

August 29, 2008

VIA ELECTRONIC FILING and HAND DELIVERY

Honorable Jaclyn A. Brilling, Secretary
State of New York Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case No. 02-E-0198, Economic Development Plan filing for 2009

Dear Secretary Brilling:

Pursuant to the New York State Public Service Commission's ("PSC" or "Commission") Order Raising Spending Ceiling and Providing For Revised Procedures, issued and effective May 23, 2008 in Case No. 02-E-0198 (the "May Order"), Rochester Gas and Electric Corporation ("RG&E" or the "Company") respectfully submits its Economic Development Plan for 2009 in compliance with Ordering Clause No. 3. The Company's Economic Development ("ED") Plan provides for Rate Incentives and Non-Rate Incentives totaling \$13 million annually, pursuant to the Company's rate plan as approved by the Commission in Case 03-E-0765. Consistent with its rate plan continuation filing, submitted on February 1, 2008, the filing herein is based on the same \$13 million level of overall ED funding for 2009, with deferrals of amounts above and below that amount. In Case 07-M-0906, Joint Petition of Iberdrola, S.A., Energy East Corporation, RGS Energy Group, Inc., Green Acquisition Capital, Inc., New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation for Approval of the Acquisition of Energy East Corporation by Iberdrola, S.A., Joint Petitioners offered to continue and enhance this Economic Development program.

As part of this filing, the Company is providing:

- An overview of the economic outlook in the region;
- A summary of the specific requests being made by the Company related to its ED program to become effective January 1, 2009;
- An assessment of performance under the current ED plan through 2008;
- Projected rate and non-rate incentive funding for 2009, including an identification of the sources of funding for the plan; and
- The Company's proposed revisions to its rate and non-rate incentives and associated tariff leaves;
- Attachment A – customer communications and support;
- Attachment B – Non-Rate program descriptions;
- Attachment C – list of tariff leaves.

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I. Economic Outlook

The economy in the region served by RG&E is undergoing a period of transformation more dramatic than any in its history. Local employment was long supported by steady growth at the Eastman Kodak Company, Xerox and Bausch & Lomb. Including direct and spillover employment, these three firms comprised half of the local economy.

The region's prospects and its substantial manufacturing base began to erode in the late 1980s and 1990s. The manufacturing-led recession of 2000-2001 hit manufacturing-heavy communities like Rochester hard, driving a more severe decline. Kodak's film production business was rocked by the arrival of digital imaging products affordable to the everyday consumer. The company's once 60,000 strong Rochester operations now employ less than 10,000. Xerox was challenged by a host of domestic and foreign competitors and has begun to recover through relentless improvements in productivity and a slow decline in its overall workforce.

The news has not been all bad. The community of more than 1 million people, is now home to a more diverse set of businesses that are capitalizing on the area's highly educated workforce, research centers of excellence and industry expertise in fields such as alternative energy, biotech and life sciences, food and beverage manufacturing, optics and imaging, printing and publishing and others.

Despite tremendous shrinkage at Kodak, the imaging company still employs about 9,500 locally. Total employment in the region has never fallen below 1996 levels and employment levels are experiencing some modest but grudging growth. It nevertheless significantly trails national and statewide job growth.

Many firms in the Rochester area have reorganized for the new economy and are strong and growing. Harris RF Communications, a producer of sophisticated wireless communications devices, has been expanding steadily. Two of Kodak's spin-offs—ITT Space and Carestream Health—are robust. Xerox's recently completed a state-of-the-art toner manufacturing plant at its Webster campus and its market position is as strong as it has been in many years. Gleason, a global manufacturer of sophisticated gears, headquartered in Rochester renewed its commitment to the region. Sentry Group produces more fire-resistant chests, files, safes, security storage containers and gun safes than any other company in the world and recently brought a gun safe manufacturing operation home from China. Paychex, Pictometry, and Wegmans Food Markets are local success stories that are leaders in their industries.

RG&E, through its PSC approved economic development program, has been an important contributor to most of these success stories and many others. However, the economic transformation is still in its infancy and its long term success is uncertain, reinforcing critical need for RG&E's Economic Development programs to serve as a stimulus.

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The region's business community and government leadership are committed to seeing the transformation through to sustainable success. A determined and tenacious economic development community has come together and RG&E has become a trusted and dependable partner. The company's economic development assistance has become a crucial component in the package of benefits offered to existing businesses making expansion and location decisions and new business looking for a suitable location for new operations. As you will see from the information below, RG&E has made discrete and carefully considered economic development investments. In each instance, the Company's participation has been an important factor in attracting business to New York, resulting in investment growth and job creation/retention.

As discussed below, the continuation of the current economic development program is critical to the transformation of the region's economy and to every customer we serve.

II. Specific Requests for 2009

As more fully explained below, RG&E seeks Commission approval for the following requests so the Company can continue to effectively participate in addressing the current economic development needs in the company's service territory.

1. Rate Incentives – to approve proposed tariff revisions to continue Incremental Load Rate (ILR).
2. Non-Rate Assistance –
 - a. To approve incorporating the Agriculture Capital Investment Pilot Program into its economic development program.
 - b. Working in partnership with New York State Energy Research and Development Authority (NYSERDA), to approve an increase in energy efficiency assistance from \$50,000 to \$100,000 per project for implementation of energy saving measures.
3. ED Program Flexibility – to approve the removal of the annual cap on Non-Rate assistance programs to allow total flexibility in annual spending of \$13 million among rate incentive and Non-Rate assistance programs to target ED funds where they are most needed and best utilized by customers.

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III. Historical Performance (2004 through 2008)

Since 2004, RG&E has filed annual economic development reports that are summarized below.

Table 1 – Historical Electric Rate Incentives

Year	Average Annual No. of Accounts	Discounts
2004 to 2007	344	\$36,730,745
2008 Projected	320	\$6,300,000 ¹

1. \$3,380,800 (as of 6/30/08)

Table 2 - Historical Electric Non-Rate Assistance

	2004 - 2007	2008 Projected
Value of Assistance	\$10,288,300 ¹	\$6,500,000 ²
# of Applicants	70	40
Capital Investment	\$600 M	\$125 M
Jobs Created/Retained	8,000 ³	2,650 ³

1. Capped at \$2.2 million prior to 2007

2. \$2,391,300 (as of 6/30/08)

3. As reported by the applicants

As can be seen from the above tables and in the Company's annual ED reports, the Company's Non-Rate assistance programs provide substantial benefits to New York and RG&E ratepayers by enabling businesses to remain, locate, or expand in the RG&E service area. Depending on the program through which a grant is made, the recipient business is required to make commensurate investment, seek economic development funding from other entities, demonstrate the ability to retain or attract new employment, and/or meet other commitments. The Company is accountable in ensuring that candidate businesses that receive non-rate incentives meet required program criteria, which are designed to ensure that ED funding of marginally-viable projects is avoided and that non-participating ratepayers benefit from funding that they support through their delivery rates.

RG&E expects to spend the entire \$6.5 million of non-rate incentives allowed by the May Order by the end of 2008. For 2009, there is already economic development opportunity demand for \$4 million in Non-Rate assistance. .

Some examples of this demand of viable projects for economic development assistance in 2009 include; a new corporate headquarters in downtown Rochester, a major manufacturing expansion of a world headquarters in the City of Rochester, and a major expansion for a precision machining operation to attract more business from

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overseas. RG&E has already received signed proposals from all three customers. Working in collaboration with our economic development partners, \$1.7 million of the previously mentioned \$4 million in RG&E non-rate assistance for these three projects alone will result in \$80 million in investment to the region and 280 created/retained jobs.

