

SUSAN GREENBERG

PROFESSIONAL EXPERIENCE

IBERDROLA USA MANAGEMENT CORPORATION

2010 – present Human Resources Director - Rewards

- Assist in developing strategic plans for Rewards area and HR as a whole
- Implement for Rewards
- Assure compensation and benefit plans are being run effectively and Rewards team is responsive to both employees and internal customers
- Oversee the development of team members
- Develop and adhere to budgets

TOWERS PERRIN/WATSON 1980-2010

Principal (Partner)/Senior Consultant

- Managing five consultants with respect to career development, developmental needs, bi-annual 360 evaluation from colleagues; recommendations for pay and promotions
- Lead retirement consultant – responsible for retirement strategy and quality of all results for clients
- Client Relationship manager – responsible for all aspects of client relationship, including satisfaction, quality of service and results; financial results

EDUCATION

BA, Mathematics, Rutgers College, New Brunswick, NJ, 1980

PROFESSIONAL AFFILIATIONS

Current Associate of the Society of Actuaries
Current Member of the American Academy of Actuaries
Enrolled Actuary

SHERI LAMOUREUX

PROFESSIONAL EXPERIENCE

IBERDROLA USA MANAGEMENT CORPORATION 1994–Present

2009 – present Vice President – Human Resources, Environmental, Health and Safety

- Developed robust talent management strategy including aging workforce mitigation strategy and 10 year workforce plan to offset future retirements
- Right sized workforce resulting in 20% employee reduction and \$84 million dollar savings run-rate
- Managed \$2 billion pension liability and developed strategy to reduce \$440 million pension risk
- Reduced retiree medical costs saving \$75 million liability expenses
- Developed multi-year labor relations strategy and improved union relations with four unions including unprecedented pay for performance incentives
- Standardized non-union health care resulting and plan design resulting in \$10 million in savings
- Improved safety performance results including OSHA Incidence Rate by 35%
- Standardized state-of-the art security system and standardized policies and procedures
- Created HR department in sister company (Iberdrola Energy Products)
- Implemented numerous SAP HR modules which standardized processes and procedures globally
- Developed multi-year employee engagement and diversity and inclusion strategic plan

ENERGY EAST CORPORATION

2007-2009 Executive Director – Human Resources Services

- Managing Iberdrola Human Resources integration initiatives including establishing a common training process enterprise-wide, evaluating HR processes, implementing a leadership competency framework and succession planning and developing orientation programs.
- Managed Human Resources' function across Energy East to achieve business priorities.
- Established talent management function to increase organizational capability and implemented numerous on-line and classroom-based training resulting in increased competencies and employee performance.
- Managed several employee transition programs including closing power plants without litigation.
- Implemented Employee Self-Service, Manager Self-Service, Performance Management and Compensation SAP modules to increase compliance and efficiencies and decrease paper processes.

2003-2007 Director – Human Resources Planning

- Hired 176 back-office professional employees to staff new Utility Shared Services Corporation (USSC).
- Established new management corporation Human Resources function.
- Analyzed outsourcing/outsourcing benefits administration costs and service levels.
- Created and implemented company-wide standardized employment policies and non-union job descriptions to increase operational efficiency, simplify administration and reduce costs.
- Designed and implemented a company-wide results-oriented recognition program.
- Managed a multi-million dollar budget and Human Resources staff.

2001-2003 Director – Employee Relations

- Chaired Human Resources merger integration team which restructured six Human Resources Departments resulting in \$1.5 million dollars in savings and a 50% reduction of Human Resources staff.
- Developed and implemented an employee transition program to merge the workforce resulting in 673 employees exiting the organization without litigation and re-staffed 724 employees into

- new or redesigned positions resulting in \$100 million dollars in savings.
- Designed and implemented standardized Energy East salary administration including a common compensation structure across six operating companies, FLSA exemption status review, and job titling conventions resulting in minimal cost impacts.
- Implemented an integrated performance management systems, five HRIS systems into one SAP system and standardized HR policies and procedures
- Participated in potential merger/acquisition Human Resources due diligence.

NEW YORK STATE ELECTRIC & GAS CORPORATION (NYSEG) 1994-2001

1998-2001 Manager – Workforce Diversity

- Developed A Matter of Respect: Harassment Prevention and EEO Training and trained 3400 employees.
- Implemented diversity training in the customer service that decreased EEO complaints by 40%.
- Investigated ninety internal EEO complaints, assessed risk and implemented course of action.
- Advocated for employer on numerous EEOC/Division of Human Rights complaints and litigation.
- Trained new supervisors in diversity, EEO, affirmative action and resolving conflicts.
- Implemented Affirmative Action Plans including representing the company during OFCCP audits.

1996-1998 Human Resources Consultant – Performance & Rewards

- Participated in Total Compensation Program strategy that aligned rewards and business priorities.
- Designed, implemented, and coordinated development of 360 degree feedback process and trained pilot group of 430 employees
- Performed market pricing studies, union compression analyses and strategies to address issues.
- Participated in design and implementation of variable pay programs for HR and business units.
- Created and implemented Business Partner Survey and developed HR annual report.
- Assisted with retention strategy design of key, hot skill, and critical skilled employees.

1994-1996 Labor Relations Associate

- Chaired and resolved grievances and represented management in arbitration.
- Analyzed and provided guidance to Labor Relations concerning grievance history, discipline, arbitrations, dispositions, original intent of contract articles, and negotiations.
- Participated in Labor Agreement negotiations and costed out impact of negotiations.
- Revised Labor Relations training and designed and trained Labor Relations team on HRIS.

CHILDREN'S HOSPITAL OF BUFFALO 1993-1994

1993-1994 Employee Relations Specialist

- Assisted management with union election and processing grievances
- Created, analyzed, and reported on the Employee Opinion Survey
- Restructured and implemented several Human Resources policies
- Assisted with restructuring Employee Health Services and managing select benefit plans

EDUCATION

MBA, State University of New York at Buffalo, New York, 1994

BA, Psychology, State University of New York at Binghamton, New York, 1992

PROFESSIONAL DEVELOPMENT

- Senior Professional in Human Resources

- IMD/Iberdrola Global Leadership Program
- Harvard Business Finance Course
- Group Process Consulting – National Training Labs
- IMD/Iberdrola Business Simulation

PROFESSIONAL AFFILIATIONS

- Founder and Advisory Board Member – Northeast Human Resources Executive Utility Forum
- Executive Advisor – Edison Electric Institute Human Resources Forum
- Woman of the Year and member – National Association of Professional Women
- Broome Tioga Workforce Development Board of Directors
- Binghamton University Forum – Membership Committee
- Past Board Member for YWCA
- Past Board Member for Minority Business Enterprise Program

JOHN NORMAN

PROFESSIONAL EXPERIENCE

IBERDROLA USA MANAGEMENT CORPORATION 1991–Present

2003 – present Manager – Insurance & Claims

- Responsible for the placement, oversight and handling of Casualty, Workers' Compensation, professional Liability and Fiduciary Insurance Programs for Iberdrola USA Networks and subsidiary companies. This includes the oversight of Claims Management related to insured and all self-insured high deductible retained loss cost claim matters.
- Responsible for ensuring that all financial reserves are adequate and properly reported; and oversee all related claim financing and security.
- Oversee regulatory reporting of injuries, accidents and associated claims including those in litigation.
- Responsible for the management and oversight of the Risk and Insurance Management Information System (RIMIS).
- Involved in review of risk related contract language, insurance requirements and indemnification provisions.

CENTRAL MAINE POWER COMPANY / CORPORATE SERVICES / USA

1992 – 2003 Risk Management & Insurance

- Served in various Risk and Insurance roles at CMP including Manager of Risk Management for both CMP and Maine Yankee Atomic Power Company.
- Involved in several HR functions including Labor Relations.

EDUCATION

Masters, Business Administration, Husson University, Bangor, ME, December 2013 (*Expected*)

Masters, Business Sciences, Husson University, Bangor, ME, 1999

Bachelors, Business Administration, University of Southern Maine, Portland, ME, 1986

PROFESSIONAL AFFILIATIONS

1999 – 2050 – Insurance Institute of America – AIC Designation

1992- 2050 – Insurance Institute of America – INS Designation

1996 – 2015 – BOD Maine Council of Self-Insurers

1996 – 2015 – BOD Maine Self-Insurance Guarantee Association

2003 – 2006 – BOD UMI Insurance Company

CHAD A. SCOMA

PROFESSIONAL EXPERIENCE

IBERDROLA USA MANAGEMENT CORPORATION

2005 – Present Manager – Human Resources Planning

- HR Strategic & Project Management
 - Responsible for the oversight and contribution to the development of HR programs, processes, policies and procedures to support Iberdrola USA's strategic plan
 - Provide support on the research, design and development of HR initiatives in support of the HR strategy, using expert knowledge of the client area.
 - Facilitate the creation of a project implementation and communication plan into the local business area that achieves the agreed deliverables
 - Drive, influence, advise and support the cultural and people aspects of organizational change, structures, people processes and business improvement initiatives within the business area in order to improve business efficiency and people management allowing for flexibility and planned growth
- Workforce Planning, Reporting & Analytics
 - Responsible for the development and analysis of employee data to drive informed workforce decisions, which support short- and long-term organizational goals
 - Critical role in designing, executing, and measuring the effectiveness of HR programs
 - Analyze employee data and key labor trends to provide insight into the workforce needed in the future
 - Forecasting and quantifying the workforce gaps/risks that will need to be managed to ensure the strategy is never constrained by a lack of talent
- Change Management & HR Communications
 - Apply a structured change management approach and methodology (ADKAR model) for the people side change caused by projects and change efforts
 - Identify potential people-side risks and anticipated points of resistance, and develop specific plans to mitigate or address the concerns
 - Manage day-to-day execution of proactive communications that support the human resources strategy and functional transformation
 - Update all HR Intranets with up to date info; reviewing best practices on ways to utilize intranet; upgrade intranet based on new technology

STANEC CONSULTING, INC. 1996–2005

1996 -2005 Benefits & EEO Manager

- Benefits Administration
 - Participate in the evaluation and integration of three acquisitions/mergers
 - Administer the daily function of the Health & Welfare plans
 - Compare/contrast benefits plan costs and design features among industry benchmarks and trends
 - Develop and implement benefit related communication initiatives including educational employee seminars and written communications
 - Conduct problem solving analysis of existing benefit plans and recommend solutions
 - Designed and developed the use of both the HR Intranet and HRIS system to process New Hire Orientation and Year-end Open Enrollment in a cost and time efficient manner
- Affirmative Action
 - Develop the statistical portion of, and monitor of, affirmative action plans by collecting, analyzing and interpreting EEO data
 - Developed and submitted VETS-100 and EEO-1 reports to appropriate federal agencies
 - Provide consultation to managers on EEO issues
- Human Resources Generalist
 - Ensure continuity in Human Resource practices throughout the organization, including communicating and establishing relationships between different divisions as well as complying with federal and state legislation governing personnel matters
 - Council management on employee issues, compensation and benefits, policies, procedures and standards

- Recommend HR objectives that maintain a creative and results-oriented HR Department

EDUCATION

MS, Business Administration, Saint John Fisher College

BS, Business Administration, Human Resources, State University of New York College at Brockport

New York State Electric and Gas
Rochester Gas and Electric
Actual and Projected Staffing Levels
in full-time equivalent positions

	Actual Staffing at 12/31/14	Change from 12/31/14 to 4/1/16	Projected Staffing at 4/1/16	Change from 4/1/16 to 3/31/17	Projected Staffing at 3/31/17	Average Rate Year Staffing	Staffing Change from 12/31/14 to Avg. Rate Year
NYSEG Electric							
1 Asset Management & Planning	61.7	0.7	62.4	0.0	62.4	62.4	0.7
2 Customer Service	471.1	(27.4)	443.7	(1.8)	441.9	442.8	(28.3)
3 Transmission & Distribution	781.2	(34.8)	746.3	(11.9)	734.5	740.4	(40.8)
4 Engineering & Delivery	30.3	6.6	36.8	1.5	38.3	37.6	7.3
5 Corporate Functions	130.6	12.1	142.7	(1.8)	140.9	141.8	11.2
6 Total NYSEG Electric	1,474.7	(42.8)	1,431.9	(13.9)	1,418.0	1,425.0	(49.8)
NYSEG Gas							
7 Asset Management & Planning	23.3	0.3	23.6	0.0	23.6	23.6	0.3
8 Customer Service	125.9	(7.3)	118.6	(0.5)	118.1	118.3	(7.6)
9 Transmission & Distribution	25.8	(1.2)	24.7	(0.4)	24.3	24.5	(1.3)
10 Engineering & Delivery	46.8	10.2	56.9	2.3	59.2	58.1	11.3
11 Gas Operations	196.0	7.3	203.3	4.3	207.5	205.4	9.4
12 Corporate Functions	33.4	3.1	36.5	(0.5)	36.1	36.3	2.9
13 Total NYSEG Gas	451.3	12.3	463.6	5.2	468.8	466.2	14.9
14 TOTAL NYSEG	1,926.0	(30.5)	1,895.5	(8.7)	1,886.8	1,891.1	(34.9)
RG&E Electric							
15 Asset Management & Planning	25.8	2.8	28.5	0.0	28.5	28.5	2.8
16 Customer Service	154.4	(3.1)	151.3	(0.6)	150.7	151.0	(3.4)
17 Transmission & Distribution	262.1	(1.0)	261.2	(3.1)	258.1	259.6	(2.5)
18 Engineering & Delivery	42.7	9.8	52.6	1.8	54.4	53.5	10.7
19 Corporate Functions	46.7	0.5	47.1	(0.8)	46.4	46.7	0.1
20 Total RG&E Electric	531.6	9.1	540.7	(2.7)	538.0	539.4	7.7
RG&E Gas							
21 Asset Management & Planning	2.2	0.2	2.5	0.0	2.5	2.5	0.2
22 Customer Service	97.6	(1.9)	95.7	(0.4)	95.3	95.5	(2.1)
23 Transmission & Distribution	12.9	(0.0)	12.8	(0.2)	12.7	12.7	(0.1)
24 Engineering & Delivery	34.3	7.9	42.2	1.4	43.6	42.9	8.6
25 Gas Operations	140.0	12.3	152.3	5.3	157.5	154.9	14.9
26 Corporate Functions	29.3	0.3	29.6	(0.5)	29.1	29.4	0.0
27 Total RG&E Gas	316.4	18.7	335.1	5.7	340.7	337.9	21.5
28 TOTAL RG&E	848.0	27.8	875.8	3.0	878.8	877.3	29.3
29 TOTAL NYSEG and RG&E	2,774.0	(2.8)	2,771.3	(5.7)	2,765.5	2,768.4	(5.6)

Notes:

1) Average Rate Year Staffing Levels are the average of the beginning (4/1/16) and ending (3/31/17) forecasts.



December 23, 2014

VIA Electronic Filing

Honorable Kathleen Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, New York 12223

Re: Case 13-M-0483 - Proceeding on Motion of the Commission as to the Practices, Arrangements and Contracts for the Provision of Services by Iberdrola Energy Projects, Inc. to Public Utility Company Affiliates

Case 13-M-0449 - In the Matter of Focused Operations Audit of the Internal Staffing Levels and the Use of Contractors for Selected Core Utility Functions at Major New York Energy Utilities

Case 10-M-0551 - In the Matter of a Comprehensive Management Audit of Iberdrola, S.A., Iberdrola, USA, New York State Electric and Gas, and Rochester Gas and Electric

Dear Secretary Burgess:

The purpose of this letter is to update the New York State Public Service Commission ("Commission") on the staffing levels at Iberdrola USA Networks ("Networks").

Beginning in December 2014 and continuing through the first half of 2015, approximately 60 professionals from Iberdrola Energy Projects¹ ("IEP") will join Networks, with approximately 54 at New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E"). These new professionals will add to the internal utility resources and focus on service to customers through utility investment planning, delivery, and operations.

Importantly, this increase in staffing at NYSEG and RG&E is fully consistent with Management Audit Recommendation 11.1 and addresses staffing and other concerns identified in the above-referenced proceedings.

¹ IEP is an independent U.S. affiliate of Iberdrola Engineering and Construction that provides engineering and project management to Iberdrola USA companies and other clients throughout the country. Although IEP will retain a small number of employees for its other projects, 54 employees will be assigned to New York and four employees will be assigned to Maine.

52 Farm View Drive, New Gloucester, ME 04260



The former IEP employees joining NYSEG and RG&E will be integrated into three groups: 1) Engineering & Delivery; 2) Electric Operations, Automation; and 3) Operations Technologies & Business Transformation. These new professionals include electrical and civil engineers, communications specialists, environmental, quality and safety professionals, and project managers.

The decision to enhance the utilities reflects the growing reliability and customer service investments and the expertise of the IEP employees. These new professionals will immediately increase the diversity of experience for the utilities team, including knowledge and experience with international projects and cutting edge design and Quality Assurance skills.

The addition of these professionals to Networks will allow a seamless transition of existing projects assigned to IEP, as there will be no delay in implementation as a result of the existing IEP/Networks relationship.

For these reasons, NYSEG and RG&E respectfully request that the Commission close Case 13-M-0483 and take notice of this letter in Cases 13-M-0449 and 10-M-0551.

Respectfully submitted,

A handwritten signature in black ink that reads "R Scott Mahoney".

Scott Mahoney
Vice President – General Counsel

cc: DMM Party Lists (via e-mail)

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Information presented in Exhibit __ (WCB-4)
filed separately with the Records Access Officer.



New York State Electric & Gas Corporation Rochester Gas & Electric Corporation

Insights on Benefit Index[®] for Salaried Employees— Revised Report

December 2, 2013

Privileged & Confidential

Attorney Client Privilege

Attorney Work Product

Prepared in Anticipation of Litigation

AON Hewitt

Introduction

- Iberdrola requested Benefit Index studies in preparation for the 2014 NYSEG & RG&E rate cases
- In this discussion guide, we present the results of the Benefit Index studies for NYSEG & RG&E salaried employees compared to 15 utility companies and 40 general industry companies (the results for union employees are provided in a separate document). The results compare the 2014 benefit provisions for NYSEG and RG&E to the 2013 benefit provisions of the peer groups
 - Most of the utilities are on the east coast, and all are in Towers Watson study
 - The 40 general industry group is a broad mix and chosen to overlap somewhat with TW study
 - The study variations are:
 - New hires: NYSEG & RG&E vs. 15 utility; vs. 40 general industry
 - Grandfathers: NYSEG & RG&E grandfathered benefits vs. new hire benefits at 15 utility; vs. new hire benefits at 15 general industry
 - NYSEG & RG&E benefits are the same unless noted
- There have been significant changes to new hire retirement benefits at NYSEG and RG&E
 - For pensions, actions generally made to reduce risk:
 - Cash balance (CB) formula adopted in 2002 for NYSEG, in 2005 for RG&E
 - Lump sum cashouts: for vested terms in 2013; for retirees in 2014/2015
 - 2014 CB freeze; cover CB participants, future hires in DC-only program
 - For retiree medical, actions generally made to reduce liabilities:
 - Subsidy caps for NYSEG and RG&E
 - Hires in 2011 and later not covered
 - Medicare-eligible retirees provided HRA to purchase individual coverage
 - For life insurance, company-paid coverage reduced in 2011 to \$50,000 from one times pay
- With each change, grandfathering provisions to avoid significant benefit cutbacks

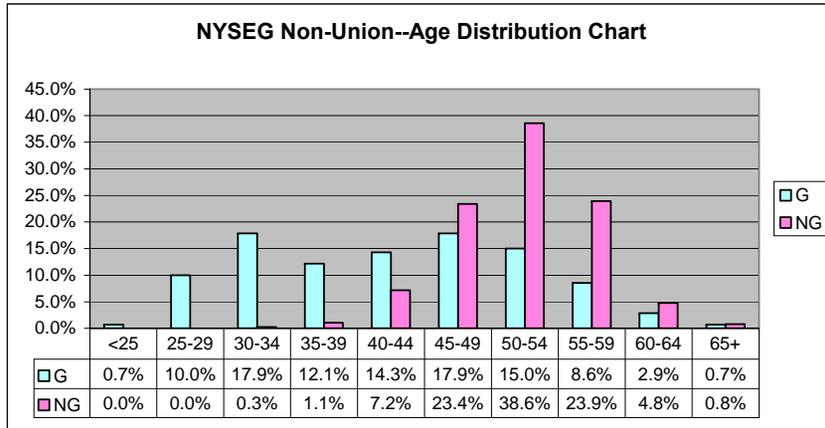
Agenda

- January 1, 2013 NYSEG, RG&E salaried pension population: age/service distributions
- Summary of NYSEG and RG&E benefit plan provisions for new hires
- Benefit Index results for new hire benefits
- Benefit Index results for grandfather benefits
- Ideas for next steps
- Appendix

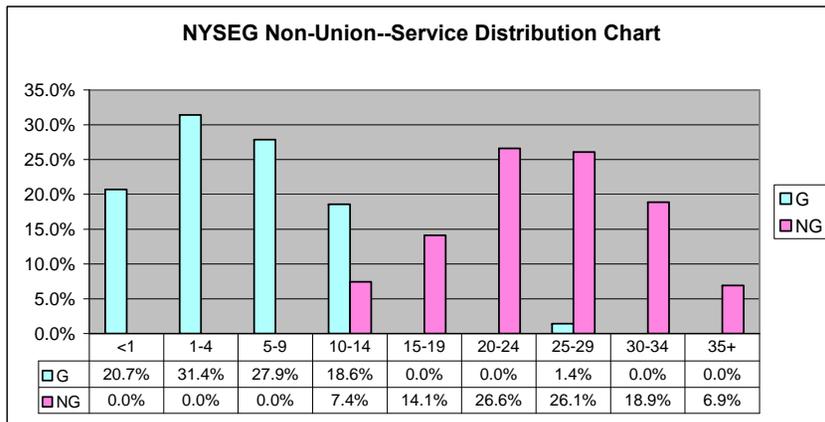


January 1, 2013 NYSEG, RG&E Salaried Pension Population: Age/Service Distributions

NYSEG—Active Pension Participants at 1/1/2013

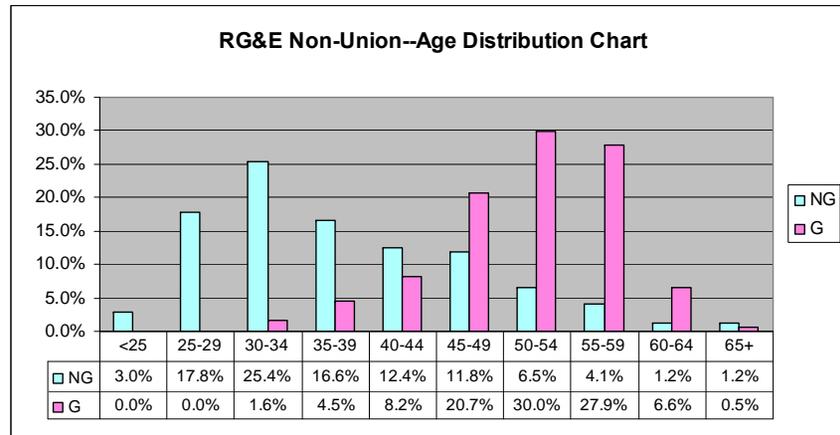


	#	Average Age	Average Service
Grandfathered	376	52	24
Nongrandfathered	140	42	5
Total	516	49	19

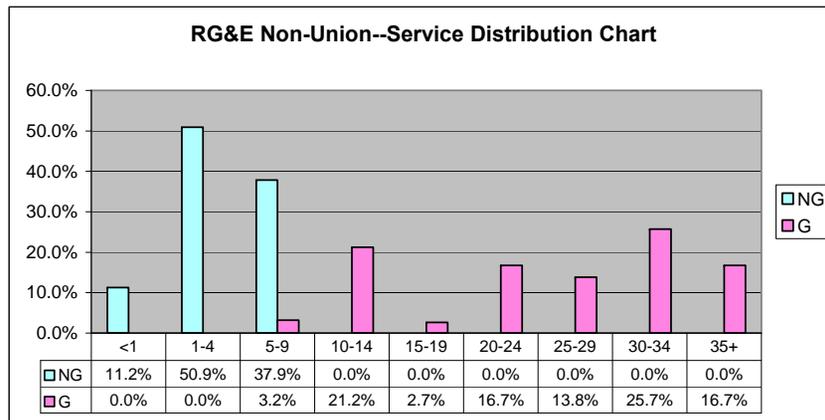


G = grandfathered in final average pay formula
 NG = nongrandfathered; cash balance benefit

RG&E—Active Pension Participants at 1/1/2013



	#	Average Age	Average Service
Grandfathered	377	51	25
Nongrandfathered	169	38	4
Total	546	47	18



G = grandfathered in pension equity benefit
 NG = nongrandfathered; cash balance benefit



Summary of Current NYSEG and RG&E Benefit Plan Provisions for New Hires

Retirement Benefits for Iberdrola New Hires

DC Match

- Participation: 1 month
- Employee pre-tax: 1% to 50% of eligible pay
- Match: 50% on 1st 6% of eligible pay
- Eligible pay:
 - NYSEG: base, overtime, bonus (if defer 100% of bonus)
 - RG&E: base, bonus
- Vesting: immediate
- Automatic enrollment: 3%
- Automatic escalation: optional 1% per year

DC Non-Matching

- Participation: immediate
- Contributions: 6% of eligible pay
- Eligible pay:
 - NYSEG: base, bonus, overtime
 - RG&E: base, bonus
- Vesting: 100% at 3 years of service

Disability, Death, Time Off With Pay for Iberdrola New Hires

Other Security Benefits

- Short-term disability
 - Sick leave: 100% up to 5 days
 - Core STD
 - 100% up to 12 weeks
 - 66-2/3% for the remainder of 26 weeks
 - State Disability
 - \$20 up to \$170 per week for 26 weeks
- Long-term disability (2 options)
 - Option #1
 - 50% coverage
 - Maximum benefit of \$8,333 per month
 - Employer paid
 - Option #2
 - 60% (buy-up) coverage
 - Maximum benefit of \$10,000
 - Employee paid post-tax: \$0.235 per \$100 of benefit
 - Offset for both options: 100% of family Social Security
- Basic life insurance
 - \$50,000
- Supplemental life insurance
 - Employee paid up to 4.0 times base pay
 - Maximum of \$1.5M including employer-paid
- Basic AD&D
 - \$50,000
- Retiree life insurance
 - None

Paid Time Off

- 10 holidays plus 3 floating
- Vacation/PTO schedule based on service:
 - 1–4 years: 2 weeks
 - 5–11 years: 3 weeks
 - 12–19 years: 4 weeks
 - 20–29 years: 5 weeks
 - 30+ years: 6 weeks
- Days may be carried over with a maximum of 5 days
- Employees can purchase 5 vacation days with pre-tax cash; no vacation selling

Healthcare Benefits for Iberdrola New Hires

Active Healthcare

- 80% overall employer subsidy (medical)
- 3 medical options; 1 with HDHP
 - HDHP has \$750/\$2,000 HRA
 - Contributions based on coverage
- Smoker surcharge
- Spousal coverage is:
 - Primary if no other coverage
 - Secondary if working spouse with coverage at his/her company; must select employer's coverage to get Iberdrola coverage
- No wellness credits
- Dental: passive PPO plan
 - \$50/\$100 deductible
 - \$1,500 annual plan maximum
- Separate vision plan

Retiree Medical

- None

Benefit Index Results for New Hires



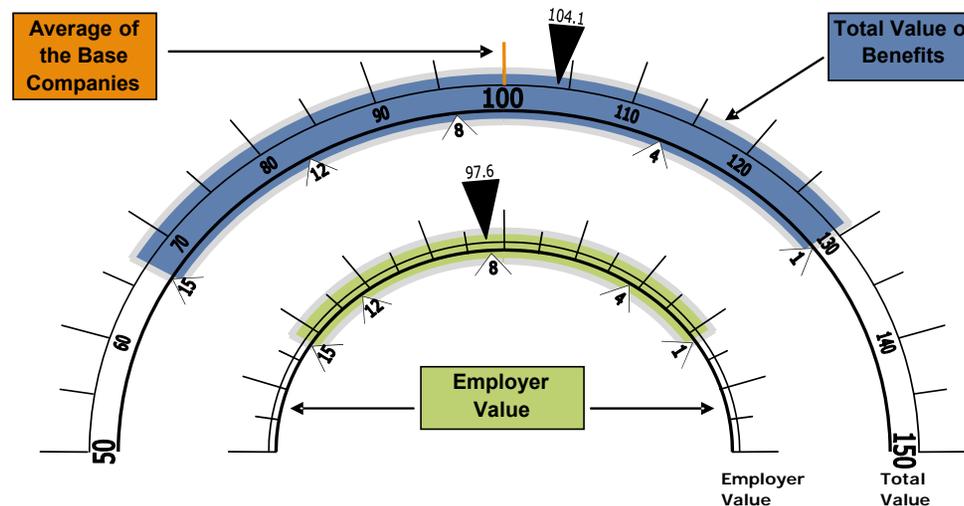
Benefit Index Overview

What It's Used for . . .

- Measure relative “value” and competitiveness of new hire benefit programs
- Align with organizational objectives
- Model proposed plan changes
- Communicate with senior management and employees

What It Measures . . .

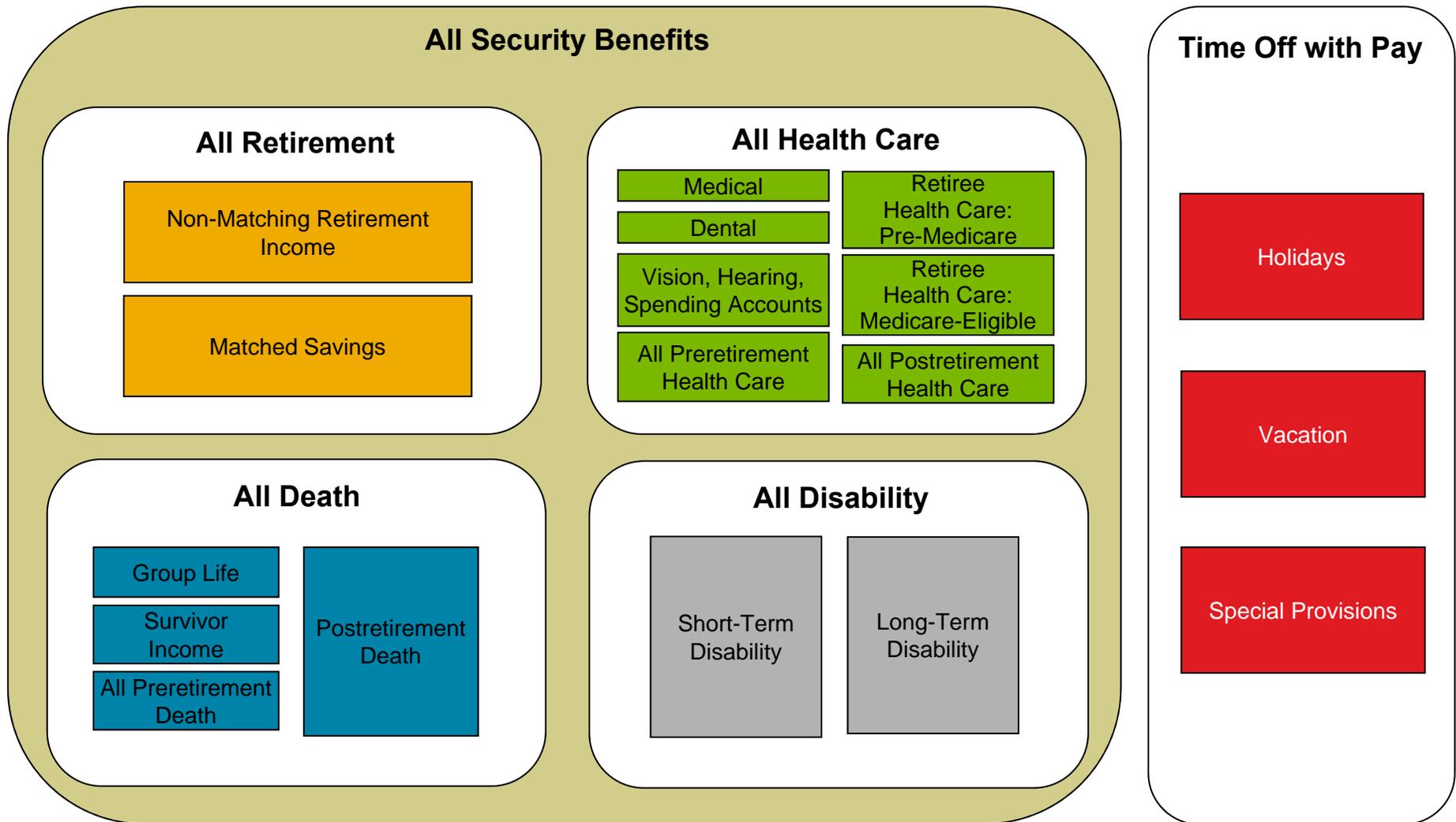
- Total program value and employer value for:
 - Retirement (DB, DC)
 - Life
 - Disability
 - Health Care
 - Time Off



Methodology . . .

