

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

Joint Petition of IBERDROLA, S.A., Energy
East Corporation, RGS Energy Group, Inc.,
Green Acquisition Capital, Inc., New York
State Electric & Gas Corporation and
Rochester Gas and Electric Corporation for
Approval of the Acquisition of Energy East
Corporation by IBERDROLA, S.A.

Case No. 07-M-0906

INTERVENOR TESTIMONY OF RICHARD A. MOYLE

January 10, 2008

Richard A. Moyle

INTERVENOR TESTIMONY OF
RICHARD A. MOYLE
STEUBEN RURAL ELECTRIC COOPERATIVE, INC.
ON BEHALF OF THE
NEW YORK ASSOCIATION OF PUBLIC POWER AND THE
NEW YORK STATE RURAL ELECTRIC COOPERATIVE ASSOCIATION

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Richard A. Moyle. My business address is 9 Wilson Avenue, Bath,
3 New York, 14810.

4 Q. WHAT IS YOUR BUSINESS?

5 A. I am the General Manager of Steuben Rural Electric Cooperative, Inc.

6 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

7 A. I received an A.B. in Physics from Franklin and Mashall College in Lancaster,
8 Pennsylvania in 1969. I received a M.S. in Physics from Georgetown University
9 in 1974 and a Ph.D. in Physics from Georgetown University in 1975.

10 Q. PLEASE DESCRIBE YOUR WORK PRIOR TO JOINING STEUBEN RURAL
11 ELECTRIC COOPERATIVE, INC.

12 A. I worked at the Naval Research Laboratory from 1971-1975. I was in the
13 Department of Chemistry at the University of Maryland from 1975-1976. I was
14 employed by BDM Corporation from 1976-1978. Immediately prior to joining
15 Steuben, I was a Manager and Project Manager at Science Applications
16 International Corporation (SAIC) from 1978-1987. My work at SAIC involved
17 managing 15 professionals and included work as a Project Manager for wind
18 energy and photovoltaic energy systems.

19 Q. HAVE YOU EVER AUTHORED ANY PUBLICATIONS?

1 A. I have authored over twenty publications on a variety of subjects ranging from
2 solar energy publications for the Department of Energy to publications concerning
3 nuclear physics. I would be happy to provide a list of publications, if requested.

4 Q. HOW LONG HAVE YOU BEEN ASSOCIATED WITH STEUBEN RURAL
5 ELECTRIC COOPERATIVE, INC.?

6 A. I have been General Manager of Steuben since 1987.

7 Q. PLEASE DESCRIBE THE STEUBEN RURAL ELECTRIC COOPERATIVE
8 SYSTEM.

9 A. The Steuben Rural Electric Cooperative, Inc. was formed in 1941 by rural
10 residents in Steuben County, who were told by the local power company that it
11 was uneconomical to serve them. The cooperative used funds from the Rural
12 Electrification Administration (REA), Washington, D.C., to build electric lines
13 and provide service on a not-for-profit basis. We are a customer-owned
14 Cooperative. Each member has an ownership share in their electric company.
15 In 1970, our members in Cherry Creek joined the Cooperative when the
16 Chautauqua-Cattaraugus Electric Cooperative and the Steuben Rural Electric
17 Cooperative, Inc. merged. Today, Steuben Rural Electric Cooperative, Inc. serves
18 in Steuben (5,000 members), Chautauqua (573 members), Cattaraugus (433
19 members) and Schuyler (152 members) counties.
20 Steuben has a long history of implementing cost-effective solutions to deliver
21 reliable electricity at as low a price as possible. These programs and their savings
22 value to our members include:

- 1 a. Water Heater Control: This continuing program saves our members over
2 \$150,000 each year.
- 3 b. Free Energy Audits: The program resulted in over \$47,000 in savings. Free
4 energy audits are still offered to members.
- 5 c. Farm Efficiency Program: Since 1997, Steuben has offered free farm energy
6 audits and 50% cost-sharing on improvements to dairy farm equipment that
7 makes the farm more efficient. Over 30 farms have taken advantage of this
8 program.
- 9 d. Efficient Air Conditioners: Since 2000, Steuben has offered \$50 rebates for
10 the installation of high efficiency air conditioners. An Energy Star rating is
11 required.
- 12 e. Efficient Electric Water Heaters: Since 2001, Steuben has offered discounted
13 prices on Marathon™ Water Heaters. They are highly insulated and light
14 weight for easy installation.
- 15 f. Efficient Lighting: Since 2006 SREC has provided Compact Florescent
16 Lights (CFLs) to members at one dollar off our wholesale price. Quantity
17 allowed is unlimited. An additional discount of 50% is given to members who
18 replace 100% of their light bulbs with CFLs. Free recycling is provided for
19 all CFLs returned to us by members.
- 20 g. Automatic Intelligent Meters: Since 2003, SREC has been in the process of
21 installing an AIM system. 80% of the system is operational and installation
22 will be complete in 2008. This system is providing accurate readings and has
23 reduced the measured system losses by 2 percentage points from 9% to 7%.

1 h. Electric Thermal Storage: SREC has started a demonstration program for
2 electric thermal storage combined with air to air heat pumps. The results of
3 this program will be used to develop rates that will promote the use of this
4 technology to increase off peak usage.

5 Q. PLEASE STATE YOUR EXPERIENCE RELATIVE TO THE TESTIMONY
6 YOU ARE NOW PRESENTING.

7 A. I have the day-to-day management control of our entire system. I have had over
8 twenty years of experience in electric utility management. I have been
9 responsible for electric utility system planning and financing. I have been in
10 charge of all systems operations. In addition, I have been in charge of load
11 management planning, energy efficiency and energy conservation planning and
12 all staff management. My prior experience includes renewable energy technology
13 R&D planning, data base management, computer modeling, professional staff
14 management, physics research and engineering design. I have limited rate
15 increases on the system, developed multiple work plans, negotiated our Union
16 contracts, developed our Rural Utility Service (RUS) loan applications,
17 implemented a water heater control load management project, a secure internet
18 connection, implemented a AMR system, developed and supervised a rural TV
19 subsidiary, implemented system renovations, implemented staff development,
20 encouraged and implemented training programs and implemented extensive
21 lineman apprenticeship and skills development programs.

22 Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.

1 A. For many years Steuben Rural Electric Cooperative, Inc., has experienced
2 increasing numbers of outages caused by failures in the New York transmission
3 and sub-transmission system. Most of these outages occur on the sub-
4 transmission lines that are owned and operated by New York State Electric and
5 Gas Corporation (NYSEG), a subsidiary of Energy East, Inc. I do not believe the
6 proposed merger between Energy East and Iberdrola should be approved, because
7 we expect no improvement in service and in fact may see a further erosion in
8 service.

9 Q. PLEASE PROVIDE YOUR VIEW ON WHY THIS REDUCTION IN SERVICE
10 QUALITY FROM NYSEG HAS OCCURRED.

11 A. Many of the transmission outages are extended because NYSEG service
12 personnel are located at a substantial distance from the outage and cannot respond
13 in less than two hours. This is particularly true in our Western District, with our
14 headquarters in Cherry Creek, New York. Typical transmission outage duration
15 in this district is over two and one half hours. Many times, our crews have
16 identified the location of the fault before the NYSEG workers have arrived. For
17 example, on Christmas Eve (December 24, 2007) at 11:00 a.m. a tree fell on a
18 NYSEG transmission line. The energized end of that line fell on our distribution
19 line and destroyed 26 of our meters, one transformer and three disconnect collars.
20 A number of our members had damage to their electronic equipment. Additional
21 damage was prevented by a fuse on a tap and a recloser on our line. It took until
22 5:00 p.m. to re-energize the line. Adequate tree trimming by NYSEG was simply

1 not done. Trees should not be able to fall on transmission or sub-transmission
2 lines, where adequate maintenance should have been conducted.