IV. 2009 Program Budget Summary

Total 2009 Budget Projection: \$13 Million of Assistance

Breakdown of \$13 M - \$4.4 M (rate discounts), \$8.6 M (Non-Rate assistance)

Table 3 – 2009 Electric Rate Incentives

	2009 Total Projected Budget
Value of Discounts	\$4.4 M
# of Accounts	250

Table 4 – 2009 Electric Non-Rate Assistance

	2009 Projects –Committed	2009 Total Projected Budget
Value of Assistance	\$4.0 M	\$8.6 M
# of Applicants	10	> 40
Capital Investment	\$100 M	TBD
Jobs/Created/Retained	350	TBD

RG&E recognizes the Commission's efforts to support the Company's Non-Rate Programs as demonstrated by its approval to increase allowable spending to \$6.5 million for 2008. However, RG&E requests the Commission approve the additional flexibility that is needed in order to meet growing business demand for existing and new growth opportunities by removing the cap on Non-Rate Programs and authorizing the Company to allocate funds to non-rate incentive programs as needed within a \$13 Million total program level.

V. Sources of Funding

The level of funding for the ED Program described above is being collected through existing delivery rates that were established in the Company's Electric Rate Plan in Case 03-E-0765. RG&E will continue to work closely with its economic development partners and with Staff and will continue to submit an annual report on its economic development programs as required by the Commission's Order Modifying and Approving Economic Development Plan in Part and Providing For Further Procedures, issued and effective June 2, 2004 in Case Nos. 02-E-0198 and 02-G-0199.

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VI. Program Review

While RG&E continues to promote its rate discount programs, including flexible rate contracts when appropriate, the Company is facing difficulty in meeting customer expectations through traditional rate incentives.

As recognized in the Commission's May Order, valuable experience has been gained with the Non Rate programs. These programs have been very successful in supporting the economic growth experienced in the Rochester region.

Through the implementation of these programs over the past several years, RG&E has been instrumental in retaining existing business, helping businesses to expand and attracting new business to the Rochester region. As shown above, from 2004- 2007, approximately \$10 million in non-rate assistance has been granted to 70 applicants, contributing to more than 8,000 new or retained jobs and more than \$600 million in capital investment. From a capital investment perspective, this translates into \$60,000 in capital investment for every \$1,000 of RG&E grant assistance. This assistance has been provided to a number of business sectors including precision manufacturing, telecommunications, optics and photonics, bio- sciences, food processing, and mixed-use development.

In addition, the Company is diligent with respect to pre-screening of numerous inquiries regarding its economic development programs. This is accomplished through numerous inquiries and via teleconferences/emails or face-to-face meetings with prospects and a thorough discussion of their projects to determine if they will meet our program criteria. RG&E has also educated our internal customer contact personnel and external economic development partners on the eligibility criteria for our programs to facilitate the consideration of more justifiable requests/referrals for assistance. This ensures that the Company manages the Non-Rate program as effectively and as efficiently as possible and that it provides assistance to projects that truly provide economic benefits to ratepayers and our region. All of our economic development programs have been promoted through our Look Upstate marketing campaign and are available on the our public web-site to provide customers a fair and equal opportunity to benefit from our programs.

Some of the benefits of the RG&E non-rate programs include:

- 1) Increasing demand for infrastructure assistance by businesses that must show incremental demand growth of at least 100 kW and investment of \$1 million demonstrates its value in the success of attracting large capital investment projects to the region.
- 2) Funding assistance is provided as part of a collaborative community effort involving local, regional and state economic development agencies.
- 3) Professional economic development staff ensures responsive and timely responses to project Request for Proposals (RFP's) for business growth opportunities.

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- 4) Streamlined and efficient application process for qualifying and evaluating projects and distributing grant awards according to end user schedules.
- 5) Funding assistance helps position businesses to be more competitive for further growth. In some instances, the initial expansion positions the company for future opportunities, particularly situations where the company has multiple site locations.

As further evidence of the above benefits, we have included some examples of customer support through public announcements, press releases, and other communications in Attachment A.

Also refer to Attachment B for a detailed description of the Non Rate programs that RG&E proposes to offer to eligible customers. Attachment B sets forth details including, as applicable, minimum eligibility requirements, sub-program details and target audience for each of the following existing and proposed (identified by an asterisk and addressed more fully in Section VII below) Non-Rate programs:

1. Brownfield/Building Redevelopment Program
2. Utility Infrastructure Investment Program
3. Capital Investment Incentive Program
4. Agriculture Capital Investment Pilot Program*
5. Business Energy Efficiency Assistance Programs*
6. Economic Development Outreach Program
7. Power Quality/Reliability Program

The Targeted Financial Assistance Program, (TFA) will also continue to be offered for projects having unique competitive circumstances. Financial assistance will supplement RG&E's existing economic development assistance programs and enable the Company to offer retention and attraction opportunities that would not expect to be achieved absent the supplemental program offering. These opportunities, which will retain or provide substantial economic development benefits to New York State that would otherwise be lost absent such financial assistance, will be addressed in conjunction with other rate or non-rate economic development incentives already offered by RG&E and its local and state economic development allies.

A drawback to the currently effective non-rate program is that a particularly meritorious project may be denied funding or delayed simply because the high demand for non-rate assistance commits the annual funding amount by mid-year. At best, this creates delays in granting funds for some viable projects as the Company is forced to push the projects into the following year and, at worst results in lost opportunities for New York.

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VII. Proposed Revisions to Non-Rate Incentive and Rate Incentive Programs

With this filing, the Company is requesting modifications to its Non-Rate program.

Non Rate Assistance

1. The Company is requesting the removal of the cap on non-rate funding to enable the Company to continue working with its ED allies and developers to address potential opportunities as they arise, given the projected reduction in rate incentive opportunities. With the stringent program criteria, the collaboration with allies in filtering candidate projects to mitigate the potential for granting funds to minimally viable projects, and with the tracking of customer commitments, RG&E is confident that spending on marginally viable projects is avoided to the extent practicable.

2. In an effort to better align economic development programs between RG&E and its affiliate New York State Electric & Gas Corporation, the Company is proposing to incorporate the Agriculture Capital Investment Pilot Program into its portfolio of programs for RG&E. Alignment of these programs across the two service territories will facilitate more effective marketing and promotion to other partners and the business community.

3. In addition, due to the increased focus on energy efficiency initiatives in New York, the Company is proposing to increase the per project funding from \$50,000 to \$100,000 in supplemental assistance for implementation of energy saving measures under either the Flexible Technical Assistance or New Construction Program. (These proposed program modifications are highlighted in Attachment B)

Rate Incentives

The Company plans to continue offering the Empire Zone Rate (EZR), and the Incremental Load Rate (ILR) incentives to eligible customers. For businesses Empire Zone certified after January 1, 2005, RG&E offers an EZR rate which provides a discount on the delivery portion of the bill. The ILR incentive provides a discount on the delivery portion of a customer's bill and is not confined to designated zones within the Company's service territory.

Existing customers currently enrolled under the Economic Development Zone (EDZ) rate will continue to receive that rate until their eligibility expires.

