Case 07-M-0906

Iberdrola USA-Modified Fossil Asset Divestiture Plan

October 21, 2011

Table of Contents

NYA 651442.12

I. Introduction

A. Purpose of Filing

This auction plan has been developed in response to the Public Service Commission's July 25, 2011, Order Modifying Auction Plan and Establishing Further Procedure ("Modification Order") in Case No. 07-M-0906. The Modification Order directed Rochester Gas and Electric Corporation (RG&E) and Cayuga Energy, Inc. (Cayuga Energy) to file within ninety days modifications to their divestiture plan for certain fossil assets. It was issued after an unsuccessful attempt to auction the same assets pursuant to a Commission-approved auction plan filed to comply with the mandate in the Commission's Abbreviated Order Authorizing Acquisition Subject to Conditions, issued September 8, 2008 in Case 07-M-0906. The modified auction plan eliminates the bundling of all the assets to be sold and provides separate auctions for the more valuable and the less valuable assets. It addresses the assets to be sold, the terms of sale, and the structure and the timing of the auction, and it proposes a collaborative process by which the auction would be managed by the Company and monitored by DPS Staff.

The facilities offered for sale consist of three assets wholly-owned by RG&E and a limited liability company wholly-owned by Cayuga Energy: (i) RG&E's simple cycle combustion turbines CT 2 at Station 9 and CT 13 at Station 3, each with a capacity of 18 MW, both of which entered commercial operation in 1969, and both of which will be sold for removal from the sites on which they currently are located; (ii) RG&E's Allegany Station, a 62 MW combined cycle gas-fired facility that entered commercial operation in 1994; and (iii) Cayuga Energy's Carthage Energy, LLC, the sole purpose of which is beneficial ownership of Carthage Station, a 63 MW combined cycle gas-fired facility that entered commercial operation in 1991. RG&E and Cayuga Energy are herein referred to as "Sellers".

B. Requirements of Modification Order

The Modification Order directed RG&E and Cayuga Energy to solicit separate bids for Allegany Station and Carthage Energy. It also directed RG&E to solicit bids for CT 2 and CT 13 separate from the bids for Alleghany Station and Carthage Energy, LLC.

RG&E was required to file with its modified divestiture plan an estimate of the gain or loss RG&E estimates it would incur from utility retirement and salvage of CT 2 and CT 13 at the end of RG&E's current electric rate plan in December 2013.

Early interest letters for the modified auction must be issued no later than July 1, 2012. The Modification Order provides that the date for commencement of the auction may be premised upon an analysis of when market conditions would be most favorable.

C. Structure of Modified Divestiture Plan

Two separate auctions will be conducted simultaneously. The first will include RG&E's Allegany Station and Cayuga Energy's Carthage Energy, LLC. Bidders will be asked to bid separately on each asset. The bidder qualifications and the transaction documents will be similar to those for other auctions involving operating power plants. The second auction will offer as a package RG&E's two simple cycle peaking plants, CT 2 and CT 13, which will be sold for removal from RG&E's property. The bidder qualifications and the transaction documents will be appropriate to a transaction involving the sale and removal of this type of asset. Assuming that approval of the modified divestiture plan occurs by the first quarter of 2012, RG&E and Cayuga Energy would commence the auctions in the second quarter of 2012.

a. Description of Assets

D. Assets Offered for Auction

1. RG&E Peaking Unit CT – 2, at Station 9

- Nominal 18 MW General Electric Frame 5, natural gas-fired combustion turbine, located on RG&E Station 9 property at the site of a former gas-fired steam generating station, and adjacent to RG&E operating T&D Substation #37
- The unit entered commercial operation in 1969
- Currently operable; remote operation by RG&E
- Interconnected to the RG&E 11 kV distribution system at Substation #37
- Must be removed from RG&E property by Buyer

