

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of

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.

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January 2008

Exhibit\_\_\_\_(Policy Panel - 19)

# Recent utility and pipeline sector new issuance

Selected utility and pipeline sector new issuance

Date	Issuer	Entity	Format	Security	Rating <sup>1</sup>	Size	Coupon	Maturity	Spread
10/16	American Water Works	Opco	144A w/ Reg Rights	Unsecured	Baa2/A-(*-)	750	6.085	10/15/2017	143
10/16	American Water Works	Opco	144A w/ Reg Rights	Unsecured	Baa2/A-(*-)	750	6.593	10/15/2037	168
10/18	Centerpoint Energy Resources	Opco	Registered	Unsecured	Baa3/BBB(+)	250	6.125	11/01/2017	165
10/18	Centerpoint Energy Resources	Opco	Registered	Unsecured	Baa3/BBB(+)	250	6.625	11/01/2037	190
10/23	Panhandle Eastern Pipe Line	Pipeline	Registered	Unsecured	Baa3/BBB(-)	300	6.200	11/01/2017	182
10/26	EDP Finance BV	Holdco	144A	Unsecured	A2(-)/A-(-)	1,000	5.375	11/02/2012	140
10/26	EDP Finance BV	Holdco	144A	Unsecured	A2(-)/A-(-)	1,000	6.000	02/02/2018	163
11/8	Mississippi Power Co	Opco	Registered	Unsecured	A1/A	35	5.600	11/15/2017	130
11/8	Public Service Oklahoma	Opco	Registered	Unsecured	Baa1/BBB	250	6.625	11/15/2037	200
11/13	Wisconsin Public Service	Opco	Registered	Secured	Aa3/A	125	5.650	11/01/2017	140
11/13	Potomac Electric Power	Opco	Registered	FMB	Baa1/BBB+	250	6.500	11/15/2037	190
11/14	NSTAR Electric Co	Opco	Registered	Unsecured	A1/A+	300	5.625	11/15/2017	140
11/15	Illinois Power Co	Opco	Registered	Fall-Away FMB	Baa3(+)/BBB-	250	6.125	11/15/2017	190
11/27	Virginia Electric Power	Opco	Registered	Unsecured	Baa1/BBB(+)	600	5.100	11/30/2012	175
11/27	Virginia Electric Power	Opco	Registered	Unsecured	Baa1/BBB(+)	450	6.350	11/30/2037	200
11/27	Dominion Resources	Holdco	Registered	Unsecured	Baa2/BBB(+)	350	6.000	11/30/2017	210
11/28	Pacific Gas & Electric	Opco	Registered	Unsecured	Baa1(*)/BBB+	500	5.625	11/30/2017	167
11/29	New York State Electric & Gas	Opco	144A	Unsecured	Baa1(-)/BBB+(-)	200	6.150	12/15/2017	225
11/29	Southwestern Electric Power	Opco	Registered	Unsecured	Baa1/BBB	300	5.875	03/01/2018	200

<sup>1</sup> (+/-) positive/negative outlook; (\*/\*-) review for potential upgrade/downgrade; (\*\*) developing