For the Company to be able to offer the ILR program beyond December 31, 2008, RG&E is proposing a revision to its tariff. The Incremental Load Rate Retail Trade Pilot and Incremental Manufacturing Load Rider ("IMLR") programs have expired and RG&E is proposing to remove this language from the tariff. All of the customers that had been participating in the IMLR have transitioned to the ILR program, as provided for in

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RG&E's tariffs. The Company identified "housekeeping" changes as part of its review of the economic development programs and is including those revisions as a part of this filing.

RG&E will also the use of flexible rate contracts in accordance with the requirements set forth in Service Classification Nos. 10 and 11 to retain and attract industry and large customers to its service area.

As part of its filing, the Company is also proposing revised tariff leaves in compliance with the Commission's requirements and Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and Regulations (16 NYCRR Appendix 7-H). The tariff leaves are necessitated by the proposed changes described herein and to address some housekeeping issues. The leaves are proposed to become effective on January 1, 2009. The list of affected tariff leaves is provided in Attachment C.

The Company requests that the requirement of Section 66(12)(b) of the Public Service Law and 16 NYCRR Section 720-8.1 as to newspaper publication be waived because these tariff changes represent a continuation of existing rate programs and revisions that are "housekeeping" in nature.

Should you have any questions regarding this submission, please feel free to contact me at (585) 771-4692.

Very truly yours,

Mark O. Marini
Manager – Regulatory & Tariffs
Rates & Regulatory Economics

Attachments

cc: John L. Calcagni, Chief Business Advocate
Ron Vero, PSC Staff

CUSTOMER SUPPORT FOR RG&E NON-RATE PROGRAMS

1. **“It would have made more sense economically to start a new plant in Mexico for the growing business. But, part of the reason the company decided to move jobs here (Rochester, NY) was due to partnerships, including Empire State Development, the County of Monroe Industrial Development Agency, and Rochester Gas and Electric Corporation.”** *(President of Sentry Group)*
2. **“Thanks to your grant we have been able to build a new, expanded facility. We have retained 38 jobs and have created 14 additional jobs. The success would not have been possible without the RG&E Brownfield/Building Redevelopment Program.”** *(President of XLI Corporation)*
3. **“The cooperation between RG&E and (Customer) is a boon to economic development in Rochester and a model for other utilities to follow. A vacant, undeveloped Brownfield has been turned into a tax producing beautiful corporate park....Without RG&E’s cooperation and financial assistance, our project would not have been as nearly as successful as it has been.** *(Chief Financial Officer of Klein Steel)*
4. **“I want to convey my sincere thanks to you for all the support you have given us. Your support in terms of providing incentives for the new toner plant played an important role for the site selection process.”** *(Engineering Manager, Xerox Corporation)*
5. **“One of the deciding factors to expand our worldwide R&D center here in Rochester was the outstanding assistance from New York State, Rochester Gas & Electric, the City of Rochester, Monroe County and facilitated by Greater Rochester Enterprise. We thank them for their commitment to working together to improve the economic vitality of this region, and to making this an attractive location to grow our business and add jobs.”** *(Chairman and CEO of Bausch and Lomb)*
6. **The package was crucial to keeping the company and its 625 manufacturing jobs in Gleason’s University Avenue factory. “With these incentives, the decision to reinvest in this plant was very easy for us”** *(Vice President of Rochester’s Operations for Gleason Corporation)*

Xerox plans to build new toner plant in Webster

Webster Herald, Webster, New York Wednesday, June 29, 2005 17

Xerox Corporation (NYSE: XRX) announced plans to build a toner plant on the company's 1,100-acre campus in Webster.

Scheduled for completion in 2007, the facility will create more than 40 jobs and retain 50 jobs. The plant will produce emulsion aggregation toner, a chemically grown toner that uses less toner per page and produces sharper images than traditional toner.

Xerox introduced EA toner three years ago. It is now used in more than 15 Xerox products like the company's WorkCentre multifunction devices that print, copy and fax, and the Xerox DocuColor series of color printers. EA toner is currently manufactured at the company's plant in Mississauga, Ontario. The additional plant in Webster will increase EA toner production by 175 percent per year.

The six-story, 120,000-square-foot facility will result in a \$59 million investment, including about \$10 million for the actual construction of the new plant, which is scheduled to begin later this year.

"Xerox's invention of EA toner has created another differentiator for us in the marketplace," said Winn Appelo, Xerox corporate vice president of Paper, Supplies and Supply Chain Operations. "As more Xerox color systems are designed to use EA toner, we need to in-

crease production, ensuring that Xerox is well positioned to support future growth in color printing."

Color is playing a critical role in creating new business opportunities for Xerox and its customers. Only three percent of the total pages produced in businesses today are produced on color devices. Xerox expects new color technologies and services to drive that number to 10 percent of pages by 2008, fueling a \$22 billion market opportunity. The company continues to deliver double-digit revenue increases from the sale of its industry-leading color systems.

Developed jointly at the Xerox Research Centre of Canada and the company's Supplies Delivery Unit in Webster, EA toner is chemically grown from the molecular level to precise shapes and sizes, eliminating the grinding and size selection process required to make traditional toner.

"EA toner, which is protected by more than 100 patents, requires less energy to manufacture and generates less waste, making it a key plank in our pledge to cut greenhouse gas emissions," said Dr. John R. Laing, senior vice president of the Supplies Delivery Unit. Xerox has committed to reduce its greenhouse gas emissions - gaseous compounds in the atmosphere that trigger global climate change - by 10 per-

cent from the baseline year 2002 to the end of 2012.

More than 6,000 employees currently work at the Xerox Joseph C. Wilson Center for Technology in Webster, which consists of 47 major buildings totaling 5.5 million square feet. The campus is home to some of the company's global research, engineering, manufacturing and distribution operations.

"We chose to build this facility in Webster to take advantage of the strong

manufacturing and engineering competencies that exist here today. It's an investment in the community, in our people and in Xerox innovation," added Appelo.

Xerox worked in close cooperation with officials from Empire State Development and the State of New York, Monroe County, New York State Senator Michael F. Nozzolio, Rochester Gas & Electric and UNITE-HERE to help bring this facility to Webster.



Wim Appelo
Corporate Vice President
Paper, Supplies & Supply Chain Operations

October 27, 2005

Mr. Joe Rizzo,
Manager, Economic Development
89 East Avenue
Rochester, New York 14649

Dear Mr. Rizzo:

Please join us at 11:00 am on Friday, November 4, when we break ground for the new \$59 million EA Toner facility on the Xerox campus in Webster, New York.

New York State's Lt. Governor Mary O. Donohue is expected to join Wim Appelo, Xerox Corporate Vice President, Paper, Supplies and Supply Chain Operations in marking the beginning of construction for the new manufacturing plant.

Scheduled for completion in 2007, the facility will create more than 40 jobs and retain 50 jobs. The plant will produce emulsion aggregation toner, a chemically grown toner that uses less toner per page and produces sharper images than traditional toner.

The groundbreaking will take place on the construction site, off of Mitcheldean Drive on the Xerox Webster campus. A map is attached for your use with further directions.

Please respond to Joanne Pagano at 585-422-5583 or Joanne.Pagano@xerox.com to confirm your attendance.

I look forward to seeing you at the groundbreaking ceremony.

Sincerely,

A handwritten signature in cursive script that reads "Wim Appelo".

Wim Appelo, Corporate Vice President
Paper, Supplies, & Supply Chain Operations

DIXON SCHWABL ADVERTISING

To: Joe Rizzo

From: Carla Mancuso

Date: 8/30/05

Re: Sentry Group Press Event

Hi Joe! Thank you again for all of your help with the North American Gun Safe event. Enclosed is a press kit with the release as you requested. Please let me know if there is anything else. Hope to work with you again soon!

