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SUBJECT: Informs that licensee filed application for consent of Commission to transfer of control over util as holder of licenses NPF-69 & DPR-18 on 980731.Encl petition omits attachments consisting of documents already sent to NRC.

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September 14, 1998

United States Nuclear Regulatory Commission
ATTN.: Document Control Desk
Washington, D.C. 20555

RE: Docket Nos. 50-410 and 50-244
Facility Operating Licenses Nos. NPF-69 and DPR-18

Dear Commissioners:

On July 31, 1998 we submitted for filing the application of Rochester Gas and Electric Corporation ("RG&E") for the consent of the Commission to the transfer of control over RG&E as the holder of licenses for facilities as to which the Commission has issued Licenses Nos. NPF-69 and DPR-18. The transactions to which the application pertains are planned in connection with RG&E's proposed restructuring to adopt a holding company form of corporate organization as authorized by the New York State Public Service Commission.

In the application to the Commission, the Company made reference to petitions, not then filed, to the New York State Public Service Commission, the Securities and Exchange Commission, and the Federal Energy Regulatory Commission, for approval of RG&E's proposed corporate restructuring. RG&E submits copies of these petitions as supplemental exhibits to the application. The enclosed copies of these petitions omit attachments consisting of documents already submitted to the Commission with the application.

M006 1/10

Please contact me if you should have any questions about this application.

Respectfully submitted,

Robert J. Bird, Jr.
NIXON, HARGRAVE, DEVANS & DOYLE LLP
Attorneys for Rochester Gas and Electric Corporation

cc: Mr. Hubert J. Miller
Regional Administrator
United States Nuclear Regulatory Commission
Region I
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Mr. Guy Vissing
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Office of Nuclear Reactor Regulation
United States Nuclear Regulatory Commission
Washington, D.C. 20555

[illegible]

STATE OF NEW YORK
BEFORE THE
PUBLIC SERVICE COMMISSION

CASE 98-M-________ In the Matter of the Application of Rochester Gas and Electric Corporation under the Public Service Law, Including Sections 70, 107, 108 and 110 Thereof, to Form a Holding Company and for Certain Related Transactions

PETITION OF ROCHESTER GAS AND ELECTRIC CORPORATION TO FORM A HOLDING COMPANY AND FOR CERTAIN RELATED TRANSACTIONS

NIXON, HARGRAVE, DEVANS & DOYLE LLP
Clinton Square
Suite 1300
Rochester, New York 14609
Telephone: (716) 263-1000

July 30, 1998

...9809230144

STATE OF NEW YORK
BEFORE THE
PUBLIC SERVICE COMMISSION

CASE 98-M-__________ -	In the Matter of the Application of Rochester Gas and Electric Corporation under the Public Service Law, Including Sections 70, 107, 108 and 110 Thereof, to Form a Holding Company and for Certain Related Transactions

PETITION OF ROCHESTER GAS AND ELECTRIC CORPORATION TO FORM A HOLDING COMPANY AND FOR CERTAIN RELATED TRANSACTIONS

Petitioner, ROCHESTER GAS AND ELECTRIC CORPORATION (the "Company"), hereby applies to the Commission for authority under Sections 70, 107, 108 and 110 of the Public Service Law to form a holding company and for certain related transactions. The Public Service Commission (the "Commission") may rely on information included in the Company's submissions, including the documents relating to the October 23, 1997 settlement agreement (the "Settlement Agreement") approved by the Commission in Case 96-E-0898[1] as support for the action requested in this filing. The Settlement Agreement, as approved, endorses the form and substance of this Petition.[2]

In support of this application the Company states:

1. The Company supplies electric and gas service in nine counties centering on the City of Rochester, New York. The Company is a corporation organized pursuant to the laws of the State of New York in 1904. A certified copy of the Company's Restated Certificate of Incorporation was filed with the Commission on August 25, 1992 in Case 88-M-0147 and a copy of the most recent Amendment thereto was filed on March 18, 1994 in Case 93-M-0354.

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1 In the Matter of Rochester Gas and Electric Corporation's Plans for Electric Rate/Restructuring Pursuant to Opinion No. 96-12, Opinion No. 98-1, Opinion and Order Adopting Terms of Settlement Subject to Conditions and Changes, issued January 14, 1998.

2 See Settlement Agreement Par. 67.

2. There is appended hereto, as Exhibit A, a statement of financial condition of the Company at December 31, 1997, pursuant to the Commission's Rules of Procedure, 16 NYCRR § 18.1.

3. The Settlement Agreement permits the establishment of a holding company structure under which one or more regulated companies and one or more unregulated companies may operate. These operating companies would be direct or indirect subsidiaries of a holding company ("HoldCo").[3] This structure will benefit the Company's customers, shareholders and employees by providing the flexibility needed to compete effectively in the changing utility industry, while at the same time protecting the Company's customers from the risks inherent in the competitive businesses conducted by unregulated affiliates of the Company.

4. To compete effectively, the Company must have no less flexibility in doing business than that available to its competitors. A holding company structure would allow the Company to implement a decision to enter, or to deploy capital in, a competitive business without the delay of a regulatory approval process. The delays necessarily associated with obtaining regulatory approvals for such investments on a specific, case-by-case basis, while reasonable, necessary and largely unavoidable in a regulated context, are simply inconsistent with competitive success. The new corporate structure also would permit the issuance of securities by the HoldCo to finance competitive businesses (including Energetix and RGS Development). Under the Company's current corporate structure, Section 69 of the Public Service Law would not permit the issuance of securities for this purpose.

5. The customers of the regulated utility subsidiary ("RegCo") would be protected from the risks inherent in the competitive businesses of unregulated subsidiaries.. The RegCo, as a separate legal entity, would not bear any losses or be responsible for any obligations that may arise from the HoldCo or its unregulated subsidiaries. In addition, the RegCo, which

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[3] The Company currently has three subsidiaries, Energetix, Inc., Energyline Corporation and RGS Development Corporation. Energetix is a business corporation that provides energy and energy service in western and central New York State. RGS Development is a business corporation established as a vehicle for miscellaneous energy <u>related</u> projects. Energyline is a transportation corporation that formerly owned the Company's interest in the Empire State Pipeline.

would not count as an asset any investment in such unregulated subsidiaries, should not have its access to capital markets or credit ratings adversely affected by the HoldCo or such subsidiaries.

6. Upon Commission approval and receipt of the necessary shareholder and other regulatory approvals (described in paragraph 13 below), the Company intends to establish the HoldCo pursuant to a tax-free reorganization (the "Reorganization"). The Reorganization would be effected as a "binding share exchange" as follows:

> First, the Company would create the HoldCo as a first-tier, wholly-owned subsidiary.
>
> Then, in accordance with a plan of share exchange adopted pursuant to Section 913 of the Business Corporation Law, each share of the Company's common stock outstanding immediately prior to the effective time of the Reorganization will be exchanged for one share of HoldCo common stock.

7. Upon consummation of the Reorganization, each person who owned the Company's common stock immediately prior to the Reorganization will own a corresponding number of shares of HoldCo common stock, and HoldCo will own all of the outstanding shares of the Company's common stock. The Company does not expect that the Reorganization would effect any change in the preferred stock or debt of the Company (i.e., the preferred stock and debt of the Company will remain outstanding securities of the Company). In connection with the HoldCo's commencement of operations, the RegCo may lease office space to the HoldCo and transfer to the HoldCo office furniture, equipment and other assets having an aggregate net book cost of not to exceed $5 million.[4]

8. The Company would be the RegCo, and HoldCo would have subsidiaries in addition to the RegCo.[5] The Company's strategic plans as to the competitive businesses in which its unregulated affiliates will compete will necessarily evolve as the utility industry

---

[4] See Settlement Agreement Sch. I, at 7-8.

[5] See footnote 3, supra. It is expected that the Company, simultaneously with the Reorganization or shortly before, will drop its stock in Energetix, RGS Development and Energyline into HoldCo and that Energetix, RGS Development and Energyline will become wholly-owned subsidiaries of HoldCo.

continues to evolve. Regardless of the businesses involved, it is essential that HoldCo's unregulated subsidiaries not be disadvantaged by regulatory or operating constraints imposed by the Commission. The unregulated subsidiaries should be able to transact business with each other and with the RegCo on the same basis as their competitors.

9. The Company believes that the Commission can, without imposing operating constraints on HoldCo or its unregulated subsidiaries, protect the RegCo's customers and prevent any unfair competitive advantage. The relevant provisions set forth in the Settlement Agreement, and the corporate structure, will protect the RegCo's customers from the risks of competitive businesses carried on by unregulated subsidiaries.

10. Because the Settlement Agreement provides for a fundamental change in the Company and the opening of its electric business to competition, the Company believes that only limited operating constraints, tailored closely to the activity to be monitored, are appropriate. These constraints, along with the existing statutory tools of the Commission and the Federal Energy Regulatory Commission and the federal and state antitrust laws, will be adequate to protect customers and ensure that robust competition develops while at the same time allowing the HoldCo and its subsidiaries to compete in the market. As competition develops, the Company believes that the specific restrictions should be reviewed to determine whether they are still appropriate or necessary.

11. The Settlement Agreement sets forth the conditions to the making of capital contributions to HoldCo and its unregulated affiliates.[6] Those provisions are incorporated in this Petition by reference.

12. The Company also agrees to abide by certain operating principles relating to intercompany relationships, its code of conduct, cost allocations and other relevant provisions, all as set forth in Schedule I to the Settlement Agreement.

13. Implementation of the HoldCo structure will require certain approvals in addition to that of the Commission and other actions by federal and state authorities. Consummation of the Reorganization will require the adoption of a plan of share exchange at a

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[6] See Settlement Agreement, Par. 67 and Sch. I.

meeting of the Company's shareholders. In connection with its solicitation of proxies to vote at the meeting, HoldCo must file a Registration Statement on Form S-4 with the Securities and Exchange Commission to register the HoldCo common shares to be exchanged for the outstanding Company common shares, and such Registration Statement must become effective. The Registration Statement will also contain a proxy statement of the Company describing the Reorganization in detail, which proxy statement will be mailed to Company shareholders prior to the meeting referred to above. The Company must deliver to the New York State Secretary of State a certificate of exchange under Section 913 of the New York Business Corporation Law, the certificate of exchange must be endorsed on behalf of the Commission (pursuant to Section 108 of the Public Service Law), and the Secretary of State must file the certificate of exchange. In addition, prior to the reorganization it is expected that HoldCo would file with the Securities and Exchange Commission an application for the intrastate exemption from the registration requirements of the Public Utilities Holding Company Act provided by Section 3(a)(1) thereof or Rule 2 thereunder. The Company will need to file for the approval of the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. The Company intends to file the aforementioned applications for approval as soon as practicable.

14. The Company respectfully reserves the right to amend and/or withdraw this Petition at any time prior to its acceptance of an order of the Commission with respect to the Petition. The Company further requests that any such order by its terms permit the Company (even after unconditionally accepting the order) to decide not to consummate the transactions described herein.

WHEREFORE, the Company requests that the Commission issue an order authorizing (i) the formation of a holding company for the Company, as described and subject to the conditions contained herein, (ii) the related transactions described herein and in the Settlement Agreement, (iii) the Secretary of the Commission to endorse the Commission's consent and approval upon the certificate of exchange executed by the Company, and (iv) such other and further relief to which Petitioner may be entitled by reason of the premises.

Respectfully submitted,

ROCHESTER GAS AND ELECTRIC CORPORATION

By: Michael V. Tomand

Title: Senior Vice President and General Counsel

Dated: July 30, 1998
Rochester, New York

STATE OF NEW YORK)
) ss.:
COUNTY OF MONROE)

Michael T. Tomaino, being duly sworn, deposes and says: I am the Senior Vice President and General Counsel of ROCHESTER GAS AND ELECTRIC CORPORATION, the Petitioner herein; I have read the foregoing Petition and know the contents thereof; the same is true to the best of my knowledge except as to those matters therein stated to be alleged on information and belief, and as to those matters I believe them to be true.

Michael T. Tomaino

Sworn to before me this
30th day of July, 1998

Stanley W. Widger Jr.

Notary Public, State of New York

STANLEY W. WIDGER, JR.
Notary Public, State of New York
Qualified in Monroe County
Commission Expires Dec. 31, 1998

Exhibit A

ROCHESTER GAS AND ELECTRIC CORPORATION

FINANCIAL CONDITION

(Prepared in compliance with 16 NYCRR 18.1)

1-FINCON.PDS

CAPITAL STOCK AUTHORIZED, ISSUED AND OUTSTANDING

Class of Stock	Shares Authorized by Certificate of Incorporation as last amended	P.S.C. Case No. (Authorized by Public Service Commission)	Date Approved	No. of Shares Authorized	Estimated Selling Price or Par Value Authorized	No. of Shares for which Authorization was Cancelled Prior to Issue	No. of Shares Issued	Proceeds Realized	No. of Shares (Outstanding December 31, 1997)	Par Amount	Premium Realized
Preferred Stock, $100 Par Value:											
4% Series F	120,000	12014	Dec. 13, 1945	120,000	$ 12,000,000.00		120,000(a)	$ 12,058,412.00(a)	120,000	$ 12,000,000.00	$ 58,412.00
[illegible] Series H	[illegible]	[illegible]	Apr. [illegible]	[illegible]	[illegible]		[illegible](a)	[illegible](a)	[illegible]	[illegible]	
[illegible] Series I	[illegible]	[illegible]	Feb. [illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	25,000.00
[illegible] Series J	[illegible]	16610	Mar. [illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
[illegible] Series K	[illegible]	[illegible]	Sept. [illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
[illegible] Series M	[illegible]	23452	Jan. 12, [illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
[illegible] Series T	[illegible]	91-M-0130	Aug. 2, 1991	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
[illegible] Series U	[illegible]	91-M-0130	Aug. 2, 1991	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
[illegible] Series V	[illegible]	93-M-0154	Aug. 4, 1993	250,000	25,000,000.00		250,000	25,000,000.00	250,000	25,000,000.00	
Undesignated as to Series	[illegible]										
Total	2,000,000			920,000	$ 92,000,000.00		920,000	$ 92,083,412.00	920,000	$ 92,000,000.00	$ 83,412.00
Preferred Stock, $25 Par	4,000,000								None	None	
Preference Stock, $1 Par Value	5,000,000								None	None	
Common - $5 Par	50,000,000	Original (1904 Issue)					649,820	$ 6,498,200.00	649,820	$ 6,498,200.00	
		[illegible]	Jan. 16, 1917	75,000	$ 750,000.00		75,000	750,000.00	75,000	750,000.00	
		[illegible]	Apr. 20, 1920	[illegible]	[illegible]	80,000					
		[illegible]	Dec. 16, 1926	[illegible]	1,[illegible]		[illegible]	1,000,000.00	[illegible]	1,000,000.00	
		[illegible]	Aug. 1, 1928	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
		[illegible]	Apr. 11, 1929	5,000	160,000.00		5,000	160,000.00	5,000	160,000.00	
		Transferred from Surplus as of December 31, 1930								5,[illegible]	
		[illegible]	Apr. 6, 1949	Transferred on 4-11-49 from Other Deferred Credits (Advance by parent company)						[illegible]	
		[illegible]	Apr. 6, 1949	Transferred on 4-11-49 from Unearned Surplus (Capital contribution by parent company)						3,346,792.00	
		[illegible]	Aug. 4, 1949	59,086 Reclassification			59,086		59,086		
		[illegible]	Aug. 4, 1949	Transferred as of 6-30-49 from Earned Surplus accumulated on or before 12-31-41						1,210,000.00	
		[illegible]	Nov. [illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
		[illegible]	July [illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
		[illegible]	May [illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
		[illegible]	Nov. [illegible]	[illegible]	8,074,938.83		[illegible]	8,074,938.83	[illegible]	8,074,938.83	
		[illegible]	June [illegible]	758,[illegible]	3 for 2 split - 6-15-56		758,[illegible]		758,[illegible]		
		[illegible]	Nov. [illegible]		30,861.00			30,861.00		30,861.00	
		[illegible]	Jan. [illegible]	280,000	10,522,030.74		280,000	10,522,030.74	280,000	10,5[illegible]	
		[illegible]	Jan. [illegible]	[illegible]	3% Stock Dividend		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Dec. [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Dec. [illegible]	[illegible]	2% " "		[illegible]		[illegible]	3,251,260.00(b)	
		[illegible]	May [illegible]	2,76[illegible]	2 for 1 split - 6-1-62		2,76[illegible]		2,76[illegible]		
		[illegible]	Dec. [illegible]	[illegible]	2% Stock Dividend		[illegible]		[illegible]	2,765,275.00(b)	
		[illegible]	Dec. 10, [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Nov. 10, [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Nov. [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Nov. [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Nov. [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Dec. [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Nov. [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Dec. [illegible]	[illegible]	3% " "		[illegible]		[illegible]	[illegible](b)	
		[illegible]	Nov. 30, 1971	208,198	3% " "		208,198		208,198	5,204,950.00(b)	
		26264	May 23, 1972	Changed on 5-31-72 from no par to $5 par and authorized an increase from 8,000,000 to 15,000,000 shs.						(75,898,328.57)	75,898,328.57
		26276	July 18, 1972	825,000	15,683,076.50		825,000	15,683,076.50	825,000	[illegible]	[illegible]
		[illegible]	Dec. 19, 1972	[illegible]	3% Stock Dividend		[illegible]		[illegible]	[illegible](b)	[illegible](b)
		[illegible]	Oct. 3, 1973	950,000	19,237,500.00		950,000	18,477,500.00	950,000	4,750,000.00	[illegible]
		[illegible]	Dec. 4, 1973	274,690	3% Stock Dividend		274,690		274,690	1,373,450.00(b)	3,570,970.00(b)
		26665	July 30, 1974	200,000	Automatic Dividend Reinvestment Plan (c)		200,000	2,873,856.91	200,000	1,000,000.00	1,939,608.75

Class of Stock	Shares Authorized by Certificate of Incorporation as last amended	Authorized by Public Service Commission: P.S.C. Case No.	Date Approved	No. of Shares Authorized	Estimated Selling Price or Par Value Authorized	No. of Shares for which Authorization was Cancelled Prior to Issue	No. of Shares Issued	Proceeds Realized	Outstanding December 31, 1997: No. of Shares	Par Amount	Premium Realized
		26753	Dec. 20, 1974	284,082	3% Stock Dividend		284,082		284,082	1,420,410.00(b)	1,704,492.00(b)
		26896	Sep. 30, 1975	1,000,000	15,375,000		1,000,000	14,725,000.00	1,000,000	5,000,000.00	10,375,000.00
		26932	Dec. 22, 1975	326,398	3% Stock Dividend		326,398		326,398	1,631,990.00(b)	3,590,378.00(b)
		26935	Dec. 22, 1975	200,000	Automatic Dividend Reinvestment Plan (c)		200,000	3,388,527.28	200,000	1,000,000.00	2,446,394.46
		27092	Dec. 21, 1976	340,984	3% Stock Dividend		340,984		340,984	1,704,920.00(b)	5,114,760.00(b)
		27092	Dec. 21, 1976	300,000	Automatic Dividend Reinvestment Plan (c)		300,000	5,510,259.65	300,000	1,500,000.00	4,110,043.51
		27221	Sep. 15, 1977	1,000,000	21,000,000		1,000,000	20,390,000.00	1,000,000	5,000,000.00	16,000,000.00
		27246	Oct. 25, 1977	24,300	Employee Stock Ownership Plan		24,300	508,113.00	24,300	121,500.00	386,613.00
		27269	Dec. 6, 1977	386,689	3% Stock Dividend		386,689		386,689	1,933,445.00(b)	6,187,024.00(b)
		27395	Sep. 7, 1978	1,250,000	23,437,500		1,250,000	22,737,500.00	1,250,000	6,250,000.00	17,187,500.00
		27395	Sep. 7, 1978	400,000	Automatic Dividend Reinvestment Plan (c)		400,000	6,089,901.32	400,000	2,000,000.00	4,190,508.90
		27444	Dec. 28, 1978	441,983	3% Stock Dividend		441,983		441,983	2,209,915.00(b)	5,745,779.00(b)
		27581	Aug. 8, 1979	70,384	Employee Stock Ownership Plan		70,384	1,116,290.20	70,384	351,920.00	764,370.20
		27628	Dec. 11, 1979	466,646	3% Stock Dividend		466,646		466,646	2,333,230.00(b)	4,666,460.00
		27628	Dec. 11, 1979	600,000	Automatic Dividend Reinvestment Plan (c)		600,000	7,678,696.88	600,000	3,000,000.00	4,807,710.81
		27838	Oct. 22, 1980	1,500,000	19,875,000		1,500,000	19,110,000.00	1,500,000	7,500,000.00	11,375,000.00
		27863	Dec. 16, 1980	537,287	3% Stock Dividend		537,287		537,287	2,686,435.00(b)	4,298,296.00(b)
		27739	Jan. 19, 1981	97,983	Acquisition of Pavilion Natural Gas Co.		97,983		97,983	489,915.00	(110,115.06)
		27962	May 20, 1981	800,000	Automatic Dividend Reinvestment Plan (c)		800,000	10,212,929.69	800,000	4,000,000.00	6,368,711.86
		28088	Dec. 22, 1981	571,198	3% Stock Dividend		571,198		571,198	2,855,990.00(b)	5,369,[illegible](b)
		27961	Apr. 6, 1982	1,500,000	20,475,000		1,500,000	19,725,000.00	1,500,000	7,500,000.00	12,975,000.00
		28174	June 9, 1982	1,500,000	Automatic Dividend Reinvestment Plan (c)		1,500,000	24,291,738.00	1,500,000	7,500,000.00	17,106,801.00
		28263	Aug. 11, 1982	85,860	Employee Stock Ownership Plan		85,860	1,361,751.00	85,860	429,300.00	932,451.00
		28315	Apr. 20, 1983	1,500,000	26,812,500		1,500,000	26,107,500.00	1,500,000	7,500,000.00	19,312,500.00
		28542	Aug. 11, 1983	125,493	Employee Stock Ownership Plan		125,493	2,278,964.00	125,493	627,465.00	1,651,499.00
		28720	Apr. 11, 1984	2,000,000	Automatic Dividend Reinvestment And Stock Purchase Plan (c)		2,000,000	40,803,445.00	2,000,000	10,000,000.00	31,244,249.00
		28783	May 30, 1984	123,854	Employee Stock Ownership Plan		123,854	2,057,215.00	123,854	619,270.00	1,437,945.00
		28873	Sep. 11, 1984	300,000	Employee Savings Plus Plan		300,000	6,114,963.00	300,000	1,500,000.00	4,614,963.00
		28933	Dec. 5, 1984	130,530	Employee Stock Ownership Plan		130,530	2,673,672.00	130,530	652,650.00	2,021,022.00
		28718	March 6, 1985	1,725,000	33,853,125		1,725,000	32,818,125.00	1,725,000	8,625,000.00	25,[illegible]
		29215	Dec. 4, 1985	150,000	Employee Stock Ownership Plan		33,206	830,000.00	33,206	166,030.00	663,970.00
		29289	Apr. 22, 1986	2,000,000	Automatic Dividend Reinvestment And Stock Purchase Plan (c)		2,000,000	36,344,355.00	2,000,000	10,000,000.00	26,782,911.00
		90-M-0413	Sep. 18, 1990	300,000	Employee Savings Plus Plan		300,000	6,762,844.00	300,000	1,500,000.00	5,262,814.00
		90-M-0414	Sep. 18, 1990	1,500,000	Automatic Dividend Reinvestment And Stock Purchase Plan (c)		1,500,000	32,400,384.00	1,500,000	7,500,000.00	25,116,533.00
		91-M-0186	Aug. 19, 1992	2,000,000	48,000,000		2,000,000	46,460,000.00	2,000,000	10,000,000.00	38,000,000.00
		92-M-1095	Feb. 19, 1993	300,000	Employee Savings Plus Plan		300,000	6,938,897.00	300,000	1,500,000.00	5,438,897.00
		92-M-1095	Feb. 19, 1993	1,500,000	Automatic Dividend Reinvestment and Stock Purchase Plan (c)		1,500,000	34,873,747.00	1,500,000	7,500,000.00	27,570,181.00
		93-M-0353	Aug. 4, 1993	1,500,000	44,437,500		1,500,000	43,037,500.00	1,500,000	7,500,000.00	36,937,500.00
		95-M-0267	June 28, 1995	150,000	Employee Savings Plus Plan		20,336	413,607.00	20,336	101,680.00	311,927.00
		95-M-0267	June 28, 1995	1,500,000	Automatic Dividend Reinvestment and Stock Purchased Plan (c)		473,160	10,439,842.00	473,160	2,365,800.00	8,134,854.00
		96-M-0759	Dec 18, 1996	2,000,000	Performance Stock Option Plan		10,883	272,646.00	10,883	58,415.00	218,231.00
							[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(a) 48,730 shares of Series H, 4.10% Preferred Stock were issued in exchange for a like number of shares of Series G, 4-3/4% Preferred Stock on a share for share basis, the balance of 31,270 shares being sold to underwriters. From the proceeds of the 31,270 shares sold to Underwriters $127,000 were used on May 29, 1950 to redeem the 1,270 shares of Series G Stock not deposited under the exchange offer.