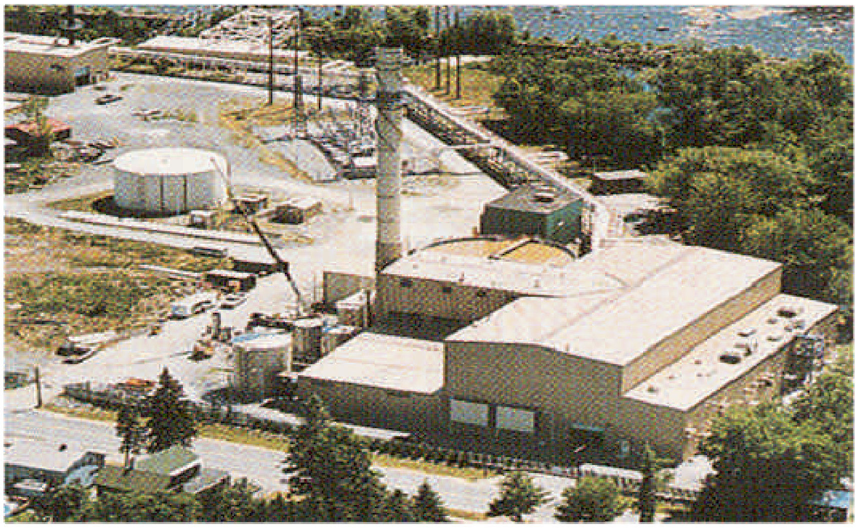
2. RG&E Peaking Unit CT – 13, at Station 3

- Nominal 18 MW General Electric Frame 5, #2 distillate fired combustion turbine; capable of firing natural gas with combustor replacement
- Located on RG&E property at the site of former RG&E oil, natural gas and coal- fired generating Station 3
- The unit entered commercial operation in 1969
- Designed for remote operation by RG&E; not currently operable; repairs required, will be retired
- Interconnected to the RG&E 11 kV distribution system
- Must be removed from RG&E property by Buyer

3. RG&E's Allegany Station

- Nominal 62-MW 1 X 1 natural gas combined-cycle (GE)
- Commercial operation in December 1994; RG&E assumed ownership in 1998
- Allegany has a General Electric LM6000 gas turbine (185-143 PA SAC) and a General Electric steam turbine; SCR for NOx control
- Located in the town of Hume, New York four miles north of Fillmore; interconnected to the 115 kV system
- Natural gas supplied from Dominion Transmission pipeline
- Operated by PrimeSouth under contract with RG&E; contract assignable with PrimeSouth approval
- RG&E is the beneficial owner, but title is held by Allegany County Industrial Development Agency ("ACIDA) subject to installment sale agreement with RG&E; agreement transferable with ACIDA approval; ACIDA must convey plant to Buyer on November 30, 2018; PILOT Agreement with Allegany County.

4. Cayuga Energy's Carthage Energy, LLC



- Carthage Energy, LLC, a single purpose entity that is the beneficial owner of the Carthage Station, will be sold
- Nominal 63-MW, natural gas/#2 fuel oil combined-cycle
- Commercial operation in 1991; Cayuga Energy assumed ownership of Carthage Energy LLC in 1999
- Carthage Station has a General Electric/Thomassen Frame 6 Turbine with steam injection for NOx control; Jeumont Schneider Generator set. Shin-Nippon Steam Turbine with a Brush Generator Set.
- Located in the town of Wilna, New York, in Village of Carthage, interconnected to the 115 kV system
- Natural gas supplied from National Grid
- Operated by Wood Group Power Operations, Inc. under contract with Carthage Energy, LLC
- Plant leased by Carthage Energy, LLC from Jefferson County Industrial Development Agency ("JCIDA"); lease expires December 31, 2014. Ground Lease owned by JCIDA runs through 2034. PILOT Agreement between Carthage Energy and JCIDA, transferable only to successor in which Carthage Energy is a participant and with JCIDA approval. Carthage Energy must purchase the facility, including the Ground Lease, for $1.00 at the conclusion of the lease with JCIDA.

