj line<br>WP REF   | Electric                  | Gas                      | Total                     |
|---|--|---------------------------|--------------------------|---------------------------|
| <b><u>Other Income and Deductions (See NYSEG GAAP Income Statement footnotes)</u></b> |  |                           |                          |                           |
| Exclude Other Income and Deductions   |  |                           |                          |                           |
| 19  | Equity Component of AFUDC  | \$ (22,774)               | \$ (1,825)               | \$ (24,600)               |
| 20  | Non-Cash Return Accruals   | (4,740)                   | (1,347)                  | (6,088)                   |
| 21  | Interest / Dividend Income   | (14,600)                  | (640)                    | (15,240)                  |
| 22  | Gains and Losses on Sale of Property                                       | (2,455)                   | (37)                     | (2,492)                   |
| 23  | Penalties  | 12                        | 2                        | 15                        |
| 24  | Other Misc Deductions / Customer Incentives                                | (660)                     | 4,489                    | 3,829                     |
| 25  | Total Adjustment to Other Income and Deductions                            | <u>(45,217)</u>           | <u>641</u>               | <u>(44,576)</u>           |
| <b><u>Equity Component of Rate Base</u></b>   |  |                           |                          |                           |
| 26  | Rate Base  | \$ 3,358,737              | \$ 734,087               | \$ 4,092,824              |
| 27  | Cap on Equity Component of Capitalization for Regulatory Earnings Purposes | <u>50%</u>                | <u>50%</u>               | <u>50%</u>                |
| 28  | Adjusted Common Equity Component of Rate Base                              | 1,679,368                 | 367,043                  | 2,046,412                 |
| 29  | Common Equity to be Used for Earnings Sharing                              | 1,679,368                 | 367,043                  | 2,046,412                 |
| 30  | Common Equity Component of Rate Base per Books (51.20%)                    | <u>1,719,642</u>          | <u>375,846</u>           | <u>2,095,487</u>          |
| 31  | Adjustment - Equity Component of Rate Base                                 | <u><u>\$ (40,274)</u></u> | <u><u>\$ (8,803)</u></u> | <u><u>\$ (49,075)</u></u> |



**New York State Electric & Gas Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|   | <b>Adj line<br/>WP REF</b>                                     | <b>Electric</b>    | <b>Gas</b>        | <b>Total</b>       |
|---|--|--------------------|-------------------|--------------------|
| <b><u>Interest Expense</u></b>                        |  |                    |                   |                    |
| 32  | Amount of per Book Interest Expense Subject to Synchronization | \$ 62,449          | \$ 17,216         | \$ 79,665          |
| <b><u>Interest Synchronization with Rate Base</u></b> |  |                    |                   |                    |
| 33  | Rate Base  | \$ 3,358,737       | \$ 734,087        | \$ 4,092,824       |
| 34  | Exclude Equity Component of Rate Base                          | <u>(1,679,368)</u> | <u>(367,043)</u>  | <u>(2,046,411)</u> |
| 35  | Balance is Debt Supporting Rate Base - For Regulatory Purposes | 1,679,369          | 367,044           | 2,046,413          |
| 36  | Average Cost of Debt   | <u>3.37%</u>       | <u>3.37%</u>      | <u>3.37%</u>       |
| 37  | Interest Expense for Regulatory Purposes                       | 56,667             | 12,385            | 69,052             |
| 38  | Interest Expense per Books                                     | <u>62,449</u>      | <u>17,216</u>     | <u>79,665</u>      |
| 39  | <b>Interest Synchronization Adjustment</b>                     | <b>\$ (5,782)</b>  | <b>\$ (4,831)</b> | <b>\$ (10,613)</b> |

