



James A. Lahtinen
Vice President – Rates & Regulatory Economics

March 31, 2016

VIA ELECTRONIC SERVICE

Honorable Kathleen H. Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 07-M-0906 – Joint Petition of Iberdrola, S.A., Energy East Corporation, RGS Energy Group, Inc., Green Acquisition Capital, Inc., New York State Electric & Gas Corporation, and Rochester Gas and Electric Corporation for Approval of the Acquisition of Energy East Corporation by Iberdrola, S.A.

Dear Secretary Burgess:

Pursuant to Appendix 1 of the Joint Proposal on the Code of Conduct, which was adopted by the New York State Public Service Commission in its June 24, 2009 Order in the above-referenced case, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation hereby file their Code of Conduct Annual Report.

If you have any questions regarding this filing, please contact Maureen Gray at (585) 771-6131.

Respectfully submitted,

A handwritten signature in blue ink that reads "James A. Lahtinen".

James A. Lahtinen

Enclosure

cc: Active Parties (via e-mail)

Iberdrola Code of Conduct Annual Reporting Requirements

For the Year Ended December 31, 2015

Table of Contents

Reporting Requirements per Appendix 1 Reports section of Case 07-M-0906 Joint Proposal on the Code of Conduct, dated December 8, 2008.

I. Asset Transfers

Assets transferred between NYSEG and RG&E and any affiliate had a market value under the \$1m threshold identified in Appendix 1 Affiliate Relations, #3.

II. Employee Transfers

Summary of Employee Transfers 2015

III. Employee Loans

Detailed information on employee loans associated with storm restoration work is identified on the Schedule titled “Employees loaned from Affiliate to DISCO for Storm Restoration Work”. Please note - the costs associated with these employees are included in the Affiliate Charges information incorporated in this filing in Section V.

Employees Loaned - 2015

IV. Cost Allocations

Catalogue of Services Provided by Iberdrola USA

Cost Allocation Manual for Iberdrola USA

Summary of Allocation Percentages to Allocate Charges to RGE

Summary of Allocation Percentages to Allocate Charges to NYSEG

Allocation Factors

Overhead Rates

V. Affiliate Transactions

Affiliate Charges – Affiliate transactions are incurred throughout the year and are treated according to the guidance identified in Section IV of this filing.

VI. Competitor/Customer Complaints

Competitor Issues – the Companies have had no competitor/customer complaints related to affiliate transactions in 2015 as identified in Appendix 1 Standards of Conduct # viii.

Table of Contents (continued)

VII. Affiliate Transactions - Iberdrola Energy Projects, Inc. (IEP)

An audit is being conducted by the IUSA Networks Internal Audit department, according to the 2016 Audit Plan. The overall objective of the audit is to provide reasonable assurance that the charges are compliant with regulatory and accounting requirements, including that charges billed by IEP represent fully-loaded actual costs and that those fully-loaded actual costs are below comparable market prices. The audit began in March 2016, and is expected to be completed in the second quarter of 2016. To the extent that the final audited amount is materially different than those amounts that appear in Sections V and VII, the Company will provide a supplement to this filing.

Section I

Asset Transfers

Assets transferred between NYSEG and RG&E and any affiliate had a market value under the \$1m threshold identified in Appendix 1 Affiliate Relations, #3.

Section II

Employee Transfers

Section II

Summary of Employee Transfers for 2015

Employee Name	Transferred From	Title	Transferred To	Eff Date	Title
KATHERINE WRIGHT	Iberdrola USA Mgmt Corp	Lead Analyst - Credit & Collections	NYSEG	1/11/2015	Lead Analyst - Credit & Collections
JORGE DE LA FUENTE	Iberdrola Energy Products	Project Manager	NYSEG	3/22/2015	Manager - Programs/Projects
KREMENA TODOROVA	Iberdrola Energy Products	Project Manager	NYSEG	4/6/2015	Manager - Programs/Projects
PATRICIA DEL MORAL AMBITE	Iberdrola Energy Products	Project Manager	RG&E	4/6/2015	Lead Analyst - SS Automation Support
ISIDRO VAZQUEZ LICONA	Iberdrola Energy Products	Project Manager	RG&E	4/13/2015	Manager - Programs/Projects
JESUS RAMOS SANTIAGO	Iberdrola Energy Products	Construction Manager	RG&E	4/27/2015	Lead Engineer - Electric System Eng
THOMAS HYLDAHL	RG&E	Technician - Drafting A	Iberdrola USA Mgmt Corp	5/3/2015	Lead Analyst - Space & Move Mgr NY
JAY PARIKH	Iberdrola Energy Products	Junior Engineer	RG&E	5/4/2015	Associate Engineer - Transmission
JOSE RAMON IGLESIAS RODRIGUEZ	Iberdrola Energy Products	Assistant Project Manager	RG&E	5/4/2015	Lead Analyst - SS Automation Support
MARGARITA RODRIGUEZ ALCAZAR	Iberdrola Energy Products	Analyst - Cost Control	RG&E	5/4/2015	Analyst - Programs
SIGFRIDO SILVESTRE MARTINEZ	Iberdrola Energy Products	Assistant Project Manager	RG&E	5/4/2015	Manager - Programs/Projects
ANGEL OMAR GUEVARA HERNANDEZ	Iberdrola Energy Products	Electrical Engineer	RG&E	5/4/2015	Manager - Programs/Projects
ANTONIO DOMINGO ASENSIO	Iberdrola Energy Products	Project Manager	NYSEG	5/11/2015	Manager - Programs/Projects
ANN STANTON	NYSEG	Analyst - Voice Support	Iberdrola USA Mgmt Corp	5/31/2015	Analyst - GS Telecommunications
WENDY BRYANT	NYSEG	Lead Analyst - Customer Relations Center	Iberdrola USA Mgmt Corp	6/14/2015	Lead Analyst - Business Systems
CHRISTOPHER CALICE	RG&E	Manager - Electric Capital Delivery	Iberdrola USA Mgmt Corp	6/28/2015	Manager - Facilities
JOSEPH KINNEY III	RG&E	Supervisor - Training	Iberdrola USA Mgmt Corp	6/28/2015	Supervisor - Training
DEBRA WEGMAN	RG&E	Supervisor - Real Estate	Iberdrola USA Mgmt Corp	6/28/2015	Supervisor - Real Estate
JEANNE FONTANA	RG&E	Lead Analyst - Legal Services	Iberdrola USA Mgmt Corp	6/28/2015	Lead Analyst - Legal Services
JORGE SAAVEDRA JR	RG&E	Lead Advisor - Human Resources	Iberdrola USA Mgmt Corp	6/28/2015	Lead Advisor - Human Resources
JAMES DISTEFANO	RG&E	Director - Bldg Projects & Space Mgmt	Iberdrola USA Mgmt Corp	6/28/2015	Director - Bldg Projects & Space Mgmt
PAMELA JOHNSON	RG&E	Lead Advisor - Human Resources	Iberdrola USA Mgmt Corp	6/28/2015	Lead Advisor - Human Resources
STEPHEN BLY	RG&E	Lead Analyst - RE Transaction Specialist	Iberdrola USA Mgmt Corp	6/28/2015	Lead Analyst - RE Transaction Specialist
TAMARA FECK	RG&E	Manager - Programs/Projects	Iberdrola USA Mgmt Corp	6/28/2015	Manager - Programs/Projects
JOANNE HEYDENS	RG&E	Lead Analyst - Controller Support	Iberdrola USA Mgmt Corp	6/28/2015	Lead Analyst - Controller Support
LISA PIERCE	RG&E	Lead Analyst - Training	Iberdrola USA Mgmt Corp	6/28/2015	Lead Analyst - Training
JEFFREY ADLER	NYSEG	Manager - Fleet Services	Iberdrola USA Mgmt Corp	6/28/2015	Manager - Fleet Services
DAVID ROSE	NYSEG	Lead Advisor-Program Developmt&Training	Iberdrola USA Mgmt Corp	6/28/2015	Lead Advisor-Program Developmt&Training
GREGORY WANCHISEN	NYSEG	Lead Advisor-Program Developmt&Training	Iberdrola USA Mgmt Corp	6/28/2015	Lead Advisor-Program Developmt&Training
CHRISTINE BAKER	NYSEG	Lead Analyst-RE Lease License Specialist	Iberdrola USA Mgmt Corp	6/28/2015	Lead Analyst-RE Lease License Specialist
JOSEPH WINSKI	NYSEG	Lead Advisor-Program Developmt&Training	Iberdrola USA Mgmt Corp	6/28/2015	Lead Advisor-Program Developmt&Training
BRENDA SIMMS	NYSEG	Lead Advisor - Human Resources	Iberdrola USA Mgmt Corp	6/28/2015	Lead Advisor - Human Resources
JEFFREY ROSENBLUM	RG&E	Director - NY Legal Services	Iberdrola USA Mgmt Corp	6/28/2015	Director - NY Legal Services
GINA KLETT	NYSEG	Lead Analyst - Training	Iberdrola USA Mgmt Corp	6/28/2015	Lead Analyst - Training
ANNA CARON	Iberdrola USA Mgmt Corp	Lead Analyst - Business Effectiveness	NYSEG	6/28/2015	Supervisor - Work Planning
DONNA TAYLOR	NYSEG	Advisor - Human Resources	Iberdrola USA Mgmt Corp	6/28/2015	Advisor - Human Resources
JAMIE MCKEE	RG&E	Analyst - Legal Services	Iberdrola USA Mgmt Corp	6/28/2015	Analyst - Legal Services
MAUREEN BIDDLE	NYSEG	Lead Analyst - Training	Iberdrola USA Mgmt Corp	6/28/2015	Lead Analyst - Training
TIMOTHY HARVEY	RG&E	Lead Advisor-Program Developmt&Training	Iberdrola USA Mgmt Corp	6/28/2015	Lead Advisor-Program Developmt&Training
ANTONIO DOMINGO ASENSIO	NYSEG	Manager - Programs/Projects	Iberdrola USA Mgmt Corp	7/12/2015	Project Manager - Building Projects
JOHN ZDIMAL	NYSEG	Supervisor - Construction & Maintenance	Iberdrola USA Mgmt Corp	7/12/2015	Project Engineer - Building Projects
BRENDA SHAFER	NYSEG	Lead Analyst - Training	Iberdrola USA Mgmt Corp	7/12/2015	Lead Analyst - Training
AMANDA MINER	RG&E	Lead Analyst - Compliance	Iberdrola USA Mgmt Corp	8/9/2015	Manager - Environment & Quality
JONI FISH-GERTZ	NYSEG	Manager - Energy Efficiency Programs	Iberdrola USA Mgmt Corp	9/6/2015	Program Manager - Non Wires Alternatives
JAMES FIALLO	NYSEG	Chief Line Mechanic	Iberdrola USA Mgmt Corp	9/6/2015	Lead Advisor-Program Developmt&Training
VERONICA COOPER	RG&E	Lead Analyst - T&D Support	Iberdrola USA Mgmt Corp	9/20/2015	Analyst - Business Effectiveness
KATHERINE CALLAHAN	RG&E	Representative-Customer Relations Center	Iberdrola USA Mgmt Corp	10/4/2015	Analyst - Materials Planning
MAURICIO DE LA IGLESIA ESCRIBANO	RG&E	Director - Electric Systems Engineering	Iberdrola USA Mgmt Corp	10/4/2015	Director - Electric Systems Engineering
JOSHUA ADKINS	RG&E	Supervisor - Field Customer Service	Iberdrola USA Mgmt Corp	10/18/2015	Lead Analyst - Business Effectiveness
JULIAN ECHEVERRI SOTO	Iberdrola USA Mgmt Corp	Engineer - Telecommunications	RG&E	11/1/2015	Lead Engineer - Dispatch & ECC
MELINDA BROWN	NYSEG	Customer Representative Kirkwood	Iberdrola USA Mgmt Corp	11/29/2015	Lead Analyst - Training
CONSTANCE JUDGE	NYSEG	Gas Fitter 1/C	Iberdrola USA Mgmt Corp	12/13/2015	Lead Advisor-Program Developmt&Training
MARK HOFFMAN	RG&E	Engineer - Field Telecommunications	Iberdrola USA Mgmt Corp	12/13/2015	Manager - Field Operations
NATUANDA LATIMER	Iberdrola USA Mgmt Corp	Associate Analyst - Training	RG&E	12/27/2015	Supervisor - Field Customer Service

