

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Prepared Exhibits of:

Staff Financial Panel

Thomas A. D'Ambrosia
Supervisor of Accounting and
Finance

Patrick Barry
Principal Utility Financial
Analyst

Office of Accounting and Finance

State of New York
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**STAFF FINANCIAL PANEL
EXHIBIT LISTING**

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SFP-1	Testimony Listing for Thomas A. D'Ambrosia
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TESTIMONY

Policy Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of 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. Case 08-M-0906, January 2008.

Revenue Requirement Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the New York State Electric & Gas Corporation, Cases 05-E-1222, February 2006.

Embedded Cost of Service Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the New York State Electric & Gas Corporation, Cases 05-E-1222, February 2006.

Commodity Options Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the New York State Electric & Gas Corporation, Cases 05-E-1222, February 2006.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 03-E-0765 et al., December 2003.

Generation Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 03-E-0765 et al., December 2003.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 02-E-0898 et al., September 2002.

Multi-Year Rate Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 02-E-0898 et al., September 2002.

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Policy Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Rochester Gas & Electric Corporation's Plans for Electric Rates and Restructuring Pursuant to Opinion 96-12, Cases 96-E-0898, April 1997.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 95-E-0673 et al., January 1996.

Policy Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 95-E-0673 et al., January 1996.

Gas Settlement Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission on Motion of the Commission to Investigate the Practices of Rochester Gas & Electric Corporation in the Acquisition of Pipeline Capacity and Related Costs, Cases 94-G-1048 et al., September 1995.

Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Petition of Rochester Telephone Corporation for Approval of Proposed Restructuring Plan, Case 93-C-0103, June 1994.

Rate Plan Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 92-E-0739 et al., February 1993.

Integrated Resource Management Incentive Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 92-E-0739 et al., February 1993.

Policy Panel Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 92-E-0739 et al., February 1993.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas &

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Electric Corporation and Petition for Permission to Defer Incremental Costs Incurred for The March 1991 Ice Storm, Cases 91-E-0765 et al., November 1991.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 90-E-647 et al., December 1990.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Use of Revenues Under Section 107 of the Public Service Law and the Issuance of Securities under Section 69 of the Public Service Law, and for Approval of Accounting and Rate Treatment of the Brooklyn Union Gas Company, Case 89-G-126, April 1990.

Joint Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Use of Revenues Under Section 107 of the Public Service Law and the Issuance of Securities under Section 69 of the Public Service Law, and for Approval of Accounting and Rate Treatment of the Brooklyn Union Gas Company, Case 89-G-126, April 1990.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Gas & Electric Corporation, Cases 89-E-166 et al., December 1989.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Telephone Corporation, Case 89-C-022, June 1989.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Telephone Corporation, Case 29551, April 1987.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Joint Petition of Rochester Telephone Corporation Rochester Holding Corporation and Rotelcom, Subsidiary, Inc. for Authority to Effect a Corporate Reorganization, Case 29086, September 1985.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the

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Commission as to the Rates, Charges, Rules and Regulations of the Rochester Telephone Corporation, Case 28990, May 1985.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Telephone Corporation, Case 28695, April 1984.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Use of Revenues Under Section 107 of the Public Service Law of the Rochester Telephone Corporation, Case 27420, August 1983.

Joint Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Use of Revenues Under Section 107 of the Public Service Law of the Rochester Telephone Corporation, Case 27420, August 1983.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Rochester Telephone Corporation, Case 28361, March 1983.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Niagara Mohawk Power Corporation, Cases 28225 et al., September 1982.

Testimony on behalf of the Staff of the Department of Public Service before the State of New York Public Service Commission In the Matter of Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Midstate Telephone Corporation, Case 28110, March 1982.

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February 2009

Exhibit___(SFP-2)

Staff Financial Panel

Thomas A. D'Ambrosia
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**New York State Electric & Gas Corporation
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0082
PSC Case No. 09-G-0083
PSC Case No. 09-E-0084
PSC Case No. 09-G-0085**

Information Request

Requesting Party and No.: (DPS-5) J. Benedict

NYSEG / RG&E Response No.: NYRGE-0005

Request Date: January 14, 2009 (pre-rate filing)

Information Requested of: Joe Syta

Reply Date: February 6, 2009

Responsible Witness: Policy Panel / Revenue Requirement Panel

QUESTION:

5. Information Requested: Financial Position

Provide for each of the NY utilities and Energy East:

- a) the 2008 operating and capital Budgets,
- b) Cash Flow Forecasts for 2008 and
- c) the associated 2008 Budget Variance Reports.

RESPONSE:

5. Please see attached schedules.

NYSEG**Income Statement - (\$ 000'S)****Dec-08****Combined Electric & Gas**

	Year to Date		
	Actual	Plan	Variance
Electric Revenue	1,428,399	1,471,976	(43,576)
Gas Revenue	467,497	471,353	(3,856)
Less: Energy Purchases and Fuel	1,101,268	1,142,274	41,007
Contribution Margin	794,629	801,054	(6,425)
Operations & Maintenance	511,781	343,928	(167,854)
Depreciation & Amortization	107,381	108,870	1,489
Other Taxes	114,984	115,339	355
Total Operating Expenses	734,146	568,137	(166,010)
Operating Income	60,483	232,918	(172,435)
Other (Income) & Deductions	(3,324)	(3,223)	101
Interest Charges, Net	72,094	63,228	(8,865)
Preferred Stock Dividends	396	396	(0)
Income Before Taxes	(8,683)	172,517	(181,200)
Income Taxes	(14,131)	64,017	78,148
Net Income	5,448	108,500	(103,052)

NYSEG**Income Statement - (\$ 000'S)****Dec-08****Electric Only**

	Year to Date		
	Actual	Plan	Variance
Electric Revenue	1,428,399	1,471,976	(43,576)
Less: Energy Purchases and Fuel	798,705	834,499	35,795
Contribution Margin	629,694	637,476	(7,782)
Operations & Maintenance	423,455	288,323	(135,132)
Depreciation & Amortization	85,193	86,829	1,636
Other Taxes	90,070	89,867	(202)
Total Operating Expenses	598,718	465,019	(133,699)
Operating Income	30,976	172,457	(141,480)
Other (Income) & Deductions	(311)	89	401
Interest Charges, Net	51,065	44,156	(6,909)
Preferred Stock Dividends	297	297	(0)
Income Before Taxes	(20,074)	127,915	(147,989)
Income Taxes	(19,365)	47,915	67,280
Net Income	(709)	80,000	(80,709)

NYSEG**Gas Income Statement - (\$ 000'S)****Dec-08****Gas Only**

	Year to Date		
	Actual	Plan	Variance
Electric Revenue	-	-	-
Gas Revenue	467,497	471,353	(3,856)
Less: Energy Purchases and Fuel	302,563	307,775	5,212
Contribution Margin	164,934	163,578	1,356
Operations & Maintenance	88,326	55,605	(32,722)
Depreciation & Amortization	22,187	22,041	(146)
Other Taxes	24,914	25,471	557
Total Operating Expenses	135,428	103,117	(32,311)
Operating Income	29,506	60,461	(30,955)
Other (Income) & Deductions	(3,013)	(3,313)	(300)
Interest Charges, Net	21,029	19,073	(1,956)
Preferred Stock Dividends	99	99	(0)
Income Before Taxes	11,391	44,602	(33,210)
Income Taxes	5,234	16,102	10,868
Net Income	6,158	28,500	(22,342)

NYSEG**Capital Expenditure Summary - Total (\$ 000'S)****Dec-08**

Category	YTD Spending	YTD Plan	YTD Variance
Electric Department:			
Transmission Lines	14,102	12,448	(1,654)
Distribution Lines	16,493	14,615	(1,878)
Customer - Industrial Commercial	2,195	793	(1,402)
Government Highway / Road Jobs	2,480	3,782	1,302
Residential Line Extensions	3,859	4,883	1,024
Service Connects	1,826	2,592	766
Street Lighting	1,189	639	(550)
Storm Restoration	796	722	(74)
Substations	27,011	37,174	10,163
Distribution Line Transformers	13,911	12,032	(1,879)
Electric Regulators and Reclosers	1,698	1,120	(578)
Electric Meters	2,037	2,800	763
Miscellaneous Electric	67	(2,961)	(3,028)
Total Electric	87,665	90,639	2,974
Gas Department:			
Distribution Mains - New Business	4,937	2,169	(2,768)
Distribution Mains - Replacement / Reliability	2,691	2,977	286
Production Plant	264	-	(264)
Transmission Mains	25	-	(25)
Services	10,936	7,404	(3,532)
Government Jobs	3,445	2,892	(553)
M&R / Gate Stations	1,033	1,661	628
Gas Meters	3,362	3,726	364
Gas Instruments	-	-	-
Gas Regulators	134	-	(134)
Miscellaneous Gas	-	1,549	1,549
Total Gas	26,827	22,378	(4,449)
Generation:			
Production - Hydro	1,653	3,187	1,534
Total Generation	1,653	3,187	1,534
General Department:			
General Land & Structures	6,559	1,852	(4,707)
Facilities	(6)	-	6
General Equipment	21,942	82,368	60,426
Transportation Equipment	12,573	18,386	5,813
Total General	41,068	102,606	61,538
Total Capital	157,213	218,810	61,598

NYSEG

2008 Cash Forecast

NYSEG

Dollars in thousands

Cash Flow	2008
From Internal Sources	
Sales to Customers	1,878,852
Other Sales	48,077
Sales Tax Pass Through	-
Asset Sale	-
TCI Maturity	-
TCI Interest	-
Gas Futures Margin Receipts	-
Miscellaneous	751
Gross Receipts	-
Expenses	-
Purchased Power	818,007
Purchased Gas	302,414
Operations and Maintenance	411,202
Federal Income Tax	(21,389)
State Income Tax	(6,114)
Gross Receipts Tax	12,705
Debt Retirement & Sinking	-
LTD Interest	55,784
STD Maturity	-
STD Interest	2,476
TCI (new investments)	-
Preferred Dividends	-
Gas Futures Margin Disbrsmnts	-
Change to Uncleared Checks	-
Other	-
Total Expenses	-
Net from Internal Sources	-
From External Sources	-
Debt Issues	-
Preferred Stock	-
Common & Treasury Stock	-
STD issued	-
Total from External Sources	-
Capital Requirements	-
Construction	214,499
Preferred Retirement	767
Dividend to Parent	90,000
Issue & Call Exp (LTD & Pref)	-
Pension Payment	52,000
Other 1	-
Other 2	-
Other Cash Expense	-
Net Cash Surplus (Shortage)	-
STD Ending Balance	123,414
TCI Ending Balance	-
Minimum Cash Position	

RG&E**Income Statement - (\$ 000'S)****Dec-08****Combined Electric & Gas**

	Year to Date		
	Actual	Plan	Variance
Electric Revenue	685,979	666,881	19,098
Gas Revenue	433,133	446,223	(13,090)
Less: Energy Purchases and Fuel	590,145	567,857	(22,287)
Less: Gross Receipts Tax	-	1	-
Contribution Margin	528,968	545,247	(16,279)
Operations & Maintenance	344,526	225,394	(119,132)
Depreciation & Amortization	66,569	67,002	433
Other Taxes	75,841	77,463	1,622
Total Operating Expenses	486,935	369,859	(117,077)
Operating Income	42,032	175,388	(133,356)
Other (Income) & Deductions	(4,021)	(273)	3,748
Interest Charges, Net	54,846	54,107	(738)
Income Before Taxes	(8,793)	121,554	(130,346)
Income Taxes	(12,818)	43,554	56,372
Net Income	4,026	78,000	(73,974)

RG&E**Income Statement - (\$ 000'S)****Dec-08****Electric Only**

	Year to Date		
	Actual	Plan	Variance
Electric Revenue	685,979	666,881	19,098
Gas Revenue	-	-	-
Less: Energy Purchases and Fuel	308,182	267,621	(40,561)
Less: Gross Receipts Tax	-	-	-
Contribution Margin	377,797	399,260	(21,463)
Operations & Maintenance	254,841	169,073	(85,768)
Depreciation & Amortization	47,971	48,335	364
Other Taxes	51,411	52,724	1,312
Total Operating Expenses	354,223	270,132	(84,091)
Operating Income	23,574	129,128	(105,554)
Other (Income) & Deductions	(2,965)	(211)	2,754
Interest Charges, Net	41,236	40,552	(684)
Income Before Taxes	(14,697)	88,788	(103,484)
Income Taxes	(13,436)	30,788	44,224
Net Income	(1,260)	58,000	(59,260)

RG&E**Income Statement - (\$ 000'S)****Dec-08****Gas Only**

	Year to Date		
	Actual	Plan	Variance
Electric Revenue	-	-	-
Gas Revenue	433,133	446,223	(13,090)
Less: Energy Purchases and Fuel	281,962	300,236	18,274
Contribution Margin	151,171	145,987	5,183
Operations & Maintenance	89,685	56,321	(33,364)
Depreciation & Amortization	18,598	18,667	69
Other Taxes	24,429	24,739	310
Total Operating Expenses	132,713	99,727	(32,985)
Operating Income	18,458	46,260	(27,802)
Other (Income) & Deductions	(1,056)	(61)	994
Interest Charges, Net	13,610	13,555	(55)
Income Before Taxes	5,904	32,766	(26,862)
Income Taxes	618	12,766	12,148
Net Income	5,286	20,000	(14,714)

RG&E**Capital Expenditure Summary - Total (\$ 000'S)****Dec-08**

Category	YTD Spending	YTD Plan	YTD Variance
Electric Department:			
Transmission Lines	11,388	22,640	11,252
Distribution Lines	12,379	8,010	(4,369)
Customer - Industrial Commercial	1,121	1,240	119
Government Highway / Road Jobs	2,373	8,087	5,714
Residential Line Extensions	1,374	1,865	491
Service Connects	650	776	126
Street Lighting	430	746	316
Storm Restoration	383	465	82
Substations	32,147	56,930	24,783
Distribution Line Transformers	3,930	3,378	(552)
Electric Regulators and Reclosers	218	46	(172)
Electric Meters	867	1,200	333
Miscellaneous Electric	12	-	(12)
Total Electric	67,274	105,383	38,109
Gas Department:			
Transmission Mains	297	410	113
Distribution Mains - New Businesss	3,946	3,740	(206)
Distribution Mains - Replacement / Reliability	4,830	5,960	1,130
Services	6,245	5,600	(645)
Government Jobs	2,354	3,384	1,030
M&R / Gate Stations	1,321	680	(641)
Gas Meters	2,543	2,562	19
Distribution Regulator Stations	(3)	-	3
Gas Regulators	195	-	(195)
Miscellaneous Gas	-	(49)	(49)
Total Gas	21,729	22,287	558
Generation:			
Production - Fossil	5,079	15,844	10,765
Production - Nuclear	-	-	-
Production - Hydro	34,993	36,489	1,496
Total Generation	40,072	52,333	12,261
General Department:			
General Land & Structures	3,065	1,915	(1,151)
General Equipment	6,176	20,330	14,154
Transportation Equipment	4,766	6,186	1,420
Total General	14,008	28,431	14,423
Total Capital	143,083	208,434	65,351

RG
2008 Cash Forecast

Rochester Gas & Electric
2008 Plan
Dollar in (thousands)

Cash Flow	2008
From Internal Sources	
Income	
Sales to Customers	1,053,087
Other Sales	(566)
Sales Tax Pass Through	-
Asset Sale	-
TCI Maturity	68,161
TCI Interest	448
Gas Futures Margin Receipts	-
Miscellaneous	-
Gross Receipts	1,121,129
Expenses	
Fuel	-
Purchased Power	260,992
Purchased Gas	306,885
	205,089
Total Operations and Maintenance	205,089
Federal Income Tax	25,272
	-
Total Other Taxes	75,252
Gross Receipts Tax	12,323
Regulatory Assessments	-
Debt Retirement & Sinking	50,000
LTD Interest	39,995
STD Maturity	80,178
STD Interest	1,299
TCI (new investments)	68,161
Preferred Dividends	-
Gas Futures Margin Disbrsmnts	-
Change to Uncleared Checks	-
Other	1,160
Total Expenses	1,126,941
Net from Internal Sources	(5,812)
From External Sources	
Debt Issues	150,000
Preferred Stock	-
Common & Treasury Stock	-
STD Issued (new money)	109,912
Total from External Sources	259,912
Capital Requirements	
Construction	194,100
Preferred Retirement	-
Dividend to Parent	60,000
Issue & Call Exp (LTD & Pref)	-
Pension Payment	-
Other 1	-
Other 2	-
Other Cash Expense	-
Total Capital Requirements	254,100
Identified net uses	29,734
Less net STD Issues	(29,734)
Other Sources (Uses)	0
STD Ending Balance	83,094
TCI Ending Balance	-

Energy East Consolidated
Income Statement - Actual to Plan
December, 2008
No Rounding

	Year to Date December, 2008		
	Current Year	Current YTD	Chg Over
	To Date	Plan	Plan
Operating Revenues			
Sales and Service	5,069,045,951.49	5,197,165,961.08	(128,120,009.59)
Operating Expenses			
Electricity and fuel purchased	1,635,966,986.30	1,763,934,779.40	(127,967,793.10)
Natural Gas purchased	1,291,242,871.44	1,268,289,836.10	22,953,035.34
Gasoline, Propane & Oil Purchased	-	-	-
Other Operating expenses	1,152,919,327.65	1,007,930,003.24	144,989,324.41
Maintenance	180,251,248.52	-	180,251,248.52
Depreciation and amortization	271,683,008.22	271,931,985.00	(248,976.78)
Other taxes	265,132,728.48	263,387,700.60	1,745,027.88
Restructuring Charges	-	-	-
Gain of Sale of Generation Assets	-	-	-
Deferral of Asset Sale Gain	-	-	-
Total Operating Expenses	4,797,196,170.61	4,575,474,304.34	221,721,866.27
Operating Income	271,849,780.88	621,691,656.74	(349,841,875.86)
Other (Income)	(56,870,363.40)	(26,068,363.00)	(30,802,000.40)
Other Deductions	50,217,410.04	7,369,207.85	42,848,202.19
Interest Charges, Net	282,487,005.65	270,795,350.92	11,691,654.73
Equity Earnings on Investment	(3,739,516.62)	327,000.00	(4,066,516.62)
Preferred Stock Dividends	1,140,328.52	1,128,021.00	12,307.52
Income Before Taxes	(1,385,083.31)	368,140,439.97	(369,525,523.28)
Income Taxes	(46,559,352.04)	132,208,768.90	(178,768,120.94)
Income Before Extraordinary Item	45,174,268.73	235,931,671.07	(190,757,402.34)
Extraordinary (Gain)\Loss - net of tax	-	-	-
Net Income	45,174,268.73	235,931,671.07	(190,757,402.34)



2008 Sources and Uses of Funds

(\$ Millions)	2008 Budget
Sources:	
Net Income	236
Depreciation & Amortization	259
Non-Cash Adjustments	(52)
Cash From Operations	443
Issued Debt	240
Total Cash Generated	683
Uses:	
Capital Investment	(660)
Common Stock (Net)	(8)
Temporary Investments	57
Debt/Preferred Stock Redemption	(90)
Notes Payable, Net	167
Dividends on Common Stock, Net	(184)
Total Cash Used	(717)
Net Cash Generated	(34)
Cash and Cash Equivalents at Beginning of Year	97
Cash and Cash Equivalents at End of Year	63

**New York State Electric & Gas Corporation
Rochester Gas and Electric Corporation**

PSC Case No. 09-E-0082

PSC Case No. 09-G-0083

PSC Case No. 09-E-0084

PSC Case No. 09-G-0085

Information Request

Requesting Party and No.: (DPS-7) J. Benedict

NYSEG / RG&E Response No.: NYRGE-0007

Request Date: January 14, 2009 (pre-filing)

Information Requested of: Joe Syta

Reply Date: February 5, 2009

Responsible Witness: Policy Panel

QUESTION:

Information Requested: Financial Position

7. a) From the date of acquisition to the present, provide all communications or documentation of any communications among the NY utilities and/or Energy East with Iberdrola concerning liquidity.
- b) From the date of acquisition to the present, provide all communications or documentation of any communications among the NY utilities and/or Energy East with Iberdrola concerning any requests for funds made by the companies to Iberdrola and its responses.

RESPONSE:

7. a) Please see the attached liquidity correspondence documents, which are being submitted pursuant to Trade Secret Protection. A liquidity report is provided to Iberdrola on a daily basis. For efficiency purposes, we are attaching copies of the end of the month reports for, November and December 2008.
- b) None

Daily Liquidity Report

Wednesday, November 26, 2008

Short-Term Debt									
	Revolver Borrowings	LC's Off Revolver	Total Revolver Usage	Current Sublimit	Remaining Capacity	Bilateral Borrowings	Drawings from EEC	Total STD	
NYSEO	117,000,000	7,737,733	124,737,733	125,000,000	262,267	-	20,000,000	137,000,000	
RG&E	97,040,000	2,922,090	99,962,090	100,000,000	7,110	-	77,306,000	174,340,000	
CMP	74,800,000	200,000	75,000,000	75,000,000	-	-	-	74,800,000	
CNG	64,950,000	1,949,150	66,899,150	70,000,000	3,100,850	-	-	64,950,000	
SCG	90,420,000	1,379,130	100,000,000	100,000,000	-	-	3,300,000	101,720,000	
BGC	-	-	-	5,000,000	5,000,000	-	-	-	
Total OpCo	452,210,950	14,416,923	466,629,773	475,000,000	9,370,227	-	100,600,000	552,810,850	
Non-Regulated Affiliates									
EEC	160,000,000	-	160,000,000	300,000,000	140,000,000	-	63,435,624	63,435,624	
Total Consolidated STD	612,210,950	14,416,923	626,629,773	775,000,000	148,370,227	-	164,035,624	612,210,850	
Liquidity Available to the Group									
	Available Cash / TCI	AFS Held	Total Cash / TCI	Total Liquidity Available					
NYSEO	18,600,000	86,775,000	105,375,000	18,862,267	7,110	-	-	-	
RG&E	-	31,625,000	31,625,000	1,320,000	3,100,850	-	-	-	
CMP	1,320,000	-	1,320,000	500,000	-	-	-	-	
CNG	-	-	-	7,049,000	-	-	-	-	
SCG	500,000	-	500,000	-	-	-	-	-	
BGC	2,044,000	-	2,044,000	-	-	-	-	-	
Total OpCo	22,464,000	118,400,000	140,864,000	30,834,227	-	-	-	-	
Non-Regulated Affiliates*	16,031,984	-	16,031,984	16,031,984	-	-	-	-	
EEC	24,046,965	3,650,000	27,696,965	164,946,985	-	-	-	-	
Total Cash / TCI	62,544,979	122,250,000	184,794,979	210,915,206	-	-	-	-	

*one business day behind

Daily Liquidity Report

Wednesday, December 31, 2018

Short-Term Debt

	Revolver Borrowings	LC's Off Revolver	Total Revolver Usage	Current Sublimit	Remaining Capacity	Bilateral Borrowings	Borrowings from EEC	Total STD
NYSEG	117,000,000	1,131,733	124,131,733	125,000,000	262,267	-	19,000,000	136,000,000
RG&E	97,040,000	2,952,890	99,992,890	100,000,000	7,110	-	91,500,000	188,540,000
CMP	99,200,000	200,000	99,400,000	100,000,000	600,000	-	-	99,200,000
CNG	67,650,000	1,949,150	69,599,150	70,000,000	400,850	-	-	67,650,000
SCG	55,100,000	1,579,150	56,679,150	65,000,000	8,320,850	-	-	55,100,000
BGC	8,000,000	-	8,000,000	15,000,000	7,000,000	1,000,000	-	9,000,000
Total OpCo	443,990,000	14,418,923	458,408,923	475,000,000	16,591,077	1,000,000	110,500,000	555,490,000
Non-Regulated Affiliates								
EEC	178,908,364	-	178,908,364	300,000,000	121,091,636	-	50,000,024	178,908,364
Total Consolidated STD	622,988,364	14,418,923	637,407,287	775,000,000	137,592,713	1,000,000	160,535,624	623,988,364

	Available Cash / TCL	Cash / TCL	ARKS Held	Total Cash / TCL	Total Liquidity Available
NYSEG	-	-	88,550,000	88,550,000	262,267
RG&E	-	-	39,500,000	39,500,000	7,110
CMP	-	-	-	-	600,000
CNG	4,000,000	-	-	4,000,000	4,400,850
SCG	12,800,000	-	-	12,800,000	21,120,850
BGC	1,970,000	-	-	1,970,000	5,970,000
Total OpCo	18,770,000	128,050,000	-	146,820,000	35,361,077
Non-Regulated Affiliates*	24,362,623	-	-	24,362,623	24,362,623
EEC	1,375,000	-	3,850,000	5,225,000	-
Total Cash / TCL	44,507,623	131,900,000	-	176,407,623	122,376,536
*one business day behind					182,100,336

Liquidity Available to the Group

Date: November 21, 2008

To: B. Kump, H. Coon

Fr: K. Powers

Re: Draw down on \$300 million Energy East Revolver

Given conditions in the financial markets and the attractive pricing on the \$300 mln Energy East Revolver evaluation of drawing down further on the Energy East Revolver should be considered.