Carla



"Turakhia, Mit"
<Mit.Turakhia@xerox.com>

To: <Joe_Rizzo@rge.com>
cc: "Peer, Thomas" <Thomas.Peer@xerox.com>
Subject: RE: Business Confidential - Xerox - Project Toner

06/29/2005 11:22 AM

Joe,

I want to convey my sincere thanks to you for all the support you have given us. Your support in terms of providing incentives for the new toner plant played an important role for the site selection process. As you well know, Xerox did announce last week Webster as the site for the new toner plant. Since that is decided, how should we proceed in securing all the incentives you have provided in your written agreement with us? It is important that we sit down and formalize the process. Please call me and let me know.

Mit Turakhia P.E.
Engineering Manager
Container design/fill/pack project and WTDP engineering
SDU
Tel. 422-4197



FOR IMMEDIATE RELEASE:

Monday, August 29, 2005

CONTACTS:

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debra.balcerzak@sentrysafe.com

Carla M. Mancuso
Public Relations Manager
Dixon Schwabl Advertising
585-383-0380
carla@dixonschwabl.com

**SENTRY GROUP BEGINS MANUFACTURING GUN SAFES TODAY
AT ITS NORTH AMERICAN PLANT**

New manufacturing will add 30 jobs to its main headquarters in Rochester, New York

ROCHESTER, N.Y. –Sentry Group, the world leader in residential and light-commercial fire-resistant and security storage containers, begins production today of its high-end, fully-featured gun safes at its plant in Rochester, NY. First manufactured in Shanghai, China, many of the 18-24-large capacity gun safes will now be manufactured in 30,000 square feet of redesigned space inside the company's manufacturing plant at 900 Linden Avenue. The move will add 30 new jobs locally over the next four years.

"In a time when most manufacturers are moving operations out of the country, Sentry Group is delighted to bring part of our gun safe manufacturing to the United States," said Jim Brush, president and CEO of Sentry Group. "The incentive package assembled by our partners — COMIDA, Empire State Development and RG&E —helped us close a gap between competitive site offers from other regions of the United States and Mexico, in order for us to position ourselves for success with overseas competitors."

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**SENTRY GROUP BEGINS MANUFACTURING GUN SAFES TODAY
AT ITS NORTH AMERICAN PLANT***New manufacturing will add 30 jobs to its main headquarters in Rochester, New York*

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“With the growing cost of steel and increasing freight expense to ship tons of product from China, it just made sense for us to re-evaluate our approach to the gun safe business. By producing these gun safes domestically, we will be able to keep costs down and offer retail-specific customization with the ability to react to sales volume spikes with very short lead time,” said Brush.

Partnerships and funding with key public agencies made the move possible. Empire State Development Corporation (\$100,000), COMIDA (\$200,000) and RG&E (\$230,000 in capital and rate incentives) – introduced by Greater Rochester Enterprise President Michael Finney – made it financially possible for Sentry Group to effectively make the move.

“Sentry Group has made a commitment to the Rochester area by bringing back a production line from overseas to help it better reach the North American market and ensuring that the company’s growth continues in the very place it was founded,” said Charles A. Gargano, Empire State Development Chairman.

“I applaud Sentry Group for its investment in our community and its commitment to growing jobs locally,” said Monroe County Executive Maggie Brooks. “We recognize that companies have a choice in where they do business, and we are pleased that Sentry Group chose to expand their manufacturing operations in Rochester.”

-more-



**SENTRY GROUP BEGINS MANUFACTURING GUN SAFES TODAY
AT ITS NORTH AMERICAN PLANT**

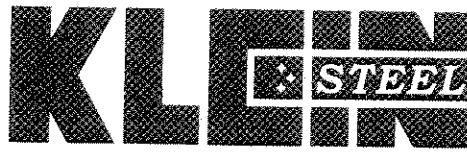
New manufacturing will add 30 jobs to its main headquarters in Rochester, New York
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“Rochester Gas and Electric Corporation congratulates and applauds Sentry Group’s decision to expand its East Rochester manufacturing operations,” said Jim Laurito, RG&E’s president. “Sentry has been our valued customer for many years, and we are pleased to provide the economic development incentives that helped make this important decision possible.”

SentrySafe Gun Safes are available at outdoor, sporting goods, DIY and mass market retailers around the globe. For more information about products and availability, go online to www.sentrysafe.com.

Founded in 1930, Sentry operates manufacturing facilities in Rochester, New York and Shanghai, China. In addition, Sentry Group’s satellite sales offices in Belgium, the United Kingdom, Canada and Japan provide customers all over the world with affordable fire-resistant and security storage containers.

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February 17, 2005

Joseph M. Rizzo, Manager Economic Development
RGE
89 East Avenue
Rochester, NY 14649-0001

RE: Brownfield/Building Redevelopment Program

Dear Mr. Rizzo:

The cooperation between RGE and Klein Steel is a boon to economic development in Rochester, and a model for other utilities to follow. A vacant, undeveloped Brownfield has been turned into a tax producing beautiful corporate park. Many politicians discuss such conversions but we have actually been able to accomplish the difficult task. Without RGE's cooperation and financial assistance our project would not have been nearly as successful as it has been.

The project was substantially complete in June 2004 with the office area completed first followed by the warehouse complex. The completed project is 132,450 square feet. The project came in on budget overall but was over budget in our utility expense until the grant was received. The total utility expenditures was \$65,000.

Thank you again for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "DF", written over a horizontal line.

David Feinstein
C.F.O.

Klein Steel Service of Western NY
250 Lake Avenue, P.O. Box 2207
Blasdell, NY 14219
(716) 826-6060
Fax: (716) 826-6743

Klein Steel Service Inc.
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(585) 328-4000
Fax: (585) 328-0470

Klein Steel Service of Syracuse
1 General Motors Drive
Syracuse, NY 13206
(315) 454-3102
Fax: (315) 454-3645

N I C L E

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8D

7D DIVIDENDS
7D FUTURES
7D MARKET
SUMMARY

WEDNESDAY, JULY 19, 2006

arks
rket

Gleason wins key financial stimulus

■ \$5.7M in state, local incentives to help upgrade its local plant.

**NISHAD MAJMUDAR
AND BEN RAND**
STAFF WRITERS

To see how competitive today's business world has become, consider the case of Gleason Corp., one of Rochester's oldest companies.

Founded here 141 years ago, the maker of gears for the automotive and aerospace industries recently found itself examining whether its local operations would remain part of its future.

Gleason collects 75 percent of its sales abroad, had grown beyond its borders and "needed a change in our manufacturing strategy and to eliminate inefficiencies in how we operate," Gary Figler, Gleason's vice president of Rochester operations, said Tuesday to the board of the County of Monroe Industrial Development Agency.

The company's explora-

Job subsidies

Gleason's package of tax incentives is dramatically less expensive than job subsidies promised to identifiable employers around the country recently. A sampling:

■ Advanced Micro Devices: \$1.2 billion package to build a \$3.2 billion chip fabrication plant in Saratoga County.

■ Honda Motor Co.: \$141.5 million package to build a \$550 million assembly plant in southeast Indiana.

■ Target Corp.: \$20 million tax abatement over 30 years to build a \$1.75 billion office, residential and entertainment complex in a Minneapolis suburb.

