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NEW YORK STATE PUBLIC SERVICE COMMISSION

PUBLIC STATEMENT HEARING in the matter of the
IBERDROLA and ENERGY EAST MERGER, held before
Amelia Moller, Notary Public, on February 21,
2008 at the RUNDELL AUDITORIUM, Rochester, New
York at 1:00 p.m.

PRESENT: RAFAEL EPSTEIN,
Administrative Law Judge

1 JUDGE EPSTEIN: Okay. We're on the record.
2 I call case 07-M-0906. This is a proceeding of
3 the New York Public Services Commission
4 concerning the proposed take over by Iberdrola
5 of Energy East, which as I'm sure everyone
6 knows, is the owner of RG&E and NYSEG.
7 What the case is about, I've been holding these
8 hearings all around the state, we've tried to
9 get to places throughout the service
10 territories of NYSEG and RG&E that are
11 convenient for people to get to, and what I've
12 encountered, among other things, is some
13 confusion about the status of the take over
14 situation. You may have read or heard that the
15 deal was made and it's a done deal and what
16 that means is there is a deal among these
17 companies. The companies came together and
18 reached an agreement, Iberdrola and RG&E and
19 NYSEG, that they would like Iberdrola to take
20 over Energy East, but that's not the whole
21 story, because if they want to do that it
22 requires an approval by various regulatory
23 agencies, state utility commissions and various

1 places where Energy East and its affiliates are
2 doing business, Federal Energy Regulatory
3 Commission and New York Public Services
4 Commission, which is what this is about, and
5 New York Public Services Commission hasn't
6 received the case in a form that's ready for
7 decision. So naturally they haven't made a
8 decision.

9 There are basically two kinds of hearings that
10 we do in this case. Evidentiary hearings,
11 which is a trial type hearing. There are
12 witnesses who have written testimony and
13 prepared exhibits. If you want to read that
14 stuff, all that material is posted on the
15 Department of Public Services website. If you
16 have the flyer, I don't know whether we have
17 enough copies, this is a real robust turn out,
18 which I'm glad to see, but the address is on
19 there for the Public Services Commission
20 website. It's DPSSLifedepartmentofPublic
21 Services.State, like State of New York, dot New
22 York, dot U.S., and almost when you get to the
23 first page of that website you'll see there is

1 an Iberdrola page set up and it has all these
2 materials. It has the copies of exhibits and
3 testimony they filed in support of their
4 position, and it has opposing testimony from
5 quite a few other parties that the so-called
6 active parties in the case, which are groups
7 that represent environmental matters. There is
8 the trial staff of the Department of Public
9 Services which takes an adversarial position
10 against the companies, and there are groups
11 representing low income customers, groups
12 representing big customers, industrial
13 customers, these kinds of entities. So there
14 is quite a few diverse and large groups, active
15 participants. A lot have put in testimony
16 saying that the Public Services Commission
17 should reject this take over or some of the
18 testimony says well if the Public Services
19 Commission is going to approve it the
20 Commission should put on certain conditions,
21 for example, I could give you many examples,
22 the one example just off the top of my head is
23 if Iberdrola is going to take over these

1 companies, it should not be able to take over
2 power plants in New York, like windmills or the
3 Russell Generator Station in Rochester. So,
4 that's what goes on in the evidentiary
5 hearings. Those are scheduled to begin
6 Wednesday in Albany and that's after the
7 parties asked me to postpone these hearings
8 because today they are meeting in negotiations
9 to see whether all the parties could agree on
10 some kind of a proposal to take to the
11 Commission instead of the proposal that was
12 filed by the company. Parties are going to see
13 if they can negotiate some modifications to
14 that proposal so they can make provisions more
15 to their liking, and tomorrow I'm supposed to
16 find out whether they got anywhere. They were
17 negotiating for a couple months and
18 negotiations broke down late November, and
19 that's when we started preparing to go into
20 these trial type hearings. I will hear
21 tomorrow whether they got anywhere, whether
22 they did-- if they feel they want to keep
23 talking, these hearings will be postponed a

1 little more until a week from Monday.
2 Otherwise we'll be going into hearings
3 Wednesday. And the other type of hearing is
4 where we are today here. This is a public
5 statement hearing, and as I mentioned we're
6 holding them throughout the state and the
7 purpose of it is that this is one way that you
8 individually and personally can tell the
9 Commission what you think and make your opinion
10 known, because we have a court reporter here
11 who will transcribe whatever you say and that
12 transcript becomes part of the record that's
13 before the Commission.
14 When the case goes to the Commission it's going
15 there with my recommendations. I'll be
16 reporting on what I heard out here and what
17 people are thinking and also I'll be presiding
18 over the evidentiary hearing, the trial type
19 hearing, and the parties will be writing
20 briefs, their lawyers will be writing briefs,
21 and all that becomes part of the record that
22 goes before the Commission, but this also is
23 part of it, and it's important that you're here

1 so that the Commission can get some impression
2 of what's the degree of public interest in this
3 matter, because I've seen a few empty hearing
4 rooms this week, so this is very unexpected
5 actually, but this is good to know, and if you
6 don't care to make a statement here today,
7 because some people just don't like to stand up
8 in this kind of a forum, or even if you do
9 stand up and make a statement, there are other
10 alternatives that the handout describes, but it
11 explains that there is a toll-free opinion
12 line. It's a toll-free phone number you can
13 call up there and leave a recorded message
14 about the case. 1-800-335-2120, you just have
15 to tell the machine that you're calling about
16 the Iberdrola case and all these comments that
17 we get on the telephone will be written up for
18 me in summary form. I don't get to listen to
19 them word for word, but that also is something
20 I'm going to be reading and reporting to the
21 Commission.

22 Another alternative is that you can write a
23 letter and that would be to the secretary of

1 the Public Services Commission. I'm sorry to
2 be boring you, probably, with these details. I
3 just don't know if everybody got the handout,
4 but if you want to write in that would be to
5 the secretary of the Public Services
6 Commission, 3 Empire State Plaza Albany, New
7 York, 12223, and there again, you should
8 indicate that you're talking about the
9 Iberdrola case.

10 If you want this information, if you need to
11 hear this again you can get it from me maybe
12 afterwards or also we have here a member of the
13 Department of Public Services staff, Ms.
14 Stimpson, who's signing people in.

15 In case you missed that, if you do want to
16 speak you don't need a written statement, you
17 don't have to hand in any material, but you
18 have to sign the card with your name and
19 address so we can do first come first serve.

20 Another way of writing in is to go on the
21 Department of Public Services website and there
22 is a customer assistance area which has a
23 comment form. You can type in your comments

1 and it's-- if you're on a computer it's easier
2 to do than writing a letter and putting it in
3 the mail and I do get to read these word for
4 word, but any of these things are a good way of
5 getting your opinions known.

6 In addition to Ms. Stimpson there is an
7 attorney here for Iberdrola, Ms. Leah Ziemba,
8 and you can find her here if you look for her.
9 She is not here to make a statement on behalf
10 of Iberdrola. This is an occasion only for
11 members of the public, other than parties in
12 the case, to make statements. That's the whole
13 point of it, but if you have something you want
14 to tell the lawyers for Iberdrola, she can take
15 a message home to her office, or if you have a
16 question about the merger proposal she can take
17 that back and presumably get you an answer.

18 More about the nuts and bolts, I see a lot of
19 signs here, and I see a lot of work has gone
20 into them and I bet a lot of organizational
21 efforts, too, and that's fine. Um-- if you
22 want to hold up your signs, I'm here to protect
23 the direction of the folks trying to run their

1 t.v. cameras, whether they like it or not I
2 can't tell you. All I would say is that we
3 probably have somewhat a lot of people here who
4 want to speak, so I hope that we don't-- that
5 that doesn't break down, that you will give
6 everybody a chance to speak that's signed up to
7 do that and as I said you sign a card we'll
8 take them first come first serve.
9 I'm inclined to-- you may have a different
10 opinion, my inclination is not to put any time
11 limits on individual speakers even if that
12 means we could be here a long time, and I don't
13 know, some people may not be able to deal with
14 that because they weren't planning on being
15 here that long, they have others appointments
16 or something. Maybe we'll have to make some
17 adjustment as time goes on. If I have to put
18 on a time limit we'll get some order or
19 something like that. If it looks like that's a
20 problem we can discuss that.
21 In the event that-- well, we're obligated to be
22 open to speakers until 2 o'clock, and sometimes
23 that means we'll have some down time to go off

1 the record and talk informally, but it looks to
2 me like we're not going to have any down time
3 so at this point I'm just prepared to stay here
4 as long as it takes to make your statements.

5 MS. FARRINGTON: So are you adding 20
6 minutes for speakers to make up for the 20
7 minutes you just used?

8 JUDGE EPSTEIN: No, I mean if nobody showed
9 up--

10 MS. FARRINGTON: I mean for what goes on the
11 record.

12 JUDGE EPSTEIN: No, we'll stay on the record
13 for as long as it takes. It's just that if we
14 ran out of speakers we would stay until 2
15 o'clock, but I don't think it's going to
16 happen, especially as you pointed out, I burned
17 up 20 minutes just now.

18 So I think that covers everything. So I'm just
19 going to call the first speaker. When you--
20 when it's your turn to speak you should be
21 using the podium here, and I would ask that you
22 indicate your name and address for the reporter
23 and that's all there is to it in terms of

1 formalities.

2 Um-- it's-- this is supposed to be about the
3 Iberdrola case, but it's not a hard and fast
4 rule. If you have problems with RG&E that may
5 tie in to Iberdrola, I've heard people say, not
6 about RG&E necessarily, but I don't get good
7 service from my utility company and how much
8 worse are things going to be if Iberdrola takes
9 over, so it's hard for me to draw a right line
10 between talking about the merger case and other
11 utility issues, and I know there are other
12 issues that are, maybe not directly related to
13 the merger, but indirectly related and these
14 issues. So, you know, we'll try to strike a
15 balance in terms of-- I'm going to try not to
16 stop anybody from talking about anything that
17 is arguably somehow related to this take over.
18 The first speaker is Mrs. Santiago.

19 JUDGE EPSTEIN: Did you sign a card also?

20 MS. HARPER: Yes, I did.

21 JUDGE EPSTEIN: And it's Trudy?

22 MS. HARPER: Harper.

23 JUDGE EPSTEIN: Okay. Ms. Harper.

1 MS. HARPER: Hi. My name is Trudy Harper
2 and I live in the northeast area of Rochester.
3 I'm a volunteer delegate of the Monroe County
4 Workers Benefit Council, and as such I am
5 speaking today on behalf of more than 20,000
6 low income service workers, unemployed and
7 disabled workers and their families.
8 Our membership numbers are growing in Monroe
9 County. Eastman Kodak Company and other
10 manufacturing companies that had previously
11 provided living wage jobs and benefits have cut
12 jobs. Valeo, formerly Delco Products, will
13 close down this year and move its remaining 500
14 jobs to Mexico. This plant used to employ
15 3,000 workers here, who made, on average \$39 an
16 hour, counting benefits. More of our
17 community's workers are faced with trying to
18 survive on temporary, part-time and other
19 low-wage jobs, usually with no job benefits;
20 and others, even worse off, have no job at all.
21 We are the ones that must make the deadly
22 choice everyday between heating or eating.
23 This is because the cost of utilities and other

1 basic necessities is skyrocketing, while our
2 incomes remain stagnant or have dramatically
3 decreased.

4 I am here today to call upon the members of
5 this body to fulfill your official mandate to
6 serve the citizens of this State. According to
7 the Public Services Commission website, the
8 Commission is quote: Committed to protecting
9 the rights of New Yorkers while ensuring access
10 to reliable and low cost utility services, end
11 quote.

12 The working poor know, the hard way, that the
13 PSC has failed to fulfill its obligation to
14 protect consumers. The cost of utility
15 services is high and rising. It is becoming
16 harder by the day for working people to
17 survive. There are people who will die this
18 winter because of your failure to live up to
19 this mandate.

20 We demand that the PSC require whichever
21 company controls our public utilities to lower
22 utility rates and to establish a debt
23 forgiveness program for rate payers at or below

1 250 percent of the poverty level who face
2 shutoff. Further we call upon the PSC to
3 establish a moratorium on utility shutoffs
4 during both the winter heating season and when
5 temperatures go above 85 degrees in the summer.
6 This is a life and death matter for most of our
7 vulnerable citizens.

8 I want to provide testimony from my own
9 personal experience. I have been a resident of
10 Rochester since 1964, and have lived in the
11 northeast section of Rochester for 34 years
12 where my husband and I raised our family of
13 three sons. I have worked most of my adult
14 life as a service worker, working mainly in the
15 janitorial field. My husband is a very
16 hardworking, dedicated man, who worked as a
17 laborer. We know what it is like trying to
18 make ends meet living on an income that does
19 not cover all of the bills.

20 Both my husband and I are retired now, and our
21 financial situation has worsened. We have less
22 income now than when we were working. Yet the
23 money that we must pay to cover our essentials

1 has increased. The biggest increase is in
2 food, heat, gasoline, medical costs and
3 personal needs like clothing. As homeowners,
4 we are strapped by the rising cost of property
5 taxes and the cost of maintaining our home.
6 A little over two years ago, for example, our
7 furnace died at the beginning of the heating
8 season and I had to get a new furnace. The
9 only way I could afford it was to charge it to
10 my credit card. You may realize that it is
11 going to take me years to pay this off.
12 I am on the budget plan with RG&E. The budget
13 amount is \$24 a month more than I paid last
14 year, and that's within keeping the temperature
15 set at 68 degrees during the day and 60 degrees
16 at night.
17 Even so, I struggle to keep up with my utility
18 bills. I have to cut back on my food budget
19 because of high utility costs. As it is the
20 poorer you are the less money you can afford to
21 buy food that is good for you. You can't
22 afford the fresh fruits and vegetables, or even
23 the frozen ones. I have many medical problems

1 that require me to see many doctors. For this
2 reason I cannot cut back on my medical needs.
3 I have to pay a \$20 co-payment every time I go
4 to the doctor, and I have six different doctors
5 I go to due to my medical conditions.
6 This winter, we have already had two near
7 tragedies here in Rochester. Lives were nearly
8 lost due to fires started by candles because
9 the households in question had no electricity.
10 I know of families that started this winter
11 without heat. They had to leave their house
12 and move in with other people because they had
13 no heat and lights.
14 People should not have to choose between food,
15 heating, shelter, seasonal clothing and
16 medications, all of which are necessary
17 components of good health.
18 There are people who will die from government
19 policies that allow privatizing of public
20 utilities, skyrocketing costs and profiteering
21 of the large energy conglomerates whether they
22 are Energy East or Iberdrola. Those highest up
23 on the list are our elderly or disabled

1 residents and our hard working low-income
2 residents. They are already stretched to the
3 breaking point. The profiteering of utility
4 companies is the straw that breaks the camel's
5 back for thousands of Monroe County residents
6 and small business people, too.

