



June 22, 2011

Honorable Garry A. Brown  
Chairman  
NYS Public Service Commission  
3 Empire State Plaza  
Albany, NY 12223

Re: Cases 02-E-0576 and 09-E-0715: Request of New York State Electric and Gas Corporation for an Exemption Under its Non-Rate Economic Development Program.

Dear Chairman Brown:

On June 13, 2011, New York State Electric and Gas Corporation ("NYSEG") filed a petition with the Public Service Commission ("Commission") requesting approval of a special exemption under NYSEG's Non-Rate Economic Development Program as currently extended in the above-referenced proceedings. Specifically, NYSEG requests that the Commission approve a special exemption to its Targeted Financial Assistance Program to allow NYSEG to provide up to \$5 million of funding towards a transmission project required by a rapidly growing customer; that customer is Agro-Farma, Inc. ("Agro-Farma" or "the Company"). Agro-Farma submits this letter in support of NYSEG's petition and respectfully requests that the Commission expeditiously approve NYSEG's proposed exemption.

Agro-Farma is one of New York's largest dairy product manufacturers and the maker of Chobani® Greek Yogurt ("Chobani"). The Company's main Chobani production facility is located in South Edmeston, New York (the "Facility").

Since acquiring the Facility in 2005, the Company has seen tremendous growth. At the South Edmeston Facility, the Company has invested over \$100 million and created over 400 jobs. Chobani is currently America's number one selling Greek Strained Yogurt and the number one selling yogurt in the Northeast. As part of Agro-Farma's commitment to support local farmers and strengthen Central New York's economy, the Company makes its products with milk from Chenango County farms and throughout New York State. According to Dairy Management Services, at the end of 2010, Agro-Farma was using 25 million pounds of milk each week. Dramatic increases in demand for Chobani brand yogurt now requires that the Company expand its production capabilities.

147 State Highway 320, Norwich, NY 13815  
607-337-1246 Phone  
607-337-1240 Fax

Due in large part to economic development assistance from NYSEG, as proposed in its petition, Agro-Farma has temporarily shelved the possibility of locating new production facilities in other states and has decided to pursue increasing production capability through an additional \$100 million expansion of its existing Facility, raising total capital in capital investment to more than \$200 million. The proposed expansion will generate even more significant economic benefits to the surrounding area. Agro-Farma believes that well over 300 additional permanent, full-time jobs will be created with an associated \$18 million in new annual payroll. At present, Agro-Farma utilizes approximately 9% of the state's milk production. After the expansion, it is estimated that Agro-Farma will consume approximately 15% of the state's milk production. Overall, the expansion is expected to have as much as a \$650 million positive impact on the area.

Transmission capabilities of existing lines to South Edmeston, however, are woefully inadequate. The sole existing transmission line and substation have the capability of delivering approximately 6 megawatts ("MW") to South Edmeston - - approximately 5 MW of which are already used by Agro-Farma with the remainder going to NYSEG customers in the surrounding community. After the planned expansion, electric load at the Facility will increase to approximately 12 MW and eventually possibly 20 MW.

Construction of the new transmission line to serve the Facility and surrounding area, and the timing thereof, is of paramount importance to the Company and its decision to continue plans to expand its existing Facility. Accordingly, the Company respectfully requests that the Commission approve NYSEG's petition as expeditiously as possible.

Please contact me if you have any questions.

Very truly yours,

*James McConeghy*

James McConeghy  
Interim Chief Financial Officer  
Agro-Farma, Inc.

cc: Honorable Patricia L. Acampora  
Honorable Maureen F. Harris  
Honorable Robert E. Curry, Jr.  
Honorable James L. Larocca  
William M. Flynn, Esq.  
Steven D. Wilson, Esq.

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