Exhibit 13

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)
X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2006**

OR

_ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______ to _______

Commission file number	Exact name of Registrant as specified in its charter, State of incorporation, Address and Telephone number	IRS Employer Identification No.
1-14766	**Energy East Corporation** (Incorporated in New York) 52 Farm View Drive New Gloucester, Maine 04260-5116 (207) 688-6300 **www.energyeast.com**	14-1798693
1-672	**Rochester Gas and Electric Corporation** (Incorporated in New York) 89 East Avenue Rochester, New York 14649 (800) 743-2110	16-0612110

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Name of each exchange on which registered
Energy East Corporation	**Common Stock (Par Value $.01)**	**New York Stock Exchange**
Rochester Gas and Electric Corporation	**6.65% Series UU First Mortgage Bonds, due 2032**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
Not applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Registrant	Yes	No
Energy East Corporation	X	
Rochester Gas and Electric Corporation	X	

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Registrant	Yes	No
Energy East Corporation		X
Rochester Gas and Electric Corporation		X

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a nonaccelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Registrant	Large accelerated filer	Accelerated filer	Non-accelerated filer
Energy East Corporation	X		
Rochester Gas and Electric Corporation			X

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Registrant	Yes	No
Energy East Corporation		X
Rochester Gas and Electric Corporation		X

The aggregate market value of the common stock held by nonaffiliates of Energy East Corporation as of June 30, 2006, the last business day of Energy East's most recently completed second fiscal quarter, was $3.5 billion, based on the closing sale price as reported on the New York Stock Exchange.

As of February 15, 2007, shares of common stock outstanding for each registrant were:

Registrant	Description	Shares
Energy East Corporation	Par value $.01 per share	147,836,184
Rochester Gas and Electric Corporation	Par value $5 per share	34,506,513[(1)]

(1) All shares are owned by RGS Energy Group, Inc., a wholly-owned subsidiary of Energy East Corporation.

DOCUMENTS INCORPORATED BY REFERENCE

Document	10-K Part
Energy East Corporation has incorporated by reference certain portions of its Proxy Statement, which will be filed with the Commission on or before April 30, 2007.	III

This combined Form 10-K is separately filed by **Energy East Corporation** and **Rochester Gas and Electric Corporation**. Information contained herein relating to either registrant is filed by such registrant on its own behalf. Neither registrant makes any representation as to information relating to the other registrant.

Rochester Gas and Electric Corporation meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form 10-K in the reduced disclosure format specified in General Instruction I (2) of Form 10-K.

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Glossary of Energy East Companies

Abbreviations for the Energy East companies mentioned in this report:

Berkshire Energy Berkshire Energy Resources is the parent of The Berkshire Gas Company.

Berkshire Gas The Berkshire Gas Company is a regulated utility primarily engaged in the distribution of natural gas in western Massachusetts.

Cayuga Energy Cayuga Energy, Inc. owns interests in electric generation facilities that sell power in the NYISO and PJM Interconnection wholesale markets at times of high demand.

CMP Central Maine Power Company is a regulated utility primarily engaged in transmitting and distributing electricity generated by others to retail customers in Maine.

CMP Group CMP Group, Inc. is the parent of Central Maine Power Company (CMP).

CNE Connecticut Energy Corporation is the parent of The Southern Connecticut Gas Company (SCG).

CNG Connecticut Natural Gas Corporation is a regulated utility primarily engaged in the retail distribution of natural gas in Connecticut.

CTG Resources CTG Resources, Inc. is the parent of Connecticut Natural Gas Corporation (CNG).

Energetix Energetix, Inc. markets electric and natural gas services in upstate New York.

Energy East, the company, we, our or **us** Energy East Corporation is the parent company of RGS Energy Group, Inc., Connecticut Energy Corporation, CMP Group, CTG Resources, Berkshire Energy Resources, The Energy Network, Inc. and Energy East Enterprises, Inc.

MNG Maine Natural Gas Corporation is a small natural gas delivery company in the state of Maine.

NYSEG New York State Electric & Gas Corporation is a regulated utility primarily engaged in purchasing and delivering electricity and natural gas in the central, eastern and western parts of the state of New York.

RG&E Rochester Gas and Electric Corporation is a regulated utility primarily engaged in generating, purchasing and delivering electricity and purchasing and delivering natural gas in an area centered around the city of Rochester, New York.

RGS Energy RGS Energy Group, Inc. is the parent of NYSEG and RG&E.

SCG The Southern Connecticut Gas Company is a regulated utility primarily engaged in the retail distribution of natural gas in Connecticut.

SGF South Glens Falls Energy, LLC operated a natural gas fired generating unit in New York.

TEN Cos. TEN Companies, Inc. owns and manages a district heating and cooling network in Hartford, Connecticut.

The Energy Network The Energy Network, Inc. owns and manages our non-regulated businesses.

Glossary of Terms

Abbreviations or acronyms frequently used in this report:

ALJ Administrative Law Judge

APB 25 Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*

ARP 2000 Alternative Rate Plan 2000

ASGA Asset Sale Gain Account

Bechtel Bechtel Power Corporation

CGG Constellation Generation Group, LLC

Connecticut Yankee Connecticut Yankee Atomic Power Company

DOE United States Department of Energy

DPUC Connecticut Department of Public Utility Control

DSM demand side management

DTE Massachusetts Department of Telecommunications and Energy

Dth dekatherm

Electric Rate Agreement Electric portion of RG&E's 2004 Electric and Natural Gas Rate Agreements

EPA United States Environmental Protection Agency

EPS earnings per share

ESCO energy service company

FASB Financial Accounting Standards Board

FERC Federal Energy Regulatory Commission

FIN 46(R) FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51*

FIN 47 FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143*

FIN 48 FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*

Ginna Robert E. Ginna Nuclear Power Plant, a nuclear power plant sold by RG&E in June 2004

IRP Incentive Rate Plan

ISO-NE ISO New England Inc.