Section III

Employee Loans

Section III
Employees Loaned from Affiliate to DISCO for Storm Restoration Work
2015

Total NYSEG to RG&E

Cost Collector	Employee	Total Amount	Hours
9400037587 Storm 14 TO RGE	CHRISTOPHER TRUAX		38.50
9400037587	BERNARD KOTCH JR		39.00
9400037498 Storm 14 TO RGE	CHRISTIAN MOOSE		33.75
9400037498	KENNETH HOWE		35.00
9400037498	LINDA MAHONEY		2.75
9400037498	MELISSA GAMMELL		6.75
9400037498	RAYMOND GWAREK		32.25
9400037498	ZACHARY COLEMAN		35.25
9400037546 Storm 18 TO RGE	ANTHONY CALICE		16.75
9400037546	DAVID LAMAGNA		16.50
9400037546	GARY SEELEY		16.25
9400037546	GINO BISCARDI		17.00
9400037546	JAMES PANEK		16.25
9400037546	JEFFREY THIBAULT		16.50
9400037546	LISA SOSCIA		4.25
9400037546	MICHAEL RIKER		16.25
9400037546	TIMOTHY BAILEY		15.50
9400039124 Storm 22 To RGE	JOHN FROST		16.50
Total Costs include labor plus overhead		\$ 52,165.65	375.00

Section III
Employees Loaned from Affiliate to DISCO for Storm Restoration Work
2015

Total RG&E to NYSEG

Cost Collector	Employee	Total Amount	Hours
9400016112 STORM 2 TO NYSEG	JEREMY DALTON		4.5
9400016132 STORM 2 TO NYSEG	BRENT MAINES		32.50
9400016132	DANIEL SNYDER		8.00
9400016132	DEAN MOORE		31.00
9400016132	ERIC MCKERROW		31.50
9400016132	GARY HODNETT		31.50
9400016132	GERRIT HEERKENS		28.50
9400016132	GREGORY PLANTZ		29.00
9400016132	JOHN BUDINOCK		29.00
9400016132	JOHN MCBRIDE		29.50
9400016132	KENNY GONZALEZ		28.50
9400016132	MARC HRYHORENKO		28.53
9400016132	MATTHEW SEAMAN		1.00
9400016132	MICHAEL BOOTES		1.00
9400016132	NORMAN PULSIFER		28.50
9400016132	ROBERT GREGORY		28.50
9400016132	ROBERT HISTED		31.50
9400016132	ROBERT KNOTOWICZ		30.00
9400016132	TERRENCE NEARY		30.00
9400016132	WADE ROCKWOOD		28.50
9400016132	WILLIAM ALTPETER		28.50
9400016147 STORM 2 TO NYSEG	GREGORY OHAR		36.50
9400031527 Storm 14 TO NYSEG	MICHAEL CADY		11.50
9400031527	BRANDON HARVEY		10.50
9400031682 Storm 15 To NYSEG	ROSHAWN COLE		23.00
9400031683 Storm 15 To NYSEG	ALEXANDER LOMBARDO		3.75
9400039139 Storm 22 TO NYSEG	FRANK INCLEMA		25.00
9400039139	SCOTT WEAVER		24.50
9400039589 Storm 22 TO NYSEG	ALBERT BULLWINKEL JR		15.00
9400039589	CRAIG RODE		24.00
9400039589	DARRYL LEMAY		31.00
9400039589	DAVID PFLEGING		20.50
9400039589	DOUGLAS SMITH		24.00
9400039589	EBON BONNETTE		15.00
9400039589	FLETCHER SMITH		21.50
9400039589	JAMES CURRAN		22.00
9400039589	JAMES MORTON		23.50
9400039589	MICHAEL BRAMBLEY		22.00
9400039589	MICHAEL CORBETT		25.50
Total Costs include labor plus overhead		\$ 121,155.39	898.28

Section III

Employees Loaned from Affiliate to DISCO for Storm Restoration Work 2015

Total IUMC to NYSEG

Cost Collector	Employee	Total Amount	Hours
9400016755 IUMC Support EL-D Storm 2 - To NYSEG	ROBERT WAGNER		13
9400037552 IUMC Support EL-D Storm 15 - To NYSEG	LISA WILLIAMS		5
9800005944 IUMC Support EL-D Storm 15 - To NYSEG	RUDOLPH KUNZ		23.5
Total Costs include labor plus overhead		\$ 2,804.92	41.50

Total IUMC to RGE

Cost Collector	Employee	Total Amount	Hours
9400037497 IUMC Support EL-D Storm 14 - To RGE	LISA WILLIAMS	\$ 338.42	5.5
Total Costs include labor plus overhead		\$ 338.42	5.50

Section IV

Cost Allocations



CATALOGUE OF SERVICES PROVIDED BY IBERDROLA USA

Services in Buildings and leases: comprises activities related to support in the management of work centres to guarantee optimum functioning and maintenance.

Main activities:

- Asset Management:
 - Land management functions, with activities such as: registration of properties, legal procedures, calculation of sale prices, capital gains, compulsory purchases, consultancy, support in the divestment of real estate assets, etc.
- Management of Buildings:
 - Management of Locations and maintenance of Buildings: design, implementation and management of processes and activities to ensure efficient management of work locations and environments, maintenance of buildings, along with environmental and waste management at work centres.
 - Cleaning Services.
 - Corrective and preventive maintenance.
 - Supply of electricity, gas, water and furniture in work centres.
- Management of leases, communities and special levies.
- Architecture:
 - Development of new office buildings through consultancy in the areas of urban planning, architecture, construction and image. Construction, adaptation and improvement works in corporate buildings.
- Transport to Corporate Buildings:
 - Establishment, management and optimisation of coach services for transportation of employees to the main work centres.
- Transfers:
 - Management of transfers of positions within the same centre and/or between different work centres.

Cost driver: number of employees at each Client Company that occupy space in corporate and leased buildings.

Office services: design, implementation and support in the management of support service processes in work centres.

Main activities:

- Office Automation Points: management of automation points for printing, scanning and fax services for collective use in work centres, including:
 - Rental
 - Maintenance
 - Office material and IT consumables

- Office Staff Recruitment: support services at work centres:
 - Auxiliaries
 - Telephone operatives
 - Travel management
- Mail, dispatch and courier services:
 - Mail and pre-paid franking services within Spain
 - Internal mail or dispatch
 - Urgent dispatch of documents to locations not served by internal mail
- Document management:
 - Management of internal files
 - Management of external file storage
- Office Materials: supply of office materials to employees at their workstation.
- Publications and Subscriptions: management of subscriptions and purchase of publications.
- Translations: management of translations.
- Audiovisual and Reprography Services:
 - Support and management services for audiovisual resources in offices and meeting rooms
 - Printing and reprography service
- Work Clothes:
 - Centralised management of work clothes

Cost driver: number of employees at each Client Company.

Fleet Management: this service includes management of rental contracts, fuel, and application of policy regarding replacement, renewal and adaptation of the fleet

Cost driver: number of vehicles at each Client Company

Mobile telephony: this service caters to the mobile communications requirements, for both voice and data, of Client Company users who request this service.

Management of the Mobile Telephony Service comprises the following functions:

- User demand management
- Control, supervision of inventory and report on consumption of services
- Research and standardisation of new technologies

Cost driver: amount of annual telephony consumption per Client Company.

General Services Management: comprises activities related to management and definition of policies and procedures with reference to the services provided by Real Estate and General Services area. This gathers all the activities of Service in Buildings and leases, Office Services and Mobile Telephony.

Cost driver: number of employees per Client Company

Surveillance and maintenance of buildings: design, implementation and support in the management of processes required to guarantee the security of the Client Companies' assets, carrying out ongoing analyses of possible risk scenarios, and recommending implementation of the necessary prevention and protection measures.

Main activities:

- Corporate Identification: identification of employees and visitors for access to, and time spent at the facilities of the Companies.
- Maintenance of Safety and Fire Equipment: maintenance and upkeep of fire equipment and other security equipment, including:
 - Definition and implementation of safety measures regarding physical and electronic media
 - Adaptation of fire detection and extinction systems in accordance with current legislation
 - Management of control service for the alarm switchboard and remote centres
- Lighting and Emergency Plans: guarantee compliance with current legislation through maintenance and updating of lighting systems and emergency plans
- Documentation: maintenance of equipment and procedures necessary to guarantee confidentiality of information.
- Surveillance: surveillance and control of accesses at the facilities of the Companies.

Cost driver: number of employees at each Client Company that occupy space in corporate and leased buildings.