**New York State Electric & Gas Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|  |   | Adj line<br>WP REF | Electric                 | Gas                    | Total                    |
|--|---|--------------------|--------------------------|------------------------|--------------------------|
| <b><u>State and Federal Income Taxes</u></b> |   |                    |                          |                        |                          |
| 40   | Regulated Operating Income Before Interest - Schedule A, Line 13                  |                    | \$ 167,438               | \$ 55,981              | \$ 223,419               |
| 41   | Interest Expense - Schedule A, Line 15  |                    | (56,667)                 | (12,385)               | (69,052)                 |
| 42   | Regulated Income Before Income Taxes - Schedule A, Line 16                        |                    | \$ 110,771               | \$ 43,596              | \$ 154,367               |
| 43   | Composite Federal & State Income Tax Rate   |                    | 26.135%                  | 26.135%                | 26.135%                  |
| 44   | Total Federal & State Income Taxes @ Statutory Rates for Regulatory Purposes      |                    | \$ 28,950                | \$ 11,394              | \$ 40,344                |
| 45   | Total Federal & State Income Taxes as Booked                                      |                    | \$ 35,492                | \$ 12,388              | \$ 47,880                |
| 46   | <b>Total Adjustment to State and Federal Income Taxes (Line 44 minus Line 45)</b> | <b>See Note 1</b>  | <b><u>\$ (6,542)</u></b> | <b><u>\$ (994)</u></b> | <b><u>\$ (7,536)</u></b> |

**Note 1:** The purpose of this adjustment is to reflect Income Tax Expense in accordance with provisions of the 2020 Joint Proposal and tariff rates.

**Rochester Gas and Electric Corporation**  
**Regulated Electric Earnings - 12 Months Ended April 30, 2023**  
**(\$000)**

|   | <u>Per Book</u> | <u>Regulatory<br/>Adjustment</u> | <u>Regulated</u> |
|---|-----------------|----------------------------------|------------------|
| <b><u>Operating Revenues</u></b>                      |                 |                                  |                  |
| 1 Sales Revenue (Delivery & Commodity)                | \$ 702,906      |                                  | \$ 702,906       |
| 2 Late Payments                                       | 3,795           | 1,719                            | 5,515            |
| 3 Total Retail Revenue                                | 706,701         | 1,719                            | 708,420          |
| 4 Other Revenue                                       | 134,990         | (3,861)                          | 131,129          |
| 5 Excess DIT Amortization                             | 11,302          | -                                | 11,302           |
| 6 <b>Total Revenue</b>                                | 852,993         | (2,142)                          | 850,851          |
| 7 Gross Revenue Taxes                                 | 10,339          | -                                | 10,339           |
| 8 Less: Supply Costs                                  | 200,809         | -                                | 200,809          |
| 9 Net Revenue   | 641,844         | (2,142)                          | 639,703          |
| 10 O&M Expenses                                       | 296,707         | (589)                            | 296,118          |
| 11 Depreciation & Amortizations                       | 89,824          | -                                | 89,824           |
| 12 Taxes Other Than Income Taxes                      | 100,788         | (97)                             | 100,691          |
| 13 <b>Total Operating Expenses</b>                    | 487,320         | (686)                            | 486,634          |
| 14 <b>Subtotal</b>                                    | 154,524         | (1,455)                          | 153,069          |
| 15 Plus: Other Income and (Deductions)                | 16,549          | (16,549)                         | -                |
| 16 Less: Interest Expense                             | 40,451          | 3,479                            | 43,930           |
| 17 <b>Operating Income Before Income Taxes</b>        | 130,622         | (21,484)                         | 109,139          |
| 18 Income Taxes                                       | 31,714          | (3,191)                          | 28,523           |
| 19 Balance for Common                                 | 98,908          | (18,292)                         | 80,616           |
| 20 Rate Base  | 2,170,437       | -                                | 2,170,437        |
| 21 Rate of Return                                     | 5.66%           |                                  | 5.74%            |
| 22 Return on Equity before Sharing                    | 8.92%           |                                  | 7.43%            |
| <b><u>Calculation of Return on Equity</u></b>         |                 |                                  |                  |
| 23 Balance for Common                                 | 98,908          | (18,292)                         | 80,616           |
| 24 Rate Base  | 2,170,437       | -                                | 2,170,437        |
| 25 Common Equity Percentage                           | 51.06%          | (1.06%)                          | 50.00%           |
| 26 Equity Component of Rate Base                      | 1,108,319       |                                  | 1,085,219        |
| <b><u>Calculation of Earnings Sharing</u></b>         |                 |                                  |                  |
| 27 Return on Equity before Sharing                    |                 |                                  | 7.43%            |
| 28 Earnings Sharing Target                            |                 |                                  | 9.20%            |
| 29 Excess / (Shortfall)                               |                 |                                  | (1.77%)          |
| 30 Before Tax Revenue - Customers' Share at 90%/10%   |                 |                                  | \$ -             |
| 31 Before Tax Revenue - Customers' Share at 75%/25%   |                 |                                  | \$ -             |
| 32 Before Tax Revenue - Customers' Share at 50%/50%   |                 |                                  | \$ -             |
| 33 <b>Before Tax Revenue - Customers' Share Total</b> |                 |                                  | <b>\$ -</b>      |