- Value—not cost
- Benefits applied to standardized population
- Compared to selected organizations included in database

Summary of Benefits in Benefit Index Study



Comparator Organizations

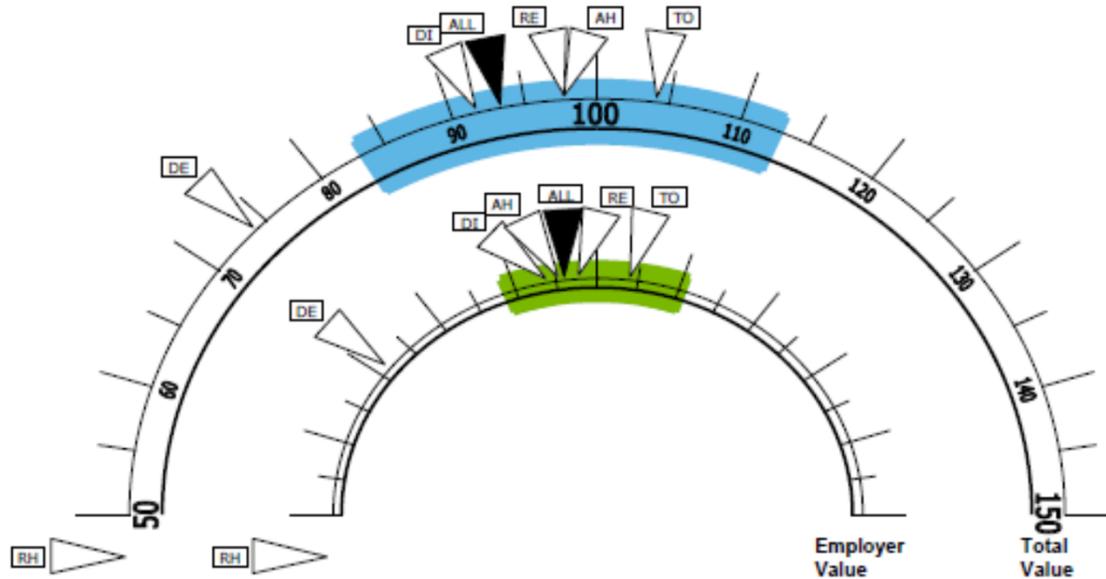
15 Utilities

American Electric Power Company Inc. (Ohio)
Consolidated Edison Company of New York, Inc.
(New York)
CMS Energy (Michigan)
DPL Inc. (Ohio)
Dominion Resources, Inc. (Virginia)
DTE Energy Company (Michigan)
Duke Energy Company (North Carolina)
Exelon Corporation (Illinois)
FirstEnergy Corp. (Ohio)
Northeast Utilities Service Company (Connecticut)
NSTAR (Massachusetts)
PPL Corporation (Pennsylvania)
Progress Energy, Inc. (North Carolina)
Public Services Enterprise Group (New Jersey)
Tampa Electric Company (Florida)

40 General Industry (GI)

Alcoa Inc.
Armstrong World Industries, Inc.
Arrow Electronics, Inc.
Automatic Data Processing, Inc.
BASF Corporation
Battelle Memorial Institute - BCO
Bristol-Myers Squibb Company
Broadridge Financial Solutions, Inc.
Cardinal Health, Inc.
Comcast Corporation
Curtiss-Wright Corporation
Daiichi Sankyo Inc
The Golub Corporation
The Goodyear Tire & Rubber Company
The Hershey Company
Ingersoll-Rand Company
Johnson & Johnson
KPMG L.L.P.
Lincoln Financial Group
Macy's, Inc.
Marathon Petroleum Company LP
Merck & Co., Inc.
Mylan Inc.
NewPage Corporation
Novartis Pharmaceuticals Corporation
Ohio State University
OMNOVA Solutions, Inc.
Owens Corning
Parker Hannifin Corporation
PepsiCo, Inc.
PPG Industries, Inc.
The Progressive Corporation
Quest Diagnostics Incorporated
Revlon, Inc.
Ricoh Americas Corporation
The Scotts Miracle-Gro Company
Sherwin-Williams Company
Unilever United States, Inc.
Verizon Communications Inc.
Westinghouse Electric Company LLC

NYSEG vs. Utilities New Hires



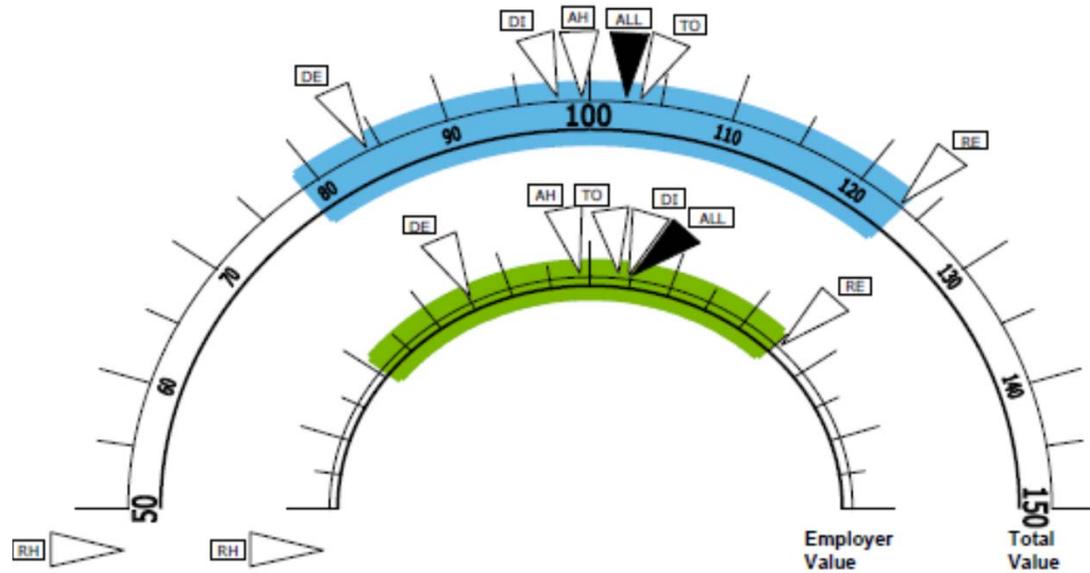
Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the NYSEG plan benefit falls between the 1st and 2nd base companies

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	97.8	9 th /10 th	97.8	9 th /10 th
All Death	(DE)	71.3	12 th /13 th	74.0	14 th /15 th
All Disability	(DI)	93.8	12 th /13 th	91.8	Below 15 th
All Active Health Care	(AH)	95.4	12 th /13 th	97.8	11 th /12 th
All Retiree Health Care	(RH)	0.0	13 th – 15 th	0.0	15 th
Time Off With Pay	(TO)	104.0	3 rd /4 th	104.0	3 rd /4 th
All Benefits	(ALL)	96.2	10 th /11 th	93.4	13 th /14 th

Red circled if index <95.0; green circled if index >105.0.

NYSEG vs. GI New Hires



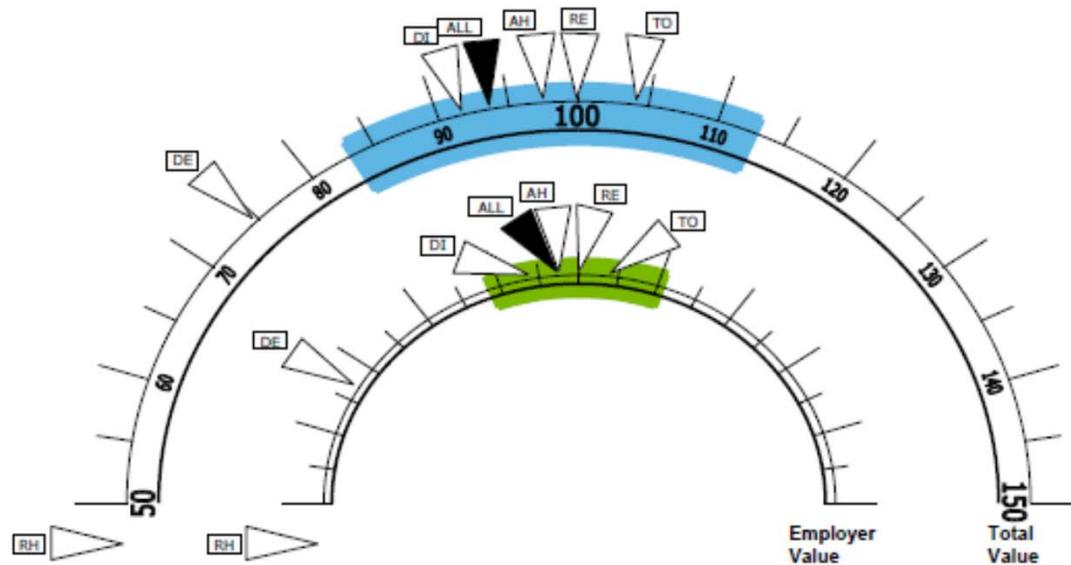
Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the NYSEG plan benefit falls between the 1st and 2nd base companies

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	125.5	10 th /11 th	123.3	10 th /11 th
All Death	(DE)	85.3	28 th /29 th	84.1	31 st /32 nd
All Disability	(DI)	104.5	15 th /16 th	97.8	28 th /29 th
All Active Health Care	(AH)	98.7	23 rd /24 th	99.4	25 th /26 th
All Retiree Health Care	(RH)	0.0	16 th – 40 th	0.0	20 th – 40 th
Time Off With Pay	(TO)	103.5	10 th /11 th	103.5	10 th /11 th
All Benefits	(ALL)	105.2	11 th /12 th	102.4	13 th /14 th

Red circled if index <95.0; green circled if index >105.0.

RG&E vs. Utilities New Hires



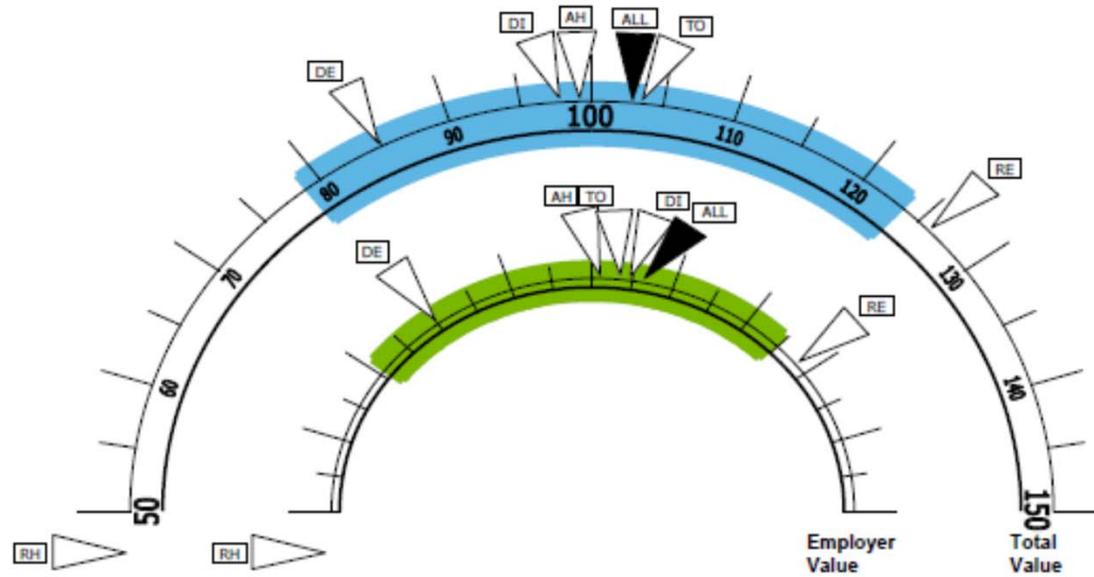
Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the RG&E plan benefit falls between the 1st and 2nd base companies

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	99.9	9 th /10 th	99.9	9 th /10 th
All Death	(DE)	66.9	13 th /14 th	74.7	14 th /15 th
All Disability	(DI)	93.8	12 th /13 th	91.8	Below 15 th
All Active Health Care	(AH)	97.5	11 th /12 th	97.5	11 th /12 th
All Retiree Health Care	(RH)	0.0	13 th – 15 th	0.0	15 th
Time Off With Pay	(TO)	104.0	3 rd /4 th	104.0	3 rd /4 th
All Benefits	(ALL)	97.3	10 th /11 th	93.7	13 th /14 th

Red circled if index <95.0; green circled if index >105.0.

RG&E vs. GI New Hires



Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the RG&E plan benefit falls between the 1st and 2nd base companies

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	128.2	9 th /10 th	126.0	9 th /10 th
All Death	(DE)	80.0	30 th /31 st	84.9	31 st /32 nd
All Disability	(DI)	104.5	15 th /16 th	97.8	28 th /29 th
All Active Health Care	(AH)	100.9	20 th /21 st	99.1	25 th /26 st
All Retiree Health Care	(RH)	0.0	16 th – 40 th	0.0	20 th – 40 th
Time Off With Pay	(TO)	103.5	10 th /11 th	103.5	10 th /11 th
All Benefits	(ALL)	106.4	10 th /11 th	102.8	13 th /14 th

Red circled if index <95.0; green circled if index >105.0.

NYSEG Employer Value Results by Comparator Group

Benefits	Utility	General Industry
Retirement: Non-Matching Retirement Income	121.8	190.2
Retirement: Matched Savings	63.5	64.9
Retirement: All Retirement Income	97.8	125.5
All Death	71.3	85.3
All Disability	93.8	104.5
All Active Health Care: Medical, Dental, Vision, Accounts and Credits	95.4	98.7
All Retiree Health Care	0.0	0.0
All Security Benefits	92.4	106.1
Time Off with Pay	104.0	103.5
All Benefits	96.2	105.2

- Overall, NYSEG's benefits are a little lower than average compared to the utility group and a little above average compared to the general industry group
- They are below average compared to the utility group mostly due to health care being below average; lesser so due to below average death and disability benefits
- They are above average compared to the GI group mostly due to above average retirement and time off benefits
- For the All Retirement Income index, NYSEG is average compared to the utility group and 25.5% above average compared to the GI group. In other words, the Utility group provides significantly richer retirement benefits than the GI group

Green indicates above average value; red indicates less than average value.

RG&E Employer Value Results by Comparator Group

Benefits	Utility	General Industry
Retirement: Non-Matching Retirement Income	121.8	190.2
Retirement: Matched Savings	68.6	70.2
Retirement: All Retirement Income	99.9	128.2
All Death	66.9	80.0
All Disability	93.8	104.5
All Active Health Care: Medical, Dental, Vision, and Hearing	97.5	100.9
All Retiree Health Care	0.0	0.0
All Security Benefits	94.1	108.0
Time Off with Pay	104.0	103.5
All Benefits	97.3	106.4

- Overall, RG&E's benefits are a little lower than average compared to the utility group and a little above average compared to the general industry group
- They are below average compared to the utility group mostly due to health care being below average; lesser so due to below average death and disability benefits
- They are above average compared to the GI group mostly due to above average retirement and time off benefits
- For the All Retirement Income index, RG&E is average compared to the utility group and 28.2% above average compared to the GI group. In other words, the Utility group provides significantly richer retirement benefits than the GI group

Green indicates above average value; red indicates less than average value.

Impact by Benefit Area on NYSEG All Benefits Employer Value— NYSEG vs. Utilities

Benefit Area	Relative Weight	Your Index	Impact on All Benefits
Retirement Income			
▪ Non-Matching	13.8%	121.8	3.0
▪ Matched Savings	9.6%	63.5	(3.5)
Death	1.6%	71.3	(0.4)
Disability	6.2%	93.8	(0.4)
Health Care			
▪ Active	34.2%	95.4	(1.6)
▪ Retiree	2.2%	0.0	(2.2)
Time Off With Pay	32.4%	104.0	1.3
All Benefits	100.0%	96.2	(3.8)

- Relative Weight is the percent of total benefit value, for each benefit category, for the peer group
- The tables illustrate how your employer values for each major area impact the All Benefits index
 - For example, the employer value for the All Benefits index is 3.8 percentage points below average, and the Non-Matching Retirement Income index contributes 3.0 percentage points to this All Benefits position
- In each benefit area, the Impact on All Benefits is calculated as the Relative Weight multiplied by the difference between Your Index and 100

Impact by Benefit Area on RG&E All Benefits Employer Value— RG&E vs. Utilities

Benefit Area	Relative Weight	Your Index	Impact on All Benefits
Retirement Income			
▪ Non-Matching	13.8%	121.8	3.0
▪ Matched Savings	9.6%	68.6	(3.0)
Death	1.6%	66.9	(0.5)
Disability	6.2%	93.8	(0.4)
Health Care			
▪ Active	34.2%	97.5	(0.9)
▪ Retiree	2.2%	0.0	(2.2)
Time Off With Pay	32.4%	104.0	1.3
All Benefits	100.0%	97.3	(2.7)

- Relative Weight is the percent of total benefit value, for each benefit category, for the peer group
- The tables illustrate how your employer values for each major area impact the All Benefits index
 - For example, the employer value for the All Benefits index is 2.7 percentage points below average, and the Non-Matching Retirement Income index contributes 3.0 percentage points to this All Benefits position
- In each benefit area, the Impact on All Benefits is calculated as the Relative Weight multiplied by the difference between Your Index and 100

Summary Statistics: Retirement Programs of Peer Groups

Non-Matching Plans	Utilities	General Industry
Traditional Pension Plans:		
• Highest Average Pay	1	3
• Career Average Pay	0	1
Hybrid Pension Plans:		
• Cash Balance	8	5
• Pension Equity	2	0
Multiple Formulas in a Pension Plan	1	0
Defined Contribution Plans:		
• ESOP	0	1
• Money Purchase	0	1
• Profit Sharing	0	4
• Noncontributory Savings	3	19
Total	15	34

NYSEG
RG&E

Match Per \$1 of Employee Contribution	Utilities	General Industry
\$0.49 or Less	0	4
\$0.50	4	9
\$0.51 - \$0.74	2	2
\$0.75	3	5
\$0.76 - \$0.99	0	2
\$1.00	5	17
More than \$1.00	1	1
Total	15	40
Average	\$0.76	\$0.75

Pink = Iberdrola design
 Blue = Most prevalent design

Pay Definition	Defined Benefit		Non-Matching Defined Contribution		Matched Savings	
	Utilities	General Industry	Utilities	General Industry	Utilities	General Industry
Base Only	3	3	2	3	8	7
Base + Bonus	9	6	1	22	7	33
Total	12	9	3	25	15	40

Retirement Program Value as a % of Pay

Plan	Peer Groups			
	Utilities	General Industry	NYSEG	RG&E
Retirement: Non-Matching	4.8%	3.1%	5.9%	5.9%
Retirement: Matching	3.4%	3.3%	2.2%	2.3%
Retirement: All Retirement Income	8.2%	6.4%	8.1%	8.2%

Note: Retirement value represents the anticipated cost of providing the benefit to employees based on actuarial assumptions used in the Benefit Index valuations. These amounts are determined reflecting assumed participation rates as well as future decrement assumptions. As a result, the assumed costs as a percent of pay are lower than the anticipated cost for an individual. For example, Iberdrola's new non-contributory plan will provide a 6% contribution to each participant. The employer cost after reflecting various discounts is estimated to be 5.9% of pay.

Non-Matching Plans for Utilities Peer Group

Company	Defined Benefit			Profit Sharing/ Noncontributory
	Open/Closed/Frozen	Plan Type	Benefit Formula	
American Electric Power	Open	Cash Balance	Based on points: 3.0% to 8.5%	No
CECONY	Open	Cash Balance	Based on age/service: 4.0%/8.0% to 7.0%/11.0%	No
CMS Energy	Closed	N/A	N/A	6.0%
Dayton Power and Light	Open	Cash Balance	Based on service: 3.0% to 7.0%	No
Dominion Resources	Open	Cash Balance	Based on service: 4.0% to 7.0%	No
DTE	Closed	N/A	N/A	4.0%
Duke Energy	Open	Cash Balance	Based on points: 4.0% to 9.0%	No
★ Exelon	Open	Cash Balance	Based on age: 3.0% to 8.0%	No
FirstEnergy	Open	Final Average Pay	1.20% highest average pay x service	No
Northeast Utilities	Closed	N/A	N/A	Based on points: 2.5% to 6.5%

★ Significant change in benefits from 2012 (changed from 7% cash balance)

Non-Matching Plans for Utilities Peer Group (continued)

Company	Defined Benefit			Profit Sharing/Noncontributory
	Open/Closed/Frozen	Plan Type	Benefit Formula	
NSTAR	Open	Pension Equity	Based on age: 5.0% to 15.0%	No
PPL	Open	Career Average Pay with Final Average Pay Minimum	2.25% x pay; minimum final average pay formula	No
Progress Energy	Open	Cash Balance	Based on age: 3.0%/6.0% to 7.0%/14.0%; breakpoint of 80% of SSWB	No
Public Service Enterprise	Open	Cash Balance	Based on points: 2.0% to 12.0%	No
Tampa Electric	Open	Final Average Pay	Based on points 2.0% to 13.0%	No
★ Iberdrola USA	Frozen	N/A	N/A	6.0%

- 15 of 15 have either open defined benefit or non-elective defined contribution
 - 12 with open defined benefit
 - 3 with non-elective contribution

★ Significant change in benefits from 2012

Matched Savings, Stock Purchase for Utilities Peer Group

Company	Matched Savings					
	Eligibility for Match	Vesting	Match	Pay Definition	Auto Enroll	Stock Purchase Plan
American Electric Company	Immediate	Immediate	100% on 1 st 1%; 70% on next 5%	Base, bonus, OT, shift diff.	3%	No discount
★ CECONY	Immediate	3-year cliff	100% on 1 st 4%; 50% on next 4%	Base	--	10% discount
CMS Energy	Immediate	6-year graded	60% on 1 st 6%	Base	6%	--
Dayton Power and Light	1 month	2-year cliff	100% on 1 st 1%; 50% on next 5%	Base	3%	--
Dominion Resources	Immediate	3-year cliff	Based on service: 100% on 1 st 4% (<5); 100% on 1 st 5% (5-14); 100% on 1 st 6% (15-24); 100% on 1 st 7% (25+)	Base	2%	--
DTE	Immediate	6-year graded	100% on 1 st 4%; 50% on next 4%	Base, shift diff., work area premium, weekend premium	4%	--
Duke Energy	Immediate	Immediate	100% on 1 st 6%	Total	6%	--
Exelon	Immediate	Immediate	60% on 1 st 5% plus up to additional 3% tied to EPS	Base	3%	10% discount

★ Significant change in benefits from 2012 (was 50% on 1st 6% of pay)

Matched Savings, Stock Purchase for Utilities Peer Group (continued)

	Matched Savings					
Company	Eligibility for Match	Vesting	Match	Pay Definition	Auto Enroll	Stock Purchase Plan
★ First Energy	Immediate	Immediate	50% on 1 st 4%	Base, bonus, sales bonus	3%	--
Northeast Utilities	6 months	Immediate	100% on 1 st 3%	Base	3%	5% discount
NSTAR	Immediate	Immediate	50% on 1 st 8%	Total	--	--
PPL	1 month	1 year	50% on 1 st 3%	Total	3%	--
Progress Energy	Immediate	Immediate	100% on 1 st 6%	Base	--	--
Public Service Enterprise	6 months	Immediate	50% on 1 st 8%	Total	3%	5% discount
Tampa Electric	Immediate	Immediate	65% on 1 st 6% plus discretionary of up to an additional 35% on 6% (Most recent: additional 35%)	Base, bonus, commissions, OT, sales bonus, shift diff.	6%	No discount
Iberdrola USA	1 month	Immediate	50% on 1 st 6%	Base, bonus	3%	--

- 9 of 15 in peer group vest immediately in match
- 10 of 15 in peer group vest faster than 3-year cliff
- 12 of 15 in peer group auto enroll
- 4.4% average maximum match employer contribution for peer group
- 6 of 15 in peer group provide a stock purchase plan (this is not part of BI value as is considered “cash”) but only 4 offer discount (2 with 10% discount and 2 with 5% discount)

★ Significant change in benefits from 2012 (First Energy was 50% on 1st 6%)

Short-Term Disability

Company	Pay Replacement	Benefits Begin	Benefit Schedule
American Electric Power	<ul style="list-style-type: none"> 100% 60% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 2 weeks (at <1 year of service), 6 weeks (at 1 year), 12 weeks (at 5 years), 18 weeks (at 10 years), 24 weeks (at 15 years) to 26 weeks (at 20 years of service) Remainder of 26 weeks
CECONY	<ul style="list-style-type: none"> 100% 100% 90% 80% 	<ul style="list-style-type: none"> 1st day 6th work day After 100% period After 90% period 	<ul style="list-style-type: none"> 10 days per year 5 weeks 5 weeks Remainder of 26 weeks
CMS Energy	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> 1st day 	<ul style="list-style-type: none"> 270 calendar days
Dayton Power and Light	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> 1st day 	<ul style="list-style-type: none"> 26 weeks
Dominion Resources	<ul style="list-style-type: none"> 100% 70% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 4 weeks to 26 weeks (at 25 years of service) Remainder of 26 weeks
DTE	<ul style="list-style-type: none"> 100% 100% 	<ul style="list-style-type: none"> 1st day 5 days after 100% period 	<ul style="list-style-type: none"> When accrual has been used, accrue 20 days per year; maximum accrual 60 days Remainder of 26 weeks
Duke Energy	<ul style="list-style-type: none"> 100% 100% 	<ul style="list-style-type: none"> 1st day 8th calendar day 	<ul style="list-style-type: none"> Unlimited at manager's discretion Up to remainder of 26 weeks
Exelon	<ul style="list-style-type: none"> 100% 100% 70% 	<ul style="list-style-type: none"> 1st day 6th work day After 100% period 	<ul style="list-style-type: none"> 5 days per year 12 weeks Remainder of 26 weeks
FirstEnergy	<ul style="list-style-type: none"> 100% 50% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 2 weeks to 26 weeks (at 12 years of service) 2 weeks <1 year of service, 4 weeks at 1 year of service, remainder of 26 weeks at 2+ years of service

Short-Term Disability (continued)

Company	Pay Replacement	Benefits Begin	Benefit Schedule
Northeast Utilities	<ul style="list-style-type: none"> 100% 67% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 6 weeks Remainder of 26 weeks
NSTAR	<ul style="list-style-type: none"> 100% 75% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 16 weeks Remainder of 52 weeks
PPL	<ul style="list-style-type: none"> 100% 60% 	<ul style="list-style-type: none"> 1st day The later of 15th calendar day, after 100% period 	<ul style="list-style-type: none"> When accrual has been used, accrue 12 days per year; maximum benefit of 60 days offset by days used in preceding 7 calendar years Remainder of 26 weeks
Progress Energy	<ul style="list-style-type: none"> 100% 100% 60% 	<ul style="list-style-type: none"> 1st day 15th calendar day After 100% period 	<ul style="list-style-type: none"> 10 days per illness 2 weeks per year of service Remainder of 26 weeks
Public Service Enterprise	<ul style="list-style-type: none"> 100% SDI: \$10 to \$584 per week 	<ul style="list-style-type: none"> 1st day 8th calendar day 	<ul style="list-style-type: none"> 11 days to 132 days (at 10 years of service) Remainder of 26 weeks
Tampa Electric	<ul style="list-style-type: none"> 100% 100% 	<ul style="list-style-type: none"> 1st day 11th work day (retroactive to 1st day) 	<ul style="list-style-type: none"> 10 days per year 2 weeks (at < 1 year of service), 13 weeks (at 1 year of service) to 26 weeks (at 2+ years of service)
Iberdrola (USA)	<ul style="list-style-type: none"> 100% 100% 66.7% SDI: \$20 to \$170 per week 	<ul style="list-style-type: none"> 1st day 6th calendar day After 100% period 8th calendar day 	<ul style="list-style-type: none"> 5 days 12 weeks Remainder of 26 weeks 26 weeks

- 15 of 15 in peer group provide 100% pay replacement for at least 10 days
- 3 of 15 in peer group provide 100% pay replacement for 6 months
- 6 of 15 in peer group vary 100% pay replacement period by service

Long-Term Disability

Company	% Replacement	Benefit Maximum	Elimination Period	Employee Contribution
American Electric Power	60%	Unlimited	6 months	No
CECONY	50%	70% incl family SS	6 months	No
	60%	70% incl family SS	6 months	Yes
CMS Energy	60%	\$20,000	9 months	No
Dayton Power and Light	60%	\$15,000	6 months	No
Dominion Resources	50%	\$20,833	6 months	No
	60%	\$25,000	6 months	Yes
	70%	\$29,167	6 months	Yes
	65% (post-tax)	\$27,083	6 months	Yes
DTE	40%	\$9,000	6 months	No
	50%	\$10,000	6 months	No
	60%	\$11,000	6 months	Yes
	70%	\$12,000	6 months	Yes
Duke Energy	50%	\$15,000	6 months	No
	66.7%	\$15,000	6 months	Yes
Exelon	50%	\$10,000	6 months	No
	60%	\$10,000	6 months	Yes
	70%	\$10,000	6 months	Yes
FirstEnergy	50%	\$15,000	6 months	No
	66.7%	\$15,000	6 months	Yes
Northeast Utilities	50%	\$10,208	6 months	No
	67%	\$13,679	6 months	Yes
NSTAR	60%	\$10,000	Later of 6 months or after A&S benefits	No
PPL	60%	\$17,000	6 months	No
Progress Energy	60%	70% incl family SS	6 months	No
Public Service Enterprise	50%	\$8,333	6 months	No
	60%	\$10,000	6 months	Yes
	70%	\$11,667	6 months	Yes
Tampa Electric	60%	\$10,000	6 months	No
Iberdrola (USA)	50%	\$8,333	6 months	No
	60%	\$10,000	6 months	Yes

- 15 of 15 in peer group provide employer paid LTD
- 8 of 15 in peer group require employee contributions for 60% or greater benefit
- 6 of 15 in peer group with benefit maximum less than \$15,000; 7 with maximum at \$15,000 or greater; 2 where maximum is 70% incl family SS
- 13 of 15 in peer group with 6-month elimination period; 1 with 9-month elimination period; 1 with later of 6 months or after A&S benefits elimination period

Pre-Retirement Medical Plans for Utilities Peer Group

Company	CDHP?	Wellness Credits?	Spousal Surcharge?	Smoker Surcharge?	Salary Based Contributions?
American Electric Power	Option	\$300 (ee) /\$600 (family) for completion of programs	No	No	No
CECONY	Option	\$10 (ee) monthly for completion of HRA/HRQ; \$10 (ee) monthly for completion of screenings; HMO participants not eligible	No	Yes	No
CMS Energy	Option	No	No	No	No
Dayton Power and Light	Option	No	No	No	No
Dominion Resources	Option	No	No	No	No
DTE	Option	Can earn up to \$400 (ee), \$400 (sp) for completion of programs	Yes	No	Yes
Duke Energy	Option	No	No	Yes	No
Exelon	Option	Credit of \$150 to reduce premiums for completion of HRA/HRQ and screenings; \$150 surcharge for not completing	Yes	No	No
First Energy	Option	\$20 monthly for healthy living participation; \$20 monthly for meeting results-based criteria	Yes	No	No
Northeast Utilities	Option	No	No	No	No
NSTAR	Option	No	No	No	No

Pre-Retirement Medical Plan for Utilities Peer Group (continued)

Company	CDHP?	Wellness Credits?	Spousal Surcharge?	Smoker Surcharge?	Salary Based Contributions?
PPL	Option	No	No	No	No
Progress Energy	Option	Credits for completion of HRA/HRQ and for completion of screenings (\$125) plus one additional credit option: 1) \$375 for achievement of 5 goals 2) \$65 for completion of health coaching	No	No	Yes
Public Service Enterprise	Option	Credits to reduce premiums for completion of Healthy Living Activities	No	No	No
Tampa Electric	Full replacement	No	No	No	No
Iberdrola USA	Option	No	No ¹	Yes	No

- 14 of 15 in peer group have a CDHP option; 1 of 15 has full replacement
- 7 of 15 in peer group have wellness credits
- 3 of 15 in peer group have spousal surcharges
- 2 of 15 in peer group have smoker surcharges
- 2 of 15 in peer group have salary based contributions

¹Spousal coverage is secondary for working spouse; working spouse must be enrolled in his/her company's coverage, if any, to be eligible for Iberdrola coverage.

Paid Time Off for Utilities Peer Group

Company	PTO Bank?	Maximum Service Required	Maximum Weeks
American Electric Power	No	24	5.0
CECONY	No	25	5.0
CMS Energy	No	22	6.0
Dayton Power and Light	No	25	5.0
Dominion Resources	No	30	6.0
DTE	No	25	5.0
Duke Energy	No	32	6.0
Exelon	No	25	6.0
FirstEnergy	No	24	5.0
Northeast Utilities	No	20	5.0
NSTAR	No	20	5.0
PPL	No	30	6.0
Progress Energy	No	24	5.0
Public Service Enterprise	No	30	6.0
Tampa Electric	No	30	5.4
Iberdrola USA	No	30	6.0

- 0 of 15 in peer group use PTO Bank
- 9 of 15 in peer group require 25 YOS or more to reach maximum weeks of paid time off
- 5.4 is the average maximum weeks provided by the 15 in the peer group

Putting It All Together— NYSEG Benefit Index Results for Utility Study

Plan	Benefit Index Results	Comments
Retirement	<ul style="list-style-type: none"> Slightly below average as a result of the low employer value for matched savings. Non-matching retirement income index is significantly above average. 	<ul style="list-style-type: none"> Average maximum match for peer group is 4.4%; NYSEG is 3.0%. Average non-matching contribution is 4.9%; NYSEG is 5.9%.
Disability	<ul style="list-style-type: none"> STD slightly below market average since NYSEG provides fewer 100% weeks than average. LTD is well below market since most NYSEG employees elect the 50% option which is below average. 	<ul style="list-style-type: none"> None of the peer group has employee contributions for STD so employer and total value are the same. For LTD, most companies in peer group have 60% or higher plans with significant participation.
Death	<ul style="list-style-type: none"> Total group life is well below average. The death benefit from the defined contribution plan raises NYSEG's all death value. 	<ul style="list-style-type: none"> The average noncontributory plus contributory group life is in excess of 7-1/2 times pay which is well above what NYSEG provides.
Active Medical	<ul style="list-style-type: none"> When the values of dental and vision coverages, and accounts and credits are included in the preretirement medical comparison, the relative position is a little below average. 	<ul style="list-style-type: none"> Since NYSEG's employee contributions are a little more than average, the employer value index is a little lower than the total value index.

Putting It All Together— NYSEG Benefit Index Results for Utility Study (continued)

Plan	Benefit Index Results	Differences Relative to Market
Retiree Medical	<ul style="list-style-type: none"> No retiree medical coverage; therefore, index of 0.0. 	<ul style="list-style-type: none"> Consistent with trend to eliminate the benefit.
Time Off	<ul style="list-style-type: none"> The total Time Off With Pay index is 104.0, ranking between the 3rd and 4th base companies. 	<ul style="list-style-type: none"> Iberdrola has 13 holidays as opposed to the average of 11.6. More than half the employers cap vacation accrual at 5 weeks; Iberdrola's cap is 6. Average years of service required for a third week of vacation is 3.8. Iberdrola requires 5.
Overall	<ul style="list-style-type: none"> Programs provide a little below average value. 	<ul style="list-style-type: none"> Employee perception? Innovative communications?

Putting It All Together— RG&E Benefit Index Results for Utility Study

Plan	Benefit Index Results	Comments
Retirement	<ul style="list-style-type: none"> Slightly below average as a result of the low employer value for matched savings. Non-matching retirement income index is significantly above average. 	<ul style="list-style-type: none"> For utility peer group, average maximum match is 4.4%; RG&E is 3.0%. Average non-matching contribution is 4.9%; RG&E is 5.9%.
Disability	<ul style="list-style-type: none"> STD slightly below market average; RG&E provides fewer weeks at 100%. LTD is below market since most employees elect the option with below average but noncontributory, 50% of pay benefit. 	<ul style="list-style-type: none"> None of the peer group has employee contributions for STD so employer and total value are the same. For LTD, most companies in peer group have 60% or higher plans with significant participation.
Death	<ul style="list-style-type: none"> Total group life is well below average. The death benefit from the defined contribution plan raises RG&E's all death value. 	<ul style="list-style-type: none"> The average noncontributory plus contributory group life is in excess of 7-1/2 times pay which is well above what RG&E provides.
Active Medical	<ul style="list-style-type: none"> When the values of dental and vision coverages, and accounts and credits are included in the preretirement medical comparison, the relative position is below average. 	<ul style="list-style-type: none"> Since RG&E's employee contributions are about average, the employer value index is equal to the total value index.

Putting It All Together— RG&E Benefit Index Results (continued)

Plan	Benefit Index Results	Differences Relative to Market
Retiree Medical	<ul style="list-style-type: none"> No retiree medical coverage; therefore, index of 0.0. 	<ul style="list-style-type: none"> High index is not necessarily desirable due to the cost implications to continuing medical benefits to retirees.
Time Off	<ul style="list-style-type: none"> The total Time Off With Pay index is 104.0, ranking between the 3rd and 4th base companies. 	<ul style="list-style-type: none"> Iberdrola has 13 holidays as opposed to the average of 11.6. More than half the employers cap vacation accrual at 5 weeks. Iberdrola's cap is 6. Average years of service required for a third week of vacation is 3.8. Iberdrola requires 5.
Overall	<ul style="list-style-type: none"> Programs provide a little below average value. 	<ul style="list-style-type: none"> Employee perception? Innovative communications?