International and Corporate Security: main activities:

- Analysis of impact and requirements derived from the application of the *Corporate Security Policy* for its adaptation to real scenario (legislation, social environment, political and economic situations).
- Country risk analysis in terms of people and assets.
- Definition and implementation of security measures related to human, physical and electronic resources
- Definition of security planning:
 - Prior to implementation
 - During the implementation process
 - In operation
- Development and implementation of contingency plans for people and assets in the abovementioned phases.
- Technical advice to Client Companies on security matters.

- Implementation of personal security during travel and stay in destination countries.
- Definition and establishment of the security structure necessary to ensure the management and control of security in destination countries
- Coordination and supervision of human resources, internal and external, employed in the functions assigned to them in each country.
- Directors' vehicles:
 - Management of Directors' vehicles pool, including renting, fuel, maintenance, repairs and drivers and bodyguard service
 - Bodyguard hire
 - Security cars

Cost driver: number of employees per Client Company

Other Security Services: includes the following security services

- Cyber Security: Define cyber security and data privacy strategy, policies and standards, technical and architecture security requirements and guidelines for Cyber Security
- NERC Compliance: Ensure compliance with the NERC Reliability Standards. Create and maintaining a documentation framework that supports compliance, and includes clear processes, policies, and procedures
- Threat & Incident Management: Lead corporate incident response team. Identifies critical incidents through data gathering of internal and external threats

Cost driver: number of employees per Client Company

Training and recruitment service: Main activities

- Design and implementation of development actions linked to the skills model and to the group of employees with potential.
- Assessment of employees with potential and key people
- Management of the training plan and on-site and on-line training

- Welcome and integration plans
- External and internal recruitment and selection.
- Recruitment of students under work placements.

Cost driver: number of employees at each Client Company

Labour relationships, remuneration and welfare benefits: Main activities:

- Labour relations and organization:
 - Preparation and negotiation of collective bargaining agreements
 - Labour law advisory services
 - Coordinating, providing support and monitoring of committees deriving from the collective bargaining agreement and complementary regulations.
 - Drafting of job descriptions and basic functions
 - Coordinating, providing support and monitoring the organization.
 - Definition of recruitment criteria

- Employee welfare and other social benefits.
 - Management of pension plans and social assistance.
 - Definition, development and management of the different individual and collective restructuring plans
- Remuneration:
 - Design and management of remuneration programs.
 - Coordination, support and monitoring of remuneration policies and systems.
- Welfare benefits.
 - Design and administration of welfare benefits: Christmas presents, assistance for disabled children of staff members, study grants, special advances, employee energy price, seniority bonuses, and, in general, any benefit capable of being implemented or agreed.

Cost driver: number of people in each Business or organisation

HR services: comprises activities related to management and definition of policies and procedures with reference to the services provided by Human Resources.

Cost driver: number of employees per Client Company

Occupational risk prevention and Company healthcare service: Main activities:

- Training in occupational risk prevention
- Audits and inspections of facilities and work
- Assistance to occupational risk prevention work groups
- Shop floor advice on occupational risk prevention
- Processing, investigation and information on accidents
- Definition of policies and general criteria for company medical services
- Organisation and planning of preventive healthcare actions
- Health monitoring through medical check-ups for employees
- Healthcare function for non-occupational accidents and diseases
- Incapacity management

Cost driver: number of employees at each Client Company.

R&D&I: provision of the tools, resources and structures necessary to ensure a suitable setting for innovation development. In line with this, the services offered are as follows:

- **Strategic R&D&I plans:** coordination and support for Client Companies in the definition and monitoring of their innovation plans.
- **R&D&I Committees:** coordination of R&D&I committees at the Client Companies.
- **Tax deductions:** support in managing the procedure for the application of tax deductions through meetings with all Client Companies. Administrative procedures.
- **R&D&I grants and subsidies for projects and human resources.** Support with grant applications for different programmes and performance of administrative formalities. Representation of Client Companies before institutions related to Innovation, and funding bodies.
- **IBERDROLA Innovation Network:** coordination of this initiative.
- **R&D&I Management System:** establishment of the strategy for IBERDROLA

Innovation management. Definition of the R&D&I Management System in accordance with the UNE 166002 standard.

- **Knowledge management:** development and coordination of Teams of Experts together with the Client Companies.
- **Technological Platforms:** coordination of the presence of the Client Companies on European and Spanish technological platforms.
- **Industrial and Intellectual Property Management System:** its function is to promote, manage and coordinate the management of industrial and intellectual property, and to perform administrative formalities to protect the results of projects.
- **Technological Monitoring.** Provided by the Technological Monitoring and Intelligence Office, it allows users of the Client Companies to receive alerts on technological areas that could interest them, as well as specific reports requested on certain technologies or processes. Definition of the Technological Monitoring System in accordance with the UNE 166006 standard.
- **Innovation communication:** to make the Client Companies' efforts in innovation visible both inside and outside the company: news, innovation awards, surveys, etc.
- **Innovation Training:** collaboration with Corporate Training in the establishment of training actions to develop innovation skills (creativity, R&D&I management, etc.)

Cost driver: basic budget for tax deductions for R&D&I activities (2/3) and investments in R&D&I at each Client Company (1/3).

Quality: the services offered are as follows:

- Quality Committee: organization of the Committee of Quality Coordinators.
- Advice on and implementation of ISO 9001.
- Performance of audits under ISO 9001
- 6σ, Pas advice.
- Management of EFQM assessments.
- Preparation of EFQM licensee report (level of excellence).
- Preparation of the excellence plan
- Preparation of reports for presentation to excellence awards of the Client Companies.
- Management of the Excellence Award for suppliers (international level).

Cost Driver: number of quality systems implemented or in the process of being implemented at each Client Company business unit/company.

Environment: the services that can be offered in this area are:

- Environmental planning: support to the Client Companies in defining and monitoring their environmental plans. Definition of the international environmental guidelines.
- Environmental Committee: organization of the Committee of environmental coordinators
- Tax deductions: support in managing the process for the application of tax deductions for environmental reasons. Administrative formalities.
- Environmental grants and subsidies for projects. Support in managing and preparing reports for grant applications for the different programs and performance of administrative formalities.

- Environmental Management System, according to ISO 14000: environmental management strategy according to the ISO 14000 standard. Support in managing internal and external audits. Monitoring of nonconformities. Creation of the Global report.
- Environmental scorecard: support in managing indicators and investments and expenses at a global level.
- Emissions inventory: calculation of the global emissions and performance of the inventory audit according to ISO 14064.
- Environmental initiatives: launch and implementation of environmental projects.
- Biodiversity initiatives: launch and implementation of biodiversity projects.

Cost Driver: environmental investment and expenses (60%) and Certification 14000 under SGAI (40%).

Brand management: this refers to all activities related to licenses for use of the brand by the Client Companies:

- Registration management for brands and web domain names: creation and registration management and protection of registered marks; monitoring and renewal of brand registrations, in order to guarantee adequate legal protection in each case; resolution of queries in this area.
- Assignment of full use of the web domains belonging to Iberdrola. In these cases, the subsidiary will assume full management of the content of the respective website and, as a result, expressly assume full responsibility for its content, stating this in the legal notice on the website.
- The hosting service, which should allow one-click access to the Client Company's website from the IBERDROLA website, meaning that, in light of the high number of visitors to the IBERDROLA website, the Client Company benefits from a greater visibility.
- Brand materials:
 - Creation and distribution of criteria applicable to the brand and corresponding logos, providing advice, resolving queries and attending to individual requests in light of the need for specific formats.
 - Design of necessary elements for the correct application of the brand: provision of templates or sketches where the brand has a fundamental role in cases where it is not possible to resolve doubts at source in order to guarantee the correct application of the brand, as well as possible co-existence with other brands. For example: signage of offices and industrial facilities, inaugurations, institutional relations, public events, trade fairs, etc.).
 - Advice and design of promotional and sponsorship materials, providing the version of the brand which best fits the space available and colours used in order to ensure the best match among the colour range used and ensure the best visibility of the brand in each piece, as well as coherence with the brand values.
- Advice on labelling and signage: both inside and outside of buildings, centres, substations, vehicles and in general of any element, using illuminated signs, vinyl signs, boards, stickers, etc.
- Office image and signage: coordination of signage needs in order to comply with what is established in the brand manual, solving potential problems, providing pertinent advice

and taking charge of updating and translating the manuals regulating office signage, monitoring that the signage complies with what is established in the manuals.

- Corporate identity elements: monitoring of all elements where the brand plays a fundamental role (posters, books, brochures, videos and DVDs) or at events (public events, trade fairs and congresses, etc.). The use of these elements will require the Client Company to respect the manuals regulating the corporate identity in corporate publications, stationery, advertising, internal videos, events, signage and promotional elements, etc., for the correct application of the brand.
- Promotional materials: support, resolution of queries and supervision of the correct application of the brand in these elements, as well as its coherence with the brand positioning and values, Recommendation of the most suitable logo according to the element in question and resolution of any queries that may arise.

Cost Driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

External Communication: includes the following activities:

- External and stakeholder communications
- Media relations
- Reputational risks and tracking of company reputation
- Community engagement activities

Cost Driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

Corporate Communication: comprises all the activities related to internal communications for IBERDROLA employees and its client companies. This gathers:

- Definition, management and administration of channels and internal tools used for communications for employees
- Definition of actions in order to launch announcements
- Actions so as to produce multimedia contents (videos, announcements,..) in the different channels for communications to employees

Cost Driver: number of employees per Client Company

Business General Administration and Regulation services: comprises the activities of management and definition of policies in each of the businesses of IBERDROLA, as well as proposal and development of plans and initiatives for defence of, and advice on, compliance matters before market Regulatory Bodies. Functions:

- Supervise the businesses of IBERDROLA
- Ensure that all administrative acts of the Regulatory Bodies are carried out in line with the law
- Suitable defence of the interests of the Client Companies in the market
- Support in the development of regulatory proposals
- Advice to the Client Companies on compliance matters
- Support in complying with regulations in the pursuit of overseas business opportunities and in international tenders.

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

Control Services:

- Support in the preparation of the appropriate economic and financial information for the monitoring of the Client Companies.
- Coordination of the drafting and integration of operational plans and of the annual budget of the Client Companies.
- Analysis and monitoring of the degree of compliance with the operational plans and the approved annual budget.
- Analysis of the added value and profitability of investment proposals by the Client Companies on the basis of the plans' objectives.
- Preparation of the economic and financial information required by external institutions
- Issue accounting criteria and the framework of action for accounting processes.
- Consolidation of financial information

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

SAP platform: management of the SAP corporate platform in the General Administration, Personnel Administration, Procurement Administration and Logistics areas:

- Collection of new functional requirements, design of specifications and transfer to systems for construction,
- Parameterisation of the system
- Performance of mass processes and control of interfaces
- Maintenance of users and access profiles
- Definition, construction and provision of information extraction tools to users
- Planning and implementation of training for end users

Cost driver: number of SAP platform users by Client Company

General Administration: performance of general administration procedures in accordance with commercial, tax and labour legislation. Activities:

- Accounts administration procedures
- Registration, conformation and payment of third-party invoices once authorized by the Client Company
- Service to suppliers
- Bank reconciliation
- Invoicing of inter-company transactions
- Invoicing of other revenues to third-parties
- Accounting of administrative transactions

Cost driver: number of documents processed at each Client Company.