7 On behalf of the Monroe County Workers Benefit
8 Council, I call upon the Public Service
9 Commission to uphold your mission and serve the
10 public good. As public servants you are
11 mandated to do so. The PSC must make any
12 utility company that controls energy resources
13 accountable to the local population it serves
14 and base utility rates on the ability of the
15 people to pay.

16 We, the Monroe County Workers Benefit Council
17 demand that the Public Service Commission
18 install the following policies: Lower the
19 utility rates for residential customers and
20 small businesses; enact a moratorium on utility
21 shutoff for families whose income is at or
22 below 250 percent of the poverty level; direct
23 RG&E customers whose incomes are at or below

1 250 percent of the poverty guidelines, and
2 allow anyone whose service has been terminated
3 because of economic inability to pay, to
4 renegotiate a reasonable and affordable payment
5 plan based on their income, and have their
6 service reconnected forthwith without penalty
7 fees.

8 We refuse to stand by while what were once
9 public utilities are privatized and turned over
10 to huge muti-national corporations who make
11 billions in profits, with no accountability to
12 the public good, and while tens of thousands of
13 citizens in this area alone have to choose
14 between food and heat. This is unconscionable
15 and the PSC must act to do something about it.
16 Thank you.

17 JUDGE EPSTEIN: Ms. Santiago, are you going
18 make a statement yourself?

19 MS. SANTIAGO: Yes.

20 JUDGE EPSTEIN: Okay.

21 MS. SANTIAGO: Good morning. My name is
22 Alice Santiago and I live in the south west
23 area and I live in a senior complex and several

1 of our seniors are right now suffering because
2 they can't keep up with heating bills and it's
3 really, really unreal and unfair to all these
4 people, you know, that can't afford, just like
5 Trudy said about paying so much money to RG&E
6 when we have other bills to pay, and I heard
7 from a woman that had little babies and they
8 turned her gas and electric off and she has
9 children, they need the heat and they need to
10 eat, and I speak for everybody in the whole New
11 York State because I feel that's it's very
12 important that we have people that can
13 understand this. I'm sure they want to
14 understand it, but doing it is another thing
15 and we need people, a company, that's going to
16 work with us and not against us. And I myself,
17 you know, have a very small income, social
18 security and it's just very difficult, you
19 know, when you got to make a decision either
20 you eat or you heat, and I just feel we need a
21 company that's going to help us do this and
22 that's all I have to say right now.

23 JUDGE EPSTEIN: Mrs. Brewer?

1 MRS. BREWER: Good afternoon my name is
2 Sandra Gagner-Brewer. I live at 47 Laney Road,
3 Rochester, New York 14625. I appreciate being
4 here and I'm thankful to the *Democrat Chronicle*
5 because they ran an ad a week ago telling us
6 about this event.
7 I'm here because my husband has worked for RG&E
8 his entire life, after being in the Army, while
9 I worked at U of R. Most of my life has been
10 spent voluntarily working with the community.
11 We've been married 37 years. We live on one
12 pension with social security. We're a global
13 family, and I understand it's a global economy.
14 My son-in-law is Dutch and visiting the
15 Netherlands, we saw the wind turbines, so I
16 understand the contributions other countries
17 have to make to the U.S. as well as we have to
18 make to them. In considering the sale of RG&E,
19 that was already sold to Energy East, and now
20 to the Spanish company and possibly to the
21 French and Germans who might do a take over, I
22 do have a concern. I'm concerned about the
23 health benefits that retirees receive. Now

1 currently our provider is Preferred Care. My
2 husband says that our pension is protected, but
3 I am concerned about the health benefits. So I
4 don't know if the government in any way looks
5 at companies that might be doing the take overs
6 or buyouts to examine the pension benefits with
7 their own employees in their own countries, how
8 this relates to us, how reliable they are, how
9 satisfied they are, and what the relationships
10 would be to us, the new people that they would
11 be owing.

12 If this goes through, I understand the State of
13 Maine has already approved this take over, so
14 it's in the New York State's hands, so I come
15 to you with this concern about retirees. Right
16 now we have Preferred Care, that helps with
17 medicines. Since I have medical problems and
18 the costs are really expensive for the
19 medicine, that's why this is a concern to me.

20 I thank you for letting me express this concern
21 and hope that the government checks to see what
22 the health benefits might be if the company is
23 sold, and I'm grateful that there is a lawyer

1 here that's interested in buying RG&E. Thank
2 you.

3 JUDGE EPSTEIN: Thank you, Mrs. Brewer. Ms.
4 Rosen?

5 MRS. ROSEN: Good afternoon. The Rochester
6 Business Alliance, the regional chamber of
7 commerce serving the nine-county Rochester
8 region, thanks the Public Service Commission
9 and its staff for providing this opportunity to
10 testify on the proposed merger between
11 Iberdrola and Energy East.

12 Our position on this proposed deal is simple:
13 We strongly support it. The economic and
14 environmental benefits of this merger are
15 simply too strong to pass up, and the negative
16 message that New York State will convey if it
17 lets this opportunity slip through its fingers
18 is just too damaging to send to the world.
19 This merger would replace a large New York
20 State corporation with an even larger global
21 corporation with stronger financial ratings and
22 much more capital to invest.

23 Energy East is a large and influential company

1 in New York State. But Iberdrola, with market
2 capitalization estimated at some \$67 billion
3 dwarfs Energy East. Iberdrola is one of the
4 world's largest energy companies and it is
5 especially strong in renewable energy, and
6 Iberdrola's economic might is likely to bring
7 significant benefits to New York State if this
8 deal goes through.

9 Iberdrola has a long record of investing
10 heavily in regions where it has acquired other
11 companies. It acquired a Scottish utility and
12 soon announced that it intended to spend more
13 than \$4 billion in the United Kingdom. The
14 company has outlined plans to invest some \$6.7
15 billion on renewable energy in the U.S. alone
16 just between 2008 and 2010. New York stands to
17 benefit substantially from those plans if it
18 becomes a key locus of the company's U.S.
19 presence. What's more, the economic risks that
20 often accompany such mergers and acquisitions
21 are absent in this case.

22 Iberdrola boasts credit ratings that are better
23 than those of Energy East and its component

1 entities. This will ultimately benefit rate
2 payers. The company plans to finance this deal
3 with equity, not new debt. Iberdrola has said
4 it plans no job cuts as a consequence of this
5 merger, a particular positive for our region.
6 Iberdrola is the world's leading player in wind
7 renewable energy. That means its investments
8 are likely to create new so-called "green
9 collar" jobs in New York State. And it is
10 likely to help New York State move closer to
11 Governor Eliot Spitzer's bold agenda for
12 increasing New York's use of renewable energy.
13 Beyond the many reasons to support this deal
14 are the powerful harms that would be done if it
15 falls through.
16 New York State already suffers from an image in
17 this country and beyond as a business venue in
18 which high job creation costs and high taxes
19 weaken our competitiveness and an occasionally
20 stultifying regulatory climate makes matters
21 even worse. If a deal with a globally high
22 profile falls through because of perceived
23 regulatory problems, New York will not only

1 lose the economic and environmental benefits
2 described above it will worsen its reputation
3 as home to a less than ideal business climate.
4 The proposed Iberdrola-Energy East Merger has
5 received support from both the State Department
6 of Environmental Conservation and Empire State
7 Development Plan, New York's lead government
8 agencies for economic development and
9 environmental conservation.

10 The Rochester Business Alliance urges the PSC
11 to recognize the many benefits that this deal
12 offers and to negotiate aggressively and
13 optimistically to address staff questions about
14 the merger. This deal has all federal
15 regulatory approvals. It has State approvals
16 in Maine, New Hampshire, and Connecticut. It
17 has broad support in New York State. That
18 support includes the business community of New
19 York's Rochester region.

20 The Rochester Business Alliance creates value
21 for its members by delivering important
22 business services and by advocating for an
23 environment essential for member success. We

1 do that by providing information, advocacy,
2 human resources services and networking to help
3 employers grow in Monroe, Genesee, Livingston,
4 Ontario, Orleans, Seneca, Wayne and Yates
5 Counties.

6 The addition of Iberdrola to New York's
7 community of global corporations would help us
8 advance that mission and it would bring
9 substantial economic and environmental benefits
10 to Energy East's rate payers and to all New
11 Yorkers.

12 We hope the PSC can join us and the many
13 organizations who support this proposed deal.
14 Thank you.

15 JUDGE EPSTEIN: Mr. Richardson?

16 MR. RICHARDSON: Good afternoon, I'm John
17 Richardson. Eastman Kodak, one of the largest
18 employers in Upstate New York and one of New
19 York State's most active and involved corporate
20 citizens for well over a century thanks the New
21 York State Public Services Commission for this
22 opportunity to discuss the proposed
23 Iberdrola-Energy East merger.

1 As an active advocate for the best possible
2 business climate in New York State, Kodak is
3 well aware of the economic challenges that New
4 York State faces. Our state's long term job
5 growth rate has been well behind the national
6 average for many years, especially in upstate
7 New York. In part, because of this weak long
8 term job growth New York's rate of population
9 growth has been one of the nation's weakest for
10 several years. No wonder there is mounting
11 concern about New York State's struggles to
12 keep its best and brightest young people from
13 pursuing opportunities beyond our borders.
14 Much of the blame for these weak performance
15 numbers goes to New York's high costs of
16 creating jobs. Governor Eliot Spitzer has
17 forcefully acknowledged the need to address
18 what he has called New York's perfect storm of
19 unaffordability.

20 As New York's government policy makers work to
21 address these issues, New York's reputation
22 could use the kind of boost that would come
23 from a major global corporation like Iberdrola

1 coming to New York State and launching a long
2 and varied series of economic and environmental
3 benefits.

4 Perhaps the best measure of the vast potential
5 of this deal is the diverse group of entities
6 that have spoke in favor of it.

7 The proposed acquisition is supported by both
8 the Empire State Development Corporation and
9 the State Department of Environmental
10 Conservation. They are the State's lead
11 agencies for economic development and
12 environmental concerns.

13 The economic benefits to New York come from the
14 strength of this company, its background in
15 renewable energy and its long history of strong
16 investments in communities where it helps
17 provide power.

18 What's more, Iberdrola has a strong tradition
19 of investing where it does business. The
20 company has already indicated that it plans to
21 put some \$6.7 billion in renewable energy in
22 the United States between 2008 and 2010.

23 There are also economic benefits to New York in

1 some of the things that aren't part of the deal
2 and that are often associated with mergers and
3 acquisitions. For example, Iberdrola has
4 indicated that it plans no job cuts as a result
5 of the planned merger. And the company has
6 also said that the proposed deal shields rate
7 payers from financial risks because it has
8 already raised some \$4.5 billion in equity to
9 fund the deal, a deal without debt financing.
10 The intellectual assets of the Rochester region
11 are among the nation's most formidable and the
12 Rochester community is now poised for
13 significant economic growth. Large companies
14 in the area have adjusted very successfully to
15 the global market place and the changes in
16 technology and smaller companies in the area
17 are flourishing. Kodak is proud to be a part
18 of this vibrant community. We anticipate
19 Iberdrola will be a strong economic development
20 partner for the region's expansion.
21 But we also fear the message that New York
22 State will send to the world if the merger does
23 not happen. New York State has many powerful

1 assets that businesses find attractive, top
2 flight universities, a great tradition in
3 corporate research and development that Kodak
4 is proud to be a part of, good schools, a
5 skilled and motivated work force and natural
6 beauty that few places in the world can match.
7 Despite these blessings New York struggles to
8 attract new businesses and new jobs mainly
9 because of our high costs.
10 Here's a company that wants to come to New York
11 with new dollars, new energy, new ideas and
12 with a broad range of benefits that has
13 attracted broad support.
14 That's why Kodak so fervently hopes that
15 Iberdrola can join us in New York's business
16 community and add new momentum to the ongoing
17 efforts to invigorate our economy and build a
18 more prosperous future for all New Yorkers.
19 Thank you.

20 JUDGE EPSTEIN: Mr. Brewer?

21 MR. BREWER: I'm William Brewer and my wife
22 spoke a little earlier and I wanted to add a
23 few comments of my own.

1 I'm a resident of Rochester, New York. I'm a
2 retiree from RG&E or whatever they're calling
3 themselves these days, and I'm also a
4 shareholder in Energy East, a part owner of
5 that enterprise, which is a private company,
6 always has been.

7 My main concern is as my wife expressed, the
8 health benefits. Part of it, the pension plans
9 are trustee'd and reasonably well protected, but
10 the health benefits, which are very important
11 to my wife and myself are not protected, and if
12 the control moves away from here there is that
13 concern that the health benefits will go by the
14 way side and at some point-- I have a vested
15 interest in Energy East or whoever owns RG&E to
16 make enough money to continue to support my
17 health benefits, but at the same time having
18 lived professionally through the merger that
19 created Energy East I can understand the
20 concern because at that time we lost a
21 substantial amount of input and control with
22 RG&E.

23 Now regarding what it says on the paperwork

1 they filed with the Public Services Commission,
2 Energy East is for all intents and purposes run
3 from Portland, Maine and the perspective is
4 what's good for Maine and New England rather
5 than Rochester and New York State, so there is
6 that concern. Decisions now are being made in
7 Portland to determine how the company is going
8 to be run. What happens when the headquarters
9 move to Spain? And that's my concern for the
10 Public Services Commission. If there is any
11 way they can address and make sure that somehow
12 the interest of the employees and retirees are
13 protected somehow or another in this merger,
14 and listening to people talking to one other
15 thought that comes to mind, the term public
16 utility does not mean publically owned, it
17 means publically held. I'm one of the owners
18 of Energy East and there is hundreds more who
19 have invested, risked their own money in Energy
20 East and expect to receive some sort return for
21 that investment. That's certainly part of that
22 company being able to do business here. It's
23 not a charitable operation. They have to make

1 enough money to pay their bills. They don't
2 have anybody looking out for them saying you
3 can't pay your bills we'll help you out. I
4 thank you for your time and letting me speak,
5 and I hope that this merger will go through,
6 but under the proper controls. Thank you.