(b) Transferred from Unappropriated Retained Earnings.

(c) Effective August 1982 Selling Price is determined at or near the 25th of each month. Prior to August 1982 Selling Price was determined quarterly on dividend payment date.

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Sec. 18.1(f) thru 18.1(h)

BONDS

Public Service Commission

Rochester Gas and Electric Corporation
First Mortgage Bonds:

		Authorization Case No.	Authorization Date of Order	Authorized	Issued Date	Issued Amount	Reacquired and Cancelled	Outstanding Dec. 31, 1997
1.	6.70% Bonds due 1998, Series X (due 7/1/98)	24760	May 7, 1968	30,000,000	July 1, 1968	30,000,000		30,000,000
2	8-3/8% Bonds due 2028, Series OO (due 12/01/28)	88-M-0167	Oct. 5, 1988	25,500,000	Dec. 15, 1988	25,500,000		25,500,000
3	9-3/8% Bonds due 2021, Series PP (due 4/01/21)	90-M-0415-16	Mar. 6, 1991	100,000,000	Apr. 9, 1991	100,000,000		100,000,000
4	8-1/4% Bonds due 2002, Series QQ (due 3/15/02)	90-M-0417-18	Mar. 11, 1992	100,000,000	Mar. 31, 1992	100,000,000		100,000,000
5	6.35% Bonds due 2032, Series RR (due 5/15/32)	91-M-1182-83	Mar. 11, 1992	10,500,000	June 3, 1992	10,500,000		10,500,000
6	6.50% Bonds due 2032, Series SS (due 5/15/32)	91-M-1182-83	Mar. 11, 1992	50,000,000	June 3, 1992	50,000,000		50,000,000
7	7.00% Bonds due 2000, (due 1/14/00) (See A below)	92-M-0189-95	Aug. 19, 1992	30,000,000	Jan. 14, 1993	30,000,000		30,000,000
8	7.15% Bonds due 2003, (due 2/10/03) (See A below)	92-M-0189-95	Aug. 19, 1992	39,000,000	Feb. 10, 1993	39,000,000		39,000,000
9	7.13% Bonds due 2003, (due 3/03/03) (See A below)	92-M-0189-95	Aug. 19, 1992	1,000,000	Mar. 2, 1993	1,000,000		1,000,000
10	7.64% Bonds due 2023, (due 3/15/23) (See A below)	92-M-0189-95	Aug. 19, 1992	33,000,000	Mar. 15, 1993	33,000,000		33,000,000
11	7.66% Bonds due 2023, (due 3/15/23) (See A below)	92-M-0189-95	Aug. 19, 1992	5,000,000	Mar. 15, 1993	5,000,000		5,000,000
12	7.67% Bonds due 2023, (due 3/15/23) (See A below)	92-M-0189-95	Aug. 19, 1992	12,000,000	Mar. 15, 1993	12,000,000		12,000,000
13	7.375% Bonds due 2003, (due 7/30/03) (See A below)	92-M-0189-95	Aug. 19, 1992	40,000,000	Jul. 30, 1993	40,000,000		40,000,000
14	7.45% Bonds due 2023, (due 7/30/23) (See A below)	92-M-0189-95	Aug. 19, 1992	40,000,000	Jul. 30, 1993	40,000,000		40,000,000
				$516,000,000		$516,000,000	$0	$516,000,000

(A) First Mortgage Bonds, Designated Secured Medium-Term Notes, Series A, one to thirty year maturities

FIRST MORTGAGE PROVISIONS

Date of Execution - September 1, 1918 and supplements dated March 1, 1921, October 23, 1928, August 1, 1932, May 1, 1940, March 1, 1949, August 15, 1950, June 1, 1952, March 1, 1955, July 1, 1957, October 15, 1959, November 15, 1961, September 15, 1964, May 1, 1966, September 15, 1967, July 1, 1968, August 15, 1969, September 1, 1970, August 1, 1974, June 15, 1976, September 15, 1977, December 1, 1978, August 1, 1979, February 15, 1980, August 15, 1981, May 15, 1982, June 15, 1982, March 1, 1983, June 15, 1984, May 15, 1985, August 1, 1986, May 1, 1987, December 15, 1987, December 15, 1988, April 1, 1991, March 15, 1992, May 1, 1992, May 15, 1992, October 15, 1992 and Sept. 1, 1993.

Mortgagor - Rochester Railway and Light Company. Name changed to Rochester Gas and Electric Corporation on November 10, 1919.

Trustee and Paying Agent - Bankers Trust Company, P.O. Box 318, Church Street Station, New York, NY 10015, except The Bank of New York, 101 Barclay Street New York, NY 10286 is paying agent for Series OO ,RR and SS .

Amount of indebtedness authorized to be secured - Open Mortgage.

Amount of indebtedness actually incurred (outstanding) - $516,000,000.

Brief description of mortgaged property - Entire property and franchises of the Company now owned or that may be hereafter acquired, except cash and accounts receivable. This includes plants, reservoirs, mains, conduits, wires, cables, poles, machinery and equipment of all kinds.

PROMISSORY NOTES

Public Service Commission

	Authorization			Issued		Reacquired and	Outstanding
	Case No.	Date of Order	Authorized	Date	Amount	Cancelled	Dec. 31, 1997
Rochester Gas and Electric Corporation Promissory Notes:							
1. $101.9 Million Promissory Note - 1997, due 2032, Series A,B,C	93 - M-0355-0360	Aug. 5, 1997	$101,900,000	Aug. 19, 1997	$101,900,000		$101,900,000

The Company is obligated to make payments of principal, premium and interest on each Promissory Note which correspond to the payments of principal, premium, if any, and interest on certain Pollution Control Revenue Bonds issued by the New York State Energy Research and Development Authority (NYSERDA) as described below.

Multi-mode pollution control notes totaling the principal amount of $101.9 million were issued in connection with NYSERDA's Pollution Control Revenue Bonds (Rochester Gas and Electric Corporation Project), $34,000,000 1997 Series A, $34,000,000 1997 Series B, $33,900,000 1997 Series C. The Multi-mode Revenue Bonds have a structure that enables the Company to optimize the use of short-term rates by allowing for the interest rates to be based on a daily rate, a weekly rate, a commercial paper rate, an auction rate or a multi-year fixed rate. Payment of the principal of, and interest on the Multi-mode Revenue Bonds is guaranteed under Bond Insurance Policies by MBIA Insurance Corporation. At December 31, 1997, the Multi-mode Revenue Bonds bore interest at the weekly rate and the average interest rate for all three series was 3.65%.

Sec. 18.1(f) thru 18.1(h) (continued)

SUBORDINATE MORTGAGE PROVISIONS

Date of Execution - December 1, 1988
Mortgagor - Rochester Gas and Electric Corporation
Agent - Chase Manhattan Bank, N.A.
Termination - This mortgage shall terminate on the later of (i) December 31, 2002 or (ii) the date on which all amounts due and owing under a certain Credit Agreement dated as of December 1, 1988 are paid.
Amount of indebtedness authorized to be secured - (Not to exceed $90 million)
Amount of indebtedness actually incurred (outstanding) - $0
Brief description of mortgaged property - The subordinate Mortgage provides a lien on the same property as the First Mortgage subject to the lien of the First Mortgage (see page A-3 herein).

Sec. 18.1(i)

The Company had no advances from or indebtedness to affiliated interests on December 31, 1997.

Sec. 18.1(j)

Short-term debt is incurred to finance a portion of the Company's capital expenditures program. At December 31, 1997 the Company had $ 20.0 million of outstanding short-term debt

The Company has entered into a Loan and Security Agreement to provide for borrowings up to $10 million for the exclusive purpose of financing Federal Energy Regulatory Commission (FERC) Order 636 transition costs (636 Notes) and up to $30 million as needed from time to time for other working capital needs (Secured Notes). Borrowings under this agreement, which can be renewed annually, are secured by a lien on the Company's accounts receivable. Additional unsecured lines of credit totaling $27 million (Unsecured Notes) are also available from several other banks, at their discretion.

At December 31, 1997, borrowings outstanding were $4.7 million of 636 Notes (recorded on the Balance Sheet as a deferred credit) and $20.0 million of short-term notes payable to various banks.

Sec. 3.1(k)

SUMMARY OF INTEREST EXPENSE - YEAR 1997

		Rate (%)	Amount
On Bond Series			
	W	6-1/4	420,139
	X	6.70	2,010,000
	Y	8	796,707
	EE	6.50	512,778
	OO	8-3/8	2,135,625
	PP	9.375	9,375,000
	QQ	8-1/4	8,250,000
	RR	6.35	666,750
	SS	6.50	3,250,000
On Medium Term Notes - Series	A	7.00	2,100,000
	B	7.15	2,788,500
	C	7.13	71,300
	D	7.64	2,521,200
	E	7.66	383,000
	F	7.67	920,400
	G	6.575	2,550,000
	H	7.45	2,980,000
On Other Long Term Debt - Promissory Notes		3.60-3.75	2,883,449
On Interest on Notes Payable		5.50-7.25	47,463
On Customer's Deposits		5.65	99,050
On Gas Supplier Refunds		7.40	231,004
On M & S Stored at Oswego #6		11.98	123,514

	Rate (%)	Amount
On Allocation of Nine Mile #2 Funds	11.98	718,783
On Gas Unrefunded Rate 3 Flowbacks	5.45	(16,592)
On Nine Mile #2 G.E. Settlement Credit	9.22	9,509
On Nine Mile #2 Revenue & Expense Adjustment	9.22	11,202
On Carrying Chges LLRW Disposal Cost Reserve	9.00-9.22	57,814
On Carrying Charges Internal Reserve Balance, PSC Opinion 91-13	9.23	2,055,650
On Int Expense For Fibernet Capital Lease	11	32,002
On Overpayment of G/E charges	18	8,204
On Pension Payment Accrued	9.22	1,530,529
On Int for Nine Mile #2 RFO Passback	9.00-9.22	(9,252)
On Other Miscellaneous	3-18	5,428
		$49,519,206

1-SUMINTEX.PBR

Sec. 18.1(f)

DIVIDENDS DECLARED AND PAID

1993-1997

	1993			1994			1995			1996			1997		
	Annual Rate	Amount Declared	Amount Paid	Annual Rate	Amount Declared	Amount Paid	Annual Rate	Amount Declared	Amount Paid	Annual Rate	Amount Declared	Amount Paid	Annual Rate	Amount Declared	Amount Paid
Preference Stock:															
Series A		$0	$0		$0	$0		$0	$0		$0	$0		$0	$0
Preferred Stock:															
Series F	4%	$480,000		4%	$480,000		4%	$480,000		4%	$480,000		4%	$480,000	
Series H	4.10%	328,000	Not	4.10%	328,000	Not	4.10%	328,000	Not	4.10%	328,000	Not	4.10%	328,000	Not
Series I	4.75%	285,000		4.75%	285,000		4.75%	285,000		4.75%	285,000		4.75%	285,000	
Series J	4.10%	205,000		4.10%	205,000		4.10%	205,000		4.10%	205,000		4.10%	205,000	
Series K	4.95%	297,000	Available	4.95%	297,000	Available	4.95%	297,000	Available	4.95%	297,000	Available	4.95%	297,000	Available
Series M	4.55%	455,000		4.55%	455,000		4.55%	455,000		4.55%	455,000		4.55%	455,000	
Series N	7.5%	1,500,000		7.5%	1,500,000		7.5%	1,500,000		7.5%	1,500,000		7.5%	212,500	
Series R	8.25%	1,485,000		8.25%			8.25%			8.25%			8.25%		
Series S		745,000		7.45%	745,000		7.45%	745,000		7.45%	745,000		7.45%	372,500	
Series T		755,000		7.55%	755,000		7.55%	755,000		7.55%	755,000		7.55%	755,000	
Series U		765,000		7.65%	765,000		7.65%	765,000		7.65%	765,000		7.65%	765,000	
Series V				6.60%	1,553,750		6.60%	1,650,000		6.60%	1,650,000		6.60%	1,650,000	
Total Preferred		$7,300,000	$7,547,500		$7,368,750	$7,327,500		$7,465,000	$7,465,000		$7,465,000	$7,465,000		$5,805,000	$6,366,250
Common Stock:															
Cash	$1.72	$62,171,780	$60,893,387	$1.72	$66,167,826	$65,457,299	$1.80	$68,699,392	$68,346,952	$1.80	$69,835,506	$69,656,270	$1.80	$69,935,900	$69,932,635
Total Dividends		$69,471,780	$68,440,887		$73,536,576	$72,784,799		$76,164,392	$75,811,952		$77,300,506	$77,121,270		$75,740,900	$76,298,885

Sec. 18.1(m)

The Company has not recognized any contingent assets or contingent liabilities on its Balance Sheet at December 31, 1997 or December 31, 1996. There are various matters pending that, because of uncertainty over their outcome, could be regarded as contingent liabilities. An amount for these items, in the aggregate, cannot be reasonably quantified.

Sec. 18.1(n)

A balance of $71,297 at December 31, 1997 was recorded in Account 210, Gain on Resale or Cancellation of Reacquired Capital Stock. At December 31, 1996 the balance in Account 210 was also $71,297.

A balance of $2,398,700 at December 31, 1997 was recorded in Account 211, Miscellaneous Paid-in Capital in connection with the Company's Performance Stock Option Plan. At December 31, 1996 no amount was recorded in Account 211.

Sec. 18.1(o)

The unamortized balance of debt expense, discount and premium on long-term debt pertaining to outstanding issues and the amounts applicable to each issue are being amortized ratably over the respective periods to maturity.

A portion of gas fuel costs which gives rise to additional revenue under fuel cost adjustment clauses are deferred to the month in which resultant revenues are recorded.

(continued on page A-11)

In addition, at December 31, 1997 the Company was amortizing the following items as described below:

Description	Period of Amortiz. (Mos.)	Amortz. Commenced	PSC Case No.
Major Electric Production Projects	120	July 1991	(1)
	120	July 1992	(2)
	120	July 1994	(3)
Unrecovered deferred home energy audit costs	36	July 1996	(4)
Demand Side Management	36	July 1996	(4)
Research and Development	24	July 1996	(4)
Pension deferred expense	24	July 1996	(4)
Deferred Ice Storm Costs	120	July 1992	(2)
Nuclear Fuel Storage	36	July 1996	(4)
[illegible]SB 112	60	July 1996	(4)
Customer Information System Plus	36	July 1996	(4)
Laser Light Show	24	July 1996	(4)
Jefferson Road Property	36	July 1996	(5)
Renaissance Energy, pipeline capacity release	10	Nov. 1997	(5)

Notes

(1) PSC Cases 90-E-0647; 90-G-0649
(2) PSC Cases 91-E-0765; 91-G-0767
(3) PSC Cases 92-E-0739; 92-G-0741
(4) PSC Cases 95-E-0673; 95-G-0674
(5) PSC Case 94-E-0952

Sec. 18.1(p)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Rochester Gas and Electric Corp.	(1) [x] An Original (2) [ ] A Resubmission	04/30/98	Dec. 31, 1997

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	$2,934,896,376	$2,990,872,944
3	Construction Work in Progress (107)	200-201	69,711,324	74,017,754
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,004,607,700	3,064,890,698
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108,111,115)	200-201	1,381,907,851	1,510,073,938
6	Net Utility Plant (Enter Total of line 4 less 5)	-	1,622,699,849	1,554,816,760
7	Nuclear Fuel (120.1-120.4, 120.6)	202-203	224,701,108	243,041,692
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	267,192,430	288,472,655
9	Net Nuclear Fuel (Enter Total of line 7 less 8)	-	(42,491,322)	(45,430,963)
10	Net Utility Plant (Enter Total of lines 6 and 9)	-	1,580,208,527	1,509,385,797
11	Utility Plant Adjustments (116)	122		
12	Gas Stored Underground - Noncurrent (117)	-		
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)	221	106,499	106,499
15	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
16	Investments in Associated Companies (123)	-		
17	Investment in Subsidiary Companies (123.1)	224-225	2,326,907	2,457,006
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)	-		
19	Noncurrent Portion of Allowances	-		
20	Other Investments (124)		660,095	660,095
21	Special Funds (125-128)	-	91,194,712	132,540,345
22	TOTAL Other Property and Investments (Total of lines 14-17, 19-21)		94,288,213	135,763,945
23	CURRENT AND ACCRUED ASSETS			
24	Cash (131)	-	1,195,732	4,208,618
25	Special Deposits (132-134)	-	71,176	71,176
26	Working Fund (135)	-	162,826	167,684
27	Temporary Cash Investments (136)	-	(694)	
28	Notes Receivable (141)			
29	Customer Accounts Receivable (142)	-	126,679,284	130,533,821
30	Other Accounts Receivable (143)	-	3,567,845	812,558
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	17,501,948	26,926,155
32	Notes Receivable from Associated Companies (145)	-	17,451,621	18,402,564
33	Accounts Receivable from Assoc. Companies (146)	-		
34	Fuel Stock (151)	227	6,441,532	6,390,798
35	Fuel Stock Expenses Undistributed (152)	227		
36	Residuals (Elec) and Extracted Products (153)	227		
37	Plant Materials and Operating Supplies (154)	227	10,601,784	8,222,365
38	Merchandise (155)	227		
39	Other Materials and Supplies (156)	227		
40	Nuclear Materials Held for Sale (157)	202-203/227		
41	Allowances (158.1 and 158.2)	228-229		186,000
42	(Less) Noncurrent Portion of Allowances	228-229		
43	Stores Expense Undistributed (163)	-		
44	Gas Stored Underground - Current (164.1)	-	22,845,112	25,130,000
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	-		
46	Prepayments (165)	-	23,102,974	23,817,781
47	Advances for Gas (166-167)	-		
48	Interest and Dividends Receivable (171)	-	(91,000)	5,272
49	Rents Receivable (172)	-	253,675	355,771
50	Accrued Utility Revenues (173)	-	53,260,521	48,438,482
51	Miscellaneous Current and Accrued Assets (174)			
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 51)		$248,040,440	$239,816,735

FERC FORM NO.1 (ED. 12-94)

Name of Respondent	This Report is:	Date of Report	Year of Report
Rochester Gas and Electric Corp.	(1) [x] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) 04/30/98	Dec. 31, 1997

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
53	DEFERRED DEBITS			
54	Unamortized Debt Expense (181)	-	$14,819,990	$16,943,108
55	Extraordinary Property Losses (182.1)	230		
56	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
57	Other Regulatory Assets (182.3)	232		
58	Prelim. Survey and Investigation Charges (Electric) (183)	-	292,286	224,977
59	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
60	Clearing Accounts (184)	-		
61	Temporary Facilities (185)	-		
62	Miscellaneous Deferred Debits (186)	233	382,907,361	316,986,324
63	Def. Losses from Disposition of Utility Plt. (187)	-		
64	Research, Devel. and Demonstration Expend. (188)	352-353	(3,356,494)	(1,484,448)
65	Unamortized Loss on Reacquired Debt (189)	-		
66	Accumulated Deferred Income Taxes (190)	234	118,050,572	127,624,446
67	Unrecovered Purchased Gas Costs (191)	-		
68	TOTAL Deferred Debits (Enter Total of lines 54 thru 67)		512,713,715	460,294,407
69	TOTAL Assets and Other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)		$2,435,250,895	$2,345,260,884

Name of Respondent	This Report is:	Date of Report	Year of Report
Rochester Gas and Electric Corp.	(1) [x] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) 04/30/98	Dec. 31, 1997

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	$194,257,320	$194,311,735
3	Preferred Stock Issued (204)	250-251	122,000,000	92,000,000
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252	518,589,085	518,807,316
7	Other Paid-in Capital (208-211)	253	71,297	2,469,997
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254	16,898,799	16,557,721
11	Retained Earnings (215, 215.1, 216)	118-119	88,828,397	106,520,436
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	1,711,465	2,792,506
13	(Less) Reacquired Capital Stock (217)	250-251		
14	TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)	-	908,558,765	900,344,269
15	LONG-TERM DEBT			
16	Bonds (221)	256-257	375,668,000	316,000,000
17	(Less) Reacquired Bonds (222)	256-257		
18	Advances from Associated Companies (223)	256-257		
19	Other Long-Term Debt (224)	256-257	291,900,000	301,900,000
20	Unamortized Premium on Long-Term Debt (225)	-	56,842	33,128
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	-	671,267	599,279
22	TOTAL Long-Term Debt (Enter Total of Lines 16 thru 21)	-	666,953,575	617,333,849
23	OTHER NONCURRENT LIABILITIES			
24	Obligations Under Capital Leases - Noncurrent (227)	-		
25	Accumulated Provision for Property Insurance (228.1)	-	991,828	991,828
26	Accumulated Provision for Injuries and Damages (228.2)	-	3,169,581	3,311,782
27	Accumulated Provision for Pensions and Benefits (228.3)	-		
28	Accumulated Miscellaneous Operating Provisions (228.4)	-	15,216,741	13,980,353
29	Accumulated Provision for Rate Refunds (229)	-		
30	TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 thru 29)		19,378,150	18,283,963
31	CURRENT AND ACCRUED LIABILITIES			
32	Notes Payable (231)	-	14,000,000	20,000,000
33	Accounts Payable (232)	-	117,860,767	119,167,060
34	Notes Payable to Associated Companies (233)	-		
35	Accounts Payable to Associated Companies (234)	-		
36	Customer Deposits (235)	-	2,049,934	2,184,939
37	Taxes Accrued (236)	262-263	(87,919)	2,161,104
38	Interest Accrued (237)	-	10,316,983	8,592,839
39	Dividends Declared (238)	-	19,349,409	18,791,424
40	Matured Long-Term Debt (239)	-		
41	Matured Interest (240)	-		
42	Tax Collections Payable (241)	-	442,300	471,623
43	Miscellaneous Current and Accrued Liabilities (242)	-	33,126,207	44,392,418
44	Obligations Under Capital Leases - Current (243)	-		
45	TOTAL Current and Accrued Liabilities (Enter Total of lines 32 - 44)		$197,057,681	$215,761,407

Name of Respondent Rochester Gas and Electric Corp.	This Report is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
46	DEFERRED CREDITS			
47	Customer Advances for Construction (252)			
48	Accumulated Deferred Investment Tax Credits (255)	266-267	45,479,921	43,048,279
49	Deferred Gains from Disposition of Utility Plant (256)			
50	Other Deferred Credits (253)	269	155,224,189	120,943,956
51	Other Regulatory Liabilities (254)	278		
52	Unamortized Gain on Reacquired Debt (257)	269		
53	Accumulated Deferred Income Taxes (281 - 283)	272-277	442,598,614	429,545,161
54	TOTAL Deferred Credits (Enter Total of lines 47 thru 53)		$643,302,724	$593,537,396
55				
56				
57				
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68	TOTAL Liabilities and Other Credits (Enter Total of lines 14, 22, 30, 45 and 54)		2,435,250,895	2,345,260,884

Note:
Please use the appropriate accounts under the heading "Other Noncurrent Liabilities" for accounts that the PSC classifies as "Operating Reserves".