ITC investment tax credit

LICAP locational installed capacity (pricing mechanism in the New England market)

MD&A Management's Discussion and Analysis of Financial Condition and Results of Operations

MPUC Maine Public Utilities Commission

MW, MWh megawatt, megawatt hour

Natural Gas Rate Agreement natural gas portion of RG&E's 2004 Electric and Natural Gas Rate Agreements

NRC United States Nuclear Regulatory Commission

NUG nonutility generator

NYISO New York Independent System Operator

NYPA New York Power Authority

NYPSC New York State Public Service Commission

NYSDEC New York State Department of Environmental Conservation

Glossary of Terms (Continued)

NYSERDA New York State Energy Research and Development Authority

OCC The Office of Consumer Counsel in the State of Connecticut

Statement 123 Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*

Statement 123(R) Statement of Financial

OPEB other post-employment benefits

PJM Interconnection PJM Interconnection, LLC

ROE return on equity

RTO Regional Transmission Organization

Russell Station A coal-fired electric generation facility in Greece, New York

SAR stock appreciation right

SEC or the Commission United States Securities and Exchange Commission

SPDES State Pollutant Discharge Elimination System

Statement 71 Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation*

Statement 87 Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions*

Statement 106 Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*

Accounting Standards No. 123 (revised 2004), *Shared-Based Payment*

Statement 133 Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*

Statement 143 Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*

Statement 157 Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*

Statement 158 Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)*

TCC transmission congestion contract

VEBA voluntary employees' beneficiary association

Voice Your Choice RG&E's and NYSEG's electric commodity option programs

Yankee companies Maine Yankee Atomic Power Company, Connecticut Yankee Atomic Power Company, and Yankee Atomic Electric Power Company

Forward-looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements in certain circumstances. This Form 10-K contains certain forward-looking statements that are based upon management's current expectations and information that is currently available. Whenever used in this report, the words "estimate," "expect," "believe" "anticipate," or similar expressions are intended to identify such forward-looking statements.

In addition to the assumptions and other factors referred to specifically in connection with such statements, factors that involve risks and uncertainties that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in Item 1A - Risk Factors and Item 7 - MD&A - Market Risk, and also include, among others:

- the deregulation and continued regulatory unbundling of a formerly vertically integrated utility industry,
- our ability to compete in the rapidly changing and competitive electric and/or natural gas utility markets,
- regulatory uncertainty and volatile energy supply prices,
- implementation of NYSEG's Electric Rate Order issued by the NYPSC that has been in

effect since January 1, 2007,

- implementation of the Energy Policy Act of 2005,
- increased state and FERC regulation of, among other things, intercompany cost allocations,
- the operation of the NYISO and retroactive NYISO billing adjustments,
- the operation of ISO-NE as an RTO and CMP's continued participation in ISO-NE,
- our continued ability to recover NUG and other costs,
- changes in fuel supply or cost and the success of strategies to satisfy power requirements,
- our ability to expand our products and services including our energy infrastructure in the Northeast,
- the effect of commodity costs on customer usage and uncollectible expense,
- our ability to maintain enterprise-wide integration synergies,
- market risk from changes in value of financial or commodity instruments, derivative or nonderivative, caused by fluctuations in interest rates or commodity prices,
- the ability of third parties to continue to supply electricity and natural gas,
- our ability to obtain adequate and timely rate relief and/or the extension of current rate plans,
- the possible discontinuation or further modification of fixed-price supply programs in New York,
- nuclear decommissioning or environmental incidents,
- legal or administrative proceedings,
- changes in the cost or availability of capital,
- economic growth or contraction in the areas in which we do business,
- extreme weather-related events such as floods, hurricanes, ice storms or snow storms,
- weather variations affecting customer energy usage,
- authoritative accounting guidance,
- acts of terrorism,
- the effect of volatility in the equity and fixed income markets on the cost of pension and other postretirement benefits,
- the inability of our internal control framework to provide absolute assurance that all incidents of fraud or error will be detected and prevented, and
- other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Business

General development of business

Energy East Corporation: Energy East is a public utility holding company organized under the laws of the state of New York in 1997. Energy East is a super-regional energy services and delivery company with operations in New York, Connecticut, Massachusetts, Maine and New

Hampshire. We conduct all of our operations through our wholly-owned subsidiaries including CNE, CMP Group, CTG Resources, Berkshire Energy, RGS Energy and The Energy Network.

CNE's wholly-owned subsidiary, The Southern Connecticut Gas Company, is a regulated utility primarily engaged in the retail distribution of natural gas in Connecticut.

CMP Group's wholly-owned subsidiary, Central Maine Power Company, is a regulated utility primarily engaged in transmitting and distributing electricity generated by others to retail customers in Maine.

CTG Resources' wholly-owned subsidiary, Connecticut Natural Gas Corporation, is a regulated utility primarily engaged in the retail distribution of natural gas in Connecticut.

Berkshire Energy's wholly-owned subsidiary, The Berkshire Gas Company, is a regulated utility primarily engaged in the distribution of natural gas in western Massachusetts.

RGS Energy's wholly-owned subsidiaries are NYSEG and RG&E. NYSEG is a regulated utility primarily engaged in purchasing and delivering electricity and natural gas in the central, eastern and western parts of the state of New York. NYSEG sold a majority of its generation assets in 1999 and most of its remaining generation assets in 2001. RG&E is a regulated utility primarily engaged in generating, purchasing and delivering electricity and purchasing and delivering natural gas in an area centered around the city of Rochester, New York. RG&E sold its largest generating station, Ginna, in 2004.

The Energy Network's wholly-owned subsidiaries include Cayuga Energy and NYSEG Solutions, Inc.

We created a support services company in 2004, Utility Shared Services Corporation, to consolidate support service functions for our largest regulated utilities. This consolidation allows us to optimize the efficiency of those services.

<u>Rochester Gas and Electric Corporation</u>: RG&E is a public utility organized under the laws of the state of New York in 1904. RGS Energy was incorporated in 1998 in the state of New York and became the holding company for RG&E in August 1999. In June 2002, pursuant to a Plan of Merger, RGS Energy became our wholly-owned subsidiary and also became the holding company for NYSEG.

The following general developments have occurred in our businesses since January 1, 2006:

See Item 7 - MD&A - Electric Delivery Rate Overview, Electric Delivery Business Developments, Natural Gas Delivery Rate Overview and Natural Gas Delivery Business Developments.

<u>Regulation</u>

We operate under the authority of the NYPSC in New York, the MPUC in Maine, the DPUC in Connecticut and the DTE in Massachusetts. We are also subject to regulation by the FERC. The FERC and state utility commissions have authority to regulate and monitor, among other things, intercompany cost allocations of holding company systems such as Energy East.

Financial information about segments

See Item 8 - Note 15 to our Consolidated Financial Statements and Note 13 to RG&E's Financial Statements.

Narrative description of business

Principal business

Our principal business consists of our regulated electricity transmission and distribution operations in upstate New York and Maine and our regulated natural gas transportation, storage and distribution operations in upstate New York, Connecticut, Maine and Massachusetts. We serve approximately two million electricity customers and one million natural gas customers. Our service territories reflect diversified economies, including high-technology firms, insurance, light industry, consumer goods manufacturing, pulp and paper, ship building, colleges and universities, agriculture, fishing and recreational facilities. Our operating revenues derived from regulated electricity sales were 58% in 2006, 56% in 2005 and 58% in 2004. Operating revenues derived from regulated natural gas sales were 32% in 2006, 34% in 2005 and 33% in 2004. No customer accounts for more than 5% of either electric or natural gas revenues.