E. Operational History and Net Book Value of Units Offered for Auction

Calendar 2010/Jan-June 2011				
	CT 2	**CT 13**	**Allegany Station**	**Carthage**
Operating Hours	161.22 / 101.8	8.6 / 24.13	2963 / 101	291 / 44
Net Generation (MWH)	2,537 / 1,645	125 / 288	46862 / 4941	12,427 / 2,117
Capacity Factor	0.38 / 0.91	0.1 / 0.03	4.15 / 0	2.18 / 0.726
Equivalent Availability Factor	92.22 / 94.5	94.34 / 93.47	65.87 / 3.37	88.7 / 89.7
Forced Outage Rate	76.8 / 1.69	96.32 / 91.82	75.74 / 97.85	17.98 / 91.1
Net Station Heat Rate	15,816 / 17,402	18,084 / 1,3886	8,638 / 8,380	9,738 / 9,462
Net Book Value - June 30, 2011	0	0	$4,637,145	$8,144,460

- Allegany Station's equipment availability factor and forced outage rate from September 2010 through July 2011 were adversely affected by three required maintenance activities: replacement of cooling tower fill media; rewedge of the combustion turbine generator; and replacement of combustion turbine no. 2 air-oil seal. The cooling tower fill media was replaced in January 2011; the generator rewedge was completed in April 2011; and the combustion turbine no. 2 air-oil seal was repaired in June 2011, at which time the station returned to service. Station output was limited to approximately 54 MW until CT load control equipment was repaired in late July 2011, at which time the station was available for full load operation. Since then, the station was unavailable for 5.75 hours due to miscellaneous plant equipment-related issues, and 45.25 hours for two transmission line repair projects.
- Carthage Station's equivalent availability factor and forced outage rate were adversely affected by two events. In September 2010, scaling in the purge air piping blocked the fuel ports on the oil/gas burners, causing starting reliability problems. In May 2011, there was a failure of a 13.8 kV switchgear component, resulting in a 100% forced outage rate for that month. Both issues have been resolved.

II. Terms of Sale

A. RG&E Peaking Units

1. Assets and Liabilities

No real estate will be conveyed or leased to the purchaser of the peaking units. The purchaser must remove the units from RG&E property within 90 days of the closing of the transaction.

Peaking unit CT 13 at RG&E Station 3 is located at the site of a former manufactured gas plant. RG&E is operating under a cleanup agreement with New York State Department of Environmental Conservation ("DEC") to remediate the site. This will require the removal of CT 13 and related underground utilities, such as electric duct bank and fuel oil supply lines, as well as related supporting structures. The remediation work is currently scheduled to begin in 2014.

Peaking unit CT 2, at RG&E Station 9, is located between a substation critical to RG&E's distribution system, a DEC Part 360 Used Oil Transfer Facility for RG&E transformer oil, and a network of underground, high pressure, natural gas piping. Because of the proximity to this infrastructure, CT 2 will need to be removed.

2. Disposition of Assets

RG&E will perform all disconnections from the facilities and utilities that RG&E will retain. This includes the draining and disposing of all fluids. The purchaser will be required to submit, for RG&E's approval, the work plan for the removal of the peakers from RG&E's property.

B. Allegany Station

1. Assets and Liabilities

An Asset Purchase Agreement (APA) typical for generation sales will be developed for Allegany Station and will define the assets to be purchased, agreements to be transferred, liabilities to be assumed, payment of and adjustments to the purchase price and other relevant contractual terms and conditions.

2. Environmental Liabilities

The Phase I site investigation report will be available for review by the bidders. On-site environmental liabilities associated with the Allegany asset will be assumed by the purchaser, which must comply with all environmental standards embodied in existing State and federal statutes and regulations.

3. Operating Agreement

RG&E has an agreement with PrimeSouth for the operation of Allegany Station. Any assignment of this agreement must be approved by PrimeSouth. Alternatively, the agreement can be terminated.