SOURCE: Good Jobs First

with state and local economic development officials that eventually led to

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J&J net income hits \$2.82B

Health products maker Johnson & Johnson on Tuesday reported that net income grew to \$2.82 billion, or 95 cents per share, during the same quarter a year ago. Excluding acquisition charges, J&J would have posted net income of \$2.9 billion, or 98 cents per share. That beat by a penny a share the consensus forecast of analysts. J&J owns Ortho-Clinical Diagnostics, which employs 1,500 people in the Rochester area. □

COMING UP

Lifestyle centers

Area retail developers rush to offer a shopping experience that is part retail, part entertainment. In Sunday's Democrat and Chronicle

KEY INDICATORS

- ▲ T-note, 10-year yield, 5.13 up .06.
- ▲ Dollar vs. yen, up .16 yen to 117.34.
- ▲ Gold, NY Merc, down \$22.30 to \$628.30
- ▲ Oil, light, sweet crude, for August delivery, down \$1.76 to \$73.54.

NEWS TIPS

Call (585) 258-2320 or (800) 767-7539 from outside Monroe County.

ONICLE

DEMOCRAT AND CHRONICLE • Des

Gleason

FROM PAGE 8D

\$5.7 million in financial incentives for Gleason, a portion of which was approved Tuesday by COMIDA.

The package includes \$3.5 million in state money, a \$1 million capital grant from Rochester Gas and Electric Corp., a \$500,000 loan from the city of Rochester and \$200,000 in Monroe County funds. COMIDA approved the company for \$326,000 in county-level tax breaks.

The package was crucial to keeping the company and 625 manufacturing jobs in Gleason's University Avenue factory. "With the incentives, the decision to reinvest in the plant was very easy for us," Figler said.

The company will spend \$13 million of its own money to upgrade equipment and reconfigure manufacturing in its local plant.

But while tax incentives played a key role in Gleason's decision, some observers believe there is more at play than tax incentives. (Several Gleason executives could not be reached for comment Tuesday.)

Dennis Mullen, chief executive of Greater Rochester Enterprise, said Gleason had concerns about its proximity to suppliers and customers, adding that "no company wants to relocate if it doesn't have to."

"The dynamics of their industry are such that 75 percent of their market is overseas," Mullen said. "They were faced with a fork in the road of 'Do we move our production to where our market is, or do we redevelop or redesign our location here?' The incentives helped ease Gleason's concerns," Mullen said.

On paper, the assistance to Gleason looks like a smart use of tax incentives, said Greg LeRoy, executive director of Good Jobs First, a Washington-based organization that promotes accountability in economic development. Generally speaking, the best subsidies are those that help retain jobs at manufacturing companies, which tend to have a ripple effect through the rest of the economy, he said.

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ing companies, which tend to have a ripple effect through the rest of the economy, he said.

By focusing on existing jobs, "you are avoiding costs incurred if the company were to close," said LeRoy, author of *The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation*. He said the value of the Gleason package is small compared with subsidies paid to other companies. For example, the New York Legislature recently approved a \$1.2 billion package to help persuade Advanced Micro Devices to build a chip fabrication plant in Saratoga County.

That said, LeRoy said he is skeptical of any company's comments that tax incentives represent the deciding consideration in a capital investment decision, noting that the average corporate bill represents only about 1.2 percent of costs.

Far more important are factors such as the strength of and relationship with the local work force, proximity to customers and suppliers, and existing infrastructure. "Those are the real business basics that matter to a company," LeRoy said. □

NMA/MUDA@DemocratandChronicle.com
BRAND@DemocratandChronicle.com

COMIDA's busy day

On top of Gleason's renovations, nine other capital investments totaling \$78 million received tax breaks from Monroe County on Tuesday. The county doled out a total of \$5.7 million in incentives for those projects. The highlights:

■ \$1.3 million in tax breaks were awarded for the construction of a \$15 million, 119,600-square-foot BJ's Wholesale Club in the Canal Ponds Business Park in Greece. The store is expected to create 60 full-time jobs.

COMIDA rules prohibit tax incentives for retailers, but agency executive director Judy Seil said the project qualified because it was grandfathered into an original agreement from the early 1990s. In that agreement, Monroe County approved tax breaks for the Canal Ponds park, including a 450,000-square-foot parcel intended for retail use.

■ HMPBC Hospitality Group will receive \$1.2 million in tax breaks to build a Hilton Garden Inn at 777 Panorama Trail in Penfield. The 150-room hotel will cost \$24 million and result in 35 full-time jobs.

■ Two proposed senior residential communities at East Henrietta and Erie Station roads

10.10	9.75
22.85	22.00
4.05	3.68
43.23	42.31
46.18	45.41
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Bid	Asked
	10.69
	12.22
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Apr 07	670.00	679.10	655.00
Jun 07	676.50	685.00	661.00
Aug 07	690.00	690.00	668.00
Oct 07	710.00	710.00	674.00
Dec 07	704.20	704.20	680.00
Feb 08	713.30	727.70	687.00
Apr 08		734.10	693.00
Jun 08	658.00	740.60	658.00
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Dec 06	1120.0	1137.0	1060
Jan 07	1125.0	1172.4	1070
Mar 07	1116.0	1116.0	1070
May 07	1170.0	1187.4	1087
Jul 07	1135.0	1135.0	1090
Sep 07	1211.0	1211.0	1097
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Johnson	Q	.375
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Resrcs	Q	.36
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Resources	Q	.22
EnterprGrip	Q	.57
Shop Inc	Q	.14
Partners	Q	.23
Bankshares	Q	.675
Provident Cp	Q	.075

MUTUAL FUNDS/ETFs

Asia-Pac	M	.035
HincoStirs	M	.0205
MediaWorks g	M	.0771

STATE OF NEW YORK
EXECUTIVE CHAMBER
GEORGE E. PATAKI, GOVERNOR

Press Office
518-474-8418
212-681-4640
<http://www.state.ny.us>

FOR RELEASE:
IMMEDIATE, Thursday
June 9, 2005

**GOVERNOR ANNOUNCES BAUSCH & LOMB
CREATING 200 JOBS IN ROCHESTER
Company To Build \$35 Million, 75,000-Square-Foot R&D Facility in City**

Governor George E. Pataki today announced that Bausch & Lomb, one of the world's best known eye care companies, will nearly double the size of its worldwide research and development center in Rochester, and add 200 new jobs to its current workforce of approximately 1,400 employees in Rochester.

The company will build a \$35 million, 75,000-square-foot addition near its existing world-class R&D facility on North Goodman Street for its scientific laboratories and research offices. The company also indicated it may further expand the size of the facility in the future.

"Bausch & Lomb's decision to expand its presence in Rochester and add 200 new jobs is tremendous news for the local economy," Governor Pataki said. "We worked closely with the company and local officials to help Bausch & Lomb expand and grow here in Rochester. Bausch & Lomb has indeed found the perfect place to develop new cures and treatments to improve the lives of people suffering from eye and vision problems.

"Our tax cuts and pro-growth, pro-job policies have helped businesses in Rochester and throughout New York State grow and expand," Governor Pataki added. "As we continue to strengthen New York's business climate, we will also continue to move forward with the policies that we know work to create jobs."

Representing Governor Pataki at the event announcing the expansion, Lieutenant Governor Mary Donohue said, "Governor Pataki has focused on building a stronger and brighter economic future for New York State, and this partnership further demonstrates that commitment. Investing in New York through initiatives such as our Empire Zones encourages greater collaboration between government and our high-tech industries to help secure our role as an international leader in high-tech research well into the future."