7 JUDGE EPSTEIN: Ms. Benjamin?

8 MS. BENJAMIN: I don't mean to be a
9 troublesome person, but I have to speak like it
10 is. You're talking about a take over or
11 merger? Are you talking about a buyout of all
12 of them, but then who are we? We're the person
13 that's here, we're the people that's going to
14 be here, all right? You said the lawyer for
15 Iberdrola is here and we can be able to speak
16 to her and Rochester Business Alliance says
17 that they is able to take over, how do they
18 know that no loss is coming to low income
19 people? Is that really true? There is no loss
20 coming to the low income? Is there really
21 truth to there is no loss, because on the
22 television last night they said they wanted to
23 increase gas and electric, how can there be no

1 loss? Our checks don't go up like that when
2 the companies let us take a down fall and they
3 close the doors, okay? The other thing is why
4 do you say that sales have been done? What you
5 mean the sale has been done? I thought it says
6 buyout, take over or merger, now which one are
7 we supposed to be deathly concerned about for
8 the low income people, the ones whose medically
9 injured, not that they just got medically
10 injured, that check don't go up every time the
11 gas as electric go up, and that bill costs
12 \$2.89, and you tell me about having another
13 company come in here and take over and we don't
14 know how that's going to be controlled. I need
15 an answer on something because otherwise the
16 low income people, what are we going to do?
17 Can someone answer some of this? The lawyer?
18 Someone would be able to help me? Okay then.
19 I'll be trying to get an answer because what we
20 need to know is are low income people going to
21 know about a company coming in here and being
22 fair to us so we won't have to worry about the
23 gas and electric being turned off because we

1 didn't make it? I was late two days because I
2 was in the hospital and they cut my gas and
3 electric off and my daughter went in there and
4 pleaded with them and they still cut my gas and
5 electric off and charge a fee to turn it back
6 on. Is that right or fair? I want to know the
7 company that's coming in, are they going to be
8 fair to the people on the low income? I hope
9 they are. That's all I want to say to you.

10 JUDGE EPSTEIN: Thank you Ms. Benjamin. Mr.
11 Straka.

12 MR. STRAKA: Your Honor, I have three pages
13 that I'll read and I have hard copy for you and
14 a disc for the court reporter.

15 Good afternoon ladies and gentlemen. My name
16 is Charles Straka and I am an RG&E rate payer,
17 an Energy East shareholder with three shares
18 and an unpaid independent intervenor, active
19 party member, in the current RG&E 5-year rate
20 agreement. I live at 6 Oakwood Lane in
21 Fairport, NY. I am not an intervenor in the
22 current merger case, but I have read over 2,000
23 pages of testimony and support documentation

1 related to the proposed merger.

2 Iberdrola, a Spanish mega-holding company, has

3 come along with a proposed purchase of Energy

4 East to form an even larger foreign-controlled

5 holding company. A recent report has a French

6 holding company attempting a takeover bid for

7 Iberdrola and another is rumored from a German

8 utility company. The PSC has the power to stop

9 this Iberdrola buyout/merger and not be a part

10 of the foreign nonsense that could involve

11 Energy East. The Enron energy fiasco may have

12 caused some to question business merger growth.

13 Of course, it seems to have always benefited

14 the energy traders, often shareholders and

15 certainly the involved executives. However,

16 these financial benefits are paid for by the

17 power consumers in rates. In contrast, the

18 value of benefits for rate payers is often

19 zero. Energy consumers in New York State

20 already pay some of the highest power rates in

21 the nation, even though the state has

22 significant available hydropower unlike many

23 other states. The current Iberdrola merger

1 would expand foreign control of New York energy
2 power and represents additional risk to rate
3 payers. Iberdrola's buyout spin pushes its
4 expertise in wind power and its financial
5 power. It's a utility powerhouse according to
6 the local newspaper. That powerhouse could
7 well discourage competitive wind-power
8 developers.

9 On January 11, 2008, the New York Public
10 Service Commission, PSC, Staff reviewed
11 Iberdrola's merger proposal, petition, and
12 completed a due diligence study necessary to
13 ensure that rate payers are not adversely
14 affected by the deal. The PSC's 1100 page
15 staff report, written testimony, is very
16 detailed and wide-ranging in scope. The
17 testimony explains why staff, after a
18 comprehensive analysis of the risks, costs and
19 benefits of the proposed transaction, has
20 reached the conclusion that the proposed
21 acquisition of Energy East Corporation, Energy
22 East by Iberdrola, S.A., Iberdrola is not in
23 the public interest, and as such, should not be

1 approved by the Commission. This commission
2 staff rejection of a proposed major merger,
3 which goes beyond New York State, is
4 unprecedented. The local press has carefully
5 noted as being important that other states; New
6 Hampshire, Connecticut, and Maine have all
7 approved the merger. It is interesting to note
8 that Enron's control also went beyond just one
9 state and eventually had a significant negative
10 economic impact on many rate payers and others
11 across several states. Rate payers clearly got
12 the short end of the deal.

13 It is also important to note that Energy East
14 shareholders are guaranteed a sale price of
15 \$28.50 per share, above market value, but they
16 are forced to sell their stock by the proposed
17 merger. Key Energy East executives will also
18 get significant financial rewards. One of the
19 largest is the direct payout to the Energy East
20 CEO of \$21.8 million and other benefits. The
21 reported total cost to Iberdrola is \$4.5
22 billion. New York rate payers, and any other
23 U.S. citizens, will not be allowed to own

1 Iberdrola stock and the SEC security reporting
2 requirements may be relinquished. Iberdrola
3 promises full disclosure. Interested rate
4 payers, especially RG&E rate payers, might want
5 to read all or key sections of the PSC Staff's
6 testimony on the PSC Web site. It is not an
7 easy read because it is a very complex issue;
8 most merger proposals are multifaceted and
9 written in a legal format. Accordingly, the
10 staff testimony has to be very detailed and
11 complete. The local newspaper appears to like
12 a quick read and has noted the documentation
13 related to the merger on the PSC Web site is a
14 cumbersome sea of documents written in jargon.
15 However, the paper failed to do any real
16 research, or make any attempt to summarize and
17 simplify the staff findings for reader
18 enlightenment.

19 On January 31, 2008, Iberdrola issued its
20 written rebuttal testimony, over 750 page. As
21 expected, the company's strategy, or rebuttal,
22 was to attack the PSC Staff findings and
23 statements. Five key elements are summarized

1 as follows; One: RG&E's Power Rates and
2 Earnings. The PSC Staff has indicated that
3 RG&E's earnings are in excess of what is
4 currently considered a reasonable return on
5 equity and suggests that there is an immediate
6 need to reduce both delivery and commodity
7 rates, adjust write-offs, modify reserves, and
8 change earnings sharing and this should be done
9 as part of the current merger review process.
10 Iberdrola's rebuttal position is that it is
11 inappropriate to seek to modify a rate plan in
12 any merger proceeding. The rebuttal testimony
13 challenges each recommended adjustment or any
14 future modifications.

15 Two: Synergistic Savings. The proposed merger
16 would offer no synergistic savings. Many
17 mergers have offered such savings as a benefit
18 to rate payers. The PSC Staff argues that the
19 proposed transaction not only lacks tangible
20 benefits, but imposes real, tangible costs and
21 risks on customers. Iberdrola argues that
22 while the merger offers no synergistic savings
23 it does offer an upstream transfer of control

1 rather than a consolidation of operating
2 companies. The question is, will that upstream
3 control always act in the best interest of the
4 rate payers and the local community?
5 Three: Vertical Market Power. Currently,
6 Energy East's subsidiaries, RG&E and NYSEG, own
7 transmission and distribution facilities,
8 electric generating units and natural gas
9 distribution facilities. Iberdrola has
10 indicated plans to develop wind generating
11 power in the state and that could result in an
12 interconnection line and establish a vertical
13 market that would dissuade competition and
14 adversely affect future wind-power development
15 in New York State. Iberdrola argues that it is
16 uniquely positioned to assist the State in
17 meeting its renewable energy goals.
18 Four: Possible Future Financial Risks.
19 The PSC Staff has found that Iberdrola's
20 ownership creates an unreasonably high number
21 of future financial risks for rate payers.
22 Iberdrola's overall multinational capital
23 investment program and its leveraging can

1 increase financial risk. This is seen as a
2 possible negative impact on credit ratings,
3 while Iberdrola claims that its credit rating
4 now is stronger than that of Energy East.
5 However, a long European proxy fight could
6 weaken Iberdrola's financial standing. The
7 adverse impact of \$2.9 billion in excess
8 goodwill capital in the proposed merger could
9 create a financial drag and possibly lower
10 credit ratings. If Iberdrola is acquired by
11 another foreign company additional goodwill
12 risk problems could be created.

13 Five: Financial Transparency. The PSC Staff
14 argues that the merger could lead to diminished
15 financial transparency and reporting. The
16 complex international organizational structure
17 of Iberdrola, with differing accounting
18 standards and procedures and a language
19 difference, will make future regulatory audits,
20 rate negotiations, and financial reviews
21 cumbersome and difficult. Iberdrola argues
22 that they operate effectively in other
23 countries such as Great Britain, which also

1 speaks English and also has regulators. The
2 company also notes that the staff's positions
3 reflect a strong aversion to large holding
4 companies and the emerging global nature of the
5 utility business.

6 Energy East has nearly three million electric
7 and gas customers across five states. RG&E
8 alone has 359,000 electric customers and
9 296,000 gas customers. Many of those customers
10 pay utility bills that average between \$1700
11 and \$1900 per year. I can assure you that they
12 would all like to have lower energy bills.

13 However, The City of Rochester's testimony
14 states that the merged companies should be
15 required to address environmental and aesthetic
16 issues associated with various RG&E facilities.
17 It appears that high energy bills are not an
18 important issue. The Greater Rochester
19 Enterprise, GRE, states that the merger's
20 benefits for current and potential customers
21 would stimulate economic development. Will
22 this merger and that dangled carrot, wind
23 power, create jobs and lower rates? If history

1 is any indicator, the last merger involving
2 Energy East didn't effectively lower utility
3 bills, and it is my understanding that some
4 jobs were actually transferred out of New York
5 State. RG&E's current 5-year rate agreement
6 will expire on December 31, 2008. On February
7 1, 2008, RG&E asked the Commission to continue
8 the existing rate plans into 2009, and, it is
9 assumed, possibly beyond. As an interested and
10 informed ratepayer, I share the PSC staff's
11 stated concerns and support the Staffs
12 recommended rejection of the proposed
13 buyout/merger. The staff has already indicated
14 that RG&E's earnings are excessive and the
15 rates are too high and should be reduced. For
16 that reason I also think the current rate
17 agreement should not be extended and new rate
18 negotiations should start no later than June
19 2008 when RG&E plans to file its case for the
20 re-powering of the Russell Generating Station
21 and to present the expected associated costs
22 and proposed ratemaking treatment. I hope to
23 be a part of the new rate case.

1 JUDGE EPSTEIN: Reverend LeBeau?

2 REVEREND LEBEAU: Good afternoon my name is
3 Tom LeBeau. I pastor the Seneca United
4 Methodist Church in Irondequoit and I thank you
5 for ensuring we, the public, have our input in
6 this important issue. You've packed the house,
7 your reputation as a good moderator must have
8 proceeded you.

9 I'm pleased RG&E has a good record of community
10 cooperation with such programs as the emergency
11 heating fund administered by our local chapter
12 of the American Red Cross and its cooperation
13 with programs like the Home Energy Assistance
14 Program, resources that help the working poor
15 and those on fixed incomes meet their needs for
16 basic utilities while experiencing financial
17 emergencies. I think that these local
18 resources really do try to help folks not fall
19 through the cracks in times of emergencies, but
20 as Ms. Benjamin spoke earlier, sometimes people
21 fall through the cracks.

22 In my ministry I have been alarmed and
23 surprised at the number of families in tenuous

1 financial circumstances, retired citizens and
2 families whose both parents work. In our town,
3 Irondequoit, a suburb that's not considered a
4 poor suburb, that's a working class suburb, not
5 considered one that has an especially large
6 number of poor folks in its community, and yet
7 I learned that many people have had to tap into
8 our town's local resources, like our community
9 food cupboard that's been in existence for two
10 or three years simply because time and time
11 again they have stated I have to keep the heat
12 and lights on, and so that means I don't have
13 enough money for food. Demand for our local
14 food cupboard has more than doubled in the
15 three years of its existence. People regularly
16 come to my church and churches in our community
17 asking for help with assistance with food and
18 utilities. So, I am concerned that if RG&E is
19 bought by a company that has no local roots and
20 no real local connections, one that is not only
21 another in another state, but on another
22 continent how will they be responsive to the
23 needs of the local working poor or those in

1 tenuous financial situations who would go from
2 being tenuous to a heating emergency. How
3 will, to quote Iberdrola, good customer service
4 and support of local communities, in my
5 perspective to this, respond to the needs of
6 the working poor and those who are on a fixed
7 incomes, particularly our elderly and those
8 whose both parents work and they can barely
9 meet expenses now. How will that
10 responsiveness be preserved? I ask that if
11 this petition is approved that the Public
12 Service Commission is able to modify it to make
13 sure that these concerns for the neediest in
14 our community are addressed. Thank you.

15 JUDGE EPSTEIN: Mr. Malley?

16 MR. MALLEY: Can you hear me okay? My name
17 is Robert Malley. I've been a resident of
18 Monroe County for 73 years and I've been
19 associated with Eastern Service Workers
20 Association for about 25 years, and I also
21 owned a retail bakery, donut shop in the City
22 of Rochester for 47 years until about two years
23 ago.

1 One of the reasons for the demise of the donut
2 shop, along with increased cost of commodities,
3 labors, and insurance was the increased cost of
4 utilities. We just could not take these
5 increases and still stay in business, and we
6 had to close the donut shop and we therefore
7 had to let about 20 of our employees go. So
8 not only did I lose my business, but I-- also
9 my employees also lost a form of employment and
10 we were a very popular organization, but as a
11 retail merchant, I just could not temporarily
12 raise my prices to offset these increases. I
13 was at the end of the line. Everybody told me
14 well I'm sorry, Bob, but we have to increase
15 the price of your flour and utilities, but I
16 couldn't raise my price or else I would lose
17 business. So eventually it came to a point
18 where it was not profitable.

19 And I started thinking about what a public
20 utility is. It's a government regulated
21 utility company and because competing utility
22 companies were refusing to bring electric and
23 gas to the poor people of the neighborhoods,

1 and most of the production of electricity is
2 derived from natural resources under federal
3 protection and the federal government used tax
4 money to create huge power producing
5 hydroelectric dams. As a trustee of the
6 resources for the public, state agencies like
7 the Public Services Commission were created to
8 protect the citizens from monopolies, to ensure
9 heat and light, which are essential in life are
10 accessible to all, and I'd like to digress a
11 little bit and give a similar situation why I
12 fear monopolies.