NYSEG conducts regulated electricity transmission and distribution operations and regulated natural gas transportation, storage and distribution operations in upstate New York. It also generates electricity, primarily from its several hydroelectric stations. NYSEG serves approximately 871,000 electricity and 256,000 natural gas customers in its service territory of approximately 20,000 square miles, which is located in the central, eastern and western parts of the state of New York and has a population of approximately 2.5 million. The larger cities in which NYSEG serves electricity and natural gas customers are Binghamton, Elmira, Auburn, Geneva, Ithaca and Lockport.

RG&E's principal business consists of its regulated electricity generation, transmission and distribution operations and regulated natural gas transportation and distribution operations in western New York. RG&E generates electricity from one coal-fired plant, three gas turbine plants and several smaller hydroelectric stations. RG&E serves approximately 359,000 electricity and 296,000 natural gas customers in its service territory of approximately 2,700 square miles. The service territory contains a substantial suburban

area and a large agricultural area in parts of nine counties including and surrounding the city of Rochester, New York with a population of approximately one million people. Approximately 66% of RG&E's operating revenues for 2006, 63% for 2005 and 64% for 2004 were derived from electricity sales, with the balance each year derived from natural gas sales. No customer accounts for more than 5% of either electric or natural gas revenues.

CMP conducts regulated electricity transmission and distribution operations in Maine serving approximately 596,000 customers in its service territory of approximately 11,000 square miles with a population of approximately one million people. The service territory is located in the southern and central areas of Maine and contains most of Maine's industrial and commercial centers, including the city of Portland and the Lewiston-Auburn, Augusta-Waterville, Saco-Biddeford and Bath-Brunswick areas.

SCG conducts natural gas transportation and distribution operations in Connecticut serving approximately 176,000 customers in its service territory of approximately 560 square miles with a population of approximately 800,000. SCG's service territory extends along the southern Connecticut coast from Westport to Old Saybrook and includes the urban communities of Bridgeport and New Haven.

CNG conducts natural gas transportation and distribution operations in Connecticut serving approximately 155,000 customers in its service territory of approximately 800 square miles with a population of approximately 800,000, principally in the greater Hartford-New Britain area and Greenwich.

Berkshire Gas conducts natural gas distribution operations in western Massachusetts serving approximately 36,000 customers in its service territory of approximately 520 square miles with a population of approximately 220,000. Berkshire Gas' service territory includes the cities of Pittsfield and North Adams.

See Item 7 - MD&A - Electric Delivery Rate Overview, Electric Delivery Business Developments, Natural Gas Delivery Rate Overview and Natural Gas Delivery Business Developments.

<u>Other businesses</u>

Our other businesses include retail energy marketing companies, a nonutility generating company, a FERC-regulated liquefied natural gas peaking plant, a natural gas delivery company, a propane air delivery company, telecommunications assets, a district heating and cooling system, and an energy consulting services company. We include their results of operations, financial condition and cash flows in our Other segment.

Energetix, Inc. and NYSEG Solutions, Inc. market electricity and natural gas services throughout the state of New York. The revenues from these two companies accounted for approximately 9% of Energy East's total revenues in 2006, 10% in 2005 and 9% in 2004.

Cayuga Energy owns electric generation facilities that sell power in the NYISO and PJM Interconnection wholesale markets at times of high demand.

CNE Energy Services Group, Inc. has an interest in two small natural gas pipelines that serve power plants in Connecticut. CNE Energy Services Group has a long-term lease for a liquefied natural gas plant that serves the peaking gas markets in the Northeast and has an equity interest in an energy technology venture partnership.

Energy East Enterprises, Inc. includes Maine Natural Gas, a small natural gas delivery company and New Hampshire Gas, Inc., a propane air delivery company.

MaineCom Services owns fiber optic lines and provides telecommunications services in Maine.

TEN Companies, Inc. owns and manages The Hartford Steam Company, a district heating and cooling network in Hartford, Connecticut, and owns an interest in the Iroquois Gas Transmission System.

The Union Water-Power Company owns and manages real estate in Maine and New Hampshire and provides energy consulting services throughout New England.

Sources and availability of raw materials

Electric

See Item 7 - MD&A - Electric Delivery Rate Overview, Electric Delivery Business Developments and Commodity Price Risk and Item 8 - Note 1 to our Consolidated Financial Statements and Note 1 to RG&E's Financial Statements.

NYSEG satisfied the majority of its power requirements for 2006 through purchases under long-term contracts with NUGs, the New York Power Authority and Constellation Nuclear, and through generation from its several hydroelectric stations. NYSEG managed fluctuations in the cost of electricity for its remaining power requirements through the use of electricity contracts, both physical and financial.

RG&E satisfied the majority of its power requirements for 2006 through purchases under long-term contracts with the New York Power Authority, Constellation Nuclear, and Ginna Nuclear Power Plant, LLC. A small portion, less than 20%, was satisfied from its generation facilities including coal, natural gas, hydroelectric and peaking. RG&E managed fluctuations in the cost of electricity for its remaining power requirements through the use of electricity contracts, both physical and financial.

Coal - RG&E's 2007 coal requirements are expected to be approximately 400,000 tons. RG&E's coal supply portfolio contains both spot and term agreements with multiple suppliers. In 2006, 80% of RG&E's coal requirements was purchased under contract and 20% was purchased on the spot market. RG&E maintains a reserve supply of coal ranging from 30 to 60 days.

Under a Maine State Law adopted in 1997, CMP was mandated to sell its generation assets and relinquish its supply responsibility. CMP no longer owns generating assets but retains its power entitlements under long-term contracts with NUGs and a power purchase contract with

Entergy Nuclear Vermont Yankee, LLC. Since March of 2000 CMP has sold its power entitlement under auctions approved by the MPUC. By its orders issued in December 2004, December 2005 and January 2007, the MPUC approved CMP's sale of its entitlements for various periods ranging from one to three years, through February 28, 2010. CMP's retail electricity prices are set to provide recovery of the costs associated with its ongoing power entitlement obligations. CMP's revenues and purchased power costs would increase if it were required to be the standard-offer provider of electricity supply for retail customers. There would be no effect on CMP's net income in such an event, however, because CMP is ensured cost recovery through Maine state law for any standard-offer obligations.