**Rochester Gas and Electric Corporation**  
**Regulated Gas Earnings - 12 Months Ended April 30, 2023**  
**(\$000)**

|   | <u>Per Book</u> | <u>Regulatory<br/>Adjustment</u> | <u>Regulated</u> |
|---|-----------------|----------------------------------|------------------|
| <b><u>Operating Revenues</u></b>                      |                 |                                  |                  |
| 1 Sales Revenue (Delivery & Commodity)                | \$ 349,760      |                                  | \$ 349,760       |
| 2 Late Payments                                       | 2,109           | (173)                            | 1,936            |
| 3 Total Retail Revenue                                | 351,869         | (173)                            | 351,696          |
| 4 Other Revenue                                       | 29,170          | 766                              | 29,936           |
| 5 Excess DIT Amortization                             | 2,041           |                                  | 2,041            |
| 6 <b>Total Revenue</b>                                | 383,081         | 593                              | 383,673          |
| 7 Gross Revenue Taxes                                 | 5,880           |                                  | 5,880            |
| 8 Less: Supply Costs                                  | 167,980         | 323                              | 168,303          |
| 9 Net Revenue   | 209,221         | 269                              | 209,491          |
| 10 O&M Expenses                                       | 91,837          | (299)                            | 91,538           |
| 11 Depreciation & Amortizations                       | 35,819          | -                                | 35,819           |
| 12 Taxes Other Than Income Taxes                      | 33,421          | (32)                             | 33,389           |
| 13 <b>Total Operating Expenses</b>                    | 161,078         | (332)                            | 160,746          |
| 14 <b>Subtotal</b>                                    | 48,143          | 601                              | 48,745           |
| 15 Plus: Other Income and (Deductions)                | 1,035           | (1,035)                          | 0                |
| 16 Less: Interest Expense                             | 17,863          | (5,352)                          | 12,511           |
| 17 <b>Operating Income Before Income Taxes</b>        | 31,315          | 4,919                            | 36,234           |
| 18 Income Taxes                                       | 10,004          | (534)                            | 9,470            |
| 19 Balance for Common                                 | 21,311          | 5,453                            | 26,764           |
| 20 Rate Base  | 618,114         | -                                | 618,114          |
| 21 Rate of Return                                     | 6.17%           |                                  | 6.35%            |
| 22 Return on Equity before Sharing                    | 6.75%           |                                  | 8.66%            |
| <b><u>Calculation of Return on Equity</u></b>         |                 |                                  |                  |
| 23 Balance for Common                                 | 21,311          | 5,453                            | 26,764           |
| 24 Rate Base  | 618,114         | -                                | 618,114          |
| 25 Common Equity Percentage                           | 51.06%          | (1.06%)                          | 50.00%           |
| 26 Equity Component of Rate Base                      | 315,636         |                                  | 309,057          |
| <b><u>Calculation of Earnings Sharing</u></b>         |                 |                                  |                  |
| 27 Return on Equity before Sharing                    |                 |                                  | 8.66%            |
| 28 Earnings Sharing Target                            |                 |                                  | 9.20%            |
| 29 Excess / (Shortfall)                               |                 |                                  | (0.54%)          |
| 30 Before Tax Revenue - Customers' Share at 90%/10%   |                 |                                  | \$ -             |
| 31 Before Tax Revenue - Customers' Share at 75%/25%   |                 |                                  | \$ -             |
| 32 Before Tax Revenue - Customers' Share at 50%/50%   |                 |                                  | \$ -             |
| 33 <b>Before Tax Revenue - Customers' Share Total</b> |                 |                                  | <b>\$ -</b>      |