Source: Bloomberg, JPMorgan

Note: Includes institutionally targeted, senior debt offerings

# U.S. Corporate Bonds

## Moody's Long-Term Corporate Bond Yield Averages

Based on Seasoned Bonds with Remaining Maturities of at Least 20 Years\*

### Yields (%)

	11/29/2007	11/28/2007	11/27/2007	11/26/2007	11/23/2007	Past 12 Months		Monthly Average**	
						High	Low	October	September
<b>Avg. Corporate</b>	5.92	5.96	5.89	5.78	5.94	6.32	5.78	6.12	6.21
Aaa	5.29	5.34	5.28	5.21	5.37	5.79	5.29	5.66	5.74
Aa	5.70	5.75	5.68	5.57	5.73	6.17	5.57	5.94	6.02
A	5.92	5.97	5.89	5.78	5.94	6.33	5.76	6.13	6.23
Baa	6.40	6.43	6.36	6.23	6.38	6.70	6.20	6.48	6.59
<b>Avg. Industrial</b>	5.83	5.86	5.79	5.70	5.86	6.29	5.73	6.06	6.17
Aaa	5.29	5.34	5.28	5.21	5.37	5.79	5.29	5.66	5.74
Aa	5.60	5.64	5.55	5.46	5.61	6.15	5.52	5.84	5.93
A	5.91	5.94	5.86	5.78	5.94	6.36	5.72	6.14	6.28
Baa	6.50	6.52	6.45	6.36	6.51	6.84	6.36	6.60	6.73
<b>Avg. Public Utility</b>	6.01	6.06	5.99	5.85	6.01	6.34	5.82	6.17	6.24
Aaa***	—	—	—	—	—	—	—	—	—
Aa	5.80	5.86	5.80	5.68	5.84	6.18	5.61	6.04	6.10
A	5.93	5.99	5.91	5.78	5.94	6.30	5.80	6.11	6.18
Baa	6.29	6.33	6.27	6.10	6.25	6.54	6.04	6.36	6.45

### Spreads Above 10-Year Treasury (bp)

	11/29/2007	11/28/2007	11/27/2007	11/26/2007	11/23/2007	Past 12 Months		Monthly Average**	
						High	Low	October	September
<b>Avg. Corporate</b>	198	194	195	193	193	170	116	160	170
Aaa	135	132	134	136	136	123	64	115	123
Aa	176	173	174	172	172	150	97	143	150
A	198	195	195	193	193	172	116	161	172
Baa	246	241	242	238	237	208	155	196	208
<b>Avg. Industrial</b>	189	184	185	185	185	166	113	154	166
Aaa	135	132	134	136	136	123	64	115	123
Aa	166	162	161	161	160	143	92	132	142
A	197	192	192	193	193	177	112	162	177
Baa	256	250	251	251	250	222	172	208	222
<b>Avg. Public Utility</b>	207	204	205	200	200	173	119	166	173
Aaa***	—	—	—	—	—	—	—	—	—
Aa	186	184	186	183	183	158	101	152	158
A	199	197	197	193	193	167	118	160	167
Baa	235	231	233	225	224	194	138	184	194

\* Moody's Long-Term Corporate Bond Yield Averages have been published daily since 1929. They are derived from pricing data on a regularly-replenished population of nearly 75 seasoned corporate bonds in the US market, each with current outstandings over \$100 million. The bonds have maturities as close as possible to 30 years; they are dropped from the list if their remaining life falls below 20 years, if their ratings change. Bonds with deep discounts or steep premiums to par are generally excluded. All yields are yield-to-maturity calculated on a semi-annual basis. Each observation is an unweighted average, with Average Corporate Yields representing the unweighted average of the corresponding Average Industrial and Average Public Utility observations.

\*\* Average of Daily Readings.

\*\*\* As of 12/10/01 the "Aaa" Utilities index will be discontinued indefinitely. As a result, there will be a pronounced drop in the "Aaa" Corporate yields from the time of discontinuation forward, but the rest of the yield calculations should remain comparable to their recent history.

# U.S. Corporate Bonds

## Moody's Long-Term Corporate Bond Yield Averages

Based on Seasoned Bonds with Remaining Maturities of at Least 20 Years\*

### Spreads Above 30-yr Treasury (bp)†

	11/29/2007	11/28/2007	11/27/2007	11/26/2007	11/23/2007	Past 12 Months		Monthly Average**	
						High	Low	October	September
<b>Avg. Corporate</b>	157	154	153	149	151	142	106	134	142
Aaa	94	92	92	92	94	95	55	88	95
Aa	135	133	132	128	130	123	88	116	123
A	157	155	153	149	151	144	106	135	144
Baa	205	201	200	194	195	180	145	170	180
<b>Avg. Industrial</b>	148	144	143	141	143	138	103	128	138
Aaa	94	92	92	92	94	95	55	88	95
Aa	125	122	119	117	118	116	83	106	114
A	156	152	150	149	151	149	103	136	149
Baa	215	210	209	207	208	194	162	182	194
<b>Avg. Public Utility</b>	166	164	163	156	158	145	109	139	145
Aaa***	—	—	—	—	—	—	—	—	—
Aa	145	144	144	139	141	131	91	126	131
A	158	157	155	149	151	139	108	134	139
Baa	194	191	191	181	182	166	128	158	166

