



January 10, 2008

Honorable Jaclyn A. Brillling  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223

Re: Case 07-M-0906 – 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.

Dear Secretary Brillling:

Pursuant to the October 4, 2007 Procedural Ruling in the above-referenced case, enclosed for filing please find an original and five (5) copies of the Direct Testimony of Patricia K. Malgieri, Deputy Mayor of the City of Rochester.

If you have any questions regarding this filing, please contact us.

Respectfully submitted,

Johanna F. Brennan

JFB/jts  
Encs.

cc: Active Parties (via e-mail and if requested, First Class Mail)  
Honorable Rafael A. Epstein  
Paul K. Connolly, Jr.  
Stanley W. Widger, Jr.  
Andrew Gansberg



DIRECT TESTIMONY OF PATRICIA K.  
MALGIERI

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1 Q. Please state your name, current position and office  
2 address.

3 A. My name is Patricia K. Malgieri. I am the Deputy Mayor of  
4 the City of Rochester. My office is located at City Hall, 30  
5 Church Street, Rochester, NY 14614.

6 Q. Please describe your current work responsibilities as the  
7 Deputy Mayor.

8 A. I supervise the operations of ten City departments, oversee  
9 the operating and capital budget, act as liaison to Rochester  
10 City Council, the Rochester City School District and Monroe  
11 County and am Acting Mayor in the Mayor's absence.

12 Q. Please summarize your educational background.

13 A. I hold a Bachelors degree in Political Science from Holy  
14 Cross College and a Masters in Public Administration from  
15 Syracuse University.

16 Q. Please describe your previous work experience.

17 A. Prior to coming to the City in 2006, I was, for thirteen years,  
18 President and CEO of the Center for Governmental  
19 Research, an independent nonprofit public policy research

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1 organization. I was a senior budget official in the City of  
2 Yonkers, for four years.

3 Q. Have you previously testified in other proceedings before  
4 the New York State Public Service Commission  
5 (“Commission”) or other state or federal regulatory agency  
6 or court?

7 A. No.

8 Q. What is the purpose of your testimony in this proceeding?

9 A. On behalf of the City of Rochester, I will discuss some of  
10 the concerns of the City with respect to the maintenance of  
11 Rochester Gas & Electric (RG&E) facilities and operations  
12 located in the City of Rochester. In addition to general  
13 concerns about the maintenance of reliable and affordable  
14 utility service for the citizens of Rochester, the City has  
15 specific concerns about the physical plant currently owned  
16 by RG&E, both underground and above ground facilities,  
17 that will become the responsibility of Iberdrola as the result  
18 of the proposed merger with Energy East and its subsidiary  
19 RG&E.

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1 Q. Does the City of Rochester support or oppose the proposed  
2 merger between Iberdrola and Energy East?  
3 A. The City of Rochester believes it could support the  
4 proposed merger but has several concerns, which will be  
5 discussed in more detail below. The City recognizes  
6 potential positive impacts from the merger. The City is  
7 particularly supportive of Iberdrola's commitment to retain  
8 the current corporate headquarters of RG&E and New York  
9 State Energy & Gas Corporation (NYSEG) in Rochester, to  
10 maintain the current employment levels of these companies  
11 and to continue the community activities and charitable  
12 involvement of RG&E and NYSEG. In addition, the City  
13 recognizes Iberdrola's strong history and commitment to  
14 renewable energy sources, particularly, its global leadership  
15 in wind power. The City looks forward to Iberdrola's  
16 combined commitment to renewable energy and strong  
17 financial position resulting in innovative renewable energy  
18 projects that will benefit Rochester and the region through  
19 lower energy costs and clean renewable energy.

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1           Q.     Please describe the City of Rochester's concerns.

2           A.     As part of the proposed merger with Energy East, Iberdrola

3                 will acquire control over the physical plant of RG&E,

4                 including equipment and facilities in the public right-of-way.

5                 An important unresolved above ground facilities issue has

6                 been the existence of RG&E utility poles and lines which

7                 are unsightly and detract from the urban landscape. There

8                 are currently river trail and riverfront development projects

9                 and other specific road reconstruction projects in the City of

10                Rochester which are critical to the economic revitalization of

11                the City, where undergrounding of utilities is a vital

12                component of the project, yet the costs which would be

13                imposed by RG&E to perform this work would be

14                prohibitive. It is the City's position that this right-of-way

15                facilities issue must be reasonably and promptly addressed

16                by RG&E and there must be a commitment from Iberdrola

17                to encourage a satisfactory resolution of this issue which

18                would be of great benefit to the community.