4. Emission Allowances

RG&E will transfer all Allegany Station emission allowances that exist at the time of the sale, and the right to future emission allowances related to Allegany Station, to the new owner. To the extent possible, these allowances will be quantified in the Offering Memorandum.

5. PILOT and Installment Sale Agreement

Although RG&E is the beneficial owner of the Allegany Facility, legal title is held by the ACIDA. An Installment Sale Agreement ("ISA") between the ACIDA and RG&E grants RG&E an irrevocable license exclusively to use and operate the Allegany Facility, which license is scheduled to expire on November 30, 2018. Upon termination of the ISA, formal legal title to the Allegany Facility will be transferred from the ACIDA to RG&E or its successor for $1.00.

During the term of the ISA, the Allegany Facility is subject to a Payment-in-Lieu of Tax Agreement between RG&E and the ACIDA ("PILOT Agreement"). The PILOT Agreement includes a schedule which sets forth the payments in lieu of real property taxes that RG&E must make.

In connection with the ACIDA ISA, RG&E also entered into an Environmental Compliance and Indemnification Agreement ("Environmental Agreement") with the ACIDA.

In order to keep the PILOT Agreement in force, the ISA must be assigned to the buyer upon the sale of the Allegany Facility.

The ISA requires RG&E to obtain the prior written consent of the ACIDA to effectuate an assignment and release. As a condition to closing, the buyer must agree to assume any future obligations under the ISA, the PILOT Agreement and Environmental Agreement, and the ACIDA must approve the assignment and release RG&E from those obligations.

6. Interconnection Agreement

Since an Interconnection Agreement does not exist for Allegany Station, a draft will be provided to the bidders for comment in the Final Bid Instructions, consistent with Federal Energy Regulatory Commission ("FERC") requirements.

C. Carthage Energy, LLC

1. Assets and Liabilities

Carthage Energy, LLC, a single purpose entity that is the owner of the Carthage Station, will be sold. The Purchaser must assume all assets and all liabilities of Carthage Energy, LLC, and will be required to join with Cayuga Energy in making an election under Section 338(h)(10) of the Internal Revenue Code to treat the purchase of Carthage Energy, LLC as an asset purchase.

2. Environmental Liabilities

A Phase I site investigation report will be included in the virtual document room and available for review by the bidders. Buyer must assume all environmental obligations and liabilities associated with Carthage Energy, LLC, including the Environmental Compliance and Indemnification Agreement with JCIDA.

3. Operating Agreement

Carthage Energy, LLC is party to an operating agreement with Wood Group Power Operations, Inc. for the operation of Carthage Station.

4. Emission Allowances

The sale of Carthage Energy, LLC will include all Carthage Station emission allowances that exist at the time of the sale, and the right to future emission allowances related to Carthage

Station. To the extent possible, these allowances will be quantified in the Offering Memorandum.

5. Plant Lease Agreement

Carthage Energy, LLC leases the Carthage Plant from the JCIDA under a lease that expires December 31, 2014. The lease may be terminated by Carthage Energy, LLC at any time. Upon termination of the lease, whether by expiration or otherwise, Carthage Energy must purchase JCIDA's interests in the Carthage Plant for $1.00. If the lease is terminated before expiration, certain fees and expenses must also be paid.

6. Ground Lease

JCIDA holds a ground lease for the land upon which the Carthage Plant is situated. The ground lease runs through 2034.

7. PILOT Agreement

Carthage Energy, LLC and JCIDA are parties to a PILOT Agreement that expires June 30, 2014, or sooner if the Carthage Plant is transferred from JCIDA to Carthage Energy, LLC.

8. Interconnection Agreement

Carthage Energy, LLC is party to an Interconnection Agreement with National Grid, D.B.A. Niagara Mohawk Power.

D. Financial Requirements

The Sellers will require the successful bidders to provide financial assurance, including a parent corporation guarantee or letter of credit, to ensure ability to close the transactions and fund assumed obligations.