Benefit Index Results for Grandfather Benefits

Overview: NYSEG Grandfathered Benefits

Plan	Provisions
Non-Matching Retirement	Final average pay defined benefit
Matching Retirement	Same as new hires
Active Healthcare	Same as new hires
Retiree Healthcare	<ul style="list-style-type: none"> ▪ Pre-Medicare: medical options with subsidy cap ▪ Medicare-Eligible: HRA to purchase individual coverage
Short-Term Disability	Same as new hires
Long-Term Disability	Same as new hires
Life Insurance	Group life: 1 x pay; maximum of \$700,000 Pension survivor benefit: 50% preretirement death benefit Retiree life: none
Contributory Life Insurance	Same as new hires
Paid Time Off	Same as new hires

Overview: RG&E Grandfathered Benefits

Plan	Provisions
Non-Matching Retirement	Pension equity defined benefit
Matching Retirement	Same as new hires
Active Healthcare	Same as new hires
Retiree Healthcare	<ul style="list-style-type: none"> ▪ Pre-Medicare: medical options with subsidy cap ▪ Medicare-Eligible: HRA to purchase to individual coverage
Short-Term Disability	Same as new hires
Long-Term Disability	Same as new hires
Life Insurance	Group life: 1 x pay; maximum of \$700,000 Pension survivor benefit: 50% preretirement death benefit Retiree life: \$1,200 annual credit to buy life insurance
Contributory Life Insurance	Same as new hires
Paid Time Off	Same as new hires

Comparator Organizations for Grandfather Study

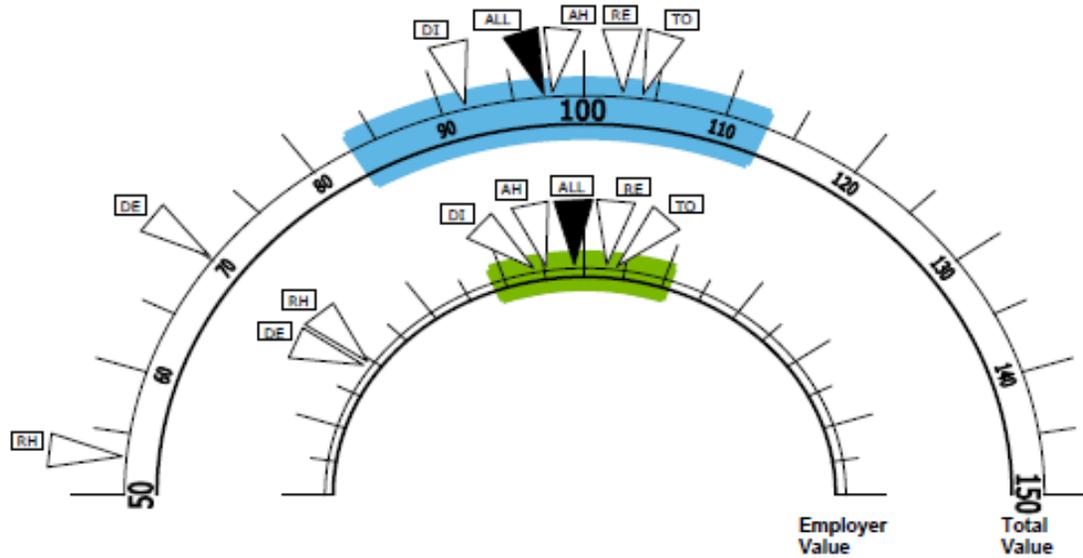
15 Utilities

American Electric Power Company Inc. (Ohio)
Consolidated Edison Company of New York, Inc.
(New York)
CMS Energy (Michigan)
DPL Inc. (Ohio)
Dominion Resources, Inc. (Virginia)
DTE Energy Company (Michigan)
Duke Energy Company (North Carolina)
Exelon Corporation (Illinois)
FirstEnergy Corp. (Ohio)
Northeast Utilities Service Company (Connecticut)
NSTAR (Massachusetts)
PPL Corporation (Pennsylvania)
Progress Energy, Inc. (North Carolina)
Public Services Enterprise Group (New Jersey)
Tampa Electric Company (Florida)

15 General Industry (GI)

Babcock & Wilcox Co.
Bausch & Lomb Incorporated
Carestream Health, Inc.
Corning Incorporated
International Business Machines Corporation
KeyCorp
Moog Inc.
PepsiCo, Inc.
PerkinElmer, Inc.
SAP American, Inc.
Siemens Corporation
Time Warner Cable
University of Rochester
Verizon Communications Inc.
Westinghouse Electric Company LLC

NYSEG Grandfather vs. Utilities New Hire



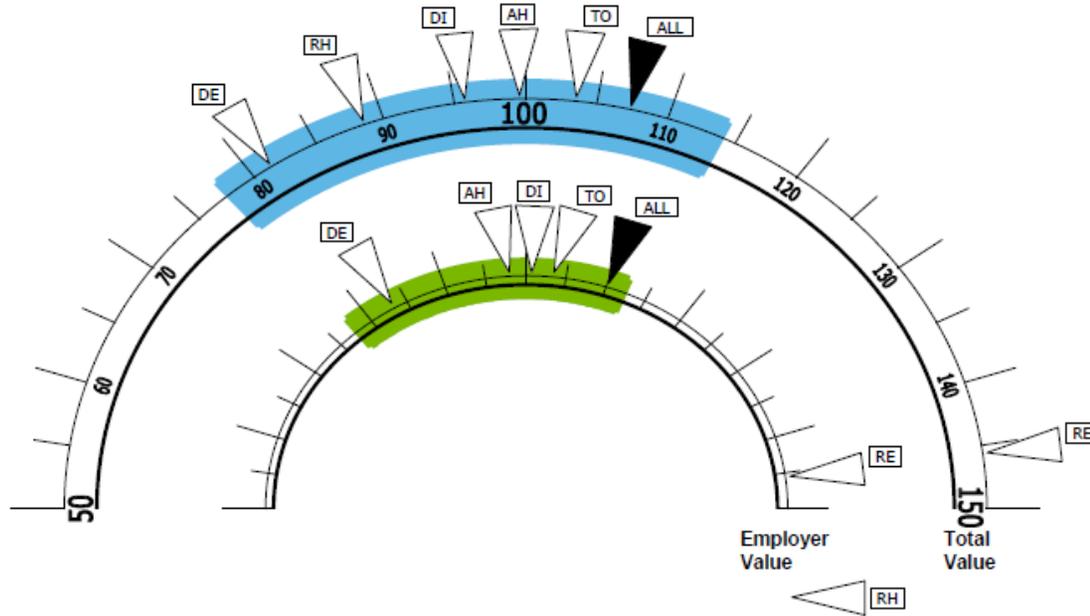
Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the NYSEG plan benefit falls between the 1st and 2nd base company

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	102.7	7 th /8 th	102.7	7 th /8 th
All Death	(DE)	69.0	12 th /13 th	70.2	Below 15 th
All Disability	(DI)	93.8	12 th /13 th	91.8	Below 15 th
All Active Health Care	(AH)	95.4	12 th /13 th	97.8	11 th /12 th
All Retiree Health Care	(RH)	69.6	8 th /9 th	53.0	11 th /12 th
Time Off With Pay	(TO)	104.0	3 rd /4 th	104.0	3 rd /4 th
All Benefits	(ALL)	98.8	10 th /11 th	97.3	11 th /12 th

Red circled if index <95.0; green circled if index >105.0.

NYSEG Grandfather vs. GI New Hire



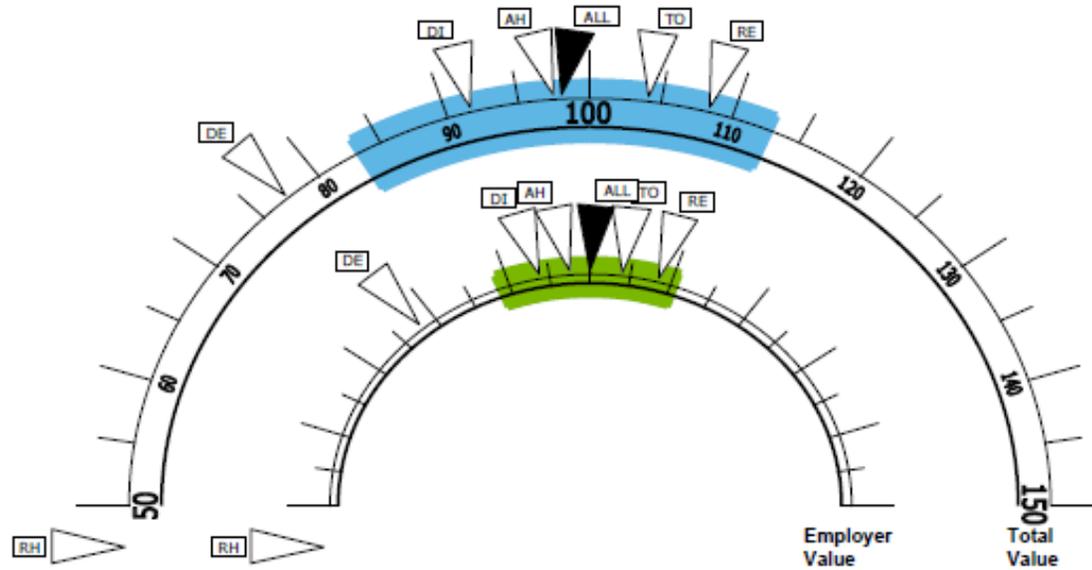
Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the NYSEG plan benefit falls between the 1st and 2nd base company

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	145.7	1 st /2 nd	145.7	1 st /2 nd
All Death	(DE)	83.3	11 th /12 th	81.5	13 th /14 th
All Disability	(DI)	100.9	8 th /9 th	95.8	12 th /13 th
All Active Health Care	(AH)	98.1	10 th /11 th	99.5	10 th /11 th
All Retiree Health Care	(RH)	657.4	Above 1 st	88.7	6 th /7 th
Time Off With Pay	(TO)	103.5	7 th /8 th	103.5	7 th /8 th
All Benefits	(ALL)	110.2	1 st /2 nd	107.2	4 th /5 th

Red circled if index <95.0; green circled if index >105.0.

RG&E Grandfather vs. Utilities New Hire



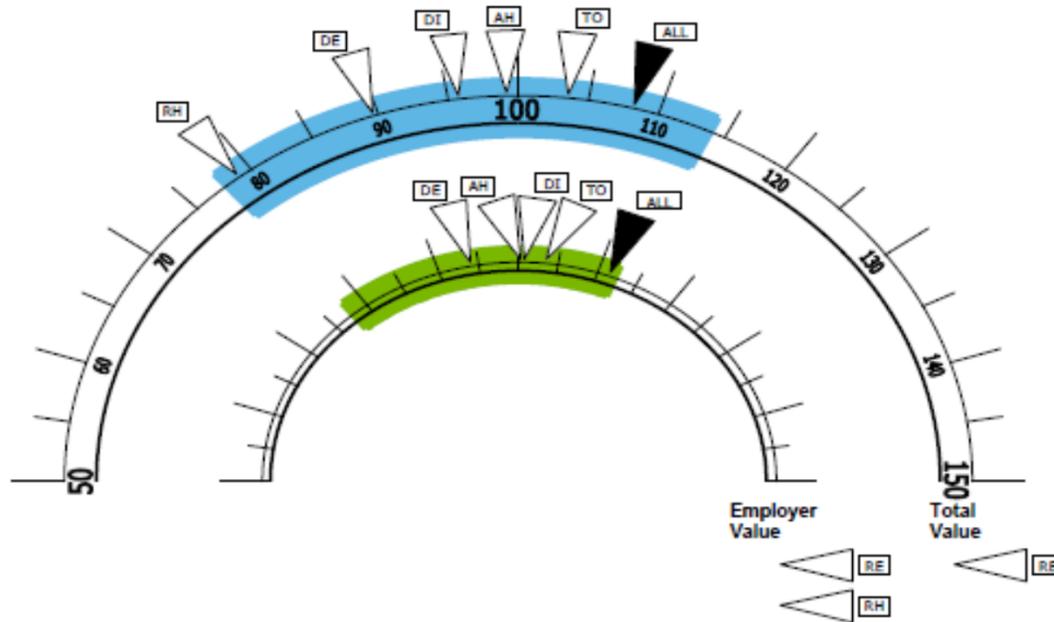
Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the RG&E plan benefit falls between the 1st and 2nd base company

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	108.3	3 rd /4 th	108.3	3 rd /4 th
All Death	(DE)	77.9	12 th /13 th	77.2	13 th /14 th
All Disability	(DI)	93.8	12 th /13 th	91.8	Below 15 th
All Active Health Care	(AH)	97.5	11 th /12 th	97.5	11 th /12 th
All Retiree Health Care	(RH)	20.4	10 th /11 th	47.2	12 th /13 th
Time Off With Pay	(TO)	104.0	3 rd /4 th	104.0	3 rd /4 th
All Benefits	(ALL)	99.9	10 th /11 th	98.1	11 th /12 th

Red circled if index <95.0; green circled if index >105.0.

RG&E Grandfather vs. GI New Hire



Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the RG&E plan benefit falls between the 1st and 2nd base company

Your Position Relative to the Base Companies

Employer Value

Total Value

		Index	Ranking	Index	Ranking
All Retirement	(RE)	153.7	Above 1 st	153.7	Above 1 st
All Death	(DE)	94.0	10 th /11 th	89.6	11 th /12 th
All Disability	(DI)	100.9	8 th /9 th	95.8	12 th /13 th
All Active Health Care	(AH)	100.2	9 th /10 th	99.2	10 th /11 th
All Retiree Health Care	(RH)	192.9	2 nd /3 rd	79.0	6 th /7 th
Time Off With Pay	(TO)	103.5	7 th /8 th	103.5	7 th /8 th
All Benefits	(ALL)	111.4	1 st /2 nd	108.2	3 rd /4 th

Red circled if index <95.0; green circled if index >105.0.

NYSEG Employer Value Results for Utility Group— Grandfather vs. New Hire

Benefits	New Hire	Grandfather
Retirement: Non-Matching Retirement Income	121.8	130.1
Retirement: Matched Savings	63.5	63.5
Retirement: All Retirement Income	97.8	102.7
All Death	71.3	69.0
All Disability	93.8	93.8
All Active Health Care: Medical, Dental, Vision, Accounts and Credits	95.4	95.4
All Retiree Health Care	0.0	69.6
All Security Benefits	92.4	96.3
Time Off with Pay	104.0	104.0
All Benefits	96.2	98.8

- The Non-Matching Retirement Income index is higher for the grandfather group since the final average pay formula is more valuable than the 6% noncontributory plan
- While the group life benefit is better for the grandfather group, the All Death index is higher for the new hire due to the death benefit in the 6% noncontributory plan being more valuable than the death benefit in the final average pay defined benefit plan
- The All Retiree Health Care index is higher for the grandfather group since there is a subsidy for the grandfather group and no plan for new hires

Green indicates a more valuable grandfather benefit; red indicates a less valuable grandfather benefit.

NYSEG Employer Value Results for GI Group— Grandfather vs. New Hire

Benefits	New Hire	Grandfather
Retirement: Non-Matching Retirement Income	223.1	238.3
Retirement: Matched Savings	68.2	68.2
Retirement: All Retirement Income	138.8	145.7
All Death	86.1	83.3
All Disability	100.9	100.9
All Active Health Care: Medical, Dental, Vision, Accounts and Credits	98.1	98.1
All Retiree Health Care	0.0	657.4
All Security Benefits	109.4	114.0
Time Off with Pay	103.5	103.5
All Benefits	107.3	110.2

- The Non-Matching Retirement Income index is higher for the grandfather group since the final average pay formula is more valuable than the 6% noncontributory plan
- While the group life benefit is better for the grandfather group, the All Death index is higher for the new hire due to the death benefit in the 6% noncontributory plan being more valuable than the death benefit in the final average pay defined benefit plan
- The All Retiree Health Care index is higher for the grandfather group since there is a subsidy for the grandfather group and no plan for new hires

Green indicates a more valuable grandfather benefit; red indicates a less valuable grandfather benefit.

RG&E Employer Value Results for Utility Group— Grandfather vs. New Hire

Benefits	New Hire	Grandfather
Retirement: Non-Matching Retirement Income	121.8	136.1
Retirement: Matched Savings	68.6	68.6
Retirement: All Retirement Income	99.9	108.3
All Death	66.9	77.9
All Disability	93.8	93.8
All Active Health Care: Medical, Dental, Vision, Accounts and Credits	97.5	97.5
All Retiree Health Care	0.0	20.4
All Security Benefits	94.1	97.9
Time Off with Pay	104.0	104.0
All Benefits	97.3	99.9

- The Non-Matching Retirement Income index is higher for the grandfather group since the pension equity formula is more valuable than the 6% noncontributory plan
- While the death benefit in the 6% noncontributory plan exceeds the death benefit in the pension equity plan, the All Death index is higher for the grandfather group due to the better group life benefit and the retiree life insurance benefit
- The All Retiree Health Care index is higher for the grandfather group since there is a subsidy for the grandfather group and no plan for new hires

Green indicates a more valuable grandfather benefit; red indicates a less valuable grandfather benefit.

RG&E Employer Value Results for GI Group— Grandfather vs. New Hire

Benefits	New Hire	Grandfather
Retirement: Non-Matching Retirement Income	223.1	249.3
Retirement: Matched Savings	73.7	73.7
Retirement: All Retirement Income	141.8	153.7
All Death	80.8	94.0
All Disability	100.9	100.9
All Active Health Care: Medical, Dental, Vision, Accounts and Credits	100.2	100.2
All Retiree Health Care	0.0	192.9
All Security Benefits	111.4	116.0
Time Off with Pay	103.5	103.5
All Benefits	108.5	111.4

- The Non-Matching Retirement Income index is higher for the grandfather group since the pension equity formula is more valuable than the 6% noncontributory plan
- While the death benefit in the 6% noncontributory plan exceeds the death benefit in the pension equity plan, the All Death index is higher for the grandfather group due to the better group life benefit and the retiree life insurance benefit
- The All Retiree Health Care index is higher for the grandfather group since there is a subsidy for the grandfather group and no plan for new hires

Green indicates a more valuable grandfather benefit; red indicates a less valuable grandfather benefit.



Next Steps

Ideas for Next Steps

- Employee perception index/Total Rewards Optimization
- HHVI (medical cost benchmarking) for 2014
- Retirement/financial wellness
- Review from a total compensation perspective
- Rethink approach to communication of programs
 - CDHP enrollment
 - LTD enrollment
 - Retirement plans
 - Total value of plans
 - Mix of channels



Appendix

Methodology

General Premise

- Methodology must give a reasonable comparison of the value of the different types of plans within a benefit area:
 - A reasonable comparison of a final pay pension formula versus a defined contribution approach requires an assumption about pay increases
 - A comparison of the value of medical benefits should not depend on whether the benefits are insured or self-insured
- Methodology must give a reasonable comparison of the value of the overall program, recognizing that certain parts of it are more valuable than others

General Approach

- “Give” Iberdrola and comparator group benefits programs to standard population:
 - Use of standard population neutralizes demographic differences
 - Variety of combinations of age/service/pay
 - Not your population...focus of study is on relative value
- Use consistent valuation assumptions and methods
- Ignore differences in funding/accounting approaches

Methodology (continued)

Valuation Approaches

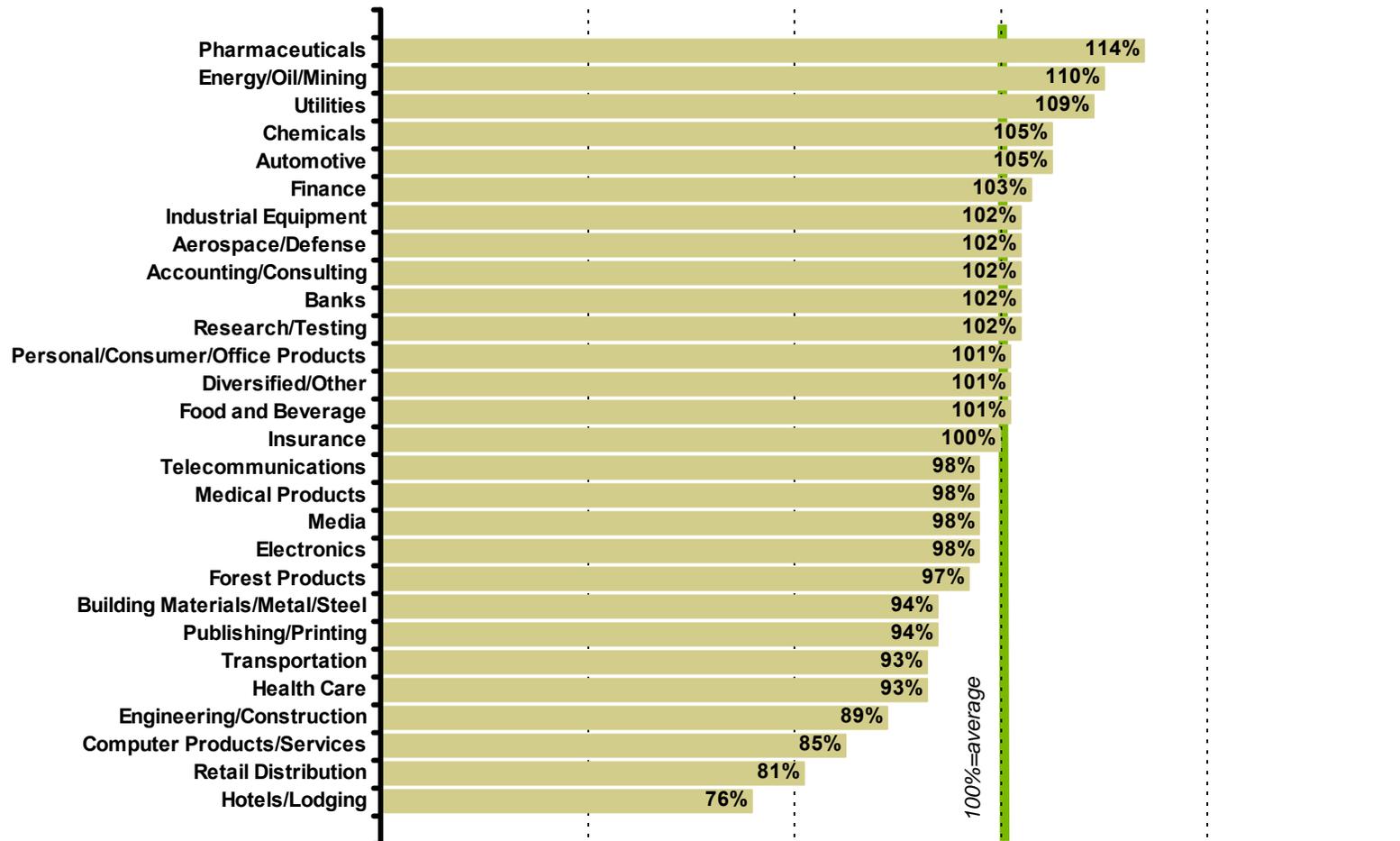
Preretirement Benefits:

- Insurance premium calculation
- One-year term cost
- Probability of event
- Lump sum value

Postretirement Benefits:

- Actuarial calculations
- Present value of projected benefits
- Allocated over working career
- One-year allocation expensed as a percentage of pay

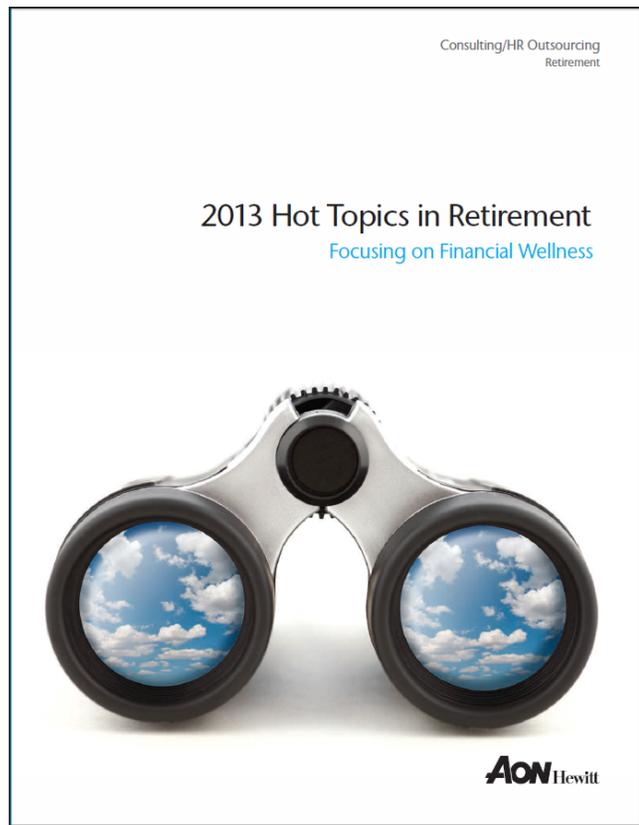
Total Benefit Comparison by Industry



Comparison of by industry averages of the Benefit Index scores for all employer-paid benefits vs. average for 600 companies in Aon Hewitt's data base. An index value of 100% represents the average for all 600 companies. A value of 105% is 5% above average. Based on 2012 benefit designs.

Retirement Hot Topics Survey

Aon Hewitt surveyed 428 employers*, representing 11 million employees, to examine current and future retirement benefit strategy.



1

Employers are focusing on **financial wellness** with a renewed effort to measure retirement income adequacy.

2

Defined benefit plan sponsors are continuing to find ways to **manage pension risk** in their plans.

3

Employers are seeking greater transparency regarding the **total plan costs** in their defined contribution plans.

4

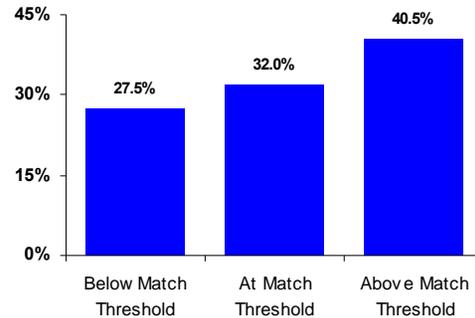
Employers are adopting newer **communication** technologies to spread the retirement word.

How Do Employees Handle DC?

Employees Don't Save Enough

Source: Aon Hewitt study
 2013 Universe
 Benchmarks

Savings rates compared to match:



Employers have responded... through plan design:

- Automatic enrollment
- Automatic escalation
- Automatic rebalancing
- Target-date funds
- Managed accounts
- Retirement income solutions

Retirement Income Falls Short

Source: Aon Hewitt study
The Real Deal—2012 Retirement Income Adequacy at Large Companies

Savings gap of **2.2 times pay**



...and employers want to find ways to better engage their workforce in retirement savings

Retirement Plans—Towards What End Game?

What does it mean to be “On Track”?

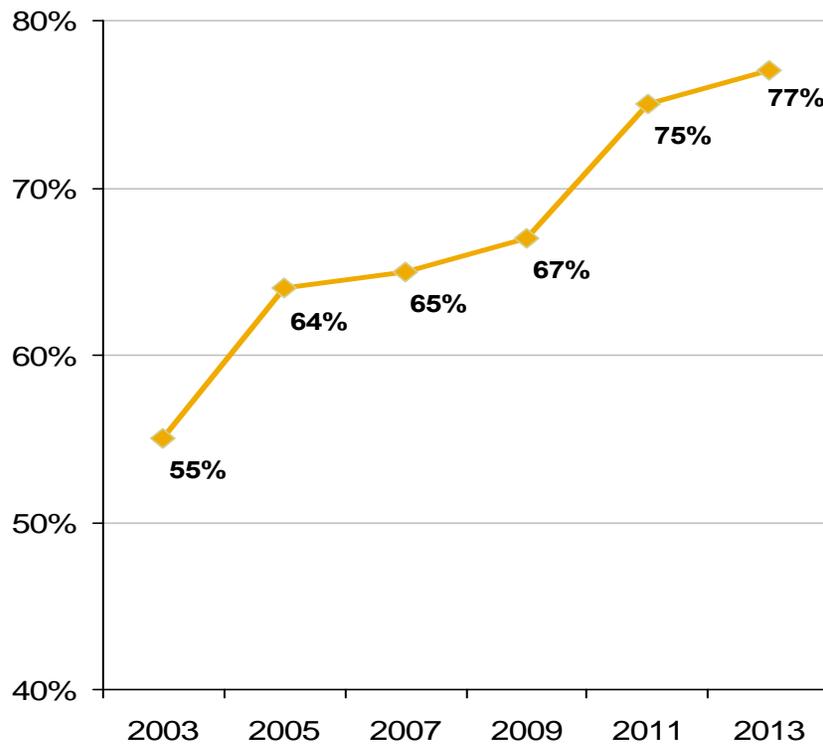


- Average employee needs to accumulate 11 times pay by age 65 to maintain preretirement standard of living throughout retirement (after Social Security)

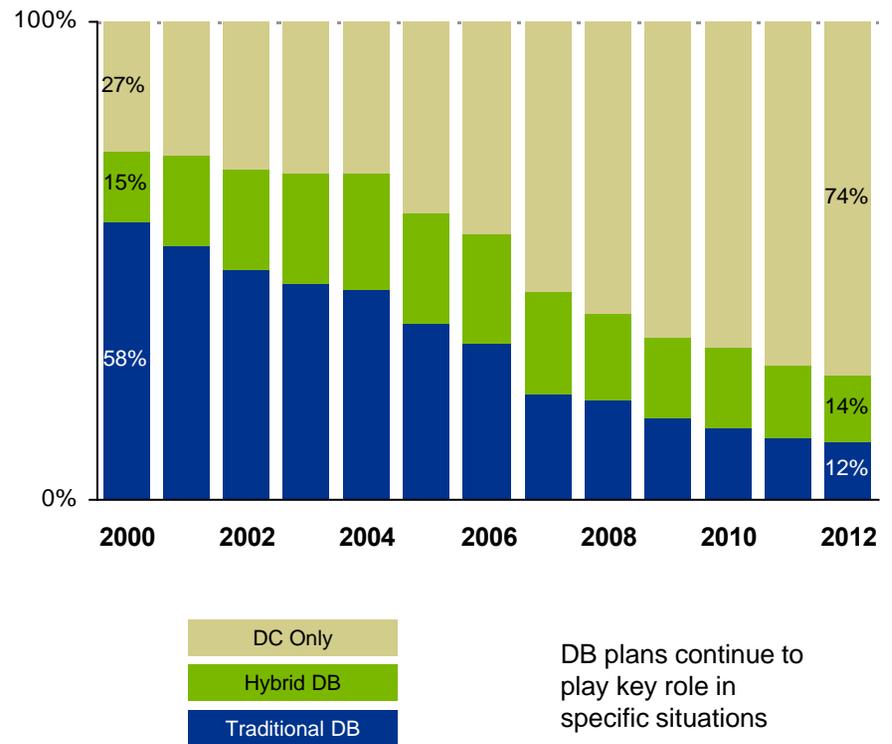
Source: *The Real Deal—2012 Retirement Income Adequacy at Large Companies*

DC Plans—Primary Benefit

Percent of Plans Reporting DC as Primary Plan

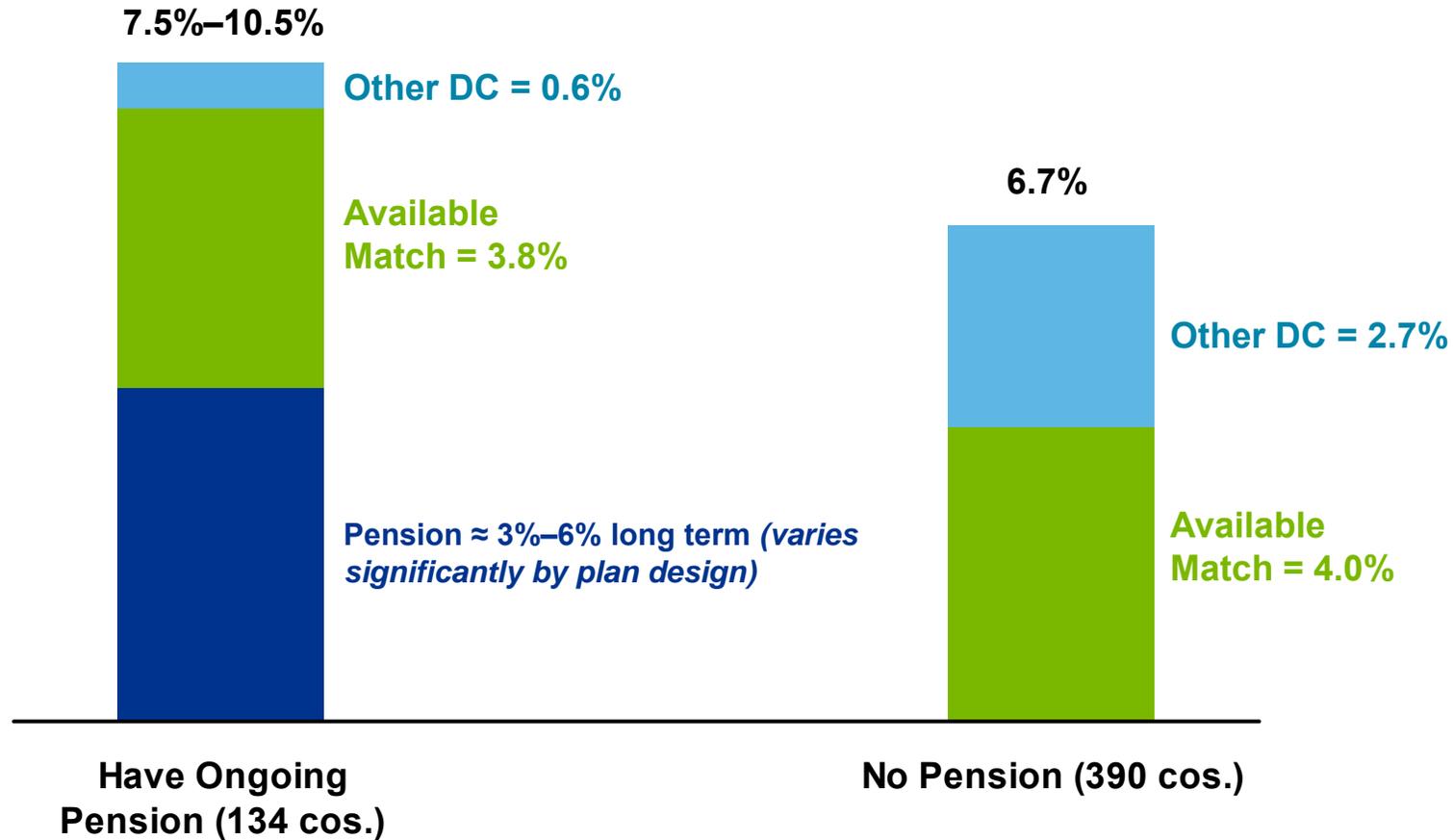


Salaried New Hire Benefits for Large U.S. Employers



Source: Results from Aon Hewitt 2013 Trends and Experience in Defined Contribution Plans, and Aon Hewitt Benefit SpecSelect™ database for 2012

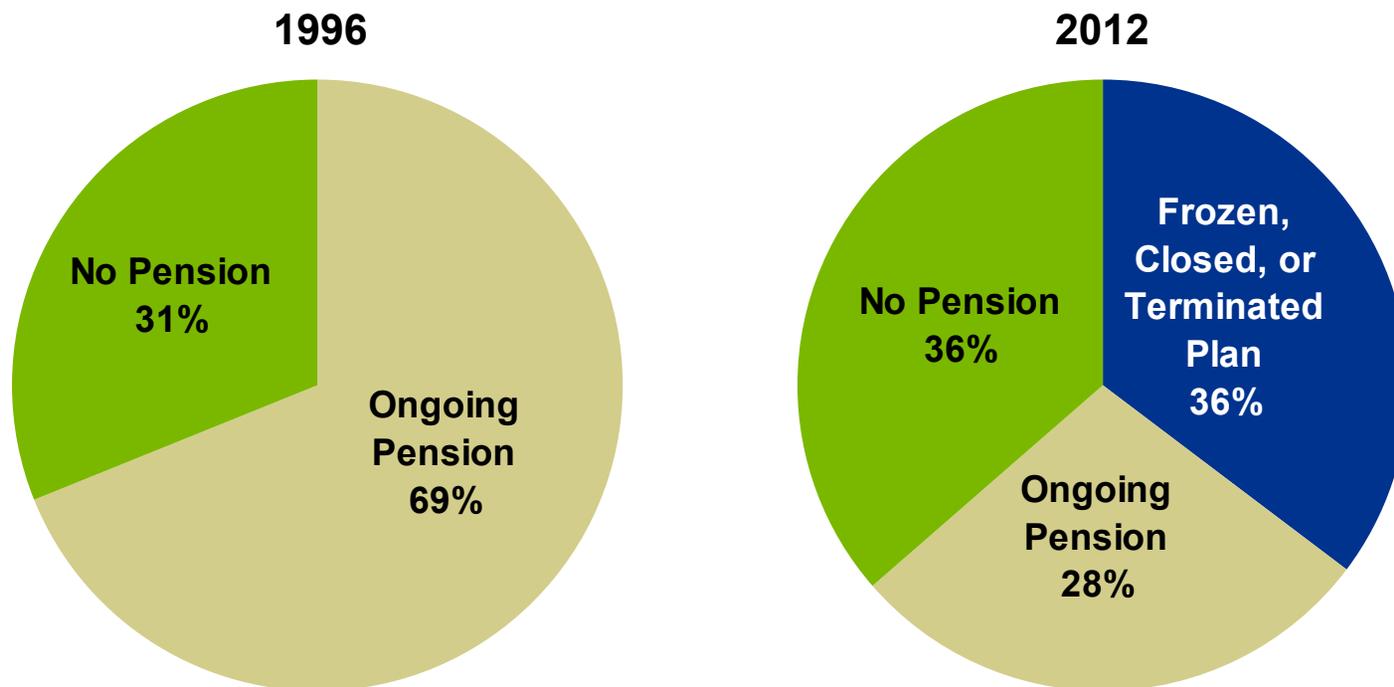
DC Only Programs Contribute Less



Note: Five-year average contributions were used when level is variable. Estimated long-term costs for pension plans range from 3.0% to 6.0% (4.5% midpoint graphed).

