



Mark O. Marini
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June 23, 2023

VIA ELECTRONIC FILING

Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case No. 19-E-0380 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas and Electric Corporation for Electric Service

Request of Rochester Gas and Electric Corporation for an Exemption under its Non-Rate Economic Development Program

Dear Secretary Phillips:

Rochester Gas and Electric Corporation (“RG&E or the “Company”) respectfully requests the State of New York Public Service Commission (“PSC” or the “Commission”) to approve a special exemption under one of the Company’s Non-Rate Economic Development programs currently in effect pursuant to the Joint Proposal approved by the Commission in its Order Approving Electric and Gas Rate Plan in Accordance with the Joint Proposal, with Modifications issued and effective November 19, 2020 (the “JP Order”) in the above-captioned proceeding. More specifically, the Company respectfully requests that the Commission approve a special exemption to the Company’s Targeted Financial Assistance (“TFA”) Program to allow the Company to provide up to \$5.00 million of funding to a new customer (“Project Izzo”), to choose to expand into New York versus competitive alternatives out of state. The Company proposes to use up to \$3.25 million from its existing economic development programs, in addition to the funding proposed under the Company’s current TFA Program.

As explained herein, there is a unique and extraordinary economic development opportunity available to New York State in the RG&E service territory. The customer expansion contemplated and detailed below will have a substantial and broad-reaching economic impact in RG&E’s service territory and across New York State with a significant impact on New York State’s dairy industry.

TFA Program

Appendix V (pages 9-10) of the Joint Proposal specifies the overall purpose of the TFA Program. The TFA Program provides immediate economic assistance to preserve or create jobs and stimulate growth through financial assistance to a qualified customer with significant manufacturing and employment presence in RG&E's service territory. The program parameters also include qualification requirements and funding limitations. In the instant circumstances, these limitations on the TFA Program specifically, together with the limitations generally, on delivery rate and non-rate assistance, limit the Company's ability to provide the level of assistance necessary to aid the significant expansion and to meet the load requirements of Project Izzo.

The TFA Program has an annual ceiling for funding of just \$750,000 awarded in any one year for a single project and up to \$1.75 million over a three (3) year period. Finally, per the current rate plan, the annual amount included in delivery rates for overall economic development assistance related to RG&E's electric rate and non-rate programs is \$7.0 million per year for the term of the rate plan.

Special Exemption Request – TFA Program

The Company seeks this exemption now because of an extraordinary economic development opportunity with the potential for significant economic impacts within the Company's service territory and in the State as a whole. The customer is planning a capital investment of approximately \$650 million over a multi-year period to build out a new state-of-the art, 745,000 square foot dairy processing and packaging production facility. The need for access to sufficient power is critical to the customer and RG&E's ability to meet that need is why the customer has sought assistance from RG&E.

The cost for RG&E to provide upgrades to the Company's existing electric infrastructure to meet the load requirements for this project is estimated at approximately \$27 million. The Company is requesting this special exemption so that the Company may provide assistance through the TFA Program of up to \$5.00 million for this unique and extraordinary opportunity. The funding for the TFA grant will utilize economic development funding over the duration of the project.

The TFA, if permitted at the proposed level of \$5.00 million, will be an important component of the total economic package to keep Project Izzo from relocating this investment outside of New York and will encourage load and growth in the State. The TFA will be used solely to help offset the costs required to construct new Company electric infrastructure necessary to serve the Project Izzo's anticipated load, as governed by RG&E's electric tariff, PSC No. – 19 Electricity.

Estimate of Economic Benefits and Additional Agency Support

According to an analysis performed by New York State agencies, the projected economic impacts for this project from both a construction phase and on-going operations phase are as follows:

Planned Facility (Estimates)

- Capital Investment (total Project): \$650 million
- Construction Related Costs \$313 million (design, planning, construction)
 - Est. Construction Jobs: approximately 500+ during construction phase
- Annual Employment: approximately 250
- Annual Wages: approximately \$65,000

Milk/Dairy Supply Chain

- Milk Supply: May 9, 2023 public announcement cites “Expected utilization is equal to an estimated 5 million pounds of locally sourced milk per day.”
 - Raw milk intake expected to support approximately 850 local dairy farm jobs
- Related Supply Chain: 2,715 new jobs created over five years in related supply chain

Machinery and Equipment (Estimates)

- \$38,000,000 of purchases from NYS manufacturer(s)
- 10 jobs in year 2024

Furniture Fixtures & Equipment (Estimates)

- Purchases of \$2,000,000 from NYS wholesale company(s)
- Analysis yields an estimated 162 jobs in year 2023-2025

Property Acquisition (Estimates)

- \$10,000,000 property acquisition
- \$620,000 to total economic benefits

Once completed, this business expansion is expected to create at least 250 direct, permanent full-time jobs. The Company has been working very closely with several key economic development organizations at the local, regional, and state level and understands that they will be providing significant support/contributions to the investment for this project. These organizations include: The County of Monroe Industrial Development Agency, Greater Rochester Enterprise, Empire State Development, Town of Webster Economic Development Agency and the New York Power Authority.

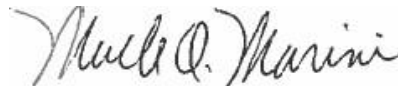
Conclusion

By granting the requested exemption made in this Petition, the Commission will allow RG&E to actively assist and share in the development and growth of a significant new customer in its service territory. The proposed expansion brings broad and significant favorable economic benefits to RG&E's service territory and to the State.

Therefore, RG&E respectfully requests that the Commission allow RG&E to assist in this project by approving this request for a special exemption to its TFA program that will authorize RG&E to provide up to \$5.00 million in total economic development assistance.

Please direct any questions pertaining to this filing to Joe Rizzo, Manager - Economic Development, NYSEG and RG&E at (585) 315-1070 or me.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark O. Marini". The signature is written in a cursive style with a large initial "M".

Mark O. Marini