

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

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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.
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Case 07-M-0906

DIRECT TESTIMONY OF DENNIS M. MULLEN

January 11, 2008

1 **DIRECT TESTIMONY OF DENNIS M. MULLEN**

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I. INTRODUCTION

4 Q. *Please state your name, address and current position.*

5 A. My name is Dennis M. Mullen. I am the President & CEO of the Greater
6 Rochester Enterprise (“GRE”), a regional economic development
7 organization dedicated to improving economic performance in the
8 Rochester/Finger Lakes region. My business address is 100 Chestnut
9 Street, Suite 1910, Rochester, NY 14604.

10 Q. *Describe your current work responsibilities?*

11 A. I am responsible for the execution of GRE’s strategic mission to help
12 revitalization the regions economy by focusing on what we believe are
13 Rochester’s core assets – alternative energy, biotechnology, food and
14 beverage manufacturing and optics – in an effort to attract new business to
15 the area. Since its founding in 2002 GRE has played a key role in helping
16 create impressive results for the Rochester Region including Barilla
17 America’s decision in 2006 to build a \$96.2 million pasta-manufacturing
18 plant in Avon; and Gleason Works’ announcement to invest \$18.7 million
19 to upgrade its plant in the City of Rochester.

20 Q. *Please summarize your background.*

21 A. Prior to my role in economic development, I worked for more than 28
22 years in the food industry, in a number of senior leadership positions, most

1 recently as the Chairman, President and CEO of Birds Eye Foods for 10
2 years. My tenure was highlighted by the acquisition of the Dean Foods
3 Vegetable Company in 1998 which doubled the size of the Company and
4 brought with it the Birds Eye brand. With this acquisition, Birds Eye
5 Foods became the nations' largest processor of frozen vegetables.
6 I hold a bachelors degree from St. Leo University in Florida and currently
7 serve on corporate boards for B&G Foods in New Jersey and Foster Farms
8 in California.

9 Q. *Have you previously testified in other proceedings before the New York*
10 *State Public Service Commission ("PSC" or the "Commission") or other*
11 *state or federal regulatory agency or court?*

12 A. No.

13 Q. *What is the purpose of your testimony?*

14 A. The purpose of my testimony is to demonstrate that there is broad based
15 support for the Proposed Transaction from among the largest ratepayers in
16 our region including leading colleges & universities, hospitals,
17 commercial real estate developers, employers and others; and to provide
18 overall support for the Proposed Transaction as an important opportunity
19 to secure economic prosperity for the region.

1 Q. *Please describe your interest in this proceeding.*

2 A. GRE's interest is to more completely address the tremendous positive
3 economic impact the Proposed Transaction will have on the revitalization
4 of the Upstate economy.

5 Q. *Please describe the organization of the remainder of your testimony.*

6 A. Section II of my testimony provides an Executive Summary of GRE's
7 understanding of the benefits of the Proposed Transaction. Section III
8 describes the economic development benefits of the Proposed Transaction
9 including benefits to current major ratepayers (many of whom are GRE
10 investors) as well as the benefits to future corporate ratepayers attracted to
11 the region through GRE's efforts.

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II. EXECUTIVE SUMMARY

14 Q. *What are the reasons why the Commission should approve the Proposed*
15 *Transaction?*

16 A. The Proposed Transaction should be approved because it will result in
17 numerous benefits for NYSEG and RG&E customers and to New York
18 generally. Furthermore, since the Proposed Transaction will be
19 accomplished without debt financing thus protecting NYSEG and RG&E
20 ratepayers from costs related to the Proposed Transaction the public
21 interest is well served.

1 Q. *How will New York benefit from the Proposed Transaction?*

2 A. IBERDROLA is a recognized global leader in energy with market
3 capitalization of \$120 billion and presence in 30 countries. Its worldwide
4 footprint offers the region the opportunity to tap into an incredible array of
5 technological and financial connectivity that is the future of energy. One
6 of the highest priorities for the Greater Rochester/Finger Lakes region is to
7 create a whole new lifestyle for our region through energy independence.
8 Our area is uniquely positioned to achieve this objective and the presence
9 in our region of a global energy leader like IBERDROLA is an important
10 step on that forward thinking path. IBERDROLA brings to New York a
11 record of tremendous accomplishment delivering high-quality energy
12 services while demonstrating an ability to be innovative. These are the
13 type of corporate partnerships New York must develop if we are to
14 compete on the global stage for jobs and investment. Safe, sustainable and
15 ultimately cleaner forms of energy will be ever more critical to New
16 York's economic future. IBERDROLA's commitment to renewable
17 energy initiatives, an estimated \$13 billion worldwide including \$7 billion
18 in the U.S., sets them apart in the marketplace and makes them ideal
19 partners for New York and our economy.