Natural Gas

NYSEG, RG&E, CNG, SCG, Berkshire Gas and MNG satisfied their natural gas supply requirements through purchases from BP Energy Company and other natural gas suppliers, natural gas storage capacity contracts and winter peaking supplies and resources. A majority of the natural gas supply purchased was acquired under long- and short-term supply contracts and the remainder was acquired on the spot market. Firm underground natural gas storage capacity is contracted for using long-term contracts. Firm transportation capacity was acquired under long-term contracts and was utilized to transport both natural gas supply purchased and natural gas withdrawn from storage to local distribution systems. Winter peaking supplies and resources are either owned by Energy East, NYSEG and RG&E and are attached to the distribution system, or are contracted for under long-term arrangements.

See Item 7 - MD&A - Natural Gas Delivery Rate Overview, Natural Gas Delivery Business Developments and Commodity Price Risk and Item 8 - Note 1 to our Consolidated Financial Statements and Note 1 to RG&E's Financial Statements.

Franchises

Our operating utilities have valid franchises, with minor exceptions, from the municipalities in which they render service to the public.

Seasonal business

Winter peak electricity loads are primarily due to space heating usage and fewer daylight hours. Summer peak electricity loads are due to the use of air-conditioning and other cooling equipment. Our sales of natural gas are highest during the winter months primarily due to space heating usage.

Working capital

Our operating utilities have been granted, through the ratemaking process, an allowance for working capital to operate their ongoing electric and/or natural gas utility systems. Their major working capital requirements include natural gas inventories, which increase during the summer and fall for winter sales; accounts receivable, which are highest during periods of peak sales; and cash requirements to pay for utility construction and operating expenses.

Competitive conditions

In New York, the NYPSC has experimented with programs that require utilities to actively encourage their customers to migrate to ESCO suppliers. NYSEG and RG&E have filed proposed parameters for ESCO referral programs. To date the NYPSC has not acted on these filings and NYSEG and RG&E have requested postponement of the respective tariffs for six months. NYSEG and RG&E are unable to predict the ultimate effect of these programs on their ability to continue to provide commodity service to their customers.

See Item 1A - Risk Factors and Item 7 - MD&A - Electric Delivery Rate Overview, Electric Delivery Business Developments, Natural Gas Delivery Rate Overview, Natural Gas Delivery Business Developments and Critical Accounting Policies.

Research and development

Our consolidated expenditures for research and development were $3 million in 2006, $4 million in 2005 and $5 million in 2004. RG&E's expenditures were $2 million in 2006, $1 million in 2005 and $2 million in 2004. Expenditures were for internal research programs and contributions to research administered by the NYSERDA, the Electric Power Research Institute and the Northeast Gas Association. Research and development expenditures are intended to improve existing energy technologies and develop new technologies for the delivery and efficient customer use of energy.

Environmental matters

Energy East and RG&E are subject to regulation by the federal government and by state and local governments with respect to environmental matters, such as the handling and disposal of toxic substances and hazardous and solid wastes and the handling and use of chemical products. Electric utility companies generally use or generate a range of potentially hazardous products and by-products that are subject to such regulation. They are also subject to state laws regarding environmental approval and certification of proposed major transmission facilities.

From time to time, environmental laws, regulations and compliance programs may require changes in Energy East's and RG&E's operations and facilities and may increase the cost of energy delivery service. Historically, rate recovery has been authorized for environmental compliance costs.

We made capital expenditures totaling approximately $10 million, including $2.5 million by RG&E, to meet environmental requirements during the three years ended December 31, 2006. Future capital additions for current facilities to meet environmental requirements are not expected to be material. However, we have plans to voluntarily adopt a number of environmentally friendly initiatives, including an advanced metering infrastructure. We may also have significant expenditures for repowering Russell Station using new technology which minimizes emissions.

Water and air quality: Energy East and RG&E are required to comply with federal and state water quality statutes and regulations including the Clean Water Act. The Clean Water Act requires that generating stations be in compliance with federally issued National Pollutant Discharge Elimination System permits or state issued SPDES permits, which reflect water quality considerations for the protection of the environment. RG&E has SPDES permits for two of its generating stations. The Energy Network owns interests in two natural gas-fired peaking generating stations and TEN Cos. owns and operates two steam plants, all of which have the required federal or state operating permits.

Energy East and RG&E are required to comply with federal and state oil spill statutes and regulations including the Spill Prevention Control and Countermeasures (SPCC) regulations. Revisions to such regulations were recently finalized and require that the company and RG&E update current oil SPCC plans by the proposed date of July 1, 2009, and prepare new SPCC plans for locations that are covered under the regulations. These SPCC locations include electric operations service centers and substations, gas operation centers and liquefied natural gas facilities.

RG&E is required to comply with federal and state air quality statutes and regulations for operation of its coal-fired and combustion turbine generating stations. All of RG&E's generating stations have the required federal or state operating permits. Stack tests and continuous emissions monitoring indicate that the generating stations are generally in compliance with permit emission limitations, although occasional opacity exceedances occur. Efforts continue in the identification and elimination of the causes of opacity exceedances. Russell Station, RG&E's sole coal-fired station, is scheduled to close at the end of 2007 upon the completion of RG&E's transmission project which will substantially reduce the company's and RG&E's emissions. RG&E may also seek the necessary approvals to repower Russell Station using clean coal technologies.

The 1990 Clean Air Act Amendments limit emissions of sulfur dioxide and nitrogen oxides and require emissions monitoring. The EPA allocates annual emissions allowances to RG&E's coal-fired generating station based on statutory emissions limits under Phase II (which began January 1, 2000) of the 1990 Amendments. An emissions allowance represents an authorization to emit, during or after a specified calendar year, one ton of sulfur dioxide. A similar allowance program under Title I of the 1990 Amendments controls nitrogen oxides emissions from RG&E's coal-fired station and a combustion turbine generating station. Another requirement of the 1990 Amendments is for the coal-fired station and a combustion turbine generating station to have a facility operating permit (Title V permit). The Title V permits required for each station have been granted. In 2005 the EPA finalized rules requiring further reductions in sulfur dioxide and nitrogen oxides emissions, as well as mercury emissions from coal-fired generating stations. The reductions will begin in 2009 for nitrogen oxides and 2010 for sulfur dioxide and mercury. However, the methods to achieve the reductions will be proposed by the individually affected states. Except for mercury emissions in New York, these methods have not been proposed by the states in which the company operates at this time. New York has submitted its mercury emissions control implementation plan to the EPA for approval. The first phase takes effect in 2010 and requires each existing coal-fired power plant to meet a facility-wide cap equivalent to a 50% reduction from baseline. New coal-fired units and existing facilities in phase 2 (starting in 2015) will need to meet an emission limit that is approximately equivalent to a 90% reduction. New York will not allow allowance trading to meet compliance as is allowed under the Clean Air Mercury Rule.