13 Not to get into a personal situation, but my
14 wife was found out to have multiple Myeloma,
15 which is cancer of the white blood cells and
16 one of the best treatments is Thalidomide which
17 she'll have to take for the rest of her life,
18 and the oncologist said they'll give her this
19 pill for now, and the nurse said we'll give you
20 a week's supply. Now listen carefully. We'll
21 give you a week's supply of Thalidomide, but
22 there is a co-pay, do you mind paying the
23 co-pay, and I said not at all, for you see

1 Myeloma is not curable, but it is treatable. I
2 went to discharge my wife and a week's supply
3 for Thalidomide was \$1400. This can be
4 corroborated on Google, if you look it up, the
5 high cost of Thalidomide. I said \$1400?
6 That's my cost, co-pay \$2800 dollars a week for
7 Thalidomide, that comes out to \$150,000 a year,
8 \$75,000 a year my cost. Is that ridiculous?
9 Is that obscene, unconscionable? There is one
10 pharmaceutical company that produces it. Now
11 whether my wife lives or dies depends on her
12 taking this Thalidomide and it was going to
13 cost me \$1400 a week. So, we took her off
14 Thalidomide, and thank God with the Oncology
15 Department we did get a supplement which makes
16 it bearable. Now that's the price of the
17 medication and that's a monopoly.
18 We are now looking at Iberdrola taking over,
19 which is a monopoly. What I just told you is
20 ridiculous, but we have to be very careful
21 about these large corporations who sometimes
22 see that part of the community is invisible and
23 they don't realize that there are such things

1 as catastrophic illness or basically wanting to
2 live. We have-- all the people in this
3 community have the same desires and wishes that
4 everybody else has, and when they have to
5 decide whether they're going to eat or have
6 heat I don't think that's right and I think
7 there has to be some guarantee that everyone
8 has the ability to share in this wonderful,
9 spectacular country.

10 Energy East bought RG&E, bought RG&E with
11 capital it acquired by promising its investors
12 high profits from deregulation. At the same
13 time the suppliers raised their prices with
14 speculative pricing that the delivery company
15 and state government passed on to the consumer.
16 I can recall 30 years ago when Jimmy Carter was
17 President of the United States and we had
18 problems with our energy crisis, it was stated
19 in the State of Louisiana alone there was
20 enough reserve natural gas to supply the United
21 States for 1,000 years. Go back and look that
22 up. And then we wonder why we have the high
23 cost of that particular commodity. So we have

1 to be very careful because it's going to cost
2 irreparable harm, not only to the people of the
3 community, to small businesses like my own that
4 just could not survive because of increased
5 prices.

6 One more thing that I'd like to bring up,
7 having been in the baking business, you have
8 noticed that the prices of baked goods is going
9 up. My son is in the business of selling
10 flour. Two weeks ago a 50 pound bag was \$15,
11 this week \$40, and he said we haven't seen the
12 end yet. So here we have the basic staff of
13 life, bread, skyrocketing and we don't know
14 what's going to happen with our utility costs.
15 Be very careful what you do to the people in
16 the community. Thank you very much.

17 MR. EPSTEIN: Mr. Barbour?

18 MR. BARBER: Hello my name is Jim Barbour. I
19 live in Naples, New York and I only recently
20 came to this question of wind energy back in
21 November. It was always active in my
22 community, but I was one of the people that
23 didn't pay attention because it was beyond me

1 and what do I know about anything and an event
2 took place in my life and I decided to go watch
3 what was happening. So I attended several
4 meetings, Town Board meetings, wind energy
5 meetings, and came away with the feeling of
6 frustration and anger because every question
7 that got-- the first meeting was a Board of
8 Education meeting where SCIDA, which is Steuben
9 County Industrial Development Agency, came to
10 ask the Board for a pilot program, which is
11 payment in lieu of taxes.
12 Now I was chairman of the Zoning Board of
13 Appeals in Naples for a number of years and
14 whenever anybody came to the Board for a pilot
15 program they were asking for a giant financial
16 favor because they didn't want to pay taxes on
17 whatever, they wanted to pay a certain amount
18 of money to guarantee them money in their
19 project. These people that showed up before
20 the Board were so filled with disdain and
21 arrogance I was baffled by it, and doing that I
22 started to look into it and found a letter from
23 the State Comptroller's Department that SCIDA

1 had been audited and there were nine
2 recommendations that had been made as they did
3 nothing in their charter that would carry
4 through on their charter, so I went back and
5 asked when would they make these changes and
6 they don't have to make changes, they're above
7 the law.

8 Going to these meetings, there was a meeting in
9 Atlanta that was supposed to be for public
10 comment on the Dutchhill Transfer Wind Project
11 and James Sharon, who's the chairman of SCIDA
12 showed up, sat there and didn't say a word and
13 there was a woman who looked like a secretary,
14 and I asked for the minutes and they said oh,
15 I'm just a friend of the Town Clerk, I'm not a
16 secretary. I asked the chairman when will the
17 minutes be made available he said before this
18 Thursday. From what I know about pilot plans,
19 you can't vote on pilot plans until a lot of
20 other things are place, and the big surprise at
21 the meeting was not their low level arrogance
22 or casual disdain for the audience, about 15
23 members that were there, but somebody saw fit

1 to have two posted armed guards at the door.
2 Now, I notice there are about 40 or 50 people
3 here and there are no guards, guns or soldiers,
4 but what seems to be taking place with SCIDA
5 and all the wind companies that are weaseling
6 their way into New York, if you look five years
7 ago there was not much talk about wind, and now
8 in Naples alone, and Naples is a small town of
9 about 2200 people, there is approximately \$350
10 million worth of wind projects going on and \$23
11 million for parts shops, \$4.5 million for
12 energy. Where does the money come from? Right
13 here. And as it was currently, or previously
14 stated, the rates won't go down. The money
15 that's being made from these projects is made
16 by the developers. You can't get answers on
17 whether there is a decommissioning fee in bank
18 accounts to take care of the wind generators
19 after they go up. And some people, like in
20 Howard, New York, they don't know anything
21 about wind energy. They hear green energy
22 credit and less dependence on foreign oil and
23 that's a great idea, they forget how they're

1 being put up is by big money. The money will
2 not return to the community. The jobs that are
3 promised will not stay in the community, of
4 course there's going to be construction jobs to
5 haul gravel but once the towers are built there
6 is nothing there. There is nothing for the
7 community. There might be jobs mowing the lawn
8 around the base of the tower, and it's
9 depressing for me to go to a meeting and try to
10 become an interested responsible citizen and be
11 met with a wall of disdain and talk be told and
12 the law is already in place, I'm sorry we
13 scheduled this meeting two months ago, we can't
14 stop it, we have to vote and the feeling that I
15 get as citizen is that I am running down the
16 railroad track chasing a train that's already
17 gone, because all of the decisions have been
18 made.

19 And we're right next to the Xerox Tower, it's
20 405 feet, which is the height of a wind
21 turbine, 405 feet including the blades, so many
22 people in Naples that I talk to are astounded
23 at what they see on the hill tops now because

1 this project, which is easily the largest
2 capital project ever put in Naples, hardly
3 anything was talked about and interestingly
4 enough I was going through a stack of magazines
5 and came across an old Naples Record, a little
6 town newspaper and it was dated 2003. It was
7 the introduction of the wind project and had
8 numbers like \$200 million, \$4.3 million for
9 research, all banded around like this money was
10 going to fall from the sky. They promised many
11 jobs to the community, nobody has been able to
12 show me this work, but jobs for construction,
13 people coming from Texas and wherever else they
14 come from. They say these wind generators will
15 generate enough power-- enough electricity to
16 power 20,000 homes and everybody says what a
17 great idea, 20,000 homes and what? These
18 things on average produce electricity maybe
19 between 12 to 15 percent of the time during the
20 year in Naples, if my memory serves me correct.
21 Capital investment on each wind generator is
22 approximately \$2.5 million and you multiple
23 approximately-- I'm not familiar with the total

1 number, but I think it's 50 million, something
2 that's a huge sum of money and it never really
3 gets talked about.

4 So much of the animosity, when you go to these
5 meetings, one side is pitted against the other
6 side, there is signs all over the place that
7 say we support clean energy and the other side
8 is keep our hills turbine free and the energy
9 companies, whoever they are, because it's hard
10 to get to them in control, and it seems to be
11 people going through the process, you don't get
12 any clear sense, and my hat is off to the
13 people who came up here and spoke before me.
14 People who are eloquent, intelligent, have real
15 concerns in the end don't seem to be listened
16 to and I talk about SCIDA because they are the
17 lead organization here and I think they came in
18 late '60's or '70's, and they are responsible
19 for these projects and people start talking
20 about when this first began it was Energy East.
21 Now it's Iberdrola. It reminds me of that old
22 joke I don't know how to spell Iberdrola, but
23 now I are one, and if you can't get any answers

1 now and people say we can't say anything
2 because they're constrained by the law and I
3 have written letters to our congressman, Randy
4 Law, no answer, why are the armed guards posted
5 at a meeting and it's a level of intimidation
6 that these people engage in to get their
7 projects in.

8 So I feel totally unqualified to make a
9 statement about Iberdrola and Energy East,
10 however when New York State Gas and Electric
11 and RG&E were sold, and a lot of people lost
12 their jobs, my friend was one of them, and
13 there was a meeting with 110 engineers in the
14 room and they said we are going to have, in two
15 or three months time, 65 engineers and he
16 walked out of the room, and a friend of mine
17 said you should have said let the back stabbing
18 begin because that's what happened.

19 Then down when NYSEG got out of the generating
20 business and got into the transmission business
21 they restructure their company down there and
22 didn't really destroy the company because it
23 still works, but they made everything so thin

1 that the people who still worked there, I'm not
2 going to say overworked, but they had to work
3 harder than they used to keep the investors
4 happy.

5 People talk about these billions of dollars
6 coming in. Follow the money, you can't follow
7 the money. You ask them where the money comes
8 from for these towers and where does it go and
9 what do the leases look like the people have
10 had to sign, you can't find out. It's a secret
11 and I'll stop.

12 In the newspaper this morning on the front page
13 of the newspaper there's a blood spattered
14 sidewalk about two people killed in a drug
15 house some place and following the editorial
16 page there was an article about a woman who
17 went to myspace, which is a place on the
18 computer that the kids use, and asked the kids
19 why is there much violence in the city and what
20 can be done about it. She said that she got
21 some very eloquent answers, but she said one of
22 the things that she read was the government's
23 corrupt. Now that's a pretty broad statement,

1 but when you think the government is corrupt
2 then you feel powerless, but I can't condone
3 what goes on, but it goes here, because when
4 there's such money being talked about, i.e. the
5 \$350 million around Naples, there is such a
6 pressure to move ahead. They talk about these
7 wind generators up here, oh there is a wind
8 generator and then go to Dansville and see the
9 incredible store of generator parts. The
10 meetings, there's nothing to them. They
11 already know they're going to go in, and that's
12 why they're so arrogant and this deal with
13 Iberdrola and Energy East is fraught with too
14 many questions to go through. If I think we
15 have a problem now being heard, and I don't
16 really want to change anything, I just want a
17 transparent process, but it seems like the
18 lawyers are off pushing an opaque process and
19 nobody knows what's going on anymore. I don't
20 know how long the leases are. Leases are
21 reported to be-- has anyone seen an energy
22 lease? It's 10 or 20 pages? Nobody knows.
23 Nobody knows. I feel like Albert Finney in

1 that movie I'm Mad As Hell and I'm Not Going to
2 Take it Anymore, but what can I do? All I can
3 do is stand up and say what I've said.

4 JUDGE EPSTEIN: Ms. Hill? Is there a Ms.
5 Hill?

6 MS. HILL: I just put my sheet away. Okay.
7 My name is Karen Hill and I live at 80 Genesee
8 Parkway Boulevard in Rochester and I have been
9 there since 2002. Previously I came from New
10 York City and today I'm a volunteer and member
11 of the Monroe Workers Benefit Council in
12 Rochester.

13 The WBC is a membership organization for low
14 income workers and their families, the down
15 sized, disabled and retirees and the most
16 effected people.

17 The Public Services Commission's charter
18 establishes them as the voice of intervention
19 when the good of the public is threatened.

20 When families would have had their utilities
21 cut off, PSC was to make arrangements to make
22 sure the basic human necessities of warmth and
23 the ability to feed their families were taken

1 care of. Things have gotten worse since Energy
2 East took over RG&E. Not only has the cost of
3 home heating risen astronomically, salaries
4 have lowered because of types of jobs in the
5 city.

6 Utility increases are across the board, and of
7 course have increased for basic necessities:
8 Medicine co-pays, food and other necessities,
9 and this has been corroborated by many of the
10 speakers here today.

11 In a word, all the community, which we, as
12 responsible adults, interact with to care for
13 and maintain our families, and naturally when
14 these businesses are hit with utility increases
15 the cost is passed on to us, their customers.
16 People with little or no fat in their paycheck,
17 the working poor, are forced to deal with the
18 increased cost of food et cetera as well as gas
19 heat and electric.

20 The available utility budget plans border on
21 ridiculous. A working person with a family
22 earning minimum wage still must pay rent, food,
23 medicine, utilities as well as provide

1 necessities for their children. The working
2 poor have barely enough me money left over to
3 get to work, and if those persons renege on
4 their agreement they're summarily ousted from
5 the budget plan and hit with the entire amount
6 that's been approved, thousands of dollars.
7 Now with Iberdrola poised to sweep up Energy
8 East and add it to their roster of companies,
9 the handwriting is on the wall. With no ties
10 in the community, and not even based in New
11 York can the public good be served by this
12 multinational conglomerate? I think not. What
13 we require, no, what we demand, is lower
14 utility rates. The Public Services Commission
15 needs to take a proactive position on
16 government responsibility no matter who owns
17 RG&E. Step up and intervene on behalf of the
18 working poor of Monroe County. Our families
19 are doing the best they can and they need
20 protection from the escalating cost of
21 utilities. They need forgiveness for debt
22 incurred to keep their families from freezing
23 to death and a moratorium on overpriced

1 utilities for those within 250 percent of the
2 poverty level. The Public Services Commission
3 should live up to its charter and not allow
4 *carte blanche* to profiteering companies while
5 allowing honest, hard working men and women to
6 fall into poverty.

7 JUDGE EPSTEIN: Ms. Ferrante?

8 MS. FERRANTE: Good afternoon one and all,
9 My name is Josephine Ferrante. I live at 603
10 Dewey Avenue, Rochester, New York. I am here
11 this afternoon as a delegate of the Monroe
12 County Workers Benefit Council and as a
13 concerned citizen and Rochester Gas and
14 Electric customer for 26 years.
15 I am 80 years old and the problems that I am
16 going to describe are problems many seniors
17 living on fixed incomes in this county also
18 share.

