

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 STEPHEN T. RINELL

January 10, 2008

Stephen T. Rinell

INTERVENOR TESTIMONY OF
STEPHEN T. RINELL
OTSEGO 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 Stephen T. Rinell. My business address is 3192 County Highway 11,
3 Hartwick, New York 13348.

4 Q. WHAT IS YOUR BUSINESS?

5 A. I am the CEO/General Manager of Otsego Electric Cooperative, Inc.

6 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND?

7 A. I received a B.A. in Management and a B.A. in Accounting from Minot State
8 University, Minot, North Dakota.

9 Q. PLEASE DESCRIBE YOUR WORK PRIOR TO JOINING OTSEGO
10 ELECTRIC COOPERATIVE.

11 A. From 1983-1987, I worked as an accountant at Burke-Divide Electric
12 Cooperative, Columbus, North Dakota. In that role I was involved in all general
13 ledger, payroll, work orders, materials, transportation and interface with federal
14 and state authorities. From 1987-1989, I served as a senior accountant with Mid-
15 Rivers Telephone Cooperative in Circle, Montana. In that role I was responsible
16 for accounts payable, general ledger as well as all functions of the cooperatives
17 cable and communications subsidiary. From 1989 – 2006, I served as Director of
18 Finance and Accounting for North Western Electric Cooperative, Bryan, Ohio. In
19 that capacity I directed all functions of the general ledger, payroll, work orders,
20 materials, transportation, accounts payable, capital credits, billing and accounts
21 receivable. I also supervised employees to accomplish these tasks. I was also

1 responsible for directing a variety of administrative operations including
2 budgeting, financial forecasts, Board of Directors reporting, equipment
3 purchasing, etc. This also included work with the Rural Utilities Service (RUS)
4 and other federal, state and local authorities, as required.

5 Q. WHEN DID YOU BEGIN WORK AT OTSEGO ELECTRIC COOPERATIVE
6 AND WHAT ARE YOUR RESPONSIBILITIES?

7 A. I started working for Otsego as the CEO/General Manager in October 2006. In
8 that capacity I am responsible for all day-to-day management of the entire system.
9 I am responsible for all electric utility system planning and financing, as well as
10 utility operations. We have implemented innovative staff development plans,
11 operational efficiencies and we have expanded our work to include more robust
12 financial systems.

13 Q. PLEASE DESCRIBE THE OTSEGO ELECTRIC SYSTEM?

14 A. The Otsego Electric Cooperative serves approximately 4,500 member/customer
15 accounts throughout Otsego, Herkimer, Madison and Chenango Counties. The
16 cooperative provides the membership of mostly residential accounts and family
17 farms, with reliable, low-cost power. Since we are owned by those we serve, our
18 nine member board is elected from the membership, by the membership and for
19 the membership. We are very proud of our local control. We operate over 750
20 miles of distribution system and 8.5 miles of transmission line.

21 Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY?

22 A. The purpose of my testimony is to describe the lack of reliable service that Otsego
23 has received and the lack of responsiveness of New York State Electric and Gas

1 Corporation (NYSEG). I am very concerned that if the proposed merger between
2 Energy East and Iberdrola is consummated then service on the sub-transmission
3 system owned by NYSEG will not be improved, and, in fact, may be further
4 diminished.

5 Q. PLEASE DESCRIBE SOME OF THE SERVICE PROBLEMS YOU HAVE
6 EXPERIENCED.

7 A. At the New Berlin substation there have been fifteen outages since January, 2006.
8 The other six substations have had seven outages combined. The number of
9 outages is rising. Our total system substation outages caused by NYSEG service
10 problems have been:

11	2002	2
12	2003	4
13	2004	3
14	2005	5
15	2006	12
16	2007	9

17 Q. HAVE THERE BEEN ANY ADDITIONAL RECENT PROBLEMS?

18 A. The New Berlin substation was down again on January 2, 2008 as a result of
19 NYSEG problems.

20 Q. WHAT ARE THE IMPACTS OF THESE OUTAGES?

21 A. We are greatly concerned with our rural service territory. There are many farmers
22 and other rural residents, many of them elderly, that suffer greatly without power.
23 Unfortunately, we have no control over the NYSEG outages and the extensive

1 time it takes NYSEG to respond to these outages. Our primary concern is the
2 health and safety of our customers. In addition, the loss of revenue due to the
3 outages is increasing. The expenses to our members (who are our owners) is also
4 increasing.

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

6 A. Yes. On the basis of the information we have received, it simply does not appear
7 that NYSEG has developed a consistent and sufficient program of transmission
8 and sub-transmission line patrol. Nor does it appear that there is a sufficient
9 program for right-of-way maintenance that would reduce the occurrence of
10 outages. In my work with other cooperatives over the past twenty-four years, the
11 reliability situation here, due to the NYSEG problems, is the worst I have seen. I
12 do not see how New York can approve this merger in light of the diminished
13 reliability that we have experienced as a result of the NYSEG problems.