Personnel Administration: performance of personnel management procedures in accordance with labour legislation and with the internal procedures of Human Resources. Activities:

- Payroll development and management:
 - Payroll updates (staff joining/leaving, modifications)
 - Changes in labour situation
 - Opening of work centres
 - Social insurance
 - Inland revenue procedures (tax deductions, documentation, etc.)
- Processing of payroll variables
 - Processing of monthly activity reports, travel expense sheets, minor payments.
 - Corporate VISA
 - Processing of ILT (Temporary Incapacity to Work)
 - Maternity and paternity benefits
- Staff assistance service and management of welfare benefits:
 - Telephone assistance to employees
 - Management of employee tariff
 - Management of collective life insurance
 - Processing of meal vouchers
- Management of pension plan:
 - Monthly contributions
 - Changes of capital
 - Modification of conditions

Cost driver: number of employees at each Client Company

Taxation Services: The tax services consist of the following activities, taking into account that, if the recipient of the services has its own local tax team, the applicable tax services of those listed below will be provided on a supplementary and support basis to the activities carried out by said local team.

- Development of the *Good Tax Practices Policy*
- Management of the tax treatment of the Client Companies calculating their taxes and managing their tax returns and their taxes
- Defence of the interests of the Client Companies in tax inspections
- Tax assessment of the Client Companies, planning investment/disinvestment processes, businesses restructuring processes, and devising and developing money-saving options
- Representation of Client Companies before the tax authorities and in professional forums
- Collaboration with the persons responsible for preparing the economic information, advising on the preparation of tax information at annual and periodic closes.
- Coordination of the support from external advisors on particularly significant tax issues
- Coordination of the Transfer Pricing Policy

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

External Audit: includes the audit activities of financial information, performed by external companies

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

Purchasing Service: procurement of equipment, materials, goods and services provided to the Client Companies on the best service conditions with the aim of obtaining the most favourable purchasing conditions, through the use of the necessary tools, resources and structures and in compliance with the Procurement Policy, the appropriate proceedings and the applicable law.

The scope of this service will depend on whether the Client Company has signed a centralized management agreement or a coordinated management agreement. Each of those contracts specify the particular procurement activities that IBERDROLA provides for the Client Companies.

Cost driver: amount of purchasing requests per each Client Company

Insurance services: Management, at the request of and in conjunction with the Client Companies, of operational risks:

- Identification of operational risks: operation and exploitation, acquisition of companies, new activities, projects, legislation, agreements, etc.
- Analysis of operational risks: exposure to risk, calculation of probable maximum losses (PML), analysis of frequency and severity.
- Management of degree of retention and transfer of operational risks.
- Prevention (inspections/ recommendations)
- Agreements (liability, warranties, force majeure, insurance clauses, etc.)
- Arrangement of insurance programs.
- Management of policies under purchased insurance programs
- Loss management
- Hiring of advisors in the areas of risk management and placement of insurance (brokers).
- Preparation and management of insurance budget.

Cost driver: amount of policies per each Client Company

Financial services: management, at the request and in coordination with Client Companies, of the following aspects.

- Financial planning
 - Preparation of the long-term financial plan
 - Preparation of the short-term financial budget and adjustments throughout the year
- Financial reporting
- Financing
 - Arrangement of short- and long-term bank financing.
 - Arrangement of short –and long-term financing on capital markets.

- Arrangement of structural financing.
- Management of inter-company financing.
- Cash and banks
- Payments and collections using appropriate payment methods.
- Medium-term cash projections.
- Cash and banks conciliation and calculation of daily position.
- Regulation of liquidity, management of cash deficits and surpluses.
- Negotiation, contracting and issue of surety ships, security deposits and guarantees.
- Opening and closing of bank accounts.
- Risk management
- Interest rate risk management
- Exchange rate risk management
- Back Office for financing, cash and risk management
- Confirmation, administration, accounting of transactions and accounting close.
- Making of payments.
- Banking accounting conciliation of financing transactions
- Performance and control of contractual obligations (covenants)
- Financial audit process.
- Control of the tax treatment of financial transactions.
- Preparation of individual and consolidated financial statements and other corporate information.
- Development and maintenance of computer and help desk systems.
- Declarations to Central Banks and cooperation in compliance with international regulations.
- Billing performance.
- Management of documents.

Cost driver: Weighted percentage of the following concepts per each Client: Company

- Intercompany Financing Average balance (assets and liabilities) as well as debt with third-parties
- Number of guarantees processed
- Number of activities processed
- Equalization for all businesses

Risk Management: includes the following activities

- Enterprise Risk Management: Risk Identification and analysis, development of Risk Policies and limits, Monitoring of limits, indicators and key risk
- Credit Risk: Analysis and monitoring of counterparty credit worthiness and exposures
- Market Risk: Analysis of markets, open positions, prize curves, etc.
- Project Risk: Risk analysis of projects, relevant operations, insurance programs, etc.

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

Legal services:

- Advice on the establishment and implementation of, and compliance with, preventive legal security systems, appropriate decision-making processes and coordination and information mechanisms among the various companies.
- Coordination with external firms.
- Advice on corporate transactions.
- Cooperation in maintaining relationships with notaries, registries and other public offices.
- Cooperation in the suitable management of legal risks by aiding in the identification, evaluation and provision of legal advice on such risks.
- Cooperation in providing advice on law and legal defence in general, including tax and regulatory fields.
- Assistance in the processing of lawsuits in the defence of companies, directly or by contacting external firms.

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

Internal Audit: includes internal audit activities for local Audit & Compliance Commission, chairman or organization. Participation in global audits for corporate functions and businesses.

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

Compliance: includes the following activities:

- Ethics, fraud and offense management
- Implement compliance program for applicable Federal and State Regulation
- Implement program for the Separation of Activities of Regulated and Unregulated businesses

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

Governing Bodies: includes the activities of the chairman and the Board of Directors related to the management of the company

Cost driver: Dimension indicator (Massachusetts formula for distribution of costs for utilities)

IT workstation: the PTI (IT workstation) service covers all activities and services concerning the availability and correct functioning of IT workstations.

The Workstation General Service includes the following components:

- Supply and installation of the workstation.
- Maintenance of the workstation (according to criticality).
- Renewal of the workstation.
- Network Services.

- Platform-based applications, personal productivity software and business applications.
- Access to the Employees' Web Portal and applications published on it (SacinWeb, Viajes, Amarna, etc.).
- Access to different business web portals and to applications published on them.
- IT Stations for general use.
- Accessibility.
- Centralised software licences.
- IT support for customers (as appropriate).
- Inventory as support system.
- Administration of users and resources included in Systems processes.

Additional Workstation Services:

- Migration and/or conversion of user data.
- Destruction of Client information registered on magnetic media.
- Extension of storage capacity for individuals or work groups, on storage servers.
- Special service timetable subject to request and analysis.
- Remote connection to network infrastructure via platform equipment with VPN client and WebVPN access to published applications, if any.
- Access to Metaframe environment applications (check service file for further information).
- Connection and access to information systems outside Iberdrola.
- Training of Client Company users on handling elements pertaining to the configuration of the Workstation.
- Access to Knowledge Management Systems.
- Corporate server backup of user data stored on laptop or desktop systems, subject to defined space limitations, and always communications permitting.
- Installation of Departmental Applications as requested by the installer (DAI).
- Transfer of files (to/from the exterior) via the corporate FTP.

In short, this service includes all activities necessary to provide, integrate and support the hardware, software and connectivity required by end users to enable them to manage their information and access what they need from the information systems for which they are authorised by the competent bodies of their respective companies.

Cost driver: number of systems (desktop, laptop, tablet PCs or PDAs) weighted by unit price and local or global cost components, at each Client Company.

New developments: this service comprises new information systems or applications software, as well as maintenance and correction of pre-existing ones, regardless of the hardware/software platform they require.

Cost driver: Number of users of each application / Number of persons / Others, per each Client Company

Operation and support: this service covers all activities necessary for the management and administration of infrastructure elements, to ensure functioning and operability in the Systems environment. It also includes the information and communications protection service,

developing and implementing, pursuant to the instructions received from the Client Companies, suitable prevention and protection measures that guarantee inaccessibility of systems information by unauthorised persons, and monitoring possible security breaches of information systems.

Additionally the services includes Finishing and Printing Center with all activities related to printing tasks (printing service, creation and modification of forms, and finishing service)

Cost driver: percentage of operation consumption according to the services received per each Client Company

Systems Management: comprises activities related to management and definition of policies and procedures with reference to the services provided by IT area. This gathers all the activities of IT Workstation, Operation and Support, and New Developments.

Cost driver: number of employees per Client Company.



IBERDROLA USA CORPORATE SERVICES

COST ALLOCATION MANUAL

INDEX

1. PURPOSE	3
2. ONE CORPORATION MODEL	4
3. APPLICABLE REGULATION	6
4. CORPORATE SERVICES' BILLING PROCEDURE	7
5. ANNEXES	11

REVIEW ' S CONTROL

REVIEW

DATE

REASON

REVIEWED SHEETS

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1. PURPOSE

The purpose of this document is to describe the process by which the costs of corporate services at the Iberdrola Group are identified and billed to different societies they serve or are benefited by these services.

In general, corporate services are classified in services provided on behalf of the Shareholder and services provided to the Group companies.

The services provided on behalf of the shareholders are not billed unless they are recognized by regulators as necessary for the operation of the concession, while the services provided to the Group companies are billed to each of the companies receiving such services.

The services provided to a single company are billed directly to that company, while services provided to more companies are allocated to these companies according to "drivers" defined for each of the services consumption.

The billing of corporate services to the Group companies is performed following transparent and objective criteria consistent with the principle of market value, avoiding any discrimination, subsidy or competitive advantage. These criteria are of general application, and are based on the profit generated in the client societies of these corporate services, and applied objectively and consistently based on non-manipulable data.

The cost base used is built according to consistent criteria of the transfer pricing guidelines of the Organization for Economic Cooperation and Development (OECD).