**Rochester Gas and Electric Corporation**  
**Rate Base**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|                               |   | <b>Monthly Average</b> |                   |                     |
|-------------------------------|---|------------------------|-------------------|---------------------|
|                               |   | <b>Electric</b>        | <b>Gas</b>        | <b>Total</b>        |
| <b><u>Total Rate Base</u></b> |   |                        |                   |                     |
| <b>1</b>                      | Plant and Non Interest-Bearing CWIP                 | \$ 3,696,418           | \$ 1,318,733      | \$ 5,015,151        |
| <b>2</b>                      | Depreciation Reserve                                | (983,777)              | (498,738)         | (1,482,515)         |
| <b>3</b>                      | Materials and Supplies                              | 14,706                 | 4,445             | 19,151              |
| <b>4</b>                      | Prepayments   | 41,413                 | 13,797            | 55,210              |
| <b>5</b>                      | O&M Working Capital                                 | 44,168                 | 11,624            | 55,792              |
| <b>6</b>                      | Non-Int Bearing Cust Advances                       | (11,579)               | (346)             | (11,925)            |
| <b>7</b>                      | Deferred Debits & Credits                           | (250,710)              | (106,214)         | (356,924)           |
| <b>8</b>                      | Deferred Income Tax                                 | (369,431)              | (122,120)         | (491,551)           |
| <b>9</b>                      | Deferred Investment Tax Credits                     |                        |                   | -                   |
| <b>10</b>                     | Subtotal - Standard Rate Base                       | \$ 2,181,208           | \$ 621,181        | \$ 2,802,389        |
| <b>11</b>                     | Earnings Base Cap Differential                      | (10,771)               | (3,067)           | (13,838)            |
| <b>12</b>                     | Capitalization Supporting Total Rate Base           | \$ 2,170,437           | \$ 618,114        | \$ 2,788,551        |
| <b>13</b>                     | Items Not in Rate Base                              |                        |                   | 280,297             |
| <b>14</b>                     | Total Capitalization                                |                        |                   | \$ 3,068,848        |
| <b>15</b>                     | Capitalization Supporting Total Rate Base (Line 12) | \$ 2,170,437           | \$ 618,114        | \$ 2,788,551        |
| <b>16</b>                     | Rate Base Used for ESM                              | \$ <b>2,170,437</b>    | \$ <b>618,114</b> | \$ <b>2,788,551</b> |