Senator Joseph Robach said, "I am pleased that Bausch & Lomb has decided to expand and increase their investment in Rochester. This decision reinforces our message that our talented and highly educated workforce is a world class asset."

Monroe County Executive Maggie Brooks said, "Monroe County is proud to be a partner in this project and we are proud that our collaboration with New York State, the City of Rochester and Greater Rochester Enterprise is producing jobs and investment in our community. I applaud Bausch & Lomb for their continued investment, and their continued commitment, to Rochester and Monroe County."

Bausch & Lomb Chairman and CEO Ronald L. Zarrella said, "One of the deciding factors to expand our main R&D center in Rochester was the outstanding assistance from New York State, the City of Rochester, Monroe County facilitated by Greater Rochester Enterprise. We thank them for their commitment to working together to improve the economic vitality of this region, and to making it an attractive location to grow our business and add jobs."

Bausch & Lomb is a global leader in the eye-health market and develops, manufactures and markets a range of products including contact lenses and lens care, and ophthalmic pharmaceuticals and surgical equipment. It is headquartered in downtown Rochester with a research and development facility and manufacturing operation in the city's northeast section. As a result of its investment, the company is eligible to receive a capital grant from Empire State Development and various tax incentives through the Empire Zone program. The jobs being added include highly trained microbiologists and chemists.

Empire State Development Corp. Chairman Charles A. Gargano said, "This is great news for the region and shows the commitment Bausch & Lomb is making to the community by expanding its research and development center. Our economic development team is pleased to have worked with the company to bring these jobs to Rochester. Under Governor Pataki's leadership, New York State has worked to create a pro-business and pro-growth environment that is helping to attract new investment and new opportunities."

New York State Office of Science, Technology and Academic Research (NYSTAR) Executive Director Russell W. Bessette, M.D. said, "Governor Pataki has shown exemplary leadership and foresight by creating an environment in New York that promotes the type of research and development that leads to economic growth and opportunity, such as through his Centers of Excellence initiative. As a result of his efforts, the Governor helps foster technological innovations that will have a significant, long-term impact on the State's economy."

Empire Zone benefits were a crucial factor in Bausch & Lomb's decision to expand in Rochester. By being included in the Rochester Empire Zone via the new regionally significant project designation process, Bausch & Lomb will be eligible for various tax incentives. Bausch & Lomb will also be eligible to apply to ESD for a \$600,000 capital grant, which can be used to help pay for construction costs associated with the new R&D facility, which includes room for additional 25,000-square-foot expansion in the future.

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The Democrat and Chronicle

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DemocratandChronicle.com

50 CENTS NEWSSTAND

B&L to expand, add 200 jobs

MATTHEW DANEMAN

STAFF WRITER

Bausch & Lomb Inc. is planning a \$25 million expansion of its North Goodman Street facility that would add 200 jobs.

The contact lens and optics company declined to comment Tuesday about its expansion plans, saying that an official announcement is planned for June 9. But City Council members have before them a proposal to extend an Empire

Optics center to add \$25 million research facility

Zone to B&L's optics center on North Goodman.

According to City Council legislation, B&L plans to build a 73,000-square-foot research and development facility there and add 200 research and development jobs.

The company employs 1,500 people in Monroe County — 300 at its headquarters in downtown

Rochester and 1,200 at its optics center on Goodman.

The optics center serves as B&L's main worldwide research and development facility. It also houses a contact lens manufacturing setup and other business operations.

The state's Empire Zone program provides tax breaks to expanding businesses. It was created to

help foster redevelopment of blighted urban areas, though the program has come under fire in recent years for providing tax breaks to companies in well-off suburban areas. There are 72 Empire Zones around the state.

The 22 acres of the North Goodman Street site are not within the city's current Empire Zone

boundaries. But the state earlier this year changed the rules on Empire Zones to allow them to cover "regionally significant projects," such as manufacturing expansions that would add jobs.

The legislation does not indicate over what period the expansion would happen. But earlier this year, B&L Chairman Ronald L.

Zarrella said that the company planned to add 150 to 200 researchers over the next two years as part of a stronger push into research.

Also earlier this year, the company indicated that it plans to increase research and development spending 12 percent to 15 percent annually.

That amounts to \$20 million to \$25 million more this year. □

MDANEMAN@DemocratandChronicle.com



Bausch & Lomb

News

Bausch & Lomb to Nearly Double R&D Center in Rochester
• **\$35 Million Project to Add Up to 200 R&D Jobs**

FOR RELEASE THURSDAY, JUNE 9, 2005

ROCHESTER, N.Y. – Bausch & Lomb (NYSE:BOL) Chairman and CEO Ronald L. Zarrella today announced a major expansion that will nearly double the eye health company's main research and development center, located at 1400 North Goodman Street, Rochester. The \$35 million project includes \$25 million for new construction and \$10 million for renovations, equipment and machinery.

The new two-story 75,000-square-foot glass-and-brick wing will house laboratories and offices, and allow room for a future 25,000-square-foot addition. The Company is adding up to 200 research jobs over the next two years as it continues to increase its investment in new product research and development.

"One of the deciding factors to expand our worldwide R&D center here in Rochester was the outstanding assistance from New York State, Rochester Gas & Electric, the City of Rochester, Monroe County and facilitated by Greater Rochester Enterprise," said Zarrella. "We thank them for their commitment to working together to improve the economic vitality of this region, and to making this an attractive location to grow our business and add jobs."

Rochester City Council will vote June 14 on legislation to include a 22-acre portion of the Optics Center campus in the City of Rochester Empire Zone, an action that, when approved by Empire State Development, will allow Bausch & Lomb to apply for various tax incentives through the Empire Zone program. Upon passage of the legislation, groundbreaking is slated for July. Construction is scheduled for completion in early 2007. The Company also is eligible to receive a capital grant from Empire State Development.

"Bausch & Lomb's expansion means more high-paying jobs for the greater Rochester area, helping to ensure that the economic base of the region remains strong," Governor George E. Pataki said. "Our economic development team is pleased to have worked with the company to bring these jobs to Rochester as part of our ongoing efforts to create a pro-business and pro-growth environment that is helping to attract new investment and new opportunities."

The Bausch & Lomb R&D expansion "demonstrates our commitment to continue to develop innovative products to help people see, and will facilitate our plans to increase our presence in the nearly \$20 billion global eye-health market," said Praveen Tyle, Ph.D., Bausch & Lomb senior vice president and Chief Scientific Officer.

"Monroe County is pleased to provide incentives for this project through COMIDA, to assist Bausch & Lomb in the expansion of its research and development efforts and the creation of new jobs locally," said Monroe County Executive Maggie Brooks. "Our area is a worldwide leader in optics and I applaud Bausch & Lomb for investing in our economy and for the continued commitment to our community."

Mayor William A. Johnson, Jr., said, "The City of Rochester is thrilled Bausch & Lomb has decided to locate this important research and development facility and its 200 jobs in the city. This project clearly demonstrates that Bausch & Lomb is committed to the

revitalization of our city and in particular, the neighborhood in and around the Company's North Goodman Street campus. Attachment A
Page 17 of 20

"The impact of this project on the city cannot be underestimated," Johnson added. "This is the home of Bausch & Lomb and our workforce has been vital to Bausch & Lomb's growth for more than 150 years. With this project, I'm proud to say that Greater Rochester will be a significant part of Bausch & Lomb's future as well."