\* Moody's Long-Term Corporate Bond Yield Averages have been published daily since 1929. They are derived from pricing data on a regularly-replenished population of nearly 75 seasoned corporate bonds in the US market, each with current outstandings over \$100 million. The bonds have maturities as close as possible to 30 years; they are dropped from the list if their remaining life falls below 20 years, if their ratings change. Bonds with deep discounts or steep premiums to par are generally excluded. All yields are yield-to-maturity calculated on a semi-annual basis. Each observation is an unweighted average, with Average Corporate Yields representing the unweighted average of the corresponding Average Industrial and Average Public Utility observations.

\*\* Average of Daily Readings.

\*\*\* As of 12/10/01 the "Aaa" Utilities index will be discontinued indefinitely. As a result, there will be a pronounced drop in the "Aaa" Corporate yields from the time of discontinuation forward, but the rest of the yield calculations should remain comparable to their recent history.

† In light of the recently announced reintroduction of the 30-year Treasury bond, Moody's long-term corporate bond index will again use the 30-year Treasury yield as a benchmark for long-term spreads, though spreads benchmarked to the 10-year Treasury will continue to be published. The 30-year Treasury yield was used as the benchmark until February 1st, 2000, when it was replaced with the 10-year in response to the market's use of the 10-year Treasury yield as a benchmark. In view of how newly issued long-term corporate bonds are currently priced off of the 30-year treasury yield, the impending return of the 30-year bond among the U.S. Treasury's regularly scheduled offerings supports the appropriateness of the 30-year Treasury yield as a basis for long-term corporate bond yield spreads. Though this change takes effect August 11th, 2005, spreads between the 30-year and Moody's averages have been included for the previous twelve months.

# U.S. Corporate Bonds

## Moody's Intermediate Corporate Bond Yield Averages

Based on Seasoned Bonds with Remaining Maturities Averaging Seven Years\*

### Yields (%)

	11/28/2007	11/21/2007	11/14/2007	11/7/2007	10/31/2007	Past 12 Months		Monthly Average**	
						High	Low	October	September
<b>Avg. Corporate</b>	5.22	5.16	5.36	5.37	5.50	5.87	5.30	5.52	5.58
Aaa	4.54	4.42	4.78	4.71	5.00	5.54	4.91	4.94	5.01
Aa	4.94	4.91	5.15	5.21	5.34	5.78	5.20	5.38	5.43
A	5.29	5.25	5.41	5.40	5.48	5.85	5.28	5.51	5.58
Baa	5.70	5.62	5.78	5.78	5.88	6.13	5.59	5.91	5.96
<b>Avg. Industrial</b>	5.12	5.05	5.29	5.27	5.42	5.85	5.26	5.43	5.50
Aaa	4.54	4.42	4.78	4.71	5.00	5.54	4.91	4.94	5.01
Aa	4.86	4.84	5.07	5.13	5.28	5.79	5.19	5.31	5.36
A	5.32	5.27	5.47	5.43	5.48	5.87	5.27	5.51	5.59
Baa	5.74	5.66	5.82	5.82	5.92	6.18	5.65	5.96	6.01
<b>Avg. Public Utility</b>	5.31	5.26	5.43	5.46	5.57	5.88	5.34	5.61	5.66
Aaa***	—	—	—	—	—	—	—	—	—
Aa	5.01	4.98	5.22	5.28	5.39	5.75	5.20	5.44	5.50
A	5.26	5.22	5.35	5.36	5.48	5.82	5.29	5.52	5.57
Baa	5.66	5.57	5.73	5.74	5.83	6.08	5.53	5.86	5.90