Trends—Fortune 500 DB Plan Activity

- 50% that had ongoing DB plans 16 years ago still have them
- Less than half now have ongoing, open pension plans



Source: Hewitt Associates surveys of public announcements through September 2012 about non-matching retirement program

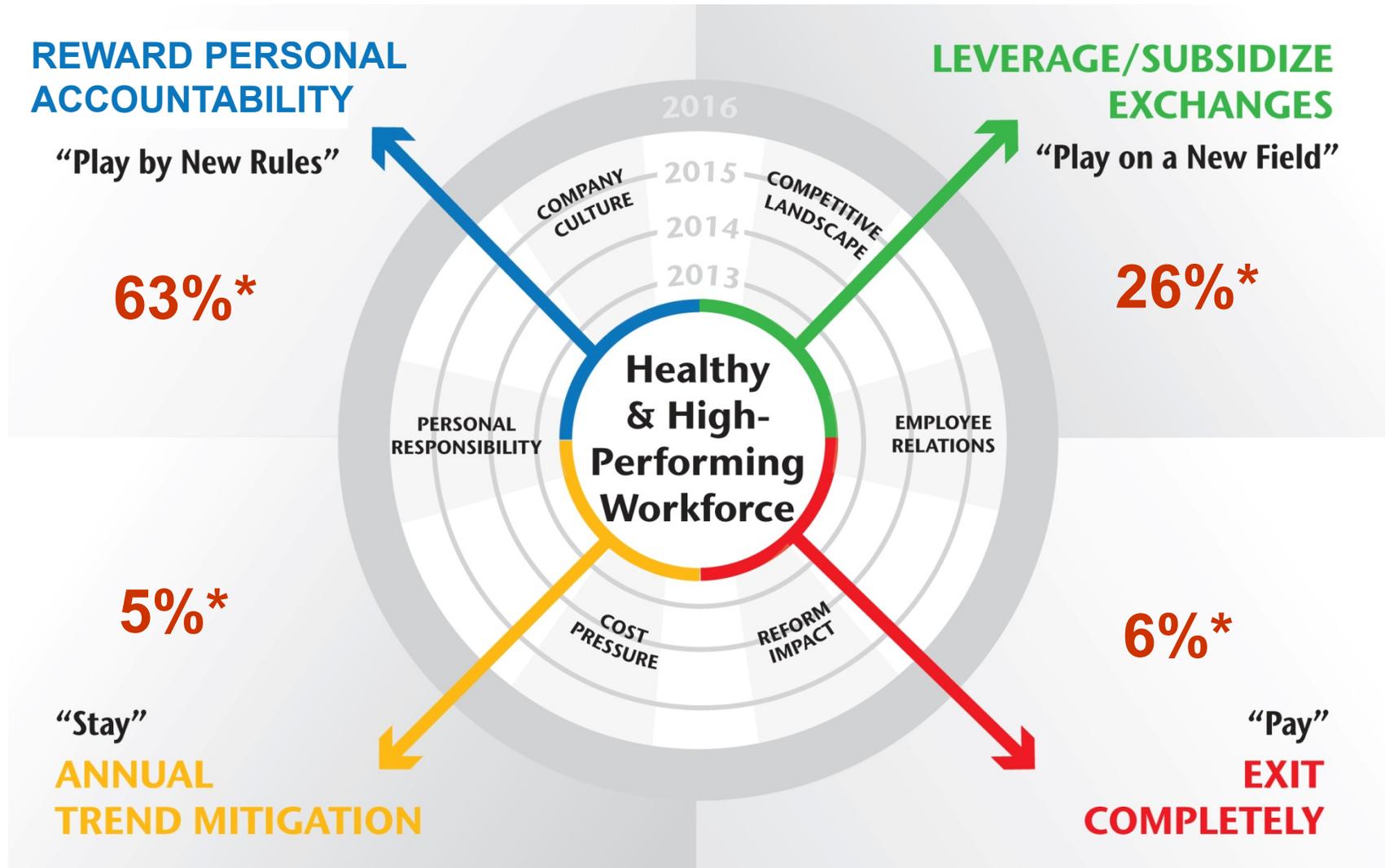
Trends in 401(k) Plans

- **Increased automation**
 - 59% offer automatic enrollment (19% in 2005)
 - 53% offer automatic contribution escalation (9% in 2005)
 - 60% offer automatic rebalancing (26% in 2005)
- **Quicker access to retirement plan savings**
 - 76% allow immediate participation (51% in 2005)
 - 53% allow immediate match eligibility (38% in 2005)
- **Streamlined investment fund lineup** (57% use tiered structure)
 - 66% use tiered structure of Target Date Funds (90%), Core, and self-directed brokerage (43%)
- **Decreased use of employer stock** [unless ESOP]
 - 12% provide match in employer stock (36% in 2005)
- **Access to financial help**
 - 55% offer online investment guidance
 - 46% online advice
 - 52% managed accounts
- **Roth 401(k)**
 - 50% offer (11% in 2007)
 - 27% allow in plan Roth rollover/conversion

Employers
continue to
design 401(k)
plans to
encourage
positive
behavior and
deliver adequate
lifetime income

Source: Aon Hewitt "Trends and Experience in DC Plans, 2013"

2014—Where Employer Health Care Benefits Are Heading



*2013 Aon Hewitt Large Client Survey



New York State Electric & Gas Corporation Rochester Gas & Electric Corporation Insights on Benefit Index[®] for Union Employees— Revised

December 2, 2013

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Prepared in Anticipation of Litigation



Introduction

- Iberdrola requested Benefit Index studies in preparation for the 2014 NYSEG & RG&E rate cases
- In this discussion guide, we present the results of the Benefit Index studies for NYSEG & RG&E union employees compared to 15 utility companies (the results for salaried employees are provided in a separate document). The results compare the 2014 benefit provisions for NYSEG and RG&E to the 2013 benefit provisions of the peer group
 - Most of the utilities are east coast and all are in Towers Watson study
 - NYSEG and RG&E benefit are the same unless noted otherwise
- There have been significant changes to new hire retirement benefits at NYSEG and RG&E
 - For pensions, actions generally made to reduce risk:
 - Cash balance (CB) formula adopted in 2001 for NYSEG
 - Lump sum cashouts: for vested terms in 2013; for retirees in 2014/2015
 - New hires covered by DC-only program: 7/1/2010+ for NYSEG and 10/1/2009+ for RG&E
 - For retiree medical, actions generally made to reduce liabilities:
 - Subsidy caps for NYSEG and RG&E
 - RG&E retirees not covered (2009 and later)
 - NYSEG retirees access only (2012 and later)
 - Medicare-eligible retirees provided HRA to purchase individual coverage
- With each change, grandfathering provisions to avoid significant benefit cutbacks

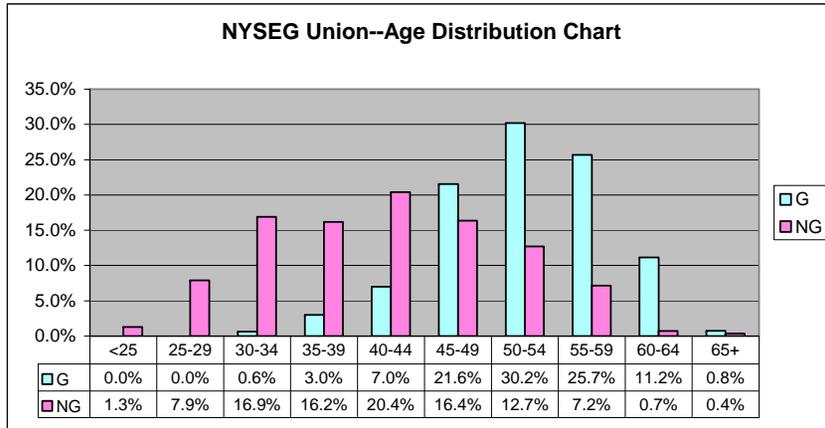
Agenda

- January 1, 2013 NYSEG, RG&E union pension population: age/service distributions
- Summary of current NYSEG and RG&E benefit plan provisions for new hires
- Benefit Index results
- Ideas for next steps

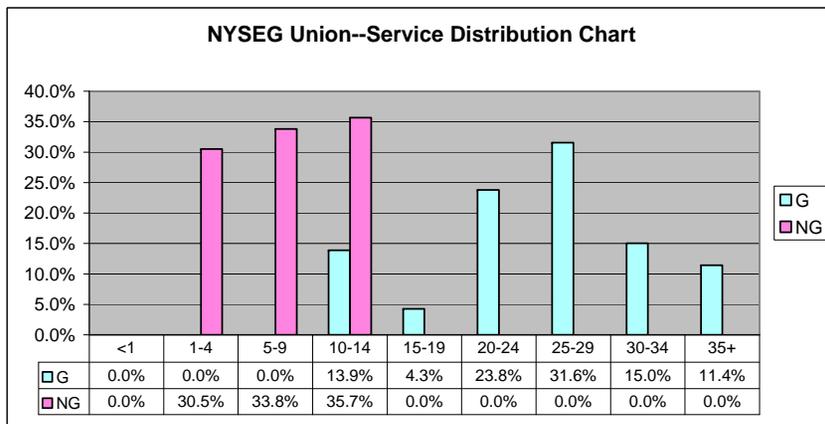


January 1, 2013 NYSEG, RG&E Union Pension Population: Age/Service Distributions

NYSEG—Active Pension Participants at 1/1/2013

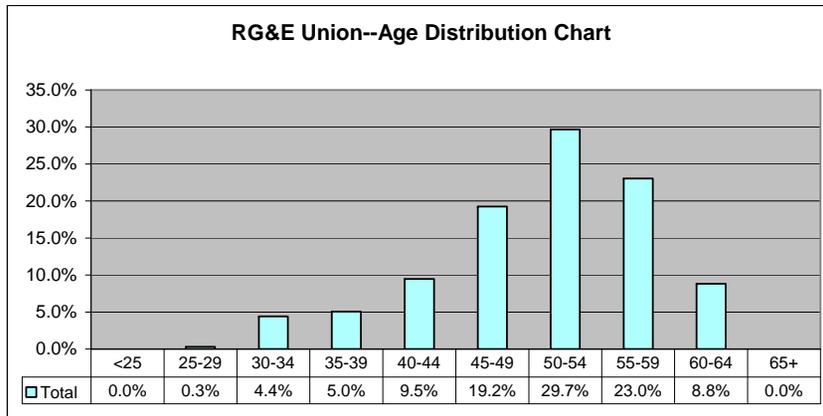


	#	Average Age	Average Service
Grandfathered	798	52	25
Nongrandfathered	544	41	7
Total	1,342	48	18

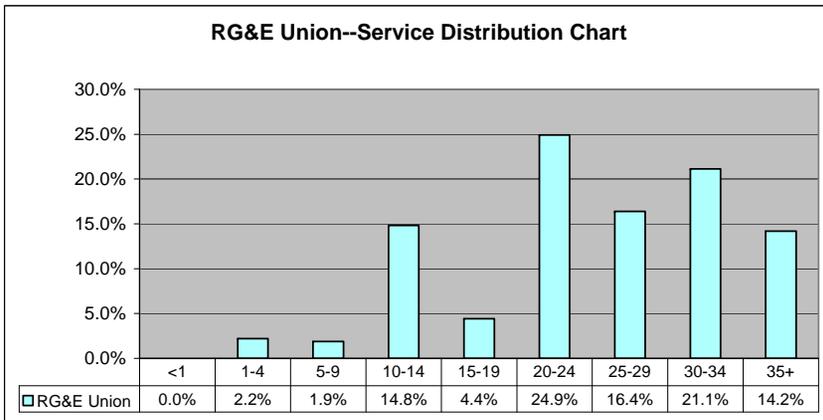


G = grandfathered; get better of final average pay and cash balance benefits
 NG = nongrandfathered; only cash balance benefit

RG&E Union—Active Pension Participants at 1/1/2013



	#	Average Age	Average Service
Total	317	50	25



Note: all RG&E union employees receive a pension equity benefit



Summary of NYSEG and RG&E Benefit Plan Provisions

Retirement Benefits for Iberdrola New Hires

DC Match

- Participation: 1 month
- Employee pre-tax: 1% to 50% of eligible pay
- Match: 150% on 1st 6% of eligible pay
- Eligible pay:
 - NYSEG: base, overtime
 - RG&E: base
- Vesting: Immediate
- Automatic enrollment
 - NYSEG: none
 - RG&E: 6%
- Automatic escalation: optional 1% per year

DC Non-Matching

- None

Healthcare Benefits for Iberdrola New Hires

Active Healthcare

- 80% overall employer subsidy (medical)
- Medical options
 - NYSEG: 3 medical options
 - Indemnity, POS, HMO
 - RG&E: 3 medical options
 - 3 PPOs; 1 has HDHP
 - The HDHP offers \$750/\$2,000 HRA
- Contributions based on coverage
- Smoker surcharge
 - NYSEG: no
 - RG&E: yes
- No wellness credits
- Spousal coverage is:
 - Primary if no other coverage
 - Secondary if working spouse with coverage at his/her company; must select employer's coverage to get Iberdrola coverage
- Dental: passive PPO plan
 - Deductible
 - NYSEG: \$50 family
 - RG&E: \$50/\$100 (individual/family)
 - \$1,500 annual plan maximum
- Separate vision plan

Retiree Medical

- NYSEG: access only; retiree pays for full cost of coverage
- RG&E: no coverage

Disability, Death, Time Off With Pay for Iberdrola New Hires

Other Security Benefits

- Short-term disability
 - NYSEG:
 - 85% up to 26 weeks; after 26 weeks, 60% for 4 weeks (at 10 years of service) up to 78 weeks (at 30 years of service)
 - RG&E:
 - Sick leave—one year eligibility; 100% up to 5 days
 - STD—one month eligibility; after 6th calendar day, 100% for remainder of 25 weeks
 - State Disability
 - After 8th calendar day, \$20 up to \$170 per week for 26 weeks
- Long-term disability
 - NYSEG:
 - Eligibility: 15 years
 - Benefit: varies by service from 35% to 50%
 - Offset: 50% of primary Social Security
 - RG&E:
 - Option #1
 - ♦ 50% coverage
 - ♦ Maximum benefit of \$8,333 per month
 - ♦ Employer paid
 - Option #2
 - ♦ 60% (buy-up) coverage
 - ♦ Maximum benefit of \$10,000 per month
 - ♦ Employee paid post-tax: \$0.235 per \$100 of benefit
 - Offset for both options: 100% of family Social Security
- Basic life insurance
 - NYSEG: 1.50 X pay; maximum of \$127,000
 - RG&E: \$50,000
- Supplemental life insurance
 - NYSEG: employee paid up to 2.0 times base pay; maximum of \$100,000
 - RG&E: employee paid up to 4.0 times base pay; maximum of \$1.5M including employer-paid
- Basic AD&D
 - \$50,000

Paid Time Off

- 10 holidays + 4 personal days
- Vacation/PTO schedule based on service
 - 1–4 years: 2 weeks
 - 5–13 years: 3 weeks
 - 14–20 years: 4 weeks
 - 21–29 years: 5 weeks
 - 30+: 6 weeks
- Days may be carried over
- Maximum of 5 days
- Vacation buying and selling
 - NYSEG: no vacation buying
 - RG&E: employees can purchase 5 vacation days
 - No vacation selling

Benefit Index Results



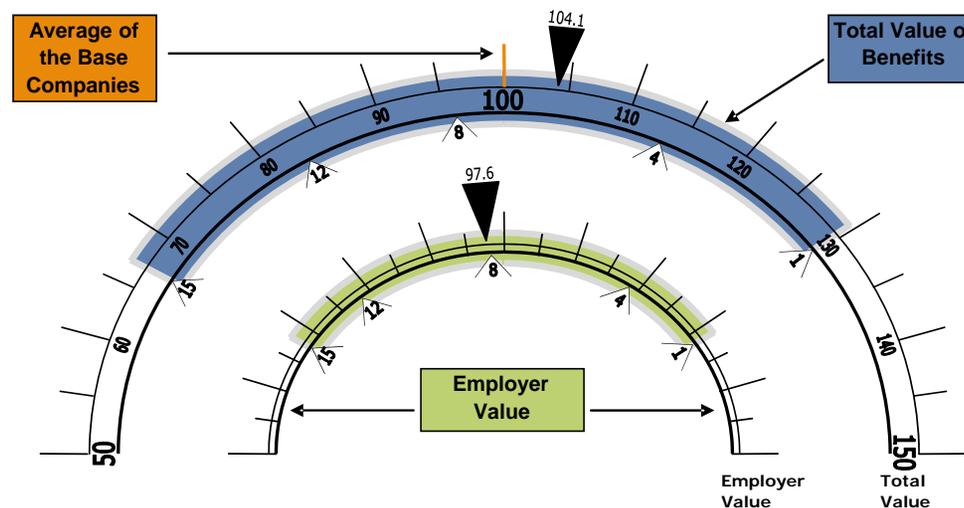
Benefit Index Overview

What It's Used For . . .

- Measure relative “value” and competitiveness of new hire benefit programs
- Align with organizational objectives
- Model proposed plan changes
- Communicate with senior management and employees

What It Measures . . .

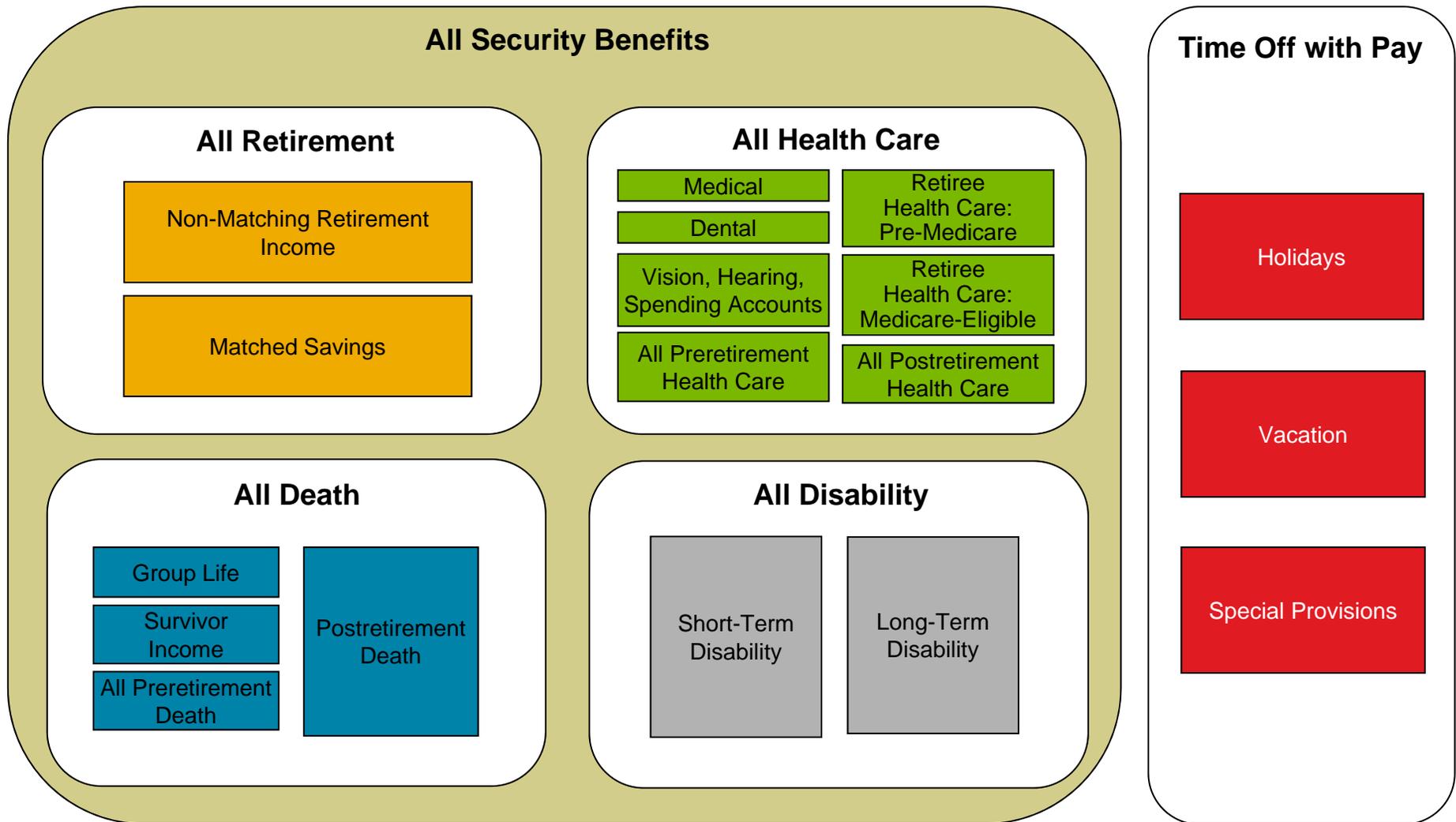
- Total program value and employer value for:
 - Retirement (DB, DC)
 - Life
 - Disability
 - Health Care
 - Time Off



Methodology . . .

- Value—not cost
- Benefits applied to standardized population
- Compared to selected organizations included in database

Summary of Benefits in Benefit Index Study

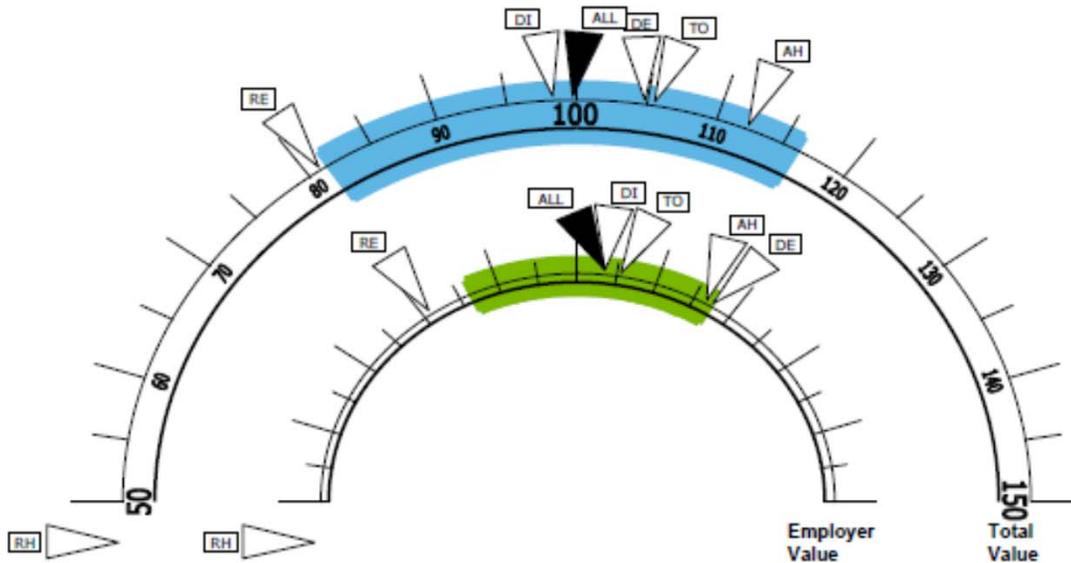


Comparator Organizations

15 Utilities

Consolidated Edison Company of New York, Inc. (New York)
CenterPoint Energy, Inc. (Texas)
CMS Energy (Michigan)
DPL Inc. (Ohio)
DTE Energy Company (Michigan)
Exelon Corporation (Illinois)
FirstEnergy Corp. (Ohio)
Great Plains Energy (Missouri)
NextEra Energy, Inc. (Florida)
NiSource Inc. (Indiana)
Northeast Utilities Service Company (Connecticut)
NSTAR (Massachusetts)
PacifiCorp (Oregon)
Progress Energy, Inc. (North Carolina)
Public Service Enterprise Group (New Jersey)

NYSEG vs. Peers for New Hires



Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the NYSEG plan benefit falls between the 1st and 2nd base companies

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	80.9	Below 15 th	80.9	Below 15 th
All Death	(DE)	117.4	3 rd /4 th	104.8	5 th / 6 th
All Disability	(DI)	103.4	8 th /9 th	98.4	9 th /10 th
All Active Health Care	(AH)	116.6	Above 1 st	112.2	Above 1 st
All Retiree Health Care	(RH)	0.0	13 th – 15 th	40.6	12 th /13 th
Time Off With Pay	(TO)	105.4	4 th /5 th	105.4	4 th /5 th
All Benefits	(ALL)	103.4	5 th /6 th	99.8	10 th /11 th

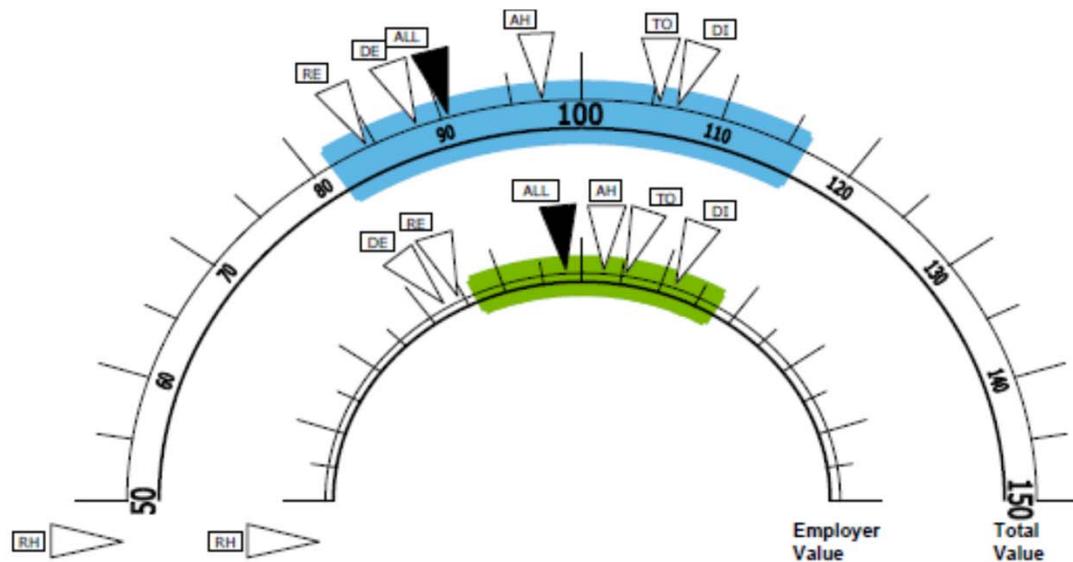
Red circled if index <95.0; green circled if index >105.0.

Impact by Benefit on NYSEG All Benefits Results

Employer Value	Relative Weight	Your Index	Impact on All Benefits
Retirement Income			
▪ Non-Matching	12.2%	0.0	(12.2)
▪ Matched Savings	6.8%	225.5	8.5
Death	1.0%	117.4	0.2
Disability	6.3%	103.4	0.2
Health Care			
▪ Active	44.8%	116.6	7.5
▪ Retiree	2.3%	0.0	(2.3)
Time Off With Pay	26.6%	105.4	1.5
All Benefits	100.0%	103.4	3.4

- Relative Weight is the percent of total benefit value, for each benefit category, for the peer group
- The tables illustrate how your values for each major area impact the All Benefits index
 - For example, the employer value for the All Benefits index is 3.4 percentage points above average, and the Matched Savings Retirement Income index contributes 8.5 percentage points to this All Benefits position
- In each benefit area, the Impact on All Benefits is calculated as the Relative Weight multiplied by the difference between Your Index and 100

RG&E vs. Peers for New Hires



Notes:

- (1) An index value of 100 indicates the average benefit value of the base companies
- (2) A rank of 1st/2nd indicates that the RG&E plan benefit falls between the 1st and 2nd base companies

Your Position Relative to the Base Companies		Employer Value		Total Value	
		Index	Ranking	Index	Ranking
All Retirement	(RE)	84.3	12 th /13 th	84.3	12 th /13 th
All Death	(DE)	82.3	9 th /10 th	88.2	11 th /12 th
All Disability	(DI)	111.7	3 rd /4 th	106.7	5 th /6 th
Active Health Care	(AH)	102.7	5 th /6 th	97.2	12 th /13 th
Retiree Health Care	(RH)	0.0	13 th – 15 th	0.0	15 th
Time Off With Pay	(TO)	105.4	4 th /5 th	105.4	4 th /5 th
All Benefits	(ALL)	98.0	9 th /10 th	90.6	13 th /14 th

Red circled if index <95.0; green circled if index >105.0.

Impact by Benefit on RG&E All Benefits Results

Employer Value	Relative Weight	Your Index	Impact on All Benefits
Retirement Income			
▪ Non-Matching	12.2%	0.0	(12.2)
▪ Matched Savings	6.8%	234.9	9.2
Death	1.0%	82.3	(0.2)
Disability	6.3%	111.7	0.8
Health Care			
▪ Active	44.8%	102.7	1.2
▪ Retiree	2.3%	0.0	(2.3)
Time Off With Pay	26.6%	105.4	1.5
All Benefits	100.0%	98.0	(2.0)

- Relative Weight is the percent of total benefit value, for each benefit category, for the peer group
- The tables illustrate how your values for each major area impact the All Benefits index
 - For example, the employer value for the All Benefits index is 2.0 percentage points below average, and the Matched Savings Retirement Income index contributes 9.2 percentage points to this All Benefits position
- In each benefit area, the Impact on All Benefits is calculated as the Relative Weight multiplied by the difference between Your Index and 100

Summary Statistics: Retirement Programs of Peers

Non-Matching Plans	Peers
Traditional Pension Plans:	
▪ Highest Average Pay	3
▪ Fixed Dollar	1
Hybrid Pension Plans:	
▪ Cash Balance	6
▪ Pension Equity	1
Multiple Formulas in a Pension Plan	1
Defined Contribution Plans:	
▪ Profit Sharing	0
▪ Noncontributory Savings	3
Total	15

Match Per \$1 of Employee Contribution	Peers
\$0.49 or Less	0
\$0.50	4
\$0.51–\$0.74	3
\$0.75	1
\$0.76–\$0.99	0
\$1.00	6
\$1.50	1
Total	15
Average	\$0.81

NYSEG,
RG&E

Pink = Iberdrola design

Blue = Most prevalent design

Retirement Program Value as a % of Pay

Plan	Peer Group	NYSEG	RG&E
Retirement: Non-Matching	5.1%	0.0%	0.0%
Retirement: Matching	3.0%	6.8%	7.0%
Retirement: All Retirement Income	8.1%	6.8%	7.0%

Note: Retirement value represents the anticipated cost of providing the benefit to employees based on the assumptions used for Benefit Index valuations. These amounts are determined reflecting assumed participation rates as well as future decrement assumptions. As a result, the assumed costs as a percent of pay are lower than the anticipated cost for an individual. For example, Iberdrola's savings plan match program will provide a 9% contribution to each participant contributing 6%. However, the employer cost after reflecting various discounts is estimated to be 6.8% of pay for NYSEG and 7.0% of pay for RG&E.

Non-Matching Retirement Plans

Company	Defined Benefit			
	Open/Closed/ Frozen	Plan Type	Benefit Formula	Profit Sharing/Noncontributory
★ CECONY	Open	Cash Balance	Based on points: 4.0% to 7.0%	No
CenterPoint Energy, Inc.	Open	Cash Balance	5%	No
CMS Energy	Closed	N/A	N/A	6.0%
DPL Inc.	Open	Fixed Dollar	\$41 x service (maximum 37 years)	No
DTE Energy Company	Open	Choice at Hire: Final Average Pay or Cash Balance	FAP: 1.50% highest average pay x service CB: 7% up to 30 years; 7.5% thereafter	No
Exelon Corporation	Open	Cash Balance	Based on age: 4.5% to 10%	No
FirstEnergy Corp.	Open	Final Average Pay	1.20% highest average pay x service	No
Great Plains Energy	Open	Final Average Pay	1.25% highest average pay x service	No
NextEra Energy, Inc.	Open	Cash Balance	6%	No

★ Significant change in benefits from 2012 (CECONY had final average pay formula in 2012)

Non-Matching Retirement Plans (continued)

Company	Defined Benefit			Profit Sharing/Noncontributory
	Open/Closed/Frozen	Plan Type	Benefit Formula	
NiSource Inc.	Open	Cash Balance	Based on points: 4.0%/5.0% to 6.0%/7.0% Breakpoint: 50% of SSWB	No
Northeast Utilities Service Company	Closed	N/A	N/A	Based on points: 2.5% to 6.5%
NSTAR	Open	Pension Equity	Based on age: 5.0% to 15.0%	No
PacifiCorp	Closed	N/A	N/A	6.0%
Progress Energy, Inc.	Open	Final Average Pay	(1.8% highest average pay – 1.143% primary SS benefit) x service (maximum 35 yrs)	No
Public Service Enterprise Group	Open	Cash Balance	Based on points: 2.0% to 12.0%	No
Iberdrola USA	Closed	N/A	N/A	No

- 15 of 15 in peer group have either open defined benefit or non-elective defined contribution
 - 12 with open defined benefit
 - 3 with non-elective defined contribution

There were no significant changes in benefits from 2012.

Matched Savings, Stock Purchase Plans

Matched Savings						
Company	Eligibility for Match	Vesting	Match	Pay Definition	Auto Enroll	Stock Purchase Plan
★ CECONY	3 months	3-year cliff	100% on ee contributions up to \$1.33 per hour of base pay	Base	--	10% discount
CenterPoint Energy, Inc.	Immediate	Immediate	100% on 1 st 6%	Total	3%	--
CMS Energy	Immediate	6-year graded	60% on 1 st 6%	Base	6%	--
DPL Inc.	1 month	3-year cliff	150% (maximum \$1,900)	--	3%	--
DTE Energy Company	6 months	6-year graded	75% on 1 st 4%; 50% on next 4%	Base, shift diff., work area premium, weekend premium	4%	--
Exelon Corporation	3 months	Immediate	100% on 1 st 5%	Base	3%	10% discount
★ FirstEnergy Corp.	Immediate	Immediate	50% on 1 st 4%	Base, bonus, sales bonus	3%	--
Great Plains Energy	12 months	Immediate	100% on 1 st 6%	Base, bonus	6%	--

★ Significant change in benefits from 2012 (CECONY was 50% on employee contributions up to \$1.26 per hour of base pay; FirstEnergy Corp. was 50% on 1st 6%)

Matched Savings, Stock Purchase Plans (continued)

Company	Matched Savings					Stock Purchase Plan
	Eligibility for Match	Vesting	Match	Pay Definition	Auto Enroll	
NextEra Energy, Inc.	1 month	5-year graded	100% on 1 st 3%; 50% on next 3%; 25% on next 1%	Base	--	--
NiSource Inc.	Immediate	Immediate	75% on 1 st 6%	Base	3%	10% discount
Northeast Utilities Service Company	6 months	Immediate	100% on 1 st 3%	Base	3%	5% discount
NSTAR	Immediate	Immediate	50% on 1 st 8%	Total	--	--
PacifiCorp	12 months	5-year graded	50% on 1 st 6%	Total	--	--
Progress Energy, Inc.	Immediate	Immediate	100% on 1 st 6%	Base	--	--
Public Service Enterprise Group	6 months	Immediate	50% on 1 st 7%	Total	3%	5% discount
Iberdrola USA (NYSEG)	1 month	Immediate	150% on 1 st 6%	Base	0%	--
Iberdrola USA (RG&E)	1 month	Immediate	150% on 1 st 6%	Base, OT	6%	--

- 9 of 15 in peer group vest immediately in match
- 10 of 15 in peer group auto enroll
- 4.3% average maximum match employer contribution of peer group
- 5 of 15 in peer group provide a stock purchase plan (this is not part of BI value as is considered “cash”); all 5 provide a discount

There were no significant changes in benefits from 2012.

