



Julián Martínez-Simancas
Secretario General y del Consejo

Hon. Jaclyn A. Brillling, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

2008 SEP 10 PM 2:51

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PUBLIC SERVICE
COMMISSION
EXECUTIVE-ALBANY

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.

September 10, 2008

Dear Secretary Brillling:

Pursuant to Ordering Clause 2 of the New York State Public Service Commission's Order Authorizing Acquisition Subject to Conditions in the above-referenced proceeding ("Order"), Iberdrola, S.A. ("Iberdrola") is pleased to announce that it hereby unconditionally accepts the Order and its terms and conditions. This unconditional acceptance is based upon Iberdrola's understanding that new conditions will not be imposed in the "more comprehensive order" referenced on page 2 of the Order.

In particular, Iberdrola is comfortable with the conditions imposed in the Order, including the \$275 million in positive benefit adjustments ("PBAs") and the \$200 million in renewable investment in New York State. Iberdrola understands that the \$275 million in PBAs will not have an immediate impact on rates, but rather will be adjustments that will be deferred until, and applied to, future rate proceedings in a manner that is consistent with the way that PBAs have been applied by the New York State Public Service Commission in previous cases. As you know, Iberdrola proposed \$201.6 million of PBAs with adjustments of this nature in the Partial Acceptance which it filed with the Commission on March 14, 2008 ("Partial Acceptance"). Iberdrola also understands and appreciates the fact that the \$200 million in renewable investment will be subject to the same economic and permitting contingencies contained in the Partial Acceptance, reiterating our strong interest and desire to invest in renewable generation in the State.

Iberdrola looks forward to working closely with the New York State Public Service Commission and the Department of Public Service in order to help achieve New York State's energy goals in the future.

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IBERDROLA S.A. Donostia/San Sebastián, Cardoqui, B. 48008 Bilbao. Reg. Merc. de Navarra 1.141.137-0-1674. No. C.I. 901.024. I.V. No. A-88006045



IBERDROLA

Should you have any questions or require any clarifications please feel free to contact me.

Yours sincerely,

Julián Martínez-Simánca Sánchez

Secretary General and Secretary of the
Board of Directors of Iberdrola, S.A.