

Rochester Gas and Electric Corporation

Financial Statements (Unaudited)

For the quarterly periods ended September 30, 2011 and 2010

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Rochester Gas and Electric Corporation
Statements of Income (Unaudited)

Periods ended September 30,	Three Months		Nine Months	
	2011	2010	2011	2010
(Thousands)				
Operating Revenues				
Electric	\$185,500	\$192,705	\$489,528	\$505,385
Natural gas	37,125	36,661	227,126	220,366
Total Operating Revenues	222,625	229,366	716,654	725,751
Operating Expenses				
Electricity purchased and fuel used in general	79,633	78,417	192,187	211,085
Natural gas purchased	9,571	10,610	110,745	112,067
Other operating expenses	51,184	48,658	148,485	160,363
Maintenance	13,921	17,737	31,454	33,390
Impact of joint proposal	-	(7,569)	-	(7,569)
Depreciation and amortization	13,718	24,740	40,779	58,378
Other taxes	23,861	20,720	75,794	59,934
Total Operating Expenses	191,888	193,313	599,444	627,648
Operating Income	30,737	36,053	117,210	98,103
Other (Income)	(3,273)	(1,771)	(6,323)	(5,418)
Other Deductions	101	38	151	186
Interest Charges, Net	12,771	16,821	41,326	52,906
Income Before Income Taxes	21,138	20,965	82,056	50,429
Income Tax Expense	4,963	4,436	25,834	14,144
Net Income	\$16,175	\$16,529	\$56,222	\$36,285

Rochester Gas and Electric Corporation
Consolidated Statements of Comprehensive Income (Unaudited)

Periods ended September 30,	Three Months		Nine Months	
	2011	2010	2011	2010
(Thousands)				
Net Income	\$16,175	\$16,529	\$56,222	\$36,285
Other Comprehensive Income, Net of Tax	1,030	1,039	3,083	3,062
Comprehensive Income	\$17,205	\$17,568	\$59,305	\$39,347

Rochester Gas & Electric Corporation

Balance Sheets (Unaudited)

	September 30, 2011	December 31, 2010
(Thousands)		
Assets		
Current Assets		
Cash and cash equivalents	\$30,076	\$38,457
Accounts receivable and unbilled revenues, net	151,366	186,085
Affiliated accounts receivable	16,365	13,716
Natural gas in storage, at average cost	36,776	27,420
Materials and supplies, at average cost	10,619	9,349
Deferred income taxes	16,052	14,834
Broker margin accounts	5,902	8,728
Prepayments and other current assets	64,554	35,292
Total Current Assets	331,710	333,881
Utility Plant, at Original Cost		
Electric	1,509,677	1,458,408
Natural gas	651,933	638,630
Common	217,645	206,046
	2,379,255	2,303,084
Less accumulated depreciation	732,406	683,351
Net Utility Plant in Service	1,646,849	1,619,733
Construction work in progress	130,783	121,477
Total Utility Plant	1,777,632	1,741,210
Other Property and Investments	12,017	11,469
Regulatory and Other Assets		
Regulatory assets		
Nuclear plant obligations	34,364	48,010
Pension and other postretirement benefits	106,592	114,616
Environmental remediation costs	75,522	78,836
Unfunded future income taxes	135,517	133,444
Unamortized loss on debt reacquisitions	7,496	10,051
Nonutility generator termination agreement	26,465	35,287
Natural gas hedges	4,877	7,445
Other	85,187	109,146
Total regulatory assets	476,020	536,835
Other assets		
Other	22,052	17,642
Total other assets	22,052	17,642
Total Regulatory and Other Assets	498,072	554,477
Total Assets	\$2,619,431	\$2,641,037

Rochester Gas and Electric Corporation

Balance Sheets (Unaudited)

