

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

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FOR RELEASE: IMMEDIATELY 09028/09-E-0082;09-G-0083;09-E-0084;09-G-0085

NYSEG, RG&E RATE INCREASE REQUEST DISMISSED

— Continued Safe and Reliable Service Not at Risk —

Albany, NY—04/07/09—The New York State Public Service Commission (Commission) today granted a motion by Staff of the Department of Public Service to dismiss the January 2009 rate relief filings of New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E).

“The Commission has determined the evidence in this proceeding does not indicate that NYSEG’s and RG&E’s ability to provide safe and reliable service to their customers is jeopardized,” said Commission Chairman Garry Brown. “This determination is made in consideration of the fact that the companies agreed, as part of the Iberdrola merger agreement, to not file for a rate increase within a certain time period unless they could show financial performance would fall to levels that would jeopardize the ability to provide safe and reliable service.”

NYSEG and RG&E had been prohibited from filing for rate relief under the terms of their recent acquisition by Iberdrola, S.A., unless they could demonstrate that their ability to provide safe and reliable service would be jeopardized. The Commission found no such jeopardy exists.

The Commission noted today that in approving the acquisition of Energy East, the parent company of NYSEG and RG&E, by Iberdrola, in September of 2008, the companies agreed to the condition that NYSEG and RG&E would not file for rate relief before September 2009.

However, the Commission did allow one exception to the general condition of its Merger Order, that NYSEG and RG&E not file for rate relief prior to September 2009. The exception indicates that if the financial performance of either company would fall to levels that would jeopardize its ability to provide safe and reliable service, that company could make an earlier filing for rate relief.

Energy East's two New York subsidiaries have a total of 1.7 million customers in New York, or about 16 percent of the state's electric customers and 12 percent of the state's natural gas customers. The combined service territory encompasses a substantial portion of upstate New York, including portions of Western New York, the Finger Lakes, the Southern Tier, northern New York, the Capital Region and the Hudson Valley. The subsidiaries deliver electricity and natural gas across nearly 40 percent of New York State.

In the petitions filed on January 27, 2009, NYSEG and RG&E asserted that the situation in the global financial markets has had serious negative financial consequences for them, thereby necessitating the filings to increase electric and natural gas delivery rates by a total of \$278 million, starting July 1, 2009.

On February 13, 2009, Staff of the Department of Public Service filed a motion with the Commission seeking dismissal of the NYSEG and RG&E filings, since the companies' rate filings did not satisfy the conditions and requirements of the Commission's September 9, 2008 Merger Order.

Upon a thorough and comprehensive review of the record in this matter, the Commission concurs that NYSEG and RG&E have not demonstrated that their financial situation overcomes the restrictions of the prior order.

Chairman Brown stated that: "The Commission today concluded that NYSEG's and RG&E's financial health depends on reasonable financial management by the companies and their corporation parents, not on emergency rate relief."

A copy of the Commission's written decision in Cases 09-E-0082, 09-G-0083, 09-E-0084 and 09-G-0085, when issued, will be available on the Commission's www.dps.state.ny.us Web site by accessing the Documents section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).