The procedure defined herein is applicable to all companies of the Iberdrola Group, subject to the consideration and adaptation to the particularities of each jurisdiction, which must be duly justified in each case.

2. ONE CORPORATION MODEL

The presence of the Iberdrola Group in different countries and business sectors has made convenient the implementation of a business model based on a decentralized structure of decision-making that, however, allows a global integration of Business according to the Group's business model. This Model, adopted by the Board of Directors of Iberdrola SA, is aimed at maximizing the operational efficiency of the different business units and ensures the dissemination, implementation and monitoring of the overall strategy and basic management guidelines established for each business, primarily through the exchange of best practices between companies of the Iberdrola Group.

One of the key instruments of the Group business model is the "One Corporation" which Iberdrola set up to provide certain corporate services in an efficient and flexible way to all companies of the Iberdrola Group.

The costs of the One Corporation are structured in two types:

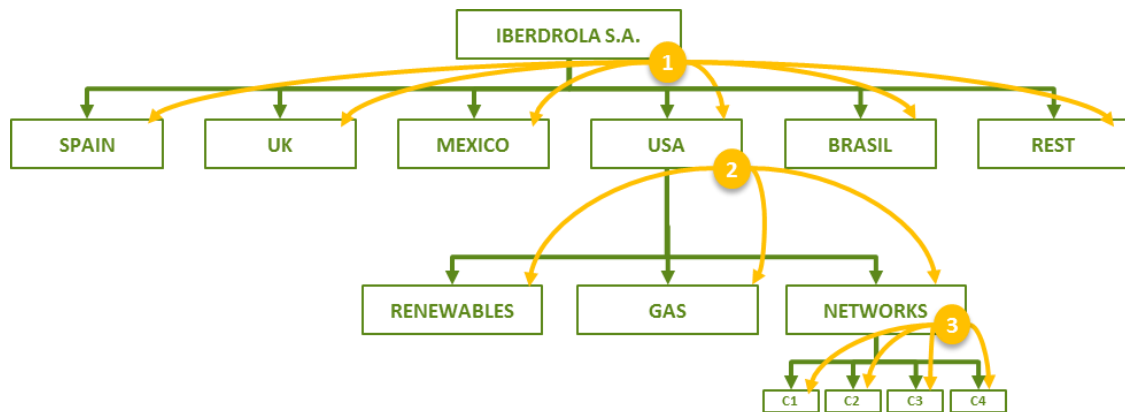
- Corporate services costs: These are the costs recorded in the provider companies, and needed so as to execute the corporate services. These costs are the subject of the present billing model.
The billing of these costs will require a contract and the subsequent determination of the services that will be provided to each society.
- Costs managed directly by each company that receives the services: The costs of these services are managed by each company according to common guidelines across the Group in order to exploit common synergies and improve purchasing power.

The Corporation ensures proper provision of contracted services by following the instructions provided in the Declaration of Acceptance by the Client Companies in their corresponding Framework Agreement. The services must respect the standards set in the context of the One Corporation to ensure adequate synergies and maximize operations of the Group. Also contracted services are rendered in full compliance with applicable law and the Corporate Governance System and the distribution of tasks and responsibilities derived therefrom.

The One Corporation is structured by corporate services providers companies, both at Group level and at the level of countries and businesses within each country.

Each company providing corporate services is organized by corporate functions (more detail in Annex 5.1.).

Service delivery is made according to the following scheme (the detail included in USA intended to serve as an example, although the pattern is repeated in each country and each business within each country):



Services are provided in cascade, from top to bottom, from the lending companies of services to clients' related companies. As a general premise, no services are provided from the client companies to headers (bottom-up), or between companies of different Holdings (horizontally).

3. APPLICABLE REGULATION

The cost billing process from the Corporation to the Group companies follow the guidelines issued by the OECD in 1995 and supplemented in 1996 (with periodic updates) for the regulation of related party transactions and that are applicable for the purposes of Article 7 CSA common services in Iberdrola. The arm's length principle is the internationally accepted standard to assess the transfer prices of related party transactions. The most commonly cited arm's length principle definition and how to apply it is also defined in the OECD Guidelines. That legislation comes to the conclusion that the results of this operation are to be similar to those they would have obtained between independent entities have done under similar or comparable circumstances.

The guidelines published by the Joint Transfer Pricing Forum in the European Union (FCPTUE) analyzing the treatment and analysis of low value-added services as part of related party transactions must also be followed. That legislation provides guidance in relation to the analysis of low value-added services (support services management) with related entities.

On the other hand, Article 18 of the Corporation Tax Act, BOE number 288, pages 96972-78, dated November 28, 2014, determined the valuation rules of related party transactions, defining the scope thereof and establishing the method for determining the market price of each of these operations.

Finally, in the North American environment, there must be compliance with the requirements of the regulations of the Federal Energy Regulatory Commission (FERC), including Part 367 of Title 18 of the US Code of Federal Regulations ("CFR 18") in connection the uniform system of accounts in companies providing centralized services ("uniform System of accounts for Mutual service Companies and Subsidiary companies")

4. CORPORATE SERVICES' BILLING PROCEDURE

The steps used for billing services are:

1. Services' Costs Identification – Corporation Costs Base
2. Service to companies and on behalf of the shareholder or the concession
3. Client companies
4. Services' consumption drivers
5. Self- Consumption and final billing

4.1 SERVICES' COSTS IDENTIFICATION – CORPORATION COSTS' BASE

As a general principle and within the corporate SAP platform, all costs associated with the activities of each company, both own personnel expenses, external suppliers' costs, depreciation and others, are analytically accounted in the so-called "allocation orders". Each order among its different analytical fields collects a product code that identifies the corresponding corporate service.

Cost base of Iberdrola Group corporate service is defined as the Earnings Before Interest and Taxes (EBIT). The EBIT includes the following components:

- Personnel Expenses
- Net External Services of other operating income
- Taxes
- Depreciation
- Provisions

The External Services component will include both items received from external companies of the Group and items from different Group companies of the Corporation and necessary for the provision of corporate services.

As an exception to the direct allocation of costs to products, indirect costs are those that due to their nature or the way in which they are accounted on the Corporation can't be assigned to a single corporate service. In this case a consumption criterion has to be used in order to assign it to the corporate services affected.

4.2 SERVICE TO COMPANIES AND ON BEHALF OF THE SHAREHOLDER OR THE CONCESSION

The services provided by the Corporation are classified into two groups:

- Services provided on behalf of the shareholder: services that, according to the rules of the OECD, are provided to shareholders. These services (see details in Annex 5.3.) are not billed unless they are recognized by regulators as necessary for the operation of the concession.
- Services provided to the Group companies: services provided to Group companies. In general, the amounts for services provided to Group

companies are billed to each recipient company by the corresponding consumption driver (see details in Annex 5.2.).

However, there are services that can be billed directly to a client company:

- Personnel services or External Service of the Corporation to a Group company in singular Investment projects (so-called “*Recharge*”)
- Services provided by the Corporation to particular projects, to outside companies or where Iberdrola Group has a majority stake.
- Assignment of staff of the Corporation to companies.

Both the services provided on behalf of the shareholders and services to Group companies are related to the corporate functions that provide them (see details in Annex 5.3. and Annex 5.2.).

4.3 CLIENT COMPANIES

Corporate services are provided generally to all group companies where it holds the majority stake or where Iberdrola, not being the majority shareholder, is the responsible for the management.

There is a framework agreement for the provision of services, the companies concerned and the billing forecast of year in force.

As previously explained, the billing of services to each company is performed through the corresponding corporate services’ providers companies (cascade).

This means that every service is billed to each of the companies’ providers of corporate services at the next level, and then from each of them, their own cost of each service is added and billed to the next level, and so on until each company receiving the service.

In cases where companies have corporate service providers that do not add value to the services of the previous level, services are billed directly to the lending companies that add value next level or if there are none, to the host societies of the services.

The corporate services providers companies in each country are:

- Iberdrola España S.A.
- SPW Power UK Plc
- Iberdrola USA Management Corporation
- Iberdrola Energía Altamira de Servicios, S.A. de CV
- Iberdrola Brasil S.A.

All beneficiary companies are directly or indirectly attached to the Framework Agreement.

4.4 SERVICES' CONSUMPTION DRIVERS

Corporate services provided to Group companies are calculated using each service a driver of consumption (see detail in Annex 5.4 drivers.).

These drivers are defined taking into account indications of the OECD and the EU Joint Forum, best practices of other similar companies, and those that better reflect the consumption of each service (see details of services and drivers used in Annex 5.5.).

In those cases where it is not possible to use a specific driver to ensure equity in consumption costs between host societies of the service, a driver of overall consumption has been defined. This driver, commonly called "Massachusetts formula" is used widely in the US for utilities to assign costs to the host societies based on their dimension.

4.5 SELF-CONSUMPTION AND FINAL BILLING

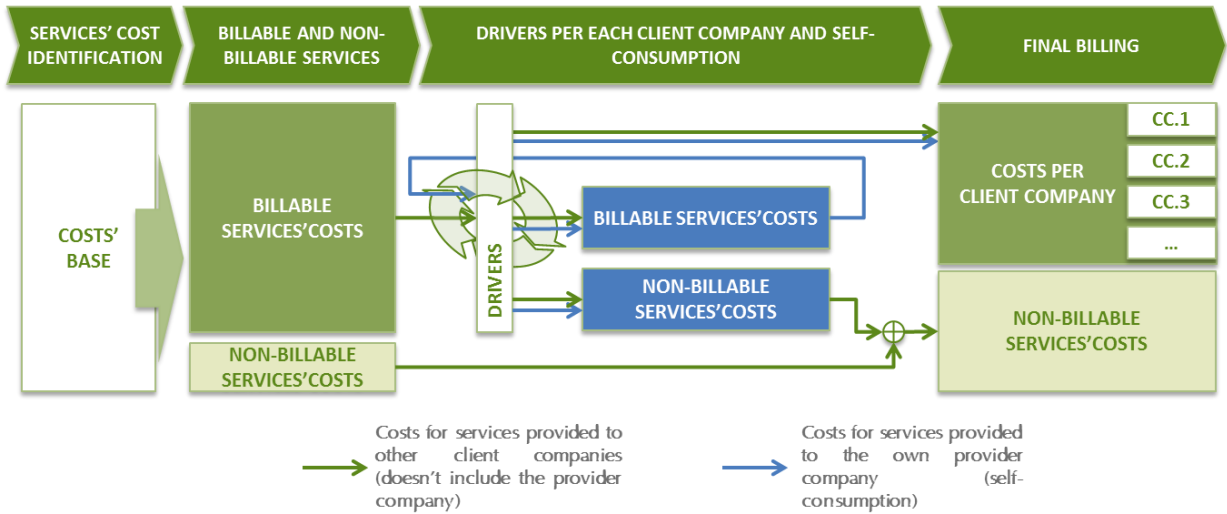
The different corporate services (to companies and on behalf of the shareholder or the concession) include initially their own costs for providing their services to the companies receiving them. However they don't include costs of other corporate services they make use of.