### Spreads Above 7-Year Treasury (bp)

	11/28/2007	11/21/2007	11/14/2007	11/7/2007	10/31/2007	Past 12 Months		Monthly Average**	
						High	Low	October	September
<b>Avg. Corporate</b>	140	138	132	127	121	126	74	119	126
Aaa	72	64	74	61	71	69	38	60	69
Aa	112	113	111	111	105	111	63	105	111
A	147	147	137	130	119	126	73	118	126
Baa	188	184	174	168	159	164	101	158	164
<b>Avg. Industrial</b>	130	127	125	117	113	118	70	110	118
Aaa	72	64	74	61	71	69	38	60	69
Aa	104	106	103	103	99	104	62	98	104
A	150	149	143	133	119	127	72	118	127
Baa	192	188	178	172	163	169	107	162	169
<b>Avg. Public Utility</b>	149	148	139	136	128	134	77	127	134
Aaa***	—	—	—	—	—	—	—	—	—
Aa	119	120	118	118	110	118	63	111	118
A	144	144	131	126	119	125	74	119	125
Baa	184	179	169	164	154	158	95	153	158

\* Moody's Intermediate-Term Corporate Bond Yield Averages have been published weekly since July 1994. They are derived from pricing data on a regularly-replenished population of around 75 seasoned fixed-rate corporate bonds in the US market, each with current outstandings over \$100 million. The bonds have remaining maturities between 5 and 9.5 years; they are dropped from the list if their remaining life falls below five years, if their ratings change. Bonds with deep discounts or steep premiums to par are generally excluded. All yields are yield-to-maturity calculated on a semi-annual basis. Each observation is an unweighted average, with Average Corporate Yields representing the unweighted average of the corresponding Average Industrial and Average Public Utility observations.

\*\*Average of Weekly Readings.

\*\*\* As of 12/13/01 the "Aaa" Utilities index will be discontinued indefinitely. As a result, there will be a noticeable jump in the "Aaa" Corporate yields, Average Utility yields and Average Corporate yields from the time of discontinuation forward, but the rest of the yield calculations should remain comparable to their recent history.

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PUBLIC SERVICE COMMISSION

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In the Matter of

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.

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January 2008

Exhibit \_\_\_\_ (Policy Panel - 20)

**Iberdrola/Energy East Acquisition**  
**Benefits to Iberdrola/Energy East and Others**  
**\$ Millions**

<u>Description</u>	<u>Amount</u>	<u>Source</u>
Tax benenits-goodwill	\$ 476	Response IBER-0148 to DPS-88
Tax benenits-PTC	\$ 150	Exh.__(PP-7)
Payments to Executives/Management	\$ 78	Policy Panel Testimony
Payments to Third Parties	\$ 46	Policy Panel Testimony
Gains to Shareholders	\$ 930	Policy Panel Testimony
<b>Total Benefits</b>	<b>\$ 1,680</b>	

*Does not include estimated foreign exchange gain of \$430 million.*

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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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January 2008

Exhibit\_\_\_\_(Policy Panel - 21)

**Iberdrola/Energy East Acquisition**  
**Positive Benefits Adjustments Comparison**  
**5 Year Impact**

<u>Iberdrola/Energy East</u>	<u>RG&amp;E</u>	<u>NYSEG</u>	<u>Total</u>
delivery revenues	\$ 517.7	\$ 783.2	\$1,300.9
cumulative revenues	\$2,588.5	\$3,916.0	\$6,504.5
cumulative reductions	\$ (404.9)	\$ (336.0)	\$ (740.9)
% of delivery	<b>-15.6%</b>	<b>-8.6%</b>	<b>-11.4%</b>

<u>KeySpan/Grid</u>	<u>KEDNY</u>	<u>KEDLI</u>	<u>Total</u>
delivery revenues	\$ 681.4	\$ 489.6	\$1,171.0
cumulative revenues	\$3,407.0	\$2,448.0	\$5,855.0
cumulative reductions	\$ (277.1)	\$ (325.7)	\$ (602.8)
% of delivery	<b>-8.1%</b>	<b>-13.3%</b>	<b>-10.3%</b>

<u>Energy East/RGS</u>	<u>RG&amp;E</u>	<u>NYSEG</u>	<u>Total</u>
delivery revenues	\$ 517.7	\$ 783.2	\$1,300.9
cumulative revenues	\$2,588.5	\$3,916.0	\$6,504.5
cumulative reductions	\$ (285.2)	\$ (536.5)	\$ (821.7)
% of delivery	<b>-11.0%</b>	<b>-13.7%</b>	<b>-12.6%</b>