19 From 1975 until I retired in 1995 I was
20 employed by the New York State Department of
21 Labor. I finished my 20 years of service at
22 age 68 as a senior underwriting clerk at 100
23 Marine Midland Building on Chestnut Street in

1 Rochester. In 1980 I purchased a house I
2 presently live in at 603 Dewey Avenue and
3 started to make RG&E payments. I paid as a
4 month-to-month consumer. Even though I worked
5 for the state I was not making much more than
6 the poverty level until my union fought for a
7 raise, yet at this time I was able to afford my
8 utility bill. Starting in 1998 I recall that
9 my utility bill increased dramatically and it
10 has been going on since. About two years ago I
11 went on the budget plan. I was trying to keep
12 up, but the cost kept rising to the point that
13 I got a bill for over \$900 and subsequently a
14 shut off notice. I could not pay the bill. I
15 used to have the heat in my home on 70 degrees
16 because that was the only way I can stay warm.
17 I'm a diabetic and I cannot stand the cold of
18 the house. I also take medication for high
19 blood pressure occasionally and I have had
20 anemia which also makes me feel cold. This
21 year I was able to have some work done to my
22 house and I found a contractor who would do the
23 house reasonably where I could afford it. He

1 lowered my ceiling in the living room which
2 makes it a little warmer. Now I have the
3 thermostat at 65 degrees unless it's cold and
4 windy in which case I put it on 68 degrees. I
5 used to lower the thermostat to 60 degrees when
6 I came to work and when I came home and entered
7 the house it was cold. So now I have the
8 thermostat at 65 degrees all the time. When I
9 get-- when I got the shut off notice for \$900
10 last year I thought there must be a mistake
11 because the bill had never been so much or so
12 high, so I called RG&E about it. I was
13 referred to the Collection Department. I told
14 them that the bill must be wrong because I
15 didn't believe I used the amount of gas and
16 electric. It was a good thing I called.
17 Evidently they made a mistake reading the
18 meter. RG&E agreed to reduce the bill by \$500
19 and put me on the payment plan, however the
20 plan required me to pay my current bill plus
21 \$81 of the back bill which I could not afford.
22 It was too much money. As a last resort I went
23 to my church, which paid off the bill for over

1 \$400. Since that time I have been paying my
2 bill every month, however to do so I neglected
3 other bills including food. I can't afford
4 gasoline for my car anymore. This causes me a
5 great deal of stress to the point where my high
6 blood pressure and diabetes have gone out of
7 control. This is a predicament that many of us
8 living on fixed incomes face as the cost of
9 medicine and co-payment for doctors' visits
10 rises, most of us can't afford our utility
11 bills, and in my case I am spending between \$10
12 and \$70 a co-payment a month because it's not
13 like the other fellow, I felt sorry for him,
14 but just so I have to limit myself going to the
15 doctor, even at the risk of jeopardizing my
16 health. For example because of my diabetes,
17 I'm supposed to go every three months, but I go
18 every six months because my co-payment is \$7.34
19 or more a visit.

20 I am concerned about the impact of the merger,
21 especially in relation to how it will effect
22 those living on fixed incomes. We already
23 cannot afford our utility bills. Higher

1 utility costs are a death sentence to us
2 seniors already in poor health and at the
3 financial breaking point. I call upon this
4 committee to do its duty to protect all New
5 Yorkers and especially the working people,
6 whether working or out of work, retired or
7 disabled, the most fundamental right is to have
8 access to the necessities of life including
9 heat. We should not have to sacrifice our
10 health to be able to pay our utility bills.
11 Whoever owns RG&E, whether it be Iberdrola,
12 Energy East or another company we need lower
13 utility rates and we need a moratorium on
14 utility shutoffs to protect our most vulnerable
15 citizens.

16 I thank you for letting me speak and I can't
17 read too good because I'm due for an exam of my
18 eyes for cataracts.

19 JUDGE EPSTEIN: Mr. Maddox?

20 MR. MADDUX: Thank you. My name is James
21 Maddox. I'm a member of the Eastern Service
22 Workers union, association, I mean. I've lived
23 in the north east part of Rochester all my life

1 and I experienced the changes first hand in all
2 utility processes and hardships it's caused
3 friends and family and the community.
4 RG&E, like any other corporation is not
5 perfect, but it has good situations and bad
6 situations. The good was you could, at that
7 time, go to the Public Services Commission and
8 they would negotiate with RG&E so that your
9 bill would stay on, but now it seems like since
10 Energy East took control the negotiation part
11 is out of the question. You have to pay your
12 bill straight up. Now for a person who's
13 behind in their bills in the first place and
14 then you have to pay your other bills on top of
15 that that leaves you in a bad situation.
16 Energy East, it seems like during their time
17 with the Commission, they're together. The
18 average bill for the inner city person is \$300.
19 Now the average rent is \$450, \$500, so that's
20 like \$1,000 to pay your rent and keep your
21 stuff on. Now they're trying to merge with
22 Iberdrola. This is national company which
23 further is going to put anyone that is locally,

1 you're going to be out of the mix and it
2 effects the poor, the children, and elderly
3 like a lot of people are saying, and I just
4 believe that the Public Services Commission
5 should stand up and try to help the people, the
6 lower income people and not allow companies to
7 dictate to wherever they can work anything out
8 because like they're saying, people are living
9 on fixed incomes and have to take care of their
10 parents and things of that nature. The money,
11 they just can't come up with the money. I know
12 a lot of people this winter got shut off and
13 had to use candles, houses catching on fire,
14 people getting carbon monoxide poisoning, and
15 this. What are we going to do? And the thing
16 I like about this Public Services Commission is
17 they're negotiating with us, but they need to
18 be a separate entity, away from Iberdrola and
19 RG&E and do what it used to do. Be a separate
20 entity to negotiate for people who cannot pay
21 their bills, thank you.

22 JUDGE EPSTEIN: Ms. Farrington?

23 MS. FARRINGTON: Hello, my name is Donna

1 Farrington. I live in Rochester, New York.
2 I'm here as a private citizen.
3 I have yet to find an answer to why it is
4 beneficial to sell our New York energy resource
5 to a foreign company. With all the emphasis on
6 the purchase, it does not seem to be in New
7 York State's or the United States' best
8 interest.
9 We, in New York, currently pay some of the
10 highest costs in the United States. What
11 guarantees do we have over our rates and
12 service? I live in an RG&E quadrant of 13,000.
13 It seems to lose power in all weather. I've
14 contacted RG&E numerous times, as recently as
15 January 30th with a promise from RG&E that I
16 will receive an explanation as to why it
17 happens. Still no answer.
18 What happens when the company is located in
19 Spain? At least now I have the ability to
20 drive to East Avenue and get an answer,
21 hopefully.
22 Other than the 4.5 billion in cash to Energy
23 East stockholders, I fail to see a benefit to

1 New York residents. CNN Money reported
2 yesterday, and I quote: Iberdrola is still
3 expecting to close the acquisition of Energy
4 East in the United States by the end of the
5 first half of 2008. Strategic Development
6 Director Jose Luis DeValez told analysts during
7 the conference call, he said he expects New
8 York State Public Services Commission to
9 complete the operation by the end of the first
10 quarter. So are these public meetings purely
11 an exercise, but mean nothing? This meeting is
12 being held at a time when most people can't
13 attend. Public comments are limited by people
14 not being able to be here. Why not call the
15 meeting on a weekend?

16 I believe the Public Services Commission is
17 here to protect us. I think that's the job
18 they should do, they should protect us from a
19 foreign company looking to control our energy.
20 In reading about Iberdrola, it's a leader in
21 wind energy, which is trying to get into this
22 region. So is this what this is really about?
23 Wind energy. Something that makes sense only

1 if it's supplemented by government subsidies.
2 I find the whole situation terrifying. As a
3 country we're losing our identity and looking
4 to foreign countries to solve our fiscal
5 problems. What happened to the USA's ability
6 to invigorate our own economy?

7 JUDGE EPSTEIN: Ms. Morgan?

8 MS. MORGAN: Hi. I'm Judy Morgan and I
9 have been a resident of the greater Rochester
10 area all my life and we're talking around 60
11 years. So I am 60 years old and I've moved up
12 here to Rochester. I rent up in the St. Paul
13 area in a Bausch and Lomb mansion that's been
14 broken up into apartments. It's a beautiful
15 home and our landlord has done the best he can
16 with putting thermal pain windows in and
17 re-doing it, however I cannot afford to live in
18 more than 65 degree weather inside my home and
19 it gets up to be over 90 last summer. Older
20 homes are very hard, when they're plaster walls
21 and brick homes, there is no way to put
22 insulation into them, and I don't have,
23 luckily, a baby crawling on the floors, I don't

1 have a tiny one creeping that's trying to sleep
2 in this cold weather inside my home, because
3 there are people that do have children and do
4 live in pre-1970's homes here in the Rochester
5 area and there are many of them that can't
6 afford to keep their family warm and when they
7 can't afford to keep their family warm there
8 are colds, ear infections, more and more doctor
9 bills for our small children and families near
10 Rochester, this has been such a problem with
11 the cost of energy. It's just unbelievable to
12 me. I see it more and more everyday.
13 I do want to say that RG&E started here in
14 Rochester, it was the original provider of
15 electric and in 2002 to present Energy East,
16 with there corporate headquarters in the state
17 of Maine, took over RG&E and there was
18 deregulation and rising cost of bills at the
19 same time other companies were downsizing, so
20 there was a huge rise in unemployment of
21 Rochesterarians, which means no more bonuses
22 for these people, car dealers and small
23 businesses were being closed and along with the

1 restaurants, bars and grills in the area of
2 these large major Rochester employers the City
3 of Rochester is becoming a ghost town. All we
4 lack is the tumble weed rolling down our main
5 streets. Back on black Friday that happened in
6 1989 sending Rochester and the nation into a
7 recession, RG&E had a heart. They worked with
8 customers and helped them because of their past
9 good faith and paying their bills. RG&E worked
10 with their customers on an individual basis,
11 taking partial payments on a steady basis,
12 set-up on an individual basis, so it could be
13 affordable for persons with their new income
14 level. By 1991 our servicemen were overseas
15 fighting in the Gulf War. Many wives and
16 children were living on a lesser income than
17 before. RG&E did appreciate it when men and
18 women in the military services needed heat and
19 lights here in Rochester and they worked with
20 them. This has always been RG&E policy through
21 World War I, World War II, the Korean War and
22 the Vietnam War. The needs of families, just
23 as the military was concerned about defending

1 our nation, RG&E felt if a soldier is worried
2 about his or her family being cold and hungry
3 in Rochester they can't focus on their job and
4 may cause them to lose their life. This caring
5 and sharing of the Rochester based corporation
6 came to a horrific end in 2002 with a buyout
7 and will happen again with a now proposed
8 buyout. The further away the owners are
9 headquartered, the more concern there is for
10 the well being and safety of their customers.
11 Last year there were three children that lost
12 their lives to alternative heating because of
13 shutoff of their gas and electric. Candles and
14 kerosene heaters were used causing fires and
15 loss of life. Anyone making below poverty
16 level wages needs a reasonable rate of heat and
17 lights. Low income workers need money enough
18 to eat and heat. Rochesterians should not
19 have to make a choice between both.

20 JUDGE EPSTEIN: Ms. Morgan, your time is up.

21 MS. MORGAN: I just wanted to state that the
22 Public Services Commission is here in our area,
23 that we need the help, we need the responsible

1 people to see that all of us can have a
2 standard of living as part of the Commission.
3 Thank you.

4 (Whereupon a brief recess was taken).

5 JUDGE EPSTEIN: Okay ladies and gentlemen
6 we're back on. I'm sorry that took a little
7 longer that I planned, but I'll try to keep us
8 on track here. Is Mr. Siemens here?

9 THE CROWD: (No response).

10 JUDGE EPSTEIN: Are you Mr. Siemens? Oh I'm
11 sorry. Is Mr. Siemens here?

12 THE CROWD: (No response).

13 JUDGE EPSTEIN: We'll move on to the next
14 person and see if Mr. Siemens comes back. Is
15 Mr. Petrocony here? Mr. Yaniski?

16 MR. YANISKI: Jeff Yaniski, I live on the
17 City's east side and basically I totally
18 disagree with this because I agree with the
19 other speakers, you have gotten dependent on
20 foreign oil. Now they want to make us totally
21 dependent on foreign management of electricity
22 and gas. I can't see it. I think that we
23 should be energy sufficient as a nation and not

1 rely on foreign investments and I think that
2 utilities, pharmaceuticals, stocks should be
3 abolished. I wouldn't invest in these. I
4 think low energy stocks, precious metals and
5 mining, some of that money should be funded
6 into public health funds to take care of the
7 people that don't have funds. Our country is
8 eliminating the middle class and we have only
9 the poor and totally obscene rich in this
10 country. I think that there's energy out there
11 we're not utilizing.
12 Kodak, is-- just forget it. They're not a
13 player anymore in this area, let alone the
14 country. Farming out manufacturing job across
15 the world. I think that we have to rely on U
16 of R, they have laser research. I think that's
17 one area that needs to be developed. I noticed
18 an article in the news where you can have a
19 series of satellites circling the globe and
20 these would be beaming down the sun's energy
21 into huge barrels at generating plants that
22 would not only supply energy for home and
23 industry, but also for vehicles, hybrids and

1 electric cars. Hydro fusion, which is being
2 developed by GE which is a-- general-- not GE,
3 General Motors in Niagara falls. I think we
4 need to develop these types of things and cut
5 the fiasco here and let the Public Services
6 Commission be a friend of the people, not
7 industry and the rich thank you.

8 JUDGE EPSTEIN: Mr. Wing?

9 MR. WING: Dan Wing of Rochester, New York.
10 First of all this company, Iberdrola, they're
11 owned by Ationa who owns AES who owns Iberdrola
12 S.A., the Spanish company that is buying
13 Iberdrola and all this renewables, U.S.A.,
14 which is headquartered in Pennsylvania, since
15 one January 2006, and is headquartered next to
16 another company in Pennsylvania, but markets
17 and sells into New York and generates
18 electricity in Pennsylvania and CEI, they
19 started out of Wayne, Pennsylvania and went
20 down the road and very shortly thereafter, this
21 is January 2006, Iberdrola owned these guys.
22 They come to the Public Service Commission 51
23 weeks ago, Iberdrola did, and stated neither

1 Iberdrola nor its affiliates, the joint
2 petitioners explained, own or control any
3 electrical generators or transmission assets or
4 generator outputs in New York and are
5 non-affiliated with any marketers in New York
6 or adjacent regions. People, this is perjury.
7 CEI has three wind power fields in Pennsylvania
8 operating since 2003. CEI had a director of
9 New York marketing, his name was Mr. Cayman, he
10 was in Buffalo getting the company, Niagara
11 Mohawk, to sell them wind power. New wind
12 energy is the trade mark to Niagara Mohawk and
13 its customers.
14 They've lied. They should go to jail. The
15 attorney general should be on this and Public
16 Services Commission should say good bye right
17 now. If they do it on the state and higher
18 levels, they're going to screw you guys. Wind
19 power is a panasia. When you look beyond, it's
20 only going to generate about one percent of the
21 nation's electricity by 2050. It does not
22 generate on these huge things, electricity,
23 unless the wind is over eight miles per hour.