For example, Purchasing service initially includes purchasing department own costs to provide services to the companies receiving them. However, it is necessary to add the costs of "consumption" which makes the Purchasing Department itself relative to other corporate services (Office services, IT Workstation, General Administration, etc.). These expenses for consumption between corporate services are called "self-consumption".

To calculate the cost of self-consumption, these steps are followed:

- Consumption of each service is calculated at each consumer entity. In this calculation, the provider of corporate services is among the consumers, as it has employees who also receive corporate services.
- These own consumption of corporate services are divided into two groups:
 - o Consumption associated with services provided to the shareholders or the concession: These consumptions are not billed unless they are recognized by regulators as necessary for the operation of the concession
 - o Consumption associated with other services: These consumptions are integrated again between the receiving services which are billed by applying the same consumer drivers.
- This process is performed iteratively until corporate services receive no cost via self-consumption (amount <0,01 €) and all consumption is assigned to the target companies or non-billable services.

The following chart shows schematically the process of billing for services rendered:



The price for the provision of each of the services corresponds to market price determined by any method accepted in the applicable laws and regulations including the cost without margin itself, under appropriate circumstances-are given, and calculated annually based on the cost incurred for the provision of those services to client companies.

5. ANNEXES

5.1 CORPORATE FUNCTIONS

CORPORATE FUNCTION
Governing Bodies
Innovation, Environment and Quality
Real Estate and General Services
Corporate Security
IT
Human Resources
Purchasing
Insurance
Finance & Treasury
Risks
Capital Management
Investor Relations
Control
Administration
Tax
External Audit
Secretary of the Board
Communications
Legal Services
Corporate Development
DG Business and Regulation
Internal Audit
Compliance

5.2 SERVICES TO CLIENT COMPANIES

CORPORATE FUNCTION	SERVICE
Innovation, Environment and Quality	R+D+I Service
	Environment
	Quality
	Carbon reduction commitment
Real Estate and General Services	Services in buildings and leases
	Mobile Telephony
	General Services Management
	Fleet Management
	Office services
Corporate Security	International and Corporate Security
	Surveillance and maintenance of buildings
	Other security services
IT	IT Management
	IT Workstation
	Operation and support
	New developments
Human Resources	Human Resources services
	Training
	Labor relationships
	Occupational risk prevention
	Employee shares' system
Purchasing	Purchasing services
Insurance	Insurance services
Finance & Treasury	Financial services
Control	Control services
Administration	General Administration
	SAP Platform
	Personnel Administration
Tax	Tax services
Communications	Corporate Communications
	Brand Management
Legal services	Legal services
Corporate Development	Development services
	Development projects
DG Business and Regulation	DG Business and Regulation services

5.3 SERVICES ON BEHALF OF THE SHAREHOLDER OR THE CONCESSION

CORPORATE FUNCTION	SERVICES
Governing Bodies	Governing Bodies
Corporate Security	Security of the Board
Human Resources	Other HR services
Risks	Other financial services
Capital management	
Investor Relations	
Control	Consolidation services
External Audit	External audit
Secretary of the Board	Governing Bodies
Communications	External Communications
Internal Audit	Internal Audit services
Compliance	Compliance services

5.4 SERVICES' CONSUMPTION DRIVERS

DRIVER	CALCULATION FORMULA
Weighted percentage of R+D+I service per organization	Budget base for tax deductions due to R+D+I activities (2/3) and investments in R+D+I on each business (1/3)
Percentage of Environment Investments and expenses per organization	Environment Investments and expenses (60%) and 1400 Certification in SGAI (40%)
Number of quality processes per organization	Number of implemented or on-going implemented quality processes per organization
Percentage of carbon tons	Carbon tons per organization
Number of employees in corporate buildings	Number of active employees in corporate buildings per organization
Phone consumption amount	Phone consumption amount per organization
Number of vehicles	Number of vehicles per organization
Number of persons per organization	Number of persons per organization
Number of shares	Number of shares per organization
Dimension Indicator (Massachusetts formula)	Weighted dimension of each organization taking into account Gross Property Plant, Direct Labor and Gross Margin (Application of Massachusetts formula)
Number of weighted equipment	Number of laptops, desktop computers, PDA's and pocket-PCs that according to the inventory are associated to employees of each organization. With this inventory a weighting is made taking into account de purchasing value of each of the equipment. Besides a correction factor is added to some equipment in order to weight the local costs of IT Workstation
Percentage of consumption per organization	Number of MIPS y percentage of storage utilization per each application, and number of users of the application
Number of users	Number of users of the application per organization
Amount of orders per organization	Amount of orders per organization
Amount of policies per organization	Amount of policies per organization
Weighted percentage of financial operations	Weighted percentage of the following concepts per each Client: Company <ul style="list-style-type: none"> • 78,5% Intercompany Financing Average balance (assets and liabilities) as well as debt with third-parties • 5% Number of guarantees processed • 15% Number of activities processed • 1,5% Equalization for all businesses
Number of SAP users	Number of SAP users per organization
Number of documents processed per organization	Number of documents processed per organization

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5.5 RELATION OF SERVICES AND DRIVERS

CORP. FUNCTION	SERVICE	DRIVER
Governing Bodies	Governing Bodies	Dimension Indicator
Innovation, Environment & Quality	R+D+I Service	Percentage of R+D+I service
	Environment	Percentage of Environment Investments and Expenses
	Quality	Number of quality processes
	Carbon reduction commitment	Percentage of carbon tons
Real Estate and General Services	Services in buildings and leases	Number of employees in corporate buildings
	Mobile Telephony	Phone consumption amount
	General Services Management	Number of persons
	Fleet Management	Number of vehicles
	Office services	Number of employees in corporate buildings
Corporate Security	International and Corporate Security	Number of persons
	Surveillance and maintenance of buildings	Number of employees in corporate buildings
	Other security services	Number of persons
	Security of the Board	Dimension Indicator
IT	IT Management	Number of persons
	IT Workstation	Number of weighted equipment
	Operation and support	Percentage of consumption
	New developments	Number of users / persons / other
Human Resources	Human Resources services	Number of persons
	Training	Number of persons
	Labor relationships	Number of persons
	Occupational risk prevention	Number of persons
	Other HR Services	Number of persons
	Employee shares' system	Number of shares
Purchasing	Purchasing services	Orders Amount
Insurance	Insurance services	Policies amount
Finance and Treasury	Financial services	Financial operations amount
Risks		
Capital management	Other financial services	Dimension Indicator
Investor Relations		
Control	Control services	Dimension Indicator
	Consolidation services	Dimension Indicator
Administration	General Administration	Number of processed documents
	SAP Platform	Number of SAP users
	Personnel Administration	Number of persons
Tax	Tax services	Dimension Indicator

Communications	External Communications	Dimension Indicator
	Corporate Communications	Number of persons
	Brand Management	Dimension Indicator
Legal Services	Legal Services	Dimension Indicator
Corporate Development	Development services	Individual analysis
	Development projects	
DG Businesses and Regulation	DG Businesses and Regulation service	Dimension Indicator
External Audit	External Audit	Dimension Indicator
Secretary of the Board	Governing Bodies	Dimension Indicator
Internal Audit	Internal Audit services	Dimension Indicator
Compliance	Compliance services	Dimension Indicator

Section IV

Summary of Allocation Percentages to Allocate Charges to NYSEG

Allocation Factor	Allocation Code	January 2015 - December 2015
Number of Users	INT002	41.99%
Number of Invoices	INT003	43.31%
Number of People per Business	INT006	46.73%
Number of Vehicles	INT007	59.15%
% Debt Warranties & Bank Statements	INT008	42.12%
% Consumption by Business	INT009	41.66%
% RDI	INT010	34.00%
Value Open POs	INT012	41.33%
Value Policies	INT013	45.74%
Mass Formula IFRS	INT014	46.90%
CAPEX and Environment Expense	INT016	34.00%
Quality	INT017	34.00%
Number of IT Workstations	INT019	33.16%

Section IV

Summary of Allocation Percentages to Allocate Charges to RG&E

Allocation Factor	Allocation Code	January 2015 - December 2015
Number of Users	INT002	20.80%
Number of Invoices	INT003	20.12%
Number of People per Business	INT006	20.92%
Number of Vehicles	INT007	18.03%
% Debt Warranties & Bank Statements	INT008	25.14%
% Consumption by Business	INT009	21.36%
% RDI	INT010	33.00%
Value Open POs	INT012	33.40%
Value Policies	INT013	24.96%
Mass Formula IFRS	INT014	25.30%
CAPEX and Environment Expense	INT016	33.00%
Quality	INT017	33.00%
Number of IT Workstations	INT019	22.80%

Section IV

Summary of Allocation Percentages to Allocate Charges to Operating Companies

Description of Services and Consumption Drivers are Detailed in Catalogue of Corporate Services and Corporation Services Cost Allocation Manual

**SAP User Factor (INT002)
(NYSEG, RG&E, CMP & NOVARCO)**

COMPANY	SAP USERS	SAP User Factor
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Jan 2015 - Dec 2015

RG&E	591	20.80%
NYSEG	1,193	41.99%
All Companies	2,841	37.21%

**Invoice Processed Factor (INT003)
(NYSEG, RG&E, CMP, Union Water, MEPCO, Chester & MNG)**

COMPANY	Invoices Processed	Invoice Processed Factor
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Jan 2015 - Dec 2015

RG&E	20,092	20.12%
NYSEG	43,247	43.31%
All Companies	99,846	36.56%

Section IV

Summary of Allocation Percentages to Allocate Charges to Operating Companies

**Description of Services and Consumption Drivers are Detailed in Catalogue of
Corporate Services and Corporation Services Cost Allocation Manual**

**Corporate Building Occupant Factor (INT005)
(NYSEG, RG&E & CMP)**

The building service costs are directly invoiced to the OPCO, therefore no allocation is used.

