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 ___ (SMF – 6)

STANDARD &POOR'S

My Credit Profile
Energy East Corp., NY - 'BBB+/Negative/A-2'

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Energy East Corp.

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Major Rating Factors

Corporate Credit Rating
BBB+/Negative/A-2
Ratings Detail >>

Strengths:

- Low-risk distribution business;
- Minimal competition;
- Limited unregulated business; and
- Somewhat supportive regulatory regimes.

Weaknesses:

- Limited growth opportunities;
- Large capital program; and
- High debt to capital ratio.

Rationale

On June 26, 2007, Standard & Poor's Ratings Services affirmed its 'BBB+' corporate credit rating on Energy East Corp. and its affiliates on the announcement that Iberdrola S.A. will acquire the company for about $8.5 billion, including the assumption of about $4 billion of debt. The outlc remains negative. Iberdrola has targeted a closing date for the second half of 2008.

The ratings affirmation incorporates our view of the strategic importance of Energy East to the Iberdrola family. Upon the consummation of the transaction, Energy East will account for about 16% of pro forma revenue and 11% of pro forma EBITDA. Thus, the ratings on Energy East wil primarily reflect its stand-alone profile, which is presently at the 'BBB+' corporate credit rating. The negative outlook indicates that the ratings c be lowered by one notch depending on Iberdrola's ultimate financing structure and potential regulatory outcomes that could impinge on cash fl metrics.

The ratings on Energy East and its regulated subsidiaries, Central Maine Power Co., NYSEG, Southern Connecticut Gas Co., Connecticut Nat Gas Corp., and Rochester Gas & Electric Corp. (RG&E), reflect a strong business profile and a consolidated financial profile that is intermediat the rating. Energy East is a holding company that owns regulated electric and gas utilities in the northeastern U.S. serving nearly three million customers.

Central Maine Power Co. (CMP), headquartered in Augusta, Maine, is primarily a regulated electric and gas transmission and distribution com and serves about 590,000 electric customers in southern Maine. New York State Electric & Gas Corp. (NYSEG), headquartered in Rochester, is primarily a regulated electric and gas transmission and distribution company, and serves 860,000 electric and 254,000 gas customers in Ne state. Southern Connecticut Gas Co. is a natural gas distribution company with approximately 175,000 customers. Connecticut Natural Gas Co (CNG) delivers natural gas to about 155,000 customers in central Connecticut and Greenwich. Rochester Gas & Electric Corp. (RG&E) is prim an integrated electric and gas transmission and distribution utility, and has approximately 360,000 electric and 296,000 natural gas customers centered in the Rochester, N.Y., area. RG&E's owned electric generation is limited to one 257 MW coal plant, three smaller gas turbines, and t hydroelectric facilities.

The business profile is characterized by the low operating risk and geographic diversity of the company's predominantly electric and gas transmission and distribution (T&D) subsidiaries. Standard & Poor's Ratings Services characterizes Energy East's business profile as strong, w score of '3', primarily because the utilities are less exposed to operating risk than integrated utilities. (Utility business profiles are categorized fr '1' (excellent) to '10' (vulnerable).) Energy East's service territories span from central New York to southern Maine. The market diversity encompasses the densely populated and affluent Connecticut markets as well as the limited-growth rural upstate New York markets. Despite competition, Energy East's regulated utilities often benefit from being the incumbent service provider in many of its markets.

The offsetting factors are a weaker regulatory environment for NYSEG and Energy East's consolidated financial profile that is likely to be press over the intermediate term. This is exacerbated by the addition of off-balance-sheet debt obligations due to the purchase-power agreement wit owners of the Ginna nuclear power plant and some regulatory lag in the capital program.

Energy East's financial performance is likely to deteriorate in the intermediate term due to the NYPSC's adverse rate decision. NYSEG contribu about 57% of Energy East's earnings in 2006, so the rate decrease materially affects the company's overall financial health. The authorized 9.! ROE is considerably lower than its previously allowed 12.5% ROE and the 11% NYSEG had requested. Therefore, the $36.2 million annual reduction of delivery rates beginning in 2007 will result in weaker credit measures than expected for the rating.