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1                   A second right-of-way facilities issue concerns the ongoing  
2                   negotiations between the City and RG&E for the purchase  
3                   by the City of the remaining approximately forty percent of  
4                   the City street lighting system. Serious discussions about  
5                   this issue have been conducted for the past six months and  
6                   to date the parties have been unable to resolve issues  
7                   related to the cost of the system as well as contested  
8                   outstanding charges. The City is concerned that this matter  
9                   be resolved promptly and fairly and seeks Iberdrola's and  
10                  RG&E's commitment to such resolution.

11  
12                  Also of great concern is the disposition of several of  
13                  RG&E's large facilities and properties located in the City of  
14                  Rochester. The Beebe Station, located on Mill Street in the  
15                  High Falls area of the City of Rochester, fronting on the  
16                  Genesee River, is a large, mostly abandoned facility which  
17                  is poorly maintained and has substantial unresolved  
18                  environmental issues. The facility is located in a critically  
19                  important area of the City which, despite this enormous

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1 "eyesore", is beginning to experience residential and  
2 commercial redevelopment of its historic buildings as well  
3 as new construction. In addition to substantial cosmetic  
4 problems such as peeling paint, dilapidated buildings,  
5 rusted fencing and poorly maintained or absent  
6 landscaping, all clearly visible from adjacent streets and  
7 private properties, the frontage on the Genesee River is not  
8 only a visual blight on the riverfront, but the facility is a  
9 major brownfield site. Longstanding unresolved  
10 environmental issues adversely impact the entire  
11 neighborhood surrounding this prominent facility to the  
12 detriment of the private property owners, the City as an  
13 adjacent property owner and City residents and businesses  
14 and will limit further economic development in the area. The  
15 economic viability of the High Falls area will continue to be  
16 adversely affected if this major facility is allowed to remain  
17 in its current or even worse condition through additional  
18 years of neglect. The City strongly urges that RG&E be  
19 required to provide a master plan for the disposition of the

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1 Beebe Station, which includes a commitment to complete  
2 removal of all environmental contamination in a timely  
3 manner, to properly maintain the facility, to identify long  
4 term plans for the facility, to provide for public access  
5 across the property to and along the river, and to identify  
6 any demolition plans and plans to sell the property. It is  
7 imperative that Iberdrola supports these actions and takes  
8 responsibility for the condition of this major facility.

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10 In addition to the Beebe Station, RG&E owns other  
11 contaminated riverfront properties at 46-52 and 84 Andrews  
12 Street in the City of Rochester. This gravel covered vacant  
13 land, the demolition site of a former RG&E facility, located  
14 at another prominent downtown river site, has been vacant  
15 for approximately eight years and is also an unresolved  
16 brownfield site. RG&E's failure to timely resolve all  
17 environmental contamination issues at the site and either  
18 use it for its own needs or make it available for  
19 development, has created another blighting impact in

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1                   downtown Rochester, hindering development of not only the  
2                   west bank waterfront but the St. Paul quarter on the other  
3                   side of the Genesee River. The City urges that Iberdrola,  
4                   through RG&E, also be required to address the disposition  
5                   of these parcels, including all outstanding environmental  
6                   issues.

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8                   Another RG&E facility of great concern to the City is the  
9                   substation located at 81 South Avenue. An important and  
10                  unique historic structure dating from the late 1800's, the  
11                  substation rests on the original foundation of a flour mill  
12                  which was built in approximately 1827, where water still  
13                  flows through tail races into the substation, down twenty  
14                  feet tall wheel pits within the building. With its prominent  
15                  location on the Genesee River, adjacent to one of the only  
16                  surviving aqueducts (circa 1842) on the original Erie Canal,  
17                  the substation is in the center of the historic aqueduct and  
18                  Erie Canal Corridor District, which will soon be the subject  
19                  of a master plan for the preservation and development of

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1 the area. While the City recognizes the importance of the  
2 substation for the provision of electrical service to downtown  
3 Rochester, the City hopes that RG&E's utility interests can  
4 be balanced with the public's interest in this historic  
5 treasure, given its unique location adjacent to the river and  
6 aqueduct. The City urges Iberdrola and RG&E to commit to  
7 work with the City to provide public access to these historic  
8 resources while preserving the integrity of the substation.

9 Q. Does this complete your testimony?

10 A. Yes, it does.

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