Regulations adopted by the state of New York that further limit acid rain precursor emissions from electric generating units, possibly at an additional cost to RG&E, became effective on October 1, 2004, for nitrogen oxides and January 1, 2005, for sulfur dioxide. The current federal summertime limits for nitrogen oxides are now applied year round. Emissions reduction targets are set at 50% below the current federal limits for sulfur dioxide and are being phased in between 2005 and 2008. Emissions reductions will be achieved through a New York State only market-based allowance trading system similar to those under the 1990 Amendments. Beyond the allowances allocated to RG&E, there is limited availability of economically-viable allowances.

RG&E purchases emissions allowances as necessary in order to comply with the Clean Air Act and New York State acid rain regulations and estimates its cost for allowances will be approximately $13 million for 2007. In addition, RG&E has installed control equipment at its facilities at a cost of over $16 million as part of its compliance with the Clean Air Act. If RG&E were unable to satisfy some of its environmental commitments with emissions allowances, either because of regulatory changes or an inability to obtain emissions allowances, RG&E would be required to take alternative actions, which may include reduced plant operation or shutdown, or repowering with clean coal technologies to comply with the Clean Air Act and New York State acid rain regulations.

The federal Regional Greenhouse Gas Initiative (RGGI) will set a cap on carbon dioxide emissions from electric generators at current emission levels starting in 2009, reducing to 10% below the 2009 cap levels incrementally from 2015 to 2018. Seven northeastern states signed a memorandum of understanding in December 2005. A model rule for states to implement the RGGI was finalized in August 2006. Though the model rule specifies that at least 25% of levels are to be auctioned for consumer benefit or strategic energy program, distribution of the remaining 75% is left up to individual states.

New York has issued a "pre-proposal" draft of its RGGI rule which generally follows the model rule. One aspect of the rule is that New York proposed to auction 100% of allowances, with proceeds to be used for "energy efficiency and clean energy technology purposes." Electricity supply generators will be required to purchase necessary allowances to continue operations and there would be a corresponding impact on the cost of the electric supply produced by these generators. The actual draft rule for public comment is expected by mid-2007 with a final rule by late 2007 or early 2008.

Maine, through the Maine Department of Environmental Protection, is in the process of drafting its implementation rules based on the model rule. The draft rule would require specific reductions or allowance purchases by the affected emission sources in Maine and establishes a framework for allowance trading and purchasing carbon dioxide offsets from eligible sources. At this time Maine has not determined if, or how much of, the initial allowances would be auctioned or granted and how any auction proceeds would be applied or distributed. If the allowances are auctioned, electric supply generators would be required to purchase necessary allowances to continue operations and there would be a corresponding increase in the cost of electric supply produced by these generators. The company cannot predict the outcome of this rulemaking or its ultimate impact on the price of electric supply in Maine.

See Item 3 - Legal Proceedings, Item 7 - MD&A - Electric Delivery Rate Overview, Electric Delivery Business Developments, Natural Gas Delivery Rate Overview, Natural Gas Delivery Business Developments and Item 8 - Note 10 to our Consolidated Financial Statements and Note 9 to RG&E's Financial Statements.

Number of employees

As of January 31, 2007, Energy East had 5,884 employees, including 1,016 RG&E employees.

Financial information about geographic areas

Neither Energy East nor RG&E have foreign operations.

Available information

We make available free of charge through our Internet Web site, http://www.energyeast.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after those reports are electronically filed with the SEC. Access to the reports is available from the main page of our Internet Web site through "Financial Information" and then "SEC filings." Our Code of Conduct and Corporate Governance Guidelines and the charters of the Audit, Compensation and Management Succession, and Nominating and Corporate Governance committees are also available on our Internet Web site. Waivers of the Code of Conduct are not contemplated. However, in the unlikely event of an amendment to, or waiver from, the Code of Conduct applicable to our principal executive, financial and accounting officers, we will post such information through our Web site. Access to these documents is available from the main page of our Internet Web site through "Financial Information" and then "Corporate Governance." Printed copies of these documents are also available upon request by contacting Investor Relations at (207) 688-4336.

Item 1A. Risk Factors

We regularly identify, monitor and assess our exposure to risk and seek to mitigate the risks inherent in our energy services and delivery businesses. However, there are risks that are beyond our control or that cannot be limited cost-effectively or that may occur despite our risk mitigation efforts. The risk factors discussed below could have a material effect on our financial position, results of operation or cash flows.

NYSEG's Electric Rate Order issued by the NYPSC that went into effect on January 1, 2007, will significantly impact NYSEG's earnings potential.

The reduction in rates and changes in NYSEG's commodity supply program reduces NYSEG's earnings potential by $35 million to $45 million, which will have an adverse effect on NYSEG's financial condition and results of operations. In addition, we cannot predict the effect of the Electric Rate Order on our credit ratings.

The NYPSC has experimented with programs that require utilities to actively encourage their customers to migrate to ESCO suppliers.

The NYPSC has experimented with programs to require utilities to actively encourage customers to switch to ESCOs for the purchase of electricity or natural gas. NYSEG and RG&E have developed such "ESCO Referral" programs, and they have been submitted to the NYPSC for review and approval. However, to date, the NYPSC has not acted to implement these programs at RG&E or NYSEG. The NYPSC has also dismantled the Office of Retail Market Development, upon the resignation of its director, and has re-assigned staff to other offices of the NYPSC. We cannot predict the outcome of these proceedings.

Our regulated utilities are subject to substantial governmental regulation on the federal, state and local levels.

On the federal level, the FERC regulates our utilities' transmission rates, affiliate transactions, the issuance of certain short-term debt securities by our electric utilities and certain other aspects of our utilities' businesses. State commissions regulate the rates, terms and conditions of service, various business practices and transactions, financings, and transactions between the utilities and affiliates. Local regulation affects the siting of our transmission and distribution facilities and our ability to make repairs to such facilities. Our allowed rates of return, rate structures, operation and construction of facilities, rates of depreciation and amortization, recovery of costs (including exogenous costs such as storm-related expenses), are all determined by the regulatory process. The timing and adequacy of regulatory relief directly affect our results of operations and cash flows. Furthermore, compliance with regulatory requirements may result in substantial costs in our operations that may not be recovered. We cannot predict the effect that any future changes or revisions to laws and regulations affecting the utility industry may have on our financial position, results of operations or cash flows.

We are a holding company whose material assets are the stock of our subsidiaries.

Accordingly, we conduct all of our operations through those subsidiaries. Our ability to pay dividends on our common stock and to pay principal and accrued interest on our debt depends upon our receipt of dividends from our principal subsidiaries. Payments to us by those subsidiaries depend, in turn, upon their results of operations and cash flows, which are subject to the risk factors discussed in this section. The ability of our subsidiaries to make payments to us is also affected by the level of their indebtedness, and the restrictions on payments to us imposed under the terms of such indebtedness and restrictions imposed by the Federal Power Act.