The order also has the following effects:

- NYSEG's authorized equity ratio would decrease to 41.6%, based on Energy East's consolidated capital structure, as opposed to the n 50% equity ratio at NYSEG on a stand-alone basis.
- The company had to refund $77 million to customers in early 2007 from its asset sale gain account.
- NYSEG's commodity option program would be modified to include the use of a variable-rate supply option, as opposed to the current fi: price default option for all customers not making a supply election.

Outside of this decision, Energy East's electric and gas companies have operated under generally supportive regulatory schemes in some serv areas. For example, regulators allow all of Energy East's natural gas operations to pass through gas costs in rates. Southern Connecticut Gas, RG&E, and NYSEG's gas operations operate under a multiyear agreement reached with the NYPSC and other interveners (approved in May 2 that covers the five years ending Dec. 31, 2008. The agreement also includes an earnings sharing mechanism that allows RG&E to retain earr ranging from 12% to 12.5%, provided that specific incentive benchmarks are met. Rates remain flat through the rate period, and surcharges ar other mechanisms are implemented to recover certain electric and gas costs.

Average adjusted funds from operations (FFO) interest coverage was at about 2.7x for the 12 months ended June 30, 2007, and is projected to remain below 3x for the rest of 2007. Adjusted FFO to total debt was adequate for the rating at 16.8% in the same period. Standard & Poor's e: the $2 billion capital spending program (2007-2011) to require modest external financing.

Short-term credit factors

The short-term rating on Energy East is 'A-2'. As of June 30, 2007, the company had about $200 million of cash and short-term investments. Additional liquidity is provided by its bank credit facilities at the parent and operating company level.

Energy East has two committed bank facilities totaling $775 million, which mature in 2011. The $300 million facility is available to Energy East, the $475 million facility is available to the utilities, with various limits. The agreements don't contain material adverse change clauses or rating triggers, but a default with respect to any other debt in excess of $50 million is considered a default under its revolving credit facility.

Outlook

The negative outlook indicates that ratings could be lowered one notch depending on Iberdrola's ultimate financing structure for the acquisition Moreover, potential regulatory outcomes that could hurt cash flow metrics would precipitate lower ratings. Ratings stability at the current level i: highly dependent on a balanced capital approach at Energy East, consistent cash flow metrics, and supportive regulatory outcomes. Higher ra are limited by the company's persistent high debt.

Accounting

Energy East reports its consolidated financial statements in accordance with U.S. GAAP. These statements received an unqualified opinion by Energy East's independent auditor, PricewaterhouseCoopers LLP, in the most recent annual audited period.

Energy East prepares its consolidated financial statements in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation," (SFAS No. 71). SFAS No. 71 recognizes that accounting for rate- regulated enterprises should reflect the economic effects of regulation. As a result, a regulated entity is required to defer the recognition of cos: income if it is probable that, through the rate-making process, there will be a corresponding increase or decrease in future rates. Accordingly, E East has deferred certain costs and income that will be recognized in earnings over various future periods. Energy East's consolidated balance sheet as on Dec. 31, 2006 contains total regulatory assets of $1.5 billion and total regulatory liabilities of $1.3 billion.

On Dec. 31, 2006, Energy East adopted SFAS 158 which relates to the way employers' account for defined benefit pension and other postretir plans. SFAS 158 requires companies to recognize the funded status of a benefit plan for years ending after Dec. 15, 2006. The adoption of this statement increased assets and liabilities, but had no effect on the company's results of operation or cash flows.

Standard & Poor's has made certain analytical adjustments to Energy East's reported financial information to reflect off-balance-sheet obligatic (OBS), such as purchased power commitments and operating leases, when calculating its adjusted financial ratios.