**Rochester Gas and Electric Corporation**  
**Capital Structure**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|   | <u>Regulated<br/>Capital Structure</u>       | <u>Adjust to<br/>50% Equity Ratio</u> | <u>Earnings Sharing<br/>Capital Structure</u> |
|---|--|---------------------------------------|---|
| <b><u>Capital Structure - \$</u></b>                  |  |                                       |   |
| 1   | Short Term Debt                              | \$ 85,314                             | \$ 85,314                                     |
| 2   | Long Term Debt                               | 1,411,720                             | 1,411,720                                     |
| 3   | Customer Deposits & Deferred Compensation    | 4,728                                 | 4,728   |
| 4   | Total Debt                                   | 1,501,761                             | 1,501,761                                     |
| 5   | Common Equity                                | 1,567,087                             | 1,567,087                                     |
| 6   | Total  | 3,068,848                             | 3,068,848                                     |
| <b><u>Capital Structure - %</u></b>                   |  |                                       |   |
| 7   | Short Term Debt                              | 2.78%                                 | 2.78%   |
| 8   | Long Term Debt                               | 46.00%                                | 47.07%  |
| 9   | Customer Deposits                            | 0.15%                                 | 0.15%   |
| 10  | Total Debt                                   | 48.94%                                | 50.00%  |
| 11  | Common Equity                                | 51.06%                                | 50.00%  |
| 12  | Total  | 100%                                  | 100%  |
| <b><u>Cost of Debt - \$</u></b>                       |  |                                       |   |
| 13  | Debt (Actual Regulated / Calculated for ESM) | \$ 60,792                             | \$ 60,792                                     |
| <b><u>Cost of Debt - %</u></b>                        |  |                                       |   |
| 14  | Debt (Cost Rate same for Actual and ESM)     | 4.05%                                 | 4.05%   |
| <b><u>Weighted Cost of Debt and Preferred - %</u></b> |  |                                       |   |
| 15  | Debt (Actual Regulated / Calculated for ESM) | 1.98%                                 | 1.98%   |

**Rochester Gas and Electric Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
(\$000)

|  | Adj line<br>WP REF | Electric          | Gas             | Total             |
|--|--------------------|-------------------|-----------------|-------------------|
| <b><u>Revenues</u></b>                             |                    |                   |                 |                   |
| 1  |                    |                   |                 |                   |
| 1  | 1                  | 3,233             | 2,667           | 5,900             |
| 2  | 2                  | -                 | (642)           | (642)             |
| 3  | 3                  | 1,719             | (173)           | 1,546             |
| 4  | 4                  | (825)             | 62              | (763)             |
| 5  | 5                  | (4,317)           | (1,322)         | (5,639)           |
| 6  | 6                  | (1,952)           | -               | (1,952)           |
| 7  |                    | <u>\$ (2,142)</u> | <u>\$ 593</u>   | <u>\$ (1,549)</u> |
| <br><b><u>Supply Costs</u></b>                     |                    |                   |                 |                   |
| 8  | 7                  | \$ -              | \$ 323          | \$ 323            |
| 9  |                    | <u>\$ -</u>       | <u>\$ 323</u>   | <u>\$ 323</u>     |
| <br><b><u>O&amp;M Expenses</u></b>                 |                    |                   |                 |                   |
| 10   | 8                  | (589)             | (299)           | (889)             |
| 11   |                    | <u>\$ (589)</u>   | <u>\$ (299)</u> | <u>\$ (889)</u>   |
| <br><b><u>Depreciation &amp; Amortizations</u></b> |                    |                   |                 |                   |
| 12   |                    | <u>\$ -</u>       | <u>\$ -</u>     | <u>\$ -</u>       |
| <br><b><u>Taxes Other than Income Taxes</u></b>    |                    |                   |                 |                   |
| 13   | 9                  | (97)              | (32)            | (129)             |
| 14   |                    | <u>\$ (97)</u>    | <u>\$ (32)</u>  | <u>\$ (129)</u>   |
| 15   |                    | \$ (1,455)        | \$ 601          | \$ (854)          |