3 Q. WHAT HAS BEEN THE NYSEG REACTION TO THE VERY SLOW
4 RESPONSE TIMES?

5 A. When we query NYSEG response center personnel about the response times, we
6 have been told that we count as “only one customer” out of power, rather than
7 counting the thousands of customers that we serve in rural upstate New York as
8 individual customers. According to the NYSEG response center personnel, this
9 gives a lower priority to our service area than areas with more than “one
10 customer.” In reality, there are thousands of customers that remain out of power
11 through no fault of our own. NYSEG does not count these outages in their outage
12 statistics, which provides a false impression to the Public Service Commission of
13 the true state of the outage statistics. Our outage statistics caused by NYSEG
14 system problems are attached as an Exhibit to my testimony – Exhibit 1 (RAM-1).

15 Q. WHAT HAS BEEN YOUR EXPERIENCE WITH NYSEG IN THE EVENT OF
16 STORMS?

17 A. When extreme storms cause extended outages, we usually wait for hours after our
18 own lines have been restored before the damage to NYSEG’s lines have been
19 repaired. Much of the delay is the extensive damage that is done to NYSEG’s old
20 equipment. In the 1991 ice storm, many cross-arms on the NYSEG sub-
21 transmission line serving our Connor Hill Substation broke in half at the center
22 bolt. The broken cross-arms were eventually replaced and we were waiting for

1 over twenty-four hours for power. It appears that no follow-up replacements have
2 been done on the remaining cross-arms in the past sixteen years.

3 Q. ARE THERE ANY OTHER EXAMPLES OF PROBLEMS WITH NYSEG
4 RELIABILITY OR PROCEDURES?

5 A. Yes. NYSEG has a habit of assigning too few line workers to switching
6 requirements during planned outages. In a scheduled outage for us to cut-in a
7 new transformer at our Marshall Warriner Substation at 10:00 a.m. on October 4,
8 2007, we were able to perform all work on our transformer in one hour. NYSEG
9 had scheduled work at the site at the same time. NYSEG did not complete their
10 switching and have their power off until our work was complete. They eventually
11 completed their work in approximately one and one-half hours, and took an
12 additional two hours to restore power. To restore power, line workers were
13 driving from switch to switch and back again to follow the procedures. Most of
14 the restoration time could have been eliminated by starting at the appropriate time
15 and by assigning the required number of workers to be located at the appropriate
16 switches. This operation had been scheduled several weeks in advance. A similar
17 situation occurred in 2003 when we energized a reconstruction of the same
18 substation.

19 Q. ARE THEIR OTHER UNFORTUNATE PATTERNS THAT YOU HAVE
20 OBSERVED?

21 A. Two years ago we requested an attachment for a new substation in Erwin on the
22 NYSEG sub-transmission line from Bath to Corning. We were told by NYSEG in
23 their facilities study that the line had been derated to 30 MW and was loaded at 29

1 MW, utilizing a single contingency. They indicated that our connection would
2 require Steuben to pay the entire cost to upgrade the sub-transmission line. As a
3 result, we were required to find an alternative solution. Subsequently, NYSEG
4 has started to re-conductor this sub-transmission line.