E. Asset Groupings

Two auctions will be conducted simultaneously. One auction will seek separate bids for Allegany Station and for Carthage Energy, LLC. A second auction will seek a bid for Peaking units CT 2 and CT 13 together.

F. Required Regulatory Approvals

After the winning bids have been selected, and transaction documents have been executed, RG&E or Cayuga Energy, as appropriate, and the winning bidders will submit their transactions to the PSC for approval under Public Service Law Section 70. The buyers of the combined cycle plants will be required to demonstrate that the transactions will be in compliance with the PSC's market power guidelines. The parties must also comply with the requirements of the State Environmental Quality Review Act.

A buyer that will operate any of the assets in New York may file a petition for lightened regulation from the PSC.

An interconnection agreement for the Allegany facility will be filed with the FERC for approval.

The Sellers will seek any required approval of the FERC under Section 203 of the Federal Power Act for sale of generation and any associated transmission assets.

The parties will make such other filings as are required by law for the consummation of the transactions.

III. Auction Process

A. Two Stage Bidding Process

1. Stage One, Indicative Bids

Bidders participating in Stage 1 of either of the auctions will have 30 days to submit indicative bids for the assets. Stage 1 will include the following tasks:

a. Identification of Potential Bidders

For each auction, a list of potential bidders will be identified with the goal of attracting as many qualified participants as possible. The combined cycle plants will be offered only to potential bidders qualified to own and operate power plants, since the purchaser of either combined cycle plant will be required to assume an environmental indemnification agreement, PILOT Agreement and other liabilities associated with the combined cycle plants. The two peaking plants will be offered both to companies qualified to own and operate power plants and to salvage companies. The Sellers will review the draft bidder lists with DPS Staff.

b. Early Interest Letter and Confidentiality Agreements

Once the potential bidders for each auction are identified, the Sellers will send each potential bidder, during the second quarter of 2012, an Early Interest Letter (EIL) that will include a description of the assets available to those bidders and the sale process and schedule. A confidentiality agreement, which the potential bidder must execute and return to participate in the auction, will be included with the EIL.

c. Offering Memorandum

Upon receipt of an executed confidentiality agreement, a detailed Offering Memorandum (OM) for the combined cycle plants and a more abbreviated OM for the peaking plants will be transmitted to the potential bidders. The OMs will include a description of the assets, terms of sale, a summary of the New York Power Market, and detailed description of the transaction process and schedule.

d. Access to Key Documents

All bidders in Stage 1 will be provided electronic copies of documents pertinent to the assets. The OMs, in conjunction with those documents, should provide bidders information sufficient to develop credible indicative bids.

e. Q & A Process

The Q&A process will afford the bidders the opportunity to ask the Sellers questions regarding the assets and/or the transaction process and schedule. Answers to the questions received in Stage 1 will be provided to all bidders.

f. Indicative Bids

Indicative, non-binding bids will be required to be submitted by a date certain which will be 30 days after Sellers transmit the Early Interest Letter.

g. Bidder Financial and Technical Qualifications

The indicative bid package from bidders bidding on the combined cycle plants must include, but not necessarily be limited to, the following:

- Financial resources and qualifications, including the source of funding for the acquisition and the potential source of a letter of credit or corporate guarantee to be delivered on execution of the

sale agreement to ensure ability to close transaction and fund on-going obligations
- Regulatory and legal qualifications
- Experience in ownership and/or operation of electric generating facilities
- Environmental and community involvement track records
- An expression of the intended use of the asset(s)

The indicative bid package from bidders on the peaking plants must include at least the following:

- Financial resources and qualifications, including the source of funding for the acquisition and the potential source of a letter of credit or corporate guarantee to be delivered on execution of the sale agreement to ensure ability to close transaction and fund removal obligations
- Environmental track record

h. Bid Pricing

There will be no floor bid prices, but if no bid for Allegany Station is at least equal to the net book value of that plant (which will be supplied to bidders), RG&E will be required to request guidance from the PSC on whether it should pursue the sale. Similarly, if the bid for peaking units CT 2 and CT 13 is not greater than the estimate filed by RG&E with the PSC of the gain or loss RG&E estimates it would incur from utility retirement and salvage of the peaking units, RG&E must seek the guidance of the Commission on whether to proceed with such a sale. Cayuga Energy is not required to seek the guidance of the Commission if the best bid is below the book value of Carthage Energy, LLC, but Cayuga Energy reserves the right to petition the Commission for relief if the best bid for Carthage Energy, LLC is below the net salvage value of Carthage Station.

i. Determination of Qualified Bidders for Stage 2

The indicative bids will be evaluated to determine the bidders that will be afforded the opportunity to participate in Stage 2 of the auction. Evaluation criteria will include bid prices; financial, technical, and environmental qualifications, exceptions taken to the proposed terms of sale, intended use of the asset(s), and benefits to ratepayers.

2. Stage Two, Binding Bids

Stage 2 of the bidding process is expected to last approximately two to three months, and will culminate in the selection of a winning bidder.

a. On-Site Due Diligence

Bidders will be afforded the opportunity to conduct on-site due diligence, including technical sessions and meetings with the Sellers' management.

b. Ongoing Q&A Process

The Stage 2 Q&A process will be in place up to the date binding bids are due. Answers during this stage will be kept confidential to the bidder asking the question unless the Sellers, in their sole discretion, determine that the answer is germane to all bidders.

c. Final Bidding Instructions and Draft Transaction Documents

After the consultation with DPS Staff provided for in Section V, final bid instructions will be transmitted to the bidders approximately 30 days prior to the date binding bids are due. Drafts of the RG&E Asset Purchase Agreement, the Carthage Energy, LLC Membership Interest Purchase Agreement and the Purchase Agreement for the peakers will be provided to the respective bidders together with the final bidding instructions. Those instructions will require identification of any exceptions taken to the transaction documents.

d. Bids and Bid Evaluations

Final binding bids will be kept confidential. Bid evaluation criteria will include bid prices, financial, technical, and environmental qualifications, and exceptions taken to the proposed terms of sale (including transaction documents), intended use of the asset(s), and benefits to ratepayers. Negotiations will be initiated with the highest tier bidders, culminating in the execution of the transaction documents and the preparation and filing of requests for regulatory approvals.

3. Auction Schedule

The Auction Schedule will begin with the issuance of Early Interest Letters during the second quarter of 2012, and will end with closings with the successful bidders after the required regulatory approvals have been received. All efforts will be made to complete the auction process as soon as possible.

IV. Consultation with NYSDPS Staff

A. Review of Auction Documents

Sellers will provide draft copies of auction documents, including, but not limited to, the Early Interest Letters, Offering Memoranda and Final Bid Instructions to DPS Staff for timely review and comment at least two months prior to the issuance of the Early Interest Letter. Sellers will work in a collaborative fashion with Staff to resolve open issues and concerns with the documents prior to issue.

B. Review of Indicative and Binding Bids

Sellers will provide DPS Staff with access to the documents provided to bidders and to Q&A process answers. Sellers will provide for DPS Staff review of the bids subject to appropriate confidentiality considerations.

C. Review of Bid Evaluation Methodology and Results

Sellers will review bid evaluation methodology and assumptions with DPS Staff prior to issuance of the Offering Memorandum. Sellers will provide for DPS Staff review of the bid evaluations, subject to appropriate confidentiality considerations. Such review and consultation with DPS Staff will occur prior to entering definitive negotiations with potential successful bidders.

V. Accounting and Rate Treatment

A. RG&E Sale Incentive

RG&E shall retain 10% of the net RG&E proceeds realized from either auction, assuming a net gain on the sale of any of the assets, up to a cumulative maximum pre-tax ceiling of $5.0 million. The customer share of net proceeds shall be returned to customers in a manner to be determined by the Commission.