- Under the revolver, Energy East is currently borrowing at around 1.50% (2 week LIBOR plus 35 bps). It has outstanding/borrowed \$160 mln or 53% of the facility. If revolver utilization were over 55% the borrowing cost would increase 10 bps.
- Energy East can and is investing in AAA short term government and money market funds as well as in A1 P1 rated commercial paper. It can be earning on weighted average basis around 1.50%---cost neutral to borrowing under credit facility. See a constructed high credit rating TCI portfolio below:

TCI Portfolio Scenario

Amount	Rate	Issuer	Rating
20,000,000	2.47%	ML Select	AAA
20,000,000	2.00%	Citi Fund	AAA
20,000,000	1.77%	Fed Govt Fund	AAA
10,000,000	2.00%	Autobahn	A1 P1
10,000,000	1.75%	Ebury	A1 P1
10,000,000	1.55%	Giro	A1 P1
10,000,000	1.40%	Eberts	A1 P1
10,000,000	1.05%	Luis Dreyfus	A1 P1
10,000,000	1.05%	Starbird	A1 P1
10,000,000	0.65%	3 pillars	A1 P1
10,000,000	0.50%	Age	A1 P1
10,000,000	0.40%	Nstar	A1 P1
150,000,000	1.522%		

- Given the inability to predict when Energy East's OPCOs will issue debt in the capital markets, utilizing the Energy East revolver facility provides bridge financing for the OPCOs. This financial assuredness allows the OPCOs time to wait out the markets in hope that the credit markets will

become more favorable to issuing at reasonable levels. By more aggressively utilizing the Energy East revolver, Energy East can represent to regulators that it is doing what it can to support its OPCOs by providing needed liquidity and inexpensive financing option.

- Energy East per its investment guidelines does not invest in A2 P2 Commercial Paper but a snapshot of this market is provided below as a benchmark to the AAA / A1 P1 CP market. Energy East is an A2 P2 CP issuer and has been able to issue at 3.05% - 3.15% within the past week.

A2 P2 Commercial Paper Market

Amount	Rate	Issuer	Rating
25,000,000	3.30%	American Water	A1 P1
25,000,000	3.10%	Vulcan	A1 P1
25,000,000	3.25%	Textron	A1 P1
10,000,000	3.10%	Kansas P&L	A1 P1
10,000,000	2.05%	Con Ed NY	A2 P1
10,000,000	2.75%	Black & Decker	A1 P1
10,000,000	3.25%	Ingersoll	A1 P1
10,000,000	4.15%	Nissan	A1 P1
10,000,000	3.05%	Volkswagon	A1 P1
5,000,000	3.05%	Duke	A1 P1
5,000,000	2.00%	Shinham	A2 P1
5,000,000	3.05%	Western Union	A1 P1
150,000,000	3.1017%		
➤			
➤			

Recommendation:

- Continue to draw down on the Energy East Revolver in increments of \$50 mln up to another \$100mln. This would bring total outstanding of \$260 mln. This would leave option to draw down another \$40 mln if needed. It would leave this as credit back up to be able to try to access the CP market. Not fully maximizing borrowing under the facility allows Energy East to represent to Banks that borrowing under facility is not a confidence issue but a cost issue. It allows Energy East to represent to credit rating agencies that it can and does have access the commercial paper market and is actively utilizing all of its financing vehicles.

mailto:robert@compenergyeast.com>

To: Aracra Blazquez, Pedro

From:

Sent: Sat Dec 20 15:07:57 2008

Subject: Re: Financing

Attachment 0007

Pedro

After two days of marketing we did get 150 million of RGE FMBs priced at 3 percent (545 bp over the treasury). This was largely possible because we found one account who took \$5 mil (John Hancock). Without them it would have been much more difficult and costly. The spread is 100bp over what we got just did despite it being a FMB vs com ed being unsecured (a significant risk premium)

As you know this won't help our liquidity as \$0 mil will go to Monday's debt maturity and the other 100 to settle the hedges we were stuck with because we didn't have a financing order. RGE will still owe IBE/SE 100 mil in std and dividends and banks another 100 mil. Also we will need to go back with our rate filing and ask for additional financing authority as what was approved is insufficient (we also need to get the added cost reflected in rates)..

Any questions give me a call

Bob

Kump, Robert

From: Kump, Robert
Sent: Tuesday, December 09, 2008 5:22 PM
To: Azagra Blazquez, Pedro
Subject: Fw: Liquidity Report

Attachments: Copy of Daily Liquidity.xls; image001.gif; image002.gif



Copy of Daily Liquidity.xls (3...)



image001.gif (9 KB)



image002.gif (9 KB)

Pedro

Here is the one page liquidity analysis we used with the rating agencies that shows upcoming maturities and dividends due by company

Bob

----- Original Message -----
From: Coon, Howard A.
To: Kump, Robert
Sent: Fri Dec 05 15:06:11 2008
Subject: RE: Liquidity Report

Revised for COB Thursday

Howard Coon

Director of Corporate Finance

Energy East Management Corporation

52 Farmview Drive

New Gloucester, ME 04260

Ph: 207-688-4340

F: 207-688-4354

From: Kump, Robert
Sent: Friday, December 05, 2008 2:50 PM
To: Coon, Howard A.
Subject: FW: Liquidity Report

Howard,

Could you have Bob G fill in this template with data for today?

Thanks

Bob

Liquidity Analysis
as of Thursday 12/4/08 close of business

	Revolver Utilization			Inter-company borrowing	Financial Flows Interrupted since Sept '08		
	Total Revolver Usage	Current Sublimit	Remaining Capacity	Borrowings from EEC	External View STD	Anticipated near-term cash outflows	Dividends Deferred
NYSEG	124,737,733	125,000,000	262,267	-	124,737,733	-	25,000,000
RG&E	99,992,890	100,000,000	7,110	83,900,000	183,892,890	50,000,000	30,000,000
CMP	80,000,000	80,000,000	-	6,700,000	86,700,000	-	-
CNG	66,899,150	70,000,000	3,100,850	-	66,899,150	-	6,000,000
SCG	100,000,000	100,000,000	-	-	100,000,000	-	9,000,000
BGC	5,000,000	10,000,000	5,000,000	-	5,000,000	-	-
Total OpCo	476,629,773	485,000,000	8,370,227	90,600,000	567,229,773	50,000,000	70,000,000
EEC	160,000,000	300,000,000	140,000,000	-	160,000,000	-	-
(Eliminations)	-	-	-	-	(90,600,000)	-	-
Total Consolidated STD	636,629,773	785,000,000	148,370,227	90,600,000	636,629,773	-	-

Expected Dividends													Totals	Actuals	Difference
Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08				
NYSEG	-	30.0	-	-	-	-	30.0	-	-	25.0	-	-	85.0	60.0	25.0
RG&E	-	-	-	25.0	-	-	-	30.0	-	-	-	-	55.0	25.0	30.0
CMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CNG	-	-	-	-	6.0	-	-	-	-	-	6.0	-	12.0	6.0	6.0
SCGC	-	-	-	-	9.0	-	-	-	-	-	9.0	-	18.0	9.0	9.0
BCG	-	-	-	-	2.5	-	-	-	-	-	2.5	-	5.0	6.5	(1.5)
Total	-	30.0	-	25.0	17.5	-	-	30.0	30.0	-	25.0	17.5	175.0	106.5	68.5

**New York State Electric & Gas Corporation
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0082
PSC Case No. 09-G-0083
PSC Case No. 09-E-0084
PSC Case No. 09-G-0085**

Information Request

Requesting Party and No.: (DPS-8) J. Benedict

NYSEG / RG&E Response No.: NYRGE-0008

Request Date: January 14, 2009 (pre-rate filing)

Information Requested of: Joe Syta

Reply Date: February 4, 2009

Responsible Witness: Policy Panel

QUESTION:

8. **Information Requested:** Financial Position

Provide all communications or documentation of any communications among the NY utilities and/or Energy East with Investment Bankers or potential lenders regarding the issuance of debt or equity, since September 1, 2008.

If Energy East or the NY utilities were denied credit or loans since September 1, 2008, provide all communications or documentation from/to creditors or potential lenders from whom loans were sought and documentation from/to creditors denying or granting such loans since September 1, 2008.

RESPONSE:

8. Neither the NY utilities nor Energy East sought or were denied additional credit or loans since September 1, 2008. Neither Energy East nor NYSEG contemplated any long-term debt or equity financings since September 1, 2008.

RG&E was awaiting the issuance of a new financing order and was planning a long-term debt issuance since early 2008. Communications with the investment banks – Bank of America and JP Morgan -- on market conditions for RG&E was conducted over the telephone, except for the attached email communications.

Coon, Howard A.

From: Croft, Thomas C [thomas.c.croft@bankofamerica.com]
Sent: Wednesday, November 12, 2008 2:59 PM
To: Kump, Robert; Coon, Howard A.; Powers, Kathleen; Capitaine, Richard; Gately, Tyler C; Craig, Robert D; Mikula, David E; Mukoro, Christopher O; Oconnor, Maureen; peter.madonia@jpmorgan.com; stephen.e.leamer@jpmorgan.com; stephanie.p.wai@jpmorgan.com; george.borst@jpmorgan.com
Subject: RG&E Go/No-Go Call - Friday, November 14th @ 8:30 AM EST
Attachments: RG&E - 11-12-08 - Pricing.pdf

Please refer to the following dial-in details for the go/no-go call Friday morning. Attached are Banc of America and JPMorgan's current pricing thoughts as it relates to the potential offering.

Date: Friday, November 14, 2008

Time: 8:30 AM EST

Dial-In: (866) 225-2612

Passcode: 1984087

Tom Croft
 Debt Capital Markets
 Banc of America Securities LLC
 (704) 388-8853 (phone)
 (704) 905-7974 (mobile)

"See <http://www.bankofamerica.com/commentdisclaimer> for important information related to this communication. If you are unable to open the link, please copy and paste the link into your web browser."

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Energy East Corporation

Rochester Gas & Electric Corp.



Always at Your Service

First Mortgage Bonds

Ratings: A3 / A

Outlooks: Rev Dwn / Stable

	25-Year	
Reference Treasury Yield	4.154%	
Reoffer Spread	T+487.5	500 bps
Reoffer Yield	9.029%	9.154%
Gross Spread	0.875%	
All-in Yield	9.118%	9.244%
All-in Fixed Rate Spread	T+498	509 bps
Swap Spread	N/A	
Swapped vs. 3-Month LIBOR	N/A	
All-in Swapped vs. 3-ML	N/A	



Coon, Howard A.

From: Croft, Thomas C [thomas.c.croft@bankofamerica.com]
Sent: Wednesday, December 10, 2008 4:34 PM
To: Coon, Howard A.
Subject: Price Break
Follow Up Flag: Follow up
Flag Status: Red

Just to put some parameters around what we think the savings might be for a larger (\$250MM) versus a smaller (\$150MM) deal. Conservatively, we think the savings would amount to approximately 25 - 50 bps for the larger size.

Tom Croft
Debt Capital Markets
Banc of America Securities LLC
(704) 388-8853 (phone)
(704) 905-7974 (mobile)

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BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit___(SFP-3)

Staff Financial Panel

Thomas A. D'Ambrosia
Supervisor of Accounting and
Finance

Patrick Barry
Principal Utility Financial
Analyst

Office of Accounting and Finance

State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Issuer	Maturity Date	Issue Date	Private	Details	Face Amount	Moody Rating	S&P Rating	Coupon	Price	Yield to Maturity	Effective Duration	Average Life (Maturity)	Sector
GEORGIA POWER CO	01-Feb-2039	10-Feb-2009		Sr Unsec Nt	500,000,000	N/A	A	5.9500	104.1072	5.6638	13.577	29.97	Electric Utility Mid Quality
EL PASO CORP	15-Feb-2016	09-Feb-2009		Sr Unsec Nt	500,000,000	Ba3	BB-	8.2500	98.8750	8.4653	5.185	7.01	Gas Utility - Pipelines
ENTERGY TEXAS INC	01-Feb-2019	30-Jan-2009		Mort Bond	500,000,000	Baa3	BBB+	7.1250	99.1141	7.2507	6.938	9.97	Utility - Other
PSEG POWER LLC	15-Jan-2013	29-Jan-2009		Sr Unsec Nt	48,093,000	Baa1	BBB	6.0000	99.8409	6.0462	3.232	3.92	Electric Utility Mid Quality
TENNESSEE GAS PIPELINE CO	01-Feb-2016	27-Jan-2009	X	Sr Unsec Nt	250,000,000	Baa3	BB	8.0000	100.8775	7.8327	5.221	6.97	Gas Utility - Pipelines
PSEG POWER LLC	15-Jan-2014	23-Jan-2009		Sr Unsec Nt	160,909,000	Baa1	BBB	6.5000	99.3918	6.6462	3.970	4.92	Electric Utility Mid Quality
PUGET SOUND ENERGY INC	15-Jan-2016	23-Jan-2009		Note	250,000,000	Baa2	A-	6.7500	101.8589	6.4127	5.427	6.92	Electric Utility Mid Quality
INDIANA MICHIGAN POWER CO	15-Mar-2019	15-Jan-2009		Sr Unsec Nt	475,000,000	Baa2	BBB	7.0000	101.8080	6.7507	7.063	10.09	Electric Utility High Quality
CENTERPOINT ENERGY HOUSTON ELECTRIC LLC	01-Mar-2014	09-Jan-2009		Mort Bond	500,000,000	Baa2	BBB+	7.0000	103.8513	6.0962	4.191	5.05	Utility - Other
PACIFICORP	15-Jan-2039	08-Jan-2009		1st Mort Bnd	650,000,000	A3	A-	6.0000	104.8122	5.6638	13.479	29.02	Utility - Other
PACIFICORP	15-Jan-2019	08-Jan-2009		1st Mort Bnd	350,000,000	A3	A-	5.5000	105.0593	4.8507	7.548	9.92	Utility - Other
ROCHESTER GAS AND ELECTRIC CORP	15-Dec-2033	24-Dec-2008	X	1st Mort Bnd	150,000,000	A3	A	8.0000	95.7047	8.4138	9.897	24.84	Utility - Other
SOUTHERN CONNECTICUT GAS CO	15-Dec-2018	24-Dec-2008	X	1st Mort Bnd	50,000,000	A3	N/A	7.5000	94.9966	8.2507	6.620	9.84	Gas Utility - Local Distrib
MONONGAHELA POWER CO	15-Dec-2013	15-Dec-2008	X	1st Mort Bnd	300,000,000	Baa2	BBB+	7.9500	103.8441	6.9962	3.929	4.84	Electric Utility High Quality
EL PASO CORP	12-Dec-2013	12-Dec-2008		Sr Unsec Nt	500,000,000	Ba3	BB-	12.0000	108.5000	9.7437	3.593	4.83	Gas Utility - Pipelines
WISCONSIN ELECTRIC POWER CO	01-Dec-2015	11-Dec-2008		Debenture	250,000,000	A1	A-	6.2500	106.8229	5.0508	5.462	6.80	Electric Utility Mid Quality
POTOMAC ELECTRIC POWER CO	15-Dec-2038	10-Dec-2008		1st Mort Bnd	250,000,000	Baa1	BBB+	7.9000	117.3780	6.5638	11.882	29.84	Electric Utility Mid Quality
CENTRAL ILLINOIS LIGHT CO	15-Dec-2013	09-Dec-2008		Note	150,000,000	Baa2	BBB+	8.8750	99.6999	8.9462	3.795	4.84	Utility - Other
WASHINGTON GAS LIGHT CO	05-Dec-2018	05-Dec-2008		Sr Unsec Nt	50,000,000	A2	N/A	7.4640	102.5448	7.1007	6.745	9.81	Gas Utility - Local Distrib
WISCONSIN PUBLIC SERVICE CORP	01-Dec-2015	05-Dec-2008		Note	125,000,000	Aa3	A+	6.3750	106.6449	5.2008	5.432	6.80	Utility - Other
CONSOLIDATED EDISON CO OF NEW YORK INC	01-Dec-2018	04-Dec-2008		Debenture	600,000,000	A1	N/A	7.1250	114.2061	5.2507	7.059	9.80	Electric Utility Low Quality
PUBLIC SERVICE ELECTRIC AND GAS CO	01-Nov-2013	02-Dec-2008		Secured Note	275,000,000	A3	A-	6.3300	105.3256	5.0462	4.010	4.72	Electric Utility High Quality
DOMINION RESOURCES INC	15-Jan-2019	01-Dec-2008		Sr Unsec Nt	600,000,000	Baa2	A-	8.8750	118.6314	6.3144	6.198	9.92	Utility - Other
DELMARVA POWER & LIGHT CO	01-Dec-2013	25-Nov-2008		1st Mort Bnd	250,000,000	Baa1	A-	6.4000	109.7100	4.1462	4.095	4.80	Utility - Other
SOUTHERN CALIFORNIA GAS CO	15-Mar-2014	21-Nov-2008		1st Mort Bnd	250,000,000	A1	A+	5.5000	105.6840	4.2462	4.366	5.09	Gas Utility - Local Distrib
MISSISSIPPI POWER CO	15-Nov-2013	21-Nov-2008		Sr Unsec Nt	50,000,000	A1	N/A	6.0000	100.8275	5.7962	4.030	4.76	Electric Utility High Quality
ALABAMA POWER CO	15-Nov-2013	21-Nov-2008		Sr Unsec Nt	250,000,000	A2	A	5.8000	107.4674	4.0562	4.104	4.76	Electric Utility High Quality
SEMPRA ENERGY	15-Feb-2019	20-Nov-2008		Sr Unsec Nt	500,000,000	Baa1	BBB+	9.8000	117.7622	7.2707	6.433	10.01	Gas Utility - Local Distrib
SEMPRA ENERGY	15-Nov-2013	20-Nov-2008		Sr Unsec Nt	250,000,000	Baa1	BBB+	8.9000	110.5437	6.2962	3.822	4.76	Gas Utility - Local Distrib
GEORGIA POWER CO	01-Nov-2048	19-Nov-2008		Sr Unsec Nt Freq Qtrly	100,000,000	A2	A	8.2000	27.9900	7.3431	5.811	39.72	Electric Utility Mid Quality
GEORGIA POWER CO	01-Nov-2013	19-Nov-2008		Sr Unsec Nt	400,000,000	A2	A	6.0000	109.4313	3.7962	4.069	4.72	Electric Utility Mid Quality
SOUTHWESTERN PUBLIC SERVICE CO	01-Dec-2018	19-Nov-2008		Sr Unsec Nt	250,000,000	Baa1	N/A	8.7500	113.3731	6.8507	6.552	9.80	Electric Utility Mid Quality
PACIFIC GAS AND ELECTRIC CO	01-Dec-2013	18-Nov-2008		Sr Unsec Nt	400,000,000	A3	BBB+	6.2500	109.0619	4.1462	4.101	4.80	Utility - Other
CENTRAL HUDSON GAS & ELECTRIC CORP	01-Nov-2013	18-Nov-2008		Sr Note	30,000,000	A2	N/A	6.8540	100.6202	6.6962	3.908	4.72	Utility - Other
CLEVELAND ELECTRIC ILLUMINATING CO	15-Nov-2018	18-Nov-2008		1st Mort Bnd	300,000,000	Baa2	BBB+	8.8750	110.8318	7.3007	6.448	9.76	Electric Utility Mid Quality
ATLANTIC CITY ELECTRIC CO	15-Nov-2018	14-Nov-2008		1st Mort Bnd	250,000,000	A3	A-	7.7500	113.9531	5.8507	6.820	9.76	Electric Utility High Quality
VIRGINIA ELECTRIC AND POWER CO	15-Nov-2038	06-Nov-2008		Sr Unsec Nt	700,000,000	Baa1	A-	8.8750	134.1645	6.3138	11.815	29.76	Utility - Other
ILLINOIS POWER CO	15-Nov-2018	23-Oct-2008	X	Note	400,000,000	Baa3	BBB	9.7500	109.1758	8.3507	6.145	9.76	Electric Utility Mid Quality
PACIFIC GAS AND ELECTRIC CO	15-Oct-2018	21-Oct-2008		ReOpened	800,000,000	A3	BBB+	8.2500	124.2329	5.0507	6.779	9.67	Utility - Other
OHIO EDISON CO	15-Oct-2038	20-Oct-2008		1st Mort Bnd	275,000,000	Baa1	BBB+	8.2500	111.2666	7.3138	10.992	29.67	Electric Utility Mid Quality
PPL ELECTRIC UTILITIES CORP	30-Nov-2013	17-Oct-2008		Bond	400,000,000	A3	A-	7.1250	110.2580	4.7062	3.998	4.80	Electric Utility Mid Quality
SOUTHERN CALIFORNIA EDISON CO	15-Mar-2014	15-Oct-2008		1st Ref Mort Bnd	500,000,000	A2	A	5.7500	109.4462	3.6962	4.345	5.09	Utility - Other
DETROIT EDISON CO	01-Oct-2013	10-Oct-2008		Note	250,000,000	A3	N/A	6.4000	105.3142	5.0962	3.908	4.63	Electric Utility Mid Quality
WISCONSIN POWER AND LIGHT CO	01-Oct-2038	06-Oct-2008		Debenture	250,000,000	A2	A-	7.6000	122.6174	5.9638	12.376	29.63	Electric Utility High Quality
INTERSTATE POWER AND LIGHT CO	01-Oct-2018	06-Oct-2008		Debenture	250,000,000	A3	BBB+	7.2500	108.4971	6.0707	6.767	9.63	Utility - Other
PECO ENERGY CO	15-Oct-2013	02-Oct-2008		1st Mort Bnd	300,000,000	A2	A-	5.6000	105.4583	4.2962	4.018	4.67	Utility - Other
SOUTH CAROLINA ELECTRIC & GAS CO	01-Nov-2018	02-Oct-2008		1st Mort Bnd	300,000,000	A2	A-	6.5000	112.6437	4.8507	7.116	9.72	Electric Utility High Quality