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Rochester Gas and Electric Corp.	(1) [x] An Original (2) [ ] A Resubmission	04/30/98	Dec 31, 1997

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.
4. Use page 122-123 for important notes regarding the statement of income or any account thereof.
5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
6. Give concise explanations concerning significant amount of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	$1,036,691,618	$1,044,018,133
3	Operating Expenses			
4	Operation Expenses (401)	320-323	541,118,513	542,505,838
5	Maintenance Expenses (402)	320-323	46,635,049	47,063,341
6	Depreciation Expense (403)	336-337	116,444,191	105,535,929
7	Amort. & Depl. of Utility Plant (404-405)	336-337	0	0
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	78,303	78,303
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		0	0
10	Amort. of Conversion Expenses (407)		0	0
11	Regulatory Debits (407.3)		0	0
12	(Less) Regulatory Credits (407.4)		0	0
13	Taxes Other Than Income Taxes (408.1)	262-263	121,795,726	126,868,139
14	Income Taxes -- Federal (409.1)	262-263	69,811,725	65,756,702
15	-- Other (409.1)	262-263	0	0
16	Provision for Deferred Income Taxes (410.1)	234,272-277	47,362,385	72,367,209
17	(Less) Provision for Deferred Income Taxes -Cr. (411.1)	234,272-277	51,895,347	68,622,983
18	Investment Tax Credit Adj. -- Net (411.4)	266	0	0
19	(Less) Gains from Disp. of Utility Plant (411.6)		0	0
20	Losses from Disp. of Utility Plant (411.7)		0	0
21	(Less) Gain from Disposition of Allowances (411.8)		0	0
22	Losses from Disposition of Allowances (411.9)		0	0
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		891,350,545	891,552,478
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		$145,341,073	$152,465,655

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Rochester Gas and Electric Corp.	(1) [x] An Original (2) [ ] A Resubmission	04/30/98	Dec. 31, 1997

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on page 122-123.

8. Enter on page 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122-123 or in a footnote.

Electric Utility		Gas Utility		Other Utility		
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	Line No.
						1
$700,329,494	$709,081,025	$336,362,124	$334,937,108			2
						3
280,210,883	290,824,615	260,907,630	251,681,223			4
41,217,299	41,429,571	5,417,750	5,633,770			5
103,317,208	92,536,929	13,126,983	12,999,000			6
0	0	0	0			7
78,303	78,303	0	0			8
0	0	0	0			9
0	0	0	0			10
0	0	0	0			11
0	0	0	0			12
91,110,641	95,010,014	30,685,085	31,858,125			13
69,272,802	58,505,817	538,923	7,250,885			14
0	0	0	0			15
32,165,672	47,248,981	15,196,713	25,118,228			16
39,601,898	43,854,076	12,293,449	24,768,907			17
0	0	0	0			18
0	0	0	0			19
0	0	0	0			20
0	0	0	0			21
0	0	0	0			22
577,770,910	581,780,154	313,579,635	309,772,324	0	0	23
$122,558,584	$127,300,871	$22,782,489	$25,164,784	$0	$0	24

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Rochester Gas and Electric Corp.	(1) [x] An Original (2) [ ] A Resubmission	04/30/98	Dec. 31, 1997

STATEMENT OF INCOME FOR THE YEAR (Continued)

Line	Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 114)		$145,341,073	$152,465,655
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)		(44,044)	78,494
30	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		0	35,333
31	Revenues From Nonutility Operations (417)		234,283	0
32	(Less) Expenses of Nonutility Operations (417.1)		0	75,503
33	Nonoperating Rental Income (418)		0	0
34	Equity in Earnings of Subsidiary Companies (418.1)	119	1,081,041	3,567,832
35	Interest and Dividend Income (419)		4,223,499	1,783,821
36	Allowance for Other Funds Used During Construction (419.1)		351,229	683,701
37	Miscellaneous Nonoperating Income (421)		68,347	75,759
38	Gain in Disposition of Property (421.1)		50,625	0
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		5,964,980	6,078,771
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		9,427	0
42	Miscellaneous Amortization (425)	340	0	0
43	Miscellaneous Income Deductions (426.1 - 426.5)	340	8,792,072	7,907,886
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		8,801,499	7,907,886
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263	120,956	52,714
47	Income Taxes -- Federal (409.2)	262-263	1,826,824	(6,096,896)
48	Income Taxes -- Other (409.2)	262-263	0	0
49	Provision for Deferred Inc. Taxes (410.2)	234,272-277	1,718,508	7,027,091
50	(Less) Provision for Deferred Income Taxes -- Cr. (411.2)	234,272-277	4,818,008	1,948,379
51	Investment Tax Credit Adj. -- Net (411.5)		0	0
52	(Less) Investment Tax Credits (420)		2,431,642	2,431,642
53	TOTAL Taxes on Other Income and Deduct. (Total of 46 thru 52)		(3,583,362)	(3,397,112)
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		746,843	1,567,997
55	Interest Charges			
56	Interest on Long-Term Debt (427)		44,614,898	48,617,508
57	Amort. of Debt Disc. and Expense (428)		1,795,384	3,522,706
58	Amortization of Loss on Reacquired Debt (428.1)		0	0
59	(Less) Amort. of Premium on Debt-Credit (429)		23,714	18,337
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0
61	Interest on Debt to Assoc. Companies (430)	340	0	0
62	Other Interest Expense (431)	340	4,904,308	5,824,130
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		562,477	1,422,925
64	Net Interest Charges (Enter Total of lines 56 thru 63)		50,728,399	56,523,082
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		95,359,517	97,510,570
66	Extraordinary Items			
67	Extraordinary Income (434)		0	0
68	(Less) Extraordinary Deductions (435)		0	0
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		0	0
70	Income Taxes -- Federal and Other (409.3)	262-263	0	0
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		0	0
72	Net Income (Enter Total of lines 65 and 71)		$95,359,517	$97,510,570

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Exhibit H-1

Filings Under the Public Utility Holding Company
Act of 1935, as amended

SECURITIES AND EXCHANGE COMMISSION

Rochester Gas and Electric Corporation) File No. _________

NOTICE OF FILING

September ___, 1998

Take notice that on September 1, 1998, Rochester Gas and Electric Corporation ("RG&E"), a New York corporation, filed an application seeking an order granting exemption on behalf of its future holding company ("HoldCo") under section 3(a)(1) of the Public Utility Holding Company Act of 1935 (the "Act") from regulation under the Act, except section 9(a)(2) thereof. The reorganization through which HoldCo is being formed is part of a comprehensive rate and restructuring plan intended to satisfy electric industry restructuring goals established by the Public Service Commission of the State of New York.

All interested persons are referred to the application for complete statements of the facts related to this request for an order granting exemption. The application is available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application should submit their views in writing by __________, 1998, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicant. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application, as filed or as amended, may be granted and/or permitted to become effective.

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<DESCRIPTION> Application
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Securities and Exchange Commission
Washington, D.C. 20549

FORM U-1

APPLICATION

UNDER SECTION 3(A)(1) OF THE

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Rochester Gas and Electric Corporation
89 East Avenue
Rochester, NY 14649

Agent for Service:

Marjorie L. Perlman
Rochester Gas and Electric Corporation
89 East Avenue
Rochester, NY 14649

Copies to:

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Nixon, Hargrave, Devans & Doyle LLP
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Suite 700
Washington, D.C. 20005
Telephone: (202) 457-5338

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTION.

I. INTRODUCTION

Rochester Gas and Electric Corporation ("RG&E"), a New York corporation and an electric and gas utility company, plans to implement a holding company structure which will result in RG&E and its current subsidiaries becoming the direct, wholly-owned subsidiaries of a newly formed holding company, HoldCo.(1) RG&E hereby seeks an order from the Securities and Exchange Commission ("Commission") granting an exemption from regulation under the Public

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1 The name HoldCo may be changed prior to the effective time of the Share Exchange (as hereinafter defined) at the discretion of the Board of Directors of HoldCo.

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Utility Holding Company Act of 1935 (the "Act" or "PUHCA"), 15 U.S.C. Sec. c(a)(1) (1994), for HoldCo under section 3(a)(1) of the Act. The Reorganization is being implemented as part of a comprehensive rate and restructuring plan to satisfy electric industry restructuring goals established by the Public Service Commission of the State of New York ("NYPSC"). As demonstrated below, HoldCo, the holding company formed as a result of this restructuring, will satisfy all of the criteria for exemption under section 3(a)(1) of the Act, and the requested exemption will not be detrimental to the public interest or to the interest of investors or consumers.

II.. BACKGROUND

A. DESCRIPTION OF PARTIES

RG&E is a gas and electric corporation, duly organized, existing, and authorized to do business under the Transportation Corporations Law of the State of New York. RG&E owns and operates electric generation, transmission, and distribution facilities and natural gas distribution facilities that serve retail customers in and around the City of Rochester, New York. The Company's service area has a population of approximately one million and is well diversified among residential, commercial, and industrial consumers. A map of RG&E's service territory is attached hereto as Exhibit E-1. In addition to the City of Rochester, which is the third largest city and a major industrial center in New York State, RG&E's service territory includes a substantial suburban area with commercial growth and a large and prosperous farming area.

RG&E's natural gas and retail electric business is subject to regulation by the NYPSC, while RG&E's wholesale electric business is regulated by the Federal Energy Regulatory Commission ("FERC"). RG&E is authorized by the FERC to engage in sales of

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electric capacity and energy at cost-based rates(2) and at market-based rates.(3) In addition, RG&E offers open access, non-discriminatory transmission services pursuant to an Open Access Transmission Tariff accepted by the FERC.(4) RG&E is authorized to engage in sales of electric energy to customers in Canada pursuant to its authorization from the Department of Energy.(5)

RG&E has two wholly-owned subsidiaries, Energetix, Inc. ("Energetix") and RGS Development Corporation ("RGS").(6) Energetix is authorized by FERC to sell capacity and energy at market-based rates.(7) RGS was formed to pursue unregulated business opportunities in the energy marketplace. RG&E's current corporate structure is shown in Appendix A attached to this application.

RG&E is not currently subject to PUHCA because it is not a holding company or a subsidiary company thereof as such terms are defined in the Act. Neither of RG&E's two subsidiaries are public utility companies for purposes of the Act.(8)

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2 RG&E's FERC Electric Rate Schedule, Original Volume No. 1 (Power Sales Tariff), was accepted by the FERC in Docket No. ER94-1279.

3 Rochester Gas and Electric Corporation, 80 FERC Para. 61,284 (1997).

4 Allegheny Power System, Inc., et al., 77 FERC Para. 61,266 (1996), reh'g denied sub nom., Central Maine Power Co., et al., 82 FERC Para. 61,251 (1998); Rochester Gas and Electric Corporation, 79 FERC Para. 61,378 (1997).

5 Rochester Gas and Electric Corporation, Order No. EA-160, Order Authorizing Electricity Export to Canada (Jan. 23, 1998). To date, RG&E has not made sales under this authorization.

6 RG&E has a third subsidiary, Energyline Corporation ("Energyline"), which is currently inactive. RG&E is planning to dissolve Energyline before the restructuring described in this Application takes place. If, however, Energyline still exists when the restructuring occurs, Energyline will become a wholly-owned subsidiary of HoldCo.

7 Rochester Gas and Electric Corporation, 80 FERC Para. 61,284 (1997). Initially this rate schedule was filed in the name of ROXDEL. On February 12, 1998, the FERC accepted for filing a Notice of Succession filed in Docket No. ER98-1120 by Energetix, Inc. reflecting the name change.

8 To be considered a public utility under PUHCA, a company must be an electric utility company that "owns or operates facilities used for the generation, transmission, or distribution of electric energy for sale" or a gas utility company that "owns or operates facilities used for the distribution at retail . . . of natural . . . gas for heat, light, or power." 15 U.S.C. Sec. 79b (3), (4). Neither of RG&E's current subsidiaries owns or operates such facilities.

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B. STATE REGULATORY BACKGROUND

The NYPSC regulates RG&E's gas and electric distribution business. In August 1994, the NYPSC, instituted an investigation of issues related to a restructuring of the electric industry in New York State ("Competitive Opportunities Proceeding"). The overall objective of the Competitive Opportunities Proceeding was to identify regulatory and ratemaking practices that would assist in the transition to a more competitive electric industry.

On May 20, 1996, the NYPSC issued its Order in the Competitive Opportunities Proceeding in Case No. 94-E-0952, et al.,(9) which set forth the NYPSC's vision and goals for the future of the retail electric industry in New York. In Opinion No. 96-12, the NYPSC required individual utilities, including RG&E, to file a restructuring plan to address, among other things, the corporate structure deemed necessary to meet the NYPSC's policy for increased competition. On November 26, 1997, a settlement ("1997 Settlement") to implement RG&E's restructuring plan to comply with the NYPSC's directive was approved.(10) The proposed transactions described herein are an integral part of RG&E's overall rate and restructuring plan, as approved by the NYPSC in the 1997 Settlement.

The 1997 Settlement permitted RG&E to establish a new corporate structure through either a functionally separate or a legally distinct entity. RG&E has determined that the holding company structure is the most effective means to separate its regulated and unregulated

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9 In the Matter of Competitive Opportunities Regarding Electric Service, Opinion No. 96-12, Opinion and Order Regarding Competitive Opportunities for Electric Service (May 20, 1996) ("Opinion No. 96-12").

10 In the Matter of Rochester Gas and Electric Corporation's Plans for Electric Rate/Restructuring Pursuant to Opinion No. 96-12, Case 96-E-0898, Order Adopting Terms of Settlement Subject to Conditions and Changes (Nov. 26, 1997).

erations and to create a fully competitive environment for the supply of ctricity, at both wholesale and retail, to benefit RG&E's customers and shareholders.

C. PROPOSED REORGANIZATION

The proposed restructuring will be initiated by the formation of a new, wholly-owned subsidiary. RG&E will transfer all shares of stock of its other subsidiaries, Energetix and RGS, in the form of a capital contribution to the new subsidiary. The transition into a holding company structure will then be accomplished through an exchange of each outstanding share of common stock of RG&E for one share of common stock of the new subsidiary, HoldCo, pursuant to an Agreement and Plan of Share Exchange (the "Share Exchange") to be entered into between RG&E and HoldCo. As a result of the Share Exchange and subject to the rights, if any, of the holders of RG&E's common stock to exercise their appraisal rights, each outstanding share of common stock of RG&E will automatically be exchanged and, without any further action, will thereafter represent one share of common stock of HoldCo. Upon completion of the restructuring, RG&E, Energetix, and RGS will be wholly-owned subsidiaries of HoldCo.(11) The corporate structure immediately after the reorganization is shown in Appendix A attached to this application.

The proposed Share Exchange is anticipated to be implemented as soon as practicable after the Annual Meeting of the holders of RG&E Common Stock ("Stockholders") currently expected to be held on or about April 29, 1999. If the Stockholders approve the proposed Share Exchange and the requisite regulatory approvals are obtained, the share exchange will become effective upon the filing of a Certificate of Exchange with the Department of State of the te of New York ("Effective Time").

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11 As indicated in footnote 6, supra, if Energyline still exists at the time this restructuring takes place, Energyline will become a wholly-owned subsidiary of HoldCo.

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Prior to the Share Exchange, HoldCo will apply to have its common stock listed on the New York Stock Exchange, Inc. ("NYSE"). It is anticipated that HoldCo Common Stock will be listed and traded on such stock exchange upon consummation of the Share Exchange, whereupon HoldCo will be required to file reports with the Commission pursuant to section 13(a) of the Securities Exchange Act of 1934, as amended ("1934 Act"). The RG&E common stock will cease to be listed on the NYSE following the Share Exchange.

The consummation of the reorganization, including Share Exchange, is subject to various conditions. These conditions include the granting by the Commission of an exemption under section 3(a)(1) of the Act as requested in this Application and the approval by the NYPSC, the FERC, and the Nuclear Regulatory Commission ("NRC"). The Share Exchange is subject to approval by the affirmative vote of two-thirds of the votes of the outstanding shares of RG&E common stock at the Annual Meeting of Stockholders. The vote of the holders of RG&E Preferred Stock is not required in connection with the Share Exchange.

HoldCo will file with the Commission a Registration Statement on Form S-4 ("Registration Statement") under the Securities Act of 1933, as amended. The Prospectus and Proxy Statement contained in the Registration Statement, a copy of which will be filed by amendment as Exhibit C-1, will be filed for the purpose of (i) registering the shares of HoldCo common stock to be issued in exchange for the RG&E common stock and (ii) complying with the requirements of the 1934 Act in connection with the solicitation of proxies of the Stockholders.

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D. PURPOSE OF THE REORGANIZATION

As indicated above, the reorganization is an integral part of a comprehensive settlement which was approved by the NYPSC. The reorganization is intended to further the NYPSC's stated goals in restructuring the utility industry in New York State into a competitive energy marketplace. The principal purpose of the reorganization is to establish, in furtherance of the NYPSC's directive, a more appropriate corporate structure to operate efficiently in the evolving energy marketplace and to explore and take advantage of potential business opportunities outside RG&E's present markets while protecting ratepayers.

The holding company structure provides flexibility to respond in a timely manner to new opportunities, while assuring appropriate protection for regulated business stakeholders, including customers. The holding company structure separates the operations of regulated and unregulated businesses. As a result, it provides a better structure for regulators to assure that there is no cross-subsidization of costs or transfer of business risk from unregulated to regulated lines of business.

There are other benefits of a holding company structure. The holding company structure will enable HoldCo to pursue unregulated business opportunities in a timely manner. The new corporate structure also will permit the use of financing techniques that are more directly suited to the particular requirements, characteristics, and risks of unregulated operations without affecting the capital structure or creditworthiness of RG&E. A holding company structure also is desirable because it is easier for investors to analyze and value individual lines of business. In short, the holding company structure is a highly desirable form of conducting regulated and unregulated businesses within the same corporate group.

The reorganization represents the optimal structure for RG&E to operate in a competitive environment while minimizing concerns of ratepayers.

ITEM 2. FEES, COMMISSIONS AND EXPENSES.

As explained further below, the Company is seeking an order granting an exemption under section 3(a)(1) of the Act in connection with a corporate reorganization. The reorganization itself does not require approval of the Commission, because HoldCo will acquire only one subsidiary, RG&E, that is a public utility company under the Act.(12) Therefore, Item 2 is inapplicable to this filing.

ITEM 3. APPLICABLE STATUTORY PROVISION.

HoldCo will be a public utility holding company under the Act since RG&E, an electric and gas utility, will become a wholly-owned subsidiary of HoldCo. HoldCo respectfully submits that it should be granted an exemption from regulation under PUHCA pursuant to section 3(a)(1) of the Act.(13) Section 3(a)(1) of the Act makes available an exemption from all of the provisions of the Act (except for Section 9(a)(2) thereof) to a holding company if:

> such holding company, and every subsidiary company thereof which is a public-utility company from which such holding company derives, directly or indirectly,

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12 See infra note 12.

13 An exemption under Sec. 3(a)(1) relieves a public utility holding company from all regulations under PUHCA except for Sec. 9(a)(2). Section 9(a)(2) does not apply to the instant transaction since HoldCo will acquire only one utility subsidiary. See 15 U.S.C. Sec. 79i(a)(2).

> any material part of its income, are predominately intrastate in character and carry on their business substantially in a single State in which such holding company and every such subsidiary company thereof are organized.(14)

HoldCo will satisfy such requirements. First, the operations of HoldCo and RG&E, the only utility subsidiary from which HoldCo derives a material part of its income, are predominantly intrastate in character and RG&E's utility operations are confined to New York. Second, HoldCo will and RG&E does operate in the State of New York, where HoldCo will be and RG&E, Energetix, and RGS are incorporated.(15)

Section 3(a) of the Act provides that if an applicant satisfies the objective requirements for an exemption, the applicant shall be granted the exemption, "unless and except insofar as [the Commission] finds the exemption detrimental to the public interest or the interest of investors or consumers." In assessing whether a proposed exemption is "detrimental," the Commission has focused upon the presence of state regulation, establishing that federal intervention is unnecessary when state control is adequate.(16)

The Commission should find that sufficient safeguards exist under state law to ensure that no potential adverse consequences would occur as a result of the reorganization. As discussed above, the reorganization complies with a settlement approved by the NYPSC. The Commission has relied in the past upon the public policy decisions of state public utility commissions when granting approval of restructuring transactions.(17) In addition, as discussed

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14 15 U.S.C. Sec. 79c(a)(1).

15 Energyline is also incorporated in the State of New York.

16 See, e.g., KU Energy Corp., Holding Company Act Release No. 25409 (1991).

17 Id.

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above, RG&E will continue to be regulated under the utility laws of the State of New York and its electric wholesale transactions will continue to be subject to FERC jurisdiction.

ITEM 4. REGULATORY APPROVAL.

The Reorganization will require the approval of the NYPSC. A copy of the NYPSC Petition is filed as Exhibit D-1 hereto, and a copy of the NYPSC's Order pursuant thereto will be filed as Exhibit D-2 by amendment hereto as soon as the Order is issued.

Additionally, this reorganization requires the approval of the FERC, pursuant to Section 203(a) of the Federal Power Act and the NRC, pursuant to Section 184 of the Atomic Power Act. A copy of the FERC application is included as Exhibit D-3 and a copy of the FERC Order pursuant thereto will be filed as Exhibit D-4, by amendment hereto. A copy of the NRC application is included as Exhibit D-5, and a copy of the NRC Order pursuant thereto will be filed as Exhibit D-6, by amendment hereto.