Our natural gas companies may be affected by various factors that could limit their ability to obtain natural gas supplies.

Supply and demand factors including hurricanes or other natural disasters could affect our future ability to obtain natural gas supplies. Increases in demand and lower supplies can result in higher natural gas prices. While higher costs are generally passed on to customers pursuant to natural gas adjustment clauses, and therefore do not pose a direct risk to our earnings, we are unable to predict what effect increases in natural gas prices may have on our customers' energy consumption or ability to pay.

Transmission projects are subject to regulations and other factors beyond our control.

Our electric utility companies have substantial transmission capital investment programs including an RG&E transmission project of approximately $119 million that has received the required regulatory approvals and proposed transmission projects in Maine that could require significant investment. These transmission projects are expected to increase reliability, meet new load growth requirements and interconnect with new generation, including renewable generation. The regulatory approval process for transmission projects is extensive and we may not be able to obtain the approvals required for our proposed transmission projects. Various factors beyond our control, including an increase in the cost of materials or labor, may increase the cost of completing construction projects and may delay construction.

Our new transmission projects are subject to the effects of new legislation, regulation and regional interpretations of applicable laws and regulations. Any changes to these laws and regulations may increase the costs or timing of our transmission projects.

The FERC has jurisdiction over transmission expansion and generation interconnection. The FERC has issued several orders regarding transmission expansion and generation interconnection cost allocation. Changes to the rules and regulations concerning transmission expansion and generation cost allocations may affect future transmission rates.

RTOs and independent system operators now oversee wholesale transmission services in NYSEG's, RG&E's, and CMP's service territories and between regions. Our transmission facilities are operated by and subject to the rules and regulations of the NYISO and ISO-NE. Changes to those rules and regulations could cause us to incur additional expenses to maintain our facilities.

Our ability to provide energy delivery and commodity services depends on the operations and facilities of third parties.

These third party facilities include independent system operators, electric generators from whom we purchase electricity and natural gas pipeline operators from whom we receive shipments of natural gas. The loss of use or destruction of our facilities or the facilities of third parties that are used in providing our services, or with which our electric or natural gas facilities are interconnected, due to extreme weather conditions, breakdowns, war, acts of terrorism or other occurrences could greatly reduce potential earnings and cash flows and increase our costs of repairs and/or replacement of assets. While we carry property insurance to protect certain assets and have regulatory agreements that provide for the recovery of losses for such incidents, our losses may not be fully recoverable through insurance or customer rates.

The demand for our services is directly affected by weather conditions.

The demand for our services, especially our natural gas delivery service, is directly affected by weather conditions. Milder winter months or cooler summer months could greatly reduce our earnings and cash flows. Loss of revenue due to power outages in severe weather could also reduce our earnings or require us to defer some costs for future recovery, thus reducing our cash flow. While our natural gas distribution companies mitigate the risk of warmer winter weather through weather normalization clauses or weather insurance, and we have historically been able to defer major storm costs for future recovery, we may not always be able to fully recover all lost revenues or increased expenses.

We use derivative instruments, such as swaps, options, futures and forwards to manage our commodity and financial market risks.

We could recognize financial losses as a result of volatility in the market values of these contracts. We also bear the risk of a counterparty failing to perform. While we employ prudent credit policies and obtain collateral where appropriate, counterparty credit exposure cannot be eliminated, particularly in volatile energy markets.

Our ability to hedge our commodity market risk depends on our ability to accurately forecast demand in future periods. Because of changes in weather and customer demand from period to period, we may hedge amounts that are greater or less than our actual commodity deliveries. Such differences may lead to financial losses and, if the differences exceed certain levels, could result in our hedges becoming ineffective under accounting guidance. Gains or losses on ineffective hedges are marked-to-market on our income statement without reference to our underlying sale of the commodity.

Prices for electricity and natural gas are subject to volatility in response to changes in supply and other market conditions.

We pass commodity price increases on to electric customers who choose a variable price option and to all natural gas customers. We have a comprehensive hedging program in place to mitigate the price risk for the load required for electric customers who choose a fixed price option under NYSEG's and RG&E's current commodity option programs. Higher prices passed on to customers can lead to higher bad debt expense and customer conservation resulting in reduced demand for our energy services.

Our pension plan assets are primarily made up of equity and fixed income investments.

Any fluctuations in the performance of those markets, as well as changes in interest rates, could increase our funding requirements for pension and postretirement benefit obligations and cause us to recognize increased expense. In addition, the cost to implement regulatory requirements and potential revisions to accounting standards could affect our financial position, results of operations or cash flow.

Our business follows the economic cycle of the customers in the regions that we serve.

A falling, slow or sluggish economy as found in our upstate New York service territories and reduced demand for electricity and/or natural gas in the areas in which we do business - through forced temporary plant shutdowns, closing operations or slow economic growth - would reduce our earnings potential in the affected region.

We are subject to extensive federal and state environmental regulation.

Our subsidiaries' operations are subject to extensive federal, state and local environmental laws, rules and regulations that monitor, among other things, emission allowances, pollution controls, maintenance, site remediation, upgrading equipment and management of hazardous waste. Various governmental agencies require us to obtain environmental licenses, permits, inspections and approvals. Compliance with environmental laws and requirements can impose significant costs, reduce cash flows and result in plant shutdowns.

Our ability and/or cost to access capital could be negatively affected by changes in our financial position, results of operations or cash flows.

If any of our utility subsidiaries' credit ratings were to be downgraded, our ability to access the capital markets, including the commercial paper markets, could be adversely affected and our borrowing costs would increase. Some of the factors that affect credit ratings are cash flows, liquidity and the amount of debt as a component of total capitalization. An example of a factor that could cause our subsidiaries' debt as a component of total capitalization to increase is the need to borrow money to pay for unexpected repairs to their transmission and distribution systems caused by a catastrophic event.

The application of our critical accounting policies reflects complex judgments and estimates.

Those policies include industry-specific accounting standards applicable to our rate-regulated utilities, accounting for goodwill and other intangible assets, pension and other postretirement benefit plans, unbilled revenue and allowance for doubtful accounts. The adoption of new accounting standards, changes to current accounting standards or interpretations of such standards may materially affect our financial position, results of operations or cash flows.

The NYPSC proceeding regarding NYSEG's OPEB reserve could have a significant one-time impact on earnings.

On August 23, 2006, the NYPSC issued its decision in the NYSEG rate case. Among other things, the NYPSC instructed the ALJ to open a separate proceeding regarding the NYPSC staff's position that NYSEG should have retained $57 million of interest in its OPEB reserve and used it to reduce rate base. A proceeding has been opened and hearings on the issues raised by the NYPSC staff are currently scheduled for July 2007. NYPSC acceptance of its staff's position would result in NYSEG treating all or a portion of the $57 million as an addition to its internal OPEB reserve, with a corresponding charge to income. While we are vigorously opposing staff on these issues, contending that the NYPSC staff is engaged in retroactive ratemaking, we cannot predict how this matter will be resolved.