To analyze the financial effect of purchased-power contracts, Standard & Poor's calculates the net present value of future annual capacity pay (discounted at the company's average costs of debt in 2006 of about 6%). Standard & Poor's then adds to the balance sheet only a portion of t amount, recognizing that such contractual arrangements are not entirely the equivalent of debt. The percentage that is added (the risk factor) i function of Standard & Poor's qualitative analysis of the specific contracts and the extent to which market, operating, and regulatory risks are b by the utility. Standard & Poor's has assigned a risk factor of 25% to Energy East's PPA contracts, which translates into a debt equivalent of $1 million.

The present value of the company's operating leases is determined using the company's average cost of debt as the discount rate and is treat a debt equivalent. Operating lease interest expense and depreciation expense are also computed. The amounts relating to operating leases th were included in Energy East's adjusted ratios for 2006 were $68.2 million for OBS debt, $3.5 million for imputed interest, and $5.5 million for depreciation.

Standard & Poor's also makes an analytical adjustment for allowance for funds used during construction (AFUDC) charges capitalized by the company and treats the charges as a part of operating expenses. The AFUDC charge is backed out to arrive at cash flows from operations. Adjustment for AFUDC debt in 2006 was minimal at about $2.3 million.

The company has asset retirement obligations of $57.3 million as on Dec. 31, 2006. Standard & Poor's imputes a debt of $37.2 million to the reported debt of the company on account of these asset retirement obligations. This amount is derived by deducting 35% from the liability on E East's balance sheet, representing the tax benefit the company will receive as it incurs the expense.

Energy East does not amortize goodwill or intangible assets with indefinite lives. The company tests both goodwill and intangible assets with indefinite lives for impairment at least annually. The company amortizes intangible assets with finite lives and reviews them for impairment. Impairment testing includes various assumptions, primarily the discount rate and forecast cash flows. Impairment testing was conducted using range of discount rates representing the company's marginal, weighted-average cost of capital and a range of assumptions for cash flows. Che in those assumptions outside of the ranges analyzed could have a significant effect on the company's determination of impairment. The compa not have any impairment in 2006 of its $1.5 billion of goodwill or intangible assets with indefinite lives.

Table 1 | Download Table

Energy East Corp. -- Peer Comparison*

Industry Sector: Utilities

	--Average of past three fiscal years--		
	Energy East Corp.	**Consolidated Edison Inc.**	**CH Energy Group Inc.**
Rating as of Nov. 14, 2007	BBB+/Negative/A-2	A/Negative/A-2	NR
(Mil. $)			
Revenues	5,095.3	11,169.3	919.2
Net income from cont. oper.	251.4	673.0	43.3
Funds from oper. (FFO)	597.6	1,481.7	88.5
Capital expenditures	369.8	1,706.5	72.3
Cash and investments	224.5	84.0	92.5
Debt	4,413.7	8,889.3	463.2
Preferred stock	32.0	213.0	21.0
Equity	2,646.6	6,643.7	438.7
Debt and equity	7,060.3	15,533.0	901.9
Adjusted ratios			
EBIT interest coverage (x)	2.2	2.6	5.0
FFO interest coverage (x)	2.8	3.6	4.8
FFO/debt (%)	13.5	16.7	19.1
Discretionary cash flow/debt (%)	(1.6)	(10.5)	(6.4)
Net cash flow/capex (%)	120.7	56.7	75.3

Debt/total capital (%)	62.5	57.2	51.4
Return on common equity (%)	9.1	9.0	8.6
Common dividend payout ratio (un-adj.) (%)	60.2	78.3	78.7

*Fully adjusted (including postretirement obligations). NR--Not rated.