Issuer	Maturity Date	Issue Date	Private	Details	Face Amount	Moody Rating	S&P Rating	Coupon	Price	Yield to Maturity	Effective Duration	Average Life (Maturity)	Sector
UGI UTILITIES INC	30-Sep-2013	01-Oct-2008		Sr Unsec Nt	108,000,000	A3	N/A	6.3750	101.9071	5.8962	3.874	4.63	Gas Utility - Local Distrib
WISCONSIN ELECTRIC POWER CO	01-Apr-2014	01-Oct-2008		Debenture	300,000,000	A1	A-	6.0000	106.3482	4.5962	4.314	5.13	Electric Utility Mid Quality
LACLEDE GAS CO	15-Oct-2038	23-Sep-2008		1st Mort Bnd Freq Mnthly	80,000,000	A3	A	6.3500	84.3717	7.8138	10.528	29.67	Gas Utility - Local Distrib
CONSUMERS ENERGY CO	15-Mar-2019	12-Sep-2008		1st Mort Bnd	350,000,000	Baa1	N/A	6.1250	100.5479	6.0507	7.193	10.09	Electric Utility High Quality
NORTHERN STATES POWER CO (WISCONSIN)	01-Sep-2038	10-Sep-2008		1st Mort Bnd	200,000,000	A2	A	6.3750	103.5481	6.1138	12.556	29.55	Utility - Other
OKLAHOMA GAS AND ELECTRIC CO	01-Sep-2018	09-Sep-2008		Sr Unsec Nt	250,000,000	A2	BBB+	6.3500	103.6100	5.8507	6.893	9.55	Utility - Other
OHIO POWER CO	01-Sep-2013	09-Sep-2008		Sr Unsec Nt	250,000,000	A3	BBB	5.7500	101.4077	5.3962	3.864	4.55	Electric Utility Mid Quality
ONCOR ELECTRIC DELIVERY CO LLC	01-Sep-2018	08-Sep-2008	X	1st Mort Bnd	550,000,000	Baa3	BBB+	6.8000	100.6875	6.7007	6.688	9.55	Utility - Other
ONCOR ELECTRIC DELIVERY CO LLC	01-Sep-2038	08-Sep-2008	X	1st Mort Bnd	300,000,000	Baa3	BBB+	7.5000	99.2452	7.5638	10.831	29.55	Utility - Other
ONCOR ELECTRIC DELIVERY CO LLC	01-Sep-2013	08-Sep-2008	X	1st Mort Bnd	650,000,000	Baa3	BBB+	5.9500	98.0661	6.4462	3.814	4.55	Utility - Other
WASHINGTON GAS LIGHT CO	26-Aug-2010	26-Aug-2008		US3MLIB Qtrly	50,000,000	A2	AA-	2.9688	97.8733	3.4873		1.54	Gas Utility - Local Distrib
SOUTHERN CO	20-Aug-2010	21-Aug-2008		US3MLIB Qtrly	600,000,000	A3	A-	2.9175	98.0044	3.3215		1.52	Electric Utility Mid Quality
SOUTHERN CALIFORNIA EDISON CO	15-Aug-2018	18-Aug-2008		1st Ref Mort Bnd	400,000,000	A2	A	5.5000	106.8611	4.6007	7.191	9.51	Utility - Other
PPL ENERGY SUPPLY LLC	15-Jul-2013	21-Jul-2008		Sr Unsec Nt	300,000,000	Baa2	BBB	6.3000	100.7736	6.0962	3.787	4.42	Electric Utility High Quality
PACIFICORP	15-Jul-2018	17-Jul-2008		1st Mort Bnd	500,000,000	A3	A-	5.6500	104.4447	5.0507	7.206	9.42	Utility - Other
ENTERGY ARKANSAS INC	01-Aug-2013	17-Jul-2008		1st Mort Bnd	300,000,000	Baa1	A-	5.4000	94.8793	6.7462	3.869	4.47	Utility - Other
PACIFICORP	15-Jul-2038	17-Jul-2008		1st Mort Bnd	300,000,000	A3	A-	6.3500	109.7677	5.6638	13.273	29.42	Utility - Other
NORTHERN NATURAL GAS CO	15-Jul-2018	15-Jul-2008	X	Unsecrd Nt	200,000,000	A2	A	5.7500	90.8280	7.1007	6.937	9.42	Gas Utility - Local Distrib
IDAHO POWER CO	15-Jul-2018	10-Jul-2008		Sr Note	120,000,000	A3	A-	6.0250	101.2430	5.8507	7.033	9.42	Electric Utility Mid Quality
FPL ENERGY MARCUS HOOK LP	10-Jul-2018	01-Jul-2008	X	Note	525,000,000	N/A	N/A	7.5900	78.9626	11.2707	6.039	9.41	Electric Utility Mid Quality
ROCKIES EXPRESS PIPELINE LLC	15-Jul-2018	27-Jun-2008	X	Unsecrd Nt	550,000,000	Baa3	BBB	6.8500	102.4252	6.5007	6.797	9.42	Gas Utility - Pipelines
ROCKIES EXPRESS PIPELINE LLC	15-Jul-2038	27-Jun-2008	X	Unsecrd Nt	250,000,000	Baa3	BBB	7.5000	102.2299	7.3138	11.329	29.42	Gas Utility - Pipelines
ROCKIES EXPRESS PIPELINE LLC	15-Jul-2013	27-Jun-2008	X	Unsecrd Nt	500,000,000	Baa3	BBB	6.2500	101.7424	5.7962	3.799	4.42	Gas Utility - Pipelines
BALTIMORE GAS AND ELECTRIC CO	01-Jul-2013	26-Jun-2008		Unsecrd Nt	400,000,000	Baa2	BBB	6.1250	102.2178	5.5462	3.777	4.38	Electric Utility High Quality
CONSTELLATION ENERGY GROUP INC	20-Jun-2023	19-Jun-2008	X	Unsecrd Nt	697,737,000	N/A	N/A						Utility - Other
TARGA RESOURCES PARTNERS LP	01-Jul-2016	18-Jun-2008	X	Sr Unsec Nt	209,100,000	B2	B	8.2500	73.0000	14.2797	4.870	7.38	Gas Utility - Pipelines
DOMINION RESOURCES INC	17-Jun-2010	17-Jun-2008		US3MLIB Qtrly	300,000,000	Baa2	A-	2.9213	97.6575	4.1264		1.34	Utility - Other
DOMINION RESOURCES INC	15-Jun-2038	17-Jun-2008		Sr Unsec Nt	400,000,000	Baa2	A-	7.0000	100.4374	6.9638	11.705	29.34	Utility - Other
DOMINION RESOURCES INC	15-Jun-2018	17-Jun-2008		Sr Unsec Nt	500,000,000	Baa2	A-	6.4000	105.3700	5.6507	6.906	9.34	Utility - Other
SEMPRA ENERGY	15-Jun-2018	12-Jun-2008		Sr Unsec Nt	500,000,000	Baa1	BBB+	6.1500	96.5469	6.6507	6.831	9.34	Gas Utility - Local Distrib
PANHANDLE EASTERN PIPE LINE CO LP	15-Jun-2018	12-Jun-2008		Sr Unsec Nt	400,000,000	Baa3	BBB-	7.0000	87.8099	8.9507	6.384	9.34	Gas Utility - Pipelines
DETROIT EDISON CO	15-Jun-2018	11-Jun-2008		Note	300,000,000	A3	N/A	5.6000	99.9145	5.6107	7.070	9.34	Electric Utility Mid Quality
GEORGIA POWER CO	01-Jun-2018	05-Jun-2008		Sr Unsec Nt	250,000,000	A2	A	5.4000	102.7081	5.0307	7.145	9.30	Electric Utility Mid Quality
EL PASO ELECTRIC CO	15-Mar-2038	03-Jun-2008		Sr Unsec Nt	150,000,000	Baa2	N/A	7.5000	89.1344	8.5138	10.014	29.09	Electric Utility Mid Quality
CLECO POWER LLC	15-Jun-2018	03-Jun-2008		Unsecrd Nt	250,000,000	Baa1	BBB	6.6500	102.2848	6.3207	6.777	9.34	Electric Utility Mid Quality
EL PASO CORP	01-Jun-2018	30-May-2008		Sr Unsec Nt	600,000,000	Ba3	BB-	7.2500	93.0000	8.3442	6.381	9.30	Gas Utility - Pipelines
ENERSYS	01-Jun-2038	28-May-2008		Sr Unsec Nt	172,500,000	B2	BB	3.3750	60.2805	5.6228	5.111	29.30	Electric Utility High Quality
CONNECTICUT LIGHT AND POWER CO	01-May-2018	27-May-2008		1st Mort Bnd	300,000,000	A3	BBB+	5.6500	103.2479	5.2007	6.991	9.22	Electric Utility High Quality
PUBLIC SERVICE CO OF NEW HAMPSHIRE	01-May-2018	27-May-2008		1st Mort Bnd	110,000,000	Baa1	BBB+	6.0000	87.8855	7.8707	6.596	9.22	Electric Utility Mid Quality
AES CORP	01-Jun-2020	19-May-2008	X	Sr Unsec Nt	625,000,000	B1	BB-	8.0000	92.0000	9.1475	6.918	11.30	Utility - Other
ENTERGY GULF STATES LOUISIANA LLC	01-May-2018	16-May-2008	X	1st Mort Bnd	375,000,000	Baa3	BBB+	6.0000	91.0581	7.3507	6.660	9.22	Utility - Other
COLUMBUS SOUTHERN POWER CO	01-May-2018	16-May-2008		Sr Unsec Nt	350,000,000	A3	BBB	6.0500	98.5983	6.2507	6.784	9.22	Electric Utility High Quality
COPANO ENERGY LLC	01-Jun-2018	16-May-2008	X	Sr Unsec Nt	300,000,000	B1	B+	7.7500	79.5000	11.3742	5.913	9.30	Gas Utility - Pipelines
EMPIRE DISTRICT ELECTRIC CO	01-Jun-2018	16-May-2008		1st Mort Bnd	90,000,000	Baa1	BBB+	6.3750	90.3729	7.8507	6.603	9.30	Electric Utility Mid Quality
TAMPA ELECTRIC CO	15-May-2018	16-May-2008		Unsecrd Nt	150,000,000	Baa2	BBB-	6.1000	97.2334	6.5007	6.780	9.26	Electric Utility Mid Quality
PNM RESOURCES INC	15-May-2015	16-May-2008		Sr Unsec Nt	193,000,000	Ba2	BB-	9.2500	89.0000	11.7764	4.385	6.26	Electric Utility High Quality
ALABAMA POWER CO	15-May-2038	14-May-2008		Sr Unsec Nt	300,000,000	A2	A	6.1250	96.8363	6.3638	12.504	29.26	Electric Utility High Quality

Issuer	Maturity Date	Issue Date	Private	Details	Face Amount	Moody Rating	S&P Rating	Coupon	Price	Yield to Maturity	Effective Duration	Average Life (Maturity)	Sector
PUBLIC SERVICE COMPANY OF NEW MEXICO	15-May-2018	13-May-2008		Sr Unsec Nt	350,000,000	Baa3	BB+	7.9500	90.8531	9.4507	6.083	9.26	Electric Utility Mid Quality
CENTERPOINT ENERGY INC	01-May-2018	06-May-2008		Sr Unsec Nt	300,000,000	Ba1	BBB-	6.5000	85.3785	8.8507	6.375	9.22	Utility - Other
GREAT RIVER ENERGY	01-Jul-2038	01-May-2008	X	1st Mort Bnd w/sinker	400,000,000	A3	N/A	7.2330	84.2200	8.7312	8.178	29.38	Utility - Other
PUBLIC SERVICE ELECTRIC AND GAS CO	01-May-2018	17-Apr-2008		Secured Note	400,000,000	A3	A-	5.3000	104.4334	4.7007	7.124	9.22	Electric Utility High Quality
VIRGINIA ELECTRIC AND POWER CO	30-Apr-2018	17-Apr-2008		Sr Unsec Nt	600,000,000	Baa1	A-	5.4000	102.9110	5.0007	7.064	9.21	Utility - Other
SOUTHERN STAR CENTRAL CORP	01-Mar-2016	16-Apr-2008	X	Sr Note	50,000,000	Ba2	BB+	6.7500	87.7500	9.1442	5.156	7.05	Gas Utility - Pipelines
IPALCO ENTERPRISES INC	01-Apr-2016	15-Apr-2008	X	Note	400,000,000	Ba1	BB	7.2500	94.5000	8.2838	5.236	7.13	Electric Utility Mid Quality
NATIONAL FUEL GAS CO	15-Apr-2018	11-Apr-2008	X	Sr Unsec Nt	300,000,000	Baa1	BBB+	6.5000	92.8102	7.6007	6.488	9.17	Gas Utility - Local Distrib
NUSTAR LOGISTICS LP	15-Apr-2018	04-Apr-2008		Sr Unsec Nt	350,000,000	Baa3	BBB-	7.6500	84.7494	10.2507	5.953	9.17	Gas Utility - Pipelines
CONSOLIDATED EDISON CO OF NEW YORK INC	01-Apr-2038	04-Apr-2008		Debenture	600,000,000	A1	A-	6.7500	113.0616	5.8138	12.711	29.13	Electric Utility Low Quality
CONSOLIDATED EDISON CO OF NEW YORK INC	01-Apr-2018	04-Apr-2008		Debenture	600,000,000	A1	A-	5.8500	105.7835	5.0507	6.889	9.13	Electric Utility Low Quality
AVISTA CORP	01-Jun-2018	03-Apr-2008		1st Mort Bnd	250,000,000	Baa2	BBB+	5.9500	91.2980	7.2507	6.762	9.30	Utility - Other
INTERNATIONAL TRANSMISSION CO	01-Apr-2018	01-Apr-2008	X	1st Mort Bnd	100,000,000	A3	A-	5.7500	91.0254	7.1007	6.664	9.13	Utility - Other
TEXAS GAS TRANSMISSION LLC	01-Apr-2013	27-Mar-2008		Unsecrd Nt	250,000,000	Baa1	BBB	5.5000	87.0468	9.3462	3.468	4.13	Gas Utility - Pipelines
COMMONWEALTH EDISON CO	15-Mar-2018	27-Mar-2008		1st Mort Bnd	700,000,000	Baa2	BBB+	5.8000	96.5684	6.3007	6.706	9.09	Electric Utility High Quality
MIDAMERICAN ENERGY CO	15-Mar-2018	25-Mar-2008		Sr Unsec Nt	350,000,000	A2	A-	5.3000	99.6336	5.3507	6.925	9.09	Utility - Other
APPALACHIAN POWER CO	01-Apr-2038	25-Mar-2008		Sr Unsec Nt	500,000,000	Baa2	BBB	7.0000	101.0635	6.9138	11.568	29.13	Electric Utility Mid Quality
NORTHERN STATES POWER CO (MINNESOTA)	01-Mar-2018	18-Mar-2008		1st Mort Bnd	500,000,000	A2	A	5.2500	102.1590	4.9507	6.946	9.05	Utility - Other
GEORGIA POWER CO	17-Mar-2010	17-Mar-2008		US3MLIB Qtrtly	250,000,000	A2	A	2.4213	98.6739	3.0869		1.09	Electric Utility Mid Quality
PPL ENERGY SUPPLY LLC	01-May-2018	14-Mar-2008		Sr Unsec Nt	400,000,000	Baa2	BBB	6.5000	86.7982	8.6007	6.406	9.22	Electric Utility High Quality
CONSUMERS ENERGY CO	15-Sep-2018	14-Mar-2008		1st Mort Bnd	250,000,000	Baa1	N/A	5.6500	97.4647	6.0007	7.050	9.59	Electric Utility High Quality
PUBLIC SERVICE ELECTRIC AND GAS CO	12-Mar-2010	12-Mar-2008		US3MLIB Qtrtly	300,000,000	A3	A-	2.9738	98.7276	3.3925		1.08	Electric Utility High Quality
SCANA CORP	01-Apr-2020	12-Mar-2008		Unsecrd Nt	250,000,000	Baa1	BBB+	6.2500	100.3827	6.2007	7.676	11.13	Utility - Other
KANSAS CITY POWER & LIGHT CO	01-Mar-2018	11-Mar-2008		Sr Unsec Nt	350,000,000	A3	BBB	6.3750	96.8256	6.8507	6.488	9.05	Utility - Other
PECO ENERGY CO	01-Mar-2018	03-Mar-2008		1st Mort Bnd	500,000,000	A2	A-	5.3500	98.9335	5.5007	6.860	9.05	Utility - Other
SOUTHERN UNION CO	16-Feb-2010	19-Feb-2008		Sr Unsec Nt	100,000,000	Baa3	N/A	6.0890	94.3195	12.2465	0.906	1.01	Gas Utility - Local Distrib
ITC MIDWEST LLC	31-Jan-2038	24-Jan-2008	X	Unsecrd Nt	175,000,000	A3	A-	6.1500	79.5756	7.9638	11.140	28.97	Electric Utility High Quality
ITC HOLDINGS CORP	31-Jan-2018	24-Jan-2008	X	Sr Unsec Nt	385,000,000	Baa3	BBB-	6.0500	92.1637	7.2507	6.639	8.97	Utility - Other
SOUTHERN CALIFORNIA EDISON CO	01-Feb-2038	22-Jan-2008		1st Mort Bnd	600,000,000	A2	A	5.9500	107.0294	5.4638	13.612	28.97	Utility - Other
COMMONWEALTH EDISON CO	15-Jan-2038	16-Jan-2008		1st Mort Bnd	450,000,000	Baa2	BBB+	6.4500	89.6614	7.3138	11.584	28.92	Electric Utility High Quality
FLORIDA POWER & LIGHT CO	01-Feb-2038	16-Jan-2008		1st Mort Bnd	600,000,000	Aa3	A	5.9500	107.0294	5.4638	13.612	28.97	Electric Utility High Quality
SOUTHWESTERN ENERGY CO	01-Feb-2018	16-Jan-2008	X	Sr Unsec Nt	600,000,000	Ba2	BB+	7.5000	95.2500	8.2595	6.279	8.97	Gas Utility - Local Distrib
SOUTH CAROLINA ELECTRIC & GAS CO	15-Jan-2038	14-Jan-2008		ReOpened	360,000,000	A2	A-	6.0500	104.7254	5.7138	13.270	28.92	Electric Utility High Quality
UGI UTILITIES INC	15-Jan-2018	11-Jan-2008		Unsecrd Nt	20,000,000	A3	N/A	5.6700					Gas Utility - Local Distrib
BUCKEYE PARTNERS LP	15-Jan-2018	11-Jan-2008		Sr Unsec Nt	300,000,000	Baa2	BBB	6.0500	85.2682	8.4310	6.466	8.92	Gas Utility - Pipelines

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit___(SFP-4)

Staff Financial Panel

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INDUSTRIAL BONDS **RAILROAD BONDS**

Abs	An	A	Baa	Aaa	Aa	A	Baa
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Notes: Moody's Long-Term Corporate Bond Yield Averages have been published daily since 1929. They are derived from pricing data on a regularly-representative population of nearly 75 seasoned corporate bonds in the U.S. market, each with current outstandings over \$100 million. The bonds have maturities as close as possible to 30 years; they are dropped from the list if their remaining life falls below 20 years, if their ratings change. Bonds with deep discounts or steep premiums to par are generally excluded. All yields are yield-to-maturity calculated on a semi-annual basis. Each observation is an unweighted average, with Average Corporate Yields representing the unweighted average of the corresponding Average Industrial and Average Public Utility observations. Because of the dearth of Aaa-rated mid-term bond issues, Moody's Aaa railroad bond yield average was discontinued as of December 18, 1967. Moody's Aaa public utility averages suspended from January 1984 thru Sept. 1984. The railroad bond Averages were discontinued as of July 17, 1989 because of insufficient frequency of sufficiently tradeable bonds. The daily figures were based on 8 business days.

Notes: January 2003 figures have been adjusted. October 2002 figures have been adjusted.

Notes: Moody's Aaa public utility bond issues. Moody's Aaa public utility bond yield average was discontinued as of December 10, 2001.

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit___(SFP-5)

Staff Financial Panel

Thomas A. D'Ambrosia
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Bond Market in Winter Thaw

By BEN WORTHEN and KELLIE GERESSY

A growing number of big companies are taking advantage of the thawing credit markets to raise large sums of money at low interest rates, with Cisco Systems Inc. Monday selling \$4 billion in bonds to bolster its war chest for acquisitions.

The big Cisco offering follows a string of successful efforts just in the past five weeks to tap the market for corporate debt.

The size of the offering -- and the relatively low-risk premiums attached to the bonds -- indicate that investors are hungry for debt from highly rated companies.

The San Jose, Calif., company, which makes routers and other gear that form the backbone of computer networks, said it would use the debt for acquisitions, buying back stock and paying off a previous \$500 million loan. Chief Executive John Chambers has said he anticipates using the company's financial might to expand into areas where it hasn't historically competed. "People know we are going to be aggressive during a downturn," Mr. Chambers said in an interview last week.

Cisco is taking advantage of credit markets that have healed significantly since last fall, when the global financial crisis made it nearly impossible for companies to borrow money. Since the new year began, markets ranging from those that supply short-term cash to ones that provide long-term financing for risky companies have all improved.

Since the beginning of the year, U.S. companies have sold \$78.3 billion of investment-grade corporate bonds that aren't guaranteed through a government program, according to research firm Dealogic. This is up from the December quarter

when companies sold on average \$21 billion of nongovernment-backed debt a month.

Associated Press

Cisco Systems CEO John Chambers delivers the keynote address at the International Consumer Electronics Show (CES) in Las Vegas, Jan. 9, 2009.

The easing in the bond market comes after governments and central banks lowered interest rates and guaranteed billions in debt, restoring confidence to the market. Anticipation of a big U.S. bank bailout and fiscal stimulus has pushed markets higher as investors begin to think the economy could start to recover later this year. The U.S. stock market is up 4% over the past week, junk bonds had a strong month in January and some commodities that are considered economic indicators such as copper have rallied.

Cisco's debt offering was well received by potential lenders. Companies with strong balance sheets "are the sweet spot for the credit market," said Stephen Carter, an analyst at Thomson Reuters. He added that Cisco's move could open the door for other tech companies to follow.

High quality companies such as Cisco can borrow at reasonable rates, in part because Treasury yields are so low, and some are raising cash while they can, even if they don't need it immediately. That is the same strategy Ford Motor Co. used when it borrowed heavily in late 2006, giving it more cash than its rivals to weather the downturn.

While Cisco has a cash hoard of \$29.5 billion, the company can't readily tap those reserves to pay for outlays such as acquisitions. Only \$3 billion to \$4 billion of Cisco's cash is in the U.S. with the rest overseas, meaning the money would be subject to taxes if Cisco tries to bring it home.

Investors haven't been as welcoming to other companies, many of which must pay onerous rates to borrow. "The markets aren't open for business as usual," said Scott

MacDonald, director of research at Aladdin Capital Holdings in Stamford, Conn.

Cablevision Systems Corp. had to pay interest of 9.375% to borrow \$500 million on Monday. The Bethpage, N.Y., cable-television provider is paying two percentage points less than it did just a month earlier when it sold the first junk bond issue of the year. (See related article on B3.)

Other companies are still shut out of the market completely. "It's another indication of the bifurcated market," said Brian Hessel, managing partner at Stonegate Capital Management. "Companies that people know and that have higher ratings can still raise capital."

Related Article

Cablevision Taps Debt Market Again

02/10/2008

Cisco's 10-year notes were sold Monday at two percentage points above Treasuries for a yield of 4.979%, while a 30-year portion of Cisco's offering sold for a yield of 5.916%. A person familiar with the offering said \$10 billion worth of investors were ready to buy the bonds.

Cisco is paying significantly less than similar companies did two months ago. On Dec. 2, Hewlett-Packard Co. paid roughly 4.6 percentage points above Treasuries to borrow \$2 billion for five years. That is more than twice the spread above Treasuries that Cisco is paying.

Consumer-goods producer Unilever PLC took advantage of the thawing credit markets Monday to raise \$1.5 billion in five and 10 year bonds, paying 3.65% and 4.80% respectively.

Cisco and Unilever "have done a good job of managing their balance sheets. It's a really tough market for everyone and here are two companies that seem to be weathering the storm fairly well," said Mr. MacDonald.

In another sign of increased appetite for corporate debt, the interest companies pay to sell bonds has shrunk to the lowest level in four months and is down from its December peak. Average spreads, or risk premiums, on corporate bonds stood at 5.20 percentage points on Monday, down from a record of 6.56 in December, according to the Merrill Lynch U.S Corporate Master Index.

Cisco's move is unusual for the company. It has raised debt only one other time in its history, when it used \$6.5 billion in debt to acquire cable-box maker Scientific-Atlanta Inc. in 2006.

The debt offering shows Cisco "is on the prowl for acquisitions," said Mark Sue, an analyst with RBC Capital Markets. Cisco has historically been one of the most acquisitive companies in the tech industry, acquiring 25 companies since 2006, including five in 2008.

Cisco's issue is rated single-A-plus by Standard & Poor's. Moody's Investors Service on Monday affirmed its single-A1 rating for Cisco, but cut its outlook for the company citing the deteriorating economy and the pressure that it would place on Cisco.

Cisco last week reported that its profit for the January quarter slipped 27% while revenue fell 7.5% from a year earlier as businesses cut back on tech spending.

—Michael Aneiro and Kate Haywood contributed to this article.
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Printed in The Wall Street Journal, page A1

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit__ (SFP-6)

Staff Financial Panel

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December 16, 2008

Industry Report Card:

U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

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Industry Credit Outlook

The regulated U.S. electric utility industry finishes 2008 in a guarded state, having weathered the year's financial turmoil while bracing for more financial adversity in 2009. Despite recent widening for all investment-grade corporate debt, spreads on utility debt are tighter than the average for all corporate issues as investors are currently employing the old adage of "flight to quality". It remains to be seen if the regulated electric industry will perform as well for the duration of this economic downturn. The average industry rating is firmly ensconced in the "BBB" category with 80% garnering a stable outlook reflecting balance sheet strength, prudent financial policy, and effective liability management. Several key considerations are noted below.