**Rochester Gas and Electric Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|   | <b>Adj line<br/>WP REF</b>   | <b>Electric</b>           | <b>Gas</b>               | <b>Total</b>              |
|---|--|---------------------------|--------------------------|---------------------------|
| <b><u>Other Income and Deductions (See RGE GAAP Income Statement footnotes)</u></b> |  |                           |                          |                           |
| Exclude Other Income and Deductions   |  |                           |                          |                           |
| 16  | Equity Component of AFUDC  | \$ (11,970)               | \$ (1,346)               | \$ (13,316)               |
| 17  | Non-Cash Return Accruals   | (1,324)                   | (564)                    | (1,887)                   |
| 18  | Penalties  | 0                         | -                        | 0                         |
| 19  | Interest / Dividend Income   | (3,624)                   | (495)                    | (4,119)                   |
| 20  | Gains and Losses on Sale of Property                                       | (74)                      | 17                       | (57)                      |
| 21  | Other Misc Deductions & Donations  | 443                       | 1,353                    | 1,795                     |
| 22  | Total Adjustment to Other Income and Deductions                            | <u>(16,549)</u>           | <u>(1,035)</u>           | <u>(17,584)</u>           |
| <b><u>Equity Component of Rate Base</u></b>   |  |                           |                          |                           |
| 23  | Rate Base  | \$ 2,170,437              | \$ 618,114               | \$ 2,788,551              |
| 24  | Cap on Equity Component of Capitalization for Regulatory Earnings Purposes | <u>50%</u>                | <u>50%</u>               | <u>50%</u>                |
| 25  | Adjusted Common Equity Component of Rate Base                              | 1,085,219                 | 309,057                  | 1,394,276                 |
| 26  | Common Equity to be Used for Earnings Sharing                              | 1,085,219                 | 309,057                  | 1,394,276                 |
| 27  | Common Equity Component of Rate Base per Books (51.06%)                    | <u>1,108,319</u>          | <u>315,636</u>           | <u>1,423,955</u>          |
| 28  | Adjustment - Equity Component of Rate Base                                 | <u><b>\$ (23,100)</b></u> | <u><b>\$ (6,579)</b></u> | <u><b>\$ (29,679)</b></u> |



**Rochester Gas and Electric Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|   | <u>Adj line<br/>WP REF</u>                                     | <u>Electric</u> | <u>Gas</u>        | <u>Total</u>      |
|---|--|-----------------|-------------------|-------------------|
| <b><u>Interest Expense</u></b>                        |  |                 |                   |                   |
| 29  | Amount of per Book Interest Expense Subject to Synchronization | \$ 40,451       | \$ 17,863         | \$ 58,314         |
| <b><u>Interest Synchronization with Rate Base</u></b> |  |                 |                   |                   |
| 30  | Rate Base  | \$ 2,170,437    | \$ 618,114        | \$ 2,788,551      |
| 31  | Exclude Equity Component of Rate Base                          | (1,085,219)     | (309,057)         | (1,394,276)       |
| 32  | Balance is Debt Supporting Rate Base - For Regulatory Purposes | 1,085,218       | 309,057           | 1,394,275         |
| 33  | Average Cost of Debt   | 4.05%           | 4.05%             | 4.05%             |
| 34  | Interest Expense for Regulatory Purposes                       | 43,930          | 12,511            | 56,441            |
| 35  | Interest Expense per Books                                     | 40,451          | 17,863            | 58,314            |
| 36  | <b>Interest Synchronization Adjustment</b>                     | <b>\$ 3,479</b> | <b>\$ (5,352)</b> | <b>\$ (1,873)</b> |

**Rochester Gas and Electric Corporation**  
**Adjustments to Regulatory Earnings**  
**12 Months Ended April 30, 2023**  
**(\$000)**