**Employees Factor (INT006)
(NYSEG, RG&E, CMP & MNG)**

<u>COMPANY</u>	<u>Employees</u>	<u>Employees Factor</u>
Jan 2015 - Dec 2015		
RG&E	825	20.92%
NYSEG	1,843	46.73%
All Companies	3,944	32.35%

**Vehicle Factor (INT007)
(NYSEG, RG&E & CMP)**

<u>COMPANY</u>	<u>Vehicles</u>	<u>Vehicle Factor</u>
Jan 2015 - Dec 2015		
RG&E	539	18.03%
NYSEG	1,768	59.15%
All Companies	2,989	22.82%

Section IV

Summary of Allocation Percentages to Allocate Charges to Operating Companies

Description of Services and Consumption Drivers are Detailed in Catalogue of Corporate Services and Corporation Services Cost Allocation Manual

**Financial Factor (INT008)
(NYSEG, RG&E, CMP, Chester & MNG)**

COMPANY	Financial components-weighted average	Financial Factor
Jan 2015 - Dec 2015		
RG&E	25.14%	25.14%
NYSEG	42.12%	42.12%
All Companies	32.74%	32.74%

**IT Consumption Factor (INT009)
(NYSEG, RG&E, CMP & MNG)**

COMPANY	IT Consumption Percentage	IT Consumption Factor
Jan 2015 - Dec 2015		
RG&E	20.12%	20.12%
NYSEG	41.66%	41.66%
All Companies	38.22%	38.22%

Section IV

Summary of Allocation Percentages to Allocate Charges to Operating Companies

Description of Services and Consumption Drivers are Detailed in Catalogue of Corporate Services and Corporation Services Cost Allocation Manual

**Research, Development and Innovation (RDI) Factor (INT010)
(NYSEG, RG&E & CMP)**

COMPANY	Tax Deduction and Investment Percentage	RDI Factor
Jan 2015 - Dec 2015		
RG&E	33.00%	33.00%
NYSEG	34.00%	34.00%
All Companies	33.00%	33.00%

**Purchase Order Factor (INT012)
(NYSEG, RG&E, CMP, Union Water, MEPCO, Chester & MNG)**

COMPANY	Value of Open PO's	Purchase Order Factor
Jan 2015 - Dec 2015		
RG&E	182,671,709	33.40%
NYSEG	226,074,305	41.33%
All Companies	547,001,040	25.28%

Section IV

Summary of Allocation Percentages to Allocate Charges to Operating Companies

Description of Services and Consumption Drivers are Detailed in Catalogue of Corporate Services and Corporation Services Cost Allocation Manual

**Policy Value Factor (INT013)
(NYSEG, RG&E, CMP, Union Water, MEPCO, Chester & MNG)**

COMPANY	Insurance Policy Value	Policy Value Factor
Jan 2015 - Dec 2015		
RG&E	760,368	24.96%
NYSEG	1,393,203	45.74%
All Companies	3,045,770	29.29%

**Massachusetts Formula (INT014) (as modified)
(NYSEG, RG&E, CMP & MNG)**

COMPANY	Gross Property	%	Gross Margin	%	Direct Labor	%	Massachusetts Formula
Jan 2015 - Dec 2015							
RG&E	2,376,134,379	25.52%	436,666,284	28.30%	67,983,266	22.02%	25.3%
NYSEG	4,049,760,217	43.50%	668,160,079	43.30%	166,718,840	54.01%	46.9%
All Companies	9,309,715,308		1,542,968,606		308,695,193		27.8%

Section IV

Summary of Allocation Percentages to Allocate Charges to Operating Companies

Description of Services and Consumption Drivers are Detailed in Catalogue of Corporate Services and Corporation Services Cost Allocation Manual

**CAPEX and Environment Factor (INT016)
(NYSEG, RG&E & CMP)**

COMPANY	CAPEX & Environmental Exp Percentage	CAPEX and Environment Factor
Jan 2015 - Dec 2015		
RG&E	0.33	33.00%
NYSEG	0.34	34.00%
All Companies	0.33	33.00%

**Quality Factor (INT017)
(NYSEG, RG&E & CMP)**

COMPANY	Quality Processes by Company Percentage	Quality Factor
Jan 2015 - Dec 2015		
RG&E	0.33	33.00%
NYSEG	0.34	34.00%
All Companies	0.33	33.00%

Section IV

Summary of Allocation Percentages to Allocate Charges to Operating Companies

Description of Services and Consumption Drivers are Detailed in Catalogue of Corporate Services and Corporation Services Cost Allocation Manual

Mobile Phone Factor (INT018)

The mobile phone costs are directly invoiced to the OPCO, therefore no allocation is used.

**IT Workstation Factor (INT019)
(NYSEG, RG&E, CMP & MNG)**

COMPANY	IT Workstations Weighted Costs	IT Workstation Factor
Jan 2015 - Dec 2015		
RG&E	0.23	22.80%
NYSEG	0.33	33.16%
All Companies	0.44	44.04%

Section IV

New York State Electric & Gas Corporation Calculation of Payroll Overhead Rate 2015

Pension & OPEB Expenses		\$	54,730,252
Payroll Taxes		\$	13,484,140
Insurance Expenses		\$	14,067,452
Other		\$	<u>8,532,552</u>
Total Benefit Expenses	A	\$	90,814,396
Total Labor	B	\$	176,240,853
Payroll Overhead Rate	A/B		51.53%

Section IV

**New York State Electric & Gas Corporation
Calculation of Occupancy Overhead Rate
2015**

Asset Usage Costs \$ 1,830,959

Occupancy Costs \$ 10,432,816

Total Costs A \$ 12,263,775

Overhead Eligible Labor B \$ 80,492,860

Total Occupancy A/B 15.24%
Overhead Rate

Section IV

**New York State Electric & Gas Corporation
Calculation of Storage, Freight, & Handling Overhead Rate
2015**

Total Stores Expense	A	\$ 10,633,397
Total Material Issues	B	\$ 36,668,194
Storage, Freight, & Handling Overhead Rate	A/B	29.00%

Section IV

Rochester Gas and Electric Corporation Calculation of Payroll Overhead Rate 2015

Pension & OPEB		\$	15,398,614
Payroll Taxes		\$	5,804,780
Insurance Expenses		\$	4,258,257
Other		\$	<u>5,919,930</u>
total Benefit Expenses	A	\$	31,381,581
Total Labor	B	\$	76,120,894
Payroll Overhead Rate	A/B		41.23%

Section IV

Rochester Gas and Electric Corporation Calculation of Occupancy Overhead Rate 2015

Asset Usage Costs		\$ 3,917,302.1
Occupancy Costs		<u>\$ 7,097,197.1</u>
Total Costs	A	\$ 11,014,499
Overhead Eligible Labor	B	\$ 49,637,220
Total Occupancy Overhead Rate	A/B	22.19%

Section IV

**Rochester Gas and Electric Corporation
Calculation of Storage, Freight, & Handling Overhead Rate
2015**

Total Stores Expense	A	\$ 2,721,446
Total Material Issues	B	\$ 21,735,860
Storage, Freight, & Handling Overhead Rate	A/B	12.52%

Section V

Affiliate Transactions

Section V

NYSEG 2015

Transactions with Associated (Affiliated) Companies

<u>Description</u>	<u>Name of Associate</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Provided by Affiliated Company				
Salaries, Wages, Expense and Associated Overheads	Rochester Gas and Electric Corporation	5,259,437		5,259,437
All Allocated Expenses	Iberdrola USA Management Corporation	1,364,830	66,504,351	67,869,181
Salaries, Wages, Expense and Associated Overheads	Central Maine Power Company	966,118		966,118
Salaries, Wages, Expense and Associated Overheads	Other	-	1,629,905	1,629,905
Various Services	Iberdrola Energy Projects, Inc.	379,036		379,036
Total		7,969,422	68,134,255	76,103,677
Provided for Affiliated Company				
Salaries, Wages, Expense and Associated Overheads	Rochester Gas and Electric Corporation	12,327,267		12,327,267
Salaries, Wages, Expense and Associated Overheads	Iberdrola USA Management Corporation	492,907	4,062,764	4,555,671
Salaries, Wages, Expense and Associated Overheads	Central Maine Power Company	573,500		573,500
Salaries, Wages, Expense and Associated Overheads	IB USA Networks NY Transco	19,547		19,547
Salaries, Wages, Expense and Associated Overheads	Other	207,061	10,058	217,119
Total		13,620,282	4,072,821	17,693,104

Section V

RG&E 2015

Transactions with Associated (Affiliated) Companies

<u>Description</u>	<u>Name of Associate</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Provided by Affiliated Company				
All Allocated Expenses	Iberdrola USA Management Corporation	1,547,449	33,584,403	35,131,851
Salaries, Wages, Expense and Associated Overheads	New York State Electric & Gas Corporation	12,340,059		12,340,059
Salaries, Wages, Expense and Associated Overheads	Central Maine Power	607,586		607,586
Salaries, Wages, Expense and Associated Overheads	Other	-	2,285,296	2,285,296
Various Services	Iberdrola Energy Projects, Inc.	771,900		771,900
Total		15,266,994	35,869,698	51,136,693
Provided for Affiliated Company				
Salaries, Wages, Expense and Associated Overheads	Iberdrola USA Management Corporation	2,364,761	956,743	3,321,503
Salaries, Wages, Expense and Associated Overheads	New York State Electric & Gas Corporation	5,184,294		5,184,294
Salaries, Wages, Expense and Associated Overheads	Central Maine Power/Maine Natural Gas	338,989		338,989
Salaries, Wages, Expense and Associated Overheads	IB USA Networks NY Transco	23,586		23,586
Salaries, Wages, Expense and Associated Overheads	Other		5,843	5,843
Total		7,911,630	962,585	8,874,215

Section VI

Competitor/Customer Complaints

Competitor Issues – the Companies have had no competitor/customer complaints related to affiliate transactions in 2015 as identified in Appendix 1 Standards of Conduct # viii.

