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April 25, 2008

Honorable Jaclyn Brilling, Secretary
New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223

Re: Case 07-M-0906 -- Joint Petition of IBERDROLA, S.A., Energy East Corporation, RGS Energy Group, Inc., Green Acquisition Capital, Inc., New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation for Approval of the Acquisition of Energy East Corporation by IBERDROLA, S.A.

Dear Secretary Brilling,

The Natural Resources Defense Council (NRDC) respectfully submits this letter in lieu of a post-hearing reply brief on the limited issues of renewable electricity generation and energy efficiency in New York State in the context of the Petition by Iberdrola for acquisition of Energy East Corporation.

NRDC supports the approval of this merger. We continue to believe that having Iberdrola operating in New York State will aid in achieving the goals of the Renewable Portfolio Standard, reducing the state's significant dependence on fossil fuels in its generation mix, and reducing the state's carbon footprint. Furthermore, we see Iberdrola's commitment to invest at least a \$100 million dollars in renewable generation in the state as a serious and needed step towards meeting the state's carbon reduction and renewable goals. Because of this belief, we do not agree with any restrictions in Iberdrola's ability to build and operate renewable generation in the state. We are cognizant of the market power concerns expressed by various parties and do not believe that any serious market power issues arise out of Iberdrola's intent to build and operate renewable generation in the State since demand for renewable energy is driven by the requirements of the Renewable Portfolio Standard.

Finally, we remain hopeful that once merger matters are settled, parties can immediately begin working towards meeting the requirements set by the New York State

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New York, NY 10011

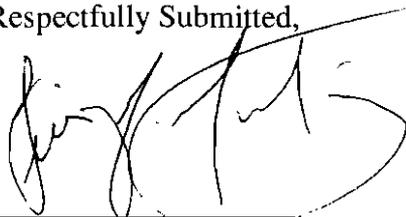
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Public Service Commission (PSC) on April 20, 2007¹, when they required that “[a]t the time of their next rate case, or in an on-going rate case if one exists, [electric and gas utilities operating in New York] shall develop proposals for true-up based delivery service revenue decoupling mechanisms for consideration in individual utility rate cases... .” Furthermore, consistent with the Commission’s May 16, 2007 order² establishing the ’15 by 15’ proceeding, we also hope as merger matters are resolved we can begin discussion of the appropriate role for the utility in meeting the energy savings targets established by the order.

Respectfully Submitted,



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April 25, 2008

¹ New York State Public Service Commission (PSC) Case No. 03-E-0640, Proceeding on Motion of the Commission to Investigate Potential Electric Delivery Rate Disincentives Against the Promotion of Energy Efficiency, Renewable Technologies and Distributed Generation and PSC Case No. 06-G-0746, In the Matter of the Investigation of Potential Gas Delivery Rate Disincentives Against the Promotion of Energy Efficiency, Renewable Technologies and Distributed Generation, Order Requiring Proposals for Revenue Decoupling Mechanisms (issued April 20, 2007) at page 16-17.

² New York State Public Service Commission (PSC) Case No. 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Instituting Proceeding (issued May 16, 2007), at 2-3. “The benefits of energy efficiency include forestalling the building of new generation, reducing use of finite fossil fuels, reducing customers’ energy bills, developing independent energy sources for New York State to reduce energy imports, and mitigating the environmental impacts of burning fossil fuel for energy, including greenhouse gas emissions. In addition, more efficient use of energy has the potential to foster economic development and job growth by encouraging in-state technology advances to deliver energy efficiency programs to consumers.”