|  |   | <u>Adj line</u><br><u>WP REF</u> | <u>Electric</u>   | <u>Gas</u>      | <u>Total</u>      |
|--|---|----------------------------------|-------------------|-----------------|-------------------|
| <b><u>State and Federal Income Taxes</u></b> |   |                                  |                   |                 |                   |
| 37   | Regulated Operating Income Before Interest - Schedule A, Line 14                  |                                  | \$ 153,069        | \$ 48,745       | \$ 201,813        |
| 38   | Interest Expense - Schedule A, Line 16  |                                  | (43,930)          | (12,511)        | (56,441)          |
| 39   | Regulated Income Before Income Taxes - Schedule A, Line 17                        |                                  | \$ 109,139        | \$ 36,234       | \$ 145,372        |
| 40   | Composite Federal & State Income Tax Rate   |                                  | 26.135%           | 26.135%         | 26.135%           |
| 41   | Total Federal & State Income Taxes @ Statutory Rates for Regulatory Purposes      |                                  | \$ 28,523         | \$ 9,470        | \$ 37,993         |
| 42   | Total Federal & State Income Taxes as Booked                                      |                                  | \$ 31,714         | \$ 10,004       | \$ 41,718         |
| 43   | <b>Total Adjustment to State and Federal Income Taxes (Line 41 minus Line 42)</b> | <b>See Note 1</b>                | <b>\$ (3,191)</b> | <b>\$ (534)</b> | <b>\$ (3,725)</b> |

Note 1: The purpose of this adjustment is to reflect Income Tax Expense in accordance with provisions of the 2020 Joint Proposal and tariff rates.

**NYSEG and RG&E Gas**

Incremental Maintenance Spending

Rate Year 3 May 1, 2022 - April 30, 2023

|           | Joint Proposal Appendix T Category   | NYSEG Gas<br>Rate Year 3<br>Spend (\$K) | RG&E Gas<br>Rate Year 3<br>Spend (\$K) |
|-----------|--|---|--|
| <b>1</b>  | Public Awareness   | \$ 78                                   | 57                                     |
| <b>2</b>  | Public Awareness (Fire Department Outreach)                                      | 62                                      | 11                                     |
| <b>3</b>  | Damage Prevention (Enhanced DPV)   | 1,632                                   | 1,660                                  |
| <b>4</b>  | Exposed Piping on Bridges  | 217                                     | 100                                    |
| <b>5</b>  | Distribution Integrity Management (Data Automation & electronic records)         | 391                                     | 84                                     |
| <b>6</b>  | Distribution Integrity Management (Leak Survey)                                  | 218                                     | 116                                    |
| <b>7</b>  | Corrosion Control ( Outside Residential Meter Atmospheric Corrosion inspections) | 116                                     | 22                                     |
| <b>8</b>  | Corrosion Control (Meter and Regulator Station Inspections)                      | -                                       | -                                      |
| <b>9</b>  | Corrosion Control (Incremental Anode Installation)                               | -                                       | 18                                     |
| <b>10</b> | Corrosion Control (Inside Res. Meter Atmospheric Corrosion Inspections)          | 233                                     | 639                                    |
| <b>11</b> | Upgrade GIS Mapping to version 10.2.1  | -                                       | -                                      |
| <b>12</b> | RGE GIS Gas Services Conversion Project  | -                                       | 402                                    |
| <b>13</b> | RGE SAP Gas Service Record Project   | -                                       | 3,502                                  |
| <b>14</b> | Methane Detection Program  | 3,120                                   | 3,411                                  |
| <b>15</b> | Net of previous Def NRA'S Methane Detection Program                              | (3,120)                                 | (3,411)                                |
| <b>16</b> | QA/QC Excavations and Field services   | 43                                      | 45                                     |
| <b>17</b> | No Access Fee Revenue (See Note 1)   | 96                                      | 7                                      |
| <b>18</b> | <b>Total Rate Year 3</b>   | <b>\$ 3,085</b>                         | <b>\$ 6,662</b>                        |
| <b>19</b> | <b>Rate Year 3 Deferral Target Threshold</b>                                     | <b>4,133</b>                            | <b>7,585</b>                           |
| <b>20</b> | <b>Rate Year 3 Deferral - Downward Only</b>                                      | <b>\$ (1,048)</b>                       | <b>\$ (923)</b>                        |

Note 1: The amounts collected in access for No Access Fees will be used to offset the cost of the inside service line inspections.