Section VII

Affiliate Transactions – Iberdrola Energy Projects, Inc. (IEP)

**PROJECT MANAGEMENT CONTRACTING SERVICES
IBERDROLA ENERGY PROJECTS**

**NYSEG PROJECT COSTS BY MONTH
January 2015 - June 2015**

Project Name	WBS	Work Order	January	February	March	April	May	June	Miscellaneous Expenses	Total Charges by Project
AMAWALK	UI-N0018	6200002767	\$ 3,281.40						\$ 49.22	\$ 3,330.62
Auburn Transmission Project (Auburn 345kV Source)	UH-N0000119	6200005959	\$ 9,154.68	\$ 10,576.56	\$ 9,701.55	\$ 13,540.62	\$ 3,543.75		\$ 697.76	\$ 47,214.92
Cadyville Floodgate	UJ-N1000	9700000458		\$ 1,793.82	\$ 1,389.12	\$ 875.04			\$ 60.88	\$ 4,118.86
Cantioe	UI-N0018	6200002792	\$ 6,125.28	\$ 6,125.28	\$ 6,781.56	\$ 4,922.10	\$ 875.04		\$ 372.44	\$ 25,201.70
Columbia County Transmission Project (Klinekill 115kV)	UH-N0000121	6200004389	\$ 5,534.37	\$ 6,453.12	\$ 10,937.49	\$ 5,118.75			\$ 420.66	\$ 28,464.39
COOPER CORNERS	UI-N0018	6200002769	\$ 3,172.02						\$ 47.58	\$ 3,219.60
Eelpt New Transformer	UH-N0000029	6200002813	\$ 10,891.74	\$ 14,160.18	\$ 7,383.69	\$ 893.23		\$ 845.84	\$ 512.63	\$ 34,687.31
FERC- Bright Line FERC Bright Line Compl	UH-C0000073	6200012670			\$ 853.11	\$ 284.37			\$ 17.07	\$ 1,154.55
Flat Street Substation New Transformer	UH-N0000057	6200002808	\$ 998.96	\$ 787.50	\$ 1,017.18	\$ 1,163.03		\$ 845.84	\$ 72.19	\$ 4,884.70
Goudey Control House	UH-N0000068	6200005982		\$ 153.12	\$ 76.56				\$ 3.45	\$ 233.13
Greenidge Substation	UH-N0005075	6200003121		\$ 153.12	\$ 76.56				\$ 3.45	\$ 233.13
Harris Lake - Diesel Generator Upgrade	UH-N0000038	6200003160	\$ 14,070.49	\$ 7,391.82	\$ 8,496.54	\$ 1,028.16			\$ 464.81	\$ 31,451.82
Hickling AES	UH-N0005074	6200003122		\$ 153.12	\$ 76.56				\$ 3.45	\$ 233.13
Jennison AES	UH-N0000053	6200003123		\$ 153.12					\$ 2.30	\$ 155.42
Lansing/ Ithaca	UH-N0005007	6200020694			\$ 2,654.12				\$ 39.81	\$ 2,693.93
Kent Cliffs	UI-N0018	6200002804	\$ 1,750.08	\$ 1,750.08	\$ 1,968.84	\$ 3,281.40			\$ 131.25	\$ 8,881.65
Mechanicville Hydro Back	UJ-N4001	9700000456		\$ 1,717.26	\$ 1,389.12	\$ 875.04			\$ 59.73	\$ 4,041.15
MSSC - TRANSCO	UH-N0000113	6200004383	\$ 18,633.53	\$ 634.38	\$ 634.38	\$ 1,374.49			\$ 319.16	\$ 21,595.94
Oakdale Fraser - TRANSCO	UH-N0000114	6200017399	\$ 15,607.59						\$ 234.11	\$ 15,841.70
Old Falls	UH-N0000082	6200020241	\$ 3,357.96	\$ 4,375.20					\$ 116.00	\$ 7,849.16
Perry Center Area Install New 34.5kV Substation	UH-N0000110	6200005957	\$ 1,921.36	\$ 2,468.23	\$ 2,488.64	\$ 1,691.68	\$ 1,057.30	\$ 845.84	\$ 157.10	\$ 10,630.15
Putnam Lake	UI-N0018	6200002790	\$ 5,250.24	\$ 5,250.24	\$ 5,687.76	\$ 7,765.98			\$ 359.31	\$ 24,313.53
Silver Creed Substation Rebuild	UH-N0000043	6200002798			\$ 1,137.48	\$ 379.16			\$ 22.75	\$ 1,539.39
South Perry New 230kV Transformer	UH-N0000106	6200002815	\$ 11,167.68	\$ 5,187.45	\$ 9,216.25	\$ 153.12			\$ 385.87	\$ 26,110.37
Tom Miller Rd New Substation	UH-N0000109	6200006331	\$ 3,595.52	\$ 1,345.32	\$ 2,488.64	\$ 1,633.34	\$ 1,374.49	\$ 845.84	\$ 169.25	\$ 11,452.40
W.Patterson	UI-N0018	6200013706	\$ 4,375.20	\$ 4,375.20	\$ 5,031.48	\$ 3,062.64			\$ 252.67	\$ 17,097.19
Watercure 345kV	UH-N0000063	6200002755		\$ 306.24	\$ 76.56				\$ 5.74	\$ 388.54
Willet Substation New Transformer	UH-N0000033	6200002807	\$ 1,429.22	\$ 9,905.83	\$ 9,951.12	\$ 947.90			\$ 333.52	\$ 22,567.59
WINDHAM	UH-N0000051	6200002940	\$ 3,849.99	\$ 4,276.56	\$ 3,532.80	\$ 4,746.87	\$ 2,756.25		\$ 287.43	\$ 19,449.90
PRELIMINARY ADJUSTMENT TO MOVE IEP TO FULLY LOADED COST LEVEL (subject to audit completion)									TBD	TBD
TOTAL CHARGES BY MONTH			\$ 124,167.31	\$ 89,492.75	\$ 93,047.11	\$ 53,736.92	\$ 9,606.83	\$ 3,383.36	\$ 5,601.59	\$ 379,035.87

**PROJECT MANAGEMENT CONTRACTING SERVICES
IBERDROLA ENERGY PROJECTS**

**RG&E PROJECT COSTS BY MONTH
January 2015 - June 2015**

Project Name	WBS	Work Order	January	February	March	April	May	June	Miscellaneous Expense	Total Charges by Project
Buffalo Road	UH-R0005007	6200019571			\$ 3,791.60				\$ 56.87	\$ 3,848.47
FERC Brightline	UH-C0000074	6200012672				\$ 947.90	\$ 189.58		\$ 17.06	\$ 1,154.54
GRTA	UH-R0000013	various	\$ 37,554.56	\$ 40,036.68	\$ 24,062.22	\$ 16,016.04	\$ 9,880.20	\$ 12,395.84	\$ 2,099.18	\$ 142,044.72
HYDRO MOVE	UJ-R0026	9700000133	\$ 3,383.36	\$ 3,171.90	\$ 2,537.52	\$ 3,277.63		\$ 5,075.04	\$ 261.68	\$ 17,707.13
IEC Servers	UH-R0005207	6200015999				\$ 853.11	\$ 473.95		\$ 19.91	\$ 1,346.97
PILOT WIRE PROJECT - Telecom	UH-R0000165	6200002239	\$ 1,691.68	\$ 3,171.90		\$ 2,223.93	\$ 568.74	\$ 845.84	\$ 127.54	\$ 8,629.63
RARP	UH-R0000053	various	\$ 90,531.81	\$ 43,844.87	\$ 38,361.92	\$ 30,519.58	\$ 9,880.20	\$ 11,550.00	\$ 3,370.32	\$ 228,058.70
RGE RTU Station 106	UI-R0018	6200002076		\$ 3,554.85	\$ 4,010.60	\$ 4,192.90			\$ 176.37	\$ 11,934.72
RGE RTU Station 110	UI-R0018	6200002078		\$ 3,554.85	\$ 4,010.60	\$ 4,192.90			\$ 176.37	\$ 11,934.72
RGE RTU Station 120	UI-R0018	6200002078		\$ 2,552.20	\$ 3,099.10	\$ 3,372.55			\$ 135.36	\$ 9,159.21
RGE RTU Station 125	UI-R0018	6200002106	\$ 9,206.15	\$ 4,922.10	\$ 4,922.10	\$ 4,284.05	\$ 729.20		\$ 360.95	\$ 24,424.55
RGE RTU Station 149	UI-R0018	6200002072	\$ 3,172.02						\$ 47.58	\$ 3,219.60
Rochester - Sectionalize and Reconnector 115kV Circuit 917 (S7 - S418)	UH-R0000072	6200002365	\$ 5,032.72	\$ 1,699.65	\$ 1,476.54	\$ 3,430.66	\$ 1,254.14		\$ 193.40	\$ 13,087.11
S2 Regulatory Mandates	UH-R0000092	6200016094				\$ 853.11	\$ 473.95		\$ 19.91	\$ 1,346.97
SPCC Project Support (TBD)	UH-R0005132	6200016399				\$ 853.11	\$ 473.95		\$ 19.91	\$ 1,346.97
ST 23	UH-R0000118	6200003665	\$ 4,028.56	\$ 4,105.12	\$ 5,654.64	\$ 9,792.59	\$ 189.58	\$ 1,691.68	\$ 381.94	\$ 25,844.11
Station 210	UH-R0000099	6200002144	\$ 7,102.33	\$ 8,501.92	\$ 842.16	\$ 3,412.44			\$ 297.88	\$ 20,156.73
Station 218 to Clyde New 34.5kV Transmission Line	UH-R0000091	6200015591	\$ 6,539.80	\$ 5,988.55	\$ 3,117.12	\$ 4,848.85	\$ 1,990.59		\$ 337.28	\$ 22,822.19
Station 262- New 115kV/34.5kV Substation	UH-R0000087	6200002192	\$ 40,131.38	\$ 5,360.74	\$ 8,104.55	\$ 2,398.92	\$ 951.57	\$ 1,691.68	\$ 879.58	\$ 59,518.42
Station 56 Additional 12kV Source	UH-R0000081	6200002103	\$ 18,352.54	\$ 17,785.29	\$ 18,240.44	\$ 10,124.60	\$ 729.20		\$ 978.49	\$ 66,210.56
Station 95 - Add 2nd 34.5-11.5kV Transformer - Rochester	UH-R0000085	6200013467	\$ 16,339.24	\$ 12,240.77	\$ 15,629.85	\$ 16,308.23		\$ 845.84	\$ 920.46	\$ 62,284.39
Substation Modernization Project - Station 5	UH-R0000106	6200002193	\$ 6,336.74	\$ 1,281.11	\$ 842.16	\$ 4,546.25		\$ 2,114.60	\$ 226.81	\$ 15,347.67
Substation Modernization- Station 38 Total Refurbishment	UH-R0000104	6200002178	\$ 9,510.28	\$ 1,490.38	\$ 2,329.65	\$ 4,724.91		\$ 2,114.60	\$ 302.54	\$ 20,472.36
PRELIMINARY ADJUSTMENT TO MOVE IEP TO FULLY LOADED COST LEVEL (subject to audit completion)									TBD	TBD
TOTAL CHARGES BY MONTH			\$ 258,913.17	\$ 163,262.88	\$ 141,032.77	\$ 131,174.26	\$ 27,784.85	\$ 38,325.12	\$ 11,407.39	\$ 771,900.44