According to Michael A. Finney, CEO of Greater Rochester Enterprise, "This announcement is another great example of collaboration among our economic development partners. Bausch & Lomb's expansion will reinforce the Greater Rochester region's reputation as an R&D hub and highlight our region's strength and leadership in biotechnology and optics."

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Contact:

Meg Graham
585.338.5469
mgraham@bausch.com

Bausch & Lomb is the eye health company, dedicated to perfecting vision and enhancing life for consumers around the world. Its core businesses include soft and rigid gas permeable contact lenses and lens care products, and ophthalmic surgical and pharmaceutical products. The Bausch & Lomb name is one of the best known and most respected healthcare brands in the world. Founded in 1853, the Company is headquartered in Rochester, New York. Bausch & Lomb's 2004 revenues were \$2.2 billion; it employs approximately 12,400 people worldwide and its products are available in more than 100 countries. More information about the Company can be found on the Bausch & Lomb Web site at www.bausch.com. Copyright Bausch & Lomb.



**The Bausch & Lomb Optics Center
1400 North Goodman Street**

Facts and Stats:

- Bausch & Lomb's largest facility at 725,000 sq. ft.
- Original 57-year-old structure built in 1948
- Previously owned by Bond Clothing and General Dynamics
- 32 years ago in 1973 Bausch & Lomb acquired the property
- Bausch & Lomb expanded and renovated the original facility to include:
 - Bausch & Lomb's main worldwide R&D center;
 - State-of-the-art soft contact lens manufacturing technology;
 - U.S. Customer Service Center;
 - North America Sales and Marketing.
- Nearly 1,350 people work at the Optics Center, about 90% of Bausch & Lomb's total Rochester workforce of approximately 1,500
- The Optics Center's 55-acre campus is in the northeast section of the City of Rochester; City Council will vote to include a 22-acre portion of the campus in the Rochester Empire Zone

Bausch & Lomb R&D in Rochester

- 17 years ago in 1988, Bausch & Lomb added about 100,000 square feet of labs and research offices at the Optics Center
- New \$35 million R&D project includes 75,000 sq. ft. of labs and research offices, with room to add another 25,000 sq. ft. in the future
 - Groundbreaking is scheduled for July 2005;
 - Construction expected to be completed in early 2007;
 - Design by Flad & Associates of Madison, Wisc., architects of the 1988 expansion;
 - General contractor LeChase Construction Services, LLC, of Rochester, was selected by competitive bidding process.



June 9, 2005

Bausch & Lomb to Nearly Double R&D Center in Rochester

News Conference Speakers:

Mary Donohue, Lt. Governor, New York State

Ronald L. Zarrella, Bausch & Lomb Chairman and CEO

Praveen Tyle, Ph.D., Bausch & Lomb Senior Vice President & Chief Scientific Officer

Maggie Brooks, Monroe County Executive

William Johnson Jr., Mayor, City of Rochester

Michael Finney, President and CEO, Greater Rochester Enterprise



February 15, 2005

Joseph M. Rizzo
Rochester Gas and Electric Corporation
Economic Development Department
89 East Avenue
Rochester, New York 14649-0001

RE: Brownfield/Building Redevelopment Program – Project Status

Dear Mr. Rizzo:

I am pleased to report that the site redevelopment and construction of our new facility at 55 Vanguard Parkway is nearly complete. Effective December 20, 2004 we relocated our operations to Vanguard Parkway and we are 100% operational here.

Expenditures to date for electric utility infrastructure for the project total \$63,694.50, itemized as follows: \$8,392.50 for site utility design and engineering, \$36,947.00 for the utility trench installation, and \$18,355.00 for the installation of the underground electrical service.

The proceeds of the grant were applied to offset these costs. No additional expenditures for utility infrastructure are anticipated.

Currently the project is 99% complete. Some of the unfinished items are weather dependent. I anticipate that the project will conclude no later than May 13, 2005.

Thanks to your grant we have been able to build a new, expanded facility. We have retained 38 jobs and have created 14 additional new jobs. This success would not have been possible without the RG&E Economic Development Brownfield/Building Redevelopment Program.

Thank you again for your assistance.

Sincerely,

Peter Schott
President

Manufacturing complex products faster

55 Vanguard Parkway □ Rochester, NY 14606 □ Phone: (585) 436-2250 □ Fax: (585) 235-5260

**ROCHESTER GAS AND ELECTRIC CORPORATION
ECONOMIC DEVELOPMENT
ELECTRIC NON-RATE INCENTIVE PROGRAMS
ATTACHMENT B**

PROGRAM	DESCRIPTION	MINIMUM ELIGIBILITY REQUIREMENTS
Brownfield/Building Redevelopment Program	<p>RG&E will provide assistance up to \$500,000 per project for electric-related infrastructure improvements on either the RG&E-owned or customer-owned (as directed by RG&E) equipment and other and other costs necessary for the redevelopment of a brownfield site or vacant building.</p> <p>This includes redevelopment of historically declining metropolitan mixed-use properties, contingent upon qualified usage being more than 50% of the project.</p> <p>No minimum monthly demand threshold required.</p>	<ul style="list-style-type: none"> ➤ The funds may be utilized for up to 10% of the redevelopment costs. ➤ Funding cannot exceed the estimated cost of the electricity delivery-related infrastructure improvements. ➤ Project must hold RG&E harmless with regard to contaminant liability. ➤ Site/facility must be located within the RG&E service area. ➤ Applicant must demonstrate that financial assistance from this program will be a benefit to attracting new investment activity. ➤ Applicant must be the owner or leaseholder of facility and current payments to RG&E (existing customers). ➤ Project must demonstrate the ability to retain and/or attract new employment. ➤ Applicant must demonstrate efforts to obtain state and /or local economic development incentives. ➤ Business use with the facility must be classified under the following industries: agriculture, forestry, fishing, mining, manufacturing, wholesale trade durable goods, wholesale trade non-durable goods, finance, insurance and real estate or business services. ➤ Applicant must demonstrate a viable reuse strategy for the site, facility or company operation based on the following factors: <ul style="list-style-type: none"> – Physical condition of the building or site – Demonstrate potential for land acquisition and site control – Regional economic development impact – Demonstrated efforts to qualify and obtain other federal, state, local, as well as private funding – Demonstrated ability to market the site or building to attract economic investment ➤ Applicant must have the ability to sustain the reuse of site, facility or company operation a minimum of five years.
Utility Infrastructure Investment Program	<p>RG&E will invest up to \$400,000 per project for new electric-related infrastructure improvements on either RG&E-owned or customer-owned (as directed by RG&E) equipment to help develop sites or buildings in its service territory.</p> <p>Prime consideration is given to sites or buildings that</p>	<ul style="list-style-type: none"> ➤ Project must involve capital investment in facility and /or equipment purchases which total more than \$1 million ➤ The monthly incremental electric demand after capital investment must be at least 100 kilowatts. ➤ Project must hold RG&E harmless in regard to contaminant liability. ➤ Applicant must demonstrate that financial assistance from this program will be a benefit to attracting new investment activity. ➤ Facility must be located within the RG&E service area.