Trends in Design: Short-Term Disability

Company	Pay Replacement	Benefits Begin	Benefit Schedule
CECONY	<ul style="list-style-type: none"> 100% 80% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> When accrual has been used, based on service: accrue 1 week per year of service; maximum accrual 52.0 weeks 26 weeks
CenterPoint Energy, Inc.	<ul style="list-style-type: none"> 100% 66.7% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 1 week to 26 weeks (at 20 years of service) Remainder of 26 weeks
CMS Energy	<ul style="list-style-type: none"> 90% 45% 	<ul style="list-style-type: none"> 1st day, until 3 absences, then 3rd day After 90% period 	<ul style="list-style-type: none"> 30 work days to 100 work days (at 25 years of service) 30 half work days to 100 half work days (at 25 years of service)
DPL Inc.	<ul style="list-style-type: none"> 100% 50% May fill in to 100% using partial days 	<ul style="list-style-type: none"> 4th day (1st day if hospitalized) After 100% period 	<ul style="list-style-type: none"> 1 week to 20 weeks (at 15 years of service) 1 week to 20 weeks (at 15 years of service)
DTE Energy Company	<ul style="list-style-type: none"> 100% (PTO Bank) 100% 90% 	<ul style="list-style-type: none"> 1st day 4th work day After 100% period 	<ul style="list-style-type: none"> 3 days per illness (combined with vacation) 1 week 7 weeks (1-4 years of service) to 44 weeks (at 35 years of service)
Exelon Corporation	<ul style="list-style-type: none"> 100% 37.5% (43% if 2 yrs) 75% (86% if 2 yrs) (Buy-up) 	<ul style="list-style-type: none"> 1st day 8th calendar day 8th calendar day 	<ul style="list-style-type: none"> 1 week Remainder of 36 months Remainder of 65 weeks
FirstEnergy Corp.	<ul style="list-style-type: none"> 100% 50% 	<ul style="list-style-type: none"> Based on previous year's absences (1st day if hospitalized) After 100% period 	<ul style="list-style-type: none"> 2 weeks to 32 weeks (at 20 years of service) 2 weeks to 28 weeks (at 7 years of service)
Great Plains Energy	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> 1st day 	<ul style="list-style-type: none"> When accrual has been used, accrue 1 day per month; maximum accrual 180 days
NextEra Energy, Inc.	<ul style="list-style-type: none"> 100% 100% 80% 60% 	<ul style="list-style-type: none"> 1st day 15th calendar day After 100% period After 80% period 	<ul style="list-style-type: none"> When accrual has been used, accrue 6 day per year; maximum accrual 40 days 3 weeks (at 1-14 years of service), 6 weeks (at 15 years of service) 3 weeks (at 0-14 years of service), 6 weeks (at 15 years of service) Remainder of 5 months

Trends in Design: Short-Term Disability

Company	Pay Replacement	Benefits Begin	Benefit Schedule
NiSource Inc.	<ul style="list-style-type: none"> 100% 60% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 1 week (at <1 year of service), 8 weeks (at 1-9 years of service), 16 weeks (at 10-19 years of service) to 26 weeks (at 20 years of service) Remainder of 26 weeks
Northeast Utilities Company	<ul style="list-style-type: none"> 100% 67% May fill in to 100% using partial days 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 6 weeks Remainder of 26 weeks
NSTAR	<ul style="list-style-type: none"> 100% 75% 	<ul style="list-style-type: none"> 1st day After 100% period 	<ul style="list-style-type: none"> 16 weeks Remainder of 52 weeks
PacifiCorp	<ul style="list-style-type: none"> 100% 75% 	<ul style="list-style-type: none"> 1st calendar day 6th work day 	<ul style="list-style-type: none"> 6 days (at <1 year of service); 10 days (at 1 year of service) Remainder of 180 days
Progress Energy, Inc.	<ul style="list-style-type: none"> 100% 100% 60% 	<ul style="list-style-type: none"> 1st day 15th calendar day After 100% period 	<ul style="list-style-type: none"> 10 days per illness 2 weeks per year of service Remainder of 26 weeks
Public Service Enterprise Group	<ul style="list-style-type: none"> 100% SDI: \$10 to \$584 per week 	<ul style="list-style-type: none"> 1st day 8th calendar day 	<ul style="list-style-type: none"> 44 days to 132 days (at 10 years of service) Remainder of 26 weeks
Iberdrola USA– NYSEG	<ul style="list-style-type: none"> 85% 60% SDI: \$20 to \$170 per week 	<ul style="list-style-type: none"> 1st day 27 weeks 8th calendar day 	<ul style="list-style-type: none"> 26 weeks 4 weeks (at 10 years of service) to 78 weeks (at 30 years of service) 26 weeks
Iberdrola USA– RG&E	<ul style="list-style-type: none"> 100% 100% SDI: \$20 to \$170 per week 	<ul style="list-style-type: none"> 1st day 6th calendar day 8th calendar day 	<ul style="list-style-type: none"> 5 days Remainder of 26 weeks 26 weeks

- 15 of 15 in peer group provide 100% pay replacement for at least 5 days
- 12 of 15 in peer group vary benefit by years of service

Long-Term Disability

Company	% Replacement	Monthly Benefit Maximum	Elimination Period	Employee Contribution
CECONY	50%	\$3,000	6 months or after salary continuation if later 6 months or after salary continuation if later	No
	60%	\$3,000		Yes
CenterPoint Energy, Inc.	50%	\$20,000	6 months	No
	60%	\$20,000	6 months	Yes
CMS Energy	50%	\$7,500	9 months	No
	60%	\$7,500	9 months	Yes
DPL Inc.	First 24 months or until SS benefits approved: 50% of gross monthly pay After 24 months or SS benefits approval: 30% of gross monthly pay	Unlimited	After salary continuation	No
DTE Energy Company	50%	\$10,000	5 months or after salary continuation if later	No
Exelon Corporation	N/A	N/A	N/A	N/A
FirstEnergy Corp.	50%	\$15,000	6 months	No
	66.7%	\$15,000	6 months	Yes
Great Plains Energy	66.7%	\$5,000	6 months	No
NextEra Energy, Inc.	60%	\$8,000	5 months	No
	60% (2% COLA)	\$8,000	5 months	Yes
NiSource Inc.	50%	\$15,000	6 months	No
	60%	\$15,000	6 months	Yes
Northeast Utilities Company	40%	\$6,667	6 months	No
	60%	\$10,000	6 months	Yes
	70%	\$11,667	6 months	Yes
NSTAR	60%	\$7,000	After salary continuation	No
PacifiCorp	65%	\$20,000	6 months	No
Progress Energy, Inc.	60%	Unlimited	6 months	Yes
	70%	Unlimited	6 months	Yes
Public Service Enterprise Group	50%	\$8,333	6 months	No
	60%	\$10,000	6 months	Yes
	70%	\$11,667	6 months	Yes
Iberdrola USA–NYSEG	Varies by service: 15 yrs to 30 yrs: 35% to 50% ^s	Unlimited	After extended disability	No
Iberdrola USA–RG&E	50%	\$8,333	6 months	No
	60%	\$10,000	6 months	Yes

- 13 of 15 in peer group provide employer paid LTD
- 9 of 15 in peer group require employee contributions at 60% or better benefit
- 8 of 15 in peer group with benefit maximum less than \$15,000; 7 with maximum at \$15,000 or greater
- 8 of 15 in peer group with 6-month elimination period; 1 with 9-month elimination period; 1 with 5-month elimination period

Active Medical Plans

Company	CDHP?	Wellness Credits?	Spousal Surcharge?	Smoker Surcharge?	Salary Based Contributions?
CECONY	Option	\$10 (ee) monthly for completion of HRA/HRQ	No	No	No
CenterPoint Energy, Inc.	Option	No	No	Yes (non-smoker discount)	No
CMS Energy	Option	No	No	No	Yes
DPL Inc.	Option	No	No	No	No
DTE Energy Company	No	No	Yes	No	Yes
Exelon Corporation	No	No	Yes	No	No
FirstEnergy Corp.	Option	\$20 monthly for healthy living participation; \$20 monthly for meeting results-based criteria	Yes	No	No
Great Plains Energy	No	No	No	No	No
NextEra Energy, Inc.	No	No	No	No	No
NiSource Inc.	Option	No	No	No	No
Northeast Utilities Service Company	Option	No	No	No	No

Active Medical Plans (continued)

Company	CDHP?	Wellness Credits?	Spousal Surcharge?	Smoker Surcharge?	Salary Based Contributions?
NSTAR	Option	No	No	No	No
PacifiCorp	Option	No	No	No	Yes
Progress Energy, Inc.	Option	\$125 credits for completion of HRA/HRQ and for completion of screenings plus one additional credit option: 1) \$375 for achievement of 5 wellness goals 2) \$75 for completion of health coaching	No	No	No
Public Service Enterprise Group	Option	\$100 for completion of HRA/HRQ	No	No	No
Iberdrola USA (NYSEG)	No	No	No ¹	No	No
Iberdrola USA (RG&E)	Option	No	No ¹	Yes	No

- 11 of 15 have a CDHP as an option
- 4 of 15 have wellness credits
- 3 of 15 have spousal surcharges
- 1 of 15 has smoker surcharges
- 2 of 15 have salary based contributions

¹Spousal coverage: secondary for a working spouse with coverage at his/her company; working spouse must be enrolled in his/her company coverage, if any, to be eligible for Iberdrola coverage.

Paid Time Off

Company	PTO Bank?	Maximum Service Required	Maximum Weeks
CECONY	No	25	5.0
CenterPoint Energy, Inc.	No	35	6.0
CMS Energy	No	22	5.0
DPL Inc.	No	24	5.0
DTE Energy Company	No	30	7.4
Exelon Corporation	No	25	6.0
FirstEnergy Corp.	No	24	5.0
Great Plains Energy	No	20	5.0
NextEra Energy, Inc.	No	23	5.0
NiSource Inc.	No	10	4.0
Northeast Utilities Service Company	No	20	5.0
NSTAR	No	30	6.0
PacifiCorp	No	25	6.0
Progress Energy, Inc.	No	24	5.0
Public Service Enterprise Group	No	30	6.0
Iberdrola USA	No	30	6.0

- 0 of 15 use PTO Bank
- 7 require 25 YOS or more to reach maximum weeks of paid time off
- 5.4 is the average maximum weeks provided by the base companies

There were no significant changes in benefits from 2012.

Putting It All Together—NYSEG Benefit Index Results

Plan	Benefit Index Results	Comments
Retirement	<ul style="list-style-type: none"> Below average due to the lack of both a defined benefit pension plan or noncontributory defined contribution plan. Matched savings index is well above average at 225.5. 	<ul style="list-style-type: none"> Average maximum matching contribution is 4.3%; NYSEG is 9.0%. Average company match is \$0.81; NYSEG is \$1.50.
Death	<ul style="list-style-type: none"> The employer-provided value is 117.4, ranking between 5th and 6th base companies. 	<ul style="list-style-type: none"> Employer-paid group life insurance is one and one-half times pay which is larger than the average amount provided by the bases companies.
Disability	<ul style="list-style-type: none"> For STD, total benefits are average at 100.2, ranking between 9th and 10th base companies; and employer value is above average at 104.0, ranking between 8th and 9th base companies; for LTD, total benefits are below average and employer value is above average which means that employee contributions are below average 	<ul style="list-style-type: none"> For STD, NYSEG does not provide any 100% continuation although benefit is about average since 85% is provided for longer disabilities rather than a 60% or 75% second tier of the base companies; for LTD, below average since the continuation %'s are below average and 15 years of service is required for coverage.
Active Medical	<p>When dental and vision are not included:</p> <ul style="list-style-type: none"> Total benefits have an index of 112.3, ranking above the 1st base company. 	<ul style="list-style-type: none"> The 2 medical options with high participation provide extensive 100% coverage with relatively small deductibles and/or copays. Required employee contributions at NYSEG are less than average.
Retiree Medical	<ul style="list-style-type: none"> Access only, so employer value index is 0.0. 	<ul style="list-style-type: none"> Consistent with trend to eliminate the subsidy.

Putting It All Together—NYSEG Benefit Index Results (continued)

Plan	Benefit Index Results	Differences Relative to Market
Time Off	<ul style="list-style-type: none"> The total Time Off With Pay index is 105.4, ranking between the 4th and 5th base companies. 	<ul style="list-style-type: none"> The basic vacation schedule for hourly employees is about average because the third, fourth, fifth, and sixth weeks of vacation are provided after an about average period of service.
Overall	<ul style="list-style-type: none"> The below average total All Security Benefits reflects below average retirement income and postretirement health care values, offset somewhat by above average death and active health care and an about average disability value. The absence of a postretirement health care plan for new hires is a minus. The total All Benefits index is more than the All Security Benefits index because the Time Off value, at 105.4, is larger relative to the base companies than the other areas combined. 	<ul style="list-style-type: none"> Employee perception? Innovative communications?

Putting It All Together—RG&E Benefit Index Results

Plan	Benefit Index Results	Comments
Retirement	<ul style="list-style-type: none"> Below average due to the lack of both a defined benefit pension plan or noncontributory defined contribution plan. Matched savings index is well above average at 234.9 	<ul style="list-style-type: none"> Average maximum matching contribution is 4.3%; RG&E is 9.0%. Average company match is \$0.81; RG&E is \$1.50.
Death	<ul style="list-style-type: none"> For RG&E, the employer-provided value is 82.3 ranking between the 9th and 10th base companies. 	<ul style="list-style-type: none"> At RG&E, employer-paid group life insurance is \$50,000 which is less than the average amount provided by the base companies.
Disability	<ul style="list-style-type: none"> For STD, total benefits are above average at 118.9, ranking above 1st For LTD, total benefits are well below average at 66.3, ranking between the 13th and 14th base companies. 	<ul style="list-style-type: none"> For STD, after one year of service, RG&E provides 26 weeks at 100% LTD is well below market since most NYSEG employees elect the 50% option which is below average.
Active Medical	<p>When dental and vision are not included:</p> <ul style="list-style-type: none"> RG&E: total benefits provided by RG&E have an index of 98.6, ranking between the 11th and 12th base companies. 	<ul style="list-style-type: none"> Most employees elect the plan with a \$250 deductible option which is about average. Required employee contributions for coverage are below average.
Retiree Medical	<ul style="list-style-type: none"> No retiree medical coverage; therefore index of 0.0. 	<ul style="list-style-type: none"> Consistent with the trend to eliminate the benefit.
Time Off	<ul style="list-style-type: none"> The total Time Off With Pay index is 105.4, ranking between the 4th and 5th base companies. 	<ul style="list-style-type: none"> The basic vacation schedule for hourly employees is about average because the third, fourth, fifth, and sixth weeks of vacation are provided after an about average period of service.

Putting It All Together—RG&E Benefit Index Results (continued)

Plan	Benefit Index Results	Differences Relative to Market
Overall	<ul style="list-style-type: none"> ▪ The below average total All Security Benefits reflects below average retirement income, death and health care values, offset somewhat by above average disability value. The absence of a postretirement health care plan for new hires is a minus. ▪ The total All Benefits index is more than the All Security Benefits index because the Time Off value, at 105.4, is larger relative to the base companies than the other areas combined. 	<ul style="list-style-type: none"> ▪ Employee perception? ▪ Innovative communications?

Ideas for Next Steps

- Employee perception index/Total Rewards Optimization
- HHVI (medical cost benchmarking) for 2014
- Life insurance and LTD rate negotiations
- Retirement/financial wellness
 - Communication/tools
 - Investment line-up
 - Retiree medical including exchange and HSA strategy
- Review from a total compensation perspective
- Rethink approach to communication of programs
 - CDHP enrollment
 - LTD enrollment
 - Retirement plans
 - Total value of plans
 - Mix of channels



Appendix

Methodology

General Premise

- Methodology must give a reasonable comparison of the value of the different types of plans within a benefit area:
 - A reasonable comparison of a final pay pension formula versus a defined contribution approach requires an assumption about pay increases
 - A comparison of the value of medical benefits should not depend on whether the benefits are insured or self-insured
- Methodology must give a reasonable comparison of the value of the overall program, recognizing that certain parts of it are more valuable than others

General Approach

- “Give” Iberdrola and comparator group benefits programs to standard population:
 - Use of standard population neutralizes demographic differences
 - Variety of combinations of age/service/pay
 - Not your population...focus of study is on relative value
- Use consistent valuation assumptions and methods
- Ignore differences in funding/accounting approaches

Methodology (continued)

Valuation Approaches

Preretirement Benefits:

- Insurance premium calculation
- One-year term cost
- Probability of event
- Lump sum value

Postretirement Benefits:

- Actuarial calculations
- Present value of projected benefits
- Allocated over working career
- One-year allocation expensed as a percentage of pay

NYSEG Compensation Percent of Market Median*

Compensation Element	Non-union	Union	Total
Base Salary	94.0%	112.5%	97.2%
Target Total Cash	92.3%	106.7%	94.8%

*Based on study completed by Towers Watson, December 2013.

RG&E Compensation Percent of Market Median*

Compensation Element	Non-union	Union	Total
Base Salary	95.7%	101.2%	96.5%
Target Total Cash	95.0%	95.4%	95.1%

*Based on study completed by Towers Watson, December 2013.

NYSEG Benefits Percent of Peer Group Average*

Peer Group	Non-union	Union
NYSEG New Hire versus Peer Group New Hire		
Utility	96.2%	103.4%
General Industry	105.2%	NA
NYSEG Long-Service versus Peer Group New Hire		
Utility	98.8%	NA
General Industry	110.2%	NA

*Based on value of employer-provided benefits; study completed by Aon Hewitt, December 2013.

RG&E Benefits Percent of Peer Group Average*

Peer Group	Non-union	Union
RG&E New Hire versus Peer Group New Hire		
Utility	97.3%	98.0%
General Industry	106.4%	NA
RG&E Long-Service versus Peer Group New Hire		
Utility	99.9%	NA
General Industry	111.4%	NA

*Based on value of employer-provided benefits; study completed by Aon Hewitt, December 2013.

RG&E Union Variable Pay Plan

RG&E Union - 2014 Metrics for Variable Pay Plan - Amounts Payable in 2015

Available Variable Pay

Base 0.25%
Lump Sum 1.50%

Earned

Targets	Satisfactory	Good	Excellent	Weight	Shareholder/Other	Customer
RG&E EBITDA	97.5%	Budget	102.5%			
Variable pay earned	1/3 Variable Base	1/3 Variable Base 1/6 Lump Sum	1/3 Variable Base 1/3 Lump Sum	33.33%	33.33%	0%
Reliability						
RG&E SAIFI	0.9	0.875	0.85			
RG&E CAIDI	1.9	1.875	1.85			
Customer Satisfaction	85%	86%	87%	33.33%	0.00%	33.33%
Gas Safety (% response within 30 minutes)	75%	77.50%	80%			
Variable Pay Earned	1/3 Variable Base	1/3 Variable Base 1/6 Lump Sum	1/3 Variable Base 1/3 Lump Sum			
Safety Metrics						
OSHA Injury Rate	2.40	1.86	1.32			
Lost Time Rate	0.91	0.65	0.39			
Preventable Motor Vehicle Incidence Rate	1.66	1.59	1.52	33.33%	0.00%	33.33%
Variable Pay Earned	1/3 Variable Base	1/3 Variable Base 1/6 Lump Sum	1/3 Variable Base 1/3 Lump Sum			
Total % Customer						66.67%

To achieve a Satisfactory, Good or Excellent for a specific metric, all elements of the metric must meet or exceed the stated metric levels. There is no interpolation between levels.

RG&E
Variable Compensation
Derivation of Customer's Share of Non-Union Non-Executive Variable Compensation Plan

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
1 Iberdrola & Iberdrola Group Network (Tier 1)	20.0%	0.0%	20.0%
2 Iberdrola USA (Tier 2)	<u>10.5%</u>	<u>19.5%</u>	<u>30.0%</u>
3 Total Tiers 1 and 2	30.5%	19.5%	50.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Customer</u>	<u>Customer %</u>
		<u>Shareholder</u>	<u>Customer</u>			
Office of the CEO						
4 Legal	129,999	20.00%	30.00%	19.5%	49.50%	64,350
5 Office of the COO	73,605	6.25%	43.75%	19.5%	63.25%	46,555
6 Regulatory	1,035,647	20.00%	30.00%	19.5%	49.50%	512,645
7 OT/BT	921,204	4.17%	45.83%	19.5%	65.33%	601,852
8 Engineering & Delivery	5,849,316	0.00%	50.00%	19.5%	69.50%	4,065,275
9 NY President	1,142,185	0.00%	50.00%	19.5%	69.50%	793,819
10 Electric T&D	7,078,688	0.00%	50.00%	19.5%	69.50%	4,919,688
11 Human Resources	661,604	14.17%	35.83%	19.5%	55.33%	366,088
12 Asset Management & Planning	1,760,158	2.50%	47.50%	19.5%	67.00%	1,179,306
13 General Services	466,344	12.50%	37.50%	19.5%	57.00%	265,816
14 Customer Service	10,387,702	0.00%	50.00%	19.5%	69.50%	7,219,453
15 Gas Operations	1,471,667	0.00%	50.00%	19.5%	69.50%	1,022,809
16 Finance	183,258	23.13%	26.88%	19.5%	46.38%	84,986
17 CMP President	136,895	0.00%	0.00%	0.0%	0.00%	-
18 Total	<u>31,298,272</u>					<u>21,142,640</u>
19				Total Customer %		21,142,640
20				Total Salaries		31,298,272
21				Weighted % Customer		68%

RG&E

Workpapers - Variable Incentives
ISA, ISA Network and IUSA Network

Iberdrola SA Objective

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

Iberdrola SA Group Networks

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

ISA and ISA Networks	20.0%	0.0%
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Iberdrola USA

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

RG&E

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Legal

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

IUSA - Regulatory

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

IUSA - OT / BT

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

RG&E

Workpapers - Variable Incentives
IUSA Business Areas



IUSA - Engineering & Delivery

No. % Objective

Shareholder /
Other

Customer

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RG&E

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - NY President

No.	%	Objective	Shareholder / Other	Customer
[Redacted]				

IUSA - Electric T&D

No.	%	Objective	Shareholder / Other	Customer
[Redacted]				

RG&E

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Human Resources

No. % Objective

Shareholder /
Other

Customer



IUSA - Asset Management & Planning

Note: For NY employees, the CMP objectives are not included in the GIP for this and certain other business areas

No. % Objective

Shareholder /
Other

Customer

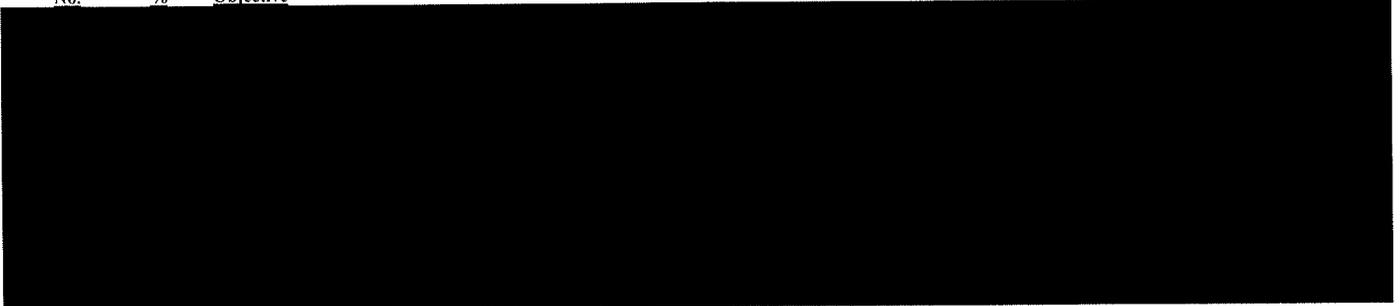


IUSA - General Services

No. % Objective

Shareholder /
Other

Customer



RG&E

Workpapers - Variable Incentives
IUSA Business Areas



IUSA - Customer Service

Note: For NY employees, the CMP objectives are not included in the GIP for this and certain other business areas

Shareholder /

No. % Objective

Other

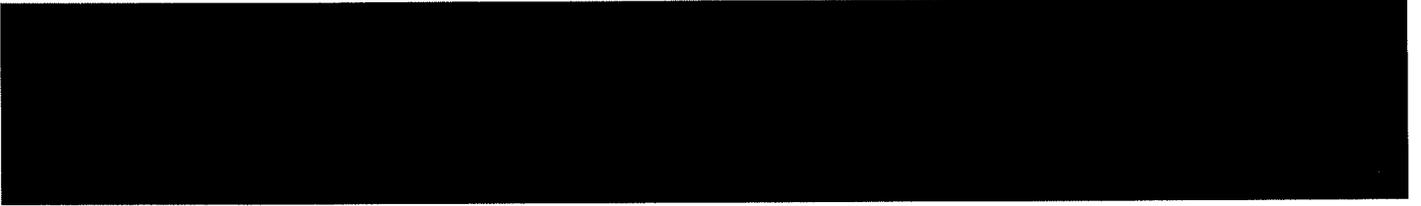
Customer

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<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted Content]				

RG&E

Workpapers - Variable Incentives
IUSA Business Areas



NYSEG
Variable Compensation
Derivation of Customer's Share of Non-Union Non-Executive Variable Compensation Plan

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
1 Iberdrola & Iberdrola Group Network (Tier 1)	20.0%	0.0%	20.0%
2 Iberdrola USA (Tier 2)	<u>10.5%</u>	<u>19.5%</u>	<u>30.0%</u>
3 Total Tiers 1 and 2	30.5%	19.5%	50.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Customer</u>	<u>Customer %</u>
		<u>Shareholder</u>	<u>Customer</u>			
Office of the CEO						
4 Legal	-	20.00%	30.00%	19.5%	49.50%	-
5 Office of the COO	-	6.25%	43.75%	19.5%	63.25%	-
6 Regulatory	1,044,049	20.00%	30.00%	19.5%	49.50%	516,804
7 OT/BT	774,573	4.17%	45.83%	19.5%	65.33%	506,053
8 Engineering & Delivery	3,756,903	5.00%	45.00%	19.5%	64.50%	2,423,202
9 NY President	4,337,368	0.00%	50.00%	19.5%	69.50%	3,014,471
10 Electric T&D	10,213,055	0.00%	50.00%	19.5%	69.50%	7,098,073
11 Human Resources	996,119	14.17%	35.83%	19.5%	55.33%	551,186
12 Asset Management & Planning	4,109,177	0.00%	50.00%	19.5%	69.50%	2,855,878
13 General Services	1,044,940	12.50%	37.50%	19.5%	57.00%	595,616
14 Customer Service	9,086,789	0.00%	50.00%	19.5%	69.50%	6,315,318
15 Gas Operations	2,386,788	0.00%	50.00%	19.5%	69.50%	1,658,818
16 CMP President	187,459	0.00%	0.00%	0.0%	0.00%	-
17 Total	<u>37,937,220</u>					<u>25,535,419</u>
18				Total Customer %		25,535,419
19				Total Salaries		37,937,220
20				Weighted % Customer		67%

NYSEG

Workpapers - Variable Incentives
ISA, ISA Network and IUSA Network

Iberdrola SA Objective

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

Iberdrola SA Group Networks

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

ISA and ISA Networks

[Redacted]				
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Iberdrola USA

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

NYSEG

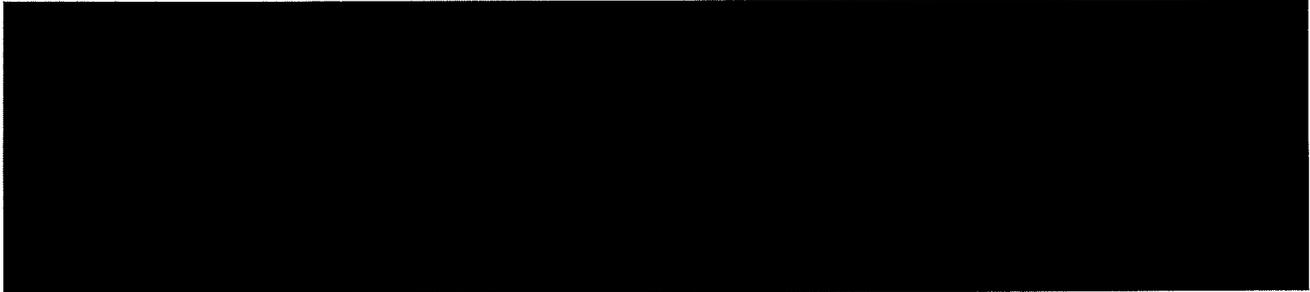
Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Legal

No. % Objective

Shareholder /
Other

Customer



IUSA - Regulatory

No. % Objective

Shareholder /
Other

Customer



IUSA - OT / BT

No. % Objective

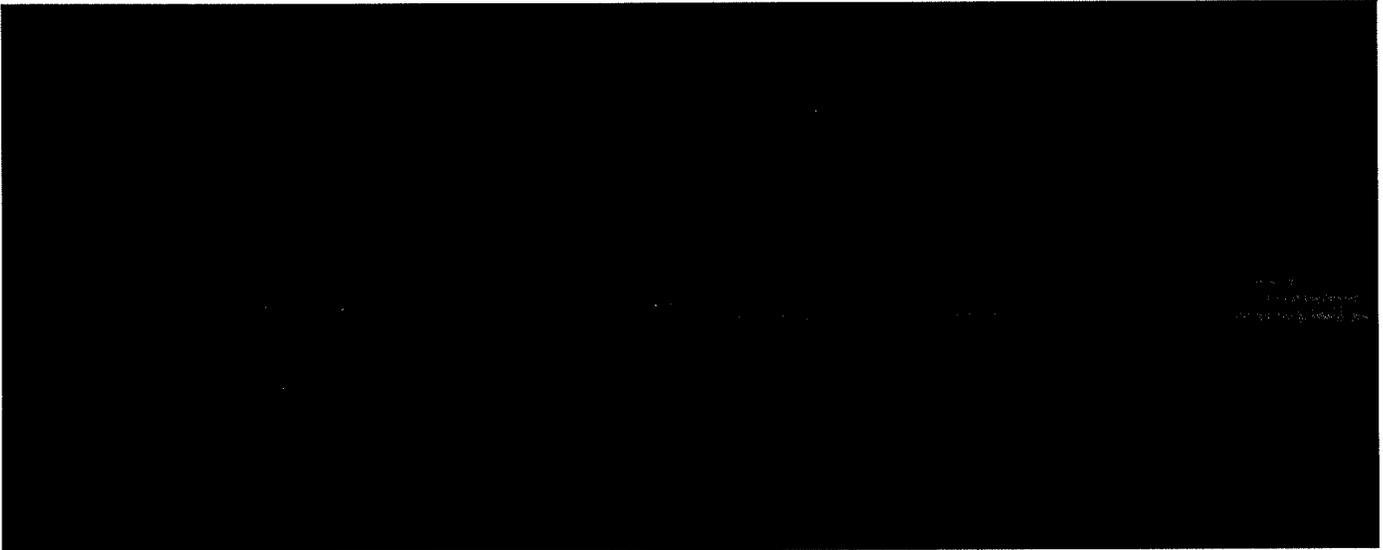
Shareholder /
Other

Customer



NYSEG

Workpapers - Variable Incentives
IUSA Business Areas



IUSA - Engineering & Delivery

Shareholder /
Other Customer

No. % Objective

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NYSEG

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - NY President

No. % Objective

Shareholder /
Other

Customer

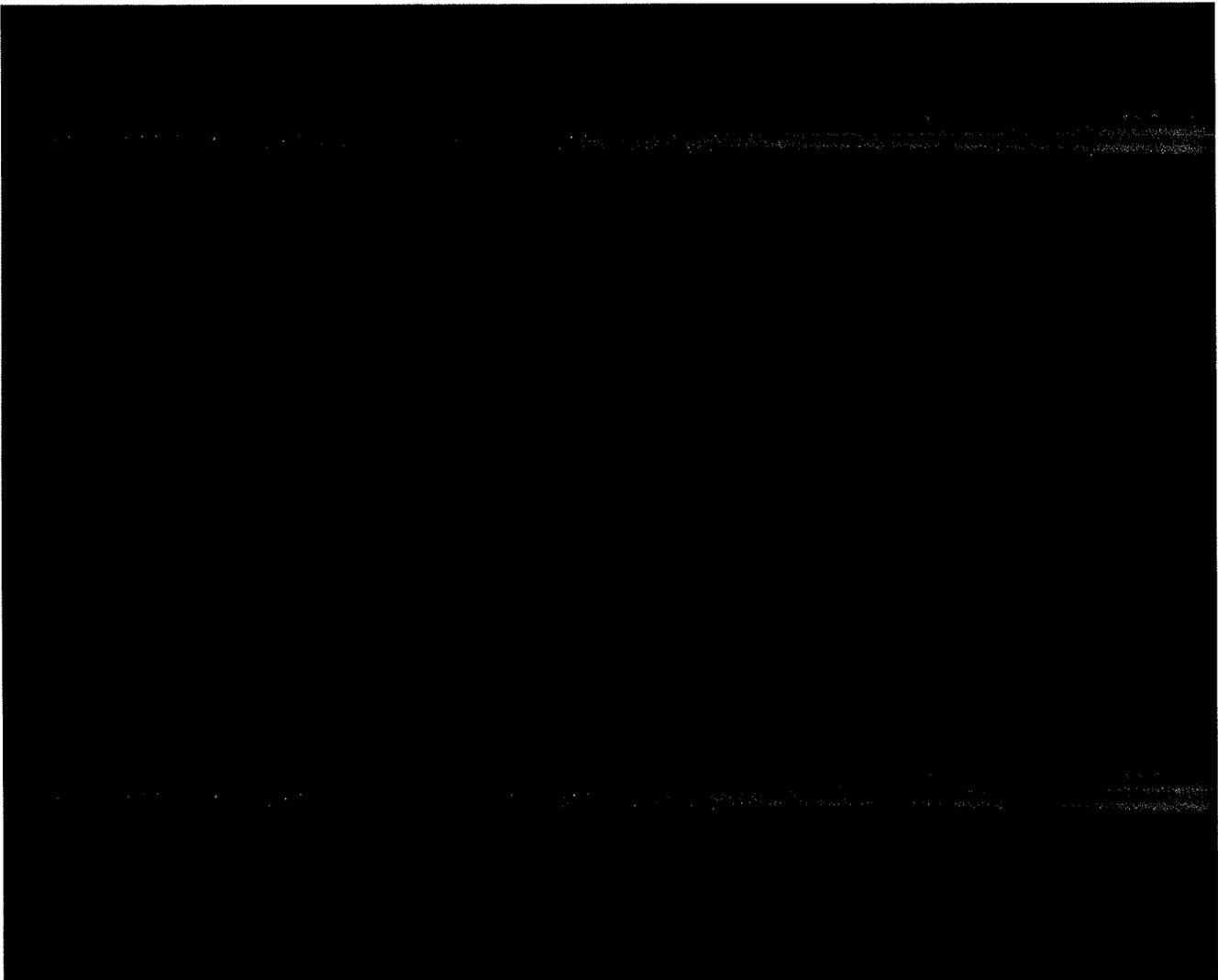


IUSA - Electric T&D

No. % Objective

Shareholder /
Other

Customer



NYSEG

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Human Resources

No. % Objective

Shareholder /
Other

Customer



IUSA - Asset Management & Planning

Note: For NY employees, the CMP objectives are not included in the GIP for this and certain other business areas.

No. % Objective

Shareholder /
Other

Customer

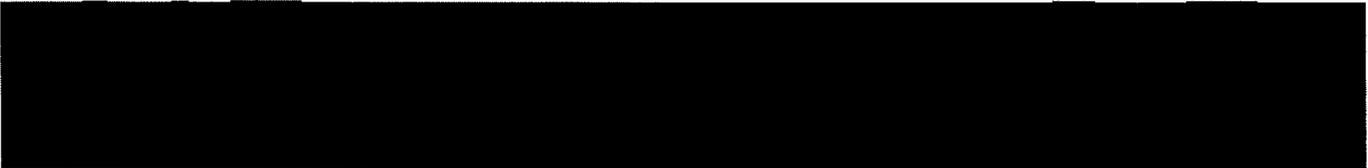


IUSA - General Services

No. % Objective

Shareholder /
Other

Customer



NYSEG

Workpapers - Variable Incentives
IUSA Business Areas



IUSA - Customer Service

Note: For NY employees, the CMP objectives are not included in the GIP for this and certain other business areas.