No other state or federal commission has jurisdiction over the reorganization.

ITEM 5. PROCEDURE.

The reorganization is anticipated to be implemented as soon as practicable after the Annual Meeting of Stockholders currently expected to be held on or about April 29, 1999. A form of notice suitable for publication in the Federal Register is attached hereto as Exhibit H-1.

RG&E does not believe that there should be a recommended decision by a hearing officer or any other responsible officer of the Commission or that there should be a 30-day waiting period between the issuance of the Commission's order and the date on which it is to become effective. RG&E requests that the Commission's order become effective immediately

on the entry thereof. RG&E consents to the Division of Investment Management sisting in the preparation of the Commission's decision or order in this matter, unless such Division opposes this application.

ITEM 6: EXHIBITS AND FINANCIAL STATEMENTS.

(a) Exhibits

NO.	DESCRIPTION	METHOD OF FILING
A-1	Certificate of Incorporation of HoldCo to be in effect at the Effective Time.	To be filed by amendment.
A-2	By-Laws of HoldCo to be in effect at the Effective Time.	To be filed by amendment.
A-3	Restated Certificate of Incorporation of RG&E filed in the Office of the Secretary of State of State of New York on June 23, 1992.	Incorporated herein by reference from Exhibit 4-5 filed in Registration No. 33-49805.
A-4	Certificate of Amendment of the Certificate of Incorporation of RG&E Under Section 805 of the Business Corporation Law filed in the Office the Secretary of State of the State of New York on March 18, 1994.	Incorporated herein by reference from Exhibit 4 in the Form 10-Q for the quarter ended March 31, 1994, SEC File No. 1-672.
A-5	By-Laws of RG&E, as amended to date.	Incorporated herein by reference from Exhibit 3-1 in the Form 10-Q for the quarter ended March 31, 1996, SEC File No. 1-672.
B-1	Draft Plan of Exchange.	To be filed by amendment.
C-1	Registration Statement on HoldCo on Form S-4 relating to the shares of HoldCo Common Stock to be issued in connection with the Share Exchange.	To be filed by amendment.
D-1	NYPSC Petition dated July 30, 1998.	Filed herewith. (Exhibits omitted)

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NO.	DESCRIPTION	METHOD OF FILING
D-2	Order of the NYPSC.	To be filed by amendment.
D-3	Application for FERC authorization under Section 203 of the Federal Power Act dated August 12, 1998.	Filed herewith. (Exhibits omitted)
D-4	Order of the FERC.	To be filed by amendment.
D-5	Request for NRC Consent under Section 184 of the Atomic Energy Act and 10 C.F.R. Sec. 50.80 dated July 31, 1998.	Filed herewith. (Exhibits omitted)
D-6	Order of the NRC.	To be filed by amendment.
E-1	Map showing service territory of RG&E.	Filed herewith.
F-1	Preliminary Opinion of Counsel.	Filed herewith.
F-2	"Past Tense" Opinion of Counsel.	To be filed by amendment.
G-1	Financial Data Schedule.	Filed herewith.
H-1	Form of Notice.	Filed herewith.

(b) Financial Statements

This Application only requests that the Commission grant HoldCo waiver from regulation under PUHCA. As stated above, Commission approval of the underlying transaction is not required. As a result, financial statements are not necessary to assist the Commission in the evaluation of this Application and, therefore, are not included with this application.

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS.

This application is not being filed under section 6(b), 7, 9, or 10 of the Act. Accordingly, this item does not apply.

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SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this statement to be signed on its behalf by the undersigned thereunto duly authorized.

Rochester Gas and Electric Corporation

Date: September 1, 1998

By: /s/Michael T. Tomaino
Michael T. Tomaino

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Appendix A

ROCHESTER GAS AND ELECTRIC CORPORATION
CURRENT CORPORATE STRUCTURE

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                           -----------
                              RG&E
                           -----------
                               /
          ---------------------------------------------------
         /                     /                         /
----------------        ---------------         -------------
Energetix, Inc.         RGS Development         Energyline
                        Corporation             Corporation(1)
----------------        ---------------         -------------
```

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1 Energyline Corporation is currently inactive, and RG&E plans to dissolve it prior to the corporate restructuring.

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ROCHESTER GAS AND ELECTRIC CORPORATION
PROPOSED CORPORATE STRUCTURE

```
                              -----------
                               HoldCo(1)
                              -----------
                                   /
          ------------------------------------------------
          /                        /                     /
  ----------------        ----------------          ------
  Energetix, Inc.          RGS Development          RG&E
                           Corporation
  ----------------        ----------------          -------
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1 If Energyline Corporation ("Energyline") still exists at the time of the corporate restructuring, Energyline will become a wholly-owned subsidary of HoldCo.

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Exhibit E-1

Pursuant to Securities and Exchange Commission Regulations, 17 C.F.R. Part 232.304, Rochester Gas and Electric Corporation ("RG&E") hereby submits a summary of Exhibit E-1 since that exhibit contains graphic information which cannot be filed electronically.

Exhibit E-1 is a map showing RG&E's gas and electric service territory. The map, through color designations, shows the counties or portions thereof, in the greater Rochester, New York area, within RG&E's service territory for gas service or electric service, or both. This map also contains a small detail of the entire state showing the location of RG&E's service territory.

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Exhibit F-1

NIXON, HARGRAVE, DEVANS & DOYLE LLP
CLINTON SQUARE
ROCHESTER, NEW YORK 14603

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Form U-1 Application Filed by Rochester Gas and Electric Corporation of September 1, 1998

Ladies and Gentlemen:

We have been requested by Rochester Gas and Electric Corporation ("RG&E") to provide you with our legal opinion with respect to New York law as it applies to the matters referred to in paragraph F of Instructions to Exhibits of Form U-1 under the Public Utility Holding Company Act of 1935 (the "Act") with respect to the application filed by RG&E for an order under section 3(a)(1) of the Act.

As counsel for RG&E, we have examined, among other things, copies identified or certified to our satisfaction as being true copies of the following documents:

A. Restated Certificate of Incorporation of RG&E as presently in effect;

B. RG&E Bylaws as presently in effect;

C. Evidence as to the good standing of RG&E under the laws of the State of New York; and

D. The form U-1 to be filed by RG&E ("Form U-1").

RG&E has advised us and we are assuming that the transaction with respect to which Form U-1 will be filed, to the extent pertinent to this opinion, is as described in this paragraph. RG&E is a New York corporation. RG&E plans the formation of a holding company ("HoldCo") to be incorporated in New York. HoldCo is to have three subsidiaries (1) RG&E, which would continue to operate its regulated utility businesses exclusively in New York; (2) Energetix, Inc. ("Energetix"), which engages in various unregulated businesses; and (3) RGS Development Corporation ("RGS"), which also engages in various unregulated businesses. HoldCo may have a forth subsidiary, Energyline Corporation ("Energyline"), which is currently an inactive subsidiary of RG&E; however, RG&E intends to dissolve Energyline before the holding company structure is implemented.

Based upon the foregoing, and subject to RG&E obtaining certain approvals in connection with the foregoing transaction including (1) approval by the holders of RG&E's common stock; (2) approval by RG&E's board of directors; and (3) regulatory approval by the

<PAGE>

New York State Public Service Commission, the Federal Energy Regulatory Commission, and the Nuclear Regulatory Commission, it is our opinion that, in the event the proposed transaction is consummated as described above:

1. All laws of the State of New York applicable to the proposed transaction will have been complied with;

2. RG&E is and HoldCo will be duly incorporated and validly existing under the laws of the State of New York;

3. Insofar as the laws of the State of New York are concerned, HoldCo will legally acquire all of the securities of each of RG&E, Energetix, RGS and Energyline, if existing at the time of the formation of the holding company, that HoldCo is required to acquire in connection with the transaction;

4. The stock of RG&E, Energetix, RGS and Energyline, if existing at the time of the formation of the holding company, to be acquired by HoldCo, as well as the stock of HoldCo to be issued in connection with the proposed transaction, will in each case be validly issued, fully paid and non-assessable, and the holders thereof will be entitled to the rights and privileges appertaining thereto set forth in the charter or other documents defining such rights and privileges; and

5. Insofar as the laws of the State of New York are concerned, the consummation of the proposed transaction will not violate the legal rights of the holders of any stock of RG&E, or the rights of the holders of any securities issued by any "associate company" of RG&E as defined in the Act.

Our opinion expressed in paragraph 5 above is limited to our knowledge of the matters set forth in the Restated Certificate of Incorporation and Bylaws of RG&E, each as presently in effect, and to the applicable laws of the State of New York.

We express no opinion concerning (1) federal securities laws or regulations or such laws or regulations of any state other than New York; (2) federal or state antitrust, unfair competition or trade practice laws or regulations; (3) pension and employee benefit laws and regulations; or (4) compliance with fiduciary requirements.

We hereby consent to the use of this opinion as an exhibit to Form U-1.

Respectfully submitted,

/s/NIXON, HARGRAVE, DEVANS & DOYLE LLP

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Exhibit H-1

Filings Under the Public Utility Holding Company
Act of 1935, as amended

SECURITIES AND EXCHANGE COMMISSION

Rochester Gas and Electric Corporation) File No. __________

NOTICE OF FILING

September ___, 1998

Take notice that on September 1, 1998, Rochester Gas and Electric Corporation ("RG&E"), a New York corporation, filed an application seeking an order granting exemption on behalf of its future holding company ("HoldCo") under section 3(a)(1) of the Public Utility Holding Company Act of 1935 (the "Act") from regulation under the Act, except section 9(a)(2) thereof. The reorganization through which HoldCo is being formed is part of a comprehensive rate and restructuring plan intended to satisfy electric industry restructuring goals established by the Public Service Commission of the State of New York.

All interested persons are referred to the application for complete statements of the facts related to this request for an order granting exemption. The application is available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application should submit their views in writing by __________, 1998, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicant. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application, as filed or as amended, may be granted and/or permitted to become effective.

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STAMP & RETURN

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Rochester Gas and Electric Corporation) Docket No. EC98-

APPLICATION OF ROCHESTER GAS AND ELECTRIC CORPORATION FOR AUTHORITY TO IMPLEMENT PROPOSED HOLDING COMPANY STRUCTURE

Pursuant to section 203 of the Federal Power Act ("FPA"), 16 U.S.C. § 824b, and Part 33 of the Commission's regulations, 18 C.F.R. § 33 (1997), Rochester Gas and Electric Corporation ("RG&E") hereby files an Application for authority to implement a holding company structure. The proposed reorganization involves the formation of a new holding company, HoldCo, which will become the parent corporation of RG&E through a share-for-share exchange of RG&E's common stock for common stock of HoldCo. RG&E believes that a holding company structure will enable it to better respond to the changing business environment of the electric utility industry. The proposed holding company structure would have no effect on RG&E's jurisdictional facilities, rates, or services and is compatible with the public interest. In support of this Application, RG&E submits the following:

I. BACKGROUND

RG&E is a public utility under section 201 of the Federal Power Act and a gas and electric corporation, duly organized, existing, and authorized to do business under the Transportation Corporations Law of the State of New York. RG&E owns and operates electric generation, transmission, and distribution facilities and natural gas distribution facilities that

serve retail customers in and around the City of Rochester, New York. The Company's service area has a population of approximately one million and is well diversified among residential, commercial, and industrial consumers. In addition to the City of Rochester, which is the third largest city and a major industrial center in New York State, it includes a substantial suburban area with commercial growth and a large and prosperous farming area. RG&E's retail electric business is subject to regulation by the New York Public Service Commission ("NYPSC").

RG&E is authorized by the Commission to engage in sales of capacity and energy at cost-based rates[1] and at market-based rates.[2] In addition, RG&E offers open access, nondiscriminatory transmission services pursuant to an Open Access Transmission Tariff accepted by the Commission.[3] RG&E has two wholly-owned subsidiaries, Energetix, Inc. ("Energetix") and RGS Development Corp. ("RGS").[4] Energetix is authorized by the Commission to sell capacity and energy at market-based rates.[5] RGS was formed to pursue unregulated business opportunities in the energy marketplace.

The proposed reorganization into a holding company is in response to the Competitive Opportunities proceeding instituted by the NYPSC in Case No. 94-E-0952, et al.,[6] which

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[1] RG&E's FERC Electric Rate Schedule, Original Volume No. 1 (Power Sales Tariff), was accepted by the Commission in Docket No. ER94-1279.

[2] Rochester Gas and Electric Corporation, 80 FERC ¶ 61,284 (1997).

[3] Rochester Gas and Electric Corporation, 79 FERC ¶ 61,378 (1997).

[4] RG&E has a third subsidiary, Energyline Corporation ("Energyline"), which is currently inactive. RG&E is planning to dissolve Energyline before the restructuring described in this Application takes place. If, however, Energyline still exists when the restructuring occurs, Energyline will also become a wholly-owned subsidiary of HoldCo.

[5] Rochester Gas and Electric Corporation, 80 FERC ¶ 61,284 (1997). Initially this rate schedule was filed in the name of ROXDEL. On February 12, 1998, the Commission accepted for filing a Notice of Succession filed in Docket No. ER98-1120 by Energetix, Inc. reflecting the name change.

[6] In the Matter of Competitive Opportunities Regarding Electric Service, Opinions No. 96-12, Opinion and Order Regarding Competitive Opportunities for Electric Service (May 20, 1996) ("Opinion No. 96-12").

addresses the future structure of the electric utility industry in New York State. In Opinion No. 96-12, the NYPSC required individual utilities, including RG&E, to file a restructuring plan to address, among other things, the corporate structure deemed necessary to meet the NYPSC's policy and vision for increased competition. On November 26, 1997, RG&E's settlement ("1997 Settlement") concerning the Company's restructuring plan was approved by the NYPSC.[7]

The 1997 Settlement permitted RG&E to establish a new corporate structure through either a functionally separate or a legally distinct entity. RG&E has determined that the holding company structure is the most effective means to separate its regulated and unregulated operations and to create a fully competitive environment for the supply of electricity, at both wholesale and retail, to benefit RG&E's customers and shareholders.

II. PROPOSED REORGANIZATION

A. Proposed Holding Company Structure

The proposed restructuring will be initiated by the formation of a new, wholly-owned subsidiary. RG&E will transfer all shares of stock of its other subsidiaries, Energetix and RGS, in the form of a capital contribution to the new subsidiary. The transition into a holding company structure will then be accomplished through an exchange of each outstanding share of common stock of RG&E for one share of common stock of the new subsidiary, HoldCo, pursuant to an Agreement and Plan of Share Exchange (the "Share Exchange") to be entered into between RG&E and HoldCo. As a result of the Share Exchange and subject to the rights, if any, of the holders of RG&E's common stock to exercise their appraisal rights, each outstanding

[7] Order Adopting Terms of Settlement Subject to Conditions and Changes, issued November 26, 1997 in Case 96-E-0898, In the Matter of Rochester Gas and Electric Corporation's Plans for Electric

(Footnote continued on next page)

share of common stock of RG&E will automatically be exchanged and, without any further action, will thereafter represent one share of common stock of HoldCo. Upon completion of the restructuring, RG&E, Energetix, and RGS will be wholly-owned subsidiaries of HoldCo.

Attached to this Application as Appendix A are diagrams showing RG&E's corporate structure prior to and after the creation of the holding company.

B. Applicable Standard for Approval

The Commission has held that the transfer of ownership and control of jurisdictional facilities through a transfer of a public utility's common stock from existing shareholders to a newly-created holding company, such as the reorganization proposed by RG&E, constitutes a disposition of jurisdictional facilities requiring prior Commission approval under section 203 of the FPA.[8] The Commission will approve a proposed disposition of facilities under section 203 if the disposition is consistent with the public interest. In evaluating consistency with the public interest, the Commission focuses on three factors: the effect on competition, the effect on rates, and the effect on regulation.[9] RG&E's proposed reorganization is clearly in the public interest. The formation of a holding company will be beneficial to competition, will have no effect on RG&E's rates and no effect on regulation. Furthermore, it is similar to other public utilities' corporate restructuring proposals that the Commission has determined to be consistent with the public interest. Therefore, the Commission should approve RG&E's proposed restructuring.

(Footnote continued from previous page)
Rate/Restructuring Pursuant to Opinion No. 96-12.

8 Central Vermont Public Service Corporation, 39 FERC ¶ 61,295 (1987).

9 Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act, Policy Statement, Order No. 592, FERC Stats. and Regs. ¶ 31,044 at 30,111, 30,113-114 (1996), order on reconsideration, Order No. 592-A, 79 FERC ¶ 61,321 (1997) ("Merger Policy Statement"); see also Boston Edison Company BEC Energy, 80 FERC ¶ 61,274 (1997).

III. FILING REQUIREMENTS UNDER SECTION 33.2 OF THE COMMISSION REGULATIONS

The following information is submitted in accordance with Section 33.2 of the Commission's regulations.[10]

A. The Exact Name and Address of the Principal Business Office of the Applicant

Rochester Gas and Electric Corporation
89 East Avenue
Rochester, New York 14649

B. Names and Addresses of Persons Authorized to Receive Notices and Communication Concerning this Application

Elizabeth W. Whittle, Esq.
Nixon, Hargrave, Devans & Doyle LLP
One Thomas Circle
Suite 700
Washington, D.C. 20005
(202) 457-5300
(202) 457-5355 (facsimile)

and

Marjorie L. Perlman
Senior Regulatory Analyst
Rochester Gas and Electric Corporation
89 East Avenue
Rochester, New York 14649
(716) 771-4690
(716) 724-8818 (facsimile)

---

[10] 18 C.F.R. § 33.2 (1997).

C. Designation of the Territories Served, by Counties and States

RG&E's service territory includes portions of the following counties, all within the State of New York: Genesee, Livingston, Monroe, Ontario, Orleans, Wayne and Wyoming. Attached as Appendix B is a map indicating RG&E's gas and electric franchise areas.

D. A General Statement Briefly Describing the Facilities Owned or Operated for Transmission of Electric Energy in Interstate Commerce or for the Sale of Electric Energy in Interstate Commerce or for the Sale of Electric Energy at Wholesale in Interstate Commerce

RG&E owns and/or operates approximately 1117 miles of transmission circuits, including over 158 miles of 110 kV lines, over 243 miles of 150 kV lines, and over 715 miles of 345 kV lines. RG&E also has ownership interests in several generation facilities which it uses to serve its electric retail customers and to make wholesale sales of electric energy pursuant to rate schedules that are on file with the Commission. The total net generating capacity of the Company's electric system is 1,239,000 Kw. The Company's five major generating facilities are two nuclear units, the Ginna Nuclear Plant and the Company's fourteen percent share of Nine Mile Point Nuclear Plant Unit No. 2, and three fossil fuel generating stations, the Russell and the Beebee Stations and the Company's twenty-four percent share of Oswego Unit Six ("Oswego 6").[11] In addition, the Company has four licensed hydroelectric generating stations with an aggregate capacity of 47 megawatts.[12]

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11 On December 1, 1997, Niagara Mohawk Power Corporation ("Niagara") announced a plan to sell its fossil-fueled and hydroelectric generating stations by auction in 1998. This plan was agreed to as part of Niagara's Power Choice Settlement currently under review by the NYPSC. The Company intends to include its 24% share of Niagara's Oswego 6 for sale as part of Niagara's auction.

12 Although not directly relevant to this application, the Company also owns and operates natural gas distribution facilities unlicensed hydroelectric projects.

E. **Whether the Application is for Disposition of Facilities by Sale, Lease or Otherwise, and a Description of the Consideration, if any**

As described above, this Application is for authorization to implement a holding company structure, which will be completed through a share-for-share exchange of RG&E's common stock for HoldCo's stock. No consideration or sales price is entailed.

F. **A Statement of Facilities to be Disposed of, Consolidated or Merged, Giving a Description of Their Present Use and Proposed Use After Disposition, Consolidation or Merger, and Whether the Proposed Disposition Includes All of the Operating Facilities of the Parties to the Transaction**

The Commission deems the creation of a holding company over RG&E to be a disposition of all of RG&E's facilities for purposes of the FPA. However, after the holding company structure is implemented, title, possession, and use of all of RG&E's operating facilities will continue to be held by RG&E, which will be a wholly-owned subsidiary of HoldCo.

G. **A Statement (in the Form Prescribed by the Commission's Uniform System of Accounts for Public Utilities and Licensees) of the Cost of the Facilities Involved in the Disposition**

The cost of RG&E's utility plant in the form prescribed by the Uniform System of Accounts is shown in RG&E's FERC Form No. 1 for the year ended December 31, 1997, at pages 110, 200, 204 through 207.

H. A Statement as to the Proposed Transaction Upon Any Contract for the Purchase, Sale, or Interchange of Electric Energy

The proposed reorganization will not affect any contract for the purchase, sale, or interchange of electricity. Each such contract that is in existence on the date of the reorganization will continue in effect in accordance with its terms after the reorganization.

I. A Statement as to Whether any Application With Respect to the Transaction or any Part Thereof is Required to be Filed with any Other Federal or State Regulatory Body

RG&E filed an application with the NYPSC requesting authorization for the proposed restructuring on July 30, 1998. Such a filing is specifically contemplated by the RG&E's Settlement in the Competitive Opportunities proceeding.[13] In approving the Settlement, the NYPSC endorsed in principle the proposed restructuring, subject to the Company's filing of a petition substantially in the form attached as Schedule J to the Settlement. However, the fact that the NYPSC has not yet approved the proposed restructuring should not delay review of the instant Application. The Commission has stated that it will not delay processing applications such as RG&E's to allow states to complete their own reviews.[14] RG&E also filed an application with the Nuclear Regulatory Commission ("NRC") on July 31, 1998 and will shortly file an application with the Securities and Exchange Commission[15] ("SEC"). Other than review by the Commission, NYPSC, and NRC, no other state or federal agency is required to approve the proposed reorganization.

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[13] 1997 Settlement at 52.

[14] Merger Policy Statement, FERC Stats. and Regs. at 30,127-28.

[15] RG&E will file an application at the SEC for an order granting an exemption to HoldCo from regulation under the Public Utilities Holding Company Act ("PUHCA" or the "Act") pursuant to

(Footnote continued on next page)

J. The Facts Relied Upon to Show that the Proposed Disposition Will Be Consistent with the Public Interest

RG&E submits that the proposed reorganization is consistent with the public interest. The Commission has on numerous occasions found that reorganizations involving the creation of holding companies are consistent with the public interest.[16] The proposed reorganization will strengthen RG&E by establishing a more appropriate corporate structure for the pursuit of unregulated non-utility business activities. RG&E expects that the resulting increased flexibility will enhance its long-term financial strength.

As the Commission is well aware, deregulation and competition are reshaping the utility industry and changing the nature of the electric business. After extensive investigation and analysis, RG&E has determined that the holding company structure described in this Application is the best means for RG&E to position itself for future changes and opportunities. Furthermore, this structure will enable it to take advantage of emerging business opportunities to the benefit of both shareholders and customers.

The proposed reorganization is in the public interest as evaluated based upon the three factors set forth in the Commission's Merger Policy Statement: (1) effect on competition, (2) effect on rates, and (3) effect on regulation.[17] When evaluating the effect on competition, the

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(Footnote continued from previous page)
section 3(a)(1) of the Act. 15 U.S.C. § 79c(a)(1). SEC approval of the reorganization is not required.

