

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 13-M-0028 - RED-Rochester LLC and Eastman Kodak Company -
Petition of for Approval to Transfer Regulated
Utility Assets at Eastman Kodak Park, Approval
to Transfer Certificates of Public Convenience
and Necessity, Providing for Continued
Lightened and Incidental Regulation, Approval
of Financing and Authorization, to the Extent
Necessary, for Submetering.

NOTICE OF TECHNICAL CONFERENCE

(Issued April 10, 2013)

In the captioned proceeding, Eastman Kodak Company (Kodak) and RED-Rochester LLC (RED) petitioned for approval, pursuant to Public Service Law (PSL) §70, for the transfer from Kodak to RED of electric, gas, steam and water utility systems located at the Eastman Business Park (the Park) in City of Rochester and the Town of Greece. Customers currently taking utility services from Kodak at the Park and others filing comments in this proceeding have raised questions concerning the proposed transfer and its effect on the rates customers in the Park will pay for the utility services. Many of the issues presented in the petition and the comments should be subjected to a more detailed analysis.

To assist in that analysis, proposals that could form the basis for conditions modifying the relief that Kodak and RED request in their petition should be considered. Such proposals are set forth below.

- 1) Should the role of the Coordination Committee RED proposes as a means for communicating between it and customers be reconfigured, with RED required to obtain Coordinating Committee consent to any proposed rate increase of more than 2.5% annually (excepting amounts attributable to fuel costs); incurring any investment cost or debt that would increase rates by more than 2.5% annually; and, making any changes in

allocations of costs among or between regulated utility and non-regulated utility services that would increase rates for a regulated service by more than 2.5% annually? Should Committee consent be determined by a majority vote, and if consent is not obtained, should the Commission review a proposed rate change, and reject, modify or approve it?

2) While customer votes on the Coordinating Committee would be weighted according to proportion of utility revenues attributable to each customer, should weighting be limited so that no one customer could hold a voting interest of more than 25%?

3) Should the profit sharing mechanism RED proposes be modified to clarify the method of its calculation and to provide for more equitable sharing of profits between RED and customers? Should the first \$5.0 million in eligible profits be shared 50%/50% between customers and RED, with eligible profits in excess of \$5 million shared 75%/25% between customers and RED?

4) When redesigning its rates, to provide for demand and variable usage charges instead of variable usage charges alone, should RED seek to avoid rate shock to any individual customer, and should a customer be permitted to ask the Commission to review a rate design if it can show it would experience rate shock?

5) While the rates charged Kodak's initial successors at the Park would not reflect overhead charges other customers pay (because, it is argued, Kodak was not charged overheads prior to its sale of its utilities to RED and the rate benefit is needed to ensure their economic viability), should a review be conducted by the Coordinating Committee before an initial Kodak successor would be permitted to subsequently assign the beneficial rate to a second generation successor?

6) If some increases to rates RED proposes are subjected to Coordinating Committee consent and Commission review, should RED be designated as the exclusive provider of electric, gas, steam and water delivery service in the Park, subject to the grandfathering of customers already taking such a delivery service from another provider? Upon request, however, should RED be required to establish rates for providing delivery service of a commodity that would be supplied by competitive market participants?

7) If approval of the transaction is granted, should a process be established for consideration of the generic terms and conditions included in the rate contracts between RED and its customers? Should a timeframe following approval be established for negotiating any terms and conditions individually tailored to particular customers? Should any changes RED proposes to generic terms after the process is concluded be submitted to the Coordinating Committee for its approval by majority vote?

These matters, and other relevant considerations, are opened to discussion at a Technical Conference to be held on April 16, 2013, commencing at 1:00 p.m. in the 3rd Floor Conference Room of the Rochester Business Alliance at 150 State Street, Rochester, New York. Questions concerning the Technical Conference may be directed to Leonard Van Ryn at 518-473-7136.

Interested parties are invited to submit comments following the Technical Conference on the issues raised there by April 23, 2013. Parties should submit comments electronically to the Secretary by e-filing through the Department's Document and Matter Management System (DMM),¹ or by e-mail to secretary@dps.ny.gov. Parties unable to file electronically may mail or deliver their comments to the Hon. Jeffrey C. Cohen, Acting Secretary, New York State Public Service Commission, Three Empire State Plaza, Albany, New York, 12223-1350. All comments filed with the Secretary will be posted to the Commission's Web site and become part of the official case record.

(SIGNED)

JEFFREY C. COHEN
Acting Secretary

¹ [http://www.dps.ny.gov/DMM Registration.html](http://www.dps.ny.gov/DMM%20Registration.html); How to Register with DMM, <http://www.dps.ny.gov/e-file/registration.html>.