	<p>have been identified in one of the following programs: RG&E Prime Site, BuildNow NY, City of Rochester Renewal Community, or Empire Zone locations.</p> <p>Other sites will be considered based upon the project's economic impact to the community. Projects may include existing or prospective customers, either stand alone or in a business or industrial park. These may include revitalization or redevelopment of underutilized, metropolitan, waterfront properties with mixed-use purposes.</p> <p>Proceeds cannot exceed the estimated cost of the electric delivery related infrastructure improvements related to the project.</p>	<ul style="list-style-type: none"> ➤ Applicant must be the owner or leaseholder of facility and current payments to RG&E (existing customers) ➤ Project must demonstrate the ability to retain and/or attract new employment. ➤ Applicant must demonstrate efforts to obtain state and /or local economic development incentives. ➤ Business use with the facility must be classified under the following industries: agriculture, forestry, fishing, mining, manufacturing, wholesale trade durable goods, wholesale trade non-durable goods, finance, insurance and real estate or business services.
Capital Investment Incentive Program	<p>RG&E will provide funding assistance up to \$300,000 per project for capital investments of \$1 million or greater to fund electric-related improvements on equipment either owned by RG&E or the customer (as directed by RG&E).</p> <p>Funds are targeted for business projects that involve major capital investment in plant and equipment</p>	<ul style="list-style-type: none"> ➤ The monthly incremental electric demand after capital investment must be at least 100 kilowatts. ➤ Project must hold RG&E harmless in regard to contaminant liability. ➤ Applicant must demonstrate that financial assistance from this program will be a benefit to attracting new investment activity. ➤ Facility must be located within the RG&E service area. ➤ Applicant must demonstrate the ability to retain and/or attract new employment. ➤ Applicant must demonstrate efforts to obtain state and /or local economic development incentives. ➤ Applicant must demonstrate the ability to retain and/or attract jobs and capital investment to the eligible facility.
Agriculture Capital Investment Pilot Program	<p>This pilot program would allow RG&E to provide financial assistance up to \$100,000 toward electric-related infrastructure improvements on either RG&E-owned or customer-owned (as directed by RG&E). The Company would establish levels of financial assistance based on incremental electric load and capital investment.</p>	<ul style="list-style-type: none"> ➤ Project must involve capital investment of at least \$50,000 toward facility and/or equipment purchases. ➤ The monthly incremental electric demand after capital investment must be at least 25 kilowatts (kW). ➤ Project must hold RG&E harmless in regard to any contaminant liability. ➤ Recipient must demonstrate that financial assistance from this Program for either RG&E-owned and/or customer-owned electric infrastructure will be a benefit to attracting new investment activity. ➤ Facility must be within the RG&E service area. ➤ Recipient must be the owner or leaseholder of facility and current in any outstanding payments to RG&E (existing customers).

Business Energy Efficiency Assistance Programs	<p>RG&E partners with the New York State Energy Research and Development Authority (NYSERDA) on several programs to encourage energy efficiency. Under these NYSERDA programs, the applicant will be required to make a financial contribution of at least 33 1/3% to the total investment made.</p> <ol style="list-style-type: none"> 1) Through NYSERDA's Energy Audit Program, if applicant decides to make investments in its business as a result of an energy audit, RG&E will provide up to 50% matching funds against the total investment made, with a maximum contribution of \$10,000 per audit. 2) Under NYSERDA's Flexible Technical Assistance Program ("Flex Tech"), <ol style="list-style-type: none"> a RG&E will pay up to 33 1/3 % of the cost of a feasibility study or analysis, not to exceed \$20,000 per study/analysis. b If applicant decides to make investments in the business as a result of the study/analysis, RG&E will provide up to \$100,000.00 toward total investment made. The applicant will be required to make its own financial contribution of at least 33 1/3% to the total investment made. 3) In addition, RG&E will provide assistance for business expansions and new growth opportunities under NYSERDA's New Construction Program. <ol style="list-style-type: none"> a For feasibility/technical/commissioning studies, after NYSERDA pays the customer the first \$5000 or other amount if applicable, RG&E would pay up to 33 1/3% of the remaining cost. The applicant will also be required to make its own financial contribution of at least 33 1/3% of the remaining cost to the total investment made. Essentially, the remaining cost will be split 33 1/3% between NYSERDA, RG&E, and the applicant. b For implementation of measures, most incentives are based on energy efficiency performance above Energy Conservation 	<ul style="list-style-type: none"> ➤ Facility must be within RG&E service territory ➤ Applicant must be current in payments to RG&E or deferred payment agreement is in place and current ➤ The criteria for eligibility and program details for NYSERDA's Energy Audit Program, Flexible Technical Assistance Program, and the New Construction Program can be found at www.nyserderda.org or by calling toll free at 1-866-NYSERDA.
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	Construction Code for the State of New York. After NYSERDA incentives are provided under the various measures, RG&E would pay up to \$100,000 toward total investment made. The applicant will be required to make its own financial contribution of at least 33 1/3% to the total investment made.	
Economic Development Outreach Program	RG&E will invest up to \$50,000 per initiative on strategic economic development outreach projects primarily focusing on attracting new business investment into the RG&E service area.	<ul style="list-style-type: none"> ➤ Must be a 50 % matching fund from federal, state, local and/or private sources. ➤ Recipients must be a state, regional, or local economic development organization within the RG&E service area. ➤ Initiative must promote a specific asset or group of assets that enhance the competitiveness of a specific RG&E service area or all of Upstate New York. ➤ Project must be targeted to decision makers who can influence the attraction of new jobs and new business investment within the RG&E service area. ➤ Project must not duplicate or replace previously existing initiatives. ➤ Research initiatives must involve action items such as clearly defined industry targets, promotional messages, or other materials that facilitate recipient documentation. ➤ Limited to initiatives such as: <ul style="list-style-type: none"> – Trade show, professional trade/business meetings, tours, etc – Sales missions – Advertising and direct mailings – Special events and promotions – Research and analysis – Ambassador programs – Reports to community leaders
Power Quality/Reliability Program	Under this program, RG&E will provide up to 50% of the equipment cost required for power reliability or power quality improvements to be installed behind the meter, with a maximum contribution of \$50,000. Under this program, RG&E, in consultation with the customer and/or its representatives, would make the final determination/assessment of the customer need for power quality equipment to address power quality issues behind the meter.	<ul style="list-style-type: none"> ➤ Facility must be within RG&E service territory. ➤ Applicant must be current in payments to RG&E or deferred payment agreement is in place and current. ➤ Applicant must be the owner of an eligible facility or prospective eligible facility. ➤ Prospective recipient must demonstrate efforts to obtain state and local economic development incentives and subsequent endorsement of an authorizing entity. ➤ Applicant must demonstrate the ability to retain and/or attract jobs and capital investment to the eligible facility.

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Rochester Gas and Electric Corporation
Case 02-E-0198

List of Tariff Leaves

PSC No. 19 – Electricity, Schedule for Electric Service

Leaf No. 81.1, Revision 3
Leaf No. 81.3, Revision 2
Leaf No. 81.4, Revision 1
Leaf No. 81.5, Revision 1
Leaf No. 81.6, Revision 2
Leaf No. 83, Revision 2
Leaf No. 84, Revision 2
Leaf No. 84.1, Revision 1
Leaf No. 84.2, Revision 1
Leaf No. 165, Revision 6
Leaf No. 169.1, Revision 4
Leaf No. 169.1.1, Revision 2
Leaf No. 169.2, Revision 4
Leaf No. 169.3, Revision 1
Leaf No. 193, Revision 8
Leaf No. 193.1, Revision 6
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Leaf No. 204.4, Revision 2
Leaf No. 213, Revision 7
Leaf No. 214, Revision 7
Leaf No. 214.1, Revision 4
Leaf No. 214.1.1, Revision 1