16 See, e.g., New York State Electric and Gas Corporation, 81 FERC ¶ 62, 201 (1997); Pennsylvania Power & Light Company, 69 FERC ¶ 62,267 (1994); Commonwealth Edison Company, 63 FERC ¶ 62,049 (1994); Central Vermont Public Service Corporation, 39 FERC ¶ 61,295 (1987).

17 See Merger Policy Statement, FERC Stats. and Regs. ¶ 31,044. The Merger Policy Statement addresses public utility mergers subject to the Commission's jurisdiction under Section 203(a) of the FPA. While the instant Application does not involve a "merger" between electric public utilities, but
(Footnote continued on next page)

Commission considers whether the proposed merger will result in dominant firms that will manipulate electricity markets and harm competition.[18] Additionally, when evaluating the effect on rates, the Commission considers whether the proposed merger is likely to lead to unnecessary rate increases or inhibit rate decreases.[19] Finally, when evaluating the effect on regulation, the Commission considers whether the merger would impair effective regulation by creating a regulatory gap.[20] As more fully demonstrated below, the proposed reorganization: (1) does not raise competitive issues; (2) does not adversely affect wholesale power sales or transmission rates; and (3) does not adversely impact on the ability of the Commission or state regulators to regulate the jurisdictional entities.

1. Effect on Competition

The proposed restructuring will not have an adverse effect on competition in wholesale electric markets. In fact, the proposed reorganization is being effected substantially as a response to the NYPSC's Competitive Opportunities proceeding designed to increase competitive choices for New York ratepayers. The proposed reorganization results in a change in ownership or control of jurisdictional facilities solely by reason of the creation of a new holding company and the exchange of shares of RG&E for shares of HoldCo. For this reason, the proposed transaction will create neither vertical nor horizontal market power issues.

In order to have an effect on competition, a transaction must change in some manner the relative ownership or control of generation assets, transmission assets or other inputs that could

(Footnote continued from previous page)
rather the reorganization of an electric public utility, RG&E has addressed each of the criteria set forth in the Merger Policy Statement to demonstrate that the reorganization is in the public interest.

18 Merger Policy Statement, FERC Stats. and Regs. at 30,117.

19 Id. at 30,121-122.

20 Id. at 30,124.

be used as barriers to entry or to affect price. Here, however, RG&E will own or control the same generation, transmission and other utility assets after the holding company formation as before. Furthermore, RG&E's facilities will not be combined with the facilities of any other public utility as a result of the reorganization and, therefore, the proposed reorganization does not enhance the ability of RG&E to exercise market power in any geographic or product market.[21] After the reorganization, RG&E will continue to provide the same non-discriminatory rates and terms and conditions of service that it currently does. RG&E's proposed reorganization, therefore, is fully consistent with the Commission's pro-competitive policies.

The proposed reorganization represents a fundamental pro-competitive shift in business structure that will serve the goals of the NYPSC, as well those of this Commission. The benefits of a holding company structure are well established. The proposed structure will facilitate the separation of RG&E's traditional utility operation from those of its unregulated businesses. Furthermore, a holding company structure protects ratepayers from cross-subsidization of costs and from the transfer of business risk from unregulated to regulated businesses. It allows the Commission and the NYPSC to more easily track costs and revenues. In short, the holding company structure is a highly desirable form of conducting regulated and unregulated business within the same corporate group.

2. Effect on Rates

The proposed reorganization will have no effect on RG&E's rates or operating costs. RG&E does not, in this Application, propose to change any rates for services. After the reorganization is complete, RG&E will continue to be subject to regulation by the NYPSC with respect to its retail rates, service, accounting and other general matters of utility operation, and

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[21] See Enova Corporation, 79 FERC ¶ 61,107 (1997).

subject to regulation by the Commission with respect to any and all wholesale power sales-related and transmission-related issues. RG&E will continue to own and operate all of its jurisdictional facilities and will continue to perform under all of its contracts.

The reorganization will help RG&E to maintain a balanced capital structure and insulate RG&E's utility customers from the effects of its unregulated businesses. By separating RG&E's regulated and unregulated activities, the holding company structure will ensure that the credit quality of RG&E is unaffected by any higher risk undertakings by its unregulated businesses.

3. Effect on Regulation

The proposed reorganization will have no effect on the ability of this Commission or the NYPSC to regulate RG&E. No regulatory gap will be created by creation of this proposed holding company. Following the reorganization, RG&E will continue to be subject to the jurisdiction of the Commission for wholesale sales of electricity and wholesale transmission matters. RG&E's market-based rate authority will remain the same after the restructuring. In addition, RG&E's Code of Conduct, which governs interactions between RG&E and Energetix, will remain in effect and unaltered after the restructuring. RG&E also will continue to be subject to the jurisdiction of the NYPSC, whose authorization to form this holding company is required. HoldCo will not be a registered holding company under PUHCA and will qualify for an exemption from registration as a "predominately intrastate" public utility holding company pursuant to section 3(a)(1) of PUHCA. Thus, there will be no potential conflict between regulation under PUHCA and the Federal Power Act.[22]

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[22] See Long Island Lighting Company, 80 FERC ¶ 61,035 (1997); Enron Corporation, 78 FERC ¶ 61,179 (1997).

K. Brief Statement of Franchise Held, Showing Date of Expiration, if not Perpetual

RG&E holds an individual franchise for electric and gas service for each municipality it serves. All franchises that RG&E holds for electric service are perpetual.

L. Form of Notice Suitable for Publication in the Federal Register, Briefly Summarizing the Application in Such a Way as to Acquaint the Public with its Scope and Purpose

A Form of Notice suitable for publication in the Federal Register, pursuant to 18 C.F.R. § 35.8, is attached hereto as Appendix C. An electronic version of the draft notice is also submitted herewith on a 3 ½" diskette in WordPerfect 5.2 format.

IV. List of Materials Enclosed With Filing

This Application is comprised of the foregoing statements and the following appendices and required exhibits:

Appendix A - Diagram of RG&E's current and proposed corporate structure.

Appendix B - Map indicating RG&E's gas and electric franchise area.

Appendix C - Form of Notice for publication in the Federal Register.

Appendix D - Verification

The following exhibits required by Section 33.3 of the Commission's Regulations are attached to this Application:

Exhibit A - Resolution adopted by RG&E's Board of Directors authorizing the Reorganizati'n proposal and the filing of this Application. (To be filed when available)

Exhibit B - Statement of measure of control or ownership exercised by or over RG&E and the nature and extent of any intercorporate relationships.

Exhibit C - RG&E's balance sheet with supporting plant schedules for the 12-month period ended December 31, 1997 in the form prescribed for Statements A

and B of Form No. 1, "Annual Report for Electric Utilities, Licensees and Others (Class A and Class B)," prescribed by Section 14.1 of the Commission's Rules and Regulations.

Exhibit D - Statement of known contingent liabilities of RG&E, except minor items.

Exhibit E - RG&E's income statement for the 12-month period ended December 31, 1997 in the form prescribed for Statement C of Form No. 1, "Annual Report for Electric Utilities, Licensees and Others (Class A and Class B)," prescribed by Section 14.1 of the Commission's Rules and Regulations.

Exhibit F- An analysis of RG&E's retained earnings for the period covered by the income statement referred to in Exhibit E.

Exhibit G - A copy of the application and each exhibit filed with the NYPSC and NRC in connection with the proposed transaction. (The SEC application will be filed when available)

Exhibit H - Agreement and Plan of Exchange. (To be filed when available)

Exhibit I - System Map of Generating Stations and Transmission Lines.

WHEREFORE, RG&E respectfully requests that the Commission approve this Application and authorize the proposed corporate reorganization under the terms and conditions set forth herein because the proposed reorganization is consistent with the public interest and would have no effect on RG&E's jurisdictional facilities, rates or services.

Respectfully submitted,

Karen E. Georgenson

Elizabeth W. Whittle
Karen E. Georgenson

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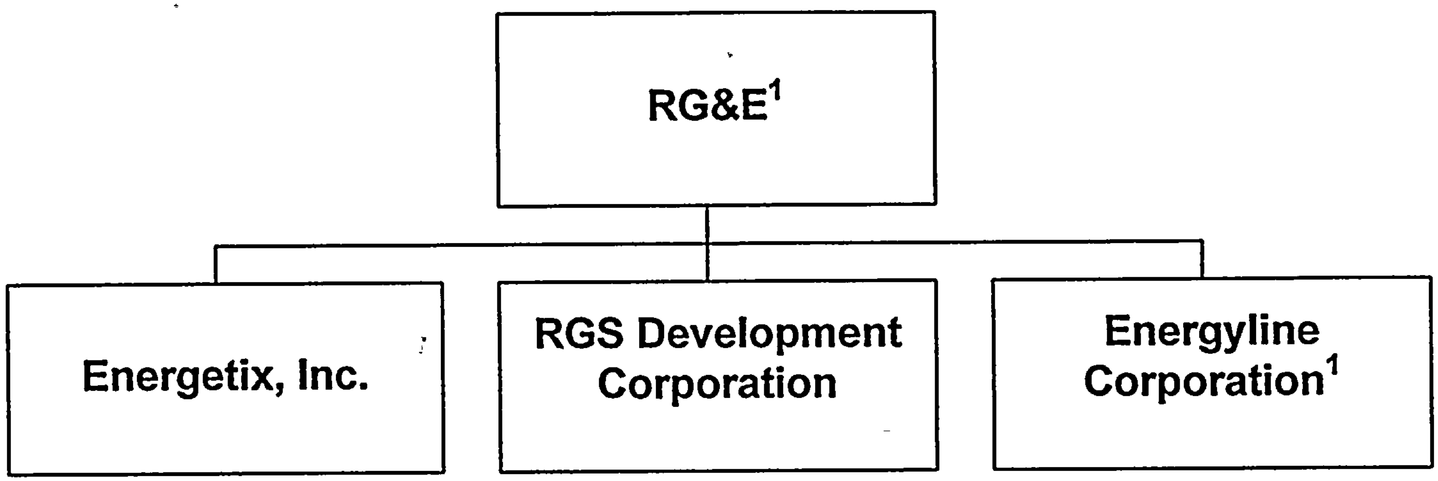
One Thomas Circle, N.W.
Seventh Floor
Washington, D.C. 20005-5802
Telephone: (202) 457-5300
Facsimile: (202) 457-5355

Dated: August 12, 1998

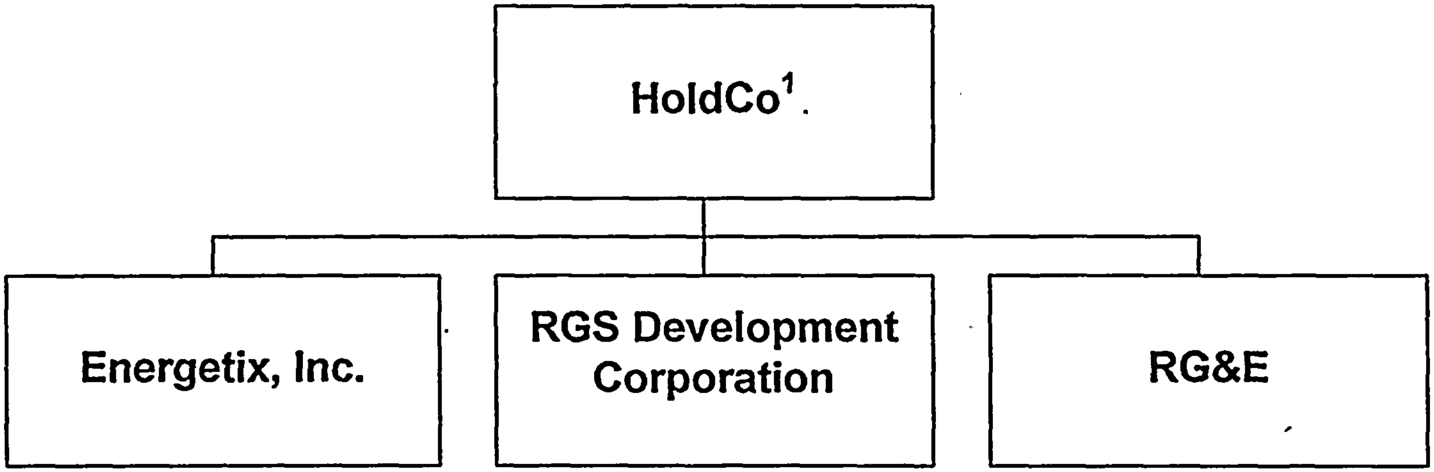
APPENDIX A

ROCHESTER GAS AND ELECTRIC CORPORATION
CURRENT CORPORATE STRUCTURE



[1] Energyline Corporation is currently inactive, and RG&E plans to dissolve it prior to the corporate restructuring.

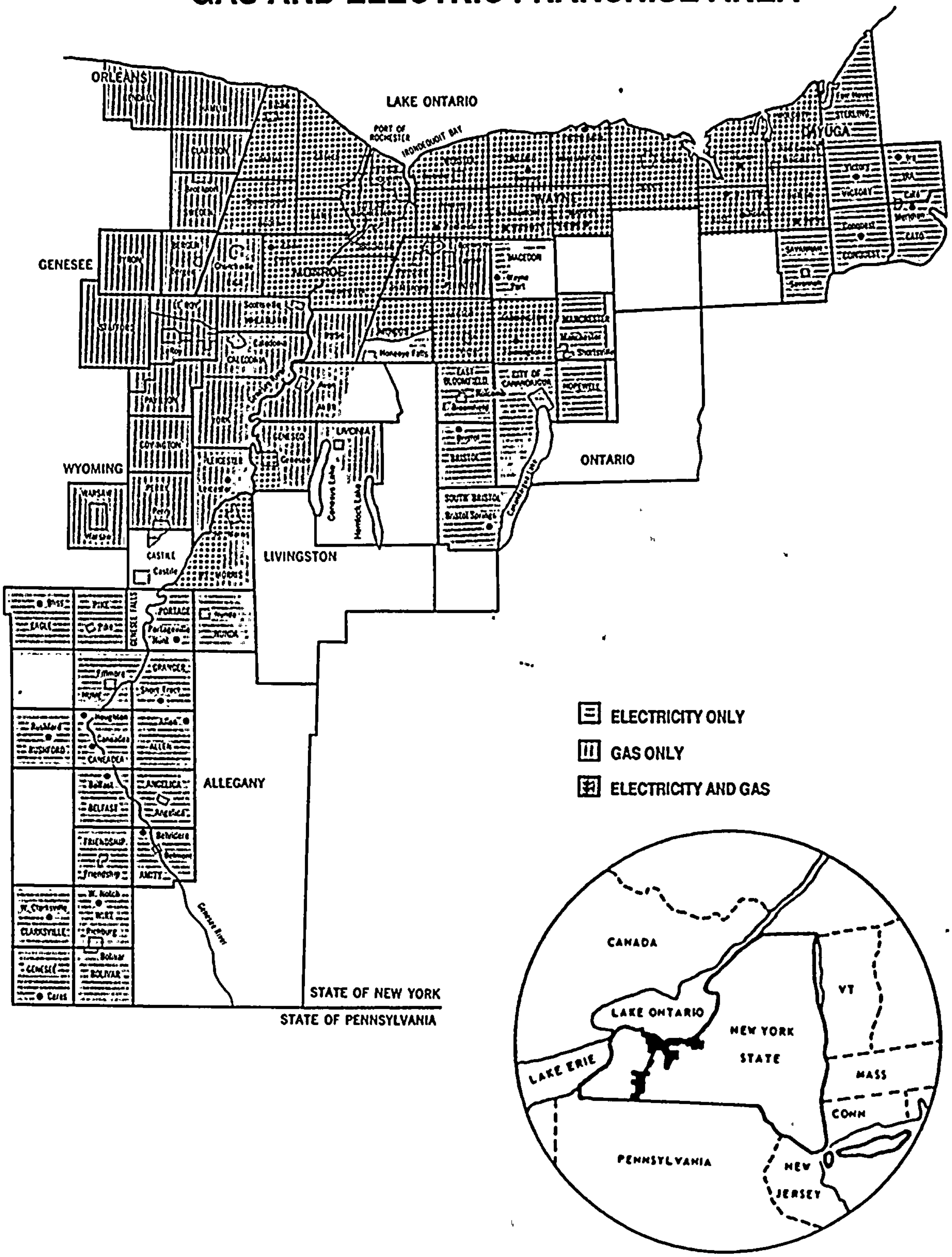
ROCHESTER GAS AND ELECTRIC CORPORATION
PROPOSED CORPORATE STRUCTURE



[1] If Energyline Corporation ("Energyline") still exists at the time of the corporate restructuring, Energyline will become a wholly-owned subsidiary of HoldCo.

APPENDIX B

GAS AND ELECTRIC FRANCHISE AREA



APPENDIX C

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Rochester Gas and Electric Corporation) Docket No. ER98- -000

NOTICE OF FILING

Take notice that on August 12, 1998, Rochester Gas and Electric Corporation ("RG&E") tendered for filing with the Federal Energy Regulatory Commission ("Commission") an Application pursuant to section 203 of the Federal Power Act, 16 U.S.C. § 824b, for authority to implement a holding company structure.

A copy of this Application was served on the New York Public Service Commission.

Any person desiring to be heard or to protest said filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests should be filed on or before [insert date]. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

David P. Boergers,
Acting Secretary

APPENDIX D

<u>VERIFICATION</u>

David C. Heiligman, first being duly sworn, deposes and says that he is a representative legally authorized to bind Rochester Gas and Electric Corporation; that he has read the foregoing document and is familiar with the contents thereof; and that the statements contained therein are true to the best of his knowledge, information and belief.

David C. Heiligman
David C. Heiligman

Sworn to and subscribed
before me on this date, August 11, 1998

Thomas H. Carey
Notary Public

My Commission Expires:

(Notarial Seal)

THOMAS H. CAREY
Notary Public, State of New York
No. 4741899
Monroe County
Commission Expires Feb. 28, 2000

EXHIBIT A

(To be filed when available)

EXHIBIT B

Statement of Measurement of Control or Ownership and Intercorporate Relationships

Rochester Gas and Electric Corporation ("RG&E") is a publicly owned utility with more than 38 million common shares outstanding. As far as RG&E can determine, no FERC-jurisdictional public utility, bank, trust company, banking association, or firm that is authorized by law to underwrite or participate in the marketing of securities of a public utility, or any company supplying electric equipment to such a party, holds, individually, more than five (5) percent of the outstanding common shares of RG&E.

RG&E has a common director with Prudential Securities Group ("Prudential"), a securities firm. The interlocking position between RG&E and Prudential was approved by FERC in Docket No. ID-3081.

It is anticipated that upon consummation of the corporate reorganization, RG&E and HoldCo will have common directors and officers. However, the common officers and directors have not yet been specified and are not yet known.

RG&E currently owns 100 percent of Energetix and RGS Development which are both non-utility subsidiaries.[1] Certain officers and directors of RG&E are also officers and directors of Energetix and RGS Development.

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1 RG&E's third wholly-owned subsidiary, Energyline Corporation ("Energyline") is currently inactive, and RG&E intends to dissolve it prior to the corporate restructuring. If Energyline still exists at the time of the corporate restructuring, Energyline will become a wholly-owned subsidiary of HoldCo.

EXHIBIT C

Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	$2,935,058,377	$2,991,034,944
3	Construction Work in Progress (107)	200-201	69,711,324	74,017,754
4	TOTAL UTILITY PLANT (Enter Total of lines 2 and 3)		$3,004,769,701	$3,065,052,698
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	1,381,907,851	1,510,073,938
6	Net Utility Plant (Enter Total of line 4 Less 5)	-	$1,622,861,850	$1,554,978,760
7	Nuclear Fuel (120.1-120.4, 120.6)	202-203	224,280,108	242,620,692
8	(Less) Accum. Prov. for Amort. of Nucl. Assemblies (120.5)	202-203	265,806,526	287,134,369
9	Net Nuclear Fuel (Enter Total of lines 7 Less 8)	-	($41,526,418)	($44,513,677)
10	Net Utility Plant (Enter Total of lines 6 and 9)	-	$1,581,335,432	$1,510,465,083
11	Utility Plant Adjustments (116)	122		
12	Gas Stored Underground-Noncurrent (117)	-		
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)	221	106,499	106,499
15	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
16	Investments in Associated Companies (123)	-		
17	Investment in Subsidiary Companies (123.1)	224-225		
18	(For Cost of Account 123.1, See Footnote Page 224, Line 42)	-		
19	Noncurrent Portion of Allowances	228-229		
20	Other Investments (124)		660,095	660,095
21	Special Funds (125-128)	-	91,194,712	132,540,345
22	TOTAL Other Property and Investments (Total of lines 14—17,19—21)		$91,961,306	$133,306,939
23	CURRENT AND ACCRUED ASSETS			
24	Cash (131)	-	21,067,256	25,166,485
25	Special Deposits (132-134)	-	71,176	71,176
26	Working Fund (135)	-	162,826	167,684
27	Temporary Cash Investments (136)	-	(694)	
28	Notes Receivable (141)			
29	Customer Accounts Receivable (142)	-	126,679,285	130,533,822
30	Other Accounts Receivable (143)	-	3,567,845	812,558
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	17,501,948	26,926,155
32	Notes Receivable from Associated Companies (145)	-		
33	Accounts Receivable from Assoc. Companies (146)	-		
34	Fuel Stock (151)	227	6,441,532	6,390,798
35	Fuel Stock Expenses Undistributed (152)	227		
36	Residuals (Elec) and Extracted Products (153)	227		
37	Plant Materials and Operating Supplies (154)	227	10,601,784	8,222,365
38	Merchandise (155)	227		
39	Other Materials and Supplies (156)	227		
40	Nuclear Materials Held for Sale (157)	202-203/227		
41	Allowances (158.1 and 158.2)	228-229		186,000
42	(Less) Noncurrent Portion of Allowances	228-229		
43	Stores Expense Undistributed (163)	-		
44	Gas Stored Underground-Current (164.1)	-	22,845,110	25,130,000
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	-		
46	Prepayments (165)	-	23,102,974	23,817,781
47	Advances for Gas (166-167)	-		
48	Interest and Dividends Receivable (171)	-	(91,000)	5,272
49	Rents Receivable (172)	-	253,675	355,771
50	Accrued Utility Revenues (173)	-	53,260,521	48,438,482
51	Miscellaneous Current and Accrued Assets (174)			
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 51)		$250,460,342	$242,372,039

Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year. (d)
53	DEFERRED DEBITS			
54	Unamortized Debt Expenses (181)	-	$15,141,923	$17,271,712
55	Extraordinary Property Losses (182.1)	230		
56	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
57	Other Regulatory Assets (182.3)	232	345,797,278	290,601,020
58	Prelim. Survey and Investigation Charges (Electric) (183)	-	292,286	224,977
59	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)	-		
60	Clearing Accounts (184)	-		
61	Temporary Facilities (185)	-		
62	Miscellaneous Deferred Debits (186)	233	36,746,498	25,944,900
63	Def. Losses from Disposition of Utility Plt. (187)	-		
64	Research, Devel. and Demonstration Expend. (188)	352-353	(3,356,494)	(1,484,448)
65	Unamortized Loss on Reacquired Debt (189)	-		
66	Accumulated Deferred Income Taxes (190)	234	123,550,571	137,054,514
67	Unrecovered Purchased Gas Costs (191)	-		
68	TOTAL Deferred Debits (Enter Total of lines 54 thru 67)		$518,172,062	$469,612,673
69	TOTAL Assets and other Debits (Enter Total of lines 10,11,12, 22,52,and 68)		$2,441,929,142	$2,355,756,73[illegible]

Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

COMPARATIVE BALANCE SHEET (LIABILITES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	$194,257,320	$194,311,735
3	Preferred Stock Issued (204)	250-251	122,000,000	92,000,000
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252	518,589,085	518,807,316
7	Other Paid-in Capital (208-211)	253	71,297	2,469,997
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254	16,898,799	16,557,721
11	Retained Earnings (215, 215.1, 216)	118-119	88,828,397	106,520,436
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	1,711,465	2,792,506
13	(Less) Reacquired Capital Stock (217)	250-251		
14	TOTAL Proprietary Capital (Enter Total of Lines 2 thru 13)	-	$908,558,765	$900,344,269
15	LONG-TERM DEBT			
16	Bonds (221)	256-257	575,668,000	516,000,000
17	(Less) Reacquired Bonds (222)	256-257		
18	Advances from Associated Companies (223)	256-257		
19	Other Long-Term Debt (224)	256-257	91,900,000	101,900,000
20	Unamortized Premium on Long-Term Debt (225)	-	56,842	33,128
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	-	671,267	599,279
22	TOTAL Long-Term Debt (Enter Total of Lines 16 thru 21)	-	$666,953,575	$617,333,849
[illegible]	OTHER NONCURRENT LIABILITIES			
24	Obligations Under Capital Leases-Noncurrent (227)	-		
25	Accumulated Provision for Property Insurance (228.1)	-	1,140,325	1,140,325
26	Accumulated Provision for Injuries and Damages (228.2)	-	1,750,000	1,073,085
27	Accumulated Provision for Pensions and Benefits (228.3)	-	31,772,405	41,392,636
28	Accumulated Miscellaneous Operating Provisions (228.4)	-	15,216,741	13,980,353
29	Accumulated Provision for Rate Refunds (229)	-		
30	TOTAL OTHER Noncurrent Liabilities (Enter Total of lines 24 thru 29)		$49,879,471	$57,586,399
31	CURRENT AND ACCRUED LIABILITIES			
32	Notes Payable (231)	-	14,000,000	20,000,000
33	Accounts Payable (232)	-	118,825,672	120,084,346
34	Notes Payable to Associated Companies (233)	-		
35	Account Payable to Associated Companies (234)	-		
36	Customer Deposits (235)	-	2,050,609	2,184,939
37	Taxes Accrued (236)	262-263	(87,919)	2,161,104
38	Interest Accrued (237)	-	10,316,983	8,592,839
39	Dividends Declared (238)	-	19,349,409	18,791,424
40	Matured Long-Term Debt (239)	-		
41	Matured Interests (240)	-		
42	Tax Collections Payable (241)	-	442,510	471,623
43	Miscellaneous Current and Accrued Liabilities (242)		33,126,207	44,392,418
44	Obligations Under Capital Leases-Current (243)			
45	TOTAL Current and Accrued Liabilities(Enter Total of lines 32 thru 44)		$198,023,471	$216,678,693

Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	DEFERRED CREDITS			
47	Customer Advances for Construction (252)			
48	Accumulated Deferred Investment Tax Credits (255)	266-267	45,479,921	43,048,279
49	Deferred Gains from Disposition of Utility Plant (256)			
50	Other Deferred Credits (253)	269	86,565,756	40,908,385
51	Other Regulatory Liabilities (254)	278	38,369,570	40,881,633
52	Unamortized Gain on Reacquired Debt (257)	269		
53	Accumulated Deferred Income Taxes (281-283)	272-277	448,098,613	438,975,229
54	TOTAL Deferred Credits (Enter Total of Lines 47 thru 53)		$618,513,860	$563,813,526
55				
56				
57				
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68	TOTAL Liabilities and Other Credits (Enter Total of Lines 14, 22, 30, 45 and 54)		$2,441,929,142	$2,355,756,736

EXHIBIT D

EXHIBIT D

Statement Of All Known Contingent Liabilities

As of the date of this Application, the material contingent liabilities of Rochester Gas and Electric Corporation ("RG&E"), not including minor items such as damage claims and similar items involving relatively small amounts, are set forth in RG&E's Annual Report on Form 10-K for the year ended December 31, 1997, RG&E's Current Report on Form 8-K dated February 12, 1998, and RG&E's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, copies of which are attached hereto.

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CONFORMED SUBMISSION TYPE: 8-K
PUBLIC DOCUMENT COUNT: 1
CONFORMED PERIOD OF REPORT: 19980212
ITEM INFORMATION:
ITEM INFORMATION:
FILED AS OF DATE: 19980212
SROS: NYSE

FILER:

COMPANY DATA:
COMPANY CONFORMED NAME: ROCHESTER GAS & ELECTRIC C
CENTRAL INDEX KEY: 0000084557
STANDARD INDUSTRIAL CLASSIFICATION: ELECTRIC & OTHER SERVICES
IRS NUMBER: 160612110
STATE OF INCORPORATION: NY
FISCAL YEAR END: 1231

FILING VALUES:
FORM TYPE: 8-K
SEC ACT:
SEC FILE NUMBER: 001-00672
FILM NUMBER: 98533414

BUSINESS ADDRESS:
STREET 1: 89 EAST AVE
CITY: ROCHESTER
STATE: NY
ZIP: 14649
BUSINESS PHONE: 7165462700
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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report -- February 12, 1998

ROCHESTER GAS AND ELECTRIC CORPORATION
(Exact name of registrant as specified in charter)

New York
(State or other jurisdiction of incorporation)

1-672
(Commission File Number)

16-0612110
(IRS Employer Identification No.)

89 EAST AVENUE, ROCHESTER, NEW YORK 14649
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (716) 546-2700
<PAGE>

ITEM 5. OTHER EVENTS

With respect to the litigation previously described in the Company's 1997 Annual Report to Shareholders and its report on Form 10-K relating to the Power Purchase Agreement ("PPA") with Kamine/Besicorp Allegany L.P. and the related antitrust litigation brought against the Company by General Electric Capital Corporation, a tentative settlement agreement has been reached under which all such litigation would be dismissed and the PPA would be terminated.

The terms of the tentative settlement must be finalized in a Global Settlement Agreement and receive the approval of the New York Public Service Commission ("PSC")and the U.S. Bankruptcy Court in Newark, N.J. where Kamine is currently a debtor in a Chapter 11 case. The Company has offered as part of the settlement to purchase the 65-megawatt, gas-fired plant, which will be sold in the bankruptcy proceeding.

The Company does not expect the terms of the settlement to have any material effect on its earnings. The Amended and Restated Settlement Agreement dated October 23, 1997 in the Competitive Opportunities Proceeding, which was approved by the PSC by Order dated January 14, 1998, contains provisions which would accommodate the tentative settlement and, assuming approval of the settlement by the PSC, its overall cost would eventually be recovered in the rates for utility service.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

Exhibits: See Exhibit Index below.

EXHIBIT INDEX

Exhibit No.	Description

None.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROCHESTER GAS AND ELECTRIC CORPORATION
(Registrant)

Date: February 12, 1998

By: /s/ J. B. Stokes

J. Burt Stokes
Senior Vice President,
Corporate Services and
Chief Financial Officer

Date: February 12, 1998

By: /s/ William J. Reddy

William J. Reddy
Controller

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CONFORMED PERIOD OF REPORT: 19980331
FILED AS OF DATE: 19980508
SROS: NYSE

FILER:

COMPANY DATA:
COMPANY CONFORMED NAME: ROCHESTER GAS & ELECTRIC C
CENTRAL INDEX KEY: 0000084557
STANDARD INDUSTRIAL CLASSIFICATION: ELECTRIC & OTHER SERVICES
IRS NUMBER: 160612110
STATE OF INCORPORATION: NY
FISCAL YEAR END: 1231

FILING VALUES:
FORM TYPE: 10-Q
SEC ACT:
SEC FILE NUMBER: 001-00672
FILM NUMBER: 98613732

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STREET 1: 89 EAST AVE
CITY: ROCHESTER
STATE: NY
ZIP: 14649
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number 1-672

Rochester Gas and Electric Corporation

(Exact name of registrant as specified in its charter)

New York	16-0612110
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification No.)
89 East Avenue, Rochester, NY	14649
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (716) 546-2700

N/A

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $5 par value, at April 30, 1998: 38,864,047

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ROCHESTER GAS AND ELECTRIC CORPORATION
CONSOLIDATED BALANCE SHEET
(Thousands of Dollars)

<TABLE>
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Assets	March 31, 1998 (Unaudited)
<S>	<C>
Utility Plant	
Electric	$2,463,381
Gas	425,511
Common	136,260
Nuclear fuel	246,754
	3,271,906
Less: Accumulated depreciation	1,547,127
Nuclear fuel amortization	208,995
	1,515,784
Construction work in progress	48,784
Net Utility Plant	1,564,568
Current Assets	
Cash and cash equivalents	68,465
Accounts receivable, net of allowance for doubtful accounts: 1998 - $27,187, 1997 - $26,926	136,934
Unbilled revenue receivable	40,677
Materials, supplies and fuels, at average cost	20,147
Prepayments	32,171
Total Current Assets	298,394
Deferred Debits	

Nuclear generating plant decommissioning fund	149,669
Nine Mile Two deferred costs	30,046
Unamortized debt expense	16,412
Other deferred debits	26,124
Regulatory assets	212,058
Total Deferred Debits	434,309
Total Assets	$2,297,271

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ROCHESTER GAS AND ELECTRIC CORPORATION
CONSOLIDATED BALANCE SHEET
(Thousands of Dollars)

<TABLE>
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Capitalization and Liabilities	March 31, 1998 (Unaudited
<S>	<C>
Capitalization	
Long term debt - mortgage bonds	$ 485,451
- promissory notes	101,900
Preferred stock redeemable at option of Company	47,000
Preferred stock subject to mandatory redemption	35,000
Common shareholders' equity:	
Common Stock	
Authorized 50,000,000 shares; 38,864,047 shares outstanding at March 31, 1998 and 38,862,347 shares outstanding at December 31, 1997.	699,255
Retained earnings	128,763
Total common shareholders' equity	828,018
Total Capitalization	1,497,369
Long Term Liabilities (Department of Energy)	
Nuclear waste disposal	84,392
Uranium enrichment decommissioning	13,475
Total Long Term Liabilities	97,867
Current Liabilities	
Long term debt due within one year	30,000
Preferred stock redeemable within one year	10,000
Short term debt	0
Accounts payable	45,325
Dividends payable	18,793
Taxes accrued	10,020
Interest accrued	13,351

Other	89,146
Total Current Liabilities	216,635
Deferred Credits and Other Liabilities	
Accumulated deferred income taxes	326,630
Pension costs accrued	71,239
Other	87,531
Total Deferred Credits and Other Liabilities	485,400
Commitments and Other Matters	--
Total Capitalization and Liabilities	$2,297,271

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ROCHESTER GAS AND ELECTRIC CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Thousands of Dollars)
(Unaudited)

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	For the Three Months Ended March 31, 1998	1997
<S>	<C>	<C>
Operating Revenues		
Electric	$161,821	$174,063
Gas	113,515	136,993
	275,336	311,056
Electric sales to other utilities	7,180	3,789
Total Operating Revenues	282,516	314,845
Fuel Expenses		
Fuel for electric generation	11,799	10,832
Purchased electricity	5,444	4,884
Gas purchased for resale	61,663	79,355
Total Fuel Expenses	78,906	95,071
Operating Revenue less Fuel Expenses	203,610	219,774
Other Operating Expenses		
Operations excluding fuel expenses	59,794	64,194
Maintenance	9,515	11,530
Depreciation and amortization	29,182	29,212
Taxes--local, state and other	32,530	34,967
Federal income tax	23,679	24,677
Total Other Operating Expenses	154,700	164,580

Operating Income	48,910	55,194
Other (Income) and Deductions		
Allowance for other funds used during construction	(93)	(71)
Federal income tax	449	(763)
Other--net	(1,134)	1,184
Total Other (Income) and Deductions	(778)	350
Income before Interest Charges	49,688	54,844
Interest Charges		
Long term debt	10,784	11,853
Other--net	799	1,672
Allowance for borrowed funds used during construction	(150)	(114)
Total Interest Charges	11,433	13,411
Net Income	38,255	41,433
Dividends on Preferred Stock	1,305	1,704
Earnings Applicable to Common Stock	$ 36,950	$ 39,729
Average Number of Common Shares (000's)		
Common Stock	38,863	38,851
Common Stock and Equivalents	39,014	38,851
Earnings per Common Shares--Basic	$0.95	$1.02
Earnings per Common Shares--Diluted	$0.95	$1.02
Cash Dividends Paid per Common Share	$0.45	$0.45

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ROCHESTER GAS AND ELECTRIC CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
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(Thousands of Dollars)	Three Months Ended March 31, 1998	1997
<S>	<C>	<C>
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 38,255	$ 41,433
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	33,869	34,047

Deferred fuel	13,443	14,165
Deferred income taxes	(16,281)	(10,356)
Allowance for funds used during construction	(243)	(185)
Unbilled revenue, net	7,761	7,197
Nuclear generating plant decommissioning fund	(5,227)	(5,031)
Pension costs accrued	(3,246)	(1,417)
Post employment benefit	2,125	2,580
Changes in certain current assets and liabilities:		
Accounts receivable	(32,153)	(26,168)
Materials, supplies and fuels	19,782	22,294
Taxes accrued	4,979	35,845
Accounts payable	(7,870)	(7,975)
Other current assets and liabilities, net	29,180	(5,434)
Other, net	256	11,240
Total Operating	84,630	112,235
CASH FLOW FROM INVESTING ACTIVITIES		
Net additions to utility plant	(15,475)	(12,006)
Other, net	(7)	--
Total Investing	(15,482)	(12,006)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from:		
Sale/issuance of common stock	42	--
Short term borrowings	(20,000)	(14,000)
Dividends paid on preferred stock	(1,305)	(1,866)
Dividends paid on common stock	(17,488)	(17,483)
Other, net	12,663	(1,900)
Total Financing	(26,088)	(35,249)
Increase in cash and cash equivalents	43,060	64,980
Cash and cash equivalents at beginning of period	25,405	21,301
Cash and cash equivalents at end of period	$68,465	$86,281

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Thousands of Dollars)	Three Months Ended March 31,	
	1998	1997
Cash Paid During the Period		
Interest paid (net of capitalized amount)	$ 6,293	$ 8,870
Income tax paid	$ 4,660	--

</TABLE>

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ROCHESTER GAS AND ELECTRIC CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1: GENERAL

The Company, in the opinion of management, has included adjustments (which include normal recurring adjustments) necessary for the fair statement of the results of operations for the interim periods presented. The consolidated financial statements for 1998 are subject to adjustment at the end of the year when they will be audited by independent accountants. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The results for these interim periods are not necessarily indicative of results to be expected for the year, due to seasonal, operating, and other factors. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

Note 2. COMMITMENTS AND OTHER MATTERS

The following matters supplement the information contained in Note 10 to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and should be read in conjunction with the material contained in that Note.

LITIGATION

PSC Competitive Opportunities Case Settlement. In an Opinion issued January 14, 1998 the PSC confirmed its November 1997 approval of the Company's Settlement Agreement (the "Settlement"). The Company is in the process of implementing the Settlement. Several parties to the settlement negotiations have petitioned for rehearing and another has commenced an action for declaratory and injunctive relief as to certain portions of the Settlement and the PSC's approval of it. The Company has responded to the petitions for rehearing and will oppose the action for declaratory and injunctive relief. At this time, the Company is unable to predict the outcome of these challenges.

Litigation with Co-Generator. With respect to the litigation previously described in the Company's 1997 Annual Report on Form 10-K relating to the Power Purchase Agreement ("PPA") with Kamine/Besicorp Allegany L.P. and the related antitrust litigation brought against the Company by General Electric Capital Corporation, a tentative settlement agreement has been reached under which all such litigation would be dismissed and the PPA would be terminated.

The terms of the tentative settlement must be finalized in a Global Settlement Agreement and receive the approval of the New York Public Service Commission ("PSC")and the U.S. Bankruptcy Court in Newark, N.J. where Kamine is currently a debtor in a Chapter 11 case. The Company has offered as part of the settlement to purchase the 65-megawatt, gas-fired plant, which will be sold in the bankruptcy proceeding.

The Company does not expect the terms of the settlement to have any material effect on its earnings. The PSC Settlement Agreement contains provisions which would accommodate the tentative settlement and, assuming approval of the settlement by the PSC, its overall cost is expected to be recovered in the rates for utility service.

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Department of Justice Lawsuit. On February 20, 1998, the Company and the Department of Justice entered into a stipulation agreeing to a Consent Judgement in the civil litigation brought against the Company by the Antitrust Division of the Department of Justice. On March 19, 1998, the Department of Justice filed the Competitive Impact Statement relating to this litigation and notified the Court that it was being sent along with the Consent Judgement for publication in compliance with the Antitrust Procedures and Penalties Act, 15 U.S.C. (S) 16(b). Publication of the Competitive Impact Statement on March 30, 1998 has triggered a 60-day public comment period, after which the Consent Judgement may be signed by the Court unless the Department of Justice withdraws its consent. By the terms of the Consent Judgement, the Company shall not enforce the challenged provision in the contract with the University of Rochester or include any such provision in any other flexible rate contract, nor will it enter into or enforce a covenant or agreement not to compete in the sale of electricity with any competitor or potential competitor in the retail sale of electricity. Agreements not to compete that are reasonably ancillary to certain agreements will not be interpreted as a violation of the Consent Judgement. The types of agreements excluded from the injunction against covenants not to compete include employment contracts, personal service contracts, agreements regarding the sale or purchase of a business, joint ventures or partnerships, retail marketing agreements, consulting agreements, and portfolio management contracts. Nothing in the Consent Judgement prohibits the Company from engaging in any conduct which is exempt from or immune under the antitrust laws. The Consent Judgement has a ten-year term, but may be terminated sooner if the Company can demonstrate that competitors have achieved a certain level of sales in the market for non-residential retail sales of electricity made at unregulated prices in Monroe County. In addition, the Company agreed to maintain an antitrust compliance program.

ENVIRONMENTAL MATTERS

Opacity Issue. The negotiations with the New York State Department of Environmental Conservation to resolve allegations of past opacity violations at the Company's Beebee and Russell Stations has resulted in a Stipulation and Order resolving the matter, which was entered in New York State Supreme Court on March 18, 1998. The Stipulation and Order requires payment of a $400,000 civil penalty, implementation of an environmental benefit project valued at $700,000, and the completion of specified engineering work at the Stations. Opacity violations occurring after entry of the Stipulation and Order are subject to automatic stipulated penalties which will not be significant. The derating of the Stations has been reduced as a result of system upgrades which are expected to be completed in May 1998.

NUCLEAR-RELATED MATTERS

Uranium Enrichment Decontamination and Decommissioning Fund. The litigation by a group of utilities against the Department of Energy(DOE) concerning the right of DOE to assess utilities for decommissioning costs, which was decided against the utilities in the Court of Appeals for the Federal Circuit, is still awaiting a decision by the United States Supreme Court on whether it will review the Court of Appeals decision.

Decommissioning Costs. The Nuclear Regulatory Commission (NRC) has issued a policy statement relating to industry restructuring which addresses, in part, the prospects of joint and several liability of co-owners for nuclear decommissioning costs, such as co-owners of Nine mile Two. The NRC recognizes that co-owners generally divide costs and output from their facilities by using a contractually-defined, pro rata share standard. The NRC has implicitly

accepted this practice in the past and believes that it should continue to be the operative practice, but reserves the right, in highly unusual situations where adequate protection of public health and safety would be compromised if such action were not taken, to consider imposing joint and several liability on co-owners when one or more co-owners have defaulted.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is Management's assessment of certain significant factors affecting the financial condition and operating results of the Company. This assessment contains statements which are not historical fact and which can be classified as forward looking. These statements can be identified by the use of certain words which suggest forward looking information such as "believes", "expects", "projects", "estimates" and "anticipates" or, words which relate to future goals or strategies. In addition to the assumptions and other factors referred to specifically in connection with such statements, some of the factors that could make a significant difference in the forward-looking statements include: state and federal legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures, and affect the speed and degree to which competition enters the electric and natural gas industries; recoverability of environmental compliance costs and nuclear decommissioning costs through rates; industrial, commercial and residential growth in the service territories; technological developments; the weather and other natural phenomena; growth in opportunities for the Company's unregulated subsidiary operations; the timing and extent of changes in commodity prices and interest rates; and other considerations that may be disclosed from time to time in the Company's publicly disseminated documents and filings.

Shown below is a listing of the principal items discussed.

EARNINGS SUMMARY

Basic and diluted earnings per common share for the three months ended March 31, 1998 were $.95 compared to $1.02 for the same period a year ago. The seven-cent per share decrease was primarily due to the mild winter weather partially offset by decreases in total expenses. Retail electric sales were down 5.6% for the quarter compared to last year. Gas sales were down 11.2% in the same comparison periods. Temperatures in the first quarter were 13.6% warmer than in 1997 on a heating-degree day basis.

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The impact of developing competition in the energy marketplace may affect future earnings. The Settlement allows for a phase-in to open electric markets while lowering customer prices and establishing an opportunity for competitive returns on shareholder investments. The nature and magnitude of the potential impact of the Competitive Opportunities Settlement on the Company will depend on several factors, the availability of qualified energy suppliers in the Company's service territory, the degree of customer participation and ultimate selection of an alternative energy supplier, the Company's ability to be competitive by controlling its operating expenses, and the Company's ultimate success in the development of its unregulated business opportunities as permitted under the Settlement.

Future earnings will also be affected, in part, by the Company's degree of success in remarketing its excess gas capacity as set under the terms of the 1995 Gas Settlement and in controlling its local gas distribution costs. The Company believes it will be successful in meeting the 1995 Gas Settlement targets over the remaining period of the Settlement, although no assurance may be given.

COMPETITION

See the Company's Form 10-K for the fiscal year ended December 31, 1997, Item 8.- Note 10 of the Notes to Financial Statements for a discussion of regulatory and strandable assets and related accounting issues.

OVERVIEW. The PSC, through its Competitive Opportunities Proceeding, has embarked on a fundamental restructuring of the electric utility industry in the state. Among other elements, the PSC's goals included lower rates for consumers and increased customer choice in obtaining electricity and other energy services. During 1996 and 1997, the Company, the Staff of the PSC, and several other parties negotiated a Settlement Agreement (the "Settlement") which was approved by the PSC in November 1997. The Settlement sets the framework for the introduction and development of open competition in the electric energy marketplace.