	September 30, 2011	December 31, 2010
(Thousands)		
Liabilities		
Current Liabilities		
Current portion of long-term debt	-	\$61,000
Accounts payable and accrued liabilities	\$32,573	43,890
Accounts payable, constructions	18,913	24,795
Accounts payable to affiliates	11,613	9,863
Accounts payable, natural gas purchased	10,016	18,271
Accounts payable, electricity purchased	27,155	22,163
Interest accrued	9,328	11,956
Taxes accrued	10,852	20,245
Derivative liabilities	4,772	7,439
Environmental remediation costs	16,982	14,649
Other	40,088	45,645
Total Current Liabilities	182,292	279,916
Regulatory and Other Liabilities		
Regulatory liabilities		
Accrued removal obligation	180,057	201,462
Deferred income taxes	31,087	37,312
Positive benefit adjustments	70,042	89,321
Gain on sale of generation assets	7,977	8,203
Other	85,223	85,395
Total regulatory liabilities	374,386	421,693
Other liabilities		
Deferred income taxes	322,636	273,972
Nuclear plant obligations	122,036	121,974
Pension and other postretirement benefits	95,315	102,527
Asset retirement obligation	17,394	16,466
Environmental remediation costs	58,978	62,359
Other	23,609	23,690
Total other liabilities	639,968	600,988
Total Regulatory and Other Liabilities	1,014,354	1,022,681
Long-term debt	782,491	657,451
Total Liabilities	1,979,137	1,960,048
Commitments and Contingencies		
Common Stock Equity		
Common stock	194,429	194,429
Capital in excess of par value	529,943	529,943
Retained earnings	94,298	138,076
Accumulated other comprehensive loss	(61,138)	(64,221)
Treasury stock	(117,238)	(117,238)
Total Common Stock Equity	640,294	680,989
Total Liabilities and Equity	\$2,619,431	\$2,641,037

Rochester Gas and Electric Corporation
Statements of Cash Flows (Unaudited)

Nine months ended September 30,	2011	2010
(Thousands)		
Operating Activities		
Net income	\$56,222	\$36,285
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	42,801	58,378
Amortization of regulatory and other assets and liabilities, net	35,113	53,544
Income taxes and investment tax credits deferred, net	36,739	14,941
Storm cost related to joint proposal	-	18,911
Positive benefit adjustments	-	(24,257)
Pension expense	843	1,271
Changes in current operating assets and liabilities		
Accounts receivable and unbilled revenues, net	32,070	43,894
Inventory	(10,626)	(8,054)
Broker margin account	2,826	(6,691)
Prepayments and other current assets	(29,283)	(39,522)
Accounts payable and accrued liabilities	(12,830)	15,291
Interest accrued	(2,627)	(861)
Taxes accrued	(13,390)	301
Other current liabilities	(5,557)	3,013
Other assets	(16,439)	(49,526)
Other liabilities	13,129	18,288
Net Cash Provided by Operating Activities	128,991	135,206
Utility plant additions	(100,617)	(49,381)
Investments	(335)	5,621
Net Cash (Used in) Investing Activities	(100,952)	(43,760)
Financing Activities		
Long-term note issuances	125,000	-
Long-term note repayments	(61,420)	-
Notes payable three months or less, net	-	(16,000)
Dividends on common stock	(100,000)	-
Net Cash (Used in) Financing Activities	(36,420)	(16,000)
Net (Decrease) Increase in Cash and Cash Equivalents	(8,381)	75,446
Cash and Cash Equivalents, Beginning of Period	38,457	6,136
Cash and Cash Equivalents, End of Period	\$30,076	\$81,582

Rochester Gas and Electric Corporation

Statement of Changes in Common Stock Equity (Unaudited)

(Thousands)	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated	Treasury Stock	Total
	Outstanding \$5.00 Par Value Shares	Amount			Other Comprehensive Loss		
Balance, January 1, 2011	38,886	\$194,429	\$529,943	\$138,076	(\$64,221)	(\$117,238)	\$680,989
Net income				56,222			56,222
Other comprehensive loss, net of tax					3,083		3,083
Comprehensive income							59,305
Common stock dividends declared				(100,000)			(100,000)
Balance, September 30, 2011	38,886	\$194,429	\$529,943	\$94,298	(\$61,138)	(\$117,238)	\$640,294