Shareholder /

No. % Objective

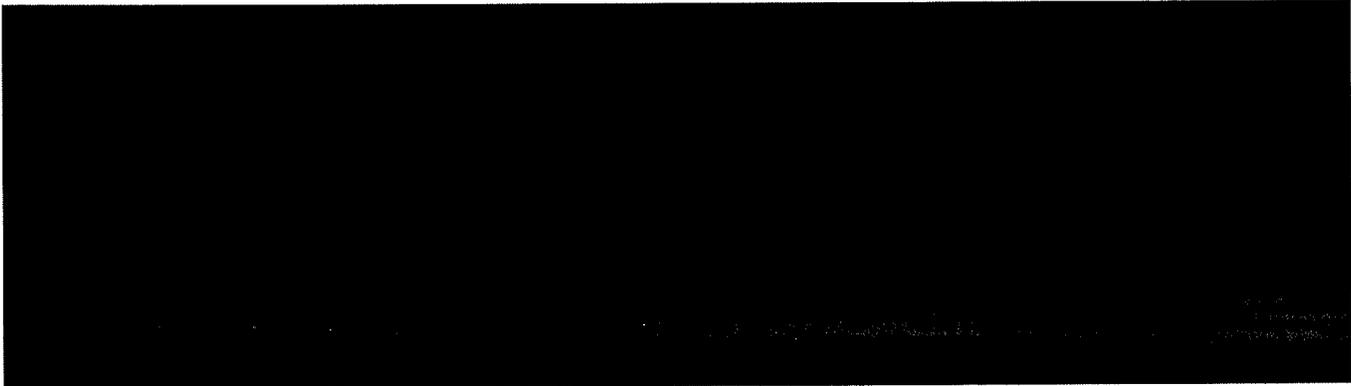
Other

Customer

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NYSEG

Workpapers - Variable Incentives
IUSA Business Areas



NYSEG
IUSA Business Areas

NYSEG
 Variable Compensation
 Derivation of Customers' Share of Non-Union Senior Leadership Plan

Executive Level

	<u>Shareholder/Other Customer</u>		<u>Total</u>
1 Iberdrola & Iberdrola Group Network (Tier 1)	30.0%	0.0%	30.0%
2 Iberdrola USA (Tier 2)	<u>7.0%</u>	<u>13.0%</u>	<u>20.0%</u>
3 Total Tiers 1 and 2	37.0%	13.0%	50.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer Share of the Plan</u>
4 Gas Operations	204,100	0.00%	20.00%	13.0%	30.0%	63.00%	128,583

Director Level

	<u>Shareholder/Other Customer</u>		<u>Total</u>
5 Iberdrola & Iberdrola Group Network (Tier 1)	30.0%	0.0%	30.0%
6 Iberdrola USA (Tier 2)	<u>3.5%</u>	<u>6.5%</u>	<u>10.0%</u>
7 Total Tiers 1 and 2	33.5%	6.5%	40.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer Share of the Plan</u>
8 NY President	442,500	0.00%	20.00%	6.5%	40.0%	66.50%	294,263
9 Electric T&D	320,300	0.00%	20.00%	6.5%	40.0%	66.50%	213,000
11 Asset Management & Planning	306,200	0.00%	20.00%	6.5%	40.0%	66.50%	203,623
12 Gas	141,900	0.00%	20.00%	6.5%	40.0%	66.50%	94,364
13 Total	<u>1,415,000</u>						<u>933,832</u>

Total Customer % of the Plan	933,832
Total Salaries	1,415,000
Weighted % Customer	66%

NYSEG

Workpapers - Variable Incentives
ISA, ISA Network and IUSA Network

Iberdrola SA Objective

<u>No.</u>	<u>%</u>	<u>Objective</u>	Shareholder / <u>Other</u>	<u>Customer</u>
[Redacted]				

Iberdrola SA Group Networks

Level 1 Executive

<u>No.</u>	<u>%</u>	<u>Objective</u>	Shareholder / <u>Other</u>	<u>Customer</u>
[Redacted]				

ISA and ISA Networks

Shareholder / <u>Other</u>	<u>Customer</u>
[Redacted]	

Iberdrola USA

Level 1 Executive

<u>No.</u>	<u>%</u>	<u>Objective</u>	Shareholder / <u>Other</u>	<u>Customer</u>
[Redacted]				

NYSEG

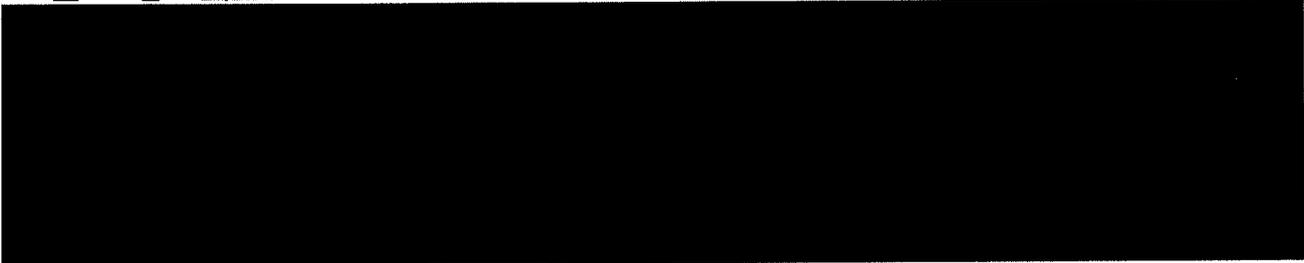
Workpapers - Variable Incentives
IUSA Business Areas

IUSA - NY President

No. % Objective

Shareholder /
Other

Customer

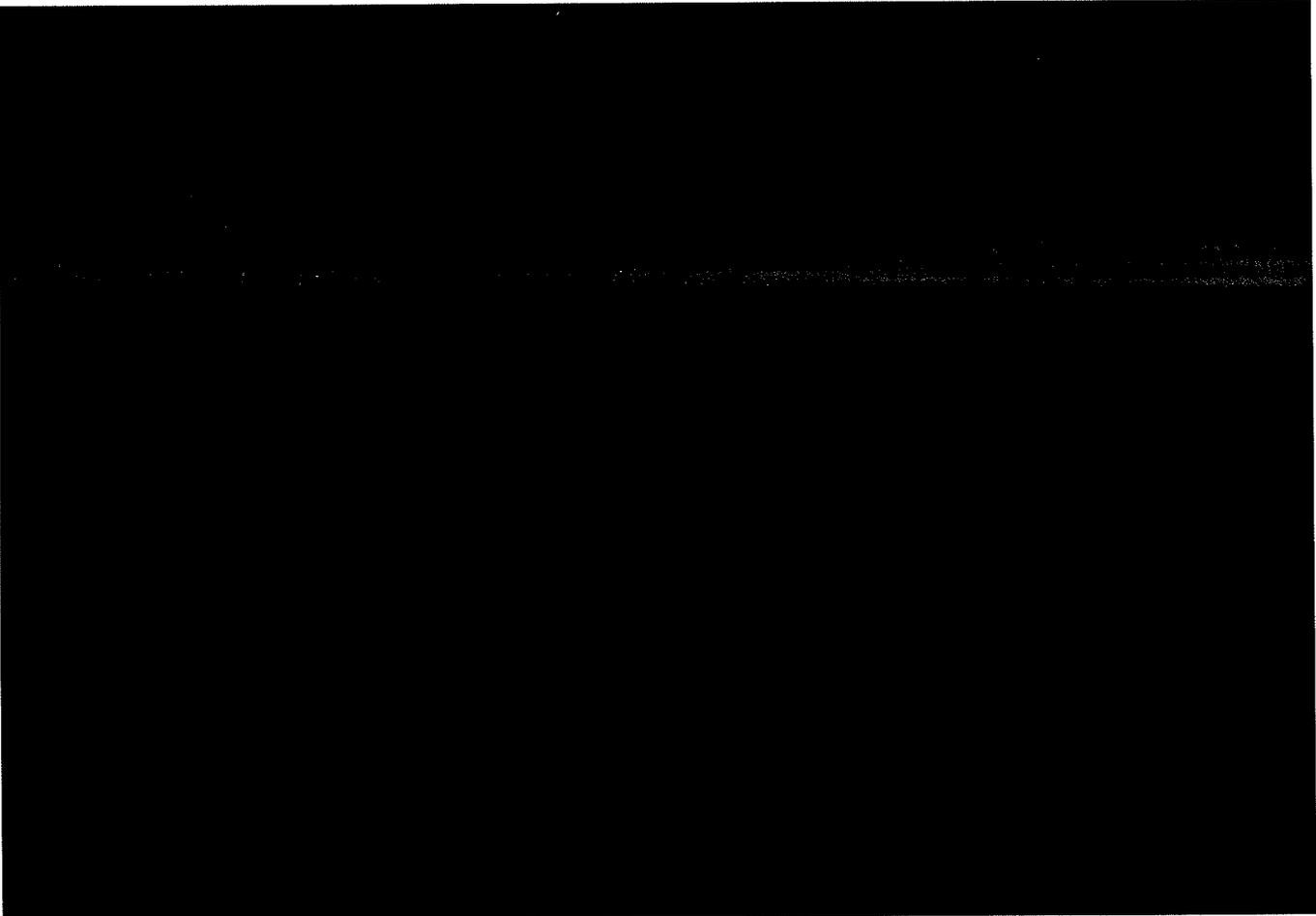


IUSA - Electric T&D

No. % Objective

Shareholder /
Other

Customer



NYSEG

Workpapers - Variable Incentives
IUSA Business Areas

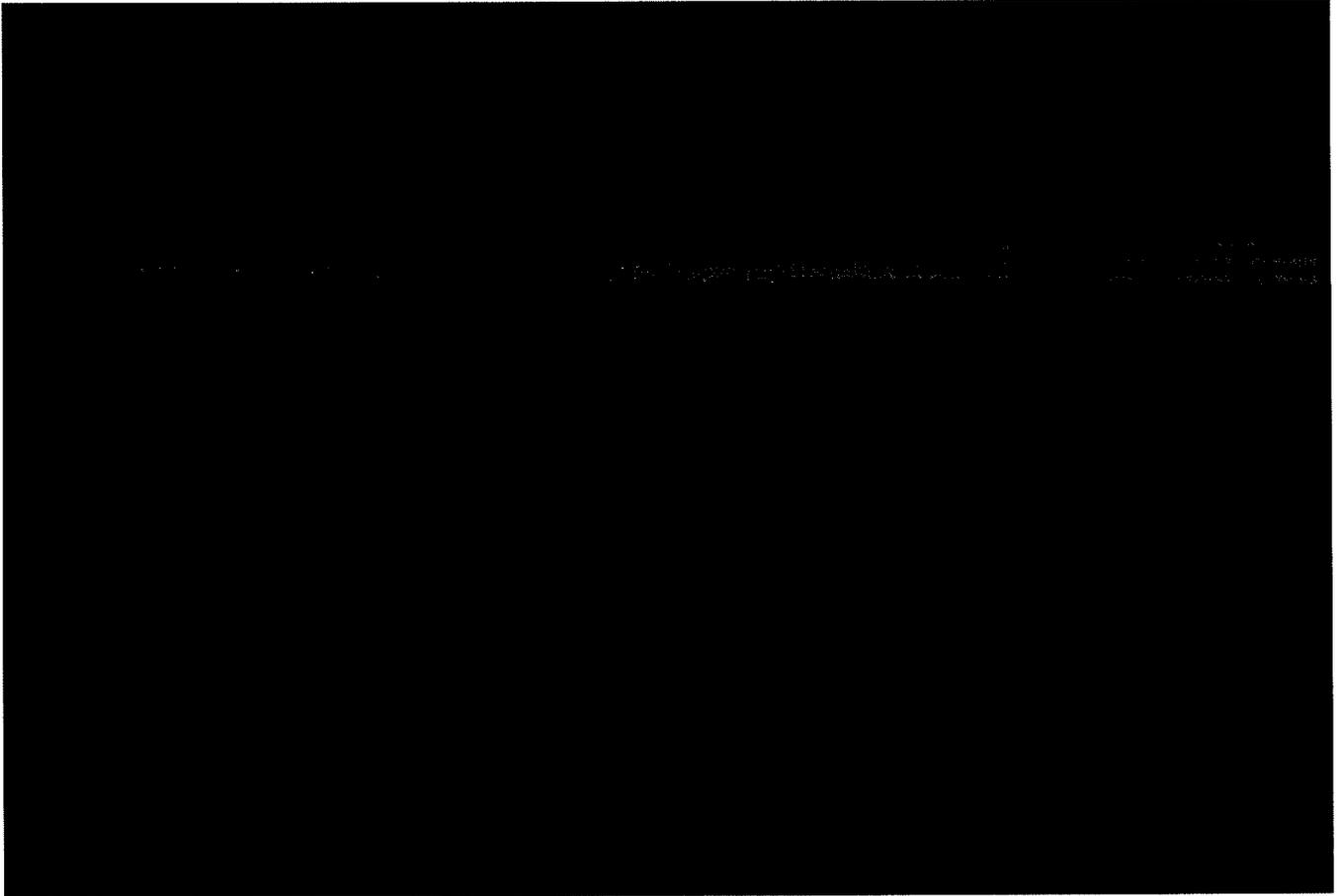
IUSA - Asset Management & Planning

Note: For NY employees, the CMP objectives are not included in the GIP for this and certain other business areas.

No. % Objective

Shareholder /
Other

Customer



RGE
 Variable Compensation
 Derivation of Customers' Share of Non-Union Senior Leadership Plan

Executive Level

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
1 Iberdrola & Iberdrola Group Network (Tier 1)	30.0%	0.0%	30.0%
2 Iberdrola USA (Tier 2)	7.0%	13.0%	20.0%
3 Total Tiers 1 and 2	37.0%	13.0%	50.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer Share of the Plan</u>
		<u>Shareholder</u>	<u>Customer</u>				
4 NY President	341,700	0.00%	30.00%	13.0%	30.0%	73.00%	249,441

Director Level

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
5 Iberdrola & Iberdrola Group Network (Tier 1)	30.0%	0.0%	30.0%
6 Iberdrola USA (Tier 2)	3.5%	6.5%	10.0%
7 Total Tiers 1 and 2	33.5%	6.5%	40.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer Share of the Plan</u>
		<u>Shareholder</u>	<u>Customer</u>				
8 Customer Service	150,700	0.00%	20.00%	6.5%	40.0%	66.50%	100,216
9 Engineering & Delivery	277,200	0.00%	20.00%	6.5%	40.0%	66.50%	184,327
11 General Services	133,000	5.00%	15.00%	6.5%	30.0%	51.50%	68,495
12 Regulatory	529,800	8.00%	12.00%	6.5%	24.0%	42.50%	225,165
13 Legal	163,800	8.00%	12.00%	6.5%	24.0%	42.50%	69,615
14 Office of the COO	134,200	2.50%	17.50%	6.5%	35.0%	59.00%	79,178
15 Total	<u>1,730,400</u>						<u>976,436</u>

Total Customer % of the Plan	976,436
Total Salaries	1,730,400
Weighted % Customer	56%

RGE

Workpapers - Variable Incentives
 ISA, ISA Network and IUSA Network

Iberdrola SA Objective

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>

Iberdrola SA Group Networks

Level 1 Executive

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>

ISA and ISA Networks

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Iberdrola USA

Level 1 Executive

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>

RGE

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Legal

No. % Objective

Shareholder /
Other

Customer



IUSA - Regulatory

No. % Objective

Shareholder /
Other

Customer



IUSA - Engineering & Delivery

No. % Objective

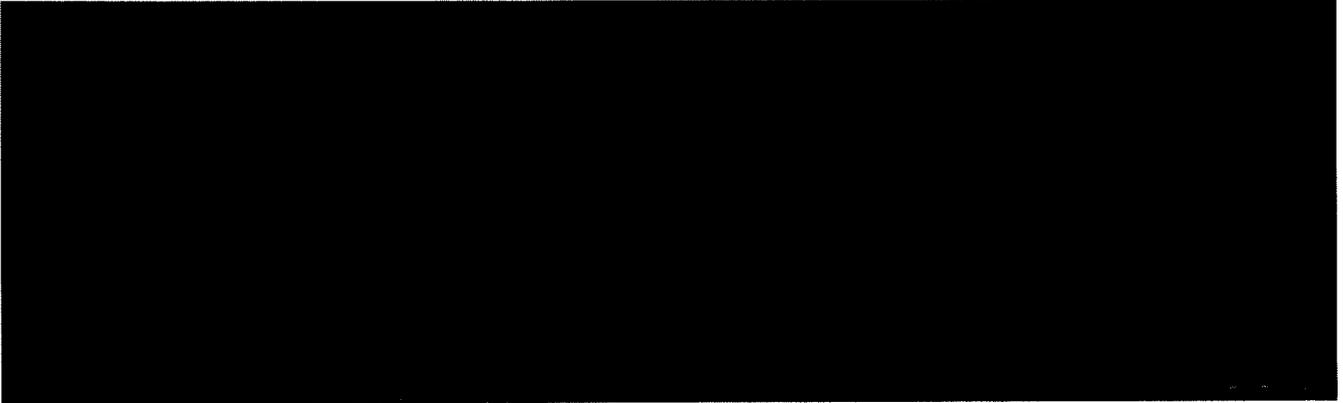
Shareholder /
Other

Customer



RGE

Workpapers - Variable Incentives
IUSA Business Areas



RGE

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - NY President

No.	%	Objective	Shareholder / Other	Customer

IUSA - General Services

No.	%	Objective	Shareholder / Other	Customer

IUSA - Customer Service

Note: For NY employees, the CMP objectives are not included in the GIP for this and certain other business areas.

<u>No.</u>	<u>%</u>	<u>Objective</u>	Shareholder / <u>Other</u>	<u>Customer</u>
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RGE

Workpapers - Variable Incentives
IUSA Business Areas



IUMC
Variable Compensation
Derivation of Customer's Share of Non-Union Non-Executive Variable Compensation Plan

		<u>Shareholder/Other Customer</u>		<u>Total</u>			
1	Iberdrola & Iberdrola Group Network (Tier 1)		20.0%	0.0%		20.0%	
2	Iberdrola USA (Tier 2)		<u>10.5%</u>	<u>19.5%</u>		<u>30.0%</u>	
3	Total Tiers 1 and 2		30.5%	19.5%		50.0%	
Specific Business Areas:							
<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Customer</u>	<u>Customer Share</u>	
		<u>Shareholder</u>	<u>Customer</u>				
4	Office of the CEO (excl. below)	919,625	50.00%	0.00%	19.5%	19.50%	179,327
5	Legal	337,403	20.00%	30.00%	19.5%	49.50%	167,014
6	Office of the COO	625,133	6.25%	43.75%	19.5%	63.25%	395,397
6	Regulatory	68,368	20.00%	30.00%	19.5%	49.50%	33,842
7	OT/BT	3,697,591	4.17%	45.83%	19.5%	65.33%	2,415,753
8	Engineering & Delivery	606,570	0.00%	50.00%	19.5%	69.50%	421,566
10	Electric T&D	838,558	0.00%	50.00%	19.5%	69.50%	582,798
11	Human Resources	2,887,727	14.17%	35.83%	19.5%	55.33%	1,597,876
12	Asset Management & Planning	93,877	0.00%	50.00%	19.5%	69.50%	65,245
13	General Services	1,329,807	12.50%	37.50%	19.5%	57.00%	757,990
14	Customer Service	351,396	0.00%	50.00%	19.5%	69.50%	244,220
15	Gas Operations	-	0.00%	50.00%	19.5%	69.50%	-
16	Corporate Security	1,910,766	0.00%	49.99%	19.5%	69.49%	1,327,791
17	Finance	9,274,242	23.13%	26.88%	19.5%	46.38%	4,300,930
18	Information Technology	10,574,494	16.70%	33.30%	19.5%	52.80%	5,583,333
19	Internal Audit	609,300	50.00%	0.00%	19.5%	19.50%	118,814
20	CMP President	57,690	0.00%	0.00%	0.0%	0.00%	-
21	Corporate Development	113,300	0.00%	0.00%	0.0%	0.00%	-
20	Total	<u>34,295,847</u>			19.5%		<u>18,012,568</u>
21					Total Customer %		18,012,568
22					Total Salaries		34,295,847
23					Weighted % Customer		53%

IUMC

Workpapers - Variable Incentives
ISA, ISA Network and IUSA Network

Iberdrola SA Objective

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

Iberdrola SA Group Networks

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

ISA and ISA Networks	20.0%	0.0%
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Iberdrola USA

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

IUMC

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Legal

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

IUSA - Regulatory

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

IUSA - OT / BT

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder / Other</u>	<u>Customer</u>
[Redacted]				

IUMC

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Engineering & Delivery

Shareholder /

No. % Objective

Other

Customer



IUMC

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Electric T&D

No. % Objective

Shareholder /
Other

Customer



IUMC

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Human Resources

No.	%	Objective	Shareholder / Other	Customer
[Redacted]				

IUSA - Asset Management & Planning

No.	%	Objective	Shareholder / Other	Customer
[Redacted]				

IUSA - General Services

No.	%	Objective	Shareholder / Other	Customer
[Redacted]				

IUMC

Workpapers - Variable Incentives
IUSA Business Areas



IUSA - Customer Service

Note: For NY employees, the CMP objectives are not included in the GIP for this and certain other business areas.

No. % Objective

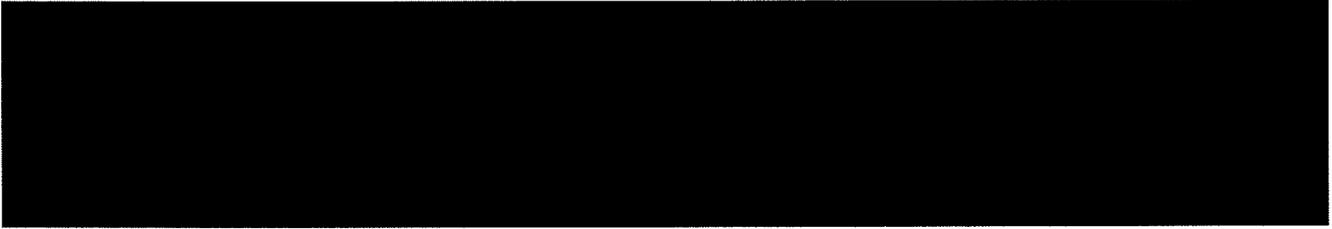
Shareholder /
Other

Customer



IUMC

Workpapers - Variable Incentives
IUSA Business Areas



IUMC
Variable Compensation
Derivation of Customer's Share of Non-Union Senior Leadership Variable Compensation Plan

Executive Level 1

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
1 Iberdrola & Iberdrola Group Network (Tier 1)	50.0%	0.0%	50.0%
2 Iberdrola USA (Tier 2)	<u>14.0%</u>	<u>26.0%</u>	<u>40.0%</u>
3 Total Tiers 1 and 2	64.0%	26.0%	90.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer</u>
		<u>Shareholder</u>	<u>Customer</u>				
4 Office of the CEO	660,000	10.00%	0.00%	26.0%	NA	26.00%	171,600

Executive Level 2

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
5 Iberdrola & Iberdrola Group Network (Tier 1)	40.0%	0.0%	40.0%
6 Iberdrola USA (Tier 2)	<u>10.5%</u>	<u>19.5%</u>	<u>30.0%</u>
7 Total Tiers 1 and 2	50.5%	19.5%	70.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer</u>
		<u>Shareholder</u>	<u>Customer</u>				
8 Office of the COO	399,800	3.75%	26.25%	19.5%	NA	45.75%	182,909
9 Corporate Development	205,000	0.00%	0.00%	0.0%	NA	0.00%	-
10 Corporate Security	194,800	0.00%	30.00%	19.5%	NA	49.50%	96,426
11 Finance	315,000	13.88%	16.13%	19.5%	NA	35.63%	112,219
12 Human Resources	226,700	8.50%	21.50%	19.5%	NA	41.00%	92,947
13 Business Development	211,800	0.00%	0.00%	0.0%	NA	0.00%	-
14 Legal	320,300	12.00%	18.00%	19.5%	NA	37.50%	120,113
15 Regulatory	252,900	12.00%	18.00%	19.5%	NA	37.50%	94,838

Executive Level 3

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
16 Iberdrola & Iberdrola Group Network (Tier 1)	30.0%	0.0%	30.0%
17 Iberdrola USA (Tier 2)	<u>7.0%</u>	<u>13.0%</u>	<u>20.0%</u>
18 Total Tiers 1 and 2	37.0%	13.0%	50.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Non-Union Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer</u>
		<u>Shareholder</u>	<u>Customer</u>				
19 Asset Management & Planning	190,700	0.00%	20.00%	13.0%	30.0%	63.00%	120,141
20 Customer Service	240,400	0.00%	20.00%	13.0%	30.0%	63.00%	151,452
21 Electric T&D	250,500	0.00%	20.00%	13.0%	30.0%	63.00%	157,815
22 General Services	205,000	5.00%	15.00%	13.0%	22.5%	50.50%	103,525
23 Information Technology	160,000	6.67%	13.33%	13.0%	20.0%	46.33%	74,133
24 Operations Technologies & Business Transformation	216,300	1.67%	18.33%	13.0%	27.5%	58.83%	127,257

Executive Level 4 (Director)

	<u>Shareholder/Other</u>	<u>Customer</u>	<u>Total</u>
25 Iberdrola & Iberdrola Group Network (Tier 1)	30.0%	0.0%	30.0%
26 Iberdrola USA (Tier 2)	<u>3.5%</u>	<u>6.5%</u>	<u>10.0%</u>
27 Total Tiers 1 and 2	33.5%	6.5%	40.0%

Specific Business Areas:

<u>Line of Business</u>	<u>Salaries</u>	<u>Business Area Share</u>		<u>Plus Tier 1 & 2</u>	<u>Total % Personal</u>	<u>Total % Customer</u>	<u>Customer</u>
		<u>Shareholder</u>	<u>Customer</u>				
28 Corporate Security	443,900	0.00%	20.00%	6.5%	40.0%	66.50%	295,194
29 Customer Service	154,900	0.00%	20.00%	6.5%	40.0%	66.50%	103,009
30 Finance	1,242,100	9.25%	10.75%	6.5%	21.5%	38.75%	481,314
31 Gas (MNG)	139,400	0.00%	0.00%	0.0%	0.0%	0.00%	-
32 General Services	407,900	5.00%	15.00%	6.5%	30.0%	51.50%	210,069
33 Human Resources	835,000	5.67%	14.33%	6.5%	28.7%	49.50%	413,325
34 Information Technology	431,100	6.67%	13.33%	6.5%	26.7%	46.50%	200,461
35 Internal Audit	165,200	40.00%	0.00%	6.5%	0.0%	6.50%	10,738
36 Office of the CEO							

37	Office of the CEO (excl. below)	138,400	20.00%	0.00%	6.5%	0.0%	6.50%	8,996
38	Legal	946,200	8.00%	12.00%	6.5%	24.0%	42.50%	402,135
39	Office of the COO	276,900	2.50%	17.50%	6.5%	35.0%	59.00%	163,371
40	Business Development	132,600	0.00%	0.00%	0.0%	0.0%	0.00%	-
41	Operations Technologies & Business Transformation	698,800	1.67%	18.33%	6.5%	36.7%	61.50%	429,762
42	Regulatory	293,200	8.00%	12.00%	6.5%	24.0%	42.50%	124,610
43	Total	<u>10,354,800</u>						<u>4,448,356</u>

Total Customer	4,448,356
Total Salaries	10,354,800
Weighted % Customer	43%

IUMC

Workpapers - Variable Incentives
ISA, ISA Network and IUSA Network

Iberdrola SA Objective

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>



Iberdrola SA Group Networks

Level 1 Executive

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>



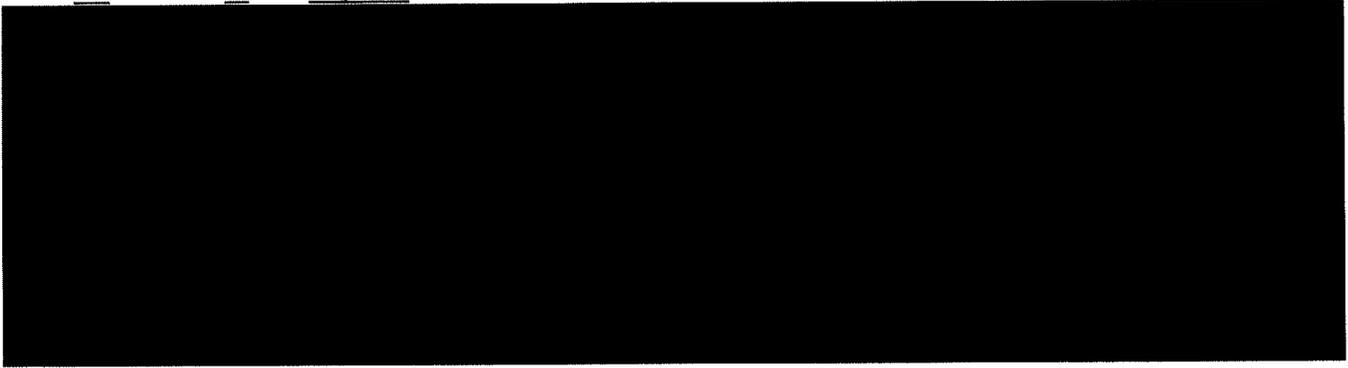
ISA and ISA Networks



Iberdrola USA

Level 1 Executive

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>



IUMC

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - Legal	Executive Level 2
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No.	%	Objective	Shareholder /	
			Other	Customer
[Redacted]				

IUSA - Regulatory	Executive Level 2
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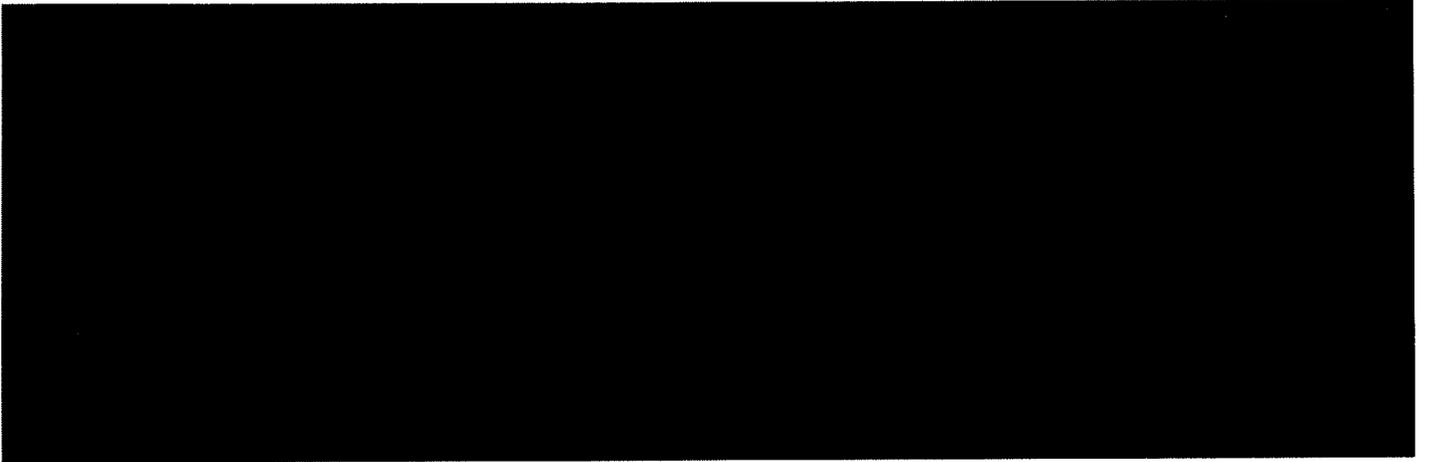
No.	%	Objective	Shareholder /	
			Other	Customer
[Redacted]				

IUSA - Engineering & Delivery

No.	%	Objective	Shareholder /	
			Other	Customer
[Redacted]				

IUMC

Workpapers - Variable Incentives
IUSA Business Areas



IUMC

Workpapers - Variable Incentives
IUSA Business Areas

IUSA - NY President

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>
[Redacted]				

IUSA - General Services

Executive Levels 3&4

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>
[Redacted]				

IUSA - Customer Service

Executive Levels 3&4

<u>No.</u>	<u>%</u>	<u>Objective</u>	<u>Shareholder /</u>	
			<u>Other</u>	<u>Customer</u>

IUMC

Workpapers - Variable Incentives
IUSA Business Areas



Consulting
Retirement

**New York State Electric & Gas Corporation
Rochester Gas & Electric Corporation**

Pension, OPEB, and 401(k) Projections: 2015–2021

Iberdrola USA

March 30, 2015 Draft Prepared in Anticipation of Litigation



Introduction

This report presents pension, OPEB and 401(k) expense projections for the New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas & Electric Corporation ("RG&E") union and non-union populations for rate case filing purposes. The expense projections are from April 1, 2015 to March 31, 2021. There is a Summary of Projection Results section on pages 1–5 and a Projection Results Detail section on pages 6–10. In the Summary of Projection Results section, we provide expense results for each 12-month period starting April 1 and ending March 31. In the Projection Results Detail section, the results for all plans are on a calendar year basis. In addition, summaries of the actuarial assumptions, plan provisions and current demographics are provided in the Appendix which starts on page 11.

Pension Projections

We have reflected the following assumptions for the qualified pension projections:

- Discount rate: Iberdrola's 3.8% for year-end 2014 remains constant for all years
- Asset allocation: Reduce equity exposure from 65% to 50% by 2021
- Expected return on assets: 7.5% for 2015, 7.0% for 2016, decreasing to 6.5% by 2021
- Actual return on assets: same as expected
- Funding interest rates: 25-year average three-segment rates based on monthly spot rates remaining at current level
- Contributions: Amount necessary to fully fund the plans by 2021

OPEB Projections

We have reflected the following assumptions for the OPEB projections:

- Discount rate: Iberdrola's 3.8% for year-end 2014 remains constant for all years remains constant for all years
- Asset allocation: No change to current asset mix
- Expected return on assets: post-tax return of 5.0% for 2015 and 4.5% thereafter
- Actual return on assets: Same as expected
- VEBA usage: NYSEG VEBA assets used to fund one-half of gross benefit payments from April 1, 2015 to March 31, 2021 (Note: RG&E does not have a VEBA)



401(k) Projections

We have reflected the following assumptions for the 401(k) projections:

- Eligibility to participate: January 1, 2015 population remains level for all years with new hires replacing employees who leave the workforce
- Contribution levels: for current employees, contribution %'s remain the same for all years; for new hires, contribution %'s are equal to average contribution %'s for employees hired into defined contribution-only programs. Employees with defined contribution-only programs are as follows:
 - NYSEG Union: hired on or after January 1, 2010
 - NYSEG Non-Union: hired on or after January 1, 2014
 - RG&E Union: hired on or after October 1, 2009
 - RG&E Non-Union: hired on or after January 1, 2014



This report has been prepared to present to management projections of expense and contributions for the pension, OPEB, and 401(k) plans of New York State Electric & Gas Corporation and Rochester Gas & Electric Corporation. Determinations for other purposes may be significantly different from the results reported herein. Thus, the use of this report for purposes other than those expressed herein may not be appropriate. The results as of other dates may also be significantly different from the results reported herein, and the scope of this report does not include an analysis of the potential range of results as of other dates.

The projections have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board.

The actuarial assumptions and methods used in these projections are summarized in the Actuarial Assumptions and Methods section of the Appendix. The economic and demographic assumptions were prescribed by Iberdrola USA. Aon Hewitt provided guidance with respect to these assumptions, and it is our belief that they represent reasonable expectations of anticipated plan experience. The plan provisions are outlined in the Summary of Plan Provisions section of the Appendix.

Hewitt Associates LLC, operating as Aon Hewitt

Handwritten signature of Melissa Shirk Coppock in black ink.

Melissa Shirk Coppock
Fellow of the Society of Actuaries
Enrolled Actuary

Handwritten signature of William G. Young in black ink.

William G. Young
Fellow of the Society of Actuaries
Enrolled Actuary

Handwritten signature of Jeffrey A. Goodman in black ink.

Jeffrey A. Goodman
Fellow of the Society of Actuaries

Handwritten signature of Rebecca A. Crowley in black ink.

Rebecca A. Crowley
Fellow of the Society of Actuaries
Enrolled Actuary

March 30, 2015



Summary of Projection Results



Summary of Projection Results—Pension Plans

All figures in millions of dollars

NYSEG							
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
Total NYSEG Pension Expense	\$64.03	\$65.48	\$70.68	\$69.36	\$51.83	\$37.17	\$358.55
Allocated to Non-Regulated Affiliate	2.29	2.16	2.08	1.98	1.92	1.82	12.25
Allocated to NYSEG	\$61.68	\$61.94	\$67.45	\$72.07	\$53.33	\$39.65	\$356.12
Total NYSEG Pension Cash Contribution	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allocated to Non-Regulated Affiliate	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocated to NYSEG	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	
Expected Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	
Actual Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	

RGE							
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
Total RGE Pension Expense	\$20.71	\$22.40	\$24.38	\$22.34	\$11.95	\$10.06	\$111.84
Allocated to Non-Regulated Affiliate	0.97	1.01	1.01	0.91	0.69	0.58	5.17
Allocated to RGE	\$19.36	\$20.87	\$22.92	\$24.68	\$11.67	\$10.04	\$109.54
Total RGE Pension Cash Contribution	\$0.00	\$0.72	\$6.00	\$13.44	\$16.48	\$10.06	\$46.70
Allocated to Non-Regulated Affiliate	0.00	0.07	0.62	1.35	1.68	1.06	4.78
Allocated to RGE	\$0.00	\$0.65	\$5.38	\$12.09	\$14.80	\$9.00	\$41.92
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	
Expected Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	
Actual Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	

Note: Discount rate, expected return and actual return are for calendar year starting the January 1 prior to the beginning of each April 1 to March 31 period.