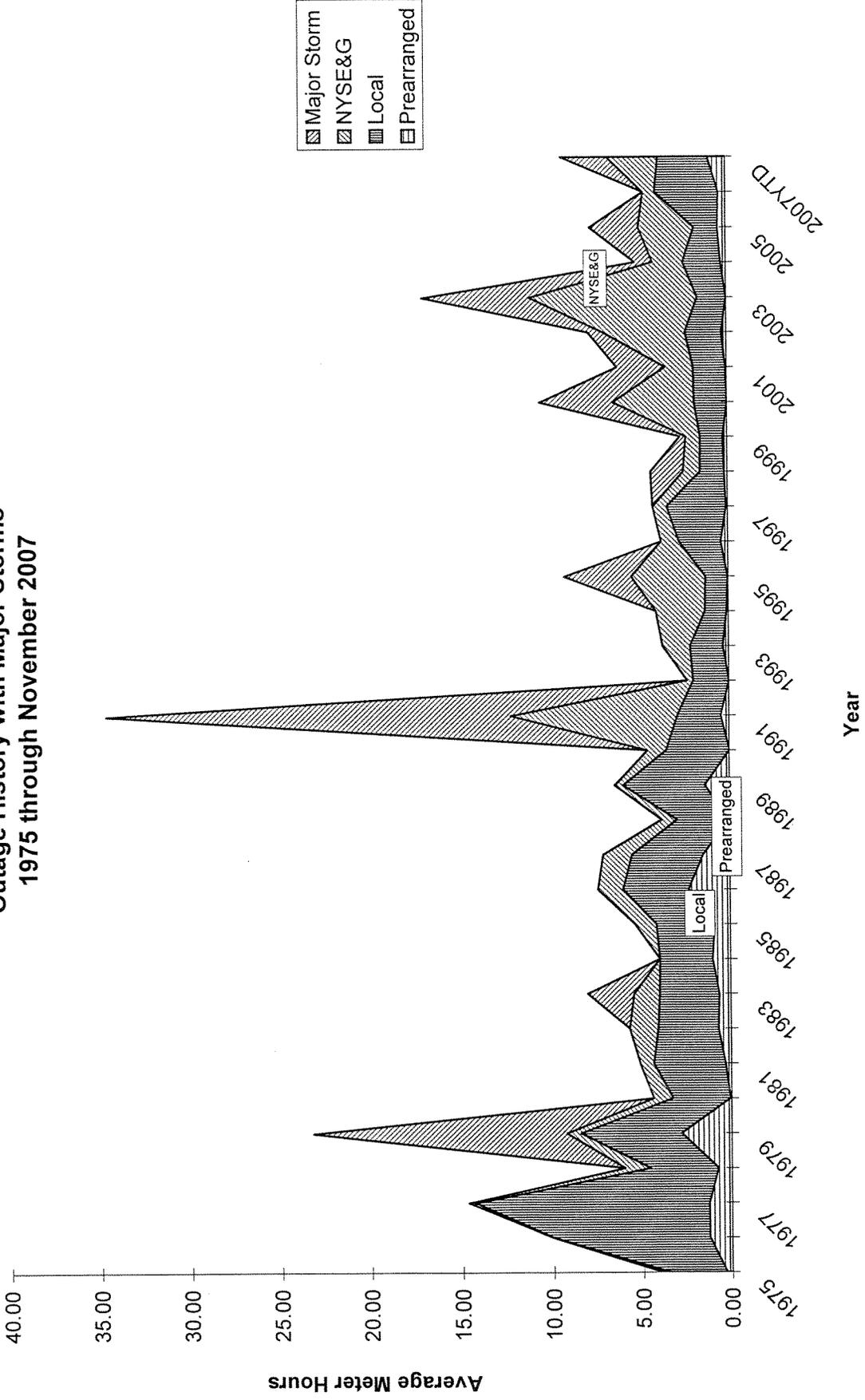
5 Q. DO YOU HAVE ANY OTHER POINTS YOU WOULD LIKE TO MAKE?

6 A. Yes. A detailed audit of the age and condition of the NYSEG sub-transmission
7 lines serving Steuben will reveal that the NYSEG conductors are virtually all old
8 and many of the poles have been in place long enough for the date brand to be
9 obscured by weathering. Steuben has some poles that are over fifty years old,
10 though the date brand is still visible. We maintain and inspect them on a regular
11 basis. Unfortunately, these aged NYSEG sub-transmission lines are weak and
12 vulnerable to conditions that normally should not cause outages. There is no
13 indication from the petition filed by the parties seeking the merger that they have
14 planned or will do anything to improve the deteriorating situation. As a result, we
15 oppose the merger.