1 It's got to pipe in the public's electric,
2 that's the other way, to these wind fields to
3 keep the things turning to make it look like
4 they're turning and keep them from freezing up,
5 but the tax payers are paying for this. It's
6 called renewable energy credits, and renewable
7 energy service. Your money goes out the door.
8 That was from federal and state government, it
9 goes out the door because they don't pay full
10 taxes to the community and rate payers are
11 going to have it controlled at all ends. I'll
12 give this out to anybody that wants it, but
13 what's happening is that CEI, and any way you
14 want to look at it, Iberdrola is going to
15 control it at the generation end. A lot of it,
16 they're going to market, they're going to
17 transmit it and they're going to be the
18 demander or recipient here and it's going to be
19 supply and demand. Hey, we own RG&E, we own
20 NYSEG, some of us more. They get credits, end
21 tax credits. The fields are built up, more tax
22 credits. They can't operate on a profit and
23 they can't do anything for this country's

1 energy needs. You're still going to have to
2 build just as many power plants of other types
3 and they're going to be hit both ways and these
4 people that are talking today lower class,
5 middle class and upper class, are going to go
6 why the heck are our rates so high and it's all
7 that money going overseas and into
8 stockholder's hands. I won't go into anything
9 more. Thank you.

10 MR. DENOTO: I'm going to speak for Mr.
11 Young. He had to leave. My name is Bob De
12 Noto. I'm the membership developer for the
13 International Brotherhood of Electrical
14 Workers. Unfortunately Dave Young had to leave
15 so I'm going to speak on his behalf.
16 I'd like to thank the Public Service Commission
17 for the opportunity to speak on this project.
18 The statement is by David Young, he is
19 a business manager at the International
20 Brotherhood of Electrical Workers. The Union
21 he's representing represents 1200 skilled
22 motivated workers who are members of this
23 community. We strongly approve this

1 acquisition. RG&E has been a leading corporate
2 citizen in this community for-- community
3 paying over \$122 million in taxes last year and
4 having the lowest residential electric rates in
5 New York State primarily because they generate
6 their own power. I've heard the comparison
7 today about Iberdrola and Enron. I'd like to
8 clarify that Enron was a power broker.
9 Iberdrola is a true utility company, not a
10 holding company. Iberdrola is one of the
11 largest green energy producers in the world.
12 They have \$67 billion invested in the world.
13 Iberdrola is willing to invest in this
14 community, willing to keep local jobs, willing
15 to invest and build a clean gas powered
16 firehouse, which we need, which we will be
17 facing an energy deficit by the year 2013.
18 It's important to our community and local
19 businesses to have RG&E, Iberdrola build and
20 own power generation regulated utilities,
21 return current rate payers excess profits
22 unlike private producers who return profits to
23 their shareholders like Enron. For our

1 community we strongly approve the acquisition
2 of Iberdrola-- of RG&E.

3 JUDGE EPSTEIN: Thank you Mr. De Noto. Mr.
4 Nisbet?

5 MR. NISBET: Good afternoon. My name is
6 Howard Nisbet. I drove about an hour and a
7 half to get here that's how strongly I feel.
8 Like Mr. Barbour and Mr. Straka I'm opposed to
9 this. I own considerably more than three
10 shares, and I just don't like the fact that
11 we're going to be like the gentleman that was
12 the RG&E retiree that called it a publically
13 held company, any information I've got since
14 this sale started is purely that, one hundred
15 percent sale. There is no stock options. No
16 stock transfers, so therefore there will be
17 nothing held in this country and unless you
18 want to start dealing in Euro's, and I like
19 dollars, you can't trade this company.
20 I have a history with Hornell. Being a small
21 town, I have a lot of friends working for NYSEG
22 and I'm in their district and they stopped
23 buying stock in the '90's. They knew from

1 their own insider stuff Mr. VonSchak was going
2 to start looking for the highest bidder. Early
3 in 1999 when the last of the guys stopped
4 working there four guys still owned stock and
5 what they saw was lack of new maintenance and
6 new construction on some of the infrastructure.
7 They were letting natural disasters of the
8 '90's happen and let the insurance companies
9 rebuild infrastructure. They weren't doing
10 basic maintenance and stuff like that.
11 The lady back there said one of the things
12 about the big gain is the fact that this is a
13 true sale. Anybody like me who has been a
14 stockholder, this will be my 27th year, the big
15 gainers-- this is why the politicians won't
16 talk to you, I've contacted them all of them,
17 Charlie Schumer, Spitzer and Hillary, not one
18 of them has responded because the big gainer is
19 Albany. Albany is going to have a big influx
20 when we all have to pay capital gains tax even
21 if it's lower. There's been nothing from
22 Energy East about what's going to happen with
23 the taxes on the sale. As Mr. Barbour said

1 everything is tight lipped. You can't get any
2 information about whether taxes are taken out
3 then or you're going to get screwed at the end
4 of the year.

5 One other part that I'd like to say, and I know
6 some people shake their head and think it's far
7 fetched, but in thinking of foreign ownership,
8 and not publically held company any longer,
9 right now if no other take overs happen and
10 Iberdrola stays in Spain, Spain right now is a
11 reasonably safe, strong democracy and
12 everything, but all I can say is who knows in
13 the future. 20 years ago nobody thought that
14 dictator want-to-be Chavez would be there. He
15 has disenfranchised hundreds of American
16 companies and he snubbed his nose at an
17 international lawsuit brought my Exxon Mobile
18 and he said I'm not going deal with you and who
19 knows what's to say-- some people are shaking
20 their heads, and it's just something for the
21 people to think about. I think the Public
22 Services Commission has let us down. Renewable
23 energy tax or whatever you want to call it, I

1 don't know, RG&E bills, my NYSEG bill, every
2 month I pay a fee called a renewable energy fee
3 and these go to subsidiaries. I'm in a
4 National Fuel gas area and I get my gas from
5 them and the Buffalo News has reported National
6 Fuel gas has the same thing, all these tax
7 credits that you get for buying a hot water
8 tank is they're giving you back your own darn
9 money, and the Public Services Commission is
10 letting us down in that respect.
11 I'm very familiar with Maple Ridge Wind Farm
12 and it's changed names at least three times
13 already. It's changed owners three times, once
14 during the construction phase. Energy East
15 bought it last year and I have relatives that
16 have a lease on a windmill and they said this
17 renewable energy thing is not profitable for
18 them. Their lease is \$6600 a year. By the
19 time they pay taxes, even though the windmill
20 itself-- all the road improvements, the
21 assessments went up. I went on a bus tour up
22 there. They created one permanent job and that
23 happened to be the farmer's son who benefitted

1 the most out of the whole thing, he got
2 hundreds of thousands from the company that
3 built it.

4 And in closing I just think it's a bad deal for
5 any foreign company to own this totally, and to
6 paraphrase Nancy Reagan, just say no.

7 JUDGE EPSTEIN: Mr. Rosati.

8 MR. ROSATI: My name is Anthony Rosati. I'm
9 a life long resident of Shallot and it's the
10 port of Rochester. I've lived there all my
11 life in the shadow of the Russell Station of
12 RG&E.

13 JUDGE EPSTEIN: Could you give us your
14 address please?

15 MR. ROSATI: 3421 Lake Avenue, zip code is
16 14612. I'm strongly questioning the
17 advisability of taking a public utility that
18 uses our natural resources, Niagara falls is
19 our natural resource, and making it a part of a
20 profit making company, and the Iberdrola,
21 that's what some of us call it, it's spelled
22 Iberdrola, but that's incidental, this company,
23 I found out about six or eight months ago and

1 nothing is good and it gets worse. They bribe.
2 Some of you hinted at that and are afraid to
3 use the word because you know the Mafia will
4 shoot you if you say they bribe. They bribe.
5 Somebody mentioned a guy named VonSchak, those
6 of us in Rochester don't know who he is. He is
7 the guy running Energy East. He got nine
8 million bucks from Iberdrola three months ago
9 because of his bonus for last year. Now that's
10 above his obscene wages, and one person
11 mentioned he also got a two year contract for
12 21 million bucks on top of all the other crap,
13 stuff, we give him. Well son of a gun.
14 They-- I'm changing subjects, and you ought to
15 keep an eye on that because maybe someone will
16 ask about that box. They purchased a county
17 legislator in Monroe County. They purchased a
18 County legislator of Monroe County. He's not
19 here. I wonder why. He is an employee and he
20 is not here. What the heck are they doing? So
21 PSC, remember the words public services. The
22 public, 99 percent of the persons I've talked
23 to, and we've expected you for the last two

1 weeks, and we've been talking about you
2 endlessly in our restaurants and bars, and I'll
3 clean this up a little bit, they've said tell
4 Iberdrola to go to hell, and I cleaned it up,
5 and if you want to hear the exact words chosen
6 come down and you'll get them. We have to do
7 something about that. I don't like my \$500
8 RG&E bill and we have to do something and
9 there's two things we can do. The easy one is
10 that we do like Fairport did, municipal
11 electric. The electric fees are half the price
12 we're paying and it's municipal. Why can't
13 Rochester Gas and Electric make it municipal?
14 I was on a committee ten or 12 years ago that
15 was a utility committee where RG&E came in and
16 said we need new light poles, and we need the
17 City to pay for them. We paid for them. Now
18 is Iberdrola paying us back for these light
19 poles? They aren't. They pay bribes, but I
20 haven't seen anything else. So municipal power
21 I think is one of the key answers.
22 Everyone read what that says. Tea. Tea party.
23 Remember about a couple hundred years when

1 someone came up with a ship? We've got a
2 phantom ship that's loaded with tea and when
3 you pay an electric bill you're paying taxes.
4 It's loaded with tea, and look up your history
5 on the Boston Tea Party and we're going to have
6 a Shallot Tea Party and that's what you got to
7 think about a tea party. Thank you. Some of
8 you might not know, he wandered around our
9 whole upstate New York, but he says nobody
10 showed up and we jammed the halls. That tells
11 you something.

12 JUDGE EPSTEIN: Thank you. Mr. Hall?

13 MR. HALL: My wife is going to go first and
14 then I'll follow her.

15 MS. HALL: My name is Judith Hall, 5029 War
16 Road Cohocton, New York. I'm here representing
17 Cohocton Wind Watch, which is a community based
18 citizen's watch organization which currently is
19 in New York State Supreme Court regarding the
20 UPC Wind Project. CWW strongly opposes the
21 Iberdrola acquisition of Energy East. We've
22 cited five recent news articles in the document
23 which we've given a copy of. I'll quickly just

1 say, number one was recently reported by CNBC,
2 Iberdrola has been fined \$15.4 million by the
3 Commission Nationale de la Compencia for
4 abusing its dominant position in the electric
5 markets. The CNC is an anti-trust body.
6 The second one cites a report providing
7 documents on the Iberdrola world wide wind
8 power monopolization.
9 Number three is a joint bid pondered for
10 Spain's Iberdrola. French electricity
11 generator EZF and Spanish construction groups
12 and ACS are considering a joint bid for
13 Iberdrola.
14 Um-- four is that a German utility, E.ONAG is
15 setting its sights on Iberdrola, and number
16 five is an article in which Iberdrola prepares
17 to defend against hostile take over.
18 It is quoted that Iberdrola intends to show
19 investors it can deliver the 11 percent annual
20 earnings and dividend growth it promised in
21 October.
22 The point of all these reports is they have a
23 history of anti-trust violations. An essential

1 part of a wind development monopoly is in place
2 for a hostile take over from two separate
3 European groups. It has stated and announced
4 the delivery of 11 percent annual earnings for
5 investors. These are foreign investors. Why
6 is the Public Services Commission considering
7 this monopolistic foreign company taking
8 control of an essential north east utility
9 company? The Public Services Commission has a
10 primary duty to protect the public. Approving
11 a financial scheme to maximize return on
12 capital is not the mission of the PSC.
13 Electrical deregulation has become the law.
14 The clear and distinct separation between
15 energy generation and distribution is no more.
16 Iberdrola has floated a major European stock to
17 create renewable energy acquisition at the same
18 time when they're own company is a target of a
19 hostile take over. How can the Public Services
20 Commission be true to their stated purpose with
21 such an ill conceived purchase of Energy East?
22 The fact that Iberdrola is part owner of the
23 Maple Ridge Wind Project and is proposing

1 developments in Hamlin and other towns in
2 central New York illustrates Iberdrola has
3 every intention to violate the separation of
4 generation and distribution.
5 Home land security would be severely
6 compromised with approved foreign control. It
7 is a proven fact that wind electricity is not
8 sustainable. Wind provided electric is
9 substantially more expensive than other methods
10 of generation. The mantra that alternative
11 energy goals must be met in New York State by
12 the citing of wind projects avoids the central
13 issue that sufficient wind patterns do not
14 exist to provide reliable electricity around
15 the state. Iberdrola seeks to force this kind
16 of marginal technology at best upon every
17 hamlet in a reprehensible attempt to pay the
18 stock holder. How does the New York consumer
19 benefit from such a plot to defraud the rate
20 payer? The effects of eminent domain have been
21 heard at every corner of our state. Scores of
22 local groups have been formed to combat this
23 systematic effort to steal the effective use of

1 our land for the enrichment of foreign
2 countries.

3 The employees of Energy East know all too well
4 what's coming if this is approved by the PSC.
5 Many workers have already been notified that
6 their days are numbered. They're utility
7 customers, too, and when they are out of work
8 how will they afford the cost being charged to
9 finance another corporate rate?

10 Iberdrola should be denied approval of
11 acquisition based on their history of
12 anti-trust violations currently being
13 investigated with numerous utility companies
14 and state agencies. The conduct of the Public
15 Services Commission is one of those agencies.
16 Under these circumstances it would be immoral
17 for the PSC to approve this.

18 The public wants transparency and protection
19 for the benefit of New York residents. It is
20 crucial that the PSC appreciate the intense
21 opposition. Don't force citizen groups to seek
22 relief in court. Do your job. The people of
23 New York are watching thank you.

1 JUDGE EPSTEIN: Mr. Hall?

2 MR. HALL: I am James Hall. I reside with
3 my wife and my daughter at 5029 War Road in
4 Cohocton. I represent Cohocton Wind Watch.
5 I'd like to extend a welcome to the attorney
6 from Nixon Peabody. We appreciate you visiting
7 our website everyday and we certainly hope you
8 pass some of the information on to your
9 clients.

10 In the spirit of full disclosure, I believe in
11 the free market. I had the privilege of
12 selling a business to a Fortune 500 Company
13 who's owned and controlled by a Fortune 400
14 individual 20 years ago. I'm not against
15 business, but I'm a businessman and I can read
16 a balance sheet, and I know what the merger and
17 acquisition take over is all about, and let's
18 be honest. The media came for their sound
19 bytes. The business community of Rochester
20 vocalized their support. That's what you see
21 on the news tonight, but you don't get the real
22 message. Some excellent points were made
23 earlier in this day, and I'm going to try to

1 follow-up on them.

