



Federal Energy Regulatory Commission
FACT SHEET
December 6, 2007
Energy East Corporation
Docket No. EC07-122-000

The Federal Energy Regulatory Commission (FERC) today authorized the merger of Energy East Corporation and the Spanish utility holding company, Iberdrola, S. A.

Background

Energy East is a public utility holding company with electric utility operations in upstate New York and New England. Iberdrola owns gas and electricity interests in 28 countries, including wind and other power generation facilities in the United States. Iberdrola currently owns no transmission facilities in the U.S. Under section 203(a)(4) of the Federal Power Act (FPA), FERC must approve a merger if it determines that the merger is consistent with the public interest. To do so, FERC considers the merger's effects on competition, rates and regulation and the potential for cross-subsidization of a non-utility associate company.

The Order

Since Iberdrola owns no U.S. transmission facilities and owns relatively little generation in the relevant markets, the acquisition does not present vertical or horizontal market power issues, FERC said. "Applicants have shown that the proposed combination of electric transmission and generation assets will not harm competition."

FERC also noted that operational control of the merged companies' transmission facilities are with independent system operators in New York and New England, which eliminates the company's ability to use transmission to harm competition.

Regarding the merger's effect on rates to wholesale customers, "[N]othing in the application indicates that rates to customers will increase as a result of the transaction," FERC said. Energy East and Iberdrola also have committed to hold transmission and wholesale customers harmless from costs related to the transaction.

Regarding concerns on fuel use for the Russell Station coal facility in upstate New York, FERC said those issues are subject to the authority of other regulatory agencies. FERC further stated that, in this case, a decision concerning fuel usage at the Russell Station is not related to the proposed merger.