Item 1B. Unresolved Staff Comments

None for Energy East or RG&E.

Item 2. Properties

See Item 7 - MD&A - Electric Delivery Business Developments.

NYSEG's electric system includes hydroelectric and gas turbine generating stations, substations and transmission and distribution lines, substantially all of which are located in the state of New York.

RG&E's electric system includes coal-fired, combustion turbine and hydroelectric generating stations, substations and transmission and distribution lines, all of which are located in the state of New York.

CMP's electric system includes substations and transmission and distribution lines, all of which are located in the state of Maine.

The Energy Network owns interests in two natural gas-fired peaking generating stations: one located in the state of New York and operated by Cayuga Energy, a wholly-owned subsidiary; and one located in the state of Pennsylvania for which Cayuga Energy manages fuel procurement and electricity sales.

The operating companies' generating facilities consist of:

Operating Company	Type and location of station		Generating capability (MWs)
NYSEG	Gas turbine	(Newcomb, NY)	2
NYSEG	Gas turbine	(Auburn, NY)	7
NYSEG	Hydroelectric	(Various - 7 locations)	60
RG&E	Hydroelectric	(Rochester, NY - 3 locations)	47
RG&E	Coal-fired	(Greece, NY)	257
RG&E	Gas turbine	(Hume, NY)	63
RG&E	Gas turbine	(Rochester, NY - 2 locations)	28
The Energy Network	Gas turbine	(Carthage, NY)	67
The Energy Network	Gas turbine	(Archbald, PA)	24(1)
Total			555

(1) Cayuga Energy's 50.1% share of the generating capability.

CMP owns the following percentages of stock in three companies with nuclear generating facilities: Maine Yankee in Wiscasset, Maine, 38%; Yankee Atomic in Rowe, Massachusetts, 9.5%; and Connecticut Yankee in Haddam, Connecticut, 6%. The three facilities have been permanently shut down. Maine Yankee completed its decommissioning in 2005 and Yankee Atomic completed its decommissioning in 2006. Connecticut Yankee expects to complete its decommissioning in 2007. Each of the three facilities has an established NRC-licensed independent spent fuel storage installation on site to store spent nuclear fuel in dry casks until the DOE takes the fuel for disposal. (See Item 7 - MD&A - CMP Nuclear Costs.)

CMP owns 311 substations in the state of Maine having an aggregate transformer capacity of 6,772,787 kilovolt-amperes. The transmission system consists of 2,564 circuit miles of line. The distribution system consists of 21,984 pole miles of overhead lines and 1,255 miles of direct bury and network underground lines.

NYSEG owns 439 substations in the state of New York having an aggregate transformer capacity of 15,221,800 kilovolt-amperes. The transmission system consists of 4,400 circuit miles of line. The distribution system consists of 30,521 pole miles of overhead lines and 2,063 miles of direct bury and network underground lines.

RG&E owns 164 substations in the state of New York having an aggregate transformer capacity of 6,480,400 kilovolt-amperes. The transmission system consists of 763 circuit miles of overhead lines and 502 circuit miles of underground lines. The distribution system consists of 17,258 circuit miles of overhead lines and 5,274 circuit miles of underground lines.

The operating utilities' natural gas systems consist of:

Operating Company	Location	Miles of Transmission Pipeline	Miles of Distribution Pipeline
NYSEG	New York State	72	7,878
RG&E	New York State	109	8,471
SCG	Connecticut	-	3,722
CNG	Connecticut	-	3,657
Berkshire Gas	Massachusetts	-	733
MNG	Maine	2	80
New Hampshire Gas			

(Propane air)	New Hampshire	-	28

NYSEG owns the Seneca Lake Natural Gas Storage Facility, which is able to store approximately 1.4 billion cubic feet of natural gas. As of December 31, 2006, the facility was at approximately 95% of capacity.

A portion of our utility plant is subject to liens or mortgages securing certain of our subsidiaries' first mortgage bonds. None of CMP's, NYSEG's or CNG's utility plant is subject to liens or mortgages securing first mortgage bonds. RG&E, Berkshire Gas and SCG have first mortgage bond indentures that constitute a direct first mortgage lien on substantially all of their respective properties. (See Item 8 - Note 6 to our Consolidated Financial Statements and Note 5 to RG&E's Financial Statements.)

Item 3. Legal Proceedings

See Item 7 - MD&A - Electric Delivery Rate Overview, Electric Delivery Business Developments, Natural Gas Delivery Rate Overview and Natural Gas Delivery Business Developments and Item 8 - Note 10 to our Consolidated Financial Statements and Note 9 to RG&E's Financial Statements.

Since the NYPSC, DPUC, MPUC and DTE have allowed our operating utilities to recover in rates remediation costs for certain of the sites referred to in the second and fourth paragraphs of Note 10 to our Consolidated Financial Statements and Note 9 to RG&E's Financial Statements, there is a reasonable basis to conclude that such operating utilities will be permitted to recover in rates any remediation costs that they may incur for all of the sites referred to in those paragraphs. Therefore, Energy East and RG&E believe that the ultimate disposition of the matters referred to in the paragraphs of the Notes referred to above will not have a material adverse effect on their results of operations, financial position or cash flows.

(a) In October 1999 RG&E received a letter from the New York State Attorney General's office alleging that RG&E may have constructed and operated major modifications to the Beebee and Russell generating stations without obtaining the required prevention of significant deterioration or new source review permits. The letter requested that RG&E provide the Attorney General's office with a large number of documents relating to this allegation. In January 2000 RG&E received a subpoena from the NYSDEC ordering production of similar documents. RG&E supplied documents and complied with the subpoena.

The NYSDEC served RG&E with a notice of violation in May 2000 alleging that between 1983 and 1987 RG&E completed five projects at Russell Station and two projects at Beebee Station, which is currently shut down, without obtaining the appropriate permits. RG&E believes it has complied with the applicable rules and there is no basis for the Attorney General's and the NYSDEC's allegations. Beginning in July 2000 the NYSDEC, the Attorney General and RG&E had a number of discussions with respect to resolution of the notice of violation. In October 2006 the Attorney General's office and the NYSDEC notified RG&E of their intention to file a complaint in federal court for violations at Russell Station unless a settlement can be reached. Were the Attorney General and the NYSDEC to commence a Clean Air Act lawsuit against RG&E, they would need to demonstrate, among other things, that the challenged modifications to the Russell generating station cause an "increase" in emissions from the station. The issue of what constitutes the appropriate test for an emissions increase currently is before the United States Supreme Court in Environmental Defense v. Duke Energy Corporation, Docket No. 05-

848. Oral argument was held on November 2006, and a decision is expected in the first half of 2007. RG&E, the NYSDEC and the Attorney General continue to discuss this matter and no suit has been filed to date. RG&E is not able to predict the outcome of this matter.