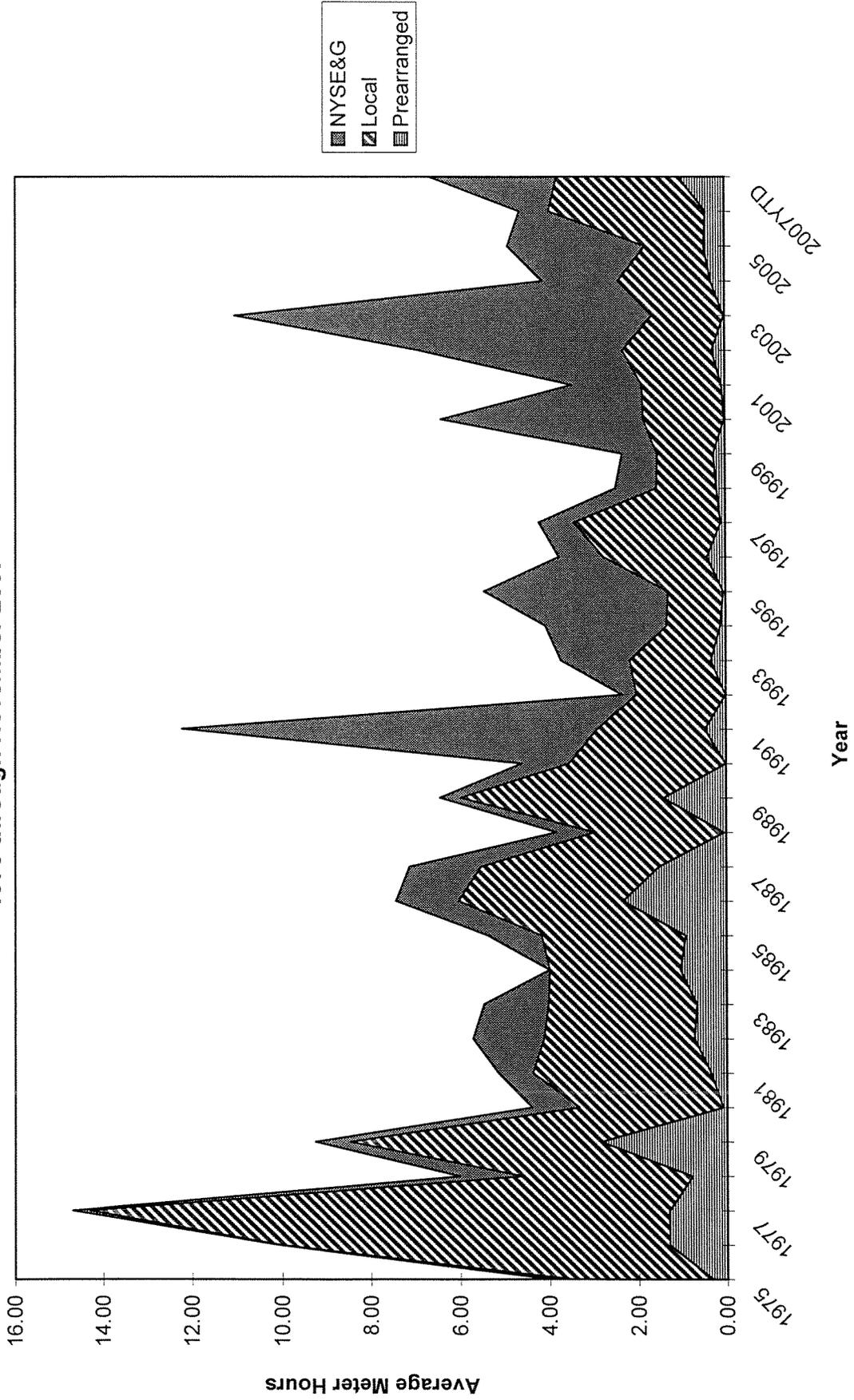
16 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

17 A. Yes.

Steuben Rural Electric Cooperative Outage History with Major Storms 1975 through November 2007



Steuben Rural Electric Cooperative Outage History without Major Storms 1975 through November 2007