2 Let's be very clear. Iberdrola is not going to
3 be traded in the United States as a stock. It
4 will not be under SEC regulation. Now folks,
5 that's one of the few protections the average
6 human being has in this country, is to get a
7 little regulation from the federal government
8 so you can get financial reporting in a timely
9 way based on standard accounting practices so
10 you can evaluate the financial condition of a
11 company.

12 We have the experience of dealing with a
13 company called Clipper Wind Power, LLC.
14 They're the people that built the turbines for
15 Steel Winds in Lackawanna, Buffalo. Of course
16 they're not working and they have to be taken
17 down because the technology in the gear boxes
18 don't work. They're not traded in the United
19 States. They're traded on the London Stock
20 Exchange with no SEC regulation. The Public
21 Services Commission needs to take this fact
22 into account. It's crucial. We're giving up
23 infrastructure. This is your homeland security

1 issue in this country. It's not just
2 transferring billions of dollars, let's face it
3 when the Euro first started to trade it was 85
4 cents to the dollar. It's close to \$1.50 now.
5 If I'm an investor over in Europe I'm buying
6 Energy East all day long, folks. It's a
7 bargain. And what are they gonna do? They're
8 going to get that 11 percent return for their
9 investment.

10 And don't let anybody think for a minute that
11 you're not going to be pay substantially higher
12 electric charges. Especially when Iberdrola is
13 one of the largest wind farm developers in the
14 world.

15 Now let's face facts boys and girls, this is
16 just a reality you gotta deal with, it's more
17 expensive to generate electricity with wind
18 turbines. Fact. Nobody has ever disputed
19 that. No attorney has ever disputed that. No
20 representation of an association from the wind
21 industry has ever disputed that. And what do
22 we have? We have the prospect that everyone
23 will pay more for money to go out of the

1 country with no accountability of any kind from
2 a financial condition standpoint, and what do
3 we have? A company, it's been alluded to, but
4 let's get to it, anti-trust, folks. Do we know
5 what a monopoly is? We were told earlier.
6 Well, you're going see what a monopoly is and
7 it's going to be a foreign monopoly.
8 And why would the Public Services Commission
9 approve a company with a record of predatory
10 pricing and anti-trust? Anti-trust is serious.
11 This is not a small violation. Didn't we break
12 up the oil companies at the turn of the
13 century? Did we have the term we just got
14 railroaded when they made the railroads? Well
15 folks, you're going to see it in the electric
16 business, in payments, in your bill. The
17 Public Services Commission has the power. We
18 could have packed this auditorium if we just
19 wanted people here. It's been our experience,
20 we talk to groups all the time, and nobody
21 listens. We're appealing to you because you
22 have the authority to get this information back
23 to the Public Services Commission. It's

1 important that they stick with their
2 recommendations. That wall of separation is so
3 crucial. You cannot let a wind developer own
4 the distribution facilities and rights. That
5 line has to be a wall that's not severed and we
6 don't want to hear about that they formed
7 another LLC and they put it down in the Cayman
8 Islands and they're now controlling all the
9 wind projects outside the jurisdiction of the
10 New York State distribution regulation because
11 nobody on the state level cared. We've talked
12 to politicians until we're blue in the face.
13 We've talked to agencies until we basically
14 can't hit a key stroke anymore on a computer,
15 but nobody cares.

16 Yes, it was mentioned before. Follow the
17 money. Let's face it, we've been around a long
18 time. We know how politics work. I was in
19 Albany 35 years ago working for a New York
20 State Senator. I left New York State 30 years
21 ago. I came back because I love New York. We
22 all want to stay in New York, but we don't have
23 a future for our children with utility costs

1 out of control and guaranteed to go much
2 further in the stratosphere.
3 I'll provide you with a few more documents that
4 we don't have to believe. The financial
5 stability of Iberdrola? It's questionable,
6 folks. It's questionable because you don't
7 know what the name of it is going to be. You
8 don't know who the players are going to be.
9 You don't know what the bill is going to be.
10 It's just going to be higher.
11 I'll close on this point. Cohocoton Wind Watch
12 has existed for about two years now. We'd like
13 to do something better with our life, we'd like
14 to have a life, and we're doing this full-time
15 and we're going to continue to do this and
16 expand doing what we're doing because there is
17 political corruption that you can't imagine and
18 only the light of day is going to expose this.
19 You urge the Public Services Commission to do
20 their duty and protect the public, not the
21 corporations from Spain or France or Germany or
22 wherever they'll be tomorrow.
23 JUDGE EPSTEIN: Mr. Rettig?

1 MR. RETTIG: Charles Rettig, Rochester New
2 York. Good afternoon. I wish to thank a
3 number of the previous speakers, Mr. Barbour,
4 Mr. Straka, Mr. Wing, Mr. Nesbit, Mr. Rosati,
5 Mr. and Mrs. Hall specifically because they've
6 given us many additional pieces of information,
7 thoughtful information that the Public Services
8 Commission needs to carefully look at. Not
9 just look at, discuss, investigate, verify to
10 see what these previous speakers have said.
11 The Public Services Commission is supposed to
12 do due diligence in the best interest of the
13 public at large.
14 Energy East Corporation, the owner of RG&E is a
15 holding company, and in my opinion hasn't
16 provided any exemplary service to the RG&E
17 Company or the customers. So here we're going
18 with another step, another stage in the
19 process.
20 Before I get to that, we look at RG&E and
21 Energy East, there've been problems with the
22 building systems, recent blackouts, I believe a
23 number of brownouts, there has been a lack of

1 speedy improvements to the high voltage feeder
2 lines. There's been the sale of RG&E, a
3 profitable nuclear plant. So Energy East has
4 shown their services to be just what they are,
5 a holding company. Please. And I state this,
6 please have the Board of the Public Services
7 Commission, all the members that are on that
8 board make up the total board to vote as a
9 board please. Have them do a thorough job of
10 investigating before this Iberdrola project
11 enters the picture, but please do a thorough
12 job investigating in the best interest of the
13 New York State consumer. If this is with
14 specific question and with specific conditions
15 that's better than nothing.

16 I do not believe nor do I have enough
17 information to believe that Iberdrola, or
18 Iberdrola, however you pronounce it, the take
19 over is in the best interest of the consumer.
20 I state to the Public Services Commission,
21 please do your job in the interest, in the best
22 interest, of the New York State consumer.
23 Thank you.

1 JUDGE EPSTEIN: Ms. Como?

2 MS. COMO: Can you hear me? First my name
3 is Denise Como, I live in Starkville, New York
4 I'm a member of Advocates for Stark, and as you
5 know Stark and Warren are part of the community
6 energy building project in Dansville.

7 Our fearless leader couldn't be here so both
8 statements will be read by me and be within the
9 five minutes.

10 Iberdrola's purchase of Energy East is a
11 sellout of the people of New York State. When
12 a multi-national conglomerate takes the
13 electricity grid offshore, it is beyond the
14 reach of the laws of the State of New York,
15 beyond the reach of the laws of the United
16 States.

17 Iberdrola is based in Spain. If it is
18 successful in its bid to buy Energy East, the
19 people of our state are without legal
20 protection. The owner of Energy East is beyond
21 the legal protections of the State of New York.
22 Furthermore, Iberdrola owns many power
23 generation sources in the State of New York.

1 They are the state's largest investor in Wind
2 Energy. When the distribution source is also
3 the energy source, the multi-national
4 conglomerate has a monopoly. The people are
5 the losers in this equation.
6 Iberdrola should be required to divest any
7 power generation sources it owns, should be
8 become a distribution source.
9 "You can fool some of the people some of the
10 time. You can fool some of the people all of
11 the time, but you can't fool all of the people
12 all of the time," Abraham Lincoln.
13 Governor Eliot Spitzer has fooled some of the
14 people some of the time. Wind energy produces
15 at ten percent of nameplate capacity. Many
16 people know this. I suspect the governor also
17 knows this. The governor is on a mission to
18 convince voters he is the champion of renewable
19 energy. Just wait until the voters find out
20 that he can only deliver 10 percent of
21 nameplate capacity in renewable energy. 10
22 percent of what he promised.
23 Governor Spitzer, you have done a great job in

1 fooling some of the people some of the time,
2 but you can't fool all of the people all of the
3 time.

4 Again, I live in Starkville, 381 Elwood Road,
5 Fort Plain New, York 13319.

6 No one was paying attention when London-based
7 National Grid bought Niagara Mohawk. Customer
8 service is nearly non-existent, our electric
9 bills are among the highest in the state, not
10 to mention the nation, and in addition to
11 ridiculous surcharges upon surcharges, we are
12 even charged to mail our billing statements to
13 us. If you dig deep and read the company
14 policies to investors and shareholders, only
15 profits are mentioned and feel good catch
16 phrases about efficiency, customer service and
17 lower costs. There's no basis to tie
18 efficiency, customer service and lower costs to
19 reality. National Grid is one of the largest
20 investor-owned utilities in the world, it
21 already owns roughly 6,000 miles of
22 transmission lines in upstate New York and
23 about 3,000 miles in New England.

1 Interestingly enough, Iberdrola, based in
2 Spain, uses feel good catch empty words and
3 double talk that echo National Grid's. At the
4 end of 2007, Iberdrola was the fourth largest
5 electricity company in the world by market
6 capitalizations with a net profit of 41.8
7 percent. Customer care and satisfaction are
8 not truly addressed. Iberdrola owns power in
9 Scotland, Portugal and Bulgaria. Certain
10 communications regarding investments in energy
11 contain the following: This press release may
12 not be distributed in the United State, Canada,
13 Japan or Australia.

14 With the proliferation of foreign based
15 conglomerates taking over our toll roads, ports
16 and our utilities, we, the American citizens,
17 are losing the ability to make choices about
18 the way we live. Our politicians are selling
19 us out, quite literally. We are losing control
20 of our basic needs, as well as losing control
21 of our own country's vital interests.

22 As far as wind energy, with its pastoral
23 sounding wind farms the name of the game is

1 subsidies. Subsidy payments send huge profits
2 to the owners and do little else. We, the
3 consumers, are paying the freight. The extra
4 costs involved for wind energy are being passed
5 on to us while the revenue is sucked up by the
6 suppliers. If subsidies are not part of the
7 renewable portfolios, another new catch word,
8 wind energy would disappear.
9 Energy is vital to our national security and to
10 hand control of such important commodities to
11 foreign countries, regardless of their present
12 positions as our allies, is not only ludicrous,
13 but dangerous to America. The PSC should not
14 approve the sale to Iberdrola.

15 JUDGE EPSTEIN: Mr. Devine?

16 MR. DEVINE: My name is Gerald Devine, 2135
17 Pompey Center Road, Fabial, New York and I'm
18 not in favor of this. I think this should be
19 turned down for several reasons.
20 Number one: National security. If for no
21 other reason. Also it's very interesting,
22 Iberdrola was out here to make deals, contracts
23 with town individuals doing business yet

1 they're facing a hostile take over. They may
2 not even be here in the future. How are you
3 going to collect on these contracts?
4 And another interesting thing; we've got all
5 these meetings here and Binghamton and other
6 ones, which is great with all the public input,
7 but the big one on the 27th where all these
8 guys gotta come in and put up their hand and
9 testify, the public is not included, the public
10 can't see what goes on there. That business is
11 all done behind closed doors. I wonder why.
12 The last thing I have to say here, let's buy
13 American. Thank you.

14 JUDGE EPSTEIN: Mr. Klein's representative
15 is here.

16 MR. MANGIAMELE: Good afternoon. Joe Klein
17 had to leave. My name is Al Mangiamele and
18 I'll be reading his statement.
19 Joe Klein is the owner of Kline Steel and I'm
20 the chief operating officer of Kline Steel, at
21 this point in time on VanGard Parkway in
22 Rochester.

23 JUDGE EPSTEIN: And, sir your name is?

1 MR. MANGIAMELE: Mangiamele, and for those
2 who know, Mangiamele that means apple eater, I
3 don't like apples but that's what it means.
4 Kline Steel has built a new building on Emerson
5 and has created eight new jobs in the last five
6 years. Creating jobs with dignity. I support
7 Iberdrola buying RG&E for three reasons. Jobs
8 I will be based in New York. They have a
9 strong record of creating jobs in Scotland.
10 They bought a utility there and invested in the
11 UK and created jobs. We need jobs in New York
12 State, especially upstate New York.
13 Environmental: Europe is far ahead of us in
14 caring for the environment. Iberdrola is the
15 largest source of renewable energy in the
16 world. Our plant is in trouble. Also on a
17 long term basis, wind energy is a cost
18 efficient way to do it.
19 Third social conscious. Now, my belief is
20 European countries run in a more socially
21 conscious manner, operating more like Kline
22 Steel, treat their communities and most
23 vulnerable citizens well. There is no

1 guarantee, but I would sooner trust a large
2 European company than an American company.
3 These three reasons; jobs, environment, good
4 responsibility for being a human, therefore we
5 support Iberdrola buying RG&E.

6 JUDGE EPSTEIN: Thank you. Mr. Mangiamele.
7 Okay. And I take it that um-- there is one
8 gentleman I called before that had stepped out.
9 Well just to get to it. Is there anybody else
10 here who would like to make a statement?

11 MR. RETTIG: Has the Public Services
12 Commission appointed an administrative law
13 judge to this case and can you name him?

14 JUDGE EPSTEIN: That's me sir, and the
15 answer certainly, yes, Rafael Epstein is my
16 name and--

17 MR. RETTIG: Okay. You will be the
18 administrative judge?

19 JUDGE EPSTEIN: Yes. Um-- okay.

20 MS. FARRINGTON: I do have a question. I'm
21 sorry I missed that you were actually the
22 judge, and I note that you were making the
23 statement that this has not been decided. If

1 it has not been decided why is CNN reporting to
2 the world and on the Internet that it's a done
3 deal?

4 MR. HALL: Well they said and they said to
5 go through the Public Services Commission and
6 has said it's going to happen.

7 JUDGE EPSTEIN: Okay well, when I was
8 talking here in the beginning I was talking
9 about two different things, and I heard from
10 one of the speakers about something, a third
11 aspect of it.

12 What I was saying was that there is an
13 agreement signed among Iberdrola and the Energy
14 East Companies, which is a merger agreement,
15 and the process for the take over that we're
16 talking about here, and these companies, I
17 suppose, went through whatever shareholder
18 approvals and whatever other necessary
19 approvals that were needed, and what I was
20 trying to say was that's one thing, but another
21 thing is assuming they want to do the merger
22 can they get permission to do it. They need
23 permission from the Public Services Commission,

1 and that's what this case is about.