B. RG&E Assets-Treatment of Proceeds – Gain on Sale

Proposed accounting for a transaction resulting in a gain is illustrated in the hypothetical example shown below:

RG&E Fossil Generation Divestiture Plan
Illustration of the Calculation and Disposition of Net Proceeds

Purchase Price	(a)	Assume	$ 10,600
Deduct Closing Costs	(b)	Assume 1%	(100)
Deduct Transaction Costs and Associated Credits	(c)	Assume 10%	(1,100)
Proceeds Net of Closing and Transaction Costs			9,400
Deduct Federal & State Income Taxes	(d)	Assume 10%	(900)
Net Proceeds Available After Income Taxes			8,500
Deduct Net Book Balance	(e)	Assume	(7,500)
After-Tax Net Gain			1,000
Deduct Company Share of Net Gain		90% Customer 10% Company	(100)
Customer Share of After-Tax Net Gain			900
Tax Gross-up @ Statutory Tax Rate	(f)	Currently 39.615%	700
Customer Share of Before-Tax Net Gain to be Used at the Discretion of the Commission	(f)		$ 1,600

Notes:

(a) This illustration relates to the sale of fossil generation assets owned by RG&E. The proceeds and costs related to Carthage Energy, LLC would not be included in a regulatory net gain calculation.

(b) Closing Costs are the portion of the closing costs allocable to RG&E, including, among other things, adjustment of the inventories included in the Purchase Agreement to the actual book balances at the time of closing, personal property, real estate, occupancy, assessments and other charges, rents, taxes and all other items payable by or to the Seller under any of the assigned contracts, permit, license, registration, compliance assurance or other fees with respect to any transferable permits, sewer, water, telephone, electricity and other utilities prorations and miscellaneous billings.

(c) Transaction Costs are the portion of the transaction costs allocable to RG&E, including, among other things, legal, administrative and other incremental costs.
(d) Federal & State Income Taxes will reflect the deduction of any remaining tax basis or other tax benefits associated with the assets being sold or otherwise disposed of as a result of the sale.
(e) The Net Book Balance includes, among other things, all of the assets and liabilities being sold, any remaining deferred tax balances relating to the assets being sold and other assets & liabilities, if any, that are deemed no longer used and useful for utility purposes as a result of the sale.
(f) The Customer Share of the Before-Tax Net Gain and the associated deferred taxes will be deferred on RG&E's books, and accrue interest on the after-tax balance at RG&E's pre-tax rate of return, pending determination by the Commission of their disposition.

C. If Bids for RG&E Assets Would Result in a Net Loss

(a) *Allegany* - As indicated in the Modification Order, if the auction results in bids that would result in a net loss associated with the Allegany facility, RG&E would petition the Commission for further guidance regarding pursuing the sale. The Company would expect that any net loss amount associated with a sale of Allegany would be established as a regulatory asset on the Company's books, and that the asset would earn a return and would recovered by the Company over a future time frame.
(b) *Peaking* Units – As indicated in the Modification Order, if the value obtained through an auction compares favorably to the estimate of gain or loss from utility salvage that RG&E will provide separately to the Commission with a request for trade secret treatment, then the facilities would be sold. If the comparison is unfavorable, RG&E would file a petition for further guidance. The Company would expect that any net loss amount associated with a sale of the peaking units would be established as a regulatory asset on the Company's books, and that the asset would earn a return and be recovered by the Company over a future time frame.

D. Impact on RG&E Non-Bypassable Charge

It is not expected that the net effect of the sale of the fossil generation facilities will have a material effect on the net costs and credits that make up the Non-Bypassable Charge ("NBC"). In addition, the NBC is subject to reconciliation. For these reasons, any effects of the sale would not be reflected in the NBC unless and until a sale is consummated and appropriate accounting treatment is defined in the subsequent Section 70 required filing(s).

E. In the Event Transaction is Not Consummated

In the event either or both of the transactions are not consummated, all incremental divestiture transaction costs associated with the auction will be deferred and addressed in the next rate case for RG&E Electric.