PSC COMPETITIVE OPPORTUNITIES CASE SETTLEMENT. The Settlement provides for a transition to competition during its five year term (July 1, 1997 to June 30, 2002) and establishes the Company's electric rates for each annual period. A Retail Access Program will be phased in, allowing customers to purchase electricity, and later electricity and capacity commitments, from sources other than the Company. The Company will be given a reasonable opportunity to

recover prudently incurred costs, including those pertaining to generation and purchased power. The Settlement also requires the Company to functionally separate its component operations: distribution, generation, and retailing. Any unregulated retail operations must be structurally separate from the regulated utility functions but may be funded with up to $100 million. Although the Settlement provides incentives for the sale of generating assets, it requires neither divestiture of generating or other assets nor write off of stranded costs. The Company believes that the Settlement will not adversely affect its eligibility to continue to apply SFAS-71- "Accounting for the Effects of Certain Types of Regulation", with the exception of certain to-go costs associated with non-nuclear generation. If, contrary to the Company's view, such eligibility were adversely affected, a material write-down of assets, the amount of which is not presently determinable, could be required.

Rate Plan. Over the five year term of the Settlement, cumulative rate reductions will be: Rate Year 1: $3.5 million; Rate Year 2: $12.8 million; Rate Year 3: $27.6 million; Rate Year 4: $39.5 million; and Rate Year 5: $64.6 million. The Rate Plan permits the Company to offset against the foregoing

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reductions certain inflation-related expenses and certain amounts related to a purchase power agreement with Kamine. In the event that the Company earns a return on common equity in excess of 11.50% over the entire five year term of the Settlement, 50% of such excess will be used to write down deferred costs accumulated during the term, and 50% will be used to write down accumulated deferrals or investment in electric plant or regulatory assets.

Retail Access. The Company's Energy Choice Program began with the filing of a new tariff titled PSC No-15 Electric Distribution Service on December 1, 1997. The Distribution Tariff establishes the rates, rules and policies that govern the distribution, transmission, and sale of related electric services to unregulated load-serving entities ("LSEs" or "Distribution Customers").

The PSC approved the Distribution Tariff on January 21, 1998 for the Pilot Program for Farmers and Food Processors (the Dairylea Pilot Program) which commenced on February 1, 1998 and concludes on January 31, 2000. The Company also submitted an Operating Agreement and a Customer Manual. The Operating Agreement is the legal document that will be signed by LSEs and the Company, and the Customer Manual is the day to day operating guide developed for use by the LSEs.

Three LSEs, Energetix, New Energy Ventures and NORESCO, have executed the Company's Operating Agreement under the Dairylea Pilot Program and have begun offering unregulated retail services to eligible farmers and food processors.

By an order issued April 10, 1998, the PSC approved the Distribution Tariff for the permanent retail access program. The Company's full Retail Access Program, available to all its customers, begins on July 1, 1998 and is phased-in annually subject to certain usage limits under the Company's Competitive Opportunities Settlement. During the first year of the program customers whose electric loads represent approximately 10% of the Company's total annual retail sales will be eligible to purchase electricity from qualified LSEs. On July 1, 1999, the percent of total sales increases to 20%, and customers would purchase both electricity and capacity commitments. On July 1, 2000, the percent moves to 30%, and on July 1, 2001, all retail customers will be eligible to purchase energy and capacity from alternative suppliers.

During the energy only stage of Retail Access, beginning July 1, 1998, the Company's distribution rate will be set by deducting 2.3 cents per kilowatt hour (kWh) from its full service (bundled) rates and LSEs will be entitled to purchase electricity from the Company at a rate of 1.9 cents per kWh. During the energy and capacity stage, beginning July 1, 1999, the deduction from full

service rates will become 3.2 cents per kWh.

Generating Assets. The Company will not be required to divest any of its generation facilities. To the extent that the Company sells any generating assets during the term of the Settlement, gains on such sales will be shared between the Company and customers. With regard to losses on such sales, the Settlement acknowledges an intent that the Company will be permitted to recover such losses through distribution rates during the term of the Settlement. Future rate treatment is to be consistent with the principle that the Company is to have a reasonable opportunity to recover such costs.

Although the Company is not obligated to divest its interest in jointly-owned facilities, Niagara Mohawk Power Corporation has agreed in a separate settlement to divest all of its non-nuclear generation, including its 76 percent interest in the Oswego 6 oil-fired generating facility, the remainder of which is owned by the Company. The Company has concluded that it is in its best interest to include its minority interest in Oswego 6 in the sale being conducted by Niagara Mohawk . Gains or losses on the sale will be subject to the foregoing treatment under the Settlement.

"To-go costs" of the Company's non-nuclear resources (i.e., capital costs incurred after February 28, 1997, operation and maintenance expenses, and property, payroll and other taxes) are to be initially recovered through distribution rates. The fixed portion of to-go costs would be recovered in full until July 1, 1999, and be subject to the market thereafter in accordance with the phase-in schedule for the Retail Access program. The variable portion of non-nuclear to-go costs would also be subject to the market in accordance with

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the phase-in schedule. Under the Settlement, nuclear costs would remain recoverable through regulated rates.

Miscellaneous. The present Settlement supersedes the 1996 Rate Settlement. Various incentive and penalty provisions in the 1996 Rate Settlement are eliminated.

BUSINESS AND FINANCIAL STRATEGY. Under the terms of the Settlement, the Company is functionally separating its generation, distribution, and regulated energy services businesses. As permitted by the Settlement, the Company has established a separate unregulated subsidiary called Energetix which will be able to compete for energy, energy services and products both in and outside the Company's existing franchise service territory. Energetix is expected to move its operations into a separate facility by June 30, 1998. The Company has also developed an integrated financial strategy which includes new business development initiatives and a Common Stock share repurchase program. See the Company's 1997 Form 10-K, Item 7.- "Competition" under "Nuclear Operating Company" for a discussion of organizing utilities' plans to establish a New York Nuclear Operating Company.

Energy Choice. Within the framework of the Energy Choice Program, the Company will unbundle traditional utility services. Retail electric customers in the Company's service territory will have the opportunity to purchase energy, capacity, and retailing services from competitive energy service companies, referred to as distribution customers. They may also continue to purchase fully-bundled electric service from the Company under existing retail tariffs.

General Structure. Energy Choice adopts the "single-retailer" model for the relationship between RG&E, the distribution customers, and retail customers. Under the "single-retailer" model the regulated utility's customer is the distribution customer, whose customers are the retail customers. A distribution

customer purchases delivery services from RG&E, and bundles those services with energy and retailing and any other products or services they wish to sell, to meet the needs of their own retail customers. The relationship between the regulated utility and retail customers is substantially eliminated. The distribution customer assumes responsibility for providing its retail customers with bundled energy and delivery services, and for virtually all related retailing functions, including direct contact and communications with retail customers. With the exception of transmission and distribution service, the distribution customer will procure for its customers, or will itself create and provide them with, all necessary components of fully bundled service on a competitive basis.

Throughout the term of the Settlement, RG&E will continue to provide regulated and fully bundled electric service under its retail service tariff to customers who choose to continue with or return to such service, and to customers to whom no competitive alternative is offered.

Until the development of a wholesale market for generating capacity, there will be no suitable mechanism for the reallocation, from the regulated utility to the distribution customer, of responsibility for ensuring adequate installed reserve capacity. Accordingly, during the initial "Energy Only" stage of the Energy Choice Program (July 1, 1998 to July 1, 1999), distribution customers will be able to choose their own sources of energy supply, while RG&E will provide to distribution customers, and will be compensated for, the generating capacity (installed reserve) needed to serve their retail customers reliably. During the "Energy and Capacity" stage commencing July 1, 1999, the distribution customers will be able to select, and will be responsible for procuring, generating capacity, as well as energy, to serve the loads of their retail customers, and distribution charges will be accordingly reduced as hereinafter described. If by July 1, 1998 there is not a functioning Statewide energy and capacity market (see discussion under FERC Open Transmission Orders), the Company may petition the PSC for deferral of the scheduled commencement of the Energy and Capacity stage.

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Summary. The PSC has approved both the pilot program and full-scale retail access tariffs proposed by RG&E, subject to modifications that will not substantially change either program. The availability of distribution customers to serve eligible customers and how quickly they decide to become involved cannot be determined. Likewise, the Company is not able to predict the number of customers that may choose to no longer be served under the Company's regulated tariffs. Three distribution customers have been qualified by RG&E to serve retail customers under this program. As of March 31, 1998 all 3,413 kWh sales of electricity to distribution customers were made on a full-requirements basis which include both delivery services and energy.

Unregulated Energy Services Company. It is part of the Company's financial strategy to stimulate growth by entering into unregulated businesses. The first step in this direction was the formation and operation of Energetix effective January 1, 1998. Energetix is an unregulated subsidiary of the Company that will bring energy products and services to the marketplace both within and outside the Company's franchise area.

In April the Company announced that Energetix had agreed to acquire Griffith Energy, the second largest oil and propane distribution Company in New York State. Griffith has approximately 350 employees and operates 16 customer service centers. Griffith will give Energetix access to 65,000 new customers. The acquisition (a cash transaction which will be financed as an installment sale over a number of years) is expected to be completed later this year.

Energetix also announced an alliance with the Greater Rochester Metro Chamber of Commerce to offer discounts on energy to the Chamber's 3,400 members.

In June, Energetix plans to launch ServiceCare, an appliance service program.

Energetix intends to market electricity, natural gas, oil and propane fuel energy services mainly over an area extending in a 150-mile radius of Rochester.

The Settlement approved by the PSC in November allows for the investment of up to $100 million in unregulated businesses during the next five years. During 1998, the Company expects to determine the actual level of the initial investments to be made in unregulated business opportunities.

On July 1, 1997 the Company and Energetix filed with the Federal Energy Regulatory Commission (FERC) seeking authorization to engage in the wholesale sale of electric energy and capacity at market-based rates. These applications were accepted by FERC on September 12, 1997. The Company must seek separate authorization in order to sell electric energy to Energetix at market-based rates.

Stock Repurchase Plan. By order issued April 24, 1998 the PSC approved a Stock Repurchase Plan providing for the repurchase of Common Stock having an aggregate market value of not to exceed $145,000,000. The Company expects to begin the repurchasing program in the second quarter of 1998.

PSC PROCEEDING ON NUCLEAR GENERATION. On March 20, 1998, the PSC initiated a proceeding to examine a number of issues raised by the Staff position paper on nuclear generation and the comments received in response to it. In reviewing the Staff paper and parties' comments, the PSC (a) adopted as a rebuttable presumption the premise that nuclear power should be priced on a market basis to the same degree as power from other sources, with parties challenging that premise having to bear a substantial burden of persuasion, (b) characterized the proposals in the Staff paper as by and large consistent in concept with the PSC's goal of a competitive, market-based electricity industry, (c) questioned Staff's position that would leave funding and other decommissioning responsibilities with the sellers of nuclear power interests and (d) indicated interest in the potential for the New York Nuclear Operating Company (NYNOC) (see the Company's 1997 Form 10-K, Item 7, under Competition Nuclear Operating Company) to benefit customers through efficiency gains and

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directed pursuit of that matter in this nuclear generating proceeding or separately upon the filing of a formal NYNOC proposal. The Company's strandable assets in nuclear plant could be impacted by the outcome of this proceeding. The proceeding is intended to be completed by the second quarter of 1999.

FERC OPEN TRANSMISSION ORDERS AND COMPANY FILINGS. On January 31, 1997, the New York electric utilities filed a "Comprehensive Proposal To Restructure the New York Wholesale Electric Market" with the FERC. As proposed, the existing New York Power Pool (NYPP) will be dissolved and an independent system operator (ISO) will administer a state-wide open access tariff and provide for the short-term reliable operation of the bulk power system in the state. In addition to proposing a FERC-endorsed ISO, the proposal calls for creation of a New York Power Exchange and a New York State Reliability Council. An additional supplemental filing with FERC was made on December 19,1997 which lays out a specific timeframe for the implementation of a competitive wholesale electricity market in New York State. The utilities had requested FERC approval of the restructuring plan no later than March 31, 1998, in order to establish an operating ISO by June 30, 1998. Several parties have filed protests and requests for clarification of the Utilities' supplemental filing. The NYPP members have responded to these filings. At this time there is no formal timetable for action by FERC. A technical conference to explore issues related to ISO

proposals was held by FERC on April 14 and 15, 1998, but no actions were taken as a result of the conference. The timetable for retail competition in New York State has been established for individual utilities in settlements in the Competitive Opportunities Proceeding. If FERC action on the ISO proposal is delayed for a significant period, the Company's schedule for retail market implementation could be affected. Any request to delay full implementation of capacity and energy competition beyond July of 1999 based on a delayed FERC approval of the ISO would require PSC approval.

Significant changes to pricing procedures now in effect within NYPP are expected, but it is unclear what effect these changes may have once other regulatory changes in New York State are implemented. At the present time, the Company cannot predict what effects regulations ultimately adopted by FERC will have, if any, on future operations or the financial condition of the Company.

PSC GAS RESTRUCTURING PROCEEDING. On April 1, 1998, the Company filed its Plans for Addressing Natural Gas Capacity Issues, as required by the PSC's September 4, 1997 Order in the Proceeding on Restructuring the Energy Competitive National Gas Industry. In its Plans, the Company proposes that the PSC deal with transportation and storage capacity issues on a utility-by-utility basis, subject to certain principles that should apply to all. These general principles include: ensuring reliability; allowing the utility a fair opportunity to recover the prudently incurred costs of upstream capacity and the costs of implementing an unbundled transportation system; not making utilities responsible for promoting competitor's interests; and eliminating unnecessary and unfair cost burdens from governmental social programs. Based on the assumption that the PSC will continue movement toward gas retail access, the Company proposes that the "single-retailer" model incorporated in the electric Competitive Opportunities Settlement (see preceding discussion) be used for gas as well. The Company believes that it must retain some level of capacity to serve customers who do not leave the system and to provide necessary balancing for the system. Further, the Company's Plans include efforts to renegotiate existing capacity contracts to reduce current obligations and to realign them with system needs. The Company's Plan also include providing appropriate methods to prevent the Company and its remaining customers from bearing the costs caused by the departure of other customers. These methods include mandatory capacity assignment and establishment of a surcharge for departing customers. Finally, the Company has proposed the use of portfolio management as a means of managing capacity assets with the

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objective of mitigating strandable costs. At this time the Company cannot predict what action the PSC will take in this matter.

On April 3, 1998, the PSC issued an Order denying the Company's Petition to defer, for subsequent recovery, costs associated with the implementation of PSC-related required measures intended to further competition in the gas market. Under the Order, the Company would be precluded from recovering approximately $1.20 million incurred in 1996 and $.86 million incurred in 1997. On May 4, 1998 the Company filed a Petition for reconsideration of the PSC's decision.

RATES AND REGULATORY MATTERS

1996 ELECTRIC RATE SETTLEMENT. The PSC approved a Settlement Agreement (1996 Rate Settlement) among the Company, PSC Staff and several other parties which set rates for a three-year period, ending June 30, 1999. The Competitive Opportunities Settlement (Settlement) discussed earlier supersedes the 1996 Rate

Settlement. After approval of the Settlement becomes final and non-appealable the Company will terminate its petition seeking judicial review of the 1996 Rate Settlement.

1995 GAS SETTLEMENT. The 1995 Gas Settlement affects the rate treatment of various gas costs through October 31, 1998. For further information with respect to the 1995 Gas Settlement see the Company's 1997 Form 10-K, Item 7 under Rates and Regulatory Matters.

FLEXIBLE PRICING TARIFF. Under its flexible pricing tariff for major industrial and commercial electric customers, the Company may negotiate competitive electric rates at discount prices to compete with alternative power sources, such as customer-owned generation facilities. For further information with respect to the flexible pricing tariff see the Company's 1997 Form 10-K, Item 7 under Rates and Regulatory Matters.

LIQUIDITY AND CAPITAL RESOURCES

During the first three months of 1998 cash flow from operations (see Consolidated Statement of Cash Flows), provided the funds for construction expenditures and the payment of dividends and short-term debt. At March 31, 1998 the Company had cash and cash equivalents of $68.5 million. Capital requirements during 1998 are anticipated to be satisfied primarily from the combination of internally generated funds and the use of short-term credit arrangements.

CAPITAL AND OTHER REQUIREMENTS. The Company's capital requirements relate primarily to expenditures for energy delivery, including electric transmission and distribution facilities and gas mains and services as well as nuclear fuel, electric production and the repayment of existing debt. The Company has no plans to install additional baseload generation.

Total 1998 capital requirements are currently estimated at $165 million, of which $125 million is for construction and $40 million is for the redemption of maturing securities and sinking fund obligations. Approximately $16 million had been expended for construction as of March 31, 1998, reflecting primarily expenditures for nuclear fuel and upgrading electric transmission and distribution facilities and gas mains.

Purchased Power Requirement. Under federal and New York State laws

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and regulations, the Company is required to purchase the electrical output of unregulated cogeneration facilities which meet certain criteria (Qualifying Facilities). The Company was compelled by regulators to enter into a contract with Kamine for approximately 55 megawatts of capacity. In February, 1998 a tentative agreement was reached under which the Company would purchase the 65-megawatt, gas-fired plant, the Kamine contract would be terminated and related litigation would be dismissed . The circumstances regarding the Kamine contract, related litigation and the tentative settlement are discussed in this report under Note 2 of the Notes to Financial Statements and in the Company's 1997 Form 10-K under Item 8, Note 10 of the Notes to Financial Statements. The Company has no other long-term obligations to purchase energy from Qualifying Facilities.

Year 2000 Computer Issues. As the year 2000 approaches many companies face a potentially serious information and operational systems (computer and processor-based devices) problem because many software applications and embedded systems programs created in the past will not properly recognize calendar dates beginning with the year 2000. At this time the Company believes that the problem is being addressed properly, and has begun an extensive program to identify devices and software applications which must be replaced or altered in order to

prevent any adverse operational or financial impacts. The Company believes it will incur approximately $15 million of costs through January 1, 2000, associated with making the necessary modifications identified to date.

FINANCING. The Company had no long-term financing during the first quarter of 1998. (See Form 10-K for the fiscal year ended December 31, 1997, Item 8. Note 9. Short-Term Debt, regarding the Company's short-term borrowing arrangements.)

FOSSIL UNIT RATINGS AND STATUS. Several of the Company's fossil-fueled generating units have been derated since February 1997 to maintain acceptable opacity levels while the Company investigated additional engineering solutions to address the opacity of the Units' emissions (see Note 2 of the Notes to Financial Statements under the heading "Environmental Matters, Opacity Issue"). The derating of the units has been reduced as a result of system upgrades which are expected to be completed in May 1998. The financial impact of the deratings included the lost opportunity associated with energy sales and, at times, the need to make additional purchases to meet system requirements. While the deratings have decreased earnings, the amount has not been nor is it expected to be significant.

On January 21, 1998 the Company decided to retire Beebee Station by mid-1999. Factors such as the plant's age, location in an area no longer consistent with the surrounding development, lack of a rail/coal delivery system and more stringent clean air regulations made the plant uneconomical in the developing competitive generation business. The retirement of Beebee Station is not expected to have a material effect on the Company's financial position or results of operations. The plant will be fully depreciated at the time of retirement. The Settlement provides that all prudently incurred incremental costs associated with the shut down and decommissioning of the plant are recoverable through the Company's distribution access tariff. The electric capability and energy currently provided by the plant is expected to be replaced by purchased power as needed.

On December 1, 1997 Niagara announced a plan to sell its fossil-fueled and hydroelectric generating stations by auction in 1998. This plan was agreed to as part of Niagara's PowerChoice Settlement with the PSC. The Company intends to include its 24 percent share of the Oswego Steam Station Unit 6 (Oswego 6) for sale as part of Niagara's auction. Any gains or losses

realized by the Company from the sale of its share of Oswego 6 would be treated in accordance with the terms of the Settlement under the Competitive Opportunities Proceeding.

RESULTS OF OPERATIONS

The following financial review identifies the causes of significant changes in the amounts of revenues and expenses, comparing the three-month period ended March 31, 1998 to the three-month period ended March 31, 1997.

OPERATING REVENUES AND SALES. Total Company revenues for the first three months of 1998 were $32.3 million or 10% below the first three months of 1997. Primary factors were lower kWh sales of electricity and lower therm sales of gas due to this year's markedly milder winter season partially offset by higher electric sales to other utilities.

FUEL EXPENSES. The fuel expenses decrease in the first quarter of 1998 was driven by a decrease in gas purchased for resale expense due to reduced volume from a warmer heating season. The purchased gas expense was partially offset by higher electric fuel costs for electric generation to support the higher electric sales to other utilities.

OPERATIONS EXCLUDING FUEL EXPENSES AND MAINTENANCE EXPENSES. The decreases in operations excluding fuel and maintenance expenses reflect mainly rebates on insurance policies, a decreased expense associated with uncollectible accounts in the first quarter of 1998 and higher expenses incurred in the first quarter of 1997 as a result of wind storms.

TAXES. The decrease in local, state and other taxes reflects mainly lower revenue taxes due to decreased revenues and lower property taxes due to decreased rates and/or assessments.

Federal Income tax was essentially flat despite lower taxable income in the first quarter of 1998 compared to a year ago, due to the 1997 reversal of a prior provision for the in-service date of Nine Mile Two as a result of an agreement reached with the Internal Revenue Service.

OTHER STATEMENT OF INCOME ITEMS. The decrease in Other Income and Deductions, Other-net reflects mainly accounting adjustments relating to the elimination of Nine Mile Two O&M expense deferral mechanism which is no longer required under the Competitive Opportunities Settlement. Interest charges decreased due to refinancings and the early redemption of long-term debt in 1997 as well as a lower miscellaneous interest charges on pension and other post-employment benefits.

DIVIDEND POLICY

On March 18, 1998, the Board of Directors authorized a common stock dividend of $.45 per share, which was paid on April 25, 1998 to shareholders of record on April 2, 1998. The level of future cash dividend payments on Common Stock will be dependent upon the Company's future earnings, its financial requirements, and other factors. The Company's Certificate of Incorporation provides for the payment of dividends on Common Stock out of the surplus net profits (retained earnings) of the Company.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information on Legal Proceedings reference is made to Note 2 of the Notes to Financial Statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Company's Annual Meeting of Shareholders was held on April 15, 1998.

(b) Susan R. Holliday was elected for a two year term expiring at the Annual Meeting of Shareholders in 2000. The following Directors were elected for three year terms expiring at the Annual Meeting of Shareholders in 2001: Angelo J. Chiarella, Mark B. Grier, Jay T. Holmes and Cornelius J. Murphy. The following Directors elected at previous Annual Meetings continue as members of the Board: Samuel T. Hubbard, Jr., Roger W. Kober, Constance M. Mitchell, Allan E. Dugan, Charles I. Plosser and Thomas S. Richards.

(c) The nominees for election as directors were elected by the following vote:

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	Shares For	Shares Withheld

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Susan R. Holliday	33,357,299	454,662
Angelo J. Chiarella	33,360,745	451,216
Mark B. Grier	33,217,994	593,967
Jay T. Holmes	33,352,276	459,685
Cornelius J. Murphy	33,344,173	467,788

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: See Exhibit Index below.

(b) Reports on Form 8-K:

The Company filed a Form 8-K dated February 12, 1998, reporting under Item 5, Other Events, a tentative settlement agreement with respect to a Power Purchase Agreement between the Company and Kamine/Besicorp Allegany L.P.

EXHIBIT INDEX

Exhibit 10 (A) Change of Control Agreement dated as of March 1, 1998 between the Company and Paul C. Wilkens.

