BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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.

January 31, 2008

Exhibit ___ (GSRP – 1)

Case No. 07-M-0906

Iberdrola, S.A. and Energy East Corp.

Staff Response to Request For Information

STAFF RESPONSE TO: IBER/EE IR No. DPS 120

PREPARED BY: Electric Reliability and Safety Panel

DATE: January 25, 2008

Question:

1. Referring to pages 17-18 of the Gas Safety Panel's testimony, please provide a detailed calculation to support Staff's estimate of "the capital spending increase of approximately $1,653,000 for NYSEG, and $1,638,000 for RG&E" for incremental replacements. Indicate whether Staff's estimate of the increase reflects the escalation in construction costs since the companies' last rate cases and provide an estimate of the increased O&M cost for all of the other proposed program changes the Staff is recommending.

Response:

Attached are workpapers used to compute costs based on the companies' Responses IBER-0194 and IBER-0195. Staff's estimate includes the escalation in construction costs if the companies included such costs in their Responses, where they were requested to provide 'actual' costs.

The companies did not provide detailed O&M costs in their Responses, so Staff lacks the information necessary to make estimates. Again, they were requested to provide 'actual' costs.

It is assumed that "other proposed program changes" is a generic reference to Staff's other recommended targets. If so, NYSEG and RG&E have performed at levels better than the recommended targets in the past so it is unlikely they will incur incremental costs in meeting the targets. The only exception is the proposed overall damage target for RG&E, which is near its historical performance level, but that target is reasonable based on its historical trend in improvement, as discussed in the testimony on page 30. To the extent additional costs are incurred, the companies are free to pursue rate relief in an appropriate proceeding, or absorb the costs, or, if they can verify the costs, offer to absorb them in order to create benefits justifying approval of the proposed M&A transaction, as discussed in the Policy Panel testimony.

RG&E

Gas Services

	2004 Plan	2004 Actual	2005 Plan	2005 Actual	2006 Plan	2006 Actual	YTD 2007 Plan	YTD 2007 Actual
Replacement - Bare Steel		$ 902,195	$ 700,000	$ 533,450	$ 550,000	$ 59,607		$ 235,313
Replacement - Cast Iron		1,061,226	1,000,000	1,001,021	1,000,000	217,553	916,667	807,830
Replacement - Unprotected Steel		2,048,791	2,300,000	2,355,352	2,400,000	1,974,012	1,375,000	2,130,634
Replacement - Unprotected Cast		278		-		40,276		
Misc.		4,611		(129)		-		(227)
	$ 3,993,000	$ 4,017,101	$ 4,000,000	$ 3,889,693	$ 3,950,000	$ 2,291,448	$ 2,291,667	$ 3,173,551

Rate Case Projection

NYSEG

Gas Services

	2004 Plan	2004 Actual	2005 Plan	2005 Actual	2006 Plan	2006 Actual	YTD 2007 Plan	YTD 2007 Actual
All	$ 1,647,500	$ 8,356,937	$ 5,115,363	$ 7,770,904	$ 2,750,000	$ 4,161,407	$ 3,406,337	$ 3,049,052

INCREMENTAL

385 * $2,815 = 1,083,775

	PLAN	ACTUAL
NYSEG	10,444,200	23,338,300

$ 2,815 AVG COST

RG&E	14,234,667	13,371,793

INCREMENTAL

650 SERVICES * $2,520

= $ 1,638,000

$ 2,520 AVG COST

RG&E, Corp.

Count of Main End Kind		Main End Kind						
Year	Size Main End		BLK	BST	COP	STEEL	WST	Grand Total
2005		103						103
	1		4	277	6		122	409
	1 1/2		55	616			17	688
	1 1/4		25	40	10			75
	1.5					1		1
	2			3			1	4
	2 1/2			1				1
	3/4			24	2			26
2005 Total		**103**	**84**	**961**	**18**	**1**	**140**	**1307**
2006		118						118
	1		2	394	3		59	458
	1 1/2		72	519			16	607
	1 1/4		28	143	5		2	178
	1.0			1				1
	1.25		1					1
	2			3			1	4
	3			3			1	4
	3/4			18				18
	6			1				1
2006 Total		**118**	**103**	**1082**	**8**		**79**	**1390**
2007		82						82
	0.5			1				1
	1			410	2		45	457
	1 1/2		53	508			22	583
	1 1/4		24	55	1		1	81
	1.0			2				2
	2			8				8
	3			1				1
	3/4			7				7
2007 Total		**82**	**77**	**992**	**3**		**68**	**1222**
Grand Total		**304**	**264**	**3047**	**29**	**1**	**287**	**3932**