2 So um-- this case has not been decided and I
3 was talking about how people have raised that
4 during these hearings, that there seems to be
5 some confusion when people ask how can it be
6 decided, but not decided, it's been decided by
7 the companies.

8 MS. FARRINGTON: Just so I understand then
9 does the Public Services Commission have the
10 authority to override this and say no?

11 JUDGE EPSTEIN: Yes. Part of-- the Public
12 Services Commission is a state statute of
13 Section 80 of the public service law and it
14 says that a transaction of this type cannot go
15 forward unless the Public Services Commission
16 decides it's in the public interest. That's
17 the terminology and that leaves a lot of room
18 for the arguments we've heard today as to what
19 the public interest is, and the third aspect
20 that came up today was that, I believe one of
21 the speakers said that Iberdrola is out there
22 saying we're going to close this thing by the
23 first quarter of 2008 or first half of 2008 and

1 um-- that's a prediction on their part.
2 Um-- that's their opinion I guess. You know, I
3 think, right? This is-- this paper you've just
4 handed me is um-- a news report, for the
5 record, from CNN.com dated February 20th and it
6 quotes this gentleman from Iberdrola as saying
7 he suspects the New York Public Services
8 Commission is to clear the operation by the end
9 of the first half of 2008. Um-- that's his
10 opinion. I mean the Public Services Commission
11 has to decide.

12 MR. HALL: Excuse me. My opinion on
13 financial disclosure, if they were under SEC
14 regulations they'd be taken to the woodshed for
15 making that statement. Is this a dog and pony
16 show? We've dealt with the PSC, we know the
17 different sides of the cards that are played at
18 different times. Is this really an authentic
19 process where they're going to evaluate this
20 evidence and come to an opinion for the public
21 good or is this nothing more to cover
22 everyone's rear ends so they won't get sued?

23 JUDGE EPSTEIN: Well I understand the

1 question and um-- all I can say is that if it's
2 an-- if it's a travesty, people are doing an
3 awful lot of work and that doesn't prove
4 anything, but people are preparing testimony
5 and if it gets to the hearings, I run the
6 hearings, I swear in the witnesses. They're
7 sworn to tell the truth and we hope they will.

8 MR. HALL: Can you tell me, are there any
9 additional hearings not open to the public?

10 JUDGE EPSTEIN: No. I wanted to clarify
11 that before. That was something we heard here
12 today and I didn't want to be argumentative
13 about it, but what happens is if we have
14 evidentiary hearings starting February 28th or
15 March 3rd, these are public and they're open to
16 anybody. Um-- and a transcript is reduced
17 which becomes part of the public record. No
18 objections are confidential and that means you
19 can, any interested person, can go into the
20 negotiations, can go into that negotiating room
21 and participate or be heard or whatever,
22 providing that they don't report out anything
23 and the theory of that is if people get

1 together in a room and they know their
2 discussions are confidential it improves the
3 chances for productive negotiations because
4 negotiators don't like to make an offer on one
5 issue or another then leave the room and read
6 they made the offer, because it backs them into
7 a corner, so however, and I would not um--
8 myself be allowed to know what was going on in
9 negotiations, it's confidential against me,
10 also however, if the negotiations gets
11 somewhere and parties reach an agreement it's
12 usually called a joint proposal and that's a
13 public document and then it would be up to me
14 to advise the Commission on whether that joint
15 proposal on its face looks like something the
16 Commission should adopt. That's why I'm not in
17 on the negotiations because I don't want to
18 read the joint proposal and I know such and
19 such, a party had an offer on the table and
20 that sort of thing. I just have to look at the
21 proposal.

22 MR. HALL: So you would review that before
23 it goes to the Commissioners?

1 JUDGE EPSTEIN: Right. Right. How many
2 days before the evidentiary hearing and how
3 many days before the negotiations um-- hearing
4 or whatever you want to call it is, that is
5 posted so we know the time, date, et cetera of
6 the hearing. It's posted for the 28th. It
7 could change depending on what I hear tomorrow.

8 MR. WING: Is that for only the evidentiary
9 hearing? Negotiations? How far in advance
10 does that have to be posted?

11 JUDGE EPSTEIN: Well that has the
12 um--companies, as a group have to um-- notify
13 all potential active parties when settlement
14 negotiations start and what happened in this
15 case was that sometime around late summer I
16 think it was late summer last year, the
17 companies sent out a notice to basically
18 everybody, as I recall, the way we put together
19 the list was um-- I told them to notify-- to
20 the best of my recollection I told them to
21 notify all the parties in the last um-- rate
22 case and they did that and held negotiations
23 and went into a series of negotiations which

1 broke off at the end of November.

2 MR. WING: So very feasible all of us except
3 yourself in this room won't hear in advance
4 that it's going to take place, is that correct?
5 Even though we're allowed, as the public to
6 come in and watch, in other words the public is
7 not notified of their right and it's kept
8 secret because the company is not going to
9 write to me or Jim or anybody else here.

10 JUDGE EPSTEIN: Well, that's an interesting
11 question. The regulations say everybody who
12 might reasonably be interested has to be
13 notified and I'm supposed to certify that.
14 That was done, so being asked who should they
15 notify, that was the solution I came up with.

16 MR. WING: Can I go on record here? Go on
17 record for myself and ask to be notified of the
18 same length of advance notice of the-- the
19 company is going to notify these other people?

20 JUDGE EPSTEIN: Um-- yes. So what I would
21 have to ask myself was that could you abide by
22 the um-- confidentiality rule.

23 MR. WING: Just give me a form when I get

1 there and I'll sign it.

2 JUDGE EPSTEIN: Well you don't have to sign
3 anything, but you have to promise me.

4 MR. ROSATI: I could promise that and I have
5 a history. I'm the public. I've been here 100
6 years.

7 MR. HALL: Can I make a very relevant
8 comment to that? I understand the gravity of
9 keeping confidential the result of this, and
10 you don't want to have any-- what can you do,
11 you don't want someone to be divulging
12 information on the process, I understand that,
13 but my point is a company that's been cited for
14 violations, what gives them any credence and
15 credibility of their word then? For the
16 individuals in this room, we should have a
17 presumption of being honest citizens and have
18 the ability to be part of process. That's all
19 we've asked for. To be part of the process.
20 We can't guarantee the outcome, but we'd like
21 to be at the table.

22 JUDGE EPSTEIN: Yes, sir.

23 MR. RETTIG: Just a follow-up question. The

1 evidentiary hearing apparently starting
2 February 27th, can you tell us the location of
3 that evidentiary hearing? Is it within a
4 certain building, et cetera.

5 JUDGE EPSTEIN: It's the um-- Department of
6 Public Services headquarters, which is 3 Empire
7 State Plaza in Albany.

8 MR. RETTIG: Thank you.

9 UNIDENTIFIED SPEAKER: I don't know if
10 that's a reasonable accomodation for the people
11 of New York. It's the end of February in
12 Albany, New York. Have you thought about
13 whether the Public Services Commission is
14 really serving the people of New York State to
15 have that hearing in that location.

16 JUDGE EPSTEIN: Well um-- yes. The argument
17 in favor of Albany is that um--there is a lot
18 of witnesses that are based there, there is a
19 lot of attorneys that charge for their time
20 traveling around and this sort thing and it's,
21 you know, in most cases the people that are
22 really interested are those folks who are
23 willing to go to Albany. This may be a

1 different kind of case.

2 MR. WING: I don't want to be too pushy.
3 Public services citizens are last to the
4 attorneys?

5 JUDGE EPSTEIN: The rationale here is that
6 the um--hearings are public and there is a
7 public statement, so you can see exactly what
8 happened and if you could just go back, the
9 rationale for the um-- way the negotiations are
10 set-up is, again, that if they reach any result
11 on the proposal that they come up with, the
12 negotiations are a public document and also
13 um-- the evaluation of these proposals is a
14 public process and will have either hearings
15 and or briefings. In many cases negotiators
16 will come up with a proposal and can't get
17 anybody to agree with it and actually have a
18 process of re-negotiations, and very often
19 testimony for and against the proposal, so you
20 know, not-- the back room part of it is
21 proceeding on a proposal that comes out in the
22 light day and gets reviewed.

23 MS. COMO: Again, when I called the PSC's

1 office, I called twice and the gal telling me,
2 and I don't remember her last name, Anne
3 Dalton, that the meeting was supposed to be on
4 the 25th, it was moved to the 28th, was not
5 open to the public. She was emphatic about
6 that, because we were going to find out who was
7 car pooling to go and she said it's only for
8 the people involved and the hearing was not
9 open to the public. This hearing this week was
10 the only chance the public had for input and
11 that came from Ms. Dalton. I questioned her a
12 lot about that and she said no, it's not a
13 public meeting and she got huffy about why was
14 I calling and that's from your office.

15 JUDGE EPSTEIN: Yeah there is two possible
16 mistakes that were made there. Either that she
17 was talking about the negotiations or she was
18 saying that this is the type of hearing where
19 it is a public statement and we won't do it on
20 the 28th. The negotiations is not on the 28th
21 so she might have confused the two things or
22 she was saying we don't take public statements
23 on the 28th, but um--what we're doing on the

1 28th is certainly open to the public, and you
2 know, if someone wanted to make a statement I'm
3 sure we can accommodate that.

4 MR. WING: If we asked to be part of the
5 28th meeting could you guarantee our access to
6 that meeting or do we have to drive to Albany
7 and be told we can't get in that room? If it's
8 a public meeting and we can get an invitation,
9 we'll come.

10 JUDGE EPSTEIN: Yeah you don't need an
11 invitation. You can invite yourself.

12 MR. WING: There is nothing needed then? We
13 don't have to do anything ahead of time?
14 You're guaranteeing us access to the meeting?

15 JUDGE EPSTEIN: Yes, I'm talking about the
16 evidentiary hearing on the 28th, which I expect
17 to be running as long as it takes. Yeah,
18 you'll have access unless-- but there is a
19 clear possibility it may get postponed and um--
20 that a notice, if it's postponed a notice would
21 appear.

22 MS. COMO: On the website?

23 JUDGE EPSTEIN: Yeah um-- by Monday the

1 25th, if there is not going to be any meeting
2 the 28th and it would be postponed to March 3rd
3 and they kept negotiating there proposal--

4 MS. COMO: That's just did opposite of what
5 Anne Dalton told us, for what that is worth.

6 JUDGE EPSTEIN: I don't know if she was just
7 being unclear.

8 MS. COMO: She was being annoyed that I
9 called and asked, you know and I called them
10 right before.

11 JUDGE EPSTEIN: Well I'm sorry. We'll try
12 to get our messages correct.

13 MS. FARRINGTON: Websites are great, but
14 that's not-- it's clearly a difficult way to
15 get information. If they want to go they can
16 call.

17 JUDGE EPSTEIN: To find out whether it's on
18 or not? Yes, you should call me and that would
19 be 518-474-4514.

20 MR. WING: Do you know what the limit of
21 people within that meeting room would be?

22 MR. HALL: Could you give us that number
23 again?

1 JUDGE EPSTEIN: 518-474-4514. I don't know
2 this might be getting a little too mundane.
3 Let's go off the record.

4 (Whereupon a brief recess was taken).

5 MR. NESBIT: Howard Nesbit again. I'd like
6 to thank you for giving me the opportunity to
7 follow-up. I've never been to one of these
8 before, so I didn't know you could do a
9 prepared statement, and such some things that
10 popped in here. First of you all here is how
11 much I want to do renewable energy, and on
12 Maple Ridge's website, their own website, last
13 time I was on it, they destroyed over 400 acres
14 of woods for renewable energy and put in
15 550,000 tons of stone which collect thermal
16 energy from the sun. So at some point PSC has
17 to take into account what the hill sides are
18 going to look like, natural habitats they do
19 destroy. I don't know if you've ever been
20 there. The road is the size of this room where
21 it was the size of two snowmobiles to get
22 across, so there is an idea of how much
23 environment you are going to destroy to reuse

1 energy. That's a major question that I
2 challenge the PSC to look at.

3 The second comment I'd like to make sure is on
4 the record. We've heard from Eastman Kodak,
5 Rochester Business Alliance and several other
6 businesses and stuff who all spoke for their
7 Boards. I wonder how many of the 12,000 or
8 some odd Kodak workers in Rochester and are
9 supporting this because if the PSC needs to
10 investigate because being a stockholder, I've
11 gotten the information. So many of these Board
12 members are on everybody else's boards. I
13 would not be surprised to check it out, you
14 would find of Eastman Kodak Board members are
15 on RG&E's Board and vice versa, banks and
16 everything else in between. So these people
17 are always, constantly commingling their
18 businesses and stuff. These people came in,
19 gave brief statements, read well prepared
20 statements made by their public information
21 office and buzzed right out the door.

22 My last comment to you, and on record for the
23 PSC, they came and told you they're for it, but

1 who's here? Who's been sitting here for almost
2 four and half hours? The people that really
3 concerned about how things are going to be
4 effected by it. These people that came and
5 spoke for their Boards are back in their
6 offices or home eating dinner. I took vacation
7 time today to drive an hour and half to come up
8 here and I think it's important to realize they
9 don't want to be here because they've said what
10 they have to say, they didn't have the decency
11 to stick around because their Board told them
12 they don't want to hear that stuff, and now I
13 got it on record. I hope you read it and
14 listen to it, and see for yourself, there is
15 nobody left here supporting it. Everybody here
16 has pretty much been-- the two people that came
17 from National Grid, I appreciate them telling
18 their story because from what my in-laws tell
19 me they live in the shadow of Maple Ridge Wind
20 Farm, but it's just not the way they make it
21 out to be and National Grid has done everything
22 they said because I've heard it from Watertown,
23 Syracuse, all areas covered by National Grid.

1 So that's it. Thank you very much.

2 JUDGE EPSTEIN: It's ten minutes to five and
3 we've heard everyone that wanted to make a
4 statement, so we are adjourning at this time
5 until tomorrow at 1 p.m. in Plattsburg.

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STATE OF NEW YORK).

) ss.

COUNTY OF ERIE)

I, Amelia Moller, Notary Public, in and for the County of Erie, State of New York, do hereby certify:

That the witness whose testimony appears hereinbefore was, before the commencement of their testimony, duly sworn to testify the truth, the whole truth and nothing but the truth; that said testimony was taken pursuant to notice at the time and place as herein set forth; that said testimony was taken down by me and thereafter transcribed into typewriting, and I hereby certify the foregoing testimony is a full, true and correct transcription of my shorthand notes so taken.

I further certify that I am neither counsel for nor related to any party to said action, nor in anyway interested in the outcome thereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal this ____ day of _____, 2008.

Amelia Moller
Notary Public,
State of New York, County of Erie
My commission expires 08/10.