(b) The State of Connecticut filed suit in February 2007 against Energy East and its affiliates TEN Companies, CNG and CTG Resources, Inc. for an alleged $14 million overcharge for heating and cooling services supplied to state buildings since 1992. While the company believes that there is no merit to this action, it cannot predict the outcome of this matter.

Item 4. Submission of Matters to a Vote of Security Holders

None for Energy East or RG&E.

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Executive Officers of the Registrants

(Identification of executive officers is inserted in Part I in accordance with Regulation S-K, Item 401(b), Instruction 3.) The ages of the officers set forth below are as of December 31, 2006.

Energy East Corporation

Name and Position	Age	Period served	Business experience - January 2002 to date
Wesley W. von Schack Chairman, President and Chief Executive Officer	62	to date	Chairman, President and Chief Executive Officer
Robert E. Rude Senior Vice President and Chief Regulatory Officer	53	2005 to date to 2005	Senior Vice President and Chief Regulatory Officer Vice President and Controller
Richard R. Benson Senior Vice President and Chief Administrative Officer	49	2007 2005 to 2007 2004 to 2005 to 2004	Senior Vice President and Chief Administrative Officer Vice President and Chief Administrative Officer Vice President, Administrative Services of Energy East Management Corporation Vice President, Human Resources of Energy East Management Corporation
Robert D. Kump Senior Vice President and Chief Financial Officer	45	2007 2005 to 2007 2002 to 2005 to 2002	Senior Vice President and Chief Financial Officer Vice President, Controller and Chief Accounting Officer Vice President, Treasurer and Secretary Vice President and Treasurer
F. Michael McClain Senior Vice President and Chief Development and Integration Officer	57	2007 2005 to 2007 2003 to 2005 to 2003	Senior Vice President and Chief Development and Integration Officer Vice President - Finance, Treasurer and Chief Integration Officer Vice President, Finance and Chief Integration Officer of Energy East Management Corporation Vice President, Finance of Energy East Management Corporation
Paul K. Connolly, Jr. Vice President - General Counsel	62	2006 to date to 2005	Vice President - General Counsel Partner - LeBoeuf, Lamb, Greene and MacRae LLP
Angela M. Sparks-Beddoe Vice President, Public Affairs of Energy East Management Corporation	42	to date	Vice President, Public Affairs of Energy East Management Corporation

New York State Electric & Gas Corporation
Rochester Gas and Electric Corporation

Name and Position	Age	Period served	Business experience - January 2002 to date

James P. Laurito President and Chief Executive Officer of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation	50	2005 to date	President and Chief Executive Officer of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation
		2004 to 2005	President of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation
		2003 to 2004	President and Treasurer of New York State Electric & Gas Corporation
		to 2003	President and Chief Operating Officer of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company

Central Maine Power Company

Name and Position	Age	Period served	Business experience - January 2002 to date
Sara J. Burns President and Chief Executive Officer of Central Maine Power Company	51	2005 to date	President and Chief Executive Officer of Central Maine Power Company
		to 2005	President of Central Maine Power Company

The Berkshire Gas Company
Connecticut Natural Gas Corporation
The Southern Connecticut Gas Company

Name and Position	Age	Period served	Business experience - January 2002 to date
Robert M. Allessio President and Chief Executive Officer of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company Chairman and Chief Executive Officer of The Berkshire Gas Company	56	2005 to date	President and Chief Executive Officer of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company
		2004 to date	Chairman and Chief Executive Officer of The Berkshire Gas Company
		2004 to 2005	Executive Vice President and Chief Operating Officer of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company
		2003 to 2004	Senior Vice President, Operating Services of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company
		to 2004	President, Chief Executive Officer and Treasurer of The Berkshire Gas Company
		to 2003	Vice President, Operating Services of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company
Karen L. Zink President, Treasurer and Chief Operating Officer of The Berkshire Gas Company	49	2004 to date	President, Treasurer and Chief Operating Officer of The Berkshire Gas Company
		2003 to 2004	Vice President and General Manager of The Berkshire Gas Company
		to 2003	Vice President of The Berkshire Gas Company

Wesley W. von Schack has an employment agreement for a term ending June 30, 2007. Mr. von Schack's agreement provides for his employment as Chairman, President & Chief Executive Officer of the company. The agreement provides for automatic one-year extensions unless either party gives notice that such agreement is not to be extended.

Robert M. Allessio, Sara J. Burns and F. Michael McClain each have an employment agreement, which is automatically extended each month unless either party to an agreement gives written notice that it is not to be extended. Ms. Burns' agreement provides for her employment as President of CMP and Mr. Allessio's agreement provides for his employment as Chief Executive Officer of Berkshire Gas.

Each officer holds office for the term for which he or she is elected or appointed, and until his or her successor is elected and qualifies. The term of office for each officer extends to and expires at the meeting of the Board of Directors following the next annual meeting of shareholders.

Part II is continued in a new document.

PART II

Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange. The number of shareholders of record was 29,896 at January 31, 2007.

Quarter Ended	March 31	June 30	September 30	December 31
2006				
Dividends Declared per Share	**$.29**	**$.29**	**$.29**	**$.30**
Common Stock Price				
High	**$25.57**	**$25.39**	**$25.20**	**$25.66**
Low	**$22.98**	**$22.18**	**$23.36**	**$23.62**
2005				
Dividends Declared per Share	$.275	$.275	$.275	$.29
Common Stock Price				
High	$26.95	$30.07	$29.35	$25.95
Low	$24.98	$25.09	$24.82	$22.50

RGS Energy, a wholly-owned subsidiary of Energy East, owns all of RG&E's common stock. See Item 8 - RG&E's Statements of Changes in Common Stock Equity for information regarding dividends declared.

Equity Compensation Plan Information

The following table provides information as of December 31, 2006, with respect to shares of common stock that may be issued under Energy East's 2000 Stock Option Plan and its Restricted Stock Plan.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options and SARs	(b) Weighted-average exercise price of outstanding options and SARs	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))
Equity Compensation Plan Approved by Stockholders (2000 Stock Option Plan)	3,658,555	$24.03	6,731,246
Equity Compensation Plan Not Approved by Stockholders (Restricted Stock Plan) (1)	N/A	N/A	995,624
Total	3,658,555		7,726,870