Outage History

Year	Prearranged	Local	NYSE&G	Major Storm	Local plus	
					Total	Prearranged+ local
1975	0.33	3.18	0.45	0.00	3.96	3.51
1976	1.30	8.74	0.04	0.00	10.08	10.04
1977	1.31	12.99	0.39	0.00	14.69	14.30
1978	0.78	3.81	1.42	0.00	6.01	4.59
1979	2.85	5.62	0.79	13.98	23.24	8.47
1980	0.09	3.23	1.07	0.00	4.39	3.32
1981	0.36	4.01	0.77	0.00	5.14	4.37
1982	0.73	3.39	1.59	0.00	5.71	4.12
1983	0.67	3.35	1.44	2.59	8.05	4.02
1984	1.04	2.95	0.00	0.00	3.99	3.99
1985	0.92	3.25	1.20	0.00	5.37	4.17
1986	2.34	3.69	1.40	0.00	7.43	6.03
1987	1.53	3.99	1.61	0.00	7.13	5.52
1988	0.06	2.91	0.86	0.00	3.83	2.97
1989	1.42	4.56	0.46	0.00	6.44	5.98
1990	0.02	3.53	1.05	0.00	4.60	3.55
1991	0.48	2.43	9.32	22.45	34.68	2.91
1992	0.02	2.00	0.33	0.00	2.35	2.02
1993	0.34	1.83	1.55	0.00	3.72	2.17
1994	0.13	1.21	2.73	0.00	4.07	1.34
1995	0.06	1.24	4.14	3.76	9.20	1.30
1996	0.42	2.34	1.00	0.00	3.76	2.76
1997	0.11	3.32	0.78	0.00	4.21	3.43
1998	0.20	1.36	0.93	1.82	4.31	1.56
1999	0.27	1.27	0.79	0.33	2.66	1.54
2000	0.03	1.82	4.56	4.11	10.52	1.85
2001	0.08	1.80	1.58	2.70	6.16	1.88
2002	0.30	2.02	4.60	0.85	7.77	2.32
2003	0.03	1.62	9.40	5.92	16.97	1.65
2004	0.32	2.10	1.70	0.98	5.10	2.42
2005	0.47	1.33	3.10	2.74	7.64	1.80
2006	0.43	3.54	0.66	0.00	4.63	3.97
2007YTD	1.03	2.76	2.87	2.59	9.25	3.79

Cherry Creek Office
NYSEG TRANSMISSION CAUSED OUTAGES AT VARIOUS SUBSTATIONS

Milestrip	# CONS.	CONSUMER HRS LOST	DURATION OF OUTAGE IN MINUTES	Conewango	# CONS.	CONSUMER HRS LOST	DURATION OF OUTAGE IN MINUTE.
2004				2004			
	7/3/2004	858	2217		7/3/2004	240	620
	7/23/2004	858	2574		7/23/2004	240	720
	12/31/2004	859	2148			240	600
2005				2005			
	7/8/2005	861	861		7/8/2005	240	240
	7/27/2005	861	3659		7/27/2005	240	1020
	11/6/2005	861	3444		11/6/2005	240	960
	11/7/2005	861	861		11/7/2005	240	240
2006				2006			
	2/17/2006	864	432		2/17/2006	241	121
	5/11/2006	870	653		5/11/2006	247	185
2007				2007			
	5/26/2007	869	1521		5/26/2007	248	434
	6/8/2007	869	2245		6/8/2007	248	806
	7/15/2007	869	2317		7/15/2007	247	659
	Aug-07	869	2100		Aug-07	247	597

Bath Office
NYSEG TRANSMISSION CAUSED OUTAGES AT VARIOUS SUBSTATIONS

Marshall Warriner	# CONS.	CONSUMER HRS LOST	DURATION OF OUTAGE IN MINUTES	Lindley	# CONS.	CONSUMER HRS LOST	DURATION OF OUTAGE IN MINUTE.
2004				2004			
5/14/2004	982	2291	140		7/18/2004	205	325
2005							
8/15/2005	978	489	30	Sullivan Road 2004			
2006							
7/30/2006	987	2632	160	2004	7/18/2004	423	494
2007							
10/4/2007	1001	3754	225		6/10/2005	630	630
12/24/2007	1000	1500	90		8/15/2005	625	313
					11/29/2005	621	1553
Bath/Quarry 2005							
4/22/2005	1657	3480	126	Connor Hill 2005			
2007							
5/29/2007	1665	1665	60		5/16/2005	646	797
					12/3/2005	680	1870
Curtis 2007							
1/12/2007	992	2480	150				
5/10/2007	994	994	60				