(1) The data in this table reflects services both cut dead and renewed.
(2) The first column and row of each year reflects services for which the type or size data is not available.
(3) Service data for 2004 is limited to information available in hard copy from the legacy computer system. In 2004, RG&E cut dead oe renewed 1,388 unprotected steel services.

RG+E SERVICES

'04 → 1,388
'05 → 1,307
'06 → 1,390
'07 → 1,222 (1,333) Proj.

AVERAGE = 1,354.5 /yr

NYSEG Services

Year	Quantity
2004	2,148
2005	2,196
2006	2,093
2007	1,853 → Projection 2021

Note: Quantity for 2007 through november only.

4 yr. avg./yr = 2114.5

RECOMMENDATION → 2,500

2,500 − 2,115 = 385 INCREMENTAL

NYSEG

Year >	2007	2006	2005	2004
Diameter v / Material >	Bare Steel	Bare Steel	Cast Iron	Cast Iron
2" or less	2.2	5.46	0	1
Over 2" through 4"	5.06	6.09	7	6
Over 4" through 8"	4.8	4.11	1	1
Over 8" through 12"	0	0.01	0	1
Over 12"	0	0	0	0
Total	12.06	15.67	8	9

Note: calendar year 2007 quantities through November.

RG&E
Gas Main Replacement

	2004 Plan	2004 Actual	2005 Plan	2005 Actual	2006 Plan	2006 Actual	YTD 2007 Plan	YTD 2007 Actual
Distribution Mains - Replacement/Reliability	$ 3,700,000	$ 2,885,786	$ 6,140,000	$ 4,857,000	$ 7,915,000	$ 4,748,000	$ 5,941,000	$ 4,556,000

NYSEG
Gas Main Replacement

	2004 Plan	2004 Actual	2005 Plan	2005 Actual	2006 Plan	2006 Actual	YTD 2007 Plan	YTD 2007 Actual
Distribution Mains - Replacement/Reliability	$ 2,909,280	$ 5,364,826	$ 3,620,000	$ 4,421,000	$ 2,516,000	$ 1,790,000	$ 2,165,000	$ 1,375,000
						15.67		12.06

3,165,000 for 27.73 MILES

$ 114,136 / MILE BARE STEEL

5 MILES = $ 570,680

RG&E, Corp.

Diameter	Mileage Cut Dead 11/30/2007 Unprotected Steel	Cast Iron
2	4.19	0.00
3	0.89	0.00
4	1.90	1.94
5	0.00	0.24
6	2.46	5.46
8	0.00	0.47
10	0.00	0.28
16	0.00	1.44
Total	9.44	9.83

→ 19.27 → Projection of 21.02

Diameter	Mileage Cut Dead 2006 Unprotected Steel	Cast Iron
1.25	0.09	0.00
2	6.45	0.05
3	1.22	0.00
4	0.98	6.00
5-5/8	0.44	0.00
6	0.80	3.83
10	0.00	0.13
16	0.22	0.05
Total	10.20	10.06

20.26

Diameter	Mileage Cut Dead 2005 Unprotected Steel	Cast Iron
1.25	0.67	0.00
2	3.56	0.00
3	1.72	0.00
4	0.78	4.75
6	2.04	6.77
8	0.39	0.30
16	0.00	1.95
Total	9.16	13.77

→ 22.93

Diameter	Mileage Cut Dead 2004 Unprotected Steel	Cast Iron
1.25	0.21	0.00
2	5.71	0.00
3	1.37	0.00
4	2.82	5.64
6	0.44	3.33
8	1.38	0.16
10	0.00	0.03
12	0.00	0.06
16	0.02	0.16
Total	11.95	9.38

→ 21.33