Capital market access

Regulated electric issuers continued to access debt markets during the fourth quarter of 2008 at rates in line with the 10-year average of about 8% for five-year notes, not the abnormally low interest rate environment of the 2000's which is a distant memory. Standard & Poor's will be carefully watching issuers who delay needed financings due to reluctance to accept the reality of higher-coupon debt. This strategy would likely precipitate lower ratings and/or negative outlooks given the uncertain capital market picture and the heightened potential of constrained liquidity in 2009.

Liquidity needs

Also of concern for 2009 is the use of temporary bridge facilities that expire in 12 months or less. This method of maintaining liquidity could have credit concerns as the expiration period approaches. Long-dated credit facilities are more indicative of companies who are committed to investment grade ratings during this period of potential market tumult. Standard & Poor's will continue to carefully monitor revolver availability, short-term debt balances, and debt maturities.

Economic pressures

Regulated electric utilities are not immune to the sluggish economic atmosphere in the U.S.; several large electric utilities (Duke Energy, American Electric Power, and Xcel Energy) have announced that year-over-year revenues (unadjusted for weather normalization) will decline in 2008 and likely in 2009. The credit impact from a slight reduction in cash flow is negligible, provided it is temporary occurrence. Of greater concern to long-term credit quality is the potential for a permanent reduction in cash flow triggered by regulatory commissions responding to economic hardship with inadequate customer rates.

Capital expenditures

In response to slowing demand, some capital projects are being curtailed or pushed beyond 2009. Still, needed infrastructure will be built in 2009 which will necessitate continued capital market access. Expectations are that firms will continue to find funding sources given the intrinsic value of the asset base, albeit at higher coupon rates than before the financial turmoil unfurled. Issuance of common equity is also possible for some firms, especially those who have stated that equity will support their construction programs.

Energy policy

Finally, the Obama administration's energy priorities and policies may drive future credit quality beyond 2009. Some of the costs to implement change and energy independence will surely be filtered down to regulated electric utilities. A clear path to recovery of expenditures related to carbon restrictions, renewable energy, and alternative technology will be vital for sustained credit quality.

Chart 1

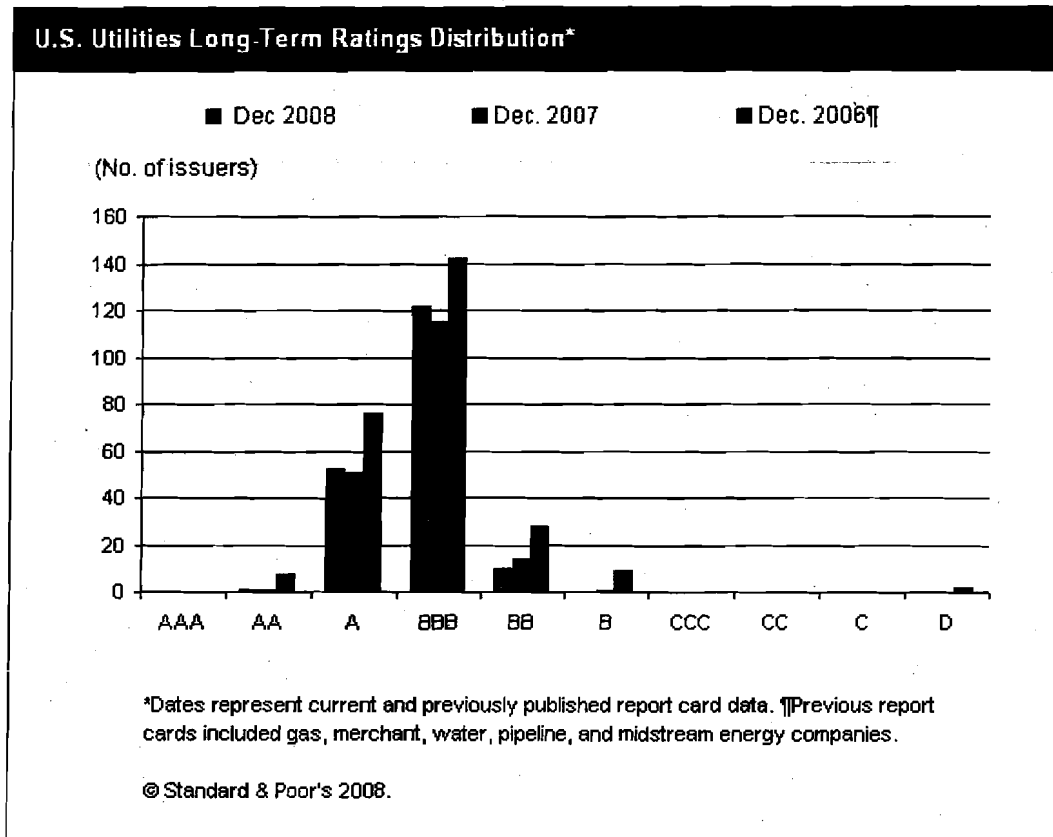


Chart 2

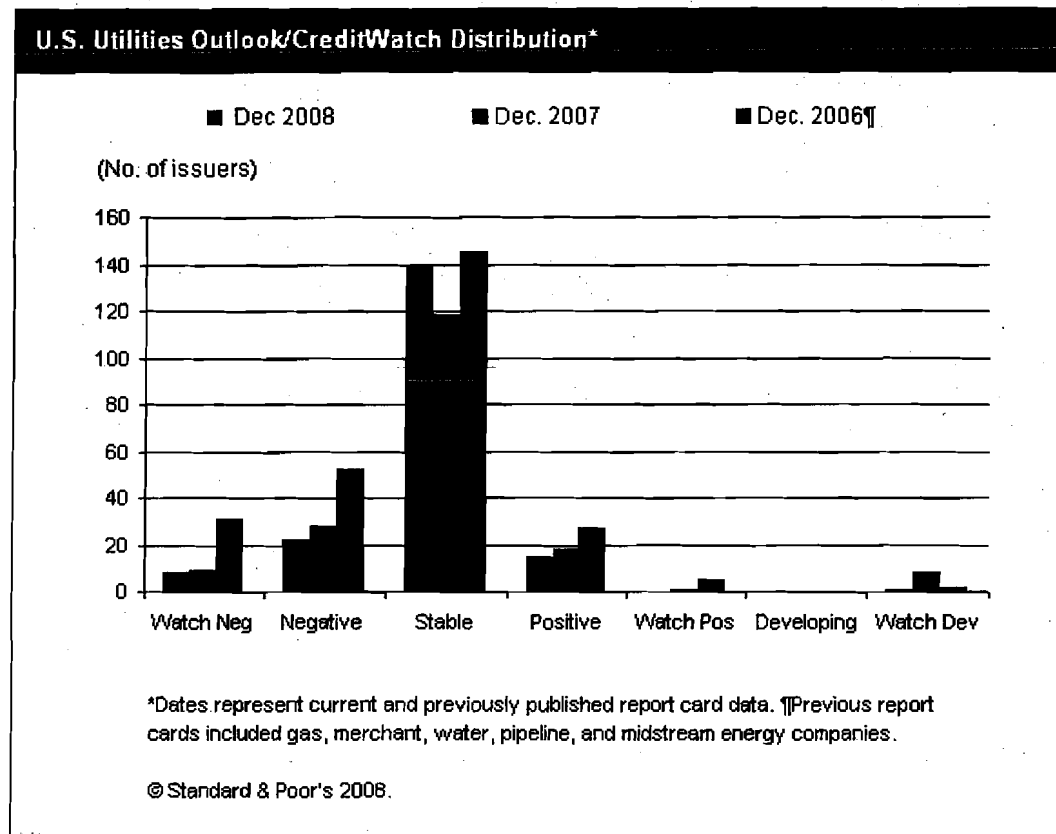
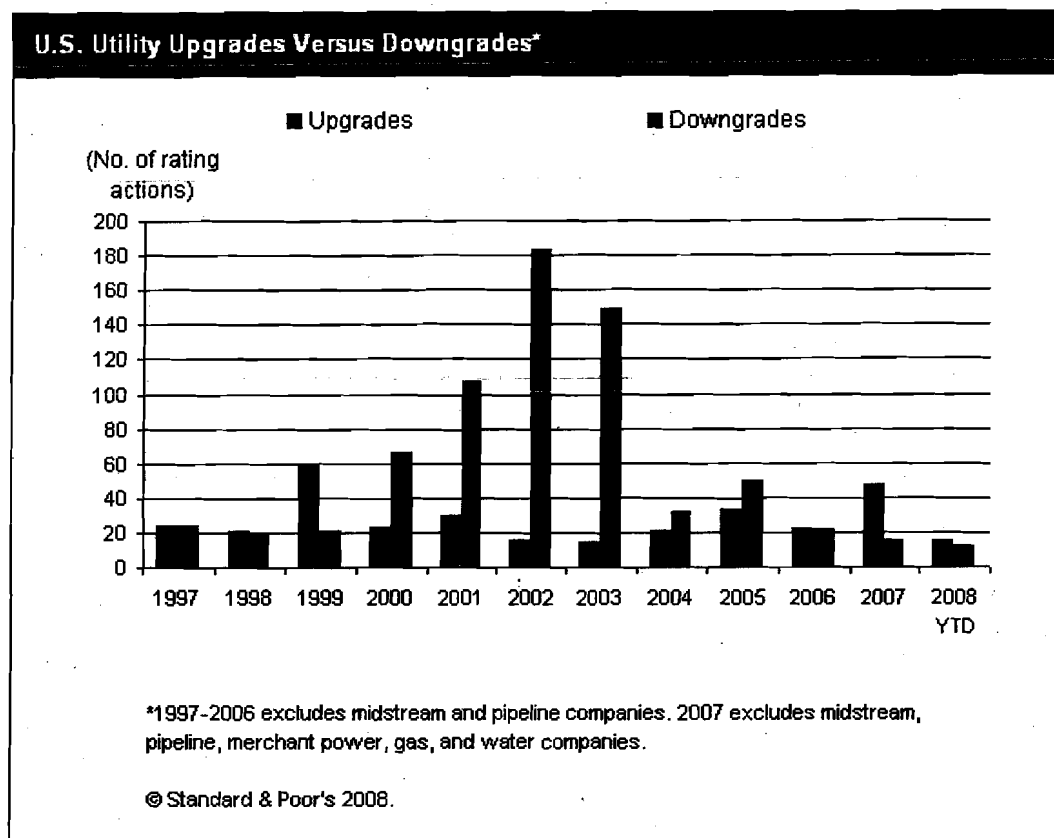


Chart 3



Issuer Review

Company/Rating/Comment	Analyst
AEP Texas Central Co (BBB/Stable/--) See American Electric Power Co. Inc.	Gerrit Jepsen
AEP Texas North Co (BBB/Stable/--) See American Electric Power Co. Inc.	Gerrit Jepsen
Alabama Power Co. (A/Stable/A-1) See Southern Co.	Dimitri Nikas
Allegheny Energy Inc. (BBB-/Stable/A-3) Allegheny's transmission expansion plan continues to progress after receiving siting approvals in Pennsylvania and West Virginia for the TrAIL I transmission project. With state siting and FERC ratemaking approvals mostly done, we will monitor construction for significant delays or cost overruns. Bolstering credit quality was the regulatory certainty in Virginia after the Virginia State Corporation Commission adopted a Potomac Edison settlement that resolved issues about recovery of rising power costs beginning in 2009. Allegheny Energy Supply's scrubber installation is expected to be completed in 2009. The company's working-capital needs are adequate given the high availability under the company's credit facilities and cash on hand of \$112 million. Debt maturities are manageable through 2010, but in 2011 \$986 million is due.	Gerrit Jepsen

Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

Allegheny Energy Supply Co. LLC (BBB-/Stable/NR)

See Allegheny Energy Inc.

Gerrit
Jepsen

ALLETE Inc. (BBB+/Negative/A-2)

The negative outlook on ALLETE reflects the weakening financial measures largely due to lower operating cash flows and increasing debt leverage. We don't expect financial measures to return to levels indicative of an intermediate financial profile due to ongoing economic pressures and the company's large construction program. A protracted economic downturn could lower industrial load in the utility's service territory and result in continued lower operating cash flows from the company's Florida real estate division. The capital spending program over the next several years will continue to need supportive regulation to bolster cash flow measures during construction, at a time when the economy has weakened.

Gerrit
Jepsen

Alliant Energy Corp. (BBB+/Stable/A-2)

Alliant's bid to build a new coal unit in Wisconsin was rejected and it is uncertain what level of rate increase the Wisconsin utility will receive in the pending case. In Iowa, the ratemaking proceeding for the coal unit Sutherland 4 is ongoing. Alliant's capital spending, including wind generation, could pressure financial measures and will require supportive regulation through completion. Currently strong cash flow measures may weaken during the large construction program and debt leverage will rise to help finance the projects. Any significant payment related to the pending dispute surrounding \$402.5 million of debt originally issued at Alliant Energy Resources could pressure liquidity if cash and credit facility availability do not remain adequate.

Gerrit
Jepsen

Alliant Energy Resources Inc. (BBB+/Stable/NR)

See Alliant Energy Corp.

Gerrit
Jepsen

Ameren Corp. (BBB-/Stable/A-3)

In September 2008, the Illinois Commerce Commission approved a net revenue increase for Ameren's gas and electric businesses of \$161 million, effective Oct. 1, 2008. Additionally, the company filed for a \$251 million revenue increase in Missouri and the Staff countered with a \$51 million revenue increase. The commission's order is expected by early February 2009. These base rate increases should help the company's financial measures in the near to intermediate future. Additionally, to address the current volatility of the capital markets, the company will considerably reduce its 2009 capital expenditures, including non-rate regulated generation reductions of \$350 million - \$400 million.

Gabe
Grosberg

American Electric Power Co. Inc. (BBB/Stable/A-2)

The company has invested significantly for environmental compliance at its coal plants. Additional maintenance capital spending recently increased following the announcement that Unit 1 at the Cook nuclear plant could be out possibly into 2010. Incremental funds will be required to provide replacement power to ratepayers. We do expect that most repair and power costs will be recoverable through insurance proceeds and regulatory mechanisms. Although capital spending for next year will be less than originally proposed, the company does plan to spend more on new generation and transmission, raising operating and regulatory risks. The company's regulatory filing in response to the revised legislation in Ohio indicates that management's attitude toward risk is consistent with current ratings. Longer-term challenges include the prospect of climate change legislation and its effect on AEP's generation resources and planning decisions, and the evolving state of the regulatory compact in Ohio.

Gerrit
Jepsen

American Transmission Co. (A+/Stable/A-1)

Despite the current volatile capital markets, ATC continues to complete projects on time and on budget while maintaining its financial measures. The company continues to benefit from FERC's constructive regulatory environment, which includes forward-looking rate cases, annual true-ups, a cash return on construction work in progress, and a high authorized ROE (12.2%). The company continues to implement its large capital programs that have averaged \$400 million for each of the last three years. Cash flow measures continue to be adequate for the ratings. For the 12 months ending Sept. 30, 2008, adjusted FFO to debt was 21.4% and FFO interest coverage was 4.8x. Debt to total capital has remained at about 55%.

Gabe
Grosberg

Appalachian Power Co. (BBB/Stable/--)

See American Electric Power Co. Inc.

Gerrit
Jepsen

Aquila Inc. (BBB/Stable/NR)

See Great Plains Energy, Inc.

Gabe
Grosberg

Arizona Public Service Co. (BBB-/Stable/A-3)

See Pinnacle West Capital Corp.

Antonio
Bettinelli

Atlantic City Electric Co. (BBB/Stable/A-2)

Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

See PEPCO Holdings Inc.

Gerrit
Jepsen

Avista Corp. (BBB-/Stable/A-3)

The company's completion of a 364-day credit facility in late November bolstered the firm's liquidity position. The company potentially faces as much as \$108 million of debt maturing at year end 2008, with about \$84 million consisting of secured pollution control notes that the company would have to purchase if its schedule remarketing is unsuccessful. The new facility will create refinancing risk in 2009, but the absence of other maturities makes this challenge manageable. Regulatory lag is expected to continue to tamp down robust cash flow for the company in 2009, with about \$200 million per year in capital investment planned in the next several years. In 2008 Avista Utilities' rate case outcomes were constructive, but rate cases will continue to be required to keep its rate base current. Management recently announced that it will file new rate cases in all three states it serves (Oregon, Washington, and Idaho) in the first quarter of 2009. We expect 2009 credit metrics to be stable, but any improvement is likely to be modest, as regulatory lag will continue to be a drag on the company's ability to earn its authorized ROEs. As with other utilities, larger-than-expected cash pension contributions could be a drag on cash flows, as could below-normal hydro conditions which are always a source of potential cash flow variability.

Anne
Seltgen

Baltimore Gas & Electric Co. (BBB-/Watch Dev/A-2)

In September 2008, MidAmerican Energy Holding Co., a subsidiary of Berkshire Hathaway Inc., reached a definitive merger agreement with Baltimore Gas & Electric's parent, Constellation Energy, to acquire all of its outstanding shares for \$26.50 per share or \$4.7 billion. The agreement expires nine months after its execution, but may be extended by either party for up to three months. The acquisition will require shareholder, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, and the Maryland Public Service Commission approvals. The company was placed on CreditWatch with developing implications, pending the outcome of the proposed merger.

Gabe
Grosberg

Black Hills Corp. (BBB-/Stable/NR)

To finance its \$940 million acquisition of Aquila's non-Missouri utility assets, Black Hills drew down \$383 million on an acquisition debt facility that matures in February 2009. To date, the facility has not been extended or refinanced, and we will closely monitor the company's extension request from existing lenders or back-up financing activities. Cash flow measures declined after purchasing the Aquila assets partly from the new acquisition loan. Although the company divested IPP assets, it retains oil and gas production operations and the trading and marketing business, both with less cash flow stability and the need for robust liquidity. Black Hills has maintained adequate availability on its credit facilities and retains cash at the trading business to help provide additional liquidity. Previously strong financial measures that adequately supported an intermediate financial risk profile weakened for 12 months ended Sept. 30, 2008.

Gerrit
Jepsen

Black Hills Power Inc. (BBB-/Stable/--)

See Black Hills Corp.

Gerrit
Jepsen

California Independent System Operator (A-/Stable/--)

The California Independent System Operator announced in late November another delay in implementing its Market Redesign and Technology Upgrade (MRTU) to March 1, 2009. Final determination on the launch date will be made at the board of governor's meeting on December 16. MRTU is important for credit quality in that it will implement an improved settlement process that avoids estimating exposure to counterparties, which currently occurs for a portion of the settlement cycle. Credit quality is supported by the entity's ability to dip into market revenues to fund its revenue requirements if there is a shortfall in payment, such as would occur if there were a participant default. To date the California ISO has had negligible exposure to defaults and potential defaults of energy trading companies and banks, although we would note that unsecured credit policies do not rule out this potential. However, the general credit quality of the pool of California ISO members remains strong; California utilities continue to be responsible for providing the largest share of revenues needed by the California ISO to service its debt.

Anne
Seltgen

Carolina Power & Light Co. d/b/a Progress Energy Carolinas Inc. (BBB+/Stable/A-2)

See Progress Energy Inc.

Dimitri
Nikas

CenterPoint Energy Houston Electric LLC (BBB/Stable/NR)

See CenterPoint Energy Inc.

Dimitri
Nikas

CenterPoint Energy Inc. (BBB/Stable/A-2)

CenterPoint Houston's electric delivery system suffered substantial damage as a result of Hurricane Ike and the restoration costs are estimated to be in the range of \$650 - \$750 million. Despite the impact of Hurricane Ike, CenterPoint Houston continued to perform well, adding 3% residential customers and distributing 3% more electricity for the nine months ended Sept. 30, 2008 as compared to the same period in 2007. Nevertheless, the significant costs incurred and to be incurred to repair the storm damages have been deferred for later recovery, making its recovery an important consideration in the assessment of the company's credit quality. The company continues to expand its gas transmission operations and placed its Southeast Supply Header pipeline project into commercial service on Sept. 6, 2008, after receiving the necessary FERC approvals, which should provide incremental cash flow generation during 2009. In addition, the Gas outcomes filed a request with the MPUC to increase the rates by \$59.8 million and implement an annual decoupling mechanism. In

Dimitri
Nikas

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response to the upheaval in the capital markets, the company established a new receivables facility at CenterPoint Energy Resources Corp. and expanded the revolving credit facility at CenterPoint Energy Houston Electric by \$600 million, which will terminate when the company issues securitization bonds to recover the storm cost damages. For the 12-month period ending Sept. 30, 2008 FFO/interest coverage was 3.8x and FFO/TD was 18.3%.

CenterPoint Energy Resources Corp. (BBB/Stable/A-2)

See CenterPoint Energy Inc.

Dimitri
Nikas

Central Hudson Gas & Electric Corp. (A/Stable/NR)

Parent CH Energy's credit ratios are expected to remain somewhat weak through the next two quarters. Conservation efforts, volatile commodity prices, and additional investments in Central Hudson and the nonregulated subsidiaries could impede near term financial progress. The company has filed a \$50 million rate case to bolster its weak financial profile. No decision is expected until the second quarter of 2009. Completion of the heating season and resolution of the rate case should help to improve the company's financial profile sometime in the second quarter of 2009.

John
Kennedy

Central Illinois Light Co. (BBB-/Stable/NR)

See Ameren Corp.

Gabe
Grosberg

Central Illinois Public Service Co. (BBB-/Stable/NR)

See Ameren Corp.

Gabe
Grosberg

Central Maine Power Co. (BBB+/Stable/NR)

See Energy East Corp.

John
Kennedy

Central Vermont Public Service Corp. (BB+/Stable/--)

The Vermont Public Service Board recently approved an alternative regulation plan for Central Vermont Public Service Co. Approval of a power cost adjustment mechanism will enable Central Vermont to recover fuel and purchased-power costs in a more timely manner and lead to some financial improvement as a result of a lower adjusted debt burden. In addition, the November 2008 issuance of \$22 million of common stock will restore balance to the company's liberally leveraged capital structure. Nonetheless, cash flow improvement and responsive rate treatment in the pending and future annual base rate filings will be needed to result in upside credit momentum.

Barbara
Eiseman

CILCORP Inc. (BBB-/Stable/--)

See Ameren Corp.

Gabe
Grosberg

Cleco Corp. (BBB/Stable/NR)

Cleco was affected by Hurricane Gustav and Ike which hit Louisiana and Texas on Sept. 1, 2008 and Sept. 13, 2008 respectively; damage from Hurricane Ike totaled about \$85 million. The LPSC approved Cleco Corp. to capitalize \$45 million or 53% of the total estimated storm-restoration costs with the remaining \$40 million to be netted against the existing storm damage reserve. In June 2008, Cleco filed for a rate case to incorporate the new Rodemacher 3 unit in rate base. The new rates are expected to go into effect in second quarter of 2009, when the new facility enters commercial operation, and should lead to a net rate reduction of \$72 million reflecting a base rate increase of \$250 million, offset by lower fuel costs and the return of financing costs collected during construction. Cleco is pursuing a request for proposal for 600MW of additional peaking and intermediate generation capacity to satisfy its load needs beginning in 2010. For the 12 months ended Sept. 30, 2008, financial performance was weaker than expected with debt as a percentage of total capitalization was about 49.7%, FFO/debt was weak at about 8.9%, and FFO interest coverage was just adequate at about 2.8x.

Dimitri
Nikas

Cleco Power LLC (BBB/Stable/NR)

See Cleco Corp.

Dimitri
Nikas

Cleveland Electric Illuminating Co. (BBB/Stable/--)

See FirstEnergy Corp.

Todd
Shipman

CMS Energy Corp. (BBB-/Stable/A-3)

Capital spending and a weak state economy will continue to drag on the company's performance over the near-term. Despite a reduction of \$180 million, capital spending will be heavy at Consumers Energy in 2009 as the company considers spending on advanced metering, distribution reliability, environmental expenditures (e.g., sulfur dioxide remediation and the potential for federal carbon dioxide legislation). Michigan's lagging economy is also a long-term credit concern.

John
Kennedy

Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

Columbus Southern Power Co. (BBB/Stable/--)

See American Electric Power Co. Inc.