**NYSEG and RG&E Electric**

Incremental Maintenance Spending

Rate Year 3 May 1, 2022 - April 30, 2023

|    |  | Joint Proposal Appendix T Category             | NYSEG Electric<br>Rate Year 3<br>Spend (\$K) | RG&E Electric<br>Rate Year 3<br>Spend (\$K) |
|----|--|--|--|---|
| 1  | Transformer LTC RMV Monitoring                           | Incremental Maintenance Initiatives - Electric | \$ 94  | \$ 131                                      |
| 2  | Innovation Maintenance Technologies                      | "  | 548  | 303   |
| 3  | Long Lake Distributed Generator Fuel and Maintenance     | "  | 178  | -   |
| 4  | Keuka Canal & Bradford Dam Dredging                      | "  | 446  | -   |
| 5  | Hydro Facility Interior Structures/Buildings Maintenance | "  | 74   | -   |
| 6  | Mill C Rackraker and Rack Maintenance                    | "  | -  | -   |
| 7  | Transformer Bushings                                     | "  | -  | 152   |
| 8  | Station 70 - Wiscoy Spillway Maintenance and Dredging    | "  | -  | 1,098                                       |
| 9  | Hydro Plant Structures/ Building Maintenance             | "  | -  | 333   |
| 10 | Station 5 Tunnel Inspection                              | "  | -  | 96  |
| 11 | Station 2 Penstock Repairs                               | "  | -  | 82  |
| 12 | Station 2 Intake House Maintenance                       | "  | -  | 47  |
| 13 | Station 5 Road Repair (Powerhouse to Seth Green Drive)   | "  | -  | 89  |
| 14 | Other/Project Management                                 | "  | 8  | 15  |
| 15 | <b>Subtotal</b>  |  | <b><u>\$ 1,349</u></b>                       | <b><u>\$ 2,347</u></b>                      |
| 16 | Manhole Maintenance Program                              | "  | -  | <b>1,149</b>                                |
| 17 | <b>Total Rate Year 3</b>                                 |  | <b><u>\$ 1,349</u></b>                       | <b><u>\$ 3,496</u></b>                      |
| 18 | <b>Rate Year 3 Deferral Target Threshold</b>             |  | <b><u>\$ 1,033</u></b>                       | <b><u>\$ 5,875</u></b>                      |
| 19 | <b>Rate Year 3 Deferral - Downward Only</b>              |  | <b>\$ 316</b>                                | <b>\$ (2,379)</b>                           |

**NYSEG and RG&E**

Low Income Annual Compliance Filing

Rate Year 3 - May 2022 to April 2023 Budget versus Spending

Summary (\$000's)

| Appendix Q, Page 2   |          |          |          |          |
|--|----------|----------|----------|----------|
| Low Income Program - Bill Reduction Reconciliation   |          |          |          |          |
| Bill Reduction: The costs listed above (below) will be fully reconciled on an annual basis. Any excess or shortfall will be deferred as a regulatory asset or liability. |          |          |          |          |
| Bill Reduction   | Budget   | Spend    | Variance | Deferral |
| NYSEG  | \$19,206 | \$25,844 | \$6,638  | \$6,638  |
| RGE  | \$16,164 | \$20,778 | \$4,614  | \$4,614  |

| Appendix Q, Page 2  |         |       |           |           |
|---|---------|-------|-----------|-----------|
| Low Income Program - Arrears Forgiveness Reconciliation   |         |       |           |           |
| Arrears Forgiveness: Any unspent Arrears Forgiveness will be utilized to offset any actual spending which is over the planned budgeted amount in the Bill Reduction Program. If there is additional unspent Low Income Program Funds at the end of Rate Year 3, these funds will be used to offset the remaining Regulatory assets associated with the Customer Relief Program. |         |       |           |           |
| Arrears Forgiveness   | Budget  | Spend | Variance  | Deferral  |
| NYSEG   | \$1,500 | \$67  | (\$1,433) | (\$1,433) |
| RGE   | \$1,130 | \$14  | (\$1,116) | (\$1,116) |