Summary of Projection Results—OPEB Plans

All figures in millions of dollars

NYSEG	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
Total NYSEG OPEB Expense	\$3.83	\$4.13	\$4.87	\$4.47	\$2.62	\$3.77	\$23.69
Allocated to Non-Regulated Affiliate	1.68	1.68	1.68	1.67	1.55	1.21	9.47
Allocated to NYSEG	\$2.15	\$2.45	\$3.19	\$2.80	\$1.07	\$2.56	\$14.22
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	
Expected Return on Assets	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	
Actual Return on Assets	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	

RGE	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
Total RGE OPEB Expense	\$2.65	\$3.49	\$3.50	\$4.20	\$4.13	\$3.92	\$21.89
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	
Expected Return on Assets	N/A	N/A	N/A	N/A	N/A	N/A	
Actual Return on Assets	N/A	N/A	N/A	N/A	N/A	N/A	

Note: Discount rate, expected return and actual return are for the calendar year starting the January 1 prior to the beginning of each April 1 to March 31 period.



Summary of Projection Results—401(k) Plans

All figures in millions of dollars

Company	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
NYSEG	3.3	3.7	4.1	4.5	5.0	5.3	25.9
RG&E	2.6	2.8	3.1	3.4	3.7	4.0	19.6



Projection Results Detail



Projection Results Detail—NYSEG Pension Plan

NYSEG Accounting	2015	2016	2017	2018	2019	2020	2021
Projected Benefit Obligation	\$ 1,666,546,028	\$ 1,662,117,691	\$ 1,651,659,801	\$ 1,635,620,832	\$ 1,614,552,576	\$ 1,588,928,347	\$ 1,558,698,352
Market Value of Assets	1,472,953,859	1,492,657,665	1,503,357,628	1,510,034,498	1,512,890,028	1,512,170,549	1,507,870,856
Funded Status	\$ (193,591,169)	\$ (169,460,026)	\$ (148,302,173)	\$ (125,586,334)	\$ (101,662,548)	\$ (76,757,798)	\$ (50,827,496)
Unrecognized Prior Service Cost	\$ 10,539,840	\$ 8,138,649	\$ 6,769,169	\$ 5,568,143	\$ 4,491,091	\$ 3,571,699	\$ 2,780,869
Unrecognized Net (Gain)/Loss	641,533,133	555,801,453	471,892,917	380,822,527	283,912,526	204,666,520	137,999,064
Net Amount Recognized	\$ 458,481,804	\$ 394,480,076	\$ 330,359,913	\$ 260,804,336	\$ 186,741,069	\$ 131,480,421	\$ 89,952,437
Service Cost	\$ 21,602,869	\$ 19,428,767	\$ 17,456,409	\$ 15,731,689	\$ 14,195,898	\$ 12,562,983	\$ 10,811,121
Interest Cost	61,691,797	61,456,565	61,000,386	60,340,700	59,499,325	58,488,910	57,312,348
Expected Return on Assets	(108,661,334)	(102,287,387)	(101,184,841)	(99,889,913)	(98,404,885)	(96,729,303)	(94,869,561)
Amortization of Prior Service Cost	2,401,191	1,369,480	1,201,026	1,077,052	919,392	790,830	661,883
Amortization of (Gains)/Losses	86,967,205	84,152,737	91,082,597	96,803,739	79,050,919	66,414,564	50,181,334
Net Periodic Pension Cost	\$ 64,001,728	\$ 64,120,162	\$ 69,555,577	\$ 74,063,267	\$ 55,260,649	\$ 41,527,984	\$ 24,097,125
Allocated to Non-Regulated Affiliate	2,324,099	2,177,409	2,102,833	1,998,079	1,928,346	1,882,803	1,639,945
Allocated to NYSEG	\$ 61,677,629	\$ 61,942,753	\$ 67,452,744	\$ 72,065,188	\$ 53,332,303	\$ 39,645,181	\$ 22,457,180
Market-Related Value of Assets	\$ 1,482,093,799	\$ 1,506,359,860	\$ 1,513,106,428	\$ 1,516,958,814	\$ 1,517,798,131	\$ 1,515,641,457	\$ 1,510,318,285
Expected Benefit Payments	\$ 86,964,176	\$ 90,523,349	\$ 93,646,059	\$ 96,313,384	\$ 98,479,906	\$ 100,429,366	\$ 101,907,488
Expected Fiscal Year Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Expected Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	6.50%
Actual Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	6.50%

NYSEG Funding	2015	2016	2017	2018	2019	2020	2021
Funding Target	\$ 1,163,614,808	\$ 1,193,934,249	\$ 1,217,509,164	\$ 1,270,367,833	\$ 1,313,348,997	\$ 1,347,809,317	\$ 1,367,546,064
Value of Plan Assets	\$ 1,445,518,117	\$ 1,477,991,561	\$ 1,496,686,566	\$ 1,504,262,065	\$ 1,502,459,903	\$ 1,495,670,773	\$ 1,485,818,625
Funding Standard Carryover Balance	-	-	-	-	-	-	-
Note: Discount rate, expected return and actual re	-	-	-	-	-	-	-
April 1 to March 31 period.	\$ 1,445,518,117	\$ 1,477,991,561	\$ 1,496,686,566	\$ 1,504,262,065	\$ 1,502,459,903	\$ 1,495,670,773	\$ 1,485,818,625
Funding Shortfall/(Excess Assets)	\$ (281,903,309)	\$ (284,057,312)	\$ (279,177,402)	\$ (233,894,232)	\$ (189,110,906)	\$ (147,861,456)	\$ (118,272,561)
AFTAP	124.22%	123.79%	122.93%	118.41%	114.39%	110.97%	108.64%
Funding Target Normal Cost	\$ 23,257,025	\$ 21,021,634	\$ 19,753,545	\$ 18,929,317	\$ 19,729,749	\$ 18,632,673	\$ 16,983,218
Shortfall Amortization Charge	-	-	-	-	-	-	-
Credit for Excess Assets	(23,257,025)	(21,021,634)	(19,753,545)	(18,929,317)	(19,729,749)	(18,632,673)	(16,983,218)
Plan Year Minimum Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Balances Applied Towards Minimum	-	-	-	-	-	-	-
Plan Year Minimum Required Cash Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Plan Year Cash Contributions	-	-	-	-	-	-	-
Total Plan Year Cash Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PBGC Premiums	\$ 319,029	\$ 348,608	\$ 344,825	\$ 346,189	\$ 342,108	\$ 342,580	\$ 337,605
Effective Interest Rate	6.19%	6.01%	5.81%	5.30%	4.84%	4.42%	4.08%
Actual Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	6.50%



Projection Results Detail—RG&E Pension Plan

RGE Accounting	2015	2016	2017	2018	2019	2020	2021
Projected Benefit Obligation	\$ 473,472,292	\$ 452,829,635	\$ 431,477,915	\$ 408,754,281	\$ 385,484,673	\$ 362,223,285	\$ 338,294,209
Market Value of Assets	366,360,417	348,902,281	329,115,515	312,713,327	303,342,383	297,592,940	285,381,975
Funded Status	\$ (107,111,875)	\$ (103,927,354)	\$ (102,362,400)	\$ (96,040,954)	\$ (82,142,290)	\$ (64,630,345)	\$ (52,912,234)
Unrecognized Prior Service Cost	\$ 2,616,063	\$ 1,476,548	\$ 625,267	\$ 222,740	\$ -	\$ -	\$ -
Unrecognized Net (Gain)/Loss	152,440,417	130,068,174	108,192,695	84,329,143	58,437,702	45,021,508	32,715,788
Net Amount Recognized	\$ 47,944,605	\$ 27,617,368	\$ 6,455,562	\$ (11,489,071)	\$ (23,704,588)	\$ (19,608,837)	\$ (20,196,446)
Service Cost	\$ 5,322,604	\$ 5,506,543	\$ 5,183,408	\$ 4,752,226	\$ 4,227,612	\$ 3,718,053	\$ 3,245,552
Interest Cost	17,189,353	16,411,336	15,593,819	14,741,814	13,876,358	13,001,446	12,107,884
Expected Return on Assets	(26,009,970)	(23,025,040)	(21,407,681)	(20,144,277)	(19,324,539)	(18,555,708)	(17,468,749)
Amortization of Prior Service Cost	1,139,515	851,281	402,527	222,740	-	-	-
Amortization of (Gains)/Losses	22,685,735	22,133,608	24,175,910	26,084,276	13,604,019	12,479,534	10,412,789
Net Periodic Pension Cost	\$ 20,327,237	\$ 21,877,728	\$ 23,947,983	\$ 25,656,779	\$ 12,363,450	\$ 10,643,325	\$ 8,297,476
Allocated to Non-Regulated Affiliate	962,788	1,011,409	1,024,307	977,557	716,228	599,702	504,651
Allocated to RGE	\$ 19,364,449	\$ 20,866,319	\$ 22,923,676	\$ 24,679,222	\$ 11,667,222	\$ 10,043,623	\$ 7,792,825
Market-Related Value of Assets	\$ 368,433,837	\$ 350,664,042	\$ 330,590,880	\$ 313,945,052	\$ 304,369,978	\$ 298,456,666	\$ 286,112,109
Expected Benefit Payments	\$ 42,639,324	\$ 42,299,096	\$ 42,625,935	\$ 42,015,371	\$ 41,017,143	\$ 40,537,908	\$ 39,701,535
Expected Fiscal Year Contributions	\$ -	\$ 715,921	\$ 6,003,350	\$ 13,441,262	\$ 16,479,201	\$ 10,055,716	\$ 7,745,730
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Expected Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	6.50%
Actual Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	6.50%

RGE Funding	2015	2016	2017	2018	2019	2020	2021
Funding Target	\$ 353,054,639	\$ 343,498,444	\$ 331,895,984	\$ 324,236,139	\$ 314,420,441	\$ 302,529,738	\$ 288,382,056
Value of Plan Assets	\$ 360,105,165	\$ 345,921,927	\$ 333,328,701	\$ 324,424,416	\$ 317,167,195	\$ 304,114,229	\$ 288,683,604
Funding Standard Carryover Balance	7,050,526	-	-	-	-	-	-
Note: Discount rate, expected return and actual re April 1 to March 31 period.	\$ 353,054,639	\$ 345,921,927	\$ 333,328,701	\$ 324,424,416	\$ 317,167,195	\$ 304,114,229	\$ 288,683,604
Funding Shortfall/(Excess Assets)	\$ -	\$ (2,423,483)	\$ (1,432,717)	\$ (188,277)	\$ (2,746,754)	\$ (1,584,491)	\$ (301,548)
AFTAP	100.00%	100.70%	100.43%	100.05%	100.87%	100.52%	100.10%
Funding Target Normal Cost	\$ 7,699,193	\$ 7,880,109	\$ 8,219,613	\$ 7,985,935	\$ 7,429,665	\$ 6,943,358	\$ 6,423,032
Shortfall Amortization Charge	-	-	-	-	-	-	-
Credit for Excess Assets	-	(2,423,483)	(1,432,717)	(188,277)	(2,746,754)	(1,584,491)	(301,548)
Plan Year Minimum Required Contribution	\$ 7,699,193	\$ 5,456,626	\$ 6,786,896	\$ 7,797,658	\$ 4,682,911	\$ 5,358,867	\$ 6,121,484
Credit Balances Applied Towards Minimum	7,050,526	-	-	-	-	-	-
Plan Year Minimum Required Cash Contribution	\$ 648,667	\$ 5,456,626	\$ 6,786,896	\$ 7,797,658	\$ 4,682,911	\$ 5,358,867	\$ 6,121,484
Additional Plan Year Cash Contributions	-	-	6,000,000	8,000,000	5,000,000	2,000,000	-
Total Plan Year Cash Contributions	\$ 648,667	\$ 5,456,626	\$ 12,786,896	\$ 15,797,658	\$ 9,682,911	\$ 7,358,867	\$ 6,121,484
PBGC Premiums	\$ 780,378	\$ 1,229,520	\$ 1,179,686	\$ 978,408	\$ 576,288	\$ 327,685	\$ 135,801
Effective Interest Rate	5.95%	5.77%	5.55%	5.04%	4.59%	4.18%	3.81%
Actual Return on Assets	7.50%	7.00%	6.90%	6.80%	6.70%	6.60%	6.50%



Projection Results Detail—OPEB Plans

NYSEG	2015	2016	2017	2018	2019	2020	2021
Accumulated Postretirement Benefit Obligation	\$ 208,254,225	\$ 204,980,650	\$ 201,721,304	\$ 197,779,098	\$ 193,243,769	\$ 188,106,698	\$ 182,564,133
Market Value of Assets	89,078,025	88,344,610	85,585,266	82,563,139	79,326,466	75,848,860	72,195,881
Funded Status	\$ (119,176,200)	\$ (116,636,040)	\$ (116,136,038)	\$ (115,215,959)	\$ (113,917,303)	\$ (112,257,838)	\$ (110,368,252)
Unrecognized Prior Service Cost	\$ (35,039,850)	\$ (29,646,252)	\$ (24,252,654)	\$ (18,859,056)	\$ (13,465,458)	\$ (8,071,860)	\$ (2,678,262)
Unrecognized Net (Gain)/Loss	29,238,919	26,130,917	23,027,250	18,772,842	13,789,702	11,304,242	7,619,783
Net Amount Recognized	\$ (124,977,131)	\$ (120,151,375)	\$ (117,361,441)	\$ (115,302,173)	\$ (113,593,059)	\$ (109,025,455)	\$ (105,426,751)
Service Cost	\$ 2,890,196	\$ 2,647,843	\$ 2,350,876	\$ 2,041,500	\$ 1,776,568	\$ 1,567,361	\$ 1,324,172
Interest Cost	7,653,579	7,536,221	7,407,525	7,255,247	7,079,866	6,884,637	6,673,432
Expected Return on Assets	(4,453,901)	(3,975,507)	(3,851,337)	(3,715,341)	(3,569,691)	(3,413,199)	(3,248,815)
Amortization of Prior Service Cost	(5,393,598)	(5,393,598)	(5,393,598)	(5,393,598)	(5,393,598)	(5,393,598)	(2,678,262)
Amortization of (Gains)/Losses	3,108,001	3,103,667	4,254,408	4,983,140	2,485,460	3,684,479	3,001,670
Net Periodic Benefit Cost	\$ 3,804,277	\$ 3,918,626	\$ 4,767,874	\$ 5,170,948	\$ 2,378,605	\$ 3,329,680	\$ 5,072,197
Allocated to Non-Regulated Affiliate	1,673,598	1,686,421	1,677,867	1,682,600	1,646,749	1,271,638	1,036,044
Allocated to NYSEG	\$ 2,130,679	\$ 2,232,204	\$ 3,090,007	\$ 3,488,348	\$ 731,856	\$ 2,058,043	\$ 4,036,153
Market-Related Value of Assets	\$ 89,078,025	\$ 88,344,610	\$ 85,585,266	\$ 82,563,139	\$ 79,326,466	\$ 75,848,860	\$ 72,195,881
Expected Benefit Payments	\$ 13,817,350	\$ 13,443,410	\$ 13,700,606	\$ 13,832,076	\$ 13,993,506	\$ 13,994,563	\$ 14,025,779
Expected VEBA Withdrawals	\$ 5,187,317	\$ 6,734,851	\$ 6,873,464	\$ 6,952,014	\$ 7,047,297	\$ 7,066,179	\$ 7,104,975
Expected Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Expected Return on Plan Assets	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Actual Return on Plan Assets	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

RG&E	2015	2016	2017	2018	2019	2020	2021
Accumulated Postretirement Benefit Obligation	\$ 85,635,335	\$ 83,813,899	\$ 82,050,608	\$ 80,144,799	\$ 78,080,801	\$ 75,890,475	\$ 73,591,143
Market Value of Assets	-	-	-	-	-	-	-
Funded Status	\$ (85,635,335)	\$ (83,813,899)	\$ (82,050,608)	\$ (80,144,799)	\$ (78,080,801)	\$ (75,890,475)	\$ (73,591,143)
Unrecognized Prior Service Cost	\$ (7,015,719)	\$ (5,606,826)	\$ (4,197,933)	\$ (2,789,040)	\$ (1,706,785)	\$ (857,875)	\$ (8,965)
Unrecognized Net (Gain)/Loss	12,108,831	11,960,803	10,493,366	9,190,997	7,150,434	5,187,404	3,476,466
Net Amount Recognized	\$ (80,542,223)	\$ (77,459,922)	\$ (75,755,175)	\$ (73,742,842)	\$ (72,637,152)	\$ (71,560,946)	\$ (70,123,642)
Service Cost	\$ 450,817	\$ 416,727	\$ 357,767	\$ 283,407	\$ 235,704	\$ 202,540	\$ 170,154
Interest Cost	3,152,042	3,085,810	3,018,499	2,945,868	2,867,432	2,784,337	2,697,033
Expected Return on Assets	-	-	-	-	-	-	-
Amortization of Prior Service Cost	(1,408,893)	(1,408,893)	(1,408,893)	(1,082,255)	(848,910)	(848,910)	(8,965)
Amortization of (Gains)/Losses	148,028	1,467,437	1,302,369	2,040,563	1,963,030	1,710,938	1,280,765
Net Periodic Benefit Cost	\$ 2,341,994	\$ 3,561,081	\$ 3,269,742	\$ 4,187,583	\$ 4,217,256	\$ 3,848,905	\$ 4,138,987
Market-Related Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expected Benefit Payments	\$ 5,424,295	\$ 5,265,828	\$ 5,282,075	\$ 5,293,273	\$ 5,293,462	\$ 5,286,209	\$ 5,282,429
Expected VEBA Withdrawals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expected Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Discount Rate	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Expected Return on Assets	N/A						
Actual Return on Assets	N/A						



Projection Results Detail—401(k) Plans

NYSEG Non-Union Employees:

Group	2015	2016	2017	2018	2019	2020	2021
Remaining in DB (50% on 1st 6%)	\$ 685,381	\$ 622,735	\$ 561,515	\$ 501,128	\$ 445,576	\$ 391,969	\$ 340,777
Cash Balance to DC (50% on 1st 6% plus 6%)	833,483	792,482	764,629	740,325	723,497	702,522	681,736
Only in DC (50% on 1st 6% plus 6%)	84,130	73,986	66,635	62,824	60,175	58,874	58,293
Future Hires (50% on 6% plus 6%)	-	339,102	693,002	1,019,147	1,376,492	1,596,950	2,065,241
Total	\$ 1,602,994	\$ 1,828,305	\$ 2,085,782	\$ 2,323,424	\$ 2,605,740	\$ 2,750,315	\$ 3,146,046

NYSEG Union Employees:

Group	2015	2016	2017	2018	2019	2020	2021
Remaining in DB (25%; No Greater Than 1.5%)	\$ 1,191,430	\$ 1,102,949	\$ 1,022,672	\$ 946,809	\$ 875,821	\$ 808,444	\$ 743,092
Only in DC (150% on 1st 6%)	408,702	390,963	374,866	360,478	346,998	334,896	324,331
Future Hires (150% on 6%)	-	264,678	528,470	788,066	1,047,046	1,307,790	1,570,562
Total	\$ 1,600,132	\$ 1,758,590	\$ 1,926,008	\$ 2,095,353	\$ 2,269,865	\$ 2,451,130	\$ 2,637,985

RGE Non-Union Employees:

Group	2015	2016	2017	2018	2019	2020	2021
Remaining in DB (50% on 1st 6%)	\$ 597,775	\$ 574,621	\$ 546,114	\$ 515,918	\$ 485,956	\$ 451,543	\$ 415,214
Cash Balance to DC (50% on 1st 6% plus 6%)	945,595	889,646	864,916	840,341	824,806	808,047	794,090
Only in DC (50% on 1st 6% plus 6%)	152,057	133,436	120,892	113,372	110,399	109,029	109,194
Future Hires (50% on 6% plus 6%)	-	209,049	425,540	649,314	872,153	1,084,550	1,413,101
Total	\$ 1,695,427	\$ 1,806,752	\$ 1,957,463	\$ 2,118,946	\$ 2,293,315	\$ 2,453,169	\$ 2,731,599

RGE Union Employees:

Group	2015	2016	2017	2018	2019	2020	2021
Remaining in DB (50% on 6%)	\$ 681,470	\$ 651,875	\$ 621,437	\$ 583,669	\$ 545,015	\$ 507,827	\$ 466,811
Only in DC (150% on 1st 6%)	179,568	160,109	147,339	141,099	136,557	134,142	132,226
Future Hires (150% on 6%)	-	140,702	284,517	445,004	608,818	792,660	957,066
Total	\$ 861,038	\$ 952,685	\$ 1,053,292	\$ 1,169,771	\$ 1,290,390	\$ 1,434,629	\$ 1,556,104



Appendix



Actuarial Assumptions and Methods



Actuarial Assumptions and Methods—Pension Plans

Funding interest rates, accounting discount rate, expected rated of return, actual rate of return	See projection results details.
Salary increases	
Non-Union	See Table 1.
Union	See Table 2.
Cash balance interest crediting rate	
NYSEG	3.25%.
RG&E	1.50%.
Social Security wage base increases	Future wage indices are based on a national wage increase of 3.20% per year.
Mortality rates	
Funding	2015 static mortality table for annuitants and non-annuitants per IRS Treasury regulation section 1.430(h)(3)-1(e).
Accounting	RP-2014 fully generational table (project with scale MP-2014) for male and female with separate rates for healthy annuitants and healthy non-annuitants. For non-union participants, the total tables are used; for union participants, the blue collar tables are used.
Retirement rates	
Active participants	See Table 3.
Terminated vested participants	See Table 4.
Withdrawal rates	
NYSEG Union	See Table 5.
NYSEG Non-Union and RG&E Union and RG&E Non-Union	See Table 6.
Disability rates	
Non-Union	See Table 7.
Union	See Table 8.
Decrement timing	Middle-of-year decrements except for ages with 100% retirement rates.



Actuarial Assumptions and Methods—Pension Plans

Surviving spouse benefit	It is assumed that 75% of males and 75% of females have an eligible spouse, and that males are 3 years older than their spouses.
Valuation compensation	Annualized base salary rolled forward one year with the salary increase assumption, increased to reflect expected target bonuses for non-union employees.
Funding valuation of plan assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to neither less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Accounting market-related value of assets	The market-related value is the actual market value plus two-thirds of the difference between the actual market value and the expected market-related value.
Trust expenses included in funding target normal cost and accounting service cost	Reflects future increases in PBGC premiums.
RG&E	\$700,000 for 2015.
NYSEG	\$580,000 for 2015.



Actuarial Assumptions and Methods—Pension Plans

Allocation of cash contribution to non-regulated affiliates

Cash contributions were allocated to the non-regulated affiliates based on the percentage of the target normal cost for the plan attributable to the non-regulated affiliate participants.

Allocation of expense to non-regulated affiliates

Liabilities (PBO) and expected benefit payments for participants identified as IUMC or EGX were allocated to the non-regulated affiliates as follows: for IUMC, the PBO based on service prior to transfer remains an obligation of the regulated affiliate and PBO for service after transfer is allocated to IUMC (exact individual by individual); for EGX, PBO based on all service is allocated to EGX (exact individual by individual).

Service cost for employees identified as IUMC or EGX was calculated directly based on the participant data and assigned to the non-regulated affiliates.

Interest cost was calculated based upon the allocated PBO and expected benefit payments.

Assets were assigned to EGX based on allocated PBO. No assets were assigned to IUMC.

Amortizations of prior service costs were calculated directly based on the participant data.

At RG&E, actuarial gains and losses after 01/01/2004 are allocated between RG&E and IUMC or EGX based on PBO for each year and amortized with the same 10-year methodology as utilized by RG&E. At NYSEG, actuarial gains and losses after 01/01/2001 are allocated between NYSEG and IUMC based on actual amounts for each year and amortized with the same 10-year methodology as utilized by NYSEG.

Census data

As of May 31, 2014.



Actuarial Assumptions and Methods—OPEB Plans

Accounting discount rate, expected rate of return, actual rate of return	See projection results detail.
Health care claims	See Table A.
Health care trend rates	See Table B.
Age-grading of claims	See Table C.
Participation rates	Pre-65: 90%. Post-65: 90% for HRA-eligibles, otherwise Table D.
Persistency rates	Pre-65: 95%. Post-65: 100% for HRA-eligibles, otherwise Table E.
Excise tax rates	See Table F for rates to be added to health care trend rates for the uncapped groups.
Mortality rates	RP-2014 fully generational table (project with scale MP-2014) for male and female with separate rates for healthy annuitants and healthy non-annuitants. For non-union participants, the total tables are used; for union participants, the blue collar tables are used.
Retirement rates	See Table 3.
Withdrawal rates	
NYSEG Union	See Table 5.
NYSEG Non-Union and RG&E Union and Non-Union	See Table 6.
Disability rates	
Non-Union	See Table 7.
Union	See Table 8.
Salary increases	
Non-Union	See Table 1.
Union	See Table 2.



Actuarial Assumptions and Methods—OPEB Plans

Decrement timing	Middle-of-year decrements except for ages with 100% retirement rates.									
Dependent assumption	<table border="1"> <thead> <tr> <th style="text-align: left;">Plan</th> <th style="text-align: center;">Male</th> <th style="text-align: center;">Female</th> </tr> </thead> <tbody> <tr> <td>NYSEG</td> <td style="text-align: center;">70%</td> <td style="text-align: center;">35%</td> </tr> <tr> <td>RG&E</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">50%</td> </tr> </tbody> </table>	Plan	Male	Female	NYSEG	70%	35%	RG&E	50%	50%
Plan	Male	Female								
NYSEG	70%	35%								
RG&E	50%	50%								
Administration fees	<p>Administration fees are included in the health care claim costs. In addition, an annual fee of \$45 per HRA account and \$53.30 per HRA participant.</p> <p>Administration fees for life insurance are \$46.75 per retiree if they don't have an HRA account.</p>									
VEBA withdrawals	<p>Scenario A: VEBA assets used to fund gross benefit payments from April 1, 2015 to March 31, 2021.</p> <p>Scenario B: No withdrawal of VEBA assets.</p>									
Attribution period	Benefit accrues from date of hire to earliest eligibility age.									
Retiree drug subsidy for NYSEG union only										
Initial amount	\$483.									
Expected trend	See Table B.									
Year of expiration	If retired prior to 07/01/2000, no expiration; if retired on or after 07/01/2000, 2033.									
Actuarial cost method	Projected unit credit cost method.									



Actuarial Assumptions and Methods—OPEB Plans

Allocation of expense to non-regulated affiliates

The liability, service cost, and expected benefit payments for employees and retirees identified as IUMC were calculated directly based on the participant data and assigned to the non-regulated affiliates. Interest cost was calculated based upon the allocated liability and expected benefit payments. No assets were assigned to the non-regulated affiliates. Amortization for the prior service cost was calculated directly based on the participant data. Amortization for the liability gains and losses are allocated each year in proportion of the liabilities assigned to each group.

Census data

As of May 31, 2014.



Actuarial Assumptions and Methods—401(k) Plans

Census data	January 2015 active employees.
Population	Total union and non-union population remain the same with new hires replacing employees leaving the workforce.
Salary increases	
Non-Union	See Table 2.
Union	See Table 2.
Participation rates for current employees	Participation remains the same.
Participation, pay, contribution rates for new hires	
NYSEG Non-Union	Same as current NYSEG non-union cash balance.
NYSEG Union	Same as current NYSEG union with 150% match.
RG&E Non-Union	Same as current RG&E non-union cash balance.
RG&E Union	Same as current RG&E union with 150% match.
Mortality rates	RP-2014 fully generational table (project with scale MP-2014) for male and female with separate rates for healthy annuitants and healthy non-annuitants. For non-union participants, the total tables are used; for union participants, the blue collar tables are used.
Retirement rates	See Table 3.
Withdrawal rates	
NYSEG Union	See Table 5.
NYSEG Non-Union and RG&E Union and RG&E Non-Union	See Table 6.
Disability rates	
Non-Union	See Table 7.
Union	See Table 8.



Actuarial Assumptions Tables

Table 1

Salary Increases—Non-Union

Age	Increase	Age	Increase
20	9.00%	45	5.20%
21	9.00%	46	5.10%
22	9.00%	47	5.00%
23	9.00%	48	4.90%
24	9.00%	49	4.80%
25	9.00%	50	4.70%
26	9.00%	51	4.60%
27	9.00%	52	4.50%
28	8.60%	53	4.40%
29	8.20%	54	4.30%
30	7.80%	55	4.20%
31	7.40%	56	4.10%
32	7.00%	57	4.00%
33	6.80%	58	3.90%
34	6.60%	59	3.80%
35	6.40%	60	3.70%
36	6.20%	61	3.60%
37	6.00%	62	3.50%
38	5.90%	63	3.50%
39	5.80%	64	3.50%
40	5.70%	65	3.50%
41	5.60%		
42	5.50%		
43	5.40%		
44	5.30%		



Table 2

Salary Increases—Union

Age	Increase	Age	Increase
20	7.00%	45	4.20%
21	7.00%	46	4.10%
22	7.00%	47	4.00%
23	6.90%	48	4.00%
24	6.80%	49	4.00%
25	6.70%	50	4.00%
26	6.60%	51	4.00%
27	6.50%	52	4.00%
28	6.20%	53	3.90%
29	5.90%	54	3.80%
30	5.60%	55	3.70%
31	5.30%	56	3.60%
32	5.00%	57	3.50%
33	5.00%	58	3.40%
34	5.00%	59	3.30%
35	5.00%	60	3.20%
36	5.00%	61	3.10%
37	5.00%	62	3.00%
38	4.90%	63	3.00%
39	4.80%	64	3.00%
40	4.70%	65	3.00%
41	4.60%		
42	4.50%		
43	4.40%		
44	4.30%		



Table 3

Retirement Rates—NYSEG, RG&E, and Cash Balance Plans

Age	Rate			
	NYSEG— Supplement Eligible	NYSEG— Non-Cash Balance, Non-Supplement Eligible	RG&E— Non-Cash Balance	NYSEG, RG&E Cash Balance Plans
55	15.00%	15.00%	5.00%	20.00%
56	20.00%	20.00%	5.00%	15.00%
57	20.00%	20.00%	5.00%	15.00%
58	20.00%	20.00%	10.00%	15.00%
59	40.00%	25.00%	10.00%	15.00%
60	30.00%	30.00%	10.00%	15.00%
61	30.00%	30.00%	25.00%	15.00%
62	40.00%	40.00%	25.00%	50.00%
63	35.00%	35.00%	25.00%	25.00%
64	35.00%	35.00%	25.00%	25.00%
65	25.00%	25.00%	25.00%	25.00%
66	25.00%	25.00%	25.00%	25.00%
67	25.00%	25.00%	25.00%	25.00%
68	25.00%	25.00%	25.00%	25.00%
69	25.00%	25.00%	25.00%	25.00%
70	100.00%	100.00%	100.00%	100.00%

Table 4

Retirement Rates—Term Vesteds

Age	Rate
55	15.00%
56	5.00%
57	5.00%
58	10.00%
59	10.00%
60	10.00%
61	10.00%
62	25.00%
63	10.00%
64	10.00%
65	100.00%



Table 5

Withdrawal Rates—NYSEG Union

Age	Rate	Age	Rate
20	13.00%	40	5.80%
21	13.00%	41	5.40%
22	13.00%	42	5.00%
23	13.00%	43	4.40%
24	13.00%	44	3.80%
25	13.00%	45	3.20%
26	13.00%	46	2.60%
27	13.00%	47	2.00%
28	12.00%	48	1.80%
29	11.00%	49	1.60%
30	10.00%	50	1.40%
31	9.00%	51	1.20%
32	8.00%	52	1.00%
33	7.80%	53	1.00%
34	7.60%	54	1.00%
35	7.40%	55+	0.00%
36	7.20%		
37	7.00%		
38	6.60%		
39	6.20%		



Table 6

Withdrawal Rates—NYSEG Non-Union, and RG&E

Age	Service					
	Under 1	1-2	2-3	3-4	4-5	5+
20	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
21	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
22	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
23	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
24	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
25	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
26	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
27	20.00%	15.00%	15.00%	8.00%	8.00%	7.00%
28	20.00%	15.00%	15.00%	8.00%	8.00%	6.80%
29	20.00%	15.00%	15.00%	8.00%	8.00%	6.60%
30	20.00%	15.00%	15.00%	8.00%	8.00%	6.40%
31	20.00%	15.00%	15.00%	8.00%	8.00%	6.20%
32	20.00%	15.00%	15.00%	8.00%	8.00%	6.00%
33	20.00%	15.00%	15.00%	8.00%	8.00%	5.90%
34	20.00%	15.00%	15.00%	8.00%	8.00%	5.80%
35	20.00%	15.00%	15.00%	8.00%	8.00%	5.70%
36	20.00%	15.00%	15.00%	8.00%	8.00%	5.60%
37	20.00%	15.00%	15.00%	8.00%	8.00%	5.50%
38	20.00%	15.00%	15.00%	8.00%	8.00%	5.40%
39	20.00%	15.00%	15.00%	8.00%	8.00%	5.30%
40	20.00%	15.00%	15.00%	8.00%	8.00%	5.20%
41	20.00%	15.00%	15.00%	8.00%	8.00%	5.10%
42	20.00%	15.00%	15.00%	8.00%	8.00%	5.00%
43	20.00%	15.00%	15.00%	8.00%	8.00%	4.60%
44	20.00%	15.00%	15.00%	8.00%	8.00%	4.20%
45	20.00%	15.00%	15.00%	8.00%	8.00%	3.80%
46	20.00%	15.00%	15.00%	8.00%	8.00%	3.40%
47	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
48	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
49	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
50	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
51	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
52	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
53	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
54	20.00%	15.00%	15.00%	8.00%	8.00%	3.00%
55	20.00%	15.00%	15.00%	8.00%	8.00%	0.00%



Table 7

Disability Rates—Non-Union

Age	Male	Female	Age	Male	Female
20	0.0004	0.0005	45	0.00178	0.00231
21	0.0004	0.0005	46	0.00178	0.00231
22	0.0004	0.0005	47	0.00178	0.00231
23	0.0004	0.0005	48	0.00178	0.00231
24	0.0004	0.0005	49	0.00178	0.00231
25	0.00045	0.00058	50	0.00331	0.00364
26	0.00045	0.00058	51	0.00331	0.00364
27	0.00045	0.00058	52	0.00331	0.00364
28	0.00045	0.00058	53	0.00331	0.00364
29	0.00045	0.00058	54	0.00331	0.00364
30	0.00053	0.00078	55	0.00594	0.00534
31	0.00053	0.00078	56	0.00594	0.00534
32	0.00053	0.00078	57	0.00594	0.00534
33	0.00053	0.00078	58	0.00594	0.00534
34	0.00053	0.00078	59	0.00594	0.00534
35	0.00069	0.00116	60	0.00836	0.00627
36	0.00069	0.00116	61	0.00836	0.00627
37	0.00069	0.00116	62	0.00836	0.00627
38	0.00069	0.00116	63	0.00836	0.00627
39	0.00069	0.00116	64	0.00836	0.00627
40	0.00101	0.00153			
41	0.00101	0.00153			
42	0.00101	0.00153			
43	0.00101	0.00153			
44	0.00101	0.00153			



Table 8

Disability Rates—Union

Age	Male	Female	Age	Male	Female
20	0.00051	0.00076	45	0.00292	0.00379
21	0.00051	0.00076	46	0.00292	0.00379
22	0.00051	0.00076	47	0.00292	0.00379
23	0.00051	0.00076	48	0.00292	0.00379
24	0.00051	0.00076	49	0.00292	0.00379
25	0.00059	0.00098	50	0.00557	0.00668
26	0.00059	0.00098	51	0.00557	0.00668
27	0.00059	0.00098	52	0.00557	0.00668
28	0.00059	0.00098	53	0.00557	0.00668
29	0.00059	0.00098	54	0.00557	0.00668
30	0.00075	0.00134	55	0.01001	0.00951
31	0.00075	0.00134	56	0.01001	0.00951
32	0.00075	0.00134	57	0.01001	0.00951
33	0.00075	0.00134	58	0.01001	0.00951
34	0.00075	0.00134	59	0.01001	0.00951
35	0.00103	0.00221	60	0.01345	0.01009
36	0.00103	0.00221	61	0.01345	0.01009
37	0.00103	0.00221	62	0.01345	0.01009
38	0.00103	0.00221	63	0.01345	0.01009
39	0.00103	0.00221	64	0.01345	0.01009
40	0.00159	0.00335			
41	0.00159	0.00335			
42	0.00159	0.00335			
43	0.00159	0.00335			
44	0.00159	0.00335			



Actuarial Assumptions Tables

Table A

2015 Health Care Claims Costs

	Pre-65	Post-65
NYSEG		
Union	\$ 9,579	Capped
Non-Union	\$ 9,498	N/A
RGE	Capped	N/A



Table B

Health Care Trend Rates

Year	Medical & Rx Before Impact of Excise Tax		RDS
	Pre-Medicare Eligible	Medicare Eligible	
2015	7.50%	7.00%	6.50%
2016	7.25%	6.75%	6.25%
2017	7.00%	6.50%	6.00%
2018	6.75%	6.25%	5.75%
2019	6.50%	6.00%	5.50%
2020	6.25%	5.75%	5.25%
2021	6.00%	5.50%	5.00%
2022	5.75%	5.25%	4.75%
2023	5.50%	5.00%	4.50%
2024	5.25%	4.75%	4.50%
2025	5.00%	4.50%	4.50%
2026	4.75%	4.50%	4.50%
2027+	4.50%	4.50%	4.50%



Table C

Age-Grading Factors

Age Band	Medical	Rx	% Rx	Composite
< 45	3.0%	4.8%	24.0%	3.4%
45-49	3.7%	4.7%	24.0%	3.9%
50-54	4.2%	4.7%	24.0%	4.3%
55-59	4.4%	4.6%	24.0%	4.4%
60-64	3.7%	4.6%	24.0%	3.9%
65-69	2.7%	3.8%	54.0%	3.3%
70-74	1.8%	2.5%	54.0%	3.3%
75-79	2.2%	0.8%	54.0%	1.4%
80-84	2.8%	0.2%	54.0%	1.4%
85-89	1.4%	0.1%	54.0%	0.7%
90+	0.0%	0.0%	54.0%	0.0%



Table D

Post-65 Participation Rates¹

Year	NYSEG Union
2014	80%
2015	79%
2016	78%
2017	77%
2018	76%
2019	75%
2020	74%
2021	73%
2022	72%
2023	71%
2024	70%
2025	69%
2026	68%
2027	67%
2028	66%
2029+	65%

¹ 90% for HRA-eligible retirees.