Table 2 | Download Table

Energy East Corp. -- Financial Summary*

Industry Sector: Utilities

	--Fiscal year ended Dec. 31--				
	2006	2005	2004	2003	
Rating history	BBB+/Negative/A-2	BBB+/Stable/A-2	BBB+/Negative/A-2	BBB+/Negative/A-2	BBB+/Negati
(Mil. $)					
Revenues	5,230.7	5,298.5	4,756.7	4,593.8	4,0
Net income from cont. oper.	259.8	256.8	237.6	207.4	1
Funds from oper. (FFO)	612.3	654.8	525.7	589.3	4
Capital expenditures	454.9	329.7	324.8	294.4	2
Cash and investments	113.4	312.9	247.1	113.2	2
Debt	4,321.2	4,465.3	4,454.5	4,757.8	5,1
Preferred stock	24.6	24.6	46.7	91.1	1
Equity	2,888.9	2,623.0	2,427.9	2,417.0	2,2
Debt and equity	7,210.1	7,088.3	6,882.4	7,174.8	7,3
Adjusted ratios					
EBIT interest coverage (x)	2.2	2.3	2.2	2.1	
FFO int. cov. (x)	2.7	3.0	2.7	2.8	
FFO/debt (%)	14.2	14.7	11.8	12.4	
Discretionary cash flow/debt (%)	(5.1)	1.7	(1.6)	2.0	
Net cash flow/capex (%)	97.8	153.0	119.9	156.7	1
Debt/debt and equity (%)	59.9	63.0	64.7	66.3	

Return on common equity (%)	9.0	9.3	9.1	8.2
Common dividend payout ratio (un-adj.) (%)	64.4	58.5	57.4	61.7

*Fully adjusted (including postretirement obligations).

Table 3 | Download Table

Reconciliation Of Energy East Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

--Fiscal year ended Dec. 31, 2006--

Energy East Corp. reported amounts	Debt	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	C expend
Reported	4,096.8	986.1	986.1	703.5	308.8	379.5	379.5	4
Standard & Poor's adjustments								
Operating leases	68.2	9.0	3.5	3.5	3.5	5.5	5.5	
Postretirement benefit obligations	--	(33.8)	(33.8)	(33.8)	--	33.9	33.9	
Capitalized interest	--	--	--	--	2.3	(2.3)	(2.3)	
Share-based compensation expense	--	--	12.0	--	--	--	--	
Power purchase agreements	119.0	9.0	9.0	9.0	9.0	--	--	
Asset retirement obligations	37.2	1.5	1.5	1.5	1.5	(13.7)	(13.7)	
Reclassification of nonoperating income (expenses)	--	--	--	26.9	--	--	--	
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	209.5	
Total adjustments	224.4	(14.3)	(7.7)	7.2	16.3	23.3	232.8	
Standard & Poor's adjusted amounts								
	Debt	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	C expend
Adjusted	4,321.2	971.8	978.3	710.7	325.2	402.8	612.3	4

*Energy East Corp. reported amounts shown are taken from the company□s financial statements but might include adjustments made by data providers or reclassificatio made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of 16-Nov-2007)*

Energy East Corp.	
Corporate Credit Rating	BBB+/Negative/A-2
Commercial Paper	
Local Currency	A-2

Preferred Stock	
Local Currency	BBB-
Senior Unsecured	
Local Currency	BBB
Corporate Credit Ratings History	
25-Aug-2006	BBB+/Negative/A-2
17-Jun-2005	BBB+/Stable/A-2
20-Nov-2003	BBB+/Negative/A-2
Business Risk Profile	1 2 3 4 5 6 7 8 9 10
Financial Risk Profile	Intermediate
Related Entities	
Central Maine Power Co.	
Issuer Credit Rating	BBB+/Negative/NR
Senior Unsecured	
Local Currency	BBB+
Connecticut Natural Gas Corp.	
Issuer Credit Rating	BBB+/Negative/--
Senior Unsecured	
Local Currency	BBB+
New York State Electric & Gas Corp.	
Issuer Credit Rating	BBB+/Negative/A-2
Commercial Paper	
Local Currency	A-2
Preferred Stock	
Local Currency	BBB-
Senior Secured	
Local Currency	BBB+
Senior Unsecured	
Local Currency	BBB+
Rochester Gas & Electric Corp.	
Issuer Credit Rating	BBB+/Negative/--
Senior Secured	
Local Currency	A
Southern Connecticut Gas Co.	
Issuer Credit Rating	BBB+/Negative/NR
Senior Secured	
Local Currency	A

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.