1 **III. DESCRIPTION OF WITNESS'S POSITION**

2 Q. *Please describe how leading employers and energy users view the*
3 *Proposed Transaction.*

4 A. The financial supporters of GRE represent a broad base of business and
5 organizational leaders from across the community including six of the top
6 ten employers and 12 of the top 20 energy users in the region (leading
7 colleges & universities, hospitals, and manufacturers). Discussions with
8 these members demonstrate that they are totally aligned with the regions
9 strategic goals to focus on alternative energy and that they fully
10 understand the economic impact of high-quality reliable energy as an
11 important factor in attracting new companies. For these reasons they
12 support the Proposed Transaction.

13 Q. *Describe the economic development impact of the Proposed Transaction.*

14 A. In a recent study by the American Solar Energy Society titled, "Renewable
15 Energy and Energy Efficiency: Economic Drivers for the 21st Century," it
16 was determined that the renewable energy and energy efficiency industry
17 could create more than 40 million new jobs by the year 2030. This
18 extraordinary opportunity for job creation together with the significant
19 assets that already exist in the region is the reason why GRE has focused
20 on alternative energy as a key industry sector for current and future
21 economic success.

1 As a global leader in renewable energy IBERDROLA brings world wide
2 connectivity to this key industry sector, aligning perfectly with our regions
3 strategic vision. European countries are well ahead of the United States in
4 the development of renewable energy output and so the opportunity to
5 partner with and learn from IBERDROLA will allow our region to more
6 aggressively move forward with our strategic goals in this area.

7 A recent *Clean Energy Trends* report which tracks both U.S. and global
8 clean energy trends documented a 39% increase in annual revenues in this
9 sector from \$40 billion (2005) to more than \$55 billion (2006) with a
10 forecast for continued growth at this level to become a \$226 billion market
11 by 2016. Connectivity to emerging corporate leaders in the renewable
12 energy market will help us to tap into this exploding market opportunity
13 helping us to recruit new companies to the region as well as continue to
14 grow existing companies already working in this sector. If only a tiny
15 fraction of the jobs and investment likely to be created by the boom in
16 renewable energy technologies are captured by New York it could be the
17 most significant economic revitalization event in the state's history.

18 *Q. Please describe GRE's position on Governor Spitzer's 15 by 15 plan.*

19 A. New York is already a leader in renewable energy due in large part to
20 major hydroelectric plants near Niagara Falls and along the St. Lawrence
21 River, however, if we are to achieve substantial reduction in the total

1 consumption of energy in the state as outlined by the Governor's plan to
2 reduce energy consumption 15% by 2015 the renewable energy portfolio
3 for New York will need to rapidly expand. Partnerships with companies
4 like IBERDROLA are important steps towards achieving this laudable
5 goal.

6 *Q. Please describe GRE's position on energy infrastructure.*

7 A. The Proposed Transaction will strengthen the regions energy asset
8 platform providing the financial ability for continued investment in
9 infrastructure. New companies coming to the region want to be certain
10 that their energy needs can be met now and in the future. For nearly 150
11 years RG&E has provided the necessary infrastructure to run the economic
12 engine of our region while providing thousands of direct and indirect jobs
13 in the process. In recent years RG&E has been a key community and
14 economic development partner helping to deliver the necessary incentives
15 and infrastructure to retain existing companies and attract new ones to our
16 region. We want RG&E to remain an active and engaged partner in our
17 economic development initiatives and the Proposed Transaction supports
18 this continued, critical working relationship.

19 *Q. Please describe GRE's position on the Russell Station project.*

20 A. The \$500 million project to upgrade Russell Station is in complete
21 alignment with our region's strategic vision. The conversion to cleaner,

1 natural gas is positive as is the substantial investment in the community
2 and the ability to meet projected future energy needs for current and new
3 companies. We have been very public about our support for this initiative.
4 Our region has a tremendous asset base, fresh water in abundance, reliable
5 energy supplies, an educated workforce that is the envy of the world – all
6 the building blocks to drive economic revitalization -- yet the key to our
7 success will be partnerships and collaborations with those committed to
8 our future success. RG&E, NYSEG and now IBERDROLA are the type
9 of strategic, committed partners that will pave the way to a brighter
10 economic future.

11 *Q. Does this conclude your testimony at this time?*

12 *A. Yes, it does.*