Table E

Post-65 Persistency Rates¹

Year	NYSEG Union
2015	89%
2016	88%
2017	87%
2018	86%
2019	85%
2020	84%
2021	83%
2022	82%
2023	81%
2024	80%
2025	80%
2026	80%
2027	80%
2028	80%
2029+	80%

¹ 100% for HRA-eligible retirees.



Table F

Medical and Rx Excise Tax Rates

Year	NYSEG	
	Pre-Medicare Eligible	Medicare Eligible
2015	0.00%	0.00%
2016	0.00%	0.00%
2017	0.00%	0.00%
2018	1.48%	0.00%
2019	2.37%	0.00%
2020	2.09%	0.00%
2021	1.85%	0.00%
2022	1.63%	0.00%
2023	1.44%	0.00%
2024	1.26%	0.00%
2025	1.11%	0.00%
2026	0.96%	0.00%
2027	0.83%	0.00%
2028	0.81%	0.00%
2029	0.78%	0.00%
2030	0.76%	0.00%
2031	0.74%	0.00%
2032	0.72%	0.00%
2033	0.71%	0.00%
2034	0.69%	0.00%
2035	0.67%	0.00%
2036	0.65%	0.00%
2037	0.64%	0.00%
2038	0.62%	0.00%
2039	0.61%	0.00%
2040	0.59%	0.00%
2041	0.58%	0.00%
2042	0.56%	0.50%
2043	0.55%	0.73%
2044	0.53%	0.71%
2045	0.52%	0.69%
2046	0.51%	0.67%
2047	0.50%	0.65%
2048	0.49%	0.64%
2049	0.47%	0.62%



Summary of Plan Provisions



NYSEG Pension Plan

Effective Date

July 1, 1965 (original plan, March 1, 1941).
Amended and restated effective May 1, 1998.

Eligibility for Participation

All employees who were participants in the plan on December 31, 1975 remain participants. All other employees shall become participants on their date of employment. Employees who transfer employment to Iberdrola USA Management Corporation (formerly Energy East Management Corporation) or Utility Shared Services Corporation continue to participate in this Plan.

Union employees hired after July 1, 2010 are not eligible to participate.

Non-Union employees covered by the cash balance formula no longer receive pension credits after January 1, 2014.

Non-Union employees hired after December 31, 2013 are not eligible to participate.

Applicable Benefit Formula

Union—Employed on January 1, 2001

Choice of traditional or cash balance formula at retirement.

Union—Hired after January 1, 2001

Cash balance formula.

Non-Union—Hired prior to January 1, 2002

Traditional formula.

Non-Union—Hired on or after January 1, 2002

Cash balance formula.

Credited Service

The period of service commencing on the employee's date of employment or re-employment and ending on the date of separation from service, but including any absence from service of 12 months or less for any reason other than termination or death, and including periods of absence due to disability of 24 months or less.



NYSEG Pension Plan

Pensionable Earnings

The annualized basic wage or salary exclusive of overtime, premium pay, or awards. As of January 1, 2002, bonus paid in the year is included in pensionable earnings for non-union employees.

Average Earnings

The average of the participant's 5 highest consecutive 12-month periods of pensionable earnings during his final 10 years of service.

ERISA Maximums

Retirement benefit is capped at the IRC section 415 limit payable as a life annuity reduced for early receipt.

Salary is capped at the IRC section 401(a)(17) limit for benefit determination. The 2002 limit of \$200,000 applies retroactively.

Normal Form of Benefits

Life annuity for single participants. Married participants will receive reduced benefits in a 50% contingent annuitant option unless otherwise elected. For retirements on or after January 1, 1986, if the survivor predeceases the retiree within 5 years following retirement, the full unreduced retirement benefit is restored (pop-up benefit).

Optional Form of Benefits

Life annuity.

50%, 66-2/3%, 75% or 100% joint and survivor annuity or joint and survivor annuity with pop-up for life (pop-up not available for non-union employees hired after July 1, 2002).

10-year certain and continuous annuity*.

Lump sum for terminations after January 1, 2002.

*Not available to non-union employees hired after January 1, 2002 who are covered by the cash balance formula.



NYSEG Pension Plan

Supplemental Benefit

Union employees who retire between July 1, 2005 and July 1, 2015 after attainment of age 59 receive \$250 per month added to the annuity payable or \$37,500 added to the cash balance account.

Benefits for Former Columbia Gas of New York (CNY) Employees

Service with CNY is treated as plan service. Former CNY employees can elect to receive benefits determined as if all service had been plan service, or the CNY benefit (with all rights and features, including a lump sum option at retirement) accrued to date of acquisition plus a plan benefit adjusted to reflect the value of the CNY benefit.



NYSEG Pension Plan—Traditional Formula

Normal Retirement

Eligibility

Age 65.

Amount of Benefit

Union employees receive 1.40% of the first \$10,000 of average earnings plus 1.68% of average earnings in excess of \$10,000 for each year of credited service not in excess of 35 years, plus 1.00% of average earnings for each year of credited service in excess of 35 years but not exceeding 40 years.

Non-union employees receive 1.37% of the first \$10,000 of average earnings plus 1.65% of average earnings in excess of \$10,000 for each year of credited service not in excess of 35 years, plus 1.00% of average earnings for each year of credited service in excess of 35 years but not exceeding 40 years.

Early Retirement

Eligibility

Age 55 and 10 years of service.

Amount of Benefit

A benefit computed as for normal retirement, based on credited service at date of early retirement and reduced 3.00% for each of the 5 years by which early retirement precedes age 60.

Alternatively, the cash balance account is available for eligible employees but is no less than the lump sum value of the age 65 traditional formula benefit for union employees who have a choice between the cash balance formula benefit and the traditional formula benefit.

Late Retirement

The normal retirement benefit based on pay and service at actual retirement.



NYSEG Pension Plan—Traditional Formula

Disability Retirement

Eligibility

Union employees: 15 years of service.
Non-union employees: 5 years of service and receiving benefits under the long-term disability plan.

Amount of Benefit

Union employees: A benefit computed as for normal retirement, based on credited service and earnings at date of disability and reduced 3.00% for each year by which early retirement precedes age 60, payable as early as age 55.

Non-union employees: A benefit computed as for normal retirement, based on credited service and earnings at actual retirement, and payable at actual retirement.

Preretirement Death

Eligibility

Married participants with 5 years of service.

Amount of Benefit

Upon the death of a vested active participant who has attained age 45 and 15 years of service, 50% of his accrued benefit payable immediately, actuarially adjusted for the spouse's age at early commencement, and a 50% contingent annuitant option.

Upon the death of a vested participant who has not attained age 45 and 15 years of service, 50% of his accrued benefit payable at his earliest retirement age, reduced for early commencement, and a 50% contingent annuitant option.

Vested Deferred Retirement

Eligibility

5 years of service after age 18.

Amount of Benefit

Employees may choose to receive the lump sum value of their age 65 benefit or its annuity equivalent.



NYSEG Pension Plan—Cash Balance Formula

Normal Retirement

Eligibility

Age 65.

Amount of Benefit

Union employees receive the present value of the traditional formula accrued benefit on December 31, 2000 credited with \$3,500 for each year of service after 2000 and an annual interest credit at the yield on 30-year Treasury Bonds at December 31 for the month of November of the prior year. The cash balance account can never be less than the present value of the traditional formula accrued benefit deferred to age 65. Such present value is calculated using the 417(e) basis.

Non-union employees receive an annual pay credit of 6% of pensionable earnings and an annual interest credit at the average of the 30-year Treasury Bond yield for the month of November of the prior year.

Early Retirement

Eligibility

Age 55 and 10 years of service.

Amount of Benefit

A benefit computed as for normal retirement, based on the cash balance account at early retirement.

Late Retirement

Eligibility

Over age 65.

Amount of Benefit

A benefit computed as for normal retirement, based on the cash balance account at actual retirement.



NYSEG Pension Plan—Cash Balance Formula

Disability Retirement

Eligibility

Union employees: 15 years of service.
 Non-union employees: 3 years of service and receiving benefits under the long-term disability plan.

Amount of Benefit

Union employees: The participant may elect to receive benefits as if he had terminated upon date of disability.

Non-Union employees: Employees will continue to receive credits as described under normal retirement until the earlier of the month prior to age 65 or the month prior to the employee's commencement of benefit payments. The employee may elect to receive benefit payments following the date of disability at age 55 or older.

Preretirement Death

Eligibility

Immediately vested in account balance upon death.

Amount of Benefit

As described under normal retirement, based on the cash balance account at the date of death. Benefit is payable as a lump sum or actuarially equivalent annuity if benefit is payable to the surviving spouse.

Vested Deferred Retirement

Eligibility

3 years of service after age 18.

Amount of Benefit

As described under normal retirement, based on the cash balance account at the date of termination. Benefit is payable during any month following termination, but no later than age 65.



RG&E Pension Plan

Effective Date	January 1, 1933, amended and restated July 1, 1999. Amended effective April 1, 2000, August 1, 2000, January 1, 2002, May 1, 2002, January 1, 2003, January 1, 2004, January 1, 2005, and January 1, 2008.
Covered Employee	<p>Any employee who is at least age 21 and who is not a leased employee, independent contractor, contract employee from an outside agency, person who waived participation, or a member of a collective bargaining unit which did not bargain for participation in the plan.</p> <p>Employees who transfer employment to Iberdrola Management Corporation USA (formerly Energy East Management Corporation) or Utility Shared Services Corporation continue to participate in this plan.</p>
Eligibility for Participation	<p>Any covered employee will become a participant on the first day of the month following the later of (i) date of hire or (ii) attainment of age 21.</p> <p>Union employees hired after October 1, 2009 are not eligible to participate.</p> <p>Non-Union employees covered by the cash balance formula no longer receive pension credits after January 1, 2014.</p> <p>Non-Union employees hired after December 31, 2013 are not eligible to participate.</p>
Applicable Benefit Formula	
Union	Traditional formula.
Non-union—Employed before December 31, 2004	Traditional formula.
Non-union—Hired on or after January 1, 2005	Cash balance formula.



RG&E Pension Plan

Years of Participation	Years and months of service since participation date.
Years of Service	Completed years from hire date to severance from service date.
Plan Year	Calendar year.
Final Average Compensation (FAC)	<p>Final Average Compensation is the average of compensation over 36 consecutive months out of the last 120 months preceding the date of determination which produces the highest average. Final Average Compensation for former Pavilion Plan participants is the average of Compensation over any 60 consecutive months during employment which produces the highest average.</p> <p>Compensation includes base pay, lump sum merit pay, shift differential, and, effective January 1, 2005, incentive pay for regulated Non-Union employees.</p>
Social Security Covered Compensation	A 35-year average of Social Security wage bases ending with the year in which a participant attains Social Security normal retirement age.
Social Security Benefit (PIA)	<p>The participant's unreduced primary insurance amount (PIA) payable at normal or later retirement age. The PIA is calculated on the basis of the Social Security Act in effect at date of determination, assuming for participants less than age 60 with 25 years of service, level wages from date of determination to Social Security normal retirement age. Wage history is estimated assuming past increases at the rate of 6 percent per year, unless the participant submits an actual wage history from the Social Security Administration. For participants under age 65, the PIA is reduced by the Social Security early retirement factor applicable to the later of retirement age and age 62.</p>



RG&E Pension Plan

ERISA Maximums

Retirement benefit is capped at the IRC section 415 limit payable as a life annuity reduced for early receipt.

Salary is capped at the IRC section 401(a)(17) limit for benefit determination. The 2002 limit of \$200,000 applies retroactively.

Normal Form of Benefits

Single life annuity for single participants; actuarially reduced 50% joint and survivor annuity for married participants.

Optional Form of Benefits

Joint annuity with 25%, 50%, 75%, or 100% continued to the participant's surviving contingent annuitant. If the contingent annuitant dies before the participant has been retired for 5 years, a percentage of the reduction in the participant's pension for this option will be restored (100% during the first year, 80% during the second year, 60% during the third year, 40% during the fourth year and 20% during the fifth year).

Life annuity.

Lump sum.



RG&E Pension Plan—Traditional Formula

Normal Retirement

Eligibility

First of the month coincident with or next following the later of age 65 or the fifth anniversary of the participant's commencement of participation in the Plan.

Amount of Benefit

- I. Pension Equity Formula—Lump Sum equal to the sum of **i** and **ii**, but not less than **iii**.
- i. 8.50% of FAC x Years of Participation, plus 4.25% of FAC over Covered Compensation x Years of Participation (Credit Formula)
 - ii. 4.00% of FAC x Years of Participation as of June 30, 1999 (Transition Formula)
 - iii. The actuarial present value of the Participant's accrued benefit on June 30, 1999 payable at Normal Retirement Age

The accrued benefit is equal to the accrued normal retirement lump sum (prior to any reduction) as described above. If payable as an annuity, the accrued benefit is equal to the accrued normal retirement lump sum divided by an age 65 annuity factor determined at the time of benefit commencement.

Participants who meet both conditions below are Grandfathered Participants and are entitled to the greater of **I** and **II**.

- Active employee on June 30, 1999, and
- As of December 31, 1999 satisfies either of the following:
 - Age 55 with 10 years of service
 - Sum of age and years of service is greater than or equal to 75



RG&E Pension Plan—Traditional Formula

Amount of Benefit (continued)

- II.** Participants hired before January 1, 1976 receive **i**, but no greater than **ii**. Participants hired after January 1, 1976 but before June 30, 1999 receive **iii**.
- i.** 1% of FAC x Years of Participation + 33.54% of FAC in excess of \$7,800. The 33.54% factor is prorated by the minimum of 1 or the ratio of the participant's actual Years of Participation to the total anticipated Years of Participation at age 55.
 - ii.** For those hired prior to July 1, 1965: [80% of FAC] less PIA; the 80% factor is increased/decreased by 0.5% for each Year of Participation greater than/less than 35.

For those employed after July 1, 1965 and prior to January 1, 1976: [75% of FAC] less PIA; the 75% factor is increased/decreased by 0.5% for each Year of Participation greater than/less than 35.
 - iii.** 60% of FAC minus 50% of the PIA multiplied by the ratio of Years of Participation to 35 (not in excess of 1). The 60% factor is increased by 0.5% for each Year of Participation in excess of 35. This benefit will be reduced by any Workers' Compensation benefits the participant is receiving.

Service and Final Average Compensation under the Section **II** formulas were frozen on June 30, 2011.



RG&E Pension Plan—Traditional Formula

Amount of Benefit (continued)

Employees of Pavilion, who became participants in this plan on February 28, 1981 (date of merger), are entitled only to **iii** of the Section **II** formulas. Pavilion employees are eligible for a minimum benefit based on the Pavilion Plan benefit formula and using total service and FAC. FAC for this purpose is a 5-year average.

For participants active on May 1, 2002, the lump sum value of the participant's benefit shall not be less than \$10,000 (reduced for early retirement according to the Pension Equity early retirement provisions).

Benefits for part-time employees are based on actual service and actual pensionable pay.

Supplemental Benefit

In addition to the benefits provided above, employees listed in Appendix D of the plan document receive a Supplemental Benefit as shown in Appendix D. This benefit will be paid in the same form as the participant's basic benefit is paid.



RG&E Pension Plan—Traditional Formula

Early Retirement

Eligibility

First of month coincident with or next following age 55 and 10 Years of Service.

Amount of Benefit

The lump sum benefit payable upon early retirement under the Pension Equity formula is the participant's accrued normal retirement lump sum benefit reduced by 3.5% for each year retirement precedes age 57, subject to a maximum reduction of 77% (22 years of reduction). The accrued normal retirement lump sum benefit is unreduced if paid at age 57 or later. If the benefit is paid as an annuity, the reduced lump sum benefit is divided by an immediate annuity factor determined on the commencement date.

For Grandfathered participants, if the participant has 35 or more Years of Participation, the accrued normal retirement benefit (II above) is reduced by 5% for each year retirement precedes age 62. If the participant has less than 35 Years of Participation, the benefit is reduced by 5% for each year retirement precedes age 65.

Late Retirement

Amount of Benefit

Benefit calculated using Years of Participation and FAC as of the participant's actual retirement date.

Disability Retirement

Eligibility

Participants who are also covered under the Rochester Gas & Electric Corporation's Long Term Disability Plan (LTD Plan), may retire under the disability provision.

Amount of Benefit

Final Average Compensation is calculated as of the date of disability.

Service will continue to accrue until the earlier of the participant's Normal Retirement Date or the end of LTD Plan coverage.

The participant may elect to commence benefits earlier, in accordance with the early retirement benefit provisions.



RG&E Pension Plan—Traditional Formula

Preretirement Death

Eligibility

A married, vested participant who is active or has terminated, but has not yet commenced receiving benefits.

Amount of Benefit

50% of the benefit that would have been payable to the participant if the participant had:

- (1) terminated immediately before death,
- (2) elected to retire at the earliest retirement eligibility or date of death if later, and (3) elected a 50% joint and survivor annuity with the spouse as the beneficiary.

The surviving spouse's benefit is first payable on the first of the month following the later of the date of death or the early retirement date. The spouse may elect to receive the actuarial equivalent lump sum of the annuity benefit.

Termination Prior to Retirement

Eligibility

5 years of credited service.

Amount of Benefit

Accrued normal retirement benefit as of date of termination, payable at normal retirement age. Earlier benefit commencement may be elected, with the benefit reduced for early commencement in accordance with early retirement provisions.



RG&E Pension Plan—Cash Balance Formula

Normal Retirement

Eligibility

First month coincident with or next following the later of age 65 or the third anniversary of the participant's commencement of participation in the Plan.

Amount of Benefit

Cash balance account credited with an annual pay credit of 6% of compensation and an annual interest credit at the 417(e) first segment rate for the month of November of the prior year.

Early Retirement

Eligibility

First of month coincident with or next following age 55 and 10 Years of Service.

Amount of Benefit

The benefit is as described under normal retirement, based on the Cash Balance account at early retirement. The benefit is payable as a lump sum or actuarially equivalent annuity.

Late Retirement

The benefit is as described under normal retirement, based on the Cash Balance account at deferred retirement. The benefit is payable as a lump sum or actuarially equivalent annuity.

Disability Retirement

Eligibility

Participants who are also covered under the Rochester Gas & Electric Corporation's Long Term Disability Plan (LTD Plan), may retire under the disability provision.

Amount of Benefit

Employees will continue to receive credits as described under normal retirement until the earlier of the month prior to the employee's attainment of age 65 or the month prior to the employee's commencement of benefit payments. The employee may elect to receive benefit payments following the date of disability at age 55 or older.



RG&E Pension Plan—Cash Balance Formula

Preretirement Death

Eligibility

3 years of service.

Amount of Benefit

As described under normal retirement, based on 100% of the Cash Balance account at the date of death. Benefit is payable as a lump sum. If benefit is payable to the surviving spouse, an actuarially equivalent annuity may be elected.

Termination Prior to Retirement

Eligibility

3 years of credited service.

Amount of Benefit

The benefit is as described under normal retirement, based on the Cash Balance account at termination. The benefit is payable during any month after termination, but no later than age 65.



NYSEG OPEB Plan

Eligibility

NYSEG non-union employees hired before January 1, 2011 and NYSEG union employees hired before July 1, 2010 who retire from active status after age 55 with at least 10 years of service. IUMC employees hired before January 1, 2011 who retire from active status after age 55 with at least 10 years of service or after age 65 with at least 5 years of service. NYSEG union employees hired on or after July 1, 2010 who retire from active status after age 55 with at least 10 years of service have access only to the group plan. Dependents are also eligible at the employee's date of retirement provided the retired employee pays the necessary contribution. NYSEG union employees who become disabled after 15 years of service are eligible as well as employees who retire from LTD status.

Medical Plan type (Pre-Medicare Eligible/ Medicare Eligible)

Pre-Medicare eligible NYSEG retirees have a choice of the following plans:

- The Comprehensive Health Insurance Plan (CHIP)
- Excellus PPO
- MVP Select Care or Advantage HealthPlan POS
- Various HMOs

Pre-Medicare eligible IUMC retirees have a choice of the following plans:

- Excellus PPO
- Excellus CDHP
- Excellus Open Access POS
- Blue Choice HMO

Medicare-eligible NYSEG retirees have a choice of the following plans:

- Medi-CHIP
- Excellus Medicare Comprehensive

Medical Plan Provisions

Effective January 1, 2013, Medicare-eligible retirees except union employees who retire after July 1, 2010 will receive a Health Reimbursement Account (HRA) to purchase individual coverage.

Eligible Group	HRA Amount			
	2013	2014	2015	2016+
Union Retired Prior to 07/01/2000 and Non-Union Retired Prior to 03/01/2002	\$ 3,300	\$ 2,900	\$ 2,700	\$ 2,500
Union Retired 07/01/2000–07/01/2010 and Non-Union Retired 03/01/2002+	\$ 2,800	\$ 2,400	\$ 2,200	\$ 2,000

Married retirees get 2x HRA



NYSEG OPEB Plan

	CHIP	MVP and Advantage POS	Excellus POS
Plan Type	Base plus Major Medical: Pre-Medicare	POS: Pre-Medicare	POS: Pre-Medicare
Cost Sharing (Individual/Family)	\$50 per person deductible Basic, \$100 per person deductible Major Medical with 80% coinsurance to OOP maximum of \$980 per person	In-network: \$0/\$0 with 100% coinsurance to OOP maximum of \$0/\$0, \$10 OV/\$15 specialist copay Out-of-network: \$250/\$500 deductible with 80% coinsurance to OOP maximum of \$1,250/\$2,500	In-network: \$0/\$0 with 100% coinsurance to OOP maximum of \$0/\$0, \$20 OV/\$20 specialist copay Out-of-network: \$500/\$1,000 deductible with 50% coinsurance to OOP maximum of \$4,500/\$9,000
Pharmacy Benefit (Generic/BF/BNF)	Retired before 01/01/1986: Retail: \$3/\$8/\$13 Mail: \$6/\$16/\$26 Retired on or after 01/01/1986: Retail: Plan pays 90% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail: ▪ \$25/\$90/\$150	Retired before 01/01/1986: Retail: \$3/\$8/\$13 Mail: \$6/\$16/\$26 Retired on or after 01/01/1986: Retail: Plan pays 90% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail: ▪ \$25/\$90/\$150	Retail: Plan pays 90% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail: ▪ \$25/\$90/\$150
	HMO		
Plan Type	HMO: Pre-Medicare		
Cost Sharing (Individual/Family)	\$0/\$0 with 100% coinsurance to OOP maximum of \$0/\$0, various OV copays		
Pharmacy Benefit (Generic/BF/BNF)	Retail: ▪ Various copays Mail: ▪ Various copays		



NYSEG OPEB Plan

	PPO	CDHP
Plan Type	PPO: Pre-Medicare	Consumer Driven Health Plan: Pre-Medicare
Cost Sharing (Individual/Family)	In-network: \$200/\$400 annual deductible with 80% coinsurance to OOP maximum of \$1,200/\$2,400 Out-of-network: \$500/\$1,000 deductible with 60% coinsurance to OOP maximum of \$4,500/\$9,000	HRA: \$375/\$1,000 Deductible \$1,200/\$3,000 In-network: 80% coinsurance to OOP maximum of \$2,200/\$5,000 Out-of-network: 60% coinsurance to OOP maximum of \$3,200/\$7,000
Pharmacy Benefit (Generic/BF/BNF)	Retail: Plan pays 80% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail (90-day supply): ▪ \$25/\$90/\$150	Retail: Plan pays 80% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail (90-day supply): ▪ \$25/\$90/\$150
	Medi-CHIP	Medicare Comprehensive
Plan Type	Medicare Supplement	Medicare indemnity, coordinating with Medicare on a "carve-out" basis (i.e., plan benefit determined as primary and offset with Medicare payment)
Cost Sharing (Individual/Family)	Varies by service	\$200/\$600 annual deductible with 80% coinsurance to OOP maximum of \$1,550/\$4,650
Pharmacy Benefit (Generic/BF/BNF)	Retired before 01/01/1986: Retail: \$3/\$8/\$13 Mail: \$6/\$16/\$26 Retired on or after 01/01/1986: Retail: Plan pays 90% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail: ▪ \$25/\$90/\$150	Retail: Plan pays 80% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail (90-day supply): ▪ \$25/\$25/\$25



NYSEG OPEB Plan

Retiree Contributions

Union

Retired prior to 01/01/1986	PPO/Medicare Comprehensive: Greater of current contribution or 10% of premium Other: 10% of premium
Retired 01/01/1986– 06/30/2000	HMO: 10% trend share methodology described below POS: Single—13.4% of premium Family—14.1% of premium CHIP: Single—12.5% of premium Family—13.1% of premium MediCHIP: 10% of premium PPO/Medicare Comprehensive: Greater of current contribution or 10% of premium
Retired 07/01/2000+	Same as retired 01/01/1986–06/30/2000, but subject to union DDB described below.

Non-Union

Retired prior to 01/01/1986	PPO/Medicare Comprehensive: Greater of current contribution or 10% of premium Other: 10% of premium
Retired 01/01/1986– 02/28/2002	HMO: 10% trend share methodology described below POS: Single—13.4% of premium Family—14.1% of premium CHIP: Single—12.5% of premium Family—13.1% of premium MediCHIP: 10% of premium PPO/Medicare Comprehensive: Greater of current contribution or 10% of premium
Retired 03/01/2002+	Same as retired 01/01/1986–02/28/2002, but subject to non-union DDB described below. IUMC retirees pay 20% of premium, subject to the non-union DDB described below.
Survivors	Pre-65: 50% of premium. Post-65: Current cost share at time of death.



NYSEG OPEB Plan

10% Trend Share

For certain retirees described above, the following contribution strategy applies to determine future contributions:

- 10% of the increase in the gross cost (before retiree contributions) of a benefit plan will be added to the retiree contribution amount in the preceding year to determine the current year retiree contribution

Defined Dollar Benefit (DDB)

Certain union retirees are subject to the following DDB caps:

	Pre-Medicare Eligible	Medicare Eligible
Single	\$ 5,500	\$ 3,100
Family	\$ 13,200	\$ 6,200

Union retirees subject to these caps contribute the greater of the following:

- 1) The difference between the gross plan by tier of coverage (e.g., Single, Family) and the cap
- 2) Pre-cap contributions described above

Certain non-union retirees are subject to the following DDB caps as described above:

	Pre-Medicare Eligible	Medicare Eligible
Retiree	\$ 4,800	\$ 2,500

Non-Union retirees subject to these caps and enrolled in single coverage contribute the greater of the following:

- 1) The difference between the gross plan cost and the cap
- 2) Pre-cap contributions described above

Retirees enrolling as dual or family pay a multiple of the single rate:

	NYSEG Retirees	IUMC Retirees
Dual	2x	2x
Family	2x	2.25x

Medicare Part B Premium Reimbursement

NYSEG reimburses a portion (flat amount of \$381.60 per year for all future years) of the Medicare Part B premium for employees (no reimbursement for dependents) who retired prior to 2006. This reimbursement is only available to those who enrolled in the retiree medical plan.

Survivor Benefits

Surviving spouses of actives or retirees: If spouse is below age 40 at the time of death, coverage may continue for one year; otherwise coverage may continue until remarriage. Survivor eligibility is subject to limitations for certain groups. In some instances, surviving spouse is no longer covered upon remarriage or when access to coverage is obtained through another employer.

Terminated Employee

No coverage.



RG&E OPEB Plan

Eligibility for Participation RG&E and Energetix non-union employees hired before January 1, 2011 and union employees hired before January 1, 2009 who are at least age 55 with a minimum of 10 years of service. Dependents are also eligible at the employee's date of retirement provided the retired employee pays the necessary contribution. Employees who retire from LTD status are also covered.

Medical Plan type Pre-Medicare eligible retirees have a choice of the following plans:

- Excellus PPO
- Blue Choice HMO

In addition, Energetix Pre-Medicare retirees are eligible for the Excellus Consumer Driven Health Plan.

Medical Plan Provisions Effective January 1, 2013, Medicare-eligible retirees except union employees who retire after June 1, 2008 will receive a \$2,000 Health Reimbursement Account (HRA) to purchase individual coverage. HRA will be increased by \$600 for 2013, \$300 for 2014, and \$150 for 2015. Effective January 1, 2014, Medicare-eligible union employees who retire after June 1, 2008 will receive a \$2,000 Health Reimbursement Account (HRA) to purchase individual coverage. HRA will be increased by \$300 for 2014, and \$150 for 2015.

	Excellus CDHP	Excellus PPO	Blue Choice HMO
Plan Type	Consumer Driven Health Plan Pre-Medicare	PPO: Pre-Medicare	HMO: Pre-Medicare
Cost Sharing (Individual/Family)	HRA: \$375/\$1,000 Deductible \$1,500/\$3,750 In-network: 80% coinsurance to OOP maximum of \$3,000/\$6,750 Out-of-network: 60% coinsurance to OOP maximum of \$4,500/\$9,750	In-network: \$200/\$400 annual deductible with 80% coinsurance to OOP maximum of \$1,200/\$2,400 Out-of-network: \$500/\$1,000 deductible with 60% coinsurance to OOP maximum of \$4,500/\$9,000	\$0/\$0 with 100% coinsurance up to OOP maximum of \$0/\$0, \$25 OV/\$40 specialist copay
Pharmacy Benefit (Generic/BF/BNF)	Retail: Plan pays 80% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail: Plan pays 100% after the following copayments: ▪ \$25/\$90/\$150	Retail: Plan pays 80% subject to the following copayments: ▪ Minimum: \$12/\$30/\$75 ▪ Maximum: \$30/\$60/\$120 Mail: Plan pays 100% after the following copayments: ▪ \$25/\$90/\$150	Retail: Plan pays 100% subject to the following copayments: ▪ \$10/\$25/\$40 Mail: Plan pays 100% after the following copayments: ▪ \$30/\$75/\$120



RG&E OPEB Plan

Company Contribution	Lesser of \$242 per month per retiree unit (regardless of tier of coverage) or monthly medical premium.
Retiree Contribution	Difference between the medical premium and the company contribution.
Survivor Benefits	Coverage continues after death of retiree for life of spouse; coverage continues after death of active employee eligible for retirement for life of spouse. Survivor eligibility is subject to limitations for certain groups. In some instances, surviving spouse can only be covered until they remarry or obtain access to coverage through their own employer.
Life Insurance/Flexible Credits	
For all employees retiring prior to 07/01/ 1999	Basic Group Life Company paid benefit of 1/2 of final pay Special Group Life (for employees active on 01/01/1983) A frozen amount equal to 12/31/1982 pay Ordinary Life and Executive Group Life A frozen amount for a closed group of current retirees Retiree Contributions None
For all employees retiring on or after 07/01/1999	Special Group Life (for employees active on 01/01/1983 and who retired prior to 07/01/2008 only) A frozen amount equal to 12/31/1982 pay Flexible Credits (for non-union employees hired before January 1, 2011 and union employees hired before January 1, 2009) \$100 per month. Flexible Credits may be applied towards the following: purchasing life insurance (maximum 1/2 of pay at retirement) or retiree contributions for Company provided medical benefits. Life insurance/flexible credit benefits are not provided to surviving spouses.



NYSEG 401(k) Plan

Participation	One month of service.
Employee pre-tax contributions	1% to 50% of eligible pay.
Employer matching contributions	.
Union hired before 7/1/2010	25% of employee contributions; max of 1.5% of base pay as of January 1.
Union hired on 7/1/2010 or later	150% of 1 st 6% of eligible pay contributed by the employee.
Non-Union	50% of 1 st 6% of eligible pay contributed by the employee.
Non-elective employer contributions	For non-union employees hired on or after 1/1/2002 (that is, those covered by cash balance formula and new hires), 6% of eligible pay.
Eligible Pay	
Union	Base, overtime
Non-Union for 401(k) contributions	Base, overtime, and bonus if defer 100% of bonus
Non-elective employer contributions	Base, bonus
Automatic enrollment	
Union	None.
Non-Union	3%; for employees hired on or after 1/1/2008.
Automatic increases	
Union	Optional; 1% per year.
Non-Union	Optional; 1% per year.



RG&E 401(k) Plan

Participation	One month of service.
Employee pre-tax contributions	1 to 50% of eligible pay.
Employer matching contributions	
Union hired before 10/1/2009	50% of 1 st 6% of eligible pay contributed by the employee.
Union hired on 10/1/2009 or later	150% of 1 st 6% of eligible pay contributed by the employee.
Non-Union	50% of 1 st 6% of eligible pay contributed by the employee.
Non-elective employer contributions	
Union	None.
Non-Union	6% of eligible pay for those hired on or after 1/1/2005 (that is, those covered by cash balance formula and new hires).
Eligible pay	
Union	Base.
Non-Union	Base, bonus.
Automatic enrollment	
Union	6% for employees hired after 4/1/2010.
Non-Union	3% after 45 days; for employees hired on or after 1/1/2008.
Automatic increases	
Union	Optional; 1% per year.
Non-Union	Optional; 1% per year.



Summary of Plan Demographics



Summary of Plan Demographics—Pension Plans

	NYSEG	RG&E	Total
Participants at May 31, 2014			
Active	1,770	851	2,621
Inactive	<u>3,827</u>	<u>1,447</u>	<u>5,274</u>
Total	5,597	2,298	7,895
Active Valuation Pay	\$ 156,368,034	\$ 70,936,841	\$ 227,304,875
Inactive Benefits	\$ 82,760,972	\$ 31,239,857	\$ 114,000,829

¹Inactive data reflects adjustment for in-payment participants who received a lump sum on December 1, 2014



Summary of Plan Demographics—OPEB Plans

	NYSEG	RG&E	Total
Participants at May 31, 2014			
Active	2,022	709	2,731
Inactive	<u>2,958</u>	<u>1,511</u>	<u>4,469</u>
Total	4,980	2,220	7,200



Summary of Plan Demographics—401(k) Plans

NYSEG Employees Eligible to Contribute as of January 1, 2015

Category	Contribution Provision	Number
Non-Union	50% on 1st 6%	296
Non-Union	50% on 1st 6% plus 6%	164
Union	25% on 1st 6%	1,213
Union	150% on 1st 6%	249
		<u>1,922</u>

RG&E Employees Eligible to Contribute as of January 1, 2015

Category	Contribution Provision	Number
Non-Union	50% on 1st 6%	272
Non-Union	50% on 1st 6% plus 6%	238
Union	50% on 1st 6%	297
Union	150% on 1st 6%	39
		<u>846</u>