Exhibit 27 Financial Data Schedule pursuant to Item 601 (c) of Regulation S-K.

(A) Denotes executive compensation plan or arrangement.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROCHESTER GAS AND ELECTRIC CORPORATION

(Registrant)

Date: May 8, 1998

By /s/ J.B. STOKES

J. Burt Stokes
Senior Vice President, Corporate Services and Chief Financial Officer

Date: May 8, 1998

By /s/ WILLIAM J. REDDY

William J. Reddy
Controller

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EXHIBIT 10

ROCHESTER GAS AND ELECTRIC CORPORATION

CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement is made effective as of this 1st day of March, 1998, by and between Rochester Gas and Electric Corporation, a New York corporation having its principal place of business in Rochester, New York (the "Company"), and Paul C. Wilkens, an individual currently residing in Pittsford, New York (the "Employee").

1. Payment of Severance Amount. If the Employee's employment by the Company or any subsidiary or successor of the Company shall be subject to a Voluntary Termination or an Involuntary Termination within the Covered Period, then the Company shall pay the Employee a lump sum amount equal to the applicable Severance Amount, payable within 15 business days after the Termination Date.

2. Definitions. All the terms defined in this paragraph 2 shall have the meanings given below throughout this Agreement.

(a) "Annual Salary" shall, as determined on the Termination Date, be equal to the greater of:

i. the Employee's annual salary plus bonus on the date of the earliest Change of Control to occur during the Covered Period, or

ii. the Employee's annual salary plus bonus on the Termination Date.

Bonus for the purpose of this definition of Annual Salary shall mean the bonus for the Employee's final year or the average of the bonuses for the last three years, whichever is greater.

(b) "Change in Duties" shall mean any one or more of the following:

i. a significant change in the nature or scope of the Employee's authorities or duties from those applicable to him immediately prior to the date on which a Change of Control occurs;

ii. a reduction in the Employee's Annual Salary from that provided to him immediately prior to the date on which a Change of Control occurs;

iii. a diminution in the Employee's eligibility to participate in bonus, incentive award and other compensation plans which provide opportunities to receive compensation, from the greater of:

- the opportunities provided by the Company (including its subsidiaries) for executives with comparable duties; or

- the opportunities under any such plans under which he was participating immediately prior to the date on which a Change of Control occurs;

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iv. a diminution in employee benefits (including but not limited to medical, dental, life insurance and long-term disability plans) and perquisites applicable to the Employee, from the greater of:

- the employee benefits and perquisites provided by the Company (including its subsidiaries), to executives with comparable duties; or

- the employee benefits and perquisites to which the Employee was entitled immediately prior to the date on which a Change of Control occurs;

v. a change in the location of the Employee's principal place of employment by the Company (including its subsidiaries) by more than fifty miles from the location where he was principally employed immediately prior to the date on which a Change of Control occurs; or

vi. a reasonable determination by the Board of Directors of the Company that, as a result of a Change in Control and a change in circumstances thereafter significantly affecting his position, he is unable to exercise the authorities, powers, function or duties attached to his position immediately

prior to the date on which a Change of Control occurs.

(c) a "Change of Control" shall be deemed to have occurred if:

i. any "person," including a "group" as determined in accordance with the Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities;

ii. as a result of, or in connection with, any tender offer or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Company before the transaction shall cease to constitute a majority of the Board of Directors of the Company or any successor to the Company;

iii. the Company is merged or consolidated with another corporation and as a result of the merger or consolidation less than 70 percent of the outstanding voting securities of the surviving or resulting corporation shall then be owned in the aggregate by the former stockholders of the Company, other than (x) affiliates within the meaning of the Exchange Act or (y) any party to the merger or consolidation;

iv. a tender offer or exchange offer is made and consummated for the ownership of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding voting securities; or

v. the Company transfers substantially all of its assets to another corporation which is not a wholly-owned subsidiary of the Company.

(d) "Covered Period" for the Employee shall mean a period of time following the occurrence of the Change of Control equal to the lesser of (i) the Employee's period of employment with the Company, any subsidiary, or any predecessor of either prior to that Change of Control, or (ii) two years following the occurrence of the Change of Control.
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(e) "Involuntary Termination" shall mean any termination which:

i. does not result from a resignation by the Employee (other than a resignation pursuant to clause ii of this subparagraph (e)); or

ii. results from a resignation following any Change in Duties; provided, however, the term "Involuntary Termination" shall not include:

x. a Termination for Cause, or

y. any termination as a result of death, disability, or normal retirement pursuant to a retirement plan to which the Employee was subject prior to any Change of Control.

(f) "Severance Amount" is equal to:

i. in the case of an Involuntary Termination, two (2) times the Employee's Annual Salary (except if the Employee is within two years of age 65 at the time of Involuntary Termination, the Severance Amount shall be reduced to the number of whole months remaining to age 65, with a minimum payment of one (1) times the Employee's Annual Salary) or the amount determined in Section 3 below which does not produce an excise tax, whichever is higher; or

ii. in the case of a Voluntary Termination, one (1) times the Employee's Annual Salary, except if the Employee is within one year of age 65 at the time of Voluntary Termination, the Severance Amount shall be reduced to the number of months remaining to age 65, with no minimum payment.

(g) "Termination for Cause" shall mean only a termination as a result of fraud, misappropriation of or intentional material damage to the property or business of the Company (including its subsidiaries), or commission of a felony by the Employee.

(h) "Voluntary Termination" shall mean any termination which is not:

i. an Involuntary Termination;

ii. a Termination for Cause, or

iii. the result of death, disability, or normal retirement pursuant to a retirement plan to which the Employee was subject prior to any Change of Control.

(i) "Voting Securities" shall mean any securities which ordinarily possess the power to vote in the election of directors without the happening of any precondition or contingency.

(j) "Termination Date" shall mean the date on which the Employee's employment terminates.

3. Golden Parachute Payment Reduction. It is the intention of the parties that the Severance Amount in Section 2(f)(I) of this Agreement be such that it is not subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any similar tax
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that may hereafter be imposed), on account of "excess parachute payments" as defined in Section 280G of the Code. However, it is also the intention of the parties that the Severance Amount be at least equal to the largest amount that will not be subject to the excise tax it that amount would exceed two (2) times the Employee's Annual Salary. The determination of this amount to be paid hereunder shall be made at the expense of the Company by the independent certified public accounting firm acting as auditors for the Company on the date of a Change of control (or another accounting firm designated by that firm). Notwithstanding the foregoing in this Section 3, if payment is being prorated because the Employee is within two years of age 65, then the amount determined pursuant to this Section 3 shall be the lesser of prorated amount or the amount that is not subject to the excise tax.

4. Notices. Notices and all other communications under this Agreement shall be in writing and shall be deemed given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company, to:

Rochester Gas & Electric Corporation
89 East Avenue
Rochester, New York 14649-0001
ATTENTION: Group Manager Human Resource Services

If to the Employee, to:

Paul C. Wilkens
4 Rustic Pines
Pittsford, N Y 14534

or to such other address as either party may furnish to the other in writing, except that a notices of changes of address shall be effective only upon receipt.

5. Applicable Law. This contract is entered into under, and shall be governed for all purposes by, the laws of the State of New York.

6. Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement and all other provisions shall remain in full force and effect.

7. Withholding of Taxes. Company may withhold from any benefits payable under this Agreement all Federal, state, city or other taxes as may be required pursuant to any law, governmental regulation or ruling.

8. Not an Employment Agreement. Nothing in this Agreement shall give the Employee any rights (or impose any obligations to continued employment by the Company or any subsidiary or successor of the Company), nor shall it give the Company any rights (or impose any obligations) for the continued performance of duties by the Employee for the Company or any subsidiary or successor of the Company.

9. No Assignment. The Employee's right to receive payments or
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benefits under this Agreement shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by will or by the laws of descent or distribution. In the event of any attempted assignment or transfer contrary to this paragraph, the Company shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10. Successors. This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns (including, without limitation, any company into or with which the Company may merge or consolidate). The Company agrees that it will not effect the sale or other disposition of all or substantially all of its assets unless either (i) the person or entity acquiring the assets or a substantial portion of the assets shall expressly assume by an instrument in writing all duties and obligations of the Company under this Agreement, or (ii) the Company shall provide, through the establishment of a separate reserve for the payment in full of all amounts which are, or may reasonably be expected to become, payable to the Employee under this Agreement.

11. Indemnity and Releases. In consideration for the cash payment provided in paragraph 1 above, the Employee releases and discharges the Employer, its officers, agents, employees, subsidiaries, and successors, from all claims of any kind, which the Employee, or the Employee's agents, executors,

heirs, or assigns ever had or now have, whether known or unknown, up to and including the date this Agreement is signed. This release includes, but is not limited to, the following: any action or cause of action asserted or which could have been asserted under the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act of 1964, all state statutes related to discrimination, the Employee Retirement Income Security Act or the Americans With Disabilities Act; claims for wrongful discharge, unjust dismissal, or constructive discharge; claims for breach of any alleged oral, written or implied contract of employment; claims for salary or severance payments not provided by this Agreement; claims for benefits; claims for attorneys fees; and any other claims under any Federal, state or local statute, law, rule or regulation; provided that in any event all such actions or claims relate to employment or benefits matters.

IN EXECUTING THIS AGREEMENT, THE EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS BEEN GIVEN AT LEAST TWENTY-ONE (21) DAYS IN WHICH TO CONSIDER SIGNING THIS AGREEMENT AND THE RELEASE CONTAINED IN THIS PARAGRAPH 11. EMPLOYEE ACKNOWLEDGES THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF EMPLOYEE'S CHOICE CONCERNING THIS AGREEMENT AND RELEASE. EMPLOYEE HAS CAREFULLY READ AND FULLY UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT AND RELEASE, AND IS ENTERING INTO THIS AGREEMENT AND RELEASE VOLUNTARILY. EMPLOYEE ACKNOWLEDGES THAT THE CONSIDERATION BEING RECEIVED IN EXCHANGE FOR EXECUTING THIS AGREEMENT AND RELEASE IS GREATER THAN THAT WHICH EMPLOYEE WOULD BE ENTITLED TO IN THE ABSENCE OF THIS AGREEMENT AND RELEASE. EMPLOYEE HAS NOT RELIED UPON ANY REPRESENTATION OR STATEMENT, WRITTEN OR ORAL, NOT SET FORTH IN THIS DOCUMENT. EMPLOYEE ACKNOWLEDGES THAT THIS DOCUMENT SETS FORTH THE ENTIRE AGREEMENT WITH THE EMPLOYER AND THAT IT MAY NOT BE CHANGED ORALLY. EMPLOYEE HAS THE RIGHT TO REVOKE THIS AGREEMENT WITHIN SEVEN (7) DAYS OF SIGNING IT, AND THAT THIS AGREEMENT SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THIS SEVEN DAY PERIOD HAS EXPIRED.
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12. Term. This Agreement shall be effective as of the date first above written and shall remain in effect until terminated by written agreement of both parties. In the event of a Change of Control during the term of this Agreement, this Agreement shall remain in effect for the Covered Period.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first written.

ROCHESTER GAS AND ELECTRIC CORPORATION

By: /s/ Thomas S. Richards

Its: President

By: /s/ P.C. Wilkens

Employee

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This schedule contains summary financial information extracted from consolidated balance sheet, consolidated statement of income and consolidated statement of cash flows and is qualified in its entirety by reference to such financial statements.
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EXHIBIT E

Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another Utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7,9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

4. Use pages 122-123 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received duing the year.

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	$1,036,691,618	$1,043,264,060
3	Operating Expenses			
4	Operation Expenses (401)	320-323	537,210,013	538,262,151
5	Maintenance Expenses (402)	320-323	46,635,049	47,063,341
6	Depreciation Expense (403)	336-337	116,444,191	105,535,929
7	Amort. & Depl. of Utility Plant (404-405)	336-337	0	0
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	78,303	78,303
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Regulatory Debits (407.3)			
12	(Less) Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	262-263	121,795,726	126,868,139
14	Income Taxes - Federal (409.1)	262-263	69,811,725	65,756,702
15	- Other (409.1)	262-263	0	0
16	Provision for Deferred Income Taxes (410.1)	234,272-277	47,362,385	72,367,209
17	(Less) Provision for Deferred Income Taxes - Cr. (411.1)	234,272-277	51,895,347	68,622,983
18	Investment Tax Credit Adj. - Net (411.4)	266		
19	(Less) Gains from Disp. of Utility Plant (411.6)			
20	Losses from Disp. of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)			
22	Losses from Disposition of Allowances (411.9)			
23	TOTAL Utility Operating Expenses (Enter Total of Lines 4 thru 22)		$887,442,045	$887,308,791
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		$149,249,573	$155,955,269

Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on pages 122-123.

8. Enter on pages 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on pages 122-123 or in a footnote.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	Line No.
[redacted]						1
$700,329,494	$709,081,025	$336,362,124	$334,183,035			2
[redacted]						3
276,302,383	287,335,001	260,907,630	250,927,150			4
41,217,299	41,429,571	5,417,750	5,633,770			5
103,317,208	92,536,929	13,126,983	12,999,000			6
						7
78,303	78,303					8
						9
						10
						11
						12
91,110,641	95,010,014	30,685,085	31,858,125			13
69,272,802	58,505,817	538,923	7,250,885			14
						15
32,165,672	47,248,981	15,196,713	25,118,228			16
39,601,898	43,854,076	12,293,449	24,768,907			17
						18
						19
						20
						21
						22
$573,862,410	$578,290,540	$313,579,635	$309,018,251			23
$126,467,084	$130,790,485	$22,782,489	25,164,784			24

Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

STATEMENT OF INCOME FOR THE YEAR (Continued)

	OTHER UTILITY		OTHER UTILITY		OTHER UTILITY	
	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
1						
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Name of Respondent Rochester Gas and Electric Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/98	Year of Report Dec. 31, 1997

STATEMENT OF INCOME FOR THE YEAR (Continued)

Line	Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 114)	--	$149,249,573	$155,955,269
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)		(44,044)	78,494
30	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)			35,333
31	Revenues From Nonutility Operations (417)		234,283	
32	(Less) Expenses of Nonutility Operations (417.1)			75,503
33	Nonoperating Rental Income (418)			
34	Equity in Earnings of Subsidiary Companies (418.1)	119	1,081,041	3,567,832
35	Interest and Dividend Income (419)		4,223,499	1,783,821
36	Allowance for Other Funds Used During Construction (419.1)		351,229	683,701
37	Miscellaneous Nonoperating Income (421)		68,347	75,759
38	Gain on Disposition of Property (421.1)		50,625	0
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		$5,964,980	$6,078,771
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		9,427	
42	Miscellaneous Amortization (425)	340		
43	Miscellaneous Income Deductions (426.1-426.5)	340	8,792,072	7,907,886
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		$8,801,499	$7,907,886
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263	120,956	52,714
	Income Taxes - Federal (409.2)	262-263	1,826,824	(6,096,896)
	Income Taxes - Other (409.2)	262-263		
	Provision for Deferred Inc. Taxes (410.2)	234,272-277	1,718,508	7,027,091
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	234,272-277	4,818,008	1,948,379
51	Investment Tax Credit Adj. - Net (411.5)			
52	(Less) Investment Tax Credits (420)		2,431,642	2,431,642
53	TOTAL Taxes on Other Income and Deduct. (Total of 46 thru 52)		($3,583,362)	($3,397,112)
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		$746,843	$1,567,997
55	Interest Charges			
56	Interest on Long-Term Debt (427)		44,614,898	48,617,508
57	Amort. of Debt Disc. and Expense (428)		1,795,384	3,522,706
58	Amortization of Loss on Reacquired Debt (428.1)			
59	(Less) Amort. of Premium on Debt - Credit (429)		23,714	18,337
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)			
61	Interest on Debt to Assoc. Companies (430)	340		
62	Other Interest Expense (431)	340	8,812,808	9,313,744
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		562,477	1,422,925
64	Net Interest Charges (Enter Total of lines 56 thru 63)		$54,636,899	$60,012,696
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		$95,359,517	$97,510,570
66	Extraordinary Items			
67	Extraordinary Income (434)			
68	(Less) Extraordinary Deductions (435)			
69	Net Extraordinary Items (Enter Total of line 67 less line 68)			
70	Income Taxes-Federal and Other (409.3)	262-263		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			
72	Net Income (Enter Total of lines 65 and 71)		$95,359,517	$97,510,570

EXHIBIT F

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Rochester Gas and Electric Corporation	(1) [x] An Original (2) [ ] A Resubmission	04/30/98	Dec. 31, 1997

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the the year.

2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount of each reservation or appropriation of retained earnings.

4. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.

5. Show dividends for each class and series of capital stock.

6. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.

7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.

8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		* $88,592,410
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
	TOTAL Credits to Retained Earnings (Acc. 439) (Total of lines 4 thru 8)		
	Debit: Capital Stock Redemption	214.00	(832,478)
11	Debit: Stock Option Exercised (PSOP)	207.20	(13,059)
12	Debit:		
13	Debit:		
14	Debit:		
15	TOTAL Debits to Retained Earnings (Acc. 439) (Total of lines 10 thru 14)		($845,537)
16	Balance Transferred from Income (Account 433 less Account 418.1)		* 94,278,476
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21			
22	TOTAL Appropriations of Retained Earnings (Acc. 436) (Total of lines 18 thru 21)		
23	Dividends Declared - Preferred Stock (Account 437)		
24	*		* (5,805,000)
25			
26	*		
27			
28			
29	TOTAL Dividends Declared - Preferred Stock (Acct. 437) (Total of lines 24 thru 28)		(5,805,000)
30	Dividends Declared - Common Stock (Account 438)		
31	*		* (69,935,900)
32			
33	*		
36	TOTAL Dividends Declared - Common Stock (Acct. 438) (Total of lines 31 thru 35)		($69,935,900)
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
38	Balance - End of Year (Total of lines 01, 09, 15, 16, 22, 29, 36, and 37)		* $106,284,449

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Rochester Gas and Electric Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/30/98	Dec. 31, 1997

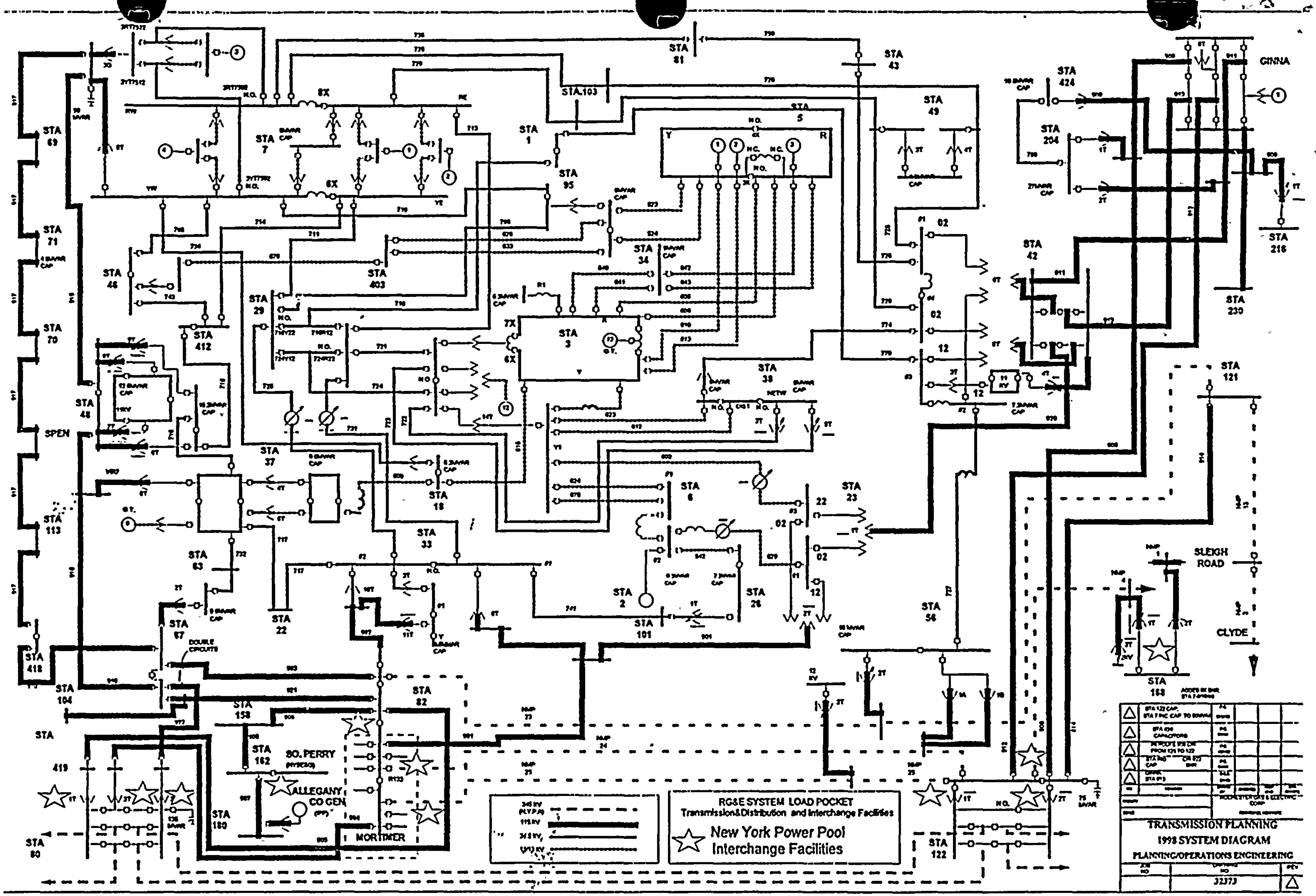
STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)

Line	Item (a)	Amount (b)
	APPROPRIATED RETAINED EARNINGS (Account 215) State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.	
39	Excess Hydro Earnings	* $235,987
40		
41		
42		
43		
44		
45	TOTAL Appropriated Retained Earnings (Account 215)	$235,987
	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE,FEDERAL (Account 215.1) State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.	
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	
47	TOTAL Appropriated Retained Earnings (Account 215, 215.1) (Enter total of lines 45 and 46)	$235,987
48	TOTAL Retained Earnings (Account 215, 215.1, 216) (Enter total of lines 38 and 47)	* $106,520,436
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (ACCOUNT 216.1)	
	Balance – Beginning of Year (Debit or Credit)	* 1,711,465
	Equity in Earnings for Year (Credit) (Account 418.1)	* 1,081,041
	(Less) Dividends Received (Debit)	0
52	Other Changes (Explain)	0
53	Balance – End of Year (Total of Lines 49 Thru 52)	* $2,792,506

EXHIBIT H

(To be filed when available)

EXHIBIT I



STA 69
STA 71
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GINNA
STA 216
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DOUBLE CIRCUITS
STA 22
STA 2
STA 101
STA 26
STA 56
STA 82
STA 158
STA 162
SO. PERRY
ALLEGANY CO GEN
STA 180
MORTIMER
STA 122
STA 168
SLEIGH ROAD
CLYDE
RG&E SYSTEM LOAD POCKET
Transmission&Distribution and Interchange Facilities
New York Power Pool Interchange Facilities
TRANSMISSION PLANNING
1998 SYSTEM DIAGRAM
PLANNING/OPERATIONS ENGINEERING
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