Gerrit
Jepsen

Commonwealth Edison Co. (BBB-/Watch Neg/A-3)

The company was recently placed on CreditWatch with negative implications, reflecting parent Exelon's announcement that it will pursue an unsolicited purchase of NRG Energy, Inc. Exelon's willingness to take part in a transaction with a merchant power generation company that has a significantly weaker business profile, demonstrates its willingness to increase its business risk profile. For the 12 months ending Sept. 30, 2008, Commonwealth's adjusted FFO to debt was 9.0%, adjusted FFO interest coverage was 2.7x, and adjusted debt to total capital was 46.3%. The financial measures should improve following the Illinois Commerce Commission's September 2008 approval of a \$273.6 million revenue increase. Recently, the FERC denied the company's request for incentive rates on several transmission projects.

Gabe
Grosberg

Connecticut Light & Power Co. (BBB/Stable/NR)

See Northeast Utilities

John
Kennedy

Connecticut Natural Gas Corp. (BBB+/Stable/--)

See Energy East Corp.

John
Kennedy

Consolidated Edison Co. of New York Inc. (A-/Stable/A-2)

See Consolidated Edison Inc.

John
Kennedy

Consolidated Edison Inc. (A-/Stable/A-2)

Con Edison's free cash flow is expected to remain weak for the next two quarters due to higher costs and taxes and the lag in collection of revenue for the heating season. The pending rate case, expected to be resolved in March 2009, should help to relieve some pressure. Liquidity will not be an issue for the company as it has ample availability on its revolver and manageable debt maturities.

John
Kennedy

Consumers Energy Co. (BBB-/Stable/--)

See CMS Energy Corp.

John
Kennedy

Dayton Power & Light Co. (BBB/Positive/NR)

See DPL Inc.

Barbara
Eiseman

Delmarva Power & Light Co. (BBB/Stable/A-2)

See PEPCO Holdings Inc.

Gerrit
Jepsen

Detroit Edison Co. (BBB/Stable/A-2)

See DTE Energy Co.

John
Kennedy

Dominion Resources Inc. (A-/Stable/A-2)

Less exposure to unregulated activities, along with re-regulation in Virginia, have improved business risk. Fuel expenses, once not fully recoverable and a drag on credit metrics, are much less of an issue for the reconstituted Dominion. Aggressive capital plans will likely hold back any dramatic improvement in financial measures, dampening further ratings upgrade, but steady advances in financial performance are expected to support credit quality.

Todd
Shipman

DPL Inc. (BBB/Positive/NR)

In October 2008, Dayton Power & Light filed its electric security plan with the Public Utilities Commission of Ohio to comply with the requirements of the state's new electricity law, Senate Bill 221. While the plan, if approved reduces uncertainty, it should not have an immediate financial impact on the company as it incorporates the existing rate structure through 2010 and provides for recovery of certain other investments. The company has proposed a rider to recover the cost of complying with new energy efficiency and alternative energy requirements, and is requesting that recovery of fuel and purchased power costs be spread over 10 years period beginning in 2011. Meanwhile, third quarter earnings declined due to higher purchased power costs due to unplanned outages and lower sales volumes. However, a large portion of the construction program has been completed, and as capital spending winds down, DPL's overall financial condition should continue to strengthen, assuming the company is not materially harmed by the slowing economy, which we do not expect.

Barbara
Eiseman

DTE Energy Co. (BBB/Stable/A-2)

Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

Michigan's weak economy will continue to hamper DTE's efforts to improve its financial performance. The company's efforts to focus on regulated utility operations helps its business risk. Also, we expect the credit-supportive package of legislative bills that were passed in September 2008 to help the company's financial profile by addressing rate structure and provide a more timely resolution to rate cases going forward.

John
Kennedy

Duke Energy Carolinas LLC (A-/Positive/A-2)

See Duke Energy Corp.

Dimitri
Nikas

Duke Energy Corp. (A-/Positive/A-2)

Duke Energy Carolina's 2007 rate settlement should provide rate certainty through 2010 as the company pursues a large capital spending program to address load growth and environmental compliance, which is planned to include the construction of two new nuclear units having a capacity of 1,117 MW each, one coal and two gas-fired plants having capacity of 800 MW, 650 MW, and 650 MW, respectively. Approval of Duke Energy Ohio's Energy Security Plan filed in response to the passage of energy legislation that attempts to re-regulate the electric industry in Ohio, is expected in late 2008 and should provide certainty for the Ohio operations for the subsequent three years. Duke Energy Indiana is proceeding with its plans to build a 630MW integrated gasification combined cycle plant that is estimated to cost about \$2.4 billion. In addition, Duke Energy is actively pursuing its wind generation business, with the recent acquisition of Catamount Energy Corp., a wind developer, added to its project pipeline (283MW of existing wind generation and 1,750MW under development). Liquidity remains strong and the consolidated financial profile for twelve months ended Sept. 30, 2008 remained adequate for the rating with FFO interest coverage of 5.3x and FFO/total debt of 23.2%. Debt leverage remains modest at about 43.6%.

Dimitri
Nikas

Duke Energy Indiana Inc. (A-/Positive/A-2)

See Duke Energy Corp.

Dimitri
Nikas

Duke Energy Kentucky Inc. (A-/Positive/--)

See Duke Energy Corp.

Dimitri
Nikas

Duke Energy Ohio Inc. (A-/Positive/A-2)

See Duke Energy Corp.

Dimitri
Nikas

Duquesne Light Co. (BBB-/Negative/NR)

See Duquesne Light Holdings Inc.

Gerrit
Jepsen

Duquesne Light Holdings Inc. (BBB-/Negative/NR)

Duquesne's transmission and distribution electric utility received supportive ratemaking approval from the FERC on the company's proposed transmission project in Pittsburgh. Funding this project will require adequate equity contributions to bolster the consolidated balance sheet. Cash flow measures are being pressured through 2010 since rates for POLR obligations have already been set without consideration given for capacity payments due to PJM generators through mid-2011. With the company's recent decision to remain in PJM, and not to join MISO, it will need to procure capacity for mid-2011 through mid-2012. Operating cash flows could come under pressure for higher purchased power expenses along with the existing debt service obligations and shareholder distributions. Cash flow measures may decline in the near term without any additional cost recovery and as construction of the transmission project begins.

Gerrit
Jepsen

E.ON U.S. LLC (BBB+/Stable/--)

The agreement to terminate its Big Rivers lease arrangement is currently being reviewed by the Kentucky Public Service Commission; a ruling is expected in the first quarter of 2009. While unwinding of the contract would likely require a one-time cash payment, it would significantly reduce E.ON U.S.'s dependence on riskier unregulated activities, thereby enhancing the company's business risk profile. Parent E.ON AG continues to espouse its support for E.ON U.S., which was once very important for ratings stability, but has become less of a factor as E.ON US has strengthened on its own. A sizable portion of capital spending on environmental compliance upgrades has been completed, although significant environmental costs still remain.

Barbara
Eiseman

Edison International (BBB-/Stable/NR)

Edison International's liquidity remains strong, with consolidated cash and available credit as of Sept. 30, 2008 of \$5.3 billion. In the third quarter, the company defensively drew a consolidated \$2.1 billion on its \$5.1 billion in credit lines which it has invested. Southern California Edison (SCE) has continued access to capital markets, as evidenced by its October 2008 \$500 million secured debt issuance. While Edison Mission Energy's non-investment grade credit quality will restrict its ability to incrementally borrow in the current market environment, internal liquidity is expected to support ongoing capital investment of an estimated \$1 billion in 2009. Consolidated maturities are modest through 2012. The drop in fuel and purchased power costs has moderated our concerns that the utility could become significantly under collected on these costs, which would be a short-term strain on utility liquidity until CPUC rate recovery could be authorized. Also material for 2009 cash flows will be the resolution of parent Edison's proposed tax settlement with the Internal Revenue Service regarding its

Anne
Selling

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SILO/LILO lease arrangements. Utility regulation in the state continues to be supportive, with the recent re-appointment of two CPUC commissioners providing consistency. The state faces substantial energy challenges such as the possibility of direct access, steep renewable requirements, limitations on residential retail electric rate increases, and the potential for greenhouse gas regulations.

El Paso Electric Co. (BBB/Stable/--)

Higher fuel and purchased power costs have resulted in a deferral balance of \$74 million as of Sept. 30, 2008. A surcharge in Texas to collect \$39 million recovery began in October and a surcharge of \$30 million was instituted in May. A surcharge was also initiated in New Mexico in October. Rising energy costs have led to decreased cash flows and liquidity but are not a credit concern as long as the company maintains sufficient liquidity while the deferrals are collected and the cash flow effects reverse. Adjusted FFO to total debt has decreased to 12.6% but has averaged 20% over each of the past three years. Cash balances plus credit facility availability totaled about \$212 million as of Sept. 30, 2008, and we do not expect the company to require external funding to meet planned capital expenditures in the 2009. The company has taken a precautionary step to delay share repurchases to ensure ample liquidity amid a rate freeze in its Texas jurisdiction.

Antonio
Bettinelli

Empire District Electric Co. (BBB-/Stable/A-3)

Empire District Electric's key measures of bondholder protection continued to slip for the 12 months ended Sept. 30, 2008 owing to the company's heavy capital program, higher operating expenses, slowing customer growth, and mild weather. However, with full realization of rate relief granted in September 2008 and operation of a fuel adjustment mechanism now in all of Empire's jurisdictions, financial metrics should strengthen modestly. In addition to funding burdensome construction outlays, EDE has \$20 million of debt maturing in November 2009. Credit supportive actions by management, including a common stock issuance will be essential to support a financial profile that is suitable for investment grade ratings.

Barbara
Eiseman

Energy East Corp. (BBB+/Stable/A-2)

We expect Energy East to perform at current levels for the near term. The company completed its merger with Iberdrola SA in September 2008 and our view of the level of support from its stronger parent should help it to maintain its current financial strength for the next few quarters.

John
Kennedy

Enogex Inc. (BBB+/Watch Neg/--)

See OGE Energy Corp.

Barbara
Eiseman

Entergy Arkansas Inc. (BBB/Negative/--)

See Entergy Corp.

Dimitri
Nikas

Entergy Corp. (BBB/Negative/--)

Entergy's service territories were materially affected by Hurricanes Gustav and Ike in September 2008 with total restoration costs estimated to be in the range of \$1.03 billion to \$1.23 billion. The significant costs incurred and/or to be incurred to repair the storm damages have been deferred for later recovery, making it very important consideration in the assessment of the company's credit quality. The company's effort to spin off its merchant nuclear generation assets to existing Entergy shareholders in late 2008 could be delayed, given the recent turmoil in the financial markets. Financial performance for the 12 months ending Sept. 30, 2008 remains robust benefiting from increased deferred income taxes and recovery of fuel costs, which still remain significant, with adjusted FFO/interest coverage of 6.3x, FFO/TD of 25.9% and debt leverage that has increased to 63.1% in part due to the company's share repurchase program.

Dimitri
Nikas

Entergy Gulf States Louisiana LLC (BBB/Negative/--)

See Entergy Corp.

Dimitri
Nikas

Entergy Louisiana Holdings Inc. (BBB/Negative/--)

See Entergy Corp.

Dimitri
Nikas

Entergy Louisiana LLC (BBB/Negative/--)

See Entergy Corp.

Dimitri
Nikas

Entergy Mississippi Inc. (BBB/Negative/--)

See Entergy Corp.

Dimitri
Nikas

Entergy New Orleans Inc. (BBB-/Negative/--)

See Entergy Corp.

Dimitri
Nikas

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Entergy Texas Inc. (BBB/Negative/--) See Entergy Corp.	Dimitri Nikas
FirstEnergy Corp. (BBB/Stable/--) Legislative and regulatory attention in Ohio on rates and the post-2008 market structure harbor significant risk, but the company's filing in response to 2008 legislation proposes to push the transition out sufficiently to maintain ratings stability for the intermediate term. The Ohio PUC is expected to rule on the proposal by the end of December. Financial metrics and liquidity have improved as substantial debt was paid down in previous years, but share buybacks and capital spending have stalled the trend. A firm commitment to a market-based future for its generating assets in Ohio and Pennsylvania could dampen credit quality in the long-term.	Todd Shipman
First Energy Solutions Corp. (BBB/Stable/--) See FirstEnergy Corp	Todd Shipman
Florida Power & Light Co. (A/Stable/A-1) See FPL Group Inc.	Todd Shipman
Florida Power Corp. d/b/a Progress Energy Florida Inc. (BBB+/Stable/A-2) See Progress Energy Inc.	Dimitri Nikas
Florida Progress Corp. (BBB+/Stable/NR) See Progress Energy Inc.	Dimitri Nikas
FPL Group Inc. (A/Stable/--) A prolonged downturn in the Florida economy, particularly the real estate market, could affect the cash flows of regulated unit Florida Power & Light. The integrated utility is a large contributor to the group's earnings and cash flow, and its robust business profile centers on a constructive regulatory environment and a very healthy service territory. Targeted growth in the unregulated wholesale energy business, a high-risk merchant energy portfolio, and an appetite for acquisitions will constrain credit quality. Financials provide thin support for the ratings.	Todd Shipman
Georgia Power Co. (A/Stable/A-1) See Southern Co.	Dimitri Nikas
Great Plains Energy Inc. (BBB/Stable/--) In September 2008, the company filed rate cases in Kansas and Missouri for a total revenue increase of about \$258 million, of which approximately \$26 million of the requested increase represents accelerate amortization, which we view as credit supportive. The rate increases are predicated on a 10.75% ROE and the rate orders are expected by mid-2009. Pressuring the company's credit measures is the expected flat/negative sales growth due to the current economic recession coupled with the company's large capital expenditures required to meet its comprehensive energy plan. To meet these challenges, the company is decreasing its immediate cash needs while simultaneously preserving its liquidity. Great Plains reduced its capital expenditures for 2009–2010 by more than \$200 million, has minimal refinancing needs through 2011, and as of mid-November, had more than \$1.0 billion available on its \$1.5 billion revolving credit facilities.	Gabe Grosberg
Green Mountain Power Corp. (BBB/Stable/--) Green Mountain Power was acquired by Northern New England Energy Corp., a subsidiary of Gaz Metro Inc. (GMI; A-/Positive/--), in 2007 and accounts for just 12% of GMI's pro forma revenue and EBITDA. Accordingly, the ratings on GMP reflect its stand-alone credit profile. In November 2008, the company filed a nine-month base rate adjuster for the period Jan. 1, 2009 through Sept. 30, 2009. If approved, the rate hike would go into effect on Jan. 1, 2009. GMP's financial metrics for the 12 months ended Sept. 30, 2008 remain somewhat weak for the current rating. Accordingly, credit supportive actions by management as well as additional rate relief will be necessary to lift financial measures to levels more appropriate for the current rating level.	Barbara Eiseman
Gulf Power Co. (A/Stable/--) See Southern Co.	Dimitri Nikas
Hawaiian Electric Co. Inc. (BBB/Stable/A-2) See Hawaiian Electric Industries Inc.	Anne Selting

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Hawaiian Electric Industries Inc. (BBB/Stable/A-2)

Hawaii is beginning to see significant weakening in its economic indicators as a slowing in tourism occurs. Through Sept. 20, 2008 Hawaiian Electric Co (HECO) electric sales are down 1.2%, with further weakening expected in 2009. This is due to the economy but also recent high oil prices and energy efficiency investment that are curbing consumption. The stable performance of the company stock enables it to issue over \$100 million in common equity recently, which shores up liquidity which has been weakened by the use of high commercial paper borrowings to finance higher than usual capital programs. By far the biggest driver in credit quality over the next year will be the implementation of the state's Clean Energy Initiative. The preliminary agreement, of which HECO is a signatory, promises to rapidly push the islands toward renewable energy goals that will lessen dependence on foreign oil imports. In exchange for major changes to HECO's business, the company is expected to decouple its revenues from sales and receive other protections that may be credit supportive. But we will be focused on the details of implementing the plan and would note decoupling is unlikely to occur to bolster 2009 cash flows, which will be negatively impacted by any further sales deterioration. On the regulatory front, we are watching for final orders in 2009 for all three of HECO utilities that are in line with interim awards.

Anne
Selteng

IDACORP Inc. (BBB/Stable/A-2)

Credit metrics have remained weak over the past several quarters, due to rising costs, growth, and poor hydrological generation, and the company has been unable to stabilize returns and cash flow with existing rate mechanisms. A rate request is pending with the Idaho Public Utilities Commission that includes a requested increase of 9.9%, based on a 2008 forecast test year, and adjustment mechanisms that would reduce cash flow volatility from hydrological generation. As of Sept. 30, 2008, IDACORP's adjusted funds from operations (FFO) coverage of interest and FFO-to-average total debt improved slightly at 3.0x and 10.5%, respectively; versus Mar. 31, 2008 ratios of 2.4x and 7.4%, respectively.

Antonio
Bettinelli

Idaho Power Co. (BBB/Stable/A-2)

See IDACORP Inc.

Antonio
Bettinelli

Illinois Power Co. (BB/Positive/NR)

See Ameren Corp.

Gabe
Grosberg

Indiana Michigan Power Co. (BBB/Stable/--)

See American Electric Power Co. Inc.

Gerrit
Jespen

Indianapolis Power & Light Co. (BB+/Stable/NR)

See IPALCO Enterprises Inc.

Gabe
Grosberg

Integrus Energy Group Inc. (A-/Negative/A-2)

The outlook for Integrus was recently revised to negative reflecting the pressure on the current ratings given the firm's liquidity needs for its non-regulated businesses and its weak financial measures. The non-regulated businesses represented approximately 20% of Integrus' 2007 consolidated FFO. We expect adjusted FFO to debt to exceed 25%, adjusted FFO interest coverage to surpass 3.5x, and for adjusted debt to total capital to be below 50%. For the twelve months ending Sept. 30, 2008, adjusted FFO to debt was at 20.0%, adjusted FFO interest coverage was 5.5x, and adjusted debt to total capital was at 52.7%.

Gabe
Grosberg

International Transmission Co. (BBB/Stable/--)

See ITC Holdings Corp.

Gabe
Grosberg

Interstate Power & Light Co. (BBB+/Stable/A-2)

See Alliant Energy Corp.

Gerrit
Jespen

IPALCO Enterprises Inc. (BB+/Stable/NR)

The ratings and outlook for IPALCO are linked to the weaker credit quality of its parent AES Corp. For the nine months ending Sept. 30, 2008, IPALCO's FFO represented less than 8% of AES's consolidated FFO. The company has \$131 million in illiquid bonds that it is attempting to reissue. The company has petitioned the Indiana Utility Regulatory Commission to refinance the auction rate securities and the 1995B Bonds. The commission is expected to issue its order before the end of 2008.

Gabe
Grosberg

ITC Holdings Corp. (BBB/Stable/--)

The cash flow measures remain weak for the current rating. For the twelve months ending Sept. 30, 2008, adjusted FFO to debt was at 8.2% and adjusted interest coverage was at 2.4x. Debt to total capital was at 70.5%, which is in line with management's strategy for financing existing and new projects. Also pressuring the current rating is Interstate Power and Light Co.'s complaint, filed with the FERC, which

Gabe
Grosberg

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alleges that ITC Midwest's 2009 forecasted Attachment O rate contains high projected O&M and A&G expenses. This filing highlights the increased regulatory risk that ITC may continue to confront especially in light of the current economic recession.

ITC Midwest LLC (BBB/Stable/--) See ITC Holdings Corp.	Gabe Grosberg
Jersey Central Power & Light Co. (BBB/Stable/NR) See FirstEnergy Corp.	Todd Shipman
Kansas City Power & Light Co. (BBB/Stable/A-2) See Great Plains Energy Inc.	Gabe Grosberg
Kansas Gas & Electric Co. (BBB-/Stable/--) See Westar Energy Inc.	Gabe Grosberg
Kentucky Power Co. (BBB/Stable/--) See American Electric Power Co. Inc.	Gerrit Jepsen
Kentucky Utilities Co. (BBB+/Stable/A-2) See E.ON U.S. LLC	Barbara Eiseman
KeySpan Corp. (A-/Stable/A-2) See National Grid USA	John Kennedy
KeySpan Energy Delivery Long Island (A/Stable/--) See National Grid USA	John Kennedy
KeySpan Energy Delivery New York (A/Stable/NR) See National Grid USA	John Kennedy
Louisville Gas & Electric Co. (BBB+/Stable/NR) See E.ON U.S. LLC	Barbara Eiseman
Madison Gas & Electric Co. (AA-/Stable/A-1+) Madison Gas & Electric's bondholder protection parameters remain under pressure due a heavy construction program. Currently pending before the Wisconsin Public Service Commission (PSC) is a request for a revised \$12.9 million (3.5%) electric rate hike through the authorized limited reopener of its last rate case. While not binding on the PSC, the commission staff has recommended a \$10.7 million rate increase. A final PSC order is expected in by the end of 2008. A supportive rate decision in this case and in future rate filings, as well as credit supportive actions by management will be necessary to strengthen financial performance to levels more suitable for current lofty ratings.	Barbara Eiseman
Massachusetts Electric Co. (A-/Stable/A-2) See National Grid USA	John Kennedy
Metropolitan Edison Co. (BBB/Stable/NR) See FirstEnergy Corp.	Todd Shipman
Michigan Consolidated Gas Co. (BBB/Stable/A-2) See DTE Energy Co.	John Kennedy

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Michigan Electric Transmission Co (BBB/Stable/--)

See ITC Holdings Corp.

Gabe
Grosberg

MidAmerican Energy Co. (A-/Watch Neg/A-1)

The Iowa-based utility's CreditWatch listing reflects MidAmerican Energy Holding Company (MEHC) announcement in September that it seeks to acquire Constellation Energy Group. MidAmerican is insulated from parent; however, its rating is also supported by a contingent equity agreement from MEHC's ultimate parent, Berkshire Hathaway. Under rate agreements in place through 2013, MidAmerican has agreed not to request an increase in retail electric rates unless its ROE falls below 10%, which puts pressure on the company to manage its costs, including fuel, which is largely composed of coal-fired generation. MEC continues to invest sizable capital to increase an already long generation position by building additional wind projects, which increases the company's reliance on commodity energy markets for a portion of revenues and earnings. Financial performance is down slightly year to date (through Sept. 30) due largely to higher maintenance expense (caused by emergency response and service restoration requirements that followed significant storms earlier this year) and by larger interest expense due to increases in the utility's debt outstanding to fund its capital investment in wind farms.

Anne
Seltin

MidAmerican Energy Holdings Co. (A-/Watch Neg/--)

MEHC's negative CreditWatch listing reflects its proposed \$4.7 billion acquisition of Constellation Energy Group. We view the proposed purchase, as a departure from MEHC's focus on acquiring and efficiently running lower-risk utilities and gas transportation pipelines. MEHC has invested \$1 billion in Constellation to shore up the cash position of the Baltimore-based company. The outcome of MEHC's bid was recently clouded by the \$4.5 billion counter-proposal of Electricité de France International, a subsidiary of Electricité de France S.A. to purchase a 50% ownership interest in Constellation's nuclear generation and operation business.

Anne
Seltin

Midwest Independent Transmission System Operator Inc. (A+/Stable/--)

Despite the current economic recession, MISO's financial results have remained steady. For the twelve months ended Sept. 30, 2008, adjusted FFO to debt was at 17.9% and adjusted FFO interest coverage was 3.1x. MISO is funded with 100% debt and recovers depreciation and amortization charges from members, resulting in cash inflows in excess of cash expenses. In August 2008, MISO moved its start date for ancillary services to Jan. 2009 from Sept. 2008 in order to address scarcity pricing for regulation reserves and to accommodate Sarbanes-Oxley concerns. Further delays or other significant start up issues may pressure the current ratings. Recent proceedings at the FERC have suggested that Duquense Light Co. may elect to remain in PJM, instead of transferring to MISO. However, this risk is somewhat mitigated due to the contractually high exit fees and MISO's historical non-negotiated stance regarding the payment of these fees.

Gabe
Grosberg

Mississippi Power Co. (A/Stable/A-1)

See Southern Co.

Dimitri
Nikas

Monongahela Power Co. (BBB-/Stable/NR)

See Allegheny Energy Inc.

Gerrit
Jepsen

Narragansett Electric Co. (A-/Stable/A-2)

See National Grid USA

John
Kennedy

National Grid USA (A-/Stable/A-2)

The sale of the 2,500 MW Ravenswood facility should help to reduce consolidated debt levels that increased with acquisition of KeySpan in August 2007. However, we expect debt leverage to remain high for the rating in the near term. We expect the U.S. utilities to contribute about 50% of the consolidated cash flow, now that Keyspan is being integrated into mix. Capex will be heavy in 2009 and cash flow will be weak at less than 15% of adjusted consolidated debt as investments will not be immediately accretive. However, interest coverage ratios should remain in line with current ratings.

John
Kennedy

Nevada Power Co. (BB/Stable/NR)

See Sierra Pacific Resources Inc.

Antonio
Bettinelli

New England Power Co. (A-/Stable/A-2)

See National Grid USA

John
Kennedy

New York State Electric & Gas Corp. (BBB+/Stable/A-2)

See Energy East Corp.

John
Kennedy

Niagara Mohawk Power Corp. (A-/Stable/A-2)

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See National Grid USA

John
Kennedy

Northeast Utilities (BBB/Stable/--)

Despite the weaker economy, we expect NU's financial profile to continue to gradually improve in the near term. The company is benefitting from a number of transmission projects that are earning over 12% on equity as well as its last rate case. The riskiness of the companies' business has waned due to refocusing on T&D-oriented activity. Capital needs over the next several years will be heavy. Capital spending and dividends of \$5.5 billion over 2009-2012 will be funded with a combination of cash, debt and equity offerings. The company forecasts that returns will improve once its rate base reflects the capital spending.

John
Kennedy

North Shore Gas Co. (A-/Negative/NR)

See Integrys Energy Group Inc.

Gabe
Grosberg

Northern Natural Gas Co. (A/Watch Neg/--)

See MidAmerican Energy Holdings Co.

Anne
Seltling

Northern States Power Co. (BBB+/Stable/A-2)

See Xcel Energy Inc.

Gerrit
Jepsen

Northern States Power Wisconsin (A-/Stable/--)

The rating of this subsidiary of Xcel Energy Inc. reflects affiliation with the Xcel family of companies and the benefits of regulatory insulation. See Xcel Energy Inc.

Gerrit
Jepsen

NorthWestern Corp. (BBB/Stable/--)

The Montana Public Service Commission (MPSC) has granted the inclusion of the company's interest in Colstrip Unit 4 into rate base. The represents a shift towards an integrated utility model—other plants are being contemplated. This recent announcement of Robert C. Rowe, former chairman of the MPSC, as CEO seems to indicate a renewed focus on maintaining constructive regulatory relationships. Liquidity is sufficient as the company is able to fund non-discretionary capital expenditures with internally generated funds, however, the company will need to make provisions for a credit facility and term loan that expire next year. Credit metrics remain solid in the second quarter. Cash flow coverage remains robust but the equity layer has diminished due to recent share repurchases.

Antonio
Bettinelli

NSTAR (A+/Stable/A-1)

Economic conditions in the company's eastern Massachusetts service area continue to be fairly stable and better than in other parts of the country, though sales growth has been slowing. There have been no new developments on the regulatory front since the Massachusetts Department of Public Utilities July 2008 decoupling order. Since the company's rate agreement extends through 2012 and provides for an annual inflation adjustment, we don't expect the company to pursue decoupling until its pact expires. NSTAR has been able to access the short-term credit markets with relative ease, with a borrowing rate hovering around 2%. Disciplined cost control, supportive regulation, and a focus on relatively low risk transmission and distribution operations should continue to support financial metrics that are commensurate for current ratings.

Barbara
Eiseman

NSTAR Electric Co. (A+/Stable/A-1)

See NSTAR

Barbara
Eiseman

NSTAR Gas Co. (A+/Stable/--)

See NSTAR

Barbara
Eiseman

OGE Energy Corp. (BBB+/Positive/A-2)

OGE Energy plans to form a midstream natural gas partnership (ETP Enogex Partners LLC; EEP) with Energy Transfer Partners L.P. OGE subsidiary Enogex Inc., which will become a part of the joint venture, remains on CreditWatch with negative implications. Upside credit potential for OGE and subsidiary Oklahoma Gas & Electric reflects expectations that the utility will proceed with due care on its heavy capital expenditure plan and receive regulatory support, and assumes the successful formation of the new joint venture with ETP. The current agreement targets closing the deal by March 31, 2009; however, in light of difficult market conditions, the companies continue to explore funding options, and the expected closing date of March 31, 2009, may slip.

Barbara
Eiseman

Ohio Edison Co. (BBB/Stable/A-2)

See FirstEnergy Corp.

Todd
Shipman

Ohio Power Co. (BBB/Stable/--)

See American Electric Power Co. Inc.

Gerrit
Jepsen

Ohio Valley Electric Corp. (BBB-/Stable/--)

All of OVEC's equity owners are currently rated as investment grade. OVEC is continuing with its \$1.2 billion environmental capital program, which is expected to be completed by year-end 2011. Currently, approximately 75% of the remaining estimated capital expenditures are fixed. OVEC uses debt to fund its capital projects and total debt outstanding has increased to about \$1.1 billion at Sept. 30, 2008 compared \$723 million at year-end 2007. As such, its debt per kilowatt has also increased to \$467 from \$320 at year-end 2007 and is expected to further rise to \$600 when the environmental capital projects are completed. The generation assets, which remain at the lower end of the regional dispatch curve, are consequently valuable to many of its sponsor members, and protect the company's credit quality.

Gabe
Grosberg

Oklahoma Gas & Electric Co. (BBB+/Positive/A-2)

See OGE Energy Corp.

Barbara
Eiseman

Oncor Electric Delivery Co. LLC (BBB+/Stable/NR)

The sale of 20% of Oncor to a group of third-party, unaffiliated investors was completed on Nov. 5, 2008 under expected terms that give the new equity owners sufficient rights to protect Oncor against a bankruptcy filing by its parent, Energy Future Holdings Corp., or EFH actions that could hurt Oncor's credit quality. In June 2008 Oncor also filed with the Public Utility Commission of Texas to raise base rates by \$253 million reflecting increasing depreciation stemming from capital investments as well as recovery of regulatory assets, with a response expected in early 2009. For the 12 months ended Sept. 30, 2008, FFO to interest coverage was 4.2x, FFO to total debt was 18.2% and debt leverage was 61.9%.

Dimitri
Nikas

Orange and Rockland Utilities Inc. (A-/Stable/A-2)

See Consolidated Edison Inc.

John
Kennedy

Otter Tail Corp. (BBB-/Stable/NR)

Otter Tail's unregulated businesses that have been contributing about 50% of consolidated cash flow are being closely observed for material erosion due to prolong economic downturn. In addition, the utility's capital spending program that includes the proposed construction of Big Stone II could pressure cash flow measures without constructive regulatory outcomes. Given the cash flow volatility of the unregulated operations, financial measures were adequate for the aggressive financial risk profile with 22% adjusted FFO to debt as of Sept. 30, 2008, and 48% adjusted debt to capital.

Gerrit
Jepsen

Pacific Gas & Electric Co. (BBB+/Stable/A-2)

The issuance of about \$1.2 billion in unsecured notes took liquidity pressure off the company in the third quarter, allowing it to pay down growing commercial paper balances at the utility and pre-finance a portion of its 2009 financing needs. But the company's borrowing requirements remain significant in a difficult credit environment. It expects to need to issue approximately \$2.9 billion to \$3.4 billion in long-term debt between 2008 and 2011 (net of the \$600 million issued in November). Rising fuel and purchased power costs were addressed with the California Public Utilities Commission's (CPUC) order which approved an Oct. 1 retail rate increase that took effect October 1. The drop in fuel and power costs has moderated our concerns that the utility could become significantly under collected on these costs in 2009. Utility regulation in the state continues to be supportive, with the recent re-appointment of two CPUC commissioners providing consistency. The state faces substantial energy challenges such as the possibility of direct access, steep renewable requirements, limitations on residential retail electric rate increases and the potential for greenhouse gas regulations.

Anne
Seltling

PacifiCorp (A-/Watch Neg/A-1)

The utility's negative CreditWatch listing reflects MidAmerican Energy Holding Company's (MEHC) announcement in September that it seeks to acquire Constellation Energy Group. PacifiCorp is ring fenced and thus partially insulated from parent; however, its rating is also supported by a contingent equity agreement from MEHC's ultimate parent, Berkshire Hathaway. The size of this support may be insufficient to provide MEHC's upgrade and its regulated subsidiaries, including PacifiCorp, given the increased size and higher business risk that the Constellation acquisition entails. Utility management is focused on improving its returns, with some success. ROEs are higher but are still below authorized, as regulatory lag remains an issue for the company, particularly given the absence of fuel and purchased power adjusters in Utah and Washington and its large capital program. The company currently has active rate cases in Wyoming (a \$34 million request, or a 7% rate increase), Utah (a revised \$115 million request, which will be adjusted based on commission direction in a filing expected in December), and Idaho (a \$6 million request, or a 6% request). Liquidity remains solid, with significant capacity on its credit facilities and modest maturities in 2009, but the company is expected to need access to the debt market in 2009.

Anne
Seltling

PECO Energy Co. (BBB/Watch Neg/A-2)

The company was recently downgraded and placed on CreditWatch with negative implications, following parent Exelon's announcement that it will pursue an unsolicited purchase of NRG Energy, Inc. Exelon's willingness to take part in a transaction with a merchant power generation company that has a significantly weaker business profile, demonstrates its willingness to increase its business risk profile.

Gabe
Grosberg

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Recently, Exelon launched an exchange offer for all of NRG's outstanding shares, which expires on Jan. 6, 2009. In October 2008, the Pennsylvania Public Utility Commission accepted the settlement proposal of a revenue increase of \$76.5 million. The new gas rates will be effective Jan. 1, 2009.

Pennsylvania Electric Co. (BBB/Stable/NR) See FirstEnergy Corp	Todd Shipman
Pennsylvania Power Co. (BBB/Stable/--) See FirstEnergy Corp	Todd Shipman
Peoples Energy Corp. (A-/Negative/NR) See Integrys Energy Group Inc.	Gabe Grosberg
Peoples Gas Light & Coke Co. (The) (A-/Negative/A-2) See Integrys Energy Group Inc.	Gabe Grosberg
PEPCO Holdings Inc. (BBB/Stable/A-2) The company's liquidity over the last few months has been pressured due to Pepco Energy Services' and Conectiv Energy's operations, but the company addressed these pressures by bolstering cash through issuances of long-term debt and common equity. We expect that financial performance should strengthen, absent any one-time adjustments, before the capital spending program ramps up. The most expensive component will be the 230-mile, 500 kV Mid-Atlantic Power Pathway that could cost at least \$1 billion and maybe significantly more if a DC transmission line is laid under the Chesapeake Bay. A near-term issue that continues to be closely followed is the pending IRS challenge to the company's SILO investments. To mitigate the effect of a material adverse event, we would expect credit supportive actions to be taken to offset any negative impact.	Gerrit Jepsen
Pinnacle West Capital Corp. (BBB-/Stable/A-3) The company has scaled back on its proposed capital investments. These plans reflect slowing growth in Arizona and company concerns that regulatory recovery of future investment. Three new commissioners will take office in January 2009. Technical hearings start April 2009 over the company's requested \$278 million general rate case. Resolution is not expected until October 2009, at the earliest. Pinnacle's real estate arm, SunCor, continues to forecast zero earnings in 2008 and 2009 as a function of the real estate cycle. Funds from operations coverage of debt has improved slightly to 18%.	Antonio Bettinelli
PNM Resources Inc. (BB-/Negative/B-2) The New Mexico Public Regulation Commission (NMPRC) recently announced that it backs the sale of PNM Gas. The transaction is expected to generate \$460 million after-tax that will mitigate the expiration of credit facilities and debt maturities in the first half of 2009. The company has decided to retain non-regulated subsidiary First Choice Power's (FCP) retail unit despite poor financial results and significant customer losses this year. PNM Electric initiated new proceedings with the NMPRC in September to obtain a permanent fuel clause, re-regulate certain assets, share the benefits and risks of off-system sales with customers, and recoup additional costs. The requested changes, if approved, may mitigate risk in the long run. Funds from operations coverage of debt, at 5.8%, is well below the expected level for the current rating.	Antonio Bettinelli
Portland General Electric Co. (BBB+/Stable/A-2) The company's 2009 challenges will principally focus on the company's ability to access debt and equity markets to support its liquidity needs and capital investment plans. Collateral requirements have increased in recent months, as a result of declining power and gas prices. Its December 8 closure of a \$125 million 364-day credit facility has helped stabilize its liquidity profile. Difficult credit conditions are coinciding with an all-time peak in Portland General Electric's capital requirements. In 2009, the company has a \$760 million capital investment plan, and is planning to issue \$530 million in debt and equity to support its plan. While we expect the company to be able to execute on this plan, it has little flexibility to significantly scale back its program. More than half of the total capital investment is for construction and turbine contracts for the second and third phases of the 324 MW Biglow wind farm that is not fungible. The company faces in May 2009 a potential put on \$142 million of secured pollution control revenue bonds but otherwise has no maturities next year other than its recently executed credit facility. Given its capital program, free operating cash flow will be negative in 2009; cash flows will be influenced by the outcome, expected later this year, in its \$161 million general rate increase, which represents about an 8.4% increase in average rates. Trojan refunds, which total \$20 million after tax, are expected to be paid out by the company in early 2009, and are expected to modestly dampen results, as could higher cash pension obligations.	Anne Selting
Potomac Electric Power Co. (BBB/Stable/A-2) See PEPCO Holdings Inc	Gerrit Jepsen

Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

PPL Electric Utilities Corp. (A-/Stable/A-2)

To meet its POLR power obligations in 2010, PPLEU has held four of its six regularly scheduled semi-annual requests-for-proposal and to help mitigate expected rate increases, a Pennsylvania PUC-approved mitigation plan remains available as an option to customers to make additional payments from mid-2008 through 2009 over currently approved rates. These customers' prepayments will be amortized in 2010 and 2011 as bill credits to partly mitigate higher rates. For the 2011 through mid-2014 period, PPLEU submitted a plan to the PUC that for procuring power for POLR load that is largely similar to commission guidelines.

Gerrit
Jepsen

Progress Energy Inc. (BBB+/Stable/A-2)

Progress has received a Determination of Need from the Florida Public Service Commission for the construction of two 1,117MW Westinghouse AP1000 units and has received approval to include pre-construction and carrying charges in its 2009 capacity cost-recovery clause factor. Progress also received a Certificate of Public Convenience and Necessity from the North Carolina Utilities Commission to proceed with the construction of a 600MW of CCGT plant at Richmond County Generating Site. At the same time, Progress has filed a settlement agreement to recover \$203 million in fuel costs in North Carolina over a three year period and received approval to recover \$213 million in Florida of which 50% would be recovered in 2008 with the remaining 50% to be recovered in 2009. Timely recovery of fuel costs and increasing capital expenditures to meet growing demand are very important to support the company's credit profile and preserve the current ratings. Like many utilities, the customer base in Florida demonstrated almost no growth, while the north Carolina service territory experienced a modest decline. The financial profile remains aggressive and in line with expectations with FFO/interest coverage of about 3.2x, FFO to total debt of about 12.3% and debt leverage of 58.8% for the 12 months ended Sept. 30, 2008.

Dimitri
Nikas

Public Service Co. of Colorado (BBB+/Stable/A-2)

See Xcel Energy Inc

Gerrit
Jepsen

Public Service Co. of New Hampshire (BBB/Stable/--)

See Northeast Utilities

John
Kennedy

Public Service Co. of New Mexico (BB-/Stable/B-2)

See PNM Resources Inc.

Antonio
Bettinelli

Public Service Co. of North Carolina Inc. (A-/Negative/A-2)

See SCANA Corp.

Dimitri
Nikas

Public Service Co. of Oklahoma (BBB/Stable/--)

See American Electric Power Co. Inc.

Gerrit
Jepsen

Public Service Electric & Gas Co. (BBB/Stable/A-2)

In September, the FERC approved PSE&G's proposal to implement forward-looking formula transmission rates, which we view as credit supportive. The ratings on the regulated utility PSE&G reflect the consolidated credit profile of parent Public Service Enterprise Group, Inc., which PSE&G contributes about 30% towards the consolidated cash flow. To weather the current economic recession, Public Service Enterprise Group, Inc. has, as of Sept. 30, 2008, more than \$3.3 billion available under its credit facilities and intends to reduce its 2009 capital expenditures by at least \$275 million.

Gabe
Grosberg

Puget Energy Inc. (BBB-/Watch Neg/--)

The company continues to wait for Washington state commissioners to render a decision in the pending acquisition by a consortium of investors led by Macquarie Infrastructure. Puget's electric and gas utilities received rate increases in November. Total settlements of \$180 million were approved, increasing average electric rates by roughly 8% and natural gas rates by 5%. These increases will support cash flow metrics. Regulatory support continues to be a decisive credit factor as Puget continues through a period of high capital expenditures. The company has several projects on the horizon, with estimated capital expenditures of \$866 million in 2009 and \$988 million in 2010. Adjusted FFO interest coverage and FFO to total debt for the 12 months ending Sept. 30, 2008, stood at 3.9x and 19%, respectively. Adjusted debt to capital increase from 54.5% to 58.5% over the past quarter.

Antonio
Bettinelli

Puget Sound Energy Inc. (BBB-/Watch Neg/A-3)

See Puget Energy Inc.

Antonio
Bettinelli

Rochester Gas & Electric Corp. (BBB+/Stable/--)

See Energy East Corp

John
Kennedy

Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

Rockland Electric Co. (A-/Stable/--)
See Consolidated Edison Inc.

John
Kennedy

Savannah Electric & Power Co. (A/Stable/--)
See Southern Co.

Dimitri
Nikas

SCANA Corp. (A-/Negative/NR)

SCANA's ratings were recently affirmed and the outlook remains negative in light of the company's proposal to build two 1,117MW AP1000 Westinghouse nuclear units in partnership with the South Carolina Public Service Authority on a 55%/45% ownership basis, with anticipated commercial operation in 2016 and 2019. The project is to be pursued under the Base Load Review Act, a generally supportive and transparent framework legislatively supported framework. The South Carolina Public Service Commission must respond to the application by Feb. 29, 2009; in October 2008, the ORS made a recommendation to the Commission to approve the construction of the nuclear plants. Approval of the project would place significant pressure on SCANA's business and financial risk profiles, which could precipitate a downgrade in the future.

Dimitri
Nikas

Sierra Pacific Power Co. (BB/Stable/NR)
See Sierra Pacific Resources

Antonio
Bettinelli

Sierra Pacific Power Co. (BB/Stable/B-2)

Customer growth has slowed significantly in the company's southern service territory, along with the slowdown in housing. Large projects are currently expected to drive growth and clear excess housing inventory. Recent resource additions have increased the company's debt burden as the company tries plan for long term growth in the face of the current recession. Capital expenditures originally estimated at \$1.3 billion per year for each of the next five years to meet infrastructure needs have been reduced to \$950 million in 2009 and less in subsequent years. And at this reduced level, the company will still require about \$400 million of external financing in 2009, since it cannot fund all of its capital programs with internally generated funds, and liquidity cannot be maintained if current revolver capacity is used primarily. For the 12 months ended Sept. 30, 2008, adjusted cash flow coverage of interest and debt stood at 2.5x and 10%, respectively. Credit metrics are expected to further weaken before rate relief from the current general rate case adds support.

Antonio
Bettinelli

South Carolina Electric & Gas Co. (A-/Negative/A-2)
See SCANA Corp.

Dimitri
Nikas

Southern California Edison Co. (BBB+/Stable/A-2)
See Edison International

Anne
Seltling

Southern Co. (A/Stable/A-1)

Southern's credit profile continues to benefit from constructive regulatory frameworks for its operating companies and strong operations. Customer base which has exhibited strong growth in the past several of years have started to moderate due to the overall economic slowdown. Georgia Power is exploring the construction of a new nuclear generation facility with partners Oglethorpe Power Corp., MEAG and Dalton Utilities. Capital spending needs will be significant over the next three years and total about \$13.1 billion to address maintenance and growth prospects, as well as to meet increasingly stringent environmental compliance standards. The financial profile remains robust, and is further expected to benefit in 2009 from the recent rate increase of \$168 million at Alabama Power. In addition, the credit metrics should also benefit from the timely recovery of deferred fuel balances which totaled approx. \$1.2 billion as of Sept. 30, 2008. FFO/interest coverage for the 12 months ended Sept. 30, 2008 was 4.2x, FFO to total debt was 16.6% and debt leverage increased modestly to 56.8%.

Dimitri
Nikas

Southern Connecticut Gas Co. (BBB+/Stable/NR)
See Energy East Corp.

John
Kennedy

Southern Electric Generating Co. (A/Stable/NR)
See Southern Co.

Dimitri
Nikas

Southwestern Electric Power Co. (BBB/Stable/--)
See American Electric Power Co. Inc

Gerrit
Jepsen

Southwestern Public Service Co. (BBB+/Stable/A-2)

Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

See Xcel Energy Inc.	Gerrit Jepsen
System Energy Resources Inc. (BBB/Negative/--) See Entergy Corp.	Dimitri Nikas
Tampa Electric Co. (BBB-/Positive/A-3) See TECO Energy Inc.	Todd Shipman
TECO Energy Inc. (BBB-/Positive/NR) TECO has sold substantially all its merchant power assets and is focused on its core regulated business. Utility subsidiary Tampa Electric is concentrating on meeting the strong demand growth of its market. Cash flow has improved with the collection of the past under-recovered fuel surcharge. Smaller amounts of legacy debt incurred to pursue the abandoned merchant strategy continue to drag on financial measures and credit quality, but the prospect for updated base rates at Tampa Electric and its gas distribution utility could produce better sustainable financial results. Rates for the company's 24%-owned electric distribution utility in Guatemala have been drastically cut, but no cash flow from Guatemalan activities is counted on to service TECO's debt.	Todd Shipman
Texas-New Mexico Power Co. (BB-/Negative/--) See PNM Resources Inc.	Antonio Bettinelli
The Berkshire Gas Co. (BBB+/Stable/--) See Energy East Corp	John Kennedy
Toledo Edison Co. (BBB/Stable/--) See FirstEnergy Corp.	Todd Shipman
Tucson Electric Power Co. (BB+/Stable/B-2) Approval of the company's settlement related to its first increase request after a lengthy rate freeze will provide a favorable boost to revenues, re-regulation of certain assets, and a beneficial purchased power and fuel adjustment clause, resulting in a ratings boost. Financial ratios are not expected to reflect these changes until 2010 due to CTC over-collections netted against the new fuel clause. The company should be able to internally fund a significant portion of capital expenditures in 2009 and beyond. High debt leverage persists at 74.3% at the end of the third quarter.	Antonio Bettinelli
Union Electric Co. d/b/a AmerenUE (BBB-/Stable/A-3) See Ameren Corp.	Gabe Grosberg
Virginia Electric & Power Co. (A-/Stable/A-2) See Dominion Resources Inc.	Todd Shipman
West Penn Power Co. (BBB-/Stable/NR) See Allegheny Energy Inc.	Gerrit Jepsen
Westar Energy Inc. (BBB-/Stable/NR) In October 2008, the company filed a settlement agreement with all of parties involved in its current rate case. The settlement provides for \$130 million annual increase, reflecting an 11% increase to existing rates. The settlement is subject to the approval of the Kansas Corporation Commission, which has until January 2009 to issue its final order. The settlement is in line with our expectations and will help the company maintain investment grade quality financial measures as it continues to implement its largest capital expansion in nearly 30 years.	Gabe Grosberg
Western Massachusetts Electric Co. (BBB/Stable/--) See Northeast Utilities	John Kennedy
Wisconsin Electric Power Co. (A-/Positive/A-2) See Wisconsin Energy Corp.	Barbara

Eiseman

Wisconsin Energy Corp. (BBB+/Positive/A-2)

Wisconsin Energy has made progress on its heavy construction program with the recent commercial operation of a gas-fired unit and wind farm, and with the coal-fired Oak Creek project being about 65% complete. Importantly, the company has settled an environmental challenge to the discharge permit for Oak Creek, paving the way for the revised completion dates of December 2009 and August 2010. Despite earnings and sales declines in the third quarter, financial metrics for the 12 months ended Sept. 30, 2008 have improved modestly, aided by rate relief granted earlier in 2008. Responsive rate treatment in future rate filings and credit supportive actions by management will be needed to sustain financial improvement.

Barbara
Eiseman

Wisconsin Gas LLC (A-/Positive/A-2)

See Wisconsin Energy Corp.

Barbara
Eiseman

Wisconsin Power & Light Co. (A-/Stable/A-2)

See Alliant Energy Corp.

Gerrit
Jepsen

Wisconsin Public Service Corp. (A/Negative/A-2)

See Integrys Energy Group Inc.

Gabe
Grosberg

Xcel Energy Inc. (BBB+/Stable/A-2)

Xcel's large capital spending program built around wind generation, large transmission projects, and baseload additions remains on track. Construction of the Comanche 3 coal unit in Colorado is moving forward. To date, regulatory support has been provided during construction, but ongoing rate relief will be necessary to continue bolstering currently adequate consolidated cash flow measures. Working capital needs have been easily met during the last several months. Cash flow coverage measures continue to support the rating and the balance sheet was strengthened when Xcel issued common equity to help fund capital spending.

Gerrit
Jepsen

Yankee Gas Services Co. (BBB/Stable/--)

See Northeast Utilities

John
Kennedy

Quarterly Rating Activity

Table 2

Recent Rating/Outlook/CreditWatch Actions*

Issuer	To	From	Date	Reason
ALLETE Inc.	BBB+/Negative/A-2	BBB+/Stable/A-2	Dec. 9, 2008	Standard & Poor's Ratings Services revised its outlook on ALLETE Inc. to negative from stable to reflect the weakening financial profile and the economic challenges facing the company in 2009. This is largely due to lower operating cash flows and increasing debt leverage that constrain financial measures.
Baltimore Gas & Electric Co.	BBB-/Watch Dev/A-2	BBB/Stable/A-2	Dec. 17, 2008	The CreditWatch placement reflects the increased urgency for the company to execute on its recently announced asset divestment plan and to complete other credit supportive strategic initiatives to shore up its balance sheet in the face of a broad loss of market confidence.
Commonwealth Edison Co.	BBB-/Watch Neg/A-3	BBB-/Stable/A-3	Oct. 21, 2008	The rating change and CreditWatch listings follow the announcement that Exelon's board has approved an all-stock offer to purchase all outstanding NRG shares at an exchange ratio of 0.485 shares of Exelon for each share of NRG, or a premium of 37% on NRG's closing price on Oct. 18, 2008.
PECO Energy Co.	BBB-/Watch Neg/A-2	BBB+/Stable/A-2	Oct. 21, 2008	See Commonwealth Edison
Duke Energy Carolinas LLC	A-/Positive/A-2	A-/Stable/A-2	Sept. 26, 2008	See Duke Energy Corp

Table 2

Recent Rating/Outlook/CreditWatch Actions* (cont.)				
Duke Energy Corp.	A-/Positive/A-2	A-/Stable/A-2	Sept. 26, 2008	The outlook revision reflects the potential for higher ratings in the next nine to twelve months, provided credit metrics remain buoyant and Duke Energy continues to achieve favorable regulatory outcomes that provide for the timely recovery of its sizable utility construction program.
Duke Energy Indiana Inc.	A-/Positive/A-2	A-/Stable/A-2	Sept. 26, 2008	See Duke Energy Corp
Duke Energy Kentucky Inc.	A-/Positive/--	A-/Stable/--	Sept. 26, 2008	See Duke Energy Corp
Duke Energy Ohio Inc.	A-/Positive/A-2	A-/Stable/A-2	Sept. 26, 2008	See Duke Energy Corp
Integrus Energy Group Inc.	A-/Negative/A-2	A-/Stable/A-2	Nov. 25, 2008	The outlook revision reflects pressure on the current ratings given the firm's liquidity needs for its non-regulated businesses and its weak financial measures.
North Shore Gas Co.	A-/Negative/NR	A-/Negative/NR	Nov. 25, 2008	See Integrus Energy Group
Peoples Energy Corp.	A-/Negative/NR	A-/Negative/NR	Nov. 25, 2008	See Integrus Energy Group
Peoples Gas Light & Coke Co. (The)	A-/Negative/A-2	A-/Stable/A-2	Nov. 25, 2008	See Integrus Energy Group
Wisconsin Public Service Corp.	A-/Negative/A-2	A-/Stable/A-2	Nov. 25, 2008	See Integrus Energy Group
MidAmerican Energy Co.	A-/Watch Neg/A-1	A-/Stable/A-1	Sept. 18, 2008	See MidAmerican Energy Holdings Inc
MidAmerican Energy Holdings Co.	A-/Watch Neg/--	A-/Stable/--	Sept. 18, 2008	The rating action follows MEHC's announcement earlier this morning that it has reached a tentative agreement to acquire Constellation Energy Group Inc.(BBB-/Watch Dev/A-2) for \$26.50 a share. The companies expect to enter into a definitive merger agreement at the close of business on Friday, September 19. After the agreement is signed, MEHC will purchase \$1 billion in Constellation's preferred stock to infuse cash into Constellation. The remainder of the transaction, about \$3.7 billion, will be concluded after regulatory approvals. This could take as much as a year.
Northern Natural Gas Co.	A-/Watch Neg/--	A-/Stable/--	Sept. 18, 2008	See MidAmerican Energy Holdings Inc
PacifiCorp	A-/Watch Neg/A-1	A-/Stable/A-1	Sept. 18, 2008	See MidAmerican Energy Holdings Inc
OGE Energy Corp.	BBB+/Positive/A-2	BBB+/Stable/A-2	Sept. 23, 2008	Standard & Poor's Ratings Services changed the outlook on OGE Energy Corp. (OGE) and utility subsidiary Oklahoma Gas & Electric Co. (OG&E) to positive from stable following the announcement that OGE will form a midstream natural gas partnership (ETP Enogex Partners LLC; EEP) with Energy Transfer Partners L.P. (ETP).
Oklahoma Gas & Electric Co.	BBB+/Positive/A-2	BBB+/Stable/A-2	Sept. 23, 2008	See OGE Energy Corp

Table 2

Recent Rating/Outlook/CreditWatch Actions* (cont.)				
Otter Tail Corporation	BBB-/Stable/NR	BBB+/Negative/NR	Sept. 26, 2008	The downgrade factors in the growing appetite for non-utility businesses in combination with expected credit measures that are more consistent with the 'BBB-' rating. Specifically, Otter Tail's expected cash flow is likely to be under duress at the higher-risk wholly-owned subsidiary Varistar Corp., given economic indicators.
PNM Resources Inc	BB-/Negative/B-2	BB-/Stable/B-2	Dec. 9, 2008	The outlook revision reflects the company's continued strategic focus on competitive retail electric unit First Choice Power (FCP) in the face of poor financial results and significant customer losses this year. FCP's operations strain credit quality due to its unstable cash flows and liquidity requirements.
Public Service Co. of New Mexico	BB-/Negative/B-2	BB-/Stable/B-2	Dec. 9, 2008	See PNM Resources Inc
Texas-New Mexico Power Co.	BB-/Negative/--	BB-/Stable/--	Dec. 9, 2008	See PNM Resources Inc
Tucson Electric Power Co.	BB+/Stable/B-2	BB/Positive/B-2	Dec. 2, 2008	The upgrades reflect the Arizona Corporation Commission's (ACC) approval of TEP's rate case settlement, with modifications. With this order, TEP's generation operations are re-regulated, which should allow the company to better match revenues with expenses.

*Dates represent the period from Sept. 12, 2008 to Dec. 15, 2008 covered by this report card.

Rating Trends

Table 3

Previously Published U.S. Electric Utilities Articles	
Article title	Published date
California's 50% Renewable Energy Ballot Initiative Burdensome For Utility Credit Quality If Passed	Oct. 17, 2008
Notching Of U.S. Investment-Grade Investor-Owned Utility Unsecured Debt Now Better Reflects Anticipated Absolute Recovery	Nov. 10, 2008
Assessing U.S. Utility Regulatory Environments	Nov. 7, 2008
Standard & Poor's Assessments Of Regulatory Climates For U.S. Investor-Owned Utilities	Nov. 25, 2008

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Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn

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Comments and ratings reflect available public data as of Dec. 15, 2008.

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BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit___(SFP-7)

Staff Financial Panel

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Data as of 11-FEB-09

Moody's Daily Long-term Corporate Bond Yield Averages

	Utilities	Industrial	Corporate
Aaa	NA	5.07	5.07
Aa	6.08	5.78	5.93
A	6.10	6.43	6.27
Baa	7.59	8.17	7.88
Avg	6.59	6.36	6.48

Moody's Daily Treasury Yield Averages

Short-Term (3-5 yrs)	1.04
Medium-Term (5-10 yrs)	2.37
Long-Term (10+ yrs)	3.55

Moody's Daily Public Utility Common Stock Yield Averages

Price	207.14
Yield	5.02
New Dividend	10.39

Moody's Commodity and Scrap Price Indexes

Spot Commodity Index	2987.38
Industrial Metals Index	988.84

* Moody's "Aaa" Utilities Index was suspended on 12/10/01. Since 2000, TVA was the only issuer left in the index as a decade of deregulation, debt growth, competition, and consolidation eliminated the rest of the Aaa universe.

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BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit__ (SFP-8)

Staff Financial Panel

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February 9, 2009

Summary:
Energy East Corp.

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Table Of Contents

Rationale

Summary:

Energy East Corp.

Credit Rating: BBB+/Watch Neg/A-2

Rationale

The company's credit ratings remain on CreditWatch with negative implications as Standard & Poor's reviews its short-term and long-term financial position and its relationship with parent company Iberdrola S.A. (A-/Stable/A-2). Energy East's stand-alone financial condition has fallen since we affirmed ratings in September 2008. The outlook had been negative since a 2006 rate reduction in New York and remained negative as the acquisition by Iberdrola was pending. A weak liquidity position at its New York subsidiaries, which have fully drawn their bank facilities, has led New York State Electric & Gas (NYSEG) and Rochester Gas & Electric (RGE) to petition regulators for accelerated rate relief. Current ratings on Energy East and its utility subsidiaries incorporate a level of support from Iberdrola and would likely be lower if Standard & Poor's were to view Iberdrola's strategic and financial commitment to have weakened since acquiring Energy East in 2008. Iberdrola has demonstrated its support for Energy East by suspending dividends and extending liquidity to the company as it faced the difficult capital markets in 2008. Resolution of the CreditWatch listings will depend upon our determination of the stand-alone credit quality of Energy East and an assessment of Iberdrola's relationship with Energy East.

Energy East has strained its liquidity sources and has experienced difficulties in gaining access to capital markets to meet working capital needs and higher collateral postings related to hedging interest rates and costs associated with failures on auction rate securities. The dragging economy has produced sales declines, cost increases, and the need for greater contributions to medical and retirement benefit plans. Additional capital requirements resulting from the merger agreement have increased external financing needs.

The company's ability to improve its credit profile as it pursues expedited action by the New York Public Service Commission to increase rates by a total of \$278 million by July 2009 will be an important factor in resolving the CreditWatch listing. If Energy East's independent credit profile going forward cannot support current ratings, we could lower the ratings, absent any affirmative action by its parent company to continue to support its U.S. subsidiary.

Energy East is a holding company that owns regulated electric and gas utilities in the northeastern U.S. serving nearly three million customers. The ratings on Energy East and its regulated subsidiaries--Central Maine Power Co., NYSEG, Southern Connecticut Gas Co., Connecticut Natural Gas Corp., The Berkshire Gas Co., and RG&E--reflect an excellent business profile and a consolidated financial profile that is considered aggressive.

The excellent business profile is characterized by the low operating risk and geographic diversity of the company's electric and gas transmission and distribution (T&D) subsidiaries. Energy East's service territories span from central New York to southern Maine. The market diversity encompasses densely populated and affluent Connecticut markets as well as slower-growth, rural, upstate New York markets. Despite competition, Energy East's regulated utilities benefit from being the incumbent service provider in many of its markets.

The offsetting factors are a weaker regulatory environment for NYSEG and a consolidated financial profile that is

being pressured over the intermediate term. This is exacerbated by the addition of off-balance-sheet debt obligations due to the purchase-power agreement with the owners of the Ginna nuclear power plant and expected regulatory lag in beginning the recovery of costs associated with an expanded capital program.

Energy East's financial performance is expected to deteriorate in the intermediate term due to the factors described above. Average adjusted funds from operations (FFO) interest coverage will be low for the rating, at about 2.5x, and is projected to remain below 3x for the few years. Adjusted FFO to total debt will be low as well, below 10.0% in the same period. Standard & Poor's projects the \$4 billion capital spending program (2009-2013) to require external financing.

Short-term credit factors

The short-term rating on Energy East is 'A-2'. The company's liquidity is currently constrained. Liquidity will continue to be pressured if collateral postings, higher working capital needs higher capital expenditure requirements persist without improved cash flow generation.

Energy East has two committed bank facilities totaling \$775 million, which mature in 2011. The \$300 million facility is available to Energy East, and the \$475 million facility is available to the utilities, with various limits. The agreements don't contain material adverse change clauses or rating triggers, but a default with respect to any other debt in excess of \$50 million is considered a default under its revolving credit facility.

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BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit___(SFP-9)

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January 5, 2009

Issuer Ranking:

**U.S. Regulated Electric Utilities,
Strongest To Weakest**

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Issuer Ranking:

U.S. Regulated Electric Utilities, Strongest To Weakest

The regulated U.S. electric utility industry finishes 2008 in a guarded state, having weathered the year's financial turmoil while bracing for more financial adversity in 2009. Despite recent widening for all investment-grade corporate debt, spreads on utility debt are tighter than the average for all corporate issues as investors are currently employing the old adage of "flight to quality". It remains to be seen if the regulated electric industry will perform as well for the duration of this economic downturn. The average industry rating is firmly ensconced in the 'BBB' category, with 80% garnering a stable outlook reflecting balance-sheet strength, prudent financial policy, and effective liability management.

The following list contains Standard & Poor's Ratings Services' ratings, outlooks, and business and financial profiles for companies with a primary regulated electric focus. This list reflects the current ratings and outlooks as of Jan. 5, 2008. The rankings in each rating/outlook grouping (e.g., BBB+/Stable/--) are based on relative business risk.

A Standard & Poor's rating outlook assesses the potential direction of an issuer's long-term debt rating over the intermediate to longer term. In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. "Positive" indicates that a rating may be raised; "negative" means a rating may be lowered; "stable" indicates that ratings are not likely to change; and "developing" means ratings may be raised or lowered.

Utility business profiles can be categorized as "Excellent," "Strong," "Satisfactory," "Weak," or "Vulnerable" under the credit ratings methodology applied to all rated corporate entities at Standard & Poor's. To determine a utility's business profile, Standard & Poor's analyzes the following qualitative business or operating characteristics: markets and service area economy; competitive position; fuel and power supply; operations; asset concentration; regulation; and management. Issuer credit ratings, shown as long-term rating/outlook or CreditWatch/short-term rating, are local and foreign currency unless otherwise noted. A dash (--) indicates not rated.

For the related industry report card, please see "Industry Report Card: U.S. Electric Utility Credit Quality Remains Strong Amid Continuing Economic Downturn," published Dec. 19, 2008.

U.S. Regulated Electric Utilities

Company	Corporate credit rating*	Business profile	Financial profile
Madison Gas & Electric Co.	AA-/Stable/A-1+	Excellent	Intermediate
-			
American Transmission Co.	A+/Stable/A-1	Excellent	Intermediate
Midwest Independent Transmission System Operator Inc.	A+/Stable/--	Excellent	Intermediate
NSTAR Electric Co.	A+/Stable/A-1	Excellent	Intermediate
NSTAR Gas Co.	A+/Stable/--	Excellent	Intermediate
NSTAR	A+/Stable/A-1	Excellent	Intermediate
-			
Florida Power & Light Co.	A/Stable/A-1	Excellent	Intermediate
KeySpan Energy Delivery Long Island	A/Stable/A-1	Excellent	Intermediate

Issuer Ranking: U.S. Regulated Electric Utilities, Strongest To Weakest

U.S. Regulated Electric Utilities (cont.)			
KeySpan Energy Delivery New York	A/Stable/A-1	Excellent	Intermediate
Northern Natural Gas Co.	A/Stable/--	Excellent	Intermediate
Alabama Power Co.	A/Stable/A-1	Excellent	Intermediate
Georgia Power Co.	A/Stable/A-1	Excellent	Intermediate
Mississippi Power Co.	A/Stable/A-1	Excellent	Intermediate
Gulf Power Co.	A/Stable/--	Excellent	Intermediate
San Diego Gas & Electric Co.	A/Stable/--	Excellent	Intermediate
FPL Group Inc.	A/Stable/--	Excellent	Intermediate
Southern Co.	A/Stable/A-1	Excellent	Intermediate
Central Hudson Gas & Electric Corp.	A/Stable/--	Excellent	Intermediate
-			
Wisconsin Public Service Corp.	A/Negative/A-2	Excellent	Intermediate
-			
Duke Energy Indiana Inc.	A-/Positive/A-2	Excellent	Intermediate
Duke Energy Carolinas LLC	A-/Positive/A-2	Excellent	Intermediate
Duke Energy Ohio Inc.	A-/Positive/A-2	Excellent	Intermediate
Duke Energy Kentucky Inc.	A-/Positive/--	Excellent	Intermediate
Wisconsin Gas LLC	A-/Positive/A-2	Excellent	Intermediate
Wisconsin Electric Power Co.	A-/Positive/A-2	Excellent	Intermediate
Cinergy Corp.	A-/Positive/A-2	Excellent	Intermediate
Duke Energy Corp.	A-/Positive/A-2	Excellent	Intermediate
-			
California Independent System Operator Corp.	A-/Stable/--	Excellent	Intermediate
Massachusetts Electric Co.	A-/Stable/A-2	Excellent	Intermediate
Narragansett Electric Co.	A-/Stable/A-2	Excellent	Intermediate
New England Power Co.	A-/Stable/A-2	Excellent	Intermediate
Consolidated Edison Co. of New York Inc.	A-/Stable/A-2	Excellent	Intermediate
Orange and Rockland Utilities Inc.	A-/Stable/A-2	Excellent	Intermediate
Rockland Electric Co.	A-/Stable/--	Excellent	Intermediate
Consolidated Edison Inc.	A-/Stable/A-2	Excellent	Intermediate
Virginia Electric & Power Co.	A-/Stable/A-2	Excellent	Aggressive
Northern States Power Wisconsin	A-/Stable/--	Excellent	Intermediate
Wisconsin Power & Light Co.	A-/Stable/A-2	Excellent	Intermediate
Southern Indiana Gas & Electric Co.	A-/Stable/--	Excellent	Intermediate
PPL Electric Utilities Corp.	A-/Stable/A-2	Excellent	Aggressive
Niagara Mohawk Power Corp.	A-/Stable/A-2	Excellent	Aggressive
National Grid USA	A-/Stable/A-2	Excellent	Intermediate
Dominion Resources Inc.	A-/Stable/A-2	Excellent	Aggressive
-			
Public Service Co. of North Carolina Inc.	A-/Negative/A-2	Excellent	Aggressive
South Carolina Electric & Gas Co.	A-/Negative/A-2	Excellent	Aggressive
Peoples Gas Light & Coke Co. (The)	A-/Negative/A-2	Excellent	Intermediate

Issuer Ranking: U.S. Regulated Electric Utilities, Strongest To Weakest

U.S. Regulated Electric Utilities (cont.)			
North Shore Gas Co.	A-/Negative/--	Excellent	Intermediate
Peoples Energy Corp.	A-/Negative/A-2	Excellent	Intermediate
SCANA Corp.	A-/Negative/--	Excellent	Aggressive
Integrus Energy Group Inc.	A-/Negative/A-2	Strong	Intermediate
-			
PacifiCorp	A-/Watch Neg/A-1	Excellent	Aggressive
MidAmerican Energy Co.	A-/Watch Neg/A-1	Excellent	Aggressive
MidAmerican Energy Holdings Co.	A-/Watch Neg/--	Excellent	Aggressive
-			
Wisconsin Energy Corp.	BBB+/Positive/A-2	Excellent	Aggressive
-			
Oncor Electric Delivery Co. LLC	BBB+/Stable/--	Excellent	Intermediate
Southern California Edison Co.	BBB+/Stable/A-2	Excellent	Intermediate
Pacific Gas & Electric Co.	BBB+/Stable/A-2	Excellent	Intermediate
Florida Power Corp. d/b/a Progress Energy Florida Inc.	BBB+/Stable/A-2	Excellent	Aggressive
Carolina Power & Light Co. d/b/a Progress Energy Carolinas Inc.	BBB+/Stable/A-2	Excellent	Aggressive
Kentucky Utilities Co.	BBB+/Stable/A-2	Excellent	Intermediate
Louisville Gas & Electric Co.	BBB+/Stable/--	Excellent	Intermediate
Oklahoma Gas & Electric Co.	BBB+/Stable/A-2	Excellent	Intermediate
Public Service Co. of Colorado	BBB+/Stable/A-2	Excellent	Aggressive
Northern States Power Co.	BBB+/Stable/A-2	Excellent	Aggressive
Connecticut Natural Gas Corp.	BBB+/Stable/--	Excellent	Aggressive
Southern Connecticut Gas Co.	BBB+/Stable/--	Excellent	Aggressive
New York State Electric & Gas Corp.	BBB+/Stable/A-2	Excellent	Aggressive
Central Maine Power Co.	BBB+/Stable/--	Excellent	Aggressive
Rochester Gas & Electric Corp.	BBB+/Stable/--	Excellent	Aggressive
Southwestern Public Service Co.	BBB+/Stable/A-2	Excellent	Aggressive
Interstate Power & Light Co.	BBB+/Stable/A-2	Excellent	Aggressive
Xcel Energy Inc.	BBB+/Stable/A-2	Excellent	Aggressive
Progress Energy Inc.	BBB+/Stable/A-2	Excellent	Aggressive
Alliant Energy Corp.	BBB+/Stable/A-2	Excellent	Aggressive
E.ON U.S. LLC	BBB+/Stable/--	Excellent	Intermediate
OGE Energy Corp.	BBB+/Stable/A-2	Excellent	Intermediate
Energy East Corp.	BBB+/Stable/A-2	Excellent	Aggressive
Portland General Electric Co.	BBB+/Stable/A-2	Strong	Intermediate
Montana-Dakota Utilities Co.	BBB+/Stable/--	Strong	Intermediate
Enogex Inc.	BBB+/Stable/--	Satisfactory	Intermediate
-			
ALLETE Inc.	BBB+/Negative/A-2	Strong	Intermediate
-			
Dayton Power & Light Co.	BBB/Positive/--	Excellent	Aggressive
DPL Inc.	BBB/Positive/--	Excellent	Aggressive

U.S. Regulated Electric Utilities (cont.)

International Transmission Co.	BBB/Stable/--	Excellent	Aggressive
ITC Holdings Corp.	BBB/Stable/--	Excellent	Aggressive
ITC Midwest LLC	BBB/Stable/--	Excellent	Aggressive
Michigan Electric Transmission Co.	BBB/Stable/--	Excellent	Aggressive
Yankee Gas Services Co.	BBB/Stable/--	Excellent	Aggressive
Michigan Consolidated Gas Co.	BBB/Stable/A-2	Excellent	Aggressive
Public Service Electric & Gas Co.	BBB/Stable/A-2	Excellent	Aggressive
AEP Texas Central Co	BBB/Stable/--	Excellent	Aggressive
AEP Texas North Co	BBB/Stable/--	Excellent	Aggressive
Connecticut Light & Power Co.	BBB/Stable/--	Excellent	Aggressive
Public Service Co. of New Hampshire	BBB/Stable/--	Excellent	Aggressive
Jersey Central Power & Light Co.	BBB/Stable/--	Excellent	Aggressive
Columbus Southern Power Co.	BBB/Stable/--	Excellent	Aggressive
Ohio Power Co.	BBB/Stable/--	Excellent	Aggressive
Appalachian Power Co.	BBB/Stable/--	Excellent	Aggressive
CenterPoint Energy Houston Electric LLC	BBB/Stable/--	Excellent	Aggressive
CenterPoint Energy Inc.	BBB/Stable/A-2	Excellent	Aggressive
CenterPoint Energy Resources Corp.	BBB/Stable/--	Excellent	Aggressive
Western Massachusetts Electric Co.	BBB/Stable/--	Excellent	Aggressive
Atlantic City Electric Co.	BBB/Stable/A-2	Excellent	Aggressive
Potomac Electric Power Co.	BBB/Stable/A-2	Excellent	Aggressive
Kansas City Power & Light Co.	BBB/Stable/A-2	Excellent	Aggressive
Aquila Inc.	BBB/Stable/--	Excellent	Aggressive
Delmarva Power & Light Co.	BBB/Stable/A-2	Excellent	Aggressive
Green Mountain Power Corp.	BBB/Stable/--	Excellent	Aggressive
Kentucky Power Co.	BBB/Stable/--	Excellent	Aggressive
Public Service Co. of Oklahoma	BBB/Stable/--	Excellent	Aggressive
Southwestern Electric Power Co.	BBB/Stable/--	Excellent	Aggressive
Metropolitan Edison Co.	BBB/Stable/--	Excellent	Aggressive
Pennsylvania Electric Co.	BBB/Stable/--	Excellent	Aggressive
Cleveland Electric Illuminating Co.	BBB/Stable/--	Excellent	Aggressive
Ohio Edison Co.	BBB/Stable/A-2	Excellent	Aggressive
Pennsylvania Power Co.	BBB/Stable/--	Excellent	Aggressive
Toledo Edison Co.	BBB/Stable/--	Excellent	Aggressive
Detroit Edison Co.	BBB/Stable/A-2	Excellent	Aggressive
American Electric Power Co. Inc.	BBB/Stable/A-2	Excellent	Aggressive
Northeast Utilities	BBB/Stable/--	Excellent	Aggressive
Great Plains Energy Inc.	BBB/Stable/--	Excellent	Aggressive
FirstEnergy Corp.	BBB/Stable/--	Excellent	Aggressive
NorthWestern Corp.	BBB/Stable/--	Excellent	Aggressive
DTE Energy Co.	BBB/Stable/A-2	Excellent	Aggressive

U.S. Regulated Electric Utilities (cont.)			
Indiana Michigan Power Co.	BBB/Stable/--	Strong	Aggressive
Cleco Power LLC	BBB/Stable/--	Strong	Aggressive
Cleco Corp.	BBB/Stable/--	Strong	Aggressive
Hawaiian Electric Co. Inc.	BBB/Stable/A-2	Strong	Aggressive
Idaho Power Co.	BBB/Stable/A-2	Strong	Aggressive
IDACORP Inc.	BBB/Stable/A-2	Strong	Aggressive
El Paso Electric Co.	BBB/Stable/--	Strong	Aggressive
PEPCO Holdings Inc.	BBB/Stable/A-2	Strong	Aggressive
Hawaiian Electric Industries Inc.	BBB/Stable/A-2	Strong	Aggressive
-			
Entergy Arkansas Inc.	BBB/Negative/--	Strong	Aggressive
Entergy Louisiana LLC	BBB/Negative/--	Strong	Aggressive
Entergy Mississippi Inc.	BBB/Negative/--	Strong	Aggressive
Entergy Gulf States Louisiana LLC	BBB/Negative/--	Strong	Aggressive
Entergy Texas Inc.	BBB/Negative/--	Strong	Aggressive
Entergy Corp.	BBB/Negative/--	Strong	Aggressive
System Energy Resources Inc.	BBB/Negative/--	Strong	Aggressive
-			
PECO Energy Co.	BBB/Watch Neg/A-2	Excellent	Aggressive
Baltimore Gas & Electric Co.	BBB/Watch Neg/A-2	Strong	Intermediate
-			
Tampa Electric Co.	BBB-/Positive/A-3	Excellent	Aggressive
TECO Energy Inc.	BBB-/Positive/--	Excellent	Aggressive
-			
Potomac Edison Co.	BBB-/Stable/--	Excellent	Aggressive
West Penn Power Co.	BBB-/Stable/--	Excellent	Aggressive
Monongahela Power Co.	BBB-/Stable/--	Excellent	Aggressive
Westar Energy Inc.	BBB-/Stable/--	Excellent	Aggressive
Kansas Gas & Electric Co.	BBB-/Stable/--	Excellent	Aggressive
Consumers Energy Co.	BBB-/Stable/--	Excellent	Aggressive
CMS Energy Corp.	BBB-/Stable/A-3	Excellent	Aggressive
Ohio Valley Electric Corp.	BBB-/Stable/--	Excellent	Aggressive
Northern Indiana Public Service Co.	BBB-/Stable/--	Excellent	Aggressive
Empire District Electric Co.	BBB-/Stable/A-3	Strong	Aggressive
Edison International	BBB-/Stable/--	Strong	Aggressive
Black Hills Power Inc.	BBB-/Stable/--	Strong	Intermediate
Arizona Public Service Co.	BBB-/Stable/A-3	Strong	Aggressive
Pinnacle West Capital Corp.	BBB-/Stable/A-3	Strong	Aggressive
Avista Corp.	BBB-/Stable/A-3	Strong	Aggressive
Allegheny Energy Inc.	BBB-/Stable/A-3	Strong	Aggressive
Central Illinois Public Service Co.	BBB-/Stable/--	Strong	Aggressive
Illinois Power Co.	BBB-/Stable/--	Strong	Aggressive

Issuer Ranking: U.S. Regulated Electric Utilities, Strongest To Weakest

U.S. Regulated Electric Utilities (cont.)			
Central Illinois Light Co.	BBB-/Stable/--	Strong	Aggressive
Union Electric Co. d/b/a AmerenUE	BBB-/Stable/A-3	Strong	Aggressive
CILCORP Inc.	BBB-/Stable/--	Satisfactory	Aggressive
Ameren Corp.	BBB-/Stable/A-3	Satisfactory	Aggressive
Black Hills Corp.	BBB-/Stable/--	Satisfactory	Intermediate
Otter Tail Corp.	BBB-/Stable/--	Satisfactory	Aggressive
-			
Duquesne Light Co.	BBB-/Negative/--	Excellent	Highly leveraged
Duquesne Light Holdings Inc.	BBB-/Negative/--	Excellent	Highly leveraged
Northern Indiana Public Service Co.	BBB-/Negative/--	Excellent	Aggressive
Entergy New Orleans Inc.	BBB-/Negative/--	Satisfactory	Aggressive
-			
Commonwealth Edison Co.	BBB-/Watch Neg/A-3	Strong	Aggressive
Puget Sound Energy Inc.	BBB-/Watch Neg/A-3	Excellent	Aggressive
Puget Energy Inc.	BBB-/Watch Neg/--	Excellent	Aggressive
-			
Central Vermont Public Service Corp.	BB+/Stable/--	Excellent	Highly leveraged
Indianapolis Power & Light Co.	BB+/Stable/--	Excellent	Highly leveraged
IPALCO Enterprises Inc.	BB+/Stable/--	Excellent	Highly leveraged
Tucson Electric Power Co.	BB+/Stable/B-2	Strong	Highly leveraged
-			
CILCORP Inc.	BB/Positive/--	Satisfactory	Aggressive
-			
Nevada Power Co.	BB/Stable/--	Excellent	Highly leveraged
Sierra Pacific Power Co.	BB/Stable/--	Excellent	Highly leveraged
NV Energy Inc.	BB/Stable/B-2	Excellent	Highly leveraged
-			
Texas-New Mexico Power Co.	BB-/Negative/--	Satisfactory	Highly leveraged
Public Service Co. of New Mexico	BB-/Negative/B-2	Satisfactory	Highly leveraged
PNM Resources Inc.	BB-/Negative/B-2	Satisfactory	Highly leveraged

*As of Jan. 5, 2009.

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BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

New York State Electric and Gas Corporation
Rochester Gas and Electric Corporation

Cases 09-E-0082, 09-G-0083, 09-E-0084, 09-G-0085

February 2009

Exhibit___(SFP-10)

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Energy chiefs debate the cost of energy

Thu Jan 29, 2009 4:52pm EST

By Barbara Lewis

DAVOS, Switzerland (Reuters) - Energy leaders at the World Economic Forum debated the true cost of fuel on Thursday as they grappled with the implications of world recession and how to navigate out of it.

Record-high oil prices close to \$150 a barrel in July last year added to the pain of economic slowdown, and now much cheaper prices of near \$40 a barrel could help the global economy to rally.

But for consumers, producers and the planet, oil at that level could be too cheap as it slows investment in new supplies of fossil fuel as well as in alternative energy.

Saudi Arabia, the world's leading oil exporter, said late last year \$75 was a fair price for crude -- at the top end of the \$60-\$80 a barrel many in the industry consider a desirable level.

"That seems to be what you need to get investment," BP Chief Executive Tony Hayward on Thursday told the forum in Davos, with reference to the \$60-\$80 range.

To help push prices back to that level, the Organization of the Petroleum Exporting Countries has agreed to cut 4.2 million barrels per day (bpd) from September output levels.

Supplier of roughly a third of the world's oil, the producer group has strictly enforced those curbs and said it was ready to cut more if the price remained low. OPEC ministers next meet to assess output policy on March 15 in Vienna.

"OPEC will not hesitate ... we are still reviewing," the group's Secretary-General, Abdullah al-Badri, said. "Even with \$50, we cannot have a decent income for our members."

Nobuo Tanaka, executive director of the International Energy Agency, which advises 28 industrialized countries, agreed consumers would eventually have to pay more.

But low prices could aid a world economy that the International Monetary Fund has said will be near a standstill this year.

"To stimulate the economy, you need a low price, but to stimulate investment long-term the price should be higher," Tanaka said on the sidelines of the forum.

"In the mid to long term, oil prices will go up."

ENVIRONMENTALLY FRIENDLY

Many attending the Davos forum have strived to maintain the momentum to couple economic recovery with green policies, and Tanaka said any financial stimulus package should be as environmentally friendly as possible.

"If governments are spending ... for a stimulus package, why not spend it on renewables?" he asked.

"It stimulates the economy short-term and in the long-term is sustainable. You kill two birds with one stone."

But, in times of financial crisis, it is a huge challenge to switch the focus from short-sighted survival, which can mean using the cheapest, most

polluting fuel.

The IEA is studying the implications of economic recession for energy and the agency's chief economist Fatih Birol said he was worried.

In the short-term, fuel use in general has fallen, but the risk was that would be offset by greater use of highly polluting coal -- because it is cheap -- and by lower investment, he said.

"It's bad news for the long term. Many renewable, nuclear and efficiency projects are being postponed," he said.

"The long-term impact is that emissions will go up if governments don't do something."

Industry executives also said investment in the cleaner kinds of energy, as well as in oil, was bound to decrease.

Nuclear power has many detractors because of the toxic waste it generates, but it can provide huge amounts of energy without producing carbon emissions.

The high cost of bringing on new reactors means nuclear energy is only competitive when oil costs about \$70 a barrel, analysts have said.

"We can be part of the solution or we can make more problems. If we will not get a proper return, we will not make the investment," said Ignacio Galan, chief executive of Spanish utility Iberdrola, which has announced reduced capital expenditure plans for 2009 compared with 2008.

"If the price of oil is low, nuclear cannot compete. It's the same thing with hydro," he told Reuters.

(Editing by Jim Marshall)

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**ENERGY EAST NEW YORK UTILITY OPERATIONS
RETURN ON EQUITY**

2007-2008

\$000s

<u>NYSEG</u>		<u>2007</u>	<u>2008</u>	<u>Change</u>
Net Income	a	\$ 109,562	\$ 103,995	\$ (5,567)
Common Equity	b	\$ 1,025,202	\$ 1,034,772	\$ 9,570
Return on Equity	c	<u>10.7%</u>	<u>10.1%</u>	<u>-0.6%</u>

<u>RG&E</u>		<u>2007</u>	<u>2008</u>	
Net Income	a	\$ 72,801	\$ 68,881	\$ (3,920)
Common Equity	b	\$ 644,801	\$ 638,769	\$ (6,032)
Return on Equity	c	<u>11.3%</u>	<u>10.8%</u>	<u>-0.5%</u>

<u>EAS NY OPERATIONS</u>		<u>2007</u>	<u>2008</u>	
Net Income	a	\$ 182,364	\$ 172,877	\$ (9,487)
Common Equity	b	\$ 1,670,003	\$ 1,673,541	\$ 3,538
Return on Equity	c	<u>10.9%</u>	<u>10.3%</u>	<u>-0.6%</u>

NOTES

a-Net income after taxes, excluding other income and deductions and PBAs.

b-Common Equity, excluding OCI.

c-Combined gas and electric utility operations, including commodity.

So: Response to NYRGE-0005 and Financial Statements

ENERGY EAST NEW YORK UTILITY OPERATIONS
CASH FLOWS

\$000s
2008-2010

	ACTUAL September 2008	FORECAST (without rate increases)		FORECAST (without rate increases)		Comments
		NYS 2009	NYS 2010	STAFF 2009	STAFF 2010	
Beginning cash/(STD)	39,144	(324,540)	(691,120)	18,227	(8,337)	Used latest reported cash balance @ 12/31/08
Net income	13,654	111,790	90,023	129,290	107,523	Added \$17.5M (after tax) commodity profits
Depreciation/Amortization	238,979	182,789	190,777	182,789	190,777	Used amounts in PP-4
Restructuring deferral-PBAs	275,000	-	-	-	-	Non-Recurring
Pension income	(67,847)	-	-	(11,675)	21,386	Pension Income projection in 2009-2010
Deferred taxes	18,691	-	-	18,691	18,691	Used September 2008 actuals
Working capital-see below	(188,076)	(74,519)	(76,185)	24,341	59,641	Unsubstantiated utility amounts-removed
Operating cash flow	290,401	220,060	204,615	343,436	398,018	
Invest-construction	(277,223)	(374,850)	(441,173)	(270,000)	(270,000)	Used Merger CAPEX Requirements
Sale of assets	-	-	-	-	-	
Other	3,391	-	-	-	-	
Investing cash flow	(273,832)	(374,850)	(441,173)	(270,000)	(270,000)	
Sub-total operating/investing	16,569	(154,790)	(236,558)	73,436	128,018	
Financing-equity infusion	-	-	-	-	-	
Financing-STD	130,450	-	-	-	-	
Financing-LTD Issued	199,758	-	-	-	-	
Financing-LTD Retired	(179,425)	(100,000)	-	(100,000)	-	RG&E Debt Maturity 10/27/09 (RRP-4-Sch. C)
Dividends	(105,396)	(111,790)	(90,023)	-	-	Dividends assumed to be \$0 during "liquidity crisis"
Financing cash flow	45,387	(211,790)	(90,023)	(100,000)	-	
Change in cash during year	61,956	(366,580)	(326,581)	(26,564)	128,018	
Ending cash	101,100	(691,120)	(1,017,701)	(8,337)	119,681	

So: PP-4, pg. 1

ENERGY EAST NEW YORK UTILITY OPERATIONS
CASH FLOWS

\$000s

2008-2010

	September 2008	NYS 2009	NYS 2010	STAFF 2009	STAFF 2010	
<u>Working Capital</u>						
NBC-NYPA true up/Ginna	\$ -	\$ -	\$ -	\$ 19,000	\$ 57,000	
NBC-commodity uncollectibles	\$ -	\$ -	\$ -	\$ 5,700	\$ -	
- Amort short/LT Assets	\$ 5,780	\$ -	\$ -	\$ 5,780	\$ 5,780	
- Net (Incrs)/Decrs - A/R	\$ 7,793	\$ -	\$ -	\$ -	\$ -	Non-recurring
- Net (Incrs)/Decrs-Inventory	\$ (26,859)	\$ -	\$ -	\$ -	\$ -	Non-recurring
- Net (Incrs)/Decrs-Pay/Acru Exp	\$ (18,659)	\$ -	\$ -	\$ -	\$ -	Non-recurring
- Net (Incrs)/Decrs-Reg Asst/Liab	\$ (23,234)	\$ -	\$ -	\$ -	\$ -	Non-recurring
- Net (Incrs)/Decrs-Other Reg. Asset	\$ (14,758)	\$ -	\$ -	\$ -	\$ -	Non-recurring
- OPEB funding	\$ (112,000)	\$ -	\$ -	\$ -	\$ -	Non-recurring
- AFUDC	\$ (3,392)	\$ -	\$ -	\$ (3,392)	\$ (3,392)	
- Other	\$ (2,747)	\$ -	\$ -	\$ (2,747)	\$ (2,747)	
Total WC	\$ (188,076)	\$ -	\$ -	\$ 24,341	\$ 59,641	

So: RRP-1, Sch. F

ENERGY EAST NEW YORK UTILITY OPERATIONS
ADJUSTED RETURN ON EQUITY, AFTER REGULATORY ADJUSTMENTS
2009 DELIVERY ONLY
\$000s

		EAS	
		NYS Utility	
<u>ROE as Adjusted</u>		<u>Total</u>	<u>Comments</u>
Adjustments Impact on ROE		3.72%	Deficiency created by adjustments
Projected ROE		6.39%	Per NYS utilities before regulatory
Regulatory ROE As Adjusted		10.1%	As adjusted for deficiency
 Earnings Impact	\$ (55,277)		After tax amount of impacts
Common Equity	\$ 1,487,529		
 <u>Expense Adjustments</u>			
Payroll increases	\$ 4,522		Payroll increased 3%
Bonuses/Incentives	\$ -		Incentives not identified
Rate case expenses	\$ 8,352		Discretionary
Economic Development	\$ 942		Increased EDP to target
Decommissioning	\$ 8,500		Plants being auctioned
	\$ -		
Total	\$ 22,316		
 <u>Amortizations</u>			
Pension Deferral	\$ 9,550		Unaudited costs
2006 Flood	\$ 600		Unaudited costs
Total	\$ 10,150		
 Total Expenses	\$ 32,466		
 <u>Rate Base Adjustments</u>			
EBCAP	\$ (95,922)		Positive EBCAP
PBAs	\$ (167,819)		PBAs should reduce rate base
Hedge Loss	\$ (90,329)		Hedging loss not audited
Total	\$ (354,070)		
Pre-Tax ROR	13.08%		
Revenue Impact	\$ (46,310)		
 <u>Common Equity Ratio</u>			
Requested	48%		Stand alone not justified
Allowed	45%		Used consolidated, not stand alone
Difference	3%		
 Impact on Pre-Tax ROR	-0.40%		
Rate Base-2009 As Adjusted	\$ 3,305,619		
	\$ (13,160)		
 Total Impact on 2009	\$ (91,936)		

ENERGY EAST NEW YORK UTILITY OPERATIONS									
CAPITAL EXPENDITURES, RELIABILITY, & OPERATIONS									
2009-2010									
\$000s									
		Reference		NYSEG		RG&E		NYS Utility	
	Description-Capital	NYSEG	RG&E	2009	2010	2009	2010	Total	Comments
1	Regulation	6	6	\$ 71,424	\$ 64,060	\$ 43,328	\$ 65,731	\$ 244,543	
2	Operations/Growth	6	7	\$ 38,279	\$ 53,960	\$ 9,791	\$ 10,110	\$ 112,140	
3	Infrastructure	7	8	\$ 72,269	\$ 81,598	\$ 78,247	\$ 97,822	\$ 329,936	
	Total Projects Proposed			\$ 181,972	\$ 199,618	\$ 131,366	\$ 173,663	\$ 686,619	
	Known Projects								
a	Ithaca Transmission	8	NA	\$ 34,363	\$ 16,448	\$ -	\$ -	\$ 50,811	Known since 2006
b	FERC-ERO	9	9	\$ 33,227	\$ 43,586	\$ 18,359	\$ 29,447	\$ 124,619	FERC effective date 6/18/2007
c	Coming Valley Upgrade	9	NA	\$ 12,086	\$ 26,296			\$ 38,382	Not clear when project was known
d	Miscellaneous	10-11	12	\$ -	\$ 7,463	\$ 4,811	\$ 12,122	\$ 24,396	Not clear when project was known
e	Sta. 3 115kV	NA	9	\$ -	\$ -	\$ 8,289	\$ 12,860	\$ 21,149	Not clear when project was known
f	Sta. 137 Beebee	NA	10	\$ -	\$ -	\$ 10,000	\$ 2,950	\$ 12,950	Not clear when project was known
g	Sta. 168	NA	11	\$ -	\$ -	\$ 5,545	\$ 4,595	\$ 10,140	Not clear when project was known
h	TDIRP	13	13	\$ 18,000	\$ 18,000	\$ 5,000	\$ 7,000	\$ 48,000	Existing program since 2006
	Major-Infrastructure			\$ 97,676	\$ 111,793	\$ 52,004	\$ 68,974	\$ 330,447	
4	Cooperatives Task Force	CRO-6	NA	\$ 4,765	\$ -	\$ -	\$ -	\$ 4,765	Merger condition
5	Leak prone main replacement	36	43	\$ 1,750	\$ 1,750	\$ 1,500	\$ 1,500	\$ 6,500	Merger condition
6	New 345kV source	NA	CRO-1	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000	Need known since 2007
	Other Projects			\$ 6,515	\$ 1,750	\$ 1,500	\$ 3,500	\$ 13,265	
	Total Known Projects			\$ 104,191	\$ 113,543	\$ 53,504	\$ 72,474	\$ 343,712	
	Description-Expenses								
		Reference		NYSEG		RG&E			
		NYSEG	RG&E	2009	2010	2009	2010		Comments
1	ERPR-Vegetation	17	16	\$ 25,500	\$ 25,500	\$ 3,400	\$ 3,400	\$ 57,800	ERPR Report issued 9/8/08
2	ERPR-Staffing	18	17	\$ 9,700	\$ 9,700	\$ 5,300	\$ 5,300	\$ 30,000	ERPR Report issued 9/8/08
3	ERPR-Outage	19	18	\$ 4,800	\$ 4,800	\$ 2,300	\$ 2,300	\$ 14,200	ERPR Report issued 9/8/08
4	System inspection/maint.	20	19	\$ 2,500	\$ 2,500	\$ 1,100	\$ 1,100	\$ 7,200	No specific basis provided
5	Storm costs	20	NA	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ 20,000	Based on 2006-2008 experience
6	Stray voltage	24	20	\$ 1,345	\$ 1,345	\$ 1,400	\$ 1,400	\$ 5,490	Order issued 12/15/2008
7	ERO	CRO-5	CRO-5	\$ 7,673	\$ 8,275	\$ 3,419	\$ 3,377	\$ 22,744	FERC effective date 6/18/2007
8	Cooperatives Task Force	33	NA	\$ 475	\$ -	\$ -	\$ -	\$ 475	Merger condition
9	Gas safety/reliability staffing	36	44	\$ 1,500	\$ 1,500	\$ 760	\$ 760	\$ 4,520	Merger condition
10	Pipeline integrity	42	50	\$ 500	\$ 515	\$ 700	\$ 721	\$ 2,436	Mandated in 2002-2003
11	Distribution integrity plan	42	51	\$ -	\$ 300	\$ -	\$ 300	\$ 600	Not clear when mandate was issued
12	Losses study	NA	28	\$ -	\$ -	\$ -	\$ 100	\$ 100	Not clear when mandate was issued
	Total Known Expenses			\$ 63,993	\$ 64,435	\$ 18,379	\$ 18,758	\$ 165,565	

**ENERGY EAST NEW YORK UTILITY OPERATIONS
RETURN ON EQUITY
2008 BUDGET v. ACTUAL**

\$000s				
		Budget	ACTUAL	
<u>NYSEG</u>		<u>2008</u>	<u>2008</u>	<u>Change</u>
Net Income	a	\$ 106,562	\$ 103,995	\$ (2,567)
Common Equity	b	\$ 1,025,202	\$ 1,034,772	\$ 9,570
Return on Equity	c	<u>10.4%</u>	<u>10.1%</u>	<u>-0.3%</u>
		Budget	ACTUAL	
<u>RG&E</u>		<u>2008</u>	<u>2008</u>	
Net Income	a	\$ 77,836	\$ 68,881	\$ (8,955)
Common Equity	b	\$ 644,801	\$ 638,769	\$ (6,032)
Return on Equity	c	<u>12.1%</u>	<u>10.8%</u>	<u>-1.3%</u>
		Budget	ACTUAL	
<u>EAS NY OPERATIONS</u>		<u>2008</u>	<u>2008</u>	
Net Income	a	\$ 184,398	\$ 172,877	\$ (11,521)
Common Equity	b	\$ 1,670,003	\$ 1,673,541	\$ 3,538
Return on Equity	c	<u>11.0%</u>	<u>10.3%</u>	<u>-0.7%</u>

NOTES

a-Net income after taxes, excluding other income and deductions and PBAs.

b-Common Equity, excluding OCI. used 2007 common equity for 2008 budget amounts

c-Combined gas and electric utility operations